



**For Immediate Release  
For Translation Purposes Only**

June 22, 2016

**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 the Issue of New Investment Units and Secondary Offering**

Japan Excellent, Inc. (hereinafter “JEI”) announces its decision, by resolution of its Board of Directors adopted on June 22, 2016, to issue new investment units and conduct a secondary offering as follows.

**1. Public Offering for the Issue of New Investment Units (Primary Offering)**

- |     |                                    |                  |
|-----|------------------------------------|------------------|
| (1) | Total number of units to be issued | 37,500 units     |
| (2) | Offer price                        | To be determined |
| (3) | Total offer price                  | To be determined |
| (4) | Issue price                        | To be determined |
- (The offer price and issue price will be determined at a meeting of Board of Directors to be held on a date between July 4, 2016 (Monday) and July 7, 2016 (Thursday) (the “Offer Price Determination Date”))
- |     |                   |                  |
|-----|-------------------|------------------|
| (5) | Total issue price | To be determined |
|-----|-------------------|------------------|

Note: This press release provides information regarding JEI’s decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

- |                                      |   |
|--------------------------------------|---|
| (6) Offering method                  | <p>The new units will be publicly offered and the following underwriters (the “Underwriters”) will underwrite and purchase all of the units to be offered in the primary offering:</p> <ul style="list-style-type: none"> <li>• Mizuho Securities Co., Ltd. (the “Lead Manager”)</li> <li>• Nomura Securities Co., Ltd.</li> <li>• Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</li> <li>• SMBC Nikko Securities Inc.</li> <li>• Mito Securities Co., Ltd.</li> </ul> <p>The offer price for the primary offering will be determined based on the indicative pricing range obtained by multiplying the closing price at the Tokyo Stock Exchange, Inc. on the Offer Price Determination Date (if the closing price is not available on such date, the closing price on the immediately preceding date) and a figure between 0.90 and 1.00 (any fraction less than one yen will be disregarded), taking into account market demand and other conditions.</p> |
| (7) Detail of underwriting agreement | <p>The Underwriters will make payment of the aggregate amount of the issue price to JEI on the payment date identified in (11) below. The price difference between the aggregate amount of the offer price and the aggregate amount of the issue price will be the proceeds of each underwriter and JEI will not pay an underwriting fee to the Underwriters.</p>   |
| (8) Book-Building period             | June 29, 2016 (Wednesday) to Offer Price Determination Date   |
| (9) Application unit                 | One unit or more in multiples of one unit   |

Note: This press release provides information regarding JEI’s decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

- (10) Application period July 5, 2016 (Tuesday) to July 6, 2016 (Wednesday)
- The application period may be moved forward depending on market demand and other conditions, and the details are as follows:
- (i) Offer Price Determination Date: July 4, 2016 (Monday)  
Application period: from July 5, 2016 (Tuesday) to July 6, 2016 (Wednesday)
  - (ii) Offer Price Determination Date: July 5, 2016 (Tuesday)  
Application period: from July 6, 2016 (Wednesday) to July 7, 2016 (Thursday)
  - (iii) Offer Price Determination Date: July 6, 2016 (Wednesday)  
Application period: from July 7, 2016 (Thursday) to July 8, 2016 (Friday)
  - (iv) Offer Price Determination Date: July 7, 2016 (Thursday)  
Application period: from July 8, 2016 (Friday) to July 11, 2016 (Monday)
- (11) Payment date July 11, 2016 (Monday)
- The payment date may be moved forward depending on market demand and other conditions, and the details are as follows:
- (i) Offer Price Determination Date: July 4, 2016 (Monday)  
Payment date: July 11, 2016 (Monday)
  - (ii) Offer Price Determination Date: July 5, 2016 (Tuesday)  
Payment date: July 12, 2016 (Tuesday)
  - (iii) Offer Price Determination Date: July 6, 2016 (Wednesday)  
Payment date: July 13, 2016 (Wednesday)
  - (iv) Offer Price Determination Date: July 7, 2016 (Thursday)  
Payment date: July 14, 2016 (Thursday)
- (12) Delivery date The first business day following the payment date
- (13) The offer price, the issue price and other items required for the issue of the new investment units will be determined at a future Board of Directors meeting.
- (14) The aforementioned items will be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Law of Japan.

