

# Results of Operations for the Fiscal Year Ended December 31, 2022

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February 14, 2023



JINUSHI  
BUSINESS

JINUSHI Co., Ltd.

地主株式会社

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

# CONTENTS

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## Contents

P3	1. FY12/22 Summary of Consolidated Financial Results
P4	FY12/22 Summary of Consolidated Financial Results
P7	FY12/23 Consolidated Forecast
P8	Shareholder Returns
P9	TOPICS
P14	2. Performance
P15	FY12/22 Performance
P19	Appendix

## 1. FY12/22 Summary of Consolidated Financial Results

## FY12/22 Summary of Consolidated Financial Results (1) Statements of Income

- Sales decreased because large property purchases and sales, which are a contributor to results of operations every year, were down from FY12/21.
- Earnings were higher at all levels because of the increasingly stronger reputation of the JINUSHI Business<sup>\*1</sup>, progress with the creation and growth of a market for leasing land, and an increase in the number of small transactions with high profit margins.

(Millions of yen)	FY12/21 (1)	FY12/22 (2)	Change (2)-(1)	Major reasons	FY12/22 Forecast (3) <sup>*2</sup>	Vs. Forecast (2)-(3)
Net sales	56,177	<b>49,887</b>	(6,289)	<ul style="list-style-type: none"> <li>• Decrease in purchases and sales of properties in FY12/22</li> </ul>	49,500	+387
Operating profit	5,475	<b>6,411</b>	+936	<ul style="list-style-type: none"> <li>• Increase in profitability (gross profit from Flow Business 14.3%→18.0%)</li> </ul>	6,000	+411
Non-operating income	285	<b>435</b>	+149		—	—
Non-operating expenses	758	<b>903</b>	+144		—	—
Ordinary profit	5,002	<b>5,943</b>	+941		5,500	+443
Extraordinary income	—	<b>—</b>	—		—	—
Extraordinary losses	73	<b>1,331</b>	+1,257		—	—
Income taxes	1,802	<b>967</b>	(835)	<ul style="list-style-type: none"> <li>• Recognition of impairment loss (See P13)</li> </ul>	—	—
Profit attributable to owners of parent	3,124	<b>3,641</b>	+516	<ul style="list-style-type: none"> <li>• Tax effect on sale of subsidiary (See P12)</li> </ul>	3,400	+241
Net income per share (Yen)	170.90	<b>199.16</b>	+28.26		185.94	+13.22
Operating profit on net sales (%)	9.7	<b>12.9</b>	+3.1		12.1	+0.7
Net profit on net sales (%)	5.6	<b>7.3</b>	+1.7		6.9	+0.4

\*1 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 for business use.

\*2 Revised forecast as of November 14, 2022.

## FY12/22 Summary of Consolidated Financial Results (2) Balance Sheet

- Equity ratio, net D/E ratio and DCR (debt coverage ratio) remained at proper levels.
- Real estate for sale as of December 31, 2022 was ¥28.1 billion, which was down from one year earlier as hospice facilities, funeral halls and other small properties increased and large properties decreased.
- Equity ratio was sound at 42.8% as of December 31, 2022. A sound financial base for the growth of property purchases in FY12/23 and afterward.

(Millions of yen)	As of Dec. 31, 2021 (1)	As of Dec. 31, 2022 (2)	Change (2)-(1)
Assets	86,337	<b>72,153</b>	(14,184)
of which cash and deposits	17,264	<b>23,140</b>	+5,875
of which real estate for sale	41,995	<b>28,192</b>	(13,802)
of which property, plant and equipment	17,488	<b>16,803</b>	(685)
Liabilities	58,555	<b>41,193</b>	(17,362)
of which borrowings	49,730	<b>37,066</b>	(12,663)
Net assets	27,781	<b>30,960</b>	+3,178
Equity ratio (%)	32.2	<b>42.8</b>	+10.7
Net D/E ratio (times) <sup>*1</sup>	1.17	<b>0.45</b>	(0.72)
DCR (Debt Coverage Ratio)(%) <sup>*2</sup>	141.0	<b>92.3</b>	(48.7)

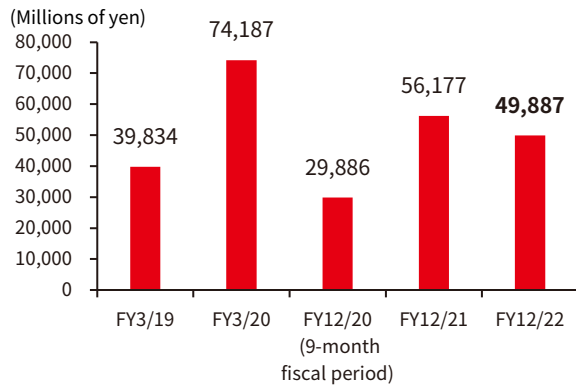
\*1 Net D/E ratio: Net interest-bearing debt (interest-bearing debt minus cash and deposits) divided by net assets

\*2 DCR (Debt Coverage Ratio): Interest-bearing debt divided by the sum of cash and deposits, investment securities, and property, plant and equipment

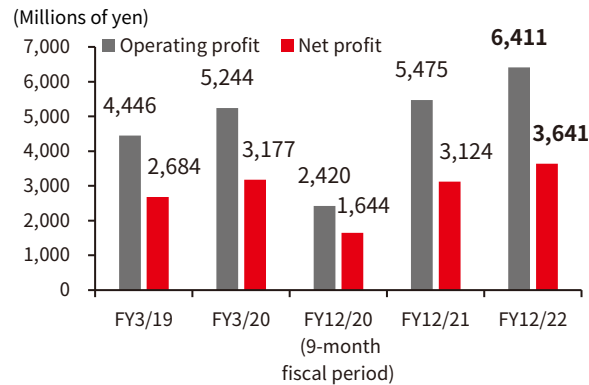
## FY12/22 Summary of Consolidated Financial Results (3) Major Financial Indicators

- Net profit, JINUSHI's key earnings indicator, increased for the third consecutive year.
- The ROE was higher due in large part to the continuing increase in the JINUSHI Business' public recognition and trust. The equity ratio remained above 30%, which is the company's standard for soundness.

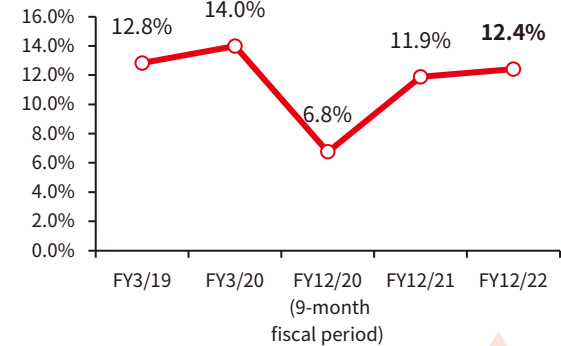
### Net Sales



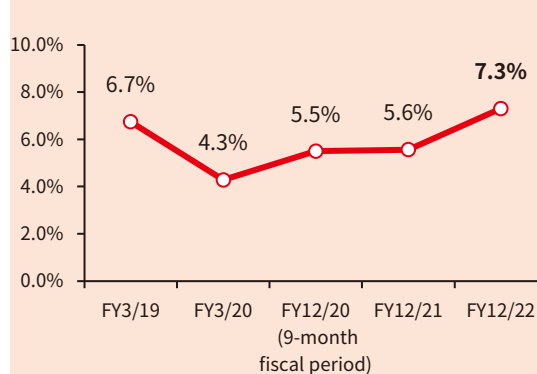
### Operating Profit / Net Profit



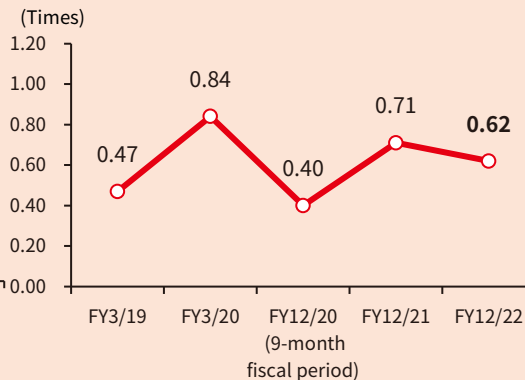
### ROE



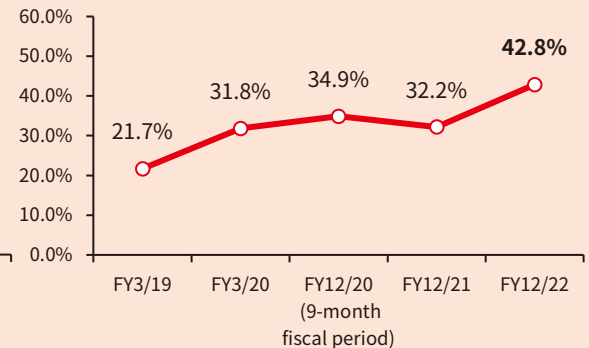
### Net Profit on Net Sales



### Total Asset Turnover



### Equity Ratio



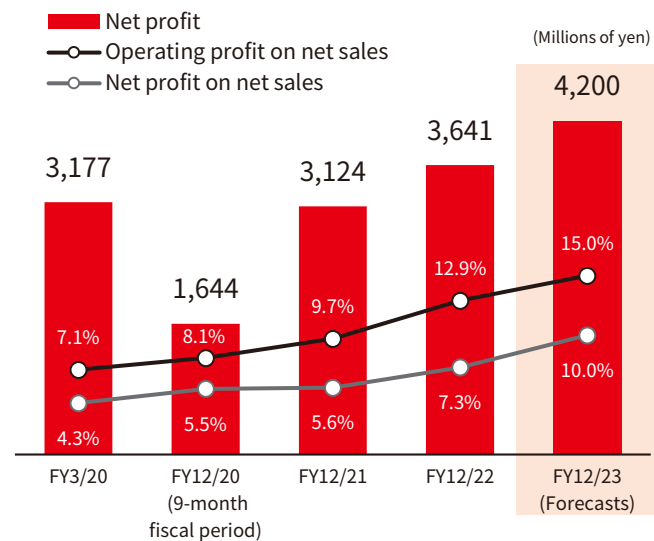
## FY12/23 Consolidated Forecast

- The market for buying and selling leased land is expected to remain strong because of the very high demand among investors in JINUSHI land leasing financial products.
- Lower net sales and higher net profit because of the combination of sales of properties with high profit margins and the smaller size of properties sold.

