

Japan Excellent, Inc.

Twenty-Seventh Period (ended December 2019)
Presentation Materials

February 18, 2020

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Please visit JEI's website below.



(URL) **https://www.excellent-reit.co.jp/en/**

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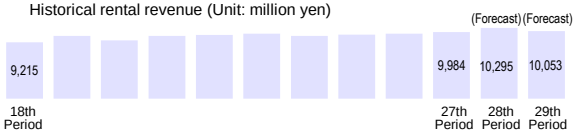
Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area

Japan Excellent, Inc.

Internal Growth

- Maintained high occupancy rates with sponsors' support
  - Average occupancy rate over the past 5 years: **99.1%**
- Continuous stable growth of rental revenue

Historical rental revenue (Unit: million yen)



External Growth

- Continuously acquired large-scale properties in central Tokyo with high specifications mainly by utilizing the sponsor pipeline
  - Percentage of properties acquired from the sponsor in the portfolio: **79.8%**[*1]
  - Percentage of sponsor-related property acquisitions: **95.1%**[*1]

Financial Strategy

- Established a solid financial base supported by a megabank sponsor
  - Ratings: **AA-** (JCR), **A3** (Moody's)
  - Average remaining period of interest-bearing debt: **4.2 years**
  - LTV: **41.9%**[*1]

Sponsors	Core sponsor	Core sponsor	Sponsors
The Dai-ichi Building Co., Ltd. SOHGO HOUSING CO., Ltd.	**Nippon Steel Kowa Real Estate Co., Ltd.**	**The Dai-ichi Life Insurance Company, Limited**	**Mizuho Bank, Ltd. Mizuho Trust & Banking Co., Ltd.**
Leading companies in the PM industry	Major real estate developer closely-related with Mizuho Financial Group	One of the largest owners of office buildings in Japan	A Japanese megabank

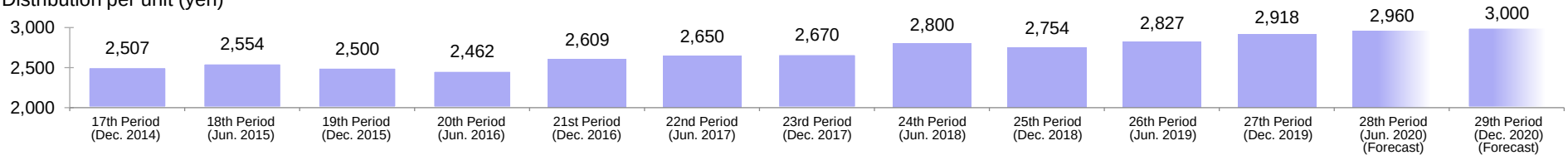
Established a quality portfolio with high growth potential and stability

Centering on office buildings and properties in central Tokyo[*1 *2]

Number of properties	Asset size	Ratio of investment in office buildings	Ratio of large-scale properties	Ratio of investment in the Tokyo metropolitan area	Ratio of investment in six central wards of Tokyo
34 properties	**272.3 billion yen**	**93.0%**	**70.1%**	**85.3%**	**51.7%**

Stable distribution records

Distribution per unit (yen)



[*1] The figures after the initiatives are indicated. The "initiatives" refer to the asset acquisition/transfer, public offering, repayment of loans of 9.0 billion yen conducted in and after the 27th Period.

[*2] Please refer to notes on p. 34 for definitions of the figures above.

I. Financial Results and Performance Forecasts


GRAND FRONT OSAKA

1. Highlights of the 27th Period (Ended December 2019)

Japan Excellent, Inc.

External Growth

- Completed a round of elimination of unrealized loss through asset replacement and entered a phase of asset size expansion
  - Acquired BIZCORE AKASAKA-MITSUKE and Senshin Building
  - Acquired GRAND FRONT OSAKA (February 3, 2020)
  - Plan to transfer JEI Nishi-Honmachi Building and Kowa Kawasaki Nishiguchi Building (35% equivalent) in parts

■Unrealized gain

Percentage of unrealized gain

Highest ever: 21.8%, Change from FP26: +1.5pt

Unrealized gain

Highest ever: 57.2 billion yen, Change from FP26: +4.7 billion yen

■ Effect of the initiatives

Ratio of top 5 properties: 42.3%, Change from end of 26th Period: -3.9pt

Average property age: 1.6 years*1

Internal Growth

- Realized continuous internal growth through rent increase during tenant replacement and upward rent revision, marking the highest rental revenue ever.
- With the ongoing strong leasing, period-end occupancy rate continued to remain at its highest level ever.

■Status of rent

Rental revenue: Highest ever, 9,984 million yen

Average rate of rent increase upon tenant replacement: +11.7%

Ratio of rent revised upward (area basis): 46.4% Rate of upward rent revision: +7.0%

■Period-end occupancy rate: 99.6% (Period average 99.5%)

Financial Strategy

- Procured approximately 8 billion yen in total through the public offering in January 2020.
- Strengthened financial standing through asset replacement (transfer in parts)
  - Asset acquisition capacity expanded due to the decrease in LTV.
  - Internally reserved most of the gain on sale (Reserve for reduction entry).
- Issued JEI's first 20-year investment corporation bonds. (Amount: 1.0 billion yen, Interest rate: 1.07%)

■LTV

44.2% → 44.9% → 41.9%

(End of 26th Period) (End of 27th period) (After the initiatives)

Property acquisition capacity (Up to LTV of 45%)

End of 26th Period: 3.9 billion yen → After the initiatives: 15.9 billion yen

■Internal reserve

End of 26th Period: 158 million yen → After the initiatives: 489 million yen

ESG

- Received "Green Star" in the GRESB Real Estate Assessment for the fifth consecutive year (GRESB Rating 4-Star)*2 .
- MSCI ESG Rating*2 was upgraded from BB to BBB

■Percentage of properties with Green Building certification: 60.0%

(New acquisition of the certification is planned to occur for 7 properties by March 2020. The percentage is to surpass 75%.)

NAV per Unit

FP26: 150,327 yen

FP27: 152,865 yen

+**2,538** yen
(+**1.7**%)
from FP26

Distribution per Unit

FP26: 2,827 yen

FP27: 2,918 yen

+**91** yen
(+**3.2**%)
from FP26

Change from forecast at beginning of period
+58 yen

*1 Calculated by comparing the property age after the initiatives and the property age with no initiatives.

*2 Please see page 40 for details on GRESB Rating and MSCI ESG Rating.

2. Highlights of Public Offering and Property Acquisition/Transfer

Japan Excellent, Inc.

◆ Conducted public offering in order to carry out transition from asset replacement phase to the asset size expansion phase. Increased unitholder value by realizing growth of distribution per unit and NAV. Lowered LTV to 41.9%.

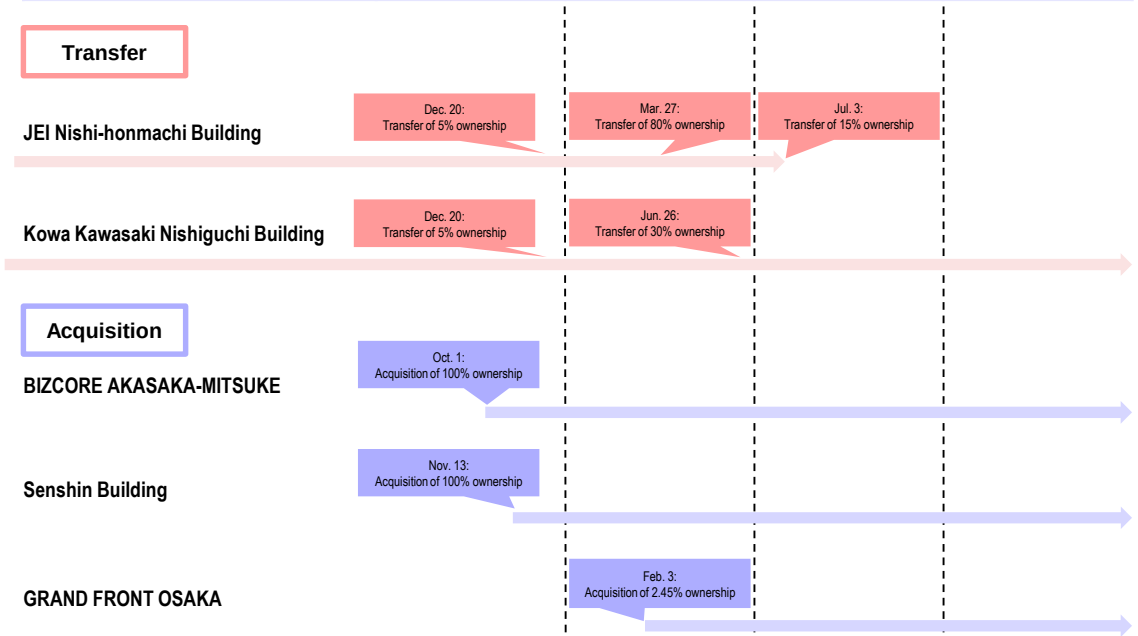
■ Overview of Public Offering

Type of issuance	Public offering (former Rimpo style)
Outstanding investment units (prior to offering)	1,305,700 units
Newly issued investment units	47,300 units Primarily offering: 43,000 units Third-party allotment: 4,300 units
Issue price	173,355 yen per unit
Purchase price	167,754 yen per unit
Total purchase price	7,934 million yen (including 721 million yen for over-allotment)
Issuance approval date	January 6, 2020
Terms determination date	January 15, 2020
Payment date	Primarily offering: January 21, 2020 Third-party allotment: February 13, 2020

■ Overview of Property Acquisition/Transfer

(100 million yen)

	27th Period Ended December 2019	28th Period Ending June 2020	29th Period Ending December 2020	Total
Cash inflow/outflow				
Proceeds from property transfer	17.1	147.6	13.5	178.2
Public offering	—	79.3	—	79.3
Payment for property acquisition	-77.8	-88.5	—	-166.3
Repayment of loans	—	-90.0	—	-90.0
Gain on transfer	1.0	17.2	3.1	21.4
Loss on transfer/impairment loss	-16.2	—	—	-16.2
Internal reserve	—	1.68	4.89	
LTV	44.9%	41.9%	41.9%	



3. Actual Results and Forecast of Distributions per Unit

Japan Excellent, Inc.

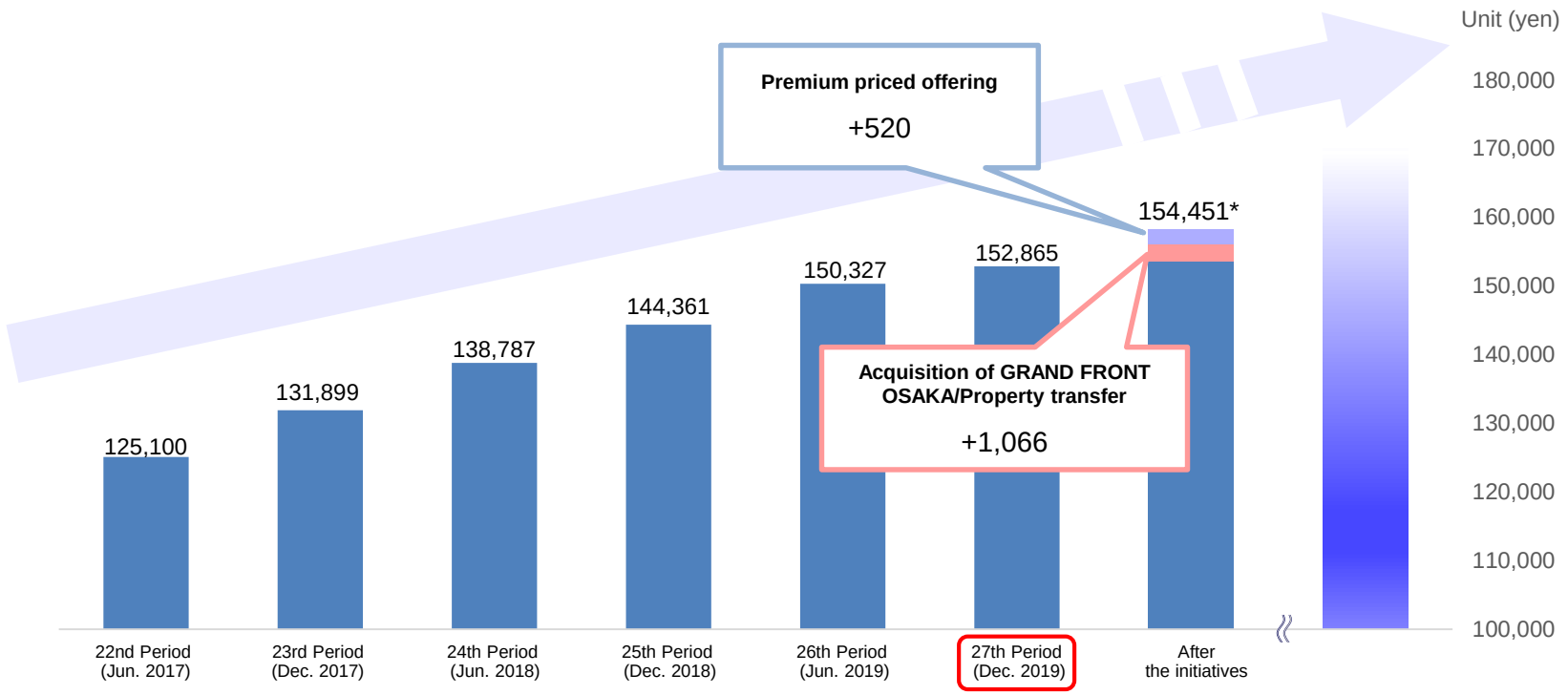
◆ Will aim for drastic and speedy growth by capitalizing on external growth and internal reserve based on strong internal growth, while securing stable distributions.



4. Actual Results and Forecast of NAV per Unit

Japan Excellent, Inc.

◆ NAV per unit also grew significantly due to the quality asset replacement and the effect of premium priced offering in addition to the internal growth and an increase in appraisal value resulting from lowering of cap rate.



* NAV per unit at the end of 27th Period + (Appraisal value of GRAND FRONT OSAKA - Acquisition price of GRAND FRONT OSAKA - Unrealized gain/loss of transferred properties at the end of 27th Period + (Purchase price of public offering - NAV per unit at the end of 27th Period) x Number of newly issued investment units)) / (Number of investment units issued and outstanding at the end of 27th Period + Number of investment units increased through public offering)

5. Financial Results of the 27th Period (Ended December 2019)
(1) Comparison with the Previous Period

Japan Excellent, Inc.

- DPU was 2,918 yen, up 91 yen from the previous period (up 3.2% from the previous period) due to new property acquisition and an increase in rental revenue from existing properties.
- Recorded allowance for temporary difference adjustment to deal with a book-tax difference resulted from the recording of impairment loss.

(unit: million yen)

	26th Period (Jun. 2019) Result	27th Period (Dec. 2019) Result	Difference
Operating revenue	10,668	10,890	222
Rental revenue	9,850	9,984	133
Revenue for utilities expenses	713	793	80
Other revenue	105	113	8
Operating expenses	6,349	7,978	1,628
Expenses for rental operations	5,747	5,906	158
Property management expenses	1,399	1,458	59
Utilities expenses	959	1,013	54
Taxes	917	944	27
Repairs and maintenance	285	311	26
Other expenses for rental operations	250	248	-2
(NOI)	6,856	6,913	57
Depreciation	1,935	1,929	-6
Loss on transfer	—	120	120
Impairment loss	—	1,407	1,407
Sales and administrative expenses	601	543	-57
Operating income	4,318	2,912	-1,406
Non-operating expenses	628	665	37
Ordinary income	3,691	2,247	-1,444
Net income	3,690	2,246	-1,444
Provision (-) and reversal (+) of reserve for reduction entry	—	+158	158
Provision (+) and reversal (-) of allowance for temporary difference adjustment	—	+1,406	1,406
Total distributions	3,691	3,810	118
Distributions per unit (yen)	2,827 yen	2,918 yen	91 yen
FFO	5,626	5,703	76

Factors	Balance	DPU conversion (yen)
■ **External Growth (Newly acquired properties)**	**44**	**34**
Increase in profit after depreciation	44	
■ **Internal Growth (existing properties)**	**78**	**57**
Increase in rental revenue	77	59
Increase in utilities revenue/expenses	25	19
Increase in other revenue	5	3
Increase in expenses for rental operators	-88	-68
Increase in property management expenses	-51	
Increase in taxes	-28	
Increase in repairs and maintenance	-26	
Decrease in depreciation	15	
Decrease in other expenses for rental operations	3	
Decrease in sales and administrative expenses	57	44
■ **Finance**	**-37**	**-28**
Increase in interest expense	-9	
Increase in loan relating fees	-6	
Increase in other non-operating expenses	-21	
■ **Sale of Properties**	**-1,528**	**-1,170**
Decrease in profit after depreciation of transferred properties	-1	
Occurrence of loss on sale/impairment loss	-1,527	
■ **Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment**	**1,564**	**1,198**
Reversal of reserve for reduction entry	158	
Provision of allowance for temporary difference adjustment	1,406	
Total	**119**	**91**

Main causes for change

- BIZCORE AKASAKA-MITSUKE: 32
- Senshin Building: 12
- Departure and lease-up: -11
- Rent revisions: 83
- Increase in leasing management fee
  - Mansard Daikanyama: -13
  - JEI Hamamatsucho Building: -11
  - AKASAKA INTERCITY: -10
- Expensing of fixed property and city planning tax for a property acquired in the 24th Period and 25th Period
  - AKASAKA INTERCITY AIR: -15
  - Hiroshima Dai-ichi Seimei OS Building: -6
- Decrease in asset management fees: 57
- Public offering related cost: -21
- Loss on sale from transfer of Kawasaki Nishiguchi (5%): -222
- Gain on sale from transfer of Nishi-Honmachi (5%): 101
- Impairment loss from transfer of Kawasaki Nishiguchi (5%) : -1,407
- Response to a book-tax difference resulted from the recording of impairment loss

5. Financial Results of the 27th Period (Ended December 2019)
(2) Comparison with the Forecast

Japan Excellent, Inc.

◆ Rental revenue was higher than the forecast against the backdrop of strong needs for floor expansion within the same buildings, expansionary relocation, etc. DPU was 2,918 yen, up 58 yen from the initial forecast.

(unit: million yen)

	27th Period (Dec. 2019) Forecast	27th Period (Dec. 2019) Result	Difference
Operating revenue	10,834	10,890	56
Rental revenue	9,932	9,984	51
Revenue for utilities expenses	805	793	-12
Other revenue	96	113	17
Operating expenses	6,443	7,978	1,534
Expenses for rental operations	5,833	5,906	73
Property management expenses	1,422	1,458	36
Utilities expenses	1,046	1,013	-32
Taxes	952	944	-7
Repairs and maintenance	241	311	70
Other expenses for rental operations	249	248	-1
(NOI)	6,921	6,913	-8
Depreciation	1,920	1,929	8
Loss on transfer	—	120	120
Impairment loss	—	1,407	1,407
Sales and administrative expenses	610	543	-66
Operating income	4,390	2,912	-1,478
Non-operating expenses	655	665	9
Ordinary income	3,735	2,247	-1,488
Net income	3,734	2,246	-1,488
Provision (-) and reversal (+) of reserve for reduction entry	—	+158	158
Provision (+) and reversal (-) of allowance for temporary difference adjustment	—	+1,406	1,406
Total distributions	3,734	3,810	75
Distributions per unit (yen)	2,860 yen	2,918 yen	58 yen
FFO	5,655	5,703	47

Factors	Balance	DPU conversion (yen)
■ **External Growth (Newly acquired properties)**	**15**	**11**
Increase in profit after depreciation	15	
■ **Internal Growth (existing properties)**	**35**	**26**
Increase in rental revenue	42	32
Increase in utilities revenue/expenses	20	15
Increase in other revenue	13	10
Increase in expenses for rental operators	-107	-82
Increase in property management expenses	-33	
Decrease in taxes	6	
Increase in repairs and maintenance	-70	
Increase in depreciation	-6	
Decrease in other expenses for rental operations	-3	
Decrease in sales and administrative expenses	66	51
■ **Finance**	**-9**	**-7**
Decrease in interest expense	4	
Increase in other non-operating expenses	-15	
■ **Sale of Properties**	**-1,527**	**-1,170**
Occurrence of loss on sale/impairment loss	-1,527	
■ **Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment**	**1,564**	**1,198**
Reversal of reserve for reduction entry	158	
Provision of allowance for temporary difference adjustment	1,406	
Total	**77**	**58**

Main causes for change	
Senshin Building:	12
Kowa Kawasaki Nishiguchi Building:	28
JEI Nishi-honmachi Building:	22
Increase in leasing management fee	
Kowa Kawasaki Nishiguchi Building:	-30
Kowa Kawasaki Higashiguchi Building:	-80
Decrease in asset management fees:	61
Response to a book-tax difference resulted from the recording of impairment loss	

4. Performance Forecasts
(1) 28th Period (Ending June 2020)

Japan Excellent, Inc.

