

Japan Excellent, Inc.

ESG Report 2026



Japan Excellent, Inc.

Contents

Introduction

CEO's Message	2
Overview of JEI	3
Overview of JEAM	3

Sustainability Policy and Promotion Structure

Sustainability Policy	5
Sustainability Promotion Structure	5
Establishment of an EMS Operation Manual	6
Support for Initiatives	6
Materiality	7
Stakeholder Engagement	8

Environmental Initiatives

Initiatives to Address Climate Change	10
Environmental Targets and Performance	17
Initiatives for Environmental Issues	18
Stakeholder Engagement	19
Urban Revitalization and Development / Environmentally Considered Investments	19
Obtained Green Building Certification	20
External Certification and Assessment	21
Sustainable Finance	21

Social Initiatives

Initiatives for Tenants and the Local Community	24
Safety and Security Initiatives	24
Respect for Human Rights and Promotion of Diversity	25
Initiatives for Employees of the Asset Manager	26
Personnel-Related Data	29

Governance Initiatives

Corporate Governance	31
Compliance	34
Risk Management	36
Information Security	37

CEO's Message

In recent times, a growing number of investors have been factoring medium- and long-term sustainability into their investment decisions, with a focus on companies' policies relating to the environment (E), society (S), and governance (G). Furthermore, there is a global push for corporations to contribute to addressing social and environmental issues such as climate change and play their part in realizing a sustainable society.

With the aim of contributing to the realization of a sustainable society as part of their corporate social responsibilities, Japan Excellent, Inc. (hereinafter referred to as "JEI") and Japan Excellent Asset Management Co., Ltd. (hereinafter referred to as "JEAM"), to whom JEI entrusts asset management operations, recognize reducing the environmental impact associated with the real estate investment and management business, collaborating and partnering with various stakeholders as an active member of society, and working to strengthen corporate governance as high-priority management issues.

We also recognize that ESG-oriented efforts are indispensable to improving JEI's medium- to longterm growth and unitholder value, and our policy is to proactively work to further enhance them. To date, JEI and JEAM have implemented various ESG-oriented initiatives since we formulated our Sustainability Policy in 2015.

We recently prepared this ESG report in the hope that it will help our stakeholders better understand the initiatives, policies, etc. that JEI and JEAM have implemented and adopted to date. Going forward, we will strive to promote ESG-related initiatives in our real estate investment and management business and, together with our stakeholders, continue striving to realize a sustainable society and improve unitholder value.

Executive Director,
Japan Excellent, Inc.
Masahiro Sato



President & CEO,
Japan Excellent
Asset Management Co., Ltd.
Osamu Inagaki

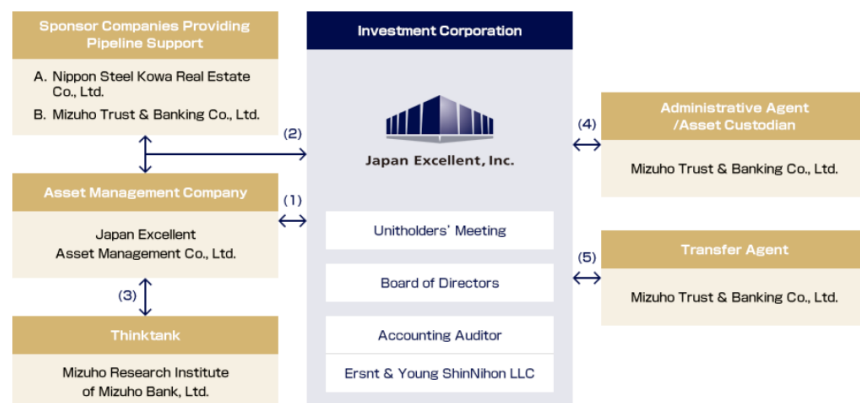
Overview of JEI

Japan Excellent, Inc. (JEI) was established on February 20, 2006, under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951 and subsequent amendments, hereinafter referred to as the “Investment Trust Act”). Registration with the Kanto Local Finance Bureau was completed on March 15, 2006 (registration number: Kanto Local Finance Bureau No. 52), followed by listing on the JREIT section of the Tokyo Stock Exchange on June 27, 2006 (securities code: 8987).

Since being listed, JEI has mainly pursued office building investment and management with the aim of ensuring stable growth and revenue in the medium to long term.

JEI aims to maximize unitholder value by leveraging the combined strengths of its sponsor companies with expertise in real estate and sponsor companies with expertise in finance while pursuing stability and revenue expansion.

JEI entrusts its asset management activities to Japan Excellent Asset Management Co., Ltd. (JEAM).



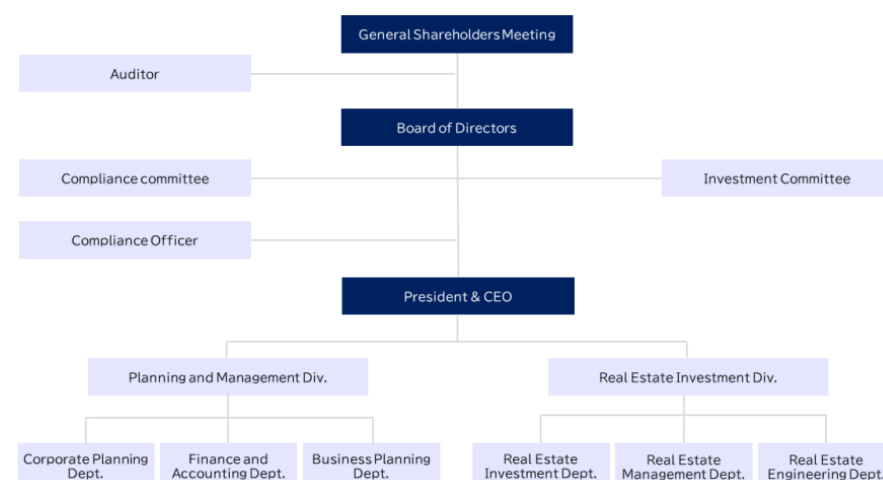
- (1) Asset management agreement
- (2) A. Pipeline support agreement with Nippon Steel Kowa Real Estate Co., Ltd.
B. Pipeline support agreement with Mizuho Trust & Banking
- (3) Agreement for provision of market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement to entrust administrative of unitholders' register

Overview of JEAM

JEAM was established in April 2005 to handle management of JEI's assets.

Name	Japan Excellent Asset Management Co., Ltd.	
Headquarters	3F, 45th Kowa Building, 1-15-9 Minami Aoyama, Minato-ku, Tokyo, Japan	
Established	April 14, 2005	
Capital	450 million yen	
Shareholders	Nippon Steel Kowa Real Estate Co., Ltd. 54% Daiichi Life Group, Inc. 36% Mizuho Bank, Ltd. 5% Mizuho Trust & Banking Co., Ltd. 5%	
Business	Financial instrument business	
Registration Number	No. 331, Director-general of the Kanto Local Finance Bureau (FIBO) Member of Investment Management Association of Japan	
Directors	President & CEO Osamu Inagaki Director Takashi Nakai Director Masahiro Sato Auditor (part-time) Masakatsu Sakamoto	

Organization Chart





Sustainability Policy and Promotion Structure

Sustainability Policy

Recognizing the importance of environment, society, and governance (ESG) considerations in the real estate investment and management business, JEI and JEAM will aim to realize a sustainable society as part of their social responsibilities and strive to reduce their environmental impact while collaborating and partnering with stakeholders.

1 Reducing Environmental Burden

1) Energy-Saving and CO2 Emission Reduction

JEI will contribute to energy-saving and CO2 emission reduction by improving operations in order to increase energy efficiency and promoting measures such as the introduction of energy-saving equipment at the properties it manages.

2) Effective Use of Resources

JEI will strive to contribute to the realization of a recycling-oriented society through water conservation initiatives and promoting the 3Rs (reduce, reuse, recycle) in order to minimize waste.

2 Collaboration/Partnership with Stakeholders

1) Employee Education and Awareness

JEI will work to develop eco-conscious employees by implementing education and awareness activities such as ESG training, for the purpose of promoting sustainability-related initiatives.

2) Collaborating with External Parties

JEI will work to promote interaction with the local community while striving to reduce its environmental impact by collaborating with tenants, property management companies, etc.

3) Information Disclosure

JEI will proactively disclose its sustainability policies and the status of related initiatives to unitholders, tenants, customers, and other relevant parties.

Sustainability Promotion Structure

In order to promote sustainability initiatives at the organizational level, JEAM has established a Sustainability Committee whose key members include the President & CEO and division managers. The committee sets targets and has developed an internal structure to regularly monitor the progress of initiatives.

Sustainability Committee:
(A committee body based on sustainability rules)

Purpose:	Deliberation and decision on matters related to sustainability goals and specific measures to achieve the goals
Members:	President & CEO, division managers, Compliance Officer, department heads of Real Estate Investment, Real Estate Management, Real Estate Engineering, Corporate Planning, Finance and Accounting, Business Planning
Frequency:	Once every three months in principle
Chair/Decisionmaker:	President & CEO
Decisions:	1. Sustainability goals 2. Measures to achieve sustainability policy 3. Overall action plan for sustainability 4. Other important matters regarding sustainability efforts

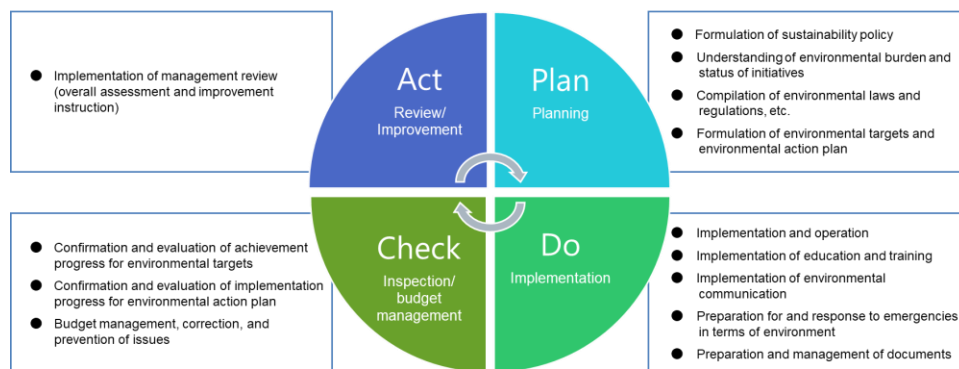
Establishment of Sustainability Promotion Office

JEAM established a Sustainability Promotion Office in April 2022 as a body independent from management in order to further promote initiatives to address climate change and for other sustainability issues. The Sustainability Promotion Office will lead the drafting of plans for the sustainable growth of JEI and company-wide cross-sectional management of sustainability activities, thereby further strengthening initiatives.

Establishment of an EMS Operation Manual

In its sustainability policy stipulated in its sustainability rules, JEAM identifies energy saving, CO2 emissions reduction, and effective use of resources as important environmental challenges and expresses its commitment to work on these challenges. Furthermore, JEAM's Sustainability Committee chaired by the President determines concrete measures to reduce our environmental footprints.

The environmental management system (EMS) operation manual provides the details to implement these policy and measures to help build, operate, and maintain an environmental management system based on a PDCA cycle through the Sustainability Committee. The manual follows the requirements presented in the EcoAction 21 Guidelines.



