



Japan Excellent, Inc.

**Seventh Period (ended December 2009)
Presentation Material**

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I. Highlights From the Period

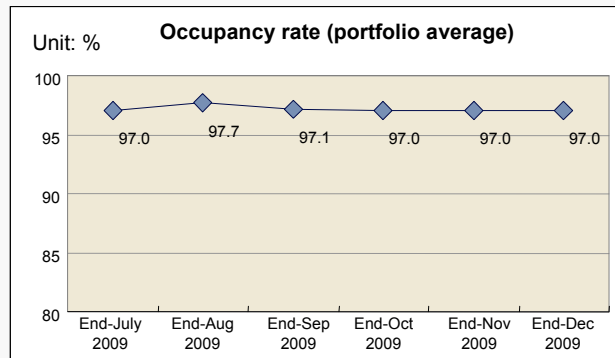


1. Topics

1. Keeping occupancy rates high while maintaining rent levels

Beat the market* by keeping a **97.0%** occupancy rate (portfolio average as of end of Dec 2009) while maintaining rent levels despite deteriorating market conditions.

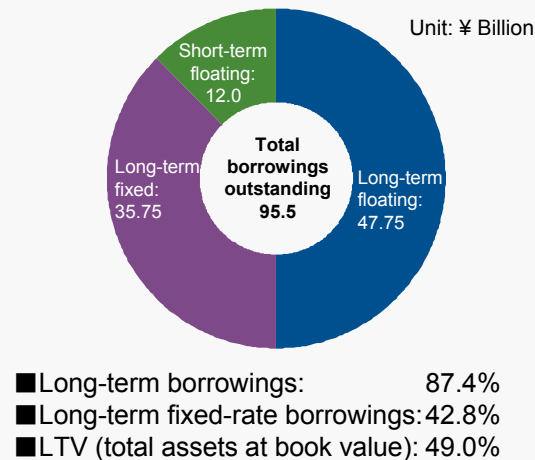
*Average occupancy in Tokyo business districts: 91.9% (Miki Shoji Office Report December 2009)



2. Refinancing

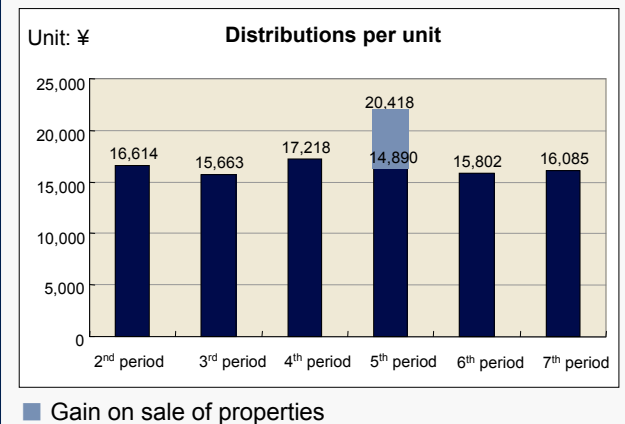
Refinanced ¥12B in short-term debt from existing lenders.
(Duration: 6→12 months)

Borrowings as of the End of December 2009



3. Stable distribution of profits

Achieved stable distributions with ¥16,085 distributions per unit (up ¥283 compared to end-June 2009)



2. Financial Results

Unit: ¥ Million

	6 th period	7 th period	Difference
1. Revenue	7,544	7,494	-50
Rental revenue	6,759	6,755	-4
Revenue for utilities expenses	584	575	-8
Other rental revenue	201	164	-36
2. Operating expenses	4,266	4,145	-120
Property management fees	1,141	1,066	-74
Utilities expenses	685	648	-36
Taxes	540	542	1
Repairs and maintenance	182	142	-39
Other expenses for rental operations	180	186	6
(NOI)	4,814	4,907	93
Depreciation	990	990	-
(Profits from rental operations)	3,824	3,917	93
Sales and administrative expenses	545	568	22
Operating income	3,278	3,349	70
3. Other income	22	3	-19
4. Other expenses	858	865	7
Income before income taxes	2,443	2,486	43
Net income	2,442	2,485	43
Distributions per unit (yen)	15,802	16,085	283

Compared to the previous period, rental revenue mostly flat. Profit increased ¥43M on lower expenses.

- ① Kept rental revenue mostly flat compared to the previous period.
- ② Total revenue declined with disappearance of one-time factor booked in previous period (¥32M in cancellation fee).
- ③ Property management cost and fees normalized after increasing in the previous period as a result of new leasing agreements.
- ④ Fewer large-scale maintenance projects.
- ⑤ Utilities revenues and expenses contributed a net ¥27M to profit.
- ⑥ Increased general and administrative expenses due to an active IR program and general unitholder meeting.

Compared to our forecasts, rental revenue was in line. Profit increased ¥167M due to lower expenses.

Unit: ¥ Million

	Forecast from 6 th period earnings release	Results	Difference
Revenue	7,595	7,494	-100
Rental revenue, broken out	6,752	6,755	2
Expenses from rental operations	3,816	3,577	-239
NOI	4,769	4,907	138
Net income	2,318	2,485	167
Distributions per unit (yen)	15,000	16,085	1,085

- Revenue was almost in line after factoring out net utilities income.
- Net income beat forecast because expenses from rental operations (PM fees and maintenance, in particular) were lower than originally forecasted.

(Note) Amounts are rounded down.

II. Results and Approach Moving Forward



1. A Look Back at Our Achievements

Since listing, management has responded appropriately to the changing environment

External growth

Doubled asset size acquiring properties mainly from sponsors

Internal growth

Raised occupancy rates through flexible leasing amidst deteriorating market

Financial strategy

Steadily implemented refinancing even in the face of restraint on financing for real estate.

Mar-Apr 2007

Acquired properties (¥40.6B)

Oct 2007

Acquired properties (¥49.8B)

Jul-Aug 2008

Sold two properties foreseeing market deterioration

Current

Solid portfolio focused in the Tokyo Metropolitan Area

Jan 2008 ~

Rental revenue up an annualized 6.1% (※)

Mar 2009 ~

Raised Occupancy rate of Nishi-Honmachi Bldg after renovation

Current

High occupancy rate

July 2007

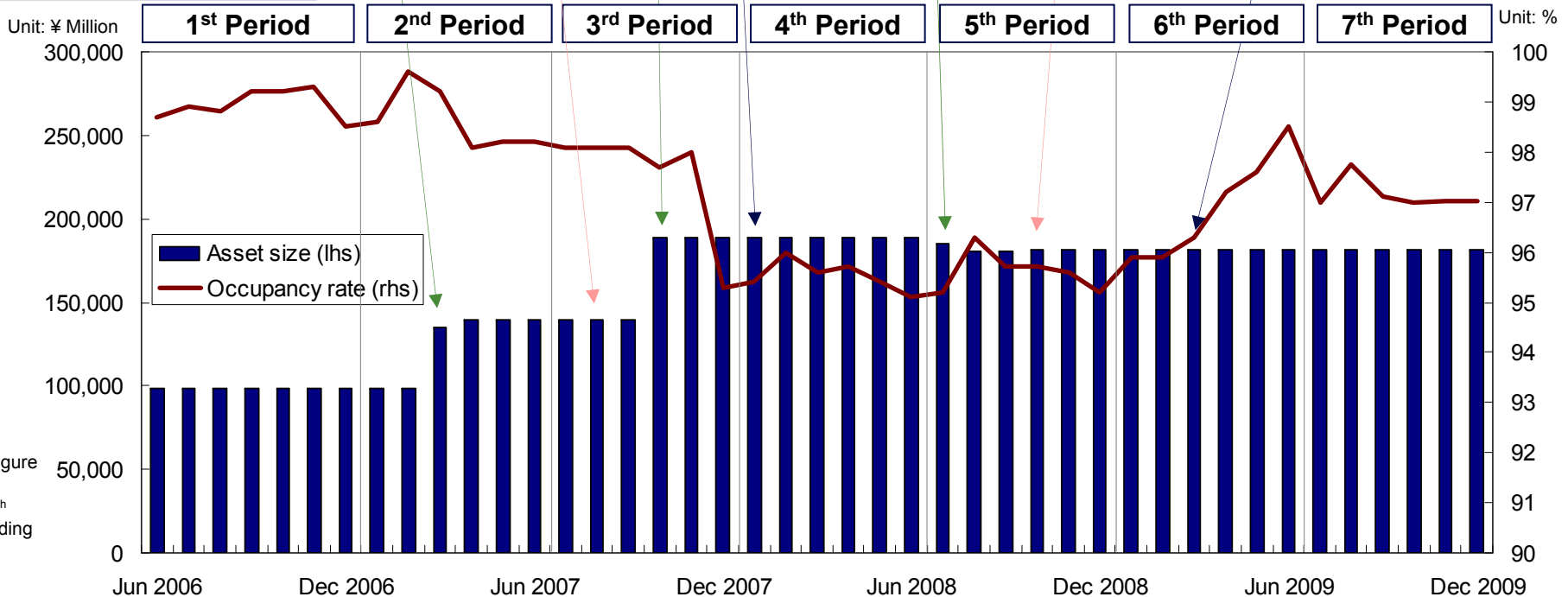
Public offering

Oct 2008

Raised percentage of long-term borrowings

Current

Stable financial footing



※Annualized figure for total rent increase in 4th period (excluding property acquisitions)

2. Management Discussion of the Environment

Economic Environment, Office Leasing Market, Real Estate Investment Market, Financial Markets

Economic Environment

- 7th Period** ♦ The global economy bottomed and shifted to a gradual recovery as large-scale fiscal and financial policies implemented across the globe gradually took effect. In Japan, deflationary trends continued and the employment environment worsened.
- Future** ♦ Moving forward, there are signs of improvement in economic indicators in the US following emerging countries, which are leading the recovery. While the employment environment remains harsh, expectations for an economic recovery driven by corporate earnings are increasing. As a result, Japan's economy as a whole is forecasted to enter a gradual recovery phase lead by exporters.

