

Results of Operations
for the First Three Months of the Fiscal Year
Ending December 31, 2023

May 12, 2023



JINUSHI
BUSINESS

JINUSHI Co., Ltd.

地主株式会社

Securities code: 3252 (TSE/NSE)
<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 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:	4-1-1, Imabashi, Chuo-ku, Osaka (to be relocated to Tokyo as of July 1, 2023)
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)

Representative:	Hirofumi Nishira, Representative Director and President
Number of Directors:	7 (of which, 4 Independent Outside Directors (Audit and Supervisory Committee members))
Number of employees (consolidated):	93 (As of April 2023)

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1. FY12/23 1Q Summary of Consolidated Financial Results

(1) In the first quarter of FY12/23, sales were ¥8,130 million (down 58.6% YoY), operating profit was ¥914 million (down 72.2% YoY), and profit attributable to owners of parent ¥1,350 million (down 35.3% YoY). Changes in sales and earnings are mainly caused by the timing of property sales. First quarter performance was as planned.

Steady progress toward achieving the FY12/23 profit attributable to owners of parent forecast of ¥4,200 million.

(2) There were purchase agreements for 22 properties during the first quarter at a cost of ¥18,900 million, increases of 16 properties and ¥14,200 million YoY. Real estate for sale was ¥35,563 million at the end of the first quarter, which is a big increase of ¥7,371 million from the end of FY12/22.

First quarter performance is positioning JINUSHI to reach a record-high number of purchase agreements in FY12/23.

(3) There is no change in the dividend forecast announced on February 14, 2023.

JINUSHI plans to pay a FY12/23 dividend of ¥55 per share, the same as for FY12/22.

FY12/23 1Q Summary of Consolidated Financial Results (1) Statements of Income

- First quarter sales and earnings decreased but performance was as planned because the declines were caused by the timing of property sales.
- The reputation of the JINUSHI Business*1 continues to improve and demand among investors remains very strong. The gross margins of most properties were higher than planned.
- Extraordinary income of ¥1,207 million due to the sale of a non-current asset (land in Chuo-ku, Osaka) in response to the strong desire of the tenant.

(Millions of yen)	FY12/22 1Q (3M) (1)	FY12/23 1Q (3M) (2)	Change (2) - (1)	Major reasons
Net sales	19,661	8,130	(11,531)	<ul style="list-style-type: none"> • Due to a smaller number of properties sold in the Flow Business (But sales were higher than planned.)
Operating profit	3,290	914	(2,375)	
Non-operating income	204	75	(128)	
Non-operating expenses	258	111	(146)	
Ordinary profit	3,236	879	(2,357)	<ul style="list-style-type: none"> • Sale of land in Chuo-ku, Osaka (a non-current asset)
Extraordinary income	—	1,207	+1,207	
Extraordinary losses	140	—	(140)	
Income taxes	1,008	712	(296)	
Profit attributable to owners of parent	2,086	1,350	(736)	
Net income per share (Yen)	114.13	73.86	(40.27)	
Operating profit on net sales (%)	16.7	11.2	(5.5)	
Net profit on net sales (%)	10.6	16.6	+6.0	

*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.

FY12/23 1Q Summary of Consolidated Financial Results (2) Balance Sheet

- Property purchases in FY12/23 are going well, resulting in a big increase of ¥7,371 million YoY in real estate for sale to ¥35,563 million at the end of the first quarter.
- The equity ratio, net debt/equity ratio and DCR remain within proper ranges. The equity ratio at the end of the first quarter was high at 40.5%.

(Millions of yen)	As of Dec. 31, 2022 (1)	As of Mar. 31, 2023 (2)	Change (2) - (1)
Assets	72,153	77,082	+4,929
of which cash and deposits	23,140	23,451	+311
of which real estate for sale	28,192	35,563	+7,371
of which property, plant and equipment	16,803	13,924	(2,879)
Liabilities	41,193	45,822	+4,629
of which borrowings	37,066	40,500	+3,434
Net assets	30,960	31,259	+299
Equity ratio (%)	42.8	40.5	(2.3)
Net D/E ratio (times)*1	0.45	0.55	+0.10
DCR (Debt Coverage Ratio) (%)*2	92.3	107.8	+15.4

*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

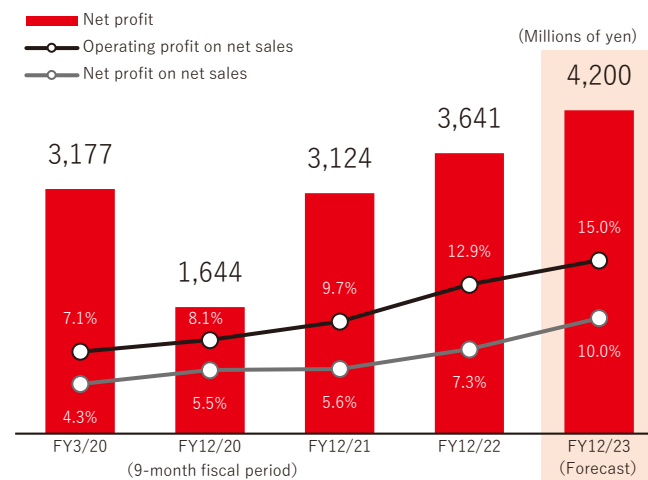
FY12/23 Consolidated Forecast (No change from the forecast announced on February 14, 2023)

- The demand from Investors for real estate financial products continues to be very strong.
- 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 (Result) (1)	FY12/23 (Forecast) (2)	change (2) - (1)
Net sales	49,887	42,000	(7,887)
Operating profit	6,411	6,300	(111)
Ordinary profit	5,943	5,500	(443)
Net profit	3,641	4,200	+558
Net income per share (Yen)	199.16	229.69	+30.53
Operating profit on net sales (%)	12.9	15.0	+2.1
Net profit on net sales (%)	7.3	10.0	+2.7

Outlook for FY12/23

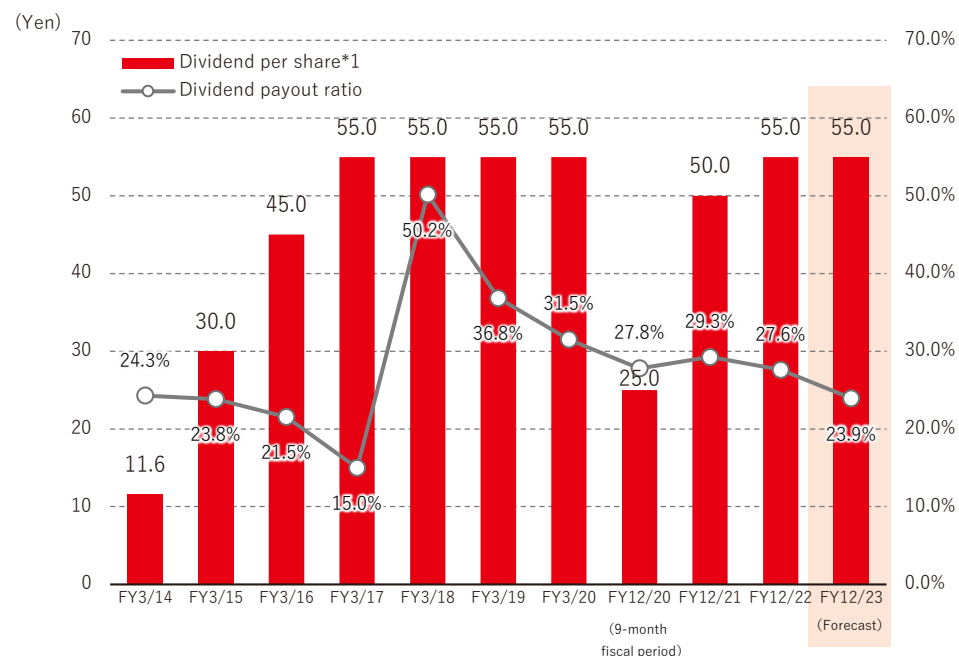
- Plan to increase property purchases by further increasing the diversity of tenants, using off-balance-sheet schemes for land, and other activities.
- Based on the outlook for very strong demand for JINUSHI products, aiming to accomplish the net profit forecast and further increase profitability.



Shareholder Returns (No change from dividend forecast announced on February 14, 2023)

- 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.
- 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.

2. Performance

FY12/23 1Q Performance

- Sales and earnings of the Flow Business were down YoY due to the timing of sales. Market conditions for sales of real estate are favorable. The gross margins of most properties were higher than planned.
- Sales and earnings of the Stock Business were down YoY because of a decrease in lease income on real estate for sale. Planning on increasing earnings in this category by increasing purchases of properties.

(Millions of yen)	FY12/22 1Q (3M) (1)	FY12/23 1Q (3M) (2)	Change (2) - (1)	FY12/22 (Previous fiscal year)
Net sales	19,661	8,130	(11,531)	49,887
of which Flow Business* ¹	18,769	7,325	(11,444)	47,116
of which Stock Business* ²	891	804	(87)	2,770
Gross profit	4,540	2,012	(2,527)	10,857
of which Flow Business* ¹	3,725	1,299	(2,425)	8,469
of which Stock Business* ²	814	712	(101)	2,388
Operating profit	3,290	914	(2,375)	6,411
Gross profit margin (%)	23.1	24.8	+1.7	21.8
of which Flow Business (%)* ¹	19.8	17.7	(2.1)	18.0

*1. Gains on sales of real estate + Real estate brokerage fees

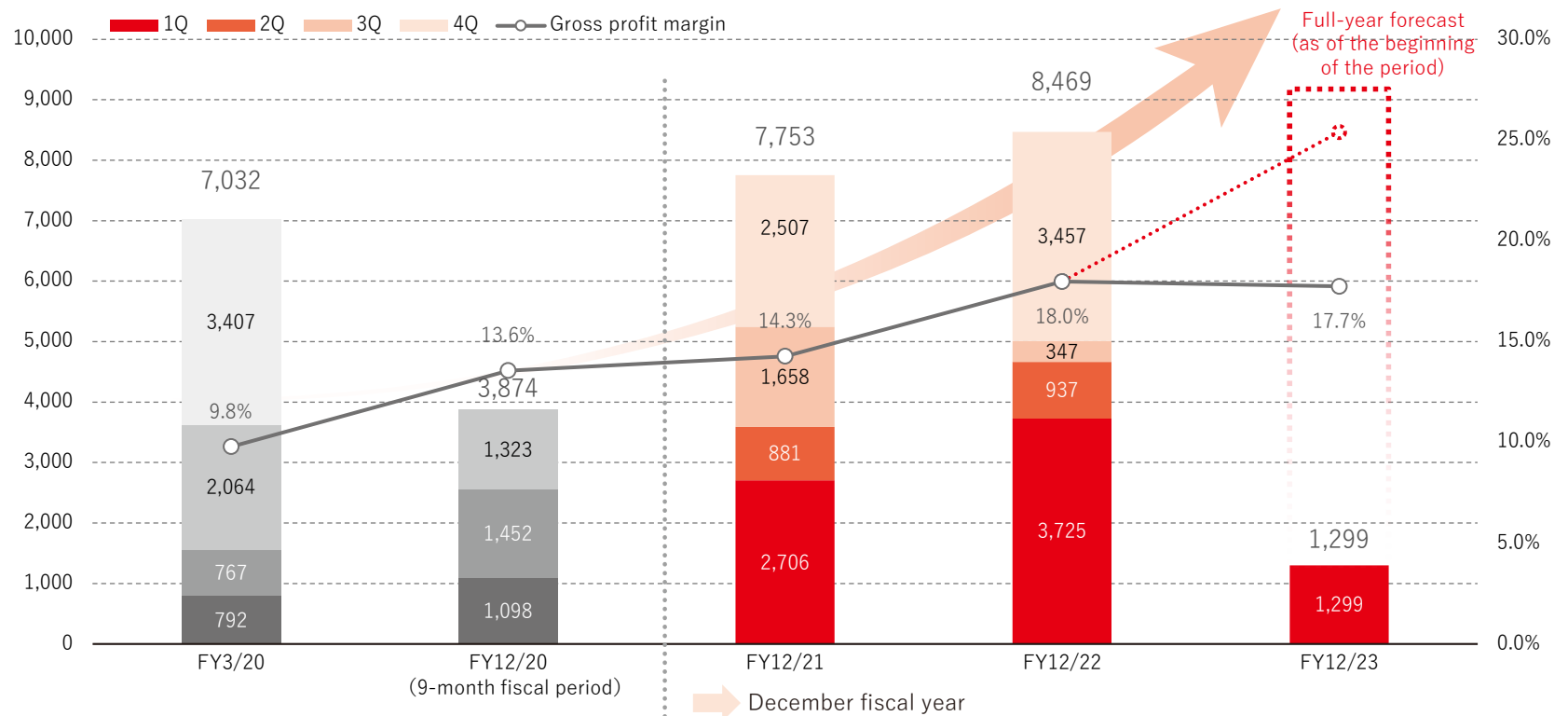
*2. Lease income on real estate for sale + Asset management fees + Long-term lease income + Other income (property management/sub-leasing/business management)

FY12/23 1Q Performance (Flow Business)

- Profitability remains high because of improving the reputation of the JINUSHI Business and progress with the creation and growth of the market for leased land.
- Forecast a higher gross profit and gross profit margin in FY12/23 because demand for JINUSHI's real estate financial products is remaining very strong.

