Japan Excellent, Inc.

February 21, 2025

Japan Excellent, Inc. (TSE: 8987)
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Notice Concerning Acquisition and Transfer of Domestic Real Estate Trust Beneficiary Rights (Acquisition of ARK Hills FRONT TOWER and Transfer of JEI Hamamatsucho Building)

Japan Excellent, Inc. (hereinafter "JEI") hereby announces that Japan Excellent Asset Management Co., Ltd. (hereinafter "JEAM"), to which JEI entrusts asset management, made a decision today regarding the acquisition (hereinafter the "Acquisition") and transfer of assets (domestic real estate trust beneficiary rights) (hereinafter the "Transfer" and, together with the Acquisition, the "Transaction") as described below.

1. Overview of the Transaction

(1) Property to Be Acquired

(a) Property Name	ARK Hills Front Tower
(b) Property to Be Acquired	Trust beneficiary rights in real estate
(c) Planned Acquisition Price(Note 1)	¥17,250 million
(d) Date of Execution of Acquisition Agreement: February 18, 2022	February 21, 2025
(e) Date of Acquisition(planned)	April 15, 2025
(f) Seller	Akasaka 2-chome Godo Kaisha(Note 2)
(g) Brokerage	None
(h) Funding for Acquisition	Loan and funds on hand
(i) Payment Method	Lump-sum payment upon delivery

(Note 1) "Planned Acquisition Price" does not include consumption tax, local consumption tax or fees required for the acquisition.

(Note 2) For details of the Seller, please refer to "3. Details of the Property to Be Acquired / (4) Overview of the Seller" later in this document.

(2) Property to Be Transferred

(a) Property Name	JEI Hamamatsucho Building	
(b) Property to Be Transferred	Trust beneficiary rights in real estate	
(c) Planned transfer value(Note 1)	¥9,310 million	
	¥4,189.5 million (45% quasi coownership)	¥5,120.5 million (55% quasi coownership)
(d) Book value(Note 2)(Note 3)	¥7,900 million	
(e) Difference between planned transfer value and book value (c) - (d)(Note 2)(Note 3)(Note 4)	¥1,410 million	
(f) Date of Execution of Acquisition Agreement	February 21, 2025	
(g) Transfer date (planned)	November 28, 2025	January 16, 2026
(h) Date of receipt of proceeds (planned)	November,28,2025	January 16, 2026
(i) Party receiving transfer	Not stated because consent for disclosure has not been received by the party receiving transfer (Note 5)	
(j) Brokerage	Yes(Nippon Steel Kowa Real Estate Co., Ltd.)	

(Note 1) "Planned transfer value" does not include fees related to the transfer, the JEI share of the real estate tax and city planning tax, the consumption tax or the local consumption tax.

(Note 2) Figures under one million yen are rounded down.

(Note 3) "Book value" indicates the book value as of December 31, 2024.

(Note 4) These are reference figures calculated as the difference between planned transfer value and the book value as of December 31, 2024 and differ from the gain/loss on sale in accounting.

(Note 5) An overview of the party receiving transfer is as stated in "4. Details of the Property to Be Transferred / (2) Overview of the Party Receiving Transfer" below.

2. Background of the Transaction

The Property to be Acquired is to be acquired through the exercise of the first right of refusal (Note 1) acquired from the Seller, Akasaka 2-chome Godo Kaisha, in May 2022. The decision to acquire the property was made in order to enhance the portfolio based on the investment targets and policies stipulated in Japan Excellent's rules. For aspects that JEI recognized upon determining the acquisition of the Property, please refer to "3. Details of the Property to Be Acquired / (1) Evaluation of the Property to Be Acquired" below.

In addition, the decision to sell the property was made in light of the fact that it is 30 years old and expenses

for future repair and renovation work is expected to increase, and that despite the standard floor size of approximately 250 tsubo, it will take time to fill the space when it becomes vacant because it has a layout that cannot be divided.

Through the Transaction, we will strive to improve the quality of our portfolio through asset replacement, and use a portion of the gain on transfer as distributions while also using them to stabilize distributions over the medium to long term.