(Millions of yen)	FY12/22 (Results) (1)	FY12/23 (Forecasts) (2)	Change (2)-(1)
Net sales	49,887	<b>42,000</b>	(7,887)
Operating profit	6,411	<b>6,300</b>	(111)
Ordinary profit	5,943	<b>5,500</b>	(443)
Net profit	3,641	<b>4,200</b>	+558
Net income per share (Yen)	199.16	<b>229.69</b>	+30.53
Operating profit on net sales (%)	12.9	<b>15.0</b>	+2.1
Net profit on net sales (%)	7.3	<b>10.0</b>	+2.7

### Outlook for FY12/23

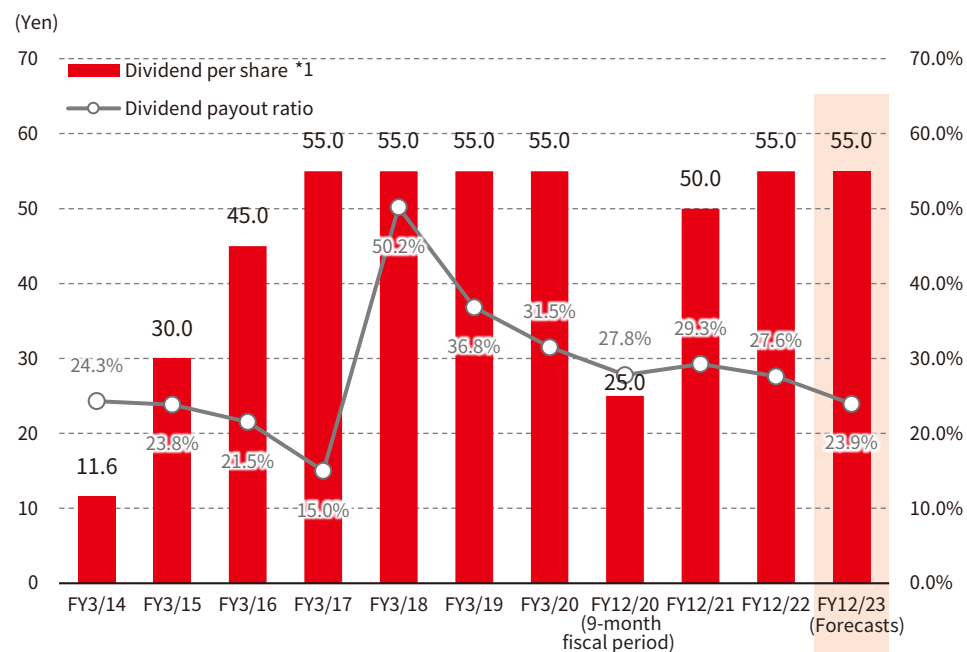
- Plan to increase property purchases by further increasing the diversity of tenants, using off-balance-sheet schemes for land, and other activities.
- Based on the outlook for very strong demand for JINUSHI products, aiming to accomplish the net profit forecast and further increase profitability.



## Shareholder Returns

- JINUSHI pays a consistent dividend that reflects results of operations while retaining sufficient earnings for maintaining the long-term soundness and stability of business activities.
- JINUSHI plans to pay a FY12/22 dividend of 55 yen per share including a 5 yen commemorative dividend for the change of the company's name.
- Dividend stability will remain the basis for the FY12/23 dividend. The forecast is a dividend of 55 yen, the same as for FY12/22 by replacing last year's 5 yen commemorative dividend with a 5 yen increase in the ordinary dividend.

### Dividends



EPS (Yen) *1	48.05	125.91	209.09	366.84	109.61	149.30	174.59	89.94	170.90	199.16	229.69
Dividend yield*2, 3	-	1.6%	2.0%	3.0%	3.2%	3.7%	4.1%	2.0%	2.9%	3.0%	-

\*1 FY3/14 dividends are after stock splits.

\*2 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.

### Shareholder Benefits

#### Biannual Shareholder Gift Based on Shares Held

Record date	December 31	June 30
Distribution time	Late March	Late September
Number of shares held	300 or more but less than 700 shares	One 3,000 yen item in the Shareholder Gift Catalog
	700 shares or more	One 6,000 yen item in the Shareholder Gift Catalog

\* When a shareholder declines to receive this benefit, JINUSHI will donate an equivalent amount to one or more non-profit organizations that play a role in accomplishing the Sustainable Development Goals.



## TOPICS Realigned Top Management Team and New Head Office

- On March 27, 2023, Mr. Nishira will become the sole representative director. The former dual executive structure fully benefitted from the strong relationship between Mr. Nishira and Mr. Matsuoka.
- On July 1, 2023, JINUSHI plans to move the head office from Osaka to Tokyo for efficient business operations under the new management structure and a sound position to aim for more growth.\*

### Change of representative directors (on and after March 27, 2023)\*

Name	New position	Current position
Tetsuya Matsuoka	Director	Representative Director, Chairman and CEO
Hirofumi Nishira	Representative Director and President	Representative Director, President and COO

### Profile

Mr. Nishira is one of the founding members of JINUSHI. He has experience as the manager of sales in Tokyo, Osaka and Nagoya and played a central role in the launch and growth of JINUSHI REIT.

In March 2022, Mr. Nishira became representative director and president. He grew up in Nara prefecture and is a graduate of Todaijigakuen Junior&Senior High School and Konan University, Faculty of Law.



Hirofumi Nishira  
Representative Director and President  
Date of birth:  
Aug. 17, 1974

Apr. 1998	Joined Kanematsu Urban Development Corporation
Oct. 2000	Joined the Company
Jun. 2005	Director, Manager of Development Sec. of the Company
Oct. 2005	Director, General Manager of Development Dept. of the Company
Jul. 2007	Managing Director, General Manager of Tokyo Business Development Dept. of the Company
Jan. 2012	Managing Director, General Manager of Investment and Management Dept. of the Company
Apr. 2016	Chief Executive Officer of JINUSHI Asset Management Co., Ltd.
Mar. 2022	Representative Director, President, and COO of the Company
Mar. 2023	Representative Director, President of the Company

### Main locations of the JINUSHI Group (on and after July 1, 2023)

New head office (current Tokyo Branch):

Shin Marunouchi Bldg. 13th Floor, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo



Osaka Branch

(current head office): Yodoyabashi Mitsui Bldg. 6th Floor, 4-1-1 Imabashi, Chuo-ku, Osaka

Nagoya Branch: Midland Square 10th Floor, 4-7-1 Meieki, Nagoya-shi, Aichi

Kyushu Branch: Fukuoka Tenjin Fukoku Seimei Bldg. 15th Floor, 1-9-17 Tenjin, Chuo-ku, Fukuoka

Main group companies

JINUSHI Asset Management Co., Ltd.

JINUSHI Financial Advisors Inc.

JINUSHI USA INC. (Los Angeles, California)

\* Mr. Nishira's appointment to the new position and the relocation of the head office will require the approval of shareholders at the annual shareholders meeting to be held on March 27, 2023. (including the Board of Directors' resolution for the change of representative directors)

## TOPICS More Tenant Diversity (Hospice Facilities)

- The JINUSHI Business is increasing tenant diversity as one way to continue growing. In August 2022, the business added its first property in the hospice sector.
- By working with Amvis Holdings, which operates hospices, the JINUSHI Business is helping increase the number of hospice facilities, which is a major social issue in Japan.

### Tenant needs

Quickly build more hospice 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

A source of information about suitable land for new hospice facilities



Amvis is guided by the mission of “creating a vibrant, happy society through medical and health care with an ambitious vision.” The company operates the Ishinkan hospice to meet the needs of people who require a high level of nursing care by providing chronic care and end-of-life care.

Listing: TSE Standard Market (7071)  
 Established: October 2016  
 Business results (FY9/22): Net sales ¥23,070 million  
 Operating profit ¥6,130 million  
 Employees (Sep. 30, 2022): 2,756  
 Business activities: Nursing homes, home nursing care, in-home care support and other businesses

Hospice (Ishinkan)



65 locations  
 (as of Jan. 31, 2023)



More opportunities

Increasing diversity of tenants  
 Opportunities in 5 central Tokyo wards and land with irregular shapes  
 Conversion of residential land to commercial use

### Joint activities with

Business area	Tenant	Site area	Scheduled to start operating
Shinjuku-ku, Tokyo	Ishinkan	About 210 tsubo	2024
Shinjuku-ku, Tokyo		About 210 tsubo	2025
Saitama		About 320 tsubo	2025

\*Properties where purchase agreements were signed by January 31, 2023.

# TOPICS First Listed Japanese Real Estate Company To Be Carbon Neutral (JINUSHI emissions)

- Even in the 1990s, prior to 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 own emissions.
- Having achieved internal carbon neutrality, JINUSHI is speeding up activities with tenants. Land leases include ESG terms in order to encourage tenants to use environmentally responsible equipment.

## Carbon Neutrality (JINUSHI emissions)

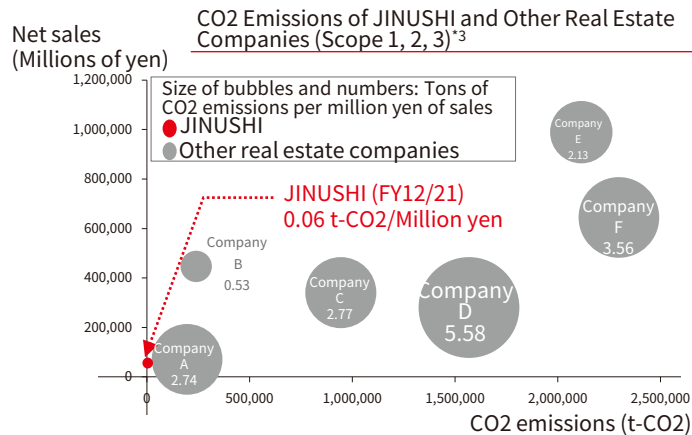
- First carbon neutrality for a listed real estate company in Japan<sup>\*1</sup>
- Main reason is a business model with almost no CO2 emissions

FY12/21 results (t-CO2)	Scope 1 <sup>*2</sup>	Scope 2 <sup>*2</sup>	Carbon neutral
	32	20	

### 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 3,486 tons<sup>\*2</sup>
- Only 0.06 tons of CO2 emissions per million yen of sales



## Activities with tenants (inclusion of ESG terms)

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

### ESG Terms for Land Lease Contracts

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

16 projects



EV charging stations

9 projects



Wall vegetation and rooftop greenery

13 projects



\* As of the end of December 2022

\*1 Data collected by JINUSHI

\*2 More information about Scope 1, 2 and 3 is in the financial data remarks on page 36.

\*3 JINUSHI data based on information announced by companies disclosing data for Scope 1, 2 and 3; sales and CO2 emissions are for FY12/21 (or FY3/22)

## TOPICS Sale of Subsidiary (Tsunoda Corporation Limited) (Announced on November 14, 2022)

- JINUSHI made Tsunoda a wholly owned subsidiary in May 2021 in order to acquire the company's real estate holdings. After the acquisition, the real estate was sold.
- As this company currently owns only one major property, the decision was made to sell all Tsunoda stock in order to maximize earnings.

### Acquisition of Tsunoda Corporation Limited (May 2021)

Acquisition cost **¥4.08 billion**

Name:	Tsunoda Corporation Limited
Location:	Komaki city, Aichi
Business:	Real estate leasing business, Real estate management business
Reasons for acquisition:	Acquisition of the following major properties owned by Tsunoda

### Major holdings (as of May 2021)

Location	Site area	Tenant
Horinouchi, Komaki city, Aichi	10,283.13 tsubo (33,993.82m <sup>2</sup> )	Home improvement store
Marunouchi, Naka-ku, Nagoya city, Aichi	556.47 tsubo (1,839.57m <sup>2</sup> )	Data center
Jinaicho, Ogaki city, Gifu	1,479.79 tsubo (4,891.88m <sup>2</sup> )	Drug store

### Total Return

Contribution to earnings **Approx. ¥1.74 billion\***

Earnings contribution of the JINUSHI Business  
(Real estate financial product/Properties sold)

July 2021, March 2022



Sale of all stock to Yamahachi Shoji Co., Ltd.

November 25, 2022

\*Net profit contribution in FY12/21 and FY12/22

## TOPICS Impairment of Non-current Assets (Extraordinary Loss) (Announced on November 14, 2022)

- JINUSHI started a long-term leasing business as a step for building a stable business portfolio. In December 2021, land for commercial use was purchased in the city of Soka in Saitama prefecture and classified as non-current assets.
- With JINUSHI very likely to reach its FY12/22 profit goal and medium-term profit growth anticipated, the decision was made to record an impairment loss of ¥1,046 million for this property as an extraordinary loss.

### Summary

- JINUSHI purchased the commercial-use section of the former site of the Soka Matsubara housing project as part of a five-company joint venture rebuilding project.
- Rebuilding and other projects, including a large condominium building, stores and a university building, are revitalizing this area of Soka.