Support for Initiatives

Signatory to PRI

JEAM has become a signatory to the Principles for Responsible Investment(PRI) in July 2020 based on the idea that asset management considering ESG is essential to the sustainable growth of the asset value.

Signatory of:



Support for TCFD Recommendations

In June 2021, JEAM expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) launched by the Financial Stability Board (FSB) for the purpose of discussing the disclosures of climate-related financial information and the responses by financial institutions.



Signatory to PFA21

JEAM has become a signatory to the Principles for Financial Action for the 21st Century (PFA21) in June 2021. PFA21 was established in October 2011 as a guideline for financial institutions seeking to fulfil their roles and responsibilities in shaping a sustainable society, with the Ministry of Environment taking on the role of secretariat.



Materiality

Based on the Sustainability Policy, JEI and JEAM had determined materiality (material issues) on October, 2020 in order to achieve a sustainable society under our corporate social responsibility, recognizing the importance of consideration for the environment, society, and governance (ESG). In order to appropriately respond to changes in the external environment, we conduct regular reviews of our materiality.

Area	Materiality	Initiatives	Related SDGs
E (Environment)	Promotion of measures against climate change through reduction of environmental burden, etc., and information disclosure in line with TCFD Recommendations	- Establishment of target for reduction of CO₂ emissions (intensity) by FY2030, Net Zero by 2050 and implementation of reduction initiatives. - Identification of climate-related risks and opportunities and consideration / implementation of countermeasures. - Expansion of information disclosure in line with TCFD Recommendations. - Curb water consumption and waste materials.	  
	Acquisition of environmental certification	Aim to acquire 100% of the properties with green building certification in the mid-to-long-term.	  
	Collaboration with tenants concerning environmental considerations	Increase the number of green lease contracts.	  
	Promotion of funds procurement through sustainability finance (including green finance)	Active utilization of sustainability finance at the time of new borrowing and refinancing.	 
S (Social)	Employee job satisfaction / enhancement of wellness, skill development	- Conduct employee satisfaction surveys, and discuss/implement measures to improve satisfaction. - Conduct training by job class. - Set up an opinion box for employees as well as an anonymous consultation desk. - Practicing human rights policy at JEAM.	   
	Enhancement of tenant satisfaction	Conduct tenant satisfaction surveys, and discuss/implement measures to improve satisfaction.	  
	Contribution to local communities	Own buildings that contribute to solving issues in local communities. (Ex. Disaster-prevention, medical care, childcare support, etc.)	 
	Promotion of DEI	- Conduct DEI-related training. - Efforts to promote diverse human resources.	 
G (Governance)	Solid governance system	Decide on sustainability (ESG)-related measures at in-house meetings and follow up initiatives.	
	Strengthening of information disclosure for investors	- Further strengthen information disclosure through preparation of ESG reports, etc.. - Improve external evaluation.	 

Stakeholder Engagement

JEI and JEAM are pursuing the following initiatives that focus on engagement with stakeholders.

Stakeholders	Approach to Engagement	Engagement Methods
Tenants	Working with tenants to improve their satisfaction, prevent disasters, and reduce environmental burden.	• Tenant satisfaction survey • Implementation of disaster contingency measures • Promotion of green leases
Local community	Promoting interaction with the community and supporting communities from a social perspective with measures such as disaster contingency planning and the establishment of daycare facilities.	• Holding periodic concerts and providing spaces for various events in office building common areas • Providing venues for neighborhood association disaster-preparation drills • Maintaining stores of water, food, and portable toilets • Implementation of preparations to accommodate stranded commuters in the event of a disaster • Establishment of daycare facilities
Employees	Recognizing people as our most important management resource and working to recruit top talent, provide training, and create a rewarding work environment where a wide range of personnel can thrive.	• Supporting acquisition of professional certifications • Training programs • Hosting various seminars, etc., run by external organizations • Transparent personnel evaluation system based on regular performance appraisals and feedback • Employee satisfaction survey (annual)
Unitholders/investors	In addition to statutory disclosure, striving to disclose accurate, unbiased information to investors in a timely, easy to understand manner, with a view to ensuring transparency, as well as voluntarily disclosing information deemed important and useful to investors whenever possible.	• Unitholders' meetings • Results briefings • IR meetings (domestic and overseas) • Participation in IR events for private investors
Customers (PMs, etc.)	Working to strengthen relations with customers and instill sustainability awareness.	• Regular sharing of information • Implementation of sustainability training for customers



E **Environmental** **Initiatives**

Initiatives to Address Climate Change

JEI's Recognition on Climate Change

The Paris Agreement adopted in 2015 set a long-term global goal of keeping the average global temperature rise well below 2°C, preferably to 1.5°C, compared with pre-industrial levels.

The IPCC (Intergovernmental Panel on Climate Change) Sixth Assessment Report (Working Group I) released in 2021 points out that there is no doubt that human activities are affecting global warming. It says that the global average temperature will continue to rise until at least the middle of this century, and is expected to exceed 1.5°C and 2°C by the end of the 21st century unless greenhouse gas emissions are substantially reduced in the next several decades.

In October 2020, JEI determined materiality (key issues) in an aim to contribute to the realization of a sustainable society as a corporate social responsibility based on its Sustainability Policy. And it established the "Promotion of measures against climate change through reduction of environmental burden, etc." as one of the measures.

We recognize that addressing climate change is one of the most important social issues, and contributing to a decarbonized society is a social mission that leads to the sustainable growth of JEI over the medium to long term. Hence, in response to the acceleration of climate change measures in Japan and overseas, we set a medium-term target in October 2021 of reducing the CO₂ emission intensity by 46% by FY2030 (compared with the level of FY2013), and a long-term target in January 2023 of net zero CO₂ emissions by FY2050.

Announcement of Support of TCFD Recommendations

Recognizing that climate change is a systemic risk in finance, investors and many other stakeholders are calling for the disclosure of information on climate-related risks and opportunities.

In June 2021, JEAM, JEI's asset management company, supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB).

Identifying, assessing, and managing the risks and opportunities posed by climate change and enhancing business resilience in line with the TCFD recommendations are essential to ensuring sustainable and stable earnings for JEI over the long term. JEI will promote the analysis, disclosure, and response to climate-related risks.



1) Governance

We recognize that the issue of climate change has brought about dramatic changes in the natural environment and social structure, and has a serious impact on the management and business of JEAM and JEI as a whole. Hence, JEAM established the "Rules for Responding to Climate Change" and the "Implementation Guidelines for Responding to Climate Change" in October 2021. They stipulate basic policies and internal systems related to addressing climate change-related risks and opportunities and to business and strategic resilience to climate-related issues.

In order to promote sustainability initiatives at the organizational level, we have established a Sustainability Committee whose key members include the President and division managers (Directors). Initiatives including climate-related issues are supervised by the President, who is the chairman and serves as the Chief Executive Officer, while the division managers in charge of each issue are responsible for the implementation of initiatives.

At the Sustainability Committee, matters related to identification, assessment and management of climate-related risks and opportunities, progress in adaptation and mitigation efforts, and the setting of indicators and targets are reported to the Chief Executive Officer on a regular basis. The Chief Executive Officer makes final decisions after the participants in the Sustainability Committee deliberate and examine each agenda item.

2) Strategy

In our qualitative analysis of climate-related risks and opportunities, we identify risks and opportunities and assess their financial impact on business. We also consider future countermeasures for each risk and opportunity. Going forward, we will work to improve the resilience of our business by implementing environmental and energy-saving measures for the buildings we own, improving the efficiency of energy use, reducing CO₂ emissions by further introducing renewable energy-derived electricity and CO₂-free electricity, and conducting risk assessments through the use of hazard maps and others. In addition, we will further work to reflect the results of these scenario analyses in JEI's operational and financial plans.

Scope of scenario analysis

A scenario analysis was conducted, covering JEI's real estate management, which is managed by JEAM.

Reference scenario

Climate change risks are broadly divided into transition risks and physical risks. In general, "transition risk" refers to business uncertainty arising from the transition of the socioeconomic system to low carbon and decarbonization, and "physical risk" refers to business uncertainty resulting from changes to conventional climate patterns and weather events as climate change progresses.

The scenarios referenced in this scenario analysis are as follows:

Risk	Information source	1.5~2°C scenario	4°C scenario
Transition risk	IEA (International Energy Agency) World Energy Outlook 2020	IEA NZE2050	IEA STEPS
Physical risk	IPCC (Intergovernmental Panel on Climate Change) Fifth Assessment Report	IPCC RCP4.5	IPCC RCP8.5

3) Risk Management

JEAM will manage climate-related risks and opportunities in order to mitigate material climate-related risks and realize opportunities through the following framework.

The Sustainability Committee will consider identifying and assessing climate-related risks once a year. To the extent possible, efforts will be made to evaluate the time horizon, possibility, and degree of impact of each risk and scenario. The person in charge of climate change action reports on the specific progress and results of risk assessment to the Sustainability Committee on a regular basis.

The Sustainability Committee shall, based on the results of a study on the possibility and the degree of impact of identified climate-related risks, discuss climate-related risks that should be addressed with priority and prioritize risk management responses. When climate-related opportunities are reported, they are also discussed and prioritized for business strategy.

The Chief Executive Officer on climate-related issues instructs the development of action plans for climate-related risks and opportunities that have been discussed by the Sustainability Committee and are of high priority in business and financial planning.

Depending on the content of the proposed measures, the designated department or person in charge will deliberate the measures at the meeting of the Sustainability Committee or other appropriate committee within the company and implement them.

For climate-related risks that are important to our business and financial plans, the Chief Executive Officer on climate-related issues will give out an instruction to consider the risks also in the existing company-wide risk management program (Integrated Risk Management), and we will integrate our risk identification, assessment and management processes.

4) Metrics and Targets

JEAM is working to improve environmental performance by setting environmental targets, implementing initiatives, and monitoring those initiatives with the aim of reducing climate-related risks and realizing opportunities.

The person in charge of addressing climate change or the person in charge of the department responsible for addressing climate change summarizes the progress of various efforts and KPIs at least once a year and reports them at the meeting of the Sustainability Committee.

The current applicable targets are as follows. Going forward, we will continue to regularly confirm that targets and KPIs are set and advanced appropriately for adaptation to and mitigation of climate change, and consider adding metrics as appropriate.

Target

CO₂ Emissions Reduction Target

- Achieve 42% reduction in CO₂ emissions intensity (Scope 1 and Scope 2) by FY2030 compared with the FY2023 level
- Net zero by FY2050

Energy Consumption Reduction Target

- Achieve 7% or more reduction in energy consumption intensity by FY2030 compared with the FY2023 level

Water Consumption Reduction Target

- No increase in water consumption intensity from the FY2023 level by FY2030

5) Financial impact assessment and response measures for risks and opportunities

In our qualitative analysis of climate-related risks and opportunities, we identified risks and opportunities in FY2021 and assessed their financial impact as follows. We also considered future countermeasures for each risk and opportunity. In FY2022, we conducted quantitative financial impact analysis of risks and opportunities identified and assessed above that are particularly important and calculable based on reference materials, etc.

