



Japan Excellent, Inc.

**For Immediate Release
For Translation Purposes Only**

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Japan Excellent, Inc. (TSE: 8987)

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**Notice Concerning Acquisition and Transfer of Domestic Real Estate Trust Beneficiary Rights
(Acquisition of BIZCORE TSUKIJI, Transfer of Kowa Kawasaki Nishiguchi Building and
JEI Kyobashi Building)**

Japan Excellent, Inc. (hereinafter “JEI”) hereby announces that Japan Excellent Asset Management Co., Ltd. (hereinafter “JEAM”), to which JEI entrusts asset management, today decided to acquire and transfer assets (domestic real estate trust beneficiary rights) (hereinafter collectively referred to as the “Transaction”) as described below.

1. Summary of the Transaction

(1) Property to be Acquired

| | |
|--|---|
| 1) Property Name | BIZCORE TSUKIJI |
| 2) Property to be Acquired | Trust beneficiary rights in real estate |
| 3) Planned Acquisition Price ^(Note 1) | ¥9,800 million |
| 4) Date of Execution of Purchase Agreement (planned) | June 30, 2023 |
| 5) Acquisition Date (planned) | July 4, 2023 |
| 6) Seller | Nippon Steel Kowa Real Estate Co., Ltd. ^(Note 2) |
| 7) Use of Broker | No |
| 8) Funding for Acquisition | Own funds ^(Note 3) |
| 9) Payment Method | Lump-sum payment upon delivery |

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

(Note 2) An overview of the seller is as stated in “3. Details of the Acquisition / (4) Details of Seller” below.

(Note 3) A part of the proceeds from the transfer of “(2) Property to be Transferred (A)” and “(3) Property to be Transferred (B)” will be allocated as own funds.



(2) Property to be Transferred (A)

| | |
|---|---|
| 1) Property Name | Kowa Kawasaki Nishiguchi Building |
| 2) Property to be Transferred | Trust beneficiary rights in real estate |
| 3) Planned Transfer Value ^(Note 1) | ¥16,050 million (quasi co-ownership 65.0% ^(Note 2)) |
| 4) Book Value ^{(Note 3) (Note 4)} | ¥18,796 million |
| 5) Difference Between Planned Transfer Value and Book Value 3) - 4) ^{(Note 3) (Note 5)} | -¥2,746 million |
| 6) Date of Execution of Transfer Agreement (planned) | June 30, 2023 |
| 7) Transfer Date (planned) | June 30, 2023 |
| 8) Payment Date (planned) | June 30, 2023 |
| 9) Transferee | Nippon Steel Kowa Real Estate Co., Ltd. ^(Note 6) |
| 10) Use of Broker | None |

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

(Note 2) All of the quasi co-ownership owned by JEI.

(Note 3) Amounts are rounded down to the nearest million yen.

(Note 4) “Book Value” indicates the book value as of December 31, 2022.

(Note 5) These are reference figures calculated as the difference between planned transfer value and the book value as of December 31, 2022 and differ from gain (loss) on transfer in accounting.

(Note 6) An overview of the transferee is as stated in “4. Details of the Transfer / (1) Property to be Transferred (A) / 2) Details of Transferee” below.

(3) Property to be Transferred (B)

| | | |
|---|---|--|
| 1) Property Name | JEI Kyobashi Building | |
| 2) Property to be Transferred | Trust beneficiary rights in real estate | |
| 3) Planned Transfer Value ^(Note 1) | ¥6,300 million | |
| | ¥5,040 million (quasi co-ownership 80%) | ¥1,260 million (quasi co-ownership 20%) |
| 4) Book Value ^{(Note 2) (Note 3)} | ¥2,688 million | |
| 5) Difference Between Planned Transfer Value and Book Value 3) - 4) ^{(Note 2) (Note 4)} | ¥3,611 million | |
| 6) Date of Execution of Transfer Agreement (planned) | June 30, 2023 | |
| 7) Transfer Date (planned) | June 30, 2023 | January 22, 2024 |
| 8) Payment Date (planned) | June 30, 2023 | January 22, 2024 |
| 9) Transferee | The details are not disclosed as consent for disclosure has not been obtained from the transferee ^(Note 5) | |



10) Use of Broker

Yes (Nippon Steel Kowa Real Estate Co., Ltd.)

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

(Note 2) Amounts are rounded down to the nearest million yen.

(Note 3) “Book Value” indicates the book value as of December 31, 2022.

(Note 4) These are reference figures calculated as the difference between planned transfer value and the book value as of December 31, 2022 and differ from gain (loss) on transfer in accounting.

(Note 5) An overview of the transferee is as stated in “4. Details of the Transfer / (2) Property to be Transferred (B) / 2) Details of Transferee” below.

2. Background of the Transaction

The BIZCORE series developed by Nippon Steel Kowa Real Estate Co., Ltd., a core sponsor of JEI, consists of medium-sized, high-grade office buildings that are competitive in terms of location and specifications. JEI positions the BIZCORE series as an ongoing pipeline from the company. continuous pipeline from Nippon Steel Kowa Real Estate Co., Ltd. Acquisition of the property to be transferred follows BIZCORE AKASAKA-MITSUKE, BIZCORE JIMBOCHO and BIZCORE SHIBUYA to mark JEI’s fourth acquisition from the series. For aspects that JEI recognized upon deciding the acquisition, please refer to “(1) Evaluation of Property to be Acquired” in “3. Details of the Acquisition” below.

