

Securities Code: 8987



JEI

Japan Excellent, Inc.

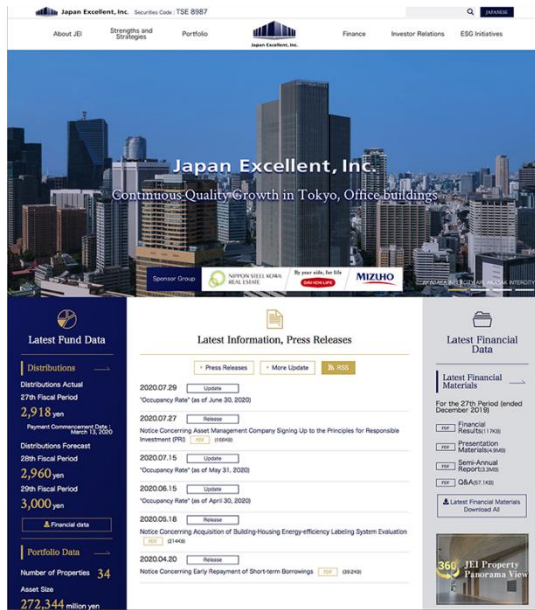
Thirty-first Period (Ended December 2021)

Presentation Materials

February 18, 2022

Information on Website

Please visit JEI's website below.



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

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Introduction of JEI: Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area Japan Excellent, Inc.

1. Sponsors

Japan Excellent, Inc.
Japan Excellent Asset Management Co., Ltd.



- Continuous expansion of the asset size through the provision of property acquisition opportunities

- Strengthening of profitability and enhancement of property competitiveness with strong property management and leasing capabilities

- Stable and flexible fund procurement

Core Sponsors



Nippon Steel Kowa Real Estate Co., Ltd.
(Investment ratio: 54%)

Total of group: **64%**



The Dai-ichi Life Insurance Company, Limited.
(Investment ratio: 26%)

Total of group: **36%**



Mizuho Bank, Ltd.



Mizuho Trust & Banking Co., Ltd.



The Dai-ichi Building Co., Ltd.



Sohgo Housing Co., Ltd.

*The investment ratio by each core sponsor shown above is the investment ratio in Japan Excellent Asset Management Co., Ltd, which is the Asset Management Company.

- ◆ Cooperative system with finance, insurance and developers as the core sponsors

- Continuously acquired large-scale properties in central Tokyo with high specifications mainly by utilizing the sponsor pipeline

- Percentage of properties in the portfolio that were acquired from the sponsor: **79.4%**

- Maintained a high occupancy rate by also gaining significant sponsor support on property operation and management
Continuous stable growth of rental revenue

- Period-end occupancy rate for the 31st Period: **93.1%**
(Average occupancy rate over the past 5 years: **98.6%**)

- Rental revenue for the 30th Period: **9,883 million yen**

- Established a solid financial base supported by a megabank sponsor

- Ratings: **AA-** (JCR), **A3** (Moody's)

- Average remaining period of interest-bearing debt: **4.4 years**

- LTV: **42.7%**

2. Portfolio*

- High growth potential and stability mainly in the Tokyo metropolitan area

Number of properties: **36**

Asset size: **288.6 billion yen**

Ratio of investment in office buildings: **100.0%**

Large-scale properties: **66.6%**

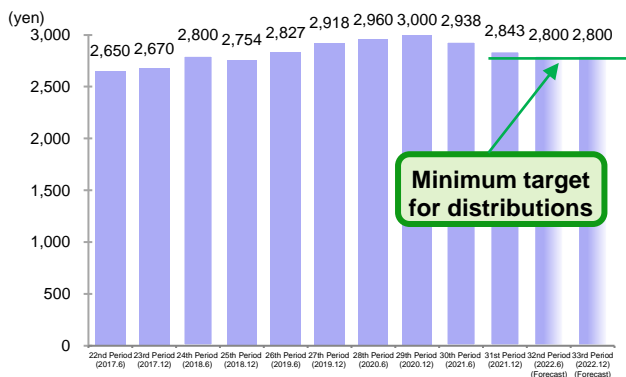
Tokyo metropolitan area: **84.6%**

6 central wards of Tokyo: **52.6%**

* Please refer to notes on p. 47 for definitions of the figures above.

3. Historical Distributions

- Operational stance aiming for stable distribution



4. ESG Initiatives

- Strongly promoting initiatives by positioning them as the most important issue

① Reduction of Environmental Burden

② Cooperation/Collaboration with Stakeholders

GRESB: Acquired the highest rating of “Green Star” and “5star”

Included in MSCI Japan ESG Select Leaders Index

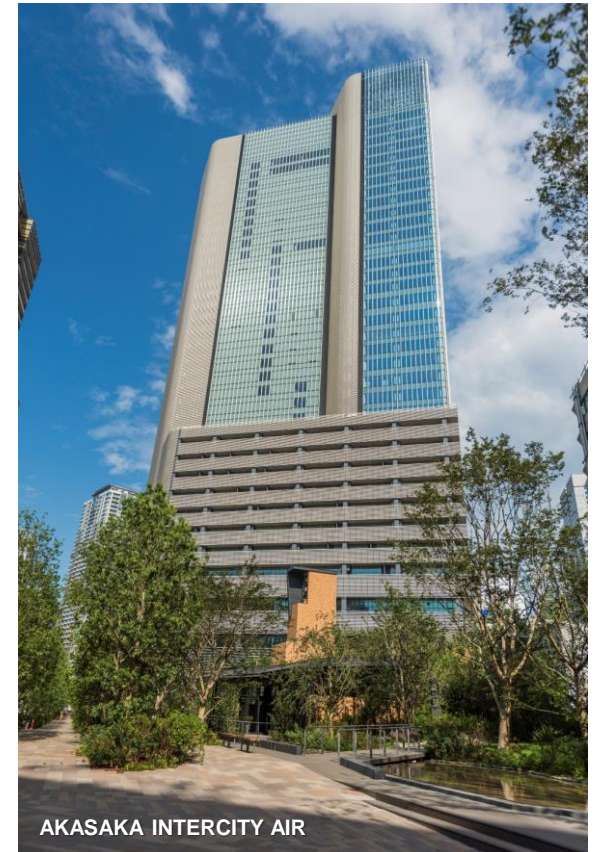
Switched to CO2-free electricity in 10 owned properties

CO2 emissions reduction target -46% in FP2030 (vs FP2013)

Green Building Certification: 84.7% (area basis)

Declared Support for TCFD, Signed the Principles for Financial Action for the 21st Century

I. Key Points in Current Operations



Key Points in Current Operations

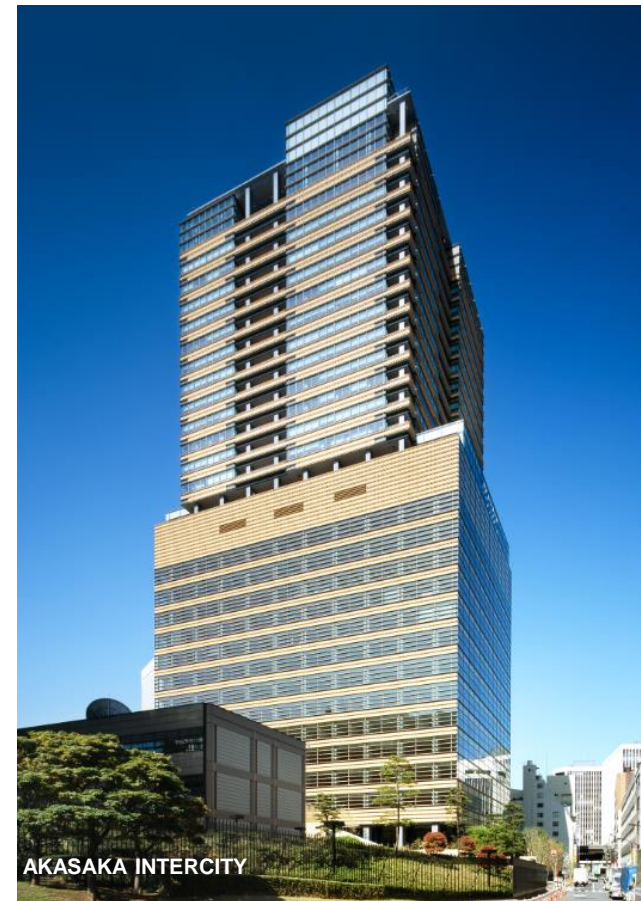
	MN yen		MN yen			MN yen		MN yen
	30th Period (Ended June 2021)		31st Period (Ended December 2021)			32nd Period (Ending June 2022)		33rd Period (FP12/2022)
	21/2 F	Actual	21/2 F	21/8 F	Actual	21/8 F	22/2 F	22/2 F
Operating revenue	10,574	10,567	10,321	10,689	10,666	11,046	11,117	10,486
(of which, gain on sale)	-	-	-	-	-	805	805	523
Net income	3,896	3,975	3,517	3,788	3,846	4,108	4,087	3,585
Reserve for Reduction Entry Provision (-) and reversal (+) of reserve (Distribution equivalent)	+40	-	+135	-	-	-320	-298	+202
	(+ 30 yen)	-	(+ 100 yen)	-	-	(-237 yen)	(-220 yen)	(+149 yen)
Distributions per unit	2,910 yen	2,938 yen	2,700 yen	2,800 yen	2,843 yen	2,800 yen	2,800 yen (*)	2,800 yen (*)

Expected gain on sale of Shintomicho Building
 FP33 520 million yen
 FP34 790 million yen

(*) Does not include assumed effects of acquisition and retirement of repurchased investment units.

External growth	<p>① Acquisition of BIZCORE JIMBOCHO (June 2021)</p> <ul style="list-style-type: none"> - Achieving external growth with pipelines linked with the <u>medium-term plan of core sponsors</u> - Postponement of property acquisitions and large-scale departures leads to raising of base distributions to 2,600 yen from 2,800 yen <p>② Decision to sell Kowa Shirokanedai Building (August 2021)</p> <ul style="list-style-type: none"> - Partial utilization of gain on sale used in 32nd Period distribution and remainder used in internal reserves to secure financial leeway for future stability in distribution <div style="border: 2px solid red; padding: 5px; text-align: center;"> <p>Establishment of minimum target for distribution per unit (2,800 yen)</p> </div>	<p>Acquisition of third-party properties (December 2021)</p> <p>Acquisition of Sapporo Otemachi Building with funds on hand</p>	<div style="border: 2px solid red; padding: 5px;"> <p>Further strengthening of financial base and enhancement of unitholder value in order to maintain the minimum distribution target</p> </div> <p>(1) Decision to sell Shintomicho Building (February 2022)</p> <ul style="list-style-type: none"> - Utilization of gain on sale used in 33rd Period and onward distribution and internal reserves to secure financial leeway for future stability in distribution <p>(2) Decision to acquire ARK Hills FRONT TOWER (49% equity interest in Anonymous Association) (February 2022)</p> <ul style="list-style-type: none"> - Acquired from sponsors as replacements for Kowa Shirokanedai Building and Shintomicho Building Outlook for additional acquisitions <p>(3) Decision to implement buyback (February 2022)</p> <ul style="list-style-type: none"> - Refilling of Musashikosugi Tower Place results in reasonable progress in Kawasaki Nisshincho Building
Financial Strategy	<ul style="list-style-type: none"> - Asset efficiency (securitization of deposits), cost reduction, etc. 		
Internal Growth	<ul style="list-style-type: none"> - Refilling of large-scale floors in cooperation with sponsors Developing direct marketing by proposing new office concepts, etc. 		

II. Financial Results of the 31st Period (Ended December 2021)



1. Overview of Financial Results of the 31st Period (Ended December 2021)

(unit: million yen)

	30th Period (Jun. 2021) Result A	31st Period (Dec. 2021) Initial Forecast B	31st Period (Dec. 2021) Result C	31st Period Result Comparison with previous period C-A	31st Period Result Comparison with initial forecast C-B
Operating revenue	10,567	10,689	10,666	+98	-23
Rental revenue	9,845	9,858	9,883	+37	+24
Gain on sales of real estate	-	-	-	-	-
Operating expenses	5,977	6,260	6,180	+203	-79
Expenses for rental operations	5,355	5,620	5,563	+207	-57
Sales and administrative expenses	621	639	617	-3	-21
Operating income	4,590	4,429	4,485	-104	+56
Ordinary income	3,976	3,789	3,846	-129	+57
Net income	3,975	3,788	3,846	-129	+57
Provision (-) and reversal (+) of reserve for reduction entry	-	-	-	-	-
Total distributions	3,975	3,788	3,846	-128	+57
Distributions per unit (yen)	2,938	2,800	2,843	-95	+43
Period-end occupancy rate	96.4%	94.0%	93.1%	-3.3pt	-0.9pt

● Comparison with the Results for the 30th Period (Ended Jun. 2021) (Impact on Distribution Resources)

① Increase in operating revenue	+98 million yen
· Increase in rental revenue	+37 million yen
· (Full-year contribution to property acquired in FP30 (+), decline in occupancy rate (-))	
② Increase in operating expenses	-203 million yen
· Increase in expenses for rental operations	-207 million yen
· (Increase in property management expenses -49 million yen, increase in utilities expenses -107 million yen, etc)	
· Decrease in sales and administrative expenses	+3 million yen
③ Increase in non-operating expenses	+25 million yen
· Absence of arrangement fee, etc.	
④ Decrease in net income	-129 million yen
⑤ Decrease in total distributions	-128 million yen

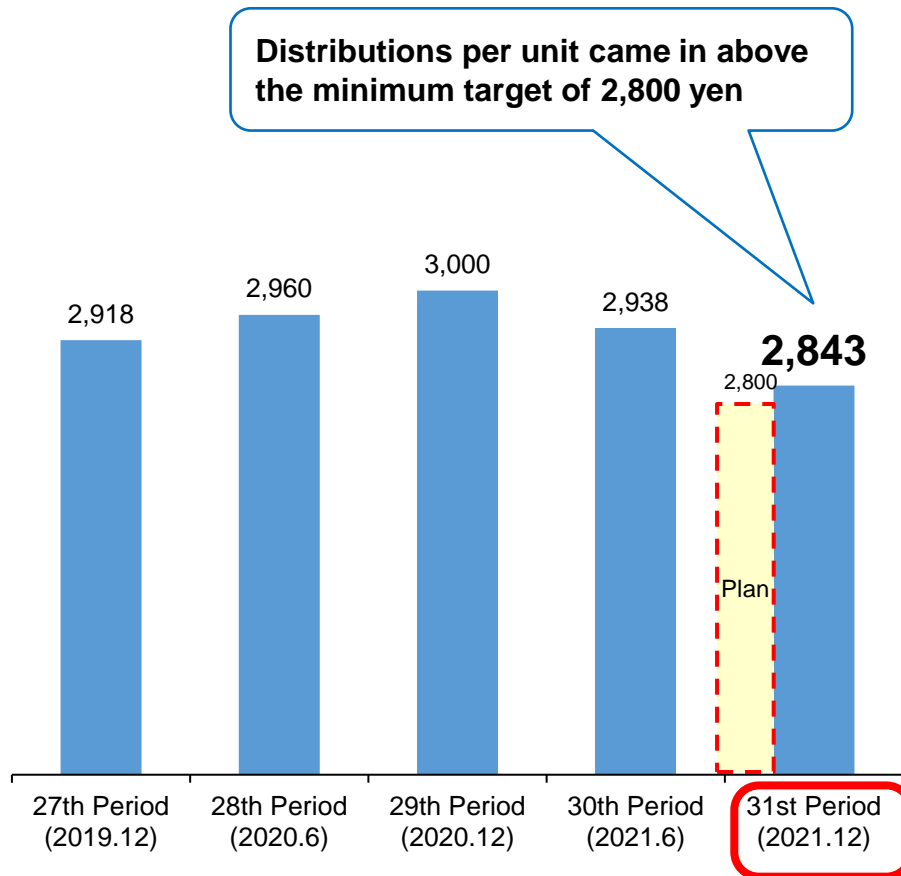
● Comparison with Previous Forecast (Impact on Distribution Resources)

① Decrease in operating revenue	-23 million yen
· Increase in rental revenue	+24 million yen
· Decrease in revenue for utilities expenses	-50 million yen
② Increase in operating expenses	+79 million yen
· Decrease in expenses for rental operations	+57 million yen
· (Decrease in repairs and maintenance: +37 million yen)	
③ Decrease in non-operating expenses	+0.8 million yen
④ Increase in net income	+78 million yen
⑤ Increase in total distributions	+57 million yen

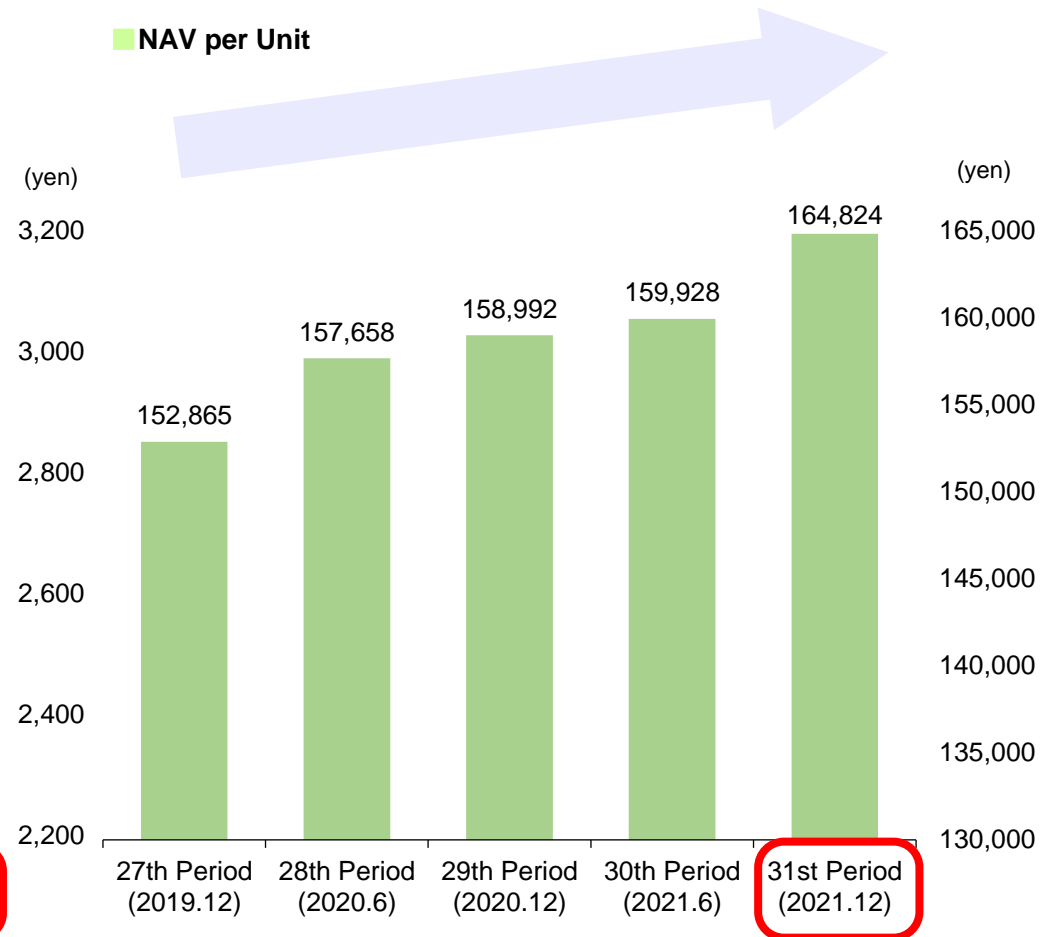
2. Actual Results of Distributions per Unit and NAV for the 31st Period (Ended December 2021)

- ◆ Although the occupancy rate at the end of the 31st Period was lower than planned due to the prolonged period of the declaration of a state of emergency, the impact on earnings was within the scope of the initial plan, and distributions exceeded the plan.
- ◆ Continued growth of NAV per unit

Distributions per Unit



NAV per Unit



3. Highlights of the 31st Period (Ended December 2021)

External growth

- ◆ **Acquired Sapporo Otemachi Building for 4.07 billion yen (December 2021)**
Asset efficiency improved from using funds on hand, resulted in boosting distributions by about +50 yen on a BAU basis
- ◆ **Determination to sell Shintomicho Building, an old property (age: 31 years)**
With concerns about future decline in profitability, utilization of 1.3 billion yen on gain on sale for stabilizing distributions
- ◆ **Decision to acquire ARK Hills FRONT TOWER (49% equity interest in Anonymous Association) (Transfer scheduled May 2022)**
Acquired from sponsors as replacements for Kowa Shirokanedai Building and Shintomicho Building for 5.23 billion yen

Internal Growth

- ◆ Departures were in line with expectations, but occupancy declined due to stagnation in leasing activities and more caused by the COVID-19 pandemic
- ◆ Flexible rent revisions with top priority given to preventing departures

Financial Strategy

- ◆ Enhancement of asset efficiency through cash management
Acquisition of Sapporo Otemachi Building entirely with funds on hand
- ◆ Execution of green syndicated loans (long-term floating-rate loans)
- ◆ **Decision to implement buybacks**
Total buyback cost (maximum) 2 billion yen, buyback period: February to April

ESG

- ◆ **Formulation of medium- to long-term CO2 emission reduction targets (October 2021)**
- ◆ Formulation of climate change policies and enhancement of climate change disclosure
- ◆ Continued to acquire Green Building Certification (added 2 properties)
- ◆ **Promoting switch to CO2-free electricity (7 additional properties)**

■ Asset Size

286.6 billion yen (Change from FP30: +4.1 billion yen)

■ Impact of sale of Shintomicho Building

Booked gain of 520 million in FP33, 790 million expected in FP34
(A portion will be used for internal reserves and to stabilize distributions)

■ Unrealized gain

70.8 billion yen
(Change from FP30: +6.8 billion yen)

■ Percentage of unrealized gain

26.4%
(Change from FP30: +2.2pt)

■ Period-end Occupancy rate

93.1 % (Vs. plan: -0.9pt)

■ Status of rent:

Ratio of rent revised upward (area basis)

4.2 %
(Vs. plan: +0.2pt)

Upward revision rate

+4.6 %
(Vs. plan: -0.6pt)

■ Impact of COVID-19 Crisis (commercial)

5 rent reductions/exemptions, approximately -1.2 million yen, 0 payment postponements

■ LTV

42.7 % (Change from FP30: ±0.0pt)

■ Property acquisition capacity (LTV up to 45%)

16 billion yen

■ Internal reserve

451 million yen (distribution equivalent 333 yen)

■ Average remaining period of interest-bearing debt:

4.4 years (Change from FP30: ±0.0 years)

■ Average interest rate of interest-bearing debt:

0.73% (Change from FP30: -0.1pt)

■ GRESB Real Estate Assessment (2021)

Highest rating

Green Star

(seven consecutive years)

5star

(two consecutive years)

■ MSCI ESG Rating

A

■ Percentage of properties with Green Building certification (area basis)

84.7% (Change from FP30: +2.0pt)

■ Switching to renewable energy and CO2 free electricity in 10 of 36 properties

Distributions per unit

FP30: 2,938 yen

FP31: **2,843** yen

Change from FP30: - 95 yen

(- **3.2** %)

Change from forecast at beginning of period **+43 yen**

NAV per unit

FP30: 159,928 yen

FP31: **164,824** yen

Change from FP30: +4,896 yen

(+ **3.1** %)

III. Performance Forecasts for the 32nd Period (Ending June 2022) and 3rd Period (Ending December 2022)



1. Overview of Performance Forecasts for the 32rd Period (Ending June 2022) and 33rd Period (Ending December 2022)

<Outlook of office market>

- Although the trend of office floor space reduction triggered by the introduction of remote work is running its course, the trend of office space review triggered by the renewal of fixed leases will remain.
Meanwhile, since the lifting of the state of emergency in October 2021, inquiries and contracts for large floor space (200 tsubo or more) have gradually begun to appear, indicating that there will be a further revitalization of economic activity in general, and that the market will continue to grow.
Standby demand is beginning to move due to the emergence of moves to review office functions with an eye to post-COVID society and the expansion of tenants' options.
- These demand trends and the increase in office supply from 2023 onwards will have conflicting effects on each other, and will lead to a rise in the demand for office space. The vacancy rate is expected to remain range-bound for the one year, while newly concluded rents are expected to soften due to owners' preference for occupancy.
However, as indicated by the increasing number of relocations aimed at improving the location and building grade, large buildings with superior location and performance will easily fit into the new office strategy, and are expected to attract demand as core offices.

< Assumptions for performance forecasts >

◎ Continuing to maintain the minimum distribution target based on more stringent assumptions about the leasing market

External growth

- In addition to the impact of the current acquisition of new properties on earnings, we have factored in the realization of gains from the recent sale of properties (Kowa Shirokanedai Building in the 32nd Period and Shintomicho Building in the 33rd Period).

Internal growth

- As before, a wide range of concerns have built up regarding departures.
For refilling, downtime and free rent are set in consideration of the current leasing situation and the difficulty level and floor area of each property.
With the steady progress of refilling, the occupancy rate is expected to bottom out at the end of the 31st Period and gradually recover.
- Contract renewal is assumed to be firm, with no rent increase factored in.
On the other hand, we have factored in rent reduction adjustments in order to respond to rent reduction requests from tenants with rent gaps, to prevent tenants from departing, and to encourage existing tenants to increase the floor space in the building.