Going forward, we will work to improve the resilience of our business by implementing environmental and energy-saving measures for the buildings we own, improving the efficiency of energy use, and reducing CO₂ emissions by further introducing renewable energy-derived electricity, as well as conducting risk assessments through the use of hazard maps and others. In addition, we will further work to reflect the results of these scenario analyses in JEI's operational and financial plans.

Qualitative financial impact analysis

Classification		Risks and Opportunities Factors in Real Estate Operations	Financial impact on JEI	Countermeasures	Financial impact			
					4°C scenario		1.5~2°C scenario	
					Medium mterm	Long term	Medium mterm	Long term
Transition risk	Policy and Regulation	Increase in taxes on GHG emissions due to the introduction of carbon tax	Increased tax burden on properties associated with GHG emissions	• Reduction of CO ₂ emissions by switching to renewable energy-derived electricity	Low	Medium	Medium	High
		Strengthening of energy conservation standards for existing and new buildings	Increase in renovation costs and property acquisition costs related to addressing climate change	• Improving energy efficiency of existing properties through facility upgrades and renovations • Replacement with and new acquisition of properties that have high environmental performance	Low	Medium	Medium	High
	Technology	Evolution and diffusion of renewable energy and energy-saving technologies	Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete	• Replacement with and new acquisition of properties that have the latest energy-saving facilities	Low	Medium	Medium	High
	Market	Introduction of environmental performance and disaster resilience standards for real estate appraisals	Decline in the fund's Net Asset Value (NAV)	• Increasing the ratio of Green Building Certification • Improving energy efficiency and reducing CO ₂ emissions through facility upgrades and renovations • Implementation of risk assessment using hazard maps, etc. • Reducing the risk of property damage by making reinforcements as needed	Medium	High	Medium	High
		ESG evaluation of rating agencies and changes in investors'/lenders' stance on ESG investment and lending	Increase in debt equity funding costs due to delays in addressing ESG and climate change	• Promotion of ESG and climate change measures and enhancement of disclosure • Improved ESG appraisals by external organizations	Medium	High	Medium	High
		Changes in tenant demand (choosing properties that are more climate resilient or avoiding properties that are not)	Decrease in revenue due to difficulty in acquiring new tenants	• Increasing the ratio of Green Building Certification • Reduction of CO ₂ emissions by switching to renewable energy-derived electricity • Improving energy efficiency of existing properties through facility upgrades and renovations	Medium	High	Medium	High
	Reputation	Decline in brand value due to delayed response to climate change	Lower revenue and lower unit prices due to lower occupancy rates	• Improving energy efficiency of existing properties through facility upgrades and renovations • Reducing the risk of property damage by making reinforcements as needed	Medium	High	Medium	High

(Note) Assumed time horizons — Medium term: to 2030; Long term: to 2050

Classification		Risks and Opportunities Factors in Real Estate Operations	Financial impact on JEI	Countermeasures	Financial impact			
					4°C scenario		1.5~2°C scenario	
					Medium mterm	Long term	Medium mterm	Long term
Physical risk	Acute	Increase in damage to properties due to storms and floods	Increase in repair and insurance costs and decrease in occupancy rates	- Implementation of risk assessment using hazard maps, etc. - Holding properties in areas less affected by flood damage	Medium	High	Medium	High
		Inundation due to inland flooding caused by concentrated heavy rain, flooding of nearby rivers, etc.			Medium	High	Medium	High
	Chronic	Inundation of property due to a rise in sea level, rainfall or changes in weather patterns	Incurring of costs for major renovation (raising) and reinforcement of inundation-resistant facilities	Reducing the risk of property damage by making reinforcements as needed	Medium	High	Medium	Medium
		Higher demand for air conditioning due to an increase in extreme climates such as extremely hot and extremely cold days	Increase in air conditioning operation, maintenance and repair costs	- Improving energy efficiency of existing properties through facility upgrades and renovations - Expansion of green lease contracts and implementation of energy-saving measures in cooperation with tenants - Promotion of greening in facilities	Medium	High	Medium	Medium
Opportunities	Products and Services	Provision of facilities and services that reduce the risk of disasters such as floods	Increase in rent, and increase in revenue by attracting new tenants and continuing tenants	- Implementation of risk assessment using hazard maps, etc. - Reducing the risk of incurring damage by making reinforcements as needed	Medium	High	Medium	High
		Attracting tenants and users by providing highly efficient and low-emission facilities and services			Medium	Medium	Medium	High
	market	Continued provision of rental properties in line with changes in tenant preferences and development of new customer segments	Diversification of funding methods and reduction of funding costs by responding to and appealing to investors who place importance on addressing ESG and climate change	Improving energy efficiency and reducing CO₂ emissions through facility upgrades and renovations	Medium	Medium	Medium	High
		Responding to changes in the stance of lender debt equity investors on investing and lending due to the further progress in ESG investments			Medium	Medium	Medium	High

(Note) Assumed time horizons — Medium term: to 2030; Long term: to 2050

Quantitative financial impact analysis

Classification		Risks and Opportunities	Impacts in each scenario	
			4°C scenario	1.5~2°C scenario
Transition risk	Policy and Regulation	Increase in taxes on GHG emissions due to the introduction of carbon tax	• No increase in taxes on GHG emissions from properties (status quo)	• Significantly increased tax burden on properties associated with GHG emissions (—)
		Strengthening of energy conservation standards for existing and new buildings	• Increase in renovation costs to support energy saving (—) • Decrease in utilities expenses and CO ₂ emissions through energy-saving renovations (+)	• Increase in renovation costs to support energy saving (—) • Decrease in utilities expenses, CO ₂ emissions and carbon tax through energy-saving renovations (+)
	Technology	Evolution and diffusion of renewable energy and energy-saving technologies	• Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete (—)	• Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete (—)
	Market	Introduction of environmental performance and disaster resilience standards for real estate appraisals	• Environmental certification has impact on real estate appraisals (+) (—)	• Environmental certification has impact on real estate appraisals (+) (—)
		ESG evaluation of rating agencies and changes in investors'/lenders' stance on ESG investment and lending	• Increase in debt equity funding costs due to delays in addressing ESG and climate change (—)	• Increase in debt equity funding costs due to delays in addressing ESG and climate change (—)
		Changes in tenant demand (choosing properties that are more climate resilient or avoiding properties that are not)	• Decreased rent income in properties without environmental certification (—)	• Decreased rent income in properties without environmental certification (—)
	Reputation	Decline in brand value due to delayed response to climate change	• Lower revenue and lower unit prices due to lower occupancy rates (—)	• Lower revenue and lower unit prices due to lower occupancy rates (—)

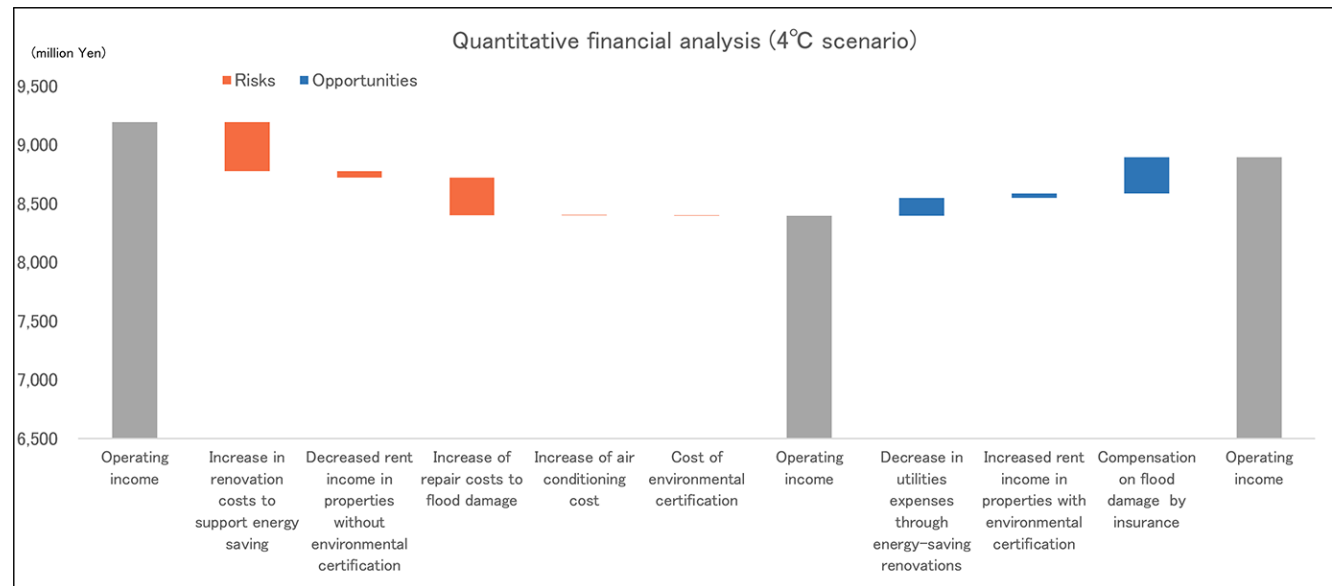
(Note) Assumed time horizons — Medium term: to 2030

Classification		Risks and Opportunities	Impacts in each scenario	
			4°C scenario	1.5~2°C scenario
Physical risk	Acute	Increase in damage to properties due to storms and floods	• Occurrence of repair costs and decrease in rent income (－) • Large portion of loss covered by insurance (＋)	• Occurrence of repair costs and decrease in rent income (－) • Large portion of loss covered by insurance (＋)
		Inundation due to inland flooding caused by concentrated heavy rain, flooding of nearby rivers, etc.		
	Chronic	Inundation of property due to a rise in sea level, rainfall or changes in weather patterns	• Occurrence of costs for large-scale renovation (raising) and reinforcement of inundation-resistant facilities (－)	• Occurrence of costs for large-scale renovation (raising) and reinforcement of inundation-resistant facilities (－)
		Higher demand for air conditioning due to an increase in extreme climates such as extremely hot and extremely cold days	• Increase in utilities expenses due to increased operation of air conditioning (－)	• Increase in utilities expenses due to increased operation of air conditioning (－)
Opportunities	Products and Services	Provision of facilities and services that reduce the risk of disasters such as floods	• Increased rent income in properties with environmental certification (＋)	• Increased rent income in properties with environmental certification (＋)
		Attracting tenants and users by providing highly efficient and low-emission facilities and services		
	market	Continued provision of rental properties in line with changes in tenant preferences and development of new customer segments	• Diversification of procurement methods and reduction of procurement costs by responding to and appealing to investors who place importance on addressing ESG and climate change (＋)	• Diversification of procurement methods and reduction of procurement costs by responding to and appealing to investors who place importance on addressing ESG and climate change (＋)
		Responding to changes in the stance of lender debt equity investors on investing and lending due to the further progress in ESG investments		