Office Leasing Market

- 7th Period** ♦ In most areas, vacancy rates climbed and office rents declined as a result of tenants reducing office space and cutting costs in response to deteriorating corporate earnings.
 - ♦ In the Tokyo metropolitan area, rents continued to fall in high-end and mid-range to low-end properties as overall vacancies climbed.
 - ♦ In the Osaka and Nagoya metropolitan areas, market rents continued to fall as new supply coupled with tenant needs to reduce space further upset the balance between supply and demand.
- Future** ♦ In the Tokyo metropolitan area, market rents are forecasted to approach bottom as the pace of rent reductions slows mainly in prime properties such as large buildings in central business districts.
 - ♦ In Osaka and Nagoya, market rents are expected to continue their decline as tenant demand remains stagnant.

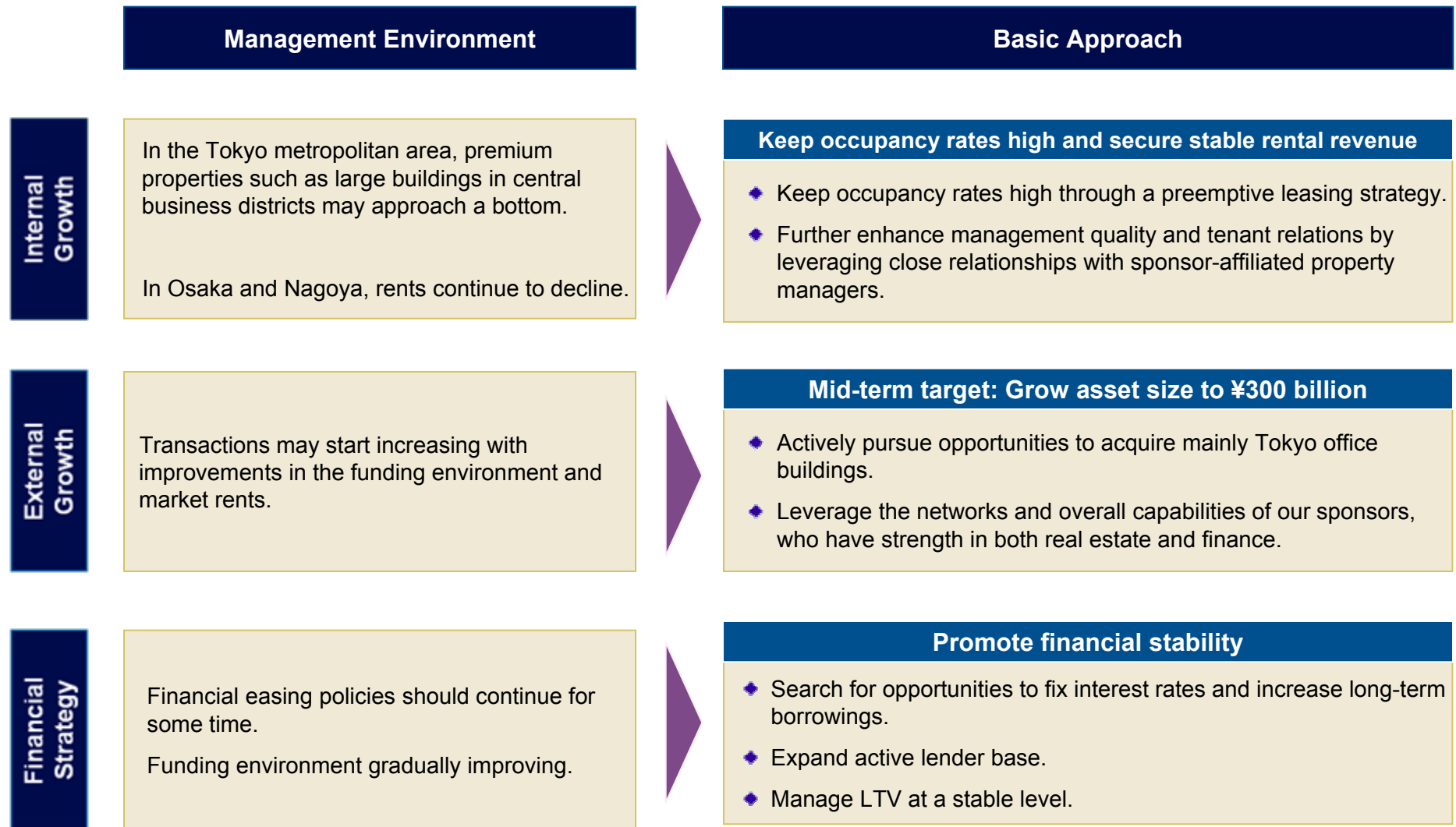
Real Estate Investment Market

- 7th Period** ♦ Transactions for premium properties including large office buildings in Tokyo showed signs of recovery in some cases as investors' appetite for property acquisitions increased. However, the market as a whole including regional cities remains stagnant as market rents continue to stagnate.
- Future** ♦ Transactions are forecast to increase with an improved funding environment and an increased confidence in a bottoming in the leasing market.

Financial Markets

- 7th Period** ♦ Market interest rates declined substantially as the Bank of Japan implemented low interest rates. Long-term interest rates trended upward temporarily on concerns about increased government bond issuances driven by worsening tax revenues. Subsequently, mid- and long-term interest rates both declined again as the government declared its intent to avert deflation and the BoJ eased quantitative monetary policy in response to the yen's appreciation.
- Future** ♦ Optimism about Japan's economic situation would be premature and the BoJ is not expected to unwind its monetary easing policies in the near future. That should place downward pressure on short- and mid-term interest rates, allowing interest rates to remain low for the time being. Long-term interest rates are expected to rise on concerns about fiscal deficits in US and Japan, but the scale of long-term interest rate hikes in Japan is expected to be restrained.

3. Basic Approach Moving Forward



4. Operation of Real Estate Holdings (Internal Growth)

(1) Maintain and raise occupancy rates

Historical and forecasted occupancy rates

➤ Kept the occupancy rate high in the 7th period.

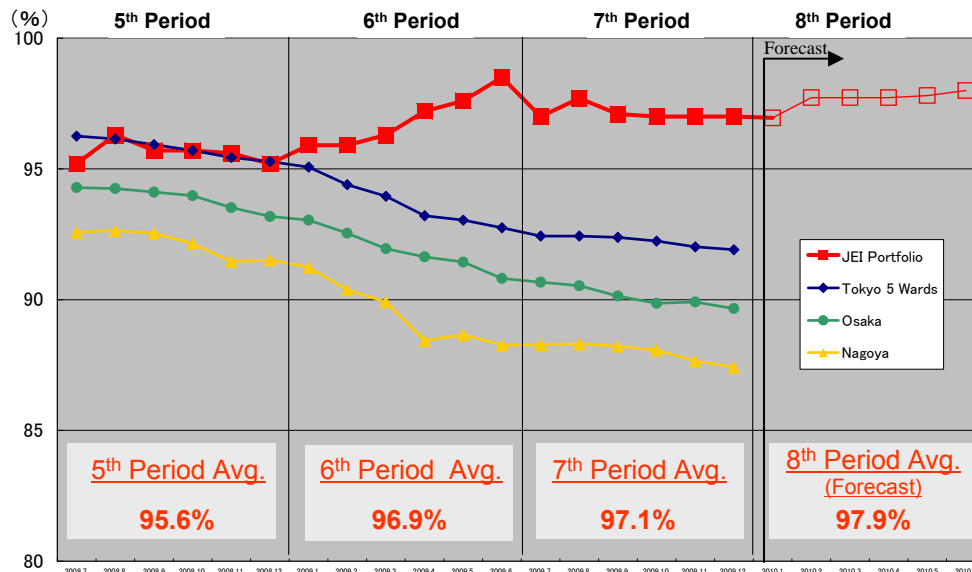
- Tenant departures remained low (7th period: Tenant departure rate 3.4%), allowing us to keep occupancy high despite declining market occupancy rates.

Average occupancy rate during the period: 6th period 96.9% → 7th period 97.1%(up 0.2ppt)

➤ Forecasting to keep our occupancy rate in the 8th period.

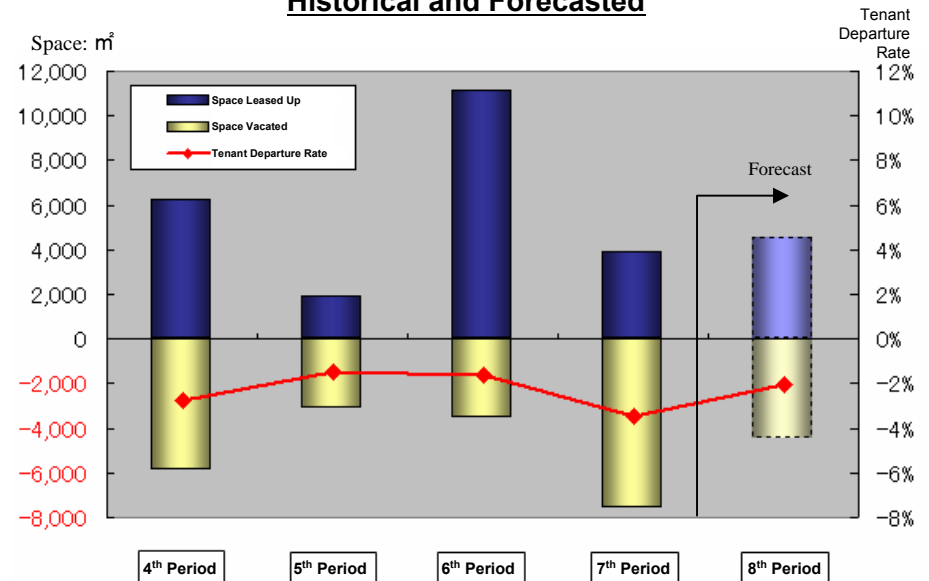
- In the 8th period, tenant departures are expected to remain low—about 2%. We forecast our average occupancy rate will remain essentially the same as the previous period.