Quarterly Gross Profit (Flow Business)

(Millions of yen)

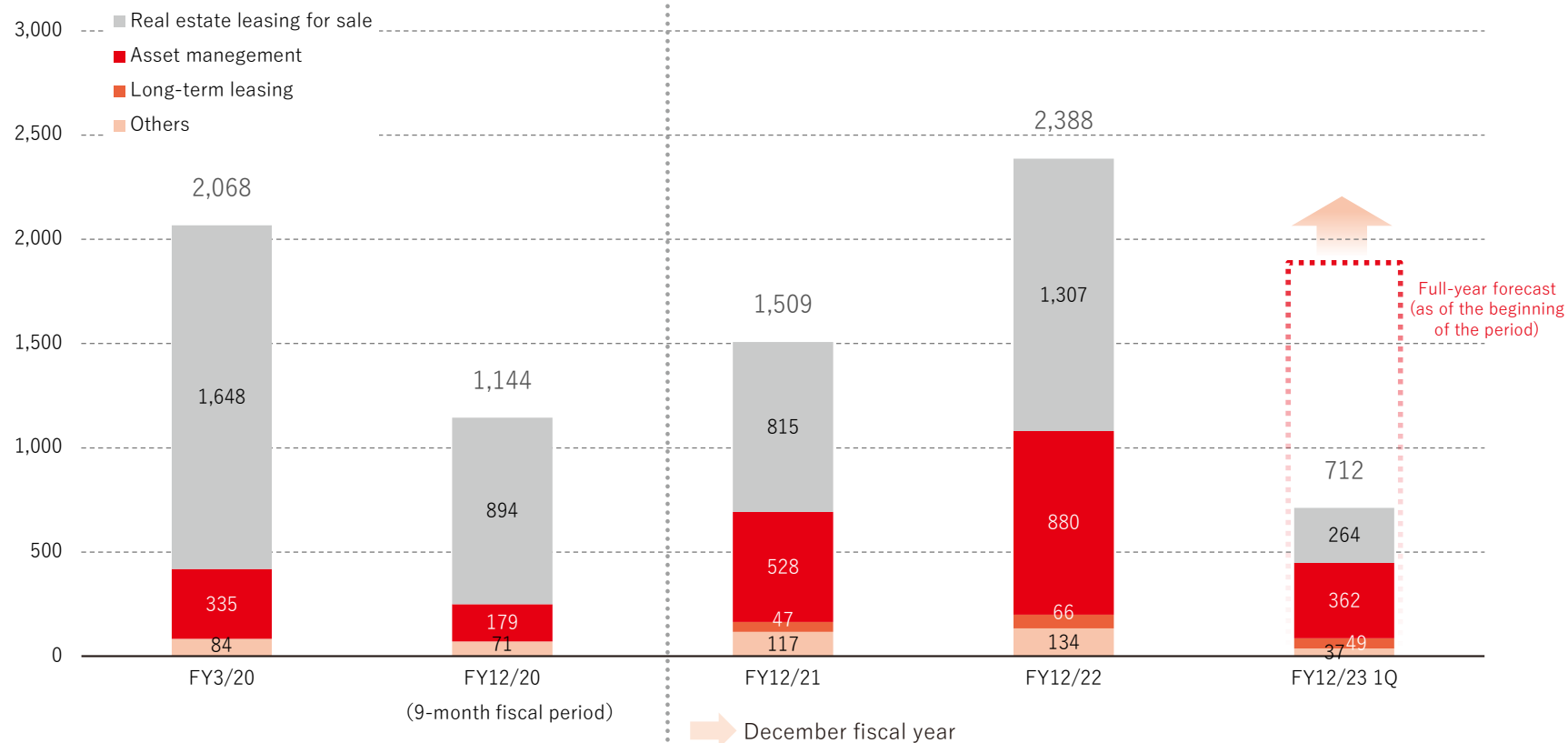


FY12/23 1Q Performance (Stock Business)

- Stock Business gross profit, which is mainly leasing income and asset management fees, is a stable source of cash flows.
- Planning on lower earnings from the Stock Business activities in FY12/23 because of a decrease in income from leasing real estate for sale. However, the goal is to hold earnings steady with FY12/22 based on the current increase in purchases of properties.

Gross Profit from Stock Business

(Millions of yen)

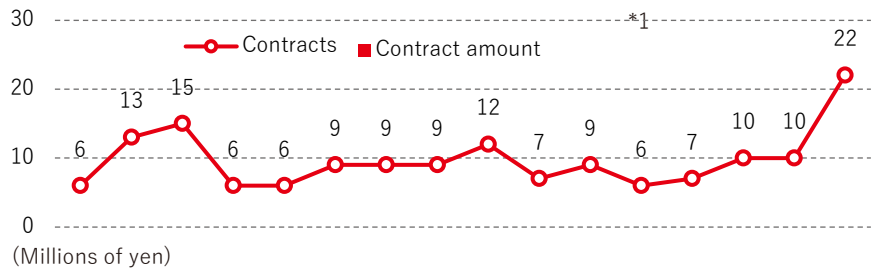


FY12/23 1Q Performance (Land Purchases 1)

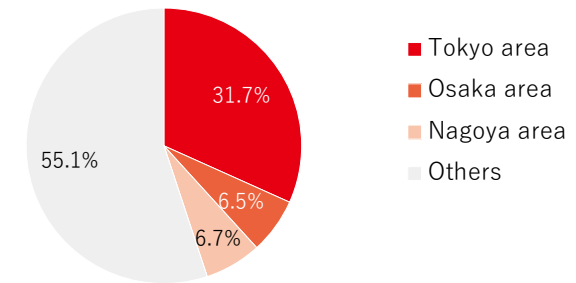
- 22 agreements for purchases totaling ¥18,900 million in the first quarter; aiming for a record-high number of agreements in FY12/23
- In addition to land for home improvement stores, supermarkets and automobile dealers, signed an agreement to purchase an off-balance sheet project for a retail complex in central Sapporo.

Purchases (Agreements signed)

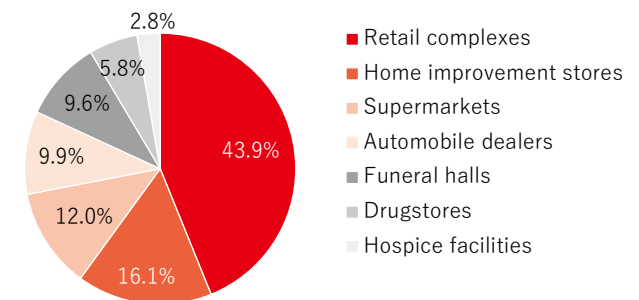
(Agreements)



Diversification of Areas ^{*2}



Diversification of Use



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

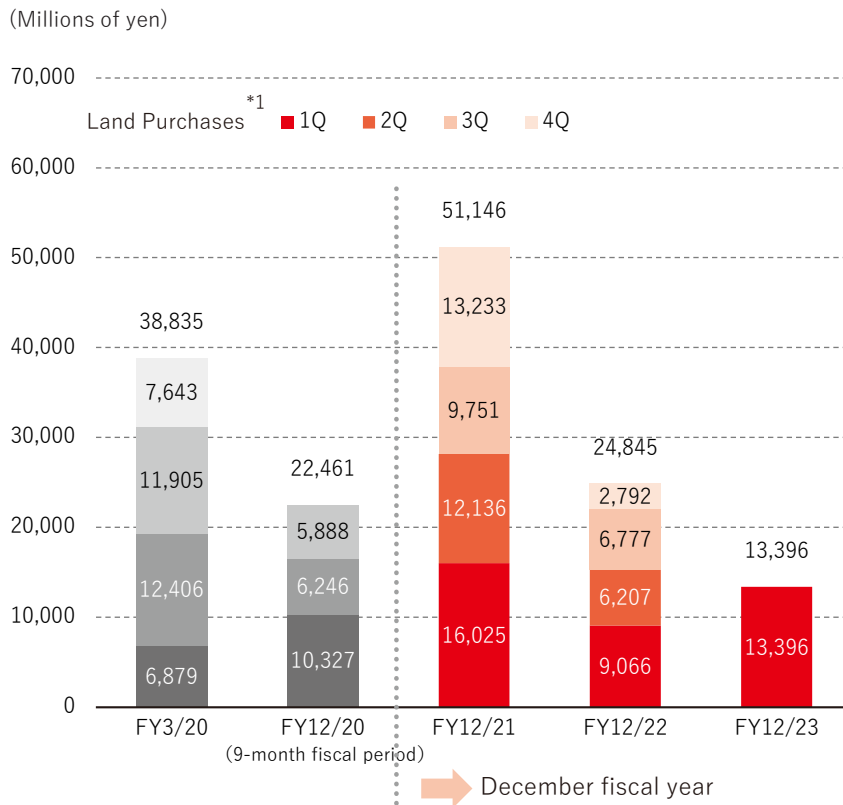
*1. Planned total investment (rounded down to the nearest 100 million yen, includes expenses related to purchases) as of the time purchase decisions were approved by JINUSHI.

*2. Definitions for geographic diversification (Tokyo, Osaka and Nagoya areas and other terms) are on page 36.

FY12/23 1Q Performance (Land Purchases 2)

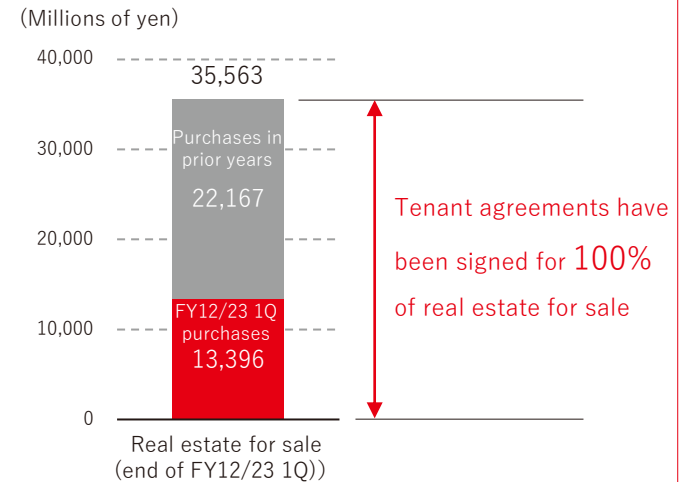
- Real estate for sale continues to increase. Purchases totaled ¥13,396 million in the first quarter of FY12/23, raising real estate for sale to ¥35,563 million at the end of the first quarter.