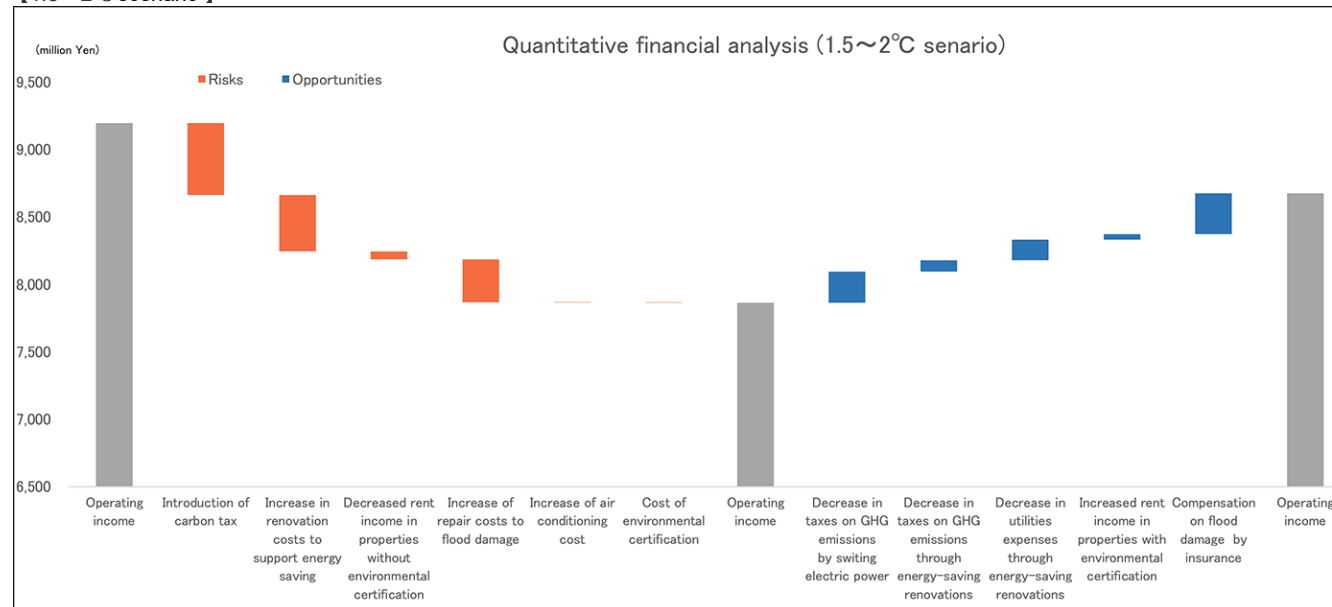
(Note) Assumed time horizons — Medium term: to 2030

Impact on earnings (estimate)

【4°C scenario】



【1.5~2°C scenario】



(Note) This estimate is made by referring to various parameters such as scenarios and reference materials presented by major organizations based on the operating performance, etc. of JEI and the amount of financial impact is an annual basis, and no assurances are provided on the accuracy thereof. Furthermore, the assumed measures are estimated assumptions, and no plans or decisions have been made to execute them.

Target and Performance

We are measuring and monitoring 100% of our portfolio, including even the non-certified green buildings to improve environmental performance.

GHG emissions

■ Target

Revised in March2025	
FY2030: (Intensity) Scope1+Scope2 At least 42% reduction (compared with FY2023)	FY2050: Net Zero

■ Results

	Unit	FY2023 (Base year)	FY2025
Total GHG emissions	t-CO ₂	16,930	7,779
Scope1	t-CO ₂	2,349	1,779
Scope2	t-CO ₂	8,291	3,904
Scope3	t-CO ₂	6,290	2,094
GHG emissions intensity	t-CO ₂ /m ²	0.034	0.016
Scope1+2	t-CO ₂ /m ²	0.021	0.012
Base year reduction rate Scope1+2 (Intensity)		—	▲45.3%

※As a general rule, the above data covers all properties held at the end of March of each fiscal year.

※Intensity=Usage / Adjusted area ※1

※1 Adjusted area is defined as follows:

- Office: Exclusive area (share ratio) × Annual average occupancy rate per property + Common area (share ratio)
- Residential: Common area (share ratio)

※"Scope1" is direct emissions of GHG which is from using fuels in buildings.

"Scope2" is indirect emissions of GHG which is using electricity, district heating & cooling supplied from other companies.

"Scope 3" covers emissions from fuels, electricity and district heating&cooling used by tenants in tenant controlled areas(Category 13).

Energy Consumption

■ Target

Revised in March 2025

- Achieve 7% or more reduction in energy consumption intensity by FY2030 compared with the FY2023 level

■ Results

	Unit	FY2023 (Base year)	FY2025
Total energy consumption	MWh	102,346	94,804
Energy consumption intensity	kWh/m ²	210.5	199.9
Base year reduction rate(Intensity)		—	▲5.1%

Water Consumption

■ Target

Revised in March2025

- No increase in water consumption intensity from the FY2023 level by FY2030

■ Results

	Unit	FY2023 (Base year)	FY2025
Total water consumption	1,000m ³	305	314
Water consumption intensity	m ³ /m ²	0.62	0.66
Base year reduction rate (Intensity)		—	5.6%

Initiatives for Environmental Issues

We are implementing the following initiatives to enhance the environmental performance of our owned properties.

Promotion of LED Lighting and Installation of High-Efficiency HVAC System

We are progressively implementing LED lighting installation work in the common and private areas of our owned properties. We are also upgrading facilities such as heating and air-conditioning equipment to high-efficiency, energy-saving systems.

As of June 30, 2026

LED Conversion Rate in Common Area	97.0% (based on number of properties)
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Switching to electricity derived from renewable energy

We are working to reduce CO2 emissions by switching to electricity derived from renewable energy for the electricity used in owned properties. In order to achieve JEI's FY2050 target of net zero, we will continue to promote the introduction of electricity derived from renewable energy.

As of June 30, 2026

Renewable Energy Introduction Rate	31 properties (93.9%) 96.3% (leasable area basis)
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Water Consumption Reduction

We are working to reduce water consumption by installing water-saving devices when renovating toilets.

Additionally, rainwater and greywater systems have been installed in 11 of our owned properties, with the recycled water utilized for non-potable purposes within the buildings.

Waste Reduction

In collaboration with tenants and cleaning service providers, we are actively promoting waste reduction by reinforcing recycling practices and ensuring compliance with waste separation protocols.

Management of Hazardous Substances

During property acquisitions, we conduct assessments to confirm the usage and storage conditions of hazardous substances such as PCBs, asbestos, and fluorocarbons, and to verify in advance whether there is a possibility of soil contamination.

If any hazardous materials are identified, we ensure proper management, storage, and disposal in accordance with applicable laws and regulations.

Promotion of Greening / Biodiversity Conservation

We are implementing greening measures at our owned properties.

“BIZCORE AKASAKA-MITSUKE” and “BIZCORE JIMBOCHO” have been equipped with rooftop gardens that may also be used as relaxation spaces and lounges. The panoramic view and pleasant greenery contribute to improved tenant satisfaction.

The following biodiversity conservation initiatives are underway at “BIZCORE Jimbocho” and “BIZCORE Akasaka-Mitsuke”.

AKASAKA INTERCITY AIR

- Installation of 237 kinds of seasonal trees and flowers, and birdhouses for small wild birds
- Waterscape regeneration based on land use and topography dating back to the Edo period



AKASAKA INTERCITY AIR's green urban development:

<https://www.intercity-air.com/ourstories/development-concept/> (Japanese only)

AKASAKA INTERCITY

- Selected as one of 100 properties by companies for biodiversity conservation (2010)
- Waterscape design of pond and stream, leaving existing green slope intact



AKASAKA INTERCITY's selection as one of 100 properties by companies for biodiversity conservation:

<https://www.nskre.co.jp/company/news/ksr/2010/20100602.html> (Japanese only)

Stakeholder Engagement

Promotion of Green Leases

As a rule, newly signed lease agreements with JEI contain green lease clauses, and we are working to reduce our environmental burden in collaboration with tenants. Green lease clauses stipulate that tenants must work in collaboration with us to improve environmental performance, share energy consumption data, factor in environmental considerations when performing renovation work, and so forth.

The green lease ratio is 94.2% (As of March 31, 2026).

Engagement with Property Management Companies

When selecting property management companies, JEI conducts a survey on their sustainability initiatives and provides an explanation of JEI's Sustainability Policies and related requirements, obtaining agreement for cooperation. Compliance with these requirements is monitored through annual surveys.

Sustainability training for business partners such as property management companies

JEI strives to improve the environmental performance of our properties by providing sustainability training to our business partners, such as property management companies.

Tenant Renovation Guide

We introduce each tenant to JEI's sustainability initiatives and have created and disseminated a Tenant Renovation Guide that introduces and recommends construction during renovation that will reduce environmental load and improve health and wellbeing.

Sustainable Procurement Policy

To promote ESG considerations across the entire value chain of its real estate portfolio, JEI has established a Sustainable Procurement Policy. This policy outlines guidelines related to the selection and evaluation criteria for procured products and suppliers.

Urban revitalization / Redevelopment Environmentally Considered Investments

Urban revitalization / Redevelopment

JEI's sponsor, NIPPON STEEL KOWA REAL ESTATE, has been engaged in urban revitalization business to provide spaces abundant in plants and trees in the city. JEI is collaborating closely with NIPPON STEEL KOWA REAL ESTATE to achieve such environment by acquiring a part of the green building developed by NIPPON STEEL KOWA REAL ESTATE, such as AKASAKA INTERCITY AIR and managing the building.

Please find the below link for more information on Environmental Initiatives of NIPPON STEEL KOWA REAL ESTATE.

Related Links

[AKASAKA INTERCITY AIR Development Concept](#)

[NIPPON STEEL KOWA REAL ESTATE Consideration for the global environment \(Japanese Only\)](#)

Ensuring Environment, Health, and Safety in Real Estate Investment

As part of our due diligence in property acquisitions, we conduct on-site inspections and surveys, review disclosures from the seller, and obtain documents such as real estate appraisal reports and engineering hazards assessments. We also carry out investigations into environmental hazards including soil contamination and hazardous substances related to the building, such as asbestos and PCBs, in order to evaluate the appropriateness of the property as an investment target.

In January 2023, we partially revised our asset management guidelines to stipulate that disaster risks, such as water damage and landslides, as well as the presence or absence of green building certification, must be taken into consideration when evaluating potential real estate investments.

Undeveloped Sites Commitment

On greenfield, investments are made only in properties that have acquired or have the potential to acquire CASBEE for New Construction or other green building certifications, with the awareness that development activities will have an impact on the natural environment and ecosystems.

Acquisition of Green Building Certification

Green certified Percentages

We aim to acquire 100% of the properties with green building certification in the mid-to-long-term.

As of June 30, 2026

	Number of properties	Green certified buildings as % of total	Leasable floor spaces (㎡)	Green certified buildings as % of total
CASBEE Real Estate	29	78.4%	266,868.34	87.8%
LEED	1	2.7%	4,505.52	1.5%
Building-Housing Energy-efficiency Labeling System (BELS) evaluation	4	10.8%	51,182.71	16.8%
Certificated Properties	29	78.4%	266,868.34	87.8%

 CASBEE			
Total certifications:		S Rank	19 properties
29 properties		A Rank	10 properties
 BELS			
Total certifications:		★★★★★	1 property
4 properties		★★★★	2 properties
		★★★	1 property

- ※ The acquisition rates are percentages of each number of properties / leasable floor spaces to the total number of properties / leasable floor spaces of properties owned by JEI
- ※ For co-owned properties, the leasable floor spaces are calculated in the effective co-ownership interest ratio of JEI.
- ※ The residential section and the office section of HAMARIKYU INTERCITY and Shiba 2-Chome Building are calculated as separate properties.
- ※ For OSAKI BRIGHT TOWER・OSAKI BRIGHT PLAZA, we count one property each for the BRIGHT TOWER and BRIGHT PLAZA
- ※ For GRAND FRONT OSAKA, we count one property each for the North Building, Umekita Plaza, and South Building (a total of three properties).
- ※ Properties which are conferred a couple of certifications are deducted from the figure of the certificated properties.