Furthermore, of the properties to be transferred, Kowa Kawasaki Nishiguchi Building has had a low occupancy rate for a prolonged period, and has continued to have an unrealized loss. We have considered all possible measures including sale until now, but selection of a buyer was difficult due to the deterioration of the office market conditions in the area around Kawasaki Station. As a result of consideration, a decision was made to utilize the sponsor support to transfer it to Nippon Steel Kowa Real Estate Co., Ltd., which is the core sponsor. As this is expected to cause a loss on transfer, a decision was made to transfer the JEI Kyobashi Building, which has a high building age and is expected to require a large amount of expenditure for work in future, to offset the gain on transfer against the loss on transfer of the Kowa Kawasaki Nishiguchi Building and allocate the remainder to distribution resources. In addition to BIZCORE TSUKIJI mentioned above, we will consider further property acquisitions as replacement properties for the two properties to be transferred.

3. Details of the Acquisition

(1) Evaluation of Property to be Acquired

A Location

The property to be acquired is a 3-minute walk from Tsukiji Station on the Tokyo Metro Hibiya Line, a 4-minute walk from the Tsukijishijo Station on the Toei Oedo Line, a 5-minute walk from Higashi-ginza Station on the Tokyo Metro Hibiya Line and the Toei Asakusa Line, offering access via many lines and stations, and is also located on Shin-Hashi Dori, offering high traffic accessibility and visibility.

Furthermore, it is believed that future office demand in the Tsukiji area will be solid such as there being plans for a major redevelopment of the former site of the Tsukiji Market in the proximity of the property to be acquired, including the establishment of traffic infrastructure points and large-scale attractions.

B Building Facilities

The property to be acquired is designed as a property constituting part of the BIZCORE series of

medium-sized, high-grade office buildings developed by Nippon Steel Kowa Real Estate Co., Ltd., and equipped with specifications equivalent to most modern large office buildings.

The property is equipped with an advanced office environment combined with superb seismic and business continuity capacity, including rental spaces equipped with a ceiling height of 2,800 mm on standard floors (with OA floor of 100 mm), grid-type system ceiling, office floor area of approximately 200 tsubo, floor load capacity of 500 kg/m², power outlet capacity of 60 VA/m² (expandable to 75 VA/m²), an individual air-conditioning system (16 zones), as well as an emergency supply warehouse, in addition to emergency power supply for up to 36 hours. In addition, the property is a green building certified as S rank in the CASBEE Certification for Buildings (Note).

(Note) CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system for comprehensively assessing and ranking the environmental performance of buildings with regard to aspects such as the enhancement of environmental quality and performance including indoor comfort and consideration for the landscape, in addition to the aspect of environmental consideration such as energy-saving and the use of materials and equipment with a lower environmental burden. CASBEE for Real Estate Certification is rated on four scales consisting of rank S, rank A, rank B+, and rank B for buildings where one year or more has elapsed since completion.

(2) Details of Property to be Acquired

| | | |
|---|--------------------------------|---|
| Property Name | | BIZCORE TSUKIJI |
| Type of Specified Asset ^(Note 1) | | Trust beneficiary rights in real estate |
| Trustee | | Mizuho Trust & Banking Co., Ltd. (planned) |
| Trust Establishment Date | | July 4, 2023 (planned) |
| Location | Lot Number ^(Note 2) | 4-4-3 Tsukiji, Chuo-ku |
| | Address | 4-6-4, Tsukiji, Chuo-ku, Tokyo |
| Use ^(Note 2) | | Office, parking and retail |
| Area | Land ^(Note 3) | 983.96 m ² |
| | Building ^(Note 4) | 6,728.37 m ² |
| Structure ^(Note 2) | | S, SRC, flat roof, 8 stories with 1 basement floor |
| Completion Date ^(Note 2) | | July 18, 2019 |
| Building Designer | | Toda Corporation First-Class Architect Office |
| Constructor | | Toda Corporation Tokyo Branch |
| Building Certification Agency | | The Building Center of Japan |
| Type of Ownership ^(Note 5) | Land | Ownership |
| | Building | Ownership |
| Appraisal Value | | ¥10,200 million |
| Appraisal Date | | June 1, 2023 |
| Appraiser | | Japan Real Estate Institute |
| PML | | 5.0% (Based on the Building Survey Report on PML Assessment prepared by Sompo Risk Management Inc.) |
| Collateral | | None |
| Property Management Company ^(Note 6) | | Nippon Steel Kowa Real Estate Co., Ltd. |



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| | |
|--|---|
| Master Lease Company ^(Note 7) | Nippon Steel Kowa Real Estate Co., Ltd. |
| Other Relevant Information | None |

(Note 1) Type of the property to be acquired. A real estate disposal trust agreement with the property to be acquired as the principal trust property is planned to be executed between the seller and the trustee on the scheduled acquisition date.