**Occupancy Rates—Market and JEI
Historical and Forecasted**



Source: Prepared based on data from Miki Shoji

**Tenant Departure Rates and Space Leased Up and Vacated
Historical and Forecasted**



Note: Tenant departure rate = Space vacated by tenants over the period as a percentage of total space leased as of the end of the previous period.

4. Operation of Real Estate Holdings (Internal Growth)

(2) Rent levels and rental income

Average rent levels and market (target) rents—historical and forecasted

➤ Rent levels declined slightly in the 7th period.

■ Average rent levels declined only slightly (down 0.6% compared to the previous period) because rent increased or remained unchanged at more than 80% of space due for revision, despite the deterioration seen in market rent levels.

➤ Rent cuts are expected to decline beginning in the 9th period.

■ As market rents continue to decline, more space is slated for lease renewal in the 8th period. We forecast our average rent level will decline because about 60% of rent revisions are expected to be rent reductions. In the 9th period, we expect less space to be up for renewal and market rates to approach a bottom. So expect fewer rent cuts than in the 8th period.

Total rental revenue—historical and forecasted

➤ Kept rental revenue flat versus the 7th period.

Down 0.1% compared to the previous period

➤ Forecasting limited declines in rental revenue from the 8th period forward.

■ We forecast declining rental revenue due to rent cuts (downward revisions) in the 8th period and due to lower occupancy rates in the 9th period. However, we expect the scope of decline in each period to be limited.

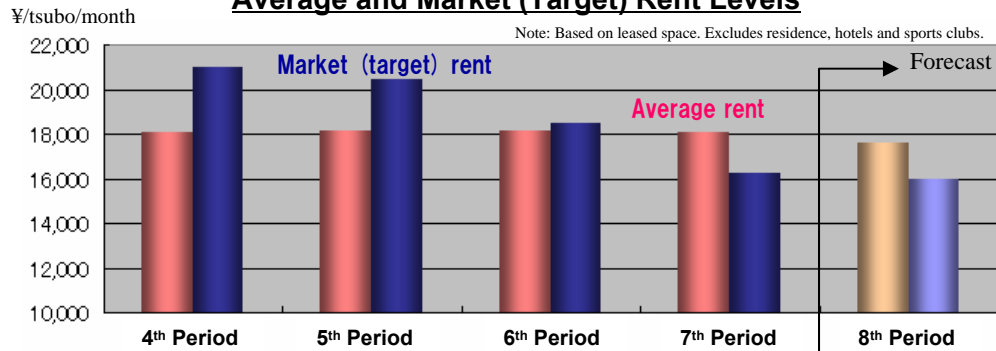
7th & 8th Period Rent Revisions—actual and forecasted

Average rent revision: Average percentage change including rents kept at previous levels

	Space up for revision ※ Percentage of leasable space in parentheses	Rent hikes	Rent unchanged	Rent cuts	Average revision
7 th Period	44,045m ² (20%)	8%	76%	16%	-0.8%
8 th Period (Forecast)	72,162m ² (33%)	2%	35%	63%	-5.1%

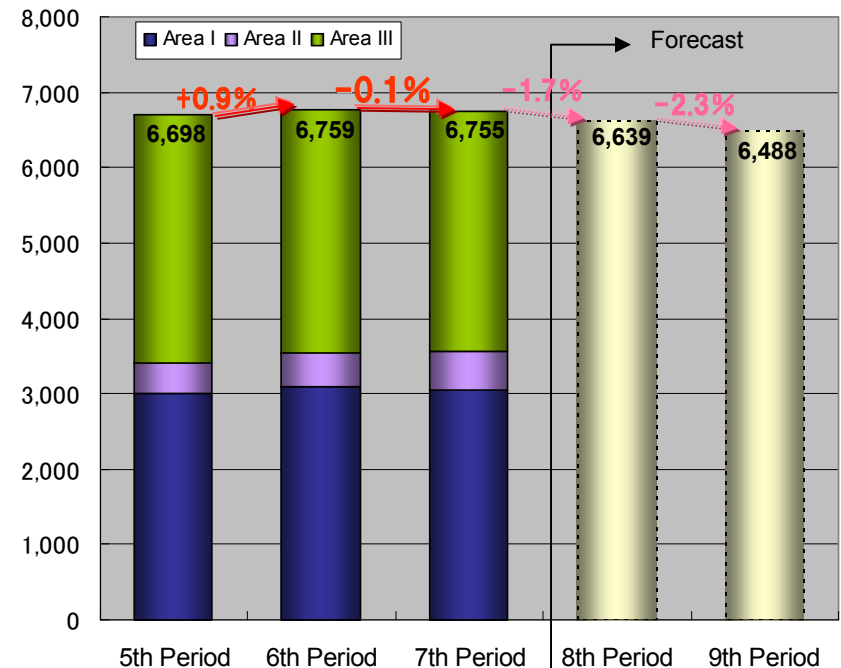
Average and Market (Target) Rent Levels

Note: Based on leased space. Excludes residence, hotels and sports clubs.



Total Rental Revenue and Percentage Change Vs. Previous

Total rental revenue: ¥ million



5. Property Acquisitions (External Growth)

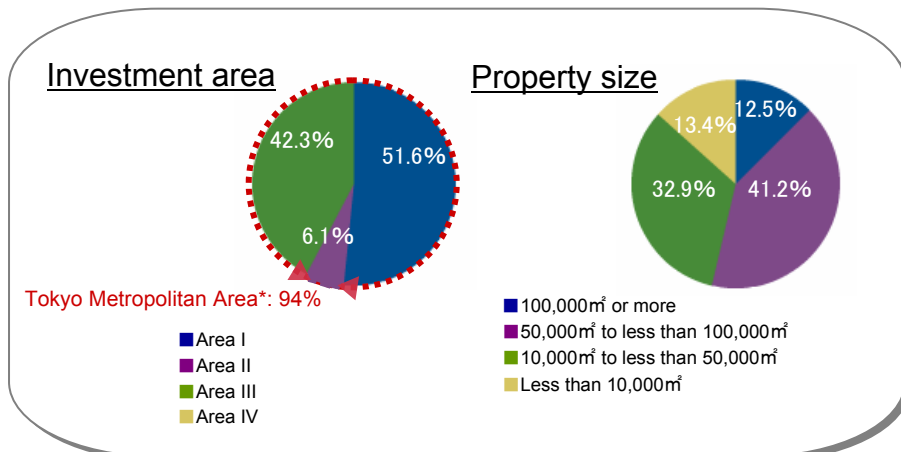
Achievements to date and future direction

Results and mid-term targets

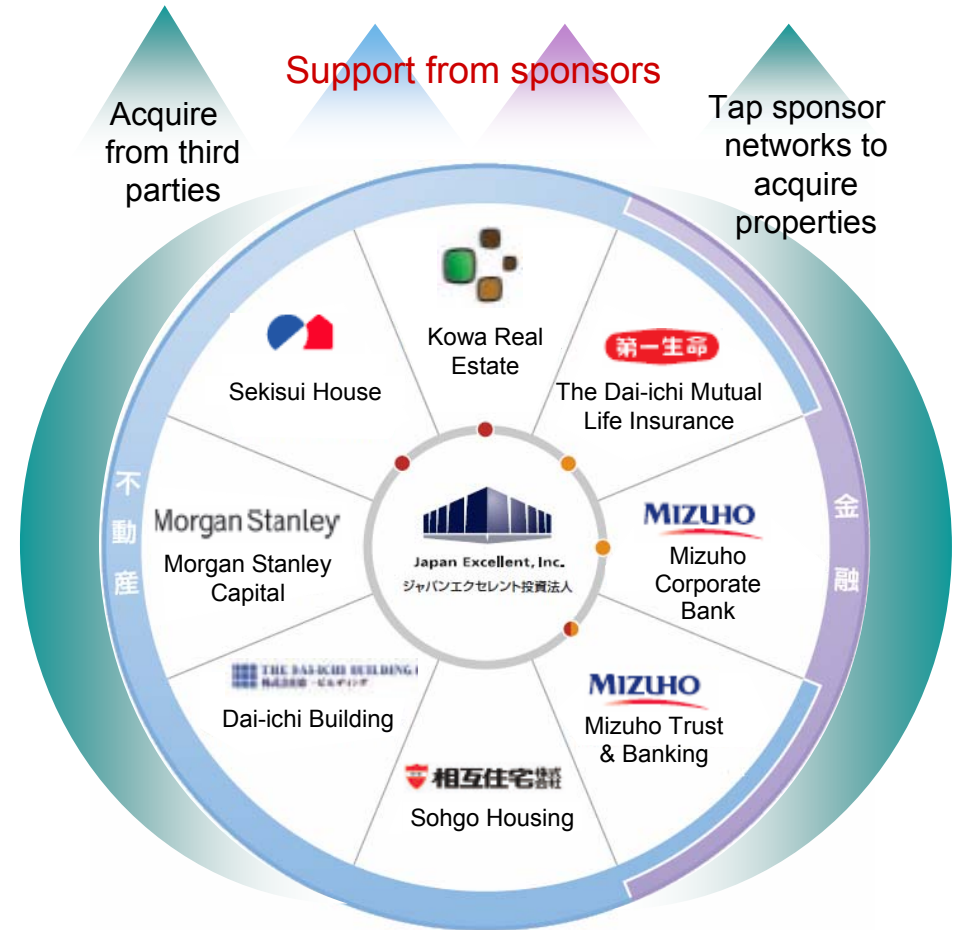
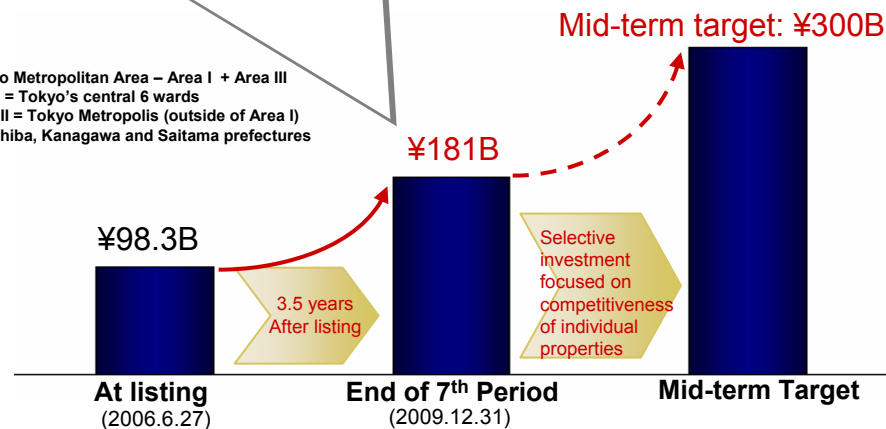
- Build a quality portfolio focused on office buildings in the Tokyo metropolitan area.
- Expand asset size to ¥300 billion over the mid-term.