### JINUSHI Holding (Commercial Zone)

Location	Site area	Book value (End of Dec. 2021)
4-chome, Matsubara, Soka city, Saitama	42,290.10㎡	¥13,283 million



### September 2021 Bid (Purchased in December 2021)

- As a rule, JINUSHI purchases land only after locating tenants
- At this location, due to the outlook for more development of this area and to the excellent prospects for long-term leases, the decision was made to purchase the land while part of the site still had no tenants



### September 2022 (End of third quarter)

- A home improvement store, automobile dealer and supermarket will occupy 84% of the site.
- Currently, potential tenants have become more cautious about opening stores because of uncertainty caused by the pandemic, the high cost of construction, the yen's depreciation and other events.



**Asset impairment based on the outlook for medium-term JINUSHI profit growth**

#### Business climate

- Favorable market environment due to progress with the creation and growth of the market for leasing land
- Very likely to accomplish the FY12/22 profit goal mainly because of increasing profitability

#### A strategic decision

- Impairment lowers the book value of the land, which contributes to balance sheet soundness
- Development of the area where the land is located is progressing and JINUSHI plans to attract a quality tenant in order to maximize earnings

## 2. Performance

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## FY12/22 Performance

- Gross profit from Flow Business, which is gains on sales of real estate, was higher than one year earlier as profitability increased.
- Gross profit from Stock Business steadily increased mainly because of higher real estate leasing income and asset management fees.

(Millions of yen)	FY12/21 (1)	FY12/22 (2)	Change (2)-(1)
Net sales	56,177	<b>49,887</b>	(6,289)
of which Flow Business <sup>*1</sup>	54,336	<b>47,116</b>	(7,219)
of which Stock Business <sup>*2</sup>	1,840	<b>2,770</b>	+930
Gross profit	9,263	<b>10,857</b>	+1,594
of which Flow Business <sup>*1</sup>	7,753	<b>8,469</b>	+715
of which Stock Business <sup>*2</sup>	1,509	<b>2,388</b>	+879
Operating profit	5,475	<b>6,411</b>	+936
Gross profit margin (%)	16.5	<b>21.8</b>	+5.3
of which Flow Business (%) <sup>*1</sup>	14.3	<b>18.0</b>	+3.7

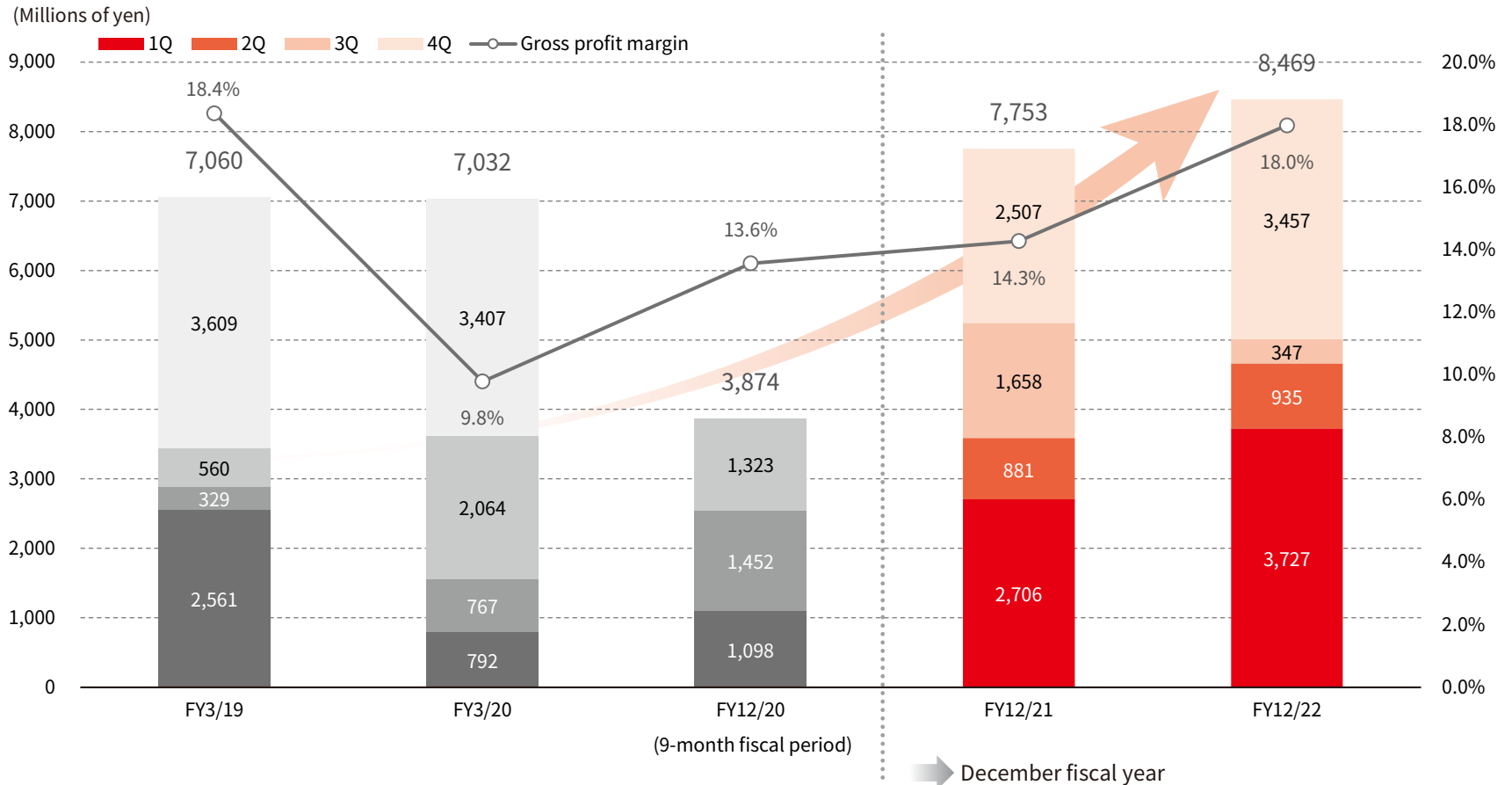
\*1. Gains on sales of real estate

\*2. Lease income on real estate for sale + Asset management fees + Long-term lease income + Other income (property management/sub-leasing/business management)

## FY12/22 Performance (Flow Business)

- Profitability has been increasing since FY3/20 because of increasing awareness of the JINUSHI Business and progress with the creation and growth of the market for leasing land.
- Demand in the leased land market continues to be very strong and the business remains in the phase where an improvement in profitability is expected.

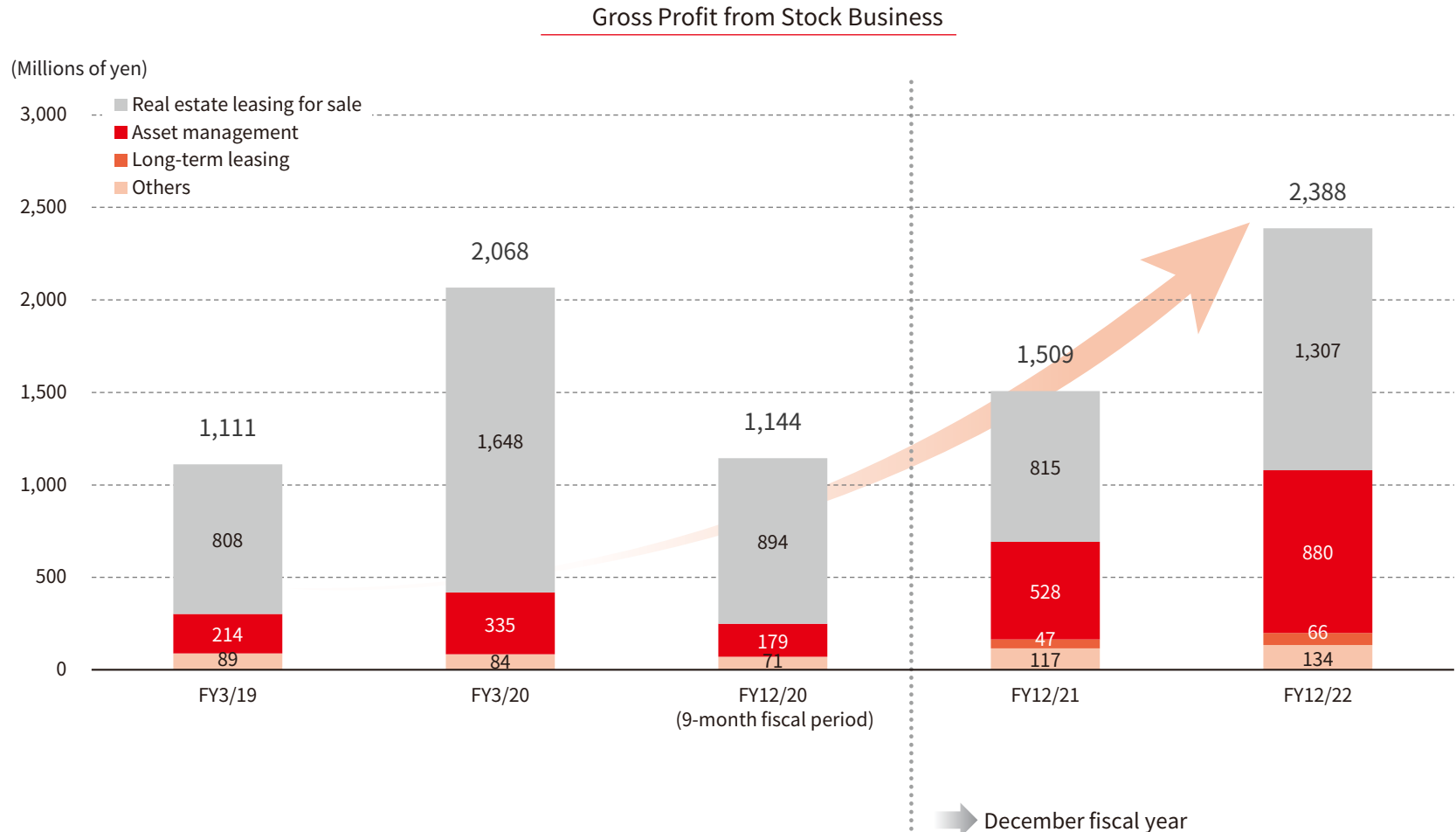
Quarterly Gross Profit (Flow Business)





## FY12/22 Performance (Stock Business)

- Stock Business gross profit, which is mainly leasing income and asset management fees, is a stable source of cash flows.
- Asset management fees increased primarily because of the growing volume of JINUSHI REIT assets.

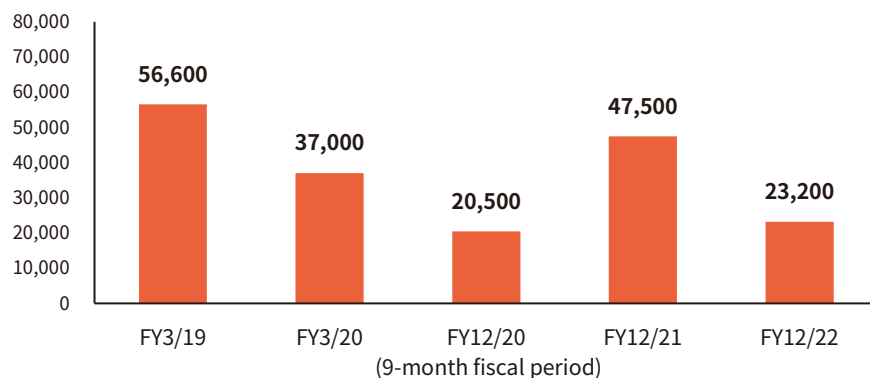


## FY12/22 Performance (Land Purchases / Real Estate for Sale)

- Land purchases in FY12/22 decreased to ¥23.2 billion mainly because of a smaller number of large purchases and the smaller size of purchases because of the addition of new tenant categories, such as funeral halls.
- The number of land purchases under consideration is currently increasing because of the recovery in the desire of tenants to open more stores as well as the expansion of business operations to more areas of Japan and a broader spectrum of business sectors of tenants.

