For Immediate Release
For Translation Purposes Only

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Notice concerning Acquisition of Co-ownership Interest of Domestic Real Estate Trust Beneficiary Rights (GRAND FRONT OSAKA (Umekita Plaza・South Building) and GRAND FRONT OSAKA (North Building))

Japan Excellent, Inc. (hereinafter "JEI") hereby announces that Japan Excellent Asset Management Co., Ltd. (hereinafter "Asset Management Company"), to which JEI entrusts asset management, made a decision today regarding the acquisition of domestic real estate trust beneficiary rights, as described below.

1. Summary of Acquisition

(A) GRAND FRONT OSAKA (Umekita Plaza・South Building) (equivalent of 2.45% co-ownership)(Note1)

(1) Property Name: GRAND FRONT OSAKA (Umekita Plaza・South Building)

(2) Property to be Acquired: Quasi co-ownership interest of trust beneficiary rights in real estate(Note1)

(3) Planned Acquisition Price: 4,868,050,000 yen(Note2)

(4) Planned Date of Execution of Purchase Agreement: January 6, 2020

(5) Scheduled Acquisition Date: February 3, 2020

(6) Seller: Nippon Steel Kowa Real Estate Co., Ltd.(Note3)

(7) Brokerage: None

(8) Funding for Acquisition: Proceeds from the issuance of new investment units as indicated in "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" announced today, as well as funds on hand

(9) Payment Method: Lump-sum payment upon delivery

Note: This press release provides information regarding JEI's acquisition of co-ownership interest of domestic real estate trust beneficiary rights and is not intended to solicit investment from investors. Additionally, this press release is not an offer of securities for sale in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. No offer, public or otherwise, of securities in the United States will be made in connection with the above-mentioned transactions.

(B) GRAND FRONT OSAKA (North Building) (equivalent of 2.45% co-ownership)(Note1)

(1) Property Name: GRAND FRONT OSAKA (North Building)

(2) Property to be Acquired: Quasi co-ownership interest of trust beneficiary rights in real estate(Note1)

(3) Planned Acquisition Price: 3,982,950,000 yen(Note2)

(4) Planned Date of Execution of Purchase Agreement: January 6, 2020

(5) Scheduled Acquisition Date: February 3, 2020

(6) Seller: Nippon Steel Kowa Real Estate Co., Ltd.(Note3)

(7) Brokerage: None

(8) Funding for Acquisition: Proceeds from the issuance of new investment units as indicated in "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" announced today, as well as funds on hand

(9) Payment Method: Lump-sum payment upon delivery

(Note 1) For details, please refer to "3. Details of the Properties to be Acquired / (2) Overview of Properties to be Acquired" below.
(Note 2) Planned Acquisition Price does not include consumption tax, local consumption tax or fees required for the acquisition.
(Note 3) For an overview of the sellers, please refer to "3. Details of Properties to be Acquired / (4) Overview of the Seller" below.

2. Background of Acquisition

In light of the recent brisk real estate market conditions, JEI has been promoting a strategy to enhance profitability of its portfolio and strengthen the structure of its financial position through the replacement of properties with book value below appraisal value and properties with low profitability. JEI has decided to acquire GRAND FRONT OSAKA (Umekita Plaza・South Building) and GRAND FRONT OSAKA (North Building) (hereinafter referred to as the "Properties") from the sponsor, Nippon Steel Kowa Real Estate Co., Ltd., in order to proceed from the asset replacement phase into the asset size expansion phase.

For aspects that JEI recognized upon deciding the acquisition of the Properties to be Acquired, please refer to "(1) Evaluation of the Properties to be Acquired / 3. Details of the Properties to be Acquired" below.

3. Details of the Properties to be Acquired

(1) Evaluation of the Properties to be Acquired

A. Location

The Properties are directly connected to JR Osaka station by a pedestrian walkway and are accessible by three other railway stations; Hankyu Osaka-Umeda station, Hanshin Osaka-Umeda station, and Osaka Metro Midosuji Line Umeda station. The Umeda area has the largest train terminal in western Japan and the Properties are one of the landmarks in this area. In addition, "Umekita Phase 2", a redevelopment project adjacent to the Properties is underway as well as the development of a new train

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station, Kita-Umeda station, which will be completed in spring 2023. The Umeda area and its periphery has strong growth potential.