(Note 1) See the "Notice Concerning Acquisition of a First Right of Refusal for ARK Hills Front Tower" dated May 10, 2022 fore detail on the first right of refusal.

3. Details of the Property to Be Acquired

(1) Evaluation of the Property to Be Acquired

A.Location

The Property offers excellent access to multiple Tokyo Metro subway lines, located four minutes on foot from Tameike Sanno Station on Tokyo Metro Ginza Line and Namboku Line and Roppongi 1-chome Station on Tokyo Metro Namboku Line; seven minutes on foot from Akasaka Station on Tokyo Metro Chiyoda Line. It also offers high visibility, situated along Roppongi Dori. Akasaka area where the Property is located is an international neighborhood with a concentration of foreign embassies and foreign corporations.

B. Building and Facilities

The Property is a complex facility consisting of office, residential, commercial, and car parking facilities. The Trust Asset regarding the trust beneficiary right subject to the Acquisition (hereinafter the "Trust Beneficiary Right") involves the office space and car parking and corresponding right to use the grounds (co-ownership rights and right of mutual use under contract). Standard floor for the office space is about 300-tsubo and regular-shaped, and can be divided. It offers convenience and comfort with a ceiling height of 2,800mm, OA floor of 100mm, and 95Va/m2 power capacity, as well as a rooftop garden for exclusive use by the tenants. It is also environment-friendly, achieving high energy-saving credentials with the use of Low-e glass and LED lights in common areas.

(2) Overview of the Property to Be Acquired

Property Name		ARK Hills Front Tower
Type of Specified Asset(Note 1)		Trust beneficiary rights in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust Establishment Date		May 11,2012
Location	Lot Number(Note 2)	2302-1 Akasaka 2-chome, Minato-ku, Tokyo and other
	Address	23-1 Akasaka 2-chome, Minato-ku, Tokyo
Use(Note 3)		Office, car parking, machine room
Area	Land(Note 4)	2,000.32 m^2

	Building(Note 5)	24,207.77 m²
Structure(Note 2)		Steel-framed structure and steel-framed reinforced concrete structure with flat roof B1/22F
Completion Date(Note 2)		January 24, 2011
Building Designer		Basic Design: Mori Building Co., Ltd., Plantec Architects, Inc., Yamashita Sekkei, Inc., Kenchiku Setsubi Sekkei Kenkyusho Execution Design, Supervision: Taisei Corporation, Kenchiku Setsubi Sekkei Kenkyusho Design Manager: Plantec Architects, Inc., Yamashita Sekkei, Inc.
Constructor		Taisei Corporation
Building Certification Agency		The Building Center of Japan
Type of Ownership(Note 6)	Land(Note 7)	Ownership (Co-ownership)
	Building(Note 8)	Compartmentalized ownership (partial co-ownership)
Appraisal Value		¥17,300million
Appraisal Date		February 1, 2025
Appraiser		Japan Real Estate Institute
PML		1.8% (Based on the Building Survey Report on PML Assessment prepared by Sompo Risk Management Inc.)
Collateral		None
Property Management Company(Note 9)		Nippon Steel Kowa Real Estate Co., Ltd., other
Master Lease Company(Note 10)		Nippon Steel Kowa Real Estate Co., Ltd.
Other Relevant Information		1. For the office section on the 18th floor of the Property, an agreement has been executed between the Trustee and other Co-owners, which sets forth that if a co-owner is to transfer its interest to a party other than another co-owner, a notice shall be given to other co-owners, and other co-owners who intend to acquire such interest must be added to the counterparties of transfer negotiation. 2. The Trust Beneficiary Rights Purchase and Sale Agreement between JEI and the Seller sets forth that where JEI is to sell or otherwise dispose of the Trust Beneficiary Rights, or the Trustee is to consider the sale of or otherwise dispose of the Trust Asset ("Sale, etc." hereinafter in this paragraph), that person shall be notified of such fact, and if notification of has intent to acquire from the person who initially created the trust is received within 30 days of said notification, the person who initially created the trust shall be added to the counterparties of the Sale, etc., and be treated in good faith.

(Note 1) The type of the Property to Be Acquired.