(Note 2) The descriptions of “Lot Number,” “Use,” “Structure,” and “Completion Date” are based on the indications on the registration record.

(Note 3) The total land area in the registration record is indicated.

(Note 4) The total floor area in the registration record is indicated.

(Note 5) “Type of Ownership” indicates the type of interest held by the trustee of the property to be acquired.

(Note 6) The property management company to which JEI plans to entrust the property after the acquisition by JEI is indicated.

(Note 7) The master lease company to which JEI plans to lease the property after the acquisition by JEI is indicated. A pass-through type master lease agreement will be concluded.

(3) Tenant Details

| | | | | |
|--|-------------------------|------------------|----------------------|-----------------|
| Leasable Floor Space ^(Note 1) | 4,829.68 m ² | | | |
| Leased Floor Space ^{(Note 1)(Note 2)} | 4,829.68 m ² | | | |
| Total Number of Tenants ^(Note 2) | 1 (1) | | | |
| Monthly Rent ^(Note 3) | Not disclosed | | | |
| Leaseholds and Security Deposits ^(Note 3) | Not disclosed | | | |
| Occupancy Rates | December 31, 2021 | June 30, 2022 | December 31, 2022 | May 31, 2023 |
| | 100% | 100% | 100% | 100% |

(Note 1) “Leasable Floor Space” and “Leased Floor Space” are both calculated based on the status as of June 29, 2023, excluding parking, warehouse and other attached buildings and facilities.

(Note 2) The total number of tenants is one because a master lease agreement in which the master lease company is the lessee will be concluded with the master lease company, and the total number of end tenants is stated in parentheses. Furthermore, “Leased Floor Space” states the leasable area that is already subject to a lease agreement between the seller and the end tenant as of June 29, 2023.

(Note 3) “Monthly Rent” and “Leaseholds and Security Deposits” are not disclosed because the consent of the end tenant has not been obtained.

(4) Details of Seller

| | | |
|--|---|--|
| Company Name | Nippon Steel Kowa Real Estate Co., Ltd. | |
| Location | 1-8-1 Akasaka, Minato-ku, Tokyo | |
| Name and Title of Representative | Masahiro Miwa, President and CEO | |
| Capital | ¥19,824 million (as of September 30, 2022) | |
| Net Assets | ¥245,076 million (as of September 30, 2022) | |
| Total Assets | ¥1,005,214 million (as of September 30, 2022) | |
| Main Business | Real Estate | |
| Established | March 24, 1997 | |
| Major Shareholders | Nippon Steel Corporation ML Estate Company, Limited The Dai-ichi Life Insurance Company, Limited Nippon Life Insurance Company | |
| Relationships between Capital Relationship | As of March 31, 2023, the seller holds 134,427 units of JEI’s investment units (10.0% of the total number of | |



| | | |
|---------------------|---------------------------|---|
| JEI/JEAM and Seller | | <p>outstanding investment units).</p> <p>The seller also holds 4,860 shares of JEAM’s shares (54.0% of the total number of outstanding shares) and falls under the category of “related party” as defined in the Act on Investment Trusts and Investment Corporations (the “Investment Trusts Act”). In addition, the seller falls under the category of “sponsor company” under voluntary internal regulations for transactions with sponsor companies (the “Regulations for Transactions with Sponsor Companies”) formulated by JEAM with the aim of eliminating potential conflicts of interest and thereby enabling it to perform efficient asset management for JEI.</p> |
| | Personnel Relationship | As of March 31, 2023, eight JEAM officers and employees are seconded from the seller. |
| | Business Relationship | In the fiscal period ended December 2022, JEI acquired BIZCORE SHIBUYA from the seller. For details, please refer to the “Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Rights (BIZCORE SHIBUYA)” dated July 26, 2022. |
| | Status as a Related Party | The seller is a related party of JEI. It is the parent company of JEAM. |

(5) Status of Owners of Property

| Status of Owners of Property | Current Owner/Beneficiary | Previous Owner/Beneficiary |
|------------------------------------|--|----------------------------|
| Company Name | Nippon Steel Kowa Real Estate Co., Ltd. | Not applicable |
| Relationships with JEI/JEAM | Please refer to “(4) Details of Seller” above. | |
| Background/Reasons for Acquisition | Acquired for development purpose | |
| Acquisition date | July 18, 2019 (new construction) | |
| Acquisition price | Not applicable due to being a development property | |

(6) Details of Brokerage

Not applicable

(7) Conflicts of Interest of JEAM with regard to the Property to be Acquired

Nippon Steel Kowa Real Estate Co., Ltd., which is the seller and planned master lease company and property management company for the property to be acquired, falls under the category of related party as defined in the Investment Trusts Act and sponsor company in the Regulations for Transactions with Sponsor Companies. Upon concluding the trust beneficiary right purchase agreement for the property with said sponsor company (the “Purchase Agreement”), JEAM, in compliance with said Regulations, has had the transaction approved at a meeting of its Compliance Committee, which includes outside experts, and



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deliberated and approved at a meeting of its Investment Committee. In addition, Mizuho Trust & Banking Co., Ltd., which is the trustee for the property to be acquired, plans to appoint Nippon Steel Kowa Real Estate Co., Ltd. as the master lease company and the property management company for the property to be acquired, consigning the management operations for the property along with leasing the building of the property to said company. Upon such decision-making, JEAM has completed the procedures in compliance with the Regulations for Transactions with Sponsor Companies in the same manner as the Purchase Agreement.