◆ DPU is expected to be 2,960 yen, up 42 yen from the previous period, due to an increase in rent revenue (both departure/lease-up and rent revisions) from existing properties in addition to the new property acquisition.

(unit: million yen)

	27th Period (Dec. 2019) Result	28th Period (Jun. 2020) Forecast	Difference
Operating revenue	10,890	12,818	1,927
Rental revenue	9,984	10,295	311
Revenue for utilities expenses	793	701	-91
Other revenue	113	92	-21
Gain on sale	—	1,729	1,729
Operating expenses	7,978	6,576	-1,402
Expenses for rental operations	5,906	5,860	-46
Property management expenses	1,458	1,450	-8
Utilities expenses	1,013	933	-80
Taxes	944	974	29
Repairs and maintenance	311	269	-42
Other expenses for rental operations	248	263	15
(NOI)	6,913	7,196	283
Depreciation	1,929	1,967	38
Loss on transfer	120	—	-120
Impairment loss	1,407	—	-1,407
Sales and administrative expenses	543	715	172
Operating income	2,912	6,242	3,330
Non-operating expenses	665	663	-2
Ordinary income	2,247	5,580	3,332
Net income	2,246	5,579	3,333
Provision (-) and reversal (+) of reserve for reduction entry	+158	-168	-326
Provision (+) and reversal (-) of allowance for temporary difference adjustment	+1,406	-1,406	-2,812
Total distributions	3,810	4,004	194
Distributions per unit (yen)	2,918 yen	2,960 yen	42 yen
FFO	5,703	5,817	114

Factors	Balance	DPU conversion (yen)	Main causes for change
■ Dilution due to capital increase	**0**	**-102**	
■ External Growth (Newly acquired properties)	**228**	**169**	
Increase in profit after depreciation of properties acquired in the 26th Period	90		BIZCORE AKASAKA-MITSUKE and Senshin Building
Increase in profit after depreciation of properties acquired in the 27th Period	138		Full-period contribution
■ Internal Growth (existing properties)	**-65**	**-47**	
Increase in rental revenue	104	77	GRAND FRONT OSAKA
Decrease in utilities revenue/expenses	-7	-5	
Decrease in other revenue	-19	-14	
Decrease in expenses for rental operators	29	22	Departure and lease-up: 81 Rent revisions: 61 Rent holiday (rent exemption period): -32
Decrease in property management expenses	34		
Increase in taxes	-16		
Decrease in repairs and maintenance	45		
Increase in depreciation	-40		Increase in asset management fees: -138
Decrease in other expenses for rental operations	5		
Increase in sales and administrative expenses	-172	-127	
■ Finance	**2**	**1**	Transfer of Nishi-Honmachi (5%): -3 Transfer of Kawasaki Nishiguchi (5%): -16
Decrease in interest expense	16		
Increase in loan relating fees	-14		
■ Sale of Properties	**3,166**	**2,340**	Transfer of Nishi-Honmachi (80%): -53 Transfer of Kawasaki Nishiguchi (30%): -16
Decrease in profit after depreciation of properties transferred in the 26th Period	-20		
Decrease in profit after depreciation of properties transferred in the 27th Period	-69		
Occurrence of gain on sale/absence of impairment loss	3,257		Gain on sale from transfer of Nishi-Honmachi (80%): 1,652 Gain on sale from transfer of Kawasaki Nishiguchi (30%): 76 Absence of loss on sale/impairment loss for Kawasaki Nishiguchi in the 26th Period: 1,527
■ Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment	**-3,138**	**-2,319**	
Absence of reversal of reserve for reduction entry in the 26th Period	-158		
Provision of reserve for reduction entry	-168		
Absence of allowance for temporary difference adjustment in the 26th Period	-1,406		Response to a book-tax difference resulted from the recording of impairment loss
Reversal of allowance for temporary difference adjustment	-1,406		
Total	**193**	**42**	

4. Performance Forecasts
(2) 29th Period (Ending December 2020)

Japan Excellent, Inc.

◆ DPU is expected to be 3,000 yen, up 40 yen from the previous period, due to ongoing strong internal growth in addition to full-period contribution of the properties acquired in the 28th Period.

(unit: million yen)

	28th Period (Jun. 2020) Forecast	29th Period (Dec. 2020) Forecast	Difference
Operating revenue	12,818	11,212	-1,606
Rental revenue	10,295	10,053	-241
Revenue for utilities expenses	701	757	55
Other revenue	92	86	-5
Gain on sale	1,729	314	-1,415
Operating expenses	6,576	6,202	-373
Expenses for rental operations	5,860	5,576	-284
Property management expenses	1,450	1,340	-110
Utilities expenses	933	988	55
Taxes	974	929	-45
Repairs and maintenance	269	221	-48
Other expenses for rental operations	263	255	-8
(NOI)	7,196	7,163	-33
Depreciation	1,967	1,840	-126
Sales and administrative expenses	715	626	-89
Operating income	6,242	5,009	-1,232
Non-operating expenses	663	629	-33
Ordinary income	5,580	4,381	-1,198
Net income	5,579	4,380	-1,198
Provision (-) and reversal (+) of reserve for reduction entry	-168	-321	-153
Provision (+) and reversal (-) of allowance for temporary difference adjustment	-1,406	—	1,406
Total distributions	4,004	4,059	54
Distributions per unit (yen)	2,960 yen	3,000 yen	40 yen
FFO	5,817	5,907	89

Factors	Balance	DPU conversion (yen)	Main causes for change
■ External Growth (Newly acquired properties)	**45**	**34**	
Increase in profit after depreciation of properties acquired in the 26th Period	45		GRAND FRONT OSAKA Full-period contribution
■ Internal Growth (existing properties)	**292**	**216**	
Increase in rental revenue	86	64	Departure and lease-up: 9 Rent revisions: 32 Absence of rent holiday (rent exemption period): 38
Decrease in utilities revenue/expenses	1	1	
Decrease in other revenue	-4	-3	
Decrease in expenses for rental operators	119	88	
Decrease in property management expenses	58		Decrease in leasing management fee Kowa Kawasaki Higashiguchi Building: 35 AKASAKA INTERCITY: 13
Increase in taxes	-14		
Decrease in repairs and maintenance	46		
Decrease in depreciation	27		
Decrease in other expenses for rental operations	2		
Decrease in sales and administrative expenses	89	66	Decrease in asset management fees: 53
■ Finance	**33**	**25**	
Decrease in interest expense	4		
Decrease in loan relating fees	8		Absence of public offering related cost: 21
Decrease in other non-operating expenses	20		
■ Sale of Properties	**-1,571**	**-1,161**	
Decrease in profit after depreciation of properties transferred in the 26th Period	-139		Transfer of Nishi-Honmachi (80%): -29 Transfer of Kawasaki Nishiguchi (30%): -109
Decrease in profit after depreciation of properties transferred in the 27th Period	-16		Transfer of Nishi-Honmachi (15%)
Decrease in gain on sale	-1,415		Decrease in gain on sale of Nishi-Honmachi
■ Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment	**1,253**	**926**	
Provision of reserve for reduction entry	-153		Response to a book-tax difference resulted from the recording of impairment loss
Absence of reversal of allowance for temporary difference adjustment in the 26th Period	1,406		
Total	**54**	**40**	

Memo

II. Management Status and Policy



BIZCORE AKASAKA-MITSUKE

1. External Growth

(1) Property Acquired in the 27th Period (BIZCORE AKASAKA-MITSUKE and Senshin Building)

Japan Excellent, Inc.

◆ Acquired BIZCORE AKASAKA-MITSUKE of the BIZCORE series, which comprises medium-scale, high-grade office buildings. This was the first acquisition of the series which Nippon Steel Kowa Real Estate, the core sponsor, has been developing. In November, we also acquired Senshin Building, an office building with an excellent location very close to Sendai Station.

BIZCORE AKASAKA-MITSUKE



Medium-scale, high-grade office building with specifications comparable to the latest large-scale office buildings

- Highly convenient as it is directly connected to Akasaka-mitsuke Station on the Tokyo Metro Ginza Line and Marunouchi Line
- Has a rooftop garden exclusively for tenants to raise workers' satisfaction and work efficiency

Advanced specifications and a comfortable working environment

- Bright, regular-shaped and pillarless rental room with a ceiling height of 2,800 mm offering an open feeling
- The first basement is directly connected to Akasaka-mitsuke Station on the Tokyo Metro Ginza Line and Marunouchi Line, and there is an exclusive entrance for tenants

Excellent aseismic performance and high business continuity in the case of a disaster

- Three days' worth of disaster supplies are stockpiled in a disaster supply storage space exclusively for tenants
- Capable of providing 15VA/m² for up to 36 hours to exclusive areas with emergency power generators in times of disaster

Location	Akasaka, Minato-ku, Tokyo		
Floors	B1/10F		
Total floor area	3,515.63 m²		
Completion date	March 2019		
Acquisition price	6,200 million yen		
Appraisal value	6,570 million yen		
Acquisition date	October 1, 2019		
NOI yield	3.6%	Yield after depreciation*	3.2%
Occupancy rate	88.9% (as of December 31, 2019)		



Senshin Building



An office building facing Hirose-dori Avenue and in close proximity to Sendai Station and Aoba-dori Station

<High transport convenience>

- A 5-minute walk from Sendai Station on the JR/Sendai Subway
- A 3-minute walk from Aoba-dori Station on the JR Senseki Line

<Visibility as it faces Hirose-dori Avenue>



Location	Chuo, Aoba-ku, Sendai-shi, Miyagi		
Floors	B1/9F		
Total floor area	2,766.22 m²		
Completion date	October 1984		
Acquisition price	1,580 million yen		
Appraisal value	1,670 million yen		
Acquisition date	November 13, 2019		
NOI yield	5.2%	Yield after depreciation*	4.3%
Occupancy rate	98.4% (as of December 31, 2019)		

* NOI yield and Yield after depreciation are calculated based on assumed income and expenditure for the first five years excluding special factors from the year of acquisition.

1. External Growth
(2) BIZCORE Series

Japan Excellent, Inc.

◆ Starting with BIZCORE JIMBOCHO, a total of 4 properties have been completed. Another 6 properties are scheduled to be completed going forward.

Concept

Medium-scale, high-grade office building with specifications comparable to the latest large-scale office buildings

BIZCORE

Background and advantages

- Of medium- to small-scale office buildings in Tokyo, 90% are 20 years old or older and many satisfy only the former quake-resistance standards.
- "Quake-resistance," "disaster prevention" and "BCP" have become a focal point by business operators after the Great East Japan Earthquake.

- Began development of medium-scale office buildings with comfort and high quality by capitalizing on the know-how Nippon Steel Kowa Real Estate gained through development, management and operation of around 80 office buildings mainly in central Tokyo.

- Areas of special focus are Kanda, Shimbashi, Toranomon, Akasaka, etc., which are located in central Tokyo and have many old buildings.
- Provision of remote monitoring and circular management services in cooperation with large-scale flagship buildings owned/managed by Nippon Steel Kowa Real Estate.

Basic specifications

Disaster prevention/BCP measures

- Three days' worth of disaster supplies are stockpiled in a disaster supply storage space exclusively for tenants.
- Ceiling that can withstand 1.25-fold force and is earthquake-resistant under the new quake-resistance standards.
- Capable of providing electricity to exclusive areas with emergency power generators in times of disaster.

Comfort

- Bright, pillar-less space with a ceiling height of 2,800 mm offering an open feeling.
- Comfortable environment incorporating individual air-conditioning system, automatic light-dimming system, Low-E glass, etc.

Security

- Multi-layered security system from the main entrance to a room on each floor

Future development

- **Development of 6 properties is planned for 2021 and after** in addition to BIZCORE JIMBOCHO, BIZCORE AKASAKA-MITSUKE, BIZCORE TSUKIJI and BIZCORE SHIBUYA.

BIZCORE JIMBOCHO



Completion	November 2017
Transportation	4-minute walk from Jimbocho Station on the Tokyo Metro, etc.
Total floor area	8,932.52 m²
Standard floor area	Approx. 890 m² (Approx. 269 tsubos)

BIZCORE AKASAKA-MITSUKE



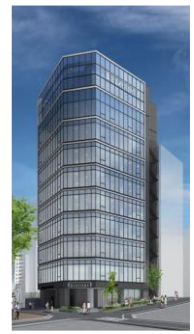
Completion	March 2019
Transportation	Directly connected to Akasaka-mitsuke Station on the Tokyo Metro, etc.
Total floor area	3,515.63 m²
Standard floor area	Approx. 265 m² (Approx. 80 tsubos)

BIZCORE TSUKIJI



Completion	July 2019
Transportation	3-minute walk from Tsukiji Station on the Tokyo Metro, etc.
Total floor area	6,757.73 m²
Standard floor area	Approx. 661 m² (Approx. 200 tsubos)

BIZCORE SHIBUYA



Completion	January 2020
Transportation	Approx. 4-minute walk from Shibuya Station on the JR Line and other lines, etc.
Total floor area	3,905.17 m²
Standard floor area	Approx. 349 m² (Approx. 105 tsubos)

1. External Growth
(3) Property Acquired in the 28th Period (GRAND FRONT OSAKA)

Japan Excellent, Inc.

◆ Acquired an equivalent of 2.45% co-ownership of an urban complex with the latest specifications which is directly connected to Osaka/Umeda Station from the core sponsor Nippon Steel Kowa Real Estate Co., Ltd.

GRAND FRONT OSAKA



Located in the Umeda area, which has the largest train terminal in western Japan

- Located in the Umeda area, which is centered around the largest train terminal in western Japan and where people and information are concentrated.
- Enjoys excellent accessibility with many key transport points nearby.

Office built for comfort and convenience

- Flexible layout is possible with a maximum floor area of 850.18 tsubos and ceiling height of 2,800 mm without pillars.
- Many common-use spaces such as a sky lobby exclusively for office users and a lounge exclusively for tenants are provided.

Structure ensuring safety

- Incorporates an advanced vibration damping structure capable of securing safety even in emergencies

Location	Ofuka-cho, Kita-ku, Osaka-shi, Osaka		
Floors	South Building/ North Building: B3/38F Umekita Plaza: B2/ 2F		
Total floor area	Umekita Plaza: 10,226.10 m² South Building: 181,371.39 m² North Building: 290,030.59 m²		
Completion date	Umekita Plaza/ North Building: February 2013 South Building: March 2013		
Acquisition price	8,851 million yen		
Appraisal value	9,190 million yen		
Acquisition date	February 3, 2020		
Seller	Nippon Steel Kowa Real Estate Co., Ltd.		
NOI yield*2	4.0%	Yield after depreciation*	3.3%
Occupancy rate (as of end of September 2019)	(Umekita Plaza/ South Building): 99.7% (North Building): 99.5%		



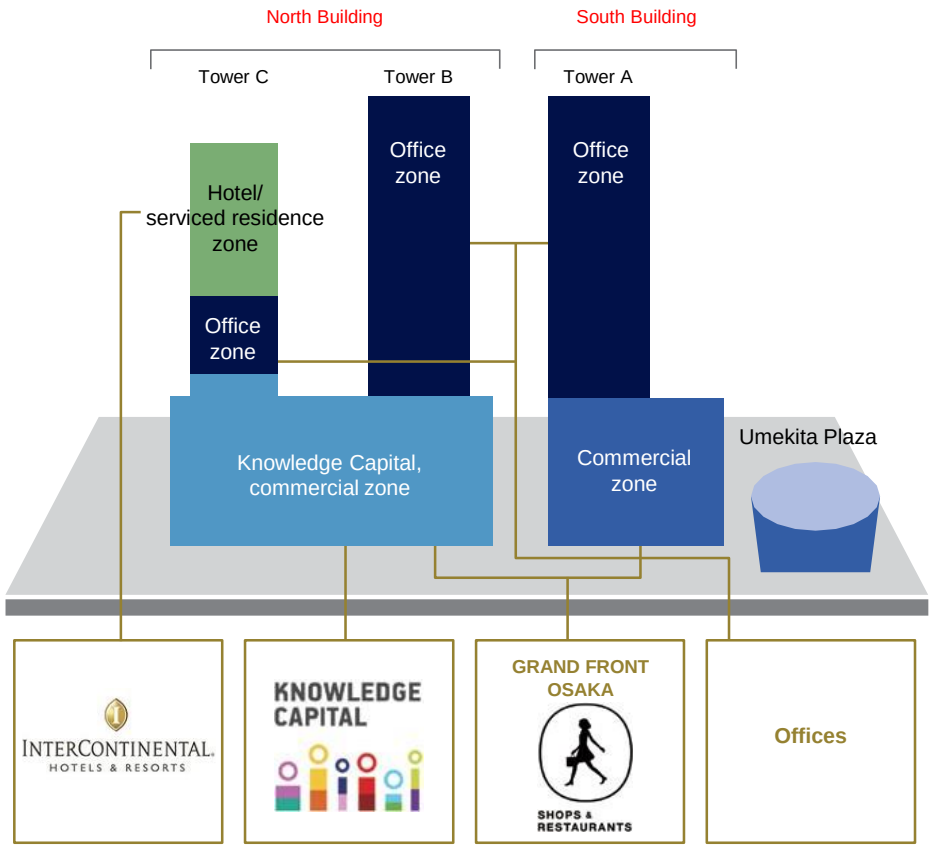
* Appraisal NOI yield and Yield after depreciation are calculated based on the NOI determined by the direct capitalization approach in the appraisal report.

1. External Growth
(3) Property Acquired in the 28th Period (GRAND FRONT OSAKA)

Japan Excellent, Inc.

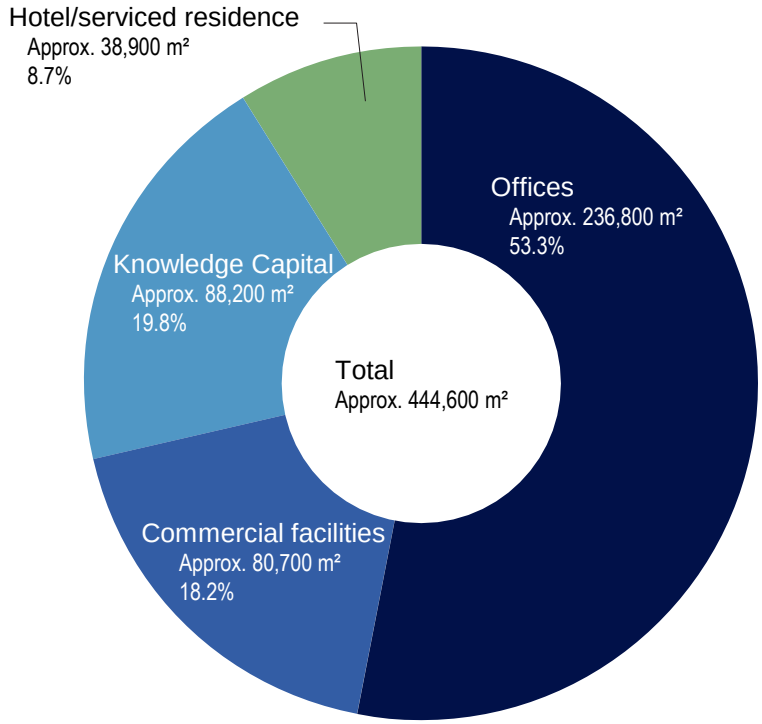
◆ GRAND FRONT OSAKA (Umekita Plaza South Building) is comprised of Tower A (South Building), which is occupied by offices and commercial facilities, and Umekita Plaza housing mostly commercial facilities. GRAND FRONT OSAKA (North Building) is comprised of Tower B and Tower C, and these are occupied by a hotel and Knowledge Capital, a center for industry-academia collaboration, in addition to offices and commercial facilities as its principle use.

Use of the Property by Block



Source: Prepared by the asset management company based on the official website of GRAND FRONT OSAKA

Use Composition of GRAND FRONT OSAKA (based on total floor area)



Source: Prepared by the asset management company based on the official website of GRAND FRONT OSAKA

1. External Growth
(4) Change in External Growth and Future Strategies

Japan Excellent, Inc.

