

**For Immediate Release  
For Translation Purposes Only**

June 24, 2015

Japan Excellent, Inc. (TSE: 8987)  
Hidehiko Ogawa, Executive Director

Asset Management Company:  
Japan Excellent Asset Management Co., Ltd.

Representative:  
Hidehiko Ogawa, President

Contact:  
Kazue Horikawa  
Corporate Planning Dept.  
TEL: +81-3-5412-7911

**Notice Concerning Revision of Operating Forecasts for the Fiscal Periods  
Ending December 31, 2015 and June 30, 2016**

Japan Excellent, Inc. (“JEI” or the “Investment Corporation”) announced today its revised operating forecasts for the nineteenth fiscal period (from July 1, 2015 to December 31, 2015), which had been previously released on February 16, 2015.

The Investment Corporation also announced its operating forecasts for the twentieth fiscal period (from January 1, 2016 to June 30, 2016).

**1. Revised Operating Forecasts for the Nineteenth Fiscal Period Ending December 31, 2015**

	Total revenue (mm yen)	Operating income (mm yen)	Ordinary income (mm yen)	Net income (mm yen)	Distributions per Unit (Yen) (excluding Distributions in Excess of Earnings)	Distributions in Excess of Earnings per Unit (Yen)
Previous forecasts (A)	9,648	3,853	2,972	2,971	¥2,450	-
Revised forecasts (B)	10,782	4,108	3,161	3,160	¥2,500	-
Amount of Change (B) - (A)	1,134	254	189	189	¥50	-
Ratio of Change	11.8%	6.6%	6.4%	6.4%	2.0%	-

(Note) Forecast of investment units outstanding as of December 31, 2015: 1,264,450 units (Please refer to “Investment Units Issued and Outstanding” in Appendix)

**2. Operating Forecasts for the Twentieth Fiscal Period Ending June 30, 2016**

	Total revenue (mm yen)	Operating income (mm yen)	Ordinary income (mm yen)	Net income (mm yen)	Distributions per Unit (Yen) (excluding Distributions in Excess of Earnings)	Distributions in Excess of Earnings per Unit (Yen)
Twentieth Fiscal Period	10,682	4,041	3,111	3,110	¥2,460	-

(Note) Forecast of investment units outstanding as of June 30, 2016: 1,264,450 units (Please refer to “Investment Units Issued and Outstanding” in Appendix)

**3. Background of Revision**

As announced in “Notice Concerning Acquisition and Leasing of Investment Asset (Nisseki Yokohama Building)” dated March 27, 2015, JEI acquired Nisseki Yokohama Building, a specified asset, and undertook the borrowings in line with the acquisition of the specified asset (please refer to “Notice Concerning Debt Financing” announced on the same date). In order to allocate proceeds for the repayment of the borrowings, JEI has filed a shelf registration statement of the investment units to the Director General of the Kanto Local Finance Bureau on the same date (please refer to “Notice Concerning the Filing of Shelf Registration Statement of the Investment Units” announced on the same date). However, as announced in “Notice

Note: This document constitutes a general announcement to the press concerning JEI’s revised forecasted management situation for the period ending December 31, 2015 and its forecasted management situation for the period ending June 30, 2016 and not intended to solicit investment from investors. Please be aware that investors are fully responsible for their own investment decisions and it is recommended that they review offering circulars and prospectus, including amendments thereto, if any, prepared by JEI for issuance of new shares.

Concerning the Issue of New Investment Units and Secondary Offering and Withdrawal of Shelf Registration Statement of the Investment Units” dated today, JEI withdrew the shelf registration statement and newly filed its securities registration statement while approved resolution to additionally issue new investment units at JEI’s Board of Directors meeting held today in order to procure funds to repay the borrowings in line with the acquisition of Nisseki Yokohama Building, which was made in an aim to enhance the profitability of its portfolios.

In accordance with these, the assumptions for operating forecasts for the nineteenth fiscal period ending December 31, 2015 have changed from what was announced on February 16, 2015. Thus, JEI revised such and also announced its operating forecasts for the twentieth fiscal period ending June 30, 2016 calculated based on the revised assumptions. JEI has not revised its forecasts for the eighteenth fiscal period ending June 30, 2015 as of today.

As for the transfer of other properties<sup>(Note)</sup> announced as being currently under consideration in “Notice Concerning Acquisition and Leasing of Investment Asset (Nisseki Yokohama Building)” dated March 27, 2015, the timing of the transfer is yet to be decided as of the present stage although it is being considered continuously and thus not included in the assumptions for operating forecasts. In the case such future property transfers are decided, the proceeds of sale are scheduled to be allocated to funds for the repayment of the borrowings. The property transfer is scheduled to be implemented after comprehensively considering the profitability of the overall portfolio, etc., and JEI’s policy is to continue to appropriately control LTV within the normal range and work to maintain and enhance distributions per unit.

(Note) As for the property transfer, it has not been decided as of the date of this document and there is a possibility it will not be implemented into the future.

Notes:

1. The operating forecasts referred to above are our current expectations produced as of the date hereof, based on assumptions described in Appendix hereto. The actual total revenue, operating income, ordinary income, net income and distribution per unit may substantially differ from these forecasts due to changes in the operating environment and other factors. Furthermore, JEI does not guarantee payment of any distributions. Please refer to Appendix “Assumptions for Operating Forecasts for the Nineteenth Fiscal Periods Ending December 31, 2015 and the Twentieth Fiscal Periods Ending June 30, 2016”.
2. With respect to the listed numbers, monetary fractions below the specified unit are rounded down and numbers written as a percentage are rounded to the first decimal place.

(End)

**Japan Excellent, Inc. Website: [www.excellent-reit.co.jp/eng/](http://www.excellent-reit.co.jp/eng/)**

**Appendix**

**Assumptions for Operating Forecasts for the Nineteenth Fiscal Period  
Ending December 31, 2015 and the Twentieth Fiscal Period Ending June 30, 2016**

Item	Assumptions
Investment Assets	<ul style="list-style-type: none"> <li>The operating forecasts presented herein are based on the assumption that JEI holds 31 properties, adding Nisseki Yokohama Building it acquired on April 1, 2015 to properties held by JEI as of December 31, 2014.</li> <li>Notwithstanding the aforementioned, the investment assets may change during the periods.</li> </ul>
Total revenue	<ul style="list-style-type: none"> <li>The forecast of revenues is made on the assumption that no tenants will delay or default rental payments.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Property operating expenses (other than the following costs), which are the principal operating expenses, are calculated based on relevant historical data reflecting factors of change in expenses.</li> <li>In general, property tax, city planning tax and other related taxes applicable in the first year of acquisition are calculated on a pro rata basis as of the date of acquisition and shared accordingly between buyer and seller. The Investment Corporation, however, capitalizes the amount of these taxes into the acquisition price.</li> <li>The Investment Corporation estimates the amount of property management fees to be recorded as real estate related expenses will amount to approximately ¥1,437 million and ¥1,476 million for the fiscal period ending December 31, 2015, and June 30, 2016, respectively.</li> <li>The Investment Corporation estimates the amount of property tax, city planning tax and other related taxes to be recorded as real estate related expenses will amount to approximately ¥821 million and ¥892 million for the fiscal period ending December 31, 2015, and June 30, 2016, respectively.</li> <li>An estimate for repairs and maintenance expenses of the buildings for each fiscal period is allocated to expenses during such relevant fiscal period. The Investment Corporation estimates ¥332 million and ¥332 million for the amounts of repair and maintenance expenses to be recorded or the fiscal period ending December 31, 2015, and June 30, 2016, respectively. The actual repairs and maintenance expenses may, however, differ significantly from the amount estimated herein, in the event that a substantial amount of unexpected contingent repairs and maintenance expenses may be required.</li> <li>Depreciation expenses including associated costs and future capital expenditures are calculated based on the straight-line method. The Investment Corporation estimates approximately ¥1,902 million and ¥1,901 million for the amounts of the depreciation expenses for the fiscal period ending December 31, 2015, and June 30, 2016, respectively.</li> </ul>
Non- Operating expenses	<ul style="list-style-type: none"> <li>The Investment Corporation estimates ¥948 million and ¥932 million as the non-operating expenses (the interest payments and financing expenses, etc.) for the fiscal period ending December 31, 2015, and June 30, 2016, respectively.</li> </ul>
Interest-bearing Debt	<ul style="list-style-type: none"> <li>In addition to the balance of interest-bearing debt of ¥133,900 million (Debt loan: ¥103,900 million; Corporate Bonds: ¥30,000 million) as of the last day of the seventeenth fiscal period (December 31, 2014), JEI newly borrowed short-term loans of ¥24,500 million on March 31, 2015 in line with the acquisition of Nisseki Yokohama Building. Furthermore, JEI plans to repay long-term loans of ¥3,000 million for which repayment dates are due on June 30, 2015 with cash on hand. The interest-bearing debt amount after such borrowing and repayments is expected to be ¥155,400 million.</li> <li>JEI will allocate funds to be procured by issuance of new investment units through a public offering resolved at its Board of Directors Meeting held today for a partial repayment (¥7,500 million) of short-term loans of ¥24,500 million borrowed in line with the acquisition of Nisseki Yokohama Building, together with cash on hand.</li> <li>For the remainder of the short-term loans borrowed in line with the acquisition of Nisseki Yokohama Building mentioned above for which repayment dates are due by the end of the twentieth fiscal period ending June 30, 2016, short-term loans of ¥5,000 million and long-term loans of ¥23,540 million are assumed to be refinanced, etc.</li> </ul>

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Item	Assumptions
Investment Units Issued and Outstanding	<ul style="list-style-type: none"> <li>The forecasts presented herein are based on the assumption that there are 1,264,450 investment units issued and outstanding, adding 51,700 new investment units resolved at its Board of Directors Meeting held today to 1,212,750 investment units, which were issued and outstanding as of June 24, 2015. As for the breakdown of the 51,700 new investment units, 47,000 new investment units will be issued through a public offering and a maximum of 4,700 new investment units will be issued through the third-party allotment, and it is assumed that all of the 4,700 new investment units through the third-party allotment will be issued.</li> </ul>
Distributions Per Unit	<ul style="list-style-type: none"> <li>Distributions per unit are calculated based on more than 90% distribution of profits (distributable profit) in accordance with the Investment Corporation's distribution policy stipulated under its Articles of Incorporation.</li> <li>Distributions per unit are subject to change depending on fluctuations in rental revenues caused by changes in investment assets and tenants, contingent repair and maintenance expenses, interest rate fluctuations, additional issue of new investment units and other factors.</li> </ul>
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>The Investment Corporation, in principle, does not anticipate distributions in excess of earnings per unit.</li> </ul>
Other	<ul style="list-style-type: none"> <li>Forecasts are based on the assumption that there will be no material changes in laws, regulations, taxation systems, accounting standards, public listing requirements or rules of the investment trust association that could impact the forecasts presented herein.</li> <li>Forecasts are based on the assumption that there will be no material changes in economic and real estate market conditions in Japan.</li> </ul>

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