



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 a First Right of Refusal for ARK Hills Front Tower

Japan Excellent, Inc. (hereinafter “JEI”) hereby announces that Japan Excellent Asset Management Co., Ltd. (hereinafter “JEAM”), to which JEI entrusts asset management, decided today to acquire a first right of refusal (hereinafter the “First Right of Refusal”) for the acquisition of the trust beneficiary right (hereinafter the “Trust Beneficiary Right”) of ARK Hills Front Tower, as described below.

1. Overview of First Right of Refusal

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| (1) Target asset: | Trust beneficiary rights in real estate, etc. |
| (2) Real estate (trust asset): | ARK Hills Front Tower (hereinafter the “Property”) |
| (3) First Right of Refusal Period: | From May 11, 2022 to May 11, 2025 (hereinafter the “First Right of Refusal Period”) |
| (4) Seller: | Akasaka 2-chome Godo Kaisha (hereinafter the “Seller”) |
| (5) Overview of rights: | If a written offer of purchase (hereinafter the “Written Offer of Purchase”) including a desired transaction date and a desired transaction price is submitted by JEI or JEAM during the First Right of Refusal Period, the Seller shall discuss the terms and conditions of the sale of the Trust Beneficiary Right with JEI, and if an agreement is reached as a result of such discussions, the Trust Beneficiary Right shall be sold to JEI in accordance with such agreement. In such a case, the Seller shall not unreasonably prevent the conclusion of an agreement insofar as the contents of the Written Offer of Purchase are in accordance with the prescribed conditions. In addition, during the First Right of Refusal Period the Seller shall not sell the Trust Beneficiary Right without undergoing the above procedures, shall not make the trustee sell the Property, and the Seller or the trustee is prohibited from soliciting or causing anyone other than JEI or JEAM to apply for the purchase of the Property and the Trust Beneficiary Right, except in certain exceptional cases. |



2. Background and Reason for Acquisition of First Right of Refusal

JEI has concluded a purchase agreement (hereinafter the “Purchase Agreement”) with the sponsor Nippon Steel Kowa Real Estate Co., Ltd. (hereinafter the “Sponsor”) as of February 18, 2022, with the purpose of acquiring 49% of anonymous association equity interest (hereinafter the “Anonymous Association Equity”) under an anonymous association agreement with the Seller, which owns the Trust Beneficiary Right as the business operator. In the Purchase Agreement, JEI and the Sponsor agreed that after JEI had acquired the Anonymous Association Equity, the Sponsor would discuss with the Seller in good faith for the Seller to grant a first right of refusal of the Trust Beneficiary Interest to JEI, and as a result of such discussions JEI has acquired the First Right of Refusal from the Seller.

Regarding the acquisition of the First Right of Refusal, JEI will not pay any consideration to the Seller or the Sponsor, and JEI holds the First Right of Refusal as a right and is not obligated to acquire the Trust Beneficiary Interest.

As JEI aims to acquire the Trust Beneficiary Rights, the acquisition of the First Right of Refusal increases the probability of the future acquisition by JEI and is in alignment with JEI’s basic policy to aim to secure stable revenues and stable growth of its assets over the medium to long term.

For an overview, etc., of the Seller, the Purchase Agreement, the Trust Beneficiary Rights, and the Property, please see “Notice Concerning Acquisition of Equity Interest in an Anonymous Association” announced February 17, 2022.

3. Conflict of Interest of JEAM with the Acquisition of the First Right of Refusal

As Nippon Steel Kowa Real Estate Co., Ltd., which has 50% or more anonymous association investment in the Seller, falls under the category of “related party” as defined in the Investment Trust Act, the Seller, from which the First Right of Refusal are acquired, falls under the category of a “sponsor company” in the “Regulations for Transactions with Sponsor Companies” for JEAM. In concluding the first right of refusal with said sponsor company to acquire the First Right of Refusal, JEAM, in compliance with said Regulations, has had the acquisition approved at a meeting of its Compliance Committee, which includes outside experts, and deliberated and approved at a meeting of its investment committee.

4. Outlook

The acquisition of the First Right of Refusal will have no impact on the operating results and there are no changes to the forecast operating results for the periods ending June 2022 (from January 1, 2022 to June 30, 2022) and ending December 2022 (from July 1, 2022 to December 31, 2022) in “31st Period Financial Results and Forecasts” announced on February 17, 2022.

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