



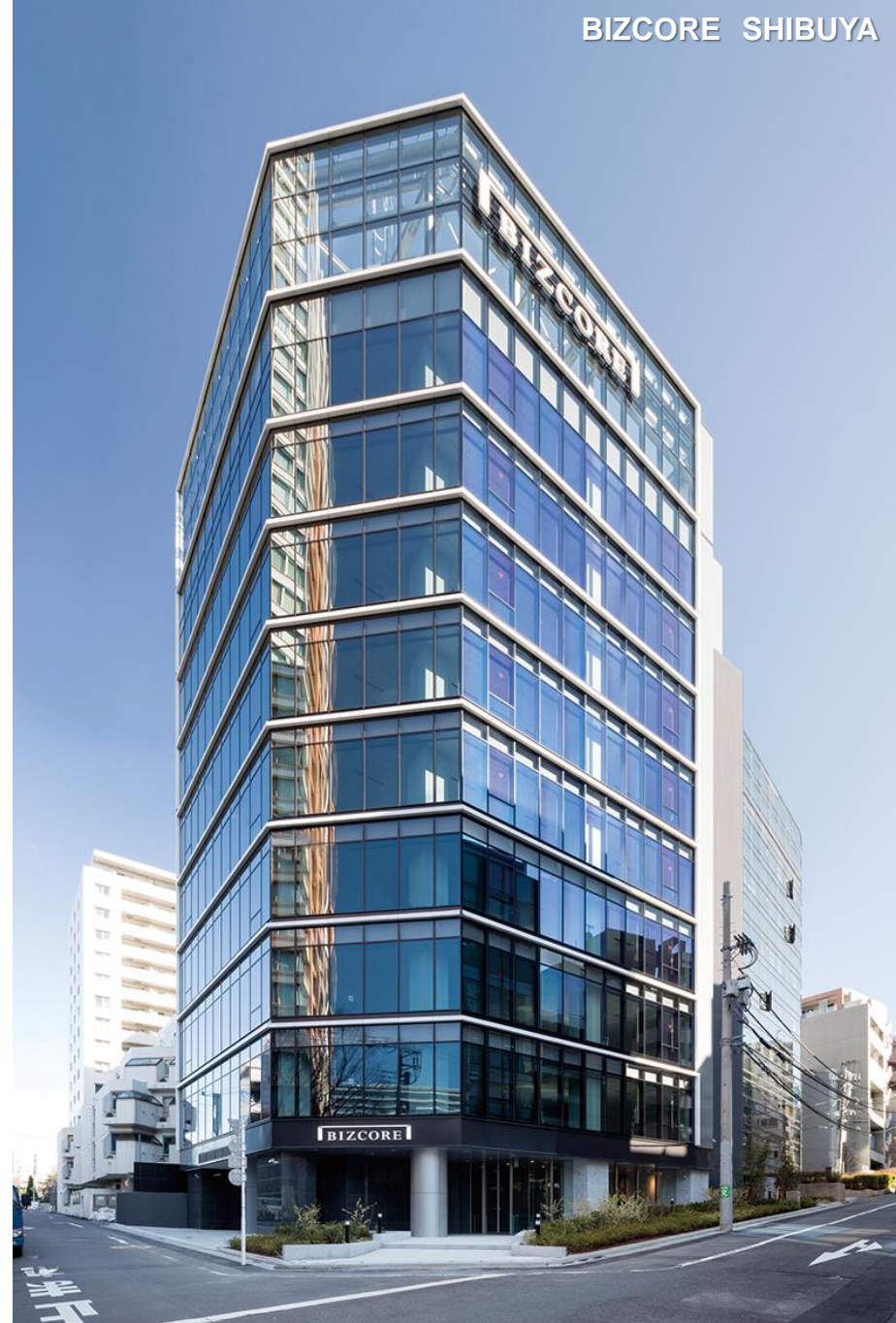
# JEI

## Japan Excellent, Inc.

Thirty-second Period (Ended June 2022)

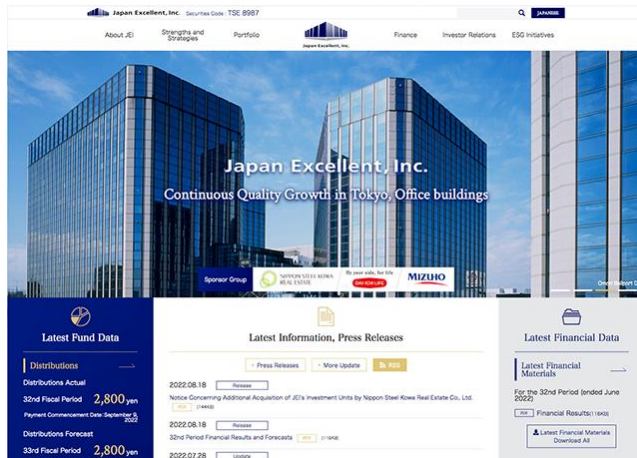
Presentation Materials

August 19, 2022



# Information on Website

Please visit JEI's website below.



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

QR code



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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: **79.8%**  
Acquisition price basis as of Aug. 18, 2022

- 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 32nd Period: **90.8%**  
(Average occupancy rate over the past 5 years: 97.9%)

- Rental revenue for the 32nd Period: **9,566 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: **4.1 years**  
(End of Jun. 2022)

- LTV: **43.1%**  
(End of Jun. 2022)

## 2. Portfolio\*

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

Number of properties: **36**

Asset size: **287.8 billion yen**

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

Large-scale properties: **66.3%**

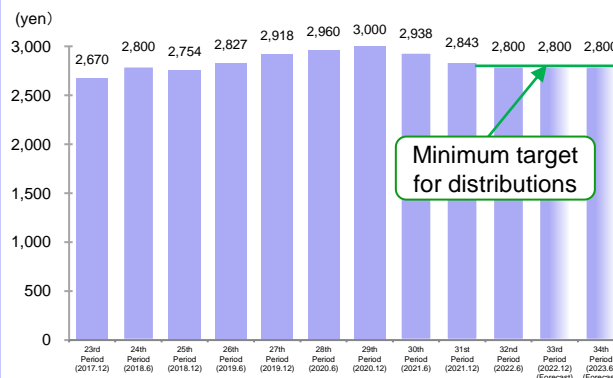
Tokyo metropolitan area: **84.7%**

6 central wards of Tokyo: **52.8%**

\* Figures as of Aug. 18, 2022  
Please refer to notes on p. 46 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

Green Building Certification: 87.7% (area basis)

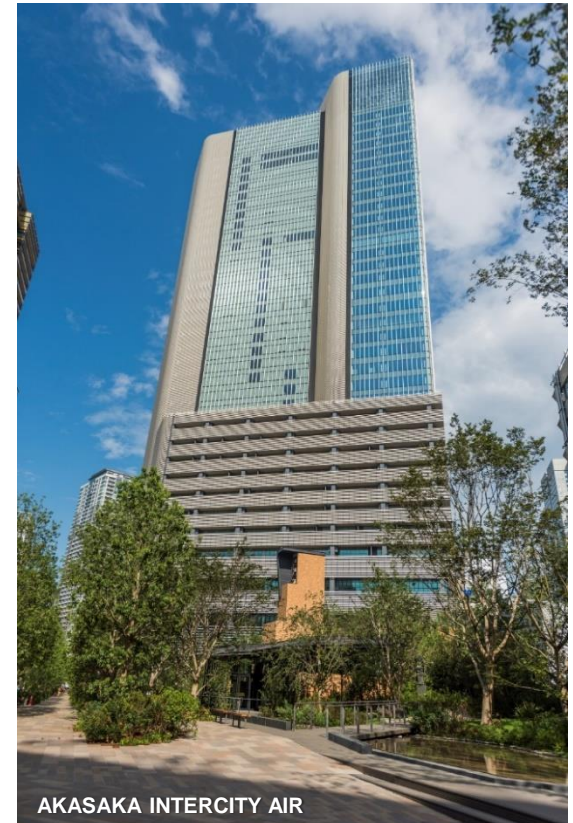
CO<sub>2</sub> emissions reduction target -46% in FY2030 (vs FY2013)

CO<sub>2</sub>-free electricity rate: 70.9% (area basis)

Declared support for TCFD, disclosed qualitative scenario analysis

# I. Key Points in Current Operations

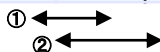
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# Key Points in Current Operations

|  | 26th Period | 27th Period | 28th Period | 29th Period | 30th Period | 31st Period | 32nd Period | 33rd Period Forecast | 34th Period Forecast |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------|----------------------|
| Tenant departure rate (%)                | 1.6         | 1.7         | 0.8         | 2.5         | 3.2         | 6.6         | 7.6         | 4.0                  | 2.4                  |
| Period-end contracted occupancy rate (%) | 99.4        | 99.6        | 99.6        | 98.0        | 96.4        | 93.1        | 90.8        | 93.9                 | 96.2                 |

Major tenant departure(s)



|   | 30th Period (Ended June 2021) |           | 31st Period (Ended December 2021) |           |           | 32nd Period (Ended June 2022) |            |            | 33rd Period (Ending December 2022) |            | 34th Period (Ending June 2023) |
|---|-------------------------------|-----------|-----------------------------------|-----------|-----------|-------------------------------|------------|------------|------------------------------------|------------|--------------------------------|
|   | 21/2 F                        | Actual    | 21/2 F                            | 21/8 F    | Actual    | 21/8 F                        | 22/2 F     | Actual     | 22/2 F                             | 22/8 F     | 22/8 F                         |
| Operating revenue   | 10,574                        | 10,567    | 10,321                            | 10,689    | 10,666    | 11,046                        | 11,117     | 11,065     | 10,486                             | 10,545     | 10,819                         |
| (of which, gain on sale)  | -                             | -         | -                                 | -         | -         | 805                           | 805        | 797        | 523                                | 523        | 792                            |
| Net income  | 3,896                         | 3,975     | 3,517                             | 3,788     | 3,846     | 4,108                         | 4,087      | 4,101      | 3,585                              | 3,353      | 3,668                          |
| Reserve for reduction entry   | +40                           | -         | +135                              | -         | -         | -320                          | -298       | -356       | +202                               | +392       | +76                            |
| Provision (-) and reversal (+) of reserve (Distribution equivalent) | (+30 yen)                     | -         | (+100 yen)                        | -         | -         | (-237 yen)                    | (-220 yen) | (-266 yen) | (+149 yen)                         | (+293 yen) | (+57 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  | 2,800 yen                          | 2,800 yen  | 2,800 yen                      |

## Specific Measures So Far

|                                    |  |
|------------------------------------|--|
| <b>External Growth Acquisition</b> | <p><b>○ NOI increase through pipeline supply based on strong sponsor support</b></p> <ul style="list-style-type: none"> <li>- BIZCORE JIMBOCHO (10.2 billion yen, June 2021)</li> <li>- ARK Hills FRONT TOWER (49% equity interest in anonymous association) (5.23 billion yen, May 2022)</li> </ul> <p><b>○ Acquisition of share in third-party property in major regional city</b></p> <ul style="list-style-type: none"> <li>- Sapporo Otemachi Building (70% share) (4.07 billion yen, December 2021)</li> </ul> |
| <b>External Growth Sale</b>        | <p><b>○ Decisions to sell to improve portfolio quality and secure profit</b></p> <ul style="list-style-type: none"> <li>- Kowa Shirokanedai Building (sold to sponsor to recycle assets, August 2021)</li> <li>- Shintomicho Building (external sale, February 2022)</li> </ul> <p>⇒ <b>Announced a stable operating stance with a minimum distribution target of 2,800 yen by utilizing gain on sales and internal reserves</b></p>   |
| <b>Buyback of Investment Units</b> | <p><b>○ Decision to Buyback of Investment Units (February 2022)</b> to increase unitholder value in the medium to long term</p>  |

## Current Measures/Results

**While restoring internal growth takes time, our stance is to maintain our minimum target for distributions through new property acquisition and use of gain on sale and internal reserves.**

### ① Acquisition of BIZCORE SHIBUYA Building (August 2022)

- Continuous acquisition of BIZCORE series through sponsor pipeline (6.64 billion yen)

### ② Acquisition of First Right of Refusal for ARK Hills FRONT TOWER (May 2022)

- Consultation with sponsors underway for additional acquisitions

### ③ Sale of Kowa Shirokanedai Building (June 2022)

- Gain on sale of approximately 800 million yen used for distribution and internal reserve in 32nd Period

### ④ Partial sale of Shintomicho Building (July 2022)

- Gain on sale of approximately 500 million yen (40% share) to be used for distribution in 33rd Period

### ⑤ Buyback/cancellation of investment units (February to April 2022)

[Refilling] Refilling of Musashikosugi Tower Place is progressing as planned

## II. Financial Results of the 32nd Period (Ended June 2022)

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# 1. Overview of Financial Results of the 32nd Period (Ended June 2022)

(unit: million yen)

|   | 31st Period<br>Result<br>A | 32nd Period<br>Initial<br>Forecast<br>B | 32nd Period<br>Result<br>C | 32nd Period<br>Result<br>Comparison with<br>previous period<br>C-A | 32nd Period<br>Result<br>Comparison with<br>initial forecast<br>C-B |
|---|----------------------------|---|----------------------------|--|---|
| Operating revenue   | 10,666                     | 11,117                                  | 11,065                     | +398   | -52   |
| Rental revenue  | 9,883                      | 9,581                                   | 9,566                      | -316   | -14   |
| Gain on sales of real estate                                  | -                          | 805                                     | 797                        | +797   | -7  |
| Operating expenses  | 6,180                      | 6,432                                   | 6,353                      | +173   | -78   |
| Expenses for rental operations                                | 5,563                      | 5,782                                   | 5,699                      | +136   | -82   |
| Sales and administrative expenses                             | 617                        | 650                                     | 653                        | +36  | +3  |
| Operating income  | 4,485                      | 4,684                                   | 4,711                      | +225   | +26   |
| Ordinary income   | 3,846                      | 4,088                                   | 4,102                      | +255   | +14   |
| Net income  | 3,846                      | 4,087                                   | 4,101                      | +255   | +14   |
| Provision (-) and reversal (+) of reserve for reduction entry | -                          | -298                                    | -356                       | -356   | -58   |
| Total distributions   | 3,846                      | 3,788                                   | 3,745                      | -101   | -43   |
| Distributions per unit (yen)                                  | 2,843                      | 2,800                                   | 2,800                      | -43  | 0   |
| Period-end occupancy rate                                     | 93.1%                      | 93.6%                                   | 90.8%                      | -2.3pt   | -2.8pt  |

**● Comparison with the Results for the 31st Period (Ended Dec. 2021)  
(Impact on Distribution Resources)**

① **Increase in operating revenue** +398 million yen

- Decrease in rental revenue -316 million yen  
(Full-year contribution from property acquired in FP31 (+), decline in occupancy rate (-))
- Recording of gain on sales of real estate +797 million yen

② **Increase in operating expenses** -173 million yen

- Increase in expenses for rental operations -136 million yen  
(Increase in utilities expenses: -68 million yen, decrease in repairs and maintenance: +34 million yen, increase in taxes: -39 million yen, increase in depreciation: -45 million yen, etc.)
- Increase in sales and administrative expenses -36 million yen

③ **Decrease in non-operating expenses** +30 million yen

- Absence of arrangement fee, etc.

④ **Increase in ordinary income and net income** +255 million yen

⑤ **Reserve for reduction entry** -356 million yen

⑥ **Decrease in total distributions (decrease in number of investment units)** +101 million yen

**● Comparison with Previous Forecast (Impact on Distribution Resources)**

① **Decrease in operating revenue** -52 million yen

- Decrease in rental revenue -14 million yen
- Decrease in revenue for utilities expenses -76 million yen

② **Decrease in operating expenses** +78 million yen

- Decrease in expenses for rental operations +82 million yen  
(Decrease in property management expenses: +64 million yen, decrease in repairs and maintenance: +83 million yen, increase in utilities expenses: -79 million yen, etc.)

③ **Increase in non-operating expenses** -11 million yen

④ **Increase in ordinary income and net income** +14 million yen

⑤ **Increase in provision of reserve for reduction entry** -58 million yen

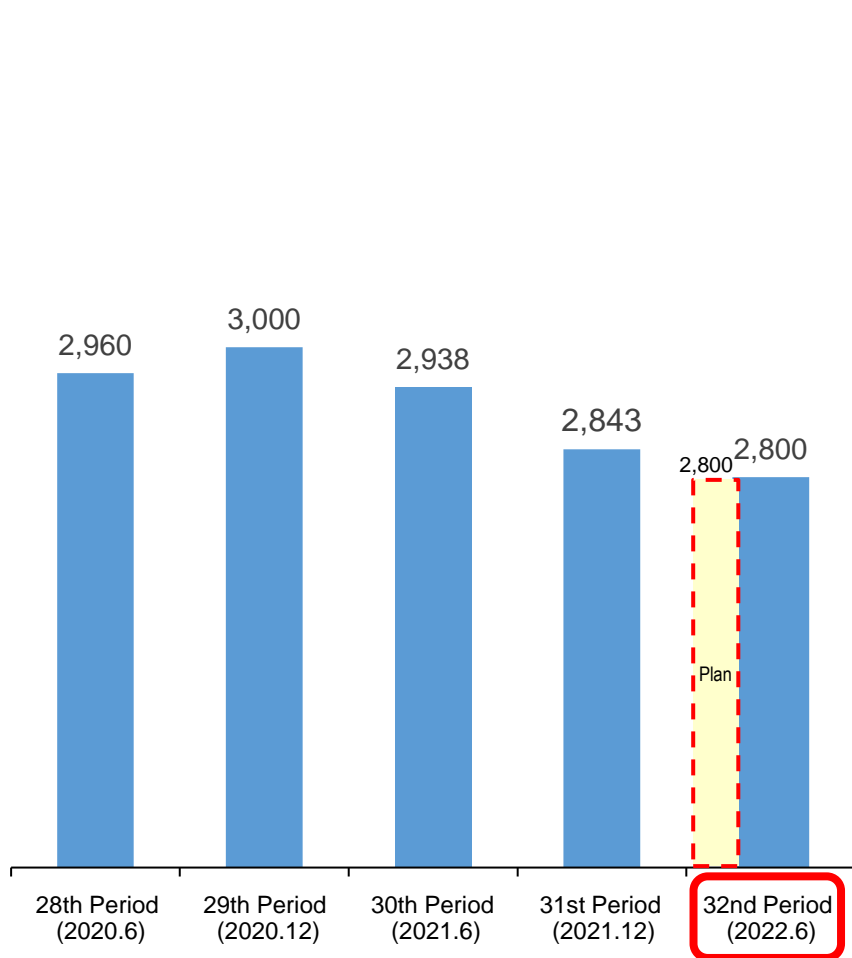
⑥ **Decrease in total distributions (decrease in number of investment units)** +43 million yen



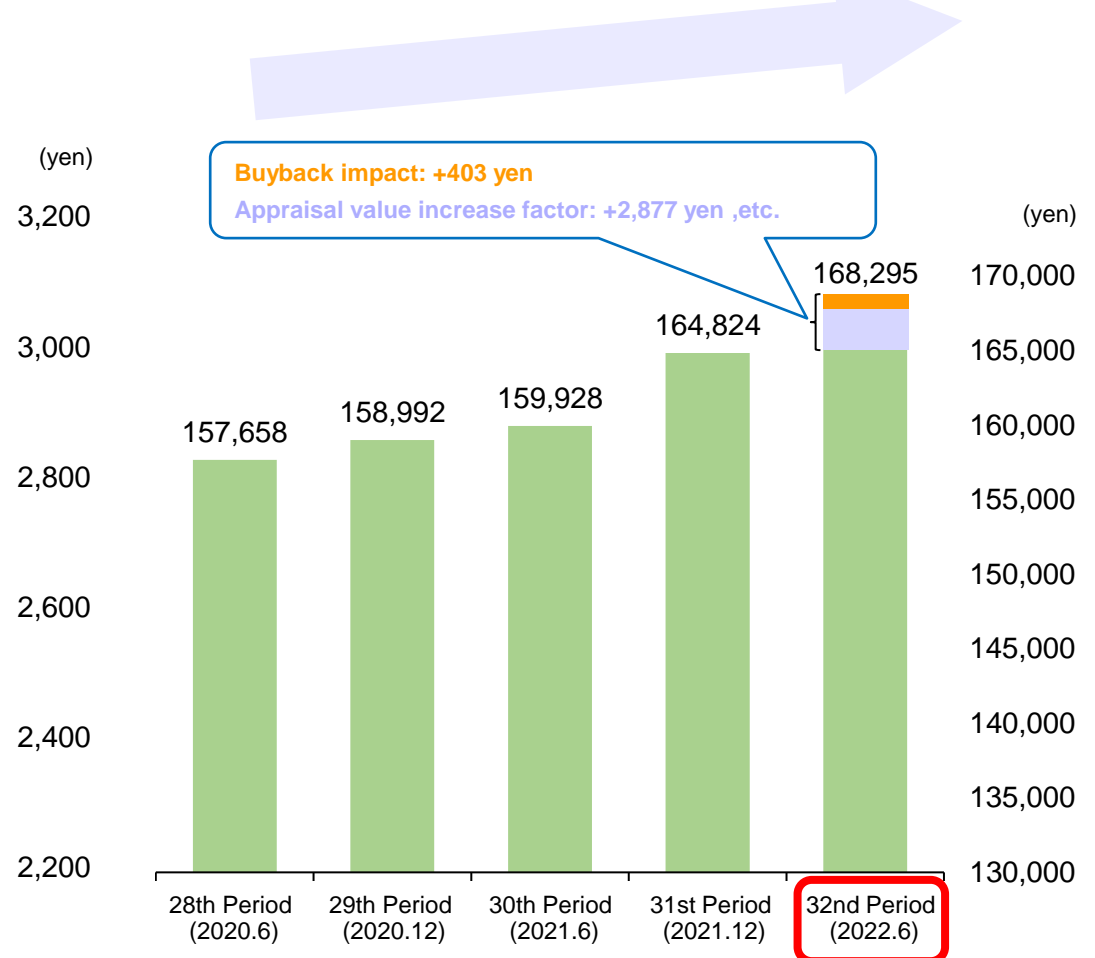
## 2. Actual Results of Distributions per Unit and NAV for the 32nd Period (Ended June 2022)

- ◆ Distributions per unit were as planned despite the Omicron strain at the start of the year unexpectedly prolonging the impact of COVID-19
- ◆ NAV per unit continued to grow due to appraisal value increase and buybacks

■ Distributions per Unit



■ NAV per Unit



# 3. Highlights of the 32nd Period (Ended June 2022)

## External Growth

- ◆ Acquisition of ARK Hills FRONT TOWER (49% equity interest in anonymous association) and its first right of refusal from sponsor (May 2022)  
Replacement property for Kowa Shirokanedai Building and Shintomicho Building. Prospect of additional acquisition
- ◆ Acquisition of BIZCORE SHIBUYA for 6.64 billion yen (August 2022)  
The third acquisition from a sponsor's medium-sized high-grade office series
- ◆ Kowa Shirokanedai Building and Shintomicho Building (equivalent to 40%) sales settled in June-July 2022 and gain on sales recorded  
Stabilized distributions by hedging the risk of declining profitability and securing gain on sale

## Internal Growth

- ◆ Occupancy rate fell short of the plan mainly due to ① the delay in the start of leasing activities attributable to the impact of the Omicron strain as well as ② the postponement of the conclusion of contract with major tenants.
- ◆ As a result of flexibly revising rent based on comprehensive consideration of tenant business conditions, both increases and decreases went better than planned.

## Financial Strategy

- ◆ Enhancement of asset efficiency through cash management  
Gradual release of security deposits (cumulatively 4.6 billion yen)  
Acquisition of equity interest in anonymous association using cash on hand
- ◆ Buyback/cancellation of investment units (February to April 2022)  
Buyback and cancellation of investment units equivalent to 1.14% of the number of issued investment units, increasing NAV and EPU
- ◆ Extended the loan duration and reduced the interest rate with the refinancing of long-term loans

## ESG

- ◆ Disclosure of qualitative scenario analysis based on TCFD recommendations
- ◆ Review of materiality such as response to climate change
- ◆ Additional acquisition of green building certification (BIZCORE JIMBOCHO)
- ◆ Continued promotion of switch to CO<sub>2</sub>-free electricity (19 additional properties)
- ◆ New acquisition of BELS certification (BIZCORE AKASAKA-MITSUKE)

- Asset size (as of August 18, 2022)  
**287.8** billion yen (Change from FP31: +1.2 billion yen)  
5.23 billion yen from anonymous association equity interest in ARK Hills FRONT TOWER in addition to the above
- Impact of sale of Kowa Shirokanedai Building and Shintomicho Building  
Recorded gain on sale of approximately 800 million yen in FP32, 500 million yen expected in FP33 (used to stabilize distributions and build internal reserves)
- Unrealized gain (as of end of June 2022) **74.6** billion yen (Change from FP31: +3.8 billion yen)  
Record high unrealized gain and percentage
- Percentage of unrealized gain (same period as left) **28.4%** (Change from FP31: +2.0pt)

- Period-end occupancy rate **90.8%** (Vs. plan: -2.8pt)
- Ratio of rent revised upward (area basis) **3.7%** (Vs. plan: +2.1pt)
- Upward revision rate **2.8%** (Vs. plan: +1.0pt)
- Ratio of rent revised downward (area basis) **2.6%** (Vs. plan: -4.5pt)
- Downward revision rate **7.7%** (Vs. plan: -2.9pt)

- LTV **43.1%** (Change from FP31: +0.4pt)
- Property acquisition capacity (LTV up to 45%) **15** billion yen
- Internal reserves **808** million yen (distribution equivalent to 604 yen)
- Average remaining period of interest-bearing debt **4.1** years (Change from FP31: -0.3 years)
- Average interest rate of interest-bearing debt **0.72%** (Change from FP31: -0.01pt)

- GRESB Real Estate Assessment (2021)  
Highest rating **Green Star** **5 stars**  
(seven consecutive years) (two consecutive years)
- MSCI ESG Rating **A** (Incorporated into MSCI Select Leaders Index)
- Percentage of properties with Green Building certification (area basis) **87.7%** (Change from FP31: +3.0pt)
- CO<sub>2</sub>-free electricity rate (area basis): **70.9%** (Change from FP31: +51.5pt)

## Distribution per Unit

FP31: **2,843** yen  
FP32: **2,800** yen

Change from FP31: - 43 yen  
**(-1.5%)**

Change from forecast at beginning of period  
**±0 yen**

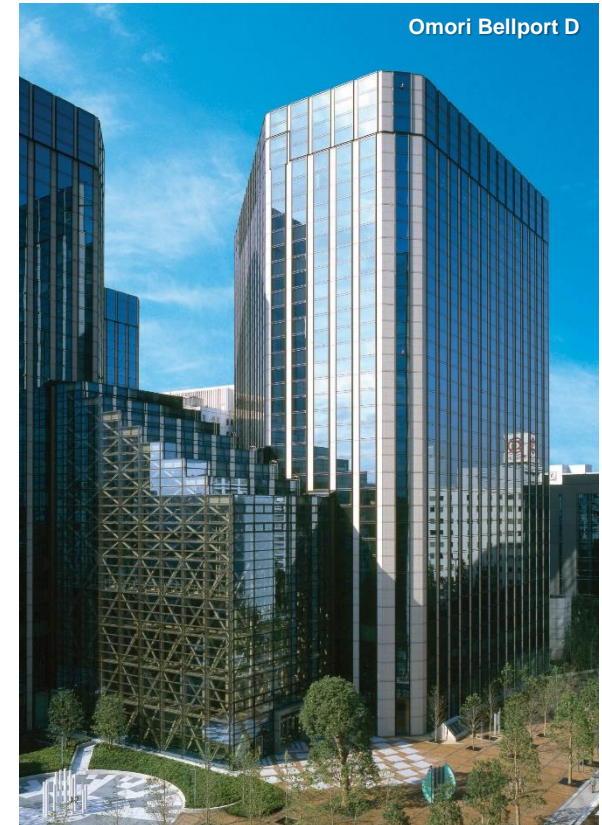
## NAV per unit

FP31: **164,824** yen  
FP32: **168,295** yen

Change from FP31: +3,471 yen  
**(+2.1%)**

### III. Performance Forecasts for the 33rd Period (Ending December 2022) and 34th Period (Ending June 2023)

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# 1. Performance Forecasts for the 33rd Period (Ending December 2022) and 34th Period (Ending June 2023) Japan Excellent, Inc.

## <Outlook of office market>

- While major office floor downsizing is subsiding, consolidation and streamlining during fixed lease renewal periods will persist.  
On the other hand, although the Omicron variant revived the spread of COVID-19, inquiries and contracts for large amounts of floor area are gradually increasing due to improvement of in-office rates and the rethinking of office functions.  
However, the growing uncertainty about future business performance due to Russia's invasion of Ukraine could hinder ambitious moves by companies.
- 2023 office supply is expected to undershoot the forecast due to completion postponement, but as mentioned above, full-scale recovery in demand will be slightly delayed by the increase in supply, so we retain our forecast that "the vacancy rate is expected to remain range-bound for the one year, while newly concluded rents are expected to soften."
- Amid this, the number of relocations aimed at improving the location and building grade are increasing as large buildings with superior location and performance 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 conservative forecasts, impacts of new property acquisitions and use of gains on sales and internal reserves**

### [External growth]

- In addition to the impact of the current acquisition of a new property (BIZCORE SHIBUYA) on earnings, we have factored in the gain on property sale (Shintomicho Building).

