



Japan Excellent, Inc.

**For Immediate Release
For Translation Purposes Only**

June 22, 2016

Japan Excellent, Inc. (TSE: 8987)
Hidehiko Ogawa, Executive Director

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Notice Concerning Debt Financing

Japan Excellent, Inc. (hereinafter “JEI”) announces the decision made today concerning new debt financing as follows.

I. Short-term Borrowings

1. Details of Debt Financing

- | | | |
|--------------------------------|---|--|
| (1) Lender | : | Mizuho Bank, Ltd. |
| (2) Loan Amount | : | ¥11.5 billion |
| (3) Interest Rate | : | Base interest rate + 0.20% ^(Note) |
| (4) Scheduled Drawdown Date | : | July 1, 2016 |
| (5) Method of Borrowing | : | A borrowing under the individual commitment line agreement scheduled to be concluded on June 28, 2016 with the lender specified in (1) above, as individual commitment line agreement based on the Commitment Line Agreement entered into June 27, 2006 (including subsequent revisions and adding of new lenders). |
| (6) Interest Payment Date | : | The interest payment date will be July 8, July 15, July 22, July 29, August 29, September 29, October 29, 2016 and the principal repayment date (in each case, where an interest payment date falls on a non-business day, the interest payment date will be the following business day; provided, however, if this subsequent business day is in the following month, the business day immediately preceding the interest payment date will be the interest payment date) |
| (7) Principal Repayment Date | : | November 29, 2016 (where a principal repayment date falls on a non-business day, the principal repayment date will be the following business day; provided, however, if this subsequent business day is in the following month, the business day immediately preceding the principal repayment date will be the principal repayment date). |
| (8) Principal Repayment Method | : | To be repaid in full on the principal repayment date (early repayment permitted) |
| (9) Collateral | : | Unsecured / Non-guaranteed |

(Note) The base interest rate to be applied to the calculation period pertaining to the interest paid on each interest payment date refers to the interest rate in JBA Yen-TIBOR that corresponds to the interest calculation period, and is determined two business days before the drawdown date or immediately preceding interest payment date. (For reference, JBA one-week Yen-TIBOR as of June 22, 2016 is 0.01455 %.) The current JBA one-month Yen-TIBOR can be referenced on the website of the JBA TIBOR Administration:
<http://www.jbatibor.or.jp/english/rate/>

Note: This press release provides information regarding JEI’s decision to borrow the fund, 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. Investors should read carefully the Japanese prospectus and rely on their own examination of JEI or consult their own advisors before making any investment.



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2. Purpose of Debt Financing

JEI intends to apply the proceeds of the loan to a portion of the payment (including related expenses) for the acquisition of trust beneficiary interests in real estate. Furthermore, JEI intends to use net proceeds from the primary offering described in the “Notice Concerning the Issue of New Investment Units and Secondary Offering” dated today for partial early repayment of the loan, but the details aren’t decided yet as of today. JEI will announce the details as soon as they are determined.

3. Total Amount to be Borrowed, Use of Proceeds and Scheduled Expenditure Date

(1) Total Amount to be Borrowed

¥11.5 billion (JPY 11,500,000,000)

(2) Detailed Use of Proceeds and Scheduled Expenditure Date

(i) Detailed Use of Proceeds: To be used as a portion of the payment (including related expenses) for the acquisition of Mansard Daikanyama (Note)

(ii) Scheduled Expenditure Date: July 1, 2016

(Note) For details of acquisition of trust beneficiary interests in real estate of Mansard Daikanyama, please refer to “Notice Concerning the Acquisition of Investment Asset (Mansard Daikanyama)” dated today.

II. Long-term Borrowings

1. Details of Debt Financing

- (1) Lender : Mitsubishi UFJ Trust and Banking Corporation, Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation
- (2) Loan Amount : ¥13.0 billion
- (3) Interest Rate : Base interest rate (Japanese Bankers Association (JBA) one-month Yen-TIBOR) + 0.25%^(Note)
- (4) Scheduled Drawdown Date : June 29, 2016
- (5) Method of Borrowing : A borrowing under the loan agreement to be concluded on June 24, 2016 with the lender specified in (1) above, based on the Term Loan Agreement entered into on June 27, 2006 (including subsequent revisions and adding of new lenders).
- (6) Interest Payment Date : (i) The initial interest payment date will be July 31, 2016, (ii) subsequent interest payments will be made at the last day of every month of each year, and (iii) the final interest payment date will be the same day as the principal repayment date (in each case, where an interest payment date falls on a non-business day, the interest payment date will be the following business day; provided, however, if this subsequent business day is in the following month, the business day immediately preceding the interest payment date will be the interest payment date).
- (7) Principal Repayment Date : December 30, 2019 (where a principal repayment date falls on a non-business day, the principal repayment date will be the following business day; provided, however, if this subsequent business day is in the following month, the business day immediately preceding the principal repayment date will be the principal repayment date).
- (8) Principal Repayment Method : To be repaid in full on the principal repayment date (early repayment permitted)
- (9) Collateral : Unsecured / Non-guaranteed

(Note) 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 immediately preceding interest payment date. (For reference, JBA one-week Yen-TIBOR as of June 22, 2016 is 0.03364 %.) The current JBA one-month Yen-TIBOR can be referenced on the website of the JBA TIBOR Administration: <http://www.jbatibor.or.jp/english/rate/>

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2. Purpose of Debt Financing

JEI intends to apply the proceeds of the loans to the repayment of a borrowing (¥13 billion described in 1. Details of Debt Financing (2) Loan Amount (5-year maturity) in the press release “Notice Concerning Debt Financing” announced on May 30, 2011 scheduled to fall due and payable on June 29, 2016.

3. Total Amount to be Borrowed, Use of Proceeds and Scheduled Expenditure Date

(1) Total Amount to be Borrowed

¥13.0 billion (JPY 13,000,000,000)

(2) Detailed Use of Proceeds and Scheduled Expenditure Date

(i) Detailed Use of Proceeds: To be used for repayment of the long-term borrowing of 13 billion yen that will become due and payable on June 29, 2016

(ii) Scheduled Expenditure Date: June 29, 2016

III. Status of Interest-bearing Debt after Financing

(million yen)

	Before Drawdown (as of June 22, 2016)	After Drawdown (as of July 1, 2016)	Increase/ Decrease
Short-term borrowings	1,000	12,500	11,500
Long-term borrowings	100,900	100,900	-
(repayment due within one year)	(28,760)	(15,760)	-13,000
Total borrowings	101,900	113,400	11,500
Investment corporate bonds	30,000	30,000	—
(maturing within one year)	(5,000)	(5,000)	—
Sum of borrowings and investment corporation bonds	131,900	143,400	11,500
Other interest-bearing debt	—	—	—
Total interest-bearing debt	131,900	143,400	11,500

IV. Other Matters Necessary for Investors to Appropriately Understand and Evaluate the Provided Information

There is no change to the content of “Risks related to fund procurement of investment corporation” in “Risks in Investment” set forth in the JEI’s Securities Report (yuka shoken houkoku-sho) for the Nineteenth Fiscal Period (ended on December 31, 2015) submitted on March 25, 2016 with respect to the risks of this debt financing and its repayment, etc.

(End)

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

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