■ Principles and Strategies of External Growth

[Principle] Aim for "quality growth" that contributes to the growth of distributions per unit and NAV per unit

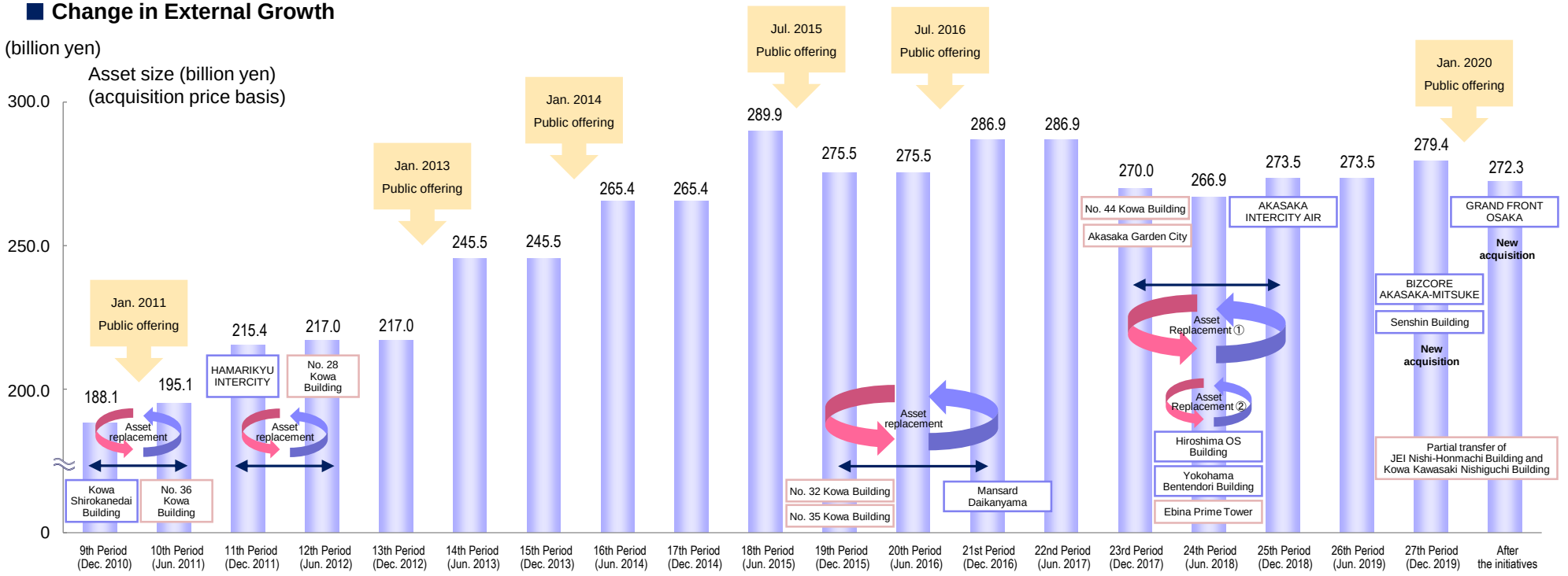
[Result (End of December 2010 and after, until the end of the initiatives)**]**

- Acquired 27 properties·156.4 billion yen
- Acquisition from sponsor: 64.6%
- Sold 9 properties·72.2 billion yen as asset replacements

[Future strategies]

- Shift the axis of external growth from asset replacement to asset size expansion
- Continue selective investments in view of the current real estate transaction market
- Expand asset size in the medium to long term utilizing sponsor pipeline such as the "BIZCORE" series

■ Change in External Growth



1. External Growth
(5) Entering Asset Size Expansion Phase from Asset Replacement Phase

Japan Excellent, Inc.

◆ Completed a round of elimination of unrealized loss on portfolio assets through asset replacement and entered an asset size expansion phase



	22nd Period (Jun. 2017)	27th Period (Dec. 2019)	After the initiatives
Unrealized gain	19.6 billion yen	57.2 billion yen	58.6 billion yen
Portfolio NOI yield	4.7%	5.0%	5.2%*
Ratio of top 5 properties	45.5%	44.6%	42.3%

* Portfolio NOI yield after the initiatives is the forecast figure as of the 29th Period.

1. External Growth
(6) Major Development Cases and Portfolio of Sponsor

Japan Excellent, Inc.

Kowa Nishi-shimbashi Building

2013: Acquired 27%
2017: Acquired 52%

AKASAKA INTERCITY

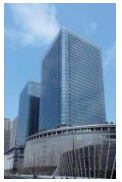
2007: Acquired 25%
2013: Acquired 24%

Mansard Daikanyama

2016: Acquired 100%

HAMARIKYU INTERCITY

2011: Acquired 40%
2014: Acquired 60%

GRAND FRONT OSAKA

2020: Acquired 2.45%

AKASAKA INTERCITY AIR

2018: Acquired 2.9%

BIZCORE AKASAKA-MITSUKE

Oct. 2019: Acquired 100%

BIZCORE

BIZCORE JIMBOCHO
Completed Nov. 2017


BIZCORE AKASAKA-MITSUKE
Completed Mar. 2019


BIZCORE TSUKIJI
Completed Jul. 2019


BIZCORE SHIBUYA
Completed Jan. 2020


NIPPON STEEL KOWA REAL ESTATE

Resold by eyeing redevelopment


No. 44 Kowa Building


No. 35 Kowa Building

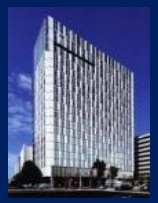

No. 32 Kowa Building


No. 28 Kowa Building


Kowa Nishi-Shimbashi Building 1996


SHINAGAWA INTERCITY 1998


AKASAKA INTERCITY 2005


NAGOYA INTERCITY 2008

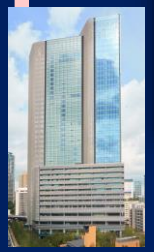

Mansard Daikanyama 2009


Shibaura Rune Site Tower 2009


HAMARIKYU INTERCITY 2011


ARK Hills FRONT TOWER 2011


GRAND FRONT OSAKA 2013


AKASAKA INTERCITY AIR 2017


Nittetsu Nihonbashi Building 2019


Toranomon 2-Chome Redevelopment
Scheduled for completion in November 2023


MM Block 53 Project (Yokohama Minato Mirai)
Scheduled for completion in November 2023


Art Village Osaki


MEGURO CENTRAL SQUARE and Brillia Towers Meguro

By your side, for life
DAI-ICHI LIFE

Operating approx. 290 investment real estate, primarily office buildings, across Japan

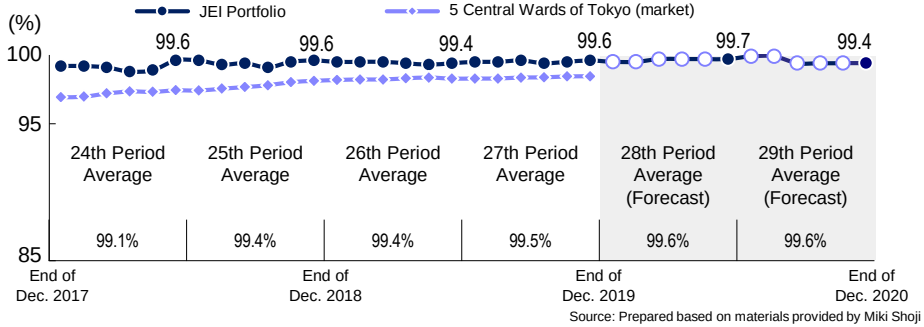
Memo

2. Internal Growth
(1) Status of Rent ① (Departure and Lease-up)

Japan Excellent, Inc.

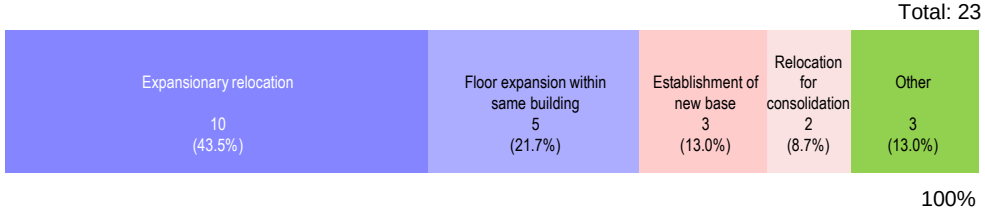
- Occupancy rate remained high at the upper 99% range. Tenant departure rate remained at a low level of around 1%.
- With strong needs for expansionary relocation, floor expansion within the same buildings, etc., successfully increased rent for around 90% of new tenants with the rate of increase averaging 11.7%.

Historical Occupancy Rate

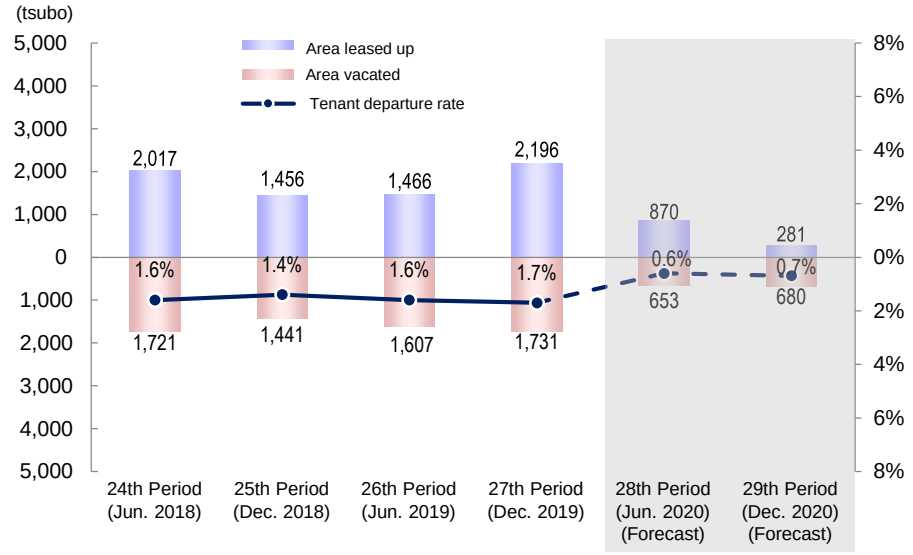


Source: Prepared based on materials provided by Miki Shoji

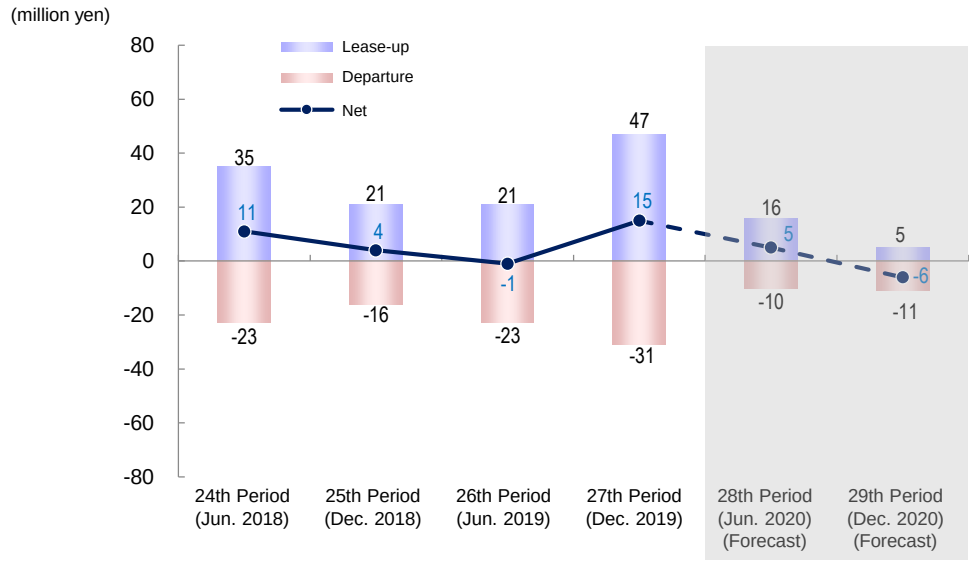
Reasons for Lease-Up (Actual Reasons for the 27th Period)



Tenant Departure Rate and Area Leased Up and Vacated*1



Increase/Decrease in Rent Due to Departure and Lease-Up (Based on Monthly Rent)



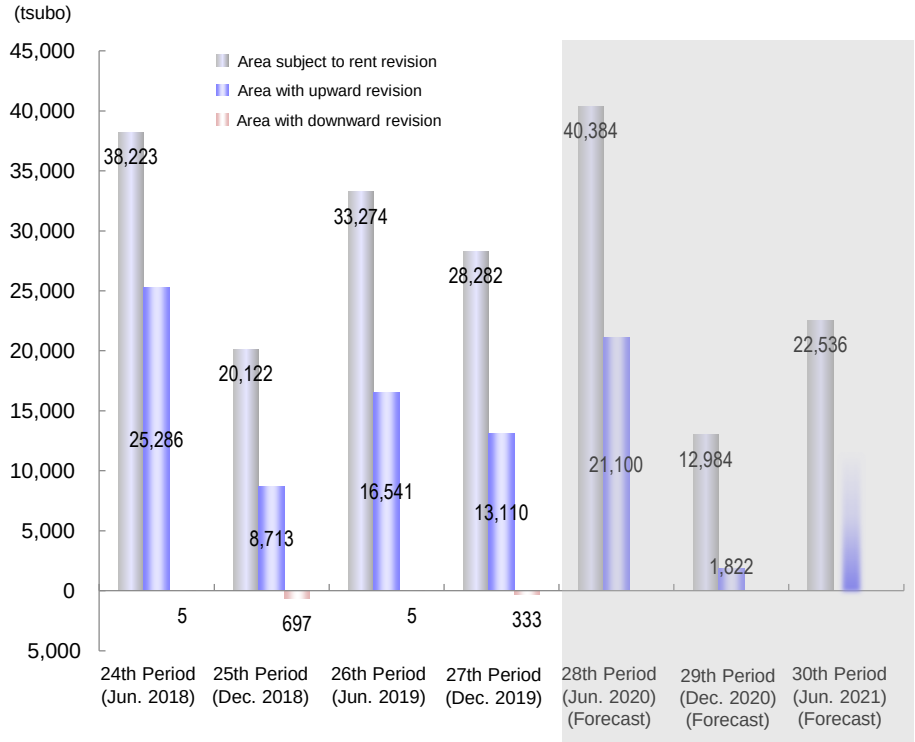
*1 "Tenant Departure Rate" is calculated for the entire JEI portfolio as area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period. In the case of additional acquisition during the period, tenant departure rate is calculated as area vacated by tenants over the period as a percentage of the sum of total leased area as of the end of the previous period and leased area of the additionally acquired property. In the case of a sale of a property during the period, leased area of the sold property is not subtracted from the total leased area as of the end of the previous period and thus the original formula (area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period) applies.

2. Internal Growth
(1) Status of Rent ② (Rent revision)

Japan Excellent, Inc.

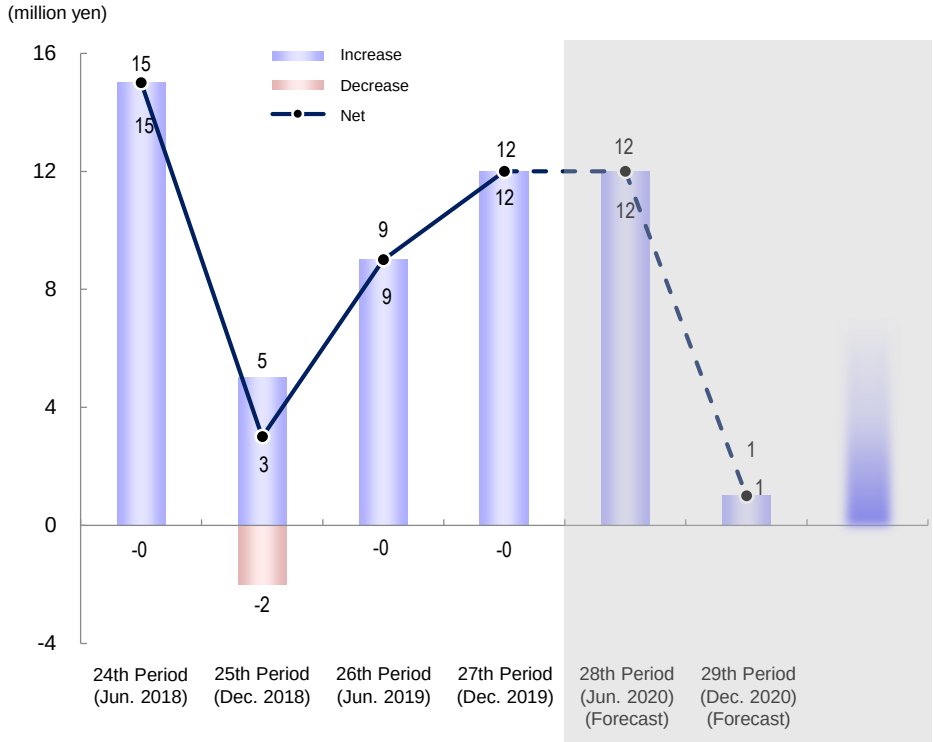
- Increased rent revision trend continued in the 27th Period with an upward revision rate of 7.0% for 46.4% of the area subject to revision.
- With the increase in the area subject to revision in the 28th Period, aim to surpass the amount of increase in monthly rent through rent revisions in the previous period.

Change in Area Subject to Revision*1



	24th Period (Jun. 2018)	25th Period (Dec. 2018)	26th Period (Jun. 2019)	27th Period (Dec. 2019)	28th Period (Jun. 2020) (Forecast)	29th Period (Dec. 2020) (Forecast)
Area-based percentage of increase	66.2%	43.3%	49.7%	46.4%	52.3%	14.0%

Increase/Decrease in Rent Due to Rent Revision (Based on Monthly Rent)*1



	24th Period (Jun. 2018)	25th Period (Dec. 2018)	26th Period (Jun. 2019)	27th Period (Dec. 2019)	28th Period (Jun. 2020) (Forecast)	29th Period (Dec. 2020) (Forecast)
Upward revision rate	4.6%	4.5%	4.0%	7.0%	3.8%	3.9%
Downward revision rate	13.6%	15.6%	2.8%	1.6%	–	–
Rent revision rate*2	2.9%	1.0%	2.0%	3.0%	2.1%	0.4%

*1 The figures do not include the data of those under fixed rent master lease agreements or of residences.

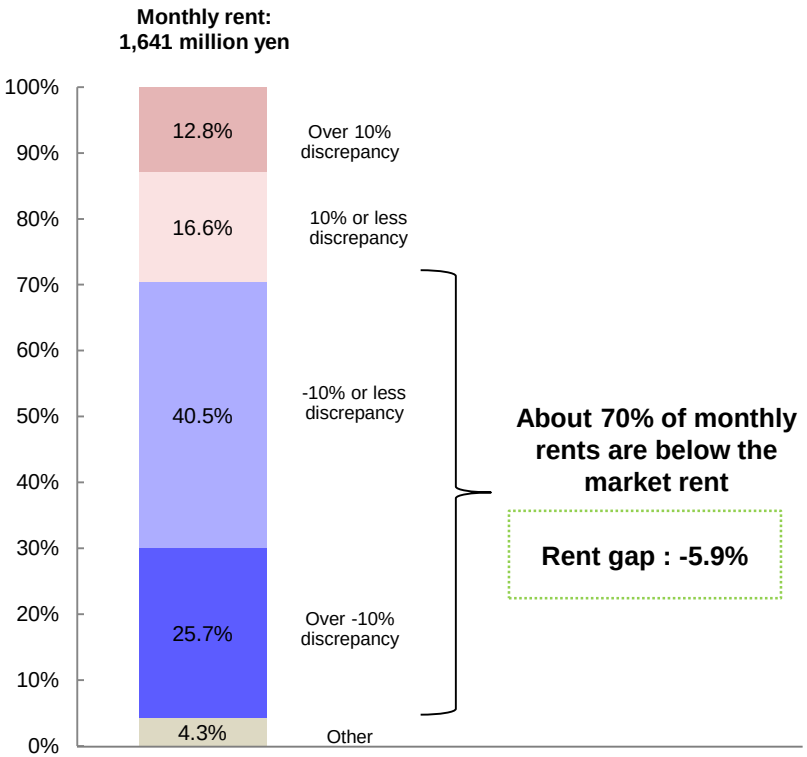
*2 Figures are average rent revision rate including contract renewal at the same rent

2. Internal Growth
(2) Status of Rent Gap

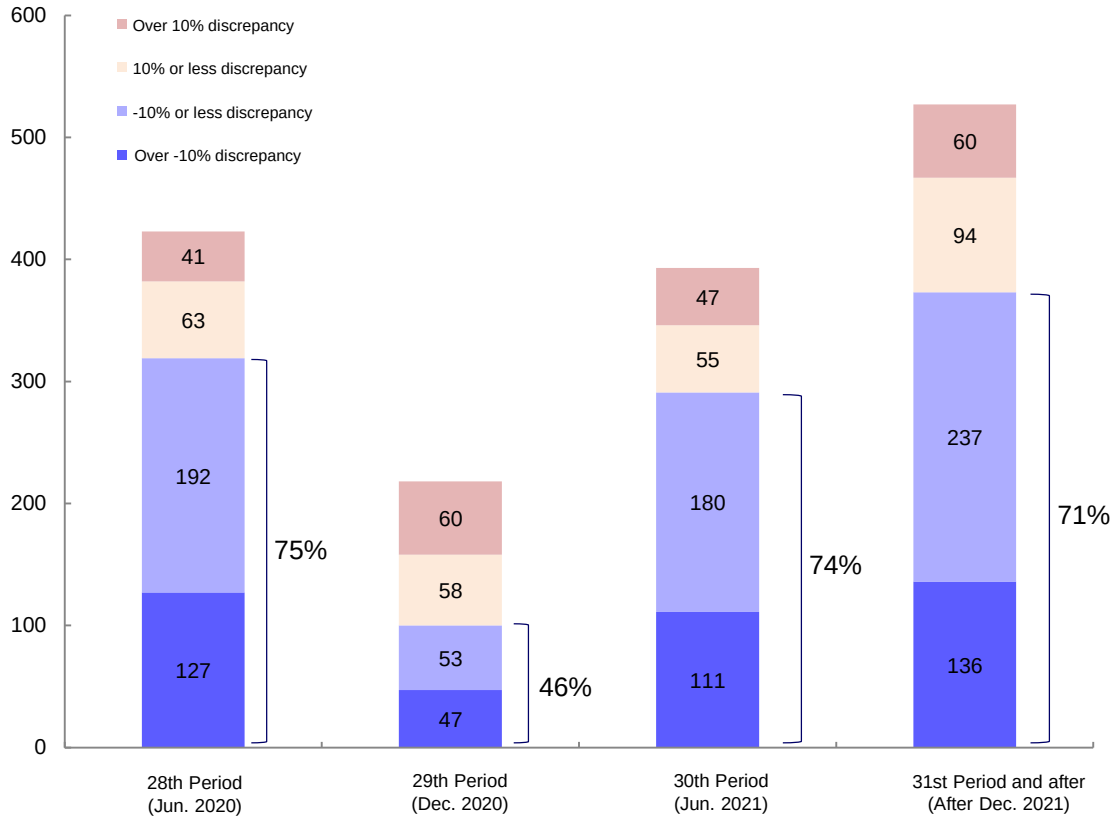
Japan Excellent, Inc.

