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FOR IMMEDIATE RELEASE

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### **Refinancing Debt using Hybrid Financing**

Tokyo Tatemono Co., Ltd. hereby announced plans to procure funds with new hybrid financing and to repay existing hybrid financing<sup>\*1</sup> that was introduced in September 2012 (collectively referred to hereinafter as “refinancing”).

#### 1. Objective, significance, and reasons for refinancing

The objective of this refinancing is to adequately control financing costs and secure flexibility for financial strategies.

Since we introduced hybrid financing in 2012, our utmost priority has been to strengthen the management infrastructure of Tokyo Tatemono by continuing to implement initiatives to optimize profit margins and fortify our financial position. This new refinancing is based on our policy to conduct disciplined financial management that emphasizes fiscal soundness. Taking into account the results of the aforementioned initiatives and the changes in the external environment, this new round of hybrid financing will differ from our existing hybrid financing in the following manner.

##### (1) Lower procurement cost

We expect it will be possible to substantially lower our financial costs in light of the improvements to our fiscal soundness and the recent financial environment.

##### (2) Reduction in the amount of funds to be procured

The basis for the repayment of existing hybrid financing is to procure funds with hybrid financing instruments that have equity credit of equal or higher value than the existing hybrid financing instruments. However, in light of the considerable improvement to our fiscal soundness and other

factors, the amount of funds we procure with the new hybrid financing instruments will be lower than in 2012.

(3) Securing flexibility for financial strategies

In the event this new hybrid financing is repaid earlier than scheduled, the borrower basically procures funds with financial instruments that have equity credit of equal or higher value than the existing hybrid financing instruments. However we can forego the above fund procurement if our consolidated equity capital increases ¥14.0 billion or higher than it was as of September 30, 2016, and if our consolidated debt-equity ratio is less than 3x, as this indicates we are now more flexible to implement financial strategies.

2. Summary of new hybrid financing (subordinated loan)

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|----------------------------|--|
| (1) Fund procurement       | ¥28.0 billion                          |
| (2) Use of proceeds        | Repayment to existing hybrid financing |
| (3) Contract date          | December 28, 2016 (tentative)          |
| (4) Execution date         | March 31, 2017 (tentative)             |
| (5) Final payment deadline | March 31, 2077 (tentative)             |

However, on and after March 31, 2022, Tokyo Tatemono has the option to pay the principal in full or partially on the interest payment date. In addition, the Company may repay the principal in full or partially before scheduled as long as an agreement has been reached with all lenders and agents.

(6) Interest restrictions

The Company may suspend the interest payment in full or partially, and defer payments at its own discretion.

(7) Subordination clause

In the event liquidation, bankruptcy, corporate reorganization, or civil rehabilitation proceedings are started at Tokyo Tatemono, the lenders have the right to receive payment after all other senior debt is repaid.

(8) Assessment of the equity content of the new hybrid financing instruments by ratings agencies

Equity content: Middle/50 (out of 100) (Japan Credit Rating Agency, Ltd.)

(9) Major investors participating in the new hybrid financing (lenders)

Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Banking Corporation, and three other companies

(Note that the new hybrid financing instruments are legally debt, the same as the existing hybrid financing instruments. These instruments do not come with rights for conversion to common stock so there is no risk of dilution.)

3. Details on the repayment of existing hybrid financing

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|-------------------------------------|---|
| (1) Date of early repayment         | March 31, 2017 (tentative)  |
| (2) Total amount of early repayment | ¥36.0 billion (Breakdown: subordinated loan repayment of ¥32.0 billion and subordinated bond repayment of ¥4.0 billion) |