Japan Excellent, Inc.

For Immediate Release
For Translation Purposes Only

June 24, 2015

Japan Excellent, Inc. (TSE: 8987)
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Notice Concerning the Issue of New Investment Units and Secondary Offering and Withdrawal of Shelf Registration Statement of the Investment Units

Japan Excellent, Inc. (hereinafter "JEI") announces its decision, by resolution of its Board of Directors adopted on June 24, 2015, to issue new investment units and conduct a secondary offering as follows. In addition, JEI today withdrew a shelf registration statement of the investment units announced in "Notice Concerning the Filing of Shelf Registration Statement of the Investment Units" dated March 27, 2015, and announces as follows.

I. Issue of New Investment Units and Secondary Offering

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

(1)	Total number of units to be issued	47,000 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 future Board of Directors meeting to be held on a date between July 6, 2015 (Monday) and July 9, 2015 (Thursday) (the "Offer Price Determination Date"))
(5)	Total issue price	To be determined
(6)	Offering method	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: • Mizuho Securities Co., Ltd. (the "Lead Manager") • Nomura Securities Co., Ltd. • Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. • SMBC Nikko Securities Inc. • Mito Securities Co., Ltd. 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

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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.

(7)	Detail of underwriting agreement	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.
(8)	Book-Building period	July 2, 2015 (Thursday) to Offer Price Determination Date
(9)	Application unit	One unit or more in multiples of one unit
(10)	Application period	July 7, 2015 (Tuesday) to July 8, 2015 (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 6, 2015 (Monday) Application period: from July 7, 2015 (Tuesday) to July 8, 2015 (Wednesday) (ii) Offer Price Determination Date: July 7, 2015 (Tuesday) Application period: from July 8, 2015 (Wednesday) to July 9, 2015 (Thursday) (iii) Offer Price Determination Date: July 8, 2015 (Wednesday) Application period: from July 9, 2015 (Thursday) to July 10, 2015 (Friday) (iv) Offer Price Determination Date: July 9, 2015 (Thursday) Application period: from July 10, 2015 (Friday) to July 13, 2015 (Monday)
(11)	Payment date	July 13, 2015 (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 6, 2015 (Monday) Payment date: July 13, 2015 (Monday) (ii) Offer Price Determination Date: July 7, 2015 (Tuesday) Payment date: July 14, 2015 (Tuesday) (iii) Offer Price Determination Date: July 8, 2015 (Wednesday) Payment date: July 15, 2015 (Wednesday) (iv) Offer Price Determination Date: July 9, 2015 (Thursday) Payment date: July 16, 2015 (Wednesday)
(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.

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2. Secondary Offering (Over-Allotment)

(1)	Seller	Mizuho Securities Co., Ltd.
(2)	Total number of units to be offered	4,700 units 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.
(3)	Offer price	To be determined The offer price will be the same as the offer price for the primary offering.
(4)	Total issue price	To be determined
(5)	Offering method	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 unitholder, with an upper limit of 4,700 units.
(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	4,700 units
(2)	Name of the third party	Mizuho Securities Co., Ltd.
(3)	Issue price	To be determined 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 11, 2015 (Tuesday)
(6)	Payment date	August 12, 2015 (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.

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<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 4,700 units ("Borrowed Investment Units") from NIPPON STEEL KOWA REAL ESTATE, 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 4,700 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. with the right to acquire the additional investment units of JEI through third party allotment up to 4,700 units ("Greenshoe Option") in order to return the Borrowed Investment Units with expiration date of August 7, 2015 (Friday).

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 Offer Price Determination 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.

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

Number of units outstanding before the offering	1,212,750 units	
Number of newly issued units by primary offering	47,000 units	
Number of units outstanding after primary offering	1,259,750 units	
Number of newly issued units by third-party allotment (planed)	4,700 units	(Note)
Number of units outstanding after third-party allotment (planed)	1,264,450 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.

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3. Reason for the Issuance

JEI decided to issue new investment units in order to repay borrowings(Note 1) in line with the acquisition of Nisseki Yokohama Building(Note 2), after considering and examining market trends and the levels of distributions.

(Note 1) For details of the borrowings in line with the acquisition of Nisseki Yokohama Building, please refer to "Notice Concerning Debt Financing" dated March 27, 2015. The borrowing is scheduled to be refinanced using proceeds of a loan to be borrowed on June 30, 2015. For details of the refinancing, please refer to "Notice Concerning Debt Financing" announced today.

(Note 2) For details of Nisseki Yokohama Building, please refer to "Notice Concerning Acquisition and Leasing of Investment Asset (Nisseki Yokohama Building)" announced on March 27, 2015.

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

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

¥7.4 billion

(Note) The above figure represents the sum of ¥6.8 billion of estimated net proceeds from the primary offering and ¥0.6 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 8, 2015

(2) Specific use of proceeds and scheduled outlay period

JEI plans to use the net proceeds of ¥6.8 billion from the primary offering as a portion of the repayment of borrowings (¥24.5 billion) in line with the acquisition of Nisseki Yokohama Building as stated in "Notice Concerning Acquisition and Leasing of Investment Asset (Nisseki Yokohama Building)" dated March 27, 2015(Note). The net proceeds with a maximum of ¥0.6 billion 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 1) JEI will deposit the procured funds in a financial institution until the time of expenditure.

