



February 6, 2017

FOR IMMEDIATE RELEASE

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Contract Regarding Simplified Absorption-type Company Split of Wholly-Owned Subsidiary Tokyo Tatemono Resort Co., Ltd. & Merger Agreement for Simplified Absorption-type Merger with Wholly-Owned Subsidiary Tohnosho Golf Club

The Board of Directors of Tokyo Tatemono Co., Ltd., at a meeting held on February 6, 2017, entered into two contracts. The first contract is for a simplified absorption-type company split in which Tokyo Tatemono will succeed stake in the ownership of the 11 golf course management companies operated by its wholly-owned subsidiary Tokyo Tatemono Resort Co., Ltd. The second contract is a merger agreement. The Board resolved to merge with Tohnosho Golf Club Incorporated, a wholly-owned subsidiary. The company split and the merger will take effect on April 1, 2017.

Note that the company split is a simplified absorption-type company split as Tokyo Tatemono will only succeed a portion of the wholly-owned subsidiary's operations and the merger is a simplified absorption-type merger with a wholly-owned subsidiary. Accordingly, some disclosure items and details have been omitted.

I. Purpose of the reorganization

Tokyo Tatemono Resort and its subsidiaries operated the golf course management business. The purpose of this reorganization is to optimize and improve the efficiency of the golf course management business operated by the Tokyo Tatemono Group.

II. Outline of company split

1. Summary

(1) Schedule

Board of Directors approval: February 6, 2017

Contract date: February 6, 2017

Date company split takes effect: April 1, 2017 (tentative)

*The company split to be conducted by Tokyo Tatemono is a simplified absorption-type company split pursuant paragraph 2, Article 796 of the Companies Act. Meanwhile, this is a short form absorption-type company split for Tokyo Tatemono Resort pursuant paragraph 1, Article 784 of the Companies Act. This company split shall be implemented without seeking approval at the General Meeting of Shareholders.

(2) Company split method

In this simplified absorption-type company split, wholly-owned subsidiary Tokyo Tatemono Resort shall be the company to be split and Tokyo Tatemono shall be the successor company.

(3) Details of the allotment of shares pertaining to the company split

There shall be no allocation of Tokyo Tatemono shares or other considerations to Tokyo Tatemono Resort.

(4) Treatment of equity warrants and bond warrants generated by the company split

Tokyo Tatemono Resort has not issued equity warrants or bond warrants.

(5) Change in capital due to the company split

Tokyo Tatemono's capital will remain the same, unimpacted by the company split.

(6) Rights and obligations to be assumed by the successor company

On the date this company split takes effect, Tokyo Tatemono shall succeed certain assets, liabilities, and other related rights and obligations related to the golf course management business as stipulated by the absorption-type company split agreement.

(7) Outlook for the fulfillment of obligations

Tokyo Tatemono has determined that there are no problems with the certainty of Tokyo Tatemono and Tokyo Tatemono Resort meeting their respective obligations after the company split is executed.

2. Summary of Companies Engaging in Company Split

	Successor company	Company to be split
(1) Corporate name	Tokyo Tatemono Co., Ltd.	Tokyo Tatemono Resort Co., Ltd.
(2) Head office address	1-9-9 Yaesu, Chuo-ku, Tokyo	1-9-9 Yaesu, Chuo-ku, Tokyo
(3) Representative	Hitoshi Nomura Representative Director President & Chief Executive Officer	Tatsuo Usui Representative Director President & Chief Executive Officer
(4) Business operations	Real estate business	Hotel operations Golf course operations Spa facilities operations
(5) Capital	92,451 million yen (current as of Dec. 31, 2016)	100 million yen (current as of Dec. 31, 2016)
(6) Date of establishment	October 1, 1896	June 18, 1987
(7) Total shares outstanding	216,963,374 shares (current as of Dec. 31, 2016)	2,000 shares (current as of Dec. 31, 2016)

(8) Fiscal year-end	December 31		December 31	
(9) Major shareholders and ownership ratios	Master Trust Bank of Japan, Ltd. (Trust Account)	7.42%	Tokyo Tatemono Co., Ltd. (current as of Jun. 30, 2016)	100.0%
	Japan Trustee Services Bank, Ltd. (Trust Account)	4.90%		
	Trust & Custody Services Bank, Ltd. (Investment Trust Collateral Account)	2.97%		
	Sompo Japan Nipponkoa Insurance Inc.	2.42%		
	Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	2.18%		
	JP Morgan Chase Bank 380634 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.93%		
	State Street Bank-West Pension Fund Clients – Exempt 505233 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.59%		
	The Bank of New York 133970 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.46%		
	Japan Trustee Services Bank, Ltd. (trust account 7)	1.34%		
State Street Bank West Client – Treaty 505234 (Standing proxy: Settlement & Clearing Services	1.28%			

	Division, Mizuho Bank, Ltd.) (current as of Jun. 30, 2016)	
(10) Earnings performance and financial position in the most recent fiscal year		
(Million yen with the exception of items expressly mentioned)	Tokyo Tatemono Co., Ltd. (consolidated financial data)	Tokyo Tatemono Resort Co., Ltd. (standalone)
Fiscal year ended	Dec. 31, 2016	Dec. 31, 2016
Net assets	325,593	-5,106
Total assets	1,314,558	23,139
Equity per share (¥)	1,465.30	-2,552,989
Revenue from operations	254,498	12,104
Operating income	36,363	912
Recurring income	30,635	827
Net income	19,742	46
Net income per share (¥)	91.00	22,770

3. Summary of business to be succeeded

(1) Business to be succeeded

Stakes in the ownership of the 11 golf course management companies

(2) Earnings performance for business operations to be succeeded

Only stake in the ownership of the 11 golf course management companies shall be succeeded.