Period-end Occupancy rate (%)

31st Period	32nd Period	33rd Period
93.1%	93.6%	94.8%

Management of Distributions

- We expect to maintain the minimum DPU target of 2,800 yen level through further property acquisitions and flexible use of gains on sales and internal reserves.

2. Overview of Performance Forecasts for the 32nd Period (Ending June 2022) and 33rd Period (Ending December 2022)

(unit: million yen)

	31st Period (Dec. 2021) Result A	(Reference) 32nd Period (Jun. 2022) Initial Forecast	32nd Period (Jun. 2022) Forecast B	Comparison of Forecast for 32nd Period with Previous Period B-A	33rd Period (Dec. 2022) Forecast C	Comparison of Forecast for 33rd Period with Previous Period C-B
Operating revenue	10,666	11,046	11,117	+451	10,486	-631
Rental revenue	9,883	9,555	9,581	-302	9,212	-368
Gain on sales of real estate	-	805	805	+805	523	-281
Operating expenses	6,180	6,330	6,432	+251	6,270	-161
Expenses for rental operations	5,563	5,671	5,782	+218	5,652	-129
Sales and administrative expenses	617	659	650	+32	617	-32
Operating income	4,485	4,715	4,684	+199	4,215	-469
Ordinary income	3,846	4,109	4,088	+241	3,586	-501
Net income	3,846	4,108	4,087	+240	3,585	-501
Provision (-) and reversal (+) of reserve for reduction entry	-	-320	-298	-298	+202	+501
Total distributions	3,846	3,788	3,788	-58	3,788	-
Distributions per unit (yen)	2,843	2,800	2,800	-43	2,800	-
Period-end occupancy rate	93.1%	95.4%	93.6%	+0.5pt	94.8%	+1.2pt

● Comparison of the Results for the 31st Period and Forecasts for the 32nd Period (Impact on Distribution Resources)

① Increase in operating revenue	+451 million yen
• Full-year contribution of property acquired in the 31st Period (Sapporo Otemachi Building)	+111 million yen
• Decrease in existing property revenue	-393 million yen
• Increase in gain on sales of real estate	+805 million yen
② Increase in operating expenses	-251 million
• Increase in property management expenses (new leasing fees, etc.)	-76 million yen,
• Increase in repairs and maintenance	-49 million yen
• Increase in taxes	-47 million yen
• Increase in depreciation	-41 million yen
③ Decrease in non-operating expenses	+42 million yen
• Absence of arrangement fee, etc.	
④ Increase in ordinary income and net income	+240 million yen
⑤ Increase in provision of reserve for reduction entry	-298 million yen
⑥ Decrease in total distributions	-58 million yen

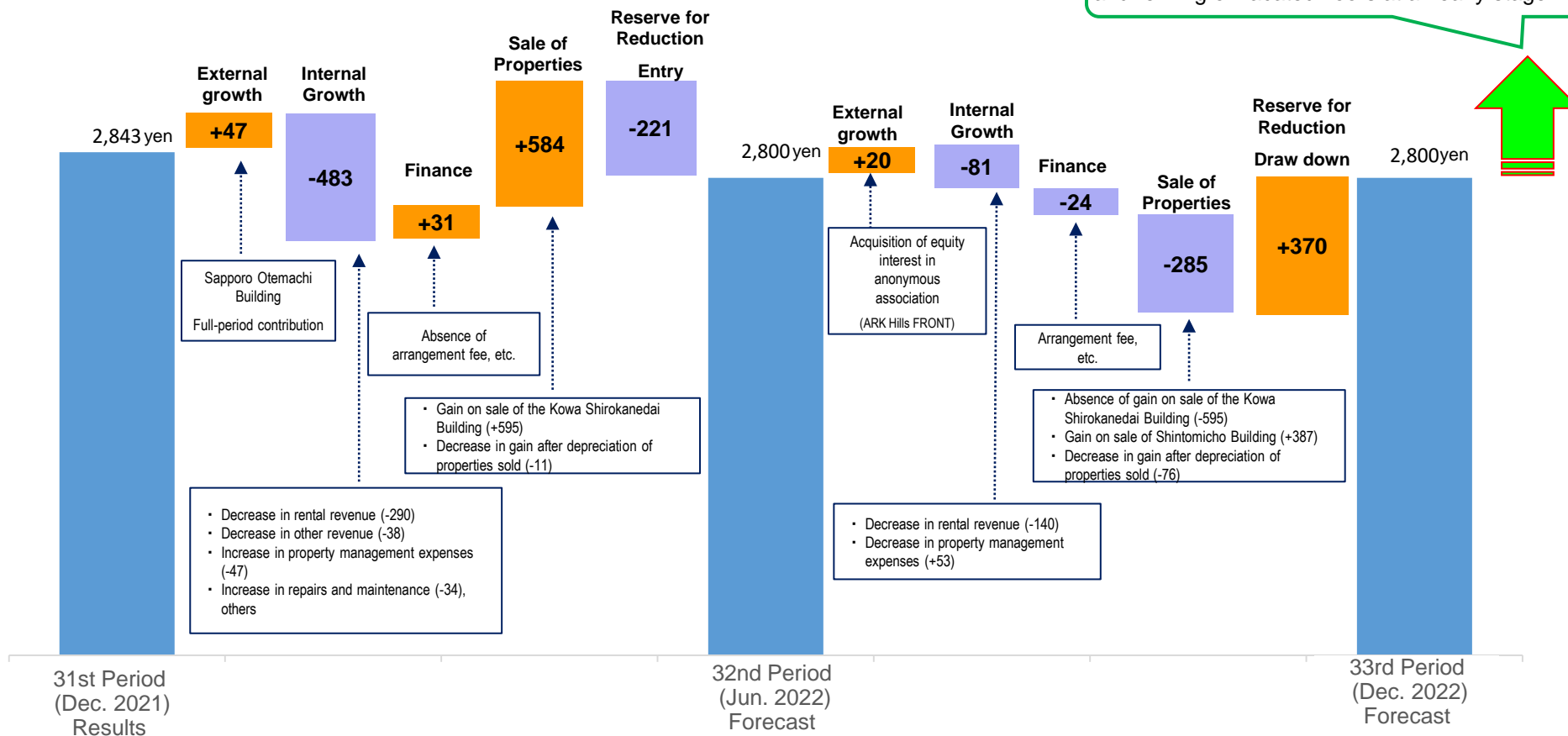
● Comparison of Forecasts for the 32nd Period and Forecasts for the 33rd Period (Impact on Distribution Resources)

① Decrease in operating revenue	-631 million yen
• Decrease in rental revenue (impact of free rent, etc.)	-368 million yen
• Decrease in gain on sales of real estate	-281 million yen
② Decrease in non-operating expenses	+161 million yen
• Decrease in property management expenses	+96 million yen
• Decrease in sales and administrative expenses (asset management fees, etc.)	+32 million yen
③ Increase in non-operating expenses	-32 million yen
• Arrangement fee, etc.	
④ Decrease in ordinary income and net income	-501 million yen
⑤ Provision of reserve for reduction entry	+501 million yen
⑥ Total distributions	± 0 million yen

3. Forecast of Distributions per Unit

- ◆ In the 32nd Period, the decrease in rental revenue due to decline in occupancy rate and departure factors was countered by full-period contribution of newly acquired properties and the gain on sale of the Kowa Shirokanedai Building. The stable operating target is 2,800 yen, after securing financial resources for future dividend stabilization measures through provision of reserve for reduction.
- ◆ In the 33rd Period, distribution per unit is was maintained at 2,800 yen as the reserve for reduction was drawn down in light of the absence of gains on sales and a decrease in rental revenue due to departure factors

Pursuit of upward revision through external growth and refilling of vacated floors at an early stage



IV. Management Status and Policy



1. Review of Corporate Action

■ While steadily implementing various measures as an asset manager, we will also implement measures to further maximize unitholder value.

Measures		Items implemented or decided	Ongoing considerations
Properties	Acquisition of new properties by mainly utilizing sponsor pipeline (increase in NOI)	<ul style="list-style-type: none"> Acquisition of Sapporo Otemachi Building (2021/12/1) Decision to acquire ARK Hills FRONT TOWER (49% equity interest in anonymous association) (2022/2/17) 	<ul style="list-style-type: none"> Consultation with sponsors for further acquisitions Consider acquiring third party properties
	Asset replacement (improvement of NOI, securement of gain on sale)	<ul style="list-style-type: none"> Decision to sell Kowa Shirokanedai Building (2022/8/18) Decision to sell Shintomicho Building (2022/2/17) 	<ul style="list-style-type: none"> Ongoing consideration of asset replacement
Leasing and Management	Refilling of large-scale vacancies that are difficult to be filled with the entire group	<ul style="list-style-type: none"> Partial refilling of large vacancies at Musashikosugi Tower Place 	<ul style="list-style-type: none"> Focused on refilling at an early stage through direct sales to tenants linked to sponsors and flexible setting of rent terms
	Prevention of the departure of existing tenants, flexible rent negotiations	<ul style="list-style-type: none"> Increased renewal as planned Achieving prevent departures and encourage floor space expansion by utilizing reduction adjustment 	<ul style="list-style-type: none"> Make conservative plans that do not factor in higher rents, while facing the challenge of renewals with increased rent when the environment improves
	Maintenance and improvement of property value from a medium- to long-term perspective in cooperation with the PM and BM	<ul style="list-style-type: none"> Progress of LED construction that contributes to environmental consideration Implemented work based on medium- to long-term repair plan Made medium- to long-term repair plan more granular utilizing external consultants 	<ul style="list-style-type: none"> Initiatives ongoing
Finance	Enhancement of asset efficiency, LTV control (Release of Security Deposit)	<ul style="list-style-type: none"> Gradual release of security deposits Acquisition of Sapporo Otemachi Building and ARK Hills FRONT TOWER entirely with funds on hand 	<ul style="list-style-type: none"> Expanded use of commitment line funds
	Maintenance and stabilization of distributions (Flexible use of internal reserve, buybacks)	<ul style="list-style-type: none"> Decision to implement buyback (2022/2 - 4) 	<ul style="list-style-type: none"> Enhancement of asset efficiency Utilization of gain on sale and internal reserve for stabilizing distributions
	Reduction of costs	<ul style="list-style-type: none"> Reduction of financial costs through refinancing at long-term floating interest rates Reduction of arrangement fee through bilateralization of commitment line 	<ul style="list-style-type: none"> Reduction of financial costs
	Control of costs and risks through flexible fund procurement and diversification of procurement method	<ul style="list-style-type: none"> Execution of first green syndicated loan by an office J-REIT 	<ul style="list-style-type: none"> Active use of sustainability finance
ESG	Further promotion of ESG initiatives	<ul style="list-style-type: none"> Formulation of CO2 emissions reduction target (per unit) <ul style="list-style-type: none"> -46.0% in FP2030 (vs FP2013) Disclosure of climate-related financial information (qualitative analysis) in line with the TCFD recommendations Expansion of energy-saving and CO2-free power (7 additional properties for 10 in total) Additional acquisition of Green Building Certification (2 properties) Establishment of a green finance framework Introduction of a tiered employee training system 	<ul style="list-style-type: none"> Improvement of disclosure of climate-related financial information (quantitative items) Further expansion of renewable and CO2-free power Additional acquisitions of Green Building Certifications New acquisition of BELS certification

2. Buyback of Investment Units

- ◆ While the price of investment units remains below NAV per unit, we plan to increase unitholder value over the medium to long term by acquiring and retiring treasury investment units using cash reserves.
- ◆ Pursue maximum announcement impact by announcing measures to strengthen financial base through acquisition and sale of properties at the same time.

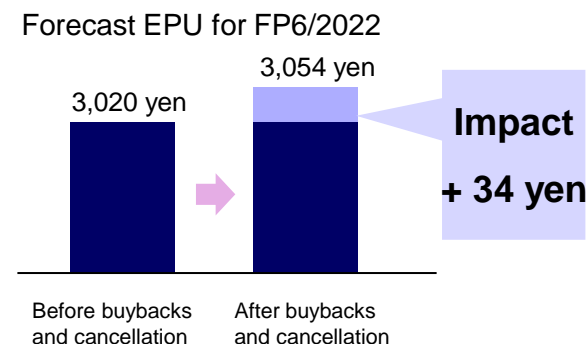
[Significance of Initiatives]

<ul style="list-style-type: none"> Enhancement of asset efficiency and return to unitholders 	<ul style="list-style-type: none"> Net income (EPU) per unit improved as a result of buyback and retirement of investment units Efficient use of funds on hand
<ul style="list-style-type: none"> Improvement of NAV per unit 	<ul style="list-style-type: none"> Buyback and retirement of treasury investment units at a price below NAV per unit

< Assumptions for trial calculations >

Total cost of buybacks	2,000 million yen
Average acquisition price	131,900 yen (closing price on January 31)
Total number of investment units	15,163 units (1.1% of outstanding investment units)

Impact on forecasted EPU] (trial calculation)



■ JEI unit price

(yen/unit)














(*1) This calculation is not for the forecasted distribution per unit, but for the forecasted EPU. For the distribution per unit for the period ending June 2022, please refer to page 13.


(*2) "Impact on forecasted EPU" is the current figure calculated based on the above "Assumptions for trial calculation", and will vary depending on the actual total number of investment units to be acquired and the total acquisition price.

3. External growth

(1) Look back and near-term plans

	27th Period Ended December 2019	28th Period (Ended June 2020)	29th Period (Ended December 2020)	30th Period (Ended June 2021)	31st Period (Ended December 2021)	32nd Period (Ending June 2022)	33rd Period (Ending December 2022)	34th Period (Ending June 2023)	
Acquisition	<p>BIZCORE AKASAKA-MITSUKE Acquisition price 6.2 billion yen</p>  <p>Senshin Building Acquisition price 1.58 billion yen</p> 	<p>GRAND FRONT OSAKA Acquisition price 8.85 billion yen</p> 		<p>BIZCORE JIMBOCHO Acquisition price 10.2 billion yen</p> 	<p>Announced Nov. 2021</p> <p>Sapporo Otemachi Building Acquisition price 4.07 billion yen</p> 	<p>Announced this time</p> <p>ARK Hills FRONT TOWER (Equity interest in Anonymous Association) Acquisition price 5.23 billion yen</p> 	<p>Outlook for additional acquisitions</p> <p>Properties under consideration</p> 		
	Transfer		<p>Transfer price 9.01 billion yen</p> <p>JEI Nishi-Honmachi Building (27th - 29th Period)</p> 				<p>Kowa Shiroganedai Building Transfer price 5.4 billion yen</p> 		<p>Announced this time</p> <p>Transfer price 3.1 billion yen</p> <p>Shintomicho Building (33rd - 34th Period)</p> 
		<p>Transfer price 8.82 billion yen</p> <p>Kowa Kawasaki Nishiguchi Building (35%) (27th - 28th Period)</p> 							

3. External growth

(2) Property Acquired in the 31st Period (Ended December 2021) (Sapporo Otemachi Building)  **Japan Excellent, Inc.**

- ◆ Acquired Sapporo Otemachi Building, equivalent to 70%, for 4,069 million yen in the Sapporo area where supply and demand are strong
- ◆ Despite its age, the property maintains a high occupancy rate due to its convenient location near the entrance to the Sapporo Ekimae Dori underground shopping arcade, which is the busiest area in the city, and near Odori Station. Market rent is higher than the average rent in the building, and upside is expected.
- ◆ Improved asset efficiency by allocating all funds on hand. Resulted in boosting distributions by about 50 yen on a BAU basis

■ Acquired Properties/Overview of Acquisitions

Location	4-Chome, Minami Ichijo Nishi, Chuo Ward, Sapporo City, Hokkaido		
Structure	SRC, flat roof, 10 stories with 1 basement floor		
Total floor area	9,792.75m ²		
Completed	Apr. 1984		
Acquisition price	4,069 million yen		
Period-end Appraisal Value	4,235 million yen		
Acquisition date	Dec. 1, 2021		
NOI yield (r)	4.6%	NOI yield after depreciation (r)	3.7%
Occupancy rate	98.5% (as of end-December 2021)		

(*) NOI yield and NOI yield after depreciation are calculated based on the assumed balance for the first 5 years.

■ Characteristics of acquired properties

Located in the center of Sapporo City, highly convenient for transportation.

- 2-minute walk from Odori Station on the Sapporo Municipal Subway Namboku Line, Tozai Line and Toho Line.
- 1-minute walk from Nishi 4-chome Station on the Sapporo City Streetcar Line.
- Close to the entrance of Sapporo Ekimae Dori underground shopping arcade, the busiest area in Sapporo.
- Located along Minami Ichijo Street, with easy access to JR Sapporo Station.

Large office space allows for flexible operations

- The standard floor area is approximately 220 tsubo, and the floor plan can be divided into sections from a minimum of approximately 15 tsubo.
- Mechanical parking for 99 cars

Despite its age, the building is competitive enough to maintain a high occupancy rate.

- As ongoing maintenance such as renovation of common areas is conducted, the property is competitive in the area and maintains a high occupancy rate.
- Average occupancy rate over the past 5 years: 98.8%
- Capex and repair expenses for the next 10 years are expected to be within the scope of depreciation expenses.



3. External growth

(3) Property to Be Acquired in the 32nd Period (Ending June 2022) (Equity interest in Anonymous Association)(ARK Hills FRONT TOWER)

- ◆ Acquired equity interest in an anonymous association (equivalent to 49%) in ARK Hills Front Tower from core sponsor Nittetsu Kowa Real Estate for 5,230 million yen, as a replacement for Kowa Shirokanedai Building and Shintomicho Building.
- ◆ Rare, relatively new property in central Tokyo. 4-minutes' walk from Tameike-Sanno Station and Roppongi 1-chome Station. Great location facing Roppongi-dori.
- ◆ Improved asset efficiency by allocating all funds on hand. Will boost distributions by about 50-60 yen on a BAU basis Outlook for additional acquisitions



■ Outline of underlying assets (trust real estate)

Location	Akasaka, Minato Ward, Tokyo
Structure	Steel frame / SRC, flat roof, 22 stories with 1 basement floor
Total floor area	24,823.41m ²
Completed	Jan. 2011
Period-end Appraisal Value	17,800 million yen
Scheduled acquisition date	May 11, 2022
Occupancy rate	83.2% (as of end-December 2021)
Scheduled acquisition price	5,230 million yen
Dividend yield (*)	3.2%

(*) Distribution yield is calculated based on the assumed income and expenditure for the first five years.

■ Characteristics of underlying assets (trust real estate)

Good location accessible from 3 stations and 3 lines

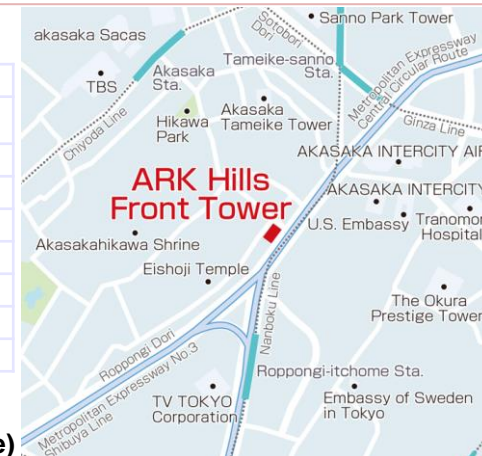
- 4-minute walk from Tameike Sanno Station on Tokyo Metro Ginza Line and Namboku Line, 4-minute walk from Roppongi 1-chome Station on Tokyo Metro Namboku Line
- 7-minute walk from Tokyo Metro Chiyoda Line Akasaka Station
- High visibility property located along Roppongi-dori in the Akasaka area, where large-scale redevelopment is underway in the surrounding areas.

Large, column-free office space with overwhelming views and a sense of openness

- With a standard floor area of approximately 304 tsubo, the space has a flexible layout and is equipped with state-of-the-art office specifications.
- With a ceiling height of 2,800mm and wide-view windows on all sides, the office space has an overwhelming view and a sense of openness.

Entrance and roof garden to increase tenant satisfaction and centralized vibration control system to protect safety

- A spacious entrance lobby with a 9m-high ceiling and a sense of presence and serenity.
- A roof garden of approximately 1,000m², one of the largest in Tokyo for a skyscraper, planted based on the concept of biodiversity.
- Damping device for efficiently absorbing energy by concentrating damper in three floors



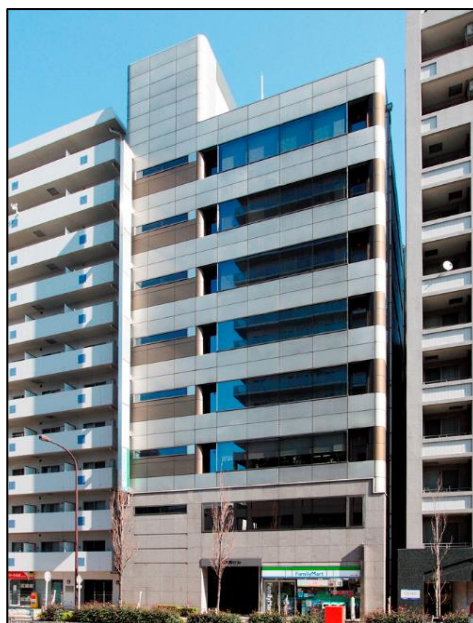
3. External growth

(4) Overview of Property for Transfer

- ◆ The Shintomicho Building is 31 years old, and there are concerns about profitability due to future increases in Capex. Therefore, the building was confirmed for sale on the premise of replacement.
- ◆ Confirmed for sale at the current market level and used the estimated gain of about 1.3 billion yen to secure financial leeway for future stability in distribution.
- ◆ Gains on sales arising in the 33rd and 34th period will be utilized as dividends and the remaining amount will be retained internally.

■ Overview of the transfer of Shintomicho Building (announced this time)

Property Name	Shintomicho Building
Location	Irifune, Chuo Ward, Tokyo
Total floor area	3,169.78 m ²
Completion date	Nov. 1990
Acquisition date	Mar. 2012
Acquisition price	1,750 million yen
Period-end Occupancy rate	100.0%
PML	7.9%
Transfer price	3,100 million yen
Appraisal value (As of December 31, 2021)	2,090 million yen
Book value (End of FP12/2021)	1,737 million yen
Gain/loss on transfer*	1,316 million yen
Date of conclusion of contract	Feb. 17, 2022
Scheduled transfer date	① July 22, 2022 (40%) ② January 26, 2023(60%)
Party receiving transfer	Hulic Co., Ltd.



* As book value is not confirmed, expected value is listed.

■ Construction Work Cost Over Time: Shintomicho Building (per medium- to long-term repair plan)

2021	2022	2023	2024	2025
34 million yen	9 million yen	82 million yen	114 million yen	4 million yen

→ Construction costs will increase in 2023 and beyond due to renewal of light panel boards, LED conversion, and exterior wall repairs.

■ Schedule for the Transfer of Properties

	Kowa Shiroganedai Building (Announced Aug. 2021)	Shintomicho Building (Announced Feb. 2022)
FP12/2021 (31st Period)	August 18, 2021 Contract	
FP6/2022 (32nd Period)	June 29, 2022 Transfer Gain/loss on transfer (estimated) 805 million yen	February 17, 2022 Contract
(FP12/2022) (33rd Period)		July 22, 2022 Transfer (1st) Gain/loss on transfer (forecast) 523 million yen
(FP6/2023) (34th Period)		January 26, 2023 Transfer (2nd) Gain/loss on transfer (estimated) 792 million yen

■ Overview of the transfer of Kowa Shirokanedai Building (announced August 2021)

Property Name	Kowa Shiroganedai Building
Location	Shirokanedai, Minato Ward, Tokyo
Total floor area	7,374.74 m ²
Completion date	Mar. 1978
Acquisition date	Dec. 2010
Transfer price	5,400 million yen
Appraisal value (As of December 31, 2021)	5,070 million yen
Book value (End of FP12/2021)	4,734 million yen
Gain/loss on transfer*	805 million yen
Party receiving transfer	Nippon Steel Kowa Real Estate Co., Ltd.

* As book value is not confirmed, expected value is listed.