B. Building and Facilities

The Properties are large-scale urban complex comprised of offices, commercial facilities, and hotel. GRAND FRONT OSAKA (Umekita Plaza・South Building) has one skyscraper, Tower-A which is occupied by offices and commercial facilities. It also features the Umekita Plaza, a commercial facility near the South Building. GRAND FRONT OSAKA (North Building) is comprised of two buildings (Tower B and Tower C); these are occupied by hotel and Knowledge Capital which is a center for industry-academia collaboration in addition to offices and commercial facilities.

Office space of Tower-A is approximately 785 tsubo, approximately 820 tsubo for Tower-B, and approximately 516 tsubo for Tower-C. Ceiling height is 2,800mm and free access floor (OA floor) is 100mm. Each building uses 60VA/㎡ power outlets. With the installation of HVAC zoning system and self-ventilation system, the office environment is built for comfort and convenience.

In addition, the power receiving facility is equipped with three special high-voltage cables (spot network). Both skyscrapers have high performance seismic resistant structural systems as Tower-A is equipped with seismic bracing along with its oil dampers, while Tower-B is equipped with structural control dampers and buckling restraint braces.

Tenanted by over 200 (Note) restaurants, shops, and service vendors, the commercial facility boasts a large variety of stores and services. Also, the Properties hold various events to attract not only tenants but also a broad array of visitors.

The hotel section is occupied by the Intercontinental Hotels Group, one of the leading global hotel operators highly acclaimed in the world over that operates hotels in more than 60 countries and regions.

One of the most characteristic facilities is Knowledge Capital, a mixed-use facility comprised of large and small offices, salons, science laboratories, show rooms, and theatres designed to stimulate human interaction. It was established to create new businesses and industries and is a strong characteristic of the Properties.

(Note) The number of stores in the facility is as at October 31, 2019.

(2) Overview of Properties to be Acquired

(A) GRAND FRONT OSAKA (Umekita Plaza・South Building)

Property Name	GRAND FRONT OSAKA (Umekita Plaza・South Building)

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Type of Specified Asset (Note1)		Trust beneficiary rights in real estate (quasi co-ownership interest)
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust Establishment Date		December 12, 2014
Location	Lot Number (Note 2)	209 (Umekita Plaza), 207, 208 (South Building), Ofuka-cho, Kita-ku, Osaka City
	Address	4-1 (Umekita Plaza), 4-20 (South Building) Ofuka-cho, Kita-ku, Osaka City
Use (Note 3)		Office and parking (Umekita Plaza), Office, stores, and parking (South Building)
Site Area	Land (Note 4)	20,488.08 ㎡ *includes 9,917 ㎡ of leasable space
	Building (Note 5)	10,226.10 ㎡ (Umekita Plaza), 181,371.39 ㎡ (South Building)
Structure (Note 2)		Reinforced concrete and steel-frame structure with flat roof / two floors with two underground floors (Umekita Plaza) Steel-frame and steel-frame reinforced concrete structure with flat roof / 38 floors with three underground floors (South Building)
Completion Date (Note 2)		February 2013 (Umekita Plaza), March 2013 (South Building)
Building Designer		NIKKEN SEKKEI LTD., Mitsubishi Jisho Sekkei Inc., and NTT Facilities (final designing includes Takenaka Corporation and Obayashi Corporation)
Constructor		Obayashi Corporation, Takenaka Corporation
Building Certification Agency		The Building Center of Japan
Type of Ownership (Note 6)	Land	Ownership (co-ownership) and leased-land right (quasi co-ownership) (Note 7)
	Building	Ownership (co-ownership) (Note 7)
Appraisal Value		5,050,000,000 yen
Appraisal Date		November 1, 2019
Appraiser		Japan Valuers Co., Ltd.
PML (Note 8)		0.63% (based on the Building Survey Report on PML Assessment prepared by Sompo Risk Management Inc.)
Collateral		None
Property Management Company (Note 9)		Undisclosed
Master Lease Company (Note 9) (Note 10)		Undisclosed
Other Relevant Information		According to the basic agreement etc. among co-owners, the consent of the co-owners of the property is required prior to third parties with

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	regard to the transfer of co-ownership interests held by the trustee and trust beneficiary rights held by JEI.

(Note 1) Indicated here is the type of the Property to be Acquired by JEI.

(Note 2) The descriptions of "Lot Number," "Structure," and "Completion Date" are based on information in the land registry.

