

August 16, 2023

Company name: J T O W E R Inc.
Representative: Representative Director
Atsushi Tanaka
(TSE Growth Code No. 4485)
Contact: Ryosuke Nakamura
Managing Director, CFO

Notice of Borrowing by a Subsidiary and Request for Preferred Equity Investment

At a meeting of the Board of Directors held on August 16, 2023, JTOWER Inc. (the "Company") resolved that JTOWER Infrastructure Inc. (the "Subsidiary") will borrow a total of 18.8 billion yen (15.9 billion yen in senior loans, 2.8 billion yen in consumption tax loans) (the "Subsidiary Borrowing") and will request preferred equity investments total of approximately 13.1 billion yen (the "Preferred Equity Investment"; together with the Subsidiary Borrowing and the Preferred Equity Investment, the "Financing"), based on the commitment line agreement (the "Subsidiary Loan Agreement") and a preferred equity investment agreement (the "Preferred Equity Investment Agreement") with the Company and several financial institutions which was disclosed in the "(Progress of disclosed matters) Notice Regarding the decision to enter into a financing contract for the Carve-out of up to 6,002 telecommunications towers from NTT DOCOMO" on November 30, 2022.

1. Purpose of the Financing

As disclosed in the "(Progress of disclosed matters) Notice Regarding the decision to enter into a financing contract for the Carve-out of up to 6,002 telecommunications towers from NTT DOCOMO" on November 30, 2022, the Company had resolved to raise funds, including the fund raising through a financing structure utilizing the Subsidiary (for details, please refer to "Notice of Establishment of Subsidiary" on 15 April, 2022) to acquire up to 6,002 telecommunications towers from NTT DOCOMO, INC. As part of this financing, the Subsidiary Borrowing of 18.8 billion yen (drawdown) under the Subsidiary Loan Agreement will be executed and the Preferred Equity Investments total of approximately 13.1 billion yen based on the Preferred Equity Investment Agreement will be requested. The Financing by the Subsidiary is executed for the acquisition of a portion of the telecommunications towers.

2. Outline of the Subsidiary Loans

(1)	Borrower	JTOWER Infrastructure Inc.
(2)	Use of funds	Appropriation for acquisition costs of telecommunications tower facilities and related costs
(3)	Lenders	MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation
(4)	Commitment	Approx. 62.4 billion yen (Of which, Consumption Tax Loans

	amount	approx. 9.3 billion yen)
(5)	Term of commitment	From February 28, 2023 to August 31, 2024
(6)	Final repayment date	September 30, 2046 (Consumption Tax Loans: For each loan, the date 9 months after the drawdown date)
(7)	Applicable interest rate	Base interest rate + Spread (Note 1)
(8)	Collateral status	Secured (Note), Non-guaranteed
(9)	Amount of borrowing	Approx. 18.8 billion yen (remaining commitment amount) Approx. 27.5 billion yen (Of which, Consumption Tax Loans approx. 3.6 billion yen)
(10)	Date of borrowing	August 31, 2023

(Note) The equities and other assets of the Subsidiary have been collateralized.

3. Outline of the Investors in the Preferred Equity Investment

In accordance with the Preferred Equity Investment Agreement concluded with the Subsidiary, the Company is requesting the Preferred Equity Investment of approximately 13.1 billion yen out of the maximum amount of the Preferred Equity Investment, and a summary of the investors is as follows.

In the event that surplus funds are generated from the Subsidiary's business due to the progress of Infra-Sharing, the preferred members of the Subsidiary will have the right to receive dividends in priority to the common member of the Subsidiary in accordance with the provisions of the various agreements in the Financing.

① MUFG Bank, Ltd.

(1)	Name	MUFG Bank, Ltd.
(2)	Head office address	2-7-1, Marunouchi, Chiyoda-ku, Tokyo
(3)	Name and role of representative	Junichi Hanzawa President & CEO
(4)	Business Profile	Banking business

② JA Mitsui Leasing, Ltd.

(1)	Name	JA Mitsui Leasing, Ltd.
(2)	Head office address	Ginza Building, 8-13-1 Ginza, Chuo-ku, Tokyo
(3)	Name and role of representative	Keito Shimbu President & CEO
(4)	Business Profile	Leasing, installment sales, financing, other associated business

③ Mitsubishi HC Capital Inc.

(1)	Name	Mitsubishi HC Capital Inc.
(2)	Head office address	Shin-Marunouchi Building, 1-5-1, Marunouchi, Chiyoda-ku, Tokyo

(3)	Name and role of representative	Taiju Hisai Representative Director, President & CEO
(4)	Business Profile	Lease, installment sales, financing and other business

④ Sumitomo Mitsui Trust Bank

(1)	Name	Sumitomo Mitsui Trust Bank
(2)	Head office address	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3)	Name and role of representative	Kazuya Oyama President
(4)	Business Profile	Trust business and banking business

4. Future Outlook

Upon completion of the Financing, the Company will continue transferring the telecommunications towers which meet certain conditions from NTT DOCOMO, INC. and the transaction is expected to result in revenue and gains or losses of profits from the timing of the transfer of each tower. The cost of the Financing has already been factored into our earnings forecast for the fiscal year ending March 31, 2024.