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# Results of Operations for the First Half of the Fiscal Year Ending December 31, 2024

August 9, 2024



JINUSHI  
BUSINESS

JINUSHI Co., Ltd.

地主株式会社

Securities code: 3252 (TSE)  
<https://www.jinushi-jp.com/en/>

# Our company business is JINUSHI.

Aiming to be a major landowner in Japan as JINUSHI REIT grows

Since our founding in 2000, JINUSHI (previously Nippon Commercial Development) has been engaged in the JINUSHI Business, which invests only in land by utilizing fixed-term land lease rights.

JINUSHI (landowner) purchases land and then leases the land. We do not construct or own buildings.

We provide the leased land to investors as a real estate financial product that can be expected to generate long-term stable profits.

This business has significant future potential.

The word JINUSHI represents the start of an era with new meaning and value.

We look forward to your continued support of JINUSHI Co., Ltd. in the future.



Company name:	JINUSHI Co., Ltd.
Head office:	Shin Marunouchi building, 13th Floor 1-5-1 Marunouchi, Chiyoda-ku, Tokyo
Established:	April 7, 2000
Capital:	¥3,048 million (as of the end of December 2023)
Organization form:	Company with an Audit and Supervisory Committee (Company with a Nomination and Remuneration Committee)
Listing:	TSE Prime (Securities code: 3252)

Representative:	Hirofumi Nishira, Representative Director and President
Number of Directors:	6 (of which, 4 Independent Outside Directors (Audit and Supervisory Committee members))
Number of employees (consolidated):	106 (As of August 2024)

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## 1. FY12/24 2Q Summary of Consolidated Financial Results

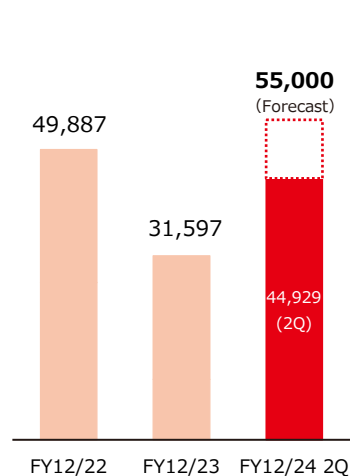
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## FY12/24 2Q Executive Summary

- Net sales were ¥44,929 million, operating profit was ¥6,962 million, profit attributable to owners of parent was ¥5,242 million. Significant increase in sales and earnings YoY.
- At the end of FY12/24 2Q under review, the number of purchase agreements was 44. The progress is performing well, as in the previous fiscal year, when the number of annual purchase agreements reached a record high.
- On July 11, 2024, the Company announced the issuance of new shares and disposition of treasury shares by public offering. Proceeds will be used to purchase new development land for further growth.

(Millions of yen)

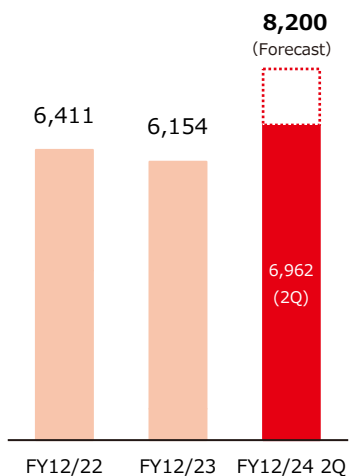
### Net Sales



YoY: +¥34,555 million

Progress rate: 81.7%

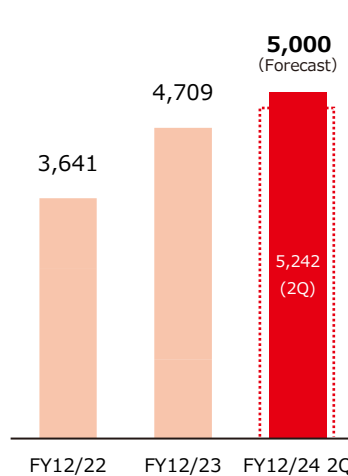
### Operating Profit



YoY: +¥6,268 million

Progress rate: 84.9%

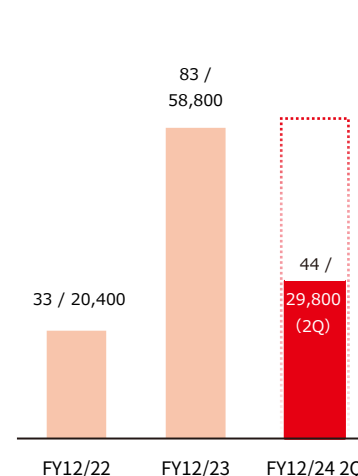
### Net Profit



YoY: +¥4,048 million

Progress rate: 104.8%

### Purchases (Agreements / Agreement amount)



YoY: -1 agreements / -¥4,800 million

## FY12/24 2Q Summary of Consolidated Financial Results (1) Statements of Income

- FY12/24 2Q was an increase in sales and earnings significantly exceeded those in 2Q of the previous fiscal year.
- The reputation of the JINUSHI Business continued to improve, and demand among investors remained strong.

(Millions of yen)	FY12/23 1Q (6M) (1)	FY12/24 2Q (6M) (2)	Change (2)-(1)	Major reasons	FY12/23 (Previous fiscal year)
Net sales	10,373	<b>44,929</b>	+34,555	• Increase in sales of properties	31,597
Operating profit	693	<b>6,962</b>	+6,268		6,154
Non-operating income	290	<b>550</b>	+259	• Foreign exchange gains from loans to U.S. subsidiaries, etc. <sup>*1</sup>	227
Non-operating expenses	273	<b>413</b>	+139		663
Ordinary profit	711	<b>7,100</b>	+6,388		5,718
Extraordinary income	1,207	—	(1,207)	• (Reference: FY12/23) Sales of land in Chuo-ku, Osaka (a non-current asset)	1,489
Extraordinary losses	—	—	—		40
Income taxes	700	<b>1,856</b>	+1,155	• Tax effect of liquidation of subsidiaries (Profit contribution from lower effective tax rate) <sup>*2</sup>	2,431
Profit attributable to owners of parent	1,193	<b>5,242</b>	+4,048		4,709
Net profit per share (Yen)	65.26	<b>318.24</b>	+252.98		267.76
Operating profit on net sales (%)	6.7	<b>15.5</b>	+8.8		19.5
Net profit on net sales (%)	11.5	<b>11.7</b>	+0.2		14.9

\*1. ¥410 million increase in foreign exchange gains from yen-denominated loans to JINUSHI USA resulting from translation and revaluation to the 2Q-end U.S. dollar rate.

\*2. ¥349 million decrease in income taxes-deferred due to the reversal of deferred tax liabilities following the liquidation of the Australian subsidiary of New Real Property, which became a consolidated subsidiary in 2016.

## FY12/24 2Q Summary of Consolidated Financial Results (2) Balance Sheet

- Property purchases in FY12/24 2Q remained strong. The balance of real estate for sale at the end of FY12/24 2Q was ¥60,618 million (up ¥557 million), maintaining a favorable level.
- The equity ratio at the end of FY12/24 2Q was 33.7%, remaining above the financial discipline of the mid-term management plan, which is more than 30%.

(Millions of yen)	As of Dec. 31, 2023 (1)	As of Jun. 30, 2024 (2)	Change (2)-(1)
Assets	101,482	<b>107,383</b>	+5,901
of which cash and deposits	23,092	<b>26,865</b>	+3,772
of which real estate for sale	60,060	<b>60,618</b>	+557
of which property, plant and equipment	14,859	<b>14,986</b>	+126
Liabilities	69,980	<b>70,937</b>	+956
of which borrowings	62,666	<b>63,605</b>	+939
Net assets	31,501	<b>36,446</b>	+4,944
Equity ratio (%)	30.9	<b>33.7</b>	+2.8
Net D/E ratio (times)*1	1.26	<b>1.01</b>	(0.25)
DCR (Debt Coverage Ratio)(%)*2	163.9	<b>145.8</b>	(18.1)

\*1. Net D/E ratio = Net interest-bearing debt (Interest-bearing debt – cash and deposits) / Net assets

\*2. DCR (Debt Coverage Ratio) = Interest-bearing debt / (Cash and deposits + Investment securities + Property, plant and equipment)

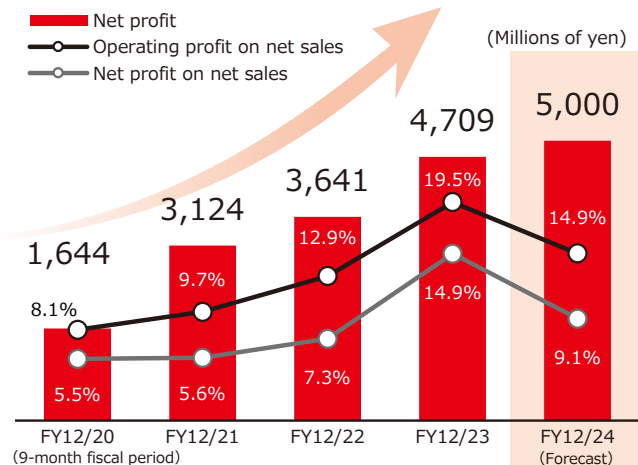
## FY12/24 Consolidated Forecast (No Change from the February 13, 2024 Announcement)

- In FY12/24, an increase in sales of properties is expected based on steady property purchases. We plan higher sales and earnings despite an absence of the sale of a non-current asset recorded as an extraordinary income in FY12/23.
- Although the profit margin is expected to decline due to the sale of large, highly profitable properties and the recognition of extraordinary income in FY12/23, it is still expected to remain high.
- Steady progress toward achieving a net profit of ¥7,000 million as stated in the mid-term management plan (FY12/26).

(Millions of yen)	FY12/23 (Result) (1)	FY12/24 (Forecast) (2)	Change (2)-(1)
Net sales	31,597	<b>55,000</b>	+23,402
Operating profit	6,154	<b>8,200</b>	+2,045
Ordinary profit	5,718	<b>7,300</b>	+1,581
Net profit	4,709	<b>5,000</b>	+290
Net profit per share (Yen)	267.76	<b>277.26</b> <sup>*1</sup>	+9.50
Operating profit on net sales (%)	19.5	<b>14.9</b>	(4.6)
Net profit on net sales (%)	14.9	<b>9.1</b>	(5.8)

### FY12/24 Management Policy and Forecasts

- Plan to increase property purchases by further increasing the diversity of tenants, using off-balance-sheet schemes for land, and other activities.
- Plan to increase the sale of properties in light of continued strong demand for the JINUSHI Business and steady property purchases.
- Forecast higher sales and earnings of the Stock Business due to asset management fees and higher leasing income resulting from more purchases of properties.



\*1. Reflects the impact of the issuance of new shares and disposition of treasury shares by public offering resolved on July 11, 2024.



## Progress of Consolidated forecasts

- As of the end of FY12/24 2Q, net profit was 5.2 billion yen, and the progress rate of 104.8% exceeds the FY12/24 consolidated forecast.
- Although the 2Q results are progressing well, we did not revise the consolidated forecasts for FY12/24 at the time due to the expectation of profit fluctuations caused by foreign exchange.

### FY12/24 2Q Results of Net Profit

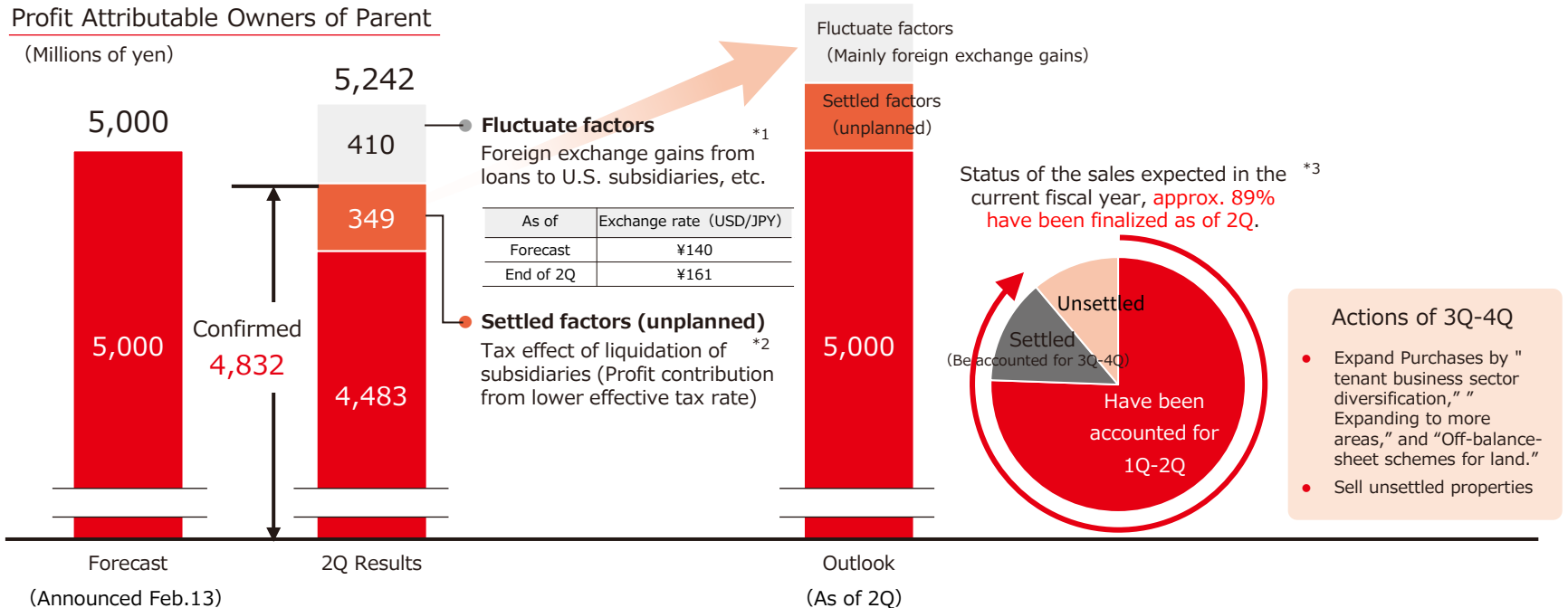
- Net profit was ¥5.2 billion, exceeding the full-year forecast of ¥5 billion at the end of FY12/24 2Q. The progress rate is 104.8%.
- Because the results include fluctuating factors, confirmed results are around ¥4.8 billion.

### Full-Year Outlook

- Although the 2Q results are progressing well, we did not revise the consolidated forecasts for FY12/24 at the time due to the expectation of profit fluctuations caused by foreign exchange. (Whether a forecast revision is necessary will be considered at a time when business performance can be more certain.)

### Profit Attributable Owners of Parent

(Millions of yen)



\*1. Foreign exchange gains from yen-denominated loans to JINUSHI USA resulting from translation and revaluation to the 2Q-end U.S. dollar rate.

\*2. Decrease in income taxes-deferred due to the reversal of deferred tax liabilities following the liquidation of the Australian subsidiary of New Real Property, which became a consolidated subsidiary in 2016.

\*3. Calculated based on gross profit on sales of real estate expected in FY12/24

## Shareholder Returns (No Change from the February 13, 2024 Announcement)

- JINUSHI decided to abolish the shareholder benefit program after the grant to eligible shareholders of record at the end of FY12/23 and change to a policy of distributing solely the dividends to shareholders.
- Based on steady earnings growth and a favorable business climate, we forecast a large increase in the FY12/24 dividend to ¥85 per share (+¥30 from FY12/23).

### Change in Shareholder Return Policy (Prioritize dividends)

- Abolished the shareholder benefit program and **changed to a policy of distributing solely the dividends to shareholders.**
- Continue a stable dividend policy. Maintain a balance between investments for growth and shareholder returns. **Aim to increase dividends through earnings growth.**
- **Start to pay an interim dividend** with the aim of further increasing the liquidity of JINUSHI shares.

### Revised Shareholder Return Policy

	FY12/24 (Forecast)			FY12/23		
	Interim	Year-end	Total	Interim	Year-end	Total
Dividends	¥42.5	¥42.5	<b>¥85.0</b> (+¥30.0)	—	¥55.0	¥55.0
Shareholder benefits	Abolished			Select a Gourmet Card or one item from the catalog. Conducted twice a year at interim and year-end. 300 shares or more: ¥3,000 equivalent 700 shares or more: ¥6,000 equivalent		

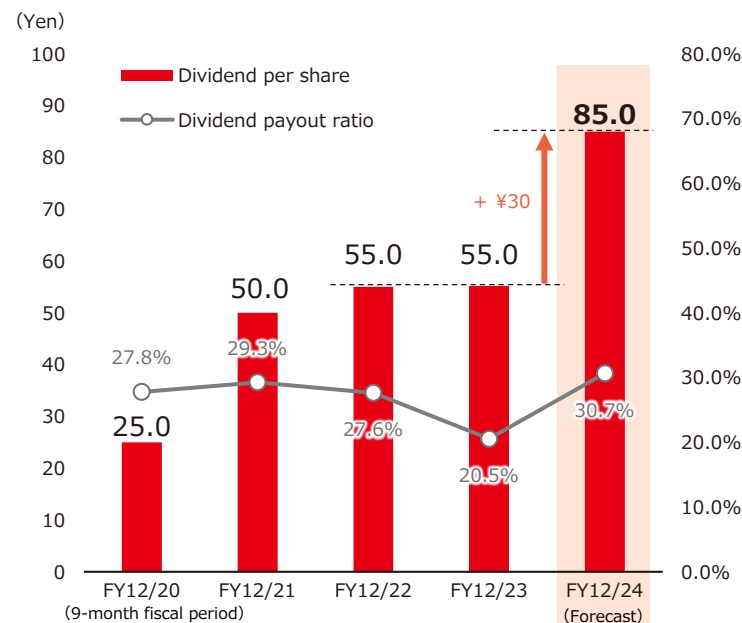
\*1. Reflects the impact of the issuance of new shares and disposition of treasury shares by public offering resolved on July 11, 2024.

\*2. The dividend payout ratio is based on the stock closing price at the end of each FY.

\*3. The dividend payout ratio for the 9-month transitional period that ended in FY12/20 is converted to a 12-month basis.

### Dividends

- In FY12/24, we forecast a large increase in dividend to **¥85 per share (+¥30)**. This increase exceeds the amount of benefits provided through the abolished shareholder benefit program.



EPS(¥)	89.94	170.90	199.16	267.76	<b>277.26</b> *1
Dividend payout ratio *2,3	2.0%	2.9%	3.0%	2.5%	—

## TOPIC Issuance of New Shares and Disposition of Treasury Shares by Way of Public Offering

- On July 11, 2024, the Company resolved the issuance of new shares and the disposition of treasury shares by public offering for the first time in 10 years.
- The maximum estimated proceeds of ¥8.4 billion<sup>\*1</sup> (The amount procured is approx. ¥7.3 billion) will be used to purchase land for JINUSHI Business for further profit growth.

### Overview

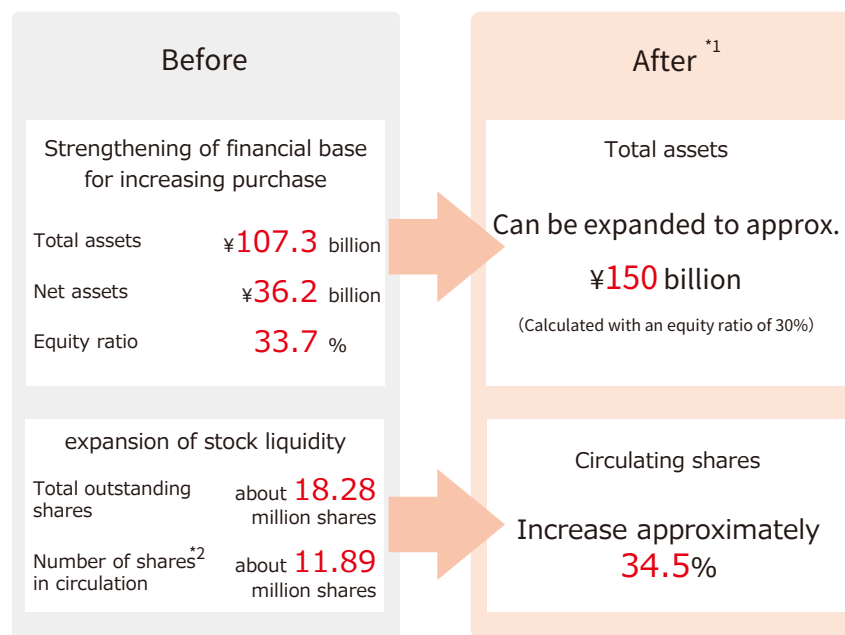
- Increase total 4.1 million shares with issuance of new<sup>\*1</sup> shares and selling of treasury shares. (Up to 19.8% dilution expected)
- Issue (selling) price is ¥2,168. Plans to procure up to ¥8.4 billion.