4. Details of the Transfer

(1) Property to be Transferred (A)

1) Details of Property to be Transferred (A)

| | | | | | |
|---|------------|--|----------|--------------|---------|
| Property Name | | Kowa Kawasaki Nishiguchi Building (Property #: III-9) | | | |
| Type of Specified Asset | | Trust beneficiary rights in real estate | | | |
| Trustee | | Mizuho Trust & Banking Co., Ltd. | | | |
| Trustee Period | | October 26, 2007 - June 30, 2026 | | | |
| Location | Lot Number | 66-2 Horikawa-cho, Saiwai-ku, Kawasaki-shi; 2-585-11 Saiwai-cho, Saiwai-ku, Kawasaki-shi | | | |
| | Address | 66-2 Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa | | | |
| Use ^(Note 1) | | Office and retail | | | |
| Type of Ownership ^(Note 2) | Land | Ownership | | | |
| | Building | Ownership | | | |
| Appraisal Value ^(Note 3) | | ¥16,000 million | | | |
| Appraisal Date | | June 1, 2023 | | | |
| Appraiser | | Japan Valuers Co., Ltd. | | | |
| Lease Summary | | | | | |
| Leasable Floor Space ^{(Note 3) (Note 4)} | | 24,940.51 m ² | | | |
| Leased Floor Space ^{(Note 3) (Note 5)} | | 14,556.18 m ² | | | |
| Number of Tenants ^(Note 6) | | 1 (23) | | | |
| Monthly Rent ^{(Note 3) (Note 7)} | | ¥40,391 thousand | | | |
| Leaseholds and Security Deposits ^{(Note 3) (Note 8)} | | ¥521,354 thousand | | | |
| Occupancy Rates | | December 31, | June 30, | December 31, | May 31, |
| | | 2021 | 2022 | 2022 | 2023 |
| | | 97.3% | 52.5% | 56.0% | 58.4% |

(Note 1) The descriptions of “Use” are based on information in the registration record.

(Note 2) “Type of Ownership” indicates the type of interest held by the trustee of the property to be transferred (A).

(Note 3) Figures are shown for 65.0% quasi co-ownership.

(Note 4) “Leasable Floor Space” is based on leasable floor space as of May 31, 2023 (excluding that pertaining to parking, warehouse and other attached buildings and facilities).

(Note 5) “Leased Floor Space” states the leased floor space indicated in the lease agreements with end tenants as of May 31, 2023 within the leasable floor space.

(Note 6) The total number of tenants is one because a master lease agreement is concluded with Nippon Steel Kowa Real Estate Co., Ltd. with the company as the lessee. The total number of end tenants as of May 31, 2023 is stated in parentheses.

(Note 7) The figure for “Monthly Rent” is the total (not including consumption and other taxes) of monthly rents (including common area expenses, but excluding fees for use of parking, warehouse and other attached buildings and facilities), as of May 31, 2023, set forth in the lease agreements (stating monthly rents) concluded with end tenants. Fractions less than one thousand yen are rounded down.

(Note 8) The figure for “Leaseholds and Security Deposits” shows the total balance of the lessee’s leaseholds and security deposits deposited as of May 31, 2023 under lease agreements concluded with end tenants as of that date (excluding those pertaining to parking, warehouse and other attached buildings and facilities and any amount which the lessor is not obligated to return). Fractions less than one thousand yen are rounded down.

2) Details of Transferee

Please refer to “3. Details of the Acquisition / (4) Details of Seller” for an overview of Nippon Steel Kowa Real Estate Co., Ltd., which is the transferee of the property to be transferred (A).

3) Details of Brokerage

Not applicable

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

Nippon Steel Kowa Real Estate Co., Ltd., which is the transferee of the property to be transferred (A), falls under the category of a related party as defined in the Investment Trusts Act and the category of sponsor company in the Regulations for Transactions with Sponsor Companies, which are internal rules of JEAM. Upon concluding an agreement with the transferee which is the related party and sponsor company as described above, JEAM, in compliance with the Regulations, had the transaction approved at the meeting of its Compliance Committee, which includes outside experts, and had it deliberated and approved at a meeting of its Investment Committee.