Land Purchases (When recognized in financial statements)



Confirmed Long-term Cash Flows at Time of Purchase

- As a rule, purchases are settled at the time of signing an agreement with a tenant.*2
- A consistent cash flow for 20 to 50 years is added when land is purchased.



*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)

*2. An option agreement is signed with a tenant at the time land is purchased for the signing of a fixed-term land lease agreement.

3. Medium-term Management Plan

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 result		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 ^{*1}	¥151.5 billion ^{*2}	>	Approx. ¥300.0 billion	14.6%
Performance targets				
ROE	11.9 %	>	Approx. 13 %	
Equity ratio	32.2 %	>	30 % or more	

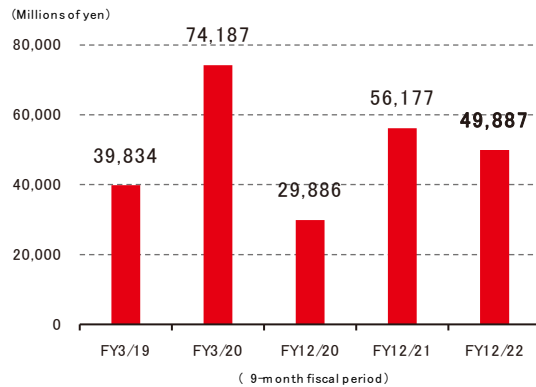
*1. JINUSHI Private REIT Investment Corporation is operated by JINUSHI Asset Management Co., Ltd., a wholly owned subsidiary of the Company.

*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.

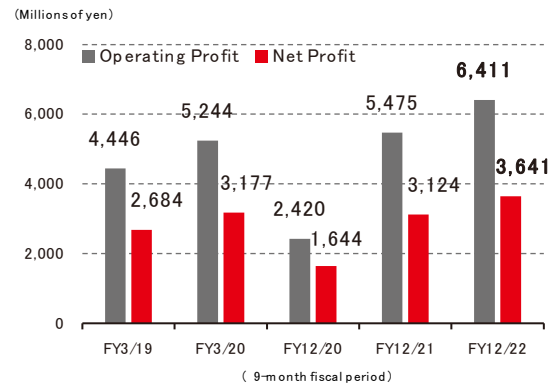
Major Financial Indicators

- Net profit, JINUSHI's key earnings indicator, increased for the third consecutive year.
- The ROE was higher largely due to the continued improvement in the reputation of the JINUSHI Business. The equity ratio remained above 30%, which is the company's financial discipline.

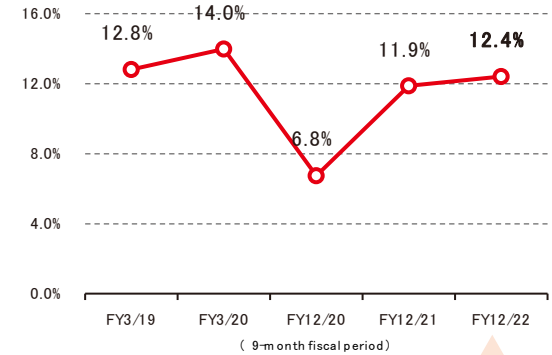
Net Sales



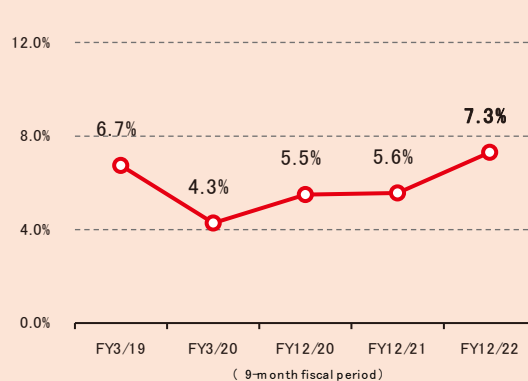
Operating Profit / Net Profit



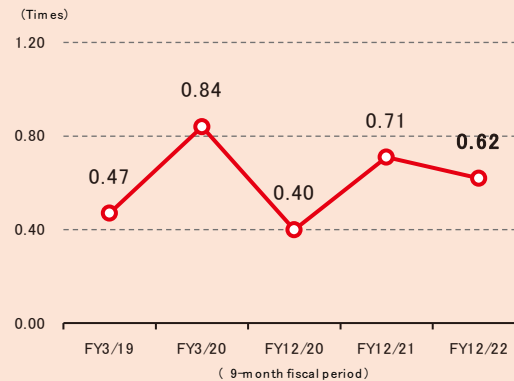
ROE



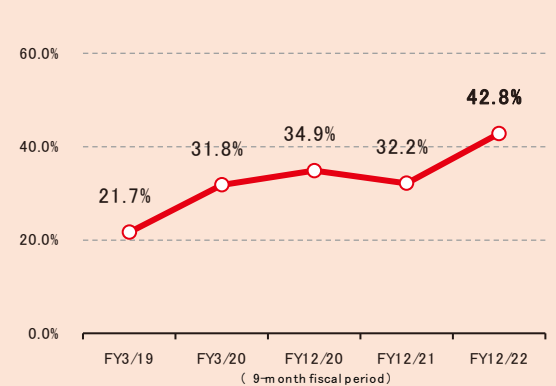
Net Profit on Net Sales



Total Asset Turnover



Equity Ratio



Basic Strategy

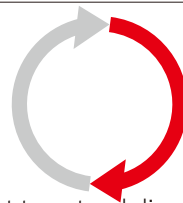
- The basic strategy is to aim for the growth of both the JINUSHI Business and JINUSHI REIT.
- Aiming for more growth by adding tenants in an even broader range of business sectors, expanding operations to more areas of Japan and the U.S., using off-balance-sheet schemes.

Growth of JINUSHI Business



	<u>Tenant business sector diversification</u>	<u>Expand to more areas</u>	<u>Off-balance-sheet schemes for land</u>
Goals	<ul style="list-style-type: none"> • Add tenants in a broad range of business sectors • Reduce the impact of changes in store requirements in specific market categories • Many sales activities targeting tenants opening stores or planning on more growth 	<ul style="list-style-type: none"> • Business activities anywhere that population density is high • Focusing operations outside Japan on the U.S., where the real estate market is large and consistent economic growth is expected 	<ul style="list-style-type: none"> • Proposals for off-balance-sheet land at existing properties in order to improve financial soundness and for other benefits • Emphasize JINUSHI's policy of being a stable landowner that is not aiming for a redevelopment project or other upside
Initiatives (as of FY12/23 1Q)	<ul style="list-style-type: none"> • More tenants in sectors that will continue to grow that perform an important role in society, such as hospice facilities and funeral halls • Use senior executives to build relationships with tenants 	<ul style="list-style-type: none"> • Opened the Kyushu Branch in Fukuoka (December 2022) • Investments in the U.S. total about ¥3 billion. Business operations are growing as JUNISHI's track record increases 	<ul style="list-style-type: none"> • Increase the use of banks and securities companies to contact potential customers (Hold seminars about JINUSHI's business activities and use other activities) • 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

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 ¥180 billion (9th in the industry) 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.

Tenant Business Sector Diversification

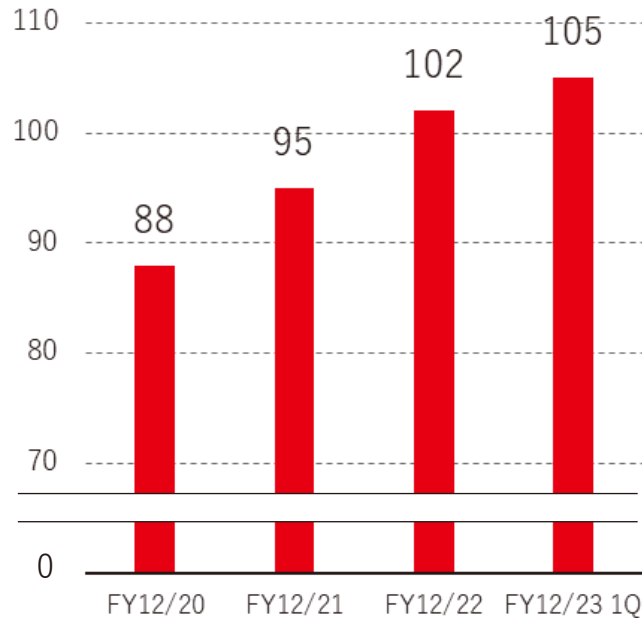
- The JINUSHI Business encompasses tenants in many business sectors. The name change to JINUSHI eliminated the perception of being mainly a commercial real estate company.
- In the first quarter of FY12/23, there were 105 tenant companies and many more potential tenants. Currently, the number of hospice and funeral hall tenants is increasing.

Tenants

Number of tenants: **105** companies^{*1}

Tenants with more than one lease:
40 companies^{*1}

(Companies)



Tenant Diversity^{*1}

Tenant Categories	No. of Companies	Tenant Categories	No. of Companies	Tenant Categories	No. of Companies
Supermarkets	22	Logistics, factories, warehouses	4	Shopping malls	1
Drugstores	10	Fitness clubs	3	Automobile exhibition	1
Home improvement stores	8	Bridal facilities	3	Hospice facilities	1
Restaurants	8	Schools, nursery schools	3	Discount stores	1
Large electronics stores	6	Service stations	2	Automobile maintenance stores	1
Automobile dealers	6	Hospitals, medical centers	2	Golf driving ranges	1
Funeral halls	6	Housing exhibition	2	Convenience stores	1
Hotels	5	Retail complexes	1	Others	7
				Total	105

Main Tenants (Top 16 companies)^{*1}

Name of Tenants	No. of Properties	Name of Tenants	No. of Properties
KOHNAN SHOJI CO., LTD.	33	Valor Holdings Co., Ltd.	7
LIFE CORPORATION	21	BIGMOTOR Co., Ltd.	7
Sugi Holdings Co., Ltd.	17	SUNDRUG CO., LTD.	5
WELCIA YAKKYOKU CO., LTD.	13	MAXVALUE NISHINIHON CO., LTD.	5
CHUBU YAKUHIN CO., LTD.	11	NEXTAGE Co., Ltd.	5
CREATE SD. CO., LTD.	7	GIGAS CORPORATION	5
KUSURI NO AOKI Co., Ltd.	7	Ken Depot Corporation	4
Seki Yakuhin Co., Ltd.	7	MARUHACHI CO., LTD.	4

*1. The number of tenants and properties is based on development activities as of the end of March 2023.

Tenant Business Sector Diversification (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 Prime 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)



68 locations
 (as of Apr. 30, 2023)



More opportunities

Increasing diversity of tenants

Opportunities in 5 central Tokyo wards

Conversion of residential land to commercial use



Joint projects: 5 properties^{*1}

Main Joint Projects

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
Nakano-ku, Tokyo		About 210 tsubo	2026

*1. Properties where purchase agreements were signed by April 30, 2023.

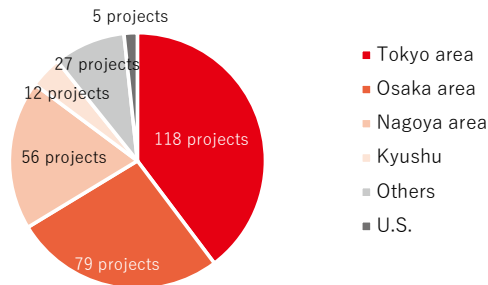
Expand to More Areas

- 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 a fifth area by opening the Kyushu Branch in Fukuoka in December 2022.