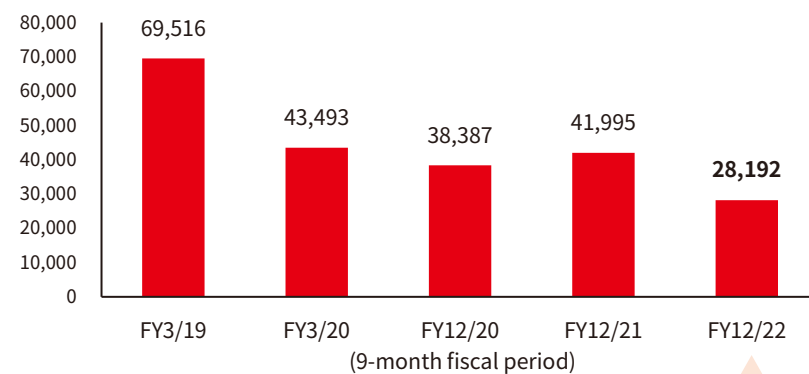
### Land Purchases (When recognized in financial statements)\*1

(Millions of yen)



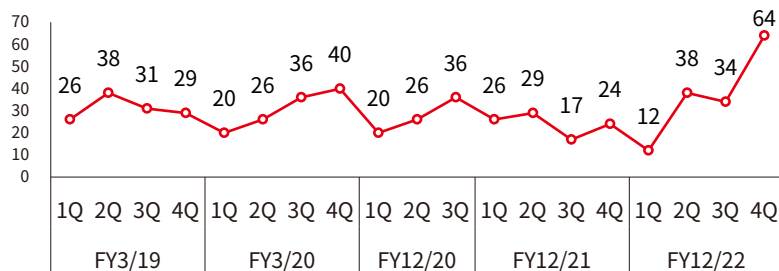
### Real Estate for Sale

(Millions of yen)

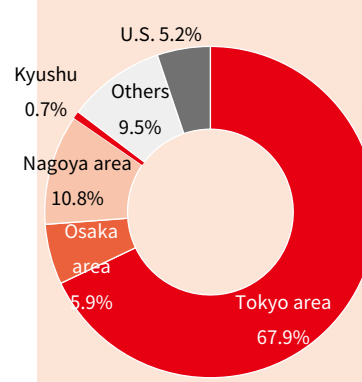


### Reference: Land Purchases under Consideration\*2

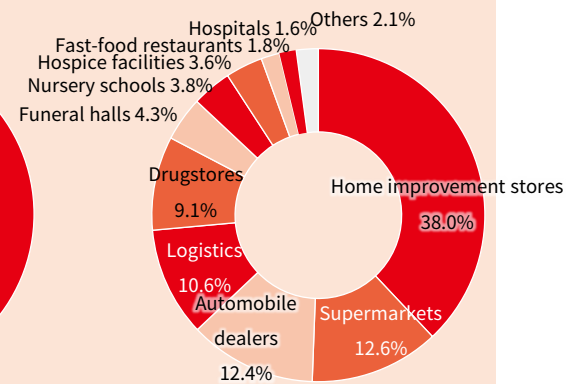
(Projects)



### Diversification of Areas\*3



### Diversification of Use



\*1. Land purchases are rounded down to the nearest million yen.

\*2. Number of internal procedures (new cases) by JINUSHI sales personnel for considering the purchase of land

\*3. Definitions for geographic diversification (Tokyo, Osaka and Nagoya areas and other terms) are on page 31.

# APPENDIX

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- P20 Company Overview
- P21 Defining Characteristics of JINUSHI Co., Ltd.
- P22 Financial Results
- P23 Medium-term Management Plan 2022-2026
- P24 The JINUSHI Business
- P31 Achievement in the JINUSHI Business
- P33 Leased Land Market
- P35 ESG Roadmap
- P36 10-year Summary

# 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 JINUSHI BUSINESS, which invests only in land by utilizing fixed-term commercial 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.

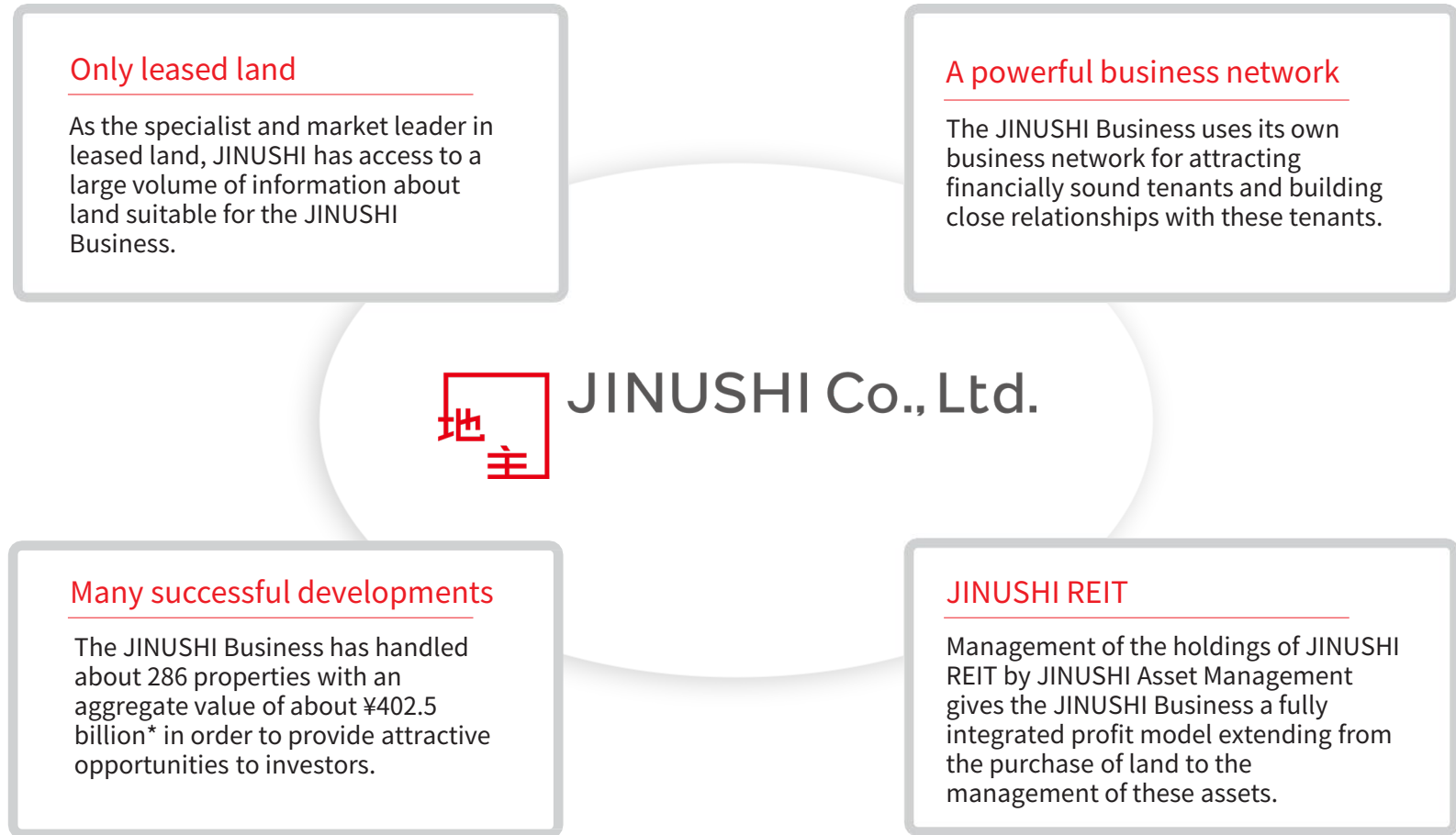


Company name: JINUSHI Co., Ltd.  
Head office: 4-1-1, Imabashi, Chuo-ku, Osaka  
Established: April 7, 2000  
Capital: ¥3,048 million (as of the end of December 2022)  
Organization form: The Company with an Audit and Supervisory Committee (Company with Nomination and Remuneration Committee)  
Listing: TSE Prime, NSE Premier markets (Securities code: 3252)

Representatives: Tetsuya Matsuoka, Representative Director, Chairman and CEO  
Hirofumi Nishira, Representative Director, President and COO  
Number of Directors: 7 (of which, 4 Independent Outside Directors (Audit and Supervisory Committee members))  
Number of employees: 90 (as of the end of December 2022)

## Defining Characteristics of JINUSHI

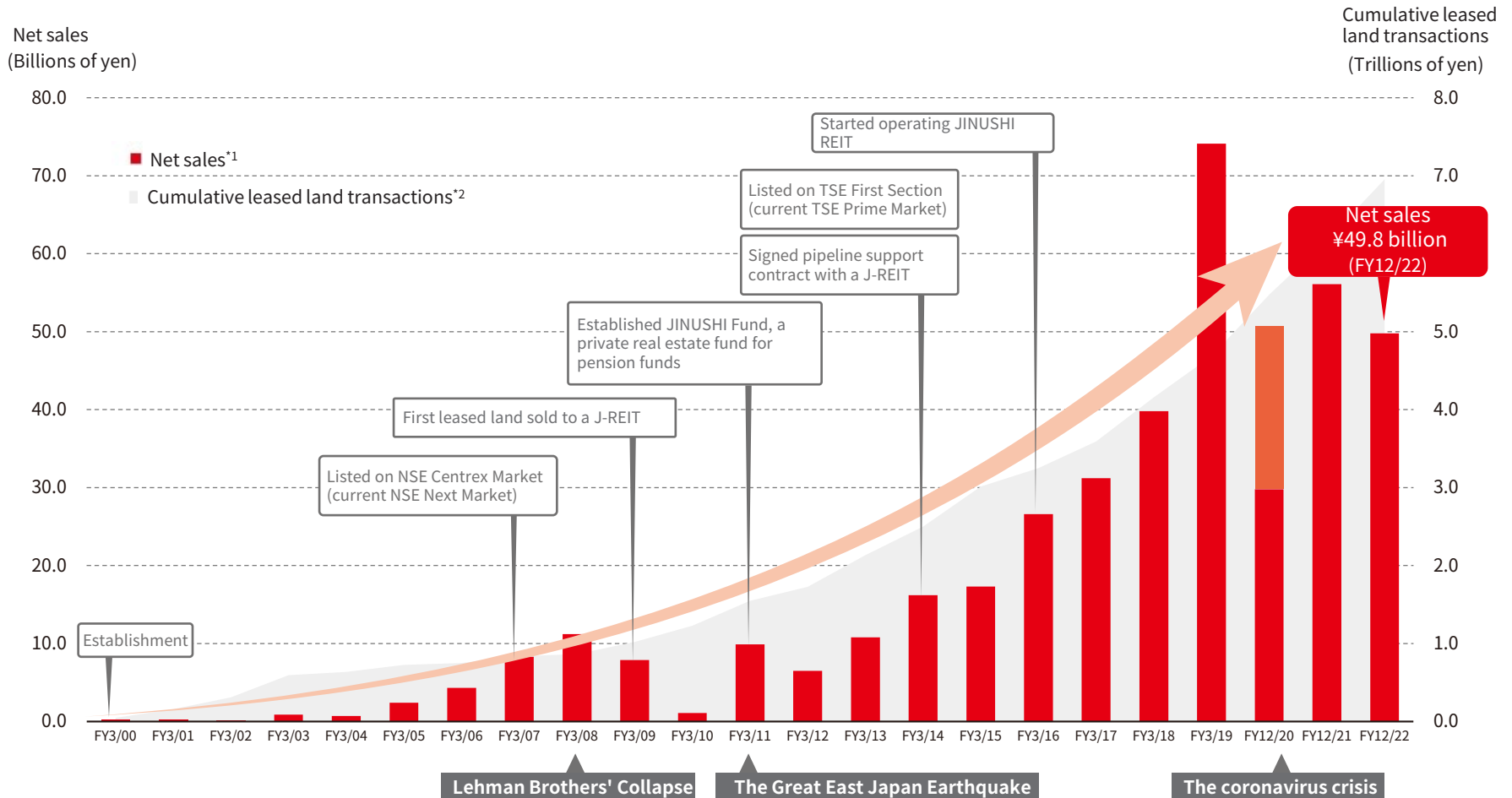
- JINUSHI created Japan's market for leased land as the producer of real estate financial products using solely the JINUSHI Business.