(Note 3) The descriptions of "Use" are based on information in the land registry.

(Note 4) Indicated here is the total site area of land for the entire site of GRAND FRONT OSAKA (Umekita Plaza・South Building) written in the land registry. Of this, 9,917 ㎡ is leased land. The co-ownership interest in the land and the proportion of quasi-co-ownership interests in the land lease right held by the trust trustee are 5%. Since JEI will acquire 49% of the trust beneficiary rights in real estate, it will acquire equivalent of 2.45% of the total ownership interests and land lease rights.

(Note 5) Indicated here is the total floor area of the entire building including Umekita Plaza and the South Building written in the land registry. The co-ownership interests in the building owned by the trust trustee are 5%. Since JEI will acquire 49% of the trust beneficiary rights in real estate, it will acquire equivalent of 2.45% of the entire building.

(Note 6) The "Type of Ownership" indicates the type of ownership by the trustee for the Property to be Acquired.

(Note 7) Co-ownership interest and quasi co-ownership of leased-land right for the Property held by the trustee is both 5%.

(Note 8) "PML (Probable Maximum Loss)" indicates the extent of damage due to an earthquake that has more than 10% probability occurring within the assumed period of usage (50 years) in the ratio of forecasted amount of loss against the building replacement price.

(Note 9) Undisclosed as consent of co-owner, etc. was not obtained.

(Note 10) A pass-through type master lease agreement will be concluded.

(Note 11) With the acquisition of the Properties, JEI is scheduled to acquire restitution rights for 245,000 yen of funds concerning GRAND FRONT OSAKA TMO General Incorporation Association, which runs businesses related to the revitalization of the area centering on GRAND FRONT OSAKA, the improvement of the environment and the formation of communities, from Nippon Steel Kowa Real Estate Co., Ltd. for the planned acquisition price of 245,000 yen (planned acquisition price of GRAND FRONT OSAKA (Umekita Plaza・South Building) indicates the sale price as shown in the transaction agreement excluding consumption tax, regional consumption tax, transaction fees and other costs and does not include the acquisition cost of the claim for the return of the fund). Furthermore, the restitution rights above may not be transferred separately from GRAND FRONT OSAKA (Umekita Plaza・South Building) or GRAND FRONT OSAKA (North Building).

(B) GRAND FRONT OSAKA (North Building)

Property Name		GRAND FRONT OSAKA (North Building)
Type of Specified Asset (Note1)		Trust beneficiary rights in real estate (quasi co-ownership interest)
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust Establishment Date		December 12, 2014
Location	Lot Number (Note 2)	200, 203, 204, 205, 206, Ofuka-cho, Kita-ku, Osaka City
	Address	3-1 Ofuka-cho, Kita-ku, Osaka City
Use (Note 3)		Office, hotel, stores, and parking
Site Area	Land (Note 4)	22,680.03 ㎡
	Building (Note 5)	290,030.59 ㎡
Structure (Note 2)		S/SRC with flat roof, B3/38F
Completion Date (Note 2)		February 2013
Building Designer		NIKKEN SEKKEI LTD., Mitsubishi Jisho Sekkei Inc., and NTT Facilities (final designing includes Takenaka Corporation and Obayashi Corporation)
Constructor		Obayashi Corporation, Takenaka Corporation
Building Certification Agency		The Building Center of Japan

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Type of Ownership (Note 6)	Land	Ownership (co-ownership) (Note7)
	Building	Ownership (co-ownership) (Note7)
Appraisal Value		4,140,000,000 yen
Appraisal Date		November 1, 2019
Appraiser		Japan Valuers Co., Ltd.
PML (Note 8)		0.58% (based on the Building Survey Report on PML Assessment prepared by Sompo Risk Management Inc.)
Collateral		None
Property Management Company (Note 9)		Undisclosed
Master Lease Company (Note 9) (Note 10)		Undisclosed
Other Relevant Information		According to the basic agreement etc. among co-owners, the consent of the co-owners of the property is required prior to third parties with regard to the transfer of co-ownership interests held by the trustee and trust beneficiary rights held by JEI.

(Note 1) Indicated here is the type of the Property to be Acquired by JEI.

(Note 2) The descriptions of "Lot Number," "Structure," and "Completion Date" are based on information in the land registry.

(Note 3) The descriptions of "Use" are based on information in the land registry.