- Approximately 70% of existing contracts are below the market rent.
- The increase in market rent outpaced rent increase, and the rent gap[*1] has widened from -5.1% to -5.9%.

Status of Rent Gap (As of the End of 27th Period)



Monthly Rent by Renewal Period



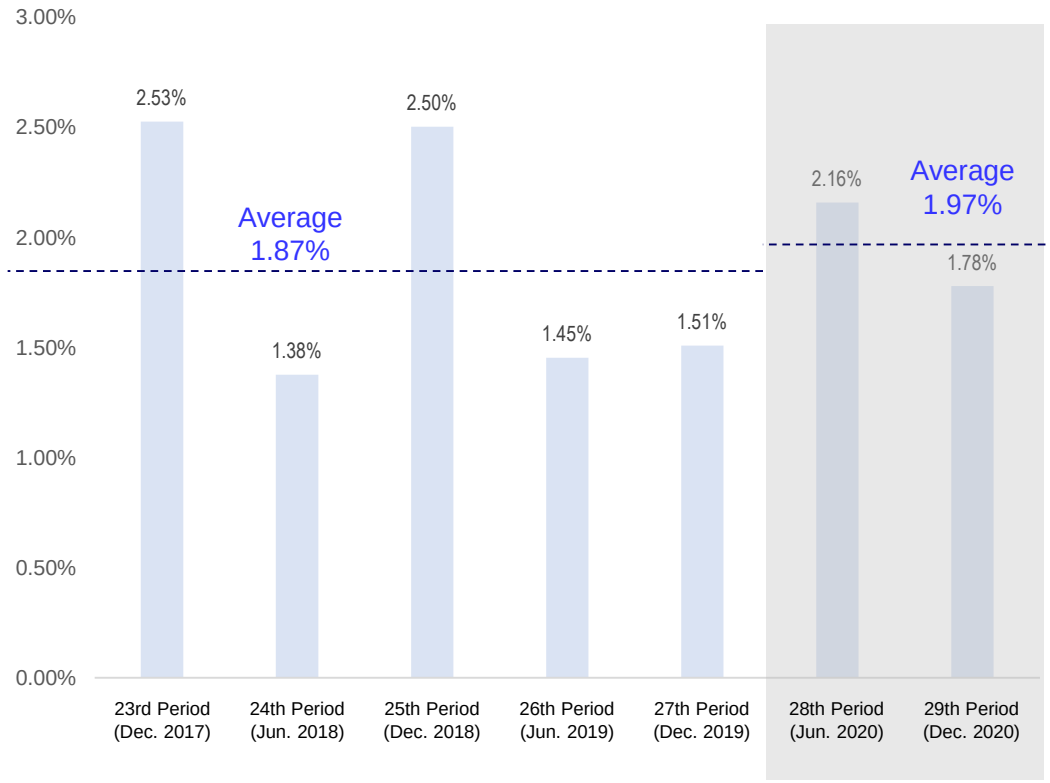
* Rent gap is calculated by using average contracted rents and expected contracted rents assessed by the asset management company (market rents). The rent gap calculated based on expected contracted rents assessed by CBRE is -12.9%.

2. Internal Growth
(3) Rent Increase Rate and Unit Rent Levels

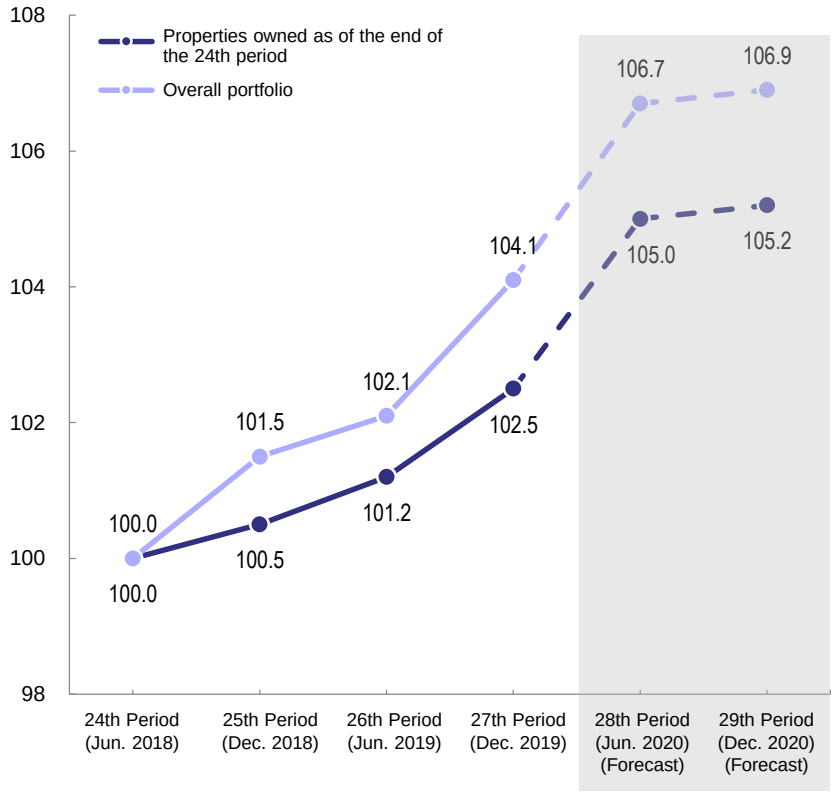
Japan Excellent, Inc.

- Rent revenue from existing properties continued to increase and is expected to increase by 2% a year going forward.
- Unit rents have steadily increased due to upward rent revision and rent increase upon tenant replacement.

Rate of Increase in Rent Revenue for Existing Properties (annualized)



Historical Rent Levels*



* The annualized increase/decrease rate of total rent revenue of properties owned for full period during both the relevant period and the previous period is shown. For and after the 28th Period, JEI Nishi-Honmachi Building is excluded; and as to Kowa Kawasaki Nishiguchi Building, only the 65% ownership interest which is not subject to transfer is used in the calculation. The rates of increase in rent revenue for the 23rd Period and the 24th Period are -2.15% and 6.17%, respectively, when the effect of departure/lease-up of large tenants at Shiba 2-Chome Building is considered.

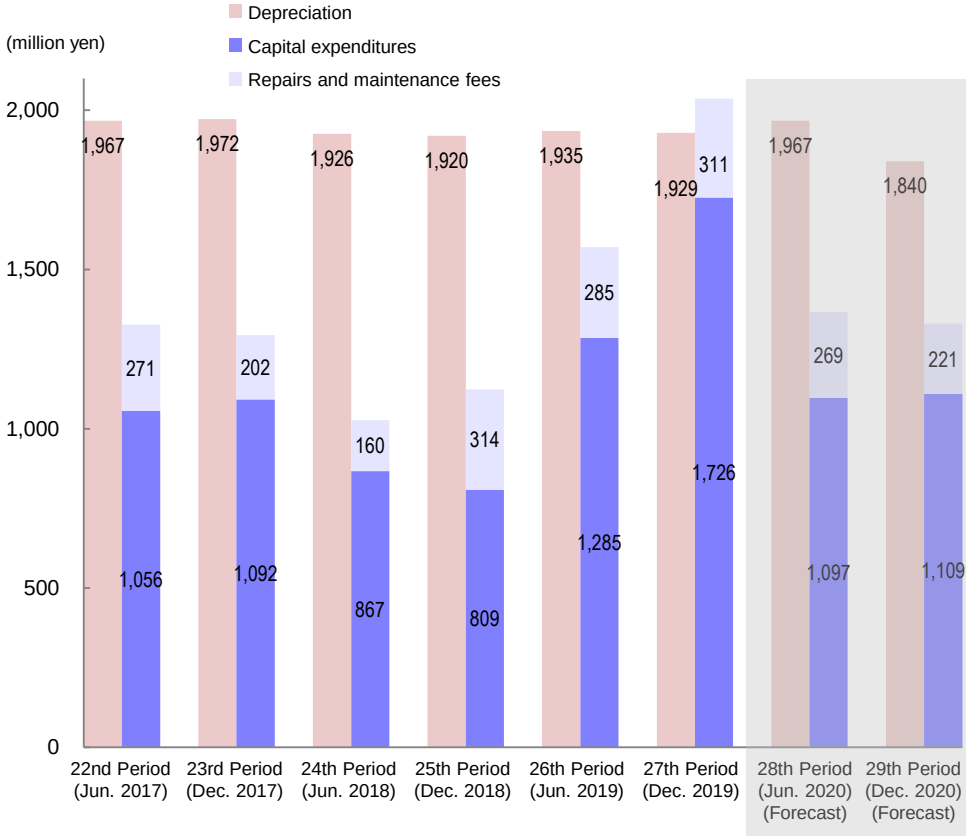
* Indexed with the average unit rent at the end of the 24th period set as 100. The average unit rent is weighted average by leased office area. Properties owned at the end of the 24th Period are properties continuously owned since the end of the 24th Period among those owned at the end of the 27th Period.

2. Internal Growth
(4) Construction Results/Value-Added Renovations

Japan Excellent, Inc.

◆ Maintained and improved the value of assets by systematically conducting repairs and renewal upon discerning operation status and competitiveness from a medium- to long-term perspective.

■ History of Capital Expenditures, Repairs and Maintenance Fees, and Depreciation



Main scheduled construction (28th Period, 29th Period)

[Air conditioning renewal]	Kowa Kawasaki Nishiguchi Building, Kowa Kawasaki Higashiguchi Building
[Elevator renewal]	Kowa Kawasaki Nishiguchi Building
[Additional installation of a toilet on each floor]	Kowa Kawasaki Higashiguchi Building
[Upgrading heat source equipment]	Omori Bellport D

■ Actual Examples of Profitability Improvement through Value-Added Renovations

Property name	Investment amount	Completion of renovation*1	Main areas renovated	Rate of increase in rent revenue (per period)*2	Rate of upward rent revision (27th Period)	Rate of rent increase upon tenant replacement (27th Period)
JEI Naha Building	53 million yen	21st Period	Restrooms, hallways and elevator hall	3.5%	20.0%	—
JEI Kyobashi Building	35 million yen	21st Period	Restrooms and hallways	1.5%	9.6%	-9.1%
SE Sapporo Building	177 million yen	22nd Period	Restrooms, hallways and elevator hall	4.1%	6.4%	41.7%
NHK Nagoya Housou-Center Building	253 million yen	26th Period	Restrooms and office pantries	0.0%	4.7%	26.3%
Total of 4 properties	518 million yen	—	—	1.9%	7.7%	26.9%
Portfolio average	—	—	—	1.2%	6.9%	11.7%

27th Period (Ended December 2019):
Common-use area renovation at Hiroshima Dai-ichi Seimei OS Building



*1 The period in which the main section has been completed is indicated.

*2 The per-period rate of increase from completion of renovation to the 27th Period for each property is indicated.

Memo

3. Financial Strategy
(1) Performance of Financing Activities

Japan Excellent, Inc.

- Issued JEI's first 20-year investment corporation bonds. Extended the debt period and lowered interest rates through refinancing of investment corporation bonds due for redemption in November 2018.
- Conducted the first public offering in three and a half years. Lowered LTV significantly by combining it with property acquisition/transfer.

Repayments and Procurements in the 27th Period

◇ Refinanced investment corporation bonds due for redemption in November 2018

Investment corporation bonds due for redemption in November 2018			
	Amount	Term	Interest rate
Total	7.0 billion yen	5.5 years	0.73%

Date of issue	Amount	Term	Interest rate
April 2018	4.0 billion yen	10.0 years	0.595%
September 2019	1.0 billion yen	20.0 years	1.07%
Total	5.0 billion yen	12.0 years	0.69%

Term +6.5 years, Interest rate -4bp

◇ Took out short-term loans of 4.0 billion yen upon acquisition of BIZCORE AKASAKA-MITSUKE (October 2019)

Term	Interest rate
1.0 year	0.28%

◇ Refinanced loans of 1.0 billion yen (December 2019)

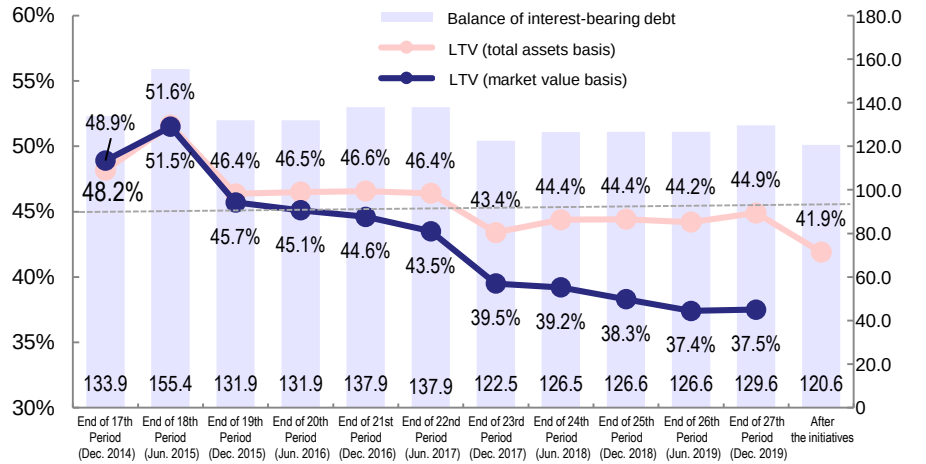
Before refinancing	
Term	Interest rate
3.0 years	0.25%

Before refinancing	
Term	Interest rate
5.0 years	0.42%

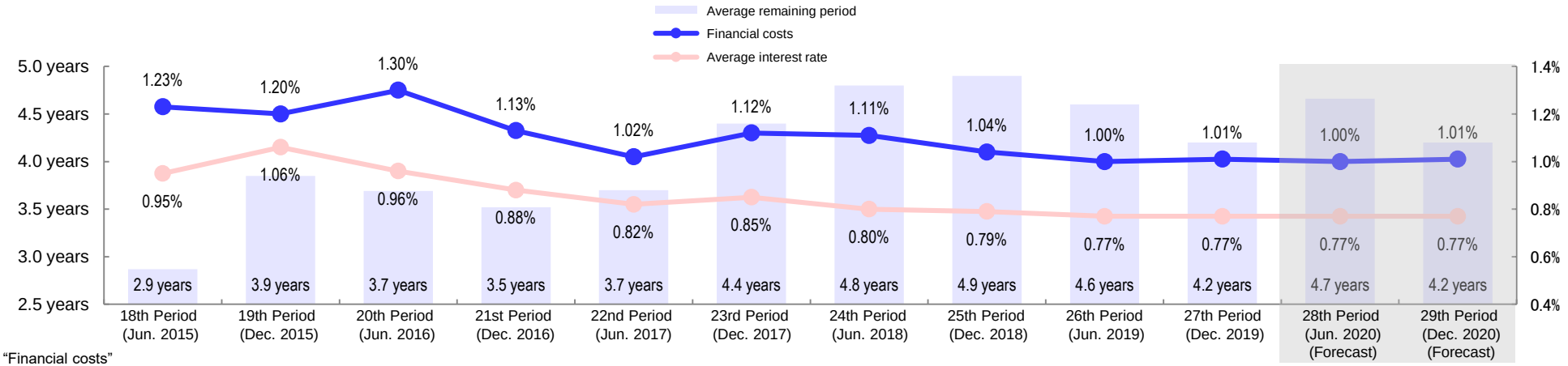
Public Offering

- Procured around 8 billion yen (including over-allotment) in January and February 2020
- Improved NAV per unit through premium priced offering and property acquisition/transfer

Historical Interest-Bearing Debt, LTV on a Total-Assets Basis and LTV on a Market-Value Basis



Historical Average Remaining Period of Interest-Bearing Debt, Financial Costs*1, and Average Interest Rate of Interest-Bearing Debt



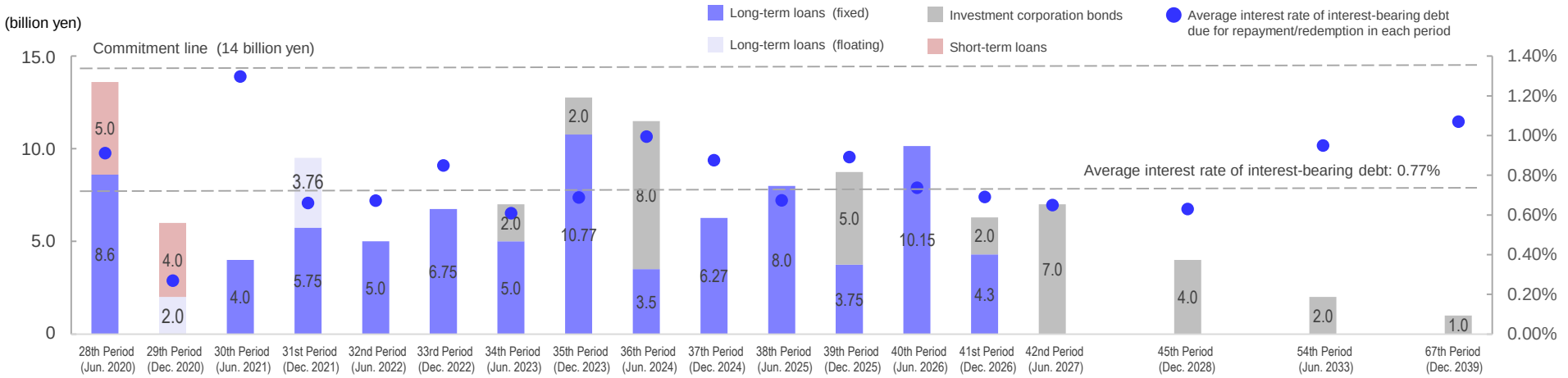
*1 "Financial costs"
= (Interest expense + loan-related fees + interest expense on investment corporation bonds + amortization of investment corporation bond issuance costs) / average remaining interest-bearing debt during the period.

3. Financial Strategy
(2) Status of Financial Management

Japan Excellent, Inc.

◆ Fixed interest rates, extended remaining period of interest-bearing debt, diversified repayment dates while working to lower interest rates.

■ Repayment Amount in Each Period and Average Interest Rate of Interest-Bearing Debt (As of the End of the 27th Period)



■ Historical Major Financial Data

	23rd end (Dec. 2017)	24th end (Jun. 2018)	25th end (Dec. 2018)	26th end (Jun. 2019)	27th end (Dec. 2019)	Difference
Balance of interest-bearing debt	122.5 billion yen	126.5 billion yen	126.6 billion yen	126.6 billion yen	129.6 billion yen	3.0 billion yen
LTV (total assets basis)	43.4%	44.4%	44.4%	44.2%	44.9%	0.7pt
LTV (market value basis)	39.5%	39.2%	38.3%	37.4%	37.5%	0.1pt
Average remaining period of interest-bearing debt	4.4 years	4.8 years	4.9 years	4.6 years	4.2 years	-0.4 years
Financial costs	1.12%	1.11%	1.04%	1.00%	1.01%	0.01 pt
Average interest rate of interest-bearing debt	0.85%	0.80%	0.79%	0.77%	0.77%	—
Ratio of fixed interest rate	96.2%	96.3%	93.9%	89.9%	88.6%	-1.3 pt

■ Rating

Rating agency	Rating (outlook)
Japan Credit Rating Agency (JCR)	Long-term issuer rating: AA- (stable)
Moody's Japan	Issuer rating: A3 (stable)

III. Features of Japan Excellent Inc.


AKASAKA INTERCITY AIR

Sponsor companies with strong capabilities in property supply, management and leasing

Robust property pipeline supported by excellent sponsors

Japan Excellent, Inc.