Note: This press release provides information regarding JEI's decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

## 2. Secondary Offering (Over-Allotment)

- |      |  |   |
|------|--|---|
| (1)  | Seller   | Mizuho Securities Co., Ltd.   |
| (2)  | Total number of units to be offered  | <p>3,750 units</p> <p>The total number of units to be offered is the number of units to be offered by Mizuho Securities Co., Ltd. in a secondary offering by over-allotment, and will be offered concurrently with the primary offering, taking into account market demand and other conditions. The number indicates the upper limit to be sold by over-allotment, and it could be decreased or cancelled depending on market demand and other conditions.</p> |
| (3)  | Offer price  | <p>To be determined</p> <p>The offer price will be the same as the offer price for the primary offering.</p>  |
| (4)  | Total issue price  | To be determined  |
| (5)  | Offering method  | <p>Concurrently with the primary offering, Mizuho Securities Co., Ltd. will, after considering market demand and other factors in the primary offering, conduct a secondary offering of investment units of JEI borrowed from NIPPON STEEL KOWA REAL ESTATE CO., LTD... (“NIPPON STEEL KOWA REAL ESTATE”), JEI’s stockholder, with an upper limit of 3,750 units.</p>   |
| (6)  | Application period   | Same as the application period for the primary offering   |
| (7)  | Delivery date  | The first business day following the payment date of primary offering   |
| (8)  | Application unit   | One unit or more in multiples of one unit   |
| (9)  | The offer price, the issue price and other items required for the issue of the new investment units will be determined at a future Board of Directors meeting.                               |   |
| (10) | The aforementioned items will be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Law of Japan. |   |

## 3. Third-Party Allotment (Greenshoe Option)

- |     |                                    |             |
|-----|------------------------------------|-------------|
| (1) | Total number of units to be issued | 3,750 units |
|-----|------------------------------------|-------------|

Note: This press release provides information regarding JEI’s decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

- |      |   |   |
|------|---|---|
| (2)  | Name of the third party   | Mizuho Securities Co., Ltd.   |
| (3)  | Issue price   | To be determined<br>The issue price will be the same as the issue price for the primary offering. |
| (4)  | Total issue price   | To be determined  |
| (5)  | Application period (application date)   | August 9, 2016 (Tuesday)  |
| (6)  | Payment date  | August 10, 2016 (Wednesday)   |
| (7)  | Application unit  | One unit or more in multiples of one unit   |
| (8)  | The issue price and other items required for the issuance of the new investment units will be determined at a future Board of Directors meeting.  |   |
| (9)  | If there are no applications for all or a part of the investment units to be issued on or before the application period (application date) described in (5) above, the issue of such investment units will be canceled. |   |
| (10) | In the case of cancellation of the issue of new investment units by public offering, the third-party allotment will be canceled as well.  |   |
| (11) | The aforementioned items will be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Law of Japan.                            |   |

#### <Reference>

##### 1. Secondary Offering by Over-Allotment, Etc.

In consideration of demand and other factors of the primary offering, Mizuho Securities Co., Ltd. plans to offer the investment units by borrowing a maximum of 3,750 units (“Borrowed Investment Units”) from NIPPON STEEL KOWA REAL ESTATE CO., LTD., a unitholder of JEI (“secondary offering by over-allotment”). The above number of investment units to be issued through over-allotment is the maximum number of investment units to be offered, and there may be cases where this number of investment units is reduced or the secondary offering by over-allotment itself is cancelled, depending on the demand and other factors.

In association with this secondary offering by over-allotment, JEI has resolved the additional issuance of 3,750 investment units through third party allotment with Mizuho Securities Co., Ltd. as allottee, as described in 3 above (“Third Party Allotment”). JEI plans to grant Mizuho Securities Co., Ltd. the right to acquire the additional investment units of JEI through third party allotment up to 3,750 units (“Greenshoe Option”) in order to return the Borrowed Investment Units with expiration date of August 5, 2016 (Friday).

Note: This press release provides information regarding JEI’s decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

Moreover, in order to return the Borrowed Investment Units, Mizuho Securities Co., Ltd. may also acquire JEI's investment units on the Tokyo Stock Exchange, Inc. up to the number of investment units for the secondary offering by over-allotment ("Syndicated Cover Transaction") during the period from the day following the close of the subscription period of primary offering and secondary offering by over-allotment until the expiration date of the Greenshoe Option ("Syndicated Cover Transaction Period").

Mizuho Securities Co., Ltd. may not conduct the Syndicated Cover Transaction at all or complete the Syndicated Cover Transaction with the number of investment units which are less than the number of investment units offered through the secondary offering by over-allotment, at its own discretion.