Future direction

- Actively pursue opportunities to acquire properties with a focus on Tokyo office buildings.
- Leverage networks and overall capabilities of sponsors, who have strength in both real estate and finance.



*Tokyo Metropolitan Area – Area I + Area III
Area I = Tokyo's central 6 wards
Area III = Tokyo Metropolis (outside of Area I) and Chiba, Kanagawa and Saitama prefectures



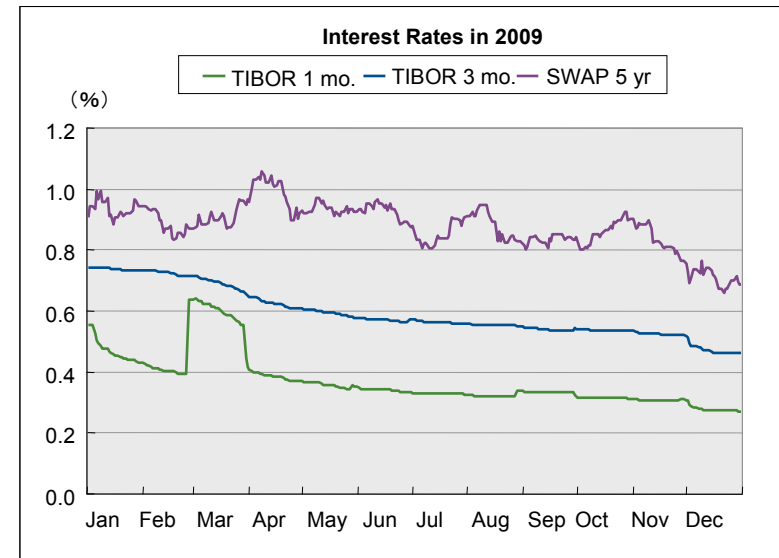
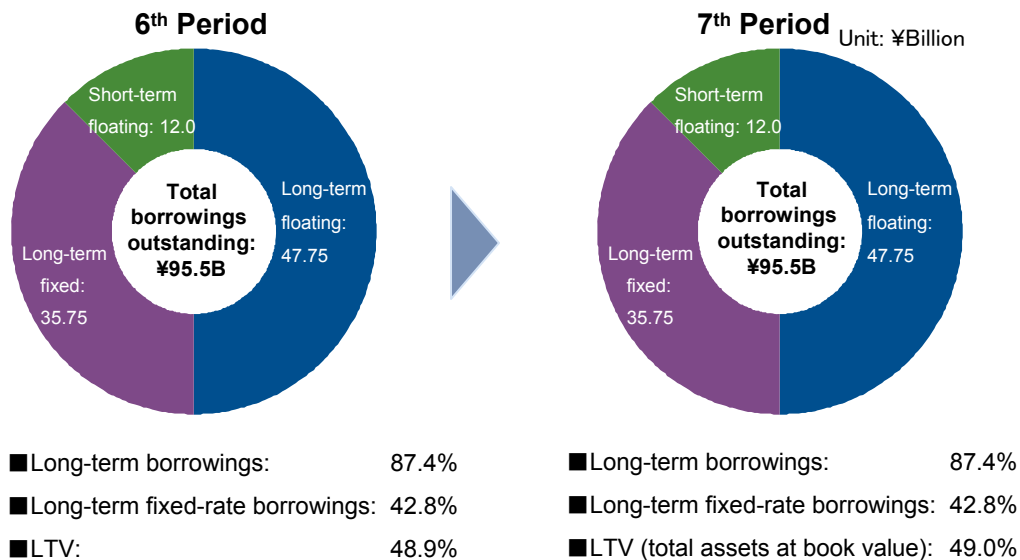
6. Financial Strategy

(1) Results from the period

Refinanced with existing lenders

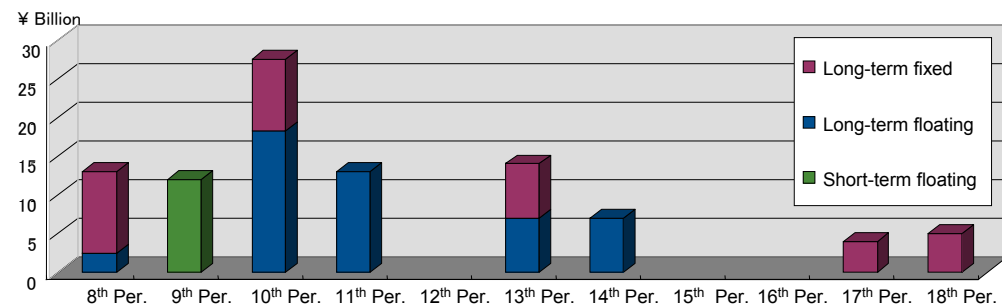
- ¥12 billion in short-term borrowings due to mature September 30, 2009, were carried over for one year.
- Captured the benefit of floating rates thanks to falling short-term interest rates.

Borrowings



Borrowings schedule

- Average duration remaining on borrowings: 1.97 years
- Average borrowing rate: 1.45% (Long-term broken out: 1.50%)



6. Financial Strategy

(2) Financial direction

Conduct stable financial operations and maintain and improve financial maneuverability

- Shift to longer-term liabilities and distribute debt repayment schedule
- Capture opportunities to fix borrowing rates
- Manage LTV within a stable range (35%-50%)
- Diversify lender base

Registered to issue bonds to enhance flexibility in long-term funding (Balance issued as of end of December 2009: Zero)

Overview of shelf registrations

Type	Planned size of issuance	Planned period for issuance
Investment corporation bonds	¥100 Billion	Issue between Jan 7, 2010, and Jan 6, 2012

Acquired the following ratings to enhance credibility in financial and capital markets ahead of the bond issuance.

Credit ratings as of December 31, 2009

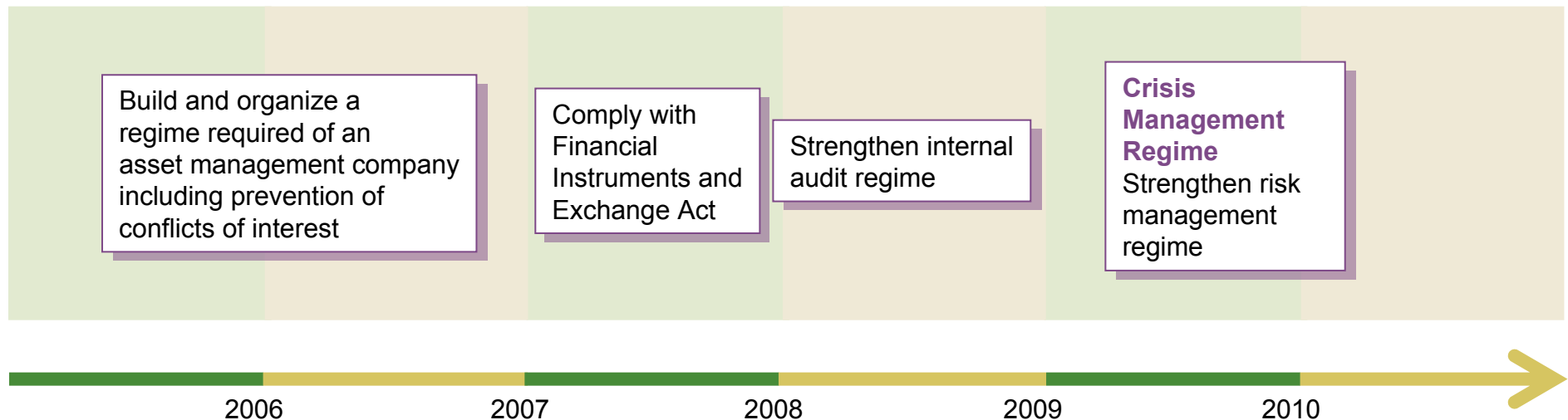
Ratings agency	Rating (Outlook)
Moody's Investors Service	Issuer rating: A3 (negative)
Rating and Investment Information Inc. (R&I)	Issuer rating: AA- (stable)

7. Reorganization and Reinforcement of Crisis Control Regime

Organize a regime intended to minimize impact on stakeholders in a crisis

- Organize a crisis control regime at the asset management company to minimize impact on investors and tenants from a variety of crises, from earthquakes, storms and other natural disasters to power outages, system faults and other major accidents.
 - ✓ Create business continuity plan (BCP) to respond with flexibility to a crisis.
 - ✓ Identify priority operations during a large-scale event, such as checking damage to properties under management and disclosing information.
 - ✓ Secure back-up sites to ensure continuity of operations needed during a crisis.
 - ✓ Introduce a system for confirming the safety of employees and officers of the asset management company.

