



東京建物



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FOR IMMEDIATE RELEASE

Company Name: Tokyo Tatemono Co., Ltd.
Representative: Hitoshi Nomura
Representative Director
President & Chief Executive Officer
Code Number: 8804 (Tokyo Stock Exchange First Section)
Contact: Yoshio Goto
General Manager,
Investor Relations & Corporate Communications
Phone: +81-(0)3- 3274-1984

Notice of Introduction of Stock Compensation Plan

Tokyo Tatemono Co., Ltd. (the “Company”) hereby announces its Board of Directors passed a resolution to newly introduce a stock plan “Board Benefit Trust (BTT)” (the “Plan”) for directors (excluding external directors; the same applies hereinafter unless otherwise specified) and executive officers who do not concurrently serve as a director of the Company (the “Directors, etc.”), at a meeting held on February 5, 2018 and has decided to submit a proposal on the Plan at the 200th General Meeting of Shareholders (the “General Meeting of Shareholders”) to be held on March 28, 2018. Details are as follows.

1. Background and Purpose of Introduction

Compensation for directors of the Company consists of “fixed compensation” and “performance-based compensation.” “Fixed compensation” is set at 35 million yen a month or less as resolved at the 190th General Meeting of Shareholders held on March 28, 2008; and “performance based compensation” is set as 1% of consolidated recurring income and 2% of the income of the previous fiscal year (excluding external directors) as resolved at the 195th General Meeting of Shareholders held on March 28, 2013; and these have been implemented to this date.

The Board of Directors resolved on the introduction of the Plan, provided that it is approved by the shareholders at the General Meeting of Shareholders, with an aim to raise awareness of the Directors, etc. of contribution to expansion of medium- to long-term corporate value by further clarifying linkage between the compensation of the Directors, etc. and the stock value of the Company and sharing not only the benefits of the rise in the stock prices but also the risk of the stock price fall with shareholders.

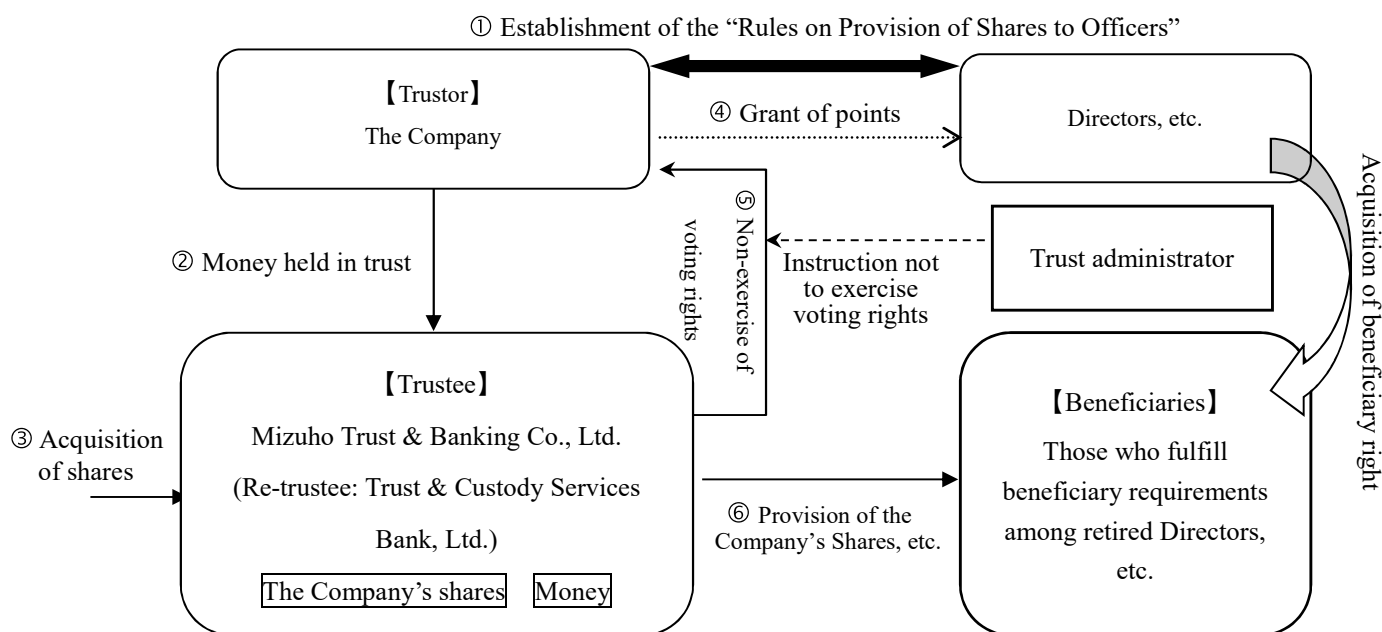
With the introduction of the Plan, compensation for the Directors, etc. will consist of three types: “fixed compensation,” “performance-based compensation” and “stock compensation.”