As of June 30, 2026

Property Name	CASBEE	BELS	LEED
GRAND FRONT OSAKA (South Building)	S		
GRAND FRONT OSAKA (North Building)	S		
BIZCORE SHIBUYA	S	★★★	
BIZCORE TSUKIJI	S		
Daiba Garden City Building	S		
BIZCORE AKASAKA-MITSUKE	S	★★★	
Kawasaki Nisshincho Building	S		
Core City Tachikawa	S		
Musashikosugi Tower Place	S		
Mansard Daikanyama	S		
Nisseki Yokohama Building	S	★★	
JEI Hiroshima Hacchobori Building	S		
AKASAKA INTERCITY AIR	S		Platinum (O+M)
Shiba 2-Chome Building (Office Portion)	S		
HAMARIKYU INTERCITY (Office Portion)	S		
HAMARIKYU INTERCITY (Residence Portion)	S		
NHK Nagoya Housou-Center Building	S		
Omori Bellport D	S		
OSAKI BRIGHT TOWER	S		
GRAND FRONT OSAKA (Umekita Plaza)	A		
AKASAKA INTERCITY	A		
SE Sapporo Building	A		
Hiroshima Dai-ichi Seimei OS Building	A		
JEI Ryogoku Building	A		
JEI Naha Building	A		
BIZCORE JIMBOCHO	A	★★★★★	
Kowa Nishi-Shimbashi Building	A		
Yokohama Bentendori Dai-ichi Seimei Building	A		
Shin-Yokohama Arena-dori Building	A		

External Certification and Assessments

GRESB Assessment

JEI received “Green Star,” in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment, conducted in 2025, for eleventh consecutive year, and received a “4 Stars” in “GRESB Rating,” a five-grade evaluation system based on comprehensive score.



Sustainability Finance

At JEI, in addition to promoting the acquisition of assets that target environmental performance and address social issues, from a finance perspective, we are taking steps to expand the investor base actively pursuing ESG investments. As part of this, we are actively engaged in forward-looking procurement based on sustainability finance and green finance.

Sustainability Finance Framework

1) Use of Procured Funds

Funds procured by means of sustainability finance shall be allocated as new funds for acquiring Eligible Sustainability Projects (as defined in Item (2) below) or funds for refinancing or redemption of loans or investment corporation bonds required for the acquisition of Eligible Sustainability Projects.

2) Eligible Sustainability Projects

Eligible Sustainability Projects shall be projects selected by the JEAM Sustainability Committee that meet the following criteria.

- Properties that have received one of the following certifications within the three years prior to the procurement date or which are to acquire it within the remaining sustainability finance term
 - DBJ Green Building certification: 5-star, 4-star, or 3-star rating
 - CASBEE Real Estate certification: S, A, or B⁺ ranking
- Properties that meet or exceed a given standard with respect to the following functions that help to address social issues:
 - Community disaster prevention, Healthcare services,
 - Childcare support, Adaptation to needs of elderly/disabled individuals,
 - Socio-economic advancement and empowerment, etc.

3) Management of Procured Funds

The maximum amount for sustainability finance shall be the debt (“eligible sustainability project debt”) obtained by multiplying the most recent total period-end book value of Eligible Sustainability Projects by the total assets-based LTV ratio at the end of the most recent period. The outstanding balance of sustainability finance shall be managed to ensure that it does not exceed the amount of eligible sustainability project debt.

4) Third-Party Assessment

JEI’s sustainability finance framework has obtained the highest rating of “SU1 (F)” from the Japan Credit Rating Agency (JCR).

Green Finance Framework

1) Use of Procured Funds

Funds procured through green finance will be allocated to new acquisition, refinancing and fund redemption of assets that meet Eligibility Criteria A below and construction costs that meet Eligibility Criteria B.

■ Eligibility Criteria A (Eligible Green Projects)

- Assets that have obtained one of the following green certifications within three years from the date of green finance execution, or will obtain such during the remaining green finance period

- DBJ Green Building certification: 5-star, 4-star, or 3-star rating
- CASBEE Real Estate certification: S, A, or B⁺ ranking

※ Excluding the "Eligible Sustainability Projects" as defined in the Sustainability Finance Framework.

■ Eligibility Criteria B (Renovation work)

Any of the following renovation works

- Renovation work aimed at reducing CO2 emissions or energy consumption by 20% or more
- Renovation work aimed at obtaining Green Building certification or increasing current certification level by at least one rank

2) Project Evaluation and Selection Process

In the Sustainability Committee, evaluations and selections of Eligible Green Projects are conducted based on the eligibility criteria and sustainability policy, along with the selection of renovation works to be financed through Green Finance.

3) Management of Procured Funds

The maximum amount of green finance procurement is the sum of eligible green debt (most recent period-end total book value of Eligible Green Projects multiplied by the most recent period-end total assets-based LTV ratio) and total repair work expenditure.

4) Second-party Opinion

JEI has obtained a second-party opinion (see URL below) from ESG assessment firm Sustainalytics regarding its Green Finance Framework.

[japan-excellent-inc.-green-finance-framework-second-party-opinion.pdf](#)

Status of Green Bond Issuance

As of June 30, 2026

Name	Amount issued (million yen)	Interest rate	Issuance date	Maturity date	Term of issuance
No. 14 Unsecured Investment Corporate Bonds (JEI Green Bonds)	4,000	0.630%	August 10, 2018	August 10, 2028	10 years
No. 16 Unsecured Investment Corporate Bonds (No. 2 JEI Green Bonds)	5,000	0.750%	October 29, 2020	October 29, 2035	15 years
No. 19 Unsecured Investment Corporate Bonds (No. 3 JEI Green Bonds)	2,000	0.724%	February 8, 2024	February 8, 2029	5 years
No. 21 Unsecured Investment Corporate Bonds (No. 4 JEI Green Bonds)	4,800	1.740%	July 16, 2024	July 14, 2034	10 years
No. 22 Unsecured Investment Corporate Bonds (No. 5 JEI Green Bonds)	3,800	1.696%	October 30, 2024	October 30, 2034	10 years
No. 23 Unsecured Investment Corporate Bonds (No. 6 JEI Green Bonds)	3,000	2.436%	May 27, 2026	May 27, 2031	5 years

Status of Green Loan Borrowing

As of June 30, 2026

Lenders	Loan amount (million yen)	Fixed/ Floating	Interest rate	Loan date	Principal repayment date	Loan term
Mizuho Bank; MUFG Bank; Mizuho Trust & Banking; Resona Bank	5,750	Floating rate	Base interest rate (JBA 3- Month Japanese Yen TIBOR) + 0.43000%	December 30, 2021	December 30, 2029	8 years
Sompo Japan Insurance	500	Fixed rate	0.34000%	November 30, 2022	November 30, 2027	5 years
Tokio Marine & Nichido Fire Insurance	500	Fixed rate	0.34000%	November 30, 2022	November 30, 2027	5 years
Mizuho Bank; MUFG Bank; Mizuho Trust & Banking; Resona Bank	5,750	Floating rate	Base interest rate (JBA 3- Month Japanese Yen TIBOR) + 0.37000%	December 30, 2021	January 31, 2030	7.1 years
The Dai-ichi Life Insurance Company, Limited	3,000	Fixed rate	1.30000%	December 7, 2023	December 7, 2033	10 years
Mizuho Trust & Banking Co., Ltd.	600	Fixed rate	1.82508%	November 4, 2025	January 31, 2030	4.2 years
The Norinchukin Bank	1,450	Fixed rate	1.87875%	November 4, 2025	October 31, 2031	6.0 years
Sumitomo Mitsui Banking Corporation	1,080	Fixed rate	1.94750%	November 28, 2025	May 31, 2030	4.5 years
Mizuho Bank, Ltd.	1,370	Fixed rate	1.90791%	November 28, 2025	January 31, 2030	4.2 years
MUFG Bank, Ltd.	1,390	Fixed rate	1.60063%	November 28, 2025	May 31, 2028	2.5 years



S Social Initiatives

JEI and JEAM view tenants, property management companies, the communities where properties are located, JEAM's employees, and society as a whole as key stakeholders, and we are engaging with them as follows.

Tenant and Local Community Engagement Initiatives

Tenant satisfaction Survey

We conduct periodic satisfaction surveys with tenants and office workers and use the results to improve property operations and services, with the aim of further enhancing tenant satisfaction.

Tenant Safety and Security Initiatives

We are advancing initiatives for the safety and security of tenants and visitors

(Examples of initiatives)

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

Promotion of Community Engagement and Utilization of Social Functions of Properties

We periodically hold concerts in the common spaces of office buildings and support the activities of communities by helping to hold various events.

Yoga classes



Omori Bellport D

Concerts



AKASAKA INTERCITY

Moreover, AKASAKA INTERCITY AIR houses a wide range of facilities to support office workers, visitors, and local residents, including a daycare, clinic, and large green space. It also plays a role as a community disaster-prevention facility, thanks to an emergency generator that will supply back-up power for up to 200 hours and a robust vibration control system.

Safety and Security Initiatives

Earthquake Damage Assessment Measures

In response to increased interest in buildings' seismic performance following the Great East Japan Earthquake in 2011, JEI developed a system aimed at minimizing damage and facilitating rapid recovery from a BCP perspective in the event of a natural disaster, epidemic, etc. Furthermore, as a condition when selecting new management assets, we have stipulated in our management guidelines that assets must meet specific earthquake-resistance standards or possess equivalent or superior seismic performance.

In the case of properties that were not designed based on new earthquake-resistance standards, we review the seismic diagnosis details and verify whether they possess the required strength. In addition, we have a policy to conduct in advance seismic performance assessment performed by a third-party organization with professional expertise for all properties that we are considering acquiring. Specifically, we receive a report on the details of documents such as specification sheets, structural calculation sheets, building permits, etc., from an independent perspective, following thorough investigation by the third-party organization.

Disaster Prevention and Business Continuity Planning (BCP) Measures

In preparation for contingencies such as a natural disaster or large-scale power failure, JEAM has created crisis management procedures and a business continuity plan with the aim of implementing organizational measures.

Our BCP sets out concrete measures aimed at minimizing the impact on stakeholders by ensuring the prompt resumption of operations following disasters. We regularly review relevant rules and plans in response to changes in the external environment and our internal structures. Most recently, we established a manual for responding to infectious diseases in October 2023, and in December 2024, we revised BCP-related policies in accordance with our current operational practices.

Implementation of Disaster-Preparation Drills

We conduct periodic disaster-preparation drills at buildings owned by JEI, with the aim of ensuring user safety, maintaining business continuity for all tenants, and raising awareness of disaster prevention. JEAM also strives to improve response capabilities by conducting periodic disaster preparation drills and business continuity training at disaster-prevention facilities.

