



# JTOWER

## Tower carve-outs from NTT DOCOMO No.2

September 26, 2023  
JTOWER Inc.

**Infra-Sharing  
Services  
from Japan  
Lead the World**

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The logo for NTT docomo, with "NTT" in small red letters above the word "docomo" in a larger red font.

**Decided to enter into the master transactions agreement for carve-outs of up to 1,552 telecommunications towers owned by NTT DOCOMO ("DOCOMO")**

- ✓ Realized additional **large-scale carve-out deal** following the acquisition of up to 6,002 towers agreed in March 2022.
- ✓ After this transaction, the total number of towers\*<sup>1</sup> reaches **approximately 80% of KPI of mid-long-term financial target (10,000 towers in FY03/2027)** and the foundation of **tower business expanded**.

\*1: The total of rural towers, digital poles and carve-out towers (from NTT WEST, NTT EAST and NTT DOCOMO) as of September 2023, including the towers decided to be constructed or transferred.

# Transaction Summary

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## Overview

- ✓ Decided to enter into the master transaction agreement for tower carve-outs of up to **1,552** towers from DOCOMO and DOCOMO will lease these towers after the transfer.
- ✓ Conclusion of the agreement : September 26, 2023 (tentative)
- ✓ Purchase Price : **17.0** billion yen (maximum)

## Assets

- ✓ Selected up to 1,552 towers that can be shared with other operators.
- ✓ The initial tenancy ratio at the time of transfer is 1.0x.
- ✓ Steady transfer from the towers with the right condition and DOCOMO will start leasing these towers after the transfer process has been completed.

## Financial Impact /Economics

(Estimation when the tenant is  
DOCOMO only)

- ✓ Annual Revenue (full year) : Approx. **1.2-1.6** billion yen
- ✓ EBITDA margin : Approx. **40-50%**

## Schedule

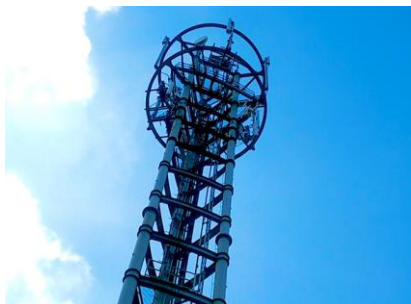
- ✓ The asset transfer is planned to start gradually from Q4 FY03/2024.

## Funding

- ✓ Borrowings and self-financing.
- ✓ With respect to a portion of the fund for the acquisition of towers we plan to borrow from financial institutions and receive preferred equity investment from investors through a financing structure utilizing a scheme to establish a subsidiary as an SPC and, if necessary, through other funding approaches.
- ✓ Received an intention from Mizuho Bank, Ltd. to provide a certain amount of loans, subject to the conclusion of the master transaction agreement and certain other matters.