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

(Note 3) "Use" indicates the use of the space exclusively-owned or co-owned by the Trustee based on the indication on the land registry.

(Note 4) The total area for the site of the Property indicated on the land registry is stated.

(Note 5) The total floor area for the entire building indicated on the land registry is stated.

(Note 6) "Type of Ownership" indicates the type of ownership by the Trustee. "Compartmentalized ownership" means ownership of exclusively-owned spaces of a compartmentalized ownership building.

(Note 7) The Property's site area consists of 27 parcels. The Trustee has the co-ownership (co-ownership ratio: 133,053/151,449) of 19 parcels (1,514.49m²). There is no right of site pertaining to the Property site, and the management regulations stipulate that, the compartmentalized owners may mutually use sections of the site owned by other compartmentalized owners free of charge.

(Note 8) The Trustee owns office sections of the 2nd, 13th to 17th, and 19th to 21st floors, and co-owns the office section of the 18th floor (co-ownership ratio: 47,258/100,845). Total floor area for the office section is 8,752.25m². In addition, the Trustee co-owns car

parking section of the 1st, and 3rd to 5th floors (floor area: 2,710.35m^2) (co- ownership ratio: 901,005/1,244,803), and the machine room section of basement floor (floor area: 28.12m^2).

(Note 9) For property management services for the exclusive section of the Trust Asset, Nippon Steel Kowa Real Estate Co., Ltd. is entrusted with management of the office section and machine room section, and the co-owner is entrusted with the management of the car parking section.

(Note 10) The Master Lease Company is leasing the office and machine room space of the exclusive section of the Trust Asset for sub-leasing purposes. For the car parking section, the Trustee is not a party to the lease agreement concluded with tenants and grants the authority to the co-owner to lease on its own and receives rents corresponding to the equity interest as compensation for usage income based on such right.

(3) Tenant Summary

Leasable Floor Space(Note 1)	8,974.08 m^2			
Leased Floor Space(Note 1)(Note 2)	8,470.98 m^2			
Number of Tenants(Note 3)	6			
Monthly Rent(Note 4)	Not disclosed			
Security Deposits and Guarantees(Note 3)	Not disclosed			
Occupancy Rate	End of June 2023	End of Dec. 2023	End of Jun. 2024	End of Dec. 2024
	100.0%	94.4%	94.4%	94.4%

(Note 1) "Leasable Floor Space" and "Leased Floor Space" are calculated excluding warehouses and other annexed constructions and accompanying facilities, and space for the 18th floor [and the car parking section] are calculated by multiplying the actual area by the co-ownership ratio of the Trustee. The figures are rounded at the second decimal point. Car parking and machine room sections are exclusive section of the Trust Asset, but are excluded from the calculation as accompanying facilities. The same applies hereafter in this section.

(Note 2) Part of the Property is under own company use by the master lease company (16th floor, 345.69m². Hereinafter the "master lease company's own use portion"), and "Leased Floor Space" of the Leasable Floor Space is calculated by adding the master lease company's own use portion to the total Leased Floor Space indicated on the lease agreement executed between the master lease company and the end tenant.

(Note 3) Total number of tenants as of January 31, 2022 (including the master lease company's own use portion). For the car parking section in the exclusive section of the Trust Asset, the Trustee is not a party to the lease agreement concluded with tenants, and grants the authority to the co-owner to lease on its own, and the co-owner is leasing the space to end tenants. The number of end tenants for the car parking section is not disclosed due to an unavoidable reason as consent from the co-owner has not been obtained.

(Note 4) The figure is not disclosed as the consent by the co-owner, etc., has not been obtained.

