Japan Excellent, Inc.

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Japan Excellent, Inc. (TSE: 8987)
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Notice Concerning Revision of Operating Forecasts for the Fiscal Period Ending December 31, 2026

Japan Excellent, Inc. (hereinafter "JEI") hereby announces revisions to the operating forecasts for the 41st fiscal period ending December 31, 2026 (from July 1, 2026, to December 31, 2026) that were announced in "Japan Excellent, Inc. Reports 39th Period Financial Results" dated February 20, 2026.

1. Details of the Revision

Operating Forecasts for the 41st Fiscal Period Ending December 31, 2026

	Total revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution in excess of earnings per unit (yen)
Previous forecast (A)	11,434	4,883	3,887	3,886	3,100	—
Revised forecast (B)	13,123	6,525	5,530	5,529	3,100	—
Change (B)-(A)	1,688	1,641	1,643	1,643	0	—
Rate of change	14.8%	33.6%	42.3%	42.3%	0%	—

(Note 1) Estimated number of investment units issued and outstanding at the end of the 41st fiscal period ending December 31, 2026: 1,290,487 units (Please refer to "Investment units issued and outstanding" in Appendix.)

(Note 2) "Distribution per unit (excluding distribution in excess of earnings)" in the operating forecasts for the 41st fiscal period ending December 31, 2026, announced in "Japan Excellent, Inc. Reports 39th Period Financial Results" dated February 20, 2026, was calculated based on the assumption that a portion of the reserve for reduction entry (¥114 million) would be reversed and distributed in addition to net income. In this revised forecast, however, it is calculated based on the assumption that the provision of reserve for reduction entry under special provisions for replacement (¥1,529 million) will be deducted from net income and that a portion of the reserve for reduction entry (¥0 million) will be reversed and distributed.

2. Reason for the Revision

As announced in "Notice Concerning Transfer of Domestic Real Estate Trust Beneficiary Rights and Transfer of Domestic Real Estate (Daiba Garden City Building, Sapporo Otemachi Building and Urawa SH Building)" dated today, JEI revises the forecasts for the fiscal period ending December 31, 2026, announced in "Japan Excellent, Inc. Reports 39th Period Financial Results" dated February 20, 2026, due to the transfer of specified

assets of three properties.

For the forecasts for the 42nd fiscal period ending June 30, 2027, please refer to "Japan Excellent, Inc. Reports 40th Period Financial Results" announced on August 21, 2026.

Notes:

1. The operating forecasts referred to above are our current expectations calculated as of the date of this writing, based on assumptions described in Appendix hereto. Actual total revenue, operating income, ordinary income, net income and distribution per unit may substantially differ from these forecasts due to changes in the operating environment and other factors. Furthermore, these forecasts do not guarantee payment of any distribution per unit. Please refer to Appendix "Assumptions for Operating Forecasts for the Fiscal Period Ending December 31, 2026" for details of the assumptions.
2. With respect to the listed numbers, monetary fractions below the specified unit are rounded down and numbers written as a percentage are rounded to the first decimal place.

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

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Appendix

Assumptions for Operating Forecasts for the Fiscal Period Ending December 31, 2026