Status of regime at the asset management company



8. Website Renewal

Revamped our website in the end of December 2009 as part of our promotion of IR activities

- Expanded contents with a focus on appropriate information disclosure
 - ✓ Created a new Financial History page providing financial results from the past five periods.
 - ✓ Download an Excel file containing financial indicators and occupancy rates from all periods.
- Enhanced user-friendliness...page design enables smooth access to required information.
 - ✓ Information accessed often is brought to our top page (enables direct link to the most recently announced financial data)
 - ✓ Added functions such as website search and sorting of press releases
- Other
 - ✓ Website updates now distributed by RSS feed.

Most accessed information gathered on top page

- DPU forecasts. Amount and payout date of announced distributions
- Occupancy rate. Number of properties. Asset size.
- Unit price information (20-minute delay)
- Latest financial data

Website updates are distributed via RSS feeds.

The screenshot shows the homepage of Japan Excellent, Inc. with a navigation menu (Home, About JEI, Portfolio, Finance, Investor Relations) and a main banner featuring a building and the company's mission statement. Below the banner is a table with financial data:

Distributions	JEI Snapshot	Stock Price (delay for 20 min.)	JEI Financial Data
Forecast 15,950 Yen (8th 7th Fiscal Period)	Occupancy Rate 97.0%	Price 395,500	the 6th Fiscal Period
Actual 15,802 Yen (8th 6th Fiscal Period)	Number of Properties 16	Change +2,500	Financial Results (86.1KB)
Payment start date Sep. 14, 2009	Asset Size 181,023 million yen as of Dec. 31, 2009	Volume 173	Presentation Materials (2.1MB)
↓ Distributions	↓ Occupancy Rate	Chart → as of Feb. 10, 2010 15:00 (JST)	Semi-Annual Report (3.9MB)
			Video Presentation of Results for Current Period

At the bottom, there is a 'What's New' section with a date '2010.01.29' and a link to 'Distributions', and an RSS feed icon labeled 'Update'.

9. Performance Forecasts

Performance forecasts for our 8th Period (ending June 2010) and 9th Period (ending December 2010)

- **Rental revenue:** Forecasted to decline about 2% in both 8th and 9th periods on declining office market rents after holding steady through 7th period.
- **Expenses from rental operations:** Forecasted to be essentially flat in both 8th and 9th periods, with some fluctuation depending on leasing activities.
- **Distributions:** Forecasting DPU of ¥15,000 in the 8th period and ¥14,000 in the 9th period.

Unit: ¥ Million

	7 th Period	8 th Period		9 th Period	
	Actual	Forecast	Vs. Previous	Forecast	Vs. Previous
Revenue	7,494	7,305	-188	7,213	-91
Rental revenue	6,755	6,639	-115	6,488	-150
Revenue for utilities expenses	575	514	-61	575	61
Other revenue	164	152	-11	149	-2
Expenses from rental operations	3,577	3,597	19	3,596	-1
Property management fees, broken out	1,066	1,128	62	1,067	-60
Utilities expenses, broken out	648	586	-61	648	61
Repair and maintenace, broken out	142	169	27	149	-20
(NOI)	4,907	4,704	-203	4,609	-94
Depreciation, broken out	990	995	5	992	-3
Profit from rental operations	3,917	3,708	-208	3,617	-90
Operating income	3,349	3,160	-188	3,072	-88
Other expenses	865	862	-3	909	47
Income before income taxes	2,486	2,319	-167	2,164	-154
Net income	2,485	2,318	-167	2,163	-154
Distributions per unit (yen)	16,085	15,000	-1,085	14,000	-1,000

Note: The above are forecasts as of February 12, 2010, and shall not be construed as guarantees of future performance.

Reference Materials



Revenue, Expenses and NOI Yield by Property

(Unit: millions of yen)

7 th period	Area I								Area II		Area III								Total
	I-1	I-2	I-3	I-4	I-5	I-6	I-7	I-8	II-1	II-2	III-1	III-2	III-3	III-5	III-6	III-7	III-8	III-9	
	Omori	Shiba 2-chome	Hama-matsu-cho	32 Kowa	36 Kowa	28 Kowa	Akasaka Garden City	AKASAKA INTERCITY	NHK Nagoya	Nishi-Honmachi	Musashi-kosugi	Kawasaki Higashi-guchi	Hongo	Kawasaki Nisshin-cho	44 Kowa	Ryogoku	Ebina	Kawasaki Nishi-guchi	
Revenue	1,073	372	317	226	-	151	559	372	323	254	788	-	178	233	94	108	528	1,135	7,494
Rental revenue	1,019	372	302	213	-	137	526	341	-	228	686	-	164	231	83	99	466	997	6,886
Other revenue	54	0	14	12	-	14	33	30	-	25	102	-	14	1	11	9	61	137	608
Operating expenses	512	130	98	74	-	55	154	143	169	153	359	-	73	90	46	58	365	678	3,577
Property management	156	53	20	26	-	20	34	15	53	41	108	-	23	35	17	18	149	179	1,066
Utilities	132	0	15	12	-	12	25	30	24	25	71	-	8	-	7	9	65	130	648
Property taxes	86	31	18	14	-	8	33	18	21	28	60	-	9	16	4	7	46	78	542
Insurance	2	1	0	0	-	0	0	0	0	0	3	-	0	0	0	0	2	3	21
Repair and maintenance	7	6	1	2	-	1	-	1	3	7	14	-	4	3	6	3	12	26	142
Other expenses	4	1	14	2	-	1	4	35	28	2	8	-	1	1	1	1	8	18	165
Depreciation and amortization	121	36	27	15	11	11	55	41	37	47	92	86	26	33	8	16	80	240	990
Total rental income	561	242	218	151	108	96	405	228	154	100	428	254	105	142	48	50	162	456	3,917
NOI	682	278	246	166	120	107	461	269	191	148	521	340	131	176	56	67	242	697	4,907
Number of operating days	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184
Acquisition price	22,552	9,450	8,350	5,040	4,000	2,859	23,300	17,857	4,300	6,673	13,890	10,976	5,400	4,205	1,150	2,550	6,470	32,000	181,023

Compared with previous period	7th period NOI yield (annualized)	6.0%	5.9%	5.8%	6.6%	6.0%	7.4%	3.9%	3.0%	8.8%	4.4%	7.5%	6.2%	4.8%	8.3%	9.8%	5.2%	7.4%	4.3%	5.4%
	6th period NOI yield (annualized)	6.3%	6.0%	5.7%	7.2%	6.4%	8.3%	3.8%	3.0%	8.1%	1.8%	7.6%	6.6%	5.0%	8.6%	10.5%	6.0%	7.8%	4.1%	5.4%
	Difference	-0.3%	-0.1%	0.1%	-0.6%	-0.4%	-0.9%	0.1%	0.0%	0.7%	2.6%	-0.1%	-0.4%	-0.2%	-0.3%	-0.7%	-0.8%	-0.4%	0.2%	0.0%

- Note: 1. Figures are rounded down to the nearest million. Ratios are rounded to the nearest decimal point.
2. The NOI yield for each property shown is annualized. (NOI yield = Annualized NOI ÷ acquisition price)
3. Details concerning revenue and expenses for 36 Kowa and Kawasaki Higashiguchi are not released because we are not able to receive authorization from tenants.
4. Details concerning rental revenue for NHK Nagoya are not released because we are not able to receive authorization from the business partner.

	Area I total	Area II total	Area III total
NOI	2,333	339	2,234
Acquisition price	93,408	10,973	76,641
7th period NOI yield(annualized)	5.0%	6.1%	5.8%
6th period NOI yield(annualized)	5.1%	4.3%	5.9%
Difference	-0.1%	1.8%	-0.1%

Portfolio Appraisal Value

(Unit: millions of yen)