2. Overview of the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan under which shares of the Company will be acquired through a trust (the “Trust” referring to a trust established based on the Plan) using monetary funds contributed by the Company, and shares of the Company, and the amount of money equivalent to the value of the Company’s shares converted at market value (the “Company’s Shares, etc.”) will be provided to Directors, etc. through the Trust, pursuant to the “Rules on Provision of Shares to Officers” (the “Rules”) set forth by the Company. The provision of the Company’s Shares, etc. to the Directors, etc. will be made at the time of retirement of the Directors, etc. in principle.

<Structure of the Plan>



- ① The Company will establish the “Rules on Provision of Shares to Officers” (the “Rules”) within the scope approved by the General Meeting of Shareholders after resolution on the introduction of the Plan at the General Meeting of Shareholders.
- ② The Company will entrust money within the scope approved by the General Meeting of Shareholders in ①.
- ③ The Trust will acquire the Company’s shares through the trading market, etc. using the money entrusted in ②.
- ④ The Company grants points to the Directors, etc. based on the Rules.
- ⑤ The Trust will not exercise voting rights pertaining to the Company’s shares under the Trust, pursuant to the instruction of the trust administrator independent of the Company.
- ⑥ The Trust will provide those among the retired Directors, etc. who have fulfilled beneficiary requirements set forth in the Rules (the “Beneficiaries”) with the Company’s shares, in accordance with the points granted to the Beneficiaries. However, when requirements set forth in the Rules are met, a certain portion of the Company’s shares will be provided in money equivalent to the market value of the portion of the Company’s shares instead. Furthermore, there may be cases where the Trust sells the Company’s shares in order to make such monetary provision.

(2) Persons eligible for the Plan

Directors (excluding external directors) and executive officers who do not concurrently serve as a director

(3) Trust Period

From May 2018 (planned) until the Trust is terminated. (No specific date of termination of the Trust will be set, and the Trust will remain existent as long as the Plan is in place. The Plan will end upon delisting of the Company's shares, abolition of the Rules and such.)

(4) Amount of Trust Money

Provided that the introduction of the Plan is approved at the General Meeting of Shareholders, the Company will introduce the Plan for a period of three fiscal years from the fiscal year ending December 31, 2018 through the fiscal year ending December 31, 2020 (hereinafter, these three fiscal years are referred to as the "Initial Subject Period"; and the Initial Subject Period and each three-fiscal-year block starting upon the end of the Initial Subject Period is referred to as "Subject Period.") and for the Subject Periods thereafter; and will contribute money described below to the Trust as funds for the Trust to acquire the Company's shares in order to provide the Company's Shares, etc. to the Directors, etc.

First, upon establishment of the Trust (May 2018 (planned)), the Company will contribute money in the amount equivalent to the amount expected to be necessary in the Initial Subject Period and establish the Trust. Since the maximum number of points granted to the Directors, etc. based on the Plan is 60,000 points per fiscal year (of which, 40,000 points are for directors) as described in (6) below, the Company will, upon the establishment of the Trust, contribute funds in the amount which is reasonably expected to be necessary to acquire a maximum of 180,000 shares, taking into account the closing price of the Company's common shares in the immediately preceding regular trading session at the Tokyo Stock Exchange. Applying the closing price on February 2, 2018 (1,739 yen) as reference, the required amount of funds will be a maximum of approximately 314 million yen.

In addition, the Company will make additional contributions to the Trust, even after the Initial Subject Period until the Plan is terminated, in amount which is recognized necessary for the Trust to acquire the Company's shares in advance, by reasonably projecting the number of shares necessary for the provision to the Directors, etc. based on the Plan for each Subject Period in principle. However, in cases where such additional contributions are to be made, where there are any of the Company's shares (excluding the Company's shares equivalent to points granted to the Directors, etc. in or before the immediately preceding Subject Period that are yet to be provided to the Directors, etc.) and money remaining in the trust assets (the "Residual Shares, etc."), the Residual Shares, etc. will be allocated to funds for provision based on the Plan in the Subject Periods thereafter; and the amount of additional contributions for the Subject Periods will be calculated after taking into account the Residual Shares, etc.

