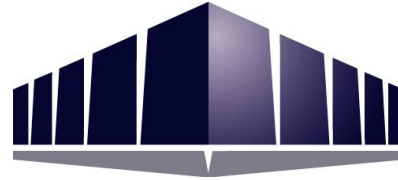


# Supplementary Materials for the Following Press Release Published on June 29, 2023

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)

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# JEI

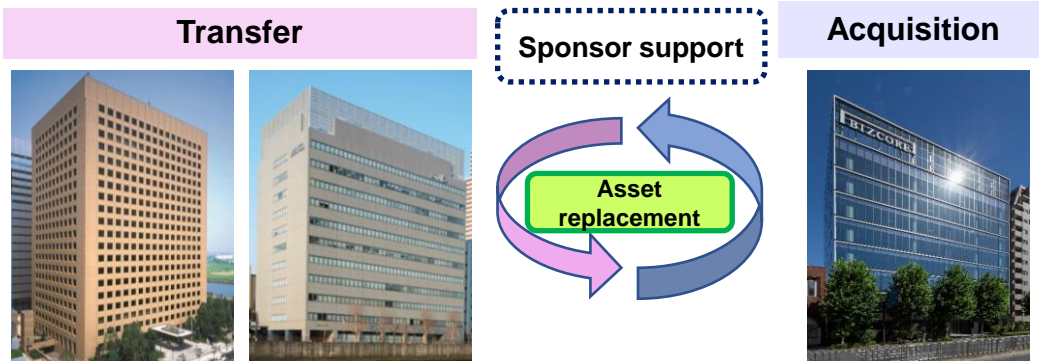
**Japan Excellent, Inc.**

June 29, 2023

# Overview of Property Replacement

- ◆ The Kowa Kawasaki Nishiguchi Building (occupancy rate has been low for a prolonged period; high unrealized loss) will be transferred to Nippon Steel Kowa Real Estate, the core sponsor. The loss on transfer will be offset by the part of gain on transfer of the JEI Kyobashi Building, and the distributions for the 34th fiscal period will be maintained at the forecast level (minimum target)
- ◆ As a replacement, BIZCORE Tsukiji (low building age, 100% occupancy rate) will be acquired from Nippon Steel Kowa Real Estate, and further property acquisitions are also being considered

## Overview of Property Replacement



Property name	Kowa Kawasaki Nishiguchi Building	JEI Kyobashi Building
Location	Kawasaki City, Kanagawa	Osaka City, Osaka
Access	8-min walk from Kawasaki Station	3-min walk from Kyobashi Station
Years since built	35 years	36 years
Acquisition price	¥20,800 million	¥3,308 million
Planned transfer value <sup>(1)</sup>	¥16,050 million	¥6,300 million
Book value <sup>(2)</sup>	¥18,796 million	¥2,688 million
Gain/loss on transfer <sup>(3)</sup>	-¥2,746 million	¥3,611 million
Appraisal Value <sup>(4)</sup>	¥16,000 million	¥4,000 million
Unrealized gain/loss <sup>(2)</sup>	<b>-¥2,796 million</b>	¥1,321 million
Occupancy Rate <sup>(5)</sup>	<b>58.4%</b>	100.0%
NOI yield <sup>(6)</sup>	0.7%	8.2%
NOI yield after depreciation <sup>(6)</sup>	<b>-1.0%</b>	5.7%
Scheduled Transfer Date	June 30, 2023	(1) June 30, 2023 (80%) (2) January 22, 2024 (20%)
Transferee	Nippon Steel Kowa Real Estate	Not disclosed

Property name	BIZCORE TSUKIJI
Location	Chuo Ward, Tokyo
Access	3-min walk from Tsukiji Station
Years since built	4 years
Planned acquisition price <sup>(7)</sup>	¥9,800 million

Appraisal Value <sup>(8)</sup>	¥10,200 million
Difference between planned acquisition price and appraisal value	¥400 million
Occupancy Rate <sup>(9)</sup>	100.0%
NOI yield <sup>(10)</sup>	3.6%
NOI yield after depreciation <sup>(10)</sup>	3.0%
Scheduled Acquisition Date	July 4, 2023
Seller	Nippon Steel Kowa Real Estate

(1) 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.  
 (2) Figures as of December 31, 2022.  
 (3) 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.  
 (4) Figures as of June 1, 2023.  
 (5) Figures as of May 31, 2023.  
 (6) Results for the fiscal period ended December 31, 2022.

(7) Planned acquisition price does not include consumption tax, local consumption tax or fees required for the acquisition.  
 (8) Figures as of June 1, 2023.  
 (9) Figures as of May 31, 2023.  
 (10) 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.

## Overview of the Property to be Acquired (BIZCORE TSUKIJI)



Location	Tsukiji, Chuo Ward, Tokyo
Structure	S, SRC, flat roof, 8 stories with 1 basement floor
Total floor area	6,728.37 m <sup>2</sup>
Standard floor area	Approx. 661 m <sup>2</sup> (approx. 200 tsubo)
Completed	July 2019

**It has high area visibility with expectations for future development in major redevelopment, etc., and is located with easy access in all directions**

- There are plans for large redevelopment of the former site of Tsukiji Market and the surrounding area
- It is in a highly visible location new the intersection of Shin-Ohashi Dori and Harumi Dori
- **It is a 3-minute walk from Tsukiji Station on the Tokyo Metro Hibiya Line, and accessible from 5 stations on 6 lines**
- Highly convenient: 5 minutes to Tokyo Station, 12 minutes to Shinagawa Station, 18 minutes to Shinjuku Station, etc.