### Purpose

- Strengthening of financial base for increasing purchase, and expansion of stock liquidity
- Total assets can be expanded to approximately ¥150 billion, and the number of shares in circulation has increased by more than 30%. Through expansion property purchases, the Company aims for sustainable growth and an increase in corporate value.

### Overview

Method of offering	<ul style="list-style-type: none"> <li>• Public Offering (In Japan)</li> </ul>
Number of shares to be offered	<ul style="list-style-type: none"> <li>• New shares: 2,865,300 shares</li> <li>• Treasury shares: 700,000 shares</li> <li>• Overallotment: 534,700 shares</li> </ul> <p style="text-align: right;">Total 4,100,000 shares</p>
Schedule	<ul style="list-style-type: none"> <li>• Resolution date: July 11, 2024</li> <li>• Pricing date: July 23, 2024</li> <li>• Payment date: July 29, 2024</li> <li>• Delivery date: July 30, 2024</li> </ul> <p><small>Regarding the third-party allotment (534,700 shares), the offering period is scheduled for August 26, 2024, and the payment date is scheduled for August 27, 2024.</small></p>



:1. Calculated based on the assumption that all 534,700 new shares issued by third-party allotment in connection with the over-allotment are issued. (If the 534,700 shares to be allocated to a third party are not issued, the dilution ratio will be 17.7% and the amount procured will be approx. 7.3 billion yen, resulting in a potential increase in total assets of approx. 145 billion yen and a 30.0% increase in the number of shares in circulation.)

:2. Number of shares issued excluding treasury shares and shares held by directors, etc.

## 2. Performance

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## FY12/24 2Q Performance

- Flow Business increased sales and earnings significantly YoY.
- Stock Business also increased sales and earnings YoY due to steady profit accumulation mainly from asset management fees of the Asset Management Business.

(Millions of yen)	FY12/23 2Q <sup>*4</sup> (1)	FY12/24 2Q <sup>*4</sup> (2)	Change (2) – (1)	FY12/23 <sup>*4</sup> (Previous fiscal year)
Net sales	10,373	<b>44,929</b>	+34,555	31,597
of which Flow Business <sup>*1</sup>	8,788	<b>42,968</b>	+34,180	28,376
of which Stock Business <sup>*2</sup>	1,575	<b>1,953</b>	+378	3,210
of others <sup>*3</sup>	9	<b>6</b>	(3)	10
Gross profit	2,793	<b>9,411</b>	+6,617	10,499
of which Flow Business	1,439	<b>7,698</b>	+6,258	7,722
of which Stock Business	1,344	<b>1,706</b>	+362	2,766
of others	9	<b>6</b>	(3)	10
Operating profit	693	<b>6,962</b>	+6,268	6,154
Gross profit margin (%)	26.9	<b>20.9</b>	(6.0)	33.2
of which Flow Business (%)	16.4	<b>17.9</b>	+1.5	27.2

\*1. Gain on sales from Real Estate Investment Business

\*2. Leasing income from Real Estate Investment Business + Real Estate Leasing Business + Asset Management Business

\*3. Real Estate Brokerage Fees, etc.

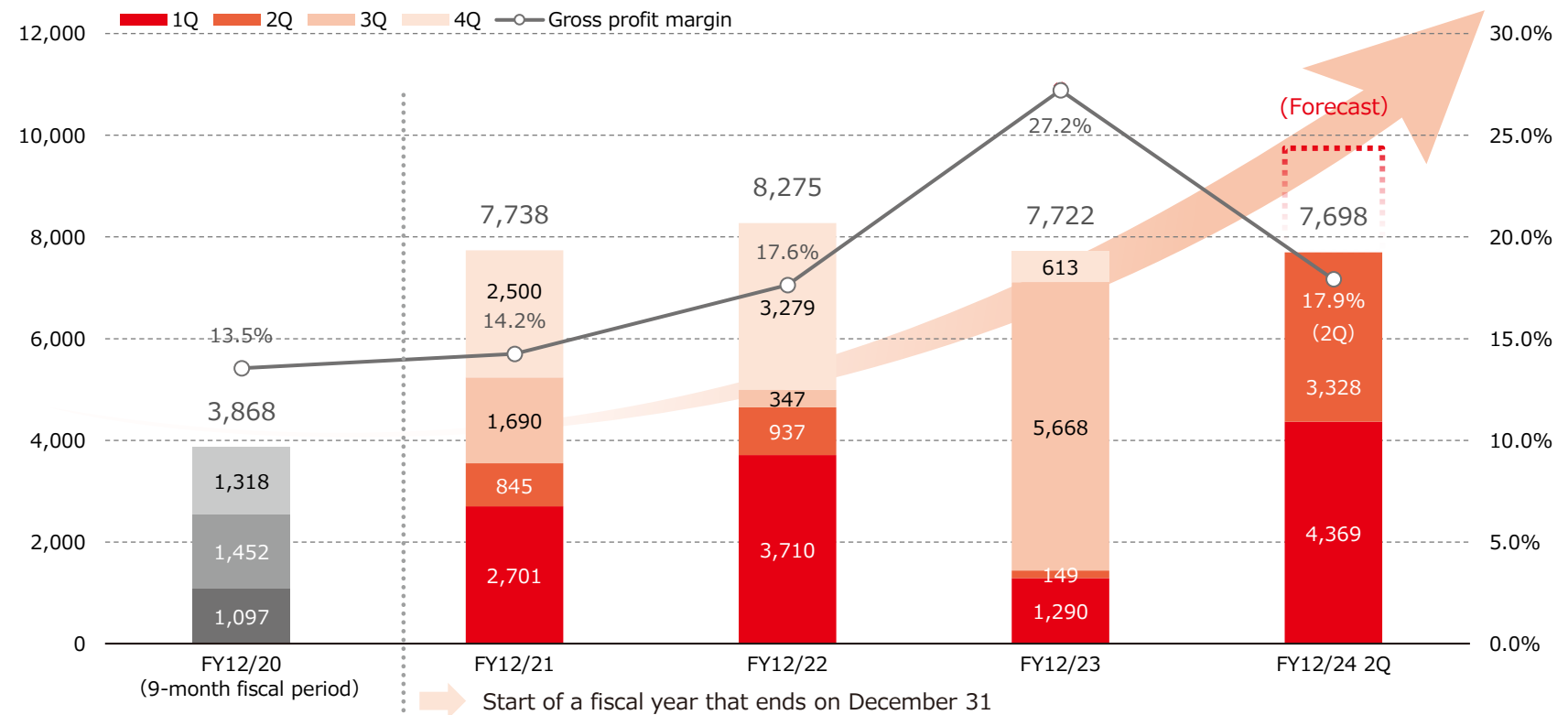
\*4. Segment classification has been changed in FY12/24. Figures for the previous fiscal year are presented based on the new classification.

## FY12/24 2Q Performance (Flow Business)

- In FY12/24 2Q, sales and earnings increased significantly YoY. Strong progress toward achieving the FY12/24 forecast.
- Sales and earnings are expected to increase in FY12/24 due to the outlook for a larger number of properties sold because of favorable purchase conditions.

### Flow Business (Quarterly Gross Profit)

(Millions of yen)



\*1. Flow Business = Gain on sales from Real Estate Investment Business

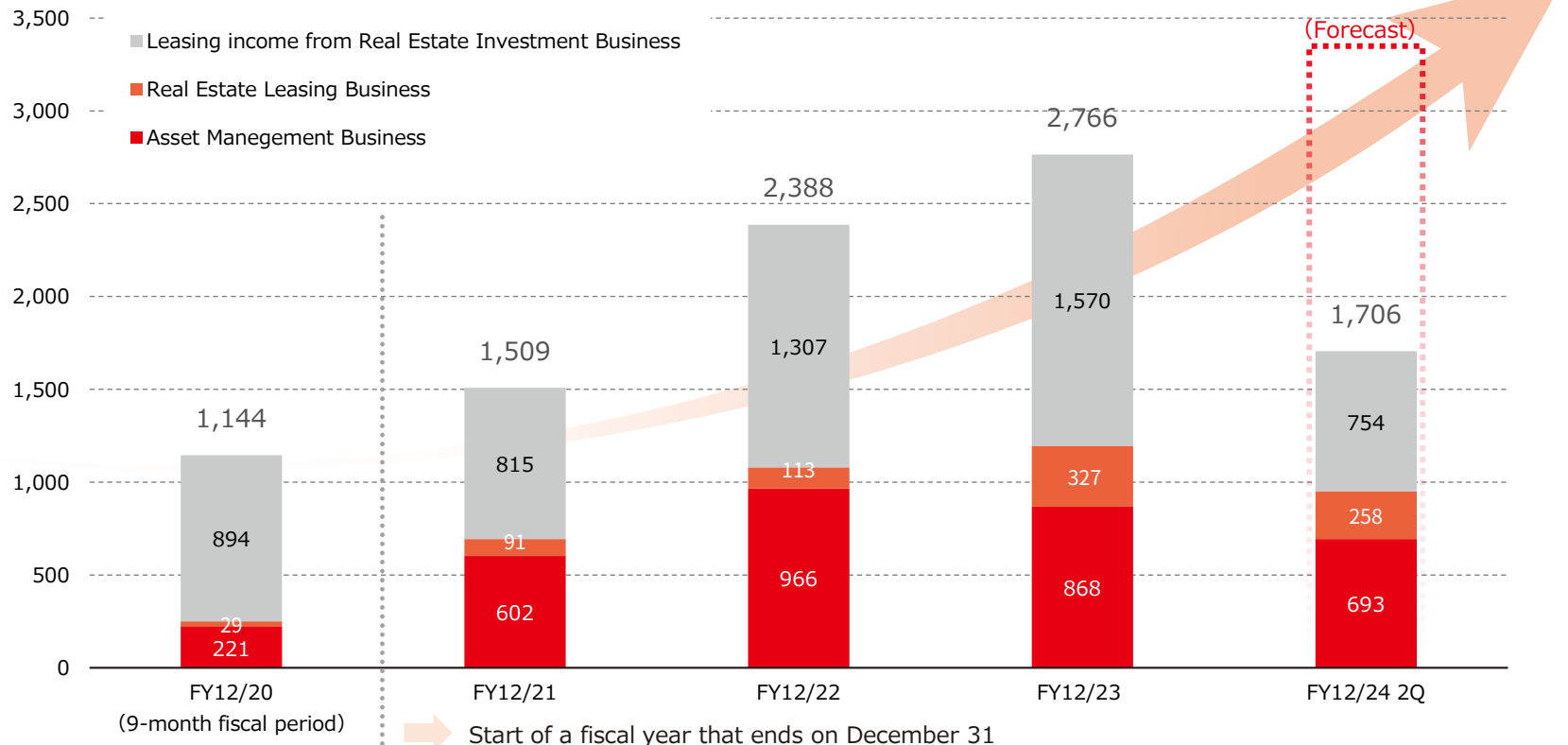
\*2. Segment classification has been changed in FY12/24. Figures for prior fiscal years are presented based on the new classification.

## FY12/24 2Q Performance (Stock Business)

- In FY12/24 2Q, sales and earnings increased YoY due to steady profit accumulation, mainly from asset management fees in the Asset Management Business and leasing income of holding properties.
- In the forecast for FY12/24, sales and earnings are expected to increase due to higher earnings in the Asset Management Business and the growth of leasing income as more properties are purchased.

### Stock Business (Gross Profit)

(Millions of yen)



\*1. Stock Business = Leasing income from properties owned in the Real Estate Investment Business + Real Estate Leasing Business + Asset Management Business

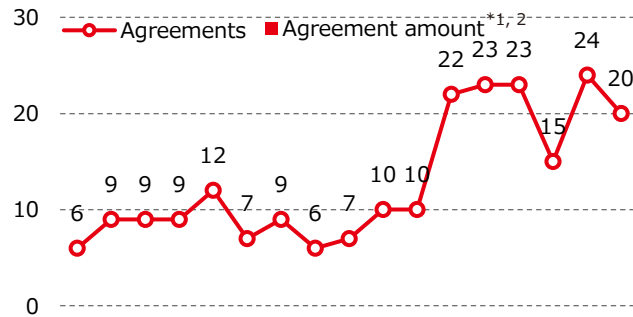
\*2. Segment classification has been changed in FY12/24. Figures are also presented based on the new classification.

## FY12/24 2Q Performance (Land Purchases 1)

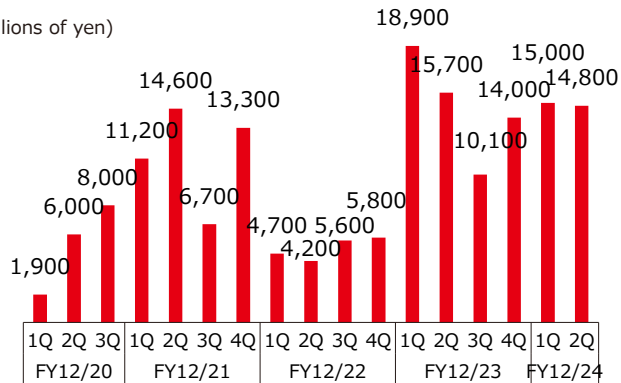
- Signed agreements of purchasing 44 properties for a total of ¥29,800 million in FY12/24 2Q.
- The number of purchase agreements is the same pace as FY12/23 with a record-high number of purchase agreements per year.

### Purchases (Agreements Signed) \*1

(Agreements)



(Millions of yen)

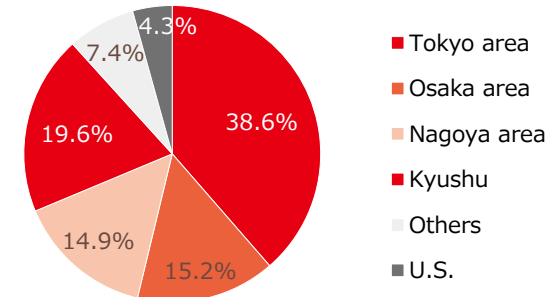


Changed the company name to JINUSHI Co., Ltd. (Jan. 2022)

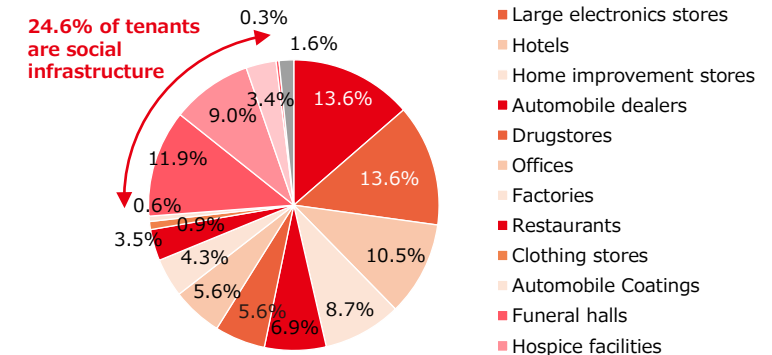


### Breakdown of Purchases (Amount of Agreements in FY12/24 2Q) \*1

#### Diversification of Areas \*3



#### Diversification of Use



\*1. The number and monetary amount of agreements also includes those of the real estate investment business.

\*2. Planned investment at the internal budgeting stage. Total of quarterly figures may not match the cumulative total because of rounding down to the nearest ¥100 million. Expenses for land acquisitions are included.

\*3. Definitions for geographic diversification (Tokyo, Osaka and Nagoya areas and other terms) are on page 37.

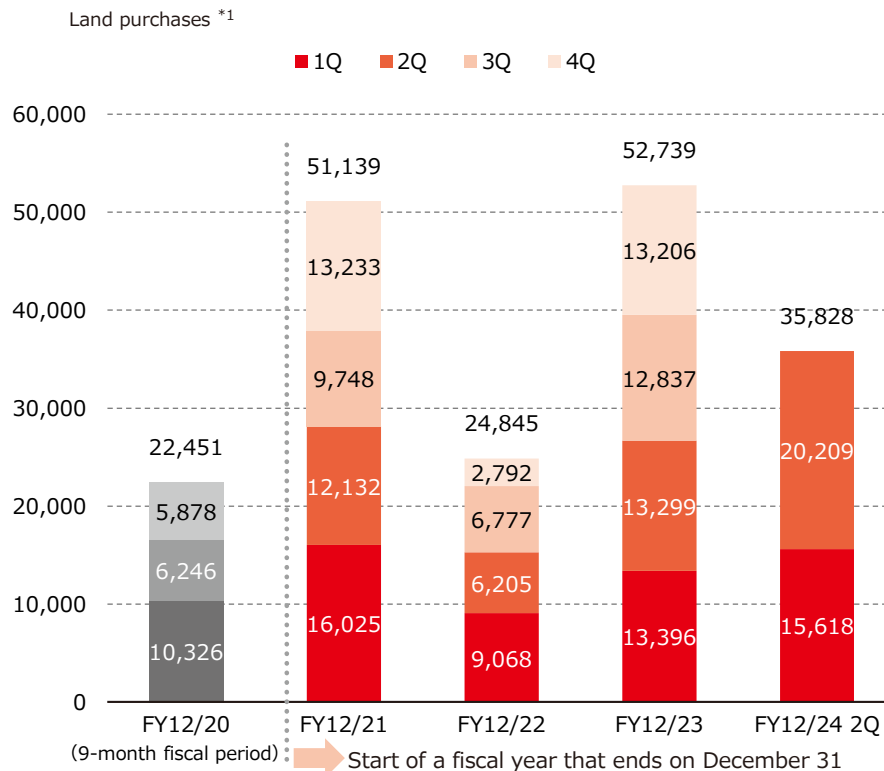


## FY12/24 2Q Performance (Land Purchases 2)

- Total purchase was ¥35,828 million at the end of FY12/ 24 2Q. This is on pace to exceed the FY12/23 results.
- Real estate for sale was ¥60,618 million at the end of FY12/24 2Q, which is on a favorable level.

### Land Purchases (Amounts Recorded on Balance Sheet)

(Millions of yen)



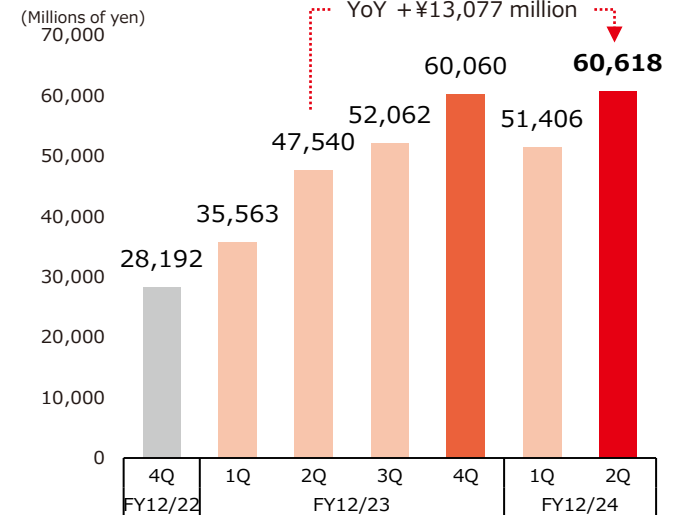
\*1. Real estate for sale added to the balance sheet in each quarter  
(End-of-quarter balance - Prior quarter balance + Flow Business cost of sales + Transfers of non-current assets to real estate for sale, and other items)

### Total Balance of Real Estate for Sale

#### Confirmed Long-term Cash Flows at Time of Purchase

- Properties are generally purchased only after signing a reservation contract with the tenant concerning a long-term fixed-term land leasing contract.
- A consistent cash flow for 20 to 50 years is added when land is purchased.

Pct. of properties with tenant agreements signed **100%**



### 3. Medium-term Management Plan

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## Medium-term Management Plan 2022-2026

- JINUSHI announced its first medium-term plan in February 2022 and is aiming for growth accompanied by the efficient use of capital and financial soundness.