### [Internal growth]

- As before, concerns have built up regarding departures, but the departure rate is expected to have peaked in the 32nd Period.  
For refilling, downtime and free rent are set conservatively 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 32nd Period and recover.
- Regarding contract renewal, like last period, 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 and are also trying to revise contracts with raised rents mainly at regional properties.

### [Management of Distributions]

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

Period-End Occupancy Rate/Departure Rate

|                              | 32nd<br>Period | 33rd<br>Period | 34th<br>Period |
|------------------------------|----------------|----------------|----------------|
| Period-end<br>occupancy rate | 90.8%          | 93.9%          | 96.2%          |
| Tenant<br>departure rate     | 7.6%           | 4.0%           | 2.4%           |

## 2. Overview of Performance Forecasts for the 33rd Period (Ending December 2022) and 34th Period (Ending June 2023)

(unit: million yen)

|   | 32nd Period Result A | (Reference) 33rd Period Initial Forecast | 33rd Period Forecast B | Comparison of Forecast for 33rd Period with Previous Period B-A | 34th Period Forecast C | Comparison of Forecast for 34th Period with Previous Period C-B |
|---|----------------------|--|------------------------|---|------------------------|---|
| Operating revenue   | 11,065               | 10,486                                   | 10,545                 | -519  | 10,819                 | +274  |
| Rental revenue  | 9,566                | 9,212                                    | 9,225                  | -341  | 9,255                  | +29   |
| Gain on sales of real estate                                  | 797                  | 523                                      | 523                    | -274  | 792                    | +268  |
| Operating expenses  | 6,353                | 6,270                                    | 6,553                  | +199  | 6,546                  | -7  |
| Expenses for rental operations                                | 5,699                | 5,652                                    | 5,934                  | +234  | 5,858                  | -76   |
| Sales and administrative expenses                             | 653                  | 617                                      | 618                    | -35   | 687                    | +69   |
| Operating income  | 4,711                | 4,215                                    | 3,991                  | -719  | 4,273                  | +281  |
| Ordinary income   | 4,102                | 3,586                                    | 3,354                  | -748  | 3,669                  | +315  |
| Net income  | 4,101                | 3,585                                    | 3,353                  | -748  | 3,668                  | +315  |
| Provision (-) and reversal (+) of reserve for reduction entry | -356                 | +202                                     | +392                   | +748  | +76                    | -315  |
| Total distributions   | 3,745                | 3,788                                    | 3,745                  | 0   | 3,745                  | 0   |
| Distributions per unit (yen)                                  | 2,800                | 2,800                                    | 2,800                  | 0   | 2,800                  | 0   |
| Period-end occupancy rate                                     | 90.8%                | 94.8%                                    | 93.9%                  | +3.1pt  | 96.2%                  | +2.3pt  |

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

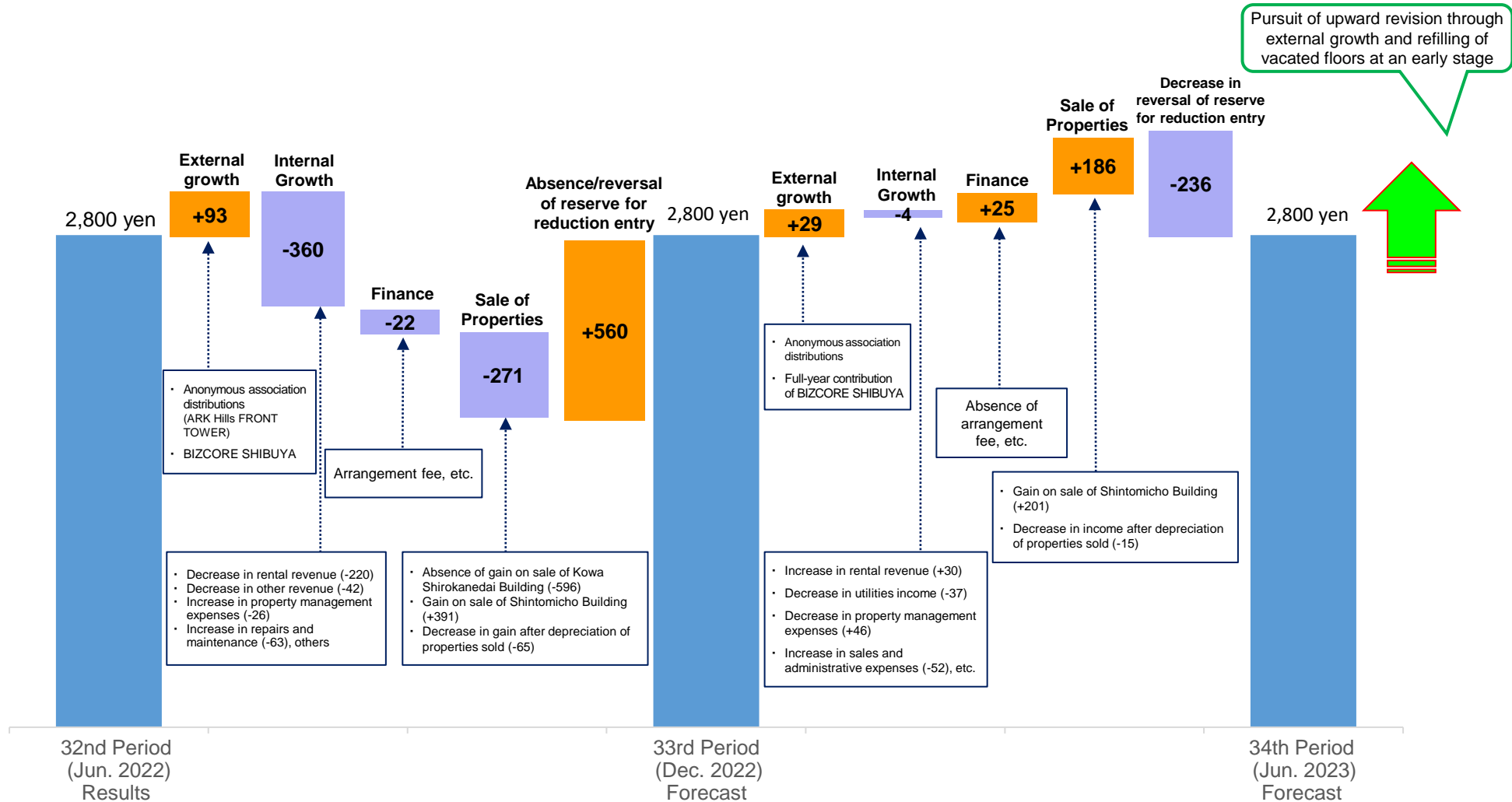
|   |                  |
|---|------------------|
| ① Decrease in operating revenue                                   | -519 million yen |
| Anonymous association distributions                               | +27 million yen  |
| 33rd Period property acquisitions                                 | +126 million yen |
| Decrease in sold property revenue                                 | -173 million yen |
| Decrease in existing property revenue                             | -294 million yen |
| Decrease in gain on sales of real estate                          | -274 million yen |
| ② Increase in operating expenses                                  | -199 million yen |
| Increase in property management expenses (new leasing fees, etc.) | -22 million yen  |
| Increase in utilities expenses                                    | -138 million yen |
| Increase in repairs and maintenance                               | -82 million yen  |
| ③ Increase in non-operating expenses                              | -28 million yen  |
| Arrangement fee, etc.   |                  |
| ④ Decrease in ordinary income and net income                      | -748 million yen |
| ⑤ Absence/reversal of reserve for reduction entry                 | +748 million yen |
| ⑥ Total distributions   | ±0 million yen   |

### ● Comparison of Forecasts for the 33rd Period and Forecasts for the 34th Period (Impact on Distribution Resources)

|   |                  |
|---|------------------|
| ① Increase in operating revenue   | +274 million yen |
| Increase in rental revenue (occupancy rate recovery, etc.)                  | +29 million yen  |
| Increase in gain on sales of real estate                                    | +268 million yen |
| ② Decrease in non-operating expenses  | +7 million yen   |
| Decrease in property management expenses                                    | +62 million yen  |
| Increase in sales and administrative expenses (asset management fees, etc.) | -69 million yen  |
| ③ Decrease in non-operating expenses  | +33 million yen  |
| Absence of arrangement fee, etc.  |                  |
| ④ Increase in ordinary income and net income                                | +315 million yen |
| ⑤ Decrease in reversal of reserve for reduction entry                       | -315 million yen |
| ⑥ Total distributions   | ±0 million yen   |

# 3. Forecast of Distributions per Unit

- ◆ In the 33rd Period, we will compensate for the decrease in gain on sale and rental revenue due to decline in occupancy rate with new property acquisition and reversal of reserve for reduction entry, maintaining the minimum distribution target of 2,800 yen.
- ◆ The 34th Period will similarly be 2,800 yen with the use of gain on sale.



## IV. Management Status and Policy

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# 1. Review of Corporate Action

◆ While steadily implementing various measures as an asset manager, we will also promote **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"> <li>Acquisition of ARK Hills FRONT TOWER (49% equity interest in anonymous association) and its <b>first right of refusal (May 11, 2022)</b></li> <li>Acquisition of BIZCORE SHIBUYA (August 1, 2022)</li> </ul>   | <ul style="list-style-type: none"> <li>Consultation with sponsors for further acquisitions</li> <li>Consideration of acquiring third party properties</li> </ul>  |
|                        | Asset replacement (improvement of NOI, securement of gain on sale)  | <ul style="list-style-type: none"> <li>Sale of Kowa Shirokanedai Building (June 29, 2022), securement of approximately 800 million yen gain on sale</li> <li>Sale of Shintomicho Building (July 22, 2022, January 26, 2023), securement of approximately 1.3 billion yen gain on sale (estimated)</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing consideration of asset replacement</li> </ul>  |
| Leasing and Management | Refilling of large-scale vacancies that are difficult to be filled with the entire group                                | <ul style="list-style-type: none"> <li>Refilling of Musashikosugi Tower Place as planned</li> </ul>   | <ul style="list-style-type: none"> <li>Refilling at an early stage through direct sales to tenants linked to sponsors and flexible setting of rent terms</li> </ul>   |
|                        | Prevention of the departure of existing tenants, flexible rent negotiations   | <ul style="list-style-type: none"> <li>Greater-than-planned rent increases</li> <li>Prevention of departures and encouragement of floor space expansion by utilizing reduction adjustment</li> </ul>  | <ul style="list-style-type: none"> <li>Conservative planning that does not factor in contract renewal with higher rents while trying to renew contracts to raise rents mainly at regional properties</li> </ul>   |
|                        | 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"> <li>Progress of LED construction that contributes to environmental consideration</li> <li>Implementation of work based on medium- to long-term repair plan</li> <li>Refining of medium- to long-term repair plan utilizing external consultants</li> </ul>   | <ul style="list-style-type: none"> <li>Initiatives ongoing</li> </ul>   |
| Finance                | Enhancement of asset efficiency (release of security deposits), LTV control   | <ul style="list-style-type: none"> <li>Gradual release of security deposits (cumulatively approximately 4.6 billion yen)</li> <li>Appropriate LTV control (43.1% at the end of June 2022)</li> </ul>  | <ul style="list-style-type: none"> <li>Continued efforts to release security deposits</li> <li>LTV control flexibility to produce property acquisition capacity</li> <li>Consideration of expanded use of commitment line funds</li> </ul>  |
|                        | Maintenance and stabilization of distributions (flexible use of internal reserves, treasury investment unit buybacks)   | <ul style="list-style-type: none"> <li>Buyback (February-April 2022), cancellation (April 2022) of investment units</li> <li>Stabilization of distributions using gains on sales</li> </ul>   | <ul style="list-style-type: none"> <li>Enhancement of capital efficiency (effective use of property sale proceeds, property acquisition, treasury investment unit buyback, etc.)</li> <li>Utilization of gain on sale and internal reserves for stabilizing distributions</li> </ul>  |
|                        | Reduction of costs  | -   | <ul style="list-style-type: none"> <li>Reduction of financial costs</li> </ul>  |
|                        | Control of costs and risks through flexible fund procurement and diversification of procurement method                  | -   | <ul style="list-style-type: none"> <li>Active use of sustainability finance</li> </ul>  |
| ESG                    | Further promotion of ESG initiatives  | <ul style="list-style-type: none"> <li>Disclosure of climate-related financial information (qualitative analysis, January 2022)</li> <li>Expansion of renewable energy and CO<sub>2</sub>-free power (19 additional properties for 23 in total)</li> <li>Additional acquisition of Green Building Certification (1 additional property for 24 in total)</li> <li>New acquisition of BELS certification (BIZCORE AKASAKA-MITSUKE)</li> <li>Establishment of the Sustainability Promotion Office (unofficial body, April 2022)</li> </ul> | <ul style="list-style-type: none"> <li>Efforts to achieve medium- to long-term CO<sub>2</sub> emissions reduction (intensity) targets 46.0% reduction by FY2030 (compared with FY2013)</li> <li>Improvement of disclosure of climate-related financial information (quantitative analysis)</li> <li>Additional acquisition of Green Building Certification</li> <li>Additional acquisition of BELS certification</li> </ul> |



## 2. Buyback/Cancellation of Treasury Investment Units

- ◆ While the price of investment units remains below NAV per unit, we will buy back and cancel investment units equivalent to 1.14% of the number of issued investment units using cash reserves.
- ◆ NAV per unit and EPU will increase, and the announcement will also impact the market.

### [Significance of Initiatives]

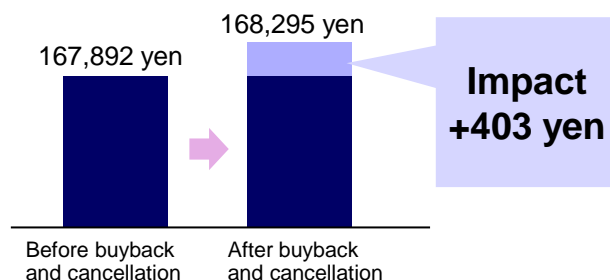
|   |  |
|---|--|
| Enhancement of capital efficiency and return to unitholders | <ul style="list-style-type: none"> <li>▪ Net income per unit (EPU) improved as a result of buyback and cancellation of investment units</li> <li>▪ Efficient use of funds on hand</li> </ul> |
| Improvement of NAV per unit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

### [Initiative Details]

|   |   |
|---|---|
| Total cost of buybacks                    | <b>1,999,960,300 yen</b>  |
| Average acquisition price                 | 129,851 yen   |
| Total number of investment units acquired | 15,402 units (1.14% of issued investment units)   |
| Acquisition method                        | Market purchase on the Tokyo Stock Exchange based on discretionary transaction agreements for the acquisition of investment units concluded with securities companies |
| Cancellation                              | Cancellation of all investment units acquired on April 28, 2022. Total number of issued investment units after cancellation: 1,337,598                                |

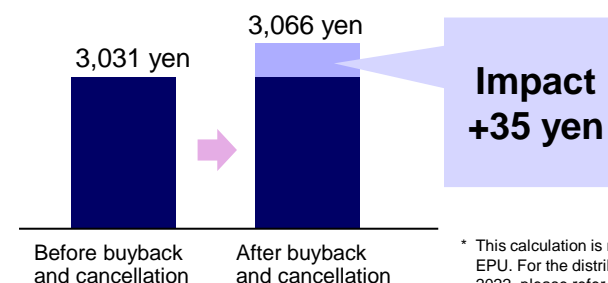
### [Impact on NAV per Unit]

NAV per unit for the period ended June 2022



### [Impact on EPU]\*

EPU for the period ended June 2022


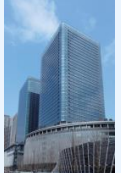





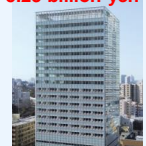




\* This calculation is not for the distribution per unit, but for the EPU. For the distribution per unit for the period ended June 2022, please refer to page 8.






# 3. External Growth

## (1) Look Back and Near Term Plans

Acquisition

| 27th Period<br>(Ended December 2019)   | 28th Period<br>(Ended June 2020)  | 29th Period<br>(Ended December 2020) | 30th Period<br>(Ended June 2021)  | 31st Period<br>(Ended December 2021)  | 32nd Period<br>(Ended June 2022)   | 33rd Period<br>(Ending December 2022)  | 34th Period<br>Onward<br>(Ending June 2023)  |
|--|---|--------------------------------------|---|---|--|--|--|
| <b>BIZCORE AKASAKA-MITSUKE</b><br>Acquisition price 6.2 billion yen<br> | <b>GRAND FRONT OSAKA</b><br>Acquisition price 8.85 billion yen<br> |                                      | <b>BIZCORE JIMBOCHO</b><br>Acquisition price 10.2 billion yen<br> | <b>Sapporo Otemachi Building</b><br>Acquisition price 4.07 billion yen<br> |  | Announced Jul. 2022<br><b>BIZCORE SHIBUYA</b><br>Acquisition price 6.64 billion yen<br> | Properties under consideration<br>      |
| <b>Senshin Building</b><br>Acquisition price 1.58 billion yen<br>       |   |                                      |   |   | Acquisition of equity interest in anonymous association (49%)<br>Acquisition price 5.23 billion yen<br> | Announced May 2022<br>Acquisition of first right of refusal<br>                         | Outlook for additional acquisitions<br> |

Transfer

|   |  |  |  |  |   |   |   |
|---|--|--|--|--|---|---|---|
| Transfer price 9.01 billion yen<br><b>JEI Nishi-Honmachi Building (27th - 29th Period)</b><br>              |  |  |  |  | Transfer price 5.4 billion yen<br><b>Kowa Shirokanedai Building</b><br> | Transfer price 3.10 billion yen<br><b>Shintomicho Building (33rd - 34th Period)</b><br> | Properties under consideration<br> |
| Transfer price 8.82 billion yen<br><b>Kowa Kawasaki Nishiguchi Building (35%) (27th - 28th Period)</b><br> |  |  |  |  |   |   |   |

### 3. External Growth

#### (2) Property Acquired in the 32nd Period (Ended June 2022)

(Equity Interest in Anonymous Association) «ARK Hills FRONT TOWER»  Japan Excellent, Inc.

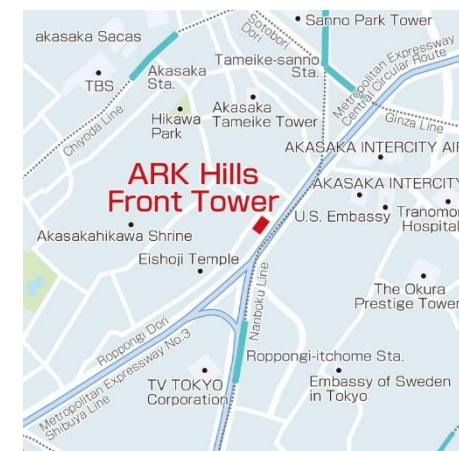
- ◆ Acquired anonymous association equity interest (equivalent to 49%) in ARK Hills FRONT TOWER from core sponsor Nippon Steel Kowa Real Estate for 5,230 million yen, as a replacement for Kowa Shirokanedai Building and Shintomicho Building (May 11, 2022). At the same time, we acquired the building's first right of refusal and anticipate additional acquisitions in the future.
- ◆ Rare, relatively new property in central Tokyo. 4-minutes' walk from Tameike-Sanno Station and Roppongi 1-chome Station. Great location facing Roppongi-dori.



#### ■ Outline of Underlying Assets (Trust Real Estate)

|                     |  |
|---------------------|--|
| Location            | Akasaka, Minato Ward, Tokyo                        |
| Structure           | S,SRC, flat roof, 22 stories with 1 basement floor |
| Total floor area    | 24,207.77 m <sup>2</sup>                           |
| Standard floor area | 1,006.62 m <sup>2</sup> (approx. 305 tsubo)        |
| Completed           | Jan. 2011  |
| Appraisal value     | 17,800 million yen                                 |
| Acquisition date    | May 11, 2022                                       |
| Occupancy rate      | 83.2% (as of end-June 2022)                        |
| Acquisition price*  | 5,230 million yen                                  |
| Distribution yield* | 3.2%   |

\* Distribution yield is calculated based on the Godo-Kaisha's management plan.



#### ■ Characteristics of Underlying Assets (Trust Real Estate)

##### Good location accessible from 3 stations and 3 lines

- A 4-minute walk from Tameike Sanno Station on the Tokyo Metro Ginza Line and Namboku Line, a 4-minute walk from Roppongi 1-chome Station on the Tokyo Metro Namboku Line
- A 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, regularly shaped column-free office space with overwhelming views and a sense of openness

- With a standard floor area of approximately 304 tsubo, the regularly shaped and column-free space has a flexible layout and is equipped with state-of-the-art office specifications.
- With a ceiling height of 2,800 mm 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 9-meter-high ceiling and a sense of presence and serenity.
- A roof garden of approximately 1,000m<sup>2</sup>, 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

## (3) Property Acquired in the 33rd Period (Ending December 2022)

### «BIZCORE SHIBUYA»

- ◆ Third acquisition in the BIZCORE series, medium-sized high-grade office buildings developed by a core sponsor (Nippon Steel Kowa Real Estate)
- ◆ Accumulation of high-quality assets will boost distributions by about 70 yen on a BAU basis.

#### ■ Acquired Properties/Overview of Acquisitions

|                     |  |                               |      |
|---------------------|--|-------------------------------|------|
| Location            | Shibuya, Shibuya Ward, Tokyo                       |                               |      |
| Structure           | S, SRC, flat roof, 9 stories with 1 basement floor |                               |      |
| Total floor area    | 3,835.11 m <sup>2</sup>                            |                               |      |
| Standard floor area | 348.58 m <sup>2</sup> (approx. 105 tsubo)          |                               |      |
| Completed           | Jan. 2020  |                               |      |
| Acquisition price   | 6,640 million yen                                  |                               |      |
| Appraisal value     | 6,950 million yen                                  |                               |      |
| Acquisition date    | August 1, 2022                                     |                               |      |
| NOI yield*          | 3.4%   | NOI yield after depreciation* | 2.9% |
| Occupancy rate      | 100.0% (as of August 1, 2022)                      |                               |      |

\* NOI yield and NOI yield after depreciation are calculated based on the assumed balance for the first 5 years excluding special factors in the acquisition year.

#### Easy access from Shibuya in all directions

- A 4-minute walk from Shibuya Station, offering access via many lines
- Highly convenient: 5 minutes to Shinjuku Station, 12 minutes to Shinagawa Station, 15 minutes to Tokyo Station, etc.

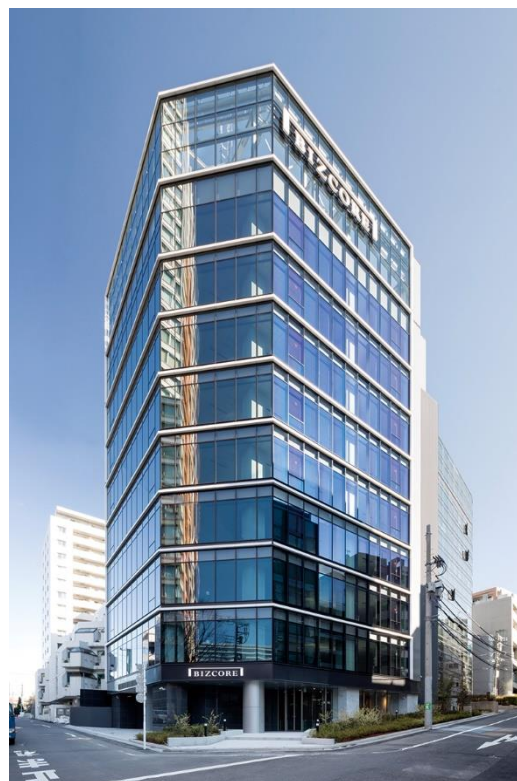
#### Specs on par with the latest large office buildings

- Ceiling height of 2,800 mm, approx. 105 tsubo per floor and a bright, open, pillar-free space
- Floor load of 500 kg/m<sup>2</sup> and outlet capacity of 60 VA/m<sup>2</sup> (can be increased to 75 VA/m<sup>2</sup>)
- Individual HVAC, automatic blinds and average desk lighting illuminance of 750 lx
- An exterior with a strong presence, an elegant entrance and a rooftop garden full of greenery

#### Excellent seismic performance and reliable business continuity in the event of a disaster

- Emergency stockpile warehouse exclusively for tenants, holding three days of supplies
- In the event of a disaster, 15 VA/m<sup>2</sup> is supplied to the exclusive areas for up to 48 hours by the emergency power supply
- Earthquake-resistant ceilings prevent the ceiling from falling during an earthquake

### BIZCORE SHIBUYA



#### ■ REIT's Role in the Core Sponsor's New Medium-Term Management Plan

Nippon Steel Kowa Real Estate, a core sponsor, started a new medium-term management plan in April 2021

- Priority measures to further strengthen and expand the office development and leasing business
- Promotion of numerous development projects such as offices mainly in central Tokyo

Plan to complete and operate 10 or more BIZCORE buildings within the plan's period

- From the viewpoint of maintaining and promoting brand development, we expect the REIT, which is responsible for the exit strategy, to continue to acquire when the core sponsor sells

Properties currently owned by the core sponsor are also in the pipeline.