Item	Assumptions
Investment assets	・The assumptions include the properties held as of the end of the fiscal period ending June 30, 2026, as well as the transfers described in (1) and (2) below (collectively, the "Transfers"). (1) The transfer of the trust beneficiary rights in BIZCORE AKASAKA-MITSUKE is assumed. For details, please refer to "Notice Concerning Acquisition and Transfer of Domestic Real Estate Trust Beneficiary Rights (Acquisition of AKASAKA INTERCITY AIR (Acquisition of Additional Interest) and Aqua Town Nayabashi, and Transfer of BIZCORE AKASAKA-MITSUKE)" dated February 20, 2026. (2) The transfer of the trust beneficiary rights in Daiba Garden City Building and the partial transfer of Urawa SH Building are assumed. For details, please refer to "Notice Concerning Transfer of Domestic Real Estate Trust Beneficiary Rights and Transfer of Domestic Real Estate (Daiba Garden City Building, Sapporo Otemachi Building and Urawa SH Building)" dated August 21, 2026. [Transfer dates (actual and planned)] BIZCORE AKASAKA-MITSUKE : July 3, 2026 Daiba Garden City Building : September 30, 2026 Urawa SH Building : Following completion of the structure removal work by March 26, 2027 ・In practice, the forecasts may fluctuate due to changes in investment assets.
Total revenue	・The forecast of revenues is made on the assumption no tenants will delay or default rental payments. ・A gain on sale of real estate due to the Transfer of ¥2,130 million is expected to be recorded in the fiscal period ending December 31, 2026.
Operating expenses	・Property operating expenses, which is the major operating expense, other than depreciation and amortization are calculated by reflecting the variable elements of the expenses based on past results. ・Depreciation expenses including associated costs and future capital expenditures are calculated based on the straight-line method. JEI estimates ¥1,782 million for the amount in the fiscal period ending December 31, 2026. ・Generally, when real estate and similar assets are purchased or sold, fixed property tax, city planning tax and other taxes are prorated between the previous owner and the purchaser based on the period of ownership and settled at the time of acquisition, and JEI includes the amount equivalent to such settlement payments in the acquisition cost. ・JEI estimates the amount of property management fees to be recorded as expenses will amount to ¥1,630 million in the fiscal period ending December 31, 2026. ・JEI estimates the amount of property tax, city planning tax and other related taxes to be recorded as expenses will amount to ¥1,025 million in the fiscal period ending December 31, 2026. ・An estimate for repair and maintenance expenses of the buildings for the fiscal period is allocated to expenses during each relevant fiscal period. JEI estimates ¥155 million for the amount in the fiscal period ending December 31, 2026. The actual repair and maintenance expenses may, however, differ significantly from the amount estimated herein due to reasons such as occurrence of unexpected repairs.
Non-operating expenses	・JEI estimates ¥1,013 million as non-operating expenses (interest payments, financing expenses, etc.) in the fiscal period ending December 31, 2026.

Item	Assumptions
Interest-bearing debt	・Interest-bearing debt amounts to ¥131,100 million (debt loans: ¥90,100 million; investment corporation bonds: ¥41,000 million) as of the date of this writing. ・It is assumed that refinancing or other measures will be undertaken for ¥2,000 million in investment corporation bonds and ¥4,300 million in long-term loans with maturity or repayment dates falling between the date of this document and the end of the fiscal period ending December 31, 2026.
Total number of investment units issued and outstanding	・The assumption is the number of investment units issued and outstanding as of the date of this document, of 1,290,487 units, and the assumption is that there will be no changes in the number of investment units through to the end of the fiscal period ending December 31, 2026.
Distribution per unit	・Distribution per unit is calculated based on the assumption that distribution will be in an amount that is more than 90% of the amount of distributable earnings but no more than the amount of earnings in accordance with the distribution policy stipulated under JEI's Articles of Incorporation. ・Of the ¥2,130 million in gain on sale of real estate expected to be recorded in the fiscal period ending December 31, 2026, as a result of the transfer of Daiba Garden City Building and other transactions, it is assumed that ¥1,529 million will be set aside as a reserve for reduction entry under special provisions for replacement, as prescribed in the Regulation on Accountings of Investment Corporations, through application of the "Special Taxation Measures for Replacement of Specified Assets" under Article 65-7 of the Act on Special Measures Concerning Taxation. ・The distribution per unit for the fiscal period ending December 31, 2026, is calculated based on the assumption that ¥0 million of the reserve for reduction entry will be reversed and distributed. ・Distribution per unit is subject to change depending on fluctuations in rental revenues caused by changes in investment assets and tenants, contingent repair and maintenance expenses, interest rate fluctuations, additional issue of new investment units and other factors.
Distribution in excess of earnings per unit	・JEI does not assume to distribute monies in excess of earnings (distribution in excess of earnings per unit).
Other	・Forecasts are based on the assumption there will be no material changes in laws, regulations, taxation systems, accounting standards, public listing requirements or rules of the Investment Management Association of Japan that could impact the forecasts presented herein. ・Forecasts are based on the assumption there will be no material changes in economic and real estate market conditions in Japan.