\* Based on monetary value as of the end of December 2022

## Financial Results

- Since starting operations about 20 years ago, JINUSHI has grown with its markets while specializing in the JINUSHI Business and constantly working on the creation of a market for leased land the growth of this market.



\*1. FY12/20 is a transitional 9-month fiscal period for the year-end change from March to December. Sales shown are the sum of sales in this 9-month period and sales in the first quarter of FY12/21.

\*2. Cumulative leased land transactions use the data of the Japan Real Estate Institute. More information is on page 33.

## 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	Reference: FY12/22 results
<b>Financial targets</b>				
Net sales	¥56.1 billion	>	¥100 billion	¥49.8 billion
Net profit	¥3.1 billion	>	¥7 billion	¥3.6 billion
JINUSHI REIT <sup>*1</sup> asset	¥151.5 billion <sup>*2</sup>	>	¥300 billion	¥180.0 billion <sup>*3</sup>
<b>Performance targets</b>				
ROE	11.9%	>	Approx. 13%	12.4%
Equity ratio	32.2%	>	30% or more	42.8%

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

\*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.

\*3 Results for FY12/22 include properties purchased (appraised values when purchased) using funds procured in January 2023 by the seventh offering of investment units.

# The JINUSHI Business (1) Smaller Real Estate Investment Risk/Three strengths of the JINUSHI Business

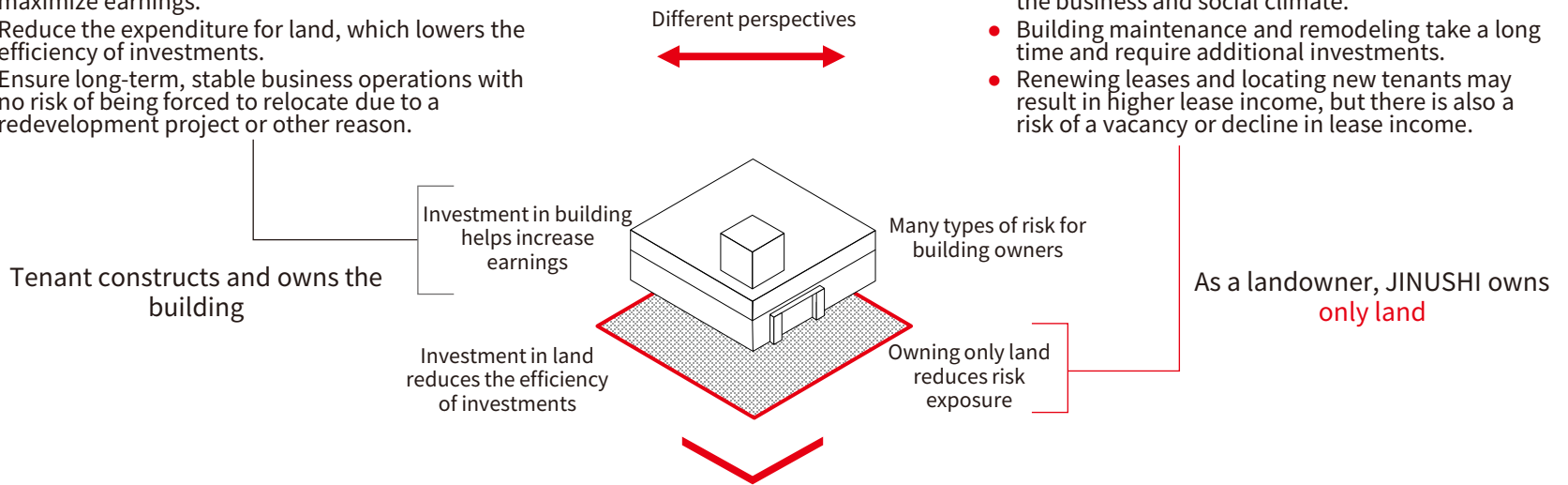
- The JINUSHI Business has three key strengths that are all linked to the business model of investing solely in land, a new real estate investment scheme offered only by JINUSHI.

## Needs of tenants

- Construct buildings that precisely match the tenant's business in order to operate stores that can maximize earnings.
- Reduce the expenditure for land, which lowers the efficiency of investments.
- Ensure long-term, stable business operations with no risk of being forced to relocate due to a redevelopment project or other reason.

## Risk involving real estate investments

- Buildings deteriorate as they age and need renovations and redesigns to reflect changes in the business and social climate.
- Building maintenance and remodeling take a long time and require additional investments.
- Renewing leases and locating new tenants may result in higher lease income, but there is also a risk of a vacancy or decline in lease income.



This real estate financial product is highly resistant to natural disasters and market volatility and is capable of providing stable earnings for many years

## 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 30 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.



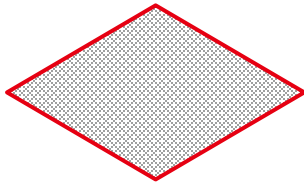
# The JINUSHI Business (2) Three Steps

- An innovative business-use land lease\*1 business model for buying and leasing land and selling leased land, which invests in land only

## The 3 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.



Easy conversion 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

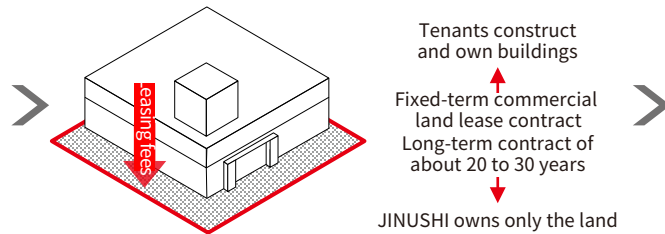
**POINT** Purchase made only after finding a tenant

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

### STEP 2 Lease land

The JINUSHI Business does not own buildings. Instead, tenants sign long-term leases for commercial-use land, 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 and own buildings on the leased land



Fixed-term commercial land lease contract

**POINT** Terms of a land lease contract

Contracts are for a period of at least 10 years but less than 50 years. The rights of landowners are well protected because there is no renewal of the contract and the tenant must demolish the building and return the site as a vacant lot.

**POINT** Long-term contract 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 30 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 a contract has been signed.\*2

### 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 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 <sup>3</sup>	Tenant departures before maturity <sup>4</sup>	Reductions of lease payments <sup>4</sup>
286 projects	0	Only 1
About ¥402.5bn		(Temporary reduction due to the pandemic)

\*1. Including land leases based on official certified documents

\*2. 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.

\*3. Based on prices as of the end of December 2022.

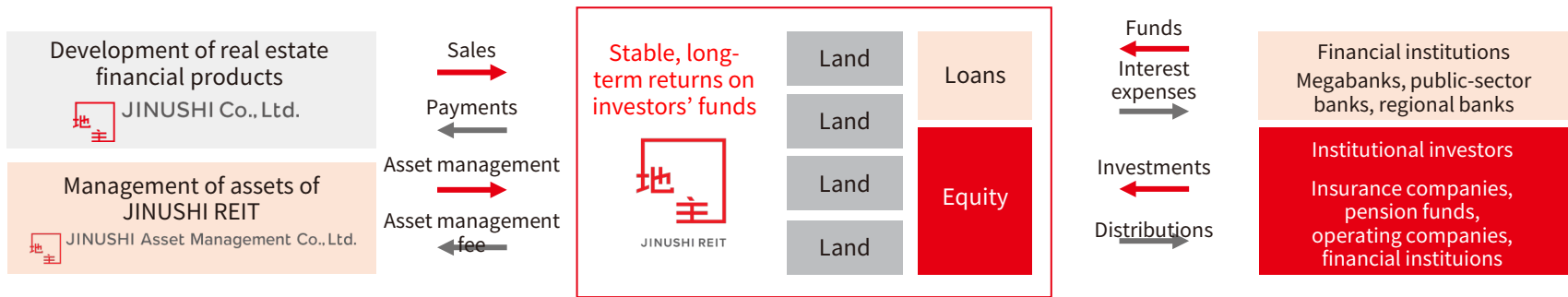
\*4. As of the end of December 2022

## The JINUSHI Business (3) JINUSHI REIT (Private REIT for Leased Land)

- 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



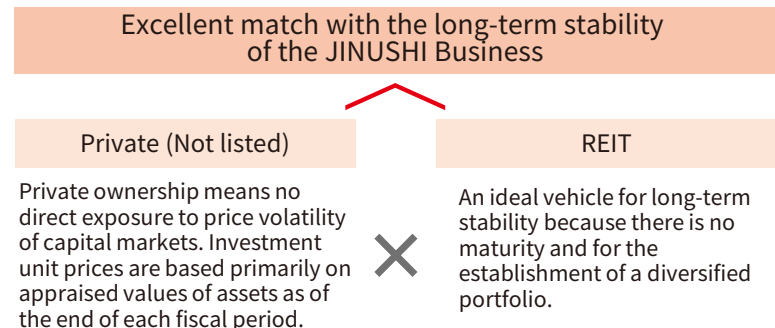
### JINUSHI REIT Summary (as of January 6, 2023)

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

AUM	¥180 billion*1 (9th of 44 funds)	Distributions	About 4%
Properties	129 properties*1 (1st of 44 funds)	Number of investors	276 companies
Assets	Only leased land (only fund of this type in Japan)	Credit rating (JCR)	A (positive outlook)