(4) Overview of the Seller

Name	Akasaka 2-chome Godo Kaisha	
Location	Tokyo Kyodo Accounting Office, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo	
Representative	Representative Partner: General Incorporated Association Akasaka 2-chome Executive Officer: Yohei Sekiguchi	
Capital	¥100 thousands (as of July 31, 2024)	
Net Assets	¥680 thousands (as of July 31, 2024)	
Total Assets	¥12,708 million (as of July 31, 2024)	
Main Business	1. Acquisition, holding, disposal, leasing, and management of real estate trust beneficiary rights; 2. Acquisition, holding and disposal of real estate trust beneficiary rights; 3. Other businesses incidental or related to the businesses stated in each of the preceding items.	
Established	February 28, 2012	
Relationship with JEI/JEAM	Capital Relationship	There is no capital relationship with JEI or JEAM to be noted.
	Personnel Relationship	There are no personnel relationship with JEI or JEAM to be noted.
	Business Relationship	There is no business relationship with JEI or JEAM to be noted. The Seller is the operator of an anonymous

		association in which JEI has invested ¥2,362 million (49.0% of all investments in the Seller based on the silent partnership), and JEI exercised its first right of refusal granted when making the investment in this acquisition. Furthermore, a subsidiary of the Nippon Steel Kowa Real Estate Co., Ltd., Kowa Real Estate Investment Advisors, Co., Ltd., is entrusted with the asset management business from the Seller.
	Status as Related Party	The Seller is a related party of JEI as it is a consolidated subsidiary of its parent company Nippon Steel Kowa Real Estate Co., Ltd., which is a related party of JEI. The Seller is a related party of JEAM as a consolidated subsidiary of its parent company Nippon Steel Kowa Real Estate Co., Ltd.

(5) Status of Owners of Property

Status of Owners of Property		Current Owner/Beneficiary	Previous Owner/Beneficiary
	Company Name	Akasaka 2-chome Godo Kaisha	Person other than a person with a special interest
	Relationship with JEI/JEAM	Please refer to "(4) Overview of the Seller" above.	
	Background/Reasons for Acquisition	For the purpose of investment	
	Date of Acquisition	May 11,2012	
	Acquisition Price	Omitted because the current beneficiary has owned the property for more than one year.	

(6) Details of Brokerage

Not applicable.

(7) Conflicts of Interest of JEAM with Regard to the Property to Be Acquired

The Seller is the operator of an anonymous association in which Nippon Steel Kowa Real Estate Co., Ltd. and JEI invest, and falls under the category of "related party" as defined in the Act on Investment Trusts and Investment Corporations (hereinafter the "Investment Trusts Act"). In addition, the Seller falls under the category of "sponsor company" under its internal regulations for transactions with sponsor companies (the "Regulations for Transactions with Sponsor Companies") formulated by JEAM with the aim of eliminating potential conflicts of interest and thereby enabling it to perform proper asset management for JEI. Upon concluding the purchase agreement (the "Purchase Agreement") with said related party and sponsor company, JEAM, in compliance with the Regulations for Transactions with Sponsor Companies, has had the transaction approved at a meeting of its Compliance Committee, which includes outside experts, and deliberated and approved at a meeting of its Investment Committee.

In addition, JEI plans to appoint Nippon Steel Kowa Real Estate Co., Ltd. as the master lease company and property management company for the office portion of the Property, and in making this decision, JEAM, similarly in compliance with the Regulations for Transactions with Sponsor Companies, plans to obtain approval from its Compliance Committee, which includes outside experts, and to deliberate and

approve this at a meeting of its Investment Committee.

(8) Financial Impact on JEI if the Forward Commitment Cannot be Executed, etc.

The Purchase Agreement falls under "forward commitments, etc., by investment corporations(Note)" defined in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by the Financial Services Agency. Furthermore, the Purchase Agreement states that if there is a violation of the provisions of the Purchase Agreement by JEI or the Seller after the Purchase Agreement is concluded, the other party may cancel the agreement after providing a period of notice to the violating party and claim an amount equivalent to 10% of the sales proceeds as a penalty. JEI has carefully considered the amount required for the acquisition, the period until delivery and the certainty of the acquisition financing method, and has decided to acquire the Property to Be Acquired based on the judgment that, for each of the factors considered, executing the transaction under the above conditions will contribute to the enhancement of unitholder value.

(Note) Referring to a postdated purchase and sales agreement under which payment and property delivery shall be made at least one month after the conclusion of the agreement, or any other agreement similar thereto.