(2) Property to be Transferred (B)

1) Details of Property to be Transferred (B)

| | | |
|--|------------|---|
| Property Name | | JEI Kyobashi Building (Property #: IV-2) |
| Type of Specified Asset | | Trust beneficiary rights in real estate |
| Trustee | | Mitsubishi UFJ Trust and Banking Corporation |
| Trustee Period | | March 9, 2006 - February 28, 2031 |
| Location | Lot Number | 2-3-1 Katamachi, Miyakojima-ku, Osaka-shi, Osaka, and 4 other parcels |
| | Address | 2-2-48 Kata-machi, Miyakojima-ku, Osaka-shi, Osaka |
| Use ^(Note 1) | | Office and parking |
| Type of Ownership ^(Note 2) | Land | Ownership |
| | Building | Ownership |
| Appraisal Value | | ¥4,000 million |
| Appraisal Date | | June 1, 2023 |
| Appraiser | | DAIWA REAL ESTATE APPRAISAL Corporation |
| Lease Summary | | |
| Leasable Floor Space ^(Note 3) | | 7,734.95 m ² |
| Leased Floor Space ^(Note 4) | | 7,734.95 m ² |
| Number of Tenants ^(Note 5) | | 1 (22) |
| Monthly Rent ^(Note 6) | | ¥27,200 thousand |
| Leaseholds and Security Deposits ^(Note 7) | | ¥217,888 thousand |

| Occupancy Rates | December 31, | June 30, | December 31, | May 31, |
|-----------------|--------------|----------|--------------|---------|
| | 2021 | 2022 | 2022 | 2023 |
| | 100% | 100% | 100% | 100% |

(Note 1) The descriptions of “Use” are based on information in the registration record.

(Note 2) “Type of Ownership” indicates the type of interest held by the trustee of the property to be transferred (B).

(Note 3) “Leasable Floor Space” is based on leasable floor space as of May 31, 2023 (excluding that pertaining to parking, warehouse and other attached buildings and facilities).

(Note 4) “Leased Floor Space” states the leased floor space indicated in the lease agreements with end tenants as of May 31, 2023 within the leasable floor space.

(Note 5) The total number of tenants is one because a master lease agreement is concluded with Kanden Facilities Co., Ltd. with the company as the lessee. The total number of end tenants as of May 31, 2023 is stated in parentheses.

(Note 6) The figure for “Monthly Rent” is the total (not including consumption and other taxes) of monthly rents (including common area expenses, but excluding fees for use of parking, warehouse and other attached buildings and facilities), as of May 31, 2023, set forth in the lease agreements (stating monthly rents) concluded with end tenants. Fractions less than one thousand yen are rounded down.

(Note 7) The figure for “Leaseholds and Security Deposits” shows the total balance of the lessee’s leaseholds and security deposits deposited as of May 31, 2023 under lease agreements concluded with end tenants as of that date (excluding those pertaining to parking, warehouse and other attached buildings and facilities and any amount which the lessor is not obligated to return). Fractions less than one thousand yen are rounded down.

2) Details of Transferee

The transferee of the property to be transferred (B) is a domestic general industrial corporation, but details are not stated because consent for disclosure has not been obtained from the transferee. There is no capital relationship, personnel relationship or business relationship to describe between JEI, JEAM and the transferee. The transferee and its related parties/related companies are not related parties of JEI or JEAM.

3) Details of Brokerage

Please refer to “3. Details of the Acquisition / (4) Details of Seller” for an overview of Nippon Steel Kowa Real Estate Co., Ltd., which is the broker of the property to be transferred (B). The brokerage fee to be paid to the broker is ¥31,500,000.

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

Nippon Steel Kowa Real Estate Co., Ltd., which is the broker for the property to be transferred (B), falls under the category of related party as defined in the Investment Trusts Act and sponsor company in the Regulations for Transactions with Sponsor Companies. Upon concluding the brokerage agreement for the property with said related party and sponsor company, JEAM, in compliance with said Regulations, has had the transaction approved at a meeting of its Compliance Committee, which includes outside experts, and deliberated and approved at a meeting of its Investment Committee.

5. Outlook

Please refer to the “Notice Concerning Revision of Operating Forecasts for the Fiscal Period Ending June 30, 2023” published today for the impact of the Transaction on the forecasts of operating results for the fiscal period ending June 30, 2023 (from January 1, 2023, to June 30, 2023).

Since the impact of the Transaction on the forecasts of operating results for the fiscal period ending December 31, 2023 (from July 1, 2023 to December 31, 2023) is minimal, there is no revision to the forecast. Notice of the forecasts for the fiscal period ending December 31, 2023 and the fiscal period ending June 30, 2024 will be provided in the “Japan Excellent, Inc. Reports 34th Period Financial Results” scheduled to be published in mid-August 2023.



6. Appraisal Summary

(1) Property to be Acquired

| | |
|-----------------|-----------------------------|
| Property Name | BIZCORE TSUKIJI |
| Appraisal Value | ¥10,200 million |
| Appraiser | Japan Real Estate Institute |
| Appraisal Date | June 1, 2023 |