3. External growth

(5) Change in External Growth and Policies/Strategies

Principles and Strategies of External Growth

[Policy] Plan to constantly accumulate high-quality properties with an aim to realize stable growth of DPU and NAV

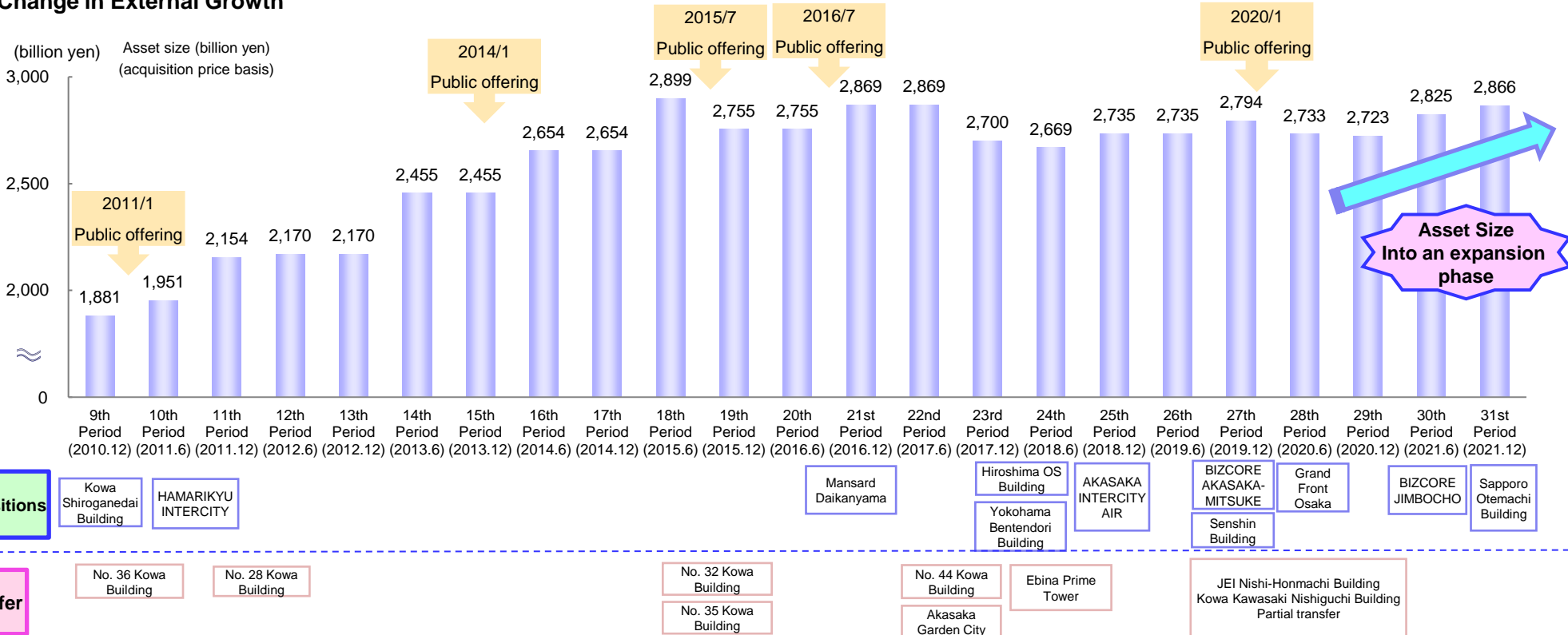
[Result] (End of December 2010 to end of June 2021)

- ◆ 29 properties•170.7 billion yen
Acquisition from sponsor: 65.2%
- ◆ 9 properties•72.2 billion yen

[Future strategies]

- ◆ To expand asset size over the medium term through selective investment
- ◆ Continuous supply of pipelines in conjunction with the mid-term plan of core sponsors is the main focus
- ◆ Efforts for continuous portfolio improvement through replacement

Change in External Growth



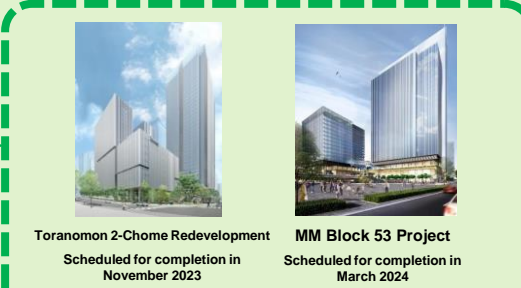
3. External growth

(6) Major Development Cases and Portfolio of Sponsor and JEI

NIPPON STEEL KOWA REAL ESTATE



Candidate properties to be considered in the future (Linkage with medium-term plan of sponsors)



Planning completion of construction of 10 or more buildings in the next five years

2013: Acquired 27%
2017: Acquired 52%

2007: Acquired 25%
2013: Acquired 24%

2011: Acquired 40%
2014: Acquired 60%

2016: Acquired 100%

2018: Acquired 2.9%

2020: Acquired 2.45%

2022: Equity interest in Anonymous Association 49% acquisition scheduled

2019: Acquired 100%

2021: Acquired 83.2%

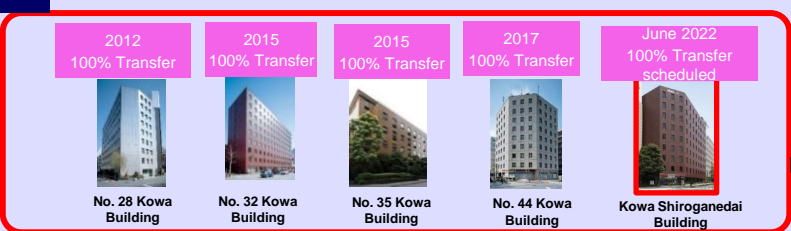
Sale to sponsor << Asset Recycling >>

JEI

2012: Acquired 100%

2018: Acquired 100%

2018: Acquired 100%



By your side, for life
DAI-ICHI LIFE



JEI Hiroshima Hacchobori Building



Hiroshima Dai-ichi Seimei OS Building



Yokohama Bentendori Dai-ichi Seimei Building



Art Village Osaka



MEGURO CENTRAL SQUARE & Brillia Towers Meguro

3. External growth (7) BIZCORE Series

◆ Launched construction for 5 properties starting with JIMBOCHO. Planning of construction of 10 or more buildings in the next five years

Concept

Medium-sized high-end office buildings with specifications on par with the latest large-scale office buildings



Background and Superiority

- Approximately 90% of small and medium-sized offices in Tokyo are over 20 years old, and many buildings are only compliant to old earthquake resistance standards
- After the Great East Japan Earthquake, there is a growing tendency for businesses to emphasize seismic resistance, disaster prevention, and BCP
- Nippon Steel Kowa Real Estate will utilize the expertise cultivated in the development, management, and operation of office buildings in the heart of Tokyo, with around 80 buildings, to launch development of comfortable, high-quality medium-sized high-end office buildings
- Priority strategic areas include Kanda, Shinbashi, Toranomon, Akasaka, and other areas in the city center with a number of old buildings
- Providing remote monitoring and patrol management services in collaboration with large-scale flagship buildings owned and managed by Nippon Steel Kowa Real Estate

Fundamental

Disaster Prevention and BCP

- Emergency stockpile warehouse exclusively for residents, holding three days of supplies
- 1.25x resistance versus new earthquake resistance standards and
- In the event of a disaster, emergency generators supply power to private spaces

Comfort

- Ceiling height of 2,800mm and a bright, open, pillar-free space
- A comfortable environment adopting individual air conditioners, automatic dimming, Low-E double pane glass, etc.







Security

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

Future Development

- In addition to JIMBOCHO, AKASAKA-MITSUKE, TSUKIJI, SHIBUYA and KANDA-SUDACHO, the company plans to complete and begin operations at more than 10 buildings on or after 2022

Acquired

BIZCORE JIMBOCHO		BIZCORE AKASAKA-MITSUKE		BIZCORE TSUKIJI		BIZCORE SHIBUYA		BIZCORE KANDA-SUDACHO		(Tentative name) BIZCORE HIGASHI-KANDA	
	Construction completion Nov. 2017		Construction completion Mar. 2019		Construction completion Jul. 2019		Construction completion Jan. 2020		Construction completion Sep. 2021		Construction completion Nov. 2022 (scheduled)
Access	4-minute walk from Tokyo Metro Jimbocho Station, others	Access	Directly connected to Tokyo Metro Akasaka-Mitsuke Station Total floor area	Access	3-minute walk from Tokyo Metro Tsukiji Station	Access	JR and others 4-minute walk to JR Shibuya Station, others	Access	1-minute walk from Toei Subway Iwamotocho Station, others	Access	5-minute walk from Toei Subway Iwamotocho Station, others
Total floor area	8,217.64m ²	Total floor area	3,515.63m ²	Total floor area	6,757.73m ²	Total floor area	3,905.17m ²	Total floor area	1,988.55m ²	Total floor area	2,777.49m ²
Standard floor size	Approx. 890m ² (Approx. 270 tsubo)	Standard floor	Approx. 265m ² (Approx. 80 tsubo)	Standard floor size	Approx. 661m ² (Approx. 200 tsubo)	Standard floor	Approx. 349m ² (Approx. 105 tsubo)	Standard floor	Approx. 159m ² (Approx. 48 tsubo)	Standard floor	Approx. 249m ² (Approx. 76 tsubo)

Memo

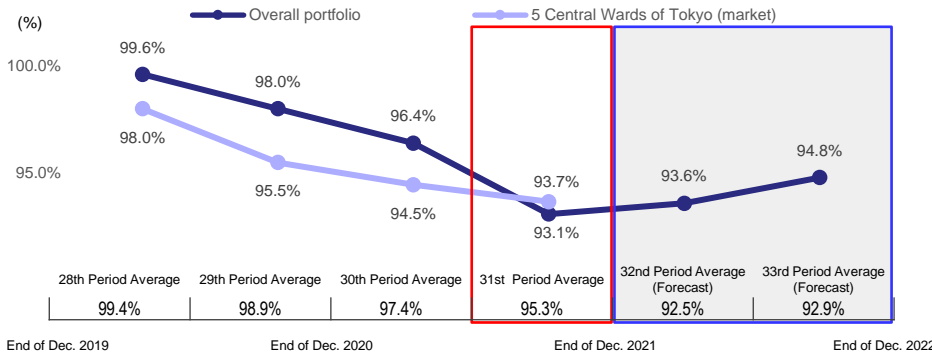


4. Internal Growth

(1) Status of Rent ① (Departure and Lease Up)

- ◆ Leasing market activity was slower than expected due to the prolonged period of the declaration of a state of emergency, and the occupancy rate at the end of 31st period was 93.1% (Vs. plan: -0.9 pt).
- ◆ While vacancies in the 32nd Period are expected to be high, the occupancy rate is expected to bottom out in the 31st Period and gradually recover due to progress in refilling.

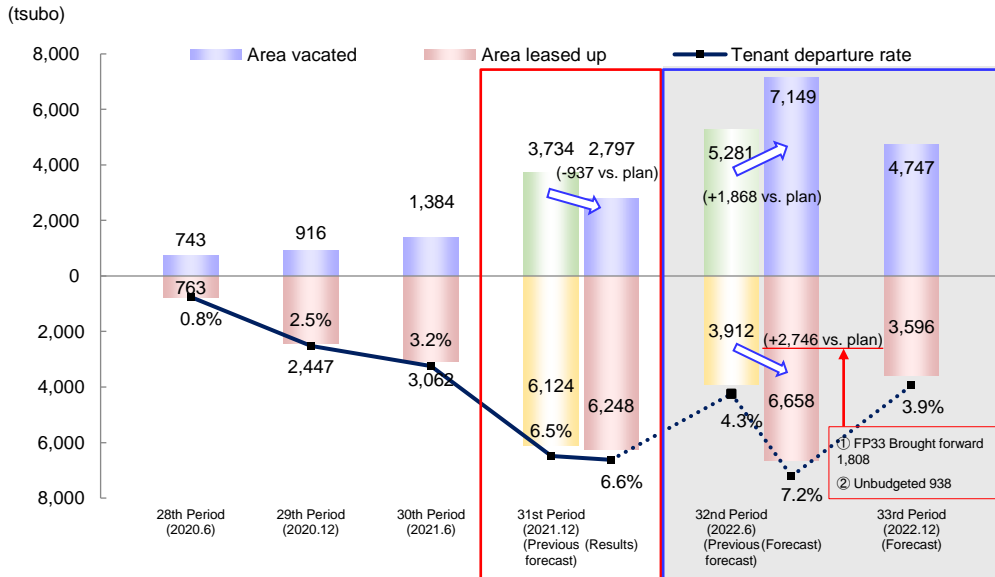
Historical Period-End Occupancy Rate



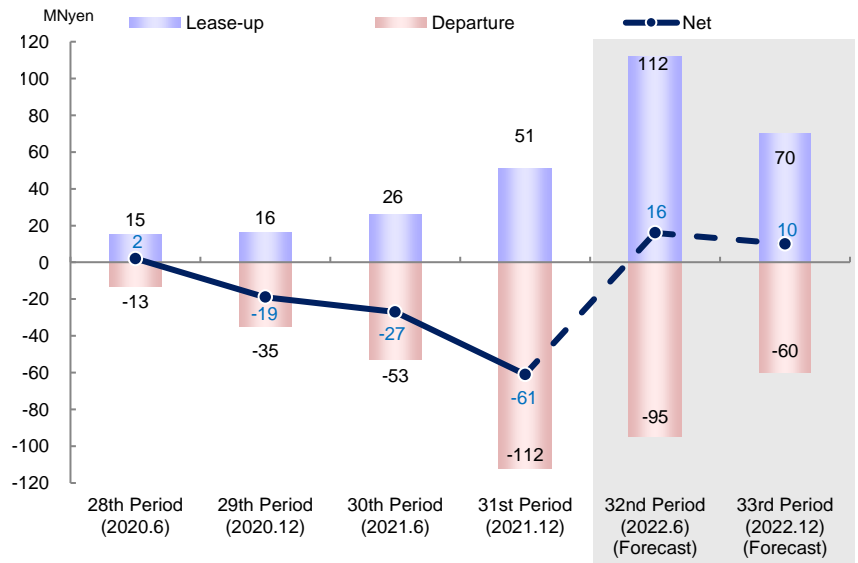
<Policy on leasing activities>

- Continued focus on “early refilling of vacated floors” and “flexible rent negotiations” based on the leasing environment awareness”.
 - Focus on early refilling of vacated floors by cooperating with sponsors and setting flexible conditions taking into account the level of difficulty by property
 - With regard to rent renewal, the top priority should be placed on preventing evictions and flexible responses to requests for rent reduction. Preparing for higher-price renewals dynamically on upturn in environment

Tenant Departure Rate and Area Leased Up and Vacated*



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



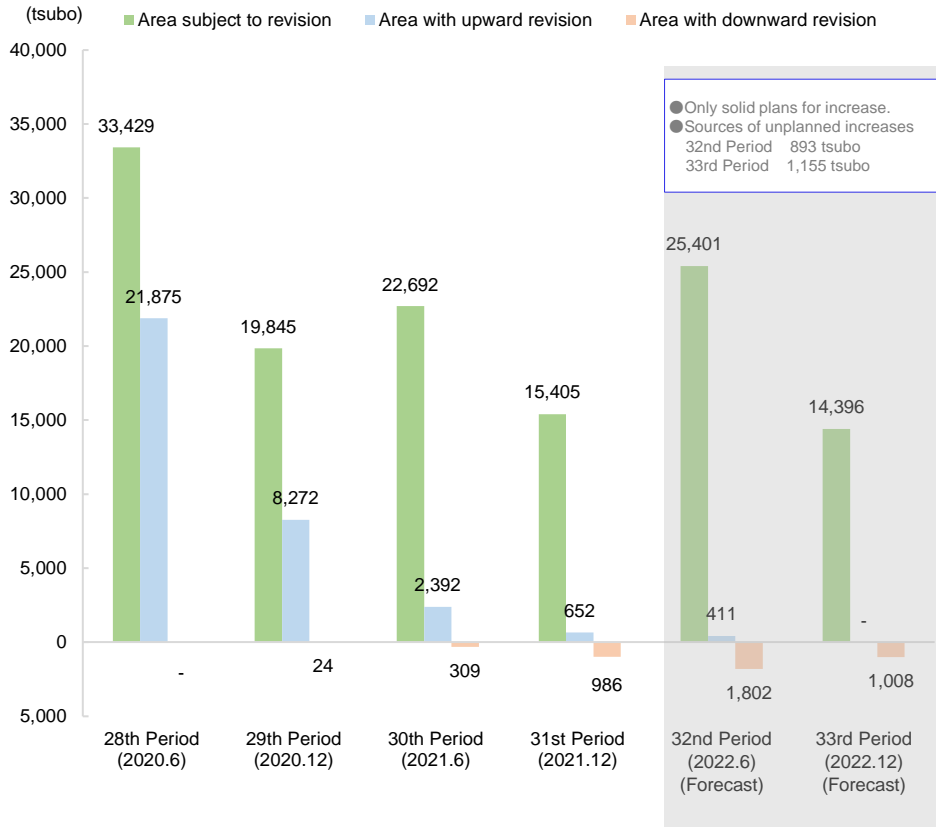
(*) "Tenant Departure Rate" is calculated for the entire JEI portfolio as area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period. In the case of additional acquisition during the period, tenant departure rate is calculated as area vacated by 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. Figures do not include data for GRAND FRONT OSAKA residences.

4. Internal Growth

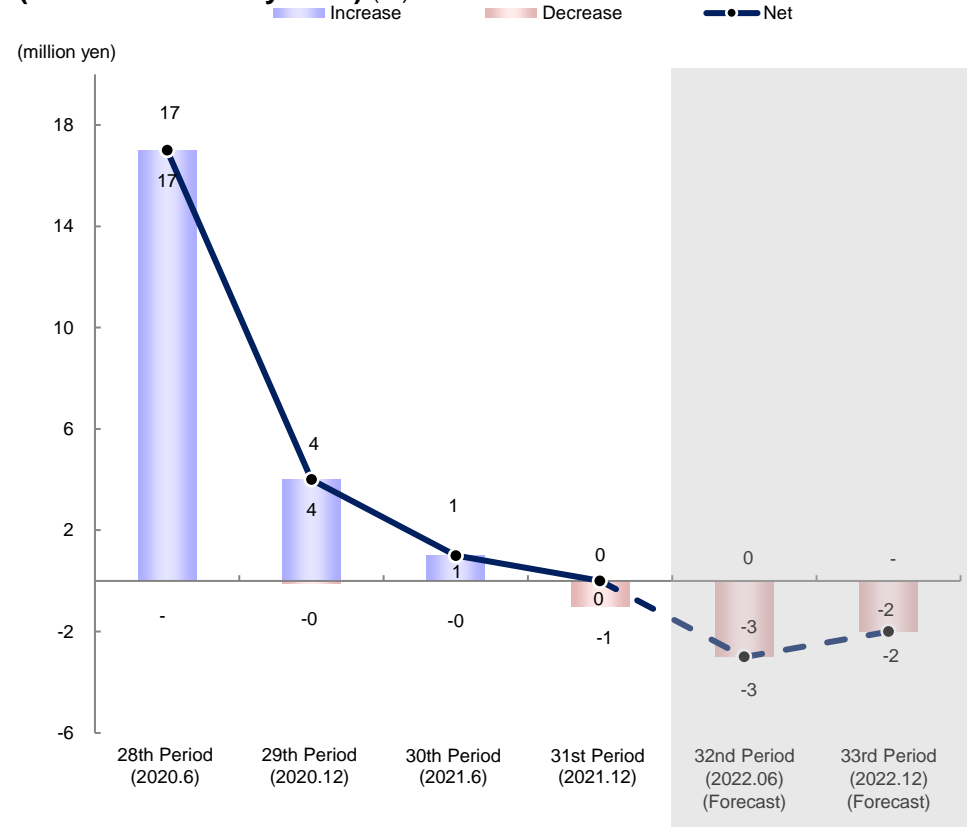
(1) Status of Rent ② (Rent Revision)

- ◆ Realized rent increase in the 31st Period with an upward revision rate of 4.2% for 4.6% of the area subject to revision
- ◆ From the 32nd Period onward, we have not factored in rent increases, but we have adopted a conservative plan that assumes a certain level of rent reductions and revisions. Attempting higher-price renewals dynamically on upturn in environment

Change in Area Subject to Revision (*1) (*2)



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



Area-based percentage of increase	65.3%	41.7%	10.5%	4.2%	1.6%	-
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Upward revision rate	5.3%	3.5%	6.0%	4.6%	1.8%	-
Downward revision rate	-	50.0%	6.2%	5.7%	10.6%	10.8%
Rent revision rate*2*3	3.7%	1.3%	0.4%	-0.3%	-0.8%	-1.0%

(*1) Figures do not include data for residences.
 (*2) Calculated by excluding GRAND FRONT OSAKA.
 (*3) Figures are average rent revision rate including contract renewal at the same rent and downward revision.
 (*4) Rent reductions for a limited period due to the impact of the COVID-19 crisis are excluded.

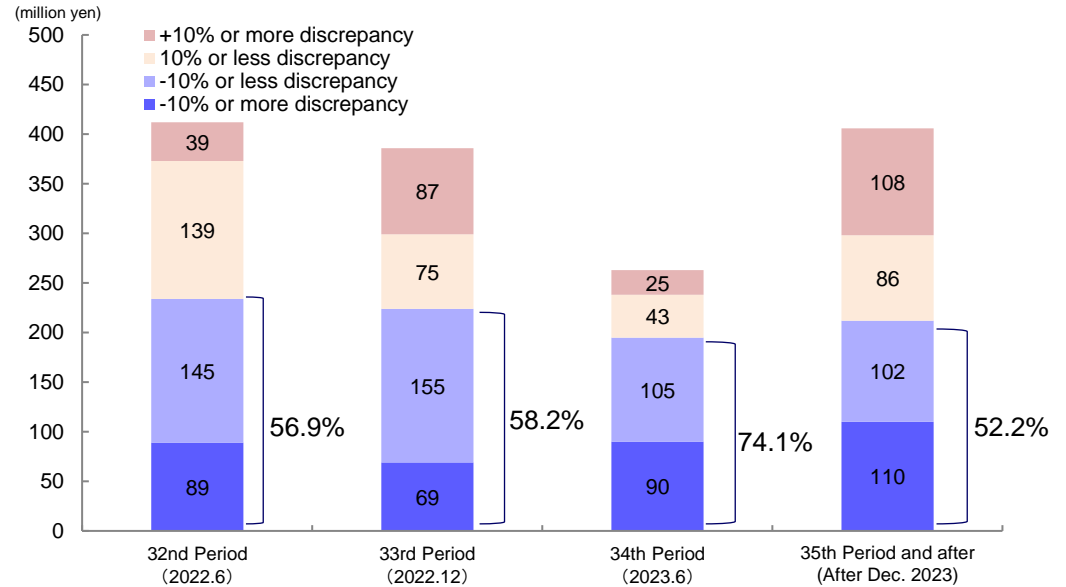
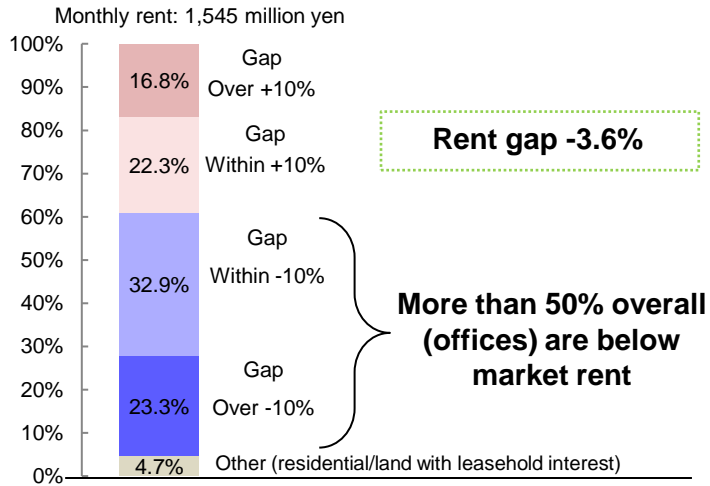
4. Internal Growth

(2) Status of Rent Gap

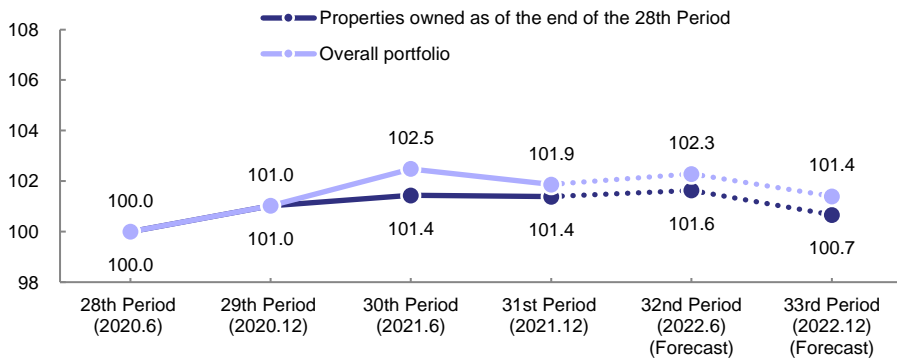
◆ The rent gap was -3.6% (*1). More than 50% of existing contracts (offices) are still below market rent

■ Status of Rent Gap (As of the End of the 31st Period)(*2)

■ Monthly Rent by Renewal Period (*2) (*3)



Historical Rent Levels (*2) (*3) (*4)



◆ Unit rents steadily increased until the 30th Period due to upward rent revision and rent increase upon tenant replacement

◆ Conservatively assume that unit rents will be softened from the 31st Period onward

*1 Calculated based on new rent level assessed by CBRE.

*2 Calculated by excluding GRAND FRONT OSAKA.

*3 Calculated by excluding residences.

*4 Indexed with the average unit rent at the end of the 28th period set as 100. The average unit rent is the weighted average by leased office area. The scope is office area. Properties owned at the end of the 28th Period are properties continuously owned since the end of the 28th Period among those owned at the end of the 31st Period.

4. Internal Growth

(3) Status of Refill After Major Tenant Departure

- ◆ Have a line of sight for refilling of Musashikosugi Tower Place and Kawasaki Nisshincho Building within the year Aim to complete the refill of Kawasaki Nishiguchi by the end of June 2023
- ◆ Promotion of proposal-based leasing activities in collaboration with sponsor groups and in line with the “new way of offices”
 - ~Construction of hub-and-spoke type offices (combination of head office + shared offices/satellite offices ... use of WAW/TIMEWORK, etc.)
 - ~Advice and support on new headquarters office concept and office layout

■ Kawasaki Nisshincho Building

Occupancy rate

End of Dec. 2021 (Results)	End of Jun. 2022 (Plan)	End of Dec. 2022 (Plan)
67% (41% refill rate)	81% (65%)	92% (85%)

Located within walking distance of Kawasaki Station and with high visibility. Satisfaction of rent is appealed compared with the sense of grade of the building. Standard floor area: approximately 298 tsubo

Focusing on attracting tenants with rent of half the floor, we will promote the acquisition of customers with less than 30 to 100 tsubo by subdividing the floor.