4. Details of the Property to Be Transferred

(1) Overview of the Property to Be Transferred

Property Name		JEI Hamamatsucho Building (Property Number: I-3)			
Type of Specified Asset		Trust beneficiary rights in real estate			
Trustee		Sumitomo Mitsui Trust Bank, Limited			
Trust Period		October 26, 2003 to June 30, 2026			
Location	Lot Number	3-5 Hamamatsucho 2-chome, Minato-ku, and others			
	Address	2-12 Hamamatsucho 2-chome, Minato-ku, Tokyo			
Use(Note 1)		Office, car parking			
Type of Ownership(Note 2)	Land	Ownership (partially leasehold rights) (Note 3)			
	Building	Ownership			
Appraisal Value		¥8,780 million			
Appraisal Date		December 31, 2024			
Appraiser		Japan Real Estate Institute			
Details of Leasing					
	Leasable Floor Space(Note 4)	6,411.29 m^2			
	Leased Floor Space (Note 5)	6,411.29 m^2			
	Number of Tenants(Note 6)	1(8)			
	Monthly Rent (Note 7)	¥36,718,000			
	Security Deposits and Guarantees (Note 8)	¥452,196,000			
	Occupancy rate	2023 End Jun.	2023 End Dec.	2024 End Jun.	2024 End Dec.
		61.2%	61.2%	74.1%	100.0%

(Note 1) "Use" is indicated as presented in the registration record.

(Note 2) The "Type of Ownership" indicates the type of rights held by the trustee for the Property to Be Transferred .

(Note 3) The area of the leased portion of land is 387.85 m^2.

(Note 4) "Leasable Floor Space" indicates leasable room area (excluding car parking, warehouses, and other attached buildings and facilities, etc.) as of December 31, 2024.

(Note 5) "Leased Floor Space" is the leased floor space indicated in the lease agreement with the end-tenant as of December 31, 2024, out of the Leasable Floor Space.

(Note 6) The total number of tenants is listed as 1 because a master lease agreement has been concluded with The Dai-Ichi Building Co., Ltd. as the lessee, and the total number of end tenants as of December 31, 2024 is listed in parentheses.

(Note 7) "Monthly Rent" is the total amount (excluding consumption tax, etc.) of the monthly rent (including common service charges but excluding usage fees for car parking, warehouses, and other attached buildings and facilities, etc.) indicated in the lease agreements (in which the rent is stipulated on a monthly basis) that have been executed with the end tenants as of December 31, 2024, rounded down to the nearest thousand yen.

(Note 8) "Security Deposits and Guarantees" is the total amount of the balance (after deducting the amount of any portion that does not need to be returned) of the security deposits and guarantees of lessees (excluding those for car parking, warehouses, and other attached buildings and facilities, etc.) based on lease agreements executed with end tenants as of December 31, 2024, rounded down to the nearest thousand yen.

(2) Overview of the Party Receiving Transfer

The party receiving transfer of the Property to be Transferred is a special purpose company in Japan, but the party receiving transfer is not listed here because it has not given consent to disclose the details thereof. There are no noteworthy capital, personnel or business relationships between the JEI or JEAM and the party receiving transfer. Furthermore, the party receiving transfer and its related parties and affiliates are not related parties of JEI or JEAM.

(3) Details of Brokerage

Name	Nippon Steel Kowa Real Estate Co., Ltd.	
Location	1-8-1 Akasaka, Minato-ku, Tokyo	
Representative	Masahiro Miwa, President and CEO	
Capital	¥19,824 million (as of September 30, 2024)	
Net Assets	¥326,373 million (as of September 30, 2024)	
Total Assets	¥1,287,318 million (as of September 30, 2024)	
Main Business	Real estate business	
Established	March 24, 1997	
Major Shareholders	Nippon Steel Corporation ML Estate Company, Limited The Dai-ichi Life Insurance Company, Limited Nippon Life Insurance Company	
Relationship with JEI/JEAM	Capital Relationship	As of December 31, 2024, the Broker holds 134,427 units of JEI's investment unit (10.2% of the total number of outstanding units). The Broker is a related party of JEI as it is a consolidated subsidiary of its parent company Nippon Steel Kowa Real Estate Co., Ltd., which is a related party of JEI.also holds 4,860 shares of JEAM (54.0% of the total number of outstanding shares) and falls under the category of "related party" as defined in the "Investment Trusts Act." The Broker is also a "sponsor company" as defined in the Regulations for Transactions with Sponsor Companies.
	Personnel Relationship	As of December 31, 2024, seven JEAM officers and employees are seconded from the Broker.
	Business	In the fiscal period ended December 2024, JEI transferred