(Note 4) Indicated here is the total site area of land for the entire site of GRAND FRONT OSAKA (North Building) written in the land registry. The co-ownership interest in the land held by the trust trustee is 5%. Since JEI will acquire 49% of the trust beneficiary rights in real estate, it will acquire equivalent of 2.45% of the total ownership interests.

(Note 5) Indicated here is the total floor area of the entire building written in the land registry. The co-ownership interests in the building owned by the trust trustee is 5%. Since JEI will acquire 49% of the trust beneficiary rights in real estate, it will acquire equivalent of 2.45% of the entire building.

(Note 6) The "Type of Ownership" indicates the type of ownership by the trustee for the Property to be Acquired.

(Note 7) Co-ownership interest for the Property held by the trustee is both 5%.

(Note 8) "PML (Probable Maximum Loss)" indicates the extent of damage due to an earthquake that has more than 10% probability occurring within the assumed period of usage (50 years) in the ratio of forecasted amount of loss against the building replacement price.

(Note 9) Undisclosed as consent of co-owner, etc. was not obtained.

(Note 10) A portion of GRAND FRONT OSAKA (North Building) is leased in its entirety under a pass-through type master lease agreement and fixed-term master lease agreement.

(Note 11) Simultaneous with the acquisition of the property, JEI will purchase 833 common shares of KMO Corporation (see Note 12), an entity that conducts facility management and business development for Knowledge Capital, at a purchase price of 41,650,000 yen (50,000 yen per share). In addition, JEI will acquire Nippon Steel Kowa Real Estate's right to demand restitution on Knowledge Capital's funds amounting to 2,450,000 yen at a purchase price of 2,450,000. (The purchase price of GRAND FRONT OSAKA (North Building) is as shown in the Sale & Purchase Agreement excluding consumption tax, local consumption tax, and brokerage fees, among other costs and does not include the acquisition cost of the claim for the return of the fund). The transaction is fully compliant with Article 67 Clause 15 Paragraph 1 Item 2 of the Special Taxation Measures Law.
Furthermore, the aforementioned common shares and the restitution rights above may not be transferred separately from GRAND FRONT OSAKA (North Building).

(Note 12) Details of KMO Corporation is as shown below. Capital, net assets and total assets of the most recent fiscal year is undisclosed as their consent for disclosure was not obtained.

Name	KMO Corporation
Location	3-1 Ofuka-cho, Kita-ku, Osaka City
Title and name of representative	Hidetoshi Odajima, President
Main business activities	Knowledge Capital facility management and business development
Capital	Undisclosed
Established	April 1, 2009
Net assets and total assets of the most recent fiscal year	Undisclosed
Shareholders	・NTT Urban Development Corporation ・OBAYASHI CORPORATION

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	・ORIX Real Estate Corporation ・Kanden Realty & Development Co., Ltd. ・Sekisui House, Ltd. ・Takenaka Corporation ・Tokyo Tatemono Co., Ltd. ・Nippon Steel Kowa Real Estate Co., Ltd. ・NIPPON TOCHI-TATEMONO Co., Ltd. ・Hankyu Corporation ・Hankyu Hanshin REIT, Inc. ・Mitsubishi Estate Co., Ltd.	
Relationship with JEI / JEAM	Capital relationship	JEI intends to purchase 833 common stock of KMO Corporation.
	Personnel relationship	No personnel relationship exists with JEI and JEAM (as of today)
	Business relationship	No business relationship exists with JEI and JEAM (as of today)

(3) Tenant Summary

(A) GRAND FRONT OSAKA (Umekita Plaza・South Building)

Number of Tenants (Note 1)	2 (262)
Yearly Rent (Note 2)	Undisclosed
Leasable Floor Space (Note 3) (Note 4)	2,945.51 ㎡ (2,624.00 ㎡)
Leased Floor Space (Note 3) (Note 4)	2,945.51 ㎡ (2,615.35 ㎡)
Occupancy Rates (Note 5)	100.0% (99.7%)
Leaseholds and Security Deposits (Note 2)	Undisclosed

(Note 1) Given that GRAND FRONT OSAKA (Umekita Plaza・South Building) is leased in its entirety under a pass-through type master lease agreement, the number of tenants shown above is "2" as per the number of master lessees. The figure in brackets represents the total number of end tenants as at the end of September 2019.

(Note 2) Undisclosed as consent of co-owner, etc. is not obtained.