Mizuho Securities Co., Ltd. may conduct stabilizing transactions of investment units of JEI during the period from the day following the Pricing Date until the close of the subscription period. All or a part of the investment units purchased through such stabilizing transactions may possibly be used for returning the Borrowed Investment Units.

Mizuho Securities Co., Ltd. intends to exercise the Greenshoe Option and accept Third-party Allotment and purchase a number of investment units calculated by deducting the number of investment units which will be applied to return the Borrowed Investment Units purchased through the Syndicated Cover Transaction and stabilizing transaction from the number of investment units for the secondary offering by over-allotment.

Accordingly, in the case where the number of investment units to be issued through the secondary offering by over-allotment is reduced, or where the secondary offering by over-allotment is cancelled, where a Syndicated Cover Transaction takes place, or where investment units of JEI purchased through the stabilizing transaction are used to return the Borrowed Investment Units, the number of investment units which Mizuho Securities Co., Ltd. subscribes to the third party allotment by exercising the Greenshoe Option may decrease according to the number of such investment units, which may result either in a decrease in the maximum number of investment units planned to be issued through the Third-Party Allotment or in the cancellation of the entire issuance due to forfeiture of the subscription right.

Note: This press release provides information regarding JEI's decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

## 2. Changes of Number of Units Issued and Outstanding Upon New Issuance of Units

Number of units outstanding before the offering	1,264,450 units	
Number of newly issued units by primary offering	37,500 units	
Number of units outstanding after primary offering	1,301,950 units	
Number of newly issued units by third-party allotment (planned)	3,750 units	(Note)
Number of units outstanding after third-party allotment (planned)	1,305,700 units	(Note)

(Note) The number is on the assumption that Mizuho Securities Co., Ltd. applies for all the investment units to be issued by the third-party allotment and all such units are issued.

## 3. Reason for the Issuance

JEI decided to issue the new units in order to repay borrowings <sup>(Note 1)</sup> in line with the acquisition of Mansard Daikanyama <sup>(Note 2)</sup>, after considering and examining market trends and the levels of dividend payout.

(Note 1) For details of borrowings in line with the acquisition of Mansard Daikanyama, please refer to “Notice Concerning Debt Financing” dated today.

(Note 2) For details of Mansard Daikanyama, please refer to “Notice Concerning the Acquisition of Investment Asset (Mansard Daikanyama)” dated today.

## 4. Total Amount to be Procured, Use of Proceeds and Scheduled Expenditure Date

(1) Total amount to be procured (approximate net balance)

¥5.8billion

(Note) The above figure represents the sum of ¥5.3 billion of estimated net proceeds from the primary offering and ¥0.5 billion (maximum) in estimated net proceeds from the third-party allotment. The above-mentioned amounts are estimated amounts calculated on the basis of the closing price of the Tokyo Stock Exchange as of June 14, 2016

(2) Specific use of proceeds and scheduled outlay period

JEI plans to use the net proceeds of ¥5.3billion from the primary offering as part of funds for the repayment of the borrowings (11.5 billion yen) in line with the acquisition of Mansard Daikanyama as stated in “Notice Concerning the Acquisition of Investment Asset (Mansard Daikanyama)” announced on June 22, 2016 <sup>(Note)</sup>. The net proceeds with a maximum of ¥0.5billion procured from the issuance of new investment units by third-party allotment which was resolved on the same date as the primary offering will be kept as cash on hand, and will be used as part of funds for future acquisitions of specified assets (which are subject to Article 2, Paragraph 1 of the Law Concerning Investment Trusts and Investment Corporations; the same applies hereinafter) or as part of repayment of borrowings.

(Note) JEI will deposit the procured funds in a financial institution until the time of expenditure.

Note: This press release provides information regarding JEI’s decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

## 5. Designation of Distributees

Not applicable.

## 6. Outlook

Please refer to “Notice concerning Operating Forecasts for the Fiscal Periods Ending December 31, 2016 and June 30, 2017” separately announced today.

## 7. Operating Conditions of Equity Finance during the Three Most Recent Fiscal Periods

(1) Operating conditions of the three most recent fiscal periods

	Fiscal Period ended December 31, 2014	Fiscal Period ended June 30, 2015	Fiscal Period ended December 31, 2015
Net Income per Unit (Note 1)	¥2,506	¥2,554	¥2,685
Distribution per Unit	¥2,507	¥2,554	¥2,500
Payout Ratio (Note 2)	100.0%	100.0%	93.4%
Net Assets per Unit	¥108,042	¥108,089	¥109,025

(Note 1) The net income per unit is calculated based on the weighted average number of units during the period.

