Japan Excellent, Inc.

For Immediate Release
For Translation Purposes Only

August 24, 2018

Japan Excellent, Inc. (TSE: 8987)
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Notice Concerning Debt Financing (Green Loan) and Early Repayment of Borrowings

Japan Excellent, Inc. (hereinafter "JEI") announces the decision made today concerning debt financing and early repayment of borrowings as follows.

1. Debt Financing

(1) Purpose of Borrowing through Green Loan

JEI promotes the acquisition of assets with excellent environmental performance based on its operation policy taking into consideration environment, society and governance (ESG). As for financial aspects, JEI makes efforts for expanding the base of investors showing high interest in environmentally friendly projects.

As part of such efforts, JEI issued green bonds (Note) for refinancing 4 billion yen out of 6 billion yen of borrowings associated with the acquisition of AKASAKA INTERCITY AIR which received "5 Stars," the highest rating in DBJ Green Building Certification, on August 10. As for the remaining 2 billion yen of borrowings associated with the acquisition of AKASAKA INTERCITY AIR, JEI constructed the scheme together with Mizuho Bank, Ltd. that proactively implements such efforts due to the increasing needs for environment-related loans and led to the conclusion of green loan agreement (borrowings based on the green loan agreement are hereinafter referred to as the "Green Loan").

(Note) For JEI's green bonds, please refer to "Notice Concerning Amendment to Shelf Registration Statement for Green Bond Issuance" announced on July 6, 2018 and "Notice Concerning Issuance of Investment Corporation Bonds (Green Bonds)" announced on August 3, 2018.

(2) Green Loan

Green loan refers to borrowings used for environmentally friendly business and complying with the "Green Loan Principles" (Note 1) which is an international guideline.

The entire amount of funds procured from the Green Loan will be allocated to refinancing of borrowings associated with the acquisition of AKASAKA INTERCITY AIR. In addition, the Green Loan received "Green 1," the highest rating concerning the alignment with Green Loan Principles, from Japan Credit Rating Agency, Ltd. (JCR) in the comprehensive assessment (Note 2). The agreement concerning the Green Loan will be the first borrowing agreement complying with the Green Loan Principles concluded among J-REITs.

Furthermore, borrowings through green loans will be conducted within the scope of Debts of Eligible Green Projects (Note 3) with outstanding green bonds.

(Note 1) "Green Loan Principles" was established by Loan Market Association, Asia Pacific Loan market Association in March 2018 as an international guideline of loans used only in the environmental field and are composed of four main items (1. Use of Proceeds, 2. Process for Project Evaluation and Selection, 3. Management of Proceeds, 4. Reporting).

(Note 2) For details, please refer to the website of Japan Credit Rating Agency, Ltd. (https://www.jcr.co.jp/).

(Note 3) For Debts of Eligible Green Projects, please refer to "Notice Concerning Amendment to Shelf Registration Statement for Green Bond Issuance" announced on July 6, 2018.

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(3) Details of Debt Financing

Lender	Loan Amount	Interest Rate (Note 1)		Borrowing Period	Drawdown Date	Principal Repayment Date (Note 2)	Borrowing Method, Repayment Method, Collateral
Mizuho Bank, Ltd.	¥2.0 billion	Floating	Base interest rate (JBA one-month Yen-TIBOR) +0.20%	2.0 years	September 28, 2018	September 30, 2020	Term loan agreement To be repaid in full on the repayment date (early repayment permitted) Unsecured / Non-guaranteed

(Note 1) The base interest rate (JBA one-month Yen-TIBOR) to be applied to the calculation period pertaining to the interest paid on each interest payment date is determined two business days before the draw down date and the immediately preceding interest payment date. The current JBA Yen-TIBOR can be referenced on the website of the JBA TIBOR Administration: http://www.jbatibor.or.jp/english/rate/ The latest information on debt financing can also be found on JEI's website.

(Note 2) However, if the concerned date is not a business day, the subsequent business day; and if this day falls into the following month, the business day immediately preceding the concerned date shall be the interest payment/principal repayment date.

(4) Purpose of Debt Financing

JEI intends to allocate the proceeds to the early repayment of funds borrowed upon the acquisition of AKASAKA INTERCITY AIR

(Note) For the acquisition of AKASAKA INTERCITY AIR, please refer to "Notice Concerning Acquisition of Investment Asset (AKASAKA INTERCITY AIR)" announced on June 27, 2018.

(5) Total Amount to be Borrowed, Use of Proceeds and Scheduled Expenditure Date

(i) Total Amount to be Borrowed

¥2.0 billion (JPY 2,000,000,000)

(ii) Detailed Use of Proceeds and Scheduled Expenditure Date

Detailed Use of Proceeds : To be allocated to early repayment of funds borrowed upon the acquisition of AKASAKA INTERCITY AIR

Scheduled Expenditure Date : September 28, 2018

2. Early Repayment (hereinafter the "Early Repayment")

(1) Details of Early Repayment

(i) Repayment amount : ¥2.0 billion

(ii) Repayment date : September 28, 2018

(iii) Repayment resource : The Green Loan will be allocated

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(2) Summary of the Borrowings which will be subject to early repayment

Lender	Loan Amount	Interest Rate (Note 1)		Borrowing Period	Drawdown Date	Principal Repayment Date (Note 2)	Borrowing Method, Repayment Method, Collateral
Mizuho Bank, Ltd.	¥2.0 billion (Note 1)	Floating	Base interest rate (JBA one-month Yen-TIBOR) +0.20% (interest rate applicable as of today: 0.25364%)	1.0 year	July 2, 2018	June 28, 2019	Term loan agreement To be repaid in full on the repayment date Unsecured / Non-guaranteed

(Note 1) Interest Rate is the amount after the early repayment of 4 billion yen to be conducted on August 31, 2018 out of 6 billion yen borrowed on July 2, 2018.
Please refer to "Notice Concerning Debt Financing" announced on June 27, 2018 for details of the borrowing and "Notice Concerning Partial Early Repayment of Short-Term Borrowing" announced on August 3, 2018 for details of the early repayment of 4 billion yen.

(Note 2) There will be no settlement fee applicable to the early repayment.

3. Status of Borrowings before and after the Green Loan and the Early Repayment

(millions of yen)

	Before the Green Loan and the Early Repayment	After the Green Loan and the Early Repayment	Increase/Decrease
Short-term borrowings	2,000	-	-2,000
Long-term borrowings	85,600	87,600	2,000
Total borrowings	87,600	87,600	-
Investment corporation bonds	44,000	44,000	-
Total interest-bearing debt	131,600	131,600	-

(Note) Long-term borrowings include those due within one year.

4. Other Matters Required for Investors to Appropriately Understand and Evaluate the above Information

There is no change to the content of "Risks in Investment" set forth in JEI's Securities Report (yuka shoken houkoku-sho) for the 23rd Fiscal Period (ended December 31, 2017) submitted on March 23, 2018 with respect to the risks of the Green Loan and the Early Repayment.

(End)

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