Property number	Area	Evaluation Name	Acquisition price	Appraisal value		Difference (②-①)		Book Value at end of FP7 ③	Difference (②-③)		Direct reduction Reduced yield		Difference (⑤-④)	Appraisal organization
				End of FP6 ①	End of FP7 ②		%			%	End of FP6 ④	End of FP7 ⑤		
I-1	I	Omori Bellport D	22,553	25,560	24,830	▲ 730	-2.9%	22,327	2,503	11.2%	5.0%	5.0%	0.0%	Chuo Real Estate Appraisal Co., Ltd.
I-2		Shiba 2-Chome Building	9,450	11,600	11,600	0	0.0%	9,314	2,286	24.5%	Office 5.3%	Office 5.1%	Office -0.2%	Japan Real Estate Institute
I-3		JEI Hamamatsucho Building	8,350	9,570	8,940	▲ 630	-6.6%	8,279	661	8.0%	Residence 5.8%	Residence 5.8%	Residence 0.0%	Japan Real Estate Institute
I-4		No. 32 Kowa Building	5,040	5,592	5,478	▲ 114	-2.0%	5,002	476	9.5%	4.6%	4.6%	0.0%	Japan Real Estate Institute
I-5		No. 36 Kowa Building	4,000	4,228	4,242	14	0.3%	4,023	219	5.4%	5.9%	5.9%	0.0%	Chuo Real Estate Appraisal Co., Ltd.
I-6		No. 28 Kowa Building	2,859	3,590	3,560	▲ 30	-0.8%	2,837	723	25.5%	5.3%	5.3%	0.0%	Chuo Real Estate Appraisal Co., Ltd.
I-7		Akasaka Garden City	23,300	22,400	21,900	▲ 500	-2.2%	23,100	▲ 1,200	-5.2%	5.8%	5.8%	0.0%	Japan Real Estate Institute
I-8		Akasaka INTERCITY	17,857	14,400	13,800	▲ 600	-4.2%	17,698	▲ 3,898	-22.0%	4.2%	4.2%	0.0%	Japan Real Estate Institute
II-1	II	NHK Nagoya Housou Center Building	4,300	5,210	4,960	▲ 250	-4.8%	4,191	769	18.3%	4.0%	4.0%	0.0%	Japan Real Estate Institute
II-2		JEI Nishi-Honmachi Building	6,674	4,930	4,780	▲ 150	-3.0%	7,624	▲ 2,844	-37.3%	5.7%	5.7%	0.0%	Japan Real Estate Institute
III-1	III	Musashikosugi Tower Place	13,890	15,900	15,900	0	0.0%	13,447	2,453	18.2%	5.4%	5.4%	0.0%	Japan Real Estate Institute
III-2		Kowa Kawasaki Higashiguchi Building	10,976	10,800	10,300	▲ 500	-4.6%	10,541	▲ 241	-2.3%	5.4%	5.4%	0.0%	HIRO & REAS network Inc.
III-3		JEI Hongo Building	5,400	5,170	5,160	▲ 10	-0.2%	5,281	▲ 121	-2.3%	5.0%	5.1%	0.1%	HIRO & REAS network Inc.
III-5		Kawasaki Nisshincho Building	4,205	5,510	5,320	▲ 190	-3.4%	4,138	1,182	28.6%	4.7%	4.7%	0.0%	Japan Real Estate Institute
III-6		No. 44 Kowa Building	1,150	1,600	1,480	▲ 120	-7.5%	1,025	455	44.4%	5.7%	5.7%	0.0%	Japan Real Estate Institute
III-7		JEI Ryogoku Building	2,550	2,224	2,198	▲ 26	-1.2%	2,459	▲ 261	-10.6%	6.3%	6.3%	0.0%	Japan Real Estate Institute
III-8		Ebina Prime Tower	6,470	5,480	5,140	▲ 340	-6.2%	6,453	▲ 1,313	-20.3%	5.6%	5.6%	0.0%	Chuo Real Estate Appraisal Co., Ltd.
III-9	Kowa Kawasaki Nishiguchi Building	32,000	29,700	27,500	▲ 2,200	-7.4%	31,418	▲ 3,918	-12.5%	6.4%	6.4%	0.0%	Japan Real Estate Institute	
Area I Total			93,409	96,940	94,350	▲ 2,590	-2.7%	92,582	1,768	1.9%	5.0%	5.0%	0.0%	-
Area II Total			10,974	10,140	9,740	▲ 400	-3.9%	11,815	▲ 2,075	-17.6%	5.6%	5.6%	0.0%	-
Area III Total			76,641	76,384	72,998	▲ 3,386	-4.4%	74,767	▲ 1,769	-2.4%	5.3%	5.3%	0.1%	-
Grand Total			181,023	183,464	177,088	▲ 6,376	-3.5%	179,165	▲ 2,077	-1.2%	5.0%	5.0%	0.0%	-

Note: 1. Total yield by area was calculated using weighted averages and rounding to the nearest decimal point.

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 end of period based on Japan Excellent'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 Japan Excellent or the trustee.

Case Study from Efforts to Enhance Management Quality (Compliance with the Energy Conservation Law)

Efforts to Counter Global Warming (Reduce Greenhouse Gases)

Tokyo Environmental Ordinance

(Enacted 2009.4.1)

Obligation to reduce CO2 emissions and emissions trading system

- Obligated to reduce energy 6-8% averaged over five years
- Applies to buildings using the equivalent of at least 1,500 KL/year of crude oil (large buildings)



METI Revised Energy Conservation Law

(Enacted 2010.4.1)

Introduction of energy management for each business operator

- Must try to reduce energy at least 1%/year averaged over mid- to long-term
- Applies to businesses using the equivalent of 1,500 KL/year of crude oil



Began efforts in collaboration with property managers

Management Initiatives

1) Study creating building energy conservation regime with PM

- Assess data on past energy usage for each property.
- Comply with Tokyo Metropolitan stipulations for a “business countering global warming” among other efforts (AKASAKA INTERCITY, Akasaka Garden City, Omori Bellport)



- Begin studies on specific reduction plans for the future.

2) Study a system for providing tenants with energy data

Building Initiatives

3) Update facilities for greater efficiency and energy conservation

- NHK Nagoya Bldg: Update HVAC (9th period and thereafter)
- Kawasaki Nisshincho Bldg: Repair heat source facilities (9th period)

4) Invest in efficient management of energy data

- Omori Bellport D, NHK Nagoya Bldg, Kawasaki Nisshincho Bldg, etc.
• • • Update central monitoring facilities (8th period and thereafter)

5) Introduce energy-efficient facilities

- JEI Nishi-Honmachi Bldg: Introduce water-saving equipment (8th period)

Statement of Income and Retained Earnings

(Unit: millions of yen)

	6th period	%	7th period	%	Difference	Difference by %
1.Revenue	7,544	100.0	7,494	100.0	▲ 50	▲ 0.7
Rental revenue	6,890		6,886		▲ 3	
Other rental revenue	654		608		▲ 46	
2.Operating expenses	4,266	56.5	4,145	55.3	▲ 120	▲ 2.8
Property management cost and fees	1,141		1,066		▲ 74	
Utilities	685		648		▲ 36	
Property taxes	540		542		1	
Insurance	21		21		0	
Repairs and maintenance	182		142		▲ 39	
Other	159		165		6	
Depreciation	990		990		▲ 0	
Total operating expenses	3,720		3,577		▲ 143	▲ 3.8
Total rental income	3,824		3,917		93	+ 2.4
Asset management fees	418		423		5	
Other	127		144		16	
Operating income	3,278	43.5	3,349	44.7	70	+ 2.1
3.Other expenses	22	0.3	3	0.0	▲ 19	▲ 85.2
Interest income	10		2		▲ 8	
Other	11		0		▲ 11	
4.Other expenses	858	11.4	865	11.5	7	+ 0.9
Interest expenses	707		701		▲ 5	
Loan relating fees	150		163		13	
Other	0		0		0	
Income before income taxes	2,443	32.4	2,486	33.2	43	+ 1.8
Net income before taxes	2,443	32.4	2,486	33.2	43	+ 1.8
Income taxes- current	1		1		▲ 0	
Income taxes- deferred	▲ 0		0		0	
Net income	2,442	32.4	2,485	33.2	43	+ 1.8
Retained earnings at beginning of period	0		0		0	
Retained earnings at end of period	2,442		2,486		43	

Note: Figures under 1 million yen are rounded down. Ratios are rounded to the nearest decimal point.

Balance Sheet

(Unit: millions of yen)

Assets					Liabilities and unitholders' equity						
	6th period		7th period		Difference		6th period		7th period		Difference
Assets		%		%		Liabilities		%		%	
I. Current assets	14,481	7.4	15,326	7.9	845	I. Current liabilities	26,233	13.4	26,179	13.4	▲ 54
Cash and cash equivalents	2,253		3,027		773	Accounts payable-trade	523		472		▲ 50
Cash and cash equivalents (as trust accounts)	11,587		11,663		76	Accounts payable-other	327		351		23
Rental receivables	453		467		13	Unpaid consumption taxes	32		94		61
Other	186		168		▲ 17	Short-term debt	25,000		25,000		-
						Other	350		260		▲ 89
II. Fixed assets	180,664	92.6	179,713	92.1	▲ 950	II. Long-term liabilities	79,548	40.8	79,410	40.7	▲ 138
1. Property and equipment	171,451	87.9	170,600	87.4	▲ 851	Long-term debt	70,500		70,500		-
Real estate	3,027		3,000		▲ 26	Security deposits from tenants	465		448		▲ 16
Real estate (as trust accounts)	168,418		167,590		▲ 827	Security deposits from tenants (as trust accounts)	8,500		8,382		▲ 117
Construction in progress	5		8		3	Other	82		78		▲ 4
2. Intangible assets	8,565	4.4	8,565	4.4	0	Total liabilities	105,782	54.2	105,589	54.1	▲ 192
Leasehold rights	1,185		1,185		-	Unitholders' equity					
Leasehold rights (as trust accounts)	7,380		7,380		-	I. Unitholders' capital	89,525	45.9	89,569	45.9	43
Other	0		0		0	1. Unitholders' capital	87,083	44.6	87,083	44.7	-
3. Investments and other assets	647	0.3	547	0.3	▲ 99	2. Retained earnings	2,442		2,486		43
Investment in securities	10		10		-	Unappropriated retained earnings	2,442	1.3	2,486	1.3	43
Security deposits	15		15		-	II. Valuation and translation adjustments	▲ 162	▲ 0.1	▲ 118	▲ 0.1	43
Long-term prepaid expenses	574		468		▲ 105	Loss on differed hedge	▲ 162		▲ 118		43
Other	46		52		5	Total unitholders' equity	89,363	45.8	89,450	45.9	87
Total assets	195,145	100.0	195,040	100.0	▲ 105	Total liabilities and unitholders' equity	195,145	100.0	195,040	100.0	▲ 105

Note: Figures under 1 million yen are rounded down. Ratios are rounded to the nearest decimal point.