Japan Excellent Asset Management Co., Ltd.

Provision of property acquisition opportunities that will enable continuous expansion of the asset size

Stabilization of revenue and enhancement of property competitiveness with strong property management and leasing capabilities

Core Sponsors

Nippon Steel Kowa Real Estate Co., Ltd.

Nippon Steel Kowa Real Estate

Established through the integration of Nippon Steel City Produce and Kowa Real Estate, a real estate company with balanced operation of its office building business centering on central Tokyo and its residential business.

Property | Brokerage | Personnel | Management

The Dai-ichi Life Insurance Company, Limited

By your side, for life
DAI-ICHI LIFE

One of Japan's top-class life insurance companies. As of March 31, 2019, manages 293 office buildings and other investment properties nationwide.

Property | Loans | Personnel

Mizuho Bank, Ltd.

Loans | Personnel

Mizuho Trust & Banking Co., Ltd.

Loans | Brokerage | Personnel

The Dai-Ichi Building Co., Ltd.

Brokerage | Personnel | Management

Sohgo Housing Co., Ltd.

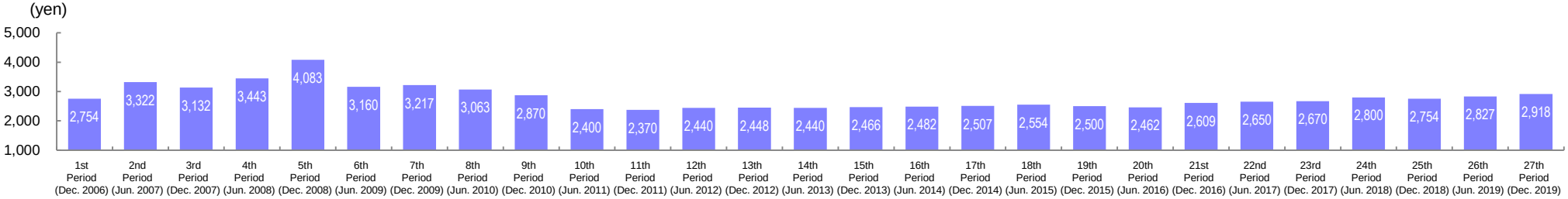
Management

Achievements : Property: Supply of properties | Loans: Loans | Brokerage: Brokerage for third-party properties | Personnel: Supply of personnel | Management: Management of JEI's properties

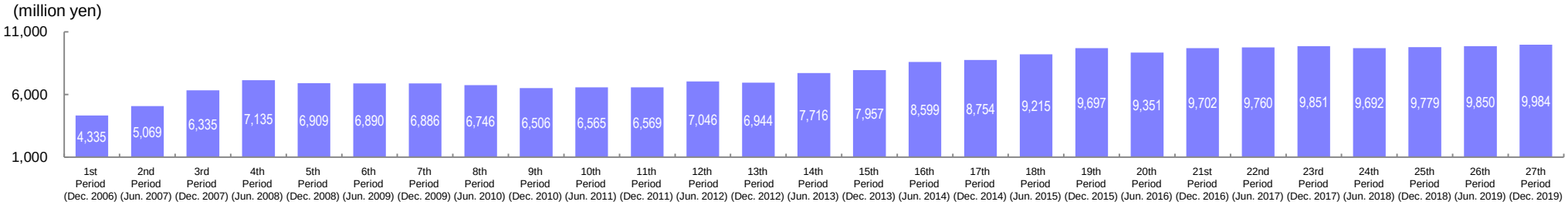
2. Track Record

Japan Excellent, Inc.

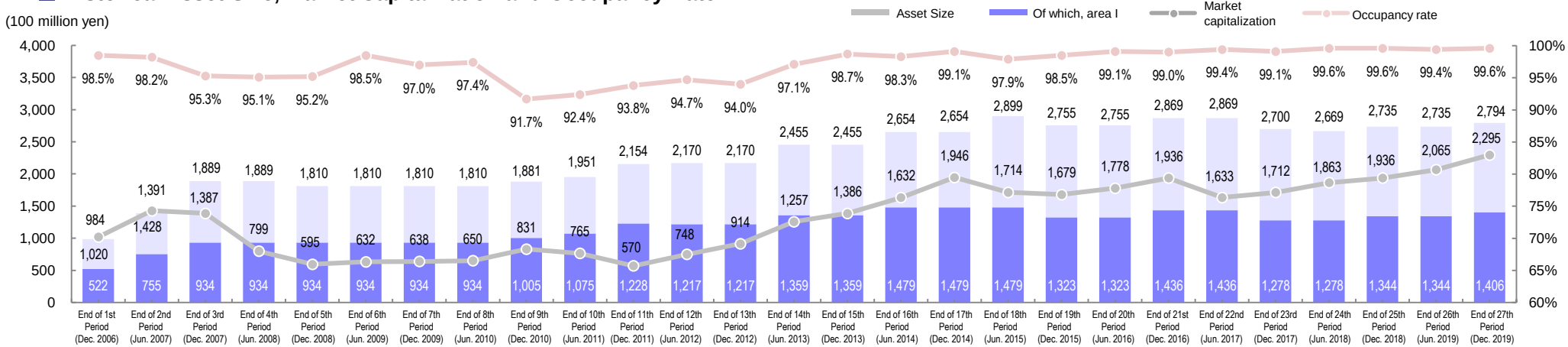
Historical Distributions per Unit*1



Historical Rental Revenue



Historical Asset Size, Market Capitalization and Occupancy Rate*2



No. of properties	14	18	20	20	18	18	18	18	19	19	23	24	24	28	28	30	30	31	30	30	31	31	29	30	31	31	33

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

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

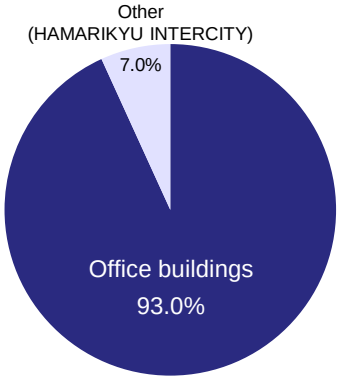
3. Portfolio (1)

Japan Excellent, Inc.

Usage

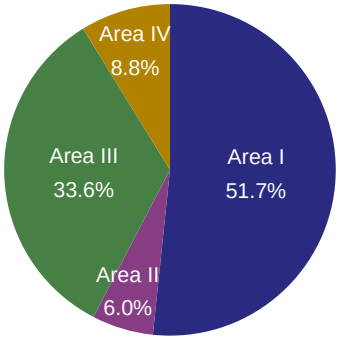
(Investment Policy)

Usage[*1]	Investment ratio in portfolio[*2]
Office buildings	90% or more
Other	10% or less



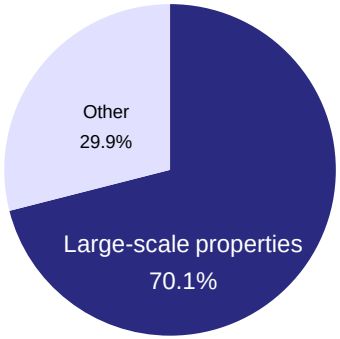
Area

Area	Area I	Area II	Area III	Area IV
Total acquisition price	140.6 billion yen	16.2 billion yen	91.6 billion yen	23.8 billion yen
Number of properties	12 properties	4 properties	10 properties	8 properties

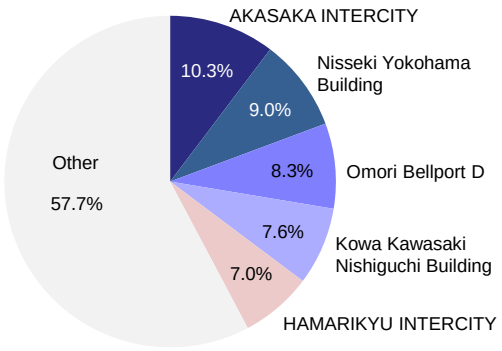


Ratio of investment in the Tokyo[*4] metropolitan area
85.3%

Large-Scale Properties[*3]



Top 5 Properties



Ratio of top 5 properties
42.3%

(Investment Policy)

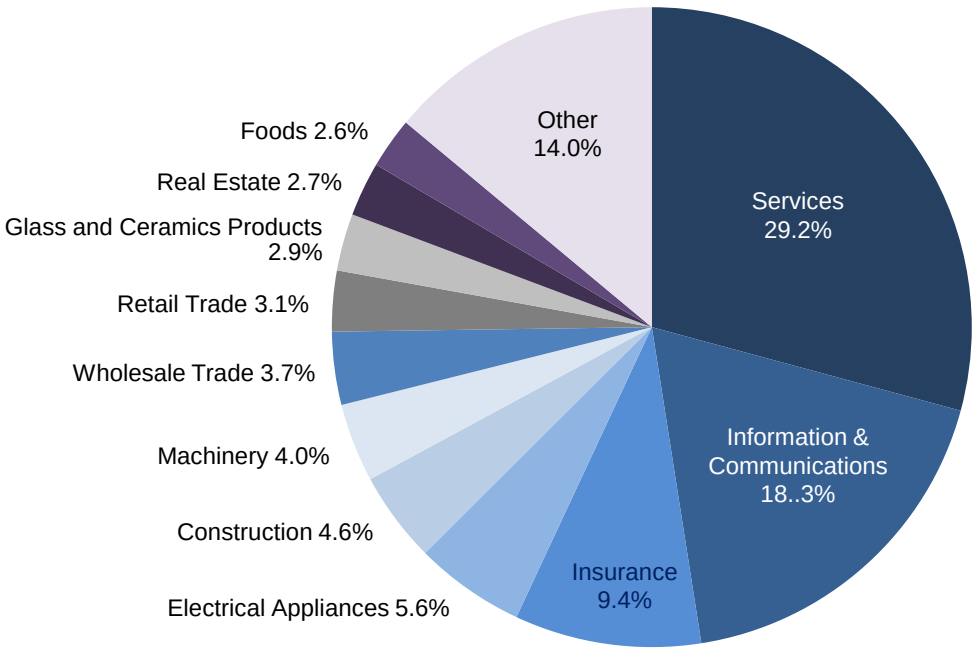
Target investment areas		Investment ratio in portfolio[*2]
Core areas		**80% or more**
Area I	6 central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya)	50% or more of the core areas
Area II	Central Osaka (Umeda, Dojima, Nakanoshima, Yodoyabashi, Honmachi, etc.) Central Nagoya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

[*1] Usage is determined based on the majority share of leasable area for each asset related to real estate. The total acquisition cost of the concerned asset related to real estate is incorporated into the acquisition price by said usage.
[*2] This refers to the ratio of total acquisition cost of the asset related to real estate for each usage or area against the total acquisition cost of the overall portfolio.
[*3] "Large-scale properties" refers to properties with total floor area of 10,000 tsubos or more for the 23 wards of Tokyo, and of 4,000 tsubos or more for areas other than the 23 wards of Tokyo.
[*4] "Tokyo metropolitan area" indicates Tokyo and its surrounding areas (Kanagawa, Saitama and Chiba prefectures) (Area I and Area III).
[*5] The figures above are figures after the initiatives. The ratio is rounded to the first decimal place based on the acquisition price.

3. Portfolio (2)

Japan Excellent, Inc.

Type of Industry of Tenants*1



Top 10 Tenants

End tenant name	Property Name	Total area leased (m²)	Floor area ratio (%)
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	20,476.10	5.9
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.4
Hitachi Urban Investment, Ltd.	Omori Bellport D	10,449.47	3.0
	Yokohama Bentendori Dai-ichi Seimei Building		
	JEI Hiroshima Hacchobori Building		
	SE Sapporo Building		
Haseko Corporation	Shiba 2-Chome Building	9,284.18	2.7
*3	*3	8,968.71	2.6
*3	Daiba Garden City Building	7,286.83	2.1
*3	*3	6,572.84	1.9
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.6
*3	HAMARIKYU INTERCITY	4,243.04	1.2
*3	*3	4,057.69	1.2
Total of top 10 end tenants		95,335.55	27.7
Total of portfolio overall		344,612.07	100.0

*1 Asset management company categorized and created the above industry category along with “TOPIX 33 Sector Indices.”
*2 Ratio stated above is rounded to the first decimal place based on leasable area as of the end of the 27th period.
*3 End tenant names and property names are not disclosed as we have not obtained consent, etc. from tenants.
*4 The figures above are as of the end of the 27th period.

4. ESG Initiatives (1) Policy/Promotion System

Japan Excellent, Inc.

Sustainability Policy

Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd. will work to reduce the environmental burden and to cooperate/collaborate with stakeholders to achieve a sustainable society under the social responsibility of a company, while recognizing the importance of consideration for the environment, society and governance (ESG) in the real estate investment management business.

Reduction of Environmental Burden

Energy-Saving and Reduction of CO_2 Emissions

JEI will contribute to energy-saving and reduction of CO_2 emissions by improving operations to increase energy efficiency, promoting introduction of energy-saving equipment, etc. at properties it operates.

Effective Utilization of Resources

JEI will work to contribute to the realization of a recycling-oriented society through initiatives for saving water and promotion of the 3Rs (reduce, reuse, recycle) for reducing waste.

Cooperation/Collaboration with Stakeholders

Education/Enlightenment of Employees

JEI will work to cultivate environmentally-conscious employees through education/enlightenment activities such as ESG training in order to promote initiatives for sustainability.

Collaboration with Outside Parties

JEI will work to facilitate exchange with local communities while working on reduction of the environmental burden by collaborating with tenants and property management companies.

Information Disclosure

JEI will proactively disclose information on its sustainability policy and status of such initiatives to unitholders, tenants, business partners and other related parties.

Promotion System

JEI has set up a sustainability council consisting of key members including the President and Division Managers, establishing an in-house system for setting goals and monitoring the progress for each quarter.

4. ESG Initiatives (2) Environment

Japan Excellent, Inc.

Basic View

- JEI is convinced that capturing opportunities and possibilities in green buildings with high environmental performance such as energy/water efficiency and promotion of waste reduction will be of medium- to long-term benefit for JEI.

Concrete Initiatives

- JEI regularly collects data on energy consumption, CO_2 emissions, water consumption and amount of waste and continuously monitors them.

- Grey water and rainwater are used for non-potable purposes at 7 properties.

- JEI has issued green bonds and taken out green loans with an aim to promote ESG activities as well as expand fund procurement methods through proactive expansion of the investor base that is proactive in ESG investment.

JEI has obtained a second-party opinion from Sustainalytics, an ESG rating agency.

SUSTAINALYTICS

First for a REIT specializing in offices

Acquired the comprehensive evaluation "Green 1," the highest in regards to compatibility with "Green Loan Principles" from Japan Credit Rating Agency, Ltd. (JCR)

JCR

First for a J-REIT

- At the timing of replacing lighting in common areas where energy and cost savings effects are confirmed, normal lighting is upgraded to LED to reduce energy consumption.

Daiwa Minamimoricho Building

Conversion to LED lighting in common spaces such as elevator halls and hallways





Hiroshima Dai-ichi Seimei OS Building

Conversion to LED lighting along with the renovation of common spaces





4. ESG Initiatives (3) Society

Japan Excellent, Inc.

Basic View

- JEI views as its important stakeholders tenants, property managers, communities where its properties stand, society as whole, and employees at JEAM.

Concrete Initiatives

Initiative for “TOKYO ZERO EMISSON”

JEI has donated its carbon credits (6,977t) to cooperate with Tokyo Metropolitan Government’s “Zero Emission Tokyo.”

Initiatives for Eradication of Poverty and Hunger

JEI offered the atrium of **Omori Bellport** as a space for the United Nations refugee support campaign by United Nations refugee support organization.

Contribution to Local Communities

JEI periodically holds concerts in the common spaces of office buildings and supports the activities of communities by helping to hold various events.

“Be My Flower Valentine
-Shared Garden of Wind and Green-”



AKASAKA INTERCITY AIR

Concerts



AKASAKA INTERCITY AIR



NHK Nagoya Housou-Center Building

Contribution to Areas Affected by the Great East Japan Earthquake

At **AKASAKA INTERCITY AIR**, JEI held “Tohoku Revival Michinoku★Marche in Akasaka Intercity Air” supporting the idea that “having the people in the Tokyo area know about the products from the areas will create new consumption and ultimately help the affected areas.”



Support for Activities Conducted by the Disabled

JEI purchased pound cakes made by disabled person at “Studio Yume-fusen” operated by a social welfare corporation “Yume-fusen” and distributed the cakes to the unitholders at **the 8th General Meeting of Unitholders**, drawing a positive response.



4. ESG Initiatives (4) Governance

Japan Excellent, Inc.

Same-Boat Investment by the Sponsors

The two core sponsors own 7.1% of JEI's investment units (as of the end of December 2019) and the interest of unitholders and that of sponsors match

Prevent Conflicts of Interest from Sponsor Formation

Management structure unaffected by a specified sponsor due to mutual supervision of the two core sponsors has been established.

NIPPON STEEL KOWA REAL ESTATE

By your side, for life
DAI-ICHI LIFE

Management Fee Structure

Management fees linked to revenue are introduced.

	Calculation method
Asset management fees I	The amount of JEI's assets under management (every 3 months) multiplied by the following fee rates x (the actual number of days within the relevant calculation period / 365) Fee rates: • 0.25% (Assets under management: Portion up to ¥100 billion) • 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion) • 0.05% (Assets under management: Portion over ¥200 billion)
Asset management fees II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%

JEI's Board of Directors' Meeting

1 Executive Director
(Also serving as President of the asset management company)

<

3 Supervisory Directors
(Outside directors)

Decision-Making System Requiring Attendance of Compliance Officer (CO) and Outside Experts

Attendance and consensus of CO and outside experts are required for resolution of proposals

Compliance Committee

Involving in decision-making for transactions with related parties of JEI

Attendance of CO is required for resolution of proposals

Investment Committee

Involving in decision-making for asset management, investment and financial matters of JEI

4. ESG Initiatives (5) External Assessment

Japan Excellent, Inc.

GRESB Real Estate Assessment*1

GRESB 2019

Received "**Green Star**" in the GRESB Real Estate Assessment conducted in 2019, **for the fifth consecutive year**.

Received "**4-Star**" in "GRESB Rating," a five-grade evaluation system based on comprehensive scores.

MSCI ESG Rating

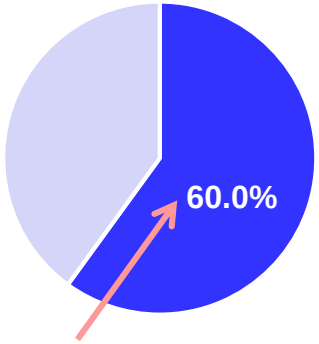
BB ⟶ BBB

(as of July 4, 2019)

MSCI ESG Rating, which is the selection criteria for MSCI Japan ESG Select Leaders Index, was upgraded

Green Building Certification

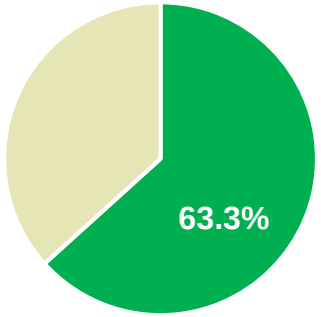
DBJ Green Building Certification*2



Rating	Number of properties
★★★★★	3
★★★★	3
★★★	5
★★	1

Expected to increase to over 75% by the end of March 2020

Eligible Green Projects*3



CASBEE for real estate/building*4

Kowa Nishi-shimbashi Building and BIZCORE AKASAKA-MITSUKE have received Rank A

CASBEE for Smart Wellness Office*5

AKASAKA INTERCITY AIR has received Rank S to be the first certified property

Office Implementing Excellent Specific Global Warming Countermeasures*6

AKASAKA INTERCITY
(certified as a Semi-Top-Level Office)

*1 "Global Real Estate Sustainability Benchmark (GRESB)" is a benchmark established by European pension fund groups to measure real estate companies and management institutions' consideration to sustainability and is used in cases such as when major European and Asian institutional investors select investment targets.
"Green Star" is given when a high evaluation with a score exceeding 50% is made in the two evaluation axis ("Management & Policy" and "Implementation & Measurement). "GRESB Rating" is a rating of the overall score according to the global ranking and "4 Star" is given to the top 20%-40% of the participants.