Large-scale high-grade office building with two underground floors and 15 above-ground floors in the east exit area of Kawasaki Station

■ Musashikosugi Tower Place ■

Occupancy rate

End of Dec. 2021 (Results)	End of Jun. 2022 (Plan)	End of Dec. 2022 (Plan)
65% (22% refill rate)	82% (73%)	100% (100%)

Location in front of Musashi-Kosugi Station where 5 lines can be used, standard floor area of approximately 446 tsubo, can be divided, and demand LED lights for exclusive use

Promoting the attraction of subdivisions (around 100 tsubo), with a focus on attracting major tenants (4 floors decided for major tenants)



1-minute walk from JR and Tokyu Musashi-Kosugi Station, a large office building with high visibility from the station

■ Kowa Kawasaki Nishiguchi Building

Occupancy rate

End of Jun. 2022 (Forecast)	End of Dec. 2022 (Plan)	End of Jun. 2023 (Plan)
68% (29% refill rate)	71% (49%)	97% (100%)

The standard floor area is about 606 tsubo, one of the largest in the Kawasaki area. It has a well-shaped column-free space with good layout efficiency, and can respond to consolidated floor demand. Large-scale renovation of the entrance and common areas was carried out in 2017, and plans to use LED lights in the exclusive areas in the future

Aiming to attract new major tenants through flexible rent setting in addition to capturing needs for floor expansion in the building



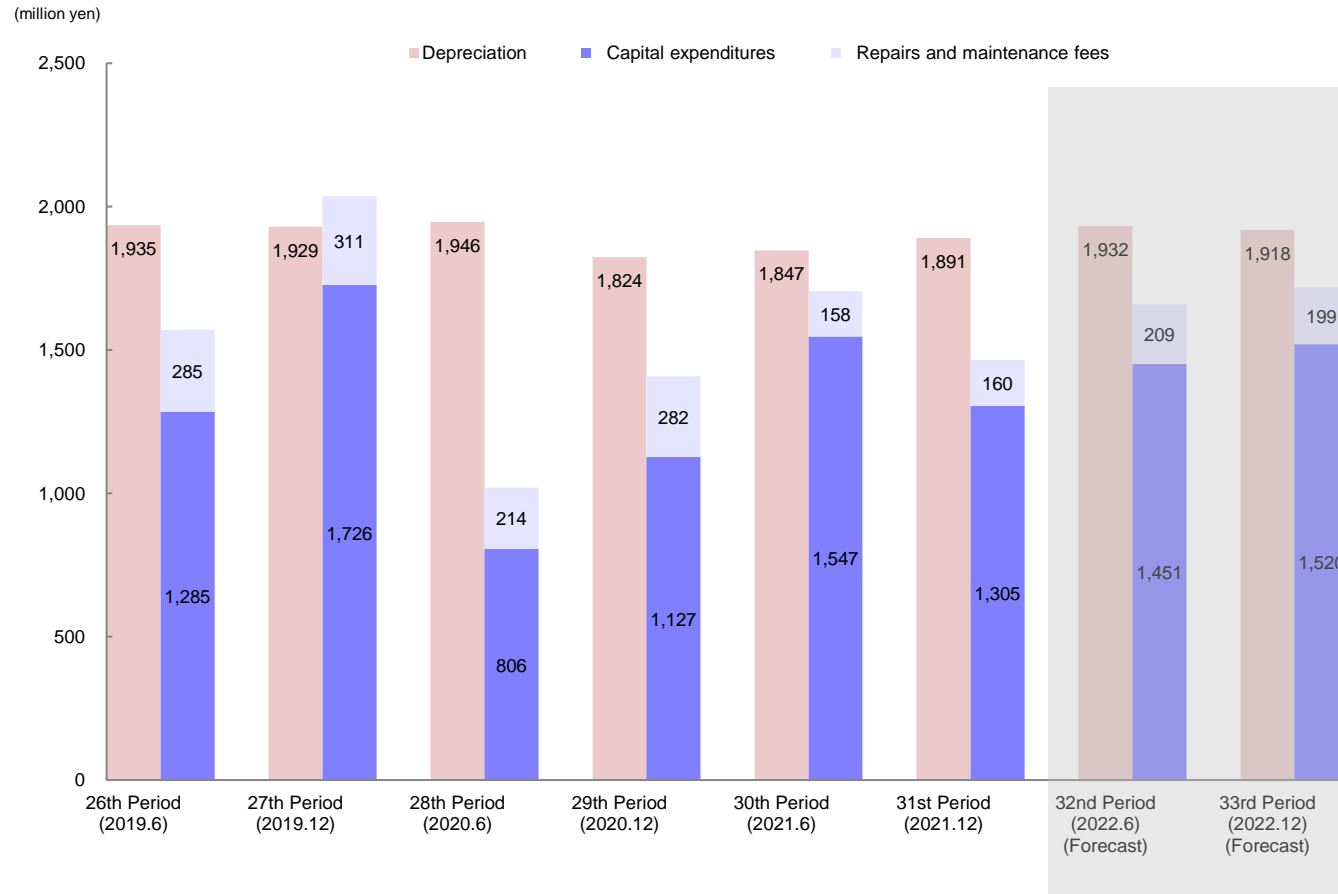
A large office building located in the west exit area of JR Kawasaki Station where redevelopment is progressing

4. Internal Growth

(4) Construction Results

- ◆ Maintained and improved the value of assets by systematically conducting repairs and renewal upon discerning operation status and competitiveness for each property from a medium- to long-term perspective
- ◆ Also systematically conducting large-scale renovations due to aging

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



Large-scale renovations due to aging (planned) (32nd Period, 33rd Period)

- [Kowa Kawasaki Higashiguchi Building]
 - Exterior wall sealing replacement 130 million yen
 - Switch to LED 66 million yen
- [JEI Ryogoku Building]
 - Upgrading of air conditioning 192 million yen
- [JEI Hiroshima Hacchobori Building]
 - Renewal of air conditioning 136 million yen
- [Nisseki Yokohama Building]
 - Repair of exterior walls 115 million yen
- [Kowa Nishi-Shimbashi Building]
 - Upgrading of hot and cold water generator 63 million yen
- [Omori Bellport]
 - Renewal of heat source equipment 65 million yen

4. Internal Growth

(5) Facility Renewal for CO2 Emissions Reduction

◆ Systematic facility renewal for assets under management with the goals of CO2 emissions reduction and achievement of the Sustainable Development goals (SDGs)

■ Contributing to Goal 7: Affordable and clean energy, and Goal 13: Take urgent action to combat climate change, by reducing CO2 emissions and suppressing ozone depletion



■ Kowa Kawasaki Higashiguchi Building

Upgrading evacuation guide lights to LEDs, cutting CO2 emissions by 65% on 19 exclusive-use floors and emergency staircases on each floor

Planned budget: 147 million yen
Construction period: July 2021 to June 2023



■ JEI Hiroshima Hacchobori Building

Upgrading air conditioning equipment using the R22 refrigerant, which is regulated as an ozone-depleting substance, to environmentally friendly units

Planned budget: 460 million yen
Construction period: April 2021 - June 2024



■ JEI Ryogoku Building

Upgrading air conditioning equipment using the R22 refrigerant, which is regulated as an ozone-depleting substance, to environmentally friendly units

Planned budget: 350 million yen
Construction period: January 2021 - March 2022



5. Financial Strategy

(1) Performance of Financing Activities

- ◆ Refinancing with green syndicated loans. Financial cost reduction, average maturity maintained.
- ◆ Newly acquired properties were supported by cash on hand, and LTV remained unchanged from the previous fiscal year.

■ Repayment and Procurement in the 31st Period

◇ Refinancing of long-term loans through green syndicated loans (9.51 billion yen, November 29, 2021, December 30)

• **New establishment of a green finance framework**

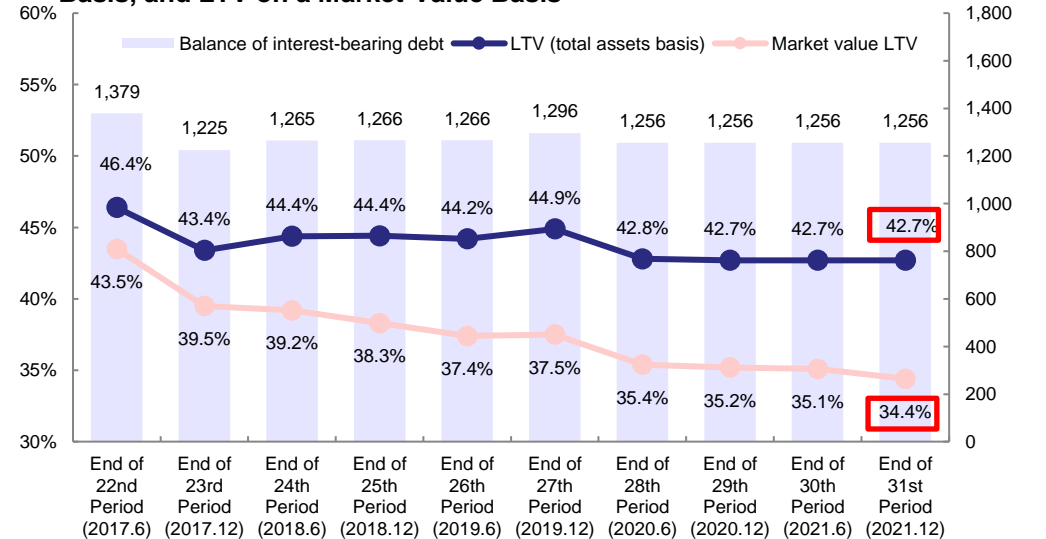
Expanding use of funds to include renovation work that contributes to environmental improvement.

• **Refinancing with green syndicated loans**

Interest payments of 5.75 billion yen will be reduced by extending the loan duration and changing to a floating rate.

	Amount	Period	Interest rate		Amount	Period	Interest rate
	3.76 billion yen	5.0 years	Base interest rate +0.350%	➔	3.76 billion yen	4.0 years	Base interest rate +0.330%
	5.75 billion yen	7.0 years	0.819%		5.75 billion yen	8.0 years	Base interest rate +0.430%
Total	9.51 billion yen	6.2 years	-		9.51 billion yen	6.4 years	Base interest rate +0.390%

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



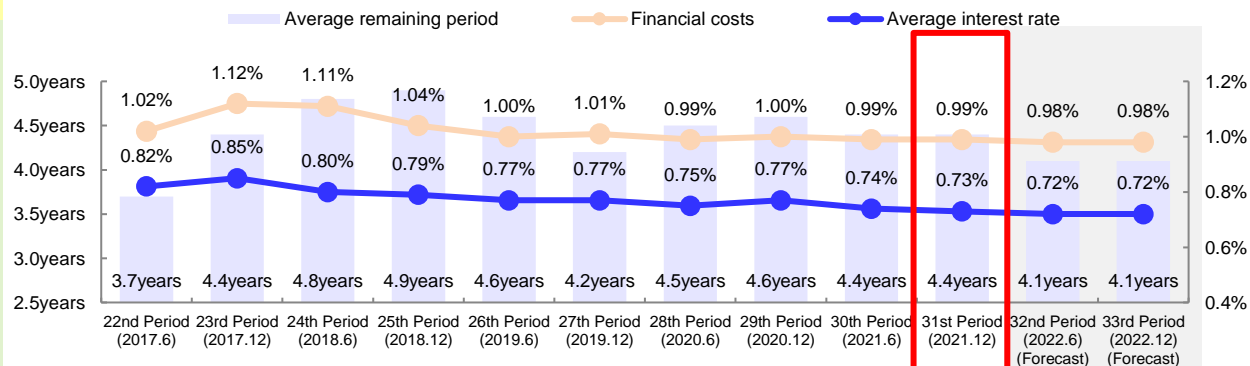
< Reference > Pioneering Environmental Finance Initiatives

◇ Ratio of sustainable finance to interest-bearing debt (16.3%) ranks among the top J-REITs

Green Bonds	Aug. 2018	First for an office J-REIT
Green Loans	Sep. 2018	First for a J-REIT
Sustainability Loans	Sep. 2020	First for a J-REIT
Green Syndicated Loans	Nov, Dec 2021	First for an office J-REIT

* General term for sustainability finance and green finance

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



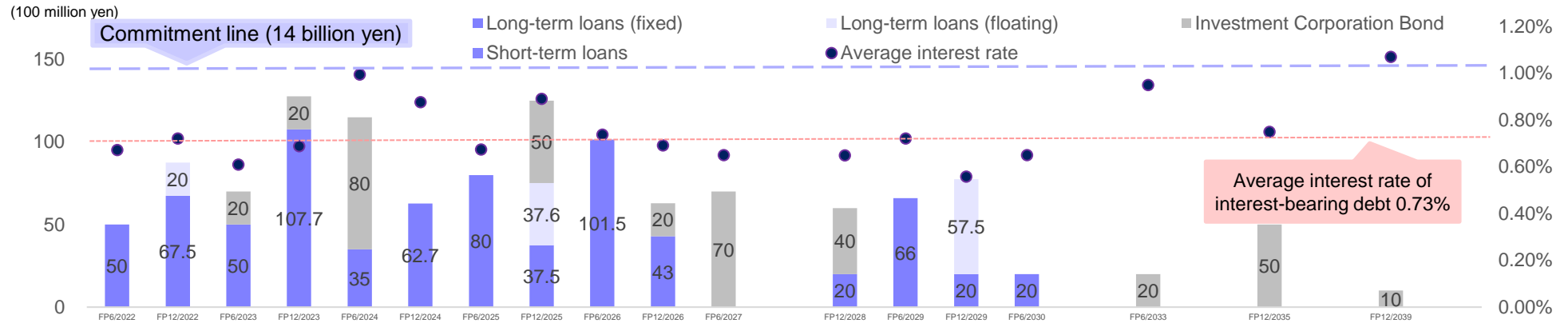
(*) Financial costs = (Interest expense + loan-related fees + interest expense on investment corporation bonds + amortization of investment corporation bond issuance costs) / average remaining interest-bearing debt during the period.

5. Financial Strategy

(2) Status of Financial Management

◆ Accumulated internal reserve by utilizing gain on sale while promoting fixed interest rates, extended remaining period of interest-bearing debt, diversified repayment dates

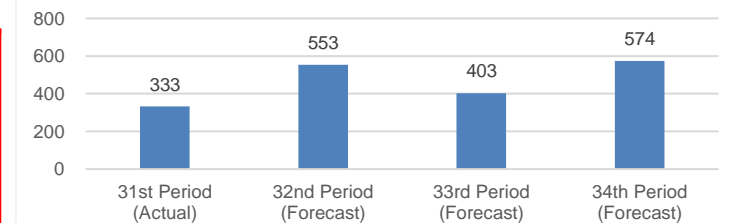
■ Repayment Amount in Each Period and Average Interest Rate of Interest-Bearing Debt (As of the End of the 31st Period)



■ Historical Major Financial Data

	27th Period End (Dec. 2019)	28th Period End (Jun. 2020)	29th Period End (Dec. 2020)	30th Period End (Jun. 2021)	31st Period End (Jun. 2021)	Difference
Balance of interest-bearing debt	125.6 billion yen	125.6 billion yen	125.6 billion yen	125.6 billion yen	125.6 billion yen	-
LTV (total assets basis)	44.9%	42.8%	42.7%	42.7%	42.7%	-
LTV (market value basis)	37.5%	35.4%	35.2%	35.1%	34.4%	-0.7pt
Average remaining period of interest-bearing debt	4.2 years	4.5 years	4.6 years	4.4 years	4.4 years	-
Financial costs	1.01%	0.99%	1.00%	0.99%	0.99%	-
Average interest rate of interest-bearing debt	0.77%	0.75%	0.77%	0.74%	0.73%	-0.01pt
Ratio of fixed interest rate	88.6%	91.4%	95.4%	95.4%	90.8%	-4.6pt

■ Balance of Reserve for Reduction Entry per Unit (yen)



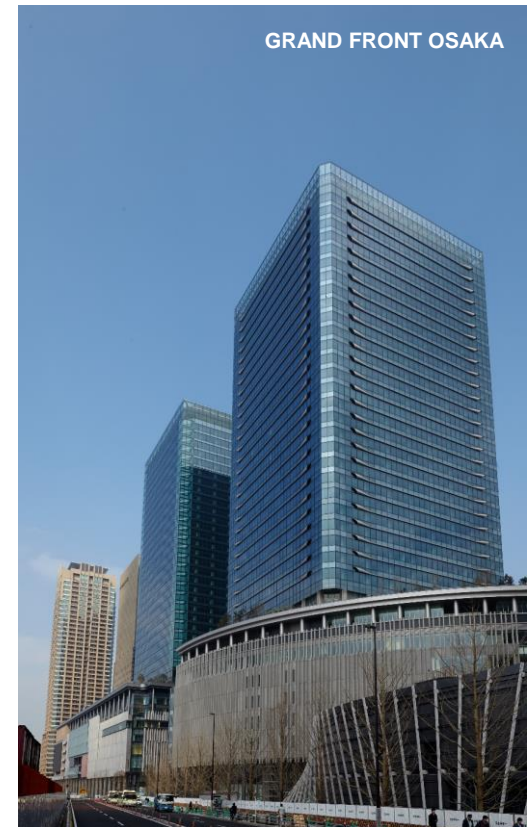
■ Status of ratings

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

Memo



V. ESG Initiatives



ESG Related

(1) Initiatives in the Most Recent Year

30th Period
(FP6/2021)

Policy **Declared Support for the TCFD**
Support for disclosing information related to climate change

Policy **Signed the Principles for Financial Action for the 21st Century**
Principles for financial action toward building a sustainable society

Property **Determined to Upgrade to LED Lighting at Kowa Kawasaki Higashiguchi Building**
Reducing annual CO2 emissions by 65%

Society **Introduced Employee-held Investment Unit System**
Promoting the Linkage of Interests between Unitholders and Employees
Promotion of welfare benefits of JEAM employees

Society **Food Donations**
Donating no-longer-needed emergency food stockpile to certified NPOs as a measure against hunger and poverty

External Assessment **Included in MSCI Japan ESG Select Leaders Index**
Included in MSCI Japan ESG Select Leaders Index, comprised of specially-selected firms rated highly in ESGPolicy

31st Period
(FP12/2021)

Policy ① **Establishment of climate change policy (October 2021)**
Basic Policy on Response to Climate Change Risks and Opportunities

Policy ② **Formulation of medium- to long-term CO2 emission reduction targets (October 2021)**
Reduce FP2030 CO2 emissions by 46% versus FP2013

Property ③ **Decision to reduce CO2 emissions through shift in electricity source at seven properties (August 2021 - January 2022)**
Decided to switch to CO2-free electricity at seven additional properties. Reduction CO2 emissions from electricity use to zero at a total of 10 properties

Property ④ **Additional acquisition of Green Building Certification (September and November 2021)**
23 properties certified (84.7% on area basis)

Finance ⑤ **Establishment of Green Finance Framework (October 2021) and borrowing of green syndicated loans (November and December 2021)**
Expanding the scope of the Green Bond Framework to include loans

Society ⑥ **Introduction of a tiered employee training system (November 2021)**
Career development according to job rank

External Assessment ⑦ **GRESB Real Estate Assessment (October 2021)**
Received "Green Star" and the top rating of "5 Star" for seventh consecutive year

Disclosure ⑧ **Implemented Qualitative TCFD scenario analysis (January 2022)**
Identified risks and opportunities under multiple climate change scenarios and conducting qualitative financial impact analysis

Policy/Implementation

Signing the Principles for Responsible Investment (PRI)



TCFD Declared support for the Task Force on Climate-Related Financial Disclosures (TCFD)



Signed the Principles for Financial Action for the 21st Century



◆ **FP2030 CO2 emissions Unit reduction target** **-46%** (vs FP2013)



External Assessment

◆ **GRESB Real Estate Assessment (2021)** ◆ **MSCI ESG Rating Class A**

"**Green Star**" Seven consecutive years

GRESB Rating

Highest **5 star** two consecutive years



Included in **MSCI Japan ESG Select Leaders Index**

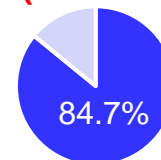


Property

◆ **DBJ Green Building Certification**

23 properties

84.7% (area basis)



◆ **Promoting switch to CO2-free electricity**

Decided to switch to CO2-free electricity at

10 out of 36 properties



Finance

◆ **Sustainability finance framework** ◆ **Green finance framework**

Acquired **SU1 (F)**, the highest overall evaluation from Japan Credit Rating Agency, Ltd. (JCR)



Expanded use of funds to cover repair costs
Obtained a second-party opinion from an ESG rating agency.



◆ **Intensive initiatives in sustainability finance^(*)**

Green Bonds	Aug. 2018	First for an office J-REIT
Green Loans	Sep. 2018	First for a J-REIT
Sustainability Loans	Sep. 2020	First for a J-REIT
Green Syndicated Loans	Nov, Dec 2021	First for an office J-REIT

⇒ 16.3% ratio of sustainability finance

* General term for sustainability finance and green finance

- ◆ Recognizing that a certain degree of foundation has been established thanks to results appearing from a wide range of initiatives undertaken until the previous period
- ◆ From the current fiscal period, in addition to steadily implementing the previous initiatives, we will promote **the challenge of new themes** and make efforts to further evolve and deepen our business.

Focus areas

Carbon neutral

- **Steady initiatives to achieve medium- to long-term CO2 emissions reduction target (-46% in FP2030 vs FP2013)**
 - Promoting switch to CO2-free electricity in owned properties (Currently 10/36 properties, to be promoted strongly over the next year)
 - Renewal work converting to LED lights and improving environmental performance
 - Promoting initiatives from the sponsor group beginning in development phases

TCFD

- **Enhancing disclosure content in response to recommended disclosure items based on TCFD proclamation**
 - Initiatives to set indicators and targets
The second phase of qualitative disclosure is now underway.

- ◆ Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd. (JEAM) aim to realize a sustainable society under corporate social responsibility, and focus on the reduction of environmental burden and cooperation/collaboration with stakeholders
- ◆ In addition, we recognize ESG initiatives as the most important issue in management and plan to implement them in a forward-looking manner

① Establishment of climate change policy (October 2021)

- ◆ Established as a basic policy for addressing risks and opportunities related to climate change and the resilience of business and strategy to climate-related challenges.

② Formulation of medium- to long-term CO2 emission reduction targets (October 2021)

- ◆ We set a target to reduce CO2 emissions by 46% in FP2030 compared to FP2013.

Through this initiative, we contribute to Goal13 of the SDGs: "Take urgent action to combat climate change".



③ Decision to shift electricity source at seven properties

Reduction of CO2 emissions (August 2021 to January 2022)

- ◆ By starting to use 100% of CO2-free electricity, which is clean electricity that does not use fossil fuels and does not emit CO2, we have reduced CO2 emissions from electricity used at seven new properties to zero

(JEI Hatchobori Building, JEI Kyobashi Building, Grand Front Osaka (Umekita Plaza and South Building), Grand Front Osaka (North Building), SE Sapporo Building, Pacific Square Sengoku, and Yokohama Benten-dori Dai-ichi Seimei Building)

- ◆ Our total number of properties using CO2-free electricity, including 3 existing properties, has reached 10.
 - Nisseki Yokohama Building for Renewable Energy-Derived Power
 - RE 100 compatible electric power Grand Front Osaka (2 properties), SE Sapporo Building
 - CO2 free electric power and 6 other properties

Through this initiative, we contribute to Goals 7 and 13 of the SDGs:

"Affordable and clean energy" and "Take urgent action to combat climate change"



④ Acquisition of Green Building Certification (September, November 2021)

◆ Acquired DBJ Green Building Certification for two properties

Two properties newly acquired DBJ Green Building Certification

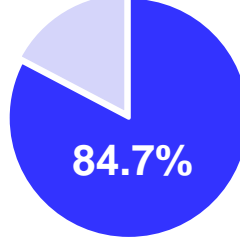
(Properties that acquired certification this time)

JEI Hongo Building: ★★

JEI Hiroshima Hacchobori Building: ★

As a result, the percentage of certified properties (area basis) increased from 82.7% at the end of June 2021 to **84.7%** at the end of December 2021, and the percentage also increased from 60.0% to **63.9%(23 properties)** when based on the number of properties.

Percentage of certification



⑥ Introduction of a tiered employee training system (November 2021)

- ◆ From the perspective of medium- to long-term development of employees, we systematically set up training programs by job grade and position according to the abilities required, and develop careers according to job rank and nurture future management executives.

⑦ Received Green Star and 5 star in 2021 GRESB Real Estate Assessment (October 2021)

- ◆ Received “Green Star” for the seventh consecutive year in GRESB Real Estate Assessment conducted in 2021 and received “5 Star” in “GRESB Rating,” a five-grade evaluation system based on comprehensive scores for the second consecutive year.



⑤ Establishment of Green Finance Framework (October 2021) and borrowing of green syndicated loans (November and December 2021)

- ◆ To expand the scope of application of the "Green Bond Basic Policy (Framework)", which was established for the purpose of financing the acquisition of properties with high environmental performance, to loans, to the "Green Finance Basic Policy (Framework)".