### Private REIT structure reduces price volatility risk

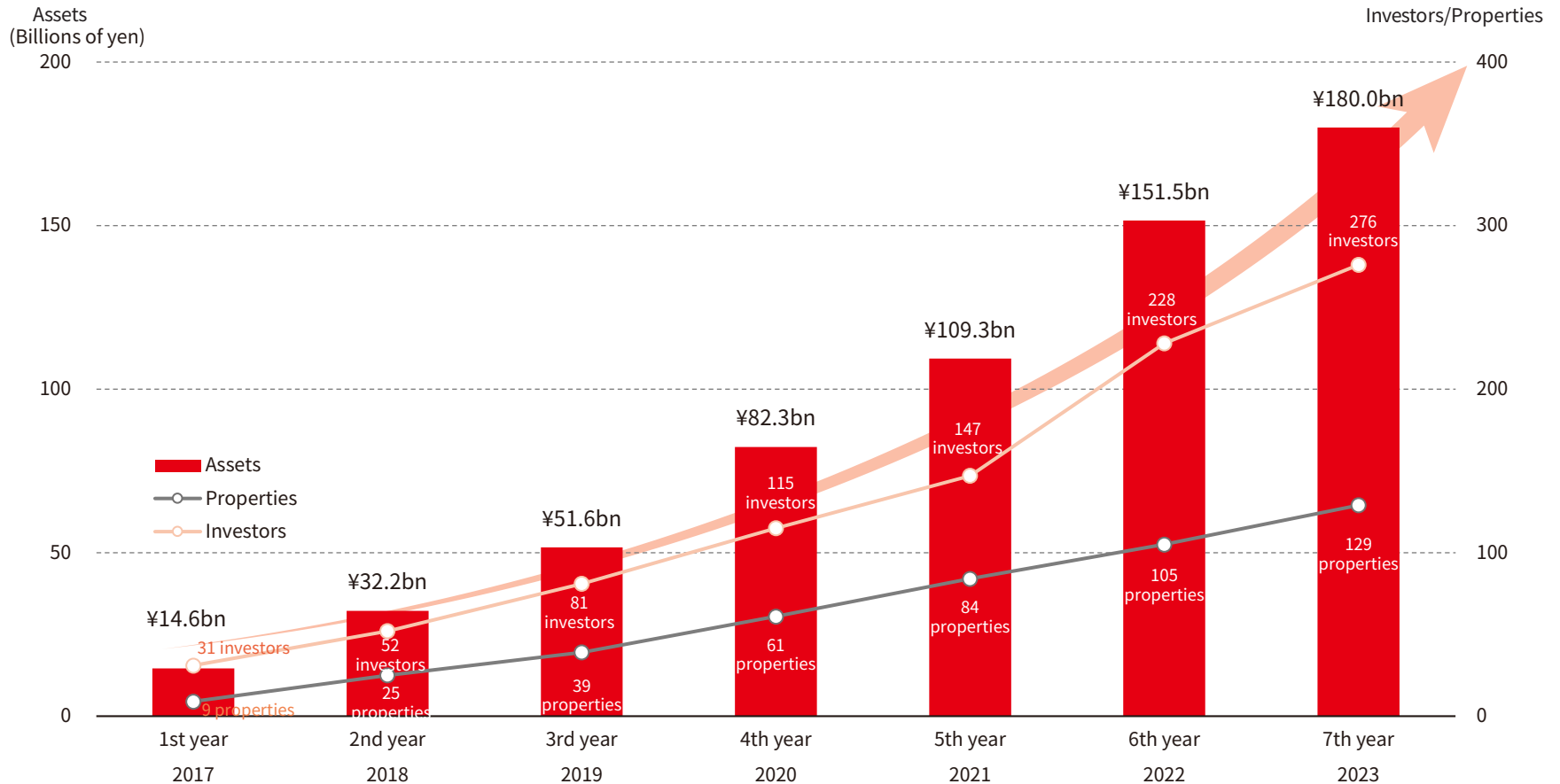
A private REIT is a superior structure that facilitates the safe management of funds received from investors.



\*1 JINUSHI data (rankings based on figures for JINUSHI REIT as of January 6, 2023 in relation to the data for other private REITs in Japan as of the end of December 2022)

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

- Increased capital for seven consecutive years due to sponsor pipeline support and consistently strong demand for real estate investments



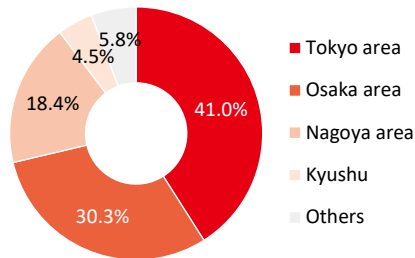
\* All numbers are as of immediately after each capital increase (assets are based in appraisal values when properties were purchased).  
The number of investors in 2023 includes investment unit secondary transactions prior to the payment date for the seventh capital increase.

# The JINUSHI Business (3) JINUSHI REIT (Private REIT for Leased Land) Portfolio (January 6, 2023)

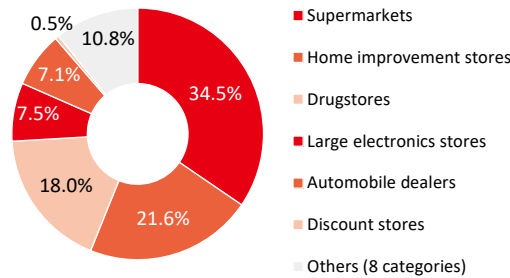
- A balanced portfolio of primarily properties in Japan's three major metropolitan areas. Tenants operating businesses frequently used by consumers\*<sup>1</sup> are about 90% of assets and all properties have long-term leases.

## Portfolio Diversity

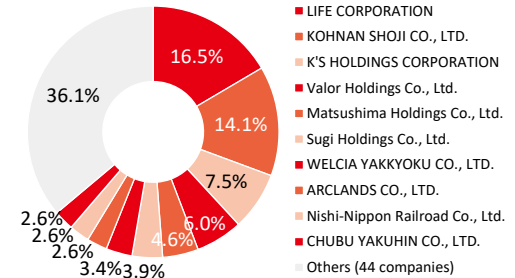
### Geographic Diversity (Purchase prices)



### Application Diversity (Lease income)

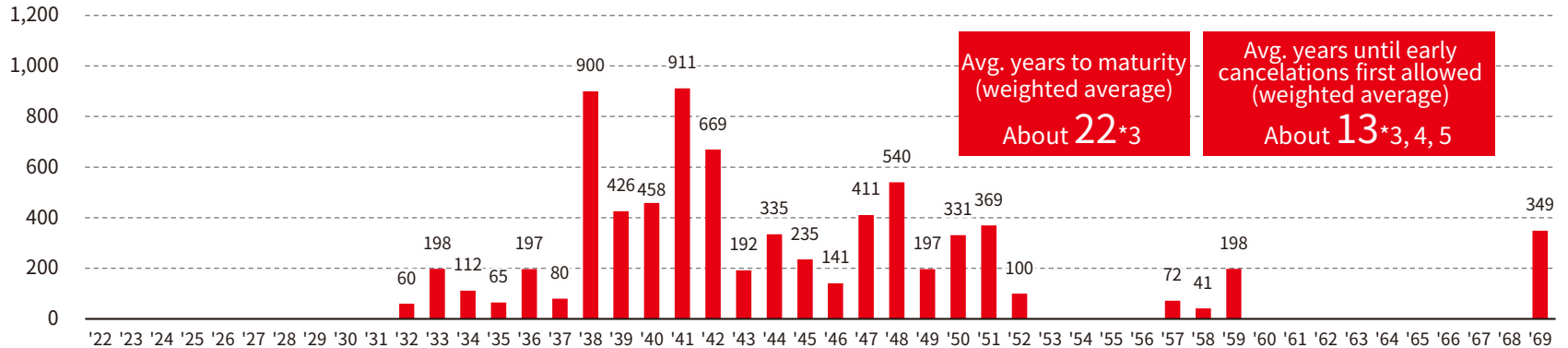


### Tenant Diversity (Lease income)



## Diversity of Lease Maturities (Annual lease payments)\*<sup>2, 3</sup>

(Millions of yen)



\*1. Businesses frequently used by consumers: Supermarkets, home improvement stores, drug stores, appliance/consumer electronics stores, automobile dealers, discount stores

\*2. Lease income reflects revisions to lease payments for 2022 property tax revisions at properties with lease payments that vary with the amount of property tax.

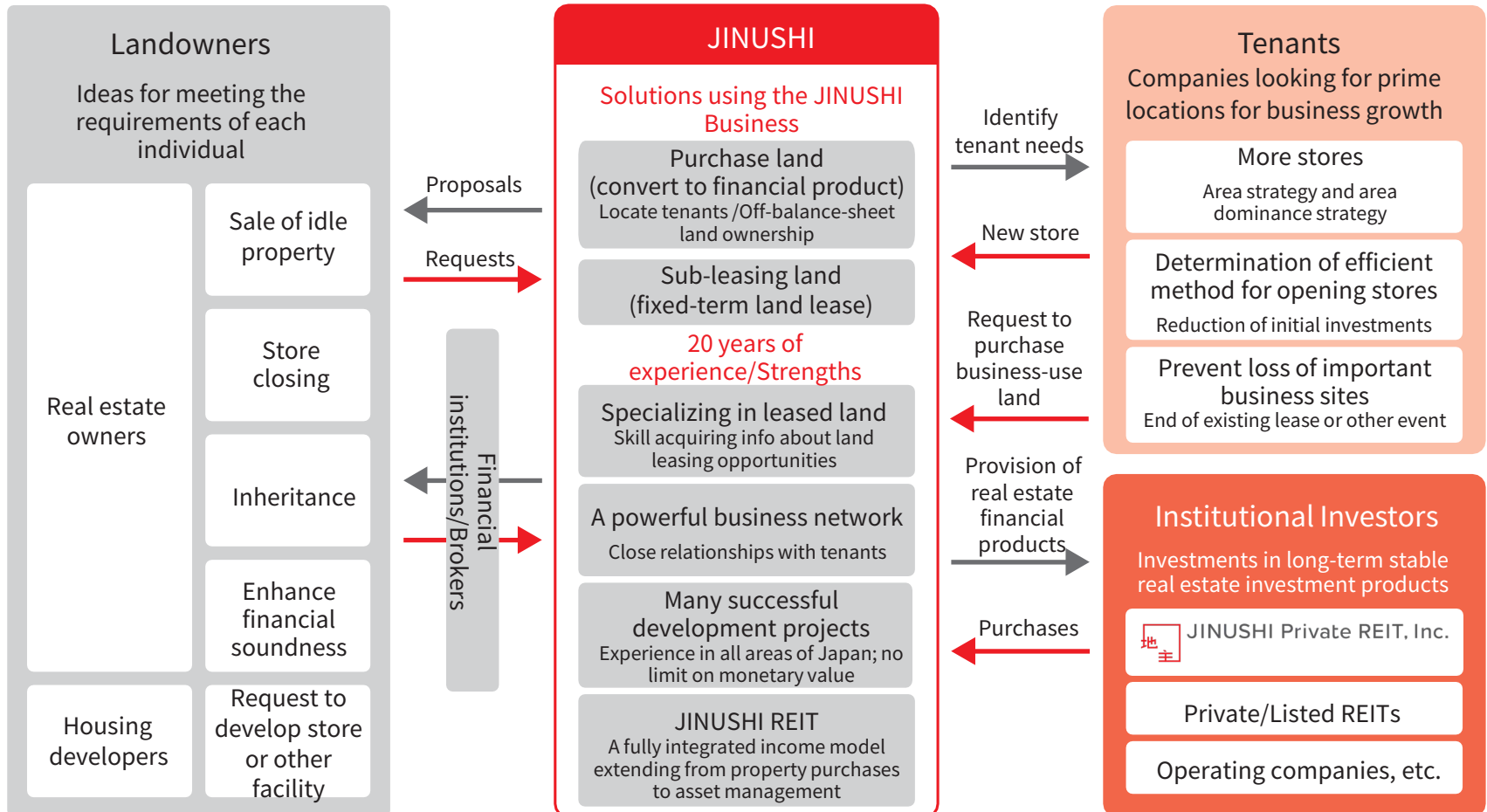
\*3. As of January 6, 2023 (rounded to the first decimal place)

\*4. At properties where early lease termination is possible upon payment of 50% of lease payments for the remaining contract period, half of the contract period is used as the early termination prohibition period.

\*5. At properties where early lease termination is possible upon payment of 100% of lease payments for the remaining contract period, the entire contract period is used as the early termination prohibition period.