*2 The DBJ Green Building Certification System is a system established by Development Bank of Japan Inc. and is designed to promote real estate properties that demonstrate environmentally friendly building features, security measures, disaster prevention measures and take into account societal demands from various stakeholders surrounding the properties. The figure in the pie chart indicates the percentage of certified properties based on leasable area. AKASAKA INTERCITY AIR, AKASAKA INTERCITY and HAMARIKYU INTERCITY (residential portion) have received 5-star rating; Nisseki Yokohama Building, Mansard Daikanyama and HAMARIKYU INTERCITY (office portion) have received a 4-star rating; Omori Bellport D, Kowa Nishi-shimbashi Building, Musashikosugi Tower Place, Kowa Kawasaki Higashiguchi Building and Kowa Kawasaki Nishiguchi Building have received a 3-star rating; and Shiba 2-Chome Building has received a 2-star rating (as of December 31, 2019).

*3 Eligible Green Projects are assets that have received one of the following certifications within the previous 2 years as of the payment date upon issuance of green bonds or are scheduled to receive such, among the specified assets owned by JEI. 1) DBJ Green Building Certification: 5, 4 or 3 stars; 2) CASBEE Certification: S, A or B+ rank. The figure in the pie chart indicates the percentage of Eligible Green Projects based on book value (as of December 31, 2019).

*4 "CASBEE for real estate/building" is a system to appropriately identify and evaluate properties with high environmental value that have high environmental performance and are well managed, and is certified by Institute for Building Environment and Energy Conservation.

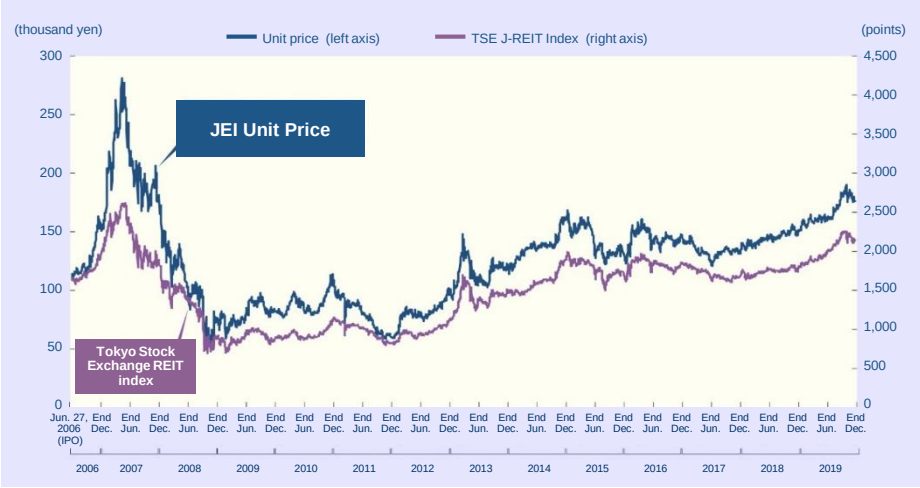
*5 "CASBEE for Smart Wellness Office" is a tool launched in spring 2019 by Institute for Building Environment and Energy Conservation to evaluate the building's specifications, performance and initiatives that support the maintenance and enhancement of the building users' health and comfort.

*6 The Tokyo Metropolitan Government certifies offices with particularly advanced global warming countermeasures as "Office Taking Excellent Specific Global Warming Countermeasures."

5. Structure of JEI / Overview of Japan Excellent Asset Management Co., Ltd.

Japan Excellent, Inc.

Unit Price and Tokyo Stock Exchange REIT Index



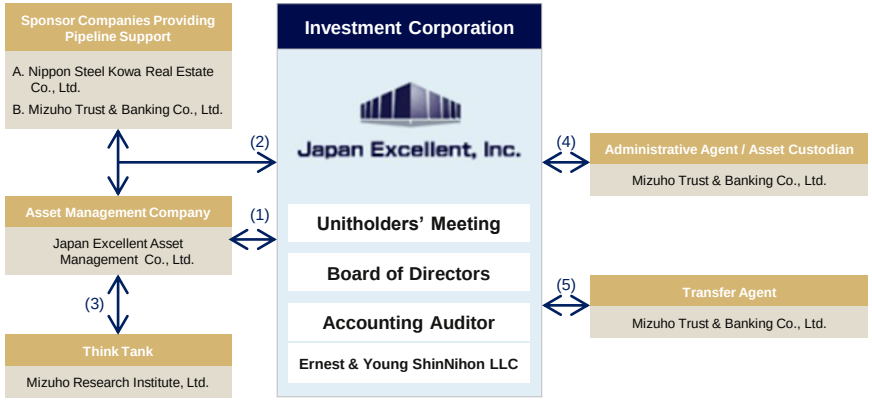
*1 Unit prices for December 25, 2013 and earlier are divided by 5.

Overview of Japan Excellent Asset Management

Headquarters	1-15-9 Minamiaoyama, Minato Ward, Tokyo	
Established	April 14, 2005	
Capital	450 million yen	
Shareholders*2	Nippon Steel Kowa Real Estate Co., Ltd.	54.0%
	The Dai-ichi Life Insurance Company, Limited	26.0%
	The Dai-ichi Building Co., Ltd.	5.0%
	Sohgo Housing Co., Ltd.	5.0%
	Mizuho Bank, Ltd.	5.0%
	Mizuho Trust & Banking Co., Ltd.	5.0%
Business Operations	Financial Instrument Dealer	

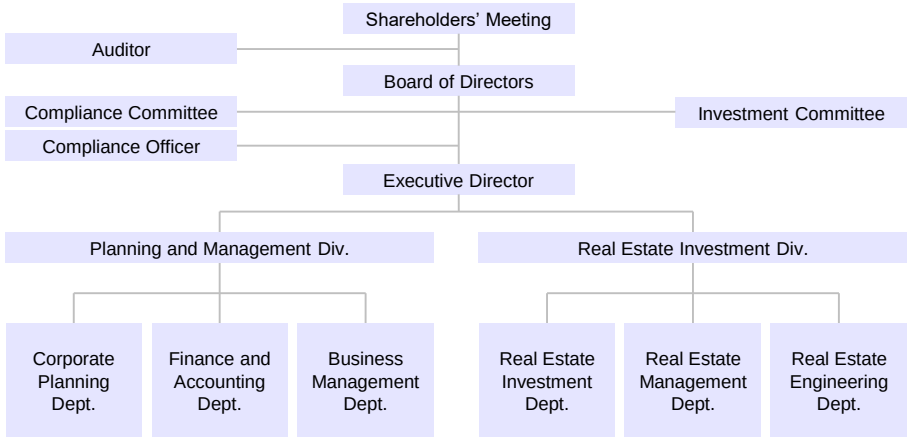
*2 Percentages in the above table are percentages of total outstanding shares.

Organization of JEI



(1) Asset Management agreement
(2) A. Pipeline support agreement with NIPPON STEEL KOWA REAL ESTATE
B. Pipeline support agreement with Mizuho Trust & Banking
(3) Agreement with Mizuho Research Institute to provide market and other information
(4) Agreement to entrust administrative duties and asset custody
(5) Agreement to entrust administration of unitholders' register

Outline and Organization of JEAM



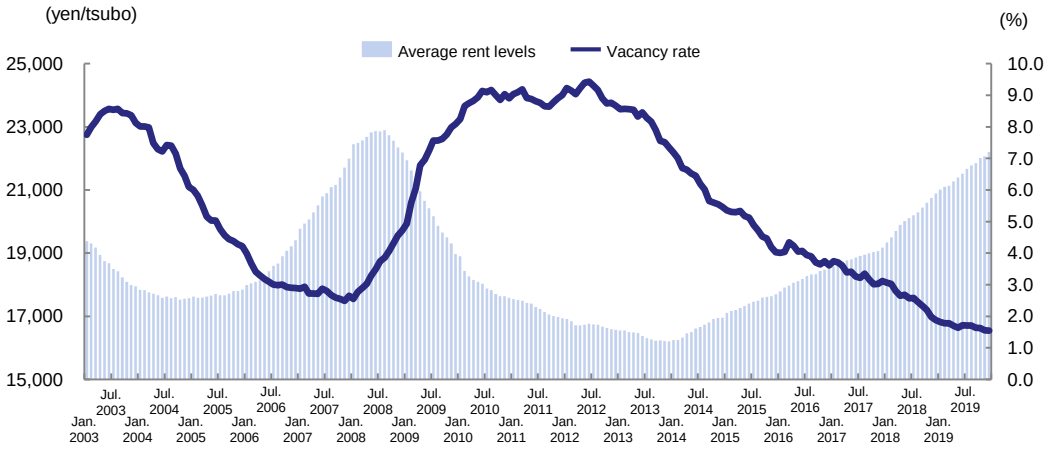
Reference Materials


Omori Bellport D

Management Discussion of Market Environment

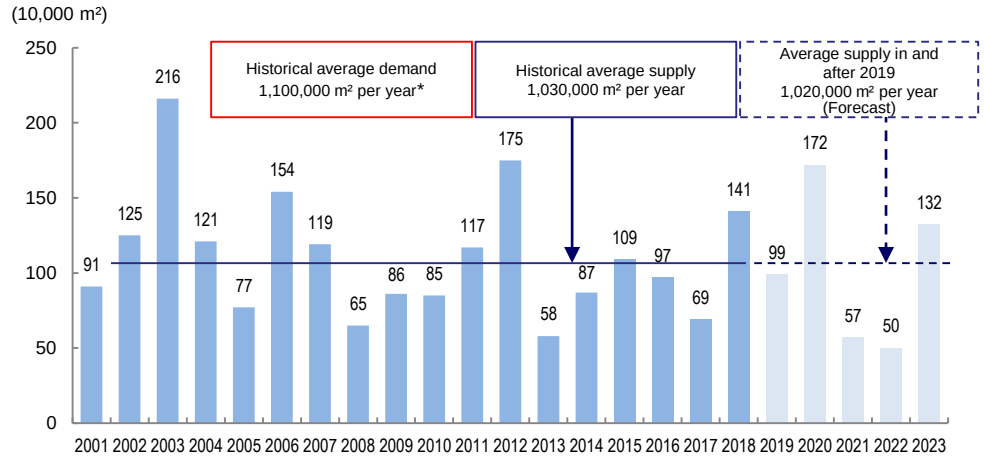
Japan Excellent, Inc.

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



Source: Miki Shoji Co., Ltd.

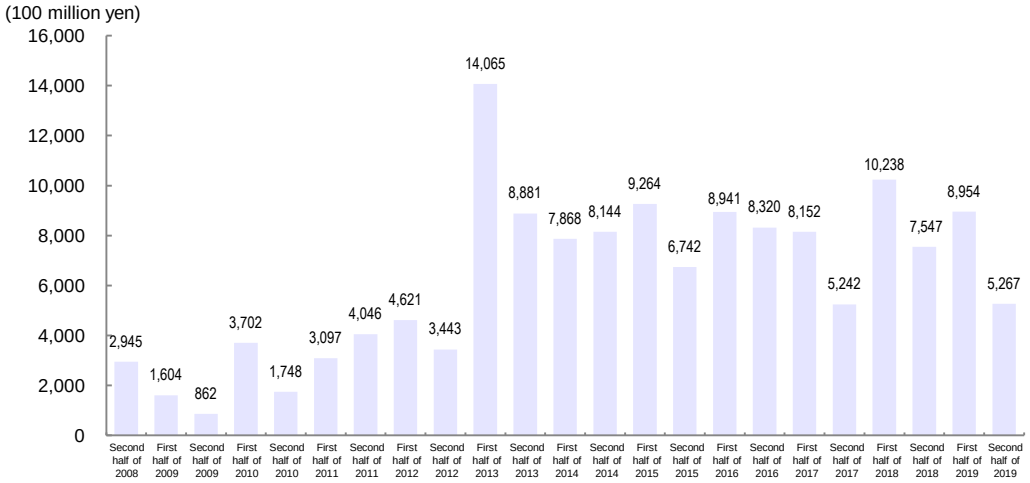
Historical New Large-Scale Office Supply Volume in 23 Wards of Tokyo



* Annual average of net absorption (area offered as of the beginning of each fiscal period-area offered as of the end of each fiscal period + area of newly completed buildings in each fiscal period) from 2015 to 2019.

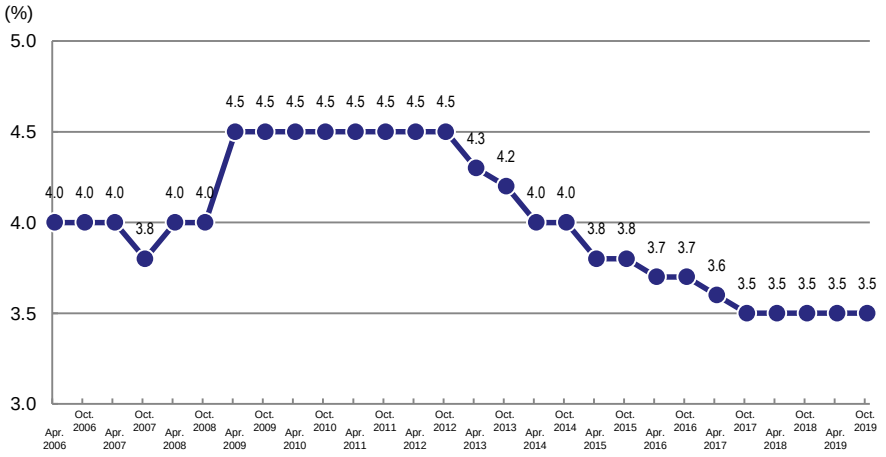
Source: Supply: Mori Building Co., Ltd. Demand: Sanko Estate Co., Ltd.

Historical Actual Real Estate Acquisitions by J-REITs



Source: The Association for Real Estate Securitization

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



Source: Japan Real Estate Institute

Revenue and Expenses by Property

Japan Excellent, Inc.

(Unit: million yen)

	Area I												Area II			Area III											Area IV								Total
	I-1	I-2	I-3	I-8	I-9	I-10	I-12	I-13	I-14	I-15	I-16	I-17	II-1	II-2	II-3	III-1	III-2	III-3	III-5	III-7	III-9	III-10	III-11	III-12	III-13	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9	
	Omori	Shiba 2-Chome	Hamamatsu-cho	AKASAKA INTERCITY	Kowa Shirokanedai	Daiba Garden City Bldg.	HAMARIKYU INTERCITY	Shintomi-cho	Kowa Nishi-Shimbashi	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	NHK Nagoya	Nishi-honmachi	Osaka Kogin Building (Land with leasehold interest)	Musashi-Kosugi	Kawasaki Higashi-Guchi	Hongo	Kawasaki Nisshin-cho	Ryogoku	Kawasaki Nishi-Guchi	Sengoku	Core City Tachikawa	Niiseki Yokohama	Yokohama Benten-dori Dai-ichi	Kyobashi	Hiroshima Hacchobori	SE Sapporo	Aobe-dori Plaza	Daiwa Minamimorimachi	Naha	Hiroshima Dai-ichi Seimei OS	Sendai Building	
Revenue from operations	948	373	232	614	191	334	727	73	—	299	—	48	387	243	89	822	—	—	222	114	984	54	316	1,175	41	182	156	417	195	199	84	143	17	10,890
Rental revenue	873	371	220	563	170	334	668	66	—	274	—	46	—	219	89	734	—	—	219	101	895	48	310	1,077	37	163	140	327	174	179	72	135	12	9,984
Other revenue	74	1	11	51	20	0	58	6	—	25	—	1	—	23	—	88	—	—	2	12	88	6	6	98	3	18	16	89	20	19	12	8	4	906
Expenses from operations	474	139	126	292	74	128	418	30	—	155	—	15	245	147	49	406	—	—	112	64	613	33	134	763	26	110	77	230	97	87	56	97	4	5,906
Property management	147	50	37	43	21	1	125	5	—	42	—	7	64	29	—	103	—	—	47	20	172	7	31	158	8	16	17	32	34	22	8	19	1	1,458
Utilities	85	0	11	59	11	—	69	5	—	24	—	1	34	25	—	81	—	—	—	11	88	5	39	192	5	14	14	77	19	15	9	14	1	1,013
Taxes	79	29	18	36	16	35	52	4	—	30	—	0	25	28	48	69	—	—	18	7	77	6	21	121	3	12	18	24	18	13	4	13	0	944
Insurance	1	0	0	0	0	0	1	0	—	0	—	0	0	0	—	1	—	—	0	0	1	0	0	2	0	0	0	0	0	0	0	0	0	20
Repair and maintenance	5	5	5	1	1	3	9	1	—	14	—	—	3	3	—	23	—	—	3	3	24	2	1	10	2	24	2	4	2	4	7	11	—	311
Non-operating expenses	15	1	15	64	1	1	9	0	—	1	—	0	35	2	0	7	—	—	0	1	8	0	1	13	0	1	1	2	1	0	4	1	0	227
Depreciation	139	51	38	87	21	85	149	11	30	40	18	6	81	57	—	119	74	31	42	19	239	9	38	264	5	40	22	88	20	30	21	36	2	1,929
Profits (loss) from operations	474	234	106	321	117	206	309	43	182	144	106	32	141	95	39	416	147	70	109	50	370	20	181	412	14	71	79	186	97	111	28	45	12	4,983
NOI	613	285	144	408	138	292	458	55	213	185	125	38	223	152	39	535	221	102	152	69	610	30	220	677	20	112	102	274	117	142	49	82	14	6,913
NOI (Annualized with following formula)	1,217	566	287	811	274	579	910	109	423	367	248	153	443	303	79	1,062	440	202	301	138	1,211	59	436	1,343	39	223	202	545	233	281	98	163	110	13,871
Number of days	184	184	184	184	184	184	184	184	184	184	184	92	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	49	
Acquisition price	22,552	9,450	8,350	28,146	4,705	11,000	19,080	1,750	11,431	11,420	6,590	6,200	5,610	6,339	1,770	13,890	10,976	5,400	4,725	2,550	30,400	1,620	6,500	24,500	640	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	279,433
NOI Yield																																		
27th period	5.4%	6.0%	3.4%	2.9%	5.8%	5.3%	4.8%	6.2%	3.7%	3.2%	3.8%	2.5%	7.9%	4.6%	4.5%	7.6%	4.0%	3.8%	6.4%	5.4%	3.8%	3.7%	6.7%	5.5%	6.2%	6.8%	7.3%	9.9%	11.0%	6.4%	7.1%	5.9%	7.0%	4.95%
26th period	5.3%	6.0%	3.8%	2.9%	5.3%	5.3%	4.8%	5.1%	4.2%	4.0%	4.2%	—	7.9%	3.9%	4.6%	7.8%	5.3%	4.2%	5.8%	4.9%	3.6%	3.7%	7.0%	5.6%	6.5%	7.2%	6.8%	9.5%	11.2%	6.5%	5.1%	7.1%	—	5.05%
Difference (Pt)	0.1	0.0	-0.4	0.0	0.5	0.0	0.0	1.1	-0.5	-0.8	-0.4	—	0.0	0.7	-0.1	-0.2	-1.3	-0.4	0.6	0.5	0.2	0.0	-0.3	-0.1	-0.3	-0.4	0.5	0.4	-0.2	-0.1	2.0	-1.2	—	-0.10
NOI Yield after Depreciation																																		
27th period	4.2%	4.9%	2.5%	2.3%	4.9%	3.7%	3.2%	4.9%	3.2%	2.5%	3.2%	2.1%	5.0%	2.8%	4.5%	5.9%	2.7%	2.6%	4.6%	3.9%	2.3%	2.5%	5.5%	3.3%	4.6%	4.3%	5.7%	6.7%	9.1%	5.0%	4.1%	3.3%	5.9%	3.57%
26th period	4.0%	5.0%	2.9%	2.2%	4.4%	3.7%	3.2%	3.7%	3.7%	3.3%	3.6%	—	5.0%	2.1%	4.6%	6.1%	4.0%	3.0%	3.9%	3.3%	1.9%	2.3%	5.8%	3.4%	5.0%	4.8%	5.0%	6.4%	9.4%	5.2%	2.0%	4.5%	—	3.63%
Difference (Pt)	0.2	-0.1	-0.4	0.1	0.5	0.0	0.0	1.2	-0.5	-0.8	-0.4	—	0.0	0.7	-0.1	-0.2	-1.3	-0.4	0.7	0.6	0.4	0.2	-0.3	-0.1	-0.4	-0.5	0.7	0.3	-0.3	-0.2	2.1	-1.2	—	-0.06

*1 Figures are rounded down to the nearest million yen.
*2 Ratios are rounded to the first decimal place.
*3 NOI yield for each property shown is annualized. (NOI yield = Annualized NOI / acquisition price)
*4 Details concerning revenue and expenses for Kowa Nishi-Shimbashi Building, Kawasaki Higashiguchi and JEI Hongo Building are not disclosed because we have not received consent from end tenants.
*5 Details concerning revenue and expenses for AKASAKA INTERCITY AIR are not disclosed because we have not received consent from the co-owner.
*6 Details concerning rental revenue for NHK Nagoya are not disclosed because we have not received consent from the business partner.