At the same time, the use of funds was revised to allow for use not only for the acquisition of green qualified assets, but also for renovation work that contributes to environmental improvement.



- ◆ Executed green syndicated loan based on the Green Finance Framework

⑧ TCFD Qualitative Disclosure (January 2022) (1): "Governance", "Strategy", "Risk management", "Indicators and targets"

◆ Governance

JEAM has established the sustainability council, chaired by the President and CEO and composed of key members including division managers, in order to systematically promote sustainability initiatives.

The sustainability council regularly reports to the chairperson, who is the chief executive officer, on matters related to the identification, assessment, and management of climate-related risks and opportunities, the progress of efforts related to adaptation and mitigation, and the setting of indicators and targets.

◆ Risk management

Annual review of the identification and assessment of climate-related risks is conducted at the sustainability council. In identifying risks, the time horizon, confidence and impact of risks are assessed for each risk and scenario to the extent possible.

Prioritize risk management actions for identified climate-related risks based on the results of the review of the level of confidence and impact, and develop and implement countermeasure plans for high-priority risks and opportunities that are important to business and financial planning.

◆ Strategy

Qualitative analysis of climate change risks to identify risks and opportunities and assess their financial impact on the business. Consider future countermeasures for each risk and opportunity. (Details next page)

In the future, we will focus on improving the resilience of our business by taking environmental and energy-saving measures and improving the efficiency of energy use in the buildings we own, reducing CO2 emissions by further expanding the use of renewable energy and CO2-free electricity, and conducting risk assessments through the use of hazard maps, etc. In addition, the results of these scenario analyses will be reviewed to reflect them in the management and financial plans of JEI in the future.

◆ Indicators and targets

JEI has set a target to reduce CO2 emissions per unit of production by 46% in FP2030 compared to FP2013, and to reduce energy consumption per unit of production and water consumption per unit of production by 1% in each fiscal year compared to the previous fiscal year, and in the medium- to long-term, to reduce the average per unit of production from FP2020 to FP2024 by at least 5% compared to the average per unit of production from FP2015 to FP2019.



ESG Related

(3) Initiatives in the 31st Period (Individual Measures (3))

⑧ TCFD Qualitative Disclosure (January 2022) (2): Scenario Analysis ① (Risks and opportunities and financial impact)

				4°C scenario			1.5°C scenario					
				Financial impact			Financial impact					
				Short term	Medium term	Long term	Short term	Medium term	Long term			
Migration Risk	Policy and Law	Strengthened taxation of GHG emissions by introducing a carbon tax	Increased tax burden on GHG emissions from properties	•Reduce CO2 emissions by switching to electricity from renewable energy sources and CO2-free electricity.			Small	Small	Medium	Small	Medium	Large
		Strengthened energy conservation standards for existing and new buildings	Increase in renovation costs for compliance, and increase in property acquisition prices	•Improve energy efficiency of existing properties by renewing and refurbishing facilities, etc. •Replace and acquire new properties with high environmental performance			Small	Small	Medium	Small	Medium	Large
	Technology	Evolution and diffusion of renewable energy and energy-saving technologies	Increase in the cost of introducing new technologies to prevent the equipment in properties owned from becoming technologically obsolete	•Replace and acquire new properties with the latest energy-saving equipment			Small	Small	Medium	Small	Medium	Large
	Market	Introduction of environmental performance, disaster resilience and other criteria into real estate appraisal	Decline in fund's NAV (net asset value)	•Raise ratio of properties with DBJ Green Building certification •Improve energy efficiency and reduction of CO2 emissions through renewal and renovation of facilities •Implement risk assessment using hazard maps, etc. •Mitigate the risk of damage to properties by implementing reinforcements as needed.			Small	Medium	Large	Small	Medium	Large
		Changes in ESG assessment by rating agencies and ESG investment and financing stance of investors and lenders	Higher debt and equity financing costs due to delays in ESG and climate change responses	•Promote ESG and climate change initiatives and enhance disclosure content •Improve ESG assessment by external organizations			Small	Medium	Large	Medium	Medium	Large
		Change in tenant demand (selection of properties that are more climate ready or avoidance of those that are not)	Decrease in revenue due to difficulty in acquiring new tenants	•Raise ratio of properties with DBJ Green Building certification •Reduce CO2 emissions by switching to electricity from renewable energy sources and CO2-free electricity. •Improve energy efficiency of existing properties by renewing and refurbishing facilities, etc.			Small	Medium	Large	Medium	Medium	Large
Reputation	Decline in brand value due to delays in responding to climate change	Decline in revenue due to lower occupancy rates and lower investment unit prices	•Mitigate the risk of damage to properties by implementing reinforcements as needed.			Small	Medium	Large	Medium	Medium	Large	

(Note) The time horizon is assumed to be as short as 2025, as medium as 2030, and as long as 2050.

ESG Related

(3) Initiatives in the 31st Period (Individual Measures (3))

⑧ TCFD Qualitative Disclosure (January 2022) (2): Scenario Analysis ② (Risks and opportunities and financial impact)

		Relation to real estate management	Financial impact on JEI	Measures to be considered, risk management, etc.	4°C scenario			1.5°C scenario		
					Financial impact			Financial impact		
					Short term	Medium term	Long term	Short term	Medium term	Long term
Physical Risk	Acute	Increase in damage to properties due to typhoons and other wind damage	Increase in repair costs and insurance premiums, decrease in occupancy rate	<ul style="list-style-type: none"> Implement risk assessment using hazard maps, etc. Own properties in areas less susceptible to flood damage Mitigate the risk of damage to properties by implementing reinforcements as needed. 	Medium	Medium	Large	Medium	Medium	Large
		Flooding caused by concentrated heavy rains or flooding of nearby rivers			Medium	Medium	Large	Medium	Medium	Large
	Chronic	Flooding of properties due to rising sea levels and changes in rainfall and weather patterns	Higher costs for large-scale renovation and enhancement of facilities to cope with flooding		Small	Medium	Large	Small	Medium	Medium
		Higher demand for air conditioning due to increase in extreme climates such as extremely hot and cold days	Increase in air conditioning operation, maintenance and repair costs		<ul style="list-style-type: none"> Improve energy efficiency of existing properties by renewing and refurbishing facilities, etc. Expand green lease contracts and implement energy conservation measures in collaboration with tenants Promote greening in facilities 	Small	Medium	Large	Small	Medium
Opportunities	Products and Services	Provision of facilities and services that reduce the risk of disasters such as floods	Increase in revenue due to rent increases, new tenant attraction and continued occupancy	<ul style="list-style-type: none"> Implement risk assessment using hazard maps, etc. Mitigate the risk of damage by implementing reinforcements as needed 	Medium	Medium	Large	Medium	Medium	Large
		Appeal to tenants and users by providing high-efficiency, low-emission facilities and services			Small	Medium	Medium	Medium	Medium	Large
	Market	Continuous provision of rental properties that meet the changing preferences of tenants and occupants and uncovering of new customer segments		<ul style="list-style-type: none"> Raise ratio of properties with DBJ Green Building certification Reduce CO2 emissions by switching to electricity from renewable energy sources and CO2-free electricity. Improve energy efficiency and reduction of CO2 emissions through renewal and renovation of facilities 	Small	Medium	Medium	Medium	Medium	Large
		Responding to changes in the investment and lending stances of lenders and debt-equity investors due to further advances in ESG investment			<ul style="list-style-type: none"> Promote ESG and climate change initiatives and enhance disclosure content Reduce financing costs through further use of green finance and sustainability finance 	Small	Medium	Medium	Medium	Medium

(Note) The time horizon is assumed to be as short as 2025, as medium as 2030, and as long as 2050.

Reference Materials – Features of Japan Excellent Inc.



Reference Materials – Features of Japan Excellent Inc.

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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.



Continuous expansion of the asset size through the provision of property acquisition opportunities

Strengthening and stabilization of profitability and enhancement of property competitiveness with strong property management and leasing capabilities

Stable and flexible fund procurement

Core Sponsors



Nippon Steel
Kowa Real
Estate

Nippon Steel Kowa Real Estate Co., Ltd.

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

By your side, for life

The Dai-ichi Life Insurance Company, Limited

One of Japan's top-class life insurance companies. As of March 31, 2021, manages 277 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



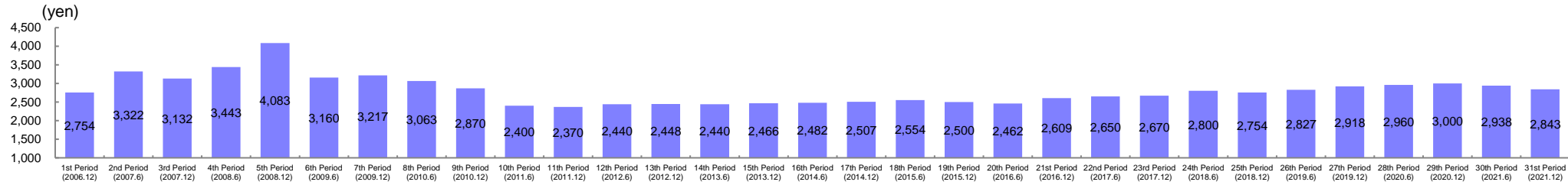
Sohgo Housing Co., Ltd.

Management

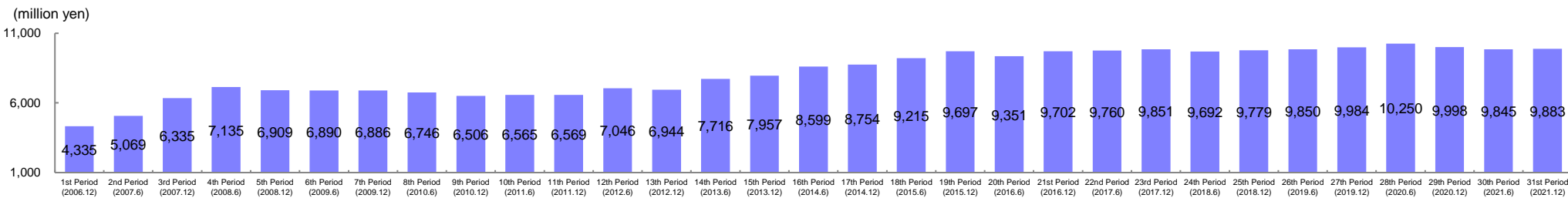
Achievements : **Property** Supply of properties **Loans** Loans **Brokerage** Brokerage for third-party properties **Personnel** Supply of personnel **Management** Management of JEI's properties

2. Track Record

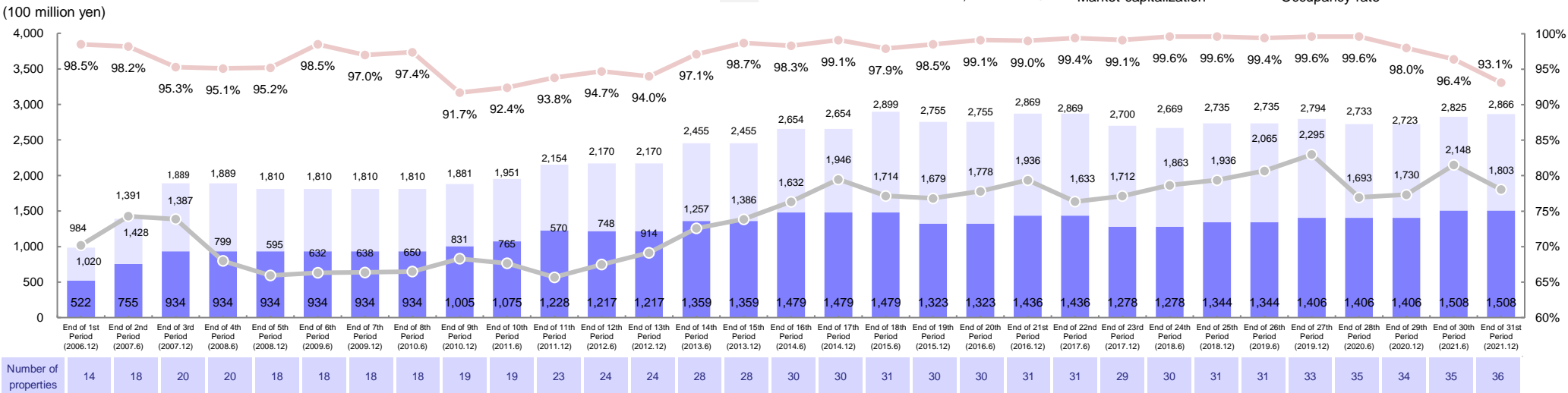
Distributions per unit (*1)



Rental revenue



Historical Asset Size, Market Capitalization (*2) and Occupancy Rate



*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) Usage/ Area/ Large-Scale Properties/ Ratio of Top 5 properties

■ Usage

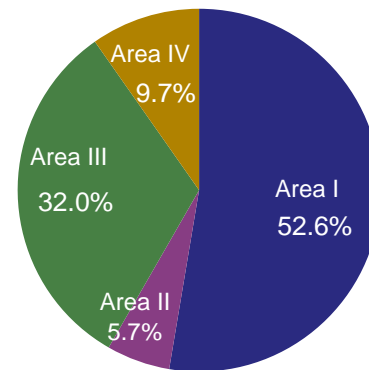
(Investment Policy)

Usage ⁽¹⁾	Investment ratio in portfolio ⁽²⁾
Office buildings	90% or more
Other	10% or less



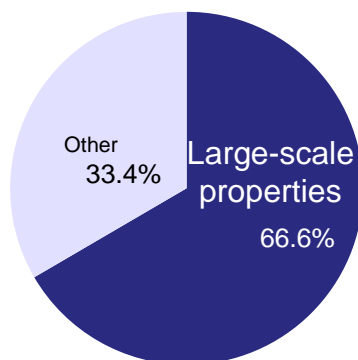
■ Investment area

Area	Area I	Area II	Area III	Area IV
Total acquisition price	150.8 billion yen	16.2 billion yen	91.6 billion yen	27.9 billion yen
Number of properties	13 properties	4 properties	10 properties	9 properties

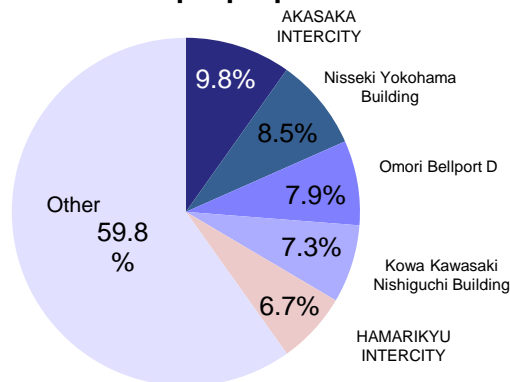


Ratio of investment in the Tokyo metropolitan area ⁽⁴⁾
84.6%

■ Large-Scale Properties ^{*3}



■ Ratio of top 5 properties



Ratio of top 5 properties
40.2%

(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 City (Umeda, Dojima, Nakanoshima, Yodoyabashi, Honmachi, etc.) Central Nagoya City (Meieki, Fushimi, Sakae, etc.) Central Fukuoka City (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 Properties with total floor area of 10,000 tsubo or more for the 23 wards of Tokyo, and of 4,000 tsubo or more for areas other than the 23 wards of Tokyo.

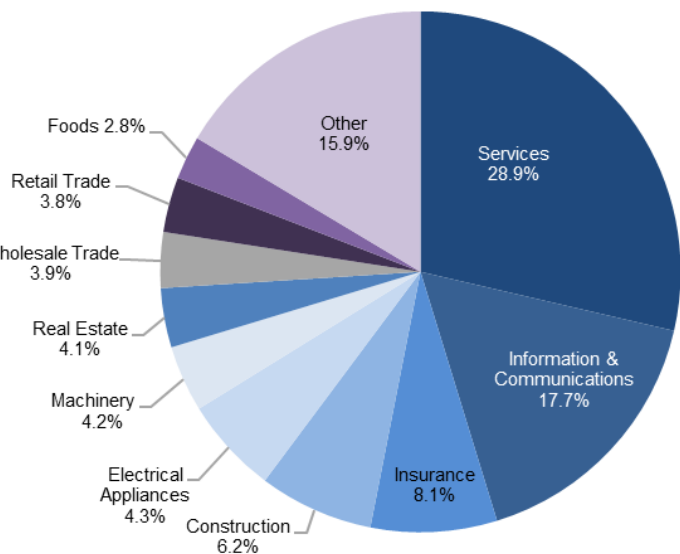
*4 "Tokyo metropolitan area" indicates Tokyo and its surrounding areas (Kanagawa, Saitama and Chiba prefectures) (Area I and Area III).

*5 The figures above are figures as of December 31, 2021. The ratio is rounded to the first decimal place based on the acquisition price.

3. Portfolio

(2) Type of Industry of Tenants/ Top 10 Tenants and End Tenants

■ Type of Industry of Tenants (*1)



*1 JEAM 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 31st Period.

■ Top 10 Tenants

End tenant name	Property Name	Total area leased (m ²)	Floor area ratio (%)
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.9%
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	14,009.96	4.4%
Hitachi Real Estate Partners, Ltd.	Omori Bellport D JEI Hiroshima Hacchobori Building SE Sapporo Building Yokohama Bentendori Dai-ichi Seimei Building	10,449.47	3.3%
Haseko Corporation	Shiba 2-Chome Building	9,284.18	2.9%
(*3)	(*3)	8,372.71	2.6%
(*3)	(*3)	6,572.84	2.1%
(*3)	Nisseki Yokohama Building	5,663.41	1.8%
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.7%
(*3)	Nisseki Yokohama Building	4,768.18	1.5%
(*3)	(*3)	3,974.73	1.3%
Total of top 10 end tenants		87,092.17	27.4%
Total of portfolio overall		317,608.37	100.0%

*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 31st Period.

■ Number of end tenants (*5)

Building name	End Tenant name	Building name	End Tenant name	Building name	End Tenant name
Omori Bellport D	23	BIZCORE JIMBOCHO	5	Core City Tachikawa	24
Shiba 2-Chome Building	2	NHK Nagoya Housou-Center Building	35	Nisseki Yokohama Building	45
JEI Hamamatsucho Building	4	Osaka Kogin Building(land with leasehold interest)	1	Yokohama Bentendori Dai-ichi Seimei Building	13
AKASAKA INTERCITY	12	GRAND FRONT OSAKA (Umekita Plaza / South Building)	2	JEI Kyobashi Building	21
Kowa Shiroganedai Building	15	GRAND FRONT OSAKA (North Building)	5	JEI Hiroshima Hacchobori Building	43
Daiba Garden City Building	2	Musashikosugi Tower Place	37	SE Sapporo Building	43
HAMARIKYU INTERCITY	7	Kowa Kawasaki Higashiguchi Building	1	Aoba-dori Plaza	48
Shintomicho Building	11	JEI Hongo Building	4	Daiwa Minamimoricho Building	10
Kowa Nishi-Shimbashi Building	5	Kawasaki Nisshincho Building	14	JEI Naha Building	18
Mansard Daikanyama	7	JEI Ryogoku Building	18	Hiroshima Dai-ichi Seimei OS Building	28
AKASAKA INTERCITY AIR	1	Kowa Kawasaki Nishiguchi Building	22	Senshin Building	16
BIZCORE AKASAKA-MITSUKE	8	Pacific Square Sengoku	10	Sapporo Otemachi Building	27
		Total		587	

(*5) In principle, the "Total number of end tenants" column indicates the number of end tenants. In cases where a single tenant leases multiple rooms, it is calculated as one tenant for the same property, or as one tenant for each property in the case of multiple properties. However, for ① the residential portion of Shiba 2-Chome Building and HAMARIKYU INTERCITY, the number of tenants is counted as "1", considering the master lease company as the tenant, since the importance of each end tenant is low, and ② the properties in which real estate is co-owned or trust beneficiary rights are quasi-co-owned, and in which the percentage of JEI's ownership or quasi-co-ownership is low (The number of tenants of (i) AKASAKA INTERCITY AIR, (ii) GRAND FRONT OSAKA (Umekita Plaza, South Building) and (iii) GRAND FRONT OSAKA(North Building) are also counted as "1", "2" and "5", respectively, considering the master lease company as a tenant, since the importance of each tenant is low. In addition, the number of tenants for ③ Osaka Kogin Building (land with leasehold interest) is counted as "1" based on the lease agreement for the leased land.

3. Portfolio

(3) Future Goals

<<Requirements for Offices in the Post-COVID Era>>

Utilization of remote work

Home Satellite office

Review of functions and significance

New core office Shared office

Hub-and-spoke-type office

= Offices matching the “new working styles” that pursue efficiency by choosing the location, time and method of work

- Communication
- Collaboration
- Human resources development and recruitment
- Corporate culture

Requirements

Location

- Traffic convenience (near stations)
- Convenient facilities in the neighborhood (commercial facilities, etc.)

Size

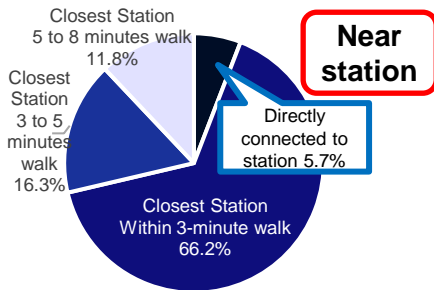
- Large floors enabling flexible division of sections, free layout and securement of wide common-use spaces
- Integration of groups for strengthening cooperation

Specification

- High safety and response to BCP
- High environmental performance and comfort

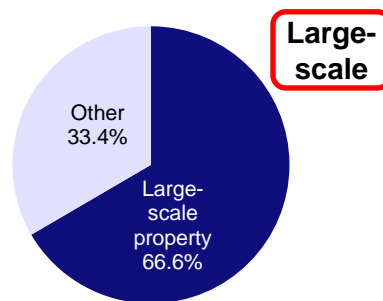
<Characteristics of Portfolio and Customers of JEI>

■ Walking distance from closest station (monthly rent basis)



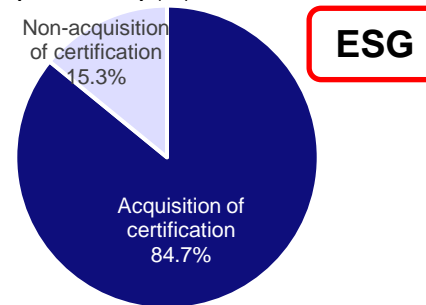
Approximately 72% are directly connected to or located within a 3-minute walk of the closest station
Approximately 88% are located within a 5-minute walk of the closest station

■ Property Size (area basis) (*1)



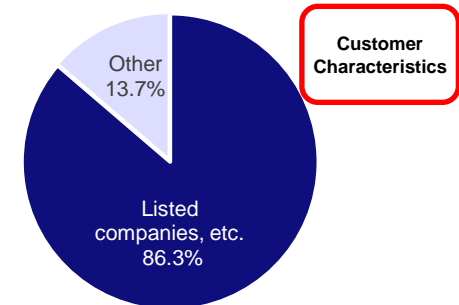
Consisting mainly of large properties

■ Green Building certification (area basis) (*2)



Steadily conducted initiatives for BCP and environmental certification

■ Customer characteristics (monthly rent basis)



Mainly end tenants with firm management and financial bases

Aim to become “selected offices” as new core offices based on the characteristics of the portfolio and customers

*1 Please refer to notes on p. 47 for definitions of the figures above. *2 Please refer to notes on p. 55 for definitions of the figures above.

4. ESG Initiatives

(1) Policy/Promotion System

● Sustainability Policy

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

■ Reduction of Environmental Burden

◆ Energy-Saving and Reduction of CO₂ Emissions

JEI will contribute to energy-saving and reduction of CO₂ 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 environmental burden by collaborating with tenants and property management companies.

◆ Information Disclosure

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

● Signing of PRI

Japan Excellent Asset Management signed the PRI in June 2020, signaling its agreement with the concept of integrating ESG factors into investment decision-making processes in pursuit of enhancement of the long-term investment performance of beneficiaries and better fulfillment of fiduciary responsibilities.

● Declared Support for the TCFD

Japan Excellent Asset Management declared support for the Task Force on Climate-Related Financial Information Disclosures (TCFD) in June 2021, established to consider how to disclose climate-related information and how financial institutions should address the issue.

Going forward, JEAM will promote analysis/disclosure of climate change risk.

● Signed the Principles for Financial Action for the 21st Century

Japan Excellent Asset Management signed the Principles for Financial Action for the 21st Century in June 2021, a set of principles for financial action toward building a sustainable society and behavioral guidelines for financial institutions seeking to take necessary responsibility and play necessary roles in forming a sustainable society.

● 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

■ 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.

■ Target

- ◆ Our targets are to reduce CO2 emissions intensity by 46% in FP2030 compared to FP2013, and to reduce energy consumption intensity and water consumption intensity by 1% in each fiscal year compared to the previous fiscal year, and over the medium to long term, to reduce the average intensity from FP2020 to FP2024 by at least 5% compared to the average per unit of production from FP2015 to FP2019.

■ Concrete Initiatives

- ◆ JEI regularly collects data on energy consumption, CO2 emissions, water consumption and amount of waste and continuously monitors them.

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

- ◆ At 10 properties, “CO2-free electricity” derived from renewable energy comprises 100% of electricity in use

- ◆ In order to expand the investor base that is actively involved in ESG investment, we are taking a leading role in the procurement of sustainability finance and green finance for the acquisition of sustainability- and green-eligible assets and for the financing of renovation work that contributes to environmental improvement.