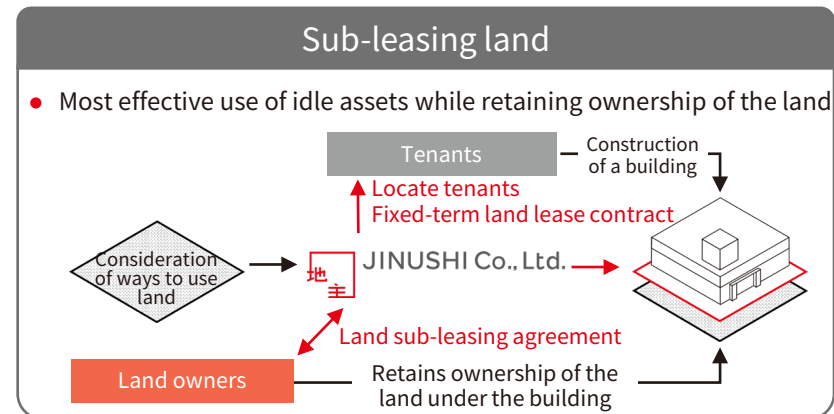
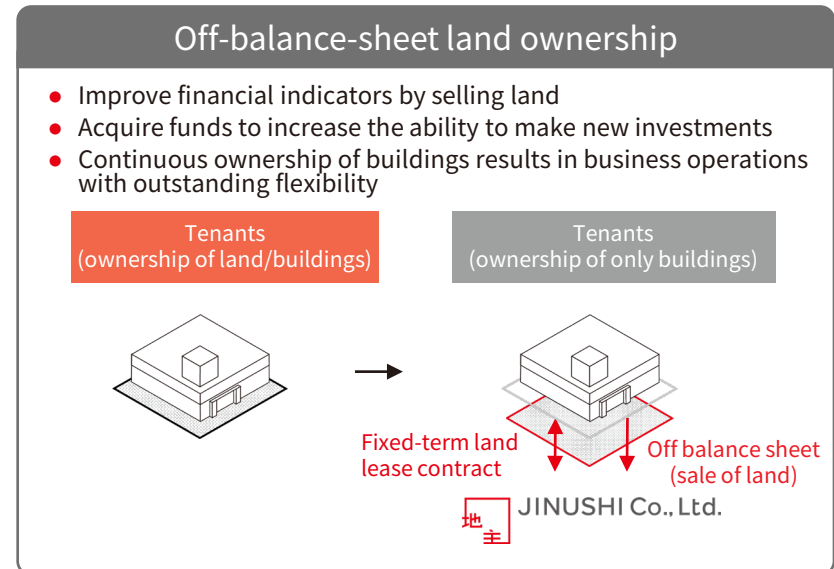
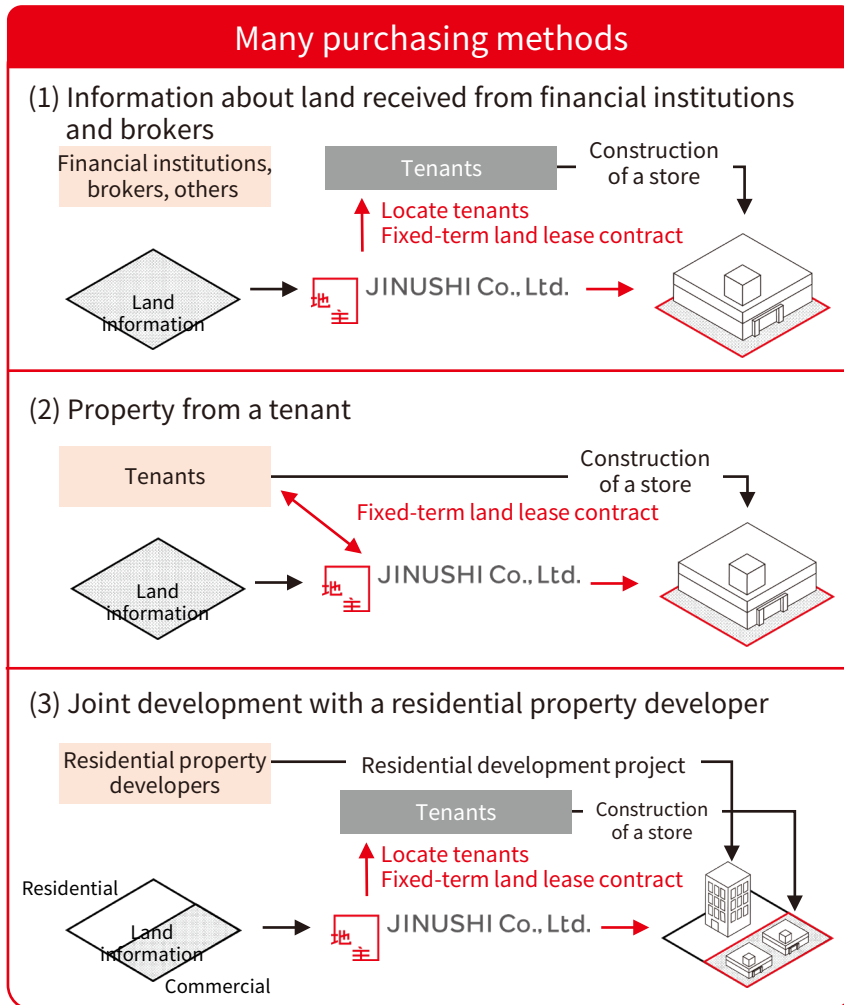
## The JINUSHI Business (4) The Roles of the JINUSHI Business

- 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 (5) Many Methods for Purchasing and Resolving Issues

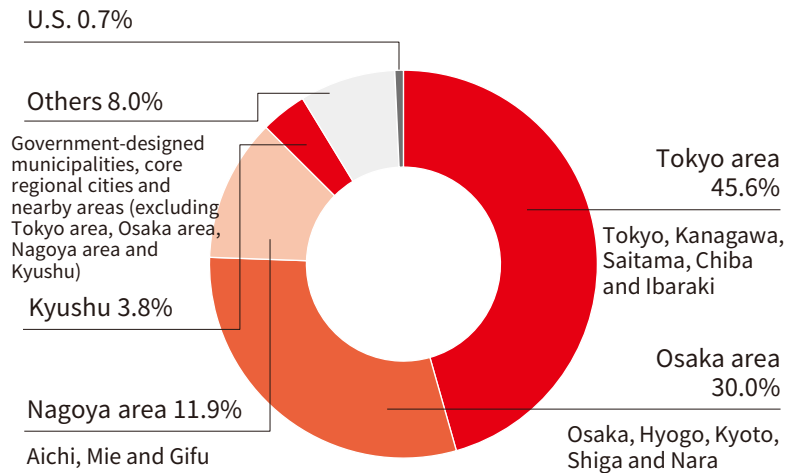
- The JINUSHI Business uses many ways to purchase properties. Many sellers ask JINUSHI to be the buyer because of expertise about leased land. JINUSHI has the knowledge to meet a variety of needs of tenants and landowners.



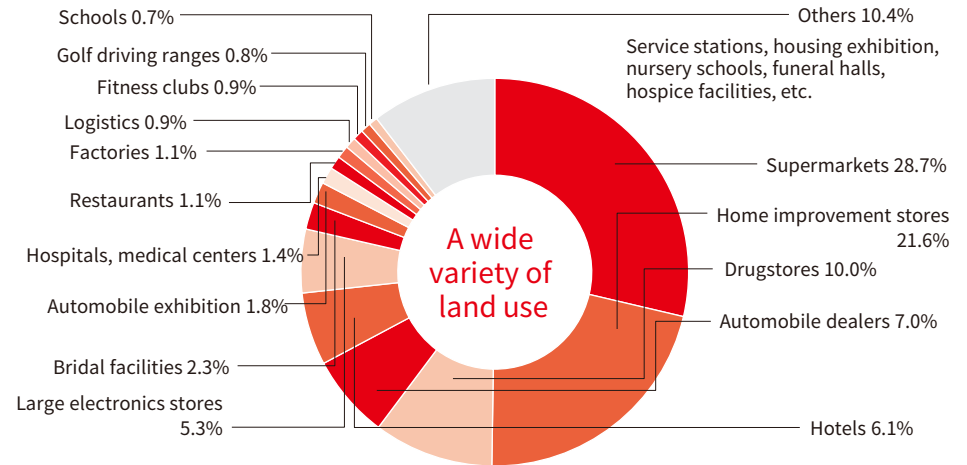
## Growth of the JINUSHI Business

- The JINUSHI Business operates in all areas of Japan, primarily the three major metropolitan areas. A broad range of tenants in many industries use the JINUSHI Business, primarily supermarkets, home improvement stores and other businesses involving consumer products purchased on a regular basis.

### Diversification of Areas



### Diversification of Use

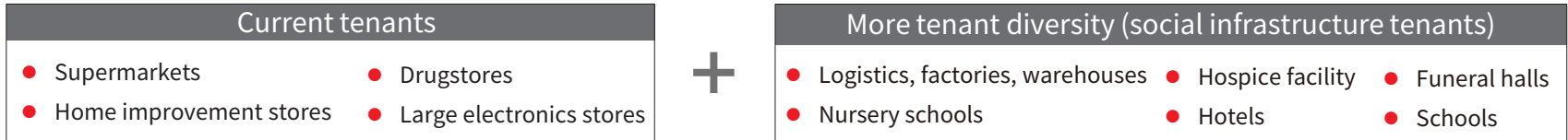


Cumulative JINUSHI Business developments are  
**286** properties and about **¥402.5** billion\*

\* Based on monetary value as of the end of December 2022

## Growth of the JINUSHI Business (Major Tenants)

- Most tenants are stores and other businesses that people use frequently and activities continue for attracting new categories of tenants for the growth of the JINUSHI Business.