(5) Method of Acquiring the Company's Shares and the Number of Shares to be Acquired

The Trust will acquire the Company's shares through the trading market, etc. using the funds contributed as in (4) above.

With regard to the Initial Subject Period, the Trust will acquire up to 180,000 shares without delay after the

establishment of the Trust.

(6) Number of the Company's Shares, etc. to be Provided to the Directors, etc.

The Directors, etc. are granted points of which number is determined considering their position based on the Rules for each fiscal year. The maximum total number of points granted to the Directors, etc. per fiscal year will be 60,000 points (of which, 40,000 points are for directors). The number has been decided after comprehensively taking into account the level of current compensation for officers, trends and outlook of the number of the Directors, etc. among other factors; and has been judged to be appropriate.

Upon provision of the Company's Shares, etc. described in (7) below, the points granted to the Directors, etc. will be converted to the Company's common shares with one point being equivalent to one share. (However, in case where a share split, allotment of shares without contribution or reverse share split is conducted for the Company's shares after the approval resolution at the General Meeting of Shareholders, the maximum number of points, the number of points that has been granted and the conversion rate will be reasonably adjusted in accordance with the ratio, etc. of such.)

The number of points for the Directors, etc. which serves as the base for provision of the Company's Shares, etc. described in (7) below will be, in principle, the number of points granted to the relevant Directors, etc. before retirement (hereinafter, the number of points calculated in this manner is referred to as the "Final Number of Points").

(7) Provision of the Company's Shares, etc. and Calculation Method of Compensation, etc.

When Directors, etc. retire and fulfill beneficiary requirements set forth in the Rules, the relevant Directors, etc. will be, upon retirement, provided with Company's shares in a number which is in accordance with the Final Number of Points determined in (6) above, in principle, by the Trust, after completing prescribed procedures for beneficiary confirmation.

However, when requirements set forth in the Rules are met, a certain portion of the Company's shares will be provided in money equivalent to the market value of the portion of the Company's shares instead. Furthermore, there may be cases where the Trust sells the Company's shares in order to make such monetary provision.

The amount of compensation, etc. for the Directors, etc. will be based on the amount obtained by multiplying the total number of points granted to the Directors, etc. upon point granting by the book value per share of the Company's shares held by the Trust (However, in case where a share split, allotment of shares without contribution or reverse share split is conducted for the Company's shares, the amount will be reasonably adjusted in accordance with the ratio, etc. of such). Furthermore, when money is provided as an exceptional case pursuant to the Rules and the amount is considered to be appropriate, the amount will be added to the above.

(8) Exercise of Voting Rights

Voting rights pertaining to the Company's shares under the Trust will not be exercised without exception, pursuant to the instruction of the trust administrator. This is to secure neutrality towards the management of the Company regarding exercise of voting rights pertaining to the Company's shares under the Trust.

(9) Treatment of Dividends

Dividends paid on the Company's shares under the Trust will be received by the Trust and allocated to acquisition of the Company's shares, trust fees for the trustee of the Trust, etc. In case where the Trust is terminated, of any residual money in the Trust, the portion that exceeds the amount set forth in the trust agreement of the Trust will be, pursuant to the Rules, provided to Directors, etc. in office at that time, prorated in accordance with the number of points held by each.

(10) Treatment upon Termination of the Trust

The Trust will be terminated when reasons such as delisting of the Company's shares and abolition of the Rules have arisen.

The residual assets under the Trust upon termination of the Trust will be treated appropriately in accordance with laws and regulations, the Articles of Incorporation of the Company and the trust agreement of the Trust.

【Overview of the Trust】

- ① Name : Board Benefit Trust (BBT)
- ② Trustor : Tokyo Tatemono Co., Ltd.
- ③ Trustee : Mizuho Trust & Banking Co., Ltd.
(Re-trustee: Trust & Custody Services Bank, Ltd.)
- ④ Beneficiaries : Retired Directors, etc. who have fulfilled beneficiary requirements set forth in the Rules
- ⑤ Trust administrator : To select a third person who has no interest with the Company
- ⑥ Type of trust : Money deposited other than money in trust (Third party benefit trust)
- ⑦ Date of the Trust Agreement : May 2018 (planned)
- ⑧ Date to entrust money : May 2018 (planned)
- ⑨ Trust period : From May 2018 (plan) until the Trust is terminated
(No specific date of termination of the Trust will be set, and the Trust will remain existent as long as the Plan is in place.)