Accordingly, there is no mention of earnings performance as there are no activities that generate sales or earnings.

(3) Assets and liabilities to be succeeded and their respective value (Million yen)

Assets	Liabilities
4,763	4,763

Note: The figures in the tables above are current as of December 31, 2016. The figures differ from the actual value of assets and liabilities to be spun off.

4. Changes after company split

There will be no changes made to the corporate name, address, name and title of representatives, business operations, capital and fiscal years of Tokyo Tatemono.

III. Outline of Merger

1. Summary

(1) Schedule

Board of Directors approval: February 6, 2017

Contract date: February 6, 2017

Date merger takes effect: April 1, 2017 (tentative)

*The merger to be conducted by Tokyo Tatemono is a simplified absorption-type merger pursuant paragraph 2, Article 796 of the Companies Act. Meanwhile, this is a short form absorption-type merger

for Tohnosho Golf Club pursuant paragraph 1, Article 784 of the Companies Act. This merger shall be implemented without seeking approval at the General Meeting of Shareholders.

(2) Merger method

An absorption-type merger shall be adopted with Tokyo Tatemono as the surviving entity.

(3) Details of the allotment of shares pertaining to the merger

There shall be no allocation of Tokyo Tatemono shares or other considerations.

(4) Treatment of equity warrants and bond warrants generated by the merger

Tohnosho Golf Club has not issued equity warrants or bond warrants.

(5) Change in capital due to the merger

Tokyo Tatemono's capital will not change due to the merger.

2. Summary of Companies Engaging in Merger

	Surviving entity	Merging entity												
(1) Corporate name	Tokyo Tatemono Co., Ltd.	Tohnosho Golf Club Incorporated												
(2) Head office address	1-9-9 Yaesu, Chuo-ku, Tokyo	329 Towada, Tohnoshomachi, Katori-gun, Chiba Prefecture												
(3) Representative	Hitoshi Nomura Representative Director President & Chief Executive Officer	Yuichi Watanabe President												
(4) Business operations	Real estate business	Golf course management												
(5) Capital	92,451 million yen (current as of Dec. 31, 2016)	10 million yen (current as of Dec. 31, 2016)												
(6) Date of establishment	October 1, 1896	July 7, 1987												
(7) Total shares outstanding	216,963,374 shares (current as of Dec. 31, 2016)	200 shares (current as of Dec. 31, 2016)												
(8) Fiscal year-end	December 31	December 31												
(9) Major shareholders and ownership ratios	<table border="0"> <tr> <td>Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>7.42%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>4.90%</td> </tr> <tr> <td>Trust & Custody Services Bank, Ltd. (Investment Trust Collateral Account)</td> <td>2.97%</td> </tr> <tr> <td>Sompo Japan Nipponkoa Insurance Inc.</td> <td>2.42%</td> </tr> <tr> <td>Meiji Yasuda Life Insurance</td> <td>2.18%</td> </tr> </table>	Master Trust Bank of Japan, Ltd. (Trust Account)	7.42%	Japan Trustee Services Bank, Ltd. (Trust Account)	4.90%	Trust & Custody Services Bank, Ltd. (Investment Trust Collateral Account)	2.97%	Sompo Japan Nipponkoa Insurance Inc.	2.42%	Meiji Yasuda Life Insurance	2.18%	<table border="0"> <tr> <td>Tokyo Tatemono Resort Co., Ltd.*</td> <td>100.0%</td> </tr> </table> <p>(current as of June 30, 2016)</p>	Tokyo Tatemono Resort Co., Ltd.*	100.0%
Master Trust Bank of Japan, Ltd. (Trust Account)	7.42%													
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Meiji Yasuda Life Insurance	2.18%													
Tokyo Tatemono Resort Co., Ltd.*	100.0%													

	Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	
	JP Morgan Chase Bank 380634 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.93%
	State Street Bank-West Pension Fund Clients –Exempt 505233 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.59%
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	State Street Bank West Client – Treaty 505234 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.28%
	(current as of Jun. 30, 2016)	

(10) Earnings performance and financial position in the most recent fiscal year

(Million yen with the exception of items expressly mentioned)	Tokyo Tatemono Co., Ltd. (consolidated financial data)	Tohnosho Golf Club (standalone)
Fiscal year ended	Dec. 31, 2016	Dec. 31, 2016
Net assets	325,593	79
Total assets	1,314,558	1,353
Equity per share (¥)	1,465.30	397,308
Revenue from operations	254,498	418

Operating income	36,363	38
Recurring income	30,635	28
Net income	19,742	17
Net income per share (¥)	91.00	85,479

Notes: The major shareholder and ownership ratio for Tohnosho Golf Club is current as of June 30, 2016. Tokyo Tatemono shall own 100% of the shares in Tohnosho Golf Club after the completion of the company split.

Tohnosho Golf Club is one of the 11 golf course management companies that are part of the company split. Note that effective April 1, 2017, Tohnosho Golf Club will absorb the other 10 golf course management companies and become the remaining entity. This was approved by the Board on February 6, 2017.

3. Changes after merger

There will be no changes made to the corporate name, address, name and title of representatives, business operations, capital and fiscal years of Tokyo Tatemono.

IV. Outlook

The impact to consolidated earnings is expected to be minimal as the company split and merger shall be carried out with wholly-owned subsidiaries.

(Reference) Forecast of consolidated results for the fiscal year ending December 31, 2017

(Million yen)

Revenue from operations	Operating income	Recurring income	Net income
255,000	42,000	35,500	22,000