Supermarkets



Drugstores



Home improvement stores



Hospice facilities



School/Nursery schools



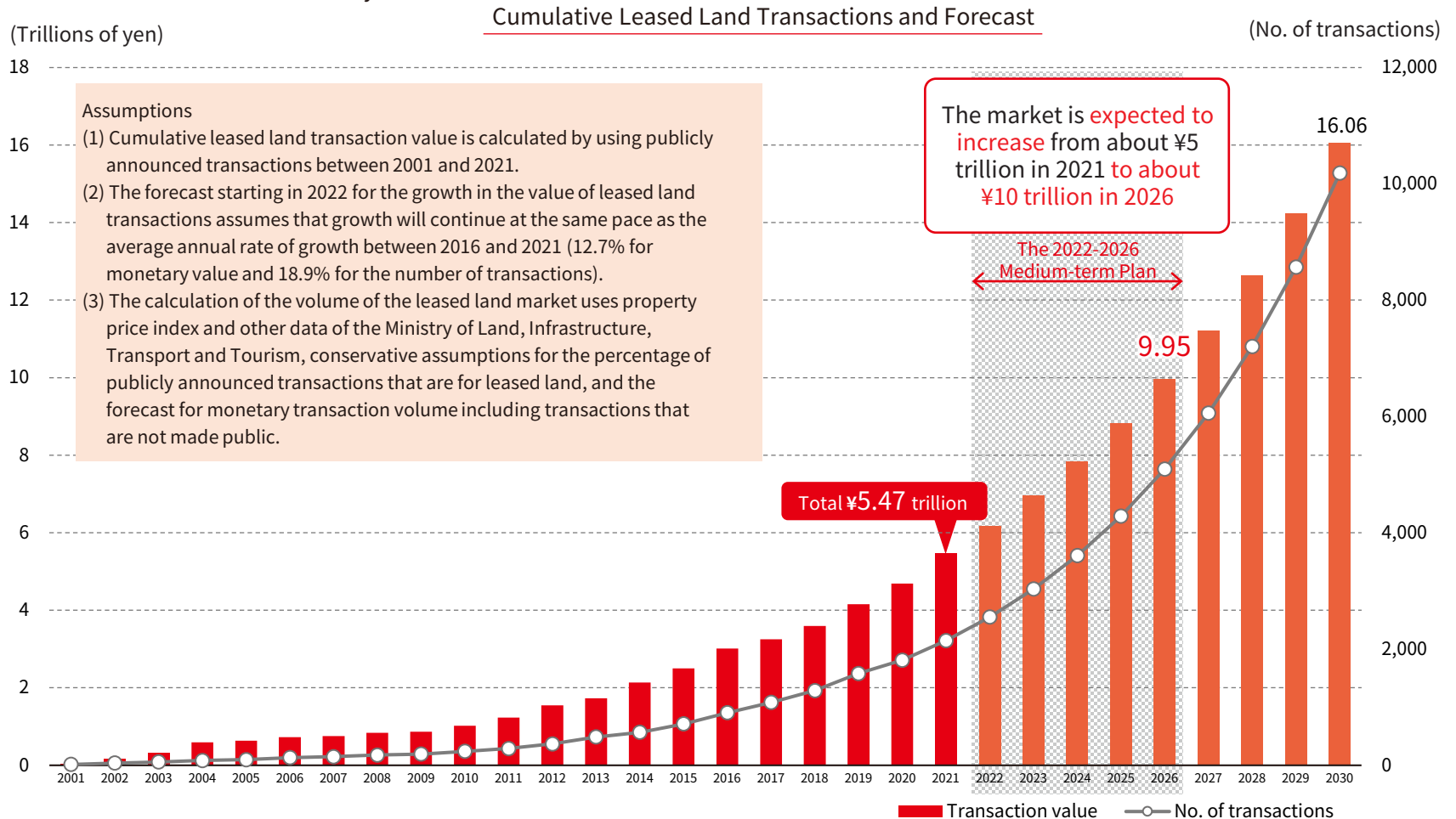
Funeral halls





## 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



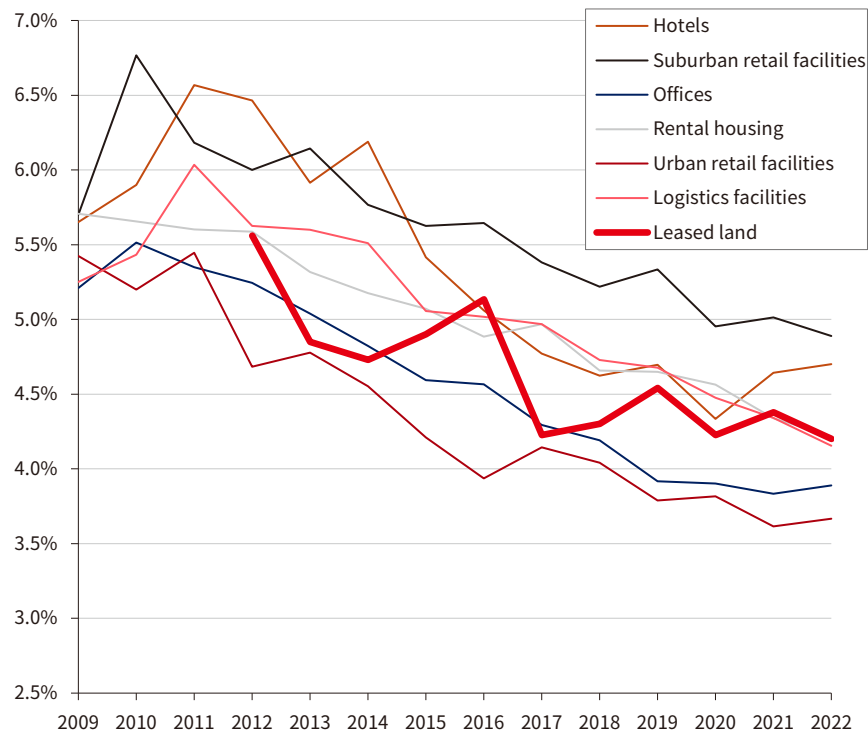
\* The figures in these graphs were calculated by the Japan Real Estate Institute using the above assumptions. These projections are not guarantees concerning the future growth of the leased land market in Japan.

## Leased Land Market Data (J-REIT 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.
- The liquidity of leased land is increasing steadily, resulting in the positioning of leased land as a new investment asset class.

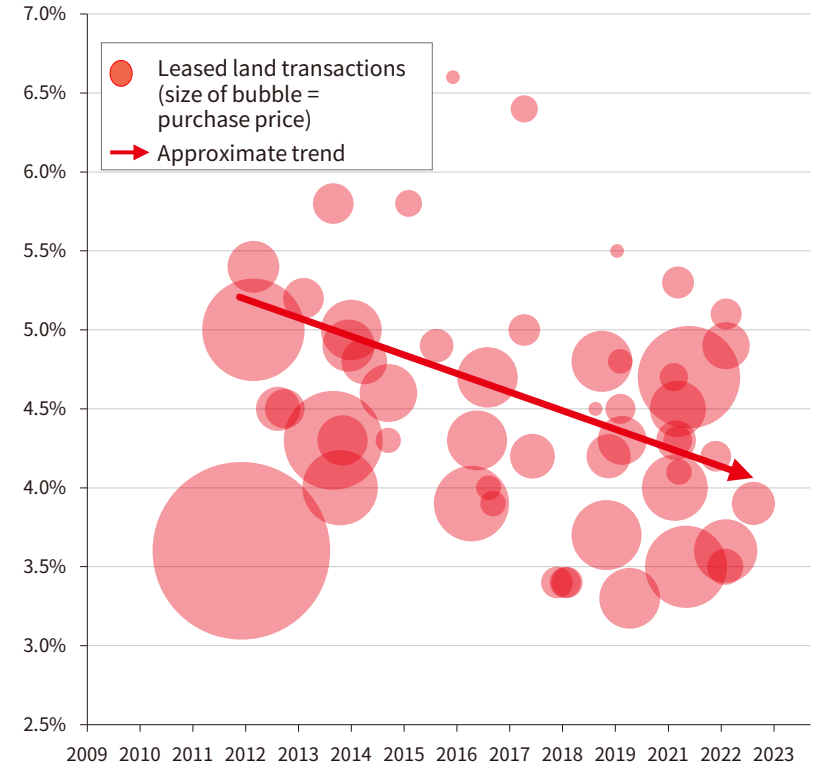
### J-REIT Cap Rate (Appraisal value)

(Appraisal CAP rate as of purchase)



### J-REIT Leased Land Transactions (Bubble chart)

(Appraisal CAP rate as of purchase)



\*JINUSHI estimates using information disclosed by J-REITs. Cap rates using appraisal values are the simple averages for each asset class.

# ESG Roadmap

- Carbon neutrality (based on FY12/21 JINUSHI emissions) was achieved in FY12/22, one year earlier than the FY12/23 goal.
- JINUSHI understands that constant activities involving risk and opportunity concerning the environment, society and governance will be essential for the long-term growth of shareholder value.

	Major themes	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25	FY12/30
Overall			<ul style="list-style-type: none"> <li>Established the ESG Committee</li> <li>Established the ESG Policy</li> </ul>	<ul style="list-style-type: none"> <li>Identified materiality and established goals based on the SDGs</li> </ul>			
Environment	Business activities that protect the environment	<ul style="list-style-type: none"> <li>JINUSHI Business activities with a low environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Joint environmental activities with tenants (green leases, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>More information disclosure involving climate change based on the Task Force on Climate-Related Financial Disclosures (TCFD)</li> </ul>			
				<ul style="list-style-type: none"> <li>Achievement of carbon neutrality</li> </ul>			
Society	Build win-win relationships with all stakeholders	<ul style="list-style-type: none"> <li>Investors: Use of JINUSHI Private REIT Investment Corp. to provide real estate financial products</li> <li>Employees: Recruit and train people with a diverse range of backgrounds and characteristics</li> <li>Communities: Use strategies for new store tenants to be a responsible member of communities</li> </ul>					
Governance	Well-balanced governance in terms of fairness and transparency, risk management, and a commitment to shareholder value	<ul style="list-style-type: none"> <li>Constant measures to strengthen corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Increased disclosure of non-financial information</li> <li>Upgraded communications with investors and other stakeholders</li> </ul>				

# 10-year Summary

		FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY12/20 (9-month fiscal period)	FY12/21	FY12/22
<b>Statement of Income</b>											
Net sales	Millions of yen	10,828	16,252	17,378	26,614	31,260	39,834	74,187	29,886	56,177	49,887
Gross profit		2,272	4,653	7,427	7,710	6,858	8,172	9,100	5,019	9,263	10,857
of which, Flow Business		-	-	-	-	-	7,060	7,032	3,874	7,753	8,469
of which, Stock Business		-	-	-	-	-	1,111	2,068	1,144	1,509	2,388
Operating profit		1,440	3,547	5,955	4,843	3,684	4,446	5,244	2,420	5,475	6,411
Ordinary profit		973	2,987	5,626	5,181	3,044	4,327	4,599	2,157	5,002	5,943
Profit		666	1,863	3,605	6,437	1,958	2,684	3,177	1,644	3,124	3,641
Net profit on net sales		%	6.2	11.5	20.7	24.2	6.3	6.7	4.3	5.5	5.6
<b>Balance Sheet</b>											
Total assets	Millions of yen	20,489	24,104	38,690	56,792	67,254	99,597	75,054	71,220	86,337	72,153
of which, real estate for sale		16,682	12,640	22,610	31,639	41,049	69,516	43,493	38,387	41,995	28,192
of which, property, plant and equipment		76	59	135	231	187	455	522	3,436	17,488	16,803
Total liabilities		18,256	15,593	26,989	36,914	46,950	77,985	51,184	46,379	58,555	41,193
of which, interest-bearing debt		16,834	13,529	23,464	33,265	41,063	73,762	46,564	43,300	49,812	37,165
Net assets		2,232	8,510	11,700	19,878	20,304	21,611	23,870	24,841	27,781	30,960
of which, shareholders' equity		2,166	8,405	11,626	17,493	20,278	21,591	23,870	24,841	27,781	30,905
<b>Shareholder Returns</b>											
Dividend per share <sup>*1</sup>	Yen	11.6	30.0	45.0	55.0	55.0	55.0	55.0	25.0	50.0	55.0
Dividend payout ratio	%	24.3	23.8	21.5	15.0	50.2	36.8	31.5	27.8	29.3	27.6
<b>Indicators</b>											
EPS <sup>*1</sup>	Yen	48.05	125.91	209.09	366.84	109.61	149.30	174.59	89.94	170.90	199.16
Equity ratio	%	10.6	34.9	30.1	30.8	30.2	21.7	31.8	34.9	32.2	42.8
ROE <sup>*2</sup>		36.7	35.3	36.0	44.2	10.4	12.8	14.0	6.8	11.9	12.4
Net D/E ratio <sup>*3</sup>	Times	6.17	0.37	0.97	0.98	1.31	2.54	1.04	0.90	1.17	0.45
DCR (Debt Coverage Ratio) <sup>*4</sup>	%	534.2	125.6	157.8	201.9	239.7	354.1	205.4	175.8	141.0	92.3
Number of employees		21	22	27	69	83	69	73	74	74	90
CO2 emissions	Scope 1 <sup>*5</sup>	t-CO2	-	-	-	-	-	-	-	32	To be calculated
	Scope 2 <sup>*5</sup>	t-CO2	-	-	-	-	-	-	-	20	To be calculated
	Scope 3 <sup>*5</sup>	t-CO2	-	-	-	-	-	-	-	3,434	To be calculated

\*1. FY3/13 and FY3/14 figures are after stock splits \*2. ROE is net income divided by average equity during the fiscal year

\*3. The net debt-equity ratio is debt minus cash and deposits divided by net assets

\*4. The debt coverage ratio is debt divided by the sum of cash and deposits, investment securities and property, plant and equipment

\*5. 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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