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

- **Ceiling height of 2,800 mm, approx. 200 tsubo per floor** and a bright, open, pillar-free space
- An exterior with a strong presence, an elegant entrance and a rooftop garden full of greenery

### High business continuity in the event of a disaster

- Emergency stockpile warehouse on each floor, holding three days of food, water, etc.
- In the event of a disaster, **15 VA/ m<sup>2</sup> is supplied to the exclusive areas for up to 36 hours** by the emergency power supply

# Effect of Property Replacement

◆ This property replacement will result in qualitative improvement of the portfolio, improvement of occupancy rate and increases in acquisition capacity and NAV

## (1) Qualitative improvement of portfolio

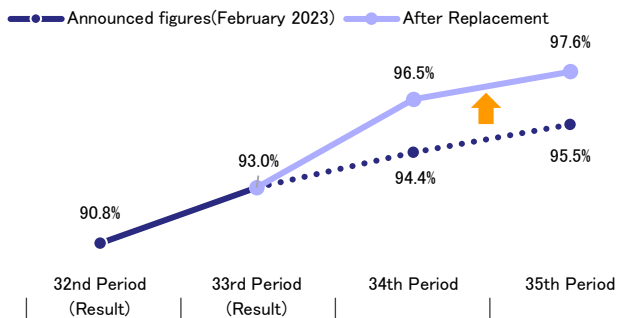
	2 Transferred Properties	Acquired Property
NOI yield after depreciation	-0.1% <sup>(*)1</sup>	3.0% <sup>(*)2</sup>

(\*)1 Results for the fiscal period ended December 31, 2022.  
 (\*)2 Calculated based on the assumed balance for the first 5 years excluding special factors in the acquisition year.

	End of 33rd Period	After Replacement <sup>(*)3</sup>
Percentage within 5-min walk from station	89.7%	93.6%
Percentage in area around Kawasaki Station	12.7%	5.8%
Average building age	23.0 years	22.2 years
Ratio of top 5 properties	40.0%	39.6%

(\*)3 Figures after replacement are when the transfer of JEI Kyobashi Building is completed.  
 (\*)4 The above figures are calculated based on the acquisition price.

## (2) Improvement of portfolio occupancy rate



## (3) Increase in acquisition capacity and NAV

	End of 33rd Period	After Replacement	Change
Acquisition capacity (LTV up to 47%)	19 billion yen	Approx. 30 billion yen	+ Approx 11 billion yen
NAV per unit	169,418 yen	171,467 yen <sup>(*)5</sup>	+2,048 yen

(\*)5 This is a reference figure taking into account only the impact of the replacement on NAV at the end of the 33rd fiscal period.

## Transfer

### ■ Kowa Kawasaki Nishiguchi Building

(Acquisition price 20.8 billion yen)

- Delay in recovery of occupancy rate after major departure (Prolonged deterioration of supply and demand in the area around Kawasaki Station)
- Decline in property revenues and expenses
- Rise in capex burden in future
- Large unrealized loss (approx. -2.8 billion yen)

Transfer to core sponsor  
(loss on transfer: -2.74 billion yen)

Part of the gain on transfer will offset the loss on transfer, and the remainder will be kept as an internal reserve (To be allocated for funding future distributions)

Adhere to the 2,800 yen minimum target for distributions for 34th Period!!

### ■ JEI Kyobashi Building

(Acquisition price 3.31 billion yen)

- Concern about decline in status of Kyobashi area (Increased office supply in central Osaka)
- Rise in capex burden in future
- Request to purchase at a price significantly higher than the appraisal value

Transfer to third party  
(gain on transfer: approx. 3.61 billion yen)

Recorded across two periods (34th and 36th)

(\*) Gain/loss on transfer 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.

### ■ Occupancy rate of Kowa Kawasaki Nishiguchi Building

- The occupancy rate plan as of December 2022 is as follows.

	FP12/2022 (Result)	FP6/2023 (Plan)	FP12/2023 (Plan)	FP6/2024 (Plan)
Period-end occupancy rate	56%	63%	74%	87%

- The pace of recovery may be further delayed depending on the leasing environment.

## Acquisition

### ■ BIZCORE TSUKIJI

(Planned acquisition price: ¥9.8 billion)

#### Acquisition from core sponsor

- Low building age (4 years)
- 100% occupancy (May 31, 2023)
- Located in central Tokyo
- 3-minute walk from station

#### ■ Properties underconsideration

(Being discussed with core sponsor)

Sponsor support

Asset replacement

### ■ Value of work performed on 2 transferred properties (for the next 10 years)

- A large amount of capex is expected to be required in future for renewal of power supply and air conditioning equipment

(millions of yen)

	2023	2024	2025	2026	2027 onwards
Kawasaki Nishiguchi	170	154	102	99	1,926
Kyobashi	25	32	249	275	345

(\*) Planned values as of December 2022.