	FY12/21 results		FY12/26 plan	CAGR
Financial targets				
Net sales	¥ 56.1 billion	>	¥ 100.0 billion	12.2%
Net profit	¥ 3.1 billion	>	¥ 7.0 billion	17.5%
JINUSHI REIT asset <sup>*1</sup>	¥ 151.5 billion <sup>*2</sup>	>	Approx. ¥ 300.0 billion	14.6%
Performance targets				
ROE	11.9 %	>	Approx. 13 %	
Equity ratio	32.2 %	>	30 % or more	

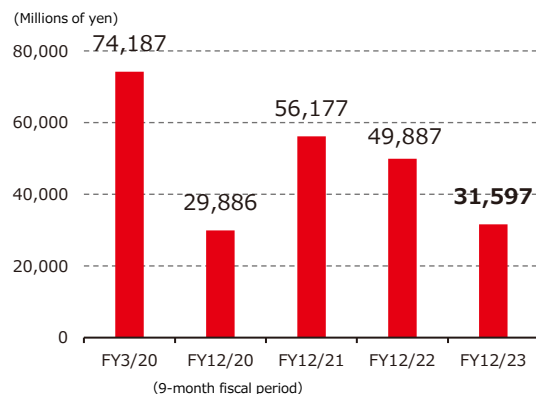
\*1. JINUSHI Private REIT Investment Corporation is operated by JINUSHI Asset Management Co., Ltd., a wholly owned subsidiary of JINUSHI.

\*2. Results for FY12/21 include properties purchased (appraised values when purchased) using funds procured in January 2022 by the sixth offering of investment units.

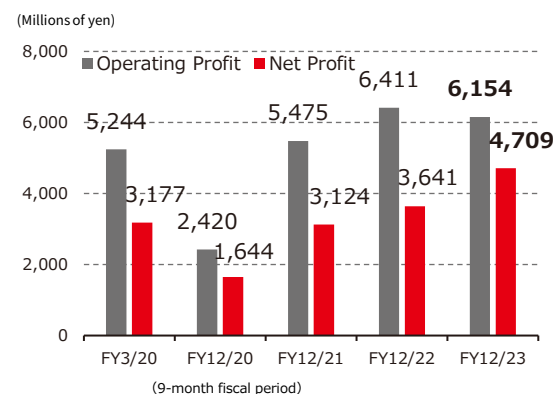
## Major Financial Indicators

- Net profit, JINUSHI's key earnings indicator, increased for the third consecutive year.
- The ROE remained at a favorable 15% while keeping the financial discipline of the mid-term management plan, which is above 30%.

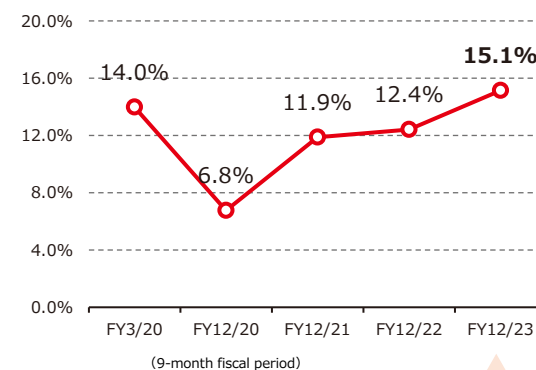
### Net Sales



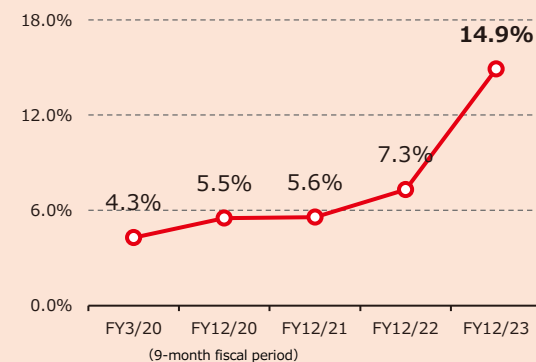
### Operating Profit / Net Profit



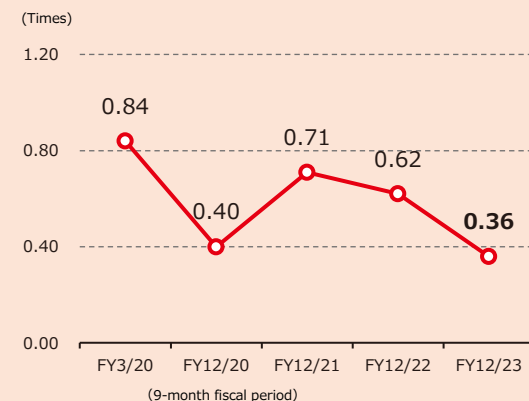
### ROE



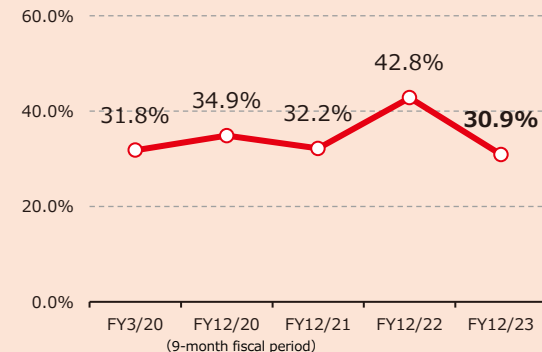
### Net Profit on Net Sales



### Total Asset Turnover



### Equity Ratio



## Growth Strategy Growth of JINUSHI Business and JINUSHI REIT

- The growth strategy is to aim for the growth of both the JINUSHI Business and JINUSHI REIT.
- Aiming for more growth by adding tenants in an even broader range of business sectors, expanding operations to more areas., and using off-balance-sheet schemes.

### Growth of JINUSHI Business



	Tenant business sector diversification	Expand to more areas	Off-balance-sheet schemes for land
Goals	<ul style="list-style-type: none"> <li>• Add tenants in a broad range of business sectors</li> <li>• Reduce the impact of changes in store requirements in specific market categories</li> <li>• Many sales activities targeting tenants opening stores or planning on more growth</li> </ul>	<ul style="list-style-type: none"> <li>• Business activities anywhere that population density is high</li> <li>• Focusing operations outside Japan on the U.S., where the real estate market is large and consistent economic growth is expected</li> </ul>	<ul style="list-style-type: none"> <li>• Proposals for off-balance-sheet land at existing properties in order to improve financial soundness and for other benefits</li> <li>• Emphasize JINUSHI's policy of being a stable landowner that is not aiming for a redevelopment project or other upside</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>• More tenants which will continue to grow and in sectors that perform an important role in society, such as hospice facilities and nursing homes</li> <li>• Use senior executives to build relationships with tenants</li> </ul>	<ul style="list-style-type: none"> <li>• Opened the Kyushu Branch in Fukuoka (December 2022)</li> <li>• Investments in the U.S. totaled about ¥4 billion Business operations are growing as JUNISHI's track record increases</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the use of banks and securities companies to contact potential customers (Hold seminars about JINUSHI's business activities and use other activities)</li> <li>• Many sales activities and proposals for companies that own high-quality real estate but where the pandemic or other events caused financial soundness to decline</li> </ul>

Increase JINUSHI Business reputation and awareness



Provide real estate financial products with long-term stability

### Growth of JINUSHI REIT



- Many investors want a JINUSHI Business that is resilient to natural disasters and market volatility and capable of generating stable, long-term income.
- Benefits as the first in this market sector as Japan's only REIT specializing in leased land; AUM of ¥221.6 billion (ranked 8th in the industry of 58 Private REITs \*1) and a dividend yield of about 4%
- Aiming to achieve AUM to ¥500 billion as soon as possible, with the medium-term plan goal of ¥300 billion as an intermediate step.

\*1. JINUSHI data (as of the end of June 2024)

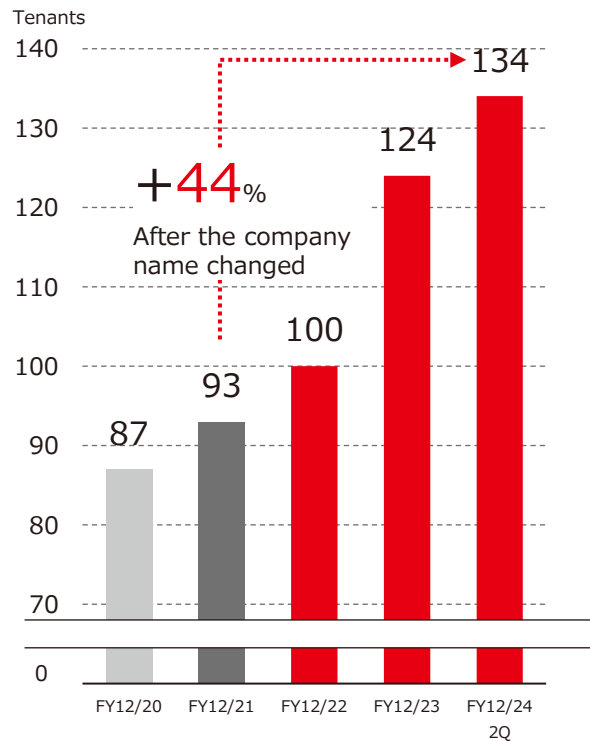
## Tenant Business Sector Diversification

- The company name change to JINUSHI (January 2022) has dispelled the brand image that our tenants are mainly commercial companies. The number of tenants increased significantly.
- The increase in the number of tenants has contributed significantly to the expansion of JINUSHI BUSINESS. At the end of FY12/24 2Q, we deal with 134 companies. There are many untapped tenants.

### Tenants\*1

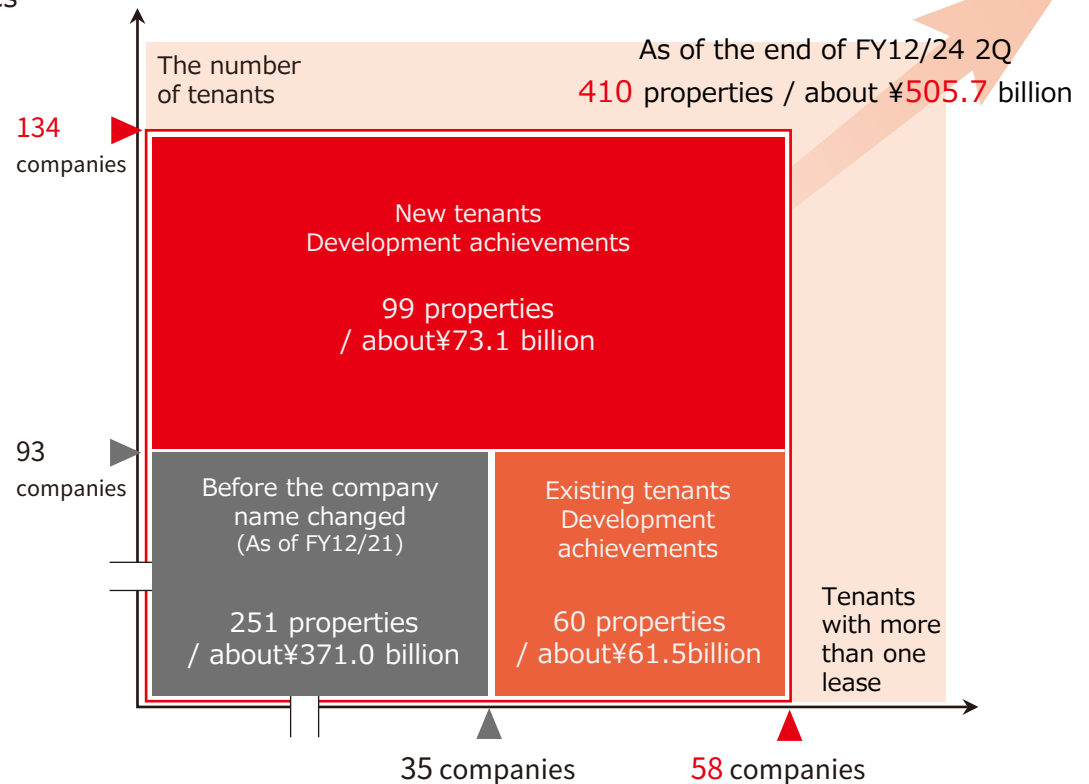
Number of tenants: **134** companies

Tenants with more than one lease: **58** companies



### Contribution to the Expansion of JINUSHI Business

- The increase in the number of new tenants has contributed significantly to the expansion of JINUSHI BUSINESS.

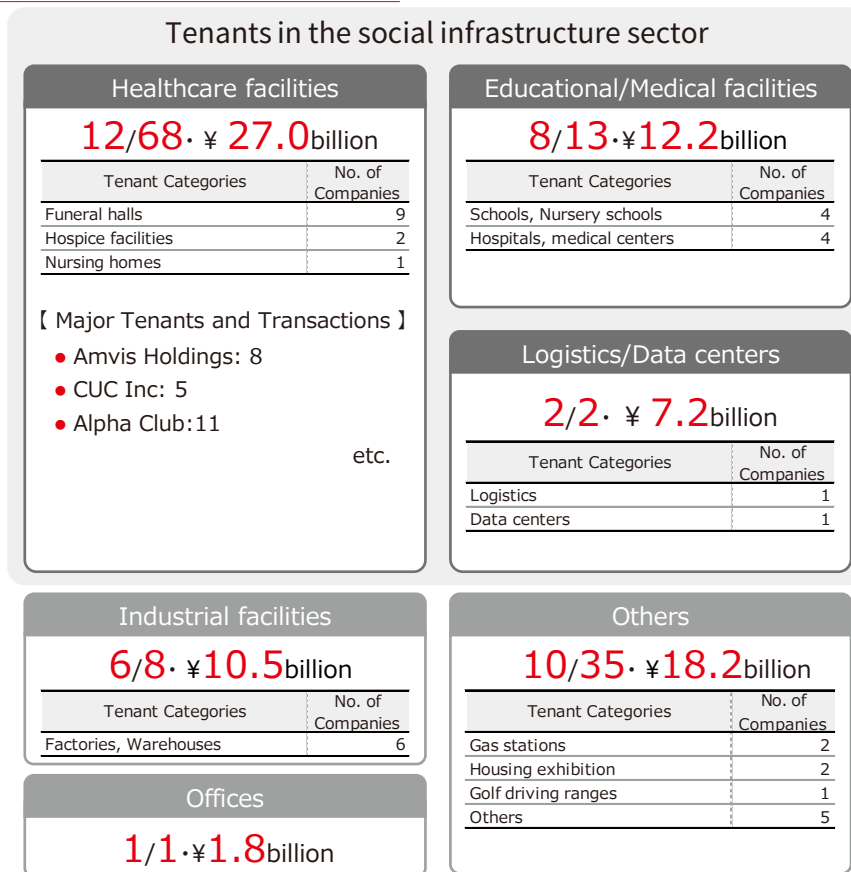
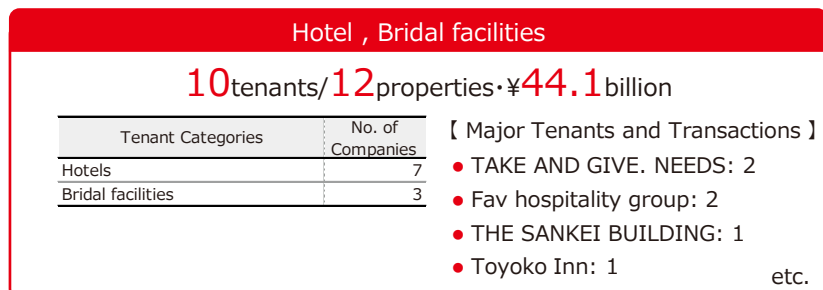
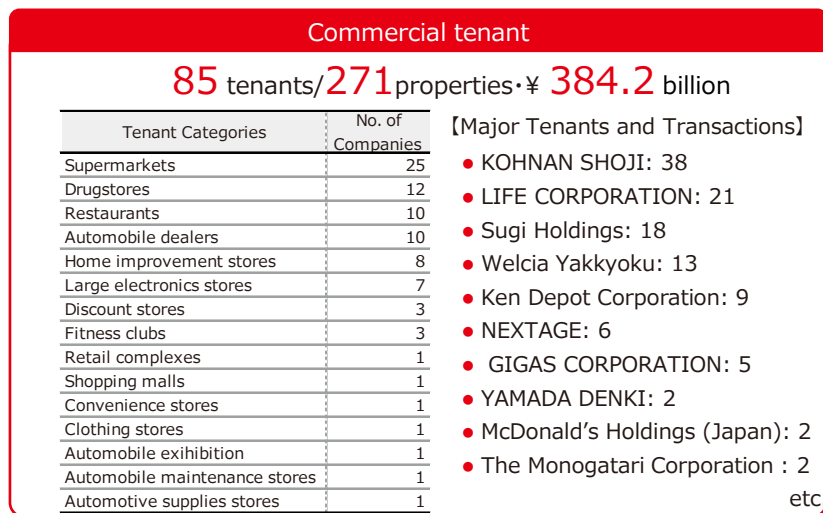


\*1. The number of tenants and properties is based on development achievements as of June 2024.

## Tenant Business Sector Diversification② Tenant classification

- Increased track record with various tenants, including healthcare facilities and logistics/data centers, while maintaining strength with commercial tenants.
- There is still much space for expansion due to the tenant's need for a new base, and the demand for the "off-balance-sheet schemes for land" against corporate real estate.

### Tenant Classification (the number of tenants/Achievements)



\*1. The number of tenants and achievements is calculated based on the development achievements as of the end of June 2024.

## Tenant Business Sector Diversification (More Tenants in the Social Infrastructure Sector)

- The JINUSHI Business is increasing tenant diversity as one way to continue growing following the change of the company name to JINUSHI.
- Efforts have greatly expanded by capturing the growth of hospice facilities, nursing homes, funeral halls, and other tenants that play an important role in the infrastructure of the super-aging society.

### Tenants in the social infrastructure sector

Quickly build more facilities to meet an important social need in Japan  
Hold down the investment spending needed for these new facilities

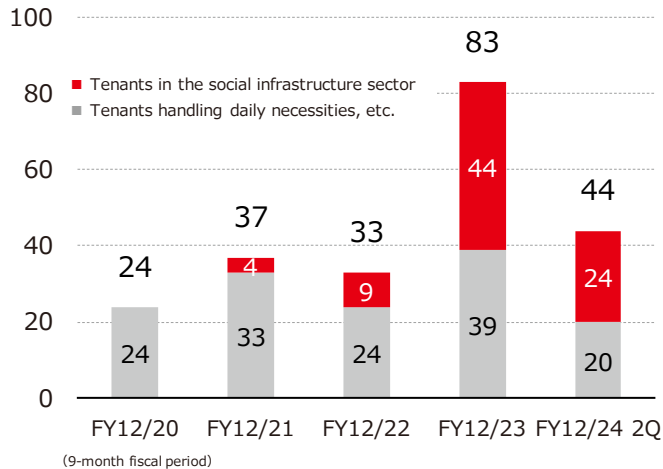


### The value of the JINUSHI Business

A long-term, stable landowner that can support the business plans of tenants

### Purchases (Agreements Signed) \*1, 2

- Tenants in the social infrastructure sector increased rapidly.



Ref: Transition of agreement amount

(Million of yen)

	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24 2Q
■ Tenants in the social infrastructure	–	3,400	4,000	13,200	7,300
■ Tenants handling daily necessities	16,000	42,500	16,400	45,500	22,500
Total purchases	16,000	46,000	20,400	58,800	29,800

### Major Tenants and Achievements (Cumulative)

- The cumulative number of tenants in the social infrastructure sector reached 86 properties, worth ¥47.2 billion

#### Hospice facilities



#### Nursing homes



#### Funeral halls



Tenants in the social infrastructure sector	Achievements (cumulative)*3	
	No. of tenants	Total investments
Hospice facilities	13	¥47,298 million
Nursing homes	1	
Funeral halls	56	
Hospital, medical centers	6	
Schools, Nurse schools	8	
Logistics, Data centers	2	

\*1. The number and monetary amount of agreements also includes those of the Real Estate Investment Business categories, etc.

\*2. Planned investment at the internal budgeting stage. The figures may not match the cumulative total because of rounding down to the nearest ¥100 million. Expenses for land acquisitions are included.

\*3. Development achievements as of the end of June 2024, plus projects already contracted for purchase as of the end of June 2024



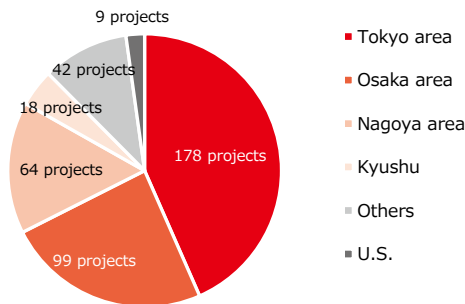
## Expand to More Areas

- The JINUSHI Business, which invests solely in land, operates in many types of areas, but primarily areas with a high population density.
- Operating in the Tokyo, Osaka and Nagoya areas and the U.S. (a subsidiary), the JINUSHI Business added the fifth area by opening the Kyushu Branch in Fukuoka in December 2022.

