



**For Immediate Release
For Translation Purposes Only**

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Japan Excellent, Inc. (TSE: 8987)
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Japan Excellent, Inc. Reports 20th Period Financial Results

(From January 1, 2016 to June 30, 2016)

This financial report has been prepared in accordance with Japanese accounting standards and the Japanese national law. Figures have been rounded down to the nearest one million yen.

1. Operating Results

| | 20 th Period Ended June 30, 2016 | 19 th Period Ended December 31, 2015 |
|--|--|--|
| Total revenues | 10,223 million yen | 10,839 million yen |
| Operating income | 3,982 million yen | 4,301 million yen |
| Ordinary income | 3,113 million yen | 3,385 million yen |
| Net income | 3,112 million yen | 3,384 million yen |
| Return on equity | 2.3% | 2.5% |
| Return on assets | 1.1% | 1.2% |
| Ordinary income to Operating Revenue ratio | 30.5% | 31.2% |

2. Distributions

| | 20 th Period Ended June 30, 2016 | 19 th Period Ended December 31, 2015 |
|--|--|--|
| Distribution per unit | 2,462 yen | 2,500 yen |
| Total distribution | 3,113 million yen | 3,161 million yen |
| Distributions in excess of earnings per unit | 0 yen | 0 yen |
| Total distributions in excess | 0 million yen | 0 million yen |
| Payout ratio | 100.0% | 93.4% |
| Dividend ratio to net assets | 2.3% | 2.3% |

3. Financial Situation

| | 20 th Period Ended <u>June 30, 2016</u> | 19 th Period Ended <u>December 31, 2015</u> |
|---------------------------------------|---|---|
| Total assets | 283,653 million yen | 284,443 million yen |
| Net assets | 137,808 million yen | 137,857 million yen |
| Capital ratio | 48.6% | 48.5% |
| Net assets per unit ^(Note) | 108,987 yen | 109,025 yen |

4. Cash Flow

| | 20 th Period Ended <u>June 30, 2016</u> | 19 th Period Ended <u>December 31, 2015</u> |
|--|---|---|
| Cash flow from operating activities | 4,648 million yen | 22,353 million yen |
| Cash flow from investing activities | (1,084) million yen | (2,641) million yen |
| Cash flow from financing activities | (3,160) million yen | (20,188) million yen |
| Cash and cash equivalents at end of period | 18,373 million yen | 17,970 million yen |

5. Forecasts

| | 21 th Period Ended <u>December 31, 2016</u> | 22 th Period Ended <u>June 30, 2017</u> |
|---|---|---|
| Total revenues | 10,651 million yen | 10,633 million yen |
| Operating income | 4,148 million yen | 4,150 million yen |
| Ordinary income | 3,356 million yen | 3,422 million yen |
| Net income | 3,355 million yen | 3,421 million yen |
| Distribution per unit | 2,570 yen | 2,620 yen |
| Distribution in excess of earnings per unit | - yen | - yen |

Assumption of Forecasts

- Total Number of Outstanding Investment Units
1,264,450 units

Disclaimer

This news release was prepared solely for the convenience of and reference by investors and neither corresponds to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language Kessan-Tanshin should always be referred to as originals of this document.

English terms for Japanese legal, accounting, tax, and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, the original Japanese documents will always govern the meaning and interpretation.

The financial statements are a translation of the audited financial statements that were prepared in accordance with generally accepted principles in Japan which may materially differ in certain respects from generally accepted accounting principles and practices in other jurisdictions.



Japan Excellent, Inc.

Certain provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties, and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the real estate market, interest rate fluctuations, competition with our properties, and the impact of changing regulations or taxation.

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