Use of PML Value When Making Investment Decisions

PML (Probable Maximum Loss) is the maximum anticipated loss due to an earthquake. The lower the percentage is, the smaller the loss will be.

JEI assesses the PML when acquiring properties and uses it to make investment decisions.

Respect for Human Rights and Promotion of Diversity

Respect for Human Rights

JEAM's Code of Conduct stipulates respect for human rights and prohibits discrimination, harassment, and similar inappropriate conduct. Believing that respecting human rights, prohibiting discrimination, and creating an inclusive work environment where diverse personnel can thrive will lead to sustainable growth and meaningful social contributions, we have implemented initiatives such as addressing human rights issues in our in-house training programs.

Establishment of Human Rights Policy

JEAM established a human rights action policy in February 2023. To promote full awareness and compliance among all officers and employees, including contract and temporary staff, the company provides compliance training and other related initiatives.

Human Rights Policy

Japan Excellent Asset Management Co., Ltd. recognizes that respect for human rights is an important social responsibility of a company, supports international human rights norms such as the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations (UN) Global Compact and the UN's Guiding Principles on Business and Human Rights, and promotes efforts to respect human rights.

1. Elimination of discrimination
We will not engage in any discrimination based on race, nationality, religion, ideology, creed, gender, age, sexual orientation, physical disability or such.
2. Prohibition of harassment
We will not tolerate any form of harassment, including sexual harassment and abuse of power.
3. Prohibition of child labor and forced labor
We will not tolerate any form of forced labor or child labor.
4. Respect for freedom of association and the right to collective bargaining
We will respect freedom of association and the right to collective bargaining.
5. Payment of appropriate wages
We will comply with the legally mandated minimum wage and give consideration to payment of wages above the living wage. We will also apply a compensation system that complies with equal pay for equal work.
6. Curbing of overwork and reduction of overtime
We will comply with labor-management agreements (Article 36 agreement) regarding overtime work and strive to curb overwork and reduce overtime.
7. Assurance of employee health and safety
We will strive to create a workplace where employees can work safely and healthily in accordance with the Labor Standards Act and other laws and regulations.

Promotion of DEI

Realizing that human resources are the most important management resources, JEAM is aware that promoting diversity, equity, and inclusion (DEI) will help raise its medium- and long-term profits and aims to create and maintain a diverse, equitable, and inclusive environment by securing excellent human resources regardless of their ethnicity, sexual orientation, gender identification, disability, religion, presence or absence of spouse, social and economic conditions, and nationality, among other attributes.

Supporting the Advancement of Female Employees

We aim to create a workplace environment where every employee can fully express their individuality and talents. To support female employees, we have implemented a parental leave system, introduced flexible working hour arrangements, and actively promote the utilization of paid leave. In addition, we are committed to encouraging male employees to take advantage of parental leave, fostering a more inclusive and supportive workplace for all.

Supporting the Advancement of Senior Employees

To support senior employees who wish to continue working beyond the mandatory retirement age of 60, we have introduced a re-employment system and built an environment that enables them to remain actively engaged in the workplace.

	FY2021	FY2022	FY2023	FY2024	FY2025
No. of employees aged 60 or over	4	4	4	4	4

LGBTQ+

JEAM respects diversity and endeavors to provide a pleasant work environment for all its employees. It periodically offers internal programs to promote the understanding of LGBTQ+.

Initiatives for Employees of the Asset Management Company

Recognizing that people are its most important management resource, JEAM works to recruit top talent, provide training, with a high degree of expertise and high ethical standards and create a rewarding work environment where a wide range of personnel can thrive.

JEAM also recognize that promoting DEI (Diversity, Equity, and Inclusion) contributes to medium- and long-term benefits, and JEAM aim to create and maintain a diverse, equitable, and inclusive environment regardless of race, sexual orientation, gender identity, disability, religion, age, marital status, socioeconomic status, nationality, or other attributes.

In addition, JEAM recognize that "health and wellbeing of employees" is one of the most important issues, and JEAM provide a variety of benefits and programs that take into consideration the different circumstances of each employee due to differences in life stages, etc.

JEAM aim to provide a work environment where each and every employee can work comfortably and demonstrate his or her abilities.

Talent Development

Supporting Acquisition of Professional Certifications

We actively encourage all employees including part-time and contract workers to acquire professional qualifications for their development. We support the enhancement of employees' skills by bearing the costs of training and examinations for acquiring various qualifications as well as maintaining qualifications.

Number of Key Certification Holders (As of March 31, 2026)

	Number of holders
ARES Certified Master	11
Real Estate Notary	14
Certified Building Administrator	7
First-Class Architect	2
Chartered Member of the Securities Analysts Association of Japan	2
Certified Internal Auditor	1
Small and Medium Enterprise Management Consultant	2

Various Training Programs

JEAM is dedicated to nurturing talent by providing development and training opportunities to all employees, including part-time and contract staff. The company also supports participation in external programs to help employees enhance job-specific skills, with all associated costs fully covered.

Training Program by External Institution

Association for Real Estate Securitization (ARES) is one of the most crucial institution for J-REIT and the certification by ARES (ARES master) is highly useful in REIT operation. Therefore, JEAM is encouraging its employees to acquire ARES master and to participate to the special seminars provided to those certified and compensating all the costs related.

Training Program by External Institution for All Employees

A monthly seminar on global economic and financial trends and prospects is held by an external think tank for all employees.

Leadership Development Training

JEAM is utilizing comprehensive training programs provided by its sponsors to develop human capital who is to lead the company in the future.

Rank-Based Employee Training

From the perspective of mid- to long-term employee development, we have systematically established rank-based training programs tailored to the competencies required for each grade and position. These programs aim to foster career advancement in line with job ranks and cultivate future executive leaders.

In-house Training

We regularly conduct in-house training for all offices and employees on sustainability, compliance, human rights, etc.

JEAM Training Implementation Status

	FY2021	FY2022	FY2023	FY2024	FY2025
Annual training hours	513 hours	664 hours	654 hours	621 hours	562 hours
Training hours per employee	14 hours	18 hours	19 hours	17 hours	16 hours
Training costs per employee	37,306yen	39,867yen	39,182yen	38,143yen	19,219yen

Talent Acquisition Strategy

Leveraging the Specialized Expertise of External Talent from Our Sponsor and Related Partners

JEAM strategically secures skilled professionals by identifying required competencies and actively utilizing secondees from the sponsor and related parties. These experienced individuals bring advanced expertise that supports the company's high-level asset management operations.

Number of personnel seconded from sponsor and related parties (as of March 31, 2026)

	Number of Seconded Personnel
Nippon Steel Kowa Real Estate Co., Ltd.	7
The Dai-ichi Life Insurance Company, Limited	1
The Dai-ichi Building Co., Ltd.	2
Sohgo Housing Co., Ltd.	1
Mizuho Bank, Ltd.	1

Regular Performance Appraisals and Feedback Processes

All employees set an annual objective after a meeting with their manager. At least twice a year, a performance and career development review is held with each employee. At the end of the fiscal year, we conduct a performance evaluation after an interview with employees to review their performance and provide feedback on the results of the evaluation. The result of those appraisals are reflected to employees' compensation. We have established a transparent personnel evaluation system through regular measurement and feedback processes.

Employee Benefits & Work-Life Balance

Employee Benefits

We offer the following benefit programs to all employees, including part-time and contract staff, to promote diverse work styles and support individual lifestyles.

Main Employee Benefit Programs

- 【Child Support】 Parental leave program, Shortened working hours for childcare, Leave for caring for a sick child, Exemption/Restriction of overtime work for childcare
- 【Elderly Care Support】 Nursing care leave program, Nursing care leave, Shortened working hours for nursing care, Exemption/Restriction of overtime work for nursing care
- 【Leave Programs】 Consecutive leave, Refresh leave, Accumulated leave
- 【Other Benefits】 Flextime system, Remote work (Work-from-Home program),

Employee Stock Ownership Plan (ESOP)

JEAM has introduced an employee stock ownership plan for all employees, including contract employees (JEAM has no part-time employees or unsupervised contract employees) of JEAM, with the purpose of enhancing the value of JEI's unitholders over the medium to long term by promoting unity of interest between JEI's unitholders and JEAM's employees, and promoting the welfare of JEAM's employees.

Prevention of Long Working Hours

We have introduced a flextime system that enables employees to do their work efficiently while balancing their private and professional lives by allowing them to set their own working hours and daily start and end times with the aim of improving labor productivity. We also track PC log-in and log-out times appropriately monitor employees' working hours and hours of overtime work. Through these measures, we are striving to limit long working hours.

	FY2021	FY2022	FY2023	FY2024	FY2025
Average Monthly Overtime Hours per Employee	26.6 hours	27.5 hours	24.2 hours	22.4 hours	20.5 hours

Health and Wellbeing

We consider employees’ mental and physical well-being to be indispensable to the continuous development of JEI and JEAM. In order to promote a highly productive and richly creative workplace, we are striving to improve the work environment, including the development of in-house systems at JEAM, and proactively working to enhance employees’ health and wellbeing.

Health Promotion System

To support employees’ health and wellbeing, JEAM subsidizes annual health screenings and comprehensive medical checkups, and actively encourages participation. In addition, occupational physicians are available upon request, providing opportunities for individual health consultations.

Annual Employee Satisfaction Survey

We monitor employees satisfaction levels by conducting a satisfaction survey with all personnel once a year. The survey results are reported to management and are also used to provide feedback to employees and create/execute an action plan, which leads to an improved work environment.

	FY2021	FY2022	FY2023	FY2024	FY2025
Response Rate	100%	100%	100%	100%	100%

Establishment of Employee Grievance Reporting System and Comment Box

We have established a grievance procedure via which employees may anonymously report workplace-related complaints such as harassment. As an example, reports relating to sexual harassment are handled by the Compliance Officer, Business Planning Department manager, and an external law firm and escalated internally.

All employees-not only victims-may consult the designated grievance officers to report concerns or complaints. In cases where the officer determines that the issue constitutes a violation of laws or regulations, including human rights infringements or various forms of harassment, the matter is escalated to the CEO. The CEO will take disciplinary action in accordance with the rules after verifying the circumstances while taking care to respect individuals’ privacy.

In addition to the grievance procedure, we have also set up comment boxes internally which allow all employees to freely share their opinions with the company regarding the work environment and business matters. Since unsigned comments are accepted, employees may express any opinions whatsoever without reservations. The president and other relevant personnel discuss submitted comments and decide on the actions to be taken.

Workplace Environment Enhancement

To foster a comfortable and engaging office environment, JEAM has introduced greenery throughout various office areas and established a free drink station in the pantry to encourage communication among employees. In addition, we are advancing initiatives to reduce paper usage in meetings, contributing to both workplace efficiency and environmental sustainability.

Employment and Working Environment

There have been no issues such as strikes between labor and management since the establishment of the company and the labor-management relationship remains favorable. Moreover, we have not conducted any merger, acquisition or personnel reduction/layoff in the past.