## JINUSHI Business Development Projects (as of the end of FY12/24 2Q)

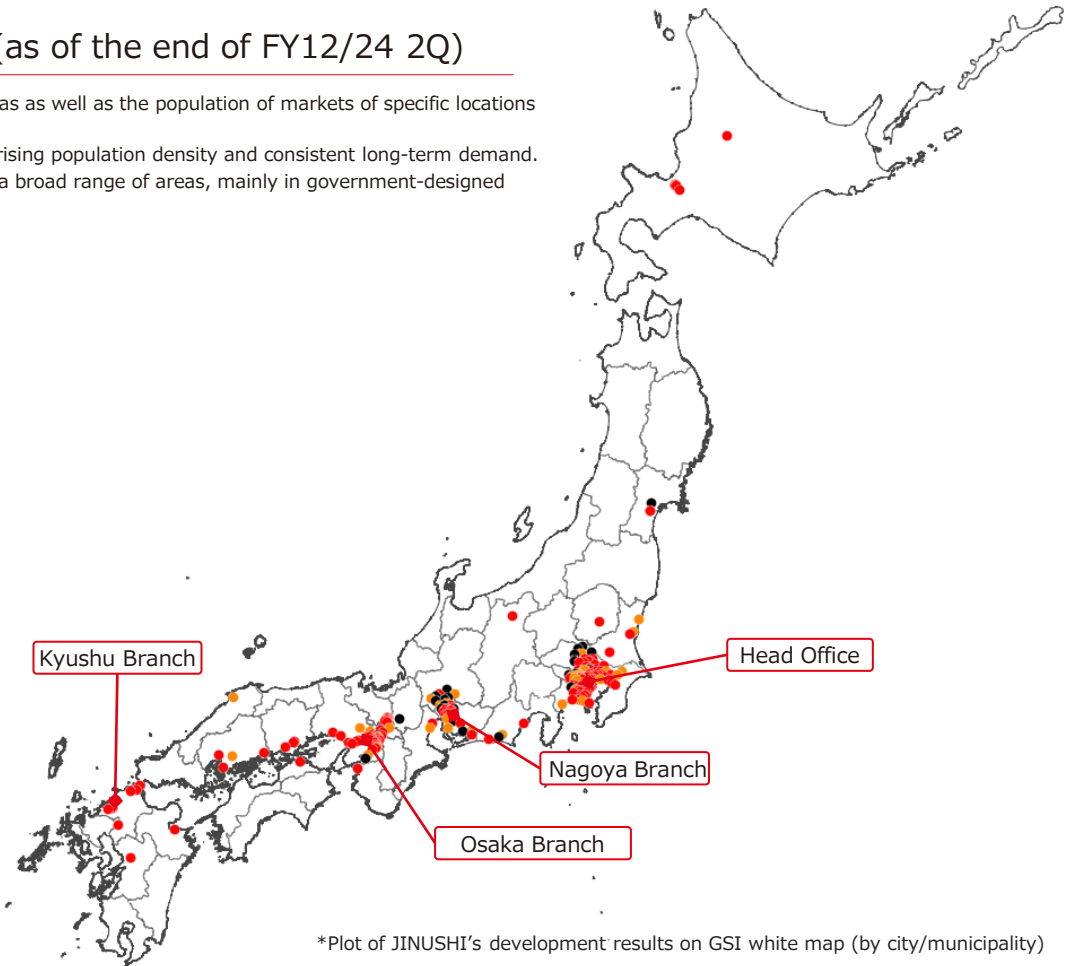
- The JINUSHI Business places priority on populations of targeted areas as well as the population of markets of specific locations and other factors.
- Within each area, JINUSHI carefully selects land in locations with a rising population density and consistent long-term demand.
- There are many opportunities in Japan for the JINUSHI Business in a broad range of areas, mainly in government-designed municipalities.

## Diversification of Areas (Based on no. of projects)



## Development Projects by Population

City/Municipality	Development projects	
	Yes (Number)	No
● Population 200,000+/ Government-designed municipalities	145 cities (312 projects)	145 cities
● 100,000 to 199,999	39 cities (51 projects)	115 cities
● 20,000 to 99,999	30 cities (38 projects)	785 cities
United States	— (9 projects)	—
<b>Total</b>	<b>214 cities (410 projects)</b>	<b>1,045 cities</b>



\*Plot of JINUSHI's development results on GSI white map (by city/municipality)

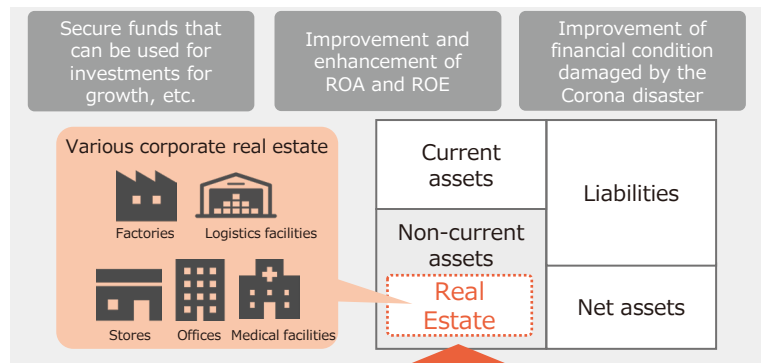
## Off-balance-sheet Schemes for Land

- Companies are moving real estate holdings off the balance sheet (separating ownership and use) to improve ROE and financial conditions.
- JINUSHI proposes off-balance-sheet schemes for land which has an advantage over competitors. Tenants can improve their financial strength and enable business operations to remain unchanged by these schemes.

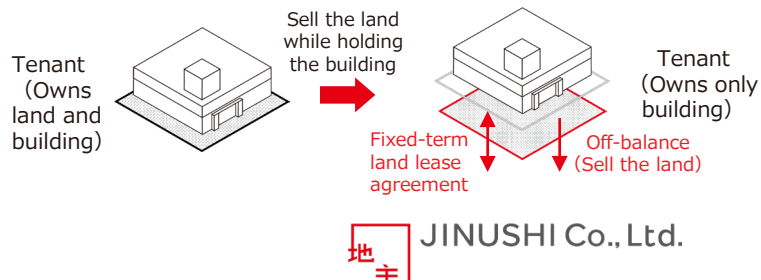
### Reasons for moving real estate off balance sheets

- Off-balancing of real estate (separation of ownership and use) has progressed as an effective response to management issues.
- TSE's requirement for listed companies to "manage priority on the cost of capital and stock price" also encourages efforts.

### Companies Facing a Variety of Management Challenges



Off-balance-sheet schemes have considerable merit.



### Competitive advantages of the scheme by JINUSHI

- For tenants, an off-balance-sheet scheme for only land has more benefits than the sale and leaseback of the land and building together

JINUSHI's Achievements (since FY12/22) **8 properties / ¥20.6 billion**

### Benefits from the Tenant's Perspective

	Off-balance-sheet Schemes for Land (Conclude a fixed-term land lease agreement after selling the land.)	Sale and Leaseback (Conclude a lease agreement for the buildings after selling both land and building.)
Common benefits	<b>GOOD</b> Generates gain on sale / Streamlines the balance sheet / Acquisition of funds	
Business operation	<b>No change</b> <b>GOOD</b> The tenant owns the building, making it possible to renovate the building, add facilities and make other improvements.	<b>Change</b> <b>Slightly Good</b> The tenant needs consent from the owner of the building for renovation or additional capital investment, etc.
Procedures	<b>Not require much trouble</b> <b>GOOD</b> Only needs a soil contamination survey and boundary demarcation of land.	<b>Takes a lot of effort</b> <b>Slightly Good</b> Due diligence and other procedures must be completed on the building before it can be sold, which requires a lot of effort.
Other	<b>Stable Landowner "JINUSHI REIT"</b> <b>GOOD</b> The tenant can continue to operate its business with confidence because JINUSHI REIT assumes that leases will be renewed upon maturity. There will be no redevelopment or demand for an unreasonable increase in the lease payment.	<b>Concerns about business continuity</b> <b>Slightly Good</b> No risk of an eviction due to a redevelopment project or other reason or of an increase in the lease payment when the current lease ends.

## Financial Strategy

- JINUSHI implements financial measures that support growth of the JINUSHI Business while maintaining financial soundness in order to withstand challenges like the global financial crisis and rigorously managing risk.

### Financial Discipline

- An equity ratio of at least 30%
  - Sufficient equity for business continuity even during difficulties like the global financial crisis
  - The basic policy is to use earnings growth to increase retained earnings
  - Proper control of the net D/E ratio, DCR and other financial indicators that financial institutions watch closely

	As of Jun. 30, 2024	As of Dec. 31, 2023
Equity ratio (%)	33.7	30.9
Net D/E ratio (times) <sup>*1</sup>	1.01	1.26
DCR (Debt Coverage Ratio) (%) <sup>*2</sup>	145.8	163.9

### Loans

- Establishment of a sound network of bank support
  - Strong relationships with major banks as well as with prominent regional banks in areas where JINUSHI operates
- Combined credit line of ¥50.75 billion for loans and committed credit facility
  - Contractual agreements for a credit line and credit facility to enable activities with speed and flexibility.

Credit line	Syndicated loan agreement (Arranged by Sumitomo Mitsui Bank)	¥22.25 billion
	Loan agreements with individual banks (Mizuho Bank and others)	¥16.0 billion
	Committed credit facility agreement (Tokyo Star Bank and others)	¥12.5 billion

- Long-term loans that reflect the characteristics of JINUSHI's business operations
  - To provide resilience against changes in real estate market conditions, JINUSHI uses long-term loans and interest rates are variable due to the characteristics of the high-turnover Flow Business.

Method:	Loans received and repaid for individual projects
Interest rate:	Variable
Length:	Long (at least 8 years for most loans)
Other:	No financial covenants

### Exit Strategy

- JINUSHI REIT
  - Operated by the JINUSHI Group, this is Japan's only REIT specializing in leased land and is largely shielded from securities market volatility due to its private ownership. A sale to JINUSHI REIT is the primary exit strategy, with this REIT receiving preferential negotiation rights.
  - JINUSHI REIT is capable of procuring funds as needed; the REIT has increased its capital every year since starting operations eight years ago.
  - Very strong demand for investments in JINUSHI REIT; the REIT has received investments from pension funds, insurance companies and other organizations that make long-term investments.
- JINUSHI has a ¥60 billion transaction facility with leasing companies
  - In 2019, JINUSHI signed basic agreements for the establishment of comprehensive transaction facilities with two leasing companies: SMFL Mirai Partners and ML Estate.
  - The transaction facility is a bridge scheme with JINUSHI REIT and others<sup>\*3</sup> receiving preferential negotiation rights. Using this scheme enables balance sheet management and helps maintain the stability of cash flows due to the ability to sell properties with speed and flexibility.

\*1. Net D/E ratio = Net interest-bearing debt (Interest-bearing debt – cash and deposits) / Net assets

\*2. DCR (Debt Coverage Ratio) = Interest-bearing debt / (Cash and deposits + Investment securities + Property, plant and equipment)

\*3. When selling real estate acquired using this transaction facility, a third party designated by JINUSHI Asset Management (usually JINUSHI REIT, but not always) receives a preferential right for purchase negotiations.

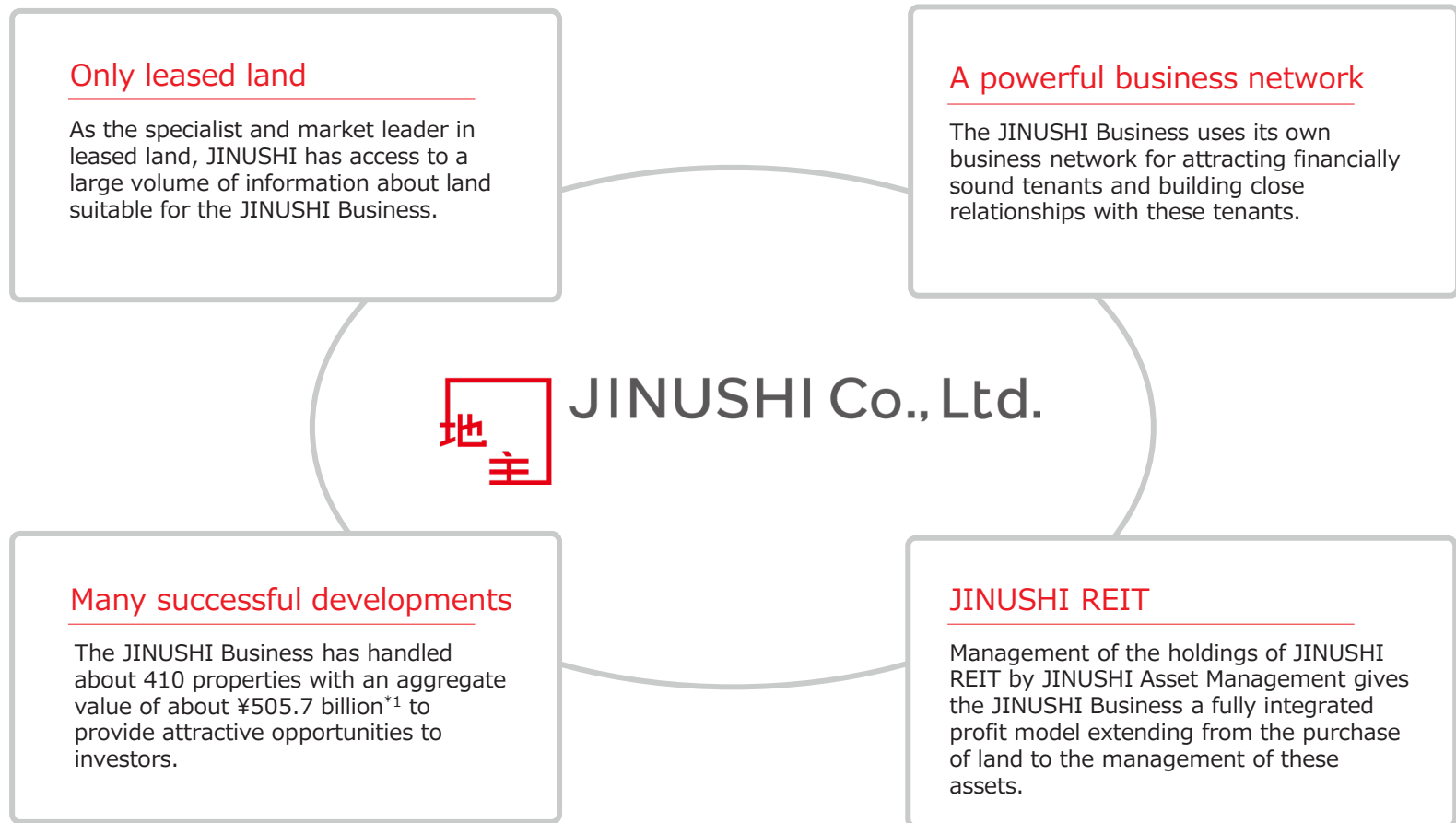
# APPENDIX

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- P29 Defining Characteristics of JINUSHI
- P30 Financial Results
- P31 The JINUSHI Business
- P45 JINUSHI REIT (Private REIT for leased land)
- P49 JINUSHI CLUB (Real Estate Financial Product for general investors)
- P50 Market Data
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## Defining Characteristics of JINUSHI

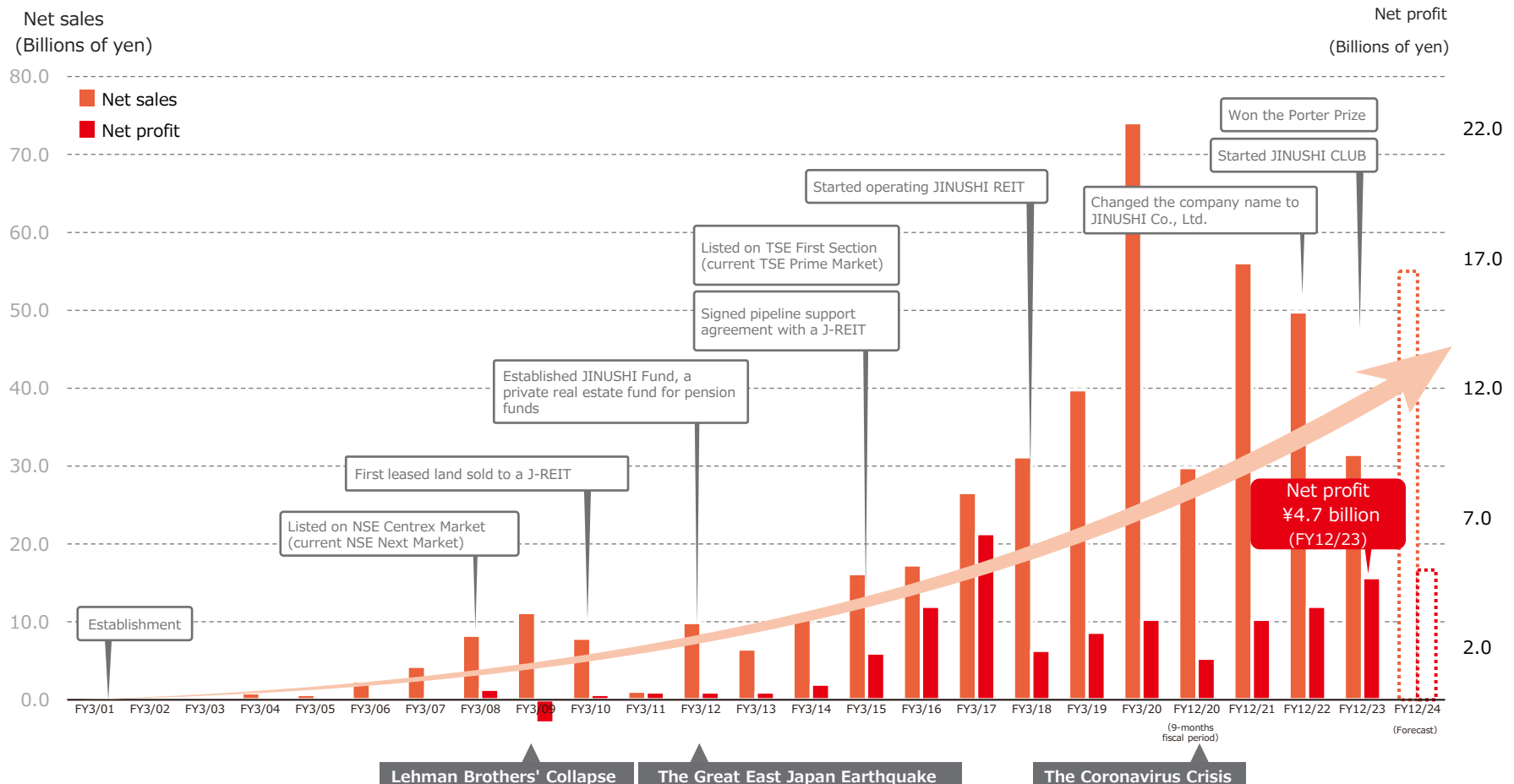
- JINUSHI created Japan's market for leased land as the producer of real estate financial products using solely the JINUSHI Business.



\*1. Based on monetary value as of the end of June 2024

## Financial Results

— Since starting operations more than 20 years ago, JINUSHI, specialized in the JUNISHI Business, has grown significantly while working on the creation and expansion of the leased land market.



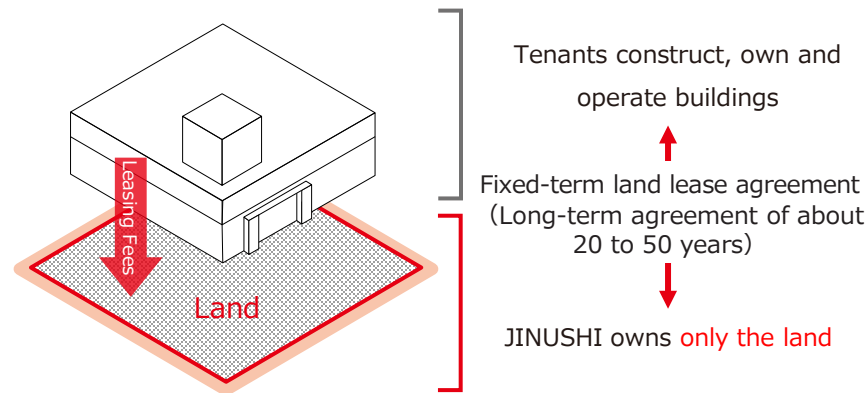
\*1. FY12/20 is a transitional 9-month fiscal period for the year-end change from March to December.