# 3. External Growth

## (4) BIZCORE Series Being Developed by the Core Sponsor (Nippon Steel Kowa Real Estate)

- ◆ Completed construction for 5 properties starting with JIMBOCHO. Planning of construction completion and operation of no less than 10 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 Specifications

#### Disaster Prevention and BCP

- Emergency stockpile warehouse exclusively for residents, holding three days of supplies
- 1.25x resistance versus new earthquake resistance standards and earthquake-resistant ceilings
- 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 system, 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 in or after 2022

Acquired

| BIZCORE JIMBOCHO   |   | BIZCORE AKASAKA-MITSUKE   |   | BIZCORE SHIBUYA   |   | BIZCORE TSUKIJI   |  | BIZCORE KANDA-SUDACHO   |   | BIZCORE HIGASHI-KANDA   |   |
|--|---|---|---|---|---|---|--|---|---|---|---|
|  | Construction completion<br>Nov. 2017                    |  | Construction completion<br>Mar. 2019                              |  | Construction completion<br>Jan. 2020                      |  | Construction completion<br>Jul. 2019           |  | Construction completion<br>Sep. 2021                      |  | Construction completion<br>Nov. 2022 (scheduled)          |
| Access   | 4-minute walk from Tokyo Metro Jimbocho Station, others | Access  | Directly connected to Tokyo Metro Akasaka-Mitsuke Station, others | Access  | JR and others 4-minute walk to JR Shibuya Station, others | Access  | 3-minute walk from Tokyo Metro Tsukiji Station | Access  | 1-minute walk from Toei Subway Iwamotocho Station, others | Access  | 5-minute walk from Toei Subway Iwamotocho Station, others |
| Total floor area   | 8,217.64 m <sup>2</sup>                                 | Total floor area  | 3,515.63 m <sup>2</sup>   | Total floor area  | 3,835.11 m <sup>2</sup>                                   | Total floor area  | 6,757.73 m <sup>2</sup>                        | Total floor area  | 1,988.55 m <sup>2</sup>                                   | Total floor area  | 2,777.49 m <sup>2</sup>                                   |
| Standard floor size  | Approx. 890 m <sup>2</sup> (Approx. 270 tsubo)          | Standard floor size   | Approx. 265 m <sup>2</sup> (Approx. 80 tsubo)                     | Standard floor size   | Approx. 349 m <sup>2</sup> (Approx. 105 tsubo)            | Standard floor size   | Approx. 661 m <sup>2</sup> (Approx. 200 tsubo) | Standard floor size   | Approx. 159 m <sup>2</sup> (Approx. 48 tsubo)             | Standard floor size   | Approx. 251 m <sup>2</sup> (Approx. 76 tsubo)             |

# 3. External Growth

## (5) Overview of Properties (Scheduled) for Transfer

- ◆ Two old buildings with concerns about profitability due to future increases in Capex were confirmed for sale on the premise of replacement.
- ◆ Part of the estimated gain (about 2.1 billion yen for the two properties) will be utilized as dividends and the remaining amount will be retained internally as financial resource for future stabilization of dividends

### ■ Overview of the Transfer of Kowa Shirokanedai Building

|   |   |  |
|---|---|--|
| Property Name                             | Kowa Shirokanedai Building              |  |
| Location                                  | Shirokanedai, Minato Ward, Tokyo        |  |
| Total floor area                          | 7,374.74 m <sup>2</sup>                 |  |
| 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 (As of Sale)                   | 4,600 million yen                       |  |
| Gain/loss on transfer                     | 797 million yen                         |  |
| Transfer date                             | June 29, 2022                           |  |
| Party receiving transfer                  | Nippon Steel Kowa Real Estate Co., Ltd. |  |

### ■ Overview of the Transfer of Shintomicho Building

|                                       |   |   |
|---------------------------------------|---|---|
| Property Name                         | Shintomicho Building                              |  |
| Location                              | Irifune, Chuo Ward, Tokyo                         |   |
| Total floor area                      | 3,169.78 m <sup>2</sup>                           |   |
| Completion date                       | Nov. 1990   |   |
| Acquisition date                      | Mar. 2012   |   |
| Acquisition price                     | 1,750 million yen                                 |   |
| Transfer price                        | 3,100 million yen                                 |   |
| Appraisal value (As of June 30, 2022) | 2,130 million yen                                 |   |
| Book value (End of FY6/2022)          | 1,725 million yen                                 |   |
| Gain/loss on transfer*                | 1,316 million yen                                 |   |
| Scheduled transfer date               | ① July 22, 2022 (40%)<br>② January 26, 2023 (60%) |   |
| Party receiving transfer              | Hulic Co., Ltd.                                   |   |

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

### ■ Schedule for the Transfer of Properties/Gain on Sale

(unit: million yen)

|                            | Announcement date of transfer | (Planned) Transfer period/gain on sale |                        |                        | Total                    |
|----------------------------|-------------------------------|--|------------------------|------------------------|--------------------------|
|                            |                               | 32nd Period                            | 33rd Period            | 34th Period            |                          |
| Kowa Shirokanedai Building | August 18, 2021               | 797                                    |                        |                        | 797                      |
| Shintomicho Building       | February 17, 2022             |  | 523 (estimated)        | 792 (estimated)        | 1,316 (estimated)        |
| <b>Total</b>               |                               | <b>797</b>                             | <b>523 (estimated)</b> | <b>792 (estimated)</b> | <b>2,113 (estimated)</b> |

# 3. External Growth

## (6) Change in External Growth and Policies/Strategies

### Policy and Strategies of External Growth

**[Policy]** Plan to expand asset size over the medium to long term, while constantly accumulating high-quality properties with an aim to realize stable growth of DPU and NAV

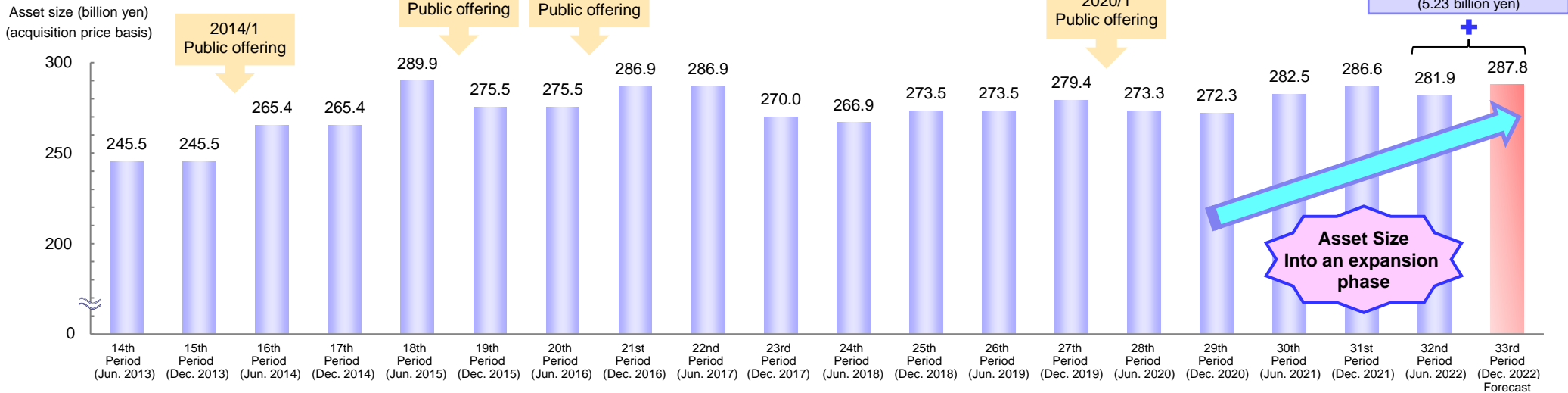
**[Result]** (Estimate from January 2013 to the end of December 2022)

- ◆ Acquisition: 24 properties•141.5 billion yen  
Acquisition from sponsor: 62.7%
- ◆ Sale: 9 properties•70.7 billion yen

**[Future strategies]**

- ◆ Also promote the acquisition of third-party properties in regional core cities while focusing mainly on continuous supply of pipelines in conjunction with the mid-term plan of core sponsors
- ◆ Efforts for continuous portfolio improvement through replacement

### Change in External Growth



Acquisitions

Transfer

Mansard Daikanyama

Hiroshima OS Building  
Yokohama Bentendori Building

AKASAKA INTERCITY AIR

BIZCORE AKASAKA-MITSUKE  
Senshin Building

Grand Front Osaka

BIZCORE JIMBOCHO

Sapporo Otemachi Building

BIZCORE SHIBUYA

No. 32 Kowa Building  
No. 35 Kowa Building

No. 44 Kowa Building  
Akasaka Garden City  
Ebina Prime Tower

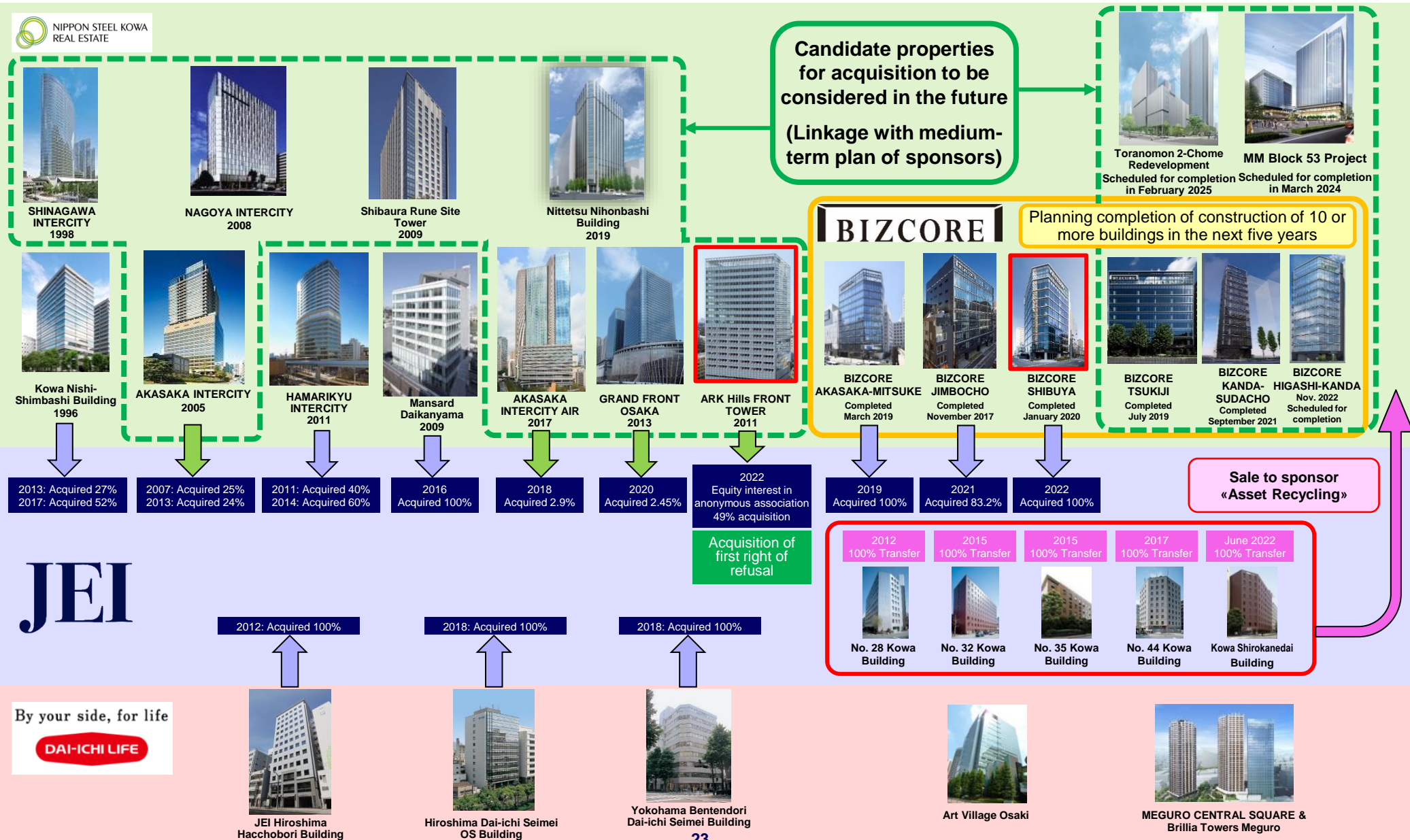
JEI Nishi-Honmachi Building  
Kowa Kawasaki Nishiguchi Building (Part)

Kowa Shirokanedai Building

Shintomicho Building (July 2022 and January 2023 (schedule))

# 3. External Growth

## (7) Major Development Cases and Portfolio of Sponsor and Overview of Transactions with JEI





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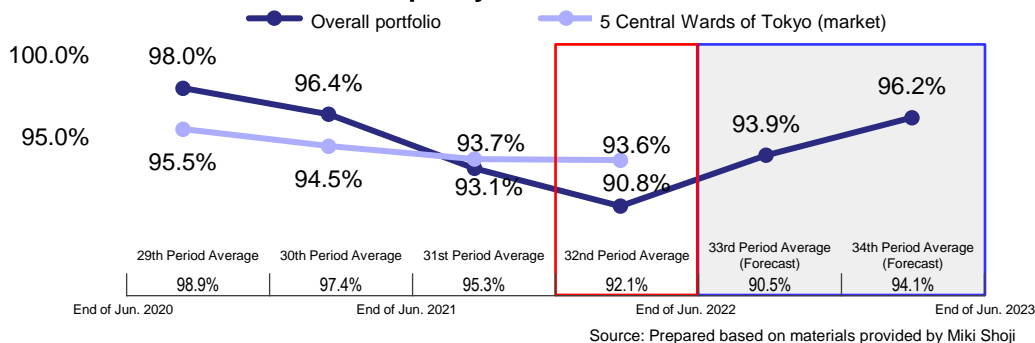


# 4. Internal Growth

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

- ◆ Occupancy rate fell short of the plan mainly due to the delay in the start of leasing activities attributable to the impact of the Omicron variant as well as the postponement of the conclusion of contract with major tenants.
- ◆ Occupancy rate is expected to recover from the 33rd period due to the decrease in departures and progress in refilling

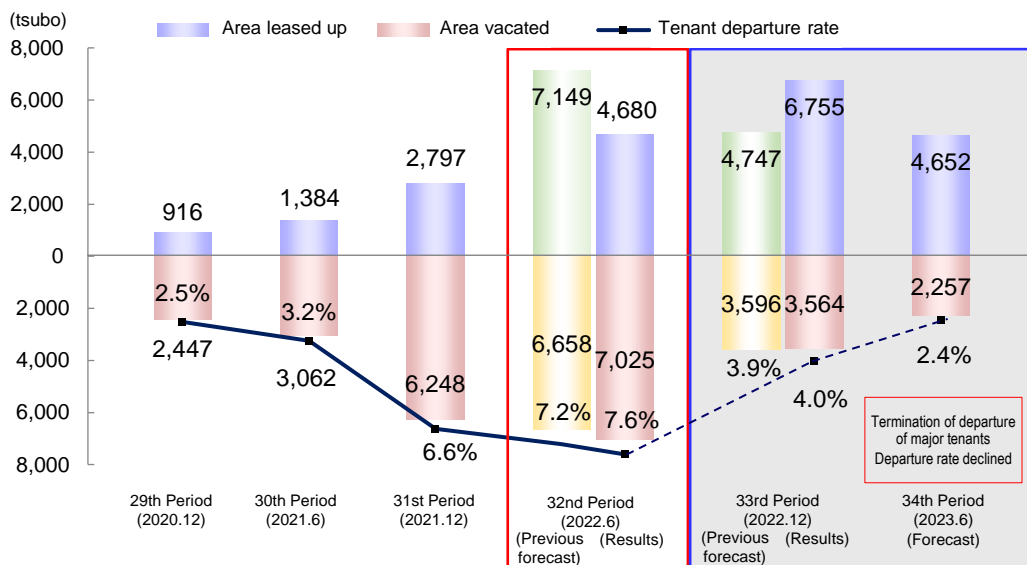
### Historical Period-End Occupancy Rate



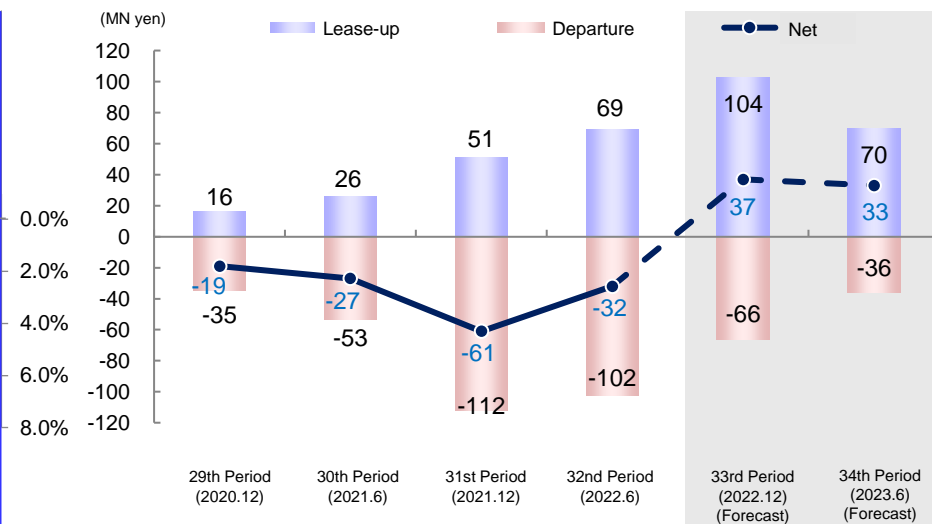
### <Policy on leasing activities>

- Continued focus on “early refilling of vacated floors” and “preventing existing tenant departures” 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 departures and flexible responses to requests for rent reduction. Initiatives for upward rent revision mainly at regional properties

### Tenant Departure Rate and Area Leased Up and Vacated\*



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



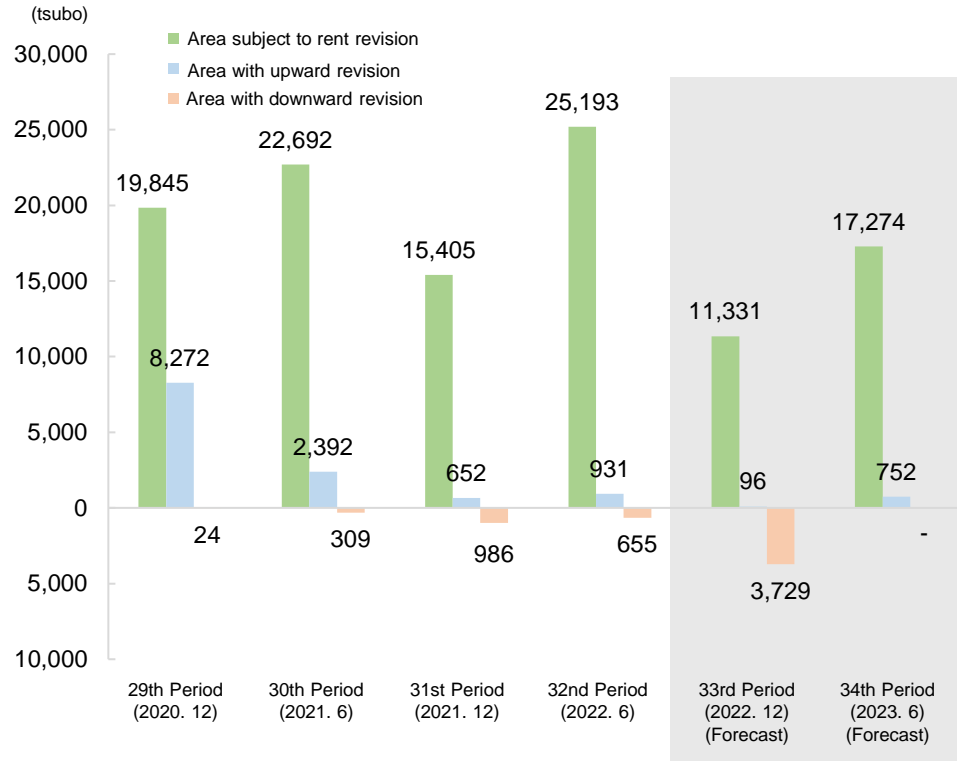
\* "Tenant Departure Rate" is calculated for the entire JEI portfolio as area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period. In the case of additional acquisition during the period, tenant departure rate is calculated as area vacated by tenants 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 and residences.

# 4. Internal Growth

## (1) Status of Rent ② (Rent Revision)

◆ Conduct strategic rent revision negotiations by preventing departures and adjusting the rent of existing floors for floor expansion

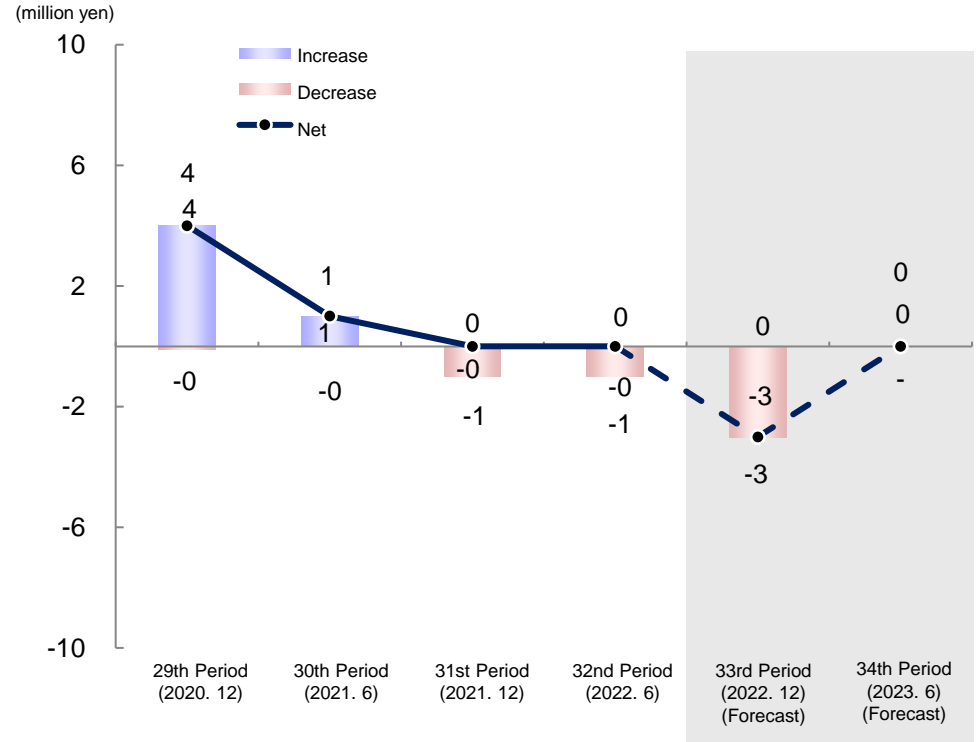
### ■ Change in Area Subject to Revision



(area basis)

|                              |       |       |       |       |       |       |
|------------------------------|-------|-------|-------|-------|-------|-------|
| Percentage of increased rent | 41.7% | 10.5% | 4.2%  | 3.7%  | 0.8%  | 4.4%  |
| Percentage of decreased rent | 0.1%  | 1.3%  | 6.4%  | 2.6%  | 32.9% | -     |
| Percentage of unchanged rent | 58.2% | 88.1% | 89.4% | 93.7% | 66.2% | 95.6% |

### ■ Increase/Decrease in Rent Due to Rent Revision (Based on Monthly Rent)



|                        |       |      |       |       |       |      |
|------------------------|-------|------|-------|-------|-------|------|
| Upward revision rate   | 3.5%  | 6.0% | 4.6%  | 2.8%  | 12.6% | 2.6% |
| Downward revision rate | 50.0% | 6.2% | 5.7%  | 7.7%  | 4.8%  | -    |
| Rent revision rate*3   | 1.3%  | 0.4% | -0.3% | -0.2% | -1.7% | 0.2% |

\*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.

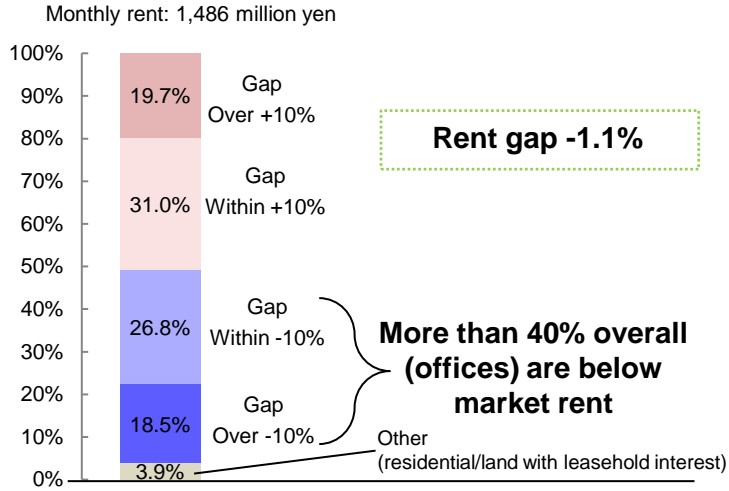
\*4 Rent reductions for a limited period due to the impact of the COVID-19 pandemic are excluded. \*5 The area with upward/downward rent revisions for the 33rd and 34th Periods is the figure only for the sections for which an agreement has already been reached.

# 4. Internal Growth

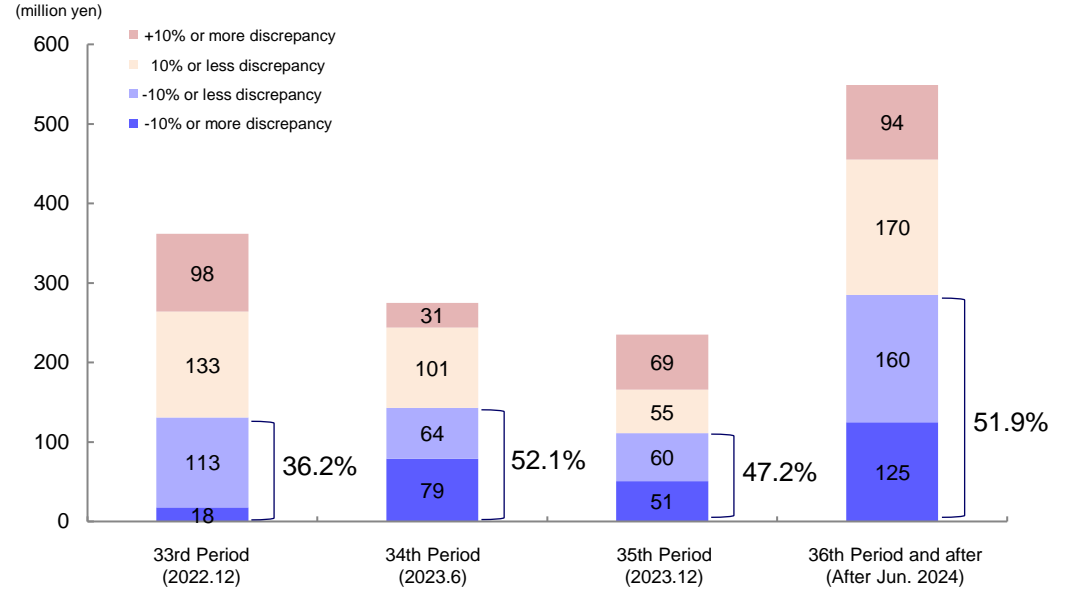
## (2) Status of Rent Gap

◆ Although the rent gap continues to narrow, it remains negative at -1.1%\*1

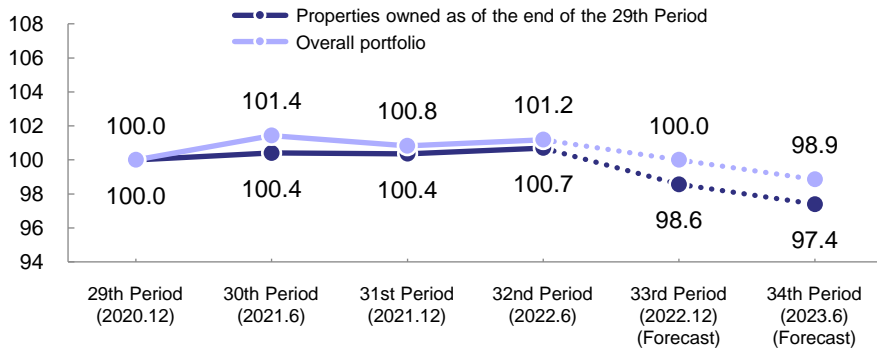
### ■ Status of Rent Gap (as of the End of the 32nd Period)\*2



### ■ Monthly Rent by Renewal Period\*2 \*3



### ■ Historical Rent Levels\*2 \*3 \*4



- ◆ Unit rents will remain generally flat until the 32nd Period after the COVID-19 pandemic
- ◆ Assume that unit rents will soften from the 33rd Period onward due to a flexible leasing strategy aiming to prevent departures, etc.
- ◆ Strive for upward rent revision mainly at regional properties for those with negative rent gaps

\*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 29th period set as 100. The average unit rent is the weighted average by leased office area. Properties owned at the end of the 29th Period are properties continuously owned since the end of the 29th Period among those owned at the end of the 32nd Period.