(Note 3) Figures for Leasable Floor Space and Leased Floor Space shows the contracted space of master lease portions under the agreements. Figures in brackets for Leasable Floor Space shows the space that is deemed leasable to end tenants as at the end of September 2019. Figures in brackets for Leased Floor Space shows the total contracted space to end tenants. Figures above do not cover the warehouse, parking space, and machinery room.

(Note 4) Figures for Leasable Floor Space and Leased Floor Space shows the floor space equivalent to 2.45% of the ownership interests of Umekita Plaza and the South Building intended to be acquired. All figures were rounded to the nearest third decimal place.

(Note 5) Figures in brackets represent the leasable space that can let to end tenants as at the end of September 2019. All figures were rounded to the nearest second decimal place.

(B) GRAND FRONT OSAKA (North Building)

Number of Tenants (Note 1)	5 (144)
Yearly Rent (Note 2)	Undisclosed
Leasable Floor Space (Note 3) (Note 4)	4,384.83 ㎡ (4,166.12 ㎡)
Leased Floor Space (Note 3) (Note 4)	4,384.83 ㎡ (4,146.04 ㎡)
Occupancy Rates (Note 5)	100.0% (99.5%)
Leaseholds and Security Deposits (Note 2)	Undisclosed

(Note 1) Given that GRAND FRONT OSAKA (North Building) is leased in its entirety under a pass-through type master lease agreement and fixed term master lease agreement, the number of tenants shown above is "5" as is the number of master lessees and end tenants under direct lease. The figure in brackets represents the total number of end tenants as at the end of September 2019.

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(Note 2) Undisclosed as consent of co-owner, etc. was not obtained.

(Note 3) Figures for Leasable Floor Space and Leased Floor Space shows the contracted space of master lease portions under the agreements. Figures in brackets for Leasable Floor Space shows the space that is deemed leasable to end tenants as at the end of September 2019. Figures in brackets for Leased Floor Space shows the total contracted space to end tenants. Figures above do not cover the warehouse, parking space, and machinery room.

(Note 4) Figures for Leasable Floor Space and Leased Floor Space shows the floor space equivalent to 2.45% of the ownership interests of the North Building intended to be acquired. All figures were rounded to the nearest third decimal place.

(Note 5) Figures in brackets represent the leasable space that can let to end tenants as at the end of September 2019. All figures were rounded to the nearest second decimal place.

(4) Overview of the Seller

Company Name	Nippon Steel Kowa Real Estate Co., Ltd.	
Location	1-8-1 Akasaka, Minato-ku, Tokyo	
Matters Concerning Officer	Yasuhiko Imaizumi, President	
Capital	¥19,824 million (as of March 31, 2019)	
Net Assets	¥165,263 million (as of March 31, 2019)	
Total Assets	¥785,758 million (as of March 31, 2019)	
Main Business	Real estate business	
Established	March 24, 1997	
Equity Holder	Nippon Steel Kowa Real Estate Co., Ltd. The Dai-ichi Life Insurance Company, Limited Nippon Life Insurance Company, UNIZO Holdings Co., Ltd.	
Relationship with JEI/JEAM	Capital Relationship	As of June 30, 2019, the seller holds 71,560 units of JEI's investment units (5.5% of the total number of outstanding investment units). The seller also holds 4,860 shares of JEAM's shares (54.0% of the total number of outstanding shares) and falls under the category of "related party" as defined in the Act on Investment Trusts and Investment Corporations (the "Investment Trusts Act"). In addition, the seller falls under the category of "sponsor company" under voluntary internal regulations for transactions with sponsor companies (the "Regulations for Transactions with Sponsor Companies") formulated by JEAM with the aim of eliminating potential conflicts of interest and thereby enabling it to perform efficient asset management for JEI.
	Personnel Relationship	As of December 31, 2019, seven JEAM officers and employees are dispatched by the Seller.
	Business Relationship	For the fiscal period ended December 31, 2019, JEI acquired BIZCORE AKASAKA-MITSUKE from Nippon Steel Kowa Real Estate Co., Ltd. Please refer to "Notice concerning Acquisition of Domestic Real Estate Trust Beneficiary Rights (BIZCORE AKASAKA-MITSUKE)" announced on August 19, 2019 for details.

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	Status as Related Party	The seller is not a related party of JEI. It is a major shareholder of JEAM.