	Relationship	the JEI and the Osaka Kogin Building (Land with Leasehold Interest) to the Broker. For details, please refer to "Notice Concerning Transfer of Domestic Real Estate Trust Beneficiary Rights and Lease Cancellation (Kowa Kawasaki Higashiguchi Building, Osaka Kogin Building (Land with Leasehold Interest))" dated December 24, 2024.
	Status as Related Party	The Broker is a related party of JEI. It is also the parent company of JEAM.

The brokerage fee paid to the Broker is ¥46,550,000 (not including consumption tax).

(4) Conflicts of Interest of JEAM with regard to the Property to be Transferred

Nippon Steel Kowa Real Estate Co., Ltd., which is the Broker for the Property to Be Transferred, falls under the category of "related party" as defined in the Investment Trusts Act. The Broker is also a "sponsor company" as defined in the Regulations for Transactions with Sponsor Companies. Upon concluding the purchase agreement with said related party and sponsor company, JEAM, in compliance with the said Regulations, has had the transaction approved at a meeting of its Compliance Committee, which includes outside experts, and deliberated and approved at a meeting of its Investment Committee.

5. Outlook

For the impact of said acquisition on JEI's operating results for the periods ending June 2025 (from January 1, 2025 to June 30, 2025) and ending December 2025 (from July 1, 2025 to December 31, 2025), please refer to the "Notice Concerning Financial Report for the Fiscal Period ending December 2024 (REIT)" separately announced today.

6. Overview of Appraisal Report

(1) Property to Be Acquired

Property Name	ARK Hills Front Tower
Appraisal Value	¥17,300million
Appraiser	Japan Real Estate Institute
Appraisal Date	February 1, 2025

(Thousands of yen(Note 1))

Appraisal Item	Appraisal Value	Remarks, etc.
Income Approach Value(Note 2)	17,300,000	
Direct Capitalization Price	17,500,000	
Operating Revenue	882,025	
Gross Potential Revenue	Not disclosed (Note 3)	
Vacancy Loss, etc.		
Operating Expenses	292,040	
Maintenance and Management Fees Property Management Fees	Not disclosed (Note 3)	
Utility costs		
Repair costs		
Advertisement for Leasing, etc.		
Taxes and Public Dues		
Insurance		
Other Expenses		
Net Operating Income	589,985	
Interest Income	Not disclosed (Note 3)	
Capital Expenditures	37,484	Recorded taking into account the average annual amount in the Engineering Report and the repair reserve.
Net Cash Flow	560,428	
Cap Rate	3.2%	Assessed based on the base yield for the district and by considering conditions of the property, future uncertainties and returns of transactions in similar properties.
Discounted Cash Flow Value	17,000,000	
Discount Rate	2.8%	Estimated by comprehensively considering the uniqueness of the target property, with reference to investment returns for similar properties, etc.
Terminal Cap Rate	3.4%	Assessed by referring to returns of transactions in similar properties and comprehensively considering the future trend of investment returns, risk of the property in question as an investment target, general forecasts of future economic growth rate, trends of real estate prices and rents, and other factors.
Cost Approach Value(Note 2)	17,700,000	
Ratio of Land Value	84.0%	
Ratio of Building Value	16.0%	

Other matters noted by the appraiser in conducting appraisal	None

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

(Note 2) The income approach value and the cost approach value are values corresponding to the Trustee's equity interest in the land and building.

(Note 3) The operating revenue, etc. are not disclosed as the consent by the co-owner, etc. has not been obtained.