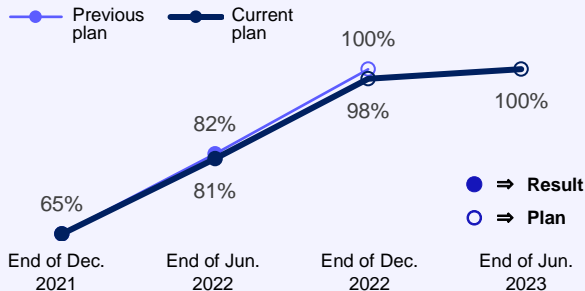
# 4. Internal Growth

## (3) Properties Focused on Leasing

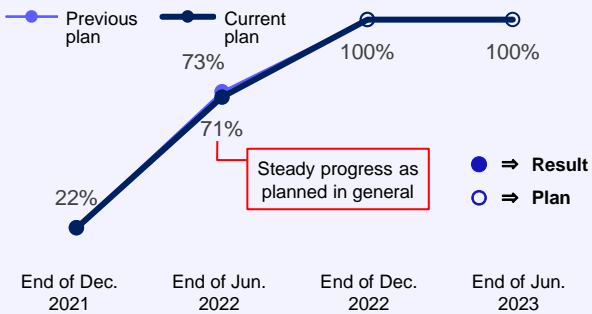
- ◆ Refilling progressed as planned at Musashikosugi. Kawasaki Nishiguchi revised the plan due to factors such as the postponement of move-in of candidate tenants
- ◆ Omori and Hamamatsucho, where major tenants will move out, plan to lease up by the end of December 2023
- ◆ Currently focusing on leasing such as individual sales to major customers utilizing the network of the sponsor group, discovery of demand through telemarketing targeting surrounding companies, attraction of vacating tenants by collecting information on reconstruction of neighboring buildings, holding of previews and flexible rent setting

### ■ Musashikosugi Tower Place

[Occupancy rate (entire building)]



[Refill rate of areas vacated by major tenants] ...  
Area leased up 4,319 tsubo (based on share)

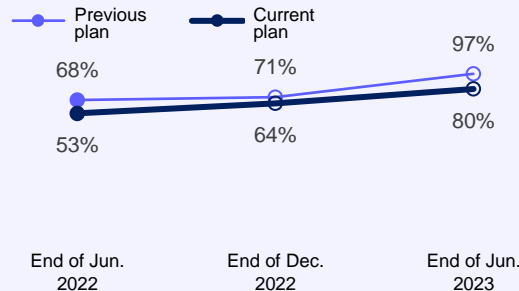


Realize refilling as generally planned by also taking in the needs of community-based tenants such as major tenants as well as shared offices, cram schools and model rooms

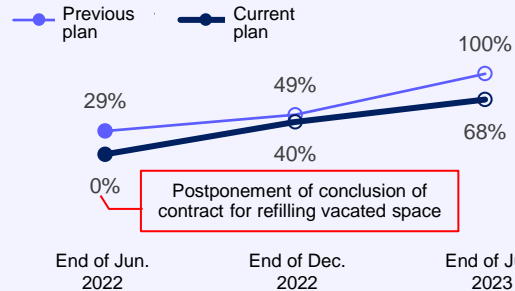
Also promote leasing of subdivisions (around 100 tsubo) by continuing to focus on attracting major tenants

### ■ Kowa Kawasaki Nishiguchi Building

[Occupancy rate (entire building)]



[Refill rate of areas vacated by major tenants] ...  
Area leased up 4,149 tsubo (based on share)



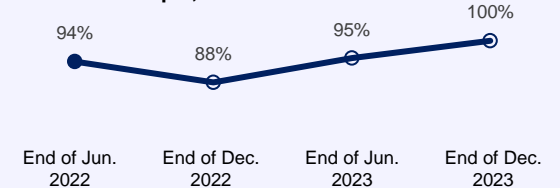
Although the plan was revised due to the postponement of the move-in of candidate tenants, etc., the current progress is generally as planned

Aiming to attract major tenants through flexible rent setting and measures to improve property value by using LED lights in exclusive areas in addition to capturing needs for floor expansion in the building

### ■ Omori Bellport D

[Occupancy rate (entire building)] Current plan

... Area leased up 1,063 tsubo

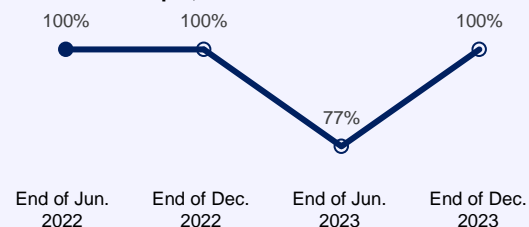


A major tenant will move out in the fiscal period ending December 2022. In addition to the successor tenant that has already been unofficially decided, we aim for early lease-up through strategic condition setting

### ■ JEI Hamamatsucho Building

[Occupancy rate (entire building)] Current plan

... Area leased up 1,202 tsubo



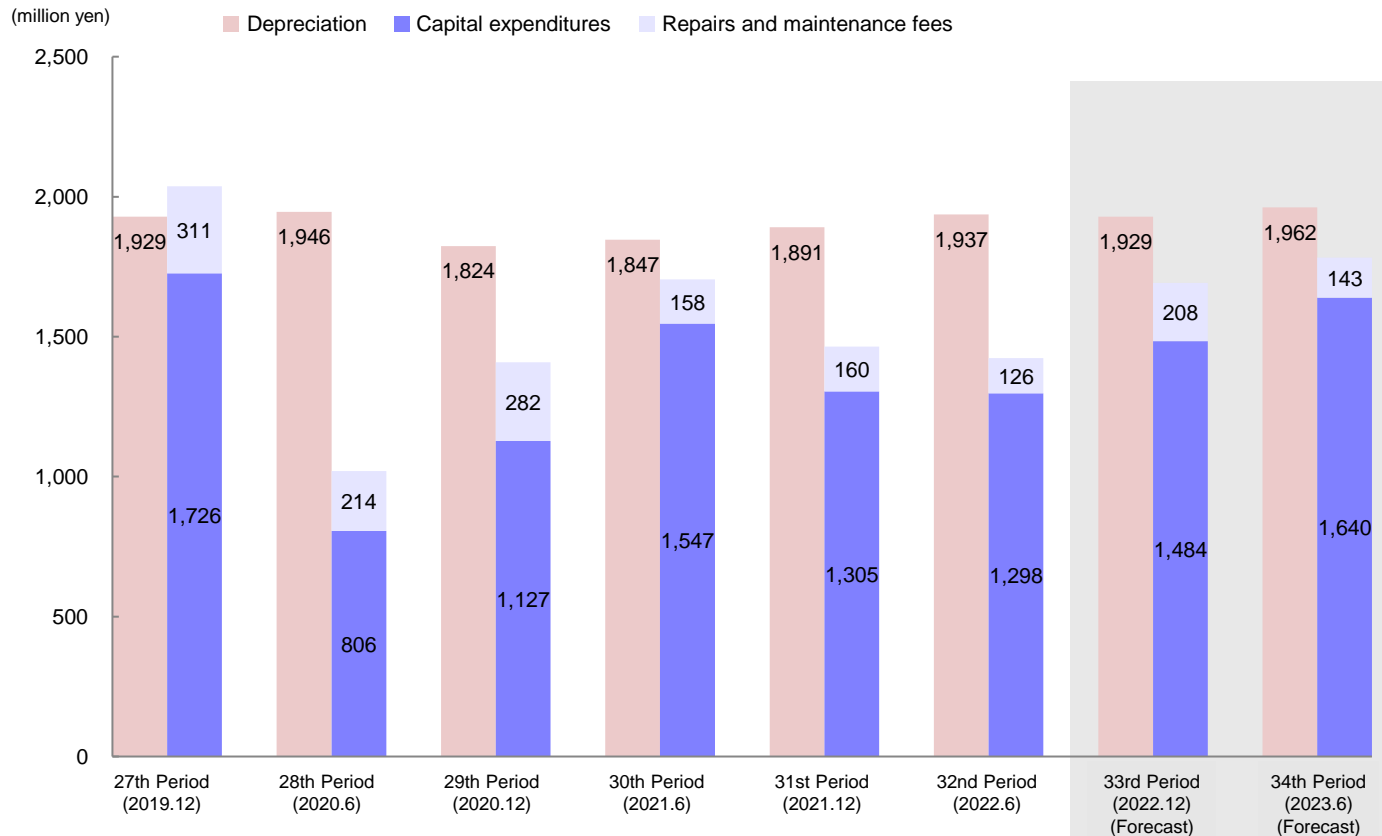
A major tenant will move out in the fiscal period ending June 2023. Aim for early refilling through flexible rent setting, etc.

# 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) (33rd Period, 34th Period)

|   |                 |
|---|-----------------|
| [Kowa Kawasaki Higashiguchi Building]     |                 |
| Renovation of elevator                    | 148 million yen |
| Renovation of emergency elevator          | 63 million yen  |
| Exterior wall sealing replacement         | 57 million yen  |
| [JEI Hiroshima Hacchobori Building]       |                 |
| Renewal of air conditioning               | 128 million yen |
| [Nisseki Yokohama Building]               |                 |
| Repair of exterior walls                  | 107 million yen |
| Upgrading of blinds                       | 74 million yen  |
| [ JEI Naha Building ]                     |                 |
| Renovation of toilet                      | 101 million yen |
| [Kowa Nishi-Shimbashi Building]           |                 |
| Upgrading of hot and cold water generator | 65 million yen  |

# 4. Internal Growth

## (5) Facility Renewal for CO<sub>2</sub> Emissions Reduction

◆ Systematic facility renewal for assets under management with the goals of CO<sub>2</sub> 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 CO<sub>2</sub> emissions and suppressing ozone depletion



### ■ Kowa Kawasaki Higashiguchi Building

Upgrading evacuation guide lights to LEDs, cutting CO<sub>2</sub> 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 to 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 to March 2022



# 5. Financial Strategy

## (1) Performance of Financing Activities

- ◆ Extended the loan duration and reduced the interest rate with the refinancing of long-term loans of 5 billion yen
- ◆ LTV on a total-asset basis is at a level of 43.1%, impacted only by the cancellation of investment units (+0.4pt) as the acquisition of equity interest in anonymous association was made with the proceeds from property sale

### ■ Repayment and Procurement in the 32nd Period

#### ◇ Refinancing of long-term loans

##### ① Implemented on January 31, 2022 (3 billion yen)

| Before refinancing |               | After refinancing |               |
|--------------------|---------------|-------------------|---------------|
| Period             | Interest rate | Period            | Interest rate |
| 5.0 years          | 0.350%        | 5.0 years         | 0.280%        |

##### ② Implemented on June 30, 2022 (2 billion yen)

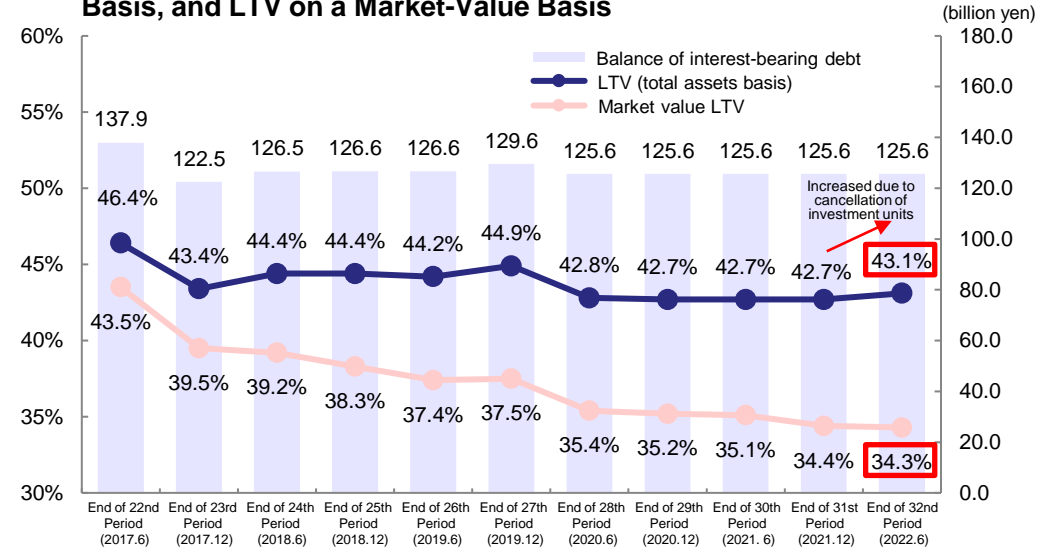
| Before refinancing |               | After refinancing |               |
|--------------------|---------------|-------------------|---------------|
| Period             | Interest rate | Period            | Interest rate |
| 7.92 years         | 1.154%        | 9.0 years         | 1.081%        |

##### ①+②: Extended the loan duration and reduced the interest payment

| Before refinancing |               | After refinancing |               |
|--------------------|---------------|-------------------|---------------|
| Period             | Interest rate | Period            | Interest rate |
| 6.17 years         | 0.672%        | 6.6 years         | 0.601%        |

**Period +0.43 years,  
Interest rate -7.1bp**

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



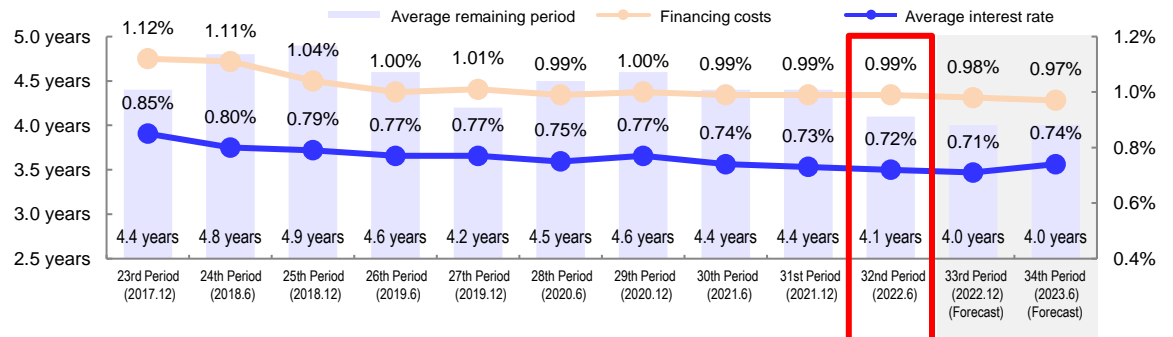
#### < Reference >

#### Pioneering Environmental Finance Initiatives

##### ◇ Ratio of sustainable finance\*1 to interest-bearing debt (As of end of June 2022: 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 |

### ■ Historical Average Remaining Period of Interest-Bearing Debt, Financing Costs\*2, and Average Interest Rate of Interest-Bearing Debt



\*1 General term for sustainability finance and green finance

\*2 Financing costs: (Interest expense + loan-related fees + interest expense on investment corporation bonds + amortization of investment corporation bond issuance costs) / average remaining interest-bearing debt in the current and previous periods from the 30th Period

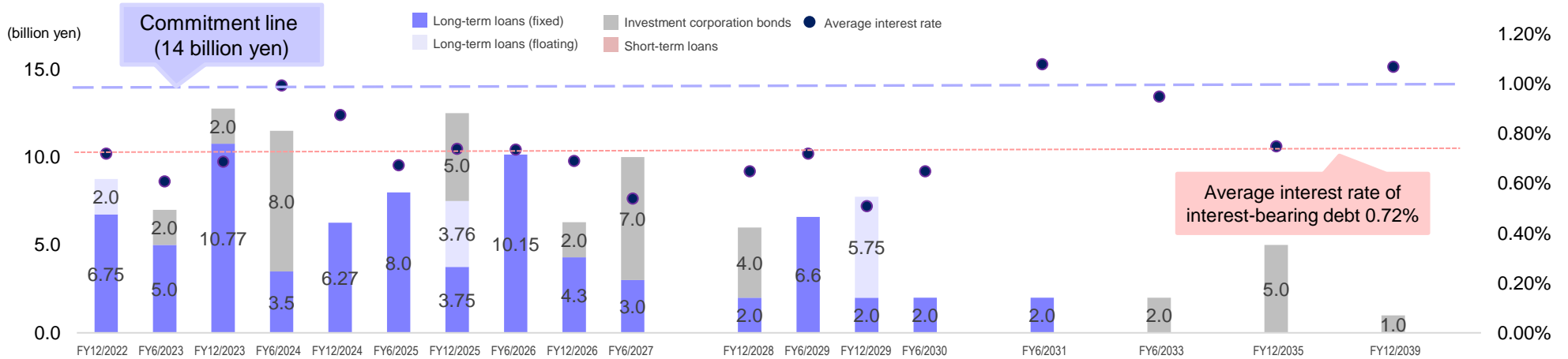


# 5. Financial Strategy

## (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, and diversified repayment dates

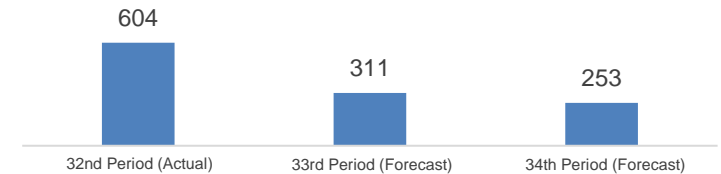
### ■ Repayment Amount in Each Period and Average Interest Rate of Interest-Bearing Debt (As of the End of the 32nd Period)



### ■ Historical Major Financial Data

|   | 28th Period End (Jun. 2020) | 29th Period End (Dec. 2020) | 30th Period End (Jun. 2021) | 31st Period End (Dec. 2021) | 32nd Period End (Jun. 2022) | 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)                          | 42.8%                       | 42.7%                       | 42.7%                       | 42.7%                       | 43.1%                       | +0.4pt     |
| LTV (market value basis)                          | 35.4%                       | 35.2%                       | 35.1%                       | 34.4%                       | 34.3%                       | -0.1pt     |
| Average remaining period of interest-bearing debt | 4.5 years                   | 4.6 years                   | 4.4 years                   | 4.4 years                   | 4.1 years                   | -0.3 years |
| Financial costs                                   | 0.99%                       | 1.00%                       | 0.99%                       | 0.99%                       | 0.99%                       | -          |
| Average interest rate of interest-bearing debt    | 0.75%                       | 0.77%                       | 0.74%                       | 0.73%                       | 0.72%                       | -0.01pt    |
| Ratio of fixed interest rate                      | 91.4%                       | 95.4%                       | 95.4%                       | 90.8%                       | 90.8%                       | -          |

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

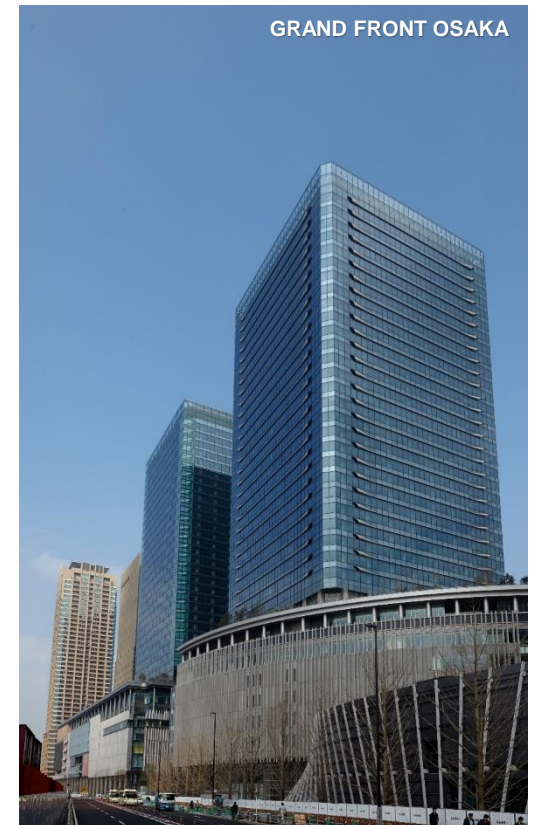


### ■ Status of Ratings

| Rating agency                    | Rating (outlook)                               |
|----------------------------------|--|
| Japan Credit Rating Agency (JCR) | Long-term issuer rating<br><b>AA-</b> (stable) |
| Moody's Japan (Moody's)          | Issuer rating<br><b>A3</b> (stable)            |

## V. ESG Initiatives

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**31st Period  
(FY12/2021)**

**Policy**

**Establishment of climate change policy  
(October 2021)**

Basic Policy on Response to Climate Change Risks and Opportunities

**Policy**

**Formulation of medium- to long-term CO<sub>2</sub> emissions reduction targets (October 2021)**

Reduce FY2030 CO<sub>2</sub> emissions by 46% compared with FY2013

**Property**

**Reduce CO<sub>2</sub> emissions through shift in electricity source  
(August 2021 – December 2021)**

Reduction of CO<sub>2</sub> emissions from electricity use to zero at 4 properties

**Property**

**Additional acquisition of Green Building Certification (September and November 2021)**

23 properties certified (84.7% on area basis)

**Finance**

**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**

**Introduction of rank-based employee training system (November 2021)**

Career development according to job rank

**External Assessment**

**GRESB Real Estate Assessment (October 2021)  
Received “Green Star” for seventh consecutive year and the top rating of “5 Star” for second consecutive year**

**Society**

**Food Donations (November 2021)**

Donating emergency food stockpile to certified NPOs as a measure against hunger and poverty

**32nd Period  
(FY6/2022)**

**Policy**

**① Revised materiality  
(April 2022)**

Addition of information disclosure in line with the TCFD recommendations, etc.

**Property**

**④ New acquisition of BELS Certification  
(May 2022)**

BIZCORE AKASAKA-MITSUKE earns three stars

**Property**

**② Additional acquisition of Green Building Certification  
(March 2022)**

24 properties certified (87.7% on area basis)

**Society**

**⑤ Food Donations (April 2022)**

Donating emergency food stockpile to certified NPOs as a measure against hunger and poverty

**Property**

**③ Reduce CO<sub>2</sub> emissions through shift in electricity source  
(January 2022 – June 2022)**

Decided to switch to CO<sub>2</sub>-free electricity at 19 additional properties  
Reduction of CO<sub>2</sub> emissions from electricity use to zero at a total of 23 properties

[Switching ratio to CO<sub>2</sub>-free electricity]

Based on area: 70.9 %, Based on the number of properties : 67.6%

**Governance**

**⑥ Individual disclosure of director compensation  
(scheduled for September 2022)**

From the conventional disclosure of total amount to individual disclosure

**Disclosure**

**⑦ Implemented and disclosed qualitative TCFD scenario analysis  
(January 2022)**

Identified risks and opportunities under multiple climate change scenarios and conducting qualitative financial impact analysis

## Policy/Implementation

**PRI** Signing the Principles for Responsible Investment



**TCFD** Declared support for the Task Force on Climate-related Financial Disclosures recommendations



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



◆ **FY2030 CO<sub>2</sub> emissions intensity reduction target** **-46%**  
(compared with FY2013)



## External Assessment

◆ **GRESB Real Estate Assessment (2021)**  
“**Green Star**” Seventh consecutive years  
“GRESB Rating”  
Highest “**5 star**” second consecutive year

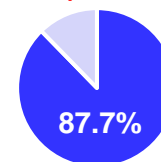


◆ **MSCI ESG Rating: Class A**  
Included in **MSCI Japan ESG Select Leaders Index**

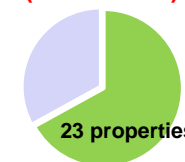


## Property

◆ **DBJ Green Building Certification**  
24 properties  
**87.7% (area basis)**



◆ **Promoting switch to CO<sub>2</sub>-free electricity**  
**23 out of 34 properties**  
**70.9% (area basis)**



## Finance

◆ **Sustainability finance framework**  
Acquired “**SU1 (F)**”, the highest overall evaluation from Japan Credit Rating Agency, Ltd. (JCR)



◆ **Green finance framework**  
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 (as of end of June 2022)

\* General term for sustainability finance and green finance

# ESG Related

## (2) Environmental Performance Data

◆ Promote initiatives to achieve reduction targets for CO<sub>2</sub> emissions, energy consumption and water consumption

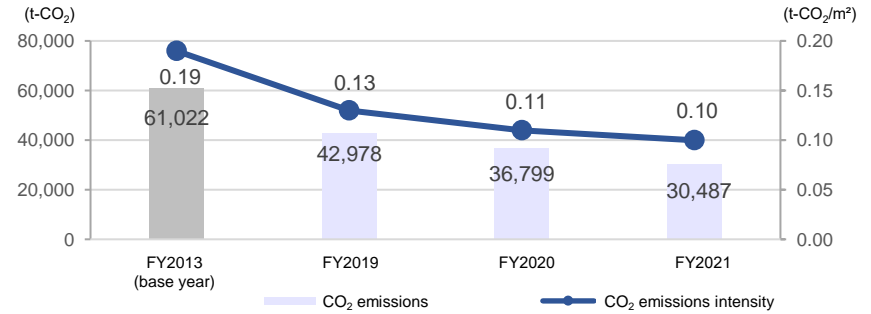
### CO<sub>2</sub> Emissions

#### Reduction target

Reduce CO<sub>2</sub> emissions intensity by **46%** in FY2030 compared with FY2013

#### Results

|  | FY2013<br>(Base year) | FY2019 | FY2020 | FY2021        |
|--|-----------------------|--------|--------|---------------|
| Total amount (t-CO <sub>2</sub> )              | 61,022                | 42,978 | 36,799 | 30,487        |
| Intensity (t-CO <sub>2</sub> /m <sup>2</sup> ) | 0.19                  | 0.13   | 0.11   | 0.10          |
| Intensity reduction rate (%)                   | -                     | -30.7% | -38.2% | <b>-49.3%</b> |



### Energy Consumption

#### Annual reduction target

Reduce energy and water consumption intensity by **1%** in each fiscal year compared with the previous fiscal year

#### Results

|   | FY2019  | FY2020  | FY2021  |
|---|---------|---------|---------|
| Total amount (MWh)  | 122,695 | 109,293 | 110,536 |
| Intensity (kWh/m <sup>2</sup> )                                     | 357.7   | 332.7   | 344.6   |
| Intensity reduction rate (comparison with previous fiscal year) (%) | -       | -7.0%   | 3.6%    |

#### 5-year average reduction target

Reduce the average intensity from FY2020 to FY2024 by **at least 5%** compared with that from FY2015 to FY2019

#### Results

|   | 5-year average<br>(FY2015 - FY2019) | 2-year average<br>(FY2020 - FY2021) |
|---|-------------------------------------|-------------------------------------|
| Average intensity (kWh/m <sup>2</sup> ) | 356.2                               | 338.7                               |
| Intensity reduction rate (%)            | -                                   | <b>-4.9%</b>                        |

### Water Consumption

#### Annual reduction target

Reduce energy and water consumption intensity by **1%** in each fiscal year compared with the previous fiscal year

#### Results

|   | FY2019 | FY2020 | FY2021 |
|---|--------|--------|--------|
| Total amount (MWh)  | 395    | 289    | 267    |
| Intensity (kWh/m <sup>2</sup> )                                     | 1.15   | 0.88   | 0.84   |
| Intensity reduction rate (comparison with previous fiscal year) (%) | -      | -23.5% | -5.1%  |

#### 5-year average reduction target

Reduce the average intensity from FY2020 to FY2024 by **at least 5%** compared with that from FY2015 to FY2019

#### Results

|   | 5-year average<br>(FY2015 - FY2019) | 2-year average<br>(FY2020 - FY2021) |
|---|-------------------------------------|-------------------------------------|
| Average intensity (kWh/m <sup>2</sup> ) | 1.23                                | 0.86                                |
| Intensity reduction rate (%)            | -                                   | <b>-30.2%</b>                       |

◆ In addition to steadily implementing the previous initiatives, we will promote the challenge of new themes

### Focus areas

#### Carbon neutral

- **Steady initiatives to achieve medium- to long-term CO<sub>2</sub> emissions reduction target (-46% in FY2030 vs FY2013)**
  - Switched to CO<sub>2</sub>-free electricity at owned properties
    - 70.9% of total by floor area or 67.6% of total by number of properties (as of end of June 2022)
  - Renewal work converting to LED lights and improving environmental performance
    - 88.6% of common area lighting converted to LED of total by number of properties (as of end of June 2022)



Promoting initiatives from the sponsor group beginning in development phases

- **Promoting disclosure content in response to recommended disclosure items based on TCFD recommendations**
    - We are promoting disclosure in response to recommended disclosure items based on the TCFD recommendations, and have already identified risks and opportunities, conducted qualitative scenario analysis and formulated the strategy.
- ➡ Considering quantitative analysis and disclosure of financial impact

#### TCFD

- ◆ 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 to deepen our initiatives

### ① Revised materiality (April 2022)

- ◆ We set the materiality in October 2020 to aim for the realization of a sustainable society by recognizing the importance of ESG consideration
- After that, we partially revised the materiality in April 2022 based on new themes, including initiatives on climate change, as well as current initiatives

### ② Additional acquisition of Green Building Certification (March 2022)

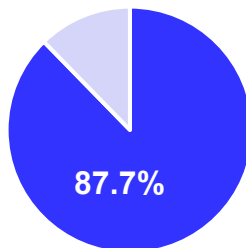
- ◆ Acquired DBJ Green Building Certification for one property

One property newly acquired DBJ Green Building Certification

(Property that acquired certification in the current period)  
“BIZCORE JIMBOCHO”: ★★★

As a result, the percentage of certified properties (area basis) increased from 84.7% at the end of December 2021 to **87.7%** at the end of June 2022, and the percentage also increased from 63.9% (23 properties) to **68.6% (24 properties)** based on the number of properties.

Percentage of certification



### ③ Reduce CO<sub>2</sub> emissions through shift in electricity source (January 2022 - June 2022)

- ◆ Reduced CO<sub>2</sub> emissions at 19 new properties to zero through shift in electricity source

(SE Sapporo Building, JEI Kyobashi Building, Aoba-dori Plaza, Pacific Square Sengoku, Omori Bellport D, Yokohama Bentendori Dai-ichi Seimei Building, JEI Naha Building, NHK Nagoya Housou-Center Building, AKASAKA INTERCITY AIR, AKASAKA INTERCITY, Mansard Daikanyama, Kowa Nishi-Shimbashi Building, Kowa Kawasaki Higashiguchi Building, JEI Hongo Building, HAMARIKYU INTERCITY, Core City Tachikawa, Kawasaki Nisshincho Building, GRAND FRONT OSAKA (Umekita Plaza/South Building) and GRAND FRONT OSAKA (North Building)

- ◆ Our total number of properties that have switched electricity source, including 4 existing properties, has reached 23

- Renewable Energy-Derived Power (Nisseki Yokohama Building)
- RE 100 compatible electric power (15 properties)
- CO<sub>2</sub>-free electric power (7 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 New acquisition of BELS Certification (May 2022)

- ◆ A system in which third-party organizations evaluate the energy saving performance of buildings based on the evaluation criteria stipulated by the Ministry of Land, Infrastructure, Transport and Tourism, and certifications are based on a five-scale system of one to five stars (★ to ★★★★★)

Received “★★★” for BIZCORE AKASAKA-MITSUKE

### ⑤ Donated emergency food stockpile (April 2022)

- ◆ Donating emergency food stockpile 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

### ⑥ Individual disclosure of director compensation (scheduled for September 2022)

- ◆ Individually disclose director compensation from the perspective of enhancing corporate governance in order to improve management transparency and objectivity

### ⑦ 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.

#### ◆ 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 CO<sub>2</sub> emissions by further expanding the use of renewable energy and CO<sub>2</sub>-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.

#### ◆ 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.

#### ◆ Indicators and Targets

JEI has set a target to reduce CO<sub>2</sub> emissions intensity by 46% in FY2030 compared with FY2013 and to reduce energy consumption intensity and water consumption intensity by 1% in each fiscal year compared with the previous fiscal year, and in the medium to long term to reduce the average intensity from FY2020 to FY2024 by at least 5% compared with the average intensity from FY2015 to FY2019.



⑦ 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  | <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by switching to electricity from renewable energy sources and CO<sub>2</sub>-free electricity.</li> </ul>  | 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   | <ul style="list-style-type: none"> <li>Improve energy efficiency of existing properties by renewing and refurbishing facilities, etc.</li> <li>Replace and acquire new properties with high environmental performance</li> </ul>  | 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 | <ul style="list-style-type: none"> <li>Replace and acquire new properties with the latest energy-saving equipment</li> </ul>  | 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)  | <ul style="list-style-type: none"> <li>Raise ratio of properties with DBJ Green Building certification</li> <li>Improve energy efficiency and reduction of CO<sub>2</sub> emissions through renewal and renovation of facilities</li> <li>Implement risk assessment using hazard maps, etc.</li> <li>Mitigate the risk of damage to properties by implementing reinforcements as needed.</li> </ul> | 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   | <ul style="list-style-type: none"> <li>Promote ESG and climate change initiatives and enhance disclosure content</li> <li>Improve ESG assessment by external organizations</li> </ul>   | 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   | <ul style="list-style-type: none"> <li>Raise ratio of properties with DBJ Green Building certification</li> <li>Reduce CO<sub>2</sub> emissions by switching to electricity from renewable energy sources and CO<sub>2</sub>-free electricity.</li> </ul>   | 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   | <ul style="list-style-type: none"> <li>Improve energy efficiency of existing properties by renewing and refurbishing facilities, etc.</li> <li>Mitigate the risk of damage to properties by implementing reinforcements as needed.</li> </ul>   | 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.