Personnel-Related Data

		FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees (full-time employees and contract employees)		32	34	33	35	36
	Male	24	24	23	24	27
	Female	8	10	10	11	9
Number of full-time employees		32	34	33	35	36
	Male	24	24	23	24	27
	Female	8	10	10	11	9
Number of contract employees		0	0	0	0	0
	Male	0	0	0	0	0
	Female	0	0	0	0	0
Number of seconded employees		14	14	13	14	11
	Male	14	13	12	14	11
	Female	0	1	1	0	0
Percentage of female employees		25.0%	29.4%	30.3%	31.4%	25.0%
Average length of service		7.6 years	7.8 years	7.8 years	5.6 years	7.2 years
	Male	6.9 years	7.3 years	7.8 years	4.8 years	5.9 years
	Female	8.5 years	8.5 years	7.8 years	7.3 years	9.6 years
Number of newly hired employees		2	2	2	3	6
	Male	1	1	1	1	6
	Female	1	1	1	2	0
Number of displaced workers		1	0	1	1	3
	Male	1	0	0	1	1
	Female	0	0	1	0	2
Employee Turnover		3.1%	0.0%	2.9%	2.8%	8.3%
Career development training		100%	100%	100%	100%	100%
Sustainability training		100%	100%	100%	100%	100%
Average number of paid leave days taken		11.9days	13.2days	15.9days	15.2days	14.9days
Paid leave usage rate		61.3%	67.4%	81.2%	80.9%	78.6%
Employees Undergoing Health Checkups and Medical Screenings Rate		100%	100%	100%	100%	100%

		FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees taking parental leave		0	3	1	0	2
	Male	0	2	0	0	1
	Female	0	1	1	0	1
Return-to-work rate of parental leave		-	100%	100%	-	100%
Number of employees taking family care leave		0	0	0	0	0
Number of short-term workers		0	0	1	1	1
Employees Undergoing Health Checkups and Medical Screenings Rate		100%	100%	100%	100%	100%



G Governance Initiatives

Corporate Governance Initiatives

JEI strives to thoroughly implement and strengthen its corporate governance from a medium- to longterm perspective under the leadership of a Board of Directors whose members include an executive director and supervisory directors.

Corporate Governance of Investment Corporations

JEI shall have at most two executive director and at most four supervisory directors (note: the number shall always exceed the number of executive directors by at least one). JEI's decision-making bodies consist of a unitholders' meeting comprised of unitholders, one executive director, three supervisory directors, a Board of Directors comprised of the executive director and supervisory directors, and an accounting auditor. One attorney, one certified public accountant and one real estate appraiser are appointed as JEI's supervisory directors, and each of these directors supervises the status of business execution by executive directors from the perspective of their respective areas of expertise.

Selection Criteria for Directors

Candidates for directors must not meet any of the criteria for disqualification stipulated in the Investment Trust Act and other laws and must not have any special vested interests in JEI. The candidates must be competent to carry out the various duties they have to fulfill. They are selected by means of a resolution of JEI's General Meeting of Unitholders.

Title	Name	Reason for appointment	Attendance at Board of Directors meetings(FY2025)
Executive Director	Kazuhiro Ono ^(Note1)	Management from the broad standpoint based on knowledge and experience in financial and real estate businesses, etc., can be expected.	100% (5 times / 5 times)
Executive Director	Masahiro Sato ^(Note1)	Management from the broad standpoint based on knowledge and experience in financial and real estate businesses, etc., can be expected.	100% (1 time / 1 time)
Supervisory Director	Eiji Takagi	Supervision of management from the broad standpoint based on knowledge and experience as an accounting expert, etc., can be expected.	100% (6 times / 6 times)
Supervisory Director	Osamu Hirakawa ^(Note2)	Supervision of management from the broad standpoint based on knowledge and experience as a legal expert, etc., can be expected.	100% (5 times / 5 times)
Supervisory Director	Hiroaki Komatsu	Supervision of management from the broad standpoint based on knowledge and experience as a real estate expert, etc., can be expected.	100% (6 times / 6 times)
Supervisory Director	Mika Narahashi ^(Note2)	Supervision of management from the broad standpoint based on knowledge and experience as a legal expert, etc., can be expected.	100% (1 time / 1 time)

(Note1) Kazuhiro Ono resigned on October 31, 2025, and Masahiro Sato, who was elected as executive director at the general unitholders' meeting held on September 29, 2025, and assumed office on November 1, 2025.

(Note2) Osamu Hirakawa resigned on October 31, 2025, and Mika Narahashi, who was elected as supervisory director at the general unitholders' meeting held on September 29, 2025, and assumed office on November 1, 2025.

Prevention of Insider Transactions

JEI strives to prevent insider transactions or similar transactions by Directors, by establishing insider trading management rules.

Compensation for Directors

The payment standards for compensating the executive director and supervisory directors stipulated in JEI's by-laws are shown below. Any changes require a General Meeting of Unitholders resolution.

- Compensation for an executive director shall be the amount determined by the Board of Directors, with an upper limit of 700,000 yen per month per person
- Compensation for a supervisory director shall be the amount determined by the Board of Directors, with an upper limit of 700,000 yen per month per person

The actual amount of compensation is as follows.

Title	Name	Total compensation for each director (Thousand yen)	
		38th Period (Ended Jun. 2025)	39th Period (Ended Dec. 2025)
Executive Director	Kazuhiro Ono	_(Note)	_(Note)
Executive Director	Masahiro Sato	-	_(Note)
Supervisory Director	Eiji Takagi	1,800	1,800
Supervisory Director	Osamu Hirakawa	1,800	1,200
Supervisory Director	Hiroaki Komatsu	1,800	1,800
Supervisory Director	Mika Narahashi	-	600

(Note) The executive director is not paid remuneration for serving as JEI's executive director.

Fees for Accounting Auditor

Fees for Accounting Auditor of JEI is specified in the Articles of Incorporation as below, and any change to such requires resolution by the General Meeting of Unitholders.

- Fees for Accounting Auditor shall be the amount determined by the Board of Directors with 20 million yen per fiscal period as an upper limit.

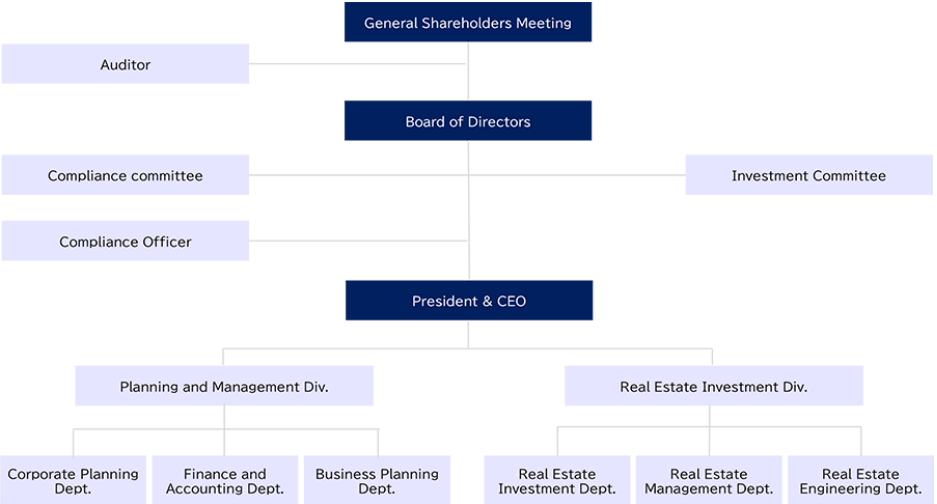
Fees of the Accounting Auditor is as follows.

Title	Name	Description of compensation	Total amount of compensation (Thousand yen)	
			38th Period (Ended Jun. 2025)	39th Period (Ended Dec. 2025)
Accounting Auditor	Ernst & Young ShinNihon LLC	Compensation based on audit services	12,000	12,000
		Compensation based on non-audit services	7,625	1,200

Management Structure of JEI

Asset management of JEI is entrusted to an asset management company, Japan Excellent Asset Management Co., Ltd. The organizational structure of the asset management company is as follows.

Organizational structure



Overview of Major Bodies

Name of Committee	Description
Board of Directors	Matters to be resolved: • Matters related to unitholder's meetings and stocks • Matters related to directors and the Board of Directors • Matters related to the organization and personnel affairs • Matters related to asset management business • Matters related to finance and accounting • Matters related to compliance • Matters related to other important business operations
Requirements for resolution	• The resolution is passed by a majority of the directors present at the Board of Directors meeting where the majority of the directors entitled to vote are present.
Constituent members	• Chairperson: President and CEO • Constituent members: all directors
Frequency of meetings	Once or more every three months
Investment Committee	Matters to be discussed, resolved and determined • Formulation of and changes to the investment policies of the Investment Corporation • Matters related to the annual management plan of the Investment Corporation • Decisions regarding asset acquisition and sale of the Investment Corporation • Matters related to asset operation and management of the Investment Corporation • Matters related to fundraising of the Investment Corporation • Decisions regarding transactions between the Investment Corporation and interested parties as stipulated in the Rules for Transactions with Sponsor-Related Parties • Decisions regarding revisions to business forecasts of the Investment Corporation • Other important matters related to business entrusted to the Asset Management Company by the Investment Corporation
Requirements for resolution	• The resolution at an Investment Committee meeting is passed by a two-thirds majority or more of the committee members present at the meeting where the majority of the members entitled to vote are present. • The attendance of the Compliance Officer is required for resolution.
Constituent members	• Committee chairperson (president): President and CEO • Members : Real Estate Investment Division Manager, Planning and Management Division Manager, Compliance Officer, Real Estate Investment Department Manager, Real Estate Management Department Manager, Real Estate Engineering Department Manager, Corporate Planning Department Manager, Finance and Accounting Department Manager
Frequency of meetings	Once every three months in principle, and an extraordinary meeting is held as needed
Compliance Committee	Matters to be discussed and resolved • Formulation and revision of compliance-related manuals and programs • Deliberations and determinations regarding improvement, prevention or any other measures against compliance violations • Deliberations and approval regarding transactions between the Investment Corporation and sponsor-related parties • Deliberations and approval regarding matters on which the Chairperson determines that there is any doubt about compliance
Requirements for resolution	• The resolution at a Compliance Committee meeting is passed by a majority of the committee members present at the meeting where the majority of the members entitled to vote are present. • Attendance and approval of the Compliance Officer and external committee members are required for resolution.
Constituent members	• Committee chairperson (president): Compliance Officer • Members: President and CEO, Planning and Management Division Manager, Real Estate Investment Division Manager, managers of relevant departments, and an external committee member (lawyer who has no interest in the Asset Management Company)
Frequency of meetings	Once every three months in principle, and an extraordinary meeting is held as needed

Asset Management Fee Structure

With regard to compensation for asset management tasks entrusted to JEAM by JEI is as follows.

Asset Management Fee I	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) Fee rates: • 0.25% (Assets under management: Portion up to ¥100 billion) • 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion) • 0.05% (Assets under management: Portion over ¥200 billion)
Asset Management Fee II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%
Merger fee	Appraisal value of assets to be succeeded × 1.0% (upper limit)

Same-Boat Investment by Sponsor and Related Parties

We aim to align the interests of unitholders and the sponsor and related parties more closely to drive the medium- to long-term growth of the Investment Corporation's unitholder value.

