



Japan Excellent, Inc.

**For Immediate Release  
For Translation Purposes Only**

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Japan Excellent, Inc. (TSE: 8987)  
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**Notice Concerning Acquisition of Investment Asset  
(Omori Bellport Heating and Cooling Medium Supply Facility)**

Japan Excellent, Inc. (hereinafter “JEI”) hereby announces that Japan Excellent Asset Management Co., Ltd. (hereinafter “Asset Management Company”), to which JEI entrusts asset management, made a decision today as described below regarding the acquisition of an asset.

**1. Summary of Acquisition**

|   |  |
|---|--|
| (1) Property Name                                   | Omori Bellport Heating and Cooling Medium Supply Facility (hereinafter the “Facility”)<br>JEI will acquire ownership interest in the Facility, which is described in detail in “3. Details of the Property to be Acquired” below and hereinafter referred to as the “Ownership Interest.”                      |
| (2) Property to be Acquired                         | Movables   |
| (3) Planned Acquisition Price                       | ¥73,954,427 (excluding consumption tax, local consumption tax or fees required for the acquisition)  |
| (4) Planned Date of Execution of Purchase Agreement | April 25, 2018   |
| (5) Scheduled Acquisition Date                      | April 30, 2018   |
| (6) Seller  | Omori Heat Supply Co., Ltd.  |
| (7) Funding for Acquisition                         | Cash on hand   |
| (8) Payment Method                                  | Lump-sum payment after delivery  |
| (9) Method of Acquisition                           | JEI holds trust beneficiary interest in Omori Bellport D as a major trust asset, for which Mizuho Trust & Banking Co., Ltd. (“Mizuho Trust Bank”) has been acting as the trustee. JEI plans to place the Ownership Interest in trust, adding it to the said trust asset, on May 1, 2018 after the acquisition. |

**2. Reason and Background of Acquisition**

Omori Bellport is a compartmentalized ownership building and the exclusively-owned space is owned by Mizuho Trust Bank and The Dai-ichi Life Insurance Company, Limited (“Dai-ichi Life Insurance”). JEI holds trust beneficiary interest in the exclusively-owned space owned by Mizuho Trust Bank (Omori Bellport D) as a major trust asset.

At Omori Bellport, the heating and cooling mediums used for air conditioning, etc. in the building (cold water, steam) are supplied from Omori Heat Supply Co., Ltd. (“Omori Heat Supply”), which is a district heating and cooling company (Note 1) that supplies heating and cooling mediums to the property.

JEI has decided to acquire the Facility as 29 million yen of costs (Note 2) are expected to be reduced at Omori Bellport D when the facility owned by Omori Heat Supply is held by the owner of the compartmentalized ownership.



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(Note 1) District heating and cooling company refers to companies that supply heating and cooling mediums such as cold water and steam used for heating, air-conditioning and hot water supply to buildings within a certain area from heat supply facilities (district heating and cooling plants) through regional conduits.

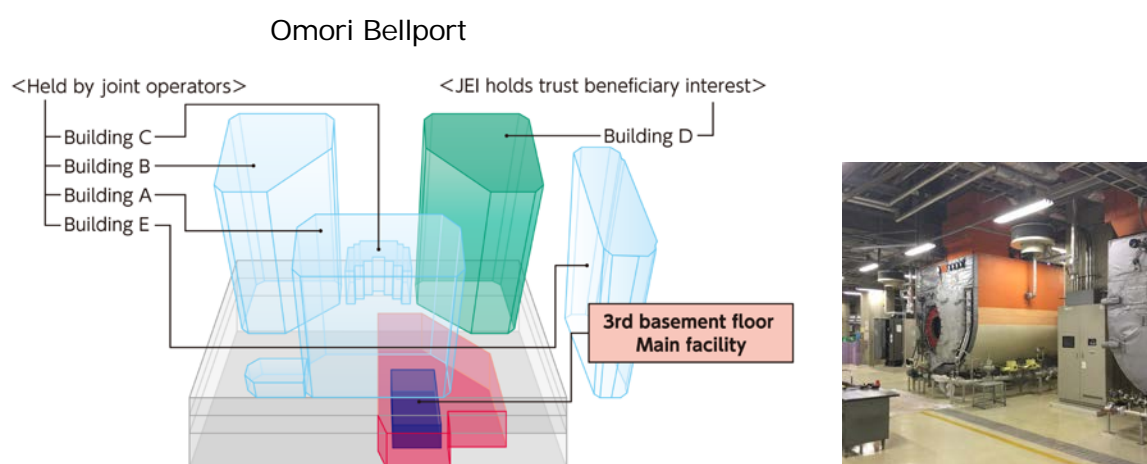
(Note 2) The difference in expenses before and after the acquisition (average of 5-year forecast), is calculated from the following formula. Moreover, the increase in depreciation due to investments for renewing facilities and decrease in expenses due to energy saving are taken into consideration upon calculation of expenses after the acquisition.