JINUSHI Business Development Projects (as of the end of FY12/23 1Q)

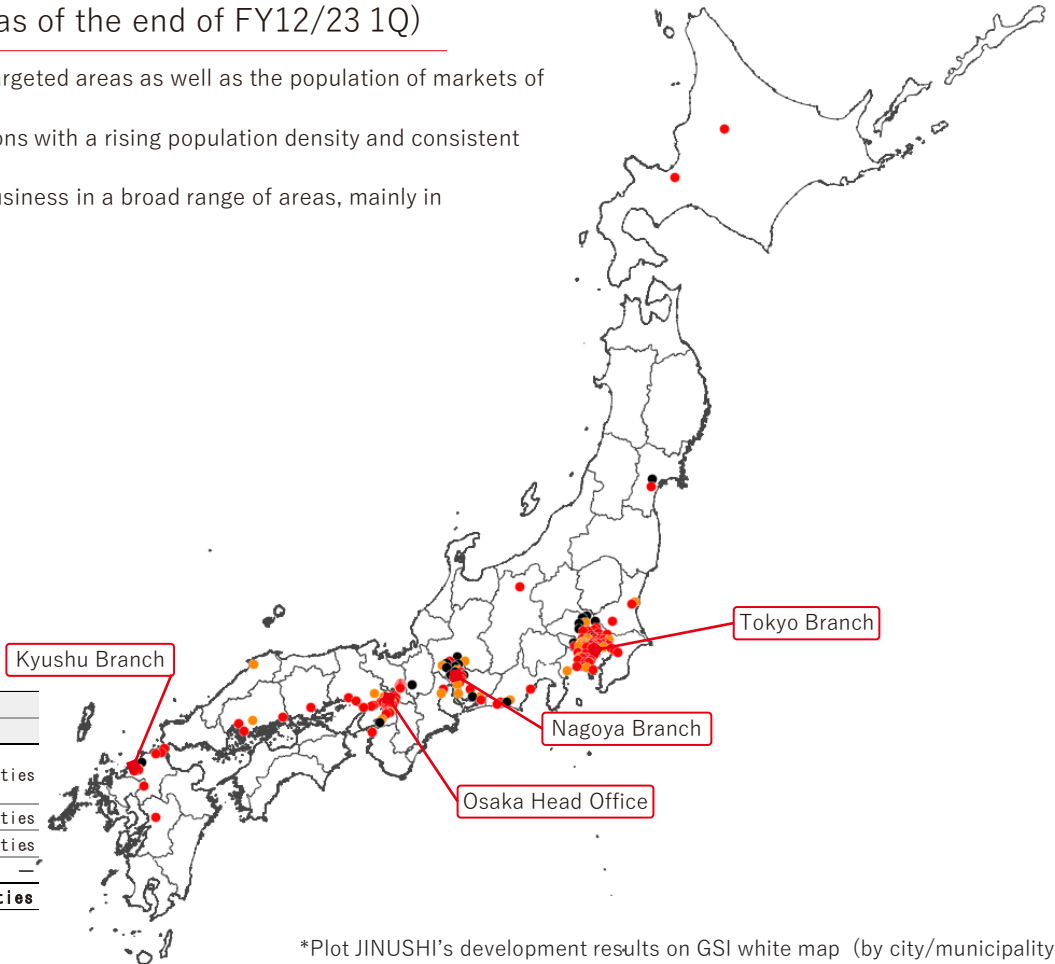
- The JINUSHI Business places priority on populations of targeted areas as well as the population of markets of specific locations and other factors.
- Within each area, JINUSHI carefully selects land in locations with a rising population density and consistent long-term demand.
- There are many opportunities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

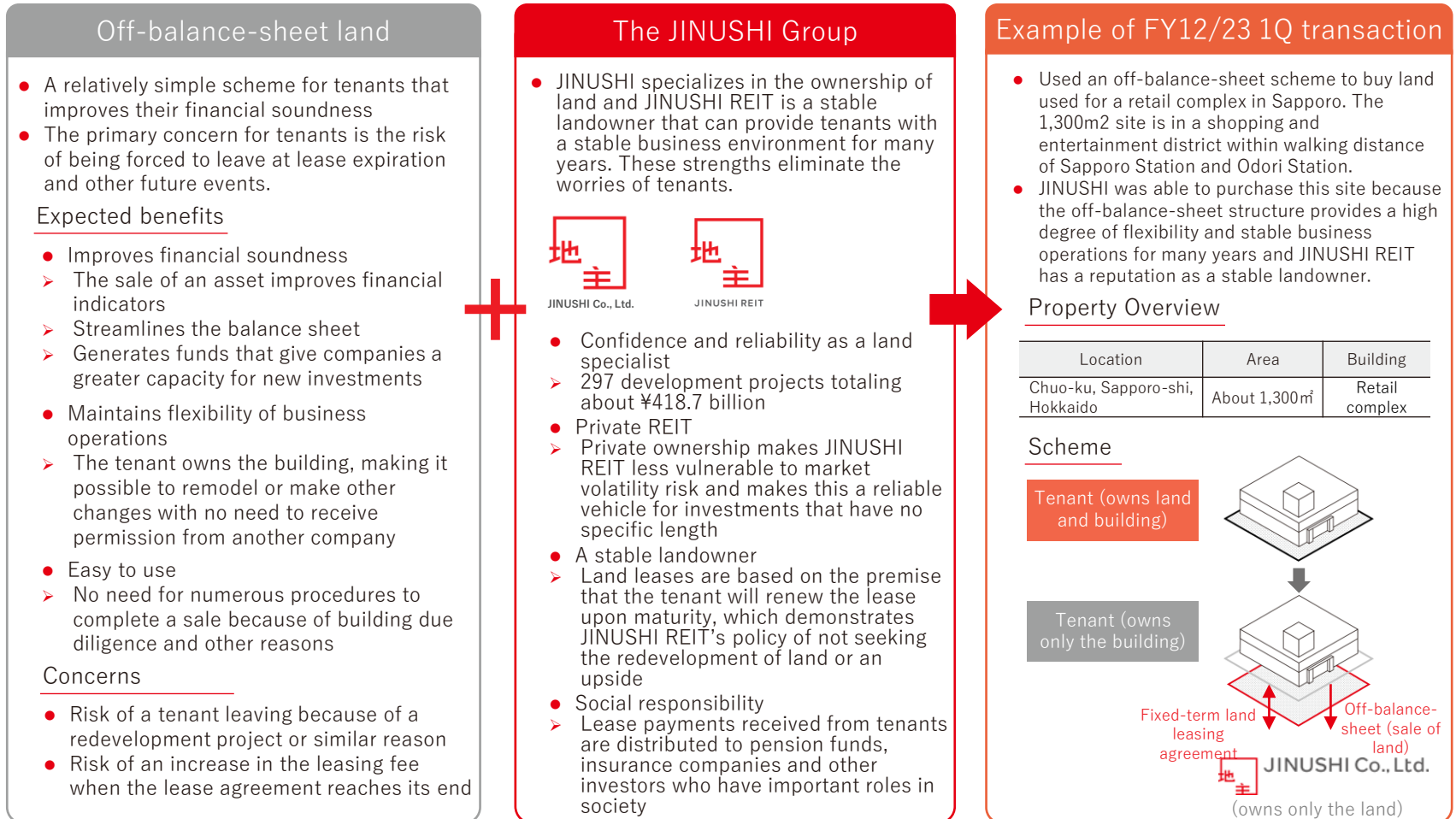
City/Municipality	Development projects	
	Yes (Number)	No
● Population 200,000+/ Government-designed municipalities	119 cities (228 projects)	171 cities
● 100,000 to 199,999	28 cities (35 projects)	126 cities
● 20,000 to 99,999	25 cities (29 projects)	790 cities
United States	— (5 projects)	—
Total	172 cities (297 projects)	1,087 cities



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

Off-balance-sheet Schemes for Land

- Off-balance-sheet proposals for land that can help improve the financial soundness of tenants and support highly flexible business operations
- Tenants know that JINUSHI REIT, a privately owned REIT that is Japan's only REIT specializing in leased land, will be a stable and reliable landowner.



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 Dec. 31, 2022	As of Mar. 31, 2023
Equity ratio (%)	42.8	40.5
Net D/E ratio (times) *1	0.45	0.55
DCR (Debt Coverage Ratio) (%) *2	92.3	107.8

Loans

- Establishment of a sound network of bank support
 - Strong relationships with Sumitomo Mitsui Bank and other main banks as well as with prominent regional banks in areas where JINUSHI operates
- Combined credit line of ¥52 billion for loans and committed credit facility
 - Contractual agreements for a credit line and credit facility to enable activities with speed and flexibility. Also established a credit line in April 2023 for U.S. and other activities.

Credit line	Syndicated loan agreement (Arranged by Sumitomo Mitsui Bank)	¥22 billion
	Loan agreements with individual banks (Mizuho Bank and others)	¥17 billion
Committed credit facility agreement (Tokyo Star Bank and others)		¥13 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 seven 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*3 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 debt/equity ratio = Net interest-bearing liabilities (Interest-bearing liabilities – cash and deposits) / Net assets

*2. Debt coverage ratio = Interest-bearing liabilities / (Cash and deposits + Investment securities + Property, plant and equipment)

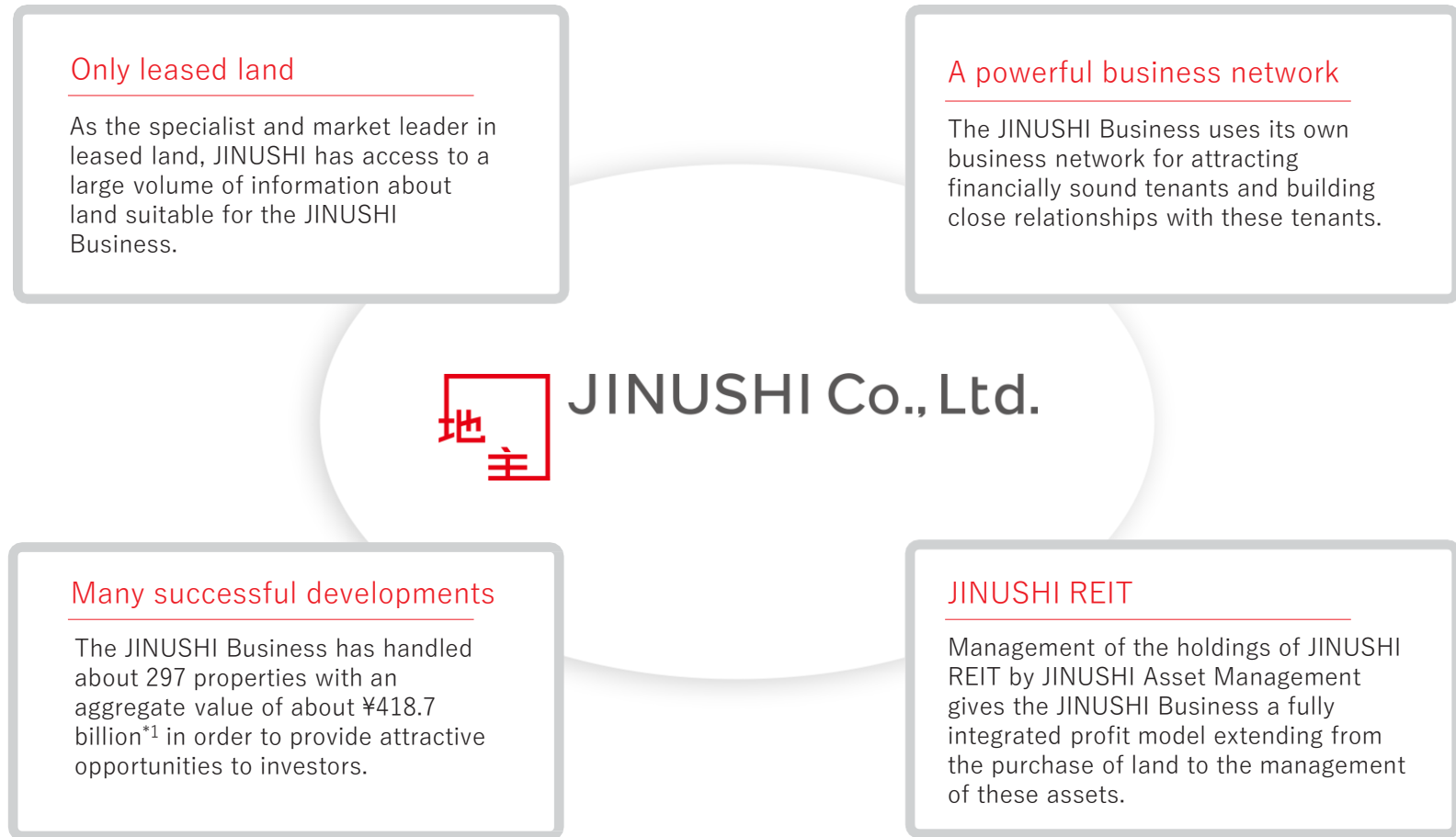
*3. When selling real estate acquired using this transaction facility, a third party designated by JINUSHI Asset Management (usually JINUSHI REIT, but not always) receives a preferential right for purchase negotiations.