(5) Status of Previous Owners

Company Name		Current Owner	Previous Owner
	Company Name	Nippon Steel Kowa Real Estate Co., Ltd.	Person other than a person with a special interest
	Relationship with JEI/JEAM	Please refer to "(4) Overview of the Seller" above.	—
	Background/Reasons for Acquisition	Investment management purpose	—
	Date of Acquisition	December 12, 2014	—
	Acquisition price	Details omitted because the Property was owned by the current owner for more than 1 year	—

(6) Details of Brokerage

None

(7) Conflicts of Interest of JEAM Relating to the Properties to be Acquired

The seller, Nippon Steel Kowa Real Estate Co., Ltd., falls under the category of a "related party" as defined in the Investment Trust Law, and a "sponsor related company" under the "Regulations for Transactions with Sponsor Related Companies," respectively. Accordingly, in concluding agreements with said related party and sponsor related company, JEAM, in compliance with the aforementioned regulations, has completed the following procedures: (i) obtained approval at a meeting of its Compliance Committee, which includes outside experts; and (ii) presented the acquisition for deliberation and resolution at its Investment Committee.

4. Future forecast

For the operating forecasts for the fiscal period ending June 30, 2020 and the fiscal period ending December 31, 2020, please refer to "Notice Concerning Revision of Operating Forecasts for the Fiscal Periods Ending June 30, 2020 and December 31, 2020" announced today.

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5. Appraisal Summary

Property Name	GRAND FRONT OSAKA (Umekita Plaza・South Building)
Appraisal Value	¥5,050 million
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	November 1, 2019

(Thousands of yen[Note1])

Appraisal Item	Appraisal Value	Remarks, etc.
Income Approach Value[Note2]	206,000,000	
Direct Capitalization Value	209,000,000	
Operating Revenue	Undisclosed [Note3]	
Gross potential revenue		
Vacancy Loss, etc.		
Operating Expenses	Undisclosed [Note3]	
Maintenance Property management fees		
Utilities		
Repair costs		
Advertisement for leasing, etc.		
Tax and public dues		
Insurance		
Other expenses		
Net Operating Income	7,721,241	
Interest Income	Undisclosed [Note3]	
Capital Expenditures	205,981	Assessed in consideration of repair and renewal costs in the engineering report
Net Cash Flow	7,515,260	
Cap Rate	3.6%	Assessed by considering the discount rate plus forecasted net cash flow and change in selling prices, and with reference to the cap rates for similar properties.
Discounted Cash Flow Value	202,000,000	
Discount Rate	3.4%	Assessed based on the method which takes into account the yield of financial assets plus individual characteristics of the property and the method which refers to the comparison with transactions of similar properties, and with reference to the result of the Japanese Real Estate Investor Survey conducted by Japan Real Estate Institute to obtain the opinions of real estate investors on investment decisions.
Terminal Cap Rate	3.8%	Assessed by taking into account increasing uncertainty about the revenue forecast in the period after the analysis period of the property is over in comparison with the current revenue forecast, and possibility of an increase in capital expenditures due to the aged property.
Cost Approach Value[Note2]	321,700,000	
Land Value	86.8%	
Building Value	13.2%	

Other matters noted by the appraiser in conducting appraisal	Considering that the subject real estate is real estate for rent and this case seeks a price that represents the investment return value to be shown to investors, Income Approach

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	Value is judged to be the most persuasive price.

(Note 1) Amounts are rounded down to the nearest thousand yen.

(Note 2) Income Approach Value and Cost Approach Value represents the valuations of the entire building and the land site.

(Note 3) These figures were left undisclosed for either of the following reasons; (1) approval for disclosure was not obtained from the co-owner, or (2) JEI intentionally withheld disclosure given that the appraisal report was based on actual figures and the disclosure of those figures may adversely impact JEI's market competitiveness as well as affect unitholder interests.