(In thousands of yen ^(Note 1))

| Appraisal Item | Appraisal Value | Remarks, etc. |
|---------------------------------|---------------------------|--|
| Income Approach Value | 10,200,000 | |
| Direct Capitalization Value | 10,300,000 | |
| Operating Revenue | Not disclosed (Note 2) | |
| Gross Potential Revenue | | |
| Vacancy Loss, etc. | | |
| Operating Expenses | | |
| Property Management Expenses | | |
| Property Management Fees | | |
| Utilities | | |
| Repair Costs | | |
| Advertisement for Leasing, etc. | | |
| Tax and Public Dues | | |
| Insurance | | |
| Other Expenses | | |
| Net Operating Income | | 354,488 |
| Interest Income | 3,682 | Assessed by first assessing the number of months used to calculate leaseholds that is stable over the medium- and long-term based on the current lease terms and conditions and the number of months used to calculate leaseholds for new lease contracts, then estimating leaseholds to be received using the number of months obtained, and multiplying this amount by the occupancy rate and by a rate of return of investment. The rate of return of investment is assessed at 1.0% taking into account the levels of interest rates for both investment and fundraising and other factors |
| Capital Expenditures | 9,130 | Assessed in reference to the level of similar properties, the building age and the details of the engineering report. |
| Net Cash Flow | 349,040 | |
| Cap Rate | 3.4% | Assessed in reference to the base yield for the district, the conditions of the property, future uncertainties and returns of transactions in similar properties. |
| Discounted Cash Flow Value | 10,100,000 | |
| Discount Rate | 3.2% | Assessed in reference to the investment yield, etc. of similar properties and comprehensively taking into account the individual characteristics, etc. of the property. |
| Terminal Cap Rate | 3.5% | Assessed in reference to the investment yield, etc. of similar properties and comprehensively taking into account the future trends of the investment yield, risks of the property as an investment target, general forecasts of future economic growth and the trends in real estate prices and rent levels, etc. |
| Cost Approach Value | 9,990,000 | |
| Land Value | 77.4% | |
| Building Value | 22.6% | |

| | |
|--|------|
| Other matters noted by the appraiser in conducting appraisal | None |
|--|------|

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

(Note 2) The operating revenue, etc., is not disclosed as the consent by the tenant has not been obtained.



(2) Property to be Transferred (A)

| | |
|-------------------------------------|--|
| Property Name | Kowa Kawasaki Nishiguchi Building |
| Appraisal Value ^(Note 1) | ¥16,000 million (quasi co-ownership 65.0%) |
| Appraiser | Japan Valuers Co., Ltd. |
| Appraisal Date | June 1, 2023 |

(In thousands of yen ^(Note 2))

| Appraisal Item | Appraisal Value | Remarks, etc. |
|--|-----------------|--|
| Income Approach Value | 24,600,000 | |
| Direct Capitalization Value | 25,000,000 | |
| Operating Revenue | 2,081,058 | |
| Gross Potential Revenue | 2,157,310 | Calculated by taking into account current rents and market rents |
| Vacancy Loss, etc. | 76,251 | Calculated by taking into account current occupancy rate, market occupancy levels, etc. |
| Operating Expenses | 753,823 | |
| Property Management Expenses | 296,637 | Property management expenses are calculated by taking into account past actual amounts, etc. |
| Property Management Fees ^(Note 3) | | Property management fees are calculated based on the rate schedule in the memorandum of understanding |
| Utilities | 162,125 | Calculated based on past actual amounts, etc. |
| Repair Costs | 91,857 | Calculated using the 12-year average of repair costs (including emergency repairs) in the engineering report |
| Advertisement for Leasing, etc. | 43,090 | Assessed considering 1 month of rent for new tenants and future rent, etc. for renewals |
| Tax and Public Dues | 149,402 | Assessed based on the actual results for fiscal 2023 |
| Insurance | 3,709 | Calculated based on actual amounts |
| Other Expenses | 7,000 | Calculated based on past actual amounts, etc. |
| Net Operating Income | 1,327,235 | |
| Interest Income | 13,164 | Assessed profit through management by setting the management yield at 1.0% |
| Capital Expenditures | 189,344 | Calculated using the 12-year average of renewal costs in the engineering report |
| Net Cash Flow | 1,151,055 | |
| Cap Rate | 4.6% | Assessed by referring to examples of yield of similar properties taking into account the discount rate, the outlook for net cash flow and projected fluctuations in sale prices |
| Discounted Cash Flow Value | 24,100,000 | |
| Discount Rate | 4.3% | Assessed by using a combination of the method taking into account the individual characteristics of the property with yield on financial assets and the method using a comparison with examples of transactions for similar properties, and referring to the results of the Japanese Real Estate Investor Survey |
| Terminal Cap Rate | 4.7% | Assessed by taking into account increasing uncertainty about the revenue forecast in the period after the analysis period of the property is over in comparison with the current revenue forecast, and possibility of an increase in capital expenditures due to the aged property |
| Cost Approach Value | 21,000,000 | |
| Land Value | 92.3% | |
| Building Value | 7.7% | |

| | |
|--|------|
| Other matters noted by the appraiser in conducting appraisal | None |
|--|------|

(Note 1) The appraisal value is for the 65.0% quasi co-ownership, and the other figures are for the entire property.

(Note 2) Amounts are rounded down to the nearest thousand yen.

(Note 3) Through the individual reporting of maintenance and management fee and property management fee standards, other transactions involving the companies entrusted with building management and property management may be impacted, efficient performance of duties by JEI may be impeded, or investor profits may be negatively impacted. Therefore, maintenance and management fees and property management fees are indicated as a combined figure.