APPENDIX

- P26 Defining Characteristics of JINUSHI Co., Ltd.
- P27 Financial Results
- P28 The JINUSHI Business
- P36 Achievements in the JINUSHI Business
- P38 Leased Land Market
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Defining Characteristics of JINUSHI

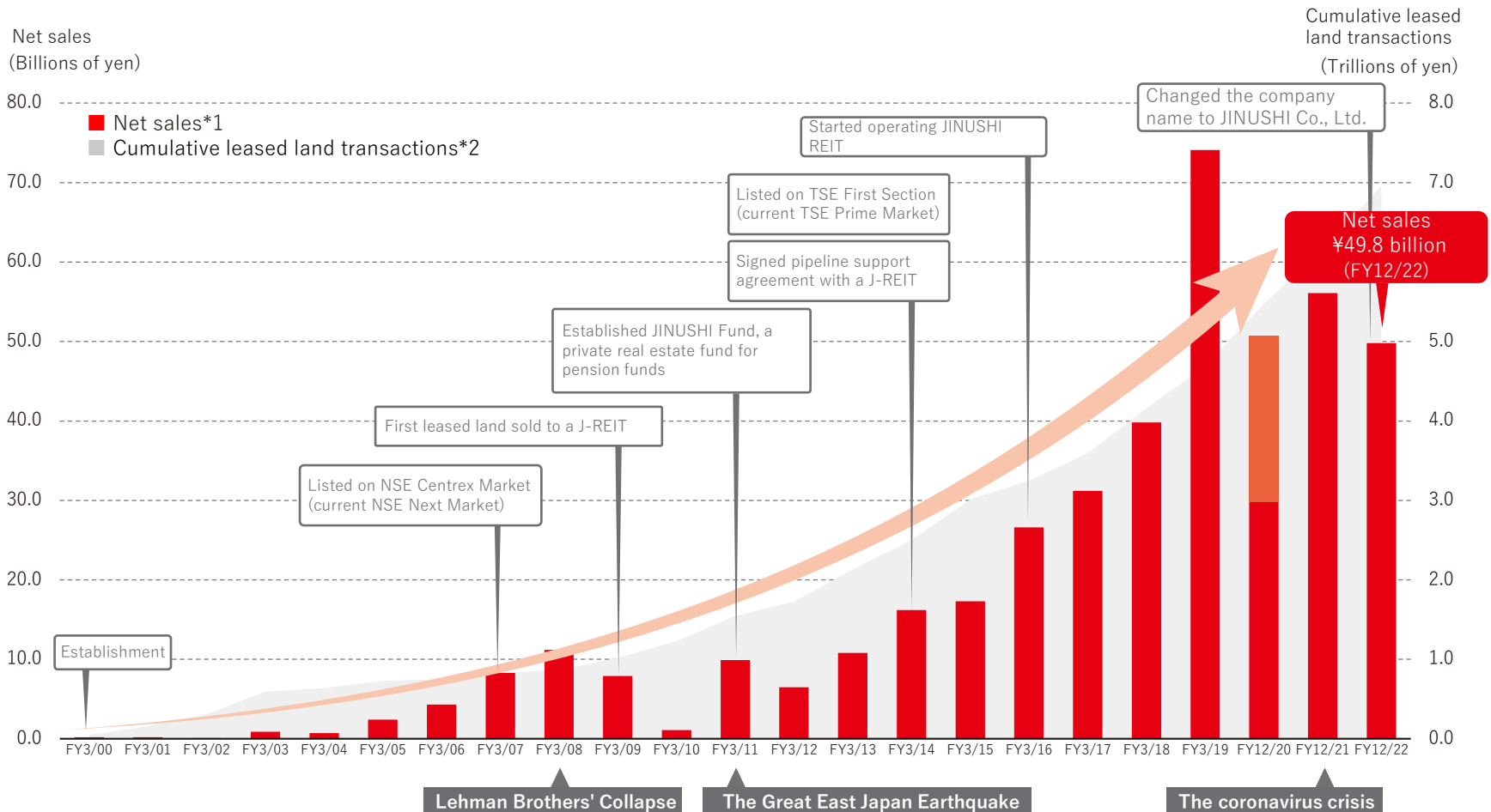
- JINUSHI created Japan's market for leased land as the producer of real estate financial products using solely the JINUSHI Business.



*1. Based on monetary value as of the end of March 2023

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 38.

The JINUSHI Business (1) 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 (2) Four Steps

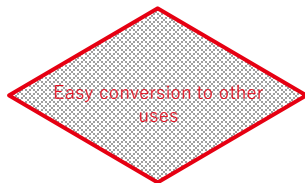
- Purchase and lease land and sell leased land. Management of the funds of investors.
- An innovative business model which invests only in land by utilizing fixed-term land lease rights.

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

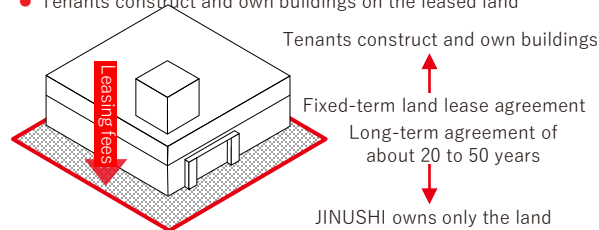
POINT Purchase made only after finding a tenant

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 and own 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

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 (2) Four 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

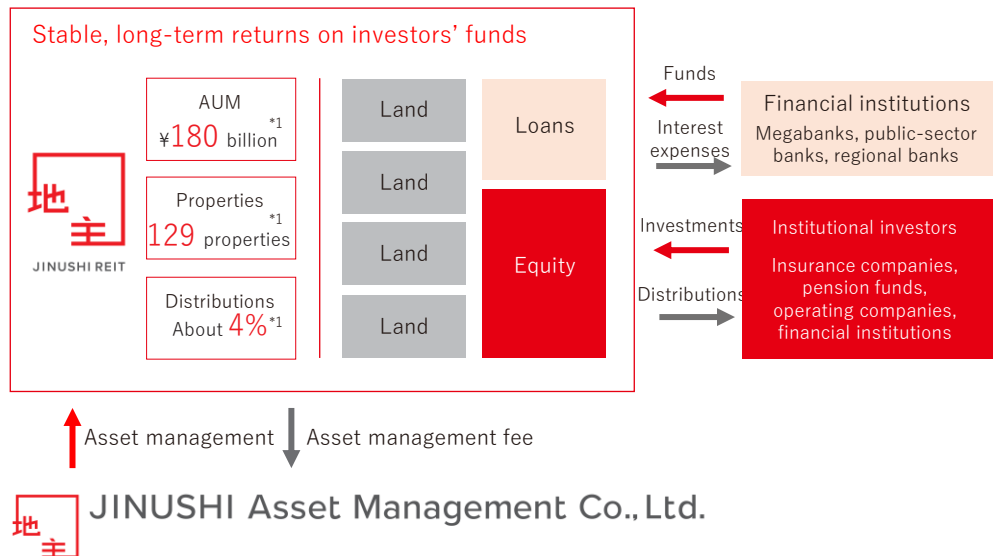
As a specialist in leased land for more than 20 years, the JINUSHI Business has a long list of accomplishments and not one tenant that has terminated a lease early. This demonstrates the outstanding stability and reliability of the return provided by JINUSHI financial products.

JINUSHI Business development operations ^{*2}	Tenant departures before maturity ^{*1}	Reductions of lease payments ^{*1}
297 projects About ¥418.7 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 that want reliable business continuity.

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



*1. As of the end of March 2023.

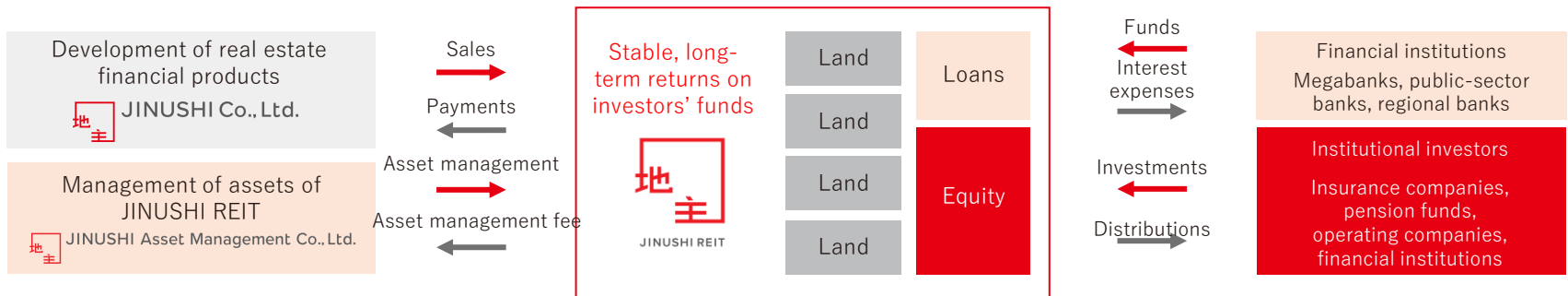
*2. Based on prices as of the end of March 2023.

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



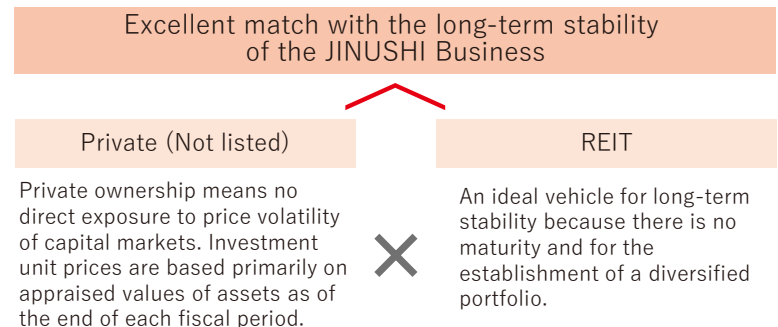
JINUSHI REIT summary (as of March 31, 2023)

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 46 funds)	Distributions	About 4%
Properties	129 properties*1 (1st of 46 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