Breakdown by Area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	2,960	416	2,640	896
Acquisition price	140,674	13,719	101,201	23,838
27th period NOI yield (annualized)	4.3%	5.9%	5.1%	7.8%
26th period NOI yield (annualized)	4.4%	5.6%	5.2%	7.8%
Difference (pt)	-0.1	0.3	-0.1	0.0

Overview of Period-End Appraisals

Japan Excellent, Inc.

Summary of Period-End Appraisal Value

	26th Period (Jun. 2019)	27th Period (Dec. 2019)	Difference
Number of properties	31 properties	33 properties	2 properties
Period-end appraisal value	310,488 million yen	319,662 million yen	9,174 million yen
Book value	258,028 million yen	262,443 million yen	4,415 million yen
Unrealized gain/loss	52,459 million yen	57,218 million yen	4,759 million yen
Ratio of unrealized gain/loss*1	20.3%	21.8%	1.5pt

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

Number of Properties with Increase/Decrease in Appraisal Value*2

	26th Period (Jun. 2019)	27th Period (Dec. 2019)
Increase	28 properties	24 properties
Unchanged	2 properties	5 properties
Decrease	1 property	2 properties

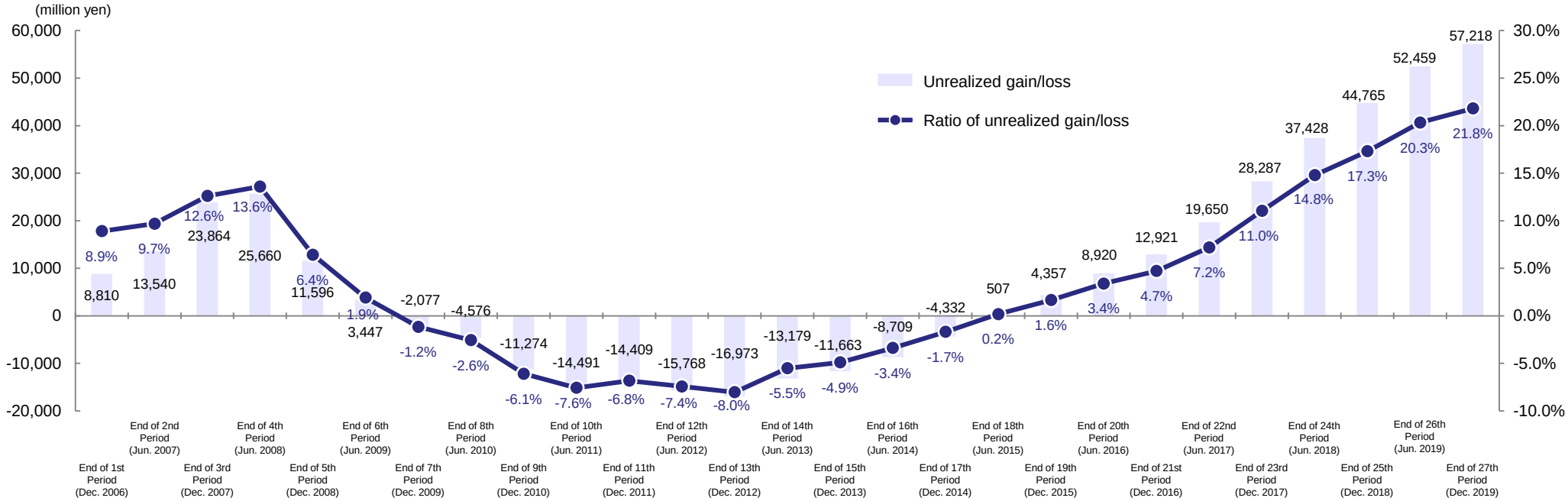
Status of Cap Rate*2*3

	26th Period (Jun. 2019)	27th Period (Dec. 2019)
Decline	26 properties	24 properties
Unchanged	5 properties	7 properties
Rise	0 properties	0 properties

*2 Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period.

*3 As to the cap rate for Shiba 2- Chome Building, comparison is made only for the office portion.

Historical Unrealized Gain/Loss and Ratio of Unrealized Gain/Loss



Period-End Appraisal Value

Japan Excellent, Inc.

(Unit: million yen)

Property Number	Area	Name	Acquisition Price	Period-end Appraisal Value		Difference (②-①)		Book Value at end of FP27 ③	Difference (②-③)		Direct reduction reduced yield		Difference (⑤-④)	Appraisal Organization
				End of FP26 ①	End of FP27 ②		%			%	End of FP26 ④	End of FP27 ⑤	pt	
I-1	I	Omori Bellport D	22,552	**26,700**	25,900	-800	-3.0%	20,763	**5,136**	24.7%	4.0%	4.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.
I-2	I	Shiba 2-Chome Building	9,450	**13,200**	13,500	300	2.3%	9,061	**4,438**	49.0%	Office 3.7% Residence 4.4%	Office 3.6% Residence 4.3%	Office -0.1 Residence -0.1	Japan Real Estate Institute
I-3	I	JEI Hamamatsucho Building	8,350	**8,730**	9,000	270	3.1%	8,145	**854**	10.5%	3.5%	3.4%	-0.1	Japan Real Estate Institute
I-8	I	AKASAKA INTERCITY	28,146	**29,400**	30,000	600	2.0%	26,824	**3,175**	11.8%	3.0%	2.9%	-0.1	Japan Real Estate Institute
I-9	I	Kowa Shirokanedai Building	4,705	**5,290**	5,390	100	1.9%	4,684	**705**	15.1%	4.3%	4.2%	-0.1	Japan Real Estate Institute
I-10	I	Daiba Garden City Building	11,000	**10,500**	10,300	-200	-1.9%	9,654	**645**	6.7%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.
I-12	I	HAMARIKYU INTERCITY	19,080	**25,200**	25,900	700	2.8%	17,437	**8,462**	48.5%	3.4%	3.3%	-0.1	Japan Real Estate Institute
I-13	I	Shintomicho Building	1,750	**2,140**	2,170	30	1.4%	1,738	**431**	24.8%	4.1%	4.1%	0.0	Chuo Real Estate Appraisal Co., Ltd.
I-14	I	Kowa Nishi-shimbashi Building	11,431	**13,200**	13,200	0	0.0%	10,997	**2,202**	20.0%	3.2%	3.1%	-0.1	Japan Real Estate Institute
I-15	I	Mansard Daikanyama	11,420	**13,500**	13,500	0	0.0%	11,275	**2,224**	19.7%	3.1%	3.0%	-0.1	Japan Real Estate Institute
I-16	I	AKASAKA INTERCITY AIR	6,590	**7,680**	7,770	90	1.2%	6,559	**1,210**	18.4%	2.9%	2.8%	-0.1	Japan Real Estate Institute
I-17	I	BIZCORE AKASAKA-MITSUKE	6,200	**6,570**	6,610	40	0.6%	6,216	**393**	6.3%	3.3%	3.2%	-0.1	Japan Real Estate Institute
II-1	II	NHK Nagoya Housou-Center Building	5,610	**6,090**	6,160	70	1.1%	5,603	**556**	9.9%	4.4%	4.3%	-0.1	Japan Real Estate Institute
II-3	II	Osaka Kogin Building (land with leasehold interest)	1,770	**2,400**	2,470	70	2.9%	1,865	**604**	32.4%	3.3%	3.2%	-0.1	Japan Real Estate Institute
III-1	III	Musashikosugi Tower Place	13,890	**21,300**	21,300	0	0.0%	12,494	**8,805**	70.5%	4.1%	4.0%	-0.1	Japan Real Estate Institute
III-2	III	Kowa Kawasaki Higashiguchi Building	10,976	**9,740**	9,950	210	2.2%	9,872	**77**	0.8%	4.8%	4.7%	-0.1	Japan Valuers Co., Ltd.
III-3	III	JEI Hongo Building	5,400	**4,630**	4,700	70	1.5%	4,991	**-291**	-5.8%	4.2%	4.1%	-0.1	Japan Valuers Co., Ltd.
III-5	III	Kawasaki Nisshincho Building	4,725	**4,580**	4,710	130	2.8%	4,203	**506**	12.0%	4.9%	4.8%	-0.1	Japan Valuers Co., Ltd.
III-7	III	JEI Ryogoku Building	2,550	**2,470**	2,620	150	6.1%	2,209	**410**	18.6%	4.5%	4.4%	-0.1	Chuo Real Estate Appraisal Co., Ltd.
III-10	III	Pacific Square Sengoku	1,620	**1,380**	1,580	200	14.5%	1,617	**-37**	-2.3%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.
III-11	III	Core City Tachikawa	6,500	**9,040**	9,400	360	4.0%	6,129	**3,270**	53.4%	4.2%	4.1%	-0.1	Japan Real Estate Institute
III-12	III	Nisseki Yokohama Building	24,500	**29,200**	29,900	700	2.4%	23,106	**6,793**	29.4%	3.8%	3.7%	-0.1	Japan Real Estate Institute
III-13	III	Yokohama Bentendori Dai-ichi Seimei Building	640	**668**	672	4	0.6%	663	**8**	1.2%	4.6%	4.5%	-0.1	Japan Real Estate Institute
IV-2	IV	JEI Kyobashi Building	3,308	**4,380**	4,380	0	0.0%	2,839	**1,540**	54.2%	5.1%	5.1%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation
IV-3	IV	JEI Hiroshima Hacchobori Building	2,760	**3,720**	3,780	60	1.6%	2,562	**1,217**	47.5%	4.7%	4.6%	-0.1	Japan Real Estate Institute
IV-4	IV	SE Sapporo Building	5,500	**8,680**	8,890	210	2.4%	5,132	**3,757**	73.2%	4.9%	4.8%	-0.1	Chuo Real Estate Appraisal Co., Ltd.
IV-5	IV	Aoba-dori Plaza	2,120	**4,430**	4,460	30	0.7%	2,205	**2,254**	102.2%	4.6%	4.5%	-0.1	Japan Real Estate Institute
IV-6	IV	Daiwa Minamimoricho Building	4,410	**5,190**	5,200	10	0.2%	4,213	**986**	23.4%	4.6%	4.6%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation
IV-7	IV	JEI Naha Building	1,380	**1,860**	1,940	80	4.3%	1,481	**458**	30.9%	5.2%	5.1%	-0.1	Japan Real Estate Institute
IV-8	IV	Hiroshima Dai-ichi Seimei OS Building	2,780	**3,240**	3,270	30	0.9%	2,866	**403**	14.1%	4.7%	4.6%	-0.1	Japan Real Estate Institute
IV-9	IV	Senshin Building	1,580	**1,670**	1,670	0	0.0%	1,628	**41**	2.5%	4.4%	4.4%	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
Total			**242,693**	**286,778**	**290,292**	**3,514**	1.2%	229,043	**61,248**	26.7%	-	-	-	**-**

II-2	II	JEI Nishi-honmachi Building	6,339	**-**	5,470	-	-	6,630	**-1,160**	-17.5%	4.6%	4.7%	0.1	DAIWA REAL ESTATE APPRAISAL Corporation
III-9	III	Kowa Kawasaki Nishiguchi Building	30,400	**-**	23,900	-	-	26,769	**-2,869**	-10.7%	4.6%	4.6%	0.0	Japan Valuers Co., Ltd.
Total			**279,433**	**-**	**319,662**	**-**	-	262,443	**57,218**	21.8%	-	-	-	**-**

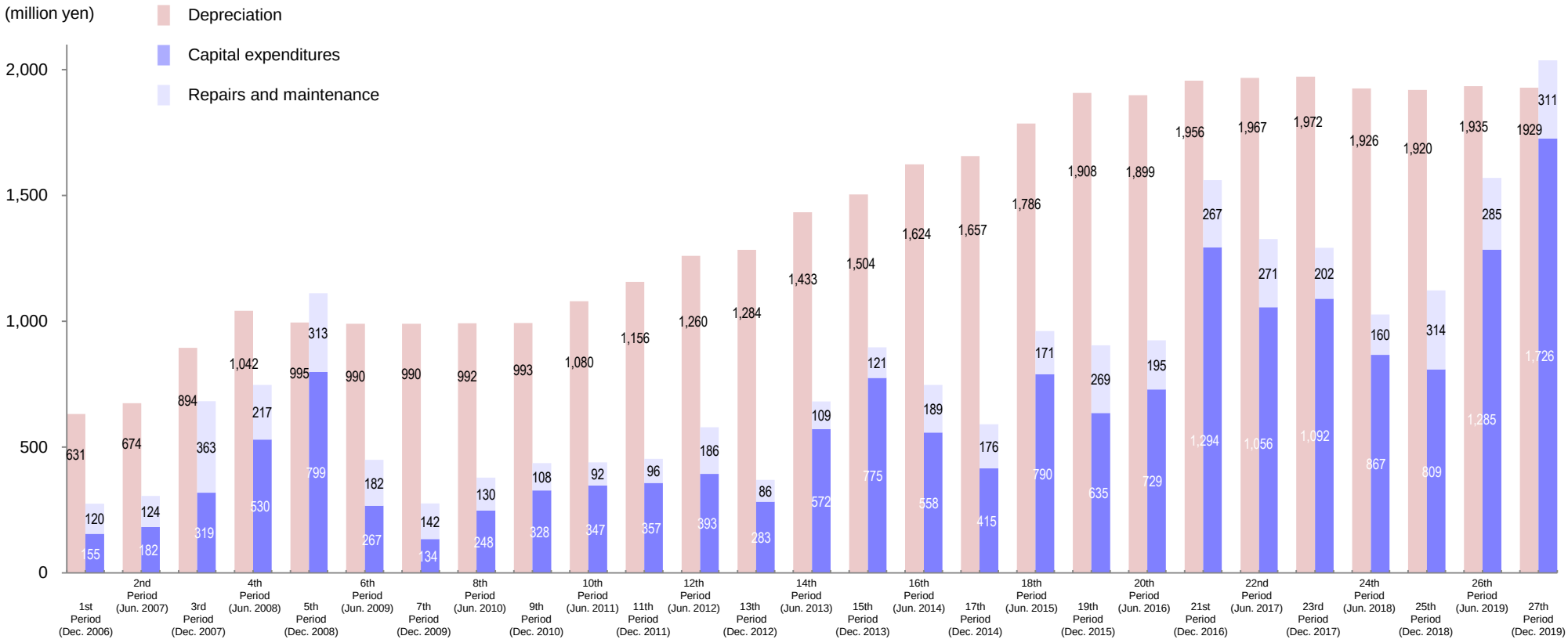
*1 "Appraisal value" includes the appraisal value described in the real estate appraisal report made by a real estate appraiser belonging to Japan Real Estate Institute, Chuo Real Estate Appraisal Co., Ltd., Japan Valuers Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Corporation as of the end of the 26th and 27th period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

*2 For properties acquired in the 27th Period, appraisal values at the time of the acquisition are indicated in Period-end Appraisal Value for the 26th Period.

Historical Record in Works

Japan Excellent, Inc.

History of Expenses for Repairs and Maintenance and Depreciation



Capital Expenditures/Depreciation

24.6%	27.0%	35.7%	50.9%	80.3%	27.0%	13.5%	25.0%	33.0%	32.1%	30.9%	31.2%	22.0%	39.9%	51.5%	34.4%	25.0%	44.2%	33.3%	38.4%	66.2%	53.7%	55.4%	45.0%	42.1%	66.4%	89.5%

Statement of Income and Retained Earnings

Japan Excellent, Inc.

(Unit: million yen)

	26th Period (Jun. 2019)	(%)	27th Period (Dec. 2019)	(%)	Compared with previous period	
					Difference	(%)
1. Operating revenue (A)	10,668	100.0	10,890	100.0	222	2.1
Rental revenue	9,850		9,984		133	
Other rental revenue	818		906		88	
Total rental revenue (a)	10,668	100.0	10,890	100.0	222	2.1
2. Operating expenses (B)	6,349	59.5	7,978	73.3	1,628	25.7
Property management expenses	1,399		1,458		59	
Utilities expenses	959		1,013		54	
Taxes	917		944		27	
Insurance	22		20		-1	
Repairs and maintenance	285		311		26	
Other expenses for rental operation	228		227		0	
Depreciation	1,935		1,929		-6	
Total operating expenses (b)	5,747	53.9	5,906	54.2	158	2.8
Profits from operation (a)-(b)	4,920	46.1	4,983	45.8	63	1.3
Loss on sales of real estate, etc.	—		120		120	
Impairment loss	—		1,407		1,407	
Asset management fees	447		390		-57	
Other	154		153		0	
3. Operating income (A)-(B)	4,318	40.5	2,912	26.7	-1,406	-32.6
4. Non-operating income	1	0.0	0	0.0	0	-39.2
5. Non-operating expenses	628	5.9	665	6.1	37	5.9
Interest expense	358		367		8	
Loan relating fees	126		134		7	
Interest expense on investment corporation bonds	129		130		0	
Amortization of investment corporation bond issuance costs	12		11		-1	
Other	0		21		21	
6. Ordinary income	3,691	34.6	2,247	20.6	-1,444	-39.1
7. Net income before taxes	3,691	34.6	2,247	20.6	-1,444	-39.1
8. Income taxes – current	0		1		0	
9. Net income	3,690	34.6	2,246	20.6	-1,444	-39.1
10. Retained earnings brought forward	0		0		0	
11. Unappropriated retained earnings at the end of period	3,691		2,246		-1,445	

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

Balance Sheet

Japan Excellent, Inc.

(Unit: million yen)

Assets	26th Period (Jun. 2019)		27th Period (Dec. 2019)		Difference
(Assets)		%		%	
I. Current assets	26,230	9.2	24,500	8.5	-1,729
Cash and deposits	9,553		7,165		-2,387
Cash and deposits in trust	16,094		16,718		624
Operating accounts receivable	362		380		17
Other	219		236		17
II. Fixed assets	259,792	90.8	264,134	91.5	4,341
1. Property and equipment	248,920	87.0	253,335	87.7	4,415
Real Estate	14,978		16,508		1,529
Real Estate in trust	233,825		236,712		2,886
Construction in progress	116		115		0
2. Intangible assets	9,118	3.2	9,117	3.2	-1
Leasehold rights	1,721		1,721		—
Leasehold rights in trust	7,382		7,382		—
Other	14		13		-1
3. Investments and other assets	1,753	0.6	1,681	0.6	-72
Leasehold and security deposits	15		15		—
Long-term prepaid expenses	902		820		-81
Other	836		845		8
III. Deferred assets	149	0.1	155	0.1	6
Investment corporation bond issuance costs	149		155		6
Total assets	286,172	100.0	288,790	100.0	2,618

Liabilities and Unitholders' Equity	26th Period (Jun. 2019)		27th Period (Dec. 2019)		Difference
(Liabilities)		%		%	
I. Current liabilities	19,155	6.7	22,759	7.9	3,603
Operating accounts payable	1,657		2,321		663
Short-term loans	7,000		9,000		2,000
Long-term loans due within a year	9,600		10,600		1,000
Other accounts payable	439		405		-34
Accrued consumption taxes	221		77		-143
Other	237		355		118
II. Long-term liabilities	123,194	43.0	123,654	42.8	459
Investment corporation bonds	32,000		33,000		1,000
Long-term loans	78,000		77,000		-1,000
Security deposits from tenants	1,129		1,174		44
Security deposits from tenants in trust	12,065		12,480		414
Total liabilities	142,350	49.7	146,413	50.7	4,063
(Net assets)					
I. Unitholders' equity	143,822	50.3	142,377	49.3	-1,445
1. Unitholders' capital	139,972	48.9	139,972	48.5	—
2. Retained earnings	3,849		2,404		-1,445
Voluntary retained earnings (Reserve for reduction entry)	158	0.1	158	0.1	—
Unappropriated retained earnings	3,691	1.3	2,246	0.8	-1,445
Total net assets	143,822	50.3	142,377	49.3	-1,445
Total liabilities and net assets	286,172	100.0	288,790	100.0	2,618

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

Statements of Cash Flow and Profit Distribution

Japan Excellent, Inc.

Cash Flow Statement

(Unit: million yen)

27th Period (Dec. 2019)	
Classification	Amount
I. Cash flow from operating activities	7,515
Net income before taxes	2,247
Depreciation	1,930
Impairment loss	1,407
Decrease in property and equipment due to sale	1,830
Other	99
II. Cash flow from investing activities	-8,569
Purchase of property and equipment	-9,029
Net payments for security deposits	459
III. Cash flow from financing activities	-709
Proceeds from short-term loans	4,000
Repayment of short-term loans	-2,000
Proceeds from long-term loans	1,000
Repayment of long-term loans	-1,000
Proceeds from issuance of investment corporation bonds	982
Distributions to unitholders	-3,691
IV. Net increase/ decrease in cash and cash equivalents	-1,763
V. Cash and cash equivalents at beginning of period	25,647
VI. Cash and cash equivalents at end of period	23,884

* Figures under one million yen are rounded down.