< Sustainability Finance >

JEI acquired SU1 (F), the highest overall evaluation from Japan Credit Rating Agency, Ltd. (JCR)

JEI has obtained a second-party opinion on its green finance framework from Sustainalytics, an ESG rating agency.



**First for
a J-REIT**



**Issuance of the first
green bond by an
office 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.

- ◆ When selecting property management companies, JEI monitors company’s initiatives concerning sustainability and JEI Sustainability Policies are explained to ask for adherence in property management. Furthermore, compliance with the policies is monitored through an annual survey.

4. ESG Initiatives

(3) Society ①

■ Basic View

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

■ Concrete Initiatives

Safety and Security Initiatives

Introduction of an earthquake damage assessment system (AKASAKA INTERCITY, Kowa Nishi-Shimbashi Building)
Establishment of emergency cabinets inside elevators
Storage of portable toilets, lanterns, etc. to provide to tenants in case of emergencies
Installation of emergency power generation facilities

Survey on Tenant Satisfaction

We conduct satisfaction surveys of tenants and office workers on a regular basis, and utilize the survey results to improve property operation and management in order to increase tenant satisfaction.

Implementation of Disaster Prevention Drills

JEI holds regular disaster drills in its buildings to ensure the safety of users, business continuity for tenants, and to educate the public about disaster prevention.

Respect for human rights

In our Code of Conduct, we stipulate respect for human rights, prohibition of discrimination, and prohibition of harassment. We believe that respect for human rights, non-discrimination, and a work environment where diverse human resources can play an active role with an emphasis on diversity will lead to sustainable growth and contribution to society, and we are working to address human rights issues in our internal training programs.

Supporting the Advancement of Female Employees

JEAM aims to create a working environment where each employee can utilize their personality and skills to the maximum extent and strives to develop a satisfying working environment for female employees by introducing a maternity leave system as well as enabling employees to work flexibly for a short time and to proactively take paid holidays.

Tiered employee training system

From the perspective of medium- to long-term employee development, JEAM systematically establishes training programs for each job grade and job title, tailored to the level of ability required, and develop career development and future management according to job rank.

Employee-held Investment Unit System

JEAM has introduced an employee-held investment unit system for the purpose of enhancing the value of unitholders of JEI over the medium to long term by promoting unity of interest between unitholders of the JEI and employees of JEAM, and promoting the welfare of employees of JEAM.

Employee Grievance Reporting/Escalation Procedures

JEAM has grievance adjustment process where anonymity is thoroughly secured.

For example, reporting on sexual harassing is handled by the compliance officer, the head of operation and planning division, and an external law office. All employees including even those who are not actually involved are allowed to report incidents, and in cases where reports are substantiated, such is reported to the CEO.

Annual Survey on Employee Satisfaction

Once a year, JEAM conducts satisfaction surveys for all employees to monitor their satisfaction. The results of the surveys are utilized as feedback for senior management and the heads of each department, and action plans for those requiring improvement are designed and implemented.

4. ESG Initiatives

(3) Society ②

■ Concrete Initiatives

Eco-cap Campaign

Japan Excellent Asset Management carries out an activity to collect plastic bottle caps and give them to the NPO “Cap Bank Promotion Network.” While promoting recycling of caps and reduction of CO2 emissions, they also send vaccines to children in developing countries using the proceeds from the recycling of caps.

Contribution to Local Communities

JEI supports the activities of communities by periodically holding concerts in the common spaces of office buildings and providing space for various events.

(Activities were postponed in 2021 in order to help prevent the spread of COVID-19)

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



AKASAKA INTERCITY AIR

Concerts



AKASAKA INTERCITY AIR



NHK Nagoya Housou-Center Building

Donating emergency food stockpile to foodbanks

Donating emergency-use food supplies that are no longer needed due to replacement at asset management companies to certified NPO Second Harvest Japan, which provides food to welfare facilities and people in need such as those in foster care, mother and child support, support for persons with disabilities



JEI contributes to the local community and the environment through the installation of electric micromobility service sharing services in the properties we own.

A part of the property site owned by JEI is provided as a shared service base for electric kickboards in consideration of safety, contributing to the efficiency of short-distance travel for tenant tenants and local residents when commuting or traveling within the business, as well as improving the familiarity of local residents with the properties owned by JEI.

Electric kickboards are said to emit only about 1/40th of the CO2 of automobiles, which has a positive impact on the environment. In the event of a disaster, they can be used as an emergency means of transportation when public transportation is suspended.

Electric kickboard



4. ESG Initiatives

(4) Governance

Same-Boat Investment by the Sponsors

The two core sponsors own 6.8% of JEI's investment units (as of the end of December 2021) **and their interests are aligned with that of unitholders.**

Preventing Conflict of Interest from Sponsor Formation

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



Management Fee Structure

Management fees linked to revenue are introduced.

	Calculation method
Asset Management Fee I	<p>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)</p> <p>Fee rates:</p> <ul style="list-style-type: none"> • 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 Fee II	<p>(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%</p>

JEI's Board of Directors

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 compliance officer and outside experts is required for resolution of proposals

Compliance Committee

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

Attendance of compliance officer is required for resolution of proposals

Investment Committee

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

4. ESG Initiatives

(5) External Assessment

■ GRESB Real Estate Assessment ^{(*)1}



Received **“Green Star”** for the seventh consecutive year in GRESB Real Estate Assessment conducted in 2021.

Received **“5 Star”** in **“GRESB Rating,”** a five-grade evaluation system based on comprehensive scores for the second consecutive year.

■ MSCI ESG Rating

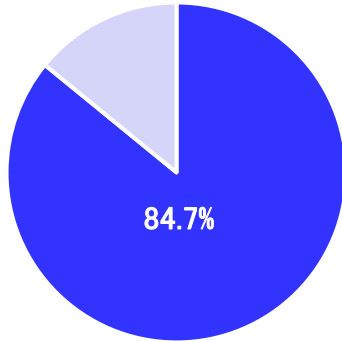


Acquired rating of **A Class** in MSCI ESG Rating
Included in MSCI Japan ESG Select Leaders Index

■ Green Building Certification

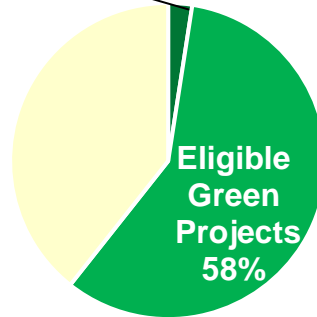
◆ DBJ Green Building Certification ^{(*)2}

23 properties certified (84.7% on area basis)



◆ Eligible Green Projects Eligible Sustainability Projects ^{(*)3}

Eligible Sustainability Projects: 2%



◆ BELS Evaluation ^{(*)4}



この建物用途のエネルギー消費量 **2%削減**
2020年4月20日交付 国土交通省告示に基づく第三者認証

Nisseki Yokohama Building earns two stars

◆ CASBEE for Real Estate/Building ^{(*)5}



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

◆ CASBEE for Smart Wellness Office ^{(*)6}



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

◆ Office Implementing Excellent Specific Global Warming Countermeasures ^{(*)7}

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 “5 Star” is given to the top 20% 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. (as of end of December 2021).

(*)3 “Eligible Green Projects” are assets that have received one of the following certifications within the previous 3 years as of the payment date upon issuance of green bonds or are scheduled to receive such, and those selected at the sustainability council of JEAM ① DBJ Green Building Certification: 5, 4, or 3 stars; ② CASBEE Certification: S, A, or B+ rank.
“Eligible Sustainability Projects” are assets that have received one of the above ① or ② within the previous 3 years of the payment date upon issuance of green bonds or are scheduled to receive such, and those selected by the sustainability council JEAM. The figure in the pie chart indicates the percentage of eligible projects based on book value for the end of the December 2021.

(*)4 “Building-Housing Energy-efficiency Labeling System (BELS)” is a system started for the purpose of accurately evaluating and labelling energy conservation functions of non-residential buildings in response to the establishment of the Assessment Guideline of Indication of Energy Saving Capabilities of Non- residential Buildings (2013) in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism. The evaluations are conducted by a third-party organization based on the guidelines, and certifications are based on a five-scale system of one to five stars (★ to ★★★★★).

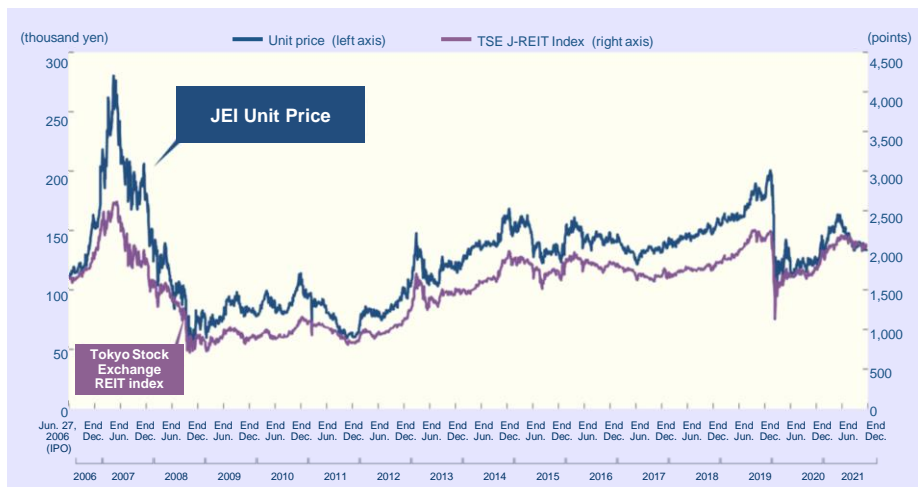
(*)5 “CASBEE for real estate/building” is a system for appropriately identifying and evaluating properties with high environmental value that have high environmental performance and are well managed and is certified by Institute for Building Environment and Energy Conservation.

(*)6 “CASBEE for Smart Wellness Office” is a tool launched in spring 2019 by Institute for Building Environment and Energy Conservation to evaluate building specifications, performance, and initiatives that support the maintenance and enhancement of building users’ health and comfort.

(*)7 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.

Unit Price and Tokyo Stock Exchange REIT Index



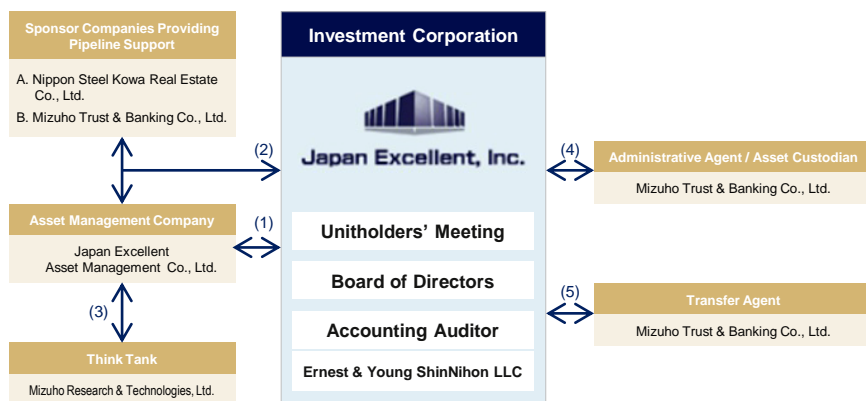
*1 Unit prices for December 25, 2013, and earlier are divided by 5.

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%
Business Operations	Mizuho Trust & Banking Co., Ltd.	5.0%
	Financial Instrument Dealer	

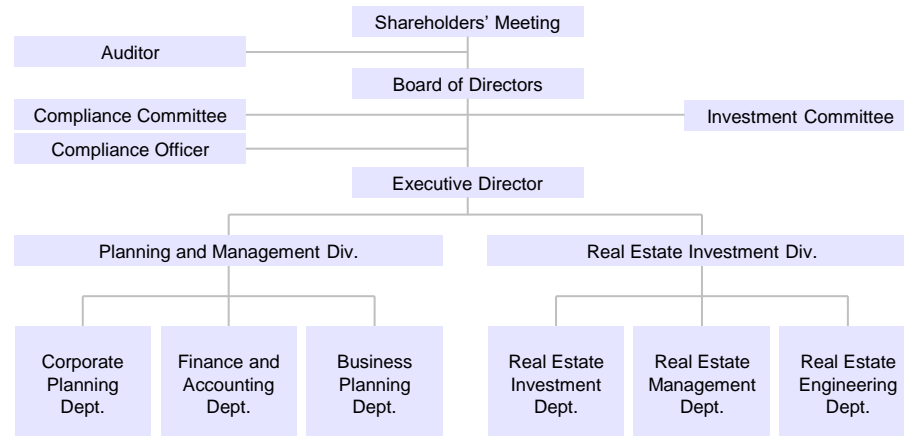
*2 Percentages in the above table are percentages of total outstanding shares.

Organization of JEI

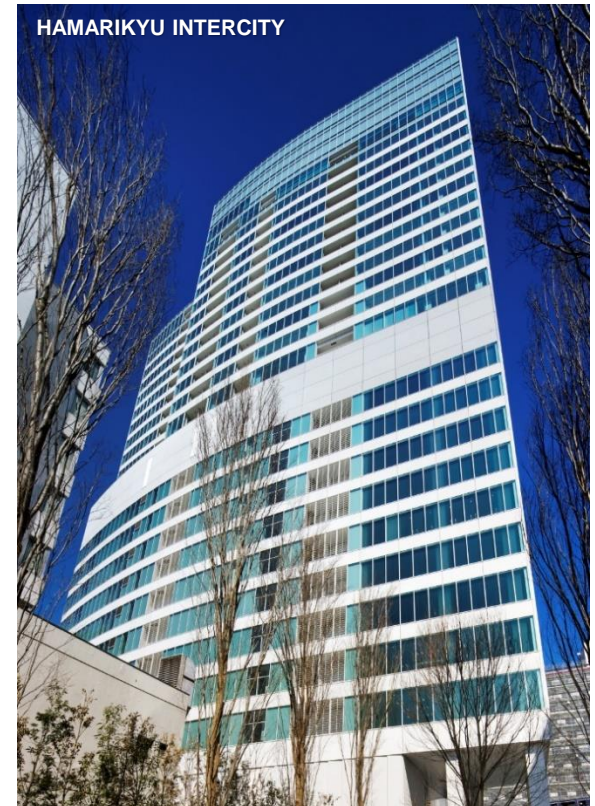


- (1) Asset Management agreement
- (2) A. Pipeline support agreement with NIPPON STEEL KOWA REAL ESTATE
B. Pipeline support agreement with Mizuho Trust & Banking
- (3) Agreement to provide market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement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

Outline and Organization of JEAM



Reference Materials — Appendix



Reference Materials Appendix

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Financial Results of the 31st Period (Ended December 2021)

(1) Comparison with the Previous Period

- ◆ Distribution per unit was 2,843 yen, -95 yen vs. the previous period mainly due to a decrease in rental revenue from existing properties despite an increase in revenues from the acquisition of new properties.

	30th Period (Jun. 2021) Result	31st Period (Dec. 2021) Result	Difference
Operating revenue	10,567	10,666	98
Rental revenue	9,845	9,883	37
Revenue for utilities expenses	582	652	70
Other revenue	140	130	-9
Operating expenses	5,977	6,180	203
Expenses for rental operations	5,563	5,563	207
Property management expenses	1,553	1,553	49
Utilities expenses	759	867	107
Taxes	934	940	6
Repairs and maintenance	158	160	2
Other expenses for rental operations	151	150	-1
(NOI)	7,059	6,994	-65
Depreciation	1,847	1,891	43
Sales and administrative expenses	621	617	-3
Operating income	4,590	4,485	-104
Non-operating expenses	614	639	25
Ordinary income	3,976	3,846	-129
Net income	3,975	3,846	-129
Total distributions	3,975	3,846	-128
Distributions per unit (yen)	2,838 yen	2,843 yen	-95 yen
FFO	5,823	5,737	-85

(unit: million yen)

Factors	Balance	DPU conversion (yen)	Main causes for change
External Growth (Newly Acquired Properties)	183	136 yen	
Increase in profit after depreciation of properties acquired in the 30th Period	170		BIZCORE JIMBOCHO Full-period contribution
Increase in profit after depreciation of properties acquired in the 31st Period	13		Acquisition of Sapporo Otemachi Building
Internal Growth (Existing Properties)	-288	-214 yen	
Decrease in rental revenue	-193		Departure and lease-up: -212 (Lease-up: 165, Departure: -378)
Decrease in utilities expenses	-36		Rent revisions: 1 (Increase: 6, Decrease: -5)
Decrease in other revenue	-10		Other: 16
Increase in expenses for rental operations	-52		
Increase in property management expenses	-29		Kawasaki Nishiguchi maintenance fee -14
Increase in taxes	-6		
Increase in repairs and maintenance	-1		
Increase in depreciation	-17		
Decrease in other expenses for rental operations	2		
Decrease in sales and administrative expenses	3		
Finance	-24	-18 yen	
Decrease in interest expense	6		
Increase in loan-related fees	-38		Arrangement fee
Decrease in other financial expenses	6		
Total	-128	-95 yen	

Financial Results of the 31st Period (Ended December 2021)

(2) Comparison with the Forecast

- ◆ Distributions per unit were 2,843 yen, 43 yen higher than expected, due to the contribution of newly acquired properties to earnings and rental operations expenses coming in below plan, etc.

				(unit: million yen)			
	31st Period (Dec. 2021) Forecast	31st Period (Dec. 2021) Result	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	10,689	10,666	-23	■ External Growth (Newly Acquired Properties)	24	18 yen	
Rental revenue	9,858	9,883	24	Increase in profit after depreciation of properties acquired in the 30th Period	10		BIZCORE JIMBOCHO
Revenue for utilities expenses	702	652	-50	Increase in profit after depreciation of properties acquired in the 31st Period	13		Sapporo Otemachi
Other revenue	128	130	2	■ Internal Growth (Existing Properties)	31	23 yen	
Operating expenses	6,260	6,180	-79	Increase in rental revenue	6		Departure and lease-up: -9 (Lease-up: 6, Departure: -15)
Expenses for rental operations	5,620	5,563	-57	Decrease in utilities revenue/expenses	-46		Rent revisions: 13
Property management expenses	1,564	1,553	-10	Increase in other revenue	2		Other: 2
Utilities expenses	869	867	-2	Decrease in expenses for rental operations	47		
Taxes	946	940	-5	Decrease in property management expenses	0		
Repairs and maintenance	197	160	-37	Decrease in taxes	5		
Other expenses for rental operations	157	150	-7	Decrease in repairs and maintenance	37		
(NOI)	6,953	6,994	40	Increase in depreciation	-3		
Depreciation	1,884	1,891	6	Decrease in other expenses for rental operations	8		
Sales and administrative expenses	639	617	-21	Decrease in sales and administrative expenses	21		
Operating income	4,429	4,485	56	■ Finance	1	1 yen	
Non-operating expenses	640	639	-0	Decrease in interest expense	1		
Ordinary income	3,789	3,848	57	Total	58	43 yen	
Net income	3,788	3,846	57				
Total distributions	3,788	3,846	57				
Distributions per unit (yen)	2,800 yen	2,843 yen	43 yen				
FFO	5,673	5,737	63				

Performance Forecasts

(1) 32nd Period (Ending June 2022)

◆ After offsetting the decrease in rent revenues due to departures by external growth and gain on sale of Kowa Shirokanedai Building, and transferring part of the gain on sale to the reserve for reduction, the distribution per unit will be 2,800 yen, the same as the previous forecast.

	31st Period (Dec. 2021) Result	32nd Period (Jun. 2021) Forecast	Difference
Operating revenue	10,666	11,117	451
Rental revenue	9,883	9,581	-302
Revenue for utilities expenses	652	652	0
Other revenue	130	79	-51
Gain on sales of real estate, etc.	-	805	805
Operating expenses	6,180	6,432	251
Expenses for rental operations	5,563	5,782	218
Property management expenses	1,553	1,630	76
Utilities expenses	867	856	-10
Taxes	940	988	47
Repairs and maintenance	160	209	49
Other expenses for rental operations	150	164	14
(NOI)	6,994	6,463	-531
Depreciation	1,891	1,932	41
Sales and administrative expenses	617	650	32
Operating income	4,485	4,684	199
Non-operating expenses	639	597	-42
Ordinary income	3,846	4,088	241
Net income	3,846	4,087	240
Provision (-) and reversal (+) of reserve for reduction entry	-	-298	-298
Total distributions	3,846	3,788	-53
Distributions per unit (yen)	2,843 yen	2,800 yen	-43 yen
FFO	5,737	5,214	-522

(unit: million yen)

Factors	Balance	DPU conversion (yen)	Main causes for change
External Growth (Newly Acquired Properties)	64	47 yen	Full-year contribution of Sapporo Otemachi
Increase in profit after depreciation of properties acquired in the 31st Period	64		
Internal Growth (Existing Properties)	-653	-483 yen	Departure and lease-up: -387 (Lease-up: 295, Departure: -682)
Decrease in rental revenue	-393		Rent revisions: -7 (Increase: 1, Decrease: -8)
Increase in utilities revenue/expenses	15		Other: 1
Decrease in other revenue	-52		Absence of cancellation penalty/revenue from restoration work for AKASAKA INTERCITY -44
Increase in expenses for rental operations	-190		Brokerage commissions -36 PM fees -25
Increase in property management expenses	-64		
Increase in taxes	-40		
Increase in repairs and maintenance	-46		Upgrading of hot and cold water generator in Nishi-Shimbashi
Increase in depreciation	-25		
Increase in other expenses for rental operations	-13		
Increase in sales and administrative expenses	-32		Non-deductible consumption tax -19
Finance	41	31 yen	
Decrease in interest expense	17		
Decrease in loan-related fees	24		Absence of arrangement fee
Transfer	789	584 yen	
Increase in gain on sale	805		Kowa Shirokanedai Building
Decrease in profit after depreciation of properties transferred in the 32nd Period	-15		
Reserve for Reduction Entry	-298	-221 yen	
Provision of reserve for reduction entry	-298		
Total	-58	-43 yen	

Performance Forecasts

(2) 33rd Period (Ending December 2022)

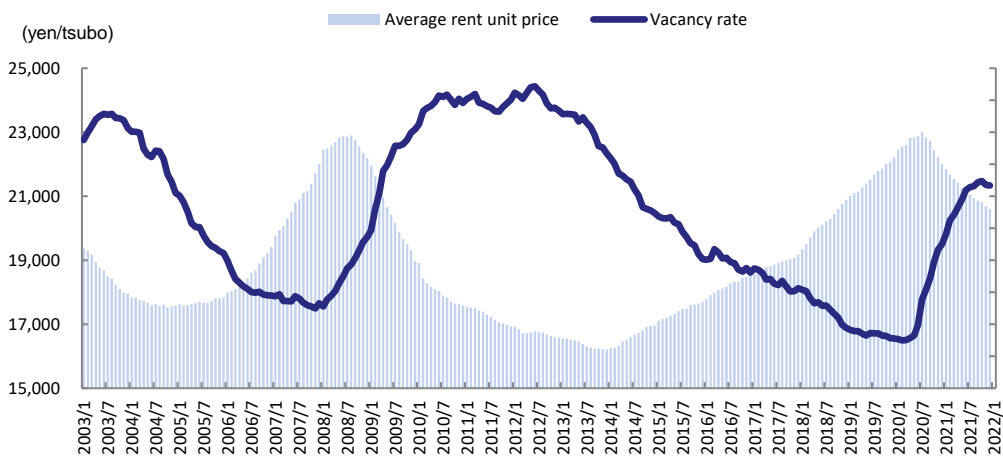
◆ Distribution per unit is maintained at 2,800 yen as absence of gains on sales and a decrease in rental revenue due to departure factors will be offset by external growth and a draw down from reserve for reduction.