(2) Property to Be Transferred

Property Name	JEI Hamamatsucho Building
Appraisal Value	¥8,780 million
Appraiser	Japan Real Estate Institute
Appraisal Date	December 31, 2024

(Thousands of yen(Note 1))

Appraisal Item	Appraisal Value	Remarks, etc.
Income Approach Value	8,780,000	
Direct Capitalization Price	8,880,000	
Operating Revenue	450,535	
Gross Potential Revenue	476,321	Recorded taking into account current rents and market rents.
Vacancy Loss, etc.	25,786	Recorded taking into account past occupancy and market vacancy rate levels, etc.
Operating Expenses	149,997	
Maintenance and Management Fees Property Management Fees(Note 2)	38,478	Property management expenses are recorded taking into account past actual amounts, etc. Property Management Fees are recorded taking into account fee rates for similar properties with reference to fee rates based on agreements.
Utility costs	25,580	Recorded based on past actual amounts, etc.
Repair costs	8,516	Recorded taking into account the average annual amount of repair and renovation expenses in the Engineering Report.
Advertisement for Leasing, etc.	3,501	Recorded taking into account the average annual amount assessed based on the estimated rotation period.
Taxes and Public Dues	40,809	Recorded based on materials related to public tax and public dues.
Insurance	632	Recorded taking into account insurance premiums based on insurance policies and insurance premium rates, etc. for similar buildings.
Other Expenses	32,481	Land rent is recorded.
Net Operating Income	300,538	
Interest Income	4,328	Assessed interest income with the yield on investment at 1.0%
Equivalent amount of opportunity cost loss of security deposits	52	Assessed based on the assumption that the investment yield is 1.0% for the interest that could have been earned on the security deposit paid for land lease agreements.
Capital Expenditures	20,638	Assessed taking into account the average annual amount in the Engineering Report.
Net Cash Flow	284,176	
Cap Rate	3.2%	Assessed based on the base yield for the district and by considering conditions of the property, future uncertainties and returns of transactions in similar properties.
Discounted Cash Flow Value	8,680,000	
Discount Rate	2.9%	Estimated by comprehensively considering the uniqueness of the target property, with reference to investment returns for similar properties, etc.
Terminal Cap Rate	3.3%	Assessed by referring to returns of transactions in similar properties and comprehensively considering the future trend of investment returns, risk of the property in question as an investment target, general forecasts of future economic growth rate, trends of real estate prices and rents, and other factors.
Cost Approach Value	8,990,000	
Ratio of Land Value	94.1%	
Ratio of Building Value	5.9%	

Other matters noted by the appraiser in conducting appraisal	None

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

(Note 2) The amounts of property management expenses and property management fees are disclosed in aggregate because there is a risk that disclosing the amounts of each fee individually could affect the other transactions of the contractors for building management operations and property management operations, thereby hindering the efficient operations of JEI and harming the interests of unitholders.

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[Attachments]

[Appendix 1] Exterior View, Etc. of the Property to Be Acquired

[Appendix 2] Portfolio After Acquisition of the Property to Be Acquired

[Appendix 3] Exterior View, Etc. of the Property to Be Acquired

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

[Appendix 1] Income and Expense Outlook for the Property to Be Acquired

NOI	¥591 million
NOI yield	3.4%
NOI yield after depreciation	2.9%

Assumptions for Income and Expense Outlook:

The above figure for "NOI" is the annual average of JEI's estimated figures for the first five years after acquisition of the Property to Be Acquired by JEI, excluding special factors that may arise during the first fiscal year of the acquisition of the Property to Be Acquired (i.e., not forecast for the current fiscal period).