Loan Balance by Lender

(Unit: millions of yen)

	Outstanding debt at end of 6th period		Outstanding debt at end of 7th period			
		%		%	Long-term	short-term
Mizuho Corporate Bank, Ltd.	30,500	31.9%	30,500	31.9%	23,500	7,000
Mitsubishi UFJ Trust and Banking Corporaiton	17,800	18.6%	17,800	18.6%	14,800	3,000
Sumitomo Mitsui Banking Corporation	9,200	9.6%	9,200	9.6%	7,200	2,000
The Dai-ichi Mutual Life Insurance Company	8,000	8.4%	8,000	8.4%	8,000	0
The Norinchukin Bank	7,000	7.3%	7,000	7.3%	7,000	0
Mizuho Trust & Banking Co., Ltd.	6,500	6.8%	6,500	6.8%	6,500	0
Aozora Bank, Ltd.	5,000	5.2%	5,000	5.2%	5,000	0
Development Bank of Japan Inc.	4,000	4.2%	4,000	4.2%	4,000	0
Chuo Mitsui Trust and Banking Co., Ltd.	3,000	3.1%	3,000	3.1%	3,000	0
Sompo Japan Insurance Inc.	2,000	2.1%	2,000	2.1%	2,000	0
Resona Bank, Ltd.	1,500	1.6%	1,500	1.6%	1,500	0
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000	1.0%	1,000	1.0%	1,000	0
Total	95,500	100.0%	95,500	100.0%	83,500	12,000

■: Sponsor companies of the asset management company

Statements of Cash Flow and Profit Distributions

<Cash flow statement>

(Unit: millions of yen)

Classification	Amount
I. Cash flow from operating activities	3,593
Income before income taxes	2,486
Depreciation and amortization	990
Decrease in unpaid consumption taxes	61
Interest expense	▲ 682
Other	736
II. Cash flow from investing activities	▲ 307
Purchases of property and equipment	▲ 173
Net payments for security deposits	▲ 134
III. Cash flow from financing activities	▲ 2,435
Proceeds from short-term loans	12,000
Repayment of short-term loans	▲ 12,000
Distributions to unitholders	▲ 2,435
IV. Net Decrease in cash and cash equivalents	850
V. Cash and cash equivalents at beginning of period	13,841
VI. Cash and cash equivalents at end of period	14,691

Note: Figures under 1 million yen are rounded down.

<Profit distribution>

(Unit: yen)

Classification	Amount
Retained earnings at end of period	2,486,006,401
Distributions	2,485,936,750
(Distributions per investment unit)	16,085
Earnings carried over to next period	69,651
Outstanding investment units	154,550 units

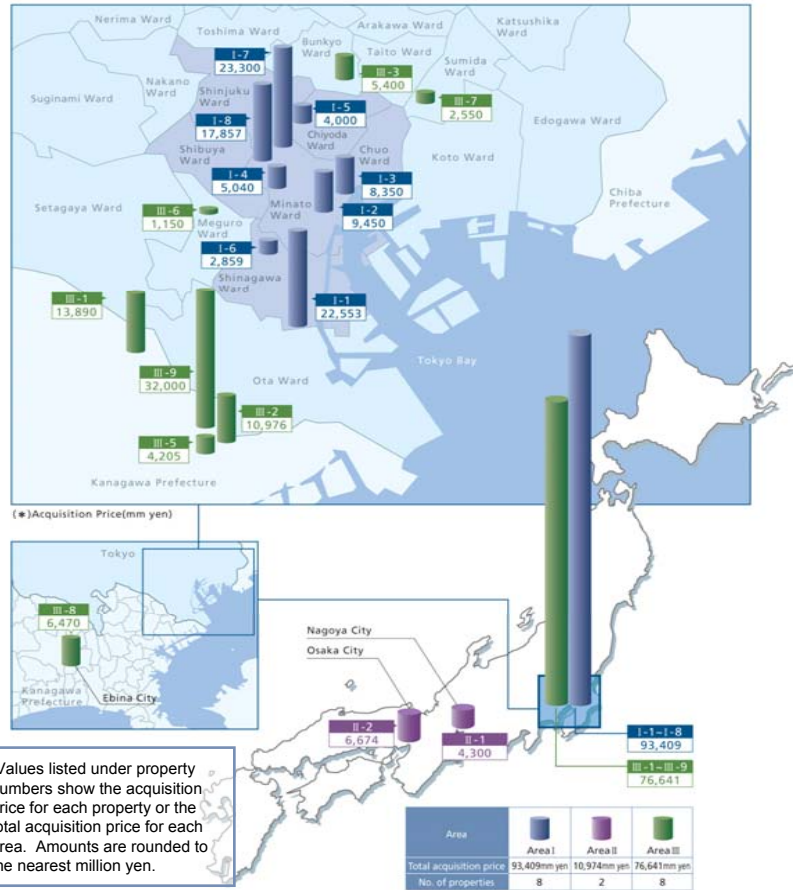
Financial Indicators

Financial indicators	Calculation method	Unit	6th period	7th period
EPS (Earnings per share)	Net income / total units outstanding	yen	15,802	16,084
EBIT (Earnings before interest and tax)	Earnings before taxes + Interest · Discount amount	MM yen	3,150	3,188
EBITDA (Earnings before interest, tax and depreciation and amortization)	Earnings before taxes + Interest · Discount amount + Depreciation and amortization	MM yen	4,141	4,179
NOI (Net operating income)	Rental revenue - rental expenses + Depreciation and amortization	MM yen	4,814	4,907
NCF (Net cash flow)	NOI-Capital expenditures	MM yen	4,547	4,773
FFO per unit	(Net Income+Depreciation and Amortization-net profit of disposal) / Total units outstanding	yen	22,211	22,494
DSCR (Debt service coverage ratio)	Net income before interest and taxes / Interest expense	multiple	4.5	4.5
ROA	Income before income taxes / [(Period beginning total assets + period end total assets) / 2] x100	%	1.2	1.3
(Reference) Annualized with following formula	Above x 365 days / number of operating days	%	2.5	2.5
ROE	Net income / [(Period beginning net assets + period end net assets)	%	2.7	2.8
(Reference) Annualized with following formula	Above x 365 days/ number of operating days	%	5.5	5.5
Equity to Total Assets	(Period end net assets / period end total assets) x 100	%	45.8	45.9
LTV (loan-to-value)	(Period end interest-bearing debt / period end total assets) x 100	%	48.9	49.0
BPS (Book value per unit)	Period end net assets / number of outstanding investment units	yen	578,215	578,780
Distribution payout ratio	Total cash distribution amount / net income x 100	%	99.9	100.0

Note: Figures less than the unit are rounded down. Distribution payout ratio is rounded down to the nearest decimal place. Other ratios are rounded to the nearest decimal place.

Portfolio Overview

<Portfolio map>



Note: Values listed under property numbers show the acquisition price for each property or the total acquisition price for each area. Amounts are rounded to the nearest million yen.

<List of 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	21,900	12.9	8.6
I-1	Office	Omori Bellport D	Minami-Oi, Shinagawa Ward, Tokyo	155,778.75	September 24, 1996	22,553	24,830	12.5	8.0
I-8	Office	AKASAKA INTERCITY	Akasaka, Minato Ward, Tokyo	73,061.33	October 26, 2007	17,857	13,800	9.9	9.2
I-2	Office	Shiba 2-Chome Building	Shiba, Minato Ward, Tokyo	19,518.15	March 17, 1994	9,450	11,600	5.2	8.2
I-3	Office	JEI Hamamatsucho Building	Hamamatsucho, Minato Ward, Tokyo	8,327.53	December 16, 1991	8,350	8,940	4.6	8.2
I-4	Office	No. 32 Kowa Building	Minami-Azabu, Minato Ward, Tokyo	10,110.96	March 19, 1979	5,040	5,478	2.8	13.2
I-5	Office	No. 36 Kowa Building	Sanbancho, Chiyoda Ward, Tokyo	8,266.55	September 30, 1982	4,000	4,242	2.2	13.2
I-6	Office	No. 28 Kowa Building	Nishi-Gotanda, Shinagawa Ward, Tokyo	6,282.23	February 21, 1975	2,859	3,560	1.6	13.5
Subtotal				328,122.26	-	93,409	94,350	51.6	-
II-2	Office	JEI Nishi-Honmachi Building	Nishi Ward, Osaka City, Osaka	15,800.31	February 19, 1988	6,674	4,780	3.7	11.5
II-1	Office	NHK Nagoya Housou-Center Building	Higashi Ward, Nagoya City, Aichi	80,809.95	July 3, 1991	4,300	4,960	2.4	11.9
Subtotal				96,610.26	-	10,974	9,740	6.1	-
III-9	Office	Kowa Kawasaki Nishiguchi Building	Saiwai Ward, Kawasaki City, Kanagawa	61,856.92	February 29, 1988	32,000	27,500	17.7	7.9
III-1	Office	Musashikosugi Tower Place	Nakahara Ward, Kawasaki City, Kanagawa	53,711.13	July 15, 1995	13,890	15,900	7.7	11.5
III-2	Office	Kowa Kawasaki Higashiguchi Building	Kawasaki Ward, Kawasaki City, Kanagawa	31,009.62	April 30, 1988	10,976	10,300	6.1	6.7
III-8	Office	Ebina Prime Tower	Chuo, Ebina City, Kanagawa	55,806.20	May 31, 1995	6,470	5,140	3.6	12.2
III-3	Office	JEI Hongo Building	Hongo, Bunkyo Ward, Tokyo	5,877.11	February 6, 1991	5,400	5,160	3.0	14.2
III-5	Office	Kawasaki Nisshincho Building	Kawasaki Ward, Kawasaki City, Kanagawa	22,141.60	April 24, 1992	4,205	5,320	2.3	14.7
III-7	Office	JEI Ryogoku Building	Ryogoku, Sumida Ward, Tokyo	5,820.56	August 8, 1996	2,550	2,198	1.4	14.3
III-6	Office	No. 44 Kowa Building	Higashiyama, Meguro Ward, Tokyo	3,359.55	July 31, 1984	1,150	1,480	0.6	13.4
Subtotal				239,582.69	-	76,641	72,998	42.3	-
Total				664,315.21		181,023	177,088	100.0	6.6

- Note: 1. "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.
2. "Completion date" includes the time of initial construction described in the register.
3. "Acquisition price" is the price recorded in sales agreements (excluding consumption tax). Amounts of less than one million yen are rounded.
4. "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 7th period (December 31, 2009) based on Japan Excellent'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 Japan Excellent or the trustee.
5. "Investment ratio" shows a ratio of the acquisition price for each property, and is rounded to the nearest decimal place.
6. "PML" is based on the PML description in the building examination report including the PML calculation report. The relevant description is no more than the opinion of the reporting party and Japan Excellent does not guarantee the accuracy of the content.