	32nd Period (Jun. 2022) Forecast	33rd Period (Dec. 2022) Forecast	Difference
Operating revenue	11,117	10,486	-631
Rental revenue	9,581	9,212	-368
Revenue for utilities expenses	652	651	-0
Other revenue	79	71	-7
Gain on sales of real estate, etc.	805	523	-281
Distribution to Anonymous Association	-	27	27
Operating expenses	6,432	6,270	-161
Expenses for rental operations	5,782	5,652	-129
Property management expenses	1,630	1,534	-96
Utilities expenses	856	872	15
Taxes	988	976	-11
Repairs and maintenance	209	199	-10
Other expenses for rental operations	164	152	-12
(NOI)	6,463	6,201	-261
Depreciation	1,932	1,918	-14
Sales and administrative expenses	650	617	-32
Operating income	4,684	4,215	-469
Non-operating expenses	597	629	32
Ordinary income	4,088	3,586	-501
Net income	4,087	3,585	-501
Provision (-) and reversal (+) of reserve for reduction entry	-298	+ 202	501
Total distributions	3,788	3,788	-
Distributions per unit (yen)	2,800 yen	2,800 yen	-
FFO	5,214	4,980	-234

(unit: million yen)

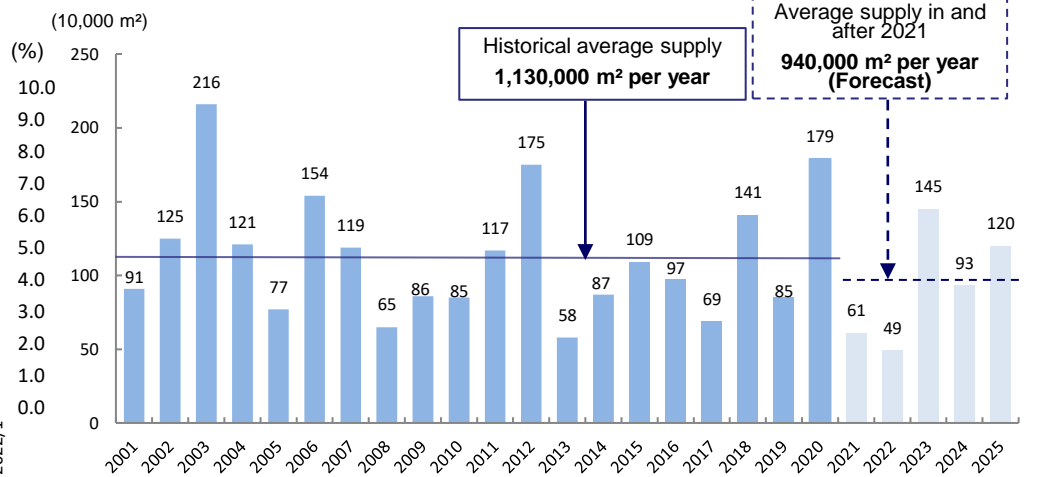
Factors	Balance	DPU conversion (yen)	Main causes for change
External Growth	27	20 yen	
Increase in property acquired (equity interest in Anonymous Association) in the previous period	27		Arc Hills FRONT TOWER distributions (from acquisition to end of July)
Internal Growth (Existing Properties)	-110	-81 yen	
Decrease in rental revenue	-189		Departure and lease-up: -189 (Lease-up: 388, departure: -573)
Decrease in utilities revenue/expenses	-13		Rent revisions: -13 (Decrease: -13)
Decrease in other revenue	-5		Other: 8
Decrease in expenses for rental operations	66		
Decrease in property management expenses	72		Absence of leasing fees (Kawasaki Higashiguchi, Kawasaki Nishiguchi, Hamarikyu)
Increase in taxes	-7		Absence brokerage commissions (Musashikosugi)
Decrease in repairs and maintenance	6		
Increase in depreciation	-15		
Decrease in other expenses for rental operations	9		
Decrease in sales and administrative expenses	32		Asset management fees 19
Finance	-32	-24 yen	
Increase in interest expense	-5		Arrangement fee
Increase in loan relating fees	-26		
Sale of Properties	-385	-285 yen	
Decrease in gain on sale	-281		Absence of gain on sale of the Kowa Shirokanedai Building -805
Decrease in profit after depreciation of properties transferred in the 32nd Period	-84		Shintomicho (40%) gain on sale 523
Decrease in profit after depreciation of properties transferred in the 33rd Period	-19		Kowa Shiroganedai Building
Reserve for Reduction Entry	501	370 yen	Shintomicho Building (40%)
Total	0	0 yen	

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



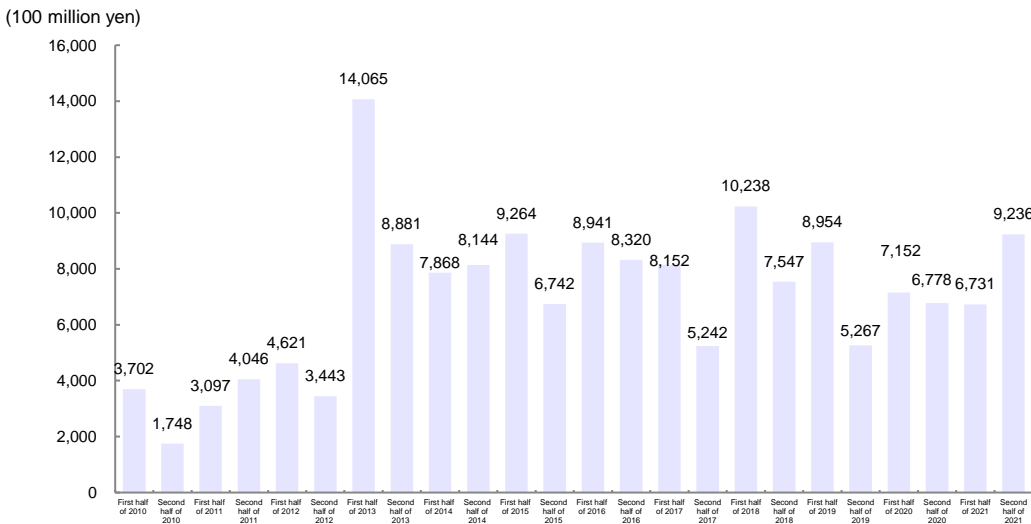
Source: Miki Shoji Co., Ltd.

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



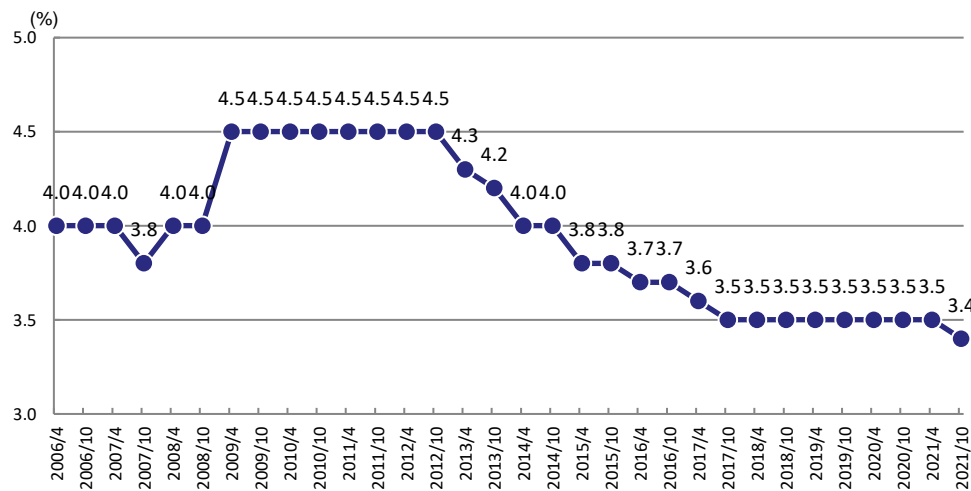
Source: Mori Building Co., Ltd.

■ Historical Actual Real Estate Acquisitions by J-REITs



Source: ARES

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



Source: Japan Real Estate Institute

Revenue and Expenses by Property

(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	I-18	II-1	II-3	II-4	II-5	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	IV-10										
	Omori	Shiba 2-Chome	Hiamatsucho	AKASAKA INTERCITY	Kowa Shiroganebashi	Daiba Garden City	HAMARIKYU INTERCITY	Shintomicho	Kowa Nishi-Shimbashi	Mits and Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA MITSUKE	BIZCORE JIMBOCHO	NHK Nagoya	Omuka Kojin Building (land with leasehold interest)	Umekita Plaza / South Building	North Building	Musashi Kosugi	Kawasaki East Exit	Hongo	Kawasaki Nishin-cho	Ryogoku	Kawasaki West Exit	Sengoku	Core City Tachikawa	Nisaki Yokohama	Yokohama Bentencho	Kyobashi	Hiroshima Hatchobori	SE Sapporo	Aoba-dori Plaza	Darius Miramotomicho	Naha	Hiroshima OS	Senshin Building	Sapporo Oemachi										
Revenue from operations	920	373	244	629	174	325	739	76	-	228	-	153	-	349	89	-	-	747	-	-	131	110	630	61	312	1,203	41	189	158	422	169	194	82	141	50	21	10,666									
Rental revenue	873	372	233	566	158	296	692	67	-	213	-	149	-	-	89	-	-	684	-	-	128	100	580	55	306	1,124	38	169	146	339	144	176	71	133	46	19	9,883									
Other rental revenue	46	1	11	63	15	28	46	9	-	15	-	3	-	-	-	-	-	62	-	-	3	9	49	5	5	79	3	19	11	82	24	18	10	7	3	2	782									
Expenses from operations	470	176	108	266	74	205	419	29	-	132	-	50	-	243	49	-	-	368	-	-	106	65	386	31	135	739	23	90	78	204	100	71	61	71	20	8	5,563									
Property management expenses	142	48	26	97	22	46	132	6	-	38	-	15	-	67	-	-	-	112	-	-	45	20	111	6	32	167	7	18	19	33	36	23	11	20	5	2	1,553									
Utilities expenses	77	0	9	39	9	33	60	4	-	16	-	3	-	28	-	-	-	55	-	-	-	9	43	4	37	177	5	14	13	66	16	11	8	12	3	2	867									
Taxes	78	29	18	37	16	35	51	4	-	31	-	16	-	24	48	-	-	68	-	-	17	7	49	6	21	119	3	11	18	24	18	13	5	13	3	-	940									
Insurance	1	0	0	0	0	0	1	0	-	0	-	0	-	0	-	-	-	1	-	-	0	0	1	0	0	3	0	0	0	0	0	0	0	0	0	0	0	21								
Repairs and maintenance	5	46	0	1	3	1	11	0	-	2	-	-	-	5	-	-	-	4	-	-	1	2	7	1	3	9	1	3	1	3	5	2	15	1	0	0	160									
Other expenses for rental operation	14	1	14	2	0	1	7	0	-	0	-	0	-	33	0	-	-	2	-	-	1	0	0	1	1	2	0	0	0	0	0	0	4	0	0	0	128									
Depreciation	149	50	38	86	21	86	153	12	32	41	18	13	28	81	-	-	-	123	113	31	40	25	172	10	38	259	4	41	25	74	23	18	15	22	7	2	1,891									
Profit (loss) from operations	449	197	136	363	99	120	319	46	229	95	112	102	170	106	39	87	60	378	214	45	24	44	244	30	176	464	18	98	80	218	68	123	20	70	29	13	5,103									
NOI	599	247	174	450	121	206	473	59	262	137	130	116	199	188	39	96	71	502	327	77	65	69	417	41	215	723	23	140	106	292	91	142	36	92	37	16	6,994									
NOI (annualized)	1,188	491	346	894	241	409	938	117	519	272	259	230	395	373	79	191	141	997	650	154	129	138	827	81	428	1,435	45	277	210	579	180	282	72	184	74	190	14,033									
Days	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	31								
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	10,200	5,610	1,770	4,868	3,982	13,890	10,976	5,400	4,725	2,550	20,800	1,620	6,500	24,500	640	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	4,069	286,613									

■ NOI yield*

	31st Period	30th Period	Difference (pt)	5.3%	5.2%	4.2%	3.2%	5.1%	3.7%	4.9%	6.7%	4.5%	2.4%	3.9%	3.7%	3.9%	6.7%	4.5%	3.9%	3.6%	7.2%	5.9%	2.9%	2.7%	5.4%	4.0%	5.1%	6.6%	5.9%	7.1%	8.4%	7.6%	10.5%	8.5%	6.4%	5.3%	6.6%	4.7%	4.7%	4.90%
31st Period	5.3%	5.2%	4.2%	3.2%	5.1%	3.7%	4.9%	6.7%	4.5%	2.4%	3.9%	3.7%	3.9%	6.7%	4.5%	3.9%	3.6%	7.2%	5.9%	2.9%	2.7%	5.4%	4.0%	5.1%	6.6%	5.9%	7.1%	8.4%	7.6%	10.5%	8.5%	6.4%	5.3%	6.6%	4.7%	4.7%	4.90%			
30th Period	5.3%	6.2%	4.3%	3.3%	5.0%	4.4%	5.4%	6.1%	4.1%	3.1%	3.8%	3.8%	3.2%	7.7%	4.5%	4.0%	3.5%	8.0%	5.5%	4.1%	2.8%	5.7%	4.3%	4.9%	7.2%	6.1%	7.0%	8.5%	7.2%	10.5%	10.9%	6.5%	7.1%	7.1%	4.5%	-	5.22%			
Difference (pt)	0.0	-1.0	-0.1	-0.1	0.1	-0.7	-0.5	0.6	0.4	-0.7	0.1	-0.1	0.7	-1.0	0.0	-0.1	0.1	-0.8	0.4	-1.2	-0.1	-0.3	-0.3	0.2	-0.6	-0.2	0.1	-0.1	0.4	0.0	-2.4	-0.1	-1.8	-0.5	0.2	-	-0.32			

■ NOI yield after depreciation

	31st Period	30th Period	Difference (pt)	4.0%	4.1%	3.2%	2.6%	4.2%	2.2%	3.3%	5.3%	4.0%	1.7%	3.4%	3.3%	3.3%	3.8%	4.5%	3.6%	3.0%	5.4%	3.9%	1.7%	1.0%	3.4%	2.3%	3.7%	5.4%	3.8%	5.7%	5.9%	5.8%	7.9%	6.4%	5.5%	3.0%	5.0%	3.8%	3.9%	3.57%
31st Period	4.0%	4.1%	3.2%	2.6%	4.2%	2.2%	3.3%	5.3%	4.0%	1.7%	3.4%	3.3%	3.3%	3.8%	4.5%	3.6%	3.0%	5.4%	3.9%	1.7%	1.0%	3.4%	2.3%	3.7%	5.4%	3.8%	5.7%	5.9%	5.8%	7.9%	6.4%	5.5%	3.0%	5.0%	3.8%	3.9%	3.57%			
30th Period	4.0%	5.1%	3.4%	2.7%	4.0%	2.9%	3.8%	4.8%	3.5%	2.4%	3.2%	3.4%	0.3%	4.8%	4.5%	3.6%	2.9%	6.2%	3.6%	2.9%	1.1%	4.0%	2.7%	3.6%	6.0%	3.9%	5.1%	6.0%	5.5%	7.9%	8.8%	5.7%	4.4%	5.3%	3.6%	-	3.85%			
Difference (pt)	0.0	-1.0	-0.2	-0.1	0.2	-0.7	0.5	0.5	0.5	-0.7	0.2	-0.1	3.0	-1.0	0.0	0.0	0.1	-0.8	0.3	-1.2	-0.1	-0.6	-0.4	0.1	-0.6	-0.1	0.6	-0.1	0.3	0.0	-2.4	-0.2	-1.4	-0.3	0.2	-	-0.28			

■ Breakdown by area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	3,178	396	2,464	954
Acquisition Price	150,874	16,231	91,601	27,907
31st Period NOI yield	4.2%	4.8%	5.3%	7.7%
30th Period NOI yield	4.4%	5.2%	5.7%	8.1%
Difference (pt)	-0.2	-0.4	-0.4	-0.4

(*1) Figures under one million yen are rounded down.

(*2) Ratios are rounded to the first decimal place.

(*3) The NOI yield of each property is expressed as an annualized value (NOI yield = annualized NOI / acquisition price).

(*4) Details of revenues and expenses are not disclosed for the Kowa Nishi-Shimbashi, Kawasaki-Higashiguchi and Hongo buildings because the consent of the end tenants has not been obtained.

(*5) Details of revenues and expenses are not disclosed for AKASAKA INTERCITY AIR, BIZCORE JIMBOCHO, and Grand Front Osaka (Umekita Plaza, South Building / North Building) because the consent of the co-owners has not been obtained.

(*6) Details of real estate rental revenues are not disclosed for NHK Nagoya as consent from the co-operators has not been obtained.

Overview of Period-End Appraisals

Summary of Period-End Appraisal Value

	30th Period (2021.6)	31st Period (2021.12)	Difference
Number of properties	35properties	36properties	1 property
Period-end appraisal value	329,162million yen	339,412million yen	10,250million yen
Book value	265,113million yen	268,610million yen	3,497million yen
Unrealized gain/loss	64,048million yen	70,801million yen	6,753million yen
Ratio of unrealized gain/loss ^(*)	24.2%	26.4%	+2.2pt

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

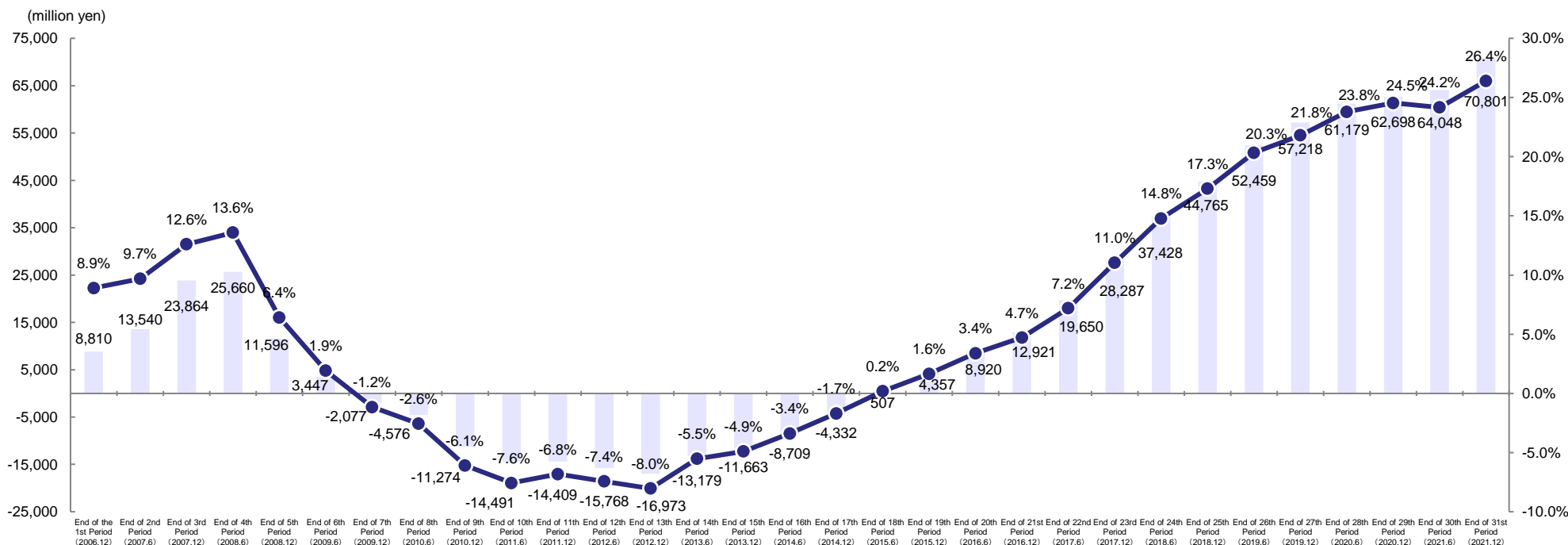
Number of Properties with Increase/Decrease in Appraisal Value (*2) Status of cap rate (*2) (*3)

	30th Period (2021.6)	31st Period (2021.12)		30th Period (2021.6)	31st Period (2021.12)
Increase	17 properties	21 properties	Decline	0 properties	17 properties
Unchanged	14 properties	8 properties	Unchanged	33 properties	18 properties
Decrease	3 properties	6 properties	Rise	1 property	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

(Unit: million yen)

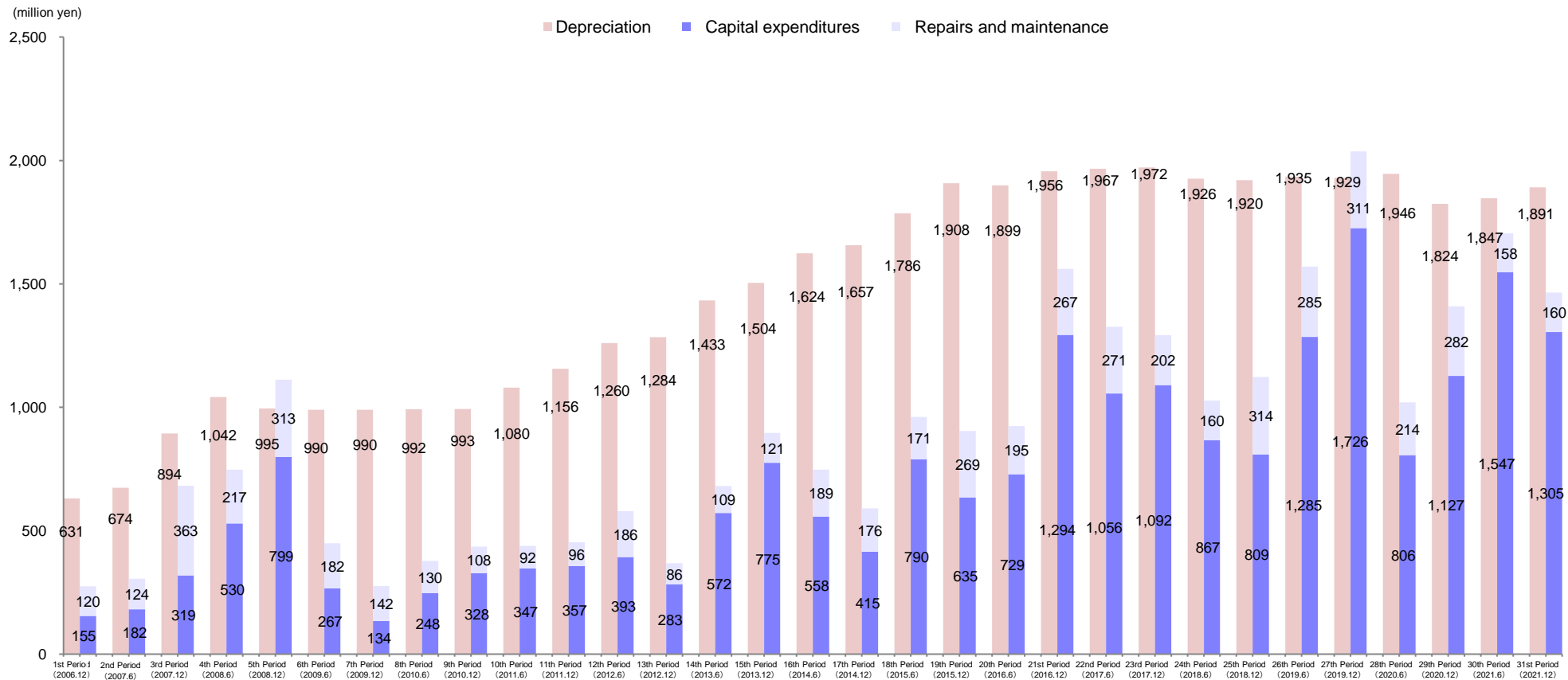
P	Area	Name	Acquisition Price	Period-end Appraisal Value		Difference (②-①)		End of 31st Period Book value (③)		Difference (②-③)		Direct reduction reduced yield		Difference (⑤-④) pt	Appraisal Organization
				End of FP30 (①)	End of FP31 (②)		%		%	End of FP30 (④)	End of FP31 (⑤)		%		
I-1	I	Omori Bellport D	22,552	25,900	25,900	0	0.0%	20,554	5,345	26.0%	4.0%	4.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-2		Shiba 2-Chome Building	9,450	13,600	14,000	400	2.9%	8,979	5,020	55.9%	Office 3.6% Residence 4.1%	Office 3.5% Residence 4.0%	Office -0.1 Residence -0.1	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	9,060	9,450	390	4.3%	8,037	1,412	17.6%	3.4%	3.3%	- 0.1	Japan Real Estate Institute	
I-8		AKASAKA INTERCITY	28,146	30,200	31,400	1,200	4.0%	26,540	4,859	18.3%	2.9%	2.8%	- 0.1	Japan Real Estate Institute	
I-9		Kowa Shiroganedai Building	4,705	5,010	5,070	60	1.2%	4,734	335	7.1%	4.2%	4.2%	0.0	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	10,100	10,100	0	0.0%	9,335	764	8.2%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-12		HAMARIKYU INTERCITY	19,080	25,900	27,200	1,300	5.0%	16,902	10,297	60.9%	3.3%	3.2%	- 0.1	Japan Real Estate Institute	
I-13		Shintomicho Building	1,750	2,210	2,090	- 120	- 5.4%	1,737	352	20.3%	4.1%	4.1%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-14		Kowa Nishi-Shimbashi Building	11,431	13,700	14,100	400	2.9%	10,904	3,195	29.3%	3.1%	3.0%	- 0.1	Japan Real Estate Institute	
I-15		Mansard Daikanyama	11,420	13,700	14,000	300	2.2%	11,151	2,848	25.5%	3.0%	2.9%	- 0.1	Japan Real Estate Institute	
I-16		AKASAKA INTERCITY AIR	6,590	7,780	8,080	300	3.9%	6,485	1,594	24.6%	2.8%	2.7%	- 0.1	Japan Real Estate Institute	
I-17		BIZCORE AKASAKA-MITSUKE	6,200	6,630	6,800	170	2.6%	6,163	636	10.3%	3.2%	3.1%	- 0.1	Japan Real Estate Institute	
I-18		BIZCORE JIMBOCHO	10,200	10,300	10,300	0	0.0%	10,017	282	2.8%	3.4%	3.4%	0.0	The Tanizawa Sogo Appraisal Co., Ltd.	
II-1		II	NHK Nagoya Housou-Center Building	5,610	6,170	6,220	50	0.8%	5,369	850	15.8%	4.3%	4.2%	- 0.1	Japan Real Estate Institute
II-3			Osaka Kogin Building (land with leasehold interest)	1,770	2,470	2,570	100	4.0%	1,865	704	37.8%	3.2%	3.1%	- 0.1	Japan Real Estate Institute
II-4			GRAND FRONT OSAKA (Umekita Plaza / South Building)	4,868	5,050	5,050	0	0.0%	4,874	175	3.6%	3.6%	3.6%	0.0	Japan Valuers Co., Ltd.
II-5			GRAND FRONT OSAKA (North Building)	3,982	3,850	3,850	0	0.0%	3,997	- 147	- 3.7%	3.7%	3.7%	0.0	Japan Valuers Co., Ltd.
III-1			III	Musashikosugi Tower Place	13,890	21,500	21,400	- 100	- 0.5%	12,241	9,158	74.8%	4.1%	4.1%	0.0
III-2	Kowa Kawasaki Higashiguchi Building	10,976		10,600	10,600	0	0.0%	10,689	- 89	- 0.8%	4.7%	4.7%	0.0	Japan Valuers Co., Ltd.	
III-3	JEI Hongo Building	5,400		4,650	4,630	- 20	- 0.4%	4,937	- 307	- 6.2%	4.1%	4.1%	0.0	Japan Valuers Co., Ltd.	
III-5	Kawasaki Nissincho Building	4,725		4,680	4,720	40	0.9%	4,161	558	13.4%	4.8%	4.8%	0.0	Japan Valuers Co., Ltd.	
III-7	JEI Ryogoku Building	2,550		2,660	2,670	10	0.4%	2,363	306	13.0%	4.4%	4.4%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-9	Kowa Kawasaki Nishiguchi Building	20,800		16,400	16,400	0	0.0%	19,046	- 2,646	- 13.9%	4.6%	4.6%	0.0	Japan Valuers Co., Ltd.	
III-10	Pacific Square Sengoku	1,620		1,490	1,490	0	0.0%	1,608	- 118	- 7.3%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-11	Core City Tachikawa	6,500		9,460	9,680	220	2.3%	6,008	3,671	61.1%	4.1%	4.0%	- 0.1	Japan Real Estate Institute	
III-12	Nisseki Yokohama Building	24,500		31,200	32,400	1,200	3.8%	22,296	10,103	45.3%	3.7%	3.6%	- 0.1	Japan Real Estate Institute	
III-13	Yokohama Bentendori Dai-ichi Seimei Building	640		682	704	22	3.2%	687	16	2.4%	4.5%	4.4%	- 0.1	Japan Real Estate Institute	
IV-2	IV	JEI Kyobashi Building		3,308	4,420	3,990	- 430	- 9.7%	2,726	1,263	46.3%	5.1%	5.1%	0.0	AWA REAL ESTATE APPRAISAL Corporation
IV-3		JEI Hiroshima Hacchobori Building		2,760	3,940	4,070	130	3.3%	2,637	1,432	54.3%	4.6%	4.5%	- 0.1	Japan Real Estate Institute
IV-4		SE Sapporo Building		5,500	9,160	9,190	30	0.3%	5,110	4,079	79.8%	4.8%	4.8%	0.0	Chuo Real Estate Appraisal Co., Ltd.
IV-5		Aoba-dori Plaza	2,120	4,460	4,560	100	2.2%	2,226	2,333	104.8%	4.5%	4.4%	- 0.1	Japan Real Estate Institute	
IV-6		Daiwa Minamimoricho Building	4,410	5,190	5,170	- 20	- 0.4%	4,182	987	23.6%	4.6%	4.6%	0.0	AWA REAL ESTATE APPRAISAL Corporation	
IV-7		JEI Naha Building	1,380	2,020	2,080	60	3.0%	1,533	546	35.6%	5.1%	5.0%	- 0.1	Japan Real Estate Institute	
IV-8		Hiroshima Dai-ichi Seimei OS Building	2,780	3,330	3,430	100	3.0%	2,807	622	22.2%	4.6%	4.5%	- 0.1	Japan Real Estate Institute	
IV-9		Senshin Building	1,580	1,690	1,680	- 10	- 0.6%	1,619	60	3.7%	4.4%	4.4%	0.0	The Tanizawa Sogo Appraisal Co., Ltd.	
IV-10		Sapporo Otemachi Building	4,069	4,235	4,368	133	3.1%	4,074	293	7.2%	4.4%	4.3%	- 0.1	Japan Real Estate Institute	
			Total	286,613	333,397	339,412	6,015	1.8%	268,610	70,801	26.4%	3.8%	3.8%	-0.0	-
		Area I total	150,874	174,090	178,490	4,400	2.5%	141,545	36,944	26.1%	3.4%	3.3%	- 0.1	-	
		Area II total	16,231	17,540	17,690	150	0.9%	16,107	1,582	9.8%	3.8%	3.8%	- 0.0	-	
		Area III total	91,601	103,322	104,694	1,372	1.3%	84,040	20,653	24.6%	4.2%	4.2%	- 0.0	-	
		Area IV total	27,907	38,445	38,538	93	0.2%	26,917	11,620	43.2%	4.7%	4.6%	- 0.1	-	
		Total	286,613	333,397	339,412	6,015	1.8%	268,610	70,801	26.4%	3.8%	3.8%	-0.0	-	