Property Name	GRAND FRONT OSAKA (North Building)
Appraisal Value	¥4,140 million
Appraiser	Japan Valuers Co., Ltd
Appraisal Date	November 1, 2019

(Thousands of yen(Note1))

Appraisal Item	Appraisal Value	Remarks, etc.
Income Approach Value(Note2)	169,000,000	
Direct Capitalization Value	170,000,000	
Operating Revenue	Undisclosed (Note3)	
Gross potential revenue		
Vacancy Loss, etc.		
Operating Expenses	Undisclosed (Note3)	
Maintenance Property management fees		
Utilities		
Repair costs		
Advertisement for leasing, etc.		
Tax and public dues		
Insurance		
Other expenses		
Net Operating Income	6,569,755	
Interest Income	Undisclosed (Note3)	
Capital Expenditures	285,949	Assessed in consideration of repair and renewal costs in the engineering report
Net Cash Flow	6,283,806	
Cap Rate	3.7%	Assessed by considering the discount rate plus forecasted net cash flow and change in selling prices, and with reference to the cap rates for similar properties.
Discounted Cash Flow Value	167,000,000	
Discount Rate	3.5%	Assessed based on the method which takes into account the yield of financial assets plus individual characteristics of the property and the method which refers to the comparison with transactions of similar properties, and with reference to the result of the Japanese Real Estate Investor Survey conducted by Japan Real Estate Institute to obtain the opinions of real estate investors on investment decisions.
Terminal Cap Rate	3.9%	Assessed by taking into account increasing uncertainty about the revenue forecast in the period after the analysis period of the property is over in comparison with the current revenue forecast, and possibility of an increase in capital expenditures due to the

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		aged property.
Cost Approach Value(Note2)	296,000,000	
Land Value	80.4%	
Building Value	19.6%	

Other matters noted by the appraiser in conducting appraisal	Considering that the subject real estate is real estate for rent and this case seeks a price that represents the investment return value to be shown to investors, Income Approach Value is judged to be the most persuasive price.

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(Note 2) Income Approach Value and Cost Approach Value represents the valuations of the entire building and the land site.

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Appendix:

1. Property Income and Expense Outlook
2. Portfolio Overview as of the end of February 2020 (tentative)
3. External View of the Properties to be Acquired

Japan Excellent, Inc. Website: https://www.excellent-reit.co.jp/en/

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[Appendix 1] Property Income and Expense Outlook

a. GRAND FRONT OSAKA (Umekita Plaza・South Building)

Net Operating Income (NOI)	¥189 million
NOI Yield	3.9%
Yield After Depreciation	3.3%

b. GRAND FRONT OSAKA (North Building)

Net Operating Income (NOI)	¥160 million
NOI Yield	4.0%
Yield After Depreciation	3.3%

Assumptions for Income and Expense Outlook

The above figures for "NOI" was calculated by multiplying the ratio of co-ownership interests of the Properties to be Acquired by the net operating income of the Properties to be Acquired taken from the appraisal report which was determined by the direct capitalization approach. (This figure does not represent a forecast of income for the current fiscal period.)

NOI yield is the figure calculated with the following formula.

NOI yield = NOI / planned acquisition price

NOI yield after depreciation is the figure calculated with the following formula.

NOI yield after depreciation = (NOI - depreciation) / planned acquisition price

Furthermore, depreciation is calculated with the straight-line method for the useful life of the Properties to be Acquired, which is in the same manner applied to the other properties already owned by JEI, after considering various information including Engineering Report.

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[Appendix 2] Portfolio Overview as of the end of February 2020 (tentative)