⑦ TCFD Qualitative Disclosure (January 2022) (2): Scenario Analysis ② (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 |
| Physical      | 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"> <li>Implement risk assessment using hazard maps, etc.</li> <li>Own properties in areas less susceptible to flood damage</li> <li>Mitigate the risk of damage to properties by implementing reinforcements as needed.</li> </ul>   | 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"> <li>Improve energy efficiency of existing properties by renewing and refurbishing facilities, etc.</li> <li>Expand green lease contracts and implement energy conservation measures in collaboration with tenants</li> <li>Promote greening in facilities</li> </ul> | 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"> <li>Implement risk assessment using hazard maps, etc.</li> <li>Mitigate the risk of damage by implementing reinforcements as needed</li> <li>Raise ratio of properties with DBJ Green Building certification</li> <li>Reduce CO<sub>2</sub> emissions by switching to electricity from renewable energy sources and CO<sub>2</sub>-free electricity.</li> <li>Improve energy efficiency and reduction of CO<sub>2</sub> emissions through renewal and renovation of facilities</li> </ul> | Medium  | Medium  | Large     | Medium           | Medium      | Large     |
|               |                       | Appeal to tenants and users by providing high-efficiency, low-emissions 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 |   |  | 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    |   |  | Diversification of funding methods and lowering of funding costs by responding to and appealing to investors and lenders who emphasize ESG and climate change   | <ul style="list-style-type: none"> <li>Promote ESG and climate change initiatives and enhance disclosure content</li> <li>Reduce financing costs through further use of green finance and sustainability finance</li> </ul> | Small     | 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.

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## 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

DAI-ICHI LIFE

#### The Dai-ichi Life Insurance Company, Limited

One of Japan's top-class life insurance companies. As of March 31, 2022, manages 279 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.

Personnel

Management

Achievements :

Property

Supply of properties

Loans

Loans

Brokerage

Brokerage for third-party properties

Personnel

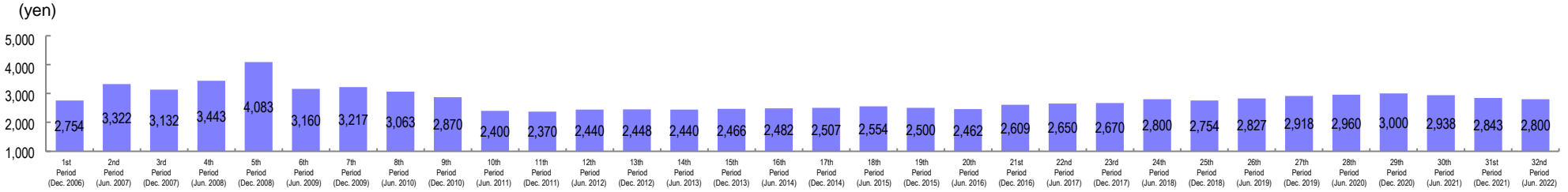
Supply of personnel

Management

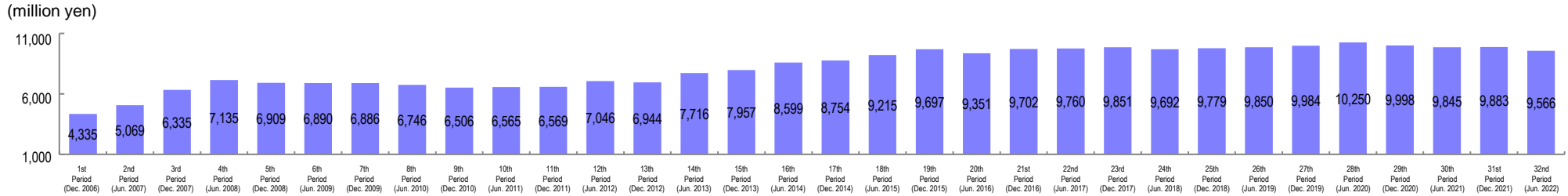
Management of JEI's properties

# 2. Track Record

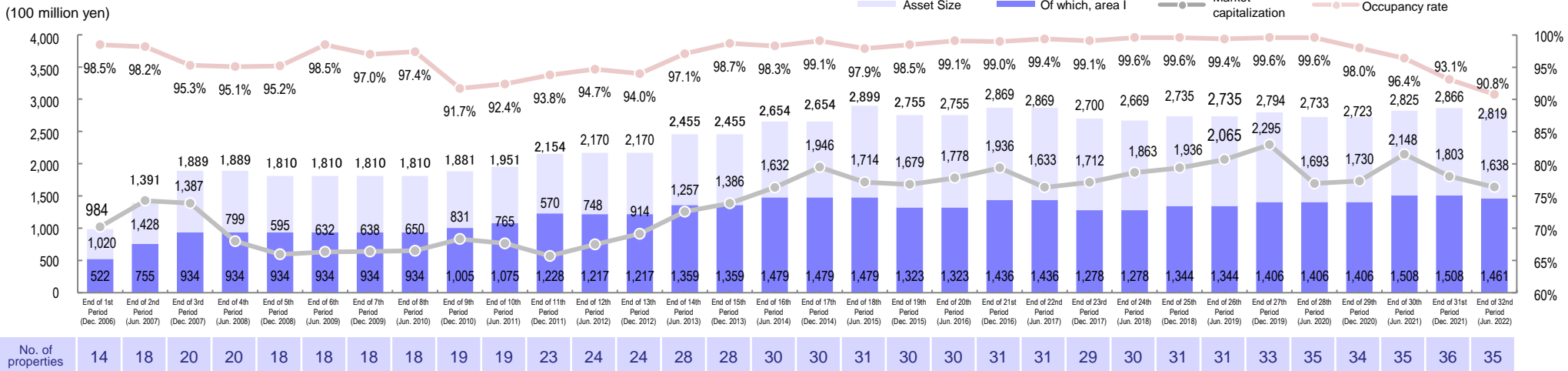
## Distributions per unit\*1



## 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

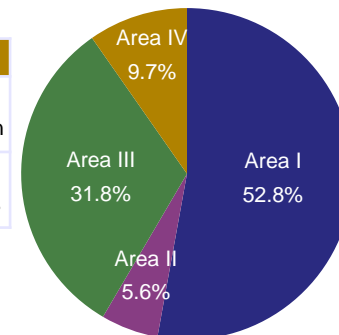
(Investment Policy)

| Usage <sup>*1</sup> | Investment ratio in portfolio <sup>*2</sup> |
|---------------------|---|
| Office buildings    | 90% or more                                 |
| Other               | 10% or less                                 |



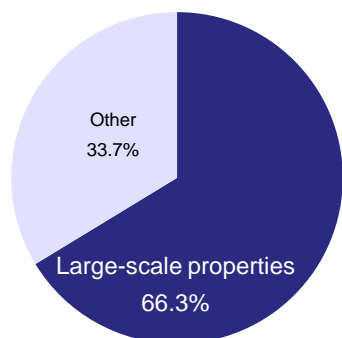
### ■ Investment area

| Area                    | Area I            | Area II          | Area III         | Area IV          |
|-------------------------|-------------------|------------------|------------------|------------------|
| Total acquisition price | 152.1 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     |

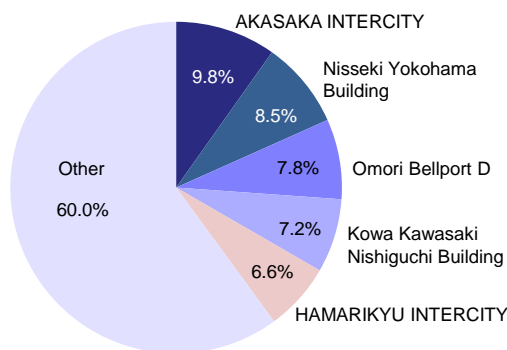


Ratio of investment in the Tokyo metropolitan area<sup>\*4</sup>  
84.7%

### ■ Large-Scale Properties<sup>\*3</sup>



### ■ Top 5 Properties



Ratio of top 5 properties  
40.0%

(Investment Policy)

| Target investment areas |  | Investment ratio in portfolio <sup>*2</sup> |
|-------------------------|--|---|
| <b>Core areas</b>       |  | <b>80% or more</b>                          |
| ■ 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.)<br>Central Nagoya City (Meieki, Fushimi, Sakae, etc.)<br>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.

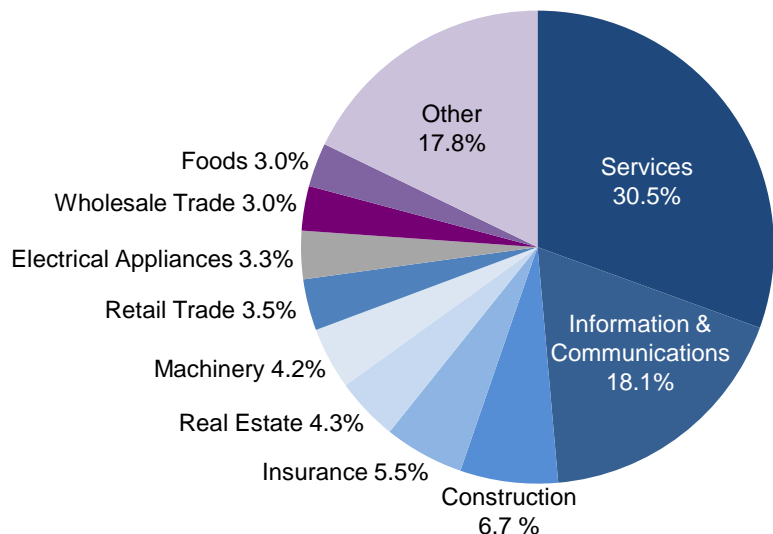
\*4 "Tokyo metropolitan area" indicates Tokyo and its surrounding areas (Kanagawa, Saitama and Chiba prefectures) (Area I and Area III).

\*5 The figures above are figures as of August 18, 2022. 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 Number of End Tenants Japan Excellent, Inc.

### ■ Type of Industry of Tenants



\*1 JEAM categorized and created the above industry category according to "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 32nd Period.

### ■ Top 10 Tenants

| End tenant name   | Property name                                | Total area leased (m <sup>2</sup> ) | Floor area ratio (%) |
|---|--|-------------------------------------|----------------------|
| Toshiba Information System (Japan) Corp.                          | Kowa Kawasaki Higashiguchi Building          | 18,612.72                           | 6.1%                 |
| Hitachi Real Estate Partners, Ltd.                                | Omori Bellport D                             | 11,382.19                           | 3.7%                 |
|   | JEI Hiroshima Hacchobori Building            |                                     |                      |
|   | SE Sapporo Building                          |                                     |                      |
|   | Yokohama Bentendori Dai-ichi Seimei Building |                                     |                      |
| Haseko Corporation  | Aoba-dori Plaza                              | 9,284.18                            | 3.0%                 |
|   | Shiba 2-Chome Building                       |                                     |                      |
| *3  | *3   | 8,372.71                            | 2.7%                 |
| *3  | *3   | 6,572.84                            | 2.2%                 |
| *3  | Nisseki Yokohama Building                    | 5,663.41                            | 1.9%                 |
| Hitachi Zosen Corporation   | Omori Bellport D                             | 5,383.97                            | 1.8%                 |
| *3  | *3   | 5,231.35                            | 1.7%                 |
| *3  | Nisseki Yokohama Building                    | 4,768.18                            | 1.6%                 |
| National Mutual Insurance Federation of Agricultural Cooperatives | Kowa Kawasaki Nishiguchi Building            | 4,759.27                            | 1.6%                 |
| Total of top 10 end tenants                                       |  | 80,030.82                           | 26.3%                |
| Total of portfolio overall  |  | 304,660.84                          | 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 32nd Period.

### ■ Number of End Tenants

| Building name                 | Number of end tenants | Building name                                       | Number of end tenants | Building name                                | Number of end tenants |
|-------------------------------|-----------------------|---|-----------------------|--|-----------------------|
| Omori Bellport D              | 22                    | NHK Nagoya Housou-Center Building                   | 39                    | Nisseki Yokohama Building                    | 44                    |
| Shiba 2-Chome Building        | 2                     | Osaka Kogin Building (land with leasehold interest) | 1                     | Yokohama Bentendori Dai-ichi Seimei Building | 13                    |
| JEI Hamamatsucho Building     | 4                     | GRAND FRONT OSAKA (Umekita Plaza / South Building)  | 2                     | JEI Kyobashi Building                        | 22                    |
| AKASAKA INTERCITY             | 12                    | GRAND FRONT OSAKA (North Building)                  | 5                     | JEI Hiroshima Hacchobori Building            | 41                    |
| Daiba Garden City Building    | 2                     | Musashikosugi Tower Place                           | 45                    | SE Sapporo Building                          | 43                    |
| HAMARIKYU INTERCITY           | 8                     | Kowa Kawasaki Higashiguchi Building                 | 1                     | Aoba-dori Plaza                              | 49                    |
| Shintomicho Building          | 11                    | JEI Hongo Building                                  | 5                     | Daiwa Minami-morimachi Building              | 10                    |
| Kowa Nishi-Shimbashi Building | 5                     | Kawasaki Nishincho Building                         | 18                    | JEI Naha Building                            | 18                    |
| Mansard Daikanyama            | 7                     | JEI Ryogoku Building                                | 18                    | Hiroshima Dai-ichi Seimei OS Building        | 27                    |
| AKASAKA INTERCITY AIR         | 1                     | Kowa Kawasaki Nishiguchi Building                   | 21                    | Senshin Building                             | 16                    |
| BIZCORE AKASAKA-MITSUKE       | 7                     | Pacific Square Sengoku                              | 10                    | Sapporo Otemachi Building                    | 27                    |
| BIZCORE JIMBOCHO              | 5                     | Core City Tachikawa                                 | 24                    |  |                       |
|                               |                       |   |                       | Total  | 585                   |

\*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 ①the 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 ②the 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 (AKASAKA INTERCITY AIR, GRAND FRONT OSAKA (Umekita Plaza, South Building) and GRAND FRONT OSAKA (North Building)) are considering the master lease company as a tenant count and the number of master lease companies of the property, since the importance of each tenant is low.

In addition, the number of tenants for ③Osaka Kogin Building (land with leasehold interest) is counted as "1" based on the lease agreement for the leased land.

\*6 The figures on the left are as of the end of the 32nd Period.



# 3. Portfolio

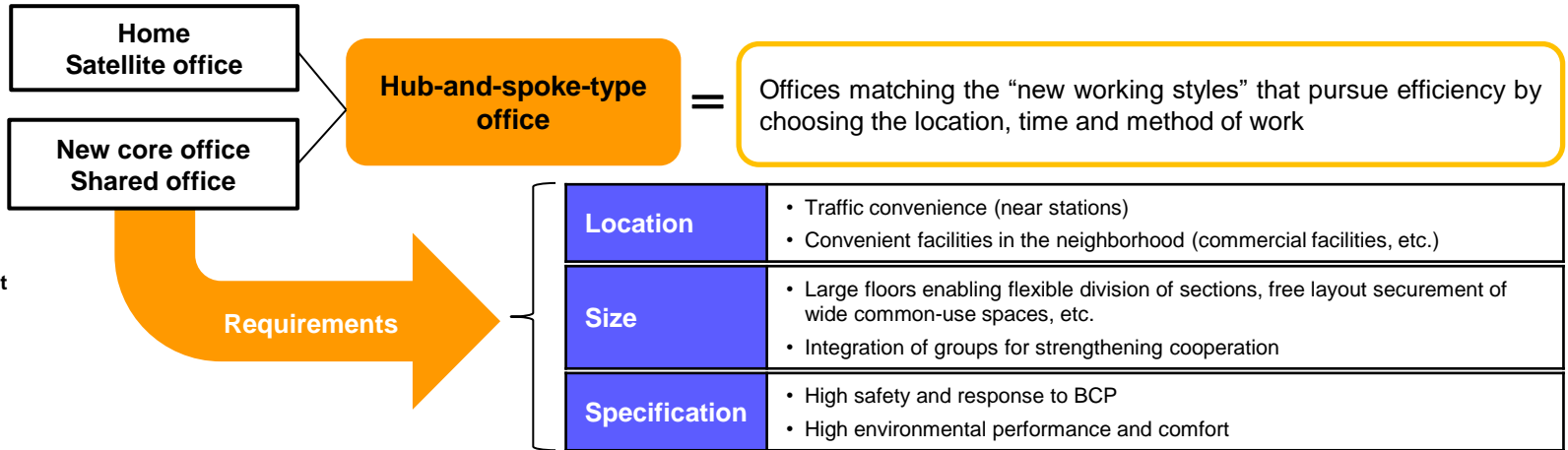
## (3) Future Goals

### «Requirements for Offices in the Post-COVID Era»

Utilization of remote work

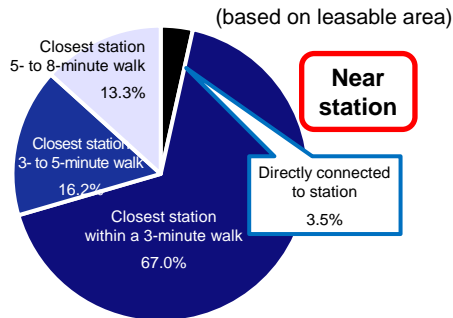
Review of functions and significance

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



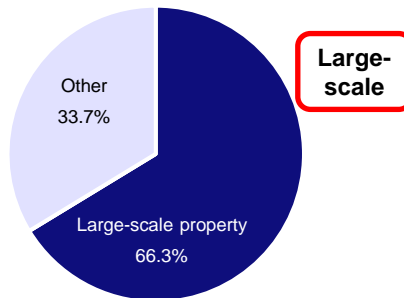
### <Characteristics of Portfolio and Customers of JEI>

#### ■ Walking Distance from Closest Station (based on leasable area)



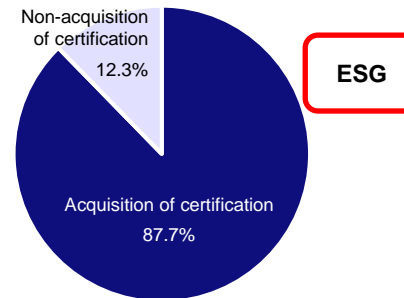
Approximately 71% are directly connected to or located within a 3-minute walk of the closest station  
 Approximately 87% are located within a 5-minute walk of the closest station

#### ■ Property Size (area basis)\*1



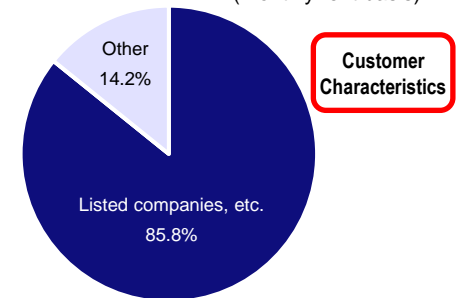
Consisting mainly of large properties

#### ■ Green Building Certification (area basis)\*2



Steadily conducted initiatives for BCP and environmental certification

#### ■ Customer characteristics (monthly rent basis)



Mainly end tenants with strong 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. 46 for definitions of the figures above.

\*2 Please refer to notes on p. 54 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 CO<sub>2</sub> Emissions

JEI will contribute to energy-saving and reduction of CO<sub>2</sub> emissions by improving operations to increase energy efficiency, promoting introduction of energy-saving equipment, etc. at properties under management.

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

We conducted qualitative scenario analysis in January 2022 and will promote quantitative analysis and disclosure in the future.

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

Japan Excellent Asset Management signed in June 2021 the Principles for Financial Action for the 21st Century, 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

#### ■ Sustainability Committee

JEI has set up a sustainability committee 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.

#### ■ Establishment of Sustainability Promotion Office (April 2022)

The Sustainability Promotion Office will lead the company-wide cross-sectional management of sustainability activities to further promote initiatives.

# 4. ESG Initiatives

## (2) Environment

### ■ Basic View

- ◆ JEI believes 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 CO<sub>2</sub> emissions intensity by 46% in FY2030 compared with FY2013, and to reduce energy consumption intensity and water consumption intensity by 1% in each fiscal year compared with the previous fiscal year, and over the medium to long term, to reduce the average intensity from FY2020 to FY2024 by at least 5% compared with that from FY2015 to FY2019.

### ■ Concrete Initiatives

- ◆ JEI regularly collects data on energy consumption, CO<sub>2</sub> 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 23 properties, it has been decided that renewable energy-derived electricity and CO<sub>2</sub>-free electricity will comprise 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, for its sustainability framework from Japan Credit Rating Agency, Ltd. (JCR)



First for a J-REIT

#### <Green Finance>

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



Issuance of the first green bond by an office J-REIT

- ◆ At the timing of replacing lighting in common areas, normal lighting is upgraded to LED to reduce energy consumption after confirming the energy reduction effect.

- ◆ When selecting property management companies, JEI monitors company's initiatives concerning sustainability and asks for adherence in property management after explaining its Sustainability Policy, etc. Furthermore, their compliance with the policy is monitored through an annual survey.

# 4. ESG Initiatives

## (3) Society ①

### ■ Basic View

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

### ■ Concrete Initiatives

#### Safety and Security of Tenants

Introduction of an earthquake damage assessment system (AKASAKA INTERCITY, Kowa Nishi-Shimbashi Building)  
Installation of emergency cabinets inside elevators  
Storage of portable toilets, lanterns, etc. for 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 Drills

We hold regular disaster drills at 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, prohibition of harassment and such. Believing 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, we are working on initiatives such as addressing 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 childcare leave system as well as allowing them to work flexibly for a short time and to proactively take paid holidays.

#### Rank-Based Employee Training Program

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 develops their careers in accordance with job ranks and future management executives

#### Employee-held Investment Unit System

JEAM has introduced an Employee-held Investment Unit System for the purpose of enhancing JEI's unitholder value over the medium to long term through promotion of alignment 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.

### ■ Concrete Initiatives

#### Eco-cap Campaign

JEAM 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 CO<sub>2</sub> 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

JEAM donates emergency-use food supplies that are no longer needed due to replacement 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



#### Contribute to Local Communities and the Environment Through the Installation of Electric Micromobility Service Sharing Services at Owned Properties.

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 tenants and local residents when commuting or moving around on business, as well as to the improvement of the familiarity of local residents with the properties owned by JEI.

Electric kickboards are said to emit only about 1/40 of the CO<sub>2</sub> of automobiles and are eco-friendly. 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 6.9% of JEI's investment units (as of the end of June 2022) **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"> <li>• 0.25% (Assets under management: Portion up to ¥100 billion)</li> <li>• 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion)</li> <li>• 0.05% (Assets under management: Portion over ¥200 billion)</li> </ul> |
| 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 are 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

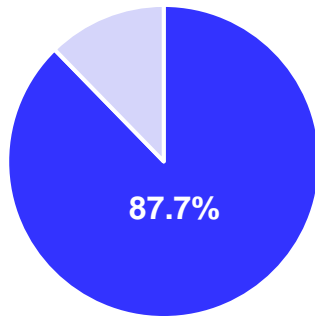
Included in MSCI Japan ESG Select Leaders Index



### ■ Green Building Certification

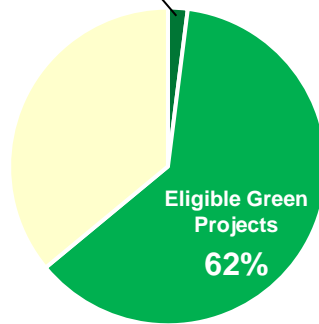
#### ◆ DBJ Green Building Certification\*2

24 properties certified (87.7% on area basis)



#### ◆ Eligible Green Projects and Eligible Sustainability Projects\*3

Eligible Sustainability Projects: 2%



#### ◆ BELS Evaluation\*4



この建物のエネルギー消費量 26%削減  
2020年4月1日現在国土交通省省令第10号(省令第10号)

BIZCORE AKASAKA-MITSUKE earned three stars (May 2022)



この建物のエネルギー消費量 2%削減  
2020年4月1日現在国土交通省省令第10号(省令第10号)

Nisseki Yokohama Building earned two stars (April 2020)

#### ◆ CASBEE for Real Estate/Building\*5



Kowa Nishi-Shimbashi Building received Rank A

#### ◆ CASBEE Wellness Office Certification\*6



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

#### ◆ Office Implementing Excellent Specific Global Warming Countermeasures\*7

AKASAKA INTERCITY AIR (certified as 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 June 2022).

\*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 for Real Estate: 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 June 2022.

\*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 ★★★★★).

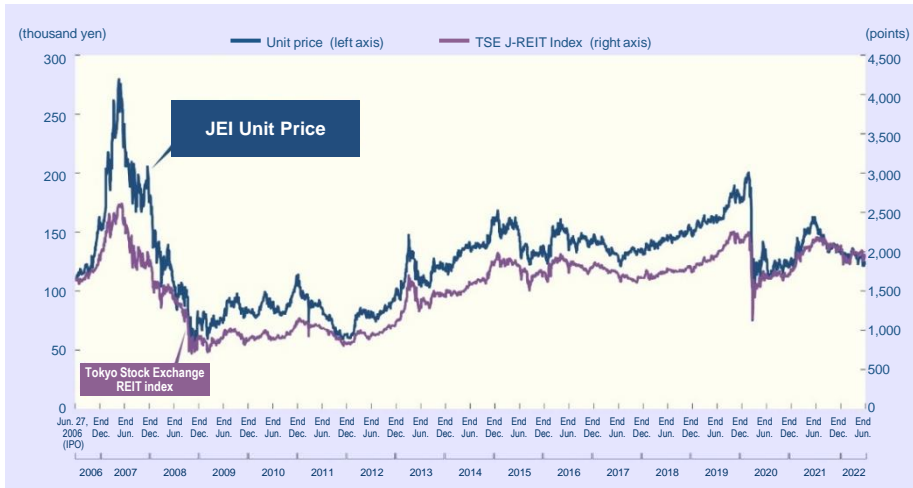
\*5 “CASBEE for real estate/building” is a system for appropriately identifying and evaluating properties with high environmental value that have high environmental performance and are well managed and is certified by Institute for Building Environment and Energy Conservation.

\*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



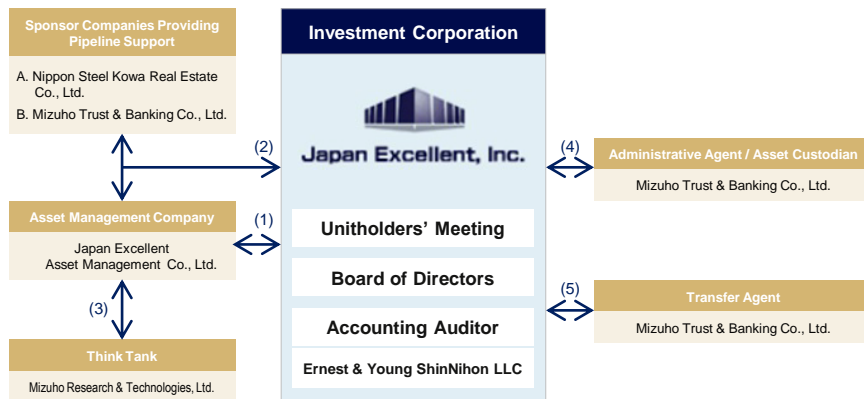
\*1 Unit prices for December 25, 2013, and earlier are divided by 5.

## Overview of Japan Excellent Asset Management

|                            |  |       |
|----------------------------|--|-------|
| Headquarters               | 1-15-9 Minamiaoyama, Minato Ward, Tokyo      |       |
| Established                | April 14, 2005                               |       |
| Capital                    | 450 million yen                              |       |
| Shareholders <sup>*2</sup> | 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                  |       |

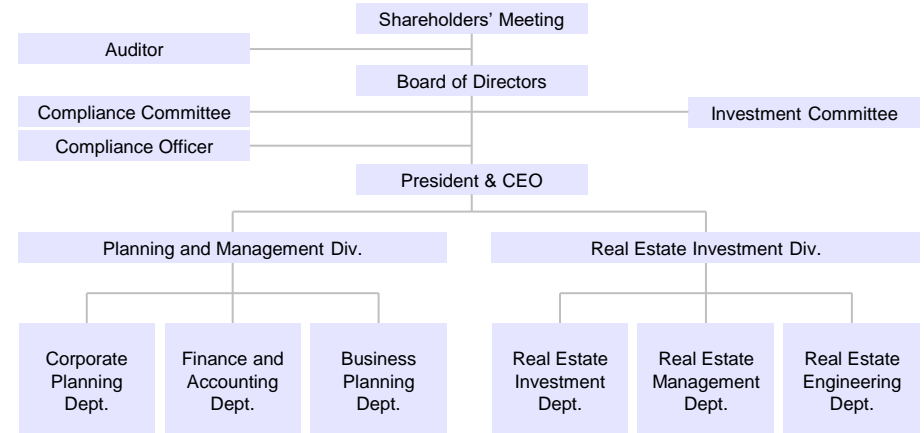
\*2 The percentage figure indicates the number of shares held as a percentage of the number of total outstanding shares.