5. Designation of Distributees

Not applicable.

6. Outlook

Please refer to "Notice concerning Operating Forecasts for the Fiscal Periods Ending December 31, 2015 and June 30, 2016" 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, 2013 (Note 1)	Fiscal Period ended June 30, 2014	Fiscal Period ended December 31, 2014
Net Income per Unit (Note 2)	¥2,466 (¥12,334)	¥2,511	¥2,506
Distribution per Unit	¥2,466 (¥12,334)	¥2,482	¥2,507
Payout Ratio	99.9%	99.9%	100.0%
Net Assets per Unit	¥107,324 (¥536,622)	¥108,017	¥108,042

(Note 1) A 5-for-1 split of investment units of JEI was implemented on January 1, 2014. Assuming the split of investment units was implemented at the beginning of the fifteenth period, figures for Net Income per Unit, Distribution per Unit and Net Assets per Unit for the fifteenth fiscal period indicate when those (figures in brackets) are divided by 5 and rounded to the nearest whole number.

(Note 2) The net income per unit is calculated based on the weighted average number of units during the period.

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(2) Recent condition of investment unit price

a. Condition in the three most recent fiscal periods

	Fiscal Period ending December 31, 2013 (Note)	Fiscal Period ending June 30, 2014	Fiscal Period ending December 31, 2014
Opening	¥111,800 (¥559,000)	¥123,400	¥134,700
High	¥127,800 (¥639,000)	¥141,600	¥164,700
Low	¥103,000 (¥515,000)	¥114,200	¥133,400
Closing	¥123,300	¥134,600	¥160,500

(Note) A 5-for-1 split of investment units of JEI was implemented on January 1, 2014. Assuming the split of investment units was implemented at the beginning of the fifteenth fiscal period, figures for the fifteenth fiscal period indicate figures when investment unit price corresponding to each item (figures in brackets) are divided by 5, excluding closing price after ex-rights.

b. Condition of the last six months

	January 2015	February 2015	March 2015
Opening	¥160,200	¥152,200	¥158,800
High	¥168,400	¥156,700	¥157,300
Low	¥150,000	¥145,000	¥148,500
Closing	¥151,300	¥156,700	¥156,700

	April 2015	May 2015	June 2015 (Note
Opening	¥153,100	¥158,100	¥156,000
High	¥162,100	¥162,700	¥158,100
Low	¥152,500	¥152,400	¥147,500
Closing	¥158,300	¥157,000	¥148,800

(Note) Figures for "June 2015" are shown as of June 23, 2015.

c. Unit price on the previous business day

	June 23, 2015
Opening	¥150,600
High	¥150,600
Low	¥148,700
Closing	¥148,800

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

a. Public Offering

Date of Issuance	January 27, 2014
Amount of funds procured	¥9,135,680,000
Issue price (underwriting price)	¥114,196
Number of units outstanding before offering	1,124,750 units
Number of units issued by this offering	80,000 units
Number of units outstanding after offering	1,204,750 units

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Use of the fund intended at the time of issuance	To be used as part of funds for planned acquisitions of assets, etc.
Scheduled outlay period at the time of issuance	February 4, 2014
Status of such use as of now	The entire amount has been used in the aforementioned period

b. Third-Party Allotment

Date of Issuance	February 26, 2014
Amount of funds procured	¥913,568,000
Issue price	¥114,196
Number of units outstanding before offering	1,204,750 units
Number of units issued by this offering	8,000 units
Number of units outstanding after offering	1,212,750 units
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 planned acquisition of assets in the future or as part of repayment of loans and redemption of investment corporate bonds
Scheduled outlay period at the time of issuance	—
Status of such use as of now	¥0.5 billion was used on March 11, 2014 as part of repayment of short-term borrowings and the remainder was used on March 24, 2014 for the additional acquisition of co-ownership interest of NHK Nagoya Housou-Center 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 an investment unit-split.

(2) Stabilizing Transactions

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

II. Withdrawal of Shelf Registration Statement of the Investment Units

1. Overview of the Shelf Registration Statement Subject to Withdrawal

(1) Submission date of the shelf registration statement : March 27, 2015 (Note)

(Note) For the shelf registration statement, JEI filed amended shelf registration statement on April 15, 2015 and April 23, 2015, respectively.

(2) Place of filing of the shelf registration statement : Director General of the Kanto Local Finance Bureau

(3) Type of domestic investment securities : Investment units of JEI

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(4) Planned issue period	:	Period of one year from the effective date of the registration (from April 4, 2015 to April 3, 2016)
(5) Total planned issued price	:	¥5.0 billion (upper limit)
(6) Use of the proceeds	:	To be allocated for the repayment of borrowings in line with acquisition of specified assets

2. JEI's Investment Units Issued under the Shelf Registration Statement
Not applicable.

3. Reason for the Withdrawal of Shelf Registration Statement
JEI filed its securities registration statement to the Director General of the Kanto Local Finance Bureau today based on the resolution for which details are indicated in "I Issue of New Investment Units and Secondary Offering" above, and decided to issue JEI's investment units based on the securities registration statement. Thus, the shelf registration became unnecessary.

(End)

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

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