(Note 2) The payout ratio for the Fiscal Period ended December 31, 2015 is calculated by the following formula as the new investment units were issued:

Payout ratio = Total distribution / Net income × 100

(2) Recent condition of unit price

a. Condition in the three most recent fiscal periods

	Fiscal Period ending December 31, 2014	Fiscal Period ending June 30, 2015	Fiscal Period ending December 31, 2015
Opening	¥134,700	¥160,200	¥140,900
High	¥164,700	¥168,400	¥141,900
Low	¥133,400	¥141,400	¥122,400
Closing	¥160,500	¥141,400	¥132,800

Note: This press release provides information regarding JEI's decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.



b. Condition of the last six months

	January 2016	February 2016	March 2016
Opening	¥132,000	¥136,900	¥154,200
High	¥133,900	¥155,200	¥152,500
Low	¥123,200	¥129,500	¥145,900
Closing	¥133,900	¥155,200	¥152,000

	April 2016	May 2016	June 2016 <sup>(Note)</sup>
Opening	¥151,500	¥151,000	¥149,300
High	¥161,000	¥156,500	¥153,300
Low	¥148,000	¥149,400	¥144,400
Closing	¥153,200	¥149,400	¥148,300

(Note) Figures for “June 2016” are shown as of June 21, 2016.

c. Unit price on the previous business day

	June 21, 2016
Opening	¥146,900
High	¥148,900
Low	¥146,200
Closing	¥148,300

(3) Conditions of equity finance in the three most recent fiscal period

a. Public Offering

Date of Issuance	July 13, 2015
Amount of funds procured	¥5,894,693,000
Issue price (total amount issued)	¥125,419
Number of units outstanding before offering	1,212,750 units
Number of units issued by this offering	47,000 units
Number of units outstanding after offering	1,259,750 units
Use of the fund intended at the time of issuance	To be used as part of funds for repayment of borrowings in line with acquisition of investment assets
Scheduled outlay period at the time of issuance	July 21, 2016
Status of such use as of now	The entire amount has been used in the aforementioned period

b. Third-Party Allotment

Date of Issuance	August 12, 2015
Amount of funds procured	¥589,469,000
Issue price	¥125,419
Number of units outstanding before offering	1,259,750 units
Number of units issued by this offering	4,700 units
Number of units outstanding after offering	1,264,450 units

Note: This press release provides information regarding JEI's decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.

Name of the third party	Mizuho Securities Co., Ltd.
Use of the fund intended at the time of issuance	To be used as part of funds for acquisition of specified assets in the future or as part of funds for repayment of borrowings
Scheduled outlay period at the time of issuance	—
Status of such use as of now	Already used on December 7, 2015 as part of funds for acquisition of Okinawa No.27 Daikyo Building

## 8. Other

### (1) Restriction on Sale and Additional Issuance of Investment Units

- a. In connection with the primary offering, NIPPON STEEL KOWA REAL ESTATE and The Dai-ichi Life Insurance Company, Limited have agreed with the Lead Manager not to sell, pledge as collateral, lend or dispose of in any manner, investment units held as of today (71,560 units, 20,660 units respectively) for a period of six-months from the payment date of the primary offering, without the prior written consent of the Lead Manager; provided, however, that the restriction does not apply to the lending of investment units in accordance with the secondary offering by over-allotment for NIPPON STEEL KOWA REAL ESTATE.
- b. In connection with the primary offering, JEI has agreed with the Lead Manager together with the Asset Management Company that it will not issue additional investment units for a three-month period from the payment date of the primary offering, without prior written consent of the Lead Manager; provided, however, that the restriction does not apply to the additional issuance of investment units by third-party allotment and new issuance resulting from a unit-split.

### (2) Stabilizing Transactions

Mizuho Securities Co., Ltd. may conduct stabilizing transactions in connection with the Primary Offering and Secondary Offering (over-allotment).

(End)

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

Note: This press release provides information regarding JEI's decision to issue new investment units and to conduct a secondary offering, and is not intended to, and does not, constitute or form a part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any units of JEI, and does not constitute any form of commitment or recommendation by JEI or the Underwriters or any person acting on their behalf. You should read carefully the Japanese Prospectus and must rely on your own examination of JEI or consult your own advisors before making any investment in it.