## 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



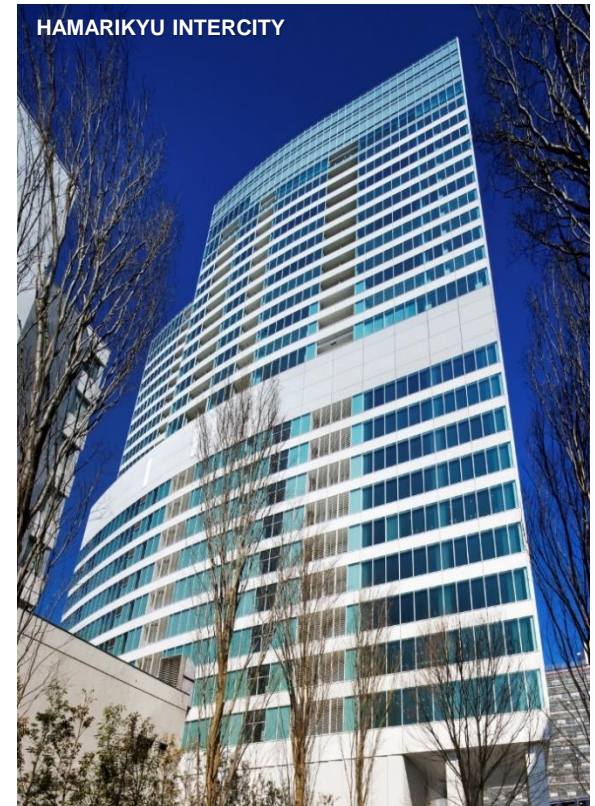


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## Reference Materials — Appendix

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## Reference Materials – Appendix

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# Financial Results of the 32nd Period (Ended June 2022)

## (1) Comparison with the Previous Period

- ◆ After offsetting the decrease in rent revenues due to departures by gain on sale of Kowa Shirokanedai Building and full-period contribution of properties acquired in the 31st Period and increasing reserve for reduction entry, distribution per unit of 2,800 yen was secured.

|   |                                      |                                      |            | (unit: million yen)  |         |                            |  |
|---|--------------------------------------|--------------------------------------|------------|--|---------|----------------------------|--|
|   | 31st Period<br>(Dec. 2021)<br>Result | 32nd Period<br>(Jun. 2022)<br>Result | Difference | Factors  | Balance | DPU<br>conversion<br>(yen) | Main causes for change   |
| Operating revenue   | 10,666                               | 11,065                               | 398        |  |         |                            |  |
| Rental revenue  | 9,883                                | 9,566                                | -316       |  |         |                            |  |
| Revenue for utilities expenses                                | 652                                  | 575                                  | -76        |  |         |                            |  |
| Other revenue   | 130                                  | 124                                  | -5         |  |         |                            |  |
| Gain on sales of real estate, etc.                            | -                                    | 797                                  | 797        |  |         |                            |  |
| Operating expenses  | 6,180                                | 6,353                                | 173        |  |         |                            |  |
| Expenses for rental operations                                | 5,563                                | 5,699                                | 136        |  |         |                            |  |
| Property management expenses                                  | 1,553                                | 1,566                                | 12         |  |         |                            |  |
| Utilities expenses  | 867                                  | 935                                  | 68         |  |         |                            |  |
| Taxes   | 940                                  | 980                                  | 39         |  |         |                            |  |
| Repairs and maintenance                                       | 160                                  | 126                                  | -34        |  |         |                            |  |
| Other expenses for rental operations                          | 150                                  | 154                                  | 3          |  |         |                            |  |
| (NOI)   | 6,994                                | 6,504                                | -489       |  |         |                            |  |
| Depreciation  | 1,891                                | 1,937                                | 45         |  |         |                            |  |
| Sales and administrative expenses                             | 617                                  | 653                                  | 36         |  |         |                            |  |
| Operating income  | 4,485                                | 4,711                                | 225        |  |         |                            |  |
| Non-operating expenses  | 639                                  | 609                                  | -30        |  |         |                            |  |
| Ordinary income   | 3,846                                | 4,102                                | 255        |  |         |                            |  |
| Net income  | 3,846                                | 4,101                                | 255        |  |         |                            |  |
| Provision (-) and reversal (+) of reserve for reduction entry | -                                    | -356                                 | -356       |  |         |                            |  |
| Total distributions   | 3,846                                | 3,745                                | -101       |  |         |                            |  |
| Distributions per unit (yen)                                  | 2,843                                | 2,800                                | -43        |  |         |                            |  |
| FFO   | 5,737                                | 5,241                                | -496       |  |         |                            |  |
|   |                                      |                                      |            | <b>External Growth (Newly Acquired Properties)</b>                                 | 61      | 46 yen                     |  |
|   |                                      |                                      |            | Increase in profit after depreciation of properties acquired in the 31st Period    | 61      |                            | Full-year contribution of Sapporo Otemachi                       |
|   |                                      |                                      |            | <b>Internal Growth (Existing Properties)</b>                                       | -607    | -454 yen                   |  |
|   |                                      |                                      |            | Decrease in rental revenue   | -408    |                            | Departure and lease-up: -420<br>(Lease-up: 287, Departure: -707) |
|   |                                      |                                      |            | Decrease in utilities revenue/expenses   | -136    |                            | Rent revisions: -1<br>(Increase: 2, Decrease: -3)                |
|   |                                      |                                      |            | Decrease in other revenue  | -5      |                            | Other: 13  |
|   |                                      |                                      |            | Increase in expenses for rental operations   | -20     |                            |  |
|   |                                      |                                      |            | Increase in taxes  | -25     |                            | Absence of exterior wall repair work at Shiba 2 Heights: 44      |
|   |                                      |                                      |            | Decrease in repairs and maintenance  | 34      |                            |  |
|   |                                      |                                      |            | Increase in depreciation   | -28     |                            | Non-deductible consumption tax: -11                              |
|   |                                      |                                      |            | Increase in sales and administrative expenses                                      | -36     |                            |  |
|   |                                      |                                      |            | <b>Finance</b>   | 29      | 22 yen                     |  |
|   |                                      |                                      |            | Decrease in interest expense   | 18      |                            |  |
|   |                                      |                                      |            | Decrease in loan-related fees  | 18      |                            | Arrangement fee  |
|   |                                      |                                      |            | Increase in other financial expenses   | -7      |                            |  |
|   |                                      |                                      |            | <b>Transfer</b>  | 771     | 577 yen                    |  |
|   |                                      |                                      |            | Increase in gain on sale   | 797     |                            | Kowa Shirokanedai Building                                       |
|   |                                      |                                      |            | Decrease in profit after depreciation of properties transferred in the 32nd Period | -26     |                            |  |
|   |                                      |                                      |            | <b>Reserve for Reduction Entry</b>   | -356    | -267 yen                   |  |
|   |                                      |                                      |            | Provision of reserve for reduction entry   | -356    |                            |  |
|   |                                      |                                      |            | <b>Effect of cancellation of investment units</b>                                  | 0       | 32 yen                     |  |
|   |                                      |                                      |            | <b>Total</b>   | -101    | -43 yen                    |  |

# Financial Results of the 32nd Period (Ended June 2022)

## (2) Comparison with the Forecast

◆ Distributions per unit were 2,800 yen as forecasted, after increasing reserve for reduction entry by 58 million yen from the plan, due to rental operations expenses coming in below plan and the effect of cancellation of investment units.

|   |  |                                      |            | (unit: million yen)  |         |                            |  |
|---|--|--------------------------------------|------------|--|---------|----------------------------|--|
|   | 32nd Period<br>(Jun. 2022)<br>Forecast | 32nd Period<br>(Jun. 2022)<br>Result | Difference | Factors  | Balance | DPU<br>conversion<br>(yen) | Main causes for change   |
| Operating revenue   | 11,117                                 | 11,065                               | -52        | <b>■ External Growth (Newly Acquired Properties)</b>                               | -1      | -1 yen                     |  |
| Rental revenue  | 9,581                                  | 9,566                                | -14        | Decrease in profit after depreciation of properties acquired in the 31st Period    | -1      |                            | Sapporo Otemachi   |
| Revenue for utilities expenses                                | 652                                    | 575                                  | -76        | <b>■ Internal Growth (Existing Properties)</b>                                     | 46      | 35 yen                     |  |
| Other revenue   | 79                                     | 124                                  | 45         | Decrease in rental revenue   | -15     |                            | Departure and lease-up: -23<br>(Lease-up: -15, Departure: -8)                                    |
| Gain on sales of revenue, etc.                                | 805                                    | 797                                  | -7         | Decrease in utilities revenue/expenses   | -151    |                            | Rent revisions: 6<br>(Increase: 1, Decrease: 4)  |
| Operating expenses  | 6,432                                  | 6,353                                | -78        | Increase in other revenue  | 47      |                            | Other: 2   |
| Expenses for rental operations                                | 5,782                                  | 5,699                                | -82        | Decrease in expenses for rental operations   | 169     |                            |  |
| Property management expenses                                  | 1,630                                  | 1,566                                | -64        | Decrease in property management expenses   | 64      |                            | Cancellation penalty (AKASAKA AIR)<br>Restoration work (Hiroshima Hacchobori)                    |
| Utilities expenses  | 856                                    | 935                                  | 79         | Decrease in taxes  | 15      |                            |  |
| Taxes   | 988                                    | 980                                  | -7         | Decrease in repairs and maintenance  | 80      |                            | PM fees: 59  |
| Repairs and maintenance                                       | 209                                    | 126                                  | -83        | Increase in depreciation   | -3      |                            |  |
| Other expenses for rental operations (NOI)                    | 164                                    | 154                                  | -10        | Decrease in other expenses for rental operations                                   | 12      |                            | Postponement of construction work due to delay in procurement of parts<br>Review of repair, etc. |
| Depreciation  | 1,932                                  | 1,937                                | 4          | Increase in sales and administrative expenses                                      | -3      |                            |  |
| Sales and administrative expenses                             | 650                                    | 653                                  | 3          | <b>■ Finance</b>   | -12     | -9 yen                     |  |
| Operating income  | 4,684                                  | 4,711                                | 26         | Increase in loan relating fees   | -5      |                            |  |
| Non-operating expenses  | 597                                    | 609                                  | 11         | Increase in other financial expenses   | -7      |                            |  |
| Ordinary income   | 4,088                                  | 4,102                                | 14         | <b>■ Sale of Properties</b>  | -18     | -14 yen                    |  |
| Net income  | 4,087                                  | 4,101                                | 14         | Decrease in gain on sale   | -7      |                            | Kowa Shirokanedai Building   |
| Provision (-) and reversal (+) of reserve for reduction entry | -298                                   | -356                                 | -58        | Decrease in profit after depreciation of properties transferred in the 32nd Period | -11     |                            |  |
| Total distributions   | 3,788                                  | 3,745                                | -43        | <b>■ Reserve for Reduction Entry</b>   | -58     | -43 yen                    |  |
| Distributions per unit (yen)                                  | 2,800                                  | 2,800                                | 0          | Increase in provision of reserve for reduction entry                               | -58     |                            |  |
|   |  |                                      |            | <b>■ Effect of cancellation of investment units</b>                                | 0       | 32 yen                     |  |
| FFO   | 5,214                                  | 5,241                                | 26         | <b>Total</b>   | -43     | 0 yen                      |  |

# Performance Forecasts

## (1) 33rd Period (Ending December 2022)

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

(unit: million yen)

|   | 32nd Period<br>(Jun. 2022)<br>Result | 33rd Period<br>(Dec. 2022)<br>Forecast | Difference | Factors   | Balance | DPU<br>conversion<br>(yen) | Main causes for change   |
|---|--------------------------------------|--|------------|---|---------|----------------------------|--|
| Operating revenue   | 11,065                               | 10,545                                 | -519       | <b>External Growth (Newly Acquired Properties)</b>  | 124     | 93 yen                     |  |
| Rental revenue  | 9,566                                | 9,225                                  | -341       | Property acquired (equity interest in anonymous association) in the previous period distributions | 27      |                            | Arc Hills FRONT TOWER distributions (from acquisition to end of July)  |
| Revenue for utilities expenses                                | 575                                  | 702                                    | 126        | Increase in profit after depreciation of properties acquired in the 33rd Period                   | 97      |                            | BIZCORE SHIBUYA  |
| Other revenue   | 124                                  | 66                                     | -58        | <b>Internal Growth (Existing Properties)</b>  | -481    | -360 yen                   |  |
| Distribution to Anonymous Association                         | -                                    | 26                                     | 26         | Decrease in rental revenue  | -294    |                            | Departure and lease-up: -236<br>(Lease-up: 367, departure: -603)   |
| Gain on sales of real estate, etc.                            | 797                                  | 523                                    | -274       | Decrease in utilities revenue/expenses  | -10     |                            | Rent revisions: -43<br>(Increase: 3, Decrease: -46)  |
| Operating expenses  | 6,353                                | 6,553                                  | 199        | Decrease in other revenue   | -56     |                            | Other: -15<br>(Shiba 2-Chome RH, etc.)   |
| Expenses for rental operations                                | 5,699                                | 5,934                                  | 234        | Increase in expenses for rental operations  | -155    |                            |  |
| Property management expenses                                  | 1,566                                | 1,588                                  | 22         | Increase in property management expenses  | -35     |                            | Cancellation penalty (AKASAKA AIR)   |
| Utilities expenses  | 935                                  | 1,074                                  | 138        | Increase in taxes   | -20     |                            | Absence of revenue from restoration work (Hiroshima Hacchobori)  |
| Taxes   | 980                                  | 975                                    | -5         | Increase in repairs and maintenance   | -84     |                            |  |
| Repairs and maintenance                                       | 126                                  | 208                                    | 82         | Increase in depreciation  | -6      |                            | PM fees: -51   |
| Other expenses for rental operations                          | 154                                  | 159                                    | 5          | Increase in other expenses for rental operations  | -8      |                            | Brokerage commissions: 22  |
| (NOI)   | 6,504                                | 5,989                                  | -515       | Decrease in sales and administrative expenses   | 35      |                            | Carry over from 32nd Period, etc.  |
| Depreciation  | 1,937                                | 1,929                                  | -7         | <b>Finance</b>  | -28     | -22 yen                    | Decrease in asset management fees: 30  |
| Sales and administrative expenses                             | 653                                  | 618                                    | -35        | Increase in interest expense  | -10     |                            |  |
| Operating income  | 4,711                                | 3,991                                  | -719       | Increase in loan relating fees  | -25     |                            |  |
| Non-operating expenses  | 609                                  | 638                                    | 28         | Other   | 7       |                            |  |
| Ordinary income   | 4,102                                | 3,354                                  | -748       | <b>Sale of Properties</b>   | -362    | -271 yen                   |  |
| Net income  | 4,101                                | 3,353                                  | -748       | Decrease in gain on sale  | -274    |                            |  |
| Provision (-) and reversal (+) of reserve for reduction entry | -356                                 | +392                                   | 748        | Decrease in profit after depreciation of properties transferred in the 32nd Period                | -73     |                            | Absence of acquisition and cancellation costs of investment units  |
| Total distributions   | 3,745                                | 3,745                                  | 0          | Decrease in profit after depreciation of properties transferred in the 33rd Period                | -14     |                            |  |
| Distributions per unit (yen)                                  | 2,800                                | 2,800                                  | 0          | <b>Reserve for Reduction Entry</b>  | 748     | 560 yen                    |  |
|   |                                      |  |            | Absence and reversal of provision of reserve for reduction entry                                  | 748     |                            | Absence of gain on sale of the Kowa Shirokanedai Building: -798<br>Shintomicho Building (40%) gain on sale 523 |
|   |                                      |  |            | <b>Total</b>  | 0       | 0 yen                      |  |
| FFO   | 5,241                                | 4,759                                  | -481       |   |         |                            | Kowa Shirokanedai Building<br>Shintomicho Building (40%)   |

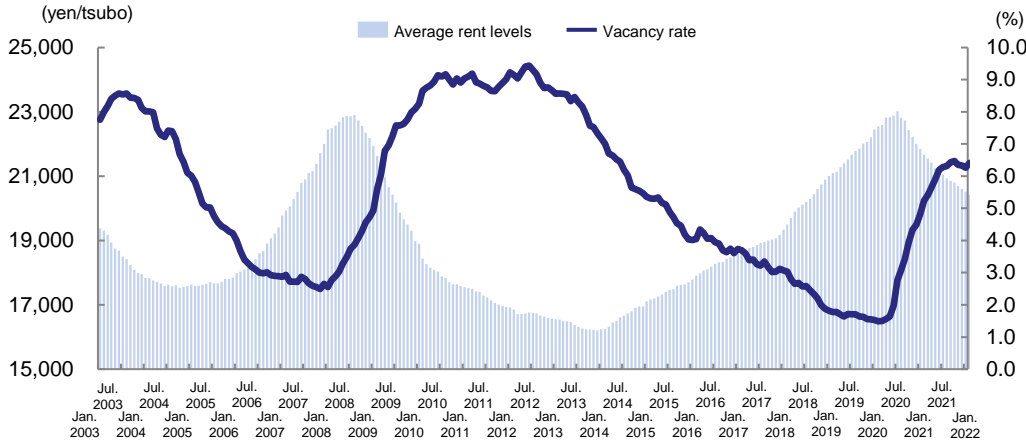
# Performance Forecasts

## (2) 34th Period (Ending June 2023)

◆ Distribution per unit is maintained at 2,800 yen resulting from increase in revenue from gain on sale and progress of refilling, with decrease due to reversal of reserve for reduction entry.

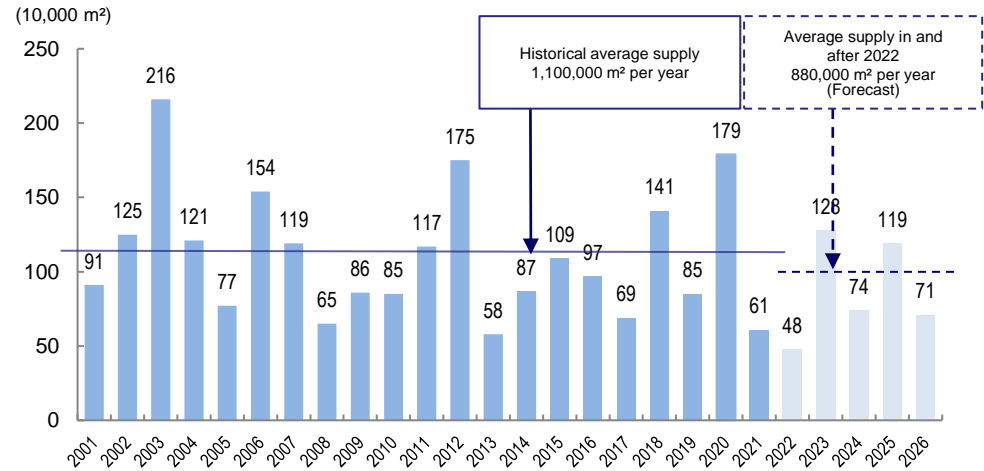
|   | 33rd Period<br>(Dec. 2022)<br>Forecast | 34th Period<br>(Jun. 2023)<br>Forecast | Difference | (unit: million yen)  |                            |                        |   |
|---|--|--|------------|--|----------------------------|------------------------|---|
|   |  |  |            | Balance  | DPU<br>conversion<br>(yen) | Main causes for change |   |
| Operating revenue   | 10,545                                 | 10,819                                 | 274        | <b>External Growth</b>   | 38                         | 29 yen                 | Arc Hills FRONT TOWER   |
| Rental revenue  | 9,225                                  | 9,255                                  | 29         | Increase in distribution for property acquired (equity interest in anonymous association) in the 32nd Period | 25                         |                        | BIZCORE SHIBUYA Full-period contribution                                      |
| Revenue for utilities expenses                                | 702                                    | 640                                    | -61        | Increase in profit after depreciation of properties acquired in the 33rd Period                              | 13                         |                        |   |
| Other revenue   | 66                                     | 79                                     | 12         | <b>Internal Growth (Existing Properties)</b>   | -5                         | -4 yen                 | Departure and lease-up: 90<br>(Lease-up: 397, departure: -308)                |
| Distribution to Anonymous Association                         | 26                                     | 52                                     | 25         | Increase in rental revenue   | 40                         |                        | Rent revisions: -30<br>(Increase: 2, Decrease: -33)                           |
| Gain on sales of real estate, etc.                            | 523                                    | 792                                    | 268        | Decrease in utilities revenue/expenses   | -49                        |                        | Other: -20<br>(AKASAKA IC RH, etc.)   |
| Operating expenses  | 6,553                                  | 6,546                                  | -7         | Increase in other revenue  | 12                         |                        |   |
| Expenses for rental operations                                | 5,934                                  | 5,858                                  | -76        | Decrease in expenses for rental operations   | 59                         |                        | Absence of leasing fees<br>(JINBOCHO, Daikanyama, Kawasaki Nishiguchi, Omori) |
| Property management expenses                                  | 1,588                                  | 1,525                                  | -62        | Decrease in property management expenses   | 61                         |                        | Absence brokerage commissions<br>(Musashikosugi) etc.                         |
| Utilities expenses  | 1,074                                  | 1,062                                  | -11        | Increase in taxes  | -18                        |                        | Fixed property tax, business office tax                                       |
| Taxes   | 975                                    | 995                                    | 20         | Decrease in repairs and maintenance  | 63                         |                        | Property inspection costs: -45  |
| Repairs and maintenance                                       | 208                                    | 143                                    | -64        | Increase in depreciation   | -37                        |                        | Asset management fees: -10  |
| Other expenses for rental operations                          | 159                                    | 168                                    | 8          | Increase in other expenses for rental operations   | -9                         |                        | Absence of arrangement fee  |
| (NOI)   | 5,989                                  | 6,079                                  | 89         | Increase in sales and administrative expenses  | -69                        |                        | Increase in investment corporation bond issuance costs                        |
| Depreciation  | 1,929                                  | 1,962                                  | 33         | <b>Finance</b>   | 33                         | 25 yen                 | Absence of gain on sale of Shintomicho Building (40%): -523                   |
| Sales and administrative expenses                             | 618                                    | 687                                    | 69         | Decrease in interest expense   | 11                         |                        | Shintomicho Building (60%) gain on sale %: 792                                |
| Operating income  | 3,991                                  | 4,273                                  | 281        | Decrease in loan relating fees   | 27                         |                        |   |
| Non-operating expenses  | 638                                    | 604                                    | -33        | Other  | -5                         |                        |   |
| Ordinary income   | 3,354                                  | 3,669                                  | 315        | <b>Sale of Properties</b>  | 248                        | 186 yen                |   |
| Net income  | 3,353                                  | 3,668                                  | 315        | Increase in gain on sale   | 268                        |                        |   |
| Provision (-) and reversal (+) of reserve for reduction entry | +392                                   | +76                                    | -315       | Decrease in profit after depreciation of properties transferred in the 33rd Period                           | -1                         |                        |   |
| Total distributions   | 3,745                                  | 3,745                                  | 0          | Decrease in profit after depreciation of properties transferred in the 34th Period                           | -18                        |                        |   |
| Distributions per unit (yen)                                  | 2,800                                  | 2,800                                  | 0          | <b>Reserve for Reduction Entry</b>   | -315                       | -236 yen               |   |
|   |  |  |            | Decrease in reversal of reserve for reduction entry  | -315                       |                        |   |
|   |  |  |            | <b>Total</b>   | 0                          | 0 yen                  |   |
| FFO   | 4,759                                  | 4,839                                  | 79         |  |                            |                        |   |

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



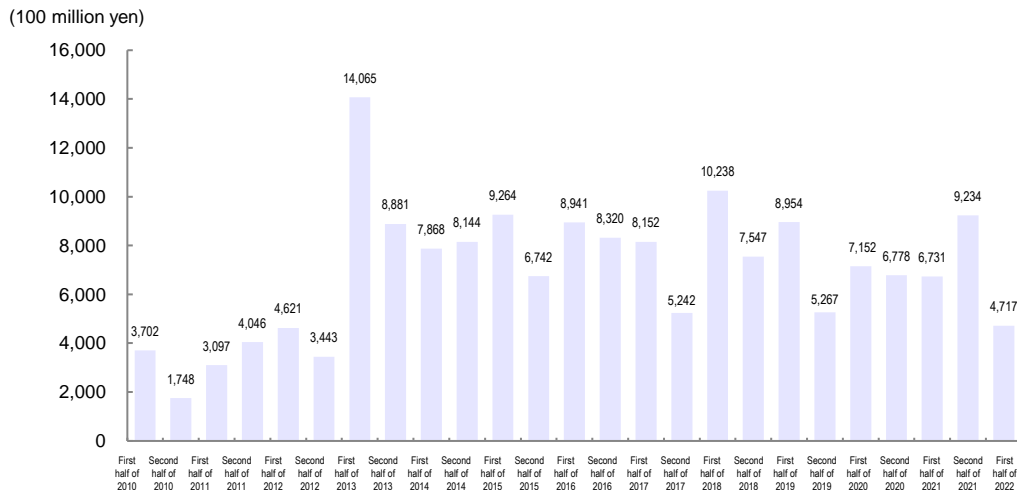
Source: Miki Shoji Co., Ltd.

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



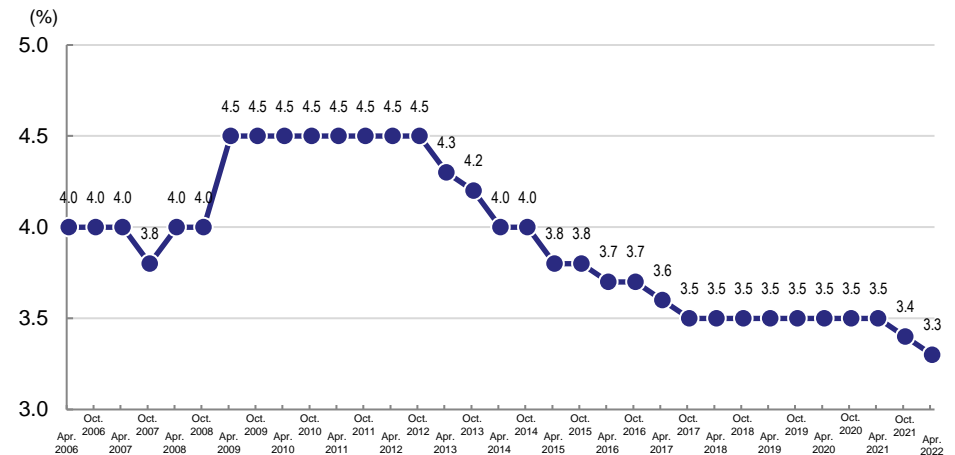
Source: Mori Building Co., Ltd.

