Japan Excellent, Inc.

For Immediate Release
For Translation Purposes Only

January 6, 2020

Japan Excellent, Inc. (TSE: 8987)
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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 January 6, 2020, 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	43,000 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 meeting of Board of Directors to be held on a date between January 15, 2020 (Wednesday) and January 20, 2020 (Monday) (the "Offer Price Determination Date"))
(5)	Total issue price	To be determined
(6)	Offering method	The new units will be publicly offered and the underwriters (the "Underwriters") will underwrite and purchase all of the units to be offered in the primary offering. One of the Underwriters acts as the Lead Manager (the "Lead Manager").

Note: This press release provides information regarding JEI's issue of new investment units and secondary offering and is not intended to solicit investment from investors. Additionally, this press release is not an offer of securities for sale in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. No offer, public or otherwise, of securities in the United States will be made in connection with the above-mentioned transactions.

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		Some of the investment units to be offered above are being sold to overseas investors in overseas markets mainly consisting of Europe and Asia (excluding the United States and Canada). 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.
(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	January 10, 2020 (Friday) to Offer Price Determination Date
(9)	Application unit	One unit or more in multiples of one unit
(10)	Application period	January 16, 2020 (Thursday) to January 17, 2020 (Friday) 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: January 15, 2020 (Wednesday) Application period: from January 16, 2020 (Thursday) to January 17, 2020 (Friday) (ii) Offer Price Determination Date: January 16, 2020 (Thursday) Application period: from January 17, 2020 (Friday) to January 20, 2020 (Monday) (iii) Offer Price Determination Date: January 17 (Friday) Application period: from January 20, 2020 (Monday) to January 21, 2020 (Tuesday) (iv) Offer Price Determination Date: January 20, 2020 (Monday) Application period: from January 21, 2020 (Tuesday) to January 22, 2020 (Wednesday)

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(11) Payment date — January 21, 2020 (Tuesday)

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: January 15, 2020 (Wednesday) Payment date: January 21, 2020 (Tuesday)

(ii) Offer Price Determination Date: January 16, 2020 (Thursday) Payment date: January 22, 2020 (Wednesday)

(iii) Offer Price Determination Date: January 17, 2020 (Friday) Payment date: January 23, 2020 (Thursday)

(iv) Offer Price Determination Date: January 20, 2020 (Monday) Payment date: January 24, 2020 (Friday)

(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	One of the Underwriters
(2)	Total number of units to be offered	4,300 units The total number of units to be offered is the number of units to be offered by one of the Underwriters 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, one of the Underwriters 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 4,300 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.

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3. Third-Party Allotment (Greenshoe Option)

(1)	Total number of units to be issued	4,300 units
(2)	Name of the third party	One of the Underwriters
(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)	February 12, 2020 (Wednesday)
(6)	Payment date	February 13, 2020 (Thursday)
(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, one of the Underwriters plans to offer the investment units by borrowing a maximum of 4,300 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 4,300 investment units through third party allotment with one of the Underwriters as allottee, as described in 3 above ("Third Party Allotment"). JEI plans to grant the allottee the right to acquire the

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additional investment units of JEI through third party allotment up to 4,300 units ("Greenshoe Option") in order to return the Borrowed Investment Units with expiration date of February 7, 2020 (Friday).

Moreover, in order to return the Borrowed Investment Units, one of the Underwriters 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").

One of the Underwriters 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.

One of the Underwriters 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.

One of the Underwriters 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 one of the Underwriters 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.

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

Number of units outstanding before the offering	1,305,700 units	
Number of newly issued units by primary offering	43,000 units	
Number of units outstanding after primary offering	1,348,700 units	
Number of newly issued units by third-party allotment (planed)	4,300 units	(Note)
Number of units outstanding after third-party allotment (planed)	1,353,000 units	(Note)

(Note)The number is on the assumption that one of the Underwriters 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

Aiming to maximize unitholder value, JEI has decided to issue the new units in order to improve earnings potential of its portfolio through acquisition of new properties and reinforce/stabilize its financial base, after considering and examining market trends and the levels of dividend payout.

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

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

¥7,829,427,100

(Note) The above figure represents the sum of ¥7,117,661,000 of estimated net proceeds from the primary offering and ¥711,766,100 (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 December 13, 2019.

(2) Specific use of proceeds and scheduled outlay period

JEI plans to use the net proceeds from the primary offering for the repayment of the borrowings (4.0 billion yen) in line with the acquisition of BIZCORE AKASAKA MITSUKE (Note 1), the cash on hand partly used for the acquisition of BIZCORE AKASAKA MITSUKE and Senshin Building (Note 2), and the funds for acquisition of GRAND FRONT OSAKA (Umekita Plaza・South Building) and GRAND FRONT OSAKA (North Building) (Note 3). The net proceeds 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 (as defined in Article 2, paragraph 1 of Act on Investment Trusts and Investment Corporations) or as part of repayment of borrowings.

(Note 1) For details on BIZCORE AKASAKA MITSUKE, please refer to “Notice concerning Acquisition of Domestic Real Estate Trust Beneficiary Rights (BIZCORE AKASAKA MITSUKE)” announced on August 19, 2019.

(Note 2) For details on Senshin Building, please refer to “Notice concerning Acquisition of Domestic Real Estate (Senshin Building)” announced on November 12, 2019.

(Note 3) For details on GRAND FRONT OSAKA (Umekita Plaza・South Building) and GRAND FRONT OSAKA (North Building), please refer to “Notice concerning Acquisition of Co-ownership Interest of Domestic Real Estate Trust Beneficiary Rights (GRAND FRONT OSAKA (Umekita Plaza・South Building) and GRAND FRONT OSAKA (North Building)” separately announced today.

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5. Designation of Distributees

Not applicable.

6. Outlook

Please refer to "Notice Concerning Revision of Operating Forecasts for the Fiscal Periods Ending June 30, 2020 and December 31, 2020" separately announced today.

7. 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

One of the Underwriters may conduct stabilizing transactions in connection with the Primary Offering and Secondary Offering (over-allotment).

(End)

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

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