# Characteristics of carve-outs towers (DOCOMO towers) JTOWER

Agreed in March 2022



Agreed in September 2023



**Total number of towers<sup>\*1</sup>**

**6,002**

**1,552**

**Location**

Suburban and rural areas nationwide

Suburban and rural areas nationwide

Purchase Price/tower

**17.7 million yen**

**11.0 million yen**

Annual revenue/tower<sup>\*2</sup>

**1.5 million yen**

**0.9 million yen**

EBITDA margin<sup>\*2</sup>

**40-50%**

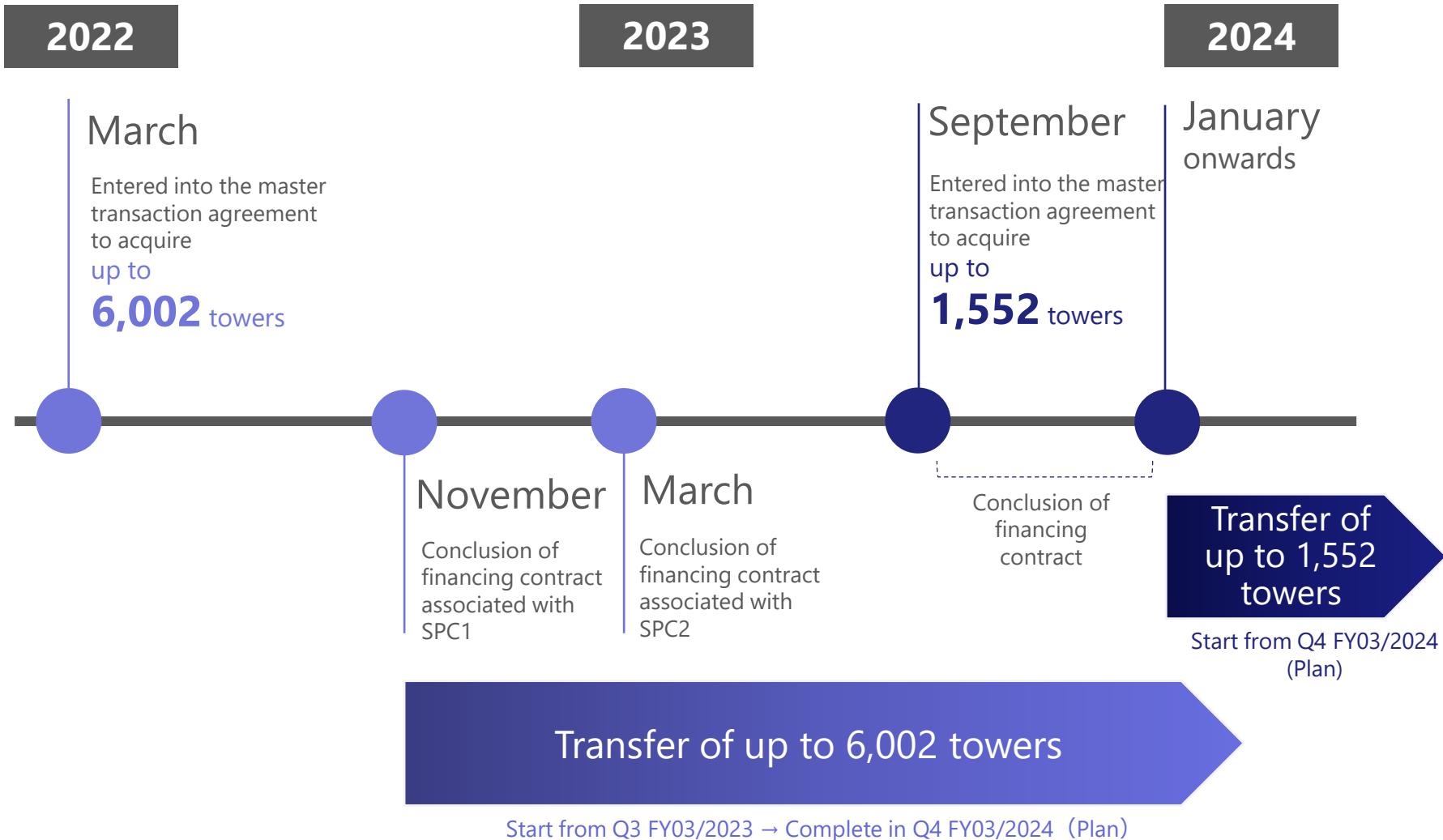
**40-50%**

<sup>\*1</sup> The number is the total number agreed upon in the master transaction agreement.

<sup>\*2</sup> When the tenancy ratio = 1.

