



Japan Excellent, Inc.

**For Immediate Release
For Translation Purposes Only**

November 22, 2021

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**Notice Concerning the Establishment of a Green Finance Framework and
Debt Financing (Green Syndicate Loan) Based on the Framework**

Japan Excellent, Inc. (hereinafter “JEI”) announces that it has updated the existing Green Bond Framework to “Green Finance Framework” (hereinafter the “Framework”) and that it has today decided concerning the debt financing through a “Green Syndicate Loan” (hereinafter the “Debt Financing”) based on the Framework, as follows.

1. About the Establishment of the Green Finance Framework

(1) Purpose of establishment

In recognition of the importance of consideration for the environment, society, and governance (ESG), JEI has been promoting the acquisition and renovation of assets that aim to reduce the environmental burden and solve social issues. Together with this initiative, in terms of financing, JEI has made the following revisions to its Green Bond Framework and established a Green Finance Framework.

(i) Diversification of fund procurement methods

In addition to investment corporation bonds, borrowings are also utilized.

(ii) Diversification of the use of funds

In addition to funds for the acquisition, refinancing, and redemption of Eligible Green Projects (Note 1), funds can also be applied as expenses for renovation work (Note 2) that contributes to environmental improvements.

(Note 1)

Properties with a DBJ Green Building Certificate of 3 stars or higher or a CASBEE Real Estate Certification of B+ rank or higher that have been acquired within three years of the execution of Green Financings or that are planned to be acquired during the remaining period of Green Financings (However, this excludes “Eligible Sustainability Projects” as defined in the Sustainability Finance Framework. Details of “Eligible Sustainability Projects” are as described in



Japan Excellent, Inc.

the “Notice Concerning the Formulation of a Sustainability Finance Framework and Debt Financing (Sustainability Loan)” issued on August 20, 2020.)

(Note 2)

- Renovation construction aimed at reducing CO2 emissions volume or energy usage volume by 20% or more compared to before renovations
- New acquisition of Green Building Certification or renovation construction aimed at improving the certification rank by one level or more

(2) Maximum amount of Green Financings to be procured

The total period-end book value of Eligible Green Projects in the latest fiscal period is multiplied by the total assets-based LTV as of the end of the latest fiscal period to calculate the “amount of Debts of Eligible Green Projects,” and the “total expenditure for renovation work” is added to set the maximum amount of Green Financings to be procured.

The maximum amount of Green Financings to be procured as of the end of June 2021 is ¥64.7 billion. (Book value of Eligible Green Projects of ¥151.6 billion × period-end total assets-based LTV of 42.7% = ¥64.7 billion)

(3) Evaluation, etc. by third-party agencies

JEI has acquired a second-party opinion from the ESG rating company Sustainalytics on the suitability of the Framework (Note).

Additionally, the Framework complies with the following principles and guidelines.

- Green Bond Principles of the International Capital Market Association (ICMA) 2021
- Green Loan Principles of the Loan Market Association (LMA) 2021
- Green Bond Guidelines 2020 of the Ministry of the Environment, Japan
- Green Loan and Sustainability Linked Loan Guidelines 2020 of the Ministry of the Environment, Japan

(Note) For the second-party opinion, please refer to the following website.

[Website of Sustainalytics](#)



2. Details of the Green Syndicate Loan

(1) Details of the debt financing

No.	Lender	Loan Amount	Interest Rate (Note 1)		Borrowing Period	Drawdown Date	Principal Repayment Date (Note 2)	Borrowing Method, Repayment Method, Collateral
1	Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited	¥3.76 billion	Floating	Base interest rate (JBA three-months Yen-TIBOR) +0.330%	4.0 years	November 29, 2021	November 29, 2025	Term loan agreement To be repaid in full on the repayment date
2	Mizuho Bank, Ltd. MUFG Bank, Ltd. Mizuho Trust & Banking Co., Ltd. Resona Bank, Limited	¥5.75 billion	Floating	Base interest rate (JBA three-months Yen-TIBOR) +0.430%	8.0 years	December 30, 2021	December 30, 2029	Unsecured / Non-guaranteed
Total		¥9.51 billion	—	—	—	—	—	—

(Note 1) The base interest rate (JBA three-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 drawdown 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) Note that if the Principal Repayment Date is not a business day, the principal repayment date will be the subsequent business day; provided, however, that if the subsequent business day falls into the following month, the principal repayment date will be the business day preceding the drawdown date.

(2) Purpose of debt financing

The proceeds will be applied as funds for the repayment of the total ¥9.51 billion in debt financings listed in “(3) Total amount to be borrowed, use of proceeds and scheduled expenditure date” below.

(3) Total amount to be borrowed, use of proceeds and scheduled expenditure date

(i) Total amount to be borrowed

¥9.51 billion

(ii) Detailed use of proceeds and scheduled expenditure date

Applied as funds for the repayment of debt financings below (total ¥9.51 billion)

Loan Amount	Scheduled repayment date
¥3.76 billion (Note 1)	November 29, 2021
¥5.75 billion (Note 2)	December 30, 2021



Japan Excellent, Inc.

(Note 1) Details of the said debt financing are as described in 1. [1] of “Notice Concerning Debt Financing” issued on November 24, 2016.

(Note 2) Details of the said debt financing are as described in 1. (1) of “Notice Concerning Debt Financing” issued on December 19, 2014.

3. Status of Borrowings Before and After the Debt Financing

(Millions of yen)

	Before the Debt Financing	After the Debt Financing	Increase/Decrease
Short-term borrowings	0	0	–
Long-term borrowings	87,600	87,600	–
Total borrowings	87,600	87,600	–
Investment corporation bonds	38,000	38,000	–
Total interest-bearing debt	125,600	125,600	–

(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 30th Fiscal Period (ended June 30, 2021) submitted on September 17, 2021, with respect to the risks of the Debt Financing.

(End)

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