## ■ Historical Actual Real Estate Acquisitions by J-REITs



Source: The Association for Real Estate Securitization

## ■ 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 | Hamaeasu-cho | AKASAKA INTERCITY | Kowa Shirokanedai | Daita Garden City Bldg. | HAMARIKYU INTERCITY | Shintomi-cho | Kowa Nishi-Shimbashi | Mansard Daikanyama | AKASAKA INTERCITY AIR | BIZCORE AKASAKA-MITSUKE | BIZCORE JIMBOCHO | NHK Nagoya | Osaka Kyutei Bldg. (and with leasehold interest) | GRAND FRONT OSAKA Umekita Plaza Building | North Building | Musashi-Kosugi | Kawasaki Higashi-Guchi | Hongo | Kawasaki Nishin-cho | Ryugoku | Kawasaki Nishi-Guchi | Seagoku  | Core City Tachikawa | Nasaki Yokohama | Yokohama Bentenon Dai-ichi | Kyobashi | Hiroshima Hachio-Koi | SE Sapporo | Adachi Plaza | Daewa Minamimachi | Naha  | Hiroshima Dai-ichi Saimai OS | Senjin Building | Sapporo Oyamashi Building |         |     |  |  |  |  |  |       |
| Revenue from operations               | 889    | 374           | 244          | 559               | 162               | 319                     | 714                 | 74           | -                    | 221                | -                     | 148                     | -                | 355        | 92   | -  | -              | 533            | -                      | -     | 143                 | 115     | 475                  | 61       | 321                 | 1,202           | 41                         | 180      | 154                  | 428        | 157          | 195               | 85    | 143                          | 50              | 131                       | 10,267  |     |  |  |  |  |  |       |
| Rental revenue                        | 846    | 374           | 233          | 537               | 150               | 296                     | 676                 | 68           | -                    | 206                | -                     | 145                     | -                | -          | 92   | -  | -              | 497            | -                      | -     | 140                 | 106     | 456                  | 55       | 307                 | 1,115           | 38                         | 162      | 135                  | 346        | 145          | 176               | 76    | 136                          | 45              | 118                       | 9,566   |     |  |  |  |  |  |       |
| Other revenue                         | 43     | 0             | 10           | 21                | 11                | 23                      | 38                  | 6            | -                    | 15                 | -                     | 3                       | -                | -          | -  | -  | -              | 36             | -                      | -     | 3                   | 9       | 19                   | 5        | 14                  | 86              | 3                          | 18       | 19                   | 82         | 11           | 18                | 9     | 7                            | 4               | 12                        | 700     |     |  |  |  |  |  |       |
| Expenses from operations              | 469    | 134           | 103          | 272               | 89                | 205                     | 411                 | 34           | -                    | 127                | -                     | 54                      | -                | 248        | 50   | -  | -              | 410            | -                      | -     | 110                 | 74      | 355                  | 31       | 133                 | 747             | 22                         | 88       | 80                   | 212        | 102          | 71                | 49    | 71                           | 23              | 55                        | 5,699   |     |  |  |  |  |  |       |
| Property management expenses          | 131    | 47            | 19           | 86                | 23                | 44                      | 119                 | 7            | -                    | 28                 | -                     | 17                      | -                | 72         | -  | -  | -              | 143            | -                      | -     | 49                  | 20      | 86                   | 5        | 30                  | 165             | 7                          | 17       | 19                   | 32         | 39           | 23                | 8     | 19                           | 5               | 13                        | 1,566   |     |  |  |  |  |  |       |
| Utilities expenses                    | 86     | 0             | 10           | 43                | 9                 | 32                      | 62                  | 5            | -                    | 20                 | -                     | 4                       | -                | 31         | -  | -  | -              | 56             | -                      | -     | -                   | 9       | 33                   | 5        | 39                  | 190             | 5                          | 13       | 12                   | 72         | 18           | 11                | 7     | 12                           | 4               | 17                        | 935     |     |  |  |  |  |  |       |
| Taxes                                 | 79     | 30            | 18           | 38                | 24                | 35                      | 52                  | 4            | -                    | 31                 | -                     | 17                      | -                | 24         | 50   | -  | -              | 69             | -                      | -     | 17                  | 7       | 49                   | 6        | 21                  | 120             | 3                          | 12       | 18                   | 24         | 18           | 14                | 5     | 13                           | 4               | 6                         | 980     |     |  |  |  |  |  |       |
| 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  |  |  |  |  |  |       |
| Repair and maintenance                | 2      | 3             | 1            | 11                | 1                 | 4                       | 12                  | 2            | -                    | 3                  | -                     | 1                       | -                | 2          | -  | -  | -              | 12             | -                      | -     | -                   | 3       | 10                   | 1        | 1                   | 7               | 0                          | 2        | 0                    | 3          | 0            | 1                 | 5     | 2                            | 1               | 1                         | 1       | 126 |  |  |  |  |  |       |
| Other expenses for rental operation   | 14     | 0             | 14           | 2                 | 2                 | 2                       | 8                   | 1            | -                    | 0                  | -                     | 0                       | -                | 32         | 0  | -  | -              | 1              | -                      | -     | 0                   | 1       | 0                    | 0        | 1                   | 2               | 0                          | 0        | 1                    | 0          | 0            | 1                 | 4     | 0                            | 0               | 1                         | 1       | 132 |  |  |  |  |  |       |
| Depreciation                          | 152    | 50            | 38           | 89                | 25                | 86                      | 154                 | 12           | 32                   | 42                 | 18                    | 13                      | 28               | 83         | -  | -  | -              | 124            | 117                    | 31    | 41                  | 31      | 172                  | 10       | 39                  | 257             | 4                          | 41       | 27                   | 78         | 24           | 19                | 17    | 22                           | 7               | 15                        | 1,937   |     |  |  |  |  |  |       |
| Profits (loss) from operations        | 420    | 240           | 140          | 287               | 73                | 114                     | 303                 | 40           | 220                  | 93                 | 114                   | 94                      | 118              | 106        | 41   | 100                                      | 55             | 122            | 167                    | 54    | 32                  | 41      | 120                  | 30       | 187                 | 455             | 18                         | 92       | 73                   | 216        | 54           | 123               | 36    | 71                           | 27              | 75                        | 4,567   |     |  |  |  |  |  |       |
| NOI                                   | 573    | 291           | 179          | 377               | 99                | 200                     | 457                 | 53           | 252                  | 136                | 132                   | 107                     | 147              | 190        | 41   | 109                                      | 66             | 247            | 285                    | 86    | 74                  | 72      | 293                  | 41       | 226                 | 712             | 23                         | 133      | 101                  | 294        | 78           | 142               | 53    | 93                           | 34              | 90                        | 6,504   |     |  |  |  |  |  |       |
| NOI (annualized)                      | 1,155  | 587           | 361          | 761               | 202               | 404                     | 922                 | 106          | 510                  | 274                | 267                   | 217                     | 297              | 384        | 83   | 220                                      | 134            | 498            | 574                    | 174   | 150                 | 146     | 591                  | 83       | 457                 | 1,436           | 46                         | 270      | 204                  | 593        | 158          | 287               | 107   | 189                          | 69              | 183                       | 13,119  |     |  |  |  |  |  |       |
| Days                                  | 181    | 181           | 181          | 181               | 179               | 181                     | 181                 | 181          | 181                  | 181                | 181                   | 181                     | 181              | 181        | 181  | 181                                      | 181            | 181            | 181                    | 181   | 181                 | 181     | 181                  | 181      | 181                 | 181             | 181                        | 181      | 181                  | 181        | 181          | 181               | 181   | 181                          | 181             | 181                       | 181     | 181 |  |  |  |  |  |       |
| 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 |     |  |  |  |  |  |       |
| <b>■ NOI Yield</b>                    |        |               |              |                   |                   |                         |                     |              |                      |                    |                       |                         |                  |            |  |  |                |                |                        |       |                     |         |                      |          |                     |                 |                            |          |                      |            |              |                   |       |                              |                 |                           |         |     |  |  |  |  |  |       |
| 32nd period                           | 5.1%   | 6.2%          | 4.3%         | 2.7%              | 4.3%              | 3.7%                    | 4.8%                | 6.1%         | 4.5%                 | 2.4%               | 4.1%                  | 3.5%                    | 2.9%             | 6.9%       | 4.7%   | 4.5%                                     | 3.4%           | 3.6%           | 5.2%                   | 3.2%  | 3.2%                | 5.7%    | 2.8%                 | 5.1%     | 7.0%                | 5.9%            | 7.3%                       | 8.2%     | 7.4%                 | 10.8%      | 7.5%         | 6.5%              | 7.8%  | 6.8%                         | 4.4%            | 4.5%                      | 4.58%   |     |  |  |  |  |  |       |
| 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%   |     |  |  |  |  |  |       |
| Difference (Pt)                       | -0.2   | 1.0           | 0.1          | -0.5              | -0.8              | 0.0                     | -0.1                | -0.6         | 0.0                  | 0.0                | 0.2                   | -0.2                    | -1.0             | 0.2        | 0.2  | 0.6                                      | -0.2           | -3.6           | -0.7                   | 0.3   | 0.5                 | 0.3     | -1.2                 | 0.0      | 0.4                 | 0.0             | 0.2                        | -0.2     | -0.2                 | 0.3        | -1.0         | 0.1               | 2.5   | 0.2                          | -0.3            | -0.2                      | -0.32   |     |  |  |  |  |  |       |
| <b>■ NOI Yield after Depreciation</b> |        |               |              |                   |                   |                         |                     |              |                      |                    |                       |                         |                  |            |  |  |                |                |                        |       |                     |         |                      |          |                     |                 |                            |          |                      |            |              |                   |       |                              |                 |                           |         |     |  |  |  |  |  |       |
| 32nd period                           | 3.8%   | 5.1%          | 3.4%         | 2.1%              | 3.2%              | 2.1%                    | 3.2%                | 4.7%         | 3.9%                 | 1.7%               | 3.5%                  | 3.1%                    | 2.4%             | 3.8%       | 4.7%   | 4.2%                                     | 2.8%           | 1.8%           | 3.1%                   | 2.0%  | 1.4%                | 3.3%    | 1.2%                 | 3.8%     | 5.8%                | 3.7%            | 5.8%                       | 5.7%     | 5.4%                 | 7.9%       | 5.2%         | 5.6%              | 5.3%  | 5.2%                         | 3.4%            | 3.7%                      | 3.21%   |     |  |  |  |  |  |       |
| 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%   |     |  |  |  |  |  |       |
| Difference (Pt)                       | -0.2   | 1.0           | 0.2          | -0.5              | -1.0              | -0.1                    | -0.1                | -0.6         | -0.1                 | 0.0                | 0.1                   | -0.2                    | -0.9             | 0.0        | 0.2  | 0.6                                      | -0.2           | -3.6           | -0.8                   | 0.3   | 0.4                 | -0.1    | -1.1                 | 0.1      | 0.4                 | -0.1            | 0.1                        | -0.2     | -0.4                 | 0.0        | -1.2         | 0.1               | 2.3   | 0.2                          | -0.4            | -0.2                      | -0.36   |     |  |  |  |  |  |       |

\*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.

## ■ Breakdown by Area

(Unit: million yen)

|                                    | Area I Total | Area II Total | Area III Total | Area IV Total |
|------------------------------------|--------------|---------------|----------------|---------------|
| NOI                                | 3,009        | 408           | 2,063          | 1,024         |
| Acquisition Price                  | 150,874      | 16,231        | 91,601         | 27,907        |
| 32nd Period NOI yield (annualized) | 4.0%         | 5.1%          | 4.5%           | 7.4%          |
| 31st Period NOI yield (annualized) | 4.2%         | 4.8%          | 5.3%           | 7.7%          |
| Difference (pt)                    | -0.2         | 0.3           | -0.8           | -0.3          |

# Overview of Period-End Appraisals

## Summary of Period-End Appraisal Value

|   | 31st Period<br>(Dec. 2021) | 32nd Period<br>(Jun. 2022) | Difference         |
|---|----------------------------|----------------------------|--------------------|
| Number of properties                        | 36 properties              | 35 properties              | -1 property        |
| Period-end appraisal value                  | 339,412 million yen        | 337,844 million yen        | -1,568 million yen |
| Book value                                  | 268,610 million yen        | 263,194 million yen        | -5,416 million yen |
| Unrealized gain/loss                        | 70,801 million yen         | 74,649 million yen         | 3,848 million yen  |
| Ratio of unrealized gain/loss <sup>*1</sup> | 26.4%                      | 28.4%                      | 2.0pt              |

\*1 "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<sup>\*2</sup>

|           | 31st Period<br>(Dec. 2021) | 32nd Period<br>(Jun. 2022) |
|-----------|----------------------------|----------------------------|
| Increase  | 21 properties              | 23 properties              |
| Unchanged | 8 properties               | 8 properties               |
| Decrease  | 6 properties               | 4 properties               |

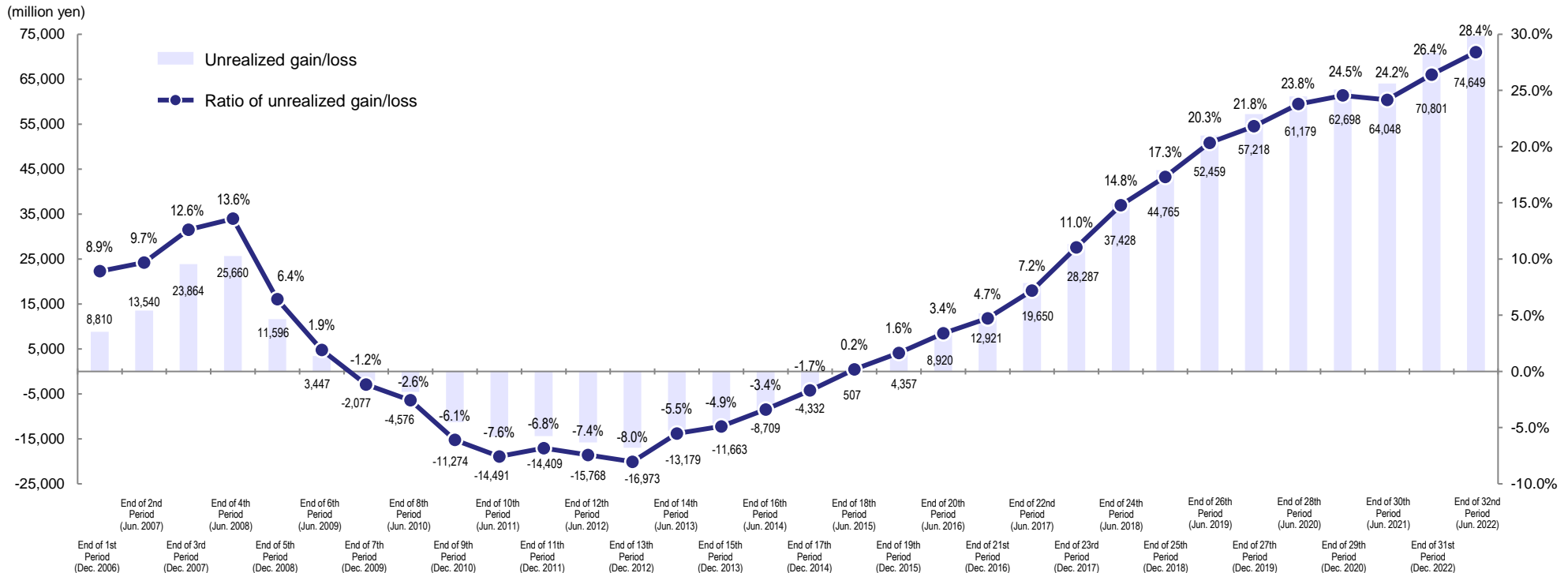
\*2 Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period.

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

## Status of Cap Rate<sup>\*2\*3</sup>

|           | 31st Period<br>(Dec. 2021) | 32nd Period<br>(Jun. 2022) |
|-----------|----------------------------|----------------------------|
| Decline   | 17 properties              | 27 properties              |
| Unchanged | 18 properties              | 8 properties               |
| Rise      | 0 properties               | 0 properties               |

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



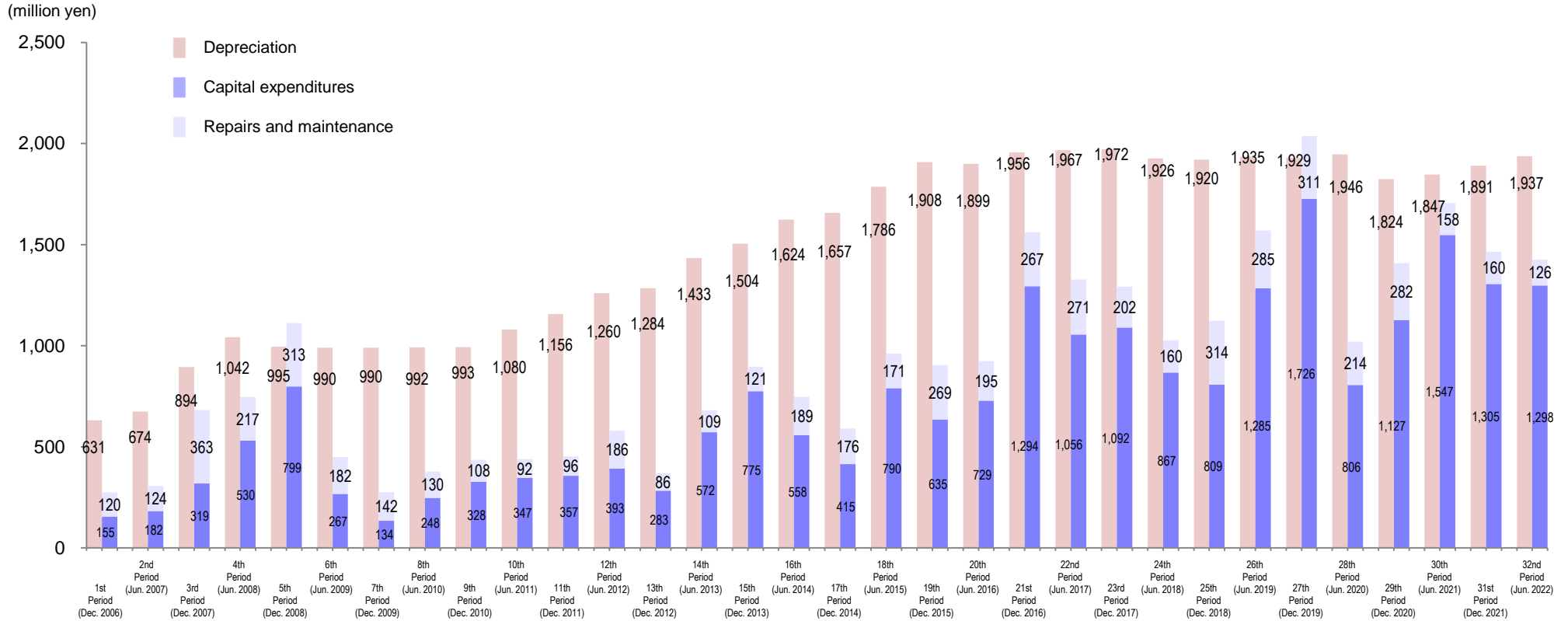
# Period-End Appraisal Value

(Unit: million yen)

| Property Number | Area   | Name                                  | Acquisition Price                                   | Period-end Appraisal Value |                | Difference (②-①) |              | Book Value at end of FP32 ③ | Difference (②-③) |               | Direct reduction reduced yield |                | Difference (⑤-④) | Appraisal Organization                  |   |
|-----------------|--|---------------------------------------|---|----------------------------|----------------|------------------|--------------|-----------------------------|------------------|---------------|--------------------------------|----------------|------------------|---|---|
|                 |  |                                       |   | End of FP31 ①              | End of FP32 ②  |                  | %            |                             |                  | %             | End of FP31 ④                  | End of FP32 ⑤  | pt               |   |   |
| I-1             | I  | Omori Bellport D                      | 22,552  | 25,900                     | 26,200         | 300              | 1.2%         | 20,579                      | 5,620            | 27.3%         | 4.0%                           | 3.9%           | -0.1             | Chuo Real Estate Appraisal Co., Ltd.    |   |
| I-2             |  | Shiba 2-Chome Building                | 9,450   | 14,000                     | 14,100         | 100              | 0.7%         | 8,957                       | 5,142            | 57.4%         | Office 3.5%                    | Office 3.4%    | Office -0.1      | Japan Real Estate Institute             |   |
| I-3             |  | JEI Hamamatsucho Building             | 8,350   | 9,450                      | 9,450          | 0                | 0.0%         | 8,001                       | 1,448            | 18.1%         | Residence 4.0%                 | Residence 3.9% | Residence -0.1   | Japan Real Estate Institute             |   |
| I-8             |  | AKASAKA INTERCITY                     | 28,146  | 31,400                     | 31,000         | -400             | -1.3%        | 26,530                      | 4,469            | 16.8%         | 3.3%                           | 3.2%           | -0.1             | Japan Real Estate Institute             |   |
| I-10            |  | Daiba Garden City Building            | 11,000  | 10,100                     | 10,100         | 0                | 0.0%         | 9,249                       | 850              | 9.2%          | 2.8%                           | 2.7%           | -0.1             | Japan Real Estate Institute             |   |
| I-12            |  | HAMARIKYU INTERCITY                   | 19,080  | 27,200                     | 28,000         | 800              | 2.9%         | 16,764                      | 11,235           | 67.0%         | 4.2%                           | 4.1%           | -0.1             | Chuo Real Estate Appraisal Co., Ltd.    |   |
| I-13            |  | Shintomicho Building                  | 1,750   | 2,090                      | 2,130          | 40               | 1.9%         | 1,725                       | 404              | 23.4%         | 3.2%                           | 3.1%           | -0.1             | Japan Real Estate Institute             |   |
| I-14            |  | Kowa Nishi-shimbashi Building         | 11,431  | 14,100                     | 14,600         | 500              | 3.5%         | 10,886                      | 3,713            | 34.1%         | 4.1%                           | 4.0%           | -0.1             | Chuo Real Estate Appraisal Co., Ltd.    |   |
| I-15            |  | Mansard Daikanyama                    | 11,420  | 14,000                     | 14,000         | 0                | 0.0%         | 11,116                      | 2,883            | 25.9%         | 3.0%                           | 2.9%           | -0.1             | Japan Real Estate Institute             |   |
| I-16            |  | AKASAKA INTERCITY AIR                 | 6,590   | 8,080                      | 8,160          | 80               | 1.0%         | 6,466                       | 1,693            | 26.2%         | 2.9%                           | 2.8%           | -0.1             | Japan Real Estate Institute             |   |
| I-17            |  | BIZCORE AKASAKA-MITSUKE               | 6,200   | 6,800                      | 6,800          | 0                | 0.0%         | 6,151                       | 648              | 10.5%         | 2.7%                           | 2.6%           | -0.1             | Japan Real Estate Institute             |   |
| I-18            |  | BIZCORE JIMBOCHO                      | 10,200  | 10,300                     | 10,300         | 0                | 0.0%         | 9,989                       | 310              | 3.1%          | 3.1%                           | 3.0%           | -0.1             | Japan Real Estate Institute             |   |
| II-1            |  | II                                    | NHK Nagoya Housou-Center Building                   | 5,610                      | 6,220          | 6,230            | 10           | 0.2%                        | 5,388            | 841           | 15.6%                          | 3.4%           | 3.4%             | 0.0                                     | The Tanizawa Sogo Appraisal Co., Ltd.   |
| II-3            |  |                                       | Osaka Kogin Building (land with leasehold interest) | 1,770                      | 2,570          | 2,650            | 80           | 3.1%                        | 1,865            | 784           | 42.1%                          | 4.2%           | 4.1%             | -0.1                                    | Japan Real Estate Institute             |
| II-4            |  |                                       | GRAND FRONT OSAKA (Umekita Plaza - South Building)  | 4,868                      | 5,050          | 5,050            | 0            | 0.0%                        | 4,897            | 152           | 3.1%                           | 3.1%           | 3.0%             | -0.1                                    | Japan Real Estate Institute             |
| II-5            |  |                                       | GRAND FRONT OSAKA (North Building)                  | 3,982                      | 3,850          | 3,820            | -30          | -0.8%                       | 3,989            | -169          | -4.2%                          | 3.6%           | 3.6%             | 0.0                                     | Japan Valuers Co., Ltd.                 |
| III-1           |  |                                       | Musashikosugi Tower Place                           | 13,890                     | 21,400         | 21,700           | 300          | 1.4%                        | 12,226           | 9,473         | 77.5%                          | 3.7%           | 3.7%             | 0.0                                     | Japan Valuers Co., Ltd.                 |
| III-2           |  | III                                   | Kowa Kawasaki Higashiguchi Building                 | 10,976                     | 10,600         | 10,600           | 0            | 0.0%                        | 10,697           | -97           | -0.9%                          | 4.1%           | 4.0%             | -0.1                                    | Japan Real Estate Institute             |
| III-3           | JEI Hongo Building                           |                                       | 5,400   | 4,630                      | 4,620          | -10              | -0.2%        | 4,906                       | -286             | -5.8%         | 4.7%                           | 4.7%           | 0.0              | Japan Valuers Co., Ltd.                 |   |
| III-5           | Kawasaki Nishincho Building                  |                                       | 4,725   | 4,720                      | 4,720          | 0                | 0.0%         | 4,138                       | 581              | 14.0%         | 4.1%                           | 4.1%           | 0.0              | Japan Valuers Co., Ltd.                 |   |
| III-7           | JEI Ryogoku Building                         |                                       | 2,550   | 2,670                      | 2,710          | 40               | 1.5%         | 2,542                       | 167              | 6.6%          | 4.8%                           | 4.8%           | 0.0              | Japan Valuers Co., Ltd.                 |   |
| III-9           | Kowa Kawasaki Nishiguchi Building            |                                       | 20,800  | 16,400                     | 16,000         | -400             | -2.4%        | 18,903                      | -2,903           | -15.4%        | 4.4%                           | 4.3%           | -0.1             | Chuo Real Estate Appraisal Co., Ltd.    |   |
| III-10          | Pacific Square Sengoku                       |                                       | 1,620   | 1,490                      | 1,510          | 20               | 1.3%         | 1,598                       | -88              | -5.5%         | 4.6%                           | 4.6%           | 0.0              | Japan Valuers Co., Ltd.                 |   |
| III-11          | Core City Tachikawa                          |                                       | 6,500   | 9,680                      | 9,920          | 240              | 2.5%         | 5,970                       | 3,949            | 66.2%         | 4.2%                           | 4.1%           | -0.1             | Chuo Real Estate Appraisal Co., Ltd.    |   |
| III-12          | Nisseki Yokohama Building                    |                                       | 24,500  | 32,400                     | 33,100         | 700              | 2.2%         | 22,090                      | 11,009           | 49.8%         | 4.0%                           | 3.9%           | -0.1             | Japan Real Estate Institute             |   |
| III-13          | Yokohama Bentendori Dai-ichi Seimei Building |                                       | 640   | 704                        | 719            | 15               | 2.1%         | 682                         | 36               | 5.4%          | 3.6%                           | 3.5%           | -0.1             | Japan Real Estate Institute             |   |
| IV-2            | IV   |                                       | JEI Kyobashi Building                               | 3,308                      | 3,990          | 4,010            | 20           | 0.5%                        | 2,715            | 1,294         | 47.7%                          | 4.4%           | 4.3%             | -0.1                                    | DAIWA REAL ESTATE APPRAISAL Corporation |
| IV-3            |  |                                       | JEI Hiroshima Hacchobori Building                   | 2,760                      | 4,070          | 4,100            | 30           | 0.7%                        | 2,686            | 1,413         | 52.6%                          | 5.1%           | 5.0%             | -0.1                                    | Japan Real Estate Institute             |
| IV-4            |  | SE Sapporo Building                   | 5,500   | 9,190                      | 9,770          | 580              | 6.3%         | 5,097                       | 4,672            | 91.6%         | 4.5%                           | 4.4%           | -0.1             | Japan Real Estate Institute             |   |
| IV-5            |  | Aoba-dori Plaza                       | 2,120   | 4,560                      | 4,660          | 100              | 2.2%         | 2,228                       | 2,431            | 109.1%        | 4.8%                           | 4.7%           | -0.1             | Chuo Real Estate Appraisal Co., Ltd.    |   |
| IV-6            |  | Daiwa Minamimoricho Building          | 4,410   | 5,170                      | 5,330          | 160              | 3.1%         | 4,164                       | 1,165            | 28.0%         | 4.4%                           | 4.3%           | -0.1             | Japan Real Estate Institute             |   |
| IV-7            |  | JEI Naha Building                     | 1,380   | 2,080                      | 2,100          | 20               | 1.0%         | 1,516                       | 583              | 38.5%         | 4.6%                           | 4.5%           | -0.1             | DAIWA REAL ESTATE APPRAISAL Corporation |   |
| IV-8            |  | Hiroshima Dai-ichi Seimei OS Building | 2,780   | 3,430                      | 3,480          | 50               | 1.5%         | 2,788                       | 691              | 24.8%         | 5.0%                           | 4.9%           | -0.1             | Japan Real Estate Institute             |   |
| IV-9            |  | Senshin Building                      | 1,580   | 1,680                      | 1,690          | 10               | 0.6%         | 1,613                       | 76               | 4.7%          | 4.5%                           | 4.4%           | -0.1             | Japan Real Estate Institute             |   |
| IV-10           |  | Sapporo Otemachi Building             | 4,069   | 4,368                      | 4,515          | 147              | 3.4%         | 4,065                       | 449              | 11.1%         | 4.4%                           | 4.4%           | 0.0              | The Tanizawa Sogo Appraisal Co., Ltd.   |   |
|                 |  |                                       | <b>Total</b>  | <b>281,908</b>             | <b>334,342</b> | <b>337,844</b>   | <b>3,502</b> | <b>1.0%</b>                 | <b>263,194</b>   | <b>74,649</b> | <b>28.4%</b>                   | <b>3.8%</b>    | <b>3.7%</b>      | <b>-0.1</b>                             | <b>-</b>                                |
|                 |  | <b>Area I total</b>                   | <b>146,169</b>                                      | <b>173,420</b>             | <b>174,840</b> | <b>1,420</b>     | <b>0.8%</b>  | <b>136,419</b>              | <b>38,420</b>    | <b>28.2%</b>  | <b>3.3%</b>                    | <b>3.2%</b>    | <b>-0.1</b>      | <b>-</b>                                |   |
|                 |  | <b>Area II total</b>                  | <b>16,231</b>                                       | <b>17,690</b>              | <b>17,750</b>  | <b>60</b>        | <b>0.3%</b>  | <b>16,140</b>               | <b>1,609</b>     | <b>10.0%</b>  | <b>3.8%</b>                    | <b>3.7%</b>    | <b>-0.1</b>      | <b>-</b>                                |   |
|                 |  | <b>Area III total</b>                 | <b>91,601</b>                                       | <b>104,694</b>             | <b>105,599</b> | <b>905</b>       | <b>0.9%</b>  | <b>83,757</b>               | <b>21,841</b>    | <b>26.1%</b>  | <b>4.2%</b>                    | <b>4.1%</b>    | <b>-0.1</b>      | <b>-</b>                                |   |
|                 |  | <b>Area IV total</b>                  | <b>27,907</b>                                       | <b>38,538</b>              | <b>39,655</b>  | <b>1,117</b>     | <b>2.9%</b>  | <b>26,876</b>               | <b>12,778</b>    | <b>47.5%</b>  | <b>4.6%</b>                    | <b>4.5%</b>    | <b>-0.1</b>      | <b>-</b>                                |   |
|                 |  | <b>Total</b>                          | <b>281,908</b>                                      | <b>334,342</b>             | <b>337,844</b> | <b>3,502</b>     | <b>1.0%</b>  | <b>263,194</b>              | <b>74,649</b>    | <b>28.4%</b>  | <b>3.8%</b>                    | <b>3.7%</b>    | <b>-0.1</b>      | <b>-</b>                                |   |

\* "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 31st Period and 32nd Period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

## ■ History of Costs for Construction and Depreciation



## Capital Expenditures/Depreciation

|       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 24.6% | 27.0% | 35.7% | 50.9% | 80.3% | 27.0% | 13.5% | 25.0% | 33.0% | 32.1% | 30.9% | 31.2% | 22.0% | 39.9% | 51.5% | 34.4% | 25.0% | 44.2% | 33.3% | 38.4% | 66.2% | 53.7% | 55.4% | 45.0% | 42.1% | 66.4% | 89.5% | 41.4% | 61.8% | 83.8% | 69.0% | 67.0% |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