Profit Distribution

(Unit: yen)

27th Period (Dec. 2019)	
Classification	Amount
Unappropriated retained earnings at the end of period	2,246,223,674
Reversal of reserve for reduction entry	158,039,114
Allowance for temporary difference adjustment	1,406,238,900
Distributions	3,810,032,600
(Distributions per investment unit)	(2,918)
(Profit distribution per unit)	(1,841)
(Distribution in excess of earnings per unit (from allowance for temporary difference adjustment))	(1,077)
Earnings carried over to next period	469,088

Total number of outstanding investment units at the end of period	1,305,700 units

Financial Indicators

Japan Excellent, Inc.

Financial indicators	Unit	22nd Period (Jun. 2017)	23rd Period (Dec. 2017)	24th Period (Jun. 2018)	25th Period (Dec. 2018)	26th Period (Jun. 2019)	27th Period (Dec. 2019)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	5,989	6,256	5,785	6,035	6,116	4,675	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization
NOI (Net operating income)	MN yen	6,719	6,847	6,707	6,797	6,856	6,913	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	5,427	5,394	5,430	5,516	5,626	5,703	Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss
FFO per unit	yen	4,156	4,131	4,159	4,225	4,309	4,367	(Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss) / Number of outstanding investment units at the end of period
AFFO (Adjusted funds from operation)	MNyen	4,370	4,301	4,563	4,707	4,341	3,976	FFO - Capital expenditures
AFFO Distribution payout ratio	%	79.2	81.0	80.1	76.4	85.0	95.8	(Total cash distribution amount / AFFO) × 100
NAV (Net asset value)	MN yen	163,343	172,221	181,215	188,492	196,282	199,595	Period end total assets - Period end total liabilities + Real estate valuation gain/loss
NAV per unit	yen	125,100	131,899	138,787	144,361	150,327	152,865	NAV / Total number of outstanding investment units at the end of period
DSCR (Debt service coverage ratio)	times	10.7	10.7	11.1	11.7	12.5	9.4	Cash flow before interest / (Interest expense + Interest expense on investment corporation bonds) (Note) Cash flow before interest = Net income before interest and taxes + Depreciation and amortization
ROA	%	1.2	1.3	1.2	1.3	1.3	0.8	Ordinary income / [(Period beginning total assets + period end total assets) / 2] x 100
(Reference) Annualized with following formula	%	(2.4)	(2.5)	(2.4)	(2.5)	(2.6)	(1.6)	Above x 365 days / Number of operating days
ROE	%	2.4	2.6	2.3	2.5	2.6	1.6	Net income / [(Period beginning net assets + period end net assets) / 2] x100
(Reference) Annualized with following formula	%	(4.9)	(5.1)	(4.7)	(5.0)	(5.2)	(3.1)	Above x 365 days / Number of operating days
Equity to Total Assets	%	48.4	51.0	50.5	50.4	50.3	49.3	(Period end net assets / Period end total assets) x 100
LTV (period-end total asset basis)	%	46.4	43.4	44.4	44.4	44.2	44.9	(Period end interest-bearing debt / Period end total assets) x 100
LTV (period-end valuation gain/loss basis)	%	43.5	39.5	39.2	38.3	37.4	37.5	(Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss)) × 100
BPS (Book value per unit)	yen	110,050	110,234	110,122	110,076	110,149	109,042	Period end net assets / Total number of outstanding investment units at the end of period

* Figures are rounded down to the nearest whole number. Ratios are rounded to the first decimal place.

Status of Interest-Bearing Debt

Japan Excellent, Inc.

Balance of Interest-Bearing Debt (As of the End of 27th Period)

Lender	Interest-bearing debt (million yen)	As a percentage of all borrowings
Mizuho Bank, Ltd.	26,785	27.7%
MUFG Bank, Ltd.	13,005	13.5%
Development Bank of Japan Inc.	12,800	13.3%
Sumitomo Mitsui Banking Corporation	8,270	8.6%
Mizuho Trust & Banking Co., Ltd.	7,807	8.1%
The Norinchukin Bank	7,412	7.7%
The Dai-ichi Life Insurance Company, Limited	6,000	6.2%
Resona Bank, Ltd.	3,400	3.5%
Sompo Japan Nipponkoa Insurance Inc.	2,500	2.6%
Aozora Bank, Ltd.	2,500	2.6%
Sumitomo Mitsui Trust Bank, Limited	1,620	1.7%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500	1.6%
The Bank of Fukuoka, Ltd.	1,000	1.0%
Shinkin Central Bank	1,000	1.0%
Nippon Life Insurance Company	1,000	1.0%
Loan Total	96,600	100.0%

* Shaded areas refer to sponsor companies.

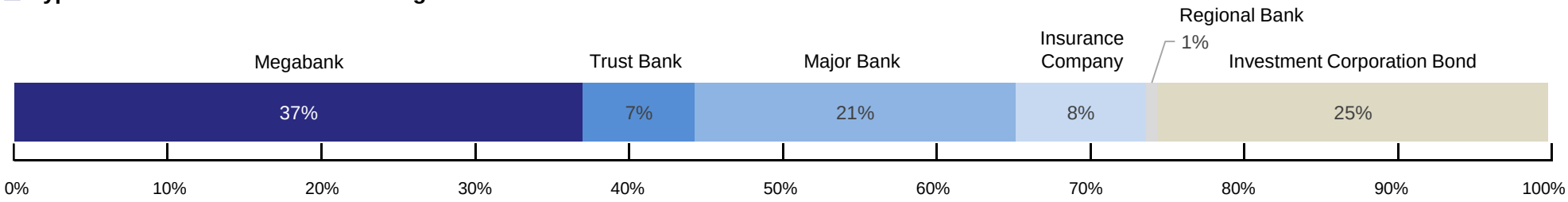
Status of Investment Corporation Bonds (As of the End of 27th Period)

Investment Corporation Bond	Maturity date	Balance (million yen)	Interest rate	Period
7th Series Unsecured Investment Corporation Bond	Mar. 11, 2024	8,000	1.13%	10 years
8th Series Unsecured Investment Corporation Bond	Sep. 9, 2025	5,000	1.03%	10 years
9th Series Unsecured Investment Corporation Bond	Oct. 27, 2026	2,000	0.45%	10 years
10th Series Unsecured Investment Corporation Bond	Dec. 20, 2023	2,000	0.39%	7 years
11th Series Unsecured Investment Corporation Bond	Apr. 23, 2027	7,000	0.65%	10 years
12th Series Unsecured Investment Corporation Bond	Apr. 20, 2023	2,000	0.24%	5 years
13th Series Unsecured Investment Corporation Bond	Apr. 20, 2033	2,000	0.95%	15 years
(Green Bonds) 14th Series Unsecured Investment Corporation Bond	Aug. 10, 2028	4,000	0.63%	10 years
15th Series Unsecured Investment Corporation Bond	Sep. 9, 2039	1,000	1.07%	20 years
Investment Corporation Bond Total		33,000		

Status of Commitment Line (As of the End of 27th Period)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From January 30, 2020 to January 29, 2021
MUFG Bank, Ltd.	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
Total Commitment Line	14,000	

Types of Lenders for Interest-Bearing Debt



Unitholders

Japan Excellent, Inc.

Owner Classification	Investment Units					Unitholders				
	26th Period (Jun. 2019)		27th Period (Dec. 2019)		Composition change	26th Period (Jun. 2019)		27th Period (Dec. 2019)		Composition change
	Number of units	Composition	Number of units	Composition		Number of unitholders	Composition	Number of unitholders	Composition	
Financial Institutions and Securities Companies	901,099	69.0%	935,450	71.6%	2.6pt	164	2.6%	163	2.7%	0.1pt
Other Domestic Companies	115,427	8.8%	115,087	8.8%	0pt	144	2.3%	137	2.3%	0pt
Foreign Companies, etc.	228,191	17.5%	197,116	15.1%	-2.4pt	199	3.1%	206	3.4%	0.3pt
Individuals	60,983	4.7%	58,047	4.4%	-0.3pt	5,886	92.1%	5,540	91.6%	-0.5pt
Total	1,305,700	100.0%	1,305,700	100.0%	—	6,393	100.0%	6,046	100.0%	—

Ratio of investment units held by the 2 core sponsor companies: 7.1%

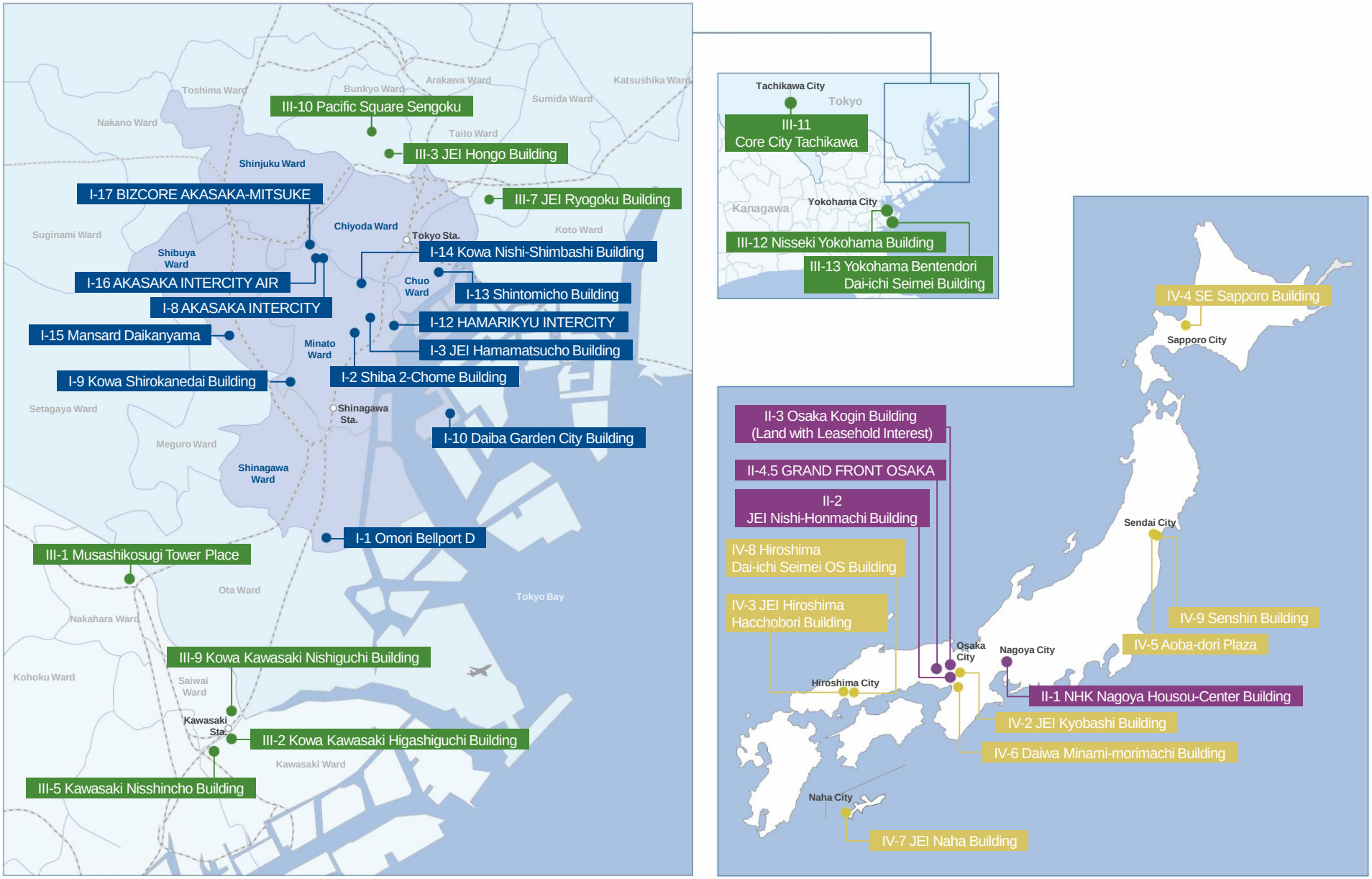
Rank	Name	Units	Composition ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	322,541	24.7%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	205,153	15.7%
3	Nippon Steel Kowa Real Estate Co., Ltd.	71,560	5.5%
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	63,977	4.9%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	55,747	4.3%
6	The Dai-ichi Life Insurance Company, Limited	20,660	1.6%
7	State Street Bank - West Client – Treaty 505234	18,166	1.4%
8	DFA International Real Estate Securities Portfolio	15,027	1.2%
9	JPMorgan Securities Japan Co., Ltd.	14,978	1.1%
10	The Chukyo Bank, Ltd.	13,799	1.1%
Total		**801,608**	**61.4%**

*1 Ratios are rounded to the first decimal place.

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

Portfolio Map

Japan Excellent, Inc.



Portfolio Overview (1)

Japan Excellent, Inc.

Property Number	I-1	I-2	I-3	I-8	I-9	I-10	I-12	I-13
Type	Office	Office	Office	Office	Office	Office	Other	Office
Name	Omori Bellport D	Shiba 2-Chome Building	JEI Hamamatsucho Building	AKASAKA INTERCITY	Kowa Shirokanedai Building	Daiba Garden City Building	HAMARIKYU INTERCITY	Shintomicho Building
								
Location	Minami-Oi, Shinagawa Ward, Tokyo	Shiba, Minato Ward, Tokyo	Hamamatsucho, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Shirokanedai, Minato Ward, Tokyo	Daiba, Minato Ward, Tokyo	Kaigan, Minato Ward, Tokyo	Irifune, Chuo Ward, Tokyo
Total floor area (m^2)	155,778.75	19,518.15	8,327.53	73,061.33	7,374.74	33,283.49	35,555.87	3,169.78
Completion date	September 1996	March 1994	December 1991	January 2005	March 1978	December 2007	March 2011	November 1990
Acquisition date	June 2006	June 2006	June 2006	1. Oct. 2007 2. Feb. 2013	December 2010	February 2011	1. Dec. 2011 2. Feb. 2014	March 2012
Acquisition price (MN yen)	22,552	9,450	8,350	28,146	4,705	11,000	19,080	1,750
Investment ratio (%)	7.8	3.3	2.9	9.8	1.6	3.8	6.6	0.6
Period-end Occupancy rate (%)	100.0	99.2	100.0	100.0	100.0	100.0	98.8	100.0
PML (%)	3.61	6.61	4.18	2.97	6.95	6.56	2.60	4.13

*1 "Completion Date" is as of the time of initial construction described in the register.

*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price, and is rounded to the first decimal place.

*4 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown.

Portfolio Overview (2)

Japan Excellent, Inc.

Property Number	I-14	I-15	I-16	I-17	II-1	II-2	II-3	II-4	II-5
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Kowa Nishi-Shimbashi Building	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	NHK Nagoya Housou-Center Building	JEI Nishi-Honmachi Building	Osaka Kogin Building (land with leasehold interest)	GRAND FRONT OSAKA (Umekita Plaza • South Building)	GRAND FRONT OSAKA (North Building)
									
Location	Nishishinbashi, Minato Ward, Tokyo	Sarugakucho, Shibuya Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Higashi Ward, Nagoya City, Aichi	Nishi Ward, Osaka City, Osaka	Chuo Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka
Total floor area (m^2)	19,418.17	8,402.51	176,536.75	3,515.63	80,809.95	15,800.31	3,158.45 (site area for land)	181,371.39 (South Building) 10,226.10 (Umekita Plaza)	290,030.59
Completion date	July 1996	December 2009	August 2017	March 2019	July 1991	February 1988	-	Mar. 2013 (South Building) Feb. 2013 (Umekita Plaza)	February 2013
Acquisition date	1. Mar. 2013 2. Aug. 2017	July 2016	July 2018	Oct. 2019	1. Jun. 2006 2. Mar. 2014	March 2007	February 2013	February 2020	February 2020
Acquisition price (MN yen)	11,431	11,420	6,590	6,200	5,610	6,339	1,770	4,868	3,982
Investment ratio (%)	4.0	4.0	2.3	2.2	1.9	2.2	0.6	1.7	1.4
Period-end Occupancy rate (%)	100.0	97.4	100.0	88.9	100.0	100.0	100.0	99.7	99.5
PML (%)	3.30	5.74	0.66	8.41	1.44	11.27	-	0.63	0.58

*1 "Completion Date" is as of the time of initial construction described in the register.

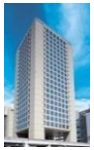
*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.
However, for Osaka Kogin Building (land with leasehold interest) , the acquisition price is calculated as the land purchase price specified in the relevant trust beneficiary interest transfer agreement subject to conditions precedent minus the amount equivalent to the key money pertaining to the leasehold interest in land, which will be received from the lessee of the land.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price, and is rounded to the first decimal place.

*4 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown. The occupancy rate of the property is as of September 30, 2019.

Portfolio Overview (3)

Japan Excellent, Inc.

Property Number	III-1	III-2	III-3	III-5	III-7	III-9	III-10	III-11	III-12	III-13
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Musashikosugi Tower Place	Kowa Kawasaki Higashiguchi Building	JEI Hongo Building	Kawasaki Nisshincho Building	JEI Ryogoku Building	Kowa Kawasaki Nishiguchi Building	Pacific Square Sengoku	Core City Tachikawa	Nisseki Yokohama Building	Yokohama Bentendori Dai-ichi Seimei Building
										
Location	Nakahara Ward, Kawasaki City, Kanagawa	Kawasaki Ward, Kawasaki City, Kanagawa	Hongo, Bunkyo Ward, Tokyo	Kawasaki Ward, Kawasaki City, Kanagawa	Ryogoku, Sumida Ward, Tokyo	Saiwai Ward, Kawasaki City, Kanagawa	Honkomagome, Bunkyo Ward, Tokyo	Akebonocho, Tachikawa City, Tokyo	Naka Ward, Yokohama City, Kanagawa	Naka Ward, Yokohama City, Kanagawa
Total floor area (m^2)	53,711.13	31,009.62	5,877.11	22,141.60	5,820.56	61,856.92	4,017.44	19,099.27	72,116.65	2,934.55
Completion date	July 1995	April 1988	February 1991	April 1992	August 1996	February 1988	November 1992	December 1994	May 1997	December 1986
Acquisition date	June 2006	June 2006	June 2006	1. Jun. 2006 2. Nov. 2006 3. Oct. 2008 4. Apr. 2013	June 2006	October 2007	December 2011	February 2013	April 2015	June 2018
Acquisition price (MN yen)	13,890	10,976	5,400	4,725	2,550	30,400	1,620	6,500	24,500	640
Investment ratio (%)	4.8	3.8	1.9	1.6	0.9	10.5	0.6	2.3	8.5	0.2
Period-end Occupancy rate (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
PML (%)	3.19	3.25	6.16	5.86	5.57	3.74	4.65	1.92	3.19	5.92

*1 "Completion Date" is as of the time of initial construction described in the register.

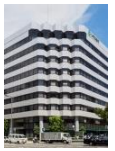
*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price, and is rounded to the first decimal place.

*4 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown.

Portfolio Overview (4)

Japan Excellent, Inc.

Property Number	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9
Type	Office	Office	Office	Office	Office	Office	Office	Office
Name	JEI Kyobashi Building	JEI Hiroshima Hacchobori Building	SE Sapporo Building	Aoba-dori Plaza	Daiwa Minami-morimachi Building	JEI Naha Building	Hiroshima Dai-ichi Seimei OS Building	Senshin Building
								
Location	Miyakojima Ward, Osaka City, Osaka	Naka Ward, Hiroshima City, Hiroshima	Kita Ward, Sapporo City, Hokkaido	Aoba Ward, Sendai City, Miyagi	Kita Ward, Osaka City, Osaka	Kumoji, Naha City, Okinawa	Minami Ward, Hiroshima City, Hiroshima	Aoba Ward, Sendai City, Miyagi
Total floor area (m^2)	10,021.32	9,919.93	23,644.22	22,737.38	12,759.65	4,371.94	10,696.54	2,766.22
Completion date	April 1987	February 1999	March 1989	July 1996	January 1990	June 1990	March 1989	October 1984
Acquisition date	September 2011	May 2012	March 2013	February 2014	February 2014	December 2015	June 2018	November 2019
Acquisition price (MN yen)	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580
Investment ratio (%)	1.1	1.0	1.9	0.7	1.5	0.5	1.0	0.5
Period-end Occupancy rate (%)	96.8	96.0	100.0	99.4	100.0	100.0	100.0	98.4
PML (%)	7.28	6.66	0.41	1.24	7.83	3.47	9.89	2.87

*1 "Completion Date" is as of the time of initial construction described in the register.

*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price, and is rounded to the first decimal place.

*4 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown.