

**For Immediate Release
For Translation Purposes Only**

December 7, 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
General Manager, Corporate Planning Dept.
TEL: +81-3-5412-7911

**Notice Concerning Acquisition of Investment Asset
(Okinawa No. 27 Daikyo Building)**

Japan Excellent, Inc. (hereinafter “JEI”) hereby announces that Japan Excellent Asset Management Co., Ltd. (hereinafter “Asset Management Company”), to which JEI entrusts asset management, made a decision today as described below regarding the acquisition and leasing of an asset.

1. Summary of Acquisition

- (1) Property Name: Okinawa No. 27 Daikyo Building (hereinafter “Property” or “Property to be Acquired”)
- (2) Property to be Acquired: Trust beneficiary interest in real estate
- (3) Planned Acquisition Price: ¥1,380 million
- (4) Scheduled Date of Execution of Purchase Agreement: December 7, 2015
- (5) Scheduled Acquisition Date: December 7, 2015
- (6) Seller: Not disclosed as consent from the seller has not been obtained.
- (7) Funds for Acquisition: Cash on hand (planned)
- (8) Method of Payment: Lump-sum payment upon delivery

2. Background of Acquisition

JEI has decided to acquire the Property in order to enhance its portfolio pursuant to the investment targets and policies of asset management stipulated in its Articles of Incorporation. For the factors JEI has taken into account in reaching the decision to acquire the Property, please refer to the “Evaluation of the Property to be Acquired” column for this property in the section immediately following titled “3. Details of the Property to be Acquired.”

3. Details of the Property to be Acquired

- (1) Evaluation of the Property to be Acquired

A. Location

The property sits on Route 58, the main artery of Okinawa, and is a four-minute walk from Kencho-mae Station on the Okinawa Urban Monorail Yui Rail, boasting both convenience and visibility.

Since the Kumoji area, where the property stands, is a center of Okinawa’s economy with a concentration of government buildings and office buildings such as the Okinawa prefectural government office building, the Naha City Hall, financial institutions and broadcasting stations and can expect stable demand into the future as an office area, the property is believed to contribute to enhancement of the profitability of the portfolio.

B. Building Facilities

The property's leasable space is regular-shaped with no pillars, enabling leasing to multiple tenants by dividing a floor. As it is also equipped with a level of specifications that can satisfy tenants' demand, such as individual air conditioning systems, a ceiling height of 2,600mm, a security system, exclusive multi-story parking lot, etc., flexible tenant solicitation targeting tenants with different sizes is possible.

(2) Overview of the Property to be Acquired

Property Name		Okinawa No. 27 Daikyo Building
Type of Specified Asset ¹		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Corporation ²
Trust Establishment Date		December 7, 2015
Maturity Date of Trust		December 31, 2025 ³
Location	Lot number ⁴	2-8-1 Kumoji, Naha-shi, Okinawa and other
	Address ⁵	2-8-1 Kumoji, Naha-shi, Okinawa
Use ⁴		Office, garage
Site Area ⁴	Land ⁶	748.82m ² (out of which leasing 193.42m ²)
	Building ⁷	4,371.94m ²
Structure ⁴		SRC, ten storied
Completion Date ⁴		June 12, 1990
Building Designer		Kyodo Architects & Associates Ltd.
Constructor		Joint entity of Taisei Corporation, Hazama Corporation and Daito Kogyo Co., Ltd.
Building Certification Agency		Naha City
Type of Ownership ⁸	Land	Ownership (partial leasing)
	Building	Ownership
Appraisal Value		¥1,420 million (JPY1,420,000,000)
Appraisal Date		October 31, 2015
Appraiser		Japan Real Estate Institute
PML ⁹		3.47% (Based on the Building Survey Report on PML Assessment produced by Sompo Japan Nipponkoa Risk Management, Inc.)
Collateral		None
Property Management Company		The Dai-Ichi Building Co., Ltd.
Master Lease Company		The Dai-Ichi Building Co., Ltd.
Other Relevant Information		1. Use of the first floor office was changed to retail in October 2006, but is currently used as office.

Notes

1. The type of asset to be acquired by JEI
2. The trustee will be changed from Shinsei Trust & Banking Co., Ltd. after the acquisition of the property.
3. The trust period will be extended until the maturity date of trust indicated above after the acquisition of the property.
4. The descriptions of "Lot Number," "Site Area," "Structure," and "Completion Date" are based on the indications on the land registry, and "Use" is based on the indication on the land registry or the completion drawing.
5. Concerning "Location" (residence indication), the address on the Real Estate Overview Statement is indicated.
6. JEI will acquire the ownership or leasehold interest of the entire area through the trustee. Out of the site area, the leasehold area is 193.42m².
7. The total floor area of the building listed in the registry is indicated. The building is compartmentalized ownership, however the total floor area is indicated.
8. Form of ownership" indicates the form of ownership owned by the trustee for the asset scheduled to be acquired. "Compartmentalized ownership" means ownership of exclusively-owned spaces of a compartmentalized ownership building. JEI will acquire the entire exclusively owned space of the property building.
9. "PML (Probable Maximum Loss)" is the percentage of loss which will not exceed 90% against building replacement price, should the greatest earthquake that has a 10% probability occurring within the average useful life of a building of 50 years occur.

(3) Tenant Summary

Leasable Floor Space	3,220.59m ²				
Leased Floor Space ¹	3,220.59m ²				
Number of Tenants	1 ¹				
Monthly Rent	¥8,814 thousand ²				
Leaseholds and Security Deposits	¥67,473 thousand ³				
Occupancy Rate ⁴	October 31, 2011	October 31, 2012	October 31, 2013	October 31, 2014	October 31, 2015
	79.5%	85.7%	98.1%	87.2%	100%

Notes

1. A master lease agreement between the trustee and the master lease company, with the master lease company as the lessee, has been concluded, and there is one tenant. The leased floor space indicated is as of December 7, 2015.
2. The figure for “Monthly Rent” is the total (not including consumption and other taxes) of monthly rents (including common area expenses, but excluding fees for use of parking and other attached facilities), as of December 7, 2015, set forth in the lease agreements concluded between the master lease company and tenants. (Fractions less than one thousand yen are rounded down)
3. The figure for “Leaseholds and Security Deposits” shows the balance, as of December 7, 2015, of leaseholds and security deposits deposited with the master lease company by tenants (not including those pertaining to parking and other attached facilities and the amount which the lessor is not obligated to return). (Fractions less than one thousand yen are rounded down)
4. “Occupancy Rate” is calculated based on the total areas (excluding the attached facility areas such as parking, etc.) indicated in the contract agreed on with the end tenant.

(4) Details of the Seller

Details of the seller are not disclosed as the consent of the seller has not been obtained. There is no capital relationship, personnel relationship or business relationship to describe between JEI, the Asset Management Company and said seller. Said seller and its related parties/related companies are not related parties of JEI or the Asset Management Company.

(5) Status of Previous Owners

The acquisition of the Property to be Acquired is not from a person with a special interest relationship with JEI/the Asset Management Company.

(6) Details of Brokerage

Company Name	Shinsei Trust & Banking Co., Ltd.	
Location	2-4-3 Nihonbashi-muromachi, Chuo-ku, Tokyo	
Representative	Takehiko Goto, Representative Director & President	
Main Business	Trust Banking Business	
Capital	¥5 billion	
Established	November 27, 1996	
Brokerage Fee	As consent for disclosure has not been obtained from the broker, the information is not disclosed.	
Relationship between Broker with JEI/Asset Management Company	Capital Relationship	There is no capital relationship to be stated between JEI/Asset Management Company and the broker. In addition, there is no capital relationship to be specified between the related parties and affiliated companies of JEI/Asset Management Company and related parties and affiliated companies of the broker.
	Personnel Relationship	There is no personnel relationship to be stated between JEI/Asset Management Company and the broker. In addition, there is no personnel relationship to be specified between the related parties and affiliated companies of JEI/Asset Management Company and related parties and affiliated companies of the broker.
	Business Relationship	There is no business relationship to be stated between JEI/Asset Management Company and the broker. In addition, there is no business relationship to be specified between the related parties and affiliated companies of JEI/Asset Management Company and related parties and affiliated companies of the broker.

	Status as Related Party	The broker does not fall under the category of a related party of JET/Asset Management Company. In addition, the related parties and affiliated companies of the broker do not fall under the category of a related party of JET/Asset Management Company.
--	-------------------------	--

(7) Acquisition Schedule

December 7, 2015 - Decision within JEI to acquire asset
December 7, 2015 - Execution of the purchase agreement
December 7, 2015 - Handover date

4. Outlook

The impact of the acquisition of the Property on JEI's forecast operating results for the fiscal period ending December 2015 (July 1, 2015 – December 31, 2015) and the fiscal period ending June 2016 (January 1, 2016 – June 30, 2016) is minimal, and JEI will not revise its forecast for these fiscal periods.

5. Appraisal Summary

Property Name	Okinawa No. 27 Daikyo Building
Appraisal Value	¥1,420 million
Appraiser	Japan Real Estate Institute
Appraisal Date	October 31, 2015

(Thousands of yen¹)

Appraisal Item	Appraisal Value	Remarks, etc.
Income Approach Value	1,420,000	
Direct Capitalization Value	1,430,000	
Operating Revenue	143,981	
Gross potential revenue	150,425	Calculated based on valuation of potential rent and other stable medium- and long-term revenue
Vacancy Loss, etc.	6,444	Estimated on the assumption of the occupancy rate level that is stable over a medium to long term
Operating Expenses	53,448	
Maintenance	15,857	Calculated considering the individuality of the property, while referring to the scheduled property management fees, property management fees of similar properties, and the actual fees of past years
Property management fees ²		
Utilities	14,810	Assumed by taking into account the occupancy rate, etc. of the rental spaces, based on the actual results of past years
Repair costs	3,694	Calculated considering the actual fees of past years, maintenance and operational plan, the fees of similar properties and an annual average of repairs, maintenance and renewal costs as specified in the engineering report
Advertisement for leasing, etc.	698	In accordance with the terms of the trust agreement, calculated based on the presumed turnover period of the lessee.
Tax and public dues	9,493	Recorded based on the tax base for fiscal 2015.
Insurance	376	Recorded in reference to the estimated insurance premiums and insurance premium rates of similar properties, etc.
Other expenses	8,520	Recorded land price, etc. as other expenses
Net Operating Income	90,533	
Interest Income	1,319	Estimated profit through management by setting the management yield at 2.0%
Capital Expenditures	9,060	Estimated by taking into account the capital expenditure levels of similar properties, the building age and repair and replacement expenses stated in the engineering report, based on the assumption that the reserve is made averagely each year
Net Cash Flow	82,792	

	Cap Rate	5.8%	Assessed by adjusting the spread based on the property's site, building or other conditions, while considering future uncertainties and transaction yields of similar properties
	Discounted Cash Flow Value	1,410,000	
	Discount Rate	5.5%	Estimated in reference to the investment yield, etc. of transactions of similar properties and comprehensively taking into account the individual characteristics of the subject property
	Terminal Cap Rate	6.0%	Estimated in reference to the transaction yield, etc. of similar properties and comprehensively taking into account the future trends of the investment yield, risks of the subject property as investment target, general forecasts of future economic growth and the trends in real estate prices and rent levels, etc.
	Cost Approach Value	1,330,000	
	Land Value	45.0%	
	Building Value	55.0%	
Other matters noted by the appraiser in conducting appraisal		None	

Notes

1. Amounts are rounded to the nearest thousand yen.
2. Through the individual reporting of maintenance and management fees and property management fee standards, other transactions involving the companies entrusted with building management and property management may be impacted, efficient performance of duties by JEI may be impeded, or investor profits may be negatively impacted, and as such maintenance and management fees and property management fees are indicated as a combined figure.

(End)

Appendix:

1. Property Income and Expense Outlook
2. Portfolio Overview after Acquisition of the Property to be Acquired
3. External View of the Property to be Acquired

Japan Excellent, Inc. Website: www.excellent-reit.co.jp/eng/

(Appendix 1) Property Income and Expense Outlook

(Millions of yen)

	Okinawa No. 27 Daikyo Building
Revenues	145
Expenses (excluding depreciation)	57
Net Operating Income (NOI)	88

Assumptions for Income and Expense Outlook

The above figures are the annual estimates for the Property to be acquired by JEI excluding special circumstances that may arise during the year of the acquisition (i.e., not forecast for the current fiscal period).

(Appendix 2) Portfolio Overview after Acquisition of the Property to be Acquired

Area	Property #	Property Name	Date of Acquisition	Acquisition Price ¹ (mn yen)	Investment Ratio ² (%)	Investment Ratio by Area ² (%)
Area I Tokyo's 6 Central Wards ³	I-1	Omori Bellport D	June 29, 2006	22,552	7.7	50.8
	I-2	Shiba 2-Chome Building	June 29, 2006	9,450	3.2	
	I-3	JEI Hamamatsucho Building	June 29, 2006	8,350	2.9	
	I-4	No. 32 Kowa Building	June 27, 2006	5,040	1.7	
			October 29, 2010	2,390	0.8	
			Total	7,430	2.6	
	I-7	Akasaka Garden City	March 28, 2007	23,300	8.0	
	I-8	ASAKA INTERCITY	October 26, 2007	17,857	6.1	
			February 5, 2013	10,289	3.5	
			Total	28,146	9.7	
	I-9	Kowa Shirokanedai Building	December 24, 2010	4,705	1.6	
	I-10	Daiba Garden City Building	February 4, 2011	11,000	3.8	
	I-11	No. 35 Kowa Building	November 25, 2011	8,280	2.8	
	I-12	HAMARIKYU INTERCITY	December 20, 2011	7,080	2.4	
			February 4, 2014	12,000	4.1	
			Total	19,080	6.6	
	I-13	Shintomicho Building	March 28, 2012	1,750	0.6	
	I-14	Kowa Nishi-Shimbashi Building	March 28, 2013	3,931	1.4	
Area II Central Osaka, Central Nagoya, Central Fukuoka ⁴	II-1	NHK Nagoya Housou Center Building	June 27, 2006	4,300	1.5	4.8
			March 24, 2014	1,310	0.5	
			Total	5,610	1.9	
	II-2	JEI Nishi-Honmachi Building	March 28, 2007	6,673	2.3	
	II-3	Osaka Kogin Building (Land with Leasehold Interest)	February 5, 2013	1,770	0.6	
Area III Tokyo (excl. Area I) and area surrounding Tokyo (Kanagawa, Saitama and Chiba Prefecture)	III-1	Musashikosugi Tower Place	June 27, 2006	13,890	4.8	37.7
	III-2	Kowa Kawasaki Higashiguchi Building	June 27, 2006	10,976	3.8	
	III-3	JEI Hongo Building	June 29, 2006	5,400	1.9	
	III-5	Kawasaki Nisshincho Building	June 27, 2006	3,775	1.3	
			November 30, 2006	130	0.0	
			October 17, 2008	300	0.1	
			April 17, 2013	520	0.2	
			Total	4,725	1.6	
	III-6	No. 44 Kowa Building	June 27, 2006	1,150	0.4	
	III-7	JEI Ryogoku Building	June 27, 2006	2,550	0.9	
	III-8	Ebina Prime Tower	March 29, 2007	6,470	2.2	
	III-9	Kowa Kawasaki Nishiguchi Building	October 26, 2007	32,000	11.0	
	III-10	Pacific Square Sengoku	December 20, 2011	1,620	0.6	
	III-11	Core City Tachikawa	February 5, 2013	6,500	2.2	
	III-12	Nisseki Yokohama Building	April 1, 2015	24,500	8.4	
Area IV Osaka, Nagoya and Fukuoka (excl. Area II) and other government-decreed cities, etc.	IV-2	JEI Kyobashi Building	September 1, 2011	3,308	1.1	6.7
	IV-3	JEI Hiroshima Hatchobori Building	May 22, 2012	2,760	0.9	
	IV-4	SE Sapporo Building	March 1, 2013	5,500	1.9	
	IV-5	Aobadori Plaza	February 4, 2014	2,120	0.7	
	IV-6	Daiwa Minamimoricho Building	February 4, 2014	4,410	1.5	
	IV-7	Okinawa No.27 Daikyo Building	Due on December 7, 2015	1,380	0.5	
Total				291,287	100.0%	100.0

Notes

1. "Acquisition Price" is the acquisition value on the purchase agreement, excluding consumption tax, etc. Amounts are rounded to the nearest million yen.



2. “Investment Ratio” and “Investment Ratio by Area” are rounded to the first decimal place.
3. “Tokyo’s 6 Central Wards” is Chiyoda, Chuo, Minato, Shinjuku, Shinagawa, and Shibuya Wards.
4. “Central Osaka” is the Umeda, Dojima, Nakanoshima, Yodoyabashi, and Honmachi districts, “Central Nagoya” is the Meieki, Fushimi, Sakae districts, and “Central Fukuoka” is the Tenjin and Hakata Terminal Peripheral districts.

(Appendix 3) External View of the Property to be Acquired



Map 訳

沖縄第 27 大京ビル	Okinawa No.27 Daikyo Building
琉球放送	Ryukyu Broadcasting Corporation
久茂地	Kumoji
琉球銀行本店	Bank of the Ryukyu, Head Office
御成橋	Onaribashi
久茂地川	Kumoji River
甲辰橋	Koshinbashi
ゆいレール	Yui Rail
県庁前駅	Kencho-mae Station
沖縄銀行本店	The Bank of Okinawa, Head Office
沖縄テレビ放送	Okinawa Television Broadcasting
パレット久茂地	Palette Kumoji
県庁北口	Kencho Kitaguchi
県庁前通り	Kencho mae dori Street
国際通り	Kokusai dori Street
首里駅方面	To Shuri Station
農林中央金庫	The Norinchukin Bank
沖縄セルラー本社ビル	Headquarters Building of Okinawa Cellular Telephone Company
タイムスビル	Times Building
那覇空港駅方面	To Naha Kuko Station