Expenses before the acquisition (heating costs paid to Omori Heat Supply) – expenses after the acquisition (operating expenses, repair costs, taxes and public dues, etc. of the acquired heating and cooling medium supply facility)

### 3. Details of the Property to be Acquired

#### (1) Overview of the Property to be Acquired

Location of the Facility (Image)



|  |  |
|--|--|
| Acquisition target                     | 25.43% of co-ownership interest in the Facility supplying heating and cooling mediums to the entire portion of Omori Bellport.<br>To acquire the Facility owned by Omori Heat Supply Co., Ltd. jointly with Dai-ichi Life Insurance and manage it together (heating and cooling mediums supplied from the Facility are all used inside Omori Bellport) |
| Planned Acquisition Price              | ¥73,954,427  |
| Survey value (appraisal date) (Note 1) | ¥84,138,715 (as of March 31, 2018) (Note 2)  |

(Note 1) Survey value is based on the value calculated through cost approach (cost approach value) prepared by JREI.

(Note 2) Survey value for 25.43% of ownership interest held by JEI is indicated.

(2) Details of the Sellers

|  |   |   |
|--|---|---|
| Company Name                                   | Omori Heat Supply Co., Ltd.             |   |
| Location                                       | 6-26-1, Minami-Ooi, Shinagawa-ku, Tokyo |   |
| Representative                                 | Toshio Koyanagi, President              |   |
| Capital  | ¥100 million (as of March 31, 2018)     |   |
| Net Assets                                     | - (Note)                                |   |
| Total Assets                                   | - (Note)                                |   |
| Main Business                                  | Supply of cold water, steam, etc.       |   |
| Established                                    | January 25, 1989                        |   |
| Major Shareholders                             | - (Note)                                |   |
| Relationship with JEI/Asset Management Company | Capital Relationship                    | Not applicable                                  |
|  | Personnel Relationship                  | Not applicable                                  |
|  | Business Relationship                   | Receiving supply of heating and cooling mediums |
|  | Status as Related Party                 | Not applicable                                  |

(Note) "Net Assets," "Total Assets" and "Major Shareholders" are not disclosed as consent for disclosure has not been obtained from the seller.

(3) Conflicts of Interest of Asset Management Company with regard to the Property to be Acquired

JEI will entrust the Property to be Acquired to Mizuho Trust Bank on May 1, 2018 after acquiring it. Mizuho Trust Bank and Dai-ichi Life Insurance plan to entrust management of the heating and cooling medium supply facility to The Dai-ichi Building Co., Ltd., to which they entrust management of the common area of Omori Bellport, after concluding an agreement for changing the entrustment of management.

The Dai-ichi Building Co., Ltd. falls under the category of "sponsor company" in "Regulations for Transactions with Sponsor Companies." Therefore, upon concluding the transaction agreement with said sponsor company, the Asset Management Company, in compliance with the said Regulations, has had the transaction approved at a meeting of its Compliance Committee, which includes outside experts, and deliberated and approved at a meeting of its Investment Committee.

(4) Acquisition Schedule

|                |   |
|----------------|---|
| April 25, 2018 | Decision within JEI to acquire the Property Execution of the purchase agreement |
| April 30, 2018 | Delivery of the Property  |

#### 4. Outlook

Since the impact on the forecast operating results for the fiscal periods ending June 2018 (January 1, 2018 - June 30, 2018) and December 2018 (July 1, 2018 - December 31, 2018) is minimal, there is no revision to the forecast.

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