## The JINUSHI Business (1) What is the JINUSHI Business

- The JINUSHI Business uses a real estate investment scheme based on fixed-term land leases. This scheme requires only investments in land and does not include building ownership.
- This business provides a real estate financial product to investors that has long-term stability backed by land lease payments by tenants.

### What is the JINUSHI Business

- Eliminates most of the risks of real estate investment by investing only in land without holding buildings
- This business provides a real estate financial product to investors that has long-term stability backed by land lease payments by tenants



The real estate financial product is highly resistant to natural disasters and market volatility

Cumulative JINUSHI Business developments are **410** properties and about **¥505.7 billion** ※1

\*1. Based on monetary value as of the end of June 2024

### Various Tenants

- Our tenants are supermarkets and other stores that sell daily necessities. The social infrastructure sector (hospice facilities, logistics, etc.) is also increasing.

#### Supermarkets



#### Home improvement stores



#### Hospice facilities



#### Logistics



### Why use JINUSHI Business?

More stores  
Area strategy and area dominance strategy

Determination of efficient method for opening stores  
Reduction of initial investments

Prevent loss of important business sites  
End of existing lease or other event

#### Trust and achievements as a stable landowner

Assumption of re-signing upon expiration of the contract, no request for redevelopment or unreasonable rent increase

## The JINUSHI Business (2) History

- The JINUSHI Business was created by overcoming the many difficulties and failures of prior years.
- We started this business after learning difficult lessons about risk involving the ownership of buildings. We realized that leasing only land and not owning buildings would not result in failures.

### Failures of the Founder Prior to Establishing JINUSHI

#### Late 1990s (before establishing JINUSHI)

Tetsuya Matsuoka, founder of JINUSHI, and Hirofumi Nishira, president of JINUSHI, were employed by Kanematsu Urban Development, a member of the Kanematsu Group. They were involved with the development of a general merchandise store in Shiga prefecture and with the building leasing business.

#### Failures

Leased land and developed a commercial facility to the specifications of a tenant with sales of ¥1 trillion, but the tenant had financial problems and vacated the property. Although another tenant was found due to the prime location of the building, this incident created the following problems.

- The need for additional investments for building renovations
- Reduction of lease payments by the tenant
- Reduction of lease payments to the owner of the land

### The Start of the JINUSHI Business

#### Key Points

- The business must avoid risk associated with owning a building designed for a specific industry or tenant because buildings can become out of date due to changes in market conditions.
- Leasing only land without owning the building on the land is likely to prevent failures.
- Always adhere to the fundamental rule of purchasing only land where there will be demand in the future too and that can be leased to another tenant or sold.

#### The start of the JINUSHI Business



JINUSHI Business refers to a business model that is expected to generate stable profits over the long term by investing only in land with no additional investments for buildings because the investment in buildings is made by a tenant who enters into a long-term fixed-term land leasehold agreement.



# The JINUSHI Business (3) 4 Steps

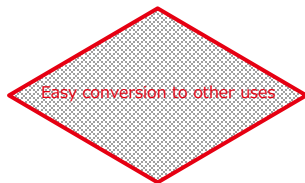
- Purchase and lease land and sell leased land. Manage the funds of investors.
- An innovative business model which invests only in land by utilizing fixed-term land lease rights.

## The 4 steps of the JINUSHI Business

### STEP 1 Purchase land

Investments are made in land that can be easily used for different purposes in the future. Population, commercial characteristics, location (highway frontage, etc.), the surrounding area and other characteristics are examined to select investments.

- Purchase of land easy to convert to other uses



#### Purchase of land easy to convert to other uses

##### POINT Land evaluation skill

JINUSHI purchases land that can easily be switched to a different use in the rare event that a tenant leaves. This makes it easy to attract a new tenant or sell the land.

#### Smaller risk involving purchases

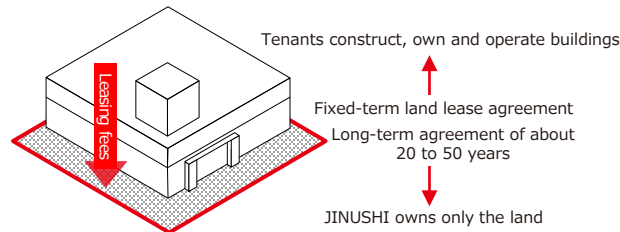
##### POINT Purchase made only after finding a tenant

To minimize risk involving land purchases, as a rule, land is purchased only after a tenant has agreed to lease the land. Lease agreements require the tenant to start making land lease payments when construction starts (or when the agreement is signed or some other date).

### STEP 2 Lease land

The JINUSHI Business does not own buildings. Tenants sign long-term land leases, resulting in a consistent revenue stream for many years.

- Land used for supermarkets and other stores; hospice and other business sectors have been increasing in recent years
- Tenants construct, own and operate buildings on the leased land



#### Fixed-term land lease agreement

##### POINT Fixed-term land lease agreement

In principle, fixed-term business-use land leases are used that require returning the site to its original condition, regardless of whether or not the lease is extended. At the end of the lease agreement, the tenant does not have the right to require JINUSHI to purchase the building. Lease agreements with similar terms are signed with tenants for ordinary fixed-term land leases too.

##### POINT Long-term agreement with the tenant

JINUSHI uses expertise acquired over more than 20 years as a specialist in leased land to establish long-term leasing agreements with tenants.

- Most lease agreements are for about 20 to 50 years.
- As a rule, a lease cannot be canceled for at least the first 10 years in order to reduce early termination risk.
- As a rule, tenants are not allowed to ask for a revision of the lease fee after an agreement has been signed.\*1

This real estate financial product is highly resistant to natural disasters and market volatility

#### Three Strengths of the JINUSHI Business



- 1 No need for additional investment**  
This business invests in land only. Since tenants pay for construction and ownership of buildings, there is no need for additional investment such as maintenance, repair, renovation, etc.
- 2 Stable long-term income is expected**  
During the long-term contract period of 20 to 50 years, tenants invest in buildings on the property. This reduces the risk of the property being vacated and creates expectations for stable long-term income.
- 3 Asset value is unlikely to decline**  
At the end of a lease, the tenant is required to return the site as a vacant lot, which can be easily leased again or sold. This characteristic of the JINUSHI Business makes it unlikely that the asset value of the land will decline.

\*1. Discussions with tenants about raising or lowering the lease fee are possible when, due to a dramatic change in the economy or some other major event, the lease fee has become significantly out of line with a reasonable amount.

## The JINUSHI Business (3) 4 Steps

- Lease payments from tenants are packaged as financial products with long-term stability that are provided to investors.
- Utilizing our position as a producer of real estate financial products, we aim to be a major landowner in Japan as JINUSHI REIT grows.

### The 4 Steps of the JINUSHI Business

#### STEP 3 Sell the land being leased

Land is sold to JINUSHI REIT and other buyers as an asset that is expected to have a reliable return backed by a steady cash flow for many years.

- Sold to JINUSHI REIT and other buyers
- Many investors want to own leased land as a source of a stable return for many years



A product producing safe interest yield; many successful developments

**POINT** More than 20 years of experience as a leased land specialist

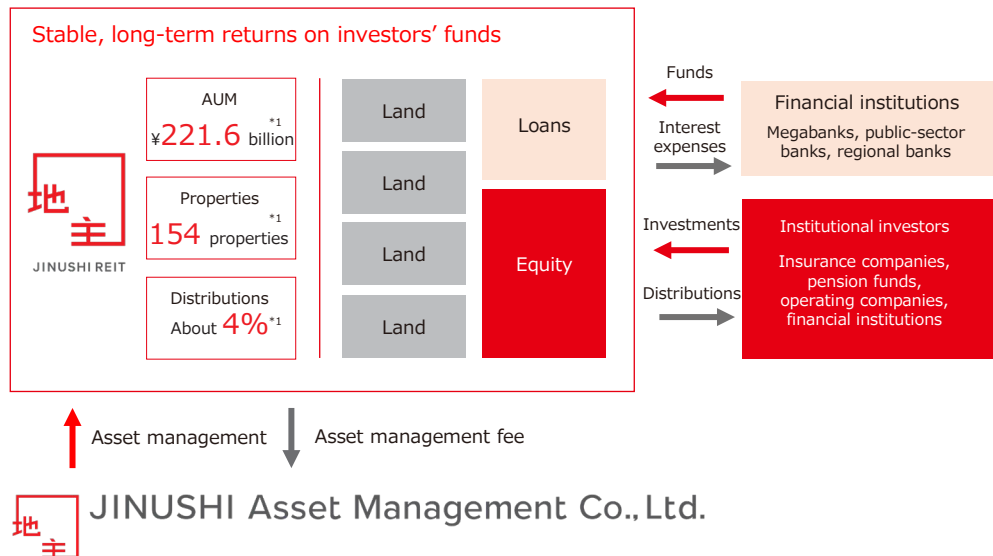
As a specialist in leased land for more than 20 years, the JINUSHI Business has a long list of accomplishments and not one tenant that has terminated a lease early. This demonstrates the outstanding stability and reliability of the return provided by JINUSHI financial products.

JINUSHI Business development operations*2	Tenant departures before maturity*3	Reductions of lease payments*3
410 projects About ¥505.7 bn	0	Only 1 (Temporary reduction due to the pandemic)

#### STEP 4 Management of the funds of investors

JINUSHI REIT, a privately owned REIT that is Japan's only REIT specializing in leased land, has earned a reputation as a stable landowner. This REIT provides the stable management of the funds of long-term investors and supports the operations of tenants who want reliable business continuity.

- Many long-term investments received from insurance companies, pension funds and other institutions
- JINUSHI REIT has increased its capital for eight consecutive years since starting operations in 2017.



\*1. As of January 10, 2024 (Figures are extracted for JINUSHI, group companies, and JINUSHI REIT)

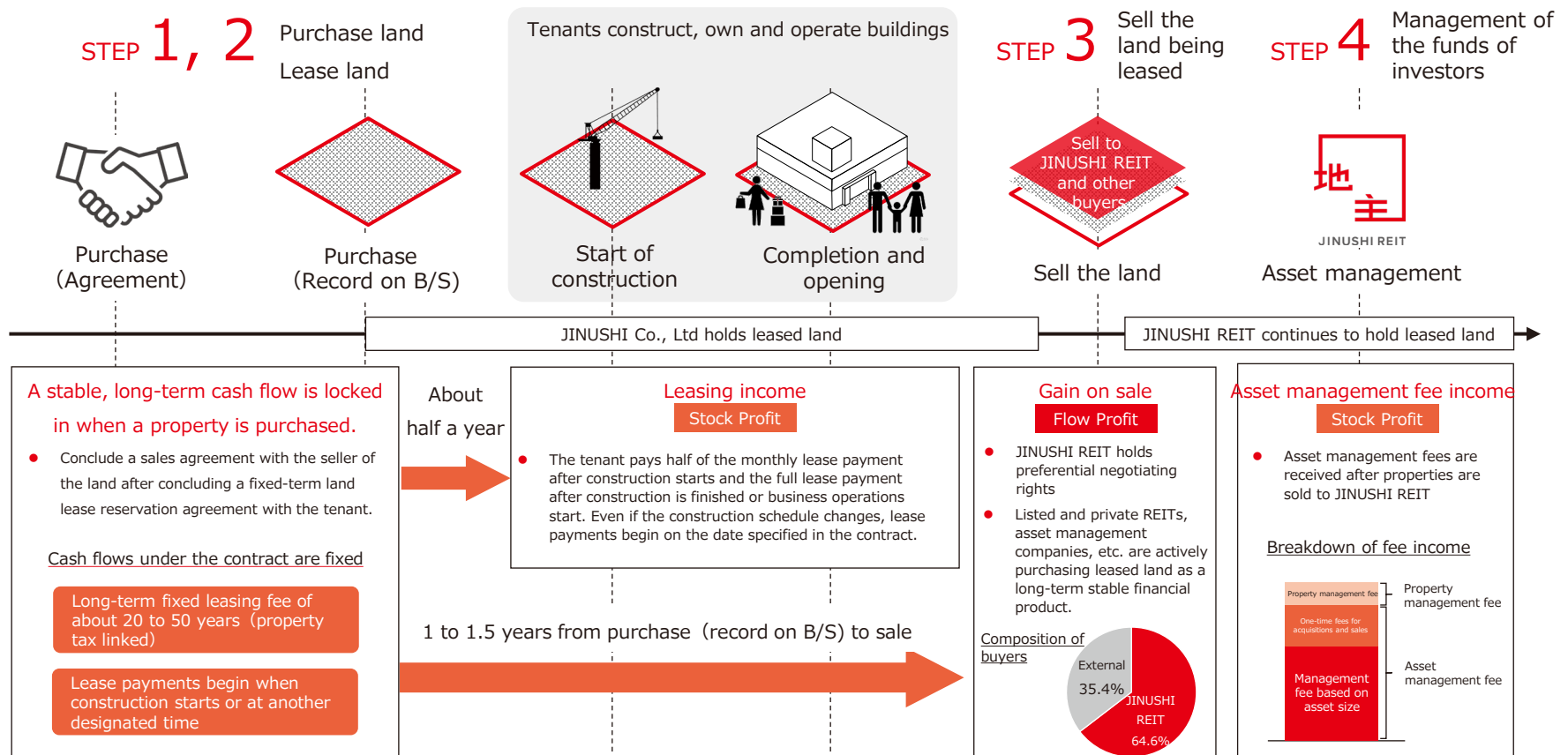
\*2. Based on monetary value as of the end of June 2024.

\*3. As of January 10, 2024 (extracted for the period of ownership at the Company, Group companies, and JINUSHI REIT. However, properties acquired on the JINUSHI Co., Ltd. premise of attracting alternative tenants are excluded)

# The JINUSHI Business (4) High-turnover Business Model with Minimized Risk and Quick Return on Funds

- The JINUSHI Business is structured to minimize risk. A stable, long-term cash flow is locked in when a property is purchased.
- A business model with a fast turnover because properties are usually sold about 1 to 1.5 years after a purchase. Furthermore, asset management fees are received after properties are sold to JINUSHI REIT.

## JINUSHI Business Process



\*1. This explanation of the JINUSHI Business is for a typical transaction. Actual terms and schedules differ for each property.

## The JINUSHI Business (5) Buildings on JINUSHI Properties (Major Tenants)

- The majority of tenants are supermarkets and other stores handling daily necessities. Tenants in the social infrastructure sector (Hospice facilities, funeral halls, logistics, etc.) are increasing too.

### Tenants handling daily necessities

- Supermarkets
- Home improvement stores
- Drugstores
- Large electronics stores



### Tenants in the social infrastructure sector

- Hospice facilities
- Schools
- Funeral halls
- Nursery schools
- Nursing homes
- Logistics

### Supermarkets



### Drugstores



### Home improvement stores



### Hospice facilities



### Funeral halls



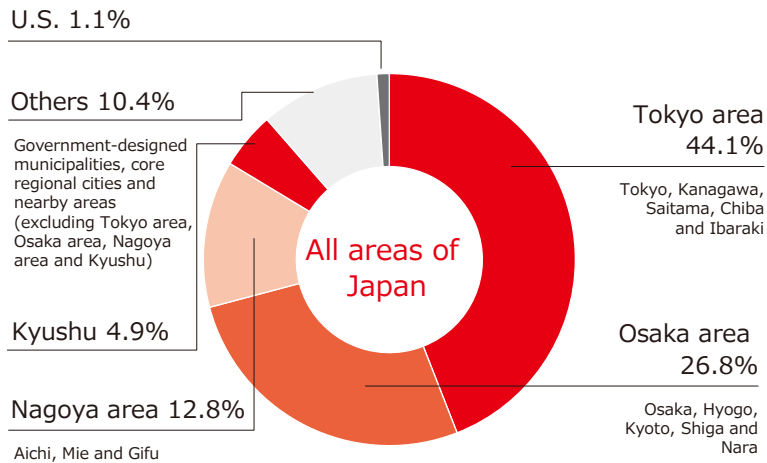
### Logistics



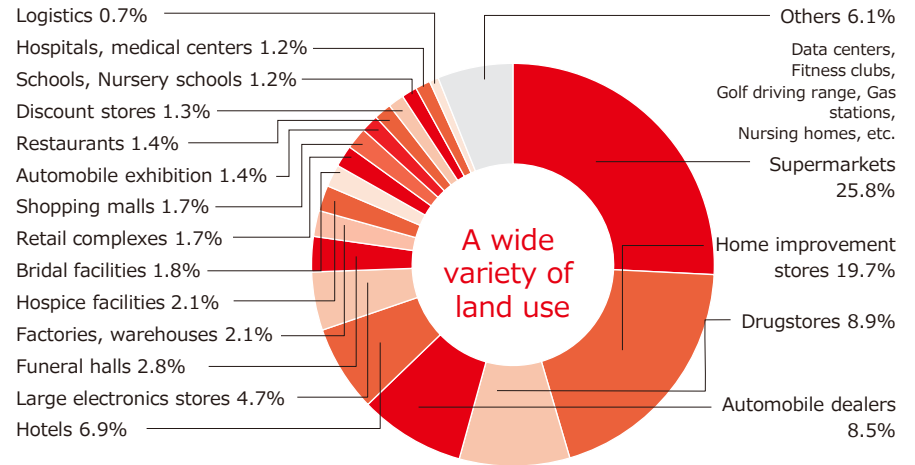
## The JINUSHI Business (5) Buildings on JINUSHI Properties (Diversification of Areas and Diversification of Use)

- The JINUSHI Business operates in all areas of Japan. Started further diversifying the types of tenants following the change of the company name to JINUSHI.

### Diversification of Areas



### Diversification of Use



Cumulative JINUSHI Business developments are  
**410** properties and about **¥505.7** billion\*1

\*1. Based on monetary value as of the end of June 2024

## The JINUSHI Business (6) Winner of the 2023 Porter Prize (Award for uniqueness and profitability from a business management perspective)

— JINUSHI received the 2023 Porter Prize for JINUSHI Private REIT Investment Corporation (JINUSHI REIT) as a target project.

### The Porter Prize

- The prize is named for Mr. Michael Porter, a world-renowned authority on business administration.
- Uniqueness of strategy and profitability are the key points of evaluation



The Porter Prize, which is given by Hitotsubashi University, recognizes companies with innovative products, processes, and management systems. Winners of this prize use these strengths to implement innovative strategies and maintain high profitability in their industry.

Porter Prize website:

<https://www.porterprize.org/english/>

### Competitiveness Conference 2023

- Attended Competitiveness Conference and the award ceremony on December 1, 2023



Porter Prize 2023 Award Ceremony (Received a certificate of commendation from Professor Ohzono of Hitotsubashi Business School)



Left: Professor Kusunoki, Hitotsubashi Business School  
Right: President and Representative Director Nishira

### Why JINUSHI was selected

- JINUSHI created a new type of financial product and uses a unique business model.



#### Creation of novel financial products

As a producer of real estate financial products that created financial products specialized in leased land, JINUSHI has created and expanded the leased land market.

#### A distinctive business model

The JINUSHI Business develops real estate financial products that are highly resistant to natural disasters and market volatility through investments exclusively in land without buildings.

#### Value for tenants

Tenants can develop a property with a small initial investment because there is no need to buy the land. In addition, tenants can use the land with confidence because JINUSHI REIT is a reliable long-term owner.

#### Value for institutional investors

JINUSHI offers pension funds, life insurance companies, and other institutions seeking long-term stable investments an additional option to diversify their investment portfolios through JINUSHI REIT.

Reference: JINUSHI interview video

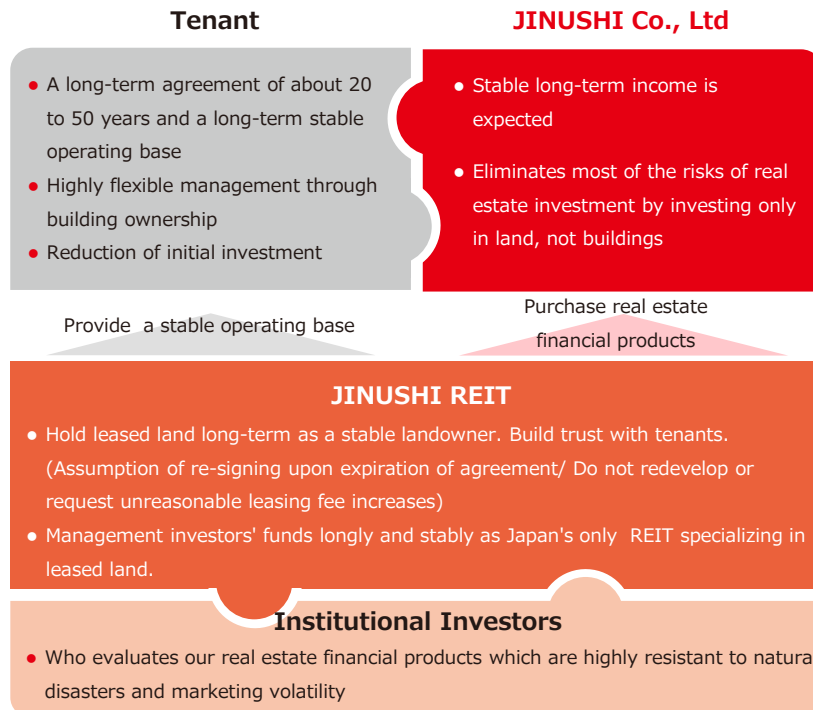
<https://www.jinushi-jp.com/video/PorterPrize.mp4>

## The JINUSHI Business (7) High Barriers to Entry

- JINUSHI REIT is a key factor in JINUSHI Business, creating high barriers to entry.
- Started operations of JINUSHI REIT when the company created the leased land market, and it started growing. And create a robust business model that earned the first-mover advantage.