(3) Property to be Transferred (B)

| | |
|-----------------|---|
| Property Name | JEI Kyobashi Building |
| Appraisal Value | ¥4,000 million |
| Appraiser | DAIWA REAL ESTATE APPRAISAL Corporation |
| Appraisal Date | June 1, 2023 |

(In thousands of yen ^(Note 1))

| Appraisal Item | Appraisal Value | Remarks, etc. |
|--|-----------------|---|
| Income Approach Value | 4,000,000 | |
| Direct Capitalization Value | 4,000,000 | |
| Operating Revenue | 357,803 | |
| Gross Potential Revenue | 378,277 | Calculated by recording the standardized rent, etc., for the property considering competitiveness of the property over the medium to long term. |
| Vacancy Loss, etc. | 20,473 | Calculated by considering the competitiveness, etc. of the property based on the actual vacancy rate and the standard vacancy rate of similar properties. |
| Operating Expenses | 113,397 | |
| Property Management Expenses | 34,620 | Property management expenses: Assessed based on similar properties and the existing agreement. |
| Property Management Fees ^(Note 2) | | Property management fees: Recorded based on the existing agreement. |
| Utilities | 30,885 | Assessed by referring to actual amounts. |
| Repair Costs | 20,303 | Calculated using the average annual repair costs for long-term repair and renewal costs in the engineering report. |
| Advertisement for Leasing, etc. | 1,906 | Assessed by referring to the costs of advertisement for leasing, etc. of similar properties. |
| Tax and Public Dues | 24,870 | Land: Assessed by considering the level of the burden based on the actual amount for fiscal 2023. Buildings and other: Assessed by referring to the actual amount for fiscal 2023. |
| Insurance | 751 | Assessed based on actual amounts. |
| Other Expenses | 60 | Calculated based on actual amounts in past years, etc. |
| Net Operating Income | 244,406 | |
| Interest Income | 1,435 | Assessed with comprehensive consideration of the perspectives of both the management aspect and the procurement aspect. |
| Capital Expenditures | 45,819 | Calculated with consideration for CM fees based on the average annual renewal costs in the engineering report. |
| Net Cash Flow | 200,022 | |
| Cap Rate | 5.0% | Assessed with consideration for a variety of factors such as location, building and agreement based on the method using a comparison with examples of transactions for similar buildings, and also referring to interviews with investors, etc. |
| Discounted Cash Flow Value | 4,000,000 | |
| Discount Rate | 4.8% | Assessed by using a combination of the method using a comparison with examples of transactions for similar properties and the method taking into account the individual characteristics of the property with yield on financial assets, and also referring to interviews with investors, etc. |
| Terminal Cap Rate | 5.2% | Assessed in reference to the transaction yield of similar transactions and comprehensively taking into account the future trends of the investment yield, risks of the property as an investment target, general forecasts of future economic growth and the trends in real estate prices, etc. |
| Cost Approach Value | 1,930,000 | |
| Land Value | 77.1% | |
| Building Value | 22.9% | |

| | |
|--|---|
| Other matters noted by the appraiser in conducting appraisal | The price of the property is assessed based on a more convincing income approach value reflecting current market conditions and using the cost approach value as a reference. |
|--|---|

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

(Note 2) Through the individual reporting of maintenance and management fee and property management fee standards, other transactions involving the companies entrusted with building management and property management may be impacted, efficient performance of duties by JEI may be impeded, or investor profits may be negatively impacted. Therefore, maintenance and management fees and property management fees are indicated as a combined figure.



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Appendix:

Appendix 1. Income and Expense Outlook of the Property to be Acquired

Appendix 2. Portfolio Overview after the Transaction

Appendix 3. External View of the Property to be Acquired

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Appendix 1. Income and Expense Outlook of the Property to be Acquired

| | |
|------------------------------|--------------|
| NOI | ¥352 million |
| NOI yield | 3.6% |
| NOI yield after depreciation | 3.0% |

Assumptions for Income and Expense Outlook

The above figure for “NOI” is the annual average of JEI’s estimated figures for the first 5 years after the acquisition of the property to be acquired by JEI, excluding special factors that may arise during the first fiscal year of the acquisition of the property to be acquired (i.e., not forecast for the current fiscal period).

NOI yield is the figure calculated by the following formula:

$$\text{NOI yield} = \text{NOI} \div \text{Planned Acquisition Price}$$

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

$$\text{NOI yield after depreciation} = (\text{NOI} - \text{Depreciation}) / \text{Planned Acquisition Price}$$

Furthermore, depreciation is calculated based on the straight-line method corresponding to the useful life, which is in the same manner applied for properties already owned by JEI, after considering various information such as engineering report.