NOI yield is the figure calculated with the following formula:

NOI yield = NOI / planned acquisition price

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

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

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

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[Appendix 2] Portfolio (Planned) After the Transaction

Classification	Property Number	Name	Date of Acquisition	(Planned) Acquisition Price (Millions of yen) (Note 1)	Investment ratio (%) (Note 2)	Investment Ratio by Area (%) (Note 2)
Area I: 6 central wards of Tokyo (Note 3)	I-1	Omori Bellport D	June 29, 2006	22,552	7.9	64.1
	I-2	Shiba 2-Chome Building	June 29, 2006	9,450	3.3	
	I-8	AKASAKA INTERCITY	October 26, 2007	17,857	6.3	
			February 5, 2013	10,289	3.6	
			Total	28,146	9.9	
	I-10	Daiba Garden City Building	February 4, 2011	11,000	3.9	
	I-12	HAMARIKYU INTERCITY	December 20, 2011	7,080	2.5	
			February 4, 2014	12,000	4.2	
			Total	19,080	6.7	
	I-14	Kowa Nishi-Shimbashi Building	March 28, 2013	3,931	1.4	
			August 1, 2017	7,500	2.6	
			Total	11,431	4.0	
	I-15	Mansard Daikanyama	July 1, 2016	11,420	4.0	
	I-16	AKASAKA INTERCITY AIR	July 2, 2018	6,590	2.3	
	I-17	BIZCORE AKASAKA-MITSUKE	October 1, 2019	6,200	2.2	
	I-18	BIZCORE JIMBOCHO	June 25, 2021	10,200	3.6	
	I-19	BIZCORE SHIBUYA	August 1, 2022	6,640	2.3	
	I-20	BIZCORE TSUKIJI	July 4, 2023	9,800	3.4	
	I-21	OSAKI BRIGHT TOWER/OSAKI BRIGHT PLAZA	April 26, 2024	13,100	4.6	
	I-22	ARK Hills Front Tower	April 15, 2025	17,250	6.1	
Area II: Central Osaka City Central Nagoya City Central Fukuoka City (Note 4)	II-1	NHK Nagoya Housou-Center Building	June 27, 2006	4,300	1.5	8.0
			March 24, 2014	1,310	0.5	
			Total	5,610	2.0	
	II-4	GRAND FRONT OSAKA (Umekita Plaza • South Building)	February 3, 2020	4,868	1.7	
			December 8,2023	4,650	1.6	
			Total	9,518	3.3	
	II-5	GRAND FRONT OSAKA (North Building)	February 3, 2020	3,982	1.4	
			December 8,2023	3,650	1.3	
			Total	7,632	2.7	
Area III: Tokyo other than Area I, and its vicinity (Kanagawa, Saitama, and Chiba prefectures)	III-1	Musashikosugi Tower Place	June 27, 2006	13,890	4.9	19.3
	III-5	Kawasaki Nisshincho Building	June 27, 2006	3,775	1.3	
			November,30,2006	130	0.0	
			October 17, 2008	300	0.1	
			April 17, 2013	520	0.2	
			Total	4,725	1.7	
	III-7	JEI Ryogoku Building	June 27, 2006	2,550	0.9	
	III-11	Core City Tachikawa	February 5, 2013	6,500	2.3	
	III-12	Nisseki Yokohama Building	April 1, 2015	24,500	8.6	
	III-13	Yokohama Bentendori Dai-ichi Seimei Building	June 15, 2018	640	0.2	
	III-14	Shinyokohama Arena dori Building	March 31, 2023	2,077	0.7	
Area IV: Osaka, Nagoya and Fukuoka (excl. Area II), other government-decreed cities, etc.	IV-3	JEI Hiroshima Hacchobori Building	May 22, 2012	2,760	1.0	8.6
	IV-4	SE Sapporo Building	March 1, 2013	5,500	1.9	
	IV-5	Aoba-dori Plaza	February 4, 2014	2,120	0.7	
	IV-6	Daiwa Minami-morimachi Building	February 4, 2014	4,410	1.5	
	IV-7	JEI Naha Building	December 7, 2015	1,380	0.5	
	IV-8	Hiroshima Dai-ichi Seimei OS Building	June 15, 2018	2,780	1.0	
	IV-9	Senshin Building	November,13,2019	1,580	0.6	
	IV-10	Sapporo Otemachi Building	December 1, 2021	4,069	1.4	
Total				285,100	100.0	100.0

(Note 1) "(Planned) Acquisition Price" is the purchase price stated on the purchase agreement of each property (excluding consumption taxes). Amounts are rounded down to the nearest specified unit.

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

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

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

Appendix 3: Exterior View, Etc. of the Property to Be Acquired