(as of June 30, 2026)

Sponsor and Related Parties	Number of Units Held	Holding Ratio*
Nippon Steel Kowa Real Estate Co., Ltd.	134,427 units	10.4%
Dai-ichi Life Insurance Co., Ltd.	20,660 units	1.6%

*Holding ratios are rounded off to one decimal place

Investment Unit Ownership Ratio by Two Sponsor-Related Companies
12.0%

Compliance

For the Asset Management Company, compliance refers to the condition whereby individual directors and employees correctly understand the content and intent of laws and regulations, etc., comply with them, and execute business activities in a fair and sincere manner. Fully recognizing its social responsibilities and mission as an asset management company, the Asset Management Company strives to ensure rigorous compliance based on the Compliance Manual created as the code of conduct to be complied with by all directors and employees for the purpose of executing the management of the Investment Corporation's assets in a fair and appropriate manner.

Compliance Promotion Structure

JEAM has established a structure in which the Compliance Committee and the Compliance Officer, headed by the Board of Directors, determine compliance-related matters and manage the status of compliance within their respective powers and responsibilities.

Body	Major Roles
Board of Directors	The Board of Directors establishes the necessary structure for compliance, seeks to achieve and ensure compliance by promoting its practical implementation and resolves important compliance-related matters. The Board is also responsible for establishing, revising or rescinding compliance policies and programs. The Board requests reports from the Compliance Officer on the status of compliance.
Compliance Committee	For the purpose of ensuring rigorous compliance of the Asset Management Company with the various laws, rules, regulations, and other relevant compliance matters, the Compliance Committee discusses and makes decisions pertaining to compliance matters.
Compliance Officer	Dedicated exclusively to compliance tasks, the Compliance Officer is an independent position that is not part of any other department. The Compliance Officer supervises and is responsible for all compliance-related planning and promotion of the Asset Management Company. In addition, the Compliance Officer strives to establish a compliance system within the company and raise employee awareness of the need to comply with laws and regulations, etc.

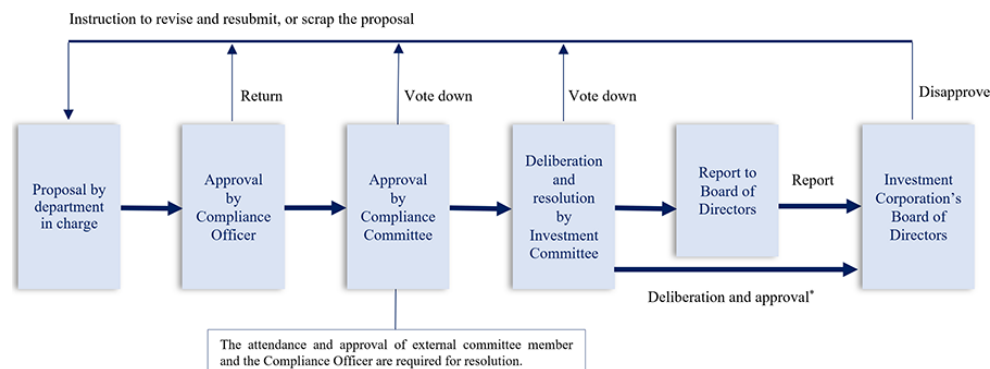
Initiatives for the Management of Conflicts of Interest

JEAM has established the Rules for Transactions with Sponsor-Related Parties and developed a transparent and fair decision-making framework to prevent any harm to the interests of JEI's unitholders in transactions that may involve conflicts of interest with related parties.

Decision-Making Flow for Transactions with Interested Parties

For decisions regarding transactions with interested parties for the acquisition or sale of operating assets, the Asset Management Company obtains approval of the Compliance Committee, deliberation and resolution of the Investment Committee, and reports without delay to the Board of Directors and the Investment Corporation's Board of Directors.

When a transaction is conducted with an interested party regarding the acquisition, sale or lease of operating assets as set forth in Article 201-2, paragraph 1 of the Investment Trust Act, it is required to obtain consent of the Investment Corporation after deliberation and approval by the Investment Corporation's Board of Directors, in addition to resolution by the Compliance Committee and the Investment Committee.



* If the transaction falls under the case set forth in Article 201-2, paragraph 1 of the Investment Trust Act, it is required to obtain prior consent of the Investment Corporation's Board of Directors.

Initiatives to Raise Compliance Awareness

In order to raise compliance awareness, the Asset Management Company provides monthly compliance training to all directors and employees, including contract and temporary employees, on various topics such as laws and regulations and compliance (including business ethics such as anti-corruption). A confirmation test is administered at the end of the fiscal year to solidify their knowledge necessary for compliance.

Implementation Status of Compliance Training

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of compliance training sessions provided	12	12	12	12	12
Ratio of directors and employees who received compliance training (including contract & temporary workers)	100%	100%	100%	100%	100%

Internal Audit Structure

With the cooperation of external audit corporations, the Compliance Officer regularly conducts internal audits targeting all operations at least once a year based on the "Internal Audit Regulations."

Based on the basic plan on internal audits approved by the Board of Directors, the status of compliance with laws and regulations and internal rules, status of financial management, appropriateness and efficiency of businesses and operation, etc. are audited. The Compliance Officer reports the results of internal audits to the President & CEO, the Compliance Committee and the Board of Directors and, if necessary, gives orders for improvement based on the audit results to the audited department, followed by reports on the status of improvement to the Compliance Committee and the Board of Directors.

Prevention of Bribery and Corruption

In its Compliance Manual and Rules on Entertaining and Gift Giving, JEAM prohibits all forms of misconduct including bribery, money laundering, and insider trading, clarifying actions that are prohibited and matters to be observed. JEAM's officers and employees, including contract and temporary workers, are all thoroughly informed of following prohibitions and related matters through opportunities such as compliance training.

- Prohibition on giving or receiving gifts and entertainment beyond reasonable limits.
- Prohibition on receiving or offering bribes in any form, regardless of position or authority.
- Prohibition on giving, offering or promising improper benefits to business partners.

The Compliance Officer, which is an independent department conducts internal audits on the compliance system of corruption prevention and on the operation of this system. Through continued monitoring, the Compliance Officer checks if day-to-day business execution is conducted appropriately, including the recognition of misconduct risks such as the giving or receiving of bribes. In addition, several compliance help desks are established where suspicion of wrongdoing can be reported officially and anonymously to prevent the occurrence of corruption. The monitoring situation and audit results are reported to and shared with the Compliance Committee and the Board of Directors to create a system that can evaluate and review the prevention structure.

Upon detection of a compliance violation such as the giving or receiving of bribes, a fact-finding investigation will be conducted under the supervision of the Compliance Officer and its findings will be reported to the President & CEO, Compliance Committee, and Board of Directors. If the suspected violation is confirmed as a fact, speedy actions and correction measures will be taken, together with the consideration and implementation of recurrence prevention measures, which will be reported to the Board of Directors. An employee who has committed any misconduct will be strictly punished in accordance with the employment rules.

During FY2025, there were no cases of bribery or corruption detected, no payment of fines/monetary penalties, and no employees punished or discharged for bribery or corruption at JEAM.

Furthermore, JEAM has made no political donation thus far.

Whistleblower System

To promptly detect and rectify misconduct, JEAM has a whistleblower system that enables all its officers and employees (including contract and temporary workers) to anonymously report on acts that are problematic in terms of compliance, such as acts in violation of laws and regulations, corporate ethics, and internal rules.

As contact points to receive consultations or reports, JEAM has designated the Compliance Officer as an internal contact and external lawyers and Group companies' help lines as external contacts to receive consultations and reports by telephone, email, and other means. JEAM ensures that its officers and employees know how to use the help line by including it in compliance training.

When a report is received, the Compliance Officer and the investigation team conduct an investigation while taking into consideration the anonymity and privacy of the whistleblower and the parties involved. In the event that any violation of laws and regulations is found through the investigation, JEAM will respond appropriately based on its employment rules and take corrective and recurrence prevention measures. Information obtained from a whistleblower will only be shared with people involved in the investigation so that it is impossible to identify the whistleblower and no disadvantage will be imposed on the whistleblower.

JEAM protects whistleblowers and other concerned parties through its Whistleblower Protection Rules (based on the Whistleblower Protection Act of Japan) which: prohibits the dismissal of the whistleblower and any other disadvantageous treatment of the whistleblower due to the act of whistleblowing; requires the strict treatment of officers or employees who probe to identify the whistleblower or who commit an act of harassment or retaliation in response to the act of whistleblowing; and bans seeking compensation from the whistleblower on the ground of damage incurred to the company due to the act of whistleblowing, among other things. In addition, JEAM notifies all its officers and employees through internal training that such acts of causing disadvantages to the whistleblower are subject to disciplinary actions.

JEI and JEAM strive to reduce risk and handle any risks that occur in an appropriate manner through the implementation of the following systems.

JEI's Risk Management System

JEI holds Board of Directors meetings at least once every three months. At these meetings, in addition to the matters for approval stipulated by the law, the Board receives detailed reports on JEI's operations and the execution of JEAM's duties.

Via this reporting procedure, the supervisory directors, who are independent of JEAM or related interested parties, obtain accurate information and a system is maintained that enables monitoring of execution of the executive director's duties. At the same time, based on the relevant reports, JEI strives to manage risks relating to conflicts of interest, etc., by verifying whether there is any concern about conflicts of interest in JEAM's transactions with sponsor-related parties.

Under the terms of its asset management outsourcing contract, JEI is entitled to receive various reports from JEAM and to investigate JEAM's books and other documents. By exercising these rights, JEI maintains a system that enables monitoring of JEAM's execution of its duties.

JEAM's Risk Management System

Based on the asset management guidelines and so forth, JEAM leverages the collective capabilities of the sponsor companies, pursues portfolio management aimed at achieving stable profits and growth, and has created specific investment criteria, holding period and disposal policies, property investigation (due diligence) standards, property operation and management policies (including a leasing and management plan, property management policies, leasing policies, and insurance policies), and financial policies.

It strives to reduce real estate-associated risks through compliance with the relevant asset management guidelines, etc.

It also pursues clear decision-making processes for key matters relating to asset management, and it works to reduce risk by creating work manuals relating to real estate investigation, acquisition, management, operation, and other tasks.

Moreover, based on risk management rules, JEAM has established risk management indices according to the characteristics of various risks and monitors changes in them, reports to the Board of Directors on a regular and as-needed basis, and has implemented a verification system in which personnel from outside the sales department check the validity and effectiveness of business procedures in decision-making processes for key matters relating to real estate acquisition, disposal, operation, and management. In October 2022, climate change risks were incorporated into the above risk management framework.

Information Security

At JEAM, in addition to reviewing and strengthening defensive measures such as endpoint security, we are also working to enhance cyber resilience considering recent cyber incident cases.

Specifically, we have implemented measures including the development of response procedures premised on the occurrence of incidents, the conduct of in-house security training and drills, the establishment of an isolated and backup infrastructure to minimize data loss and unauthorized encryption damage while enabling business recovery, and financial preparedness for economic losses in the event of an incident through cyber insurance. Furthermore, we regularly conduct risk assessments and analyses in accordance with the Financial Services Agency's "Guidelines on Cybersecurity in the Financial Sector," and report the results and countermeasures to the Board of Directors, thereby establishing a governance management framework at the executive level.

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