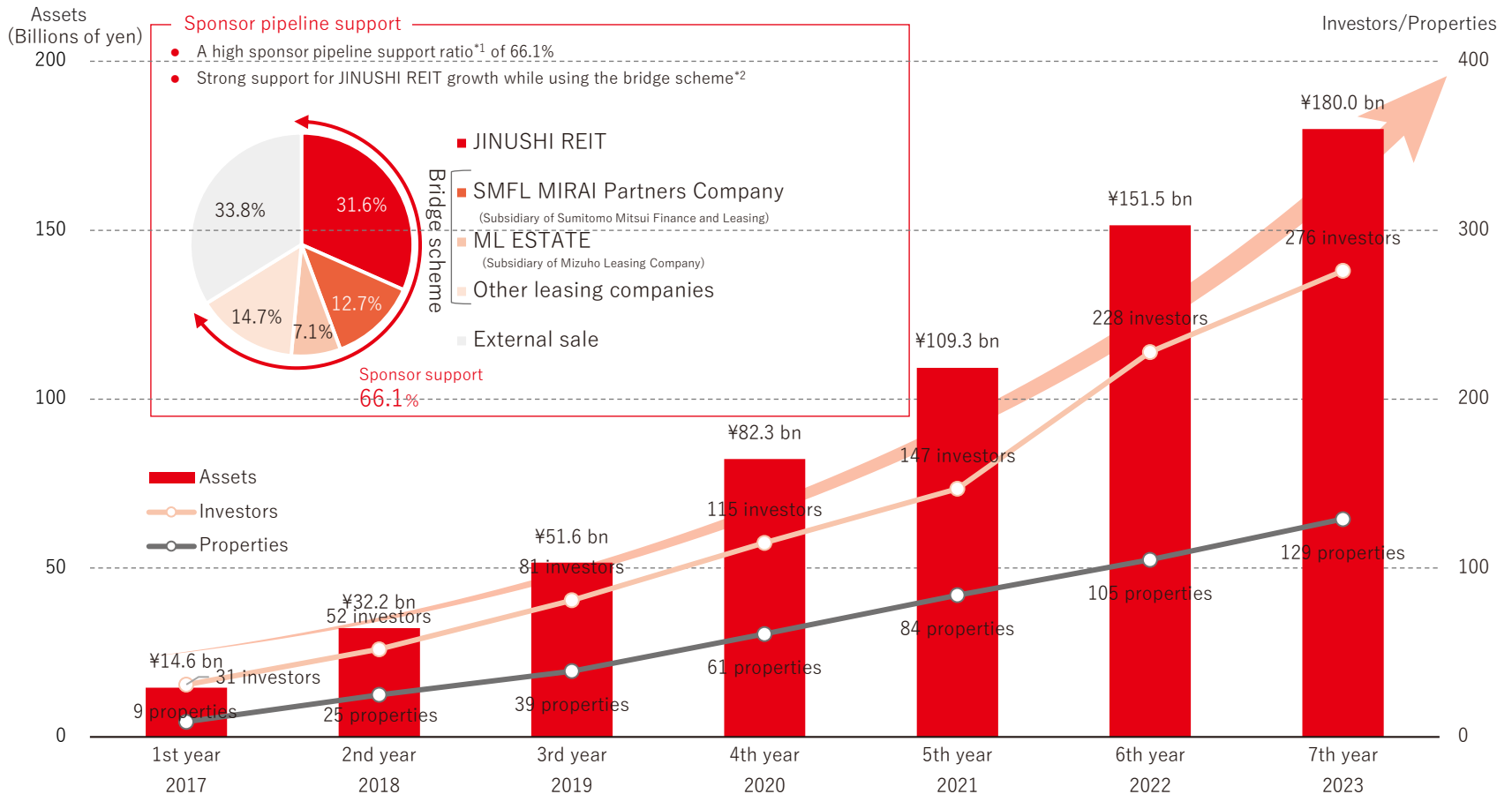
A private REIT is a superior structure that facilitates the safe management of funds received from investors.



*1. JINUSHI data

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.



*1. The percentage of sales by JINUSHI and group companies between FY3/17 and FY12/22 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.

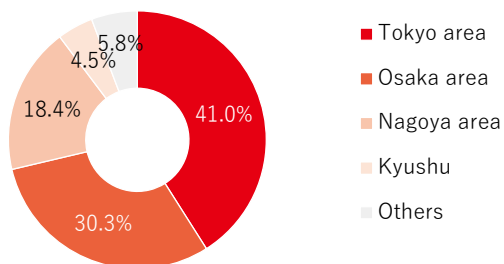
*3. All numbers in this graph are the amounts immediately after each offering. Assets in each year are based on appraised values when acquired. The number of investors in 2023 includes secondary transactions of investment units up to the payment date of the seventh offering.

The JINUSHI Business (3) JINUSHI REIT (Private REIT for leased land) Portfolio (April 10, 2023)

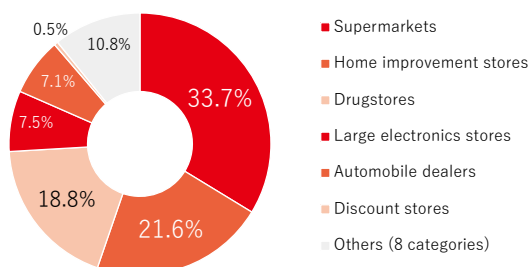
- A balanced portfolio of primarily properties in Japan's three major metropolitan areas. Tenants operating businesses frequently used by consumers*1 are about 90% of assets and all properties have long-term leases.

Portfolio Diversity

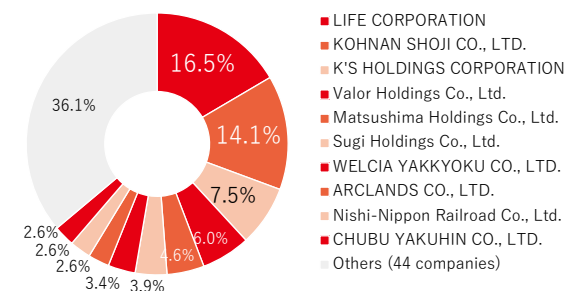
Geographic Diversity (Purchase prices)



Application Diversity (Lease income)

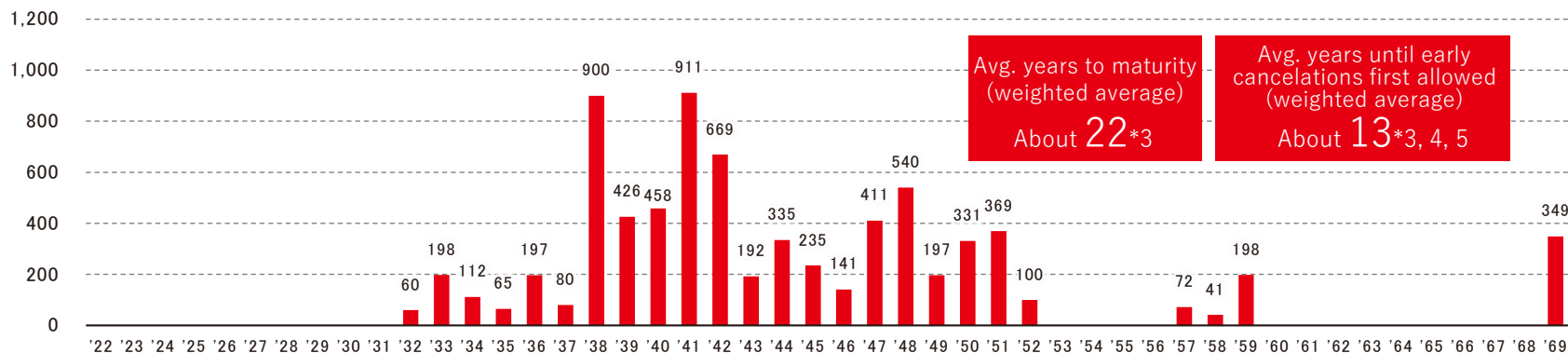


Tenant Diversity (Lease income)



Diversity of Lease Maturities (Annual lease payments)*2, 3

(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.

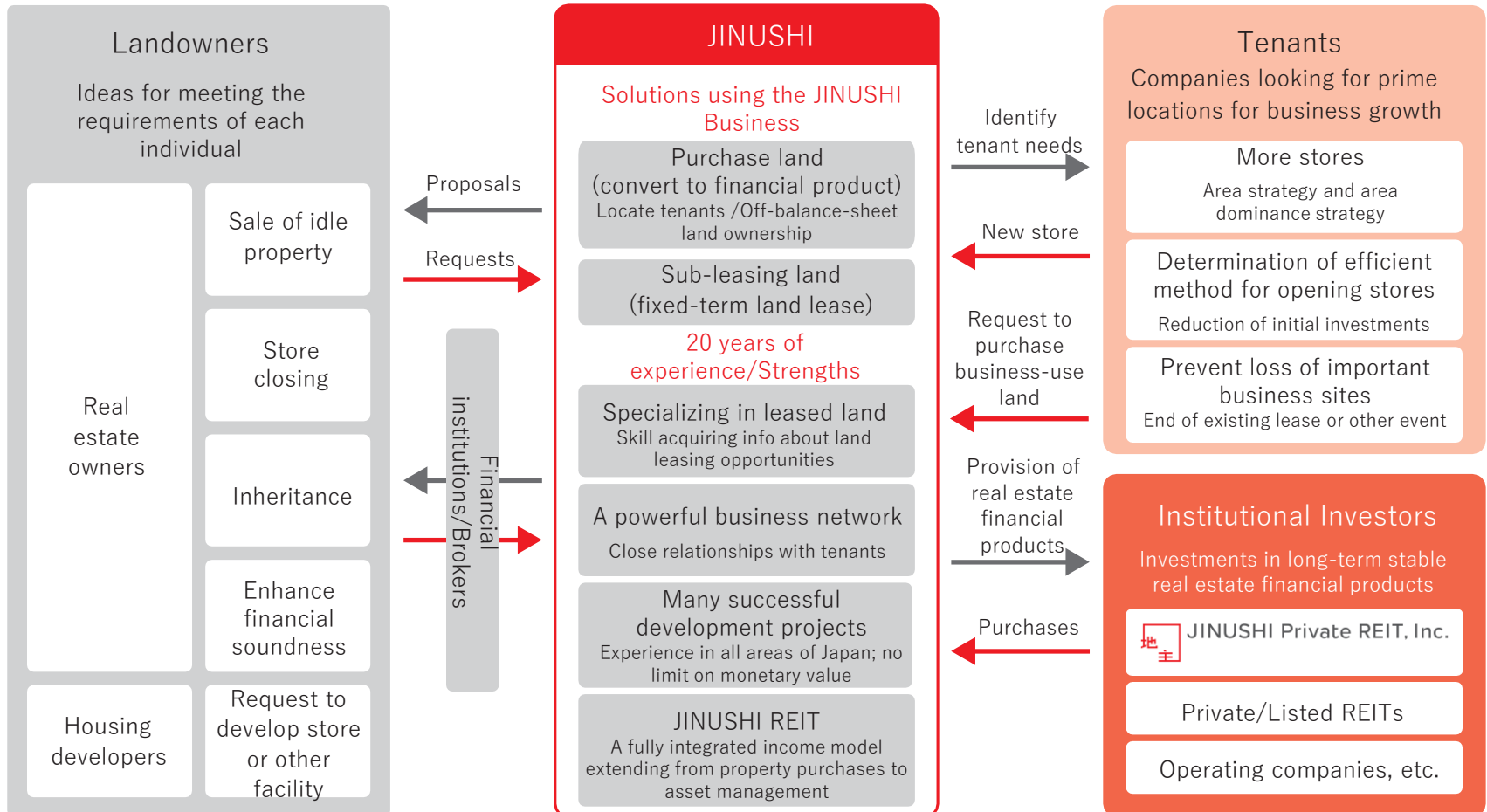
*3. As of January 6, 2023 (rounded to the first decimal place)

*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.

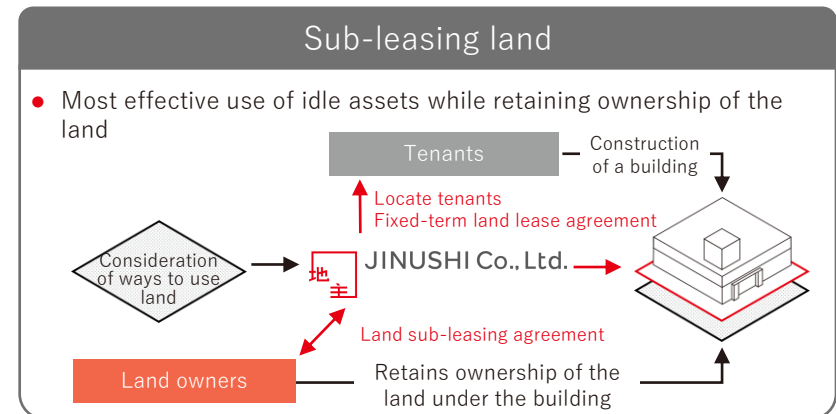
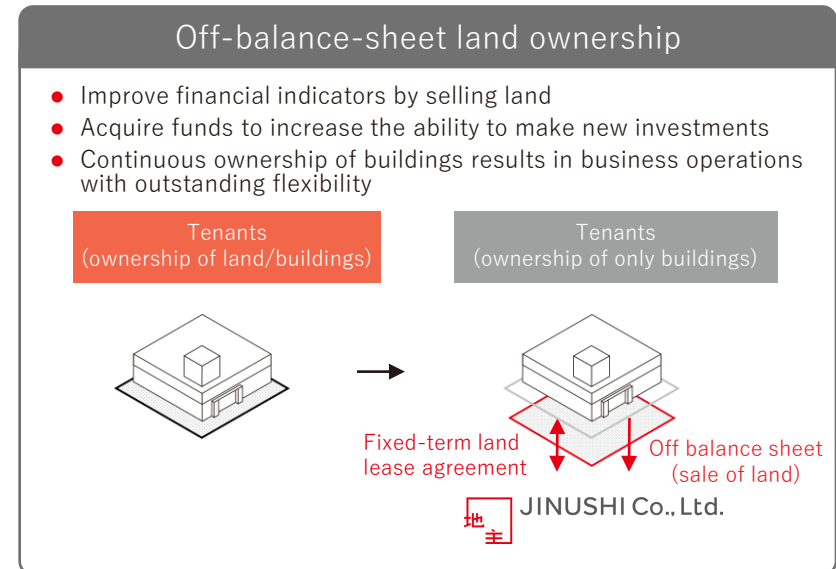
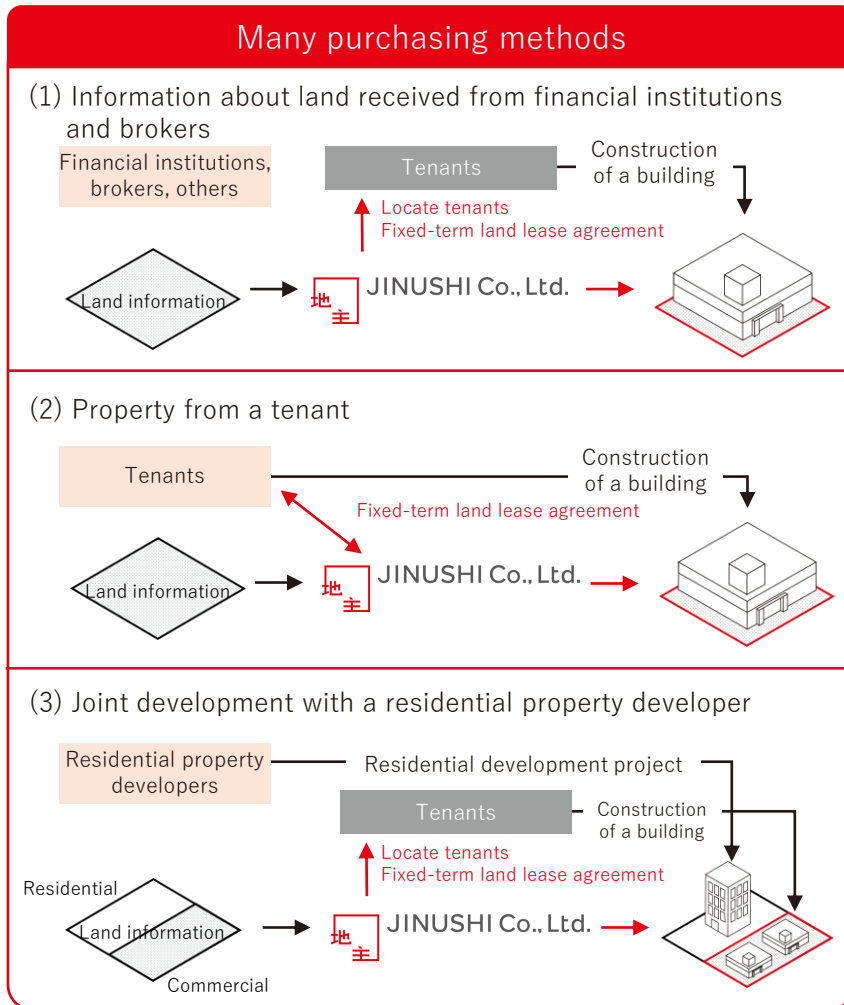
The JINUSHI Business (4) The Roles of the JINUSHI Business

- 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

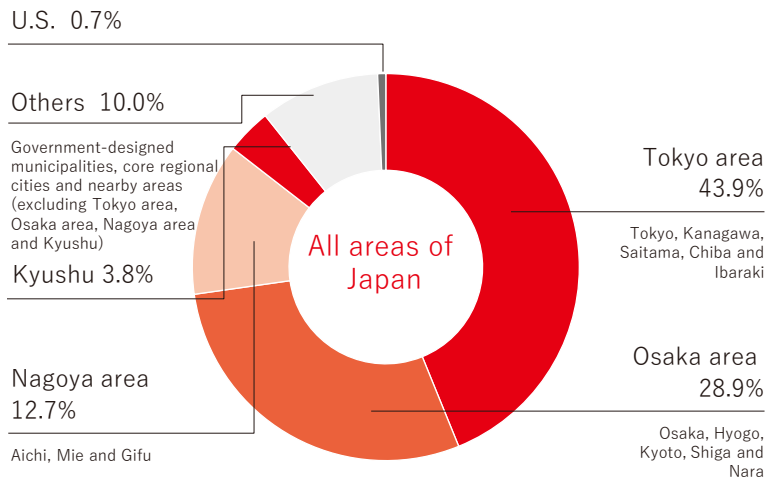
- The JINUSHI Business uses many ways to purchase properties. Many sellers ask JINUSHI to be the buyer because of expertise about leased land. JINUSHI has the knowledge to meet a variety of needs of tenants and landowners.



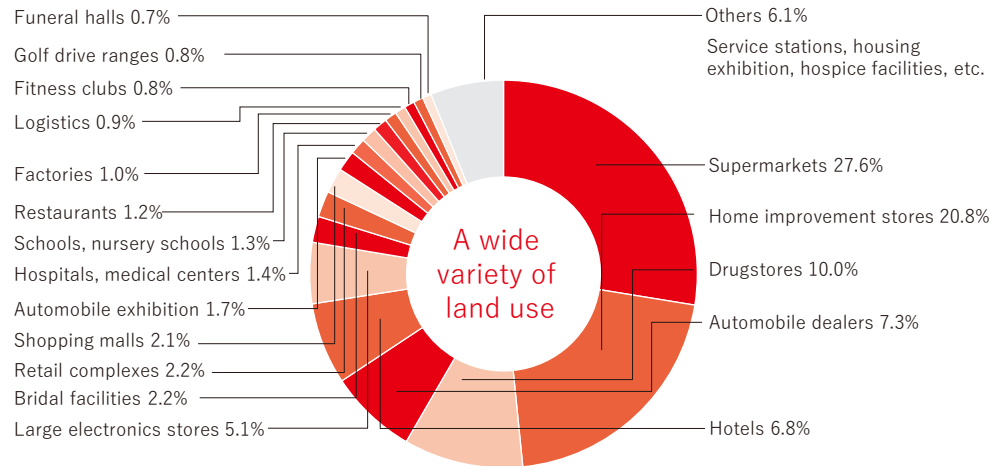
Achievements in the JINUSHI Business

- The JINUSHI Business operates in all areas of Japan, primarily the three major metropolitan areas. 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
297 properties and about **¥418.7** billion*¹

*1. Based on monetary value as of the end of March 2023

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

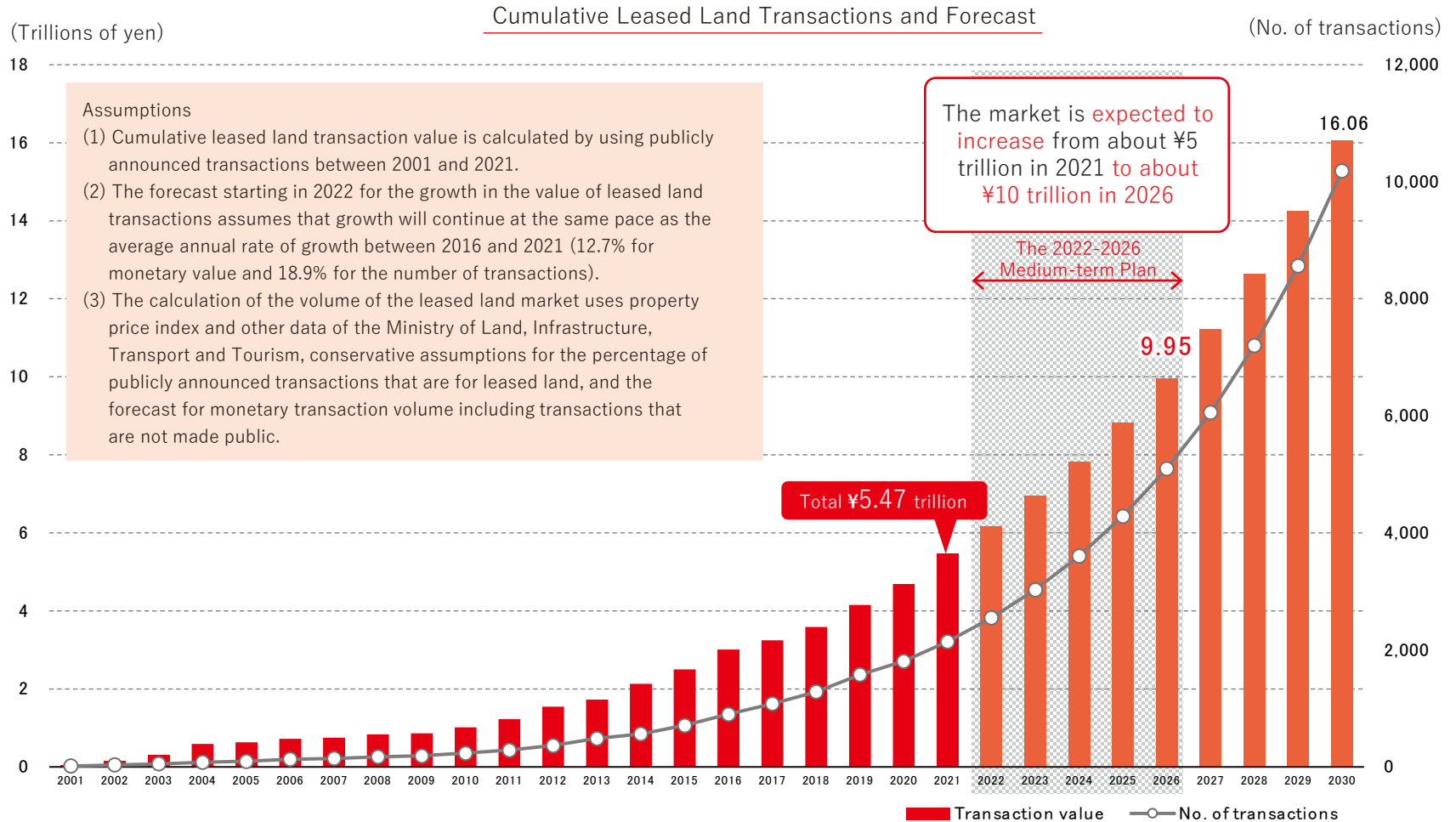


Funeral halls



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.