# Progress and outlook (from the conclusion of contracts to tower transfer)

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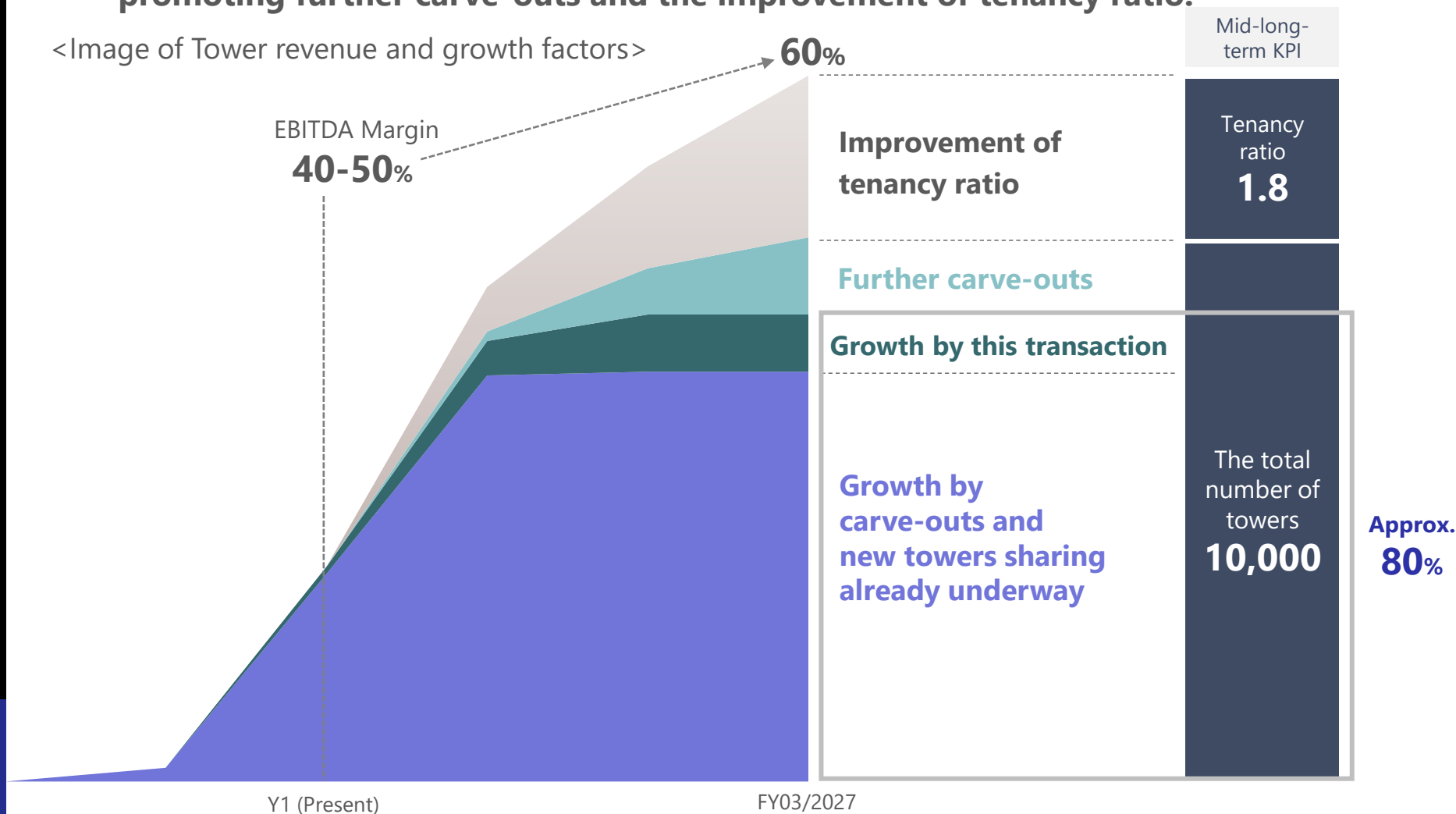


# Image of revenue growth of Tower business toward mid-long-term financial targets (FY03/2027)

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- After this transaction, the total number of towers reaches approx. 80% of KPI of mid-long-term financial target (10,000 towers). Accelerate revenue growth by promoting further carve-outs and the improvement of tenancy ratio.

<Image of Tower revenue and growth factors>



- Aim to achieve medium-to long-term financial targets (FY03/2027) by accelerating revenue growth and improvement of profitability through the promotion of the following measures.

## Further increase in the number of towers

- ✓ Promote measures to increase the number of towers, including further carve-outs, aiming for the early achievement of the medium-to long-term targets of 10,000 towers.
- 

## Improvement of tenancy ratio

- ✓ Increase revenue and profitability by improving the tenancy ratio of acquired towers.
  - ✓ With regard to attracting tenants, we are promoting sales activities to conduct trials in the transferred towers and conclude master lease agreements.
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Q	A
What are the selection criteria