Appendix 2. Portfolio Overview after the Transaction

| Area | Property # | Property Name | Date of Acquisition | (Planned) Acquisition Price (millions of yen) (Note 1) | Investment Ratio (%) (Note 2) | Investment Ratio by Area (%) (Note 2) |
|--|--|---|---------------------|--|-------------------------------|---------------------------------------|
| Area I Tokyo's 6 Central Wards (Note 3) | I-1 | Omori Bellport D | June 29, 2006 | 22,552 | 8.3 | 58.9 |
| | I-2 | Shiba 2-Chome Building | June 29, 2006 | 9,450 | 3.5 | |
| | I-3 | JEI Hamamatsucho Building | June 29, 2006 | 8,350 | 3.1 | |
| | I-8 | AKASAKA INTERCITY | October 26, 2007 | 17,857 | 6.5 | |
| | | | February 5, 2013 | 10,289 | 3.8 | |
| | | | Total | 28,146 | 10.3 | |
| | I-10 | Daiba Garden City Building | February 4, 2011 | 11,000 | 4.0 | |
| | I-12 | HAMARIKYU INTERCITY | December 20, 2011 | 7,080 | 2.6 | |
| | | | February 4, 2014 | 12,000 | 4.4 | |
| | | | Total | 19,080 | 7.0 | |
| | I-14 | Kowa Nishi-Shimbashi Building | March 28, 2013 | 3,931 | 1.4 | |
| | | | August 1, 2017 | 7,500 | 2.7 | |
| | | | Total | 11,431 | 4.2 | |
| | I-15 | Mansard Daikanyama | July 1, 2016 | 11,420 | 4.2 | |
| | I-16 | AKASAKA INTERCITY AIR | July 2, 2018 | 6,590 | 2.4 | |
| I-17 | BIZCORE AKASAKA-MITSUKE | October 1, 2019 | 6,200 | 2.3 | | |
| I-18 | BIZCORE JIMBOCHO | June 25, 2021 | 10,200 | 3.7 | | |
| I-19 | BIZCORE SHIBUYA | August 1, 2022 | 6,640 | 2.4 | | |
| I-20 | BIZCORE TSUKIJI | July 4, 2023 | 9,800 | 3.6 | | |
| Area II Central Osaka, Central Nagoya, Central Fukuoka (Note 4) | II-1 | NHK Nagoya Housou-Center Building | June 27, 2006 | 4,300 | 1.6 | 5.9 |
| | | | March 24, 2014 | 1,310 | 0.5 | |
| | | | Total | 5,610 | 2.1 | |
| | II-3 | Osaka Kogin Building (Land with Leasehold Interest) | February 5, 2013 | 1,770 | 0.6 | |
| | II-4 | GRAND FRONT OSAKA (Umekita Plaza, South Building) | February 3, 2020 | 4,868 | 1.8 | |
| II-5 | GRAND FRONT OSAKA (North Building) | February 3, 2020 | 3,982 | 1.5 | | |
| Area III Tokyo (excl. Area I) and areas surrounding Tokyo (Kanagawa, Saitama, and Chiba prefectures) | III-1 | Musashikosugi Tower Place | June 27, 2006 | 13,890 | 5.1 | 26.1 |
| | III-2 | Kowa Kawasaki Higashiguchi Building | June 27, 2006 | 10,976 | 4.0 | |
| | III-3 | JEI Hongo Building | June 29, 2006 | 5,400 | 2.0 | |
| | III-5 | Kawasaki Nisshincho Building | June 27, 2006 | 3,775 | 1.4 | |
| | | | November 30, 2006 | 130 | 0.0 | |
| | | | October 17, 2008 | 300 | 0.1 | |
| | | | April 17, 2013 | 520 | 0.2 | |
| | Total | 4,725 | 1.7 | | | |
| | III-7 | JEI Ryogoku Building | June 27, 2006 | 2,550 | 0.9 | |
| | III-11 | Core City Tachikawa | February 5, 2013 | 6,500 | 2.4 | |
| | III-12 | Nisseki Yokohama Building | April 1, 2015 | 24,500 | 9.0 | |
| III-13 | Yokohama Bentendori Dai-ichi Seimei Building | June 15, 2018 | 640 | 0.2 | | |
| III-14 | Shinyokohama Arena Dori Bldg. | March 31, 2023 | 2,077 | 0.8 | | |
| Area IV Osaka, Nagoya and Fukuoka (excl. Area II) and other government-decreed cities, etc. | IV-3 | JEI Hiroshima Hacchobori Building | May 22, 2012 | 2,760 | 1.0 | 9.0 |
| | IV-4 | SE Sapporo Building | March 1, 2013 | 5,500 | 2.0 | |
| | IV-5 | Aoba-dori Plaza | February 4, 2014 | 2,120 | 0.8 | |
| | IV-6 | Daiwa Minami-morimachi Building | February 4, 2014 | 4,410 | 1.6 | |
| | IV-7 | JEI Naha Building | December 7, 2015 | 1,380 | 0.5 | |
| | IV-8 | Hiroshima Dai-ichi Seimei OS Building | June 15, 2018 | 2,780 | 1.0 | |
| | IV-9 | Senshin Building | November 13, 2019 | 1,580 | 0.6 | |
| | IV-10 | Sapporo Otemachi Building | December 1, 2021 | 4,069 | 1.5 | |
| Total | | | | 272,947 | 100.0 | 100.0 |



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(Note 1) “(Planned) Acquisition Price” is the acquisition value stated in the purchase agreement of each property (excluding consumption taxes). Amounts are rounded down to the nearest million yen.

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

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

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



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Appendix 3. External View of the Property to be Acquired