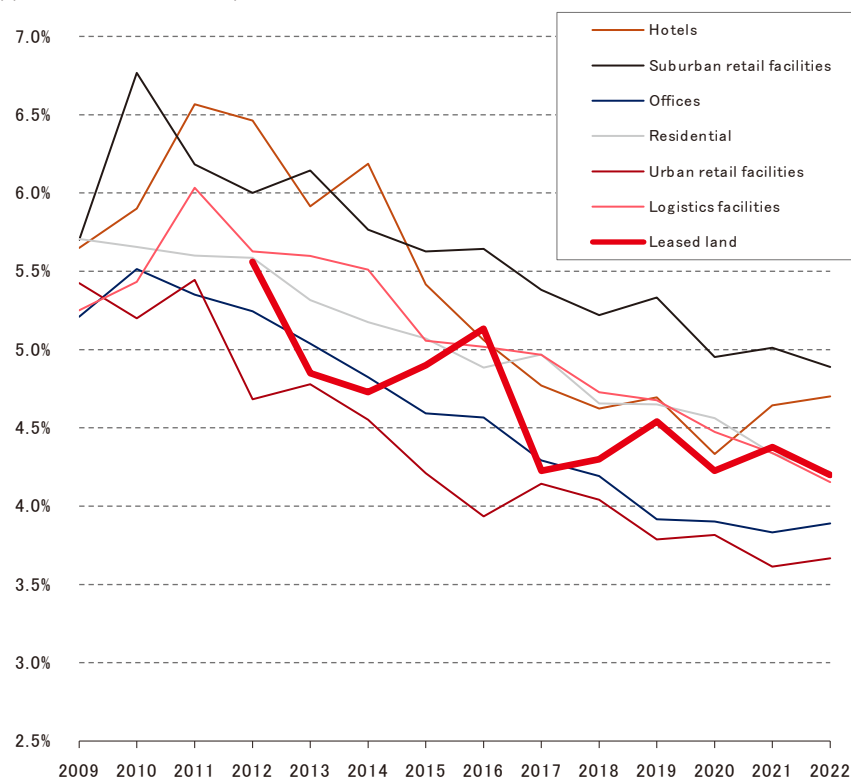
*1. The figures in these graphs were calculated by the Japan Real Estate Institute using the above assumptions. These projections are not guarantees concerning the future growth of the leased land market in Japan.

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 type.

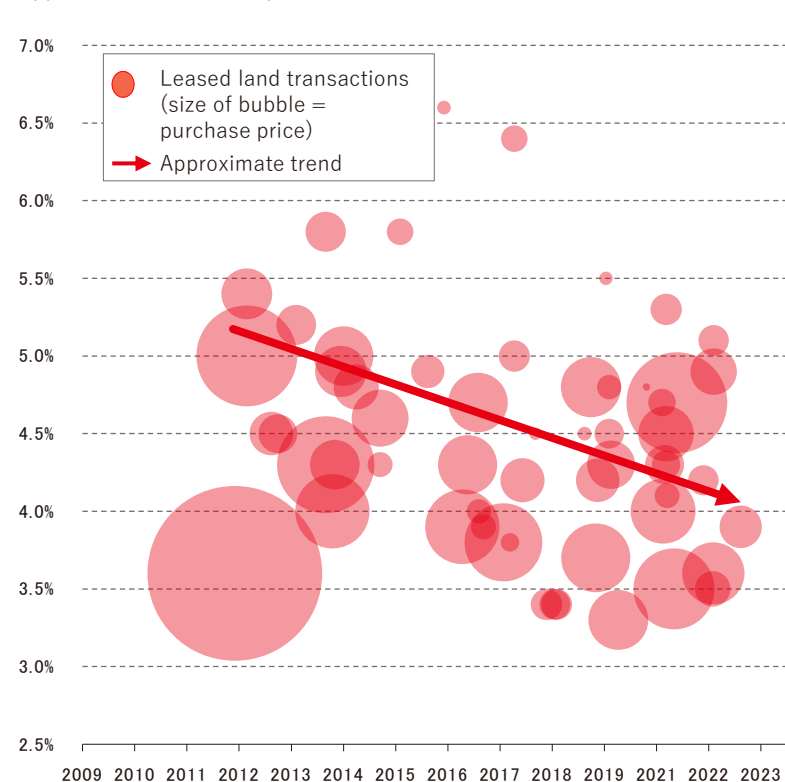
J-REIT Cap Rate (Appraisal value)

(Appraisal CAP rate as of purchase)



J-REIT Leased Land Transactions (Bubble chart)

(Appraisal CAP rate as of purchase)



*1. 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, ahead of the target year.
- Currently preparing for the start in FY12/23 of disclosing climate change information based on the TCFD.
- 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"> ● Established the ESG Committee ● Established the ESG Policy 	<ul style="list-style-type: none"> ● Identified materiality and established goals based on the SDGs 			
Environment	Business activities that protect the environment	<ul style="list-style-type: none"> ● JINUSHI Business activities with a low environmental impact 	<ul style="list-style-type: none"> ● Joint environmental activities with tenants (green leases, etc.) 	<ul style="list-style-type: none"> ● More information disclosure involving climate change based on the Task Force on Climate-Related Financial Disclosures (TCFD) 			
			<div style="border: 1px solid red; padding: 2px; color: red;">Carbon neutrality for JINUSHI's emissions was achieved ahead of the target year</div>	<ul style="list-style-type: none"> ● Achievement of carbon neutrality 			
Society	Build win-win relationships with all stakeholders	<ul style="list-style-type: none"> ● Investors: Use of JINUSHI Private REIT Investment Corp. to provide real estate financial products 					
			<ul style="list-style-type: none"> ● Employees: Recruit and train people with a diverse range of backgrounds and characteristics 				
			<ul style="list-style-type: none"> ● Communities: Use strategies for new store tenants to be a responsible member of communities 				
Governance	Well-balanced governance in terms of fairness and transparency, risk management, and a commitment to shareholder value	<ul style="list-style-type: none"> ● Constant measures to strengthen corporate governance 					
			<ul style="list-style-type: none"> ● Increased disclosure of non-financial information 				
			<ul style="list-style-type: none"> ● Upgraded communications with investors and other stakeholders 				

E: Environment 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*1
- Main reason is a business model with almost no CO2 emissions

FY12/21 results (t-CO2)	Scope 1*2	Scope 2*2
	32	20

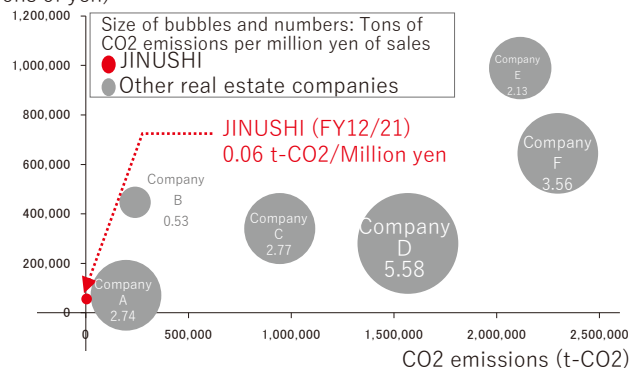
Carbon neutral

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*2
- Only 0.06 tons of CO2 emissions per million yen of sales

Net sales (Millions of yen) vs CO2 Emissions of JINUSHI and Other Real Estate Companies (Scope 1, 2, 3)*3



Activities with Tenants (Inclusion of ESG terms)

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

ESG Terms 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
29 projects

EV charging stations
13 projects

Wall vegetation and rooftop greenery
23 projects



* As of the end of March 2023

*1. Data collected by JINUSHI

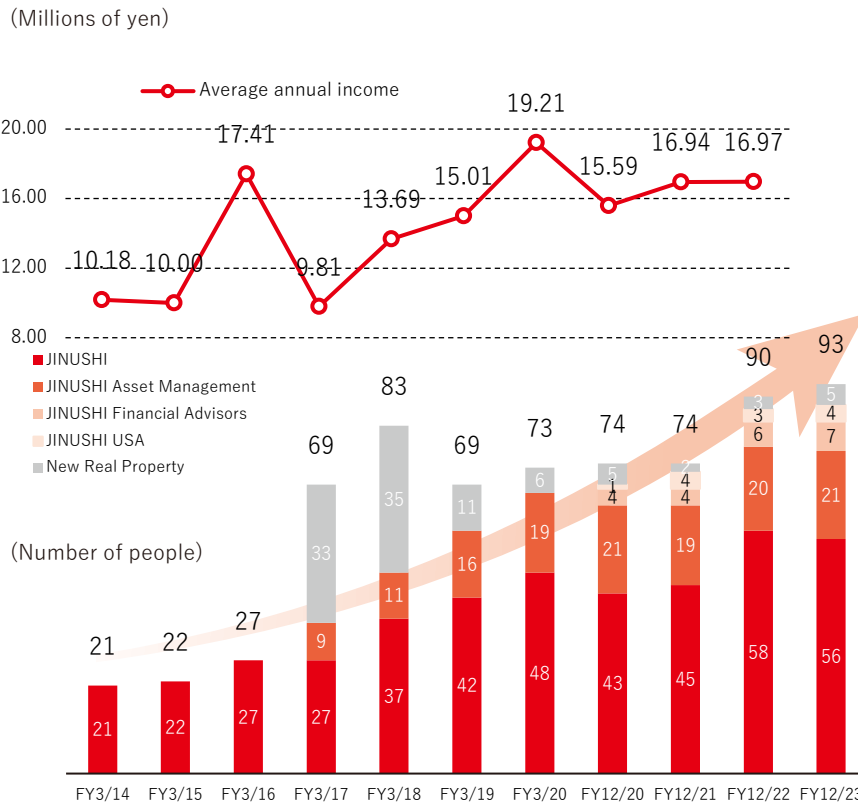
*2. More information about Scope 1, 2 and 3 is in the financial data remarks on page 36.

*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)

S: Recruiting Activities / G: Corporate Governance Framework

- Hire a large number of people with the right skills. The distinctive strengths and growth potential of the JINUSHI Business, as well as compensation system that recognizes employees who contribute to the performance and other measures give JINUSHI a competitive edge for recruiting activities.
- Outside directors are the majority of the Board of Directors. JINUSHI is always on the lookout for suitable candidates for election as outside directors from a diversity perspective.

JINUSHI Group Employees/Average Salary*1



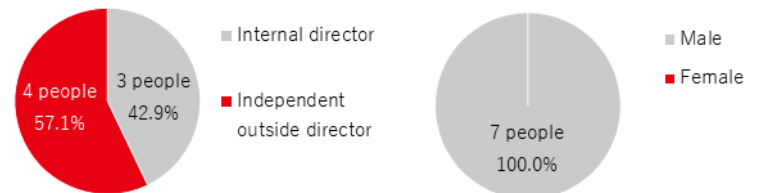
*1. For only JINUSHI.

(As of Apr.)

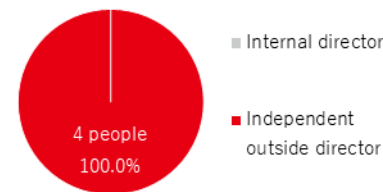
Corporate Governance Framework

- Company with an Audit and Supervisory Committee governance system
- Nomination and Remuneration Committee
- Independent, outside directors are four of the seven directors
- Independent, outside directors are the majority of the Audit and Supervisory Committee and the Nomination and Remuneration Committee

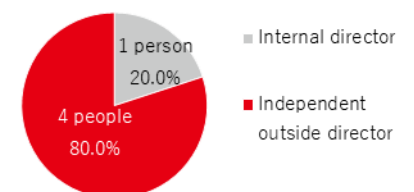
Composition of the Board of Directors (Outside directors and gender)



Composition of the Audit and Supervisory Committee



Composition of the Nomination and Remuneration Committee



10-year Summary

		FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY12/20 (9-month fiscal)	FY12/21	FY12/22
Statement of Income											
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	7.3
Balance Sheet											
Total assets	Millions of yen	20,489	24,104	38,690	56,792	67,251	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	46,947	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	
Shareholder Returns											
Dividend per share*1	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
Indicators											
EPS*1	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*2		36.7	35.3	36.0	44.2	10.4	12.8	14.0	6.8	11.9	12.4
Net D/E ratio*3	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)*4	%	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*5	t-CO2	-	-	-	-	-	-	-	32	To be calculated
	Scope 2*5	t-CO2	-	-	-	-	-	-	-	20	To be calculated
	Scope 3*5	t-CO2	-	-	-	-	-	-	-	3,434	To be calculated

*1. FY3/14 figure is after stock splits *2. ROE is net profit 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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