Area	Property #	Property Name	Date of Acquisition	(Planned)Acquisition Price (yen, mill.) (Note1)	Investment Ratio (% of total portfolio) (Note 2)	Investment Ratio by Area (%) (Note2)
Area Ⅰ Tokyo's 6 Central Wards (Note 3)	Ⅰ-1	Omori Bellport D	June 29, 2006	22,552	7.8	48.8%
	Ⅰ-2	Shiba 2-Chome Building	June 29, 2006	9,450	3.3	
	Ⅰ-3	JEI Hamamatsucho Building	June 29, 2006	8,350	2.9	
	Ⅰ-8	AKASAKA INTERCITY	October 26, 2007	17,857	6.2	
			February 5, 2013	10,289	3.6	
			Total	28,146	9.8	
	Ⅰ-9	Kowa Shirokanedai Building	December 24, 2010	4,705	1.6	
	Ⅰ-10	Daiba Garden City Building	February 4, 2011	11,000	3.8	
	Ⅰ-12	HAMARIKYU INTERCITY	December 20, 2011	7,080	2.5	
			February 4, 2014	12,000	4.2	
			Total	19,080	6.6	
	Ⅰ-13	Shintomicho Building	March 28, 2012	1,750	0.6	
	Ⅰ-14	Kowa Nishi-Shimbashi Building	March 28, 2013	3,931	1.4	
			August 1, 2017	7,500	2.6	
			Total	11,431	4.0	
	Ⅰ-15	Mansard Daikanyama	July 1, 2016	11,420	4.0	
	Ⅰ-16	AKASAKA INTERCITY AIR	July 2, 2018	6,590	2.3	
	Ⅰ-17	BIZCORE AKASAKA-MITSUKE	October 1, 2019	6,200	2.2	
Area Ⅱ Central Osaka Central Nagoya Central Fukuoka(Note4)	Ⅱ-1	NHK Nagoya Housou Center Building	June 27, 2006	4,300	1.5	7.8%
			March 24, 2014	1,310	0.5	
			Total	5,610	1.9	
	Ⅱ-2	JEI Nishi-Honmachi Building (Note5)	March 28, 2007	6,339	2.2	
	Ⅱ-3	Osaka Kogin Building (Land with Leasehold Interest)	February 5, 2013	1,770	0.6	
	Ⅱ-4	GRAND FRONT OSAKA (Umekita Plaza・South Building)	February 3, 2019	4,868	1.7	
	Ⅱ-5	GRAND FRONT OSAKA (North Building)	February 3, 2019	3,982	1.4	
Area Ⅲ Tokyo (excl Area Ⅰ) and areas surrounding Tokyo (Kanagawa, Saitama, and Chiba prefectures)	Ⅲ-1	Musashikosugi Tower Place	June 27, 2006	13,890	4.8	35.1%
	Ⅲ-2	Kowa Kawasaki Higashiguchi Building	June 27, 2006	10,976	3.8	
	Ⅲ-3	JEI Hongo Building	June 29, 2006	5,400	1.9	
	Ⅲ-5	Kawasaki Nisshincho Building	June 27, 2006	3,775	1.3	
			November 30, 2006	130	0.0	
			October 17, 2008	300	0.1	
			April 17, 2013	520	0.2	
			Total	4,725	1.6	
	Ⅲ-7	JEI Ryogoku Building	June 27, 2006	2,550	0.9	
	Ⅲ-9	Kowa Kawasaki Nishiguchi Buiding (Note5)	October 26, 2007	30,400	10.5	
	Ⅲ-10	Pacific Square Sengoku	December 20, 2011	1,620	0.6	
	Ⅲ-11	Core City Tachikawa	February 5, 2013	6,500	2.3	
	Ⅲ-12	Nisseki Yokohama Building	April 1, 2015	24,500	8.5	
	Ⅲ-13	Yokohama Bentendori Dai-ichi Seimei Building	June 15, 2018	640	0.2	
Area Ⅳ Osaka, Nagoya and Fukuoka (excl Area Ⅱ), other government-decreed cities, etc.	Ⅳ-2	JEI Kyobashi Building	September 1, 2011	3,308	1.1	8.3%
	Ⅳ-3	JEI Hiroshima Hacchobori Building	May 22, 2012	2,760	1.0	
	Ⅳ-4	SE Sapporo Building	March 1, 2013	5,500	1.9	
	Ⅳ-5	Aoba-dori Plaza	February 4, 2014	2,120	0.7	
	Ⅳ-6	Daiwa Minami-morimachi Building	February 4, 2014	4,410	1.5	
	Ⅳ-7	JEI Naha Building	December 7, 2015	1,380	0.5	

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	Ⅳ-8	Hiroshima Dai-ichi Seimei OS Building	June 15, 2018	2,780	1.0	
	Ⅳ-9	Senshin Building	November 12, 2019	1,580	0.5	
Total				288,284	100.0	100.0

(Note 1) "(Planned) Acquisition Price" is the acquisition value on the purchase agreement, excluding consumption tax, etc. Amounts are rounded to the nearest million yen.

(Note 2) "Investment Ratio" and "Investment Ratio by Area" are rounded to the first decimal place.

(Note 3) "Tokyo's 6 Central Wards" is Chiyoda, Chuo, Minato, Shinjuku, Shinagawa, and Shibuya Wards.

(Note 4) "Central Osaka" is the Umeda, Dojima, Nakanoshima, Yodoyabashi, and Honmachi districts, "Central Nagoya" is the Meieki, Fushimi, Sakae districts, and "Central Fukuoka" is the Tenjin and Hakata Terminal Peripheral districts.

(Note 5) Figures shown are for the 95% quasi co-ownership interests that is expected to be owned by JEI as at the end of February 2020.

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[Appendix 3] External View of the Properties to be Acquired





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