# Statement of Income and Retained Earnings

(Unit: million yen)

|  | 31st Period<br>(Dec. 2021) | (%)   | 32nd Period<br>(Jun. 2022) | (%)   | Compared with previous period |       |
|--|----------------------------|-------|----------------------------|-------|-------------------------------|-------|
|  |                            |       |                            |       | Difference                    | (%)   |
| <b>1. Operating revenue (A)</b>                            | 10,666                     | 100.0 | 11,065                     | 100.0 | 398                           | 3.7   |
| Rental revenue   | 9,883                      |       | 9,566                      |       | -316                          |       |
| Other rental revenue                                       | 782                        |       | 700                        |       | -82                           |       |
| Total rental revenue (a)                                   | 10,666                     | 100.0 | 10,267                     | 92.8  | -398                          | -3.7  |
| Gain on sales of real estate, etc.                         | —                          |       | 797                        |       | 797                           |       |
| <b>2. Operating expenses (B)</b>                           | 6,180                      | 57.9  | 6,353                      | 57.4  | 173                           | 2.8   |
| Property management expenses                               | 1,553                      |       | 1,566                      |       | 12                            |       |
| Utilities expenses   | 867                        |       | 935                        |       | 68                            |       |
| Taxes  | 940                        |       | 980                        |       | 39                            |       |
| Insurance  | 21                         |       | 21                         |       | 0                             |       |
| Repairs and maintenance                                    | 160                        |       | 126                        |       | -34                           |       |
| Other  | 128                        |       | 132                        |       | 3                             |       |
| Depreciation   | 1,891                      |       | 1,937                      |       | 45                            |       |
| Total operating expenses (b)                               | 5,563                      | 52.2  | 5,699                      | 51.5  | 136                           | 2.5   |
| Profits from operation (a)-(b)                             | 5,103                      | 47.8  | 4,567                      | 41.3  | -535                          | -10.5 |
| Asset management fees                                      | 457                        |       | 467                        |       | 9                             |       |
| Other  | 160                        |       | 186                        |       | 26                            |       |
| <b>3. Operating income (A)-(B)</b>                         | 4,485                      | 42.1  | 4,711                      | 42.6  | 225                           | 5.0   |
| <b>4. Non-operating income</b>                             | 0                          | 0.0   | 0                          | 0.0   | -0                            | -37.9 |
| <b>5. Non-operating expenses</b>                           | 639                        | 6.0   | 609                        | 5.5   | -30                           | -4.7  |
| Interest expense   | 318                        |       | 302                        |       | -15                           |       |
| Loan relating fees   | 156                        |       | 137                        |       | -18                           |       |
| Interest expense on investment corporation bonds           | 151                        |       | 149                        |       | -2                            |       |
| Amortization of investment corporation bond issuance costs | 12                         |       | 12                         |       | -                             |       |
| Other  | 0                          |       | 7                          |       | 6                             |       |
| <b>6. Ordinary income</b>                                  | 3,846                      | 36.1  | 4,102                      | 37.1  | 255                           | 6.6   |
| <b>7. Net income before taxes</b>                          | 3,846                      | 36.1  | 4,102                      | 37.1  | 255                           | 6.6   |
| <b>8. Income taxes – current</b>                           | 0                          |       | 0                          |       | 0                             |       |
| <b>9. Net income</b>                                       | 3,846                      | 36.1  | 4,101                      | 37.1  | 255                           | 6.6   |
| <b>10. Retained earnings brought forward</b>               | 0                          |       | 0                          |       | -0                            |       |
| <b>11. Unappropriated retained earnings</b>                | 3,846                      |       | 4,102                      |       | 255                           |       |

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

# Balance Sheet

(Unit: million yen)

| Assets                                     |                            |       |                            |       |            | Liabilities and Unitholders' Equity                       |                            |       |                            |       |            |
|--|----------------------------|-------|----------------------------|-------|------------|---|----------------------------|-------|----------------------------|-------|------------|
|  | 31st Period<br>(Dec. 2021) |       | 32nd Period<br>(Jun. 2022) |       | Difference |   | 31st Period<br>(Dec. 2021) |       | 32nd Period<br>(Jun. 2022) |       | Difference |
| <b>(Assets)</b>                            |                            | %     |                            | %     |            | <b>(Liabilities)</b>                                      |                            | %     |                            | %     |            |
| <b>I. Current assets</b>                   | 23,138                     | 7.9   | 20,848                     | 7.2   | -2,289     | <b>I. Current liabilities</b>                             | 16,303                     | 5.5   | 17,882                     | 6.1   | 1,579      |
| Cash and deposits                          | 7,457                      |       | 9,139                      |       | 1,681      | Operating accounts payable                                | 1,592                      |       | 1,127                      |       | -465       |
| Cash and deposits in trust                 | 15,095                     |       | 11,064                     |       | -4,031     | Long-term loans due within a year                         | 13,750                     |       | 13,750                     |       | -          |
| Operating accounts receivable              | 310                        |       | 310                        |       | 0          | Investment corporation bonds due within a year            | -                          |       | 2,000                      |       | 2,000      |
| Other                                      | 274                        |       | 333                        |       | 59         | Other accounts payable                                    | 461                        |       | 471                        |       | 9          |
| <b>II. Fixed assets</b>                    | 270,681                    | 92.1  | 270,454                    | 92.8  | -227       | Accrued consumption taxes                                 | 301                        |       | 321                        |       | 19         |
| 1. Property and equipment                  | 259,443                    | 88.3  | 254,029                    | 87.2  | -5,414     | Other   | 196                        |       | 212                        |       | 16         |
| Real estate                                | 16,170                     |       | 16,161                     |       | -8         | <b>II. Long-term liabilities</b>                          | 125,451                    | 42.7  | 123,086                    | 42.2  | -2,364     |
| Real estate in trust                       | 243,257                    |       | 237,810                    |       | -5,447     | Investment corporation bonds                              | 38,000                     |       | 36,000                     |       | -2,000     |
| Construction in progress                   | 15                         |       | 57                         |       | 41         | Long-term loans   | 73,850                     |       | 73,850                     |       | -          |
| 2. Intangible assets                       | 9,172                      | 3.1   | 9,168                      | 3.1   | -3         | Security deposits from tenants                            | 1,185                      |       | 1,233                      |       | 48         |
| Leasehold rights                           | 1,721                      |       | 1,721                      |       | -          | Security deposits from tenants in trust                   | 12,415                     |       | 12,003                     |       | -412       |
| Leasehold rights in trust                  | 7,382                      |       | 7,382                      |       | -          | <b>Total liabilities</b>                                  | 141,754                    | 48.2  | 140,969                    | 48.4  | -784       |
| Other                                      | 68                         |       | 65                         |       | -3         | <b>(Net assets)</b>                                       |                            |       |                            |       |            |
| 3. Investments and other assets            | 2,065                      | 0.7   | 7,255                      | 2.5   | 5,190      | <b>I. Unitholders' equity</b>                             | 152,206                    | 51.8  | 150,461                    | 51.6  | -1,744     |
| Leasehold and security deposits            | 19                         |       | 19                         |       | -          | 1. Unitholders' capital                                   | 147,907                    | 50.3  | 145,907                    | 50.1  | -1,999     |
| Long-term prepaid expenses                 | 860                        |       | 834                        |       | -26        | 2. Retained earnings                                      | 4,298                      |       | 4,553                      |       | 255        |
| Other                                      | 1,185                      |       | 6,402                      |       | 5,217      | Voluntary retained earnings (Reserve for reduction entry) | 451                        | 0.2   | 451                        | 0.2   | -          |
| <b>III. Deferred assets</b>                | 141                        | 0.0   | 128                        | 0.0   | -12        | Unappropriated retained earnings                          | 3,846                      | 1.3   | 4,102                      | 1.4   | 255        |
| Investment corporation bond issuance costs | 141                        |       | 128                        |       | -12        | <b>Total net assets</b>                                   | 152,206                    | 51.8  | 150,461                    | 51.6  | -1,744     |
| <b>Total assets</b>                        | 293,960                    | 100.0 | 291,430                    | 100.0 | -2,529     | <b>Total liabilities and net assets</b>                   | 293,960                    | 100.0 | 291,430                    | 100.0 | -2,529     |

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

## ■ Cash Flow Statement

(Unit: million yen)

| 32nd Period (Jun. 2022)   |               |
|---|---------------|
| Classification  | Amount        |
| <b>I. Cash flow from operating activities</b>                   | <b>10,844</b> |
| Net income before taxes   | 4,102         |
| Depreciation  | 1,938         |
| Decrease due to sale of fixed assets                            | 4,820         |
| Other   | -16           |
| <b>II. Cash flow from investing activities</b>                  | <b>-7,348</b> |
| Purchase of investment securities                               | -5,239        |
| Purchase of fixed assets  | -1,744        |
| Net payments for security deposits                              | -364          |
| <b>III. Cash flow from financing activities</b>                 | <b>-5,846</b> |
| Proceeds from long-term loans                                   | 5,000         |
| Repayment of long-term loans                                    | -5,000        |
| Purchase of treasury investment units                           | -1,999        |
| Distributions to unitholders                                    | -3,846        |
| <b>IV. Net increase / decrease in cash and cash equivalents</b> | <b>-2,349</b> |
| <b>V. Cash and cash equivalents at beginning of period</b>      | <b>22,553</b> |
| <b>VI. Cash and cash equivalents at end of period</b>           | <b>20,203</b> |

\* Figures under one million yen are rounded down.

## ■ Statement of Profit Distribution

(Unit: yen)

| 32nd Period (Jun. 2022)  |                  |
|--|------------------|
| Classification   | Amount           |
| Unappropriated retained earnings   | 4,102,019,182    |
| Provision of reserve for reduction entry                                 | 356,744,782      |
| Distributions  | 3,745,274,400    |
| (Distributions per investment unit)                                      | (2,800)          |
| Earnings carried over to next period                                     | -                |
| <b>Total number of outstanding investment units at the end of period</b> | <b>1,337,598</b> |

# Financial Indicators

| Financial indicators   | Unit   | 27th Period<br>(Dec. 2019) | 28th Period<br>(Jun. 2020) | 29th Period<br>(Dec. 2020) | 30th Period<br>(Jun. 2021) | 31st Period<br>(Dec. 2021) | 32nd Period<br>(Jun. 2022) | Calculation method  |
|--|--------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---|
| EBITDA (Earnings before interest, tax and depreciation and amortization) | MN yen | 4,675                      | 8,053                      | 6,592                      | 6,301                      | 6,209                      | 6,492                      | 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 | 6,913                      | 7,263                      | 7,066                      | 7,059                      | 6,994                      | 6,504                      | Rental revenue - rental expenses + Depreciation and amortization  |
| FFO (Funds from operation)   | MN yen | 5,703                      | 5,873                      | 5,800                      | 5,823                      | 5,737                      | 5,241                      | Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss  |
| FFO per unit   | yen    | 4,367                      | 4,341                      | 4,287                      | 4,303                      | 4,240                      | 3,918                      | FFO / Total number of outstanding investment units at the end of period   |
| AFFO (Adjusted funds from operation)                                     | MNYen  | 3,976                      | 5,067                      | 4,672                      | 4,275                      | 4,431                      | 3,942                      | FFO - Capital expenditures  |
| AFFO Distribution payout ratio   | %      | 95.8                       | 79.0                       | 86.9                       | 93.0                       | 86.8                       | 95.0                       | (Total cash distribution amount / AFFO) × 100   |
| NAV (Net asset value)  | MN yen | 199,595                    | 213,312                    | 215,116                    | 216,383                    | 223,007                    | 225,111                    | Period end total assets - Period end total liabilities + Real estate valuation gain/loss  |
| NAV per unit   | yen    | 152,865                    | 157,658                    | 158,992                    | 159,928                    | 164,824                    | 168,295                    | NAV / Total number of outstanding investment units at the end of period   |
| DSCR (Debt service coverage ratio)                                       | times  | 9.4                        | 17.0                       | 13.9                       | 13.2                       | 13.2                       | 14.4                       | Cash flow before interest / (Interest expense + Interest expense on investment corporation bonds)<br>(Note) Cash flow before interest = Net income before interest and taxes + Depreciation and amortization (including depreciation other than the expenses for rental operations) |
| ROA  | %      | 0.8                        | 1.9                        | 1.5                        | 1.4                        | 1.3                        | 1.4                        | Ordinary income / [(Period beginning total assets + period end total assets) / 2] × 100   |
| (Reference)<br>Annualized with following formula                         | %      | (1.6)                      | (3.9)                      | (2.9)                      | (2.7)                      | (2.6)                      | (2.8)                      | Above × (365 days / Number of operating days)   |
| ROE  | %      | 1.6                        | 3.8                        | 2.8                        | 2.6                        | 2.5                        | 2.7                        | Net income / [(Period beginning net assets + period end net assets) / 2] × 100  |
| (Reference)<br>Annualized with following formula                         | %      | (3.1)                      | (7.7)                      | (5.6)                      | (5.3)                      | (5.0)                      | (5.5)                      | Above × (365 days / Number of operating days)   |
| Equity to Total Assets   | %      | 49.3                       | 51.8                       | 51.8                       | 51.8                       | 51.8                       | 51.6                       | (Period end net assets / Period end total assets) × 100   |
| LTV (period-end total asset basis)                                       | %      | 44.9                       | 42.8                       | 42.7                       | 42.7                       | 42.7                       | 43.1                       | (Period end interest-bearing debt / Period end total assets) × 100  |
| LTV (period-end valuation gain/loss basis)                               | %      | 37.5                       | 35.4                       | 35.2                       | 35.1                       | 34.4                       | 34.3                       | (Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss)) × 100  |
| BPS (Book value per unit)  | yen    | 109,042                    | 112,441                    | 112,652                    | 112,590                    | 112,495                    | 112,486                    | Period end net assets / Total number of outstanding investment units at the end of period   |

\* Figures under "Unit" are rounded down. Ratios are rounded to the first decimal place.

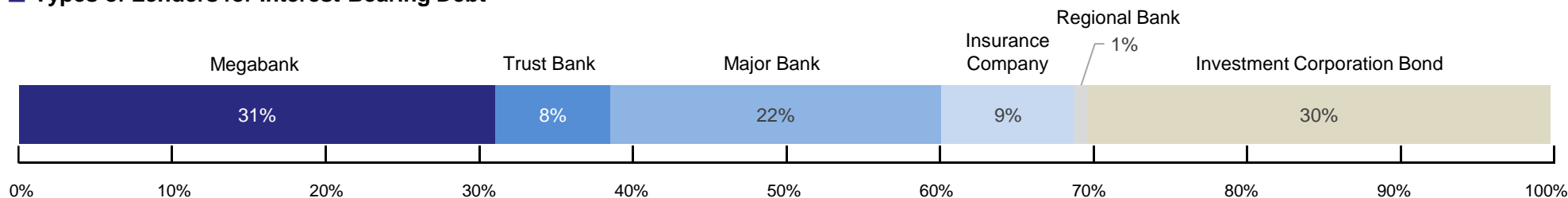


## ■ Balance of Interest-Bearing Debt (As of the End of 32nd Period)

| Lender  | Balance (million yen) | As a percentage of all borrowings |
|---|-----------------------|-----------------------------------|
| 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%                              |
| <b>Loan Total</b>                               | <b>87,600</b>         | <b>100.0%</b>                     |

\* Shaded areas refer to sponsor companies.

## ■ Types of Lenders for Interest-Bearing Debt



## ■ Status of Investment Corporation Bonds (As of the End of 32nd 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)<br>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)<br>16th Series Unsecured Investment Corporation Bond | October 29, 2035  | 5,000                 | 0.75%         | 15 years |
| <b>Investment Corporation Bond Total</b>                                  |                   | <b>38,000</b>         |               |          |

## ■ Status of Commitment Line (As of the End of 32nd Period)

| Lender                              | Established amount (million yen) | Term                                      |
|-------------------------------------|----------------------------------|---|
| Mizuho Bank, Ltd.                   | 6,000                            | From February 1, 2022 to January 31, 2023 |
| MUFG Bank, Ltd.                     | 5,000                            |   |
| Sumitomo Mitsui Banking Corporation | 3,000                            |   |
| <b>Total Commitment Line</b>        | <b>14,000</b>                    |   |

| Owner Classification                                    | Investment Units        |               |                         |               | Composition difference |
|---|-------------------------|---------------|-------------------------|---------------|------------------------|
|   | 31st Period (Dec. 2021) |               | 32nd Period (Jun. 2022) |               |                        |
|   | Number of units         | Composition   | Number of units         | Composition   |                        |
| Financial Institutions (Including Securities Companies) | 937,389                 | 69.3%         | 920,583                 | 68.8%         | -0.5pt                 |
| Other Domestic Companies                                | 115,533                 | 8.5%          | 119,113                 | 8.9%          | 0.4pt                  |
| Foreign Companies, etc.                                 | 235,214                 | 17.4%         | 227,060                 | 17.0%         | -0.4pt                 |
| Individuals   | 64,864                  | 4.8%          | 70,842                  | 5.3%          | 0.5pt                  |
| <b>Total</b>  | <b>1,353,000</b>        | <b>100.0%</b> | <b>1,337,598</b>        | <b>100.0%</b> | <b>-</b>               |

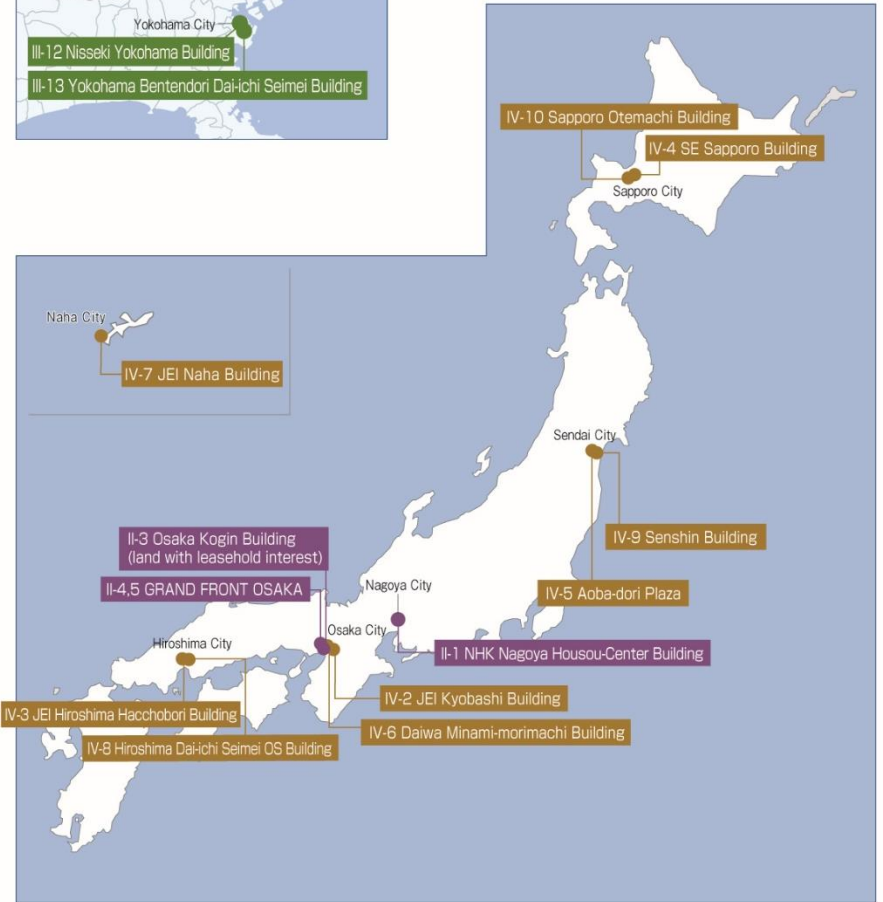
| Unitholders             |               |                         |               |                        |
|-------------------------|---------------|-------------------------|---------------|------------------------|
| 31st Period (Dec. 2021) |               | 32nd Period (Jun. 2022) |               | Composition difference |
| No. of people           | Composition   | No. of people           | Composition   |                        |
| 167                     | 2.4%          | 159                     | 2.1%          | -0.3pt                 |
| 162                     | 2.3%          | 173                     | 2.3%          | -                      |
| 238                     | 3.4%          | 224                     | 3.0%          | -0.4pt                 |
| 6,411                   | 91.9%         | 7,000                   | 92.6%         | 0.7pt                  |
| <b>6,978</b>            | <b>100.0%</b> | <b>7,556</b>            | <b>100.0%</b> | <b>-</b>               |

**Ratio of investment units held by the 2 core sponsor companies: 6.9%**

| Rank         | Name  | Units          | Composition ratio (%) |
|--------------|---|----------------|-----------------------|
| 1            | Custody Bank of Japan, Ltd. (Trust Account)                       | 385,220        | 28.8%                 |
| 2            | The Master Trust Bank of Japan, Ltd. (Trust Account)              | 222,367        | 16.6%                 |
| 3            | Nippon Steel Kowa Real Estate Co., Ltd.                           | 71,560         | 5.3%                  |
| 4            | The Nomura Trust and Banking Co., Ltd. (Investment Trust Account) | 60,941         | 4.6%                  |
| 5            | The Dai-ichi Life Insurance Company, Limited                      | 20,660         | 1.5%                  |
| 6            | STATE STREET BANK WEST CLIENT - TREATY 505234                     | 20,287         | 1.5%                  |
| 7            | JP MORGAN CHASE BANK 385781                                       | 16,893         | 1.3%                  |
| 8            | SSBTC CLIENT OMNIBUS ACCOUNT                                      | 16,017         | 1.2%                  |
| 9            | The Shinkumi Federation Bank                                      | 14,409         | 1.1%                  |
| 10           | JP MORGAN CHASE BANK 385771                                       | 12,748         | 1.0%                  |
| <b>Total</b> |   | <b>841,102</b> | <b>62.9%</b>          |

\*1 Ratios are rounded to the first decimal place.

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



# Portfolio Overview (1)

| Property Number                    | I-1   | I-2   | I-3   | I-8   | I-10  | I-12  | I-13  | I-14  | I-15  |
|------------------------------------|---|---|---|---|---|---|---|---|---|
| Type                               | Office  | Office  | Office  | Office  | Office  | Office  | Other   | Office  | Office  |
| Name                               | Omori Bellport D  | Shiba 2-Chome Building  | JEI Hamamatsucho Building   | AKASAKA INTERCITY   | Daiba Garden City Building  | HAMARIKYU INTERCITY   | Shintomicho Building  | Kowa Nishi-Shimbashi Building   | Mansard Daikanyama  |
|                                    |  |  |  |  |  |  |  |  |  |
| Location                           | Minami-Oi, Shinagawa Ward, Tokyo  | Shiba, Minato Ward, Tokyo   | Hamamatsucho, Minato Ward, Tokyo  | Akasaka, Minato Ward, Tokyo   | Daiba, Minato Ward, Tokyo   | Kaigan, Minato Ward, Tokyo  | Irifune, Chuo Ward, Tokyo   | Nishishinbashi, Minato Ward, Tokyo  | Sarugakucho, Shibuya Ward, Tokyo  |
| Total floor area (m <sup>2</sup> ) | 155,778.75  | 19,518.15   | 8,327.53  | 73,061.33   | 33,283.49   | 35,555.87   | 3,169.78  | 19,418.17   | 8,402.51  |
| Completion date                    | September 1996  | March 1994  | December 1991   | January 2005  | December 2007   | March 2011  | November 1990   | July 1996   | December 2009   |
| Acquisition date                   | June 2006   | June 2006   | June 2006   | ① October 2007<br>② February 2013   | February 2011   | ① December 2011<br>② February 2014  | March 2012  | ① March 2013<br>② August 2017   | July 2016   |
| Acquisition price (MN yen)         | 22,552  | 9,450   | 8,350   | 28,146  | 11,000  | 19,080  | 1,050   | 11,431  | 11,420  |
| Investment ratio (%)               | 7.8   | 3.3   | 2.9   | 9.8   | 3.8   | 6.6   | 0.4   | 4.0   | 4.0   |
| Period-end occupancy rate (%)      | 93.8  | 99.2  | 100.0   | 87.6  | 82.6  | 95.7  | 100.0   | 100.0   | 78.0  |
| PML (%)                            | 4.5   | 5.8   | 7.9   | 1.8   | 6.3   | 0.2   | 7.9   | 4.7   | 5.3   |
| DBJ Green Building Certification   | ★★★   | ★★★   | ★   | ★★★★  | ★★  | Residential portion: ★★★★★<br>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 for each property). 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 as of August 18, 2022 (excluding Ark Hills Front Tower (equity interest in anonymous association)) and is rounded to the first decimal place.

\*4 "PML" is the earthquake PML calculated by Sompō Risk Management, Inc.

# Portfolio Overview (2)

| Property Number                    | I-16  | I-17  | I-18  | I-19   | II-1  | II-3  | II-4  | II-5                               |
|------------------------------------|---|---|---|--|---|---|---|------------------------------------|
| Type                               | Office  | Office  | Office  | Office   | Office  | Office  | Office  | Office                             |
| Name                               | AKASAKA INTERCITY AIR   | BIZCORE AKASAKA-MITSUKE   | BIZCORE JONBOCHO  | BIZCORE SHIBUYA  | NHK Nagoya Housou-Center Building   | Osaka Kogin Building (land with leasehold interest)                                 | GRAND FRONT OSAKA (Umekita Plaza / South Building)                                  | GRAND FRONT OSAKA (North Building) |
|                                    |  |  |  |  |  |  |  |                                    |
| Location                           | Akasaka, Minato Ward, Tokyo   | Akasaka, Minato Ward, Tokyo   | Kanda-ogawacho, Chiyoda Ward, Tokyo   | Shibuya, Shibuya 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 <sup>2</sup> ) | 176,536.75  | 3,515.63  | 8,217.64  | 3,835.11   | 80,809.95   | 3,158.45 (site area for land)   | 181,371.39 (South Building)<br>10,226.10 (Umekita Plaza)                            | 290,030.59                         |
| Completion date                    | August 2017   | March 2019  | November 2017   | January 2020   | July 1991   | —   | Mar. 2013 (South Building)<br>Feb. 2013 (Umekita Plaza)                             | February 2013                      |
| Acquisition date                   | July 2018   | October 2019  | June 2021   | August 2022  | ① June 2006<br>② March 2014   | February 2013   | February 2020   | February 2020                      |
| Acquisition price (MN yen)         | 6,590   | 6,200   | 10,200  | 6,640  | 5,610   | 1,770   | 4,868   | 3,982                              |
| Investment ratio (%)               | 2.3   | 2.2   | 3.5   | 2.3  | 1.9   | 0.6   | 1.7   | 1.4                                |
| Period-end occupancy rate (%)      | 95.8  | 88.9  | 72.5  | 100.0  | 99.1  | 100.0   | 90.4  | 98.6                               |
| PML (%)                            | 1.9   | 5.7   | 7.0   | 5.4  | 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 for each property). 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 as of August 18, 2022 (excluding Ark Hills Front Tower (equity interest in anonymous association)) 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 Nishincho 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 <sup>2</sup> ) | 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 June 2006<br>② November 2006<br>③ October 2008<br>④ April 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  | 7.2   | 0.6   | 2.3   | 8.5   | 0.2   |
| Period-end occupancy rate (%)      | 81.3  | 100.0   | 100.0   | 76.9  | 100.0  | 52.5  | 100.0   | 98.4  | 98.4  | 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 for each property). 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 as of August 18, 2022 (excluding Ark Hills Front Tower (equity interest in anonymous association)) and is rounded to the first decimal place.

\*4 "PML" is the earthquake PML calculated by Sompō 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   | Investment securities   |
|------------------------------------|---|---|---|---|--|---|---|---|---|---|
| Type                               | Office  | Office  | Office  | Office  | Office   | Office  | Office  | Office  | Office  | Office  |
| Name                               | JEI Kyobashi Building   | JEI Hiroshima Hacchobori Building   | SE Sapporo Building   | Aoba-dori Plaza   | Daiwa Minami-morimachi Building  | JEI Naha Building   | Hiroshima Dai-ichi Seimei OS Building   | Senshin Building  | Sapporo Otemachi Building   | Ark Hills Front Tower<br>(Equity interest in anonymous association)                 |
|                                    |  |  |  |  |  |  |  |  |  |  |
| 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   | Akasaka, Minato Ward, Tokyo   |
| Total floor area (m <sup>2</sup> ) | 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  | 24,207.77   |
| Completion date                    | April 1987  | February 1999   | March 1989  | July 1996   | January 1990   | June 1990   | March 1989  | October 1984  | April 1984  | January 2011  |
| Acquisition date                   | September 2011  | May 2012  | March 2013  | February 2014   | February 2014  | December 2015   | June 2018   | November 2019   | December 2021   | May 2022  |
| Acquisition price (MN yen)         | 3,308   | 2,760   | 5,500   | 2,120   | 4,410  | 1,380   | 2,780   | 1,580   | 4,069   | 5,230   |
| Investment ratio (%)               | 1.1   | 1.0   | 1.9   | 0.7   | 1.5  | 0.5   | 1.0   | 0.5   | 1.4   | —   |
| Period-end occupancy rate (%)      | 100.0   | 85.6  | 100.0   | 94.4  | 100.0  | 100.0   | 97.2  | 96.2  | 98.5  | 83.2  |
| PML (%)                            | 2.7   | 0.8   | 0.2   | 0.1   | 3.2  | 5.3   | 0.9   | 1.7   | 1.9   | 1.8   |
| 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 for each property). 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 as of August 18, 2022 (excluding Ark Hills Front Tower (equity interest in anonymous association)) and is rounded to the first decimal place.

\*4 "PML" is the earthquake PML calculated by Sampo Risk Management, Inc.