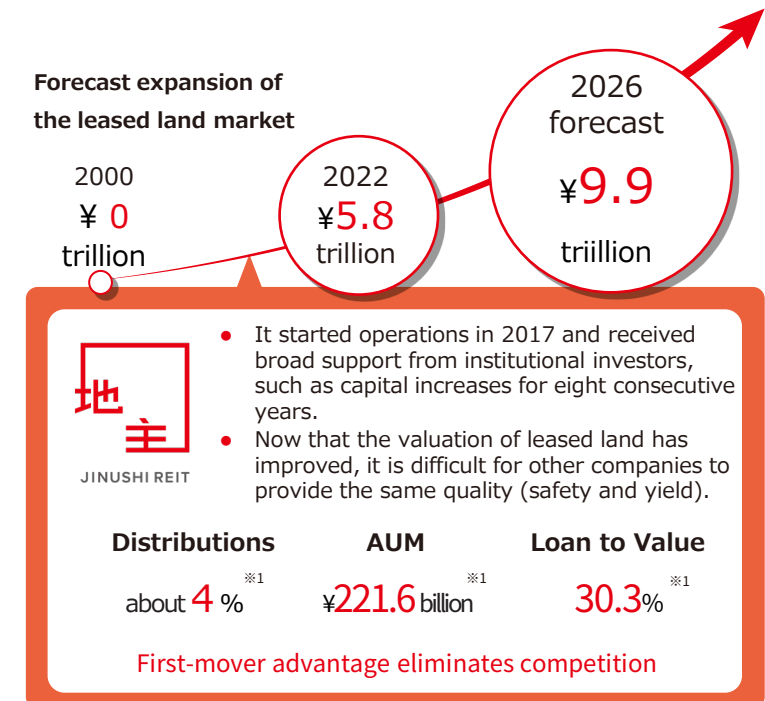
### JINUSHI REIT the Key Factor of JINUSHI Business

- JINSUHI Business that meets the needs of both the Company and our tenants
- JINUSHI REIT builds trust with tenants as a stable landowner even after the Company sells the leased land. This is a critical factor in a business model that creates high barriers to entry.



### Earn the first-mover advantage by creating the leased land market

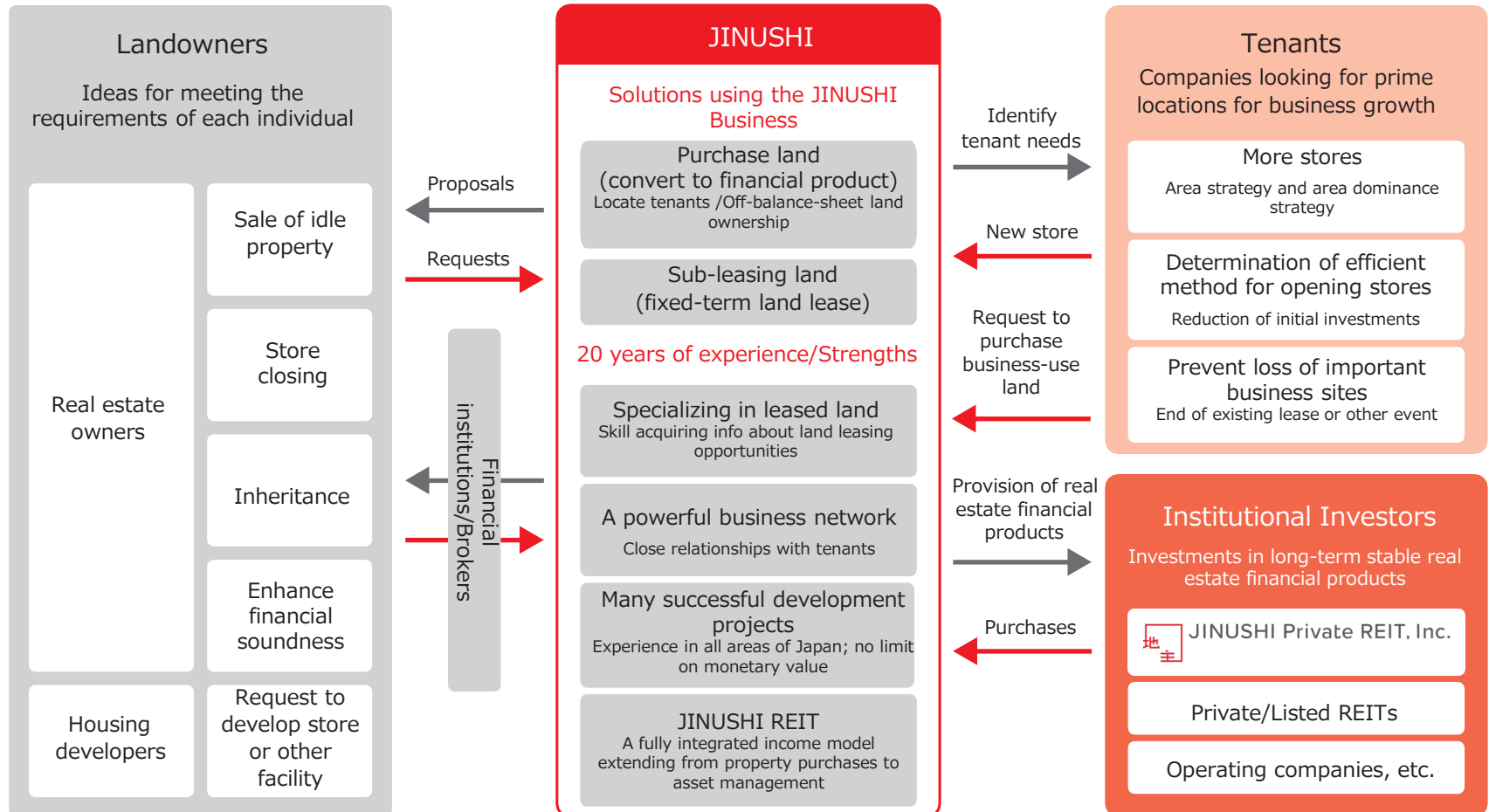
- We created a leased land market in 25 years that did not exist before we worked on it. As the market grows, the valuation and liquidity of leased land dramatically improve, and its recognition is spreading.
- We started operating JINUSHI REIT in 2017, which is the same time we created the leased land market, which started growing.
- Built a robust business model could earn the first-mover advantage.



※1. As of January 10, 2024

## The JINUSHI Business (8) The Roles of the JINUSHI Business

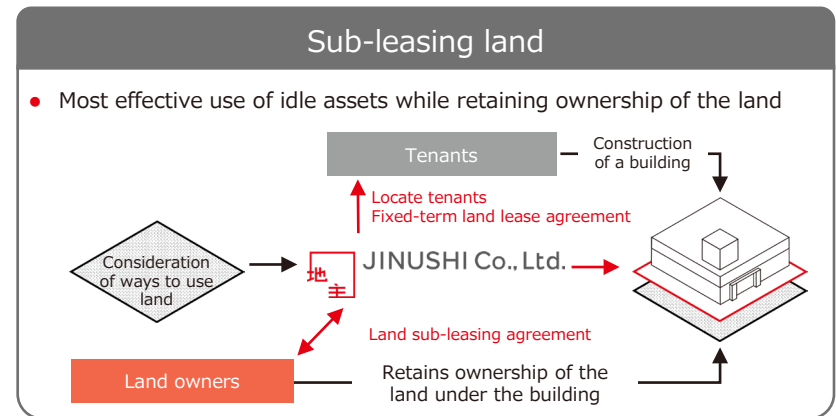
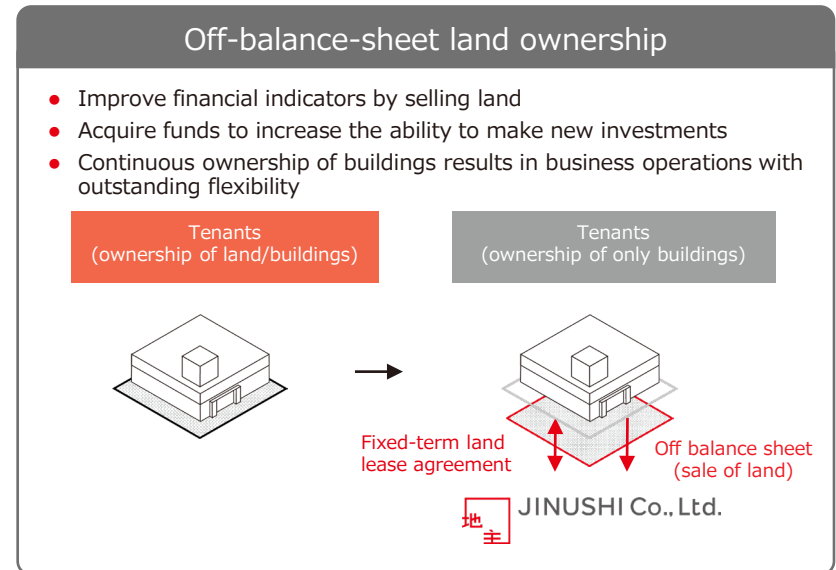
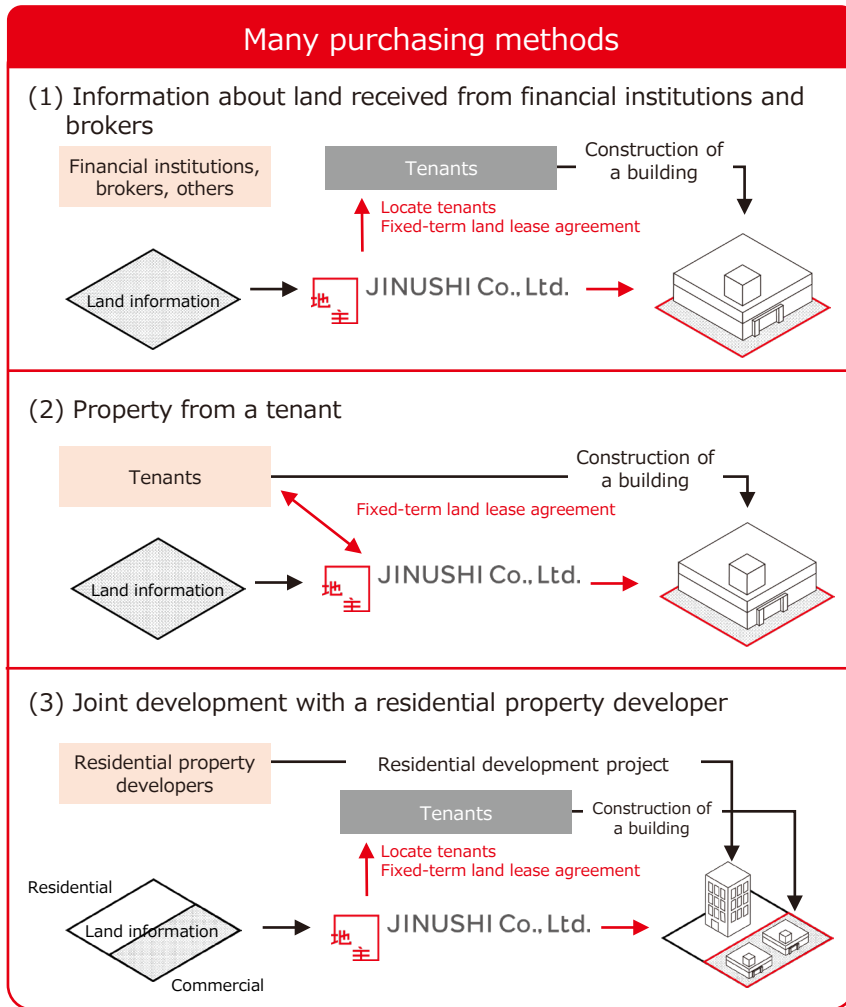
- The JINUSHI Business brings together three participants: landowners, tenants who use land, and institutional investors who require a financial product with stability.
- JINUSHI is a leading member of the leased land market as a producer of real estate financial products structured to generate long-term stable cash flows.





# The JINUSHI Business (9) Many Methods for Purchasing and Resolving Issues

— The JINUSHI Business uses many ways to purchase properties. Many sellers ask JINUSHI to be the buyer because of expertise about leased land. JINUSHI has the knowledge to meet a variety of needs of tenants and landowners.




## The JINUSHI Business (10) Three Strengths for Resilience to Business Climate Changes

- The 2008 financial crisis, 2011 earthquake and tsunami, and pandemic all demonstrated the long-term stability of the JINUSHI Business and established its market reputation.
- The current environment of inflation and rising interest rates is an opportunity to further enhance the three strengths of the JINUSHI Business.

### The JINUSHI Business Strengths Become Even Greater

#### Three Strengths of the JINUSHI Business



- 1** No need for additional investment

This business invests in land only. Since tenants pay for construction and ownership of buildings, there is no need for additional investment such as maintenance, repair, renovation, etc.
- 2** Stable long-term income is expected

During the long-term contract period of 20 to 50 years, tenants invest in buildings on the property. This reduces the risk of the property being vacated and creates expectations for stable long-term income.
- 3** Asset value is unlikely to decline

At the end of a lease, the tenant is required to return the site as a vacant lot, which can be easily leased again or sold. This characteristic of the JINUSHI Business makes it unlikely that the asset value of the land will decline.

Change in business climate  
(Inflation, high-interest rates)

#### Strengths during inflation and high interest rates

- The JINUSHI Business model remains strong during inflation because the business does not own buildings and requires no additional investments. Increases in the cost of construction and repairs do not affect this business.
- Property tax is the only leasing expense of the JINUSHI Business. Leases include a provision for raising lease payments to reflect increases in the property tax, thereby eliminating the effect of this tax on earnings from leases (see page 43). In addition, an increase in lease payments can be negotiated if there is a significant change in the economy or some other event.
- This is a phase in which the strengths of the JINUSHI Business are further enhanced compared with other real estate investments that have many variable factors of rising expenses and have not been able to increase lease payments. (see page 44)
- During inflation, the increase in the price of the land raises the capital gain that can be earned if the property is later sold.
- Land does not degrade over time and enjoys the full benefit of inflation.

# The JINUSHI Business (10) Resilience to Business Climate Changes (Few Sources of Volatility, Financial Strategy)

- When making real estate investments, buildings are a source of various types of risks affecting asset value.
- Interest rates are the only variable affecting the JINUSHI Business, which holds only land. JINUSHI and JINUSHI REIT both have a financial strategy structured to match their operations.

## JINUSHI Business Variables

	Real estate investment sources of risks		
Leasing income	Leasing fluctuation risk	Vacancy risk	
Leasing cost	Sales promotion and advertising expenses	Leasing	Cleaning cost
	Property tax	Utilities expense	Insurance fee
	Depreciation and amortization	Repair costs	
Non-operating expenses	Interest rates	The only variable affecting	
Other expenses	Rebuilding	Renovations	Capital investment
	Fire/disaster damage		

## Financial Strategies



- Financial soundness (equity ratio of at least 30%)
- Low-cost variable interest rate loans due to a business model with a fast turnover of about 12-18 months from property purchases to sales
- Long-term loans for risk hedging to be prepared for a shift in real estate market conditions

Method:	Loans received and repaid for individual projects
Interest rate:	Variable
Length:	Long (at least 8 years for most loans)
Other:	No financial covenants



- Low loan-to-value based on a policy of investments with long-term stability
- Loan-to-value is 30.3%\*1.
- The non-current liabilities ratio (non-current liabilities divided by equity) is 100%\*1 and the average time to loan maturity is 5.3 years\*1.

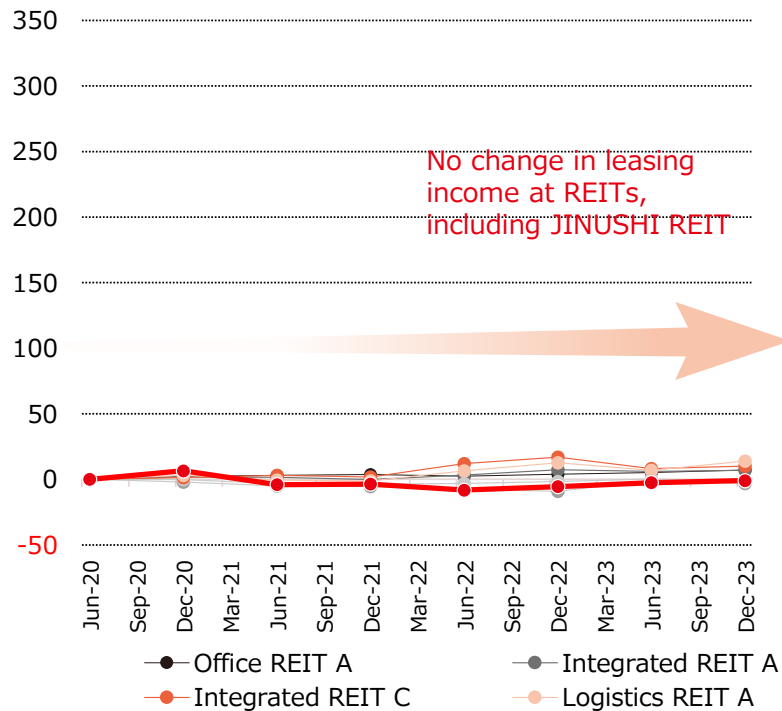
\*1. As of January 10, 2024

# The JINUSHI Business (10) Resilience to Business Climate Changes (Changes in Leasing Income and Utility Rates)

- During the inflation phase after 2021, utility expenses have increased significantly, but most J-REITs have not yet been able to increase leasing income.
- JINUSHI REIT is in a superior position due to its very few sources of changes in expenses.

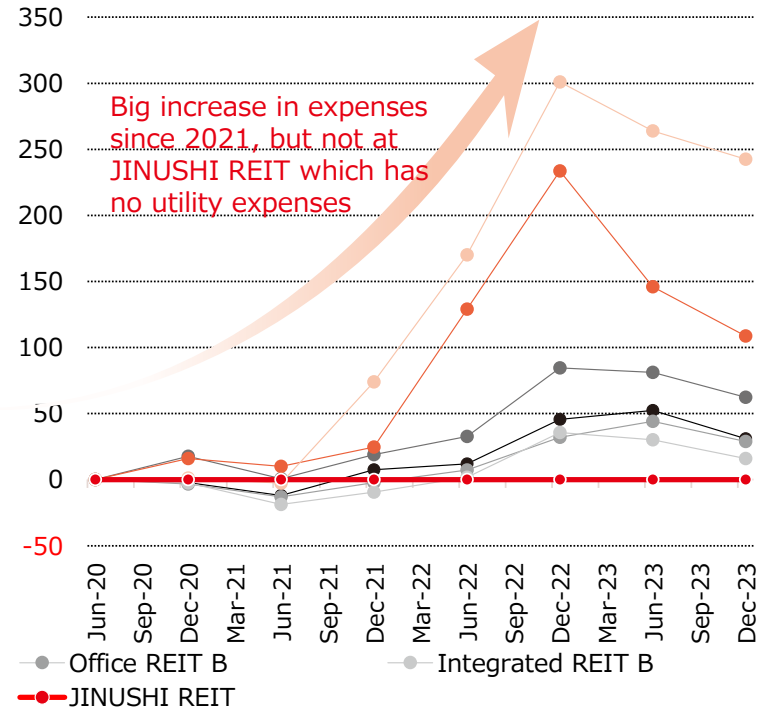
## Leasing Income\*1

(June 2020 fiscal period=0)



## Utility Expenses\*1

(June 2020 fiscal period=0)



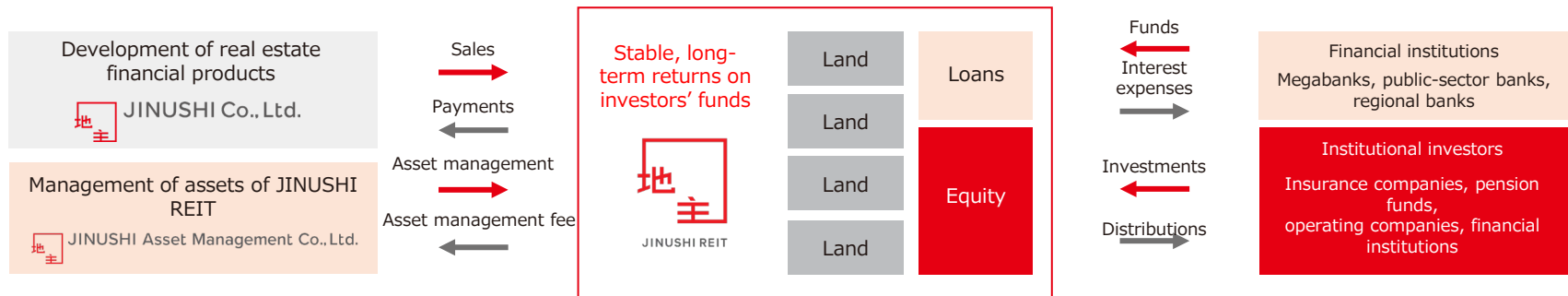
\*1: Changes in leasing income per tsubo (3.3m<sup>2</sup>, leasing income divided by floor area available for leasing) and utility expenses per tsubo (utility expenses divided by floor area available for leasing) at J-REITs with fiscal periods ended in June and December. Indexed to the June 2020 fiscal period with the base value as 0.