(*1) "Appraisal value" includes the appraisal value described in the real estate appraisal reports made by a real estate appraisers as of the end of the 30th Period and 31st Period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

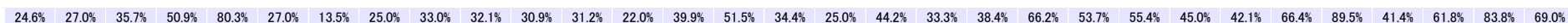
The appraisal value is stated.

(*2) For properties acquired in the 31st Period, appraisal values at the time of the acquisition are indicated in Period-End Appraisal Value for the 30th Period.

History of Costs for Construction and Depreciation



Capital Expenditures/Depreciation



Statement of Income and Retained Earnings

(Unit: million yen)

	30th Period (2021.6)	Percentage (%)	31st Period (2021.12)	Percentage (%)	Compared with previous period	
					Difference	(%)
1. Operating revenue (A)	10,567	100.0	10,666	100.0	98	0.9
Rental revenue	9,845		9,883		37	
Other rental revenue	722		782		60	
Total rental revenue (a)	10,567	100.0	10,666	100.0	98	0.9
2. Operating expenses (B)	5,977	56.6	6,180	57.9	203	3.4
Property management expenses (Note)	1,504		1,553		49	
Utilities expenses	759		867		107	
Taxes	934		940		6	
Insurance	20		21		0	
Repairs and maintenance	158		160		2	
Other (Note)	130		128		-1	
Depreciation	1,847		1,891		43	
Total operating expenses (b)	5,355	50.7	5,563	52.2	207	3.9
Profits from operation (a)-(b)	5,212	49.3	5,103	47.8	-108	-2.1
Asset management fees	454		457		2	
Other	166		160		-6	
3. Operating income (A)-(B)	4,590	43.4	4,485	42.1	-104	-2.3
4. Non-operating income	0	0.0	0	0.0	0	38.8
5. Non-operating expenses	614	5.8	639	6.0	25	4.1
Interest expense	327		318		-9	
Loan relating fees	118		156		38	
Interest expense on investment corporation bonds	149		151		2	
Amortization of investment corporation bond issuance costs	12		12		—	
Office	6		0		-6	
6. Ordinary income	3,976	37.6	3,846	36.1	-129	-3.3
7. Net income before taxes	3,976	37.6	3,846	36.1	-129	-3.3
8. Income taxes – current	1		0		0	
9. Net income	3,975	37.6	3,846	36.1	-129	-3.3
10. Retained earnings brought forward	0		0		0	
11. Unappropriated retained earnings	3,975		3,846		-128	

(Note) Change in presentation method

To make financial statement presentation clearer and more in line with the actual situation, the Investment Corporation has decided to include "Management association expenses", "Consumables expenses", and "Brokerage fees", which were previously included in "Other expenses" in "Property management expenses".

As a result, 110 million yen presented in "Other expenses" in the previous fiscal period has been reclassified as "Property management expenses".

Balance Sheet

	30th Period (2021.6)		31st Period (2021.12)		Difference		30th Period (2021.6)		31st Period (2021.12)		Difference
(Assets)		Composition (%)		Composition (%)		(Liabilities)		Composition (%)		Composition (%)	
I. Current assets	26,737	9.1	23,138	7.9	-3,599	I. Current liabilities	16,838	5.7	16,303	5.5	-535
Cash and deposits	9,677		7,457		-2,219	Operating accounts payable	1,618		1,592		-26
Cash and deposits in trust	16,340		15,095		-1,244	Long-term loans due within a year	14,510		13,750		-760
Operating accounts receivable	294		310		15	Other accounts payable	474		461		-12
Office	425		274		-150	Accrued consumption taxes	-		301		301
II. Fixed assets	267,079	90.9	270,681	92.1	3,602	Office	235		196		-38
1. Property and equipment	256,007	87.1	259,443	88.3	3,436	II. Long-term liabilities	124,796	42.5	125,451	42.7	654
Real Estate	16,266		16,170		-96	Investment Corporation Bond	38,000		38,000		-
Real Estate in trust	239,726		243,257		3,531	Long-term loans	73,090		73,850		760
Construction in progress	14		15		0	Security deposits from tenants	1,199		1,185		-13
2. Intangible assets	9,112	3.1	9,172	3.1	59	Security deposits from tenants in trust	12,507		12,415		-91
Leasehold rights	1,721		1,721		-	Total liabilities	141,635	48.2	141,754	48.2	118
Leasehold rights in trust	7,382		7,382		-	(Net assets)					
Office	8		68		59	I. Unitholders' equity	152,335	51.8	152,206	51.8	-128
3. Investments and other assets	1,958	0.7	2,065	0.7	106	1. Unitholders' capital	147,907	50.3	147,907	50.3	-
Leasehold and security deposits	19		19		-	2. Retained earnings	4,427		4,298		-128
Long-term prepaid expenses	824		860		35	Voluntary retained earnings (Reserve for reduction entry)	451	0.2	451	0.2	-
Office	1,115		1,185		70	Unappropriated retained earnings	3,975	1.4	3,846	1.3	-128
III. Deferred assets	154	0.1	141	0.0	-12	Total net assets	152,335	51.8	152,206	51.8	-128
Investment corporation bond issuance costs	154		141		-12	Total liabilities and net assets	293,970	100.0	293,960	100.0	-9
Total assets	293,970	100.0	293,960	100.0	-9						

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

■ Cash Flow Statement

(Unit: million yen)

31st Period (2021.12)	
Classification	Amount
I. Cash flow from operating activities	6,161
Net income before taxes	3,846
Depreciation	1,892
Office	422
II. Cash flow from investing activities	-5,650
Purchase of property and equipment	-5,545
Net payments for security deposits	-105
III. Cash flow from financing activities	-3,974
Proceeds from long-term loans	9,510
Repayment of long-term loans	-9,510
Distributions to unitholders	-3,974
IV. Net increase / decrease in cash and cash equivalents	-3,464
V. Cash and cash equivalents at beginning of period	26,017
VI. Cash and cash equivalents at end of period	22,553

(*) Figures under one million yen are rounded down.

■ Statement of Profit Distribution

(Unit: yen)

31st Period (2021.12)	
Classification	Amount
Unappropriated retained earnings	3,846,920,332
Distributions	3,846,579,000
(Distributions per investment unit)	(2,843)
Earnings carried over to next period	341,332
Total number of outstanding investment units at the end of the period	1,353,000

Financial indicators

Financial indicators	Unit	26th Period (2019.6)	27th Period (2019.12)	28th Period (2020.6)	29th Period (2020.12)	30th Period (2021.6)	31st Period (2021.12)	(*) (*)	
								Calculation method	
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	6,116	4,675	8,053	6,592	6,301	6,209	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization (including depreciation other than the expenses for rental operations)	
NOI (Net operating income)	MN yen	6,856	6,913	7,263	7,066	7,059	6,994	Rental revenue - rental expenses + Depreciation and amortization	
FFO (Funds from operation)	MN yen	5,626	5,703	5,873	5,800	5,823	5,737	Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss	
FFO per unit	yen	4,309	4,367	4,341	4,287	4,303	4,240	FFO / Total number of outstanding investment units at the end of period	
AFFO (Adjusted funds from operation)	MN yen	4,341	3,976	5,067	4,672	4,275	4,431	FFO - Capital expenditures	
AFFO Distribution payout ratio	%	85.0	95.8	79.0	86.9	93.0	86.8	(Total cash distribution amount / AFFO) x 100	
NAV (Net asset value)	MN yen	196,282	199,595	213,312	215,116	216,383	223,007	Period end total assets - Period end total liabilities + Real estate valuation gain/loss	
NAV per unit	yen	150,327	152,865	157,658	158,992	159,928	164,824	NAV / Total number of outstanding investment units at the end of period	
DSCR (Debt service coverage ratio)	times	12.5	9.4	17.0	13.9	13.2	13.2	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 (including depreciation other than the expenses for rental operations)	
ROA	%	1.3	0.8	1.9	1.5	1.4	1.3	Ordinary income / [(Period beginning total assets + period end total assets) / 2] x 100	
(Reference) Annualized with following formula	%	(2.6)	(1.6)	(3.9)	(2.9)	(2.7)	(2.6)	Above x 365 days / Number of operating days	
ROE	%	2.6	1.6	3.8	2.8	2.6	2.5	Net income / [(Period beginning net assets + period end net assets) / 2] x 100	
(Reference) Annualized with following formula	%	(5.2)	(3.1)	(7.7)	(5.6)	(5.3)	(5.0)	Above x 365 days / Number of operating days	
Equity to Total Assets	%	50.3	49.3	51.8	51.8	51.8	51.8	(Period end net assets / Period end total assets) x 100	
LTV (period-end total asset basis)	%	44.2	44.9	42.8	42.7	42.7	42.7	(Period end interest-bearing debt / Period end total assets) x 100	
LTV (period-end valuation gain/loss basis)	%	37.4	37.5	35.4	35.2	35.1	34.4	(Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss))x100	
BPS (Book value per unit)	yen	110,149	109,042	112,441	112,652	112,590	112,495	Period end net assets / Total number of outstanding investment units at the end of period	

(*) Figures under are rounded down. Ratios are rounded to the first decimal place.

Status of Interest-Bearing Debt

■ Balance of Interest-Bearing Debt (As of the End of 31st Period)

Lender	Balance (million yen)	By financial institution
Mizuho Bank, Ltd.	17,785	20.3%
MUFG Bank, Ltd.	13,005	14.8%
Development Bank of Japan Inc.	12,800	14.6%
Sumitomo Mitsui Banking Corporation	8,270	9.4%
Mizuho Trust & Banking Co., Ltd.	7,807	8.9%
The Norinchukin Bank	7,412	8.5%
The Dai-ichi Life Insurance Company, Limited	6,000	6.8%
Resona Bank, Ltd.	3,400	3.9%
Sompo Japan Insurance Inc.	2,500	2.9%
Aozora Bank, Ltd.	2,500	2.9%
Sumitomo Mitsui Trust Bank, Limited	1,620	1.8%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500	1.7%
The Bank of Fukuoka, Ltd.	1,000	1.1%
Shinkin Central Bank	1,000	1.1%
Nippon Life Insurance Company	1,000	1.1%
Loan Total	87,600	100.0%

* Shaded areas refer to sponsor companies.

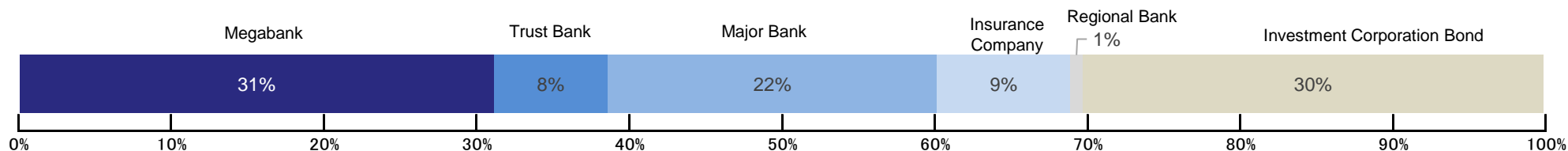
■ Status of Investment Corporation Bonds (As of the End of 31st Period)

Investment Corporation Bond	Maturity date	Balance (million yen)	Interest rate	Period
7th Series Unsecured Investment Corporation Bond	March 11, 2024	8,000	1.13%	10 years
8th Series Unsecured Investment Corporation Bond	September 9, 2025	5,000	1.03%	10 years
9th Series Unsecured Investment Corporation Bond	October 27, 2026	2,000	0.45%	10 years
10th Series Unsecured Investment Corporation Bond	December 20, 2023	2,000	0.39%	7 years
11th Series Unsecured Investment Corporation Bond	April 23, 2027	7,000	0.65%	10 years
12th Series Unsecured Investment Corporation Bond	April 20, 2023	2,000	0.24%	5 years
13th Series Unsecured Investment Corporation Bond	April 20, 2033	2,000	0.95%	15 years
(JEI Green Bond) 14th Series Unsecured Investment Corporation Bond	August 10, 2028	4,000	0.63%	10 years
15th Series Unsecured Investment Corporation Bond	September 9, 2039	1,000	1.07%	20 years
(2nd JEI Green Bond) 16th Series Unsecured Investment Corporation Bond	October 29, 2035	5,000	0.75%	15 years
Investment Corporation Bond Total		38,000		

■ Status of Commitment Line (As of the End of 31st Period)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From February 1, 2021 to January 31, 2022
MUFG Bank, Ltd.	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
Total Commitment Line	14,000	

■ Types of Lenders for Interest-Bearing Debt



Owner Classification	Investment Units				Composition Difference
	End of 30th Period (2021.6)		End of 31st Period (2021.12)		
	No. of units (Units)	Composition	No. of units (Units)	Composition	
Financial Institutions (Including Securities Companies)	963,949	71.2%	937,389	69.3%	-1.9pt
Other Domestic Companies	112,435	8.3%	115,533	8.5%	0.2pt
Foreign Companies, etc.	215,792	15.9%	235,214	17.4%	1.5pt
Individuals	60,824	4.5%	64,864	4.8%	0.3pt
Total	1,353,000	100.0%	1,353,000	100.0%	-

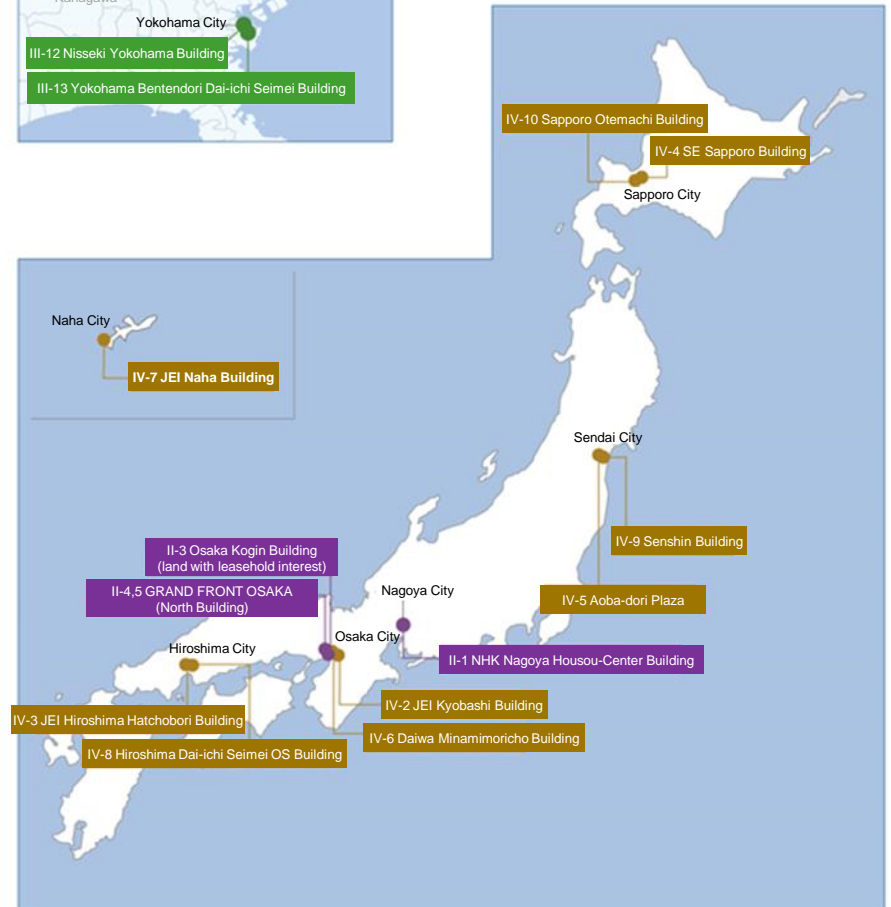
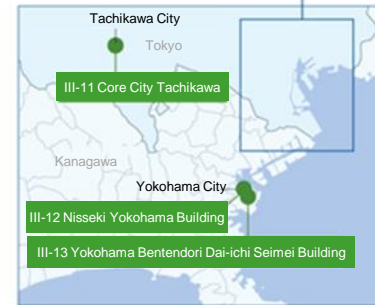
	Investors				Composition Difference
	End of 30th Period (2021.6)		End of 31st Period (2021.12)		
	No. of people (People)	Composition	No. of people (People)	Composition	
	175	2.6%	167	2.4%	-0.2pt
	159	2.3%	162	2.3%	-
	222	3.3%	238	3.4%	0.1pt
	6,241	91.8%	6,411	91.9%	0.1pt
	6,797	100.0%	6,978	100.0%	-

Ratio of investment units held by the 2 core sponsor companies: 6.8%

Rank	Name	Units	Composition ratio (%)
1	Custody Bank of Japan, Ltd. (Trust Account)	330,485	24.4%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	228,871	16.9%
3	Nippon Steel Kowa Real Estate Co., Ltd.	71,560	5.3%
4	Custody Bank of Japan, Ltd.(Securities Investment Trust Account)	49,984	3.7%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	40,702	3.0%
6	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	36,232	2.7%
7	STATE STREET BANK WEST CLIENT - TREATY 505234	20,938	1.5%
8	The Dai-ichi Life Insurance Company, Limited	20,660	1.5%
9	SSBTC CLIENT OMNIBUS ACCOUNT	19,328	1.4%
10	JP MORGAN CHASE BANK 385781	16,512	1.2%
Total		835,272	61.7%

*1 Ratios are rounded to the first decimal place. *2 Shaded area in the above top 10 unitholders' list indicates sponsors.

Portfolio Map



Portfolio Overview (1)

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	Office	Office
Name	Omori Bellport D Building	Shiba 2-Chome Building	JEI Hamamatsucho Building	AKASAKA INTERCITY	Kowa Shiroganedai 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 (%)	7.9	3.3	2.9	9.8	1.6	3.8	6.7	0.6
Period-end Occupancy rate (%)	100.0	100.0	100.0	95.6	94.7	82.6	95.3	100.0
PML (%)	4.5	5.8	7.9	1.8	6.0	6.3	0.2	7.9
DBJ Green Building Certification	★★★	★★	★	★★★★	-	★★	Residential portion:★★★★★ Office portion:★★★★	-


*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 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.

Portfolio Overview (2)

Property Number	I-14	I-15	I-16	I-17	I-18	II-1	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	BIZCORE JIMBOCHO	NHK Nagoya Broadcasting Station 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	Kanda-ogawacho, Chiyoda Ward, Tokyo	Higashi Ward, Nagoya City, Aichi	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	8,217.64	80,809.95	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	November 2017	July 1991	-	Mar. 2013 (South Building) Feb. 2013 (Umekita Plaza)	February 2013
Acquisition date	1. Mar. 2013 2. Aug. 2017	July 2016	July 2018	October 2019	June 2021	1. Jun. 2006 2. Mar. 2014	February 2013	February 2020	February 2020
Acquisition price (MN yen)	11,431	11,420	6,590	6,200	10,200	5,610	1,770	4,868	3,982
Investment ratio (%)	4.0	4.0	2.3	2.2	3.6	2.0	0.6	1.7	1.4
Period-end Occupancy rate (%)	100.0	72.7	99.8	100.0	72.5	93.0	100.0	97.6	98.2
PML (%)	4.7	5.3	1.9	5.7	7.0	4.0	-	3.2	3.2
DBJ Green Building Certification	★	★★★★	★★★★★	★★★	-	★★★	-	-	-

*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 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.

Portfolio Overview (3)

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	20,800	1,620	6,500	24,500	640
Investment ratio (%)	4.8	3.8	1.9	1.6	0.9	7.3	0.6	2.3	8.5	0.2
Period-end Occupancy rate (%)	64.6	100.0	86.9	67.3	100.0	97.3	100.0	98.4	100.0	100.0
PML (%)	4.2	4.0	6.8	5.5	6.8	3.9	5.2	2.6	1.4	8.3
DBJ Green Building Certification	★★★	★★	★★	★★	-	★★★	-	★	★★★	-

*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 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.

Portfolio Overview (4)

Property Number	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9	IV-10
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	JEI Kyobashi Building	JEI Hiroshima Hacchobori Building	SE Sapporo Building	Aoba-dori Plaza	Daiwa Minamimoricho Building	JEI Naha Building	Hiroshima Dai-ichi Seimei OS Building	Senshin Building	Sapporo Otemachi 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	Chuo Ward, Sapporo City, Hokkaido
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	9,792.75
Completion date	April 1987	February 1999	March 1989	July 1996	January 1990	June 1990	March 1989	October 1984	April 1984
Acquisition date	September 2011	May 2012	March 2013	February 2014	February 2014	December 2015	June 2018	November 2019	December 2021
Acquisition price (MN yen)	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	4,069
Investment ratio (%)	1.2	1.0	1.9	0.7	1.5	0.5	1.0	0.6	1.4
Period-end Occupancy rate (%)	100.0	98.4	100.0	77.0	100.0	100.0	96.3	92.0	98.5
PML (%)	2.7	0.8	0.2	0.1	3.2	5.3	0.9	1.7	1.9
DBJ Green Building Certification	★★	★	★★★★	-	-	-	★	-	-

*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 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.