Portfolio Overview

Area I



I-8 AKASAKA INTERCITY

Address: 1-11-44 Akasaka Minato Ward, Tokyo
 Site Area: 8,019.87m²
 Total Floor Space: 73,061.33m²
 Structure: S, SRC
 Floors: 29 (3 basement 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: 1-15-1 Akasaka Minato Ward, Tokyo
 Site Area: 6,888.97m²
 Total Floor Space: 46,776.76m²
 Structure: S, RC, SRC
 Floors: 19 (2 basement floors)
 Constructed: January 31, 2006



I-4 NO. 32 Kowa Building



I-5 NO. 36 Kowa Building



I-6 No. 28 Kowa Building

Portfolio Overview

Area II



II-1 NHK Nagoya 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



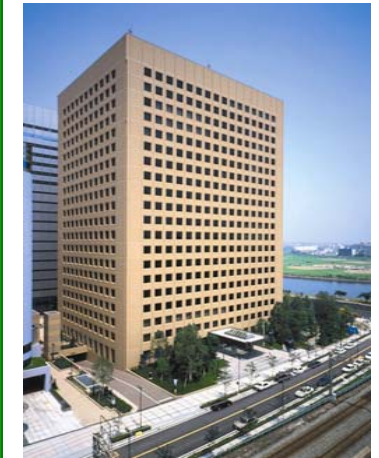
III-3 JEI Hongo Building



III-8 Ebina Prime Tower



III-5 Kawasaki Nisshincho Building



III-9 Kowa Kawasaki Nishiguchi Building


Unitholders

Owner classification	Investment units					Investors				
	6th period(Jun. 2009)		7th period(Dec. 2009)		Change	6th period(Jun. 2009)		7th period(Dec. 2009)		Change
	Number of units	Composition (%)	Number of units	Composition (%)	(%)	Number of unitholders	Composition (%)	Number of unitholders	Composition (%)	(%)
Financial institutions and securities companies	98,128	63.5	94,766	61.3	-2.2	93	1.9	88	1.9	-0.1
Other domestic companies	22,501	14.6	22,427	14.5	0.0	118	2.4	115	2.4	0.0
Foreign companies, etc.	21,002	13.6	24,726	16.0	2.4	129	2.7	149	3.1	0.5
Individuals	12,919	8.4	12,631	8.2	-0.2	4,477	92.9	4,382	92.6	-0.4
Total	154,550	100.0	154,550	100.0	-	4,817	100.0	4,734	100.0	-

Ratio of investment units held by the 4 sponsor companies: 13.3%

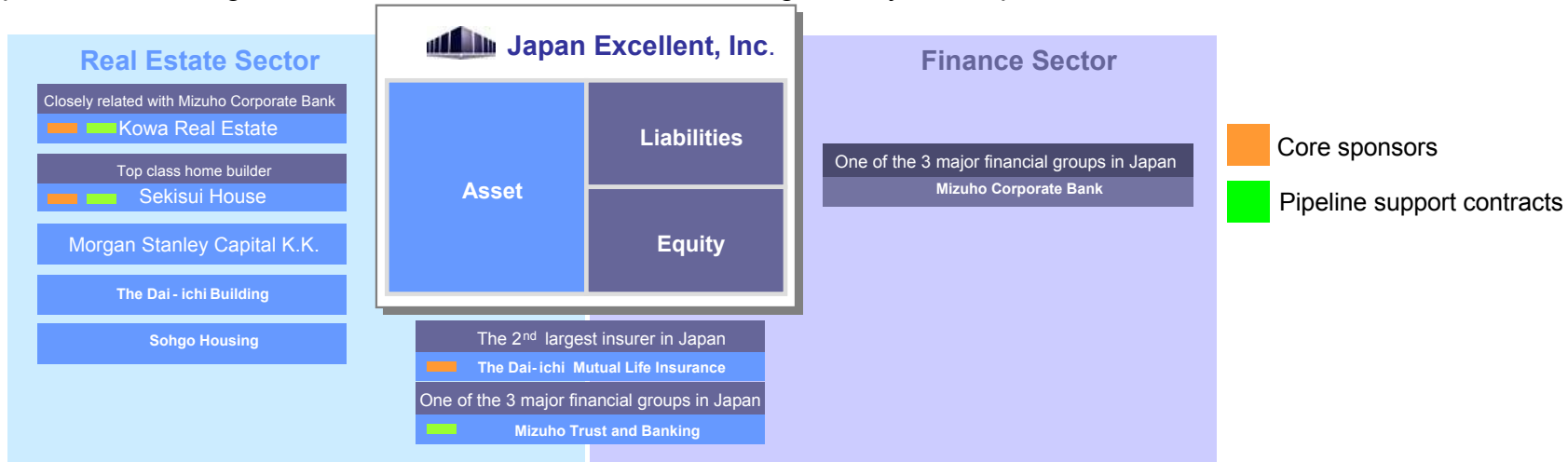
Name	(Units)	Composition ratio (%)
Japan Trustee Services Bank, Ltd. (Trust account)	16,385	10.6
Kowa Real Estate Co., Ltd.	14,312	9.3
NikkoCiti Trust and Banking Corporation (Investment trust account)	12,503	8.1
The Master Trust Bank of Japan, Ltd. (Trust account)	11,391	7.4
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	10,259	6.6
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	7,398	4.8
North Pacific Bank, LTD.	4,590	3.0
The Dai-ichi Mutual Life Insurance Company	4,132	2.7
The Bank of IKEDA, Ltd.	3,711	2.4
The Chugoku Bank, LTD.	2,145	1.4
Total	86,826	56.2

Note: Ratios are rounded to the nearest decimal place.

 Sponsor companies of the asset management company

Overview of Japan Excellent, Inc.

- Japan Excellent, Inc. aims to maximize shareholders' value by "utilizing and combining the comprehensive capabilities of sponsor companies with strength in real estate and finance" and "seeking stability and expansion of revenues."



- JEI invests mainly in office buildings in metropolitan areas and operates its portfolio balancing revenue stability and expansion.

More than 90% of the portfolio is invested in office buildings.

Have the highly concentrated core area at 80% or higher with office buildings and set a carefully detailed investment ratio for the core area.

Usage (Note 1)	Investment ratio in portfolio (Note 2)
Office buildings	More than 90%
Other (Commercial facilities, residential, etc.)	Less than 10%

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

- Note: 1. Usage is determined based on the majority share of space for rental for each asset related to real estate. The total acquisition cost of the concerned asset related to real estate is incorporated in the acquisition price by said usage.
2. This refers to the total acquisition cost of the asset related to real estate for each usage against the total acquisition cost for the portfolio overall.

Unit Price Performance and Overview of Japan Excellent Asset Management Co., Ltd

<Unit price and Tokyo Stock Exchange REIT index>

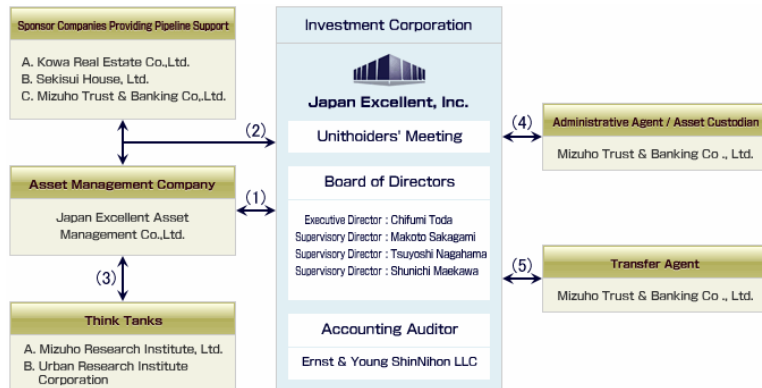


<Overview of Japan Excellent Asset Management>

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%	
Business Operations	Financial Instrument Dealer

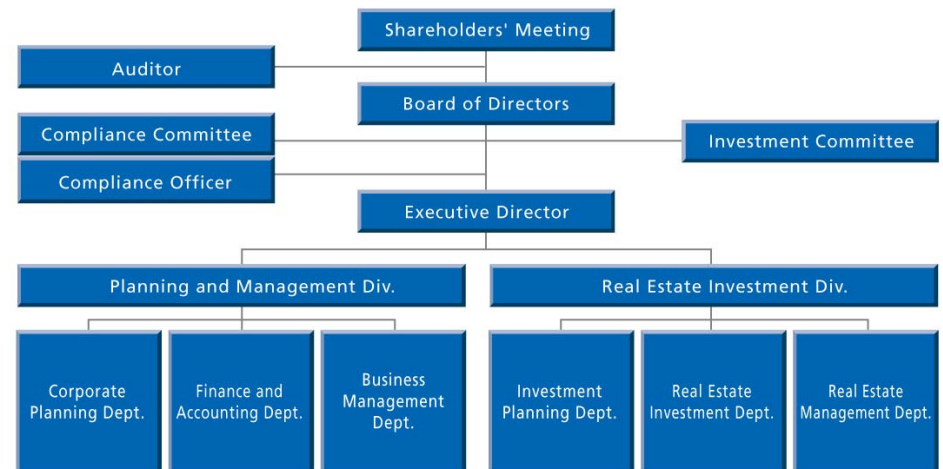
Note: Percentages in the above table are percentages of total outstanding shares.

<Organization>



- (1) Asset management agreement
- (2) A.Pipeline support agreement with Kowa Real Estate
B.Pipeline support agreement with Sekisui House
C.Pipeline support agreement with Mizuho Trust & Banking
- (3) A.Agreement with Mizuho Research Institute for provision of market and other information
B.Agreement with Urban Research Institute for provision of market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement to entrust administrative of unitholders' register

<Outline and Organization of JEAM>



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