# JINUSHI REIT (Private REIT for Leased Land) (1) Structure/Operation

- JINUSHI Private REIT Investment Corporation (JINUSHI REIT), which is operated by JINUSHI, safely manages the funds for long-term investments received from client investors.
- JINUSHI REIT is Japan's only private REIT specializing in leased land and its operations are an excellent match with the long-term stability of the JINUSHI Business.

## Structure

Many long-term investments received from insurance companies, pension funds and other institutions to earn stable income from investments overseen by JINUSHI Asset Management



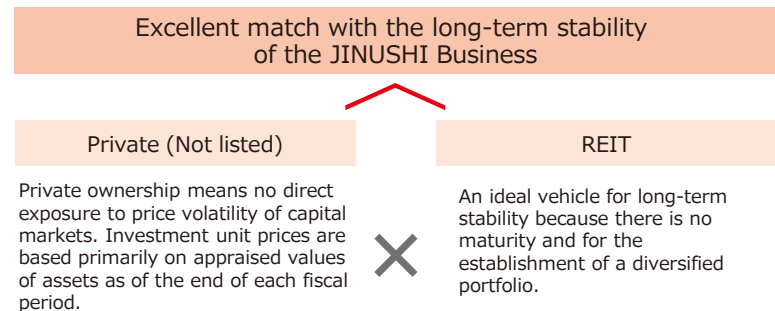
## JINUSHI REIT summary (as of January 10, 2024)

JINUSHI REIT started operations in 2017 and is now well known as Japan's only REIT specializing in leased land.

AUM	¥221.6 billion*1 (8th of 58 Private REITs)	Distributions	About 4%
Properties	154 properties*1 (1st of 58 Private REITs)	Number of investors	307 companies
Assets	Only leased land (only fund of this type in Japan)	Credit rating (JCR)	A+ (Stable)

## Private REIT structure reduces price volatility risk

A private REIT is a superior structure that facilitates the safe management of funds received from investors.




\*1. JINUSHI data (as of the end of June 2024)

## JINUSHI REIT (Private REIT for Leased Land) (2) Features

- JINUSHI REIT gives investors stable, long-term income with a low risk of a big change in the value of the principal.
- JINUSHI REIT has characteristics that match the requirements of pension funds, insurance companies and other investors that want an investment with long-term stability.

### Features of JINUSHI REIT



JINUSHI REIT

JINUHI Business

Stable, long-term income

×

Private REIT

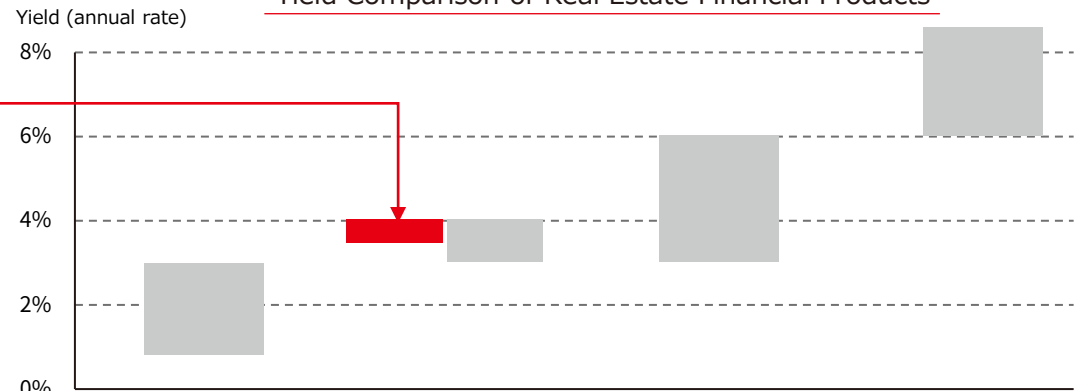
A low risk of a big change in the value of the principal

	Management policy	Track record <sup>*1</sup>
Yield (annual rate)	About 3.5%	About 4%
LTV	About 20-40%	About 30%

**Private REIT Features to JINUSHI Business**

- The only private REIT in Japan that invests only in land; low LTV, low risk and low volatility
- Realize stable distributions over the long term by concluding long-term fixed-term lease land agreements with tenants without owning the building

Yield Comparison of Real Estate Financial Products



Type	(Reference) Yen-denominated bonds	Private REIT	J-REIT	Real estate private fund
Yield (annual rate) <sup>*2</sup>	About 0.7%-3%	About 3%-4%	About 3%-6%	6% or more
LTV	–	About 40%	About 40%-50%	About 60%-80%
Features	<ul style="list-style-type: none"> <li>• Traditional asset management</li> </ul>	<ul style="list-style-type: none"> <li>• Avoiding price linkage with securities markets by not listing <b>GOOD</b></li> <li>• Investment period is indefinite <b>GOOD</b></li> <li>⇒ Products that "combine the best" of private funds and J-REITs</li> <li>• Limited liquidity but can be redeemed on the secondary market or by using a refund system <b>Slightly Good</b></li> <li>• This market has grown to 58 REITs and assets of ¥6.4 trillion; also attracting a broader range of investors<sup>*3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Expected yields vary widely depending on unit price <b>BAD</b></li> <li>• Investment period is indefinite <b>GOOD</b></li> <li>• Easy to buy and sell as the company is listed on the stock exchange <b>GOOD</b></li> <li>• A wide range of individuals, domestic and foreign institutional investors, etc., investing in the company</li> </ul>	<ul style="list-style-type: none"> <li>• Limited principal price volatility due to private ownership <b>GOOD</b></li> <li>• Real estate asset management for a fixed term (exit is based on market conditions at maturity) <b>BAD</b></li> <li>• Limited liquidity <b>BAD</b></li> <li>• Maximize equity income by adopting relatively high LTVs</li> </ul>

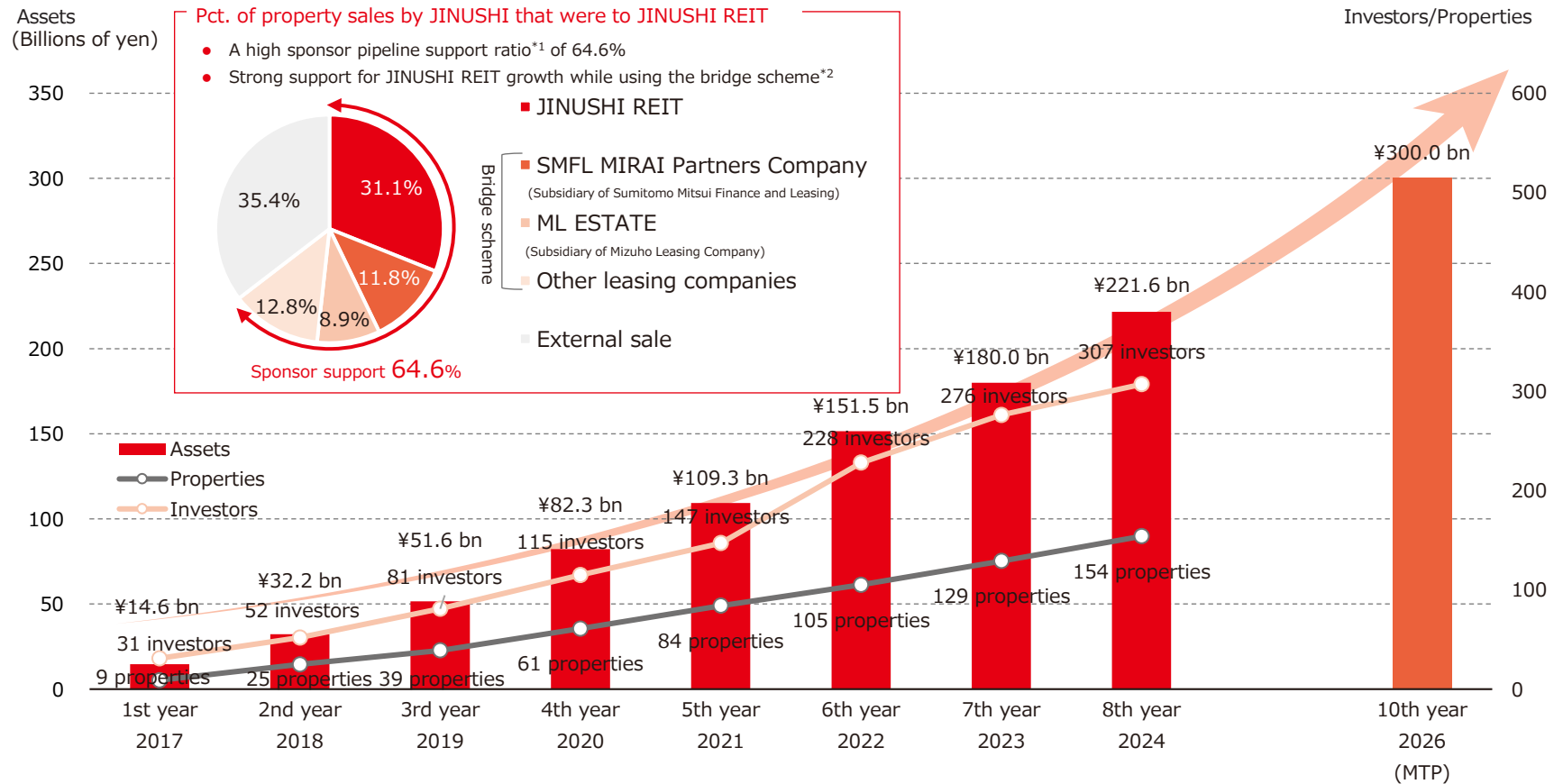
\*1. As of January 10, 2024

\*2. Typical figures are shown for each category of financial product. Actual numbers differ for individual REITs and funds and due to future performance.

\*3. Source: The Association for Real Estate Securitization, "Private REITs Quarterly" (July 31, 2024). Figures are as of Jun 31, 2024, and the number of REITs includes JINUSHI REIT.

## JINUSHI REIT (Private REIT for Leased Land) (3) Asset Growth

- Increased capital for eight consecutive years due to sponsor pipeline support and consistently strong demand for real estate investments.
- In January 2024, the eighth capital increase was implemented, bringing the AUM to ¥221.6 billion. Aiming to achieve an AUM of ¥500 billion as soon as possible, with the medium-term plan goal of ¥300 billion as an intermediate step.



\*1. The percentage of sales by JINUSHI and group companies between FY03/17 and FY12/24 2Q of properties that were to JINUSHI REIT or that used the bridge scheme based on monetary value.

\*2. Sales of properties by JINUSHI and group companies where the buyer is a third party designated by JINUSHI Asset Management (usually JINUSHI REIT, but not always) that has a preferential negotiation right.

\*3. All numbers in this graph are the amounts immediately after each offering. (Assets in each year are based on appraised values when acquired. Only the data for 2023 is as of July 3, 2023. The 2026 figure is the goal in the medium-term management plan.)

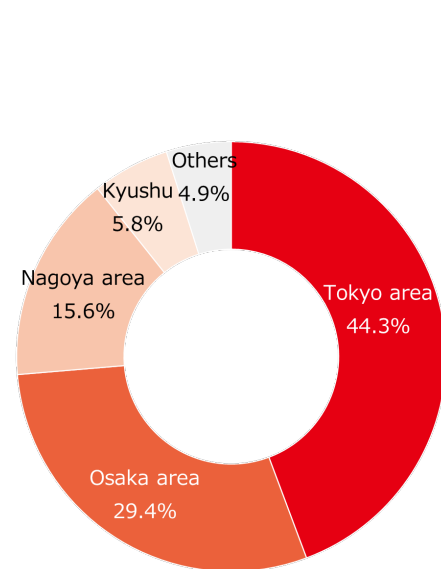
## JINUSHI REIT (Private REIT for Leased Land) (4) Portfolio/Investors

- JINUSHI REIT holds a geographically balanced portfolio of properties, mainly located in Japan’s three major metropolitan areas, that are leased to a large number of tenants that sell household necessities.
- A large number of long-term investors have invested in JINUSHI REIT due to expectation for receiving steady income for many years. Currently, the number of pension funds and central financial institutions is increasing.

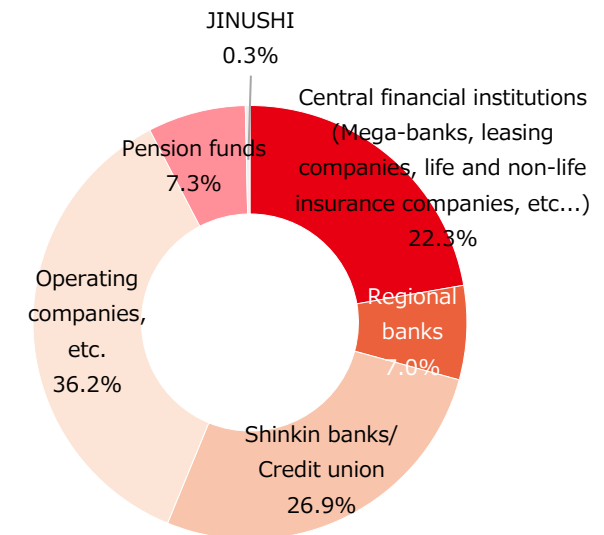
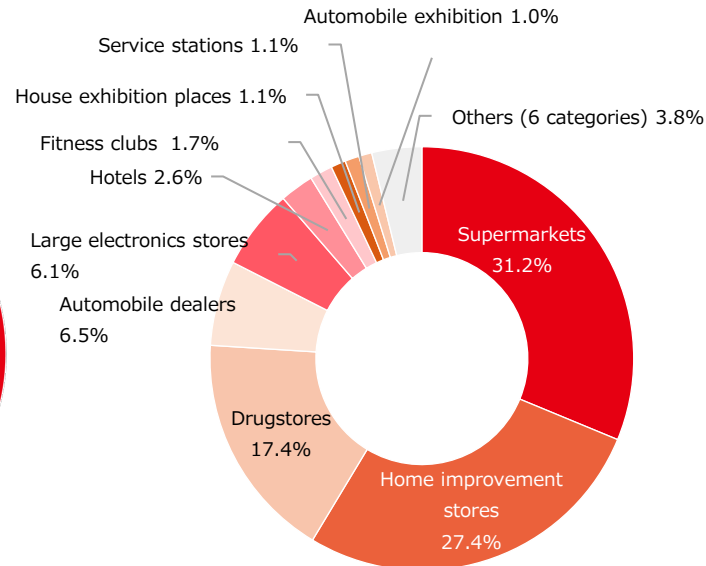
### Portfolio Diversity <sup>\*1</sup>

### JINUSHI REIT Investors <sup>\*1</sup>

Geographic Diversity  
(Purchase prices)



Application Diversity  
(Lease income)



\*1 Portfolio diversity and investors are as of January 10, 2024.



## The JINUSHI CLUB (Real Estate Financial Product for General Investors)

- Started to provide general investors with JINUSHI Business in October 2023, which has an excellent reputation among institutional investors
- The second fund started its offer in July 2024 and sold out early. The third fund's offer will open in the autumn of 2024. Seven properties (including the three properties mentioned above )have already been purchased for JINUSHI CLUB.

### JINUSHI CLUB

- Provide the JINUSHI Business to general investors
- Investment units as low as ¥100,000



1 <sup>st</sup> Fund		2 <sup>nd</sup> Fund	
Status	Under operation	Status	Sold out (operation starts in Sept.)
Amount to be offered	¥190 million	Amount to be offered	¥170 million
Operation period	13 years 7 months	Operation period	5 years
Assumed yield	3.0%	Assumed Yield	4.0%
Location	Kohoku-ku, Yokohama city	Location	Hanamigawa-ku, Chiba city
Size of land	About 289 tsubo	Size of land	About 249 tsubo
Tenant	Specialty Trading Company	Tenant	Major automobile supplies stores
Use	Office/ Warehouse	Use	Store

### Growth of the JINUSHI Business

- Since its start more than 20 years ago, JINUSHI has been a leader in the creation and growth of a market for leased land.
- Expanding the JINUSHI Business to general investors is expected to contribute to more growth.

For institutional investors



Japan's only leased land and a reliable long-term private REIT specializing in investment for institutions

AUM\*1                      Properties\*1    Investors\*1  
 ¥221.6 billion            154                      307



For general investors



Provision of real estate financial products in small units as a Specified Joint Real Estate Enterprise

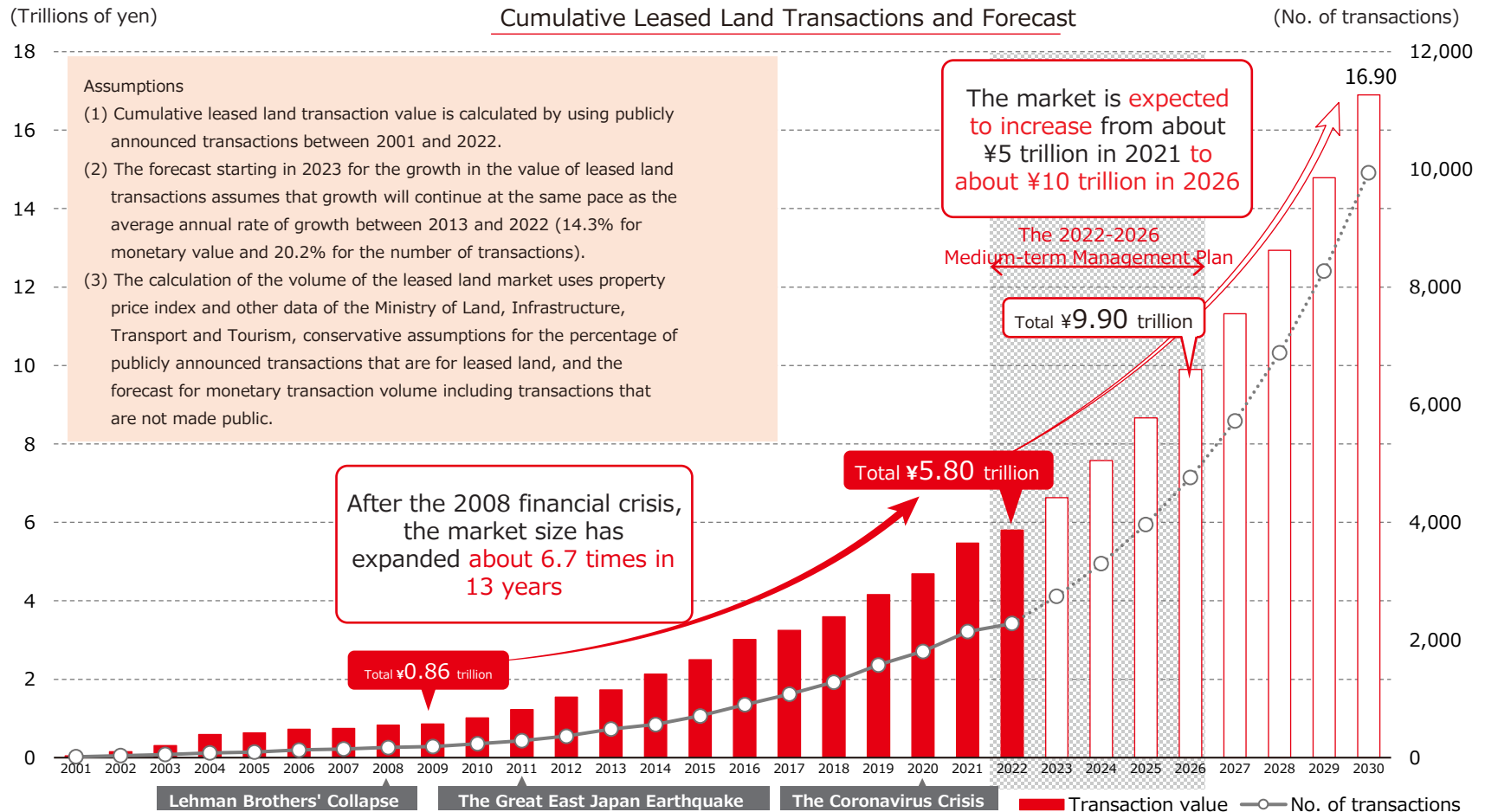
Personal financial assets in Japan\*2  
 ¥2,115 trillion

\*1 As of January 10, 2024

\*2 Flow of Funds Accounts, Bank of Japan (2nd Quarter 2023, Preliminary Figures)

## Market Trend Data (1) Leased Land Market Growth Forecast (Japan Real Estate Institute survey)

- Liquidity of the market is increasing as more institutional investors recognize the ability of leased land investments to generate stable income for many years.
- According to a survey by the Japan Real Estate Institute, the land market will expand significantly from the current ¥5 trillion market to about ¥10 trillion market in five years.



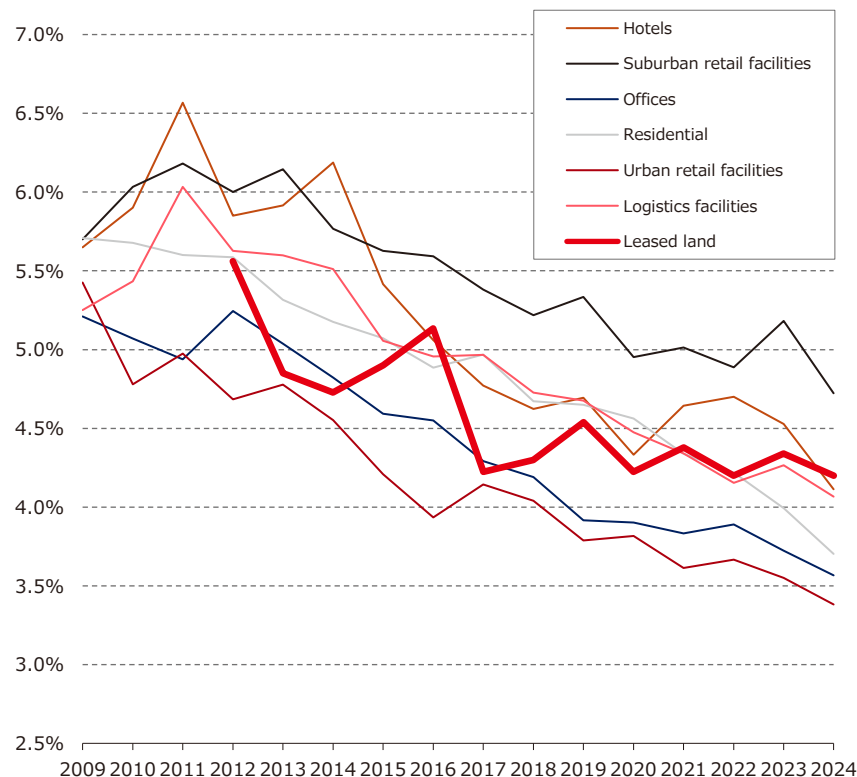
\*1. The figures in these graphs were calculated by the Japan Real Estate Institute using the above assumptions. These projections are not guarantees concerning the future growth of the leased land market in Japan.

## Market Trend Data (2) J-REIT Leased Land Transactions

- The cap rate of leased land (using the appraised value) when purchased by J-REITs has been declining steadily because of the strength of Japan’s real estate market.
- Market liquidity of leased land has steadily improved. Since the establishment of J-REITs in 2001, the cumulative transaction amount of leased land by J-REITs has reached ¥822 billion.

### J-REIT Cap Rate (Appraisal value)

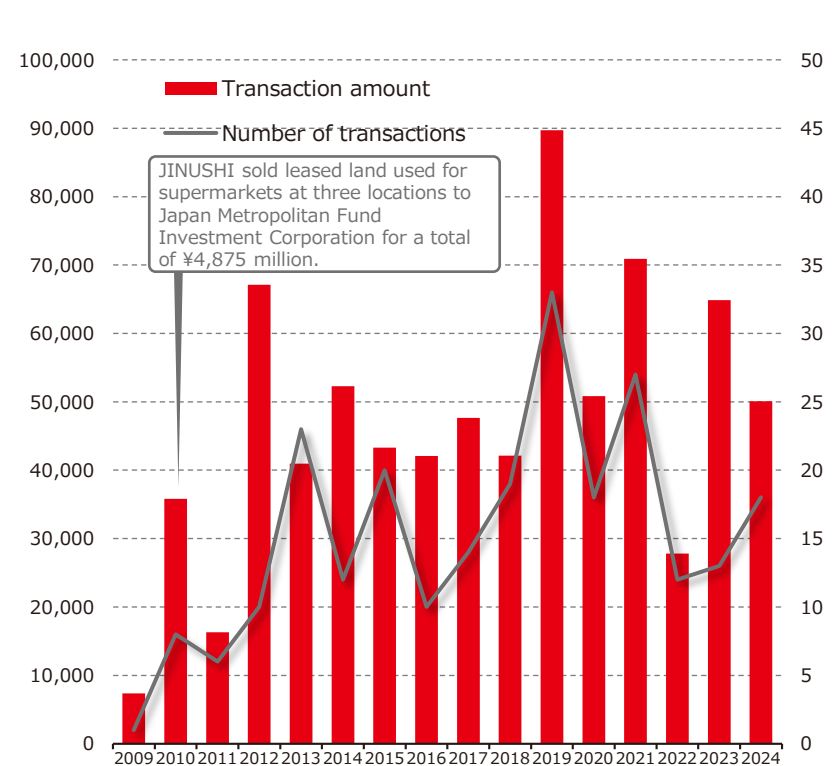
(Appraisal CAP rate as of purchase)



### Transaction amount and number of leased land in J-REITs

(Amounts of transactions: millions of yen)

(Number of transactions)



\*1. JINUSHI estimates using information disclosed by J-REITs. Cap rates using appraisal values are the simple averages for each asset class. The total amounts of leased land transactions is the sum of acquisitions and sales of each RIET.

## ESG (1) Environment Support for the Task Force on Climate-related Financial Disclosure (TCFD)

- JINUSHI supports the TCFD and is a member of the TCFD Consortium. We will continue to disclose in accordance with the TCFD framework.
- JINUSHI has established goals and performance indicators regarding climate change. We are dedicated to using the JINUSHI Business, which is resilient to climate change and natural disasters, to play a role in solving environmental and social issues.

### Statement of Support for the TCFD

- JINUSHI supports the TCFD and is a member of the TCFD Consortium..
- Based on the TCFD, JINUSHI will disclose more information about climate change risks and opportunities and use many activities for helping solve environmental and social issues with the goal of playing a role in achieving a sustainable society.



### Task Force on Climate-related Financial Disclosure

The TCFD is an international initiative that was started by the Financial Stability Board in response to a request from the G20. The purpose is to conduct studies concerning the disclosure of information involving the climate and responses by financial institutions. Activities of this task force resulted in a declaration containing recommendations concerning the monitoring and disclosure of climate-related risks and opportunities with regard to governance, strategies, risk management, and performance indicators and goals.

### The TCFD Consortium

This consortium was established for the purpose of holding discussions to enable companies, financial institutions and other organizations that support the TCFD work together to achieve the effective disclosure of information by companies. Discussions also cover ways for ensuring that information that is disclosed results in appropriate investment decisions by financial institutions and others.

Information about the JINUSHI Group's sustainability/ESG programs

URL: <https://www.jinushi-jp.com/en/company/sustainability/>

### Climate Change Goals and Performance Indicators

#### Goals

- Maintain carbon neutrality (Internal emissions: Scope 1, 2<sup>\*1</sup>)
- Increase pct. of land lease agreement with tenants that include ESG provisions<sup>\*2</sup>: 100%

#### Performance indicators

- Volume of greenhouse gas emissions

Unit: CO2 emissions (tons)

Category		FY12/22 results	Goal for 2030	Goal for 2050
Scope1 <sup>*1</sup>	(+)	26	Carbon-neutral	Carbon-neutral
Scope2 <sup>*1</sup>	(+)	14		
Purchased emission rights	(-)	(40)		
Scope 1, 2 <sup>*1</sup> total		0 (Carbon-neutral)		
Scope3 <sup>*1</sup>	(+)	4,619	-	-

- Other indicators

Category	FY12/23 results	Goal for 2030	Goal for 2050
ESG provisions in land lease contracts with tenants <sup>*2</sup>	100%	100%	100%

<sup>\*1</sup>

Scope 1: Direct GHG emissions from internally used energy (fuel of company cars, etc.)

Scope 2: Indirect GHG emissions due to internally used electricity, heat, etc. (electricity at offices, etc.)

Scope 3: Emissions of other companies associated with business activities (site preparation, building demolition and other operations of partner companies)

<sup>\*2</sup> For land lease contracts including ESG provisions beginning on June 9, 2022 (only new developments of JINUSHI in Japan)

# ESG (1) Environment First Listed Japanese Real Estate Company to Be Carbon Neutral (JINUSHI Emissions)

- Even in the 1990s, before the start of operations, we were aware of the importance of lowering our environmental impact due to our close relationships with commercial tenants that require high-volume HVAC systems.
- JINUSHI is the first listed real estate company in Japan to achieve carbon neutrality based on the company's emissions of FY12/21. JINUSHI continues efforts to achieve carbon neutrality from FY12/22 onward.
- Having achieved internal carbon neutrality, JINUSHI is speeding up activities with tenants. Land leases include ESG provisions to encourage tenants to use environmentally responsible equipment.

## Carbon Neutrality (JINUSHI emissions)

- First carbon neutrality for a listed real estate company in Japan\*1
- Main reason is a business model with almost no CO2 emissions

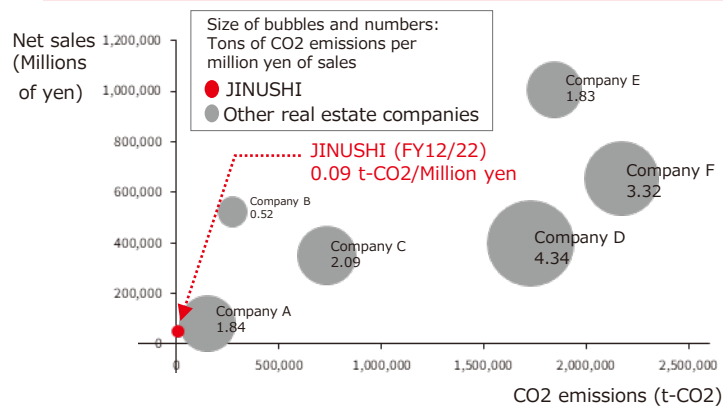
FY12/22 results (t-CO2)	Scope 1*2	Scope 2*2	} Carbon neutral
	26	14	

### Superiority of the JINUSHI Business that invests only in land

A business model with almost no greenhouse gas emissions, industrial waste or other harmful effects on the environment

- Even including Scope 3 (indirect emissions), CO2 emissions are only 4,659 tons\*2
- Only 0.09 tons of CO2 emissions per million yen of sales

CO2 Emissions of JINUSHI and Other Real Estate Companies (Scope 1, 2, 3)\*3



## Activities with Tenants (Inclusion of ESG provisions)

- Since June 2022, JINUSHI has included the following model ESG clause in land lease agreements for the use of greenery and energy conservation measures.

### ESG Provisions for Land Lease Agreements

Based on discussions by JINUSHI and the tenant concerning the ESG concept and a joint commitment to ESG, the tenant agrees to use at the site and building solar power, an electric car charging system, greenery, and other environmental facilities and measures as much as possible without disrupting the operation of the business on the site.



Solar power generation system 54 projects  
 EV charging stations 34 projects  
 Wall vegetation and rooftop greenery 25 projects



\*As of the end of June 2024

\*1. Data collected by JINUSHI

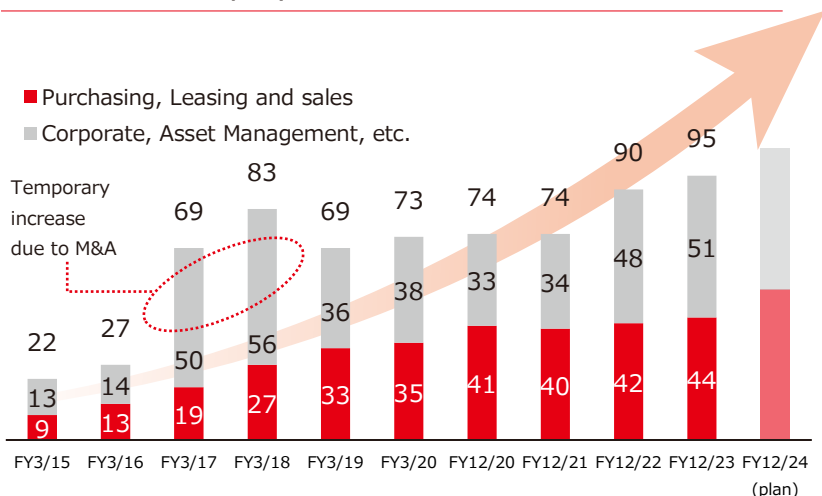
\*2. More information about Scope 1, 2 and 3 is in the financial data remarks on page 55.

\*3. JINUSHI data based on information announced by companies disclosing data for Scope 1, 2 and 3; sales and CO2 emissions are for FY12/22 (or FY3/23)

## ESG (2) Human Resources Information / Corporate Governance Framework

- Active recruitment of excellent personnel. Aiming to expand the JINUSHI Business further, we plan to increase the number of employees by about 10 in FY12/24, mainly sales personnel.
- Outside directors are the majority of the Board of Directors. A female director is scheduled to join as an outside director.

### Number of Employees



### HR Data

Annual employee salary	Restricted Stock Compensation Plan	Net profit per employee	Degree of sharing management philosophy
Avg. ¥17.18 million (As of FY12/23)	Avg. ¥2.75 million/capita <sup>*2</sup> (The portion was determined in Mar. 2024)	¥49.57 million (As of FY12/23)	4.06 pt <sup>*3</sup> (As of Dec. 2023)
No. 4 in the nation in average annual salary ranking of listed companies <sup>*1</sup>	<ul style="list-style-type: none"> <li>Grantees: All employees</li> <li>Requirement for granting stock: A favorable business climate</li> </ul>	JINUSHI Business is highly profitable due to its unique business model.	Max 5 pt (Avg. of other company 3.56 pt)

\*1. The average annual employee salary is for only JINUSHI. The ranking is based on the Toyo Keizai survey (ranked based on our actual results (¥16.94 million) for FY12/22).

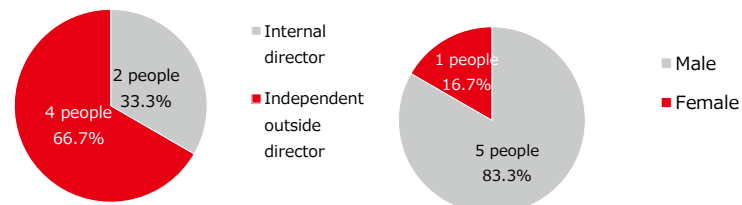
\*2. Average is total stock grants of ¥236 million divided by 86 individuals who received the stock.

\*3. Scores from an engagement survey conducted in December 2023 among employees (97.7% response rate) of our group (excluding some subsidiaries).

### Corporate Governance Framework

- Company with an Audit and Supervisory Committee and a Nomination and Remuneration Committee
- Independent outside directors are 4 of the 6 directors
- Independent outside directors are the majority of the Audit and Supervisory Committee and the Nomination and Remuneration Committee

### Composition of the Board of Directors (Outside directors and gender)



### Composition of the Audit and Supervisory Committee



## 10-year Summary

		FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY12/20 (9-month fiscal period)	FY12/21	FY12/22	FY12/23
<b>Statement of Income</b>											
Net sales		16,252	17,378	26,614	31,260	39,834	74,187	29,886	56,177	49,887	31,597
Gross profit		4,653	7,427	7,710	6,858	8,172	9,100	5,019	9,263	10,857	10,499
of which, Flow Business	Millions of yen	-	-	-	-	6,569	7,028	3,868	7,738	8,275	7,722
of which, Stock Business		-	-	-	-	1,111	2,068	1,144	1,509	2,388	2,766
of which, others		-	-	-	-	491	3	6	15	194	10
Operating profit		3,547	5,955	4,843	3,684	4,446	5,244	2,420	5,475	6,411	6,154
Ordinary profit		2,987	5,626	5,181	3,044	4,327	4,599	2,157	5,002	5,943	5,718
Net profit		1,863	3,605	6,437	1,958	2,684	3,177	1,644	3,124	3,641	4,709
Net profit on net sales	%	11.5	20.7	24.2	6.3	6.7	4.3	5.5	5.6	7.3	14.9
<b>Balance Sheet</b>											
Total assets		24,104	38,690	56,792	67,251	99,597	75,054	71,220	86,337	72,153	101,482
of which, real estate for sale	Millions of yen	12,640	22,610	31,639	41,049	69,516	43,493	38,387	41,995	28,192	60,060
of which, property, plant and equipment		59	135	231	187	455	522	3,436	17,488	16,803	14,859
Total liabilities		15,593	26,989	36,914	46,947	77,985	51,184	46,379	58,555	41,193	69,980
of which, interest-bearing debt		13,529	23,464	33,265	41,063	73,762	46,564	43,300	49,812	37,165	62,774
Net assets		8,510	11,700	19,878	20,304	21,611	23,870	24,841	27,781	30,960	31,501
of which, shareholders' equity		8,405	11,626	17,493	20,278	21,591	23,870	24,841	27,781	30,905	31,365
<b>Shareholder Returns</b>											
Dividend per share	Yen	30.0	45.0	55.0	55.0	55.0	55.0	25.0	50.0	55.0	55.0
Dividend payout ratio	%	23.8	21.5	15.0	50.2	36.8	31.5	27.8	29.3	27.6	20.5
<b>Indicators</b>											
EPS	Yen	125.91	209.09	366.84	109.61	149.30	174.59	89.94	170.90	199.16	267.76
Equity ratio	%	34.9	30.1	30.8	30.2	21.7	31.8	34.9	32.2	42.8	30.9
ROE <sup>*1</sup>		35.3	36.0	44.2	10.4	12.8	14.0	6.8	11.9	12.4	15.1
Net D/E ratio <sup>*2</sup>	Times	0.37	0.97	0.98	1.31	2.54	1.04	0.90	1.17	0.45	1.26
DCR (Debt Coverage Ratio) <sup>*3</sup>	%	125.6	157.8	201.9	239.7	354.1	205.4	175.8	141.0	92.3	163.9
Number of employees		22	27	69	83	69	73	74	74	90	95
CO2 emission Scope 1 <sup>*4</sup>	t-CO2	-	-	-	-	-	-	-	32	26	To be calculated
Scope 2 <sup>*4</sup>	t-CO2	-	-	-	-	-	-	-	20	14	To be calculated
Scope 3 <sup>*4</sup>	t-CO2	-	-	-	-	-	-	-	3,434	4,619	To be calculated

\*1. ROE is net profit divided by average equity during the fiscal year

\*2. The net debt-equity ratio is debt minus cash and deposits divided by net assets

\*3. The debt coverage ratio is debt divided by the sum of cash and deposits, investment securities and property, plant and equipment

\*4. Scope 1: GHG emissions directly from company operations (gasoline for company vehicles, etc.)

Scope 2: GHG emissions indirectly from company operations, such as for electricity and heat (electricity at offices, etc.)

Scope 3: Indirect GHG emissions not included in Scope 2 that include activities of suppliers, customers and others (emissions due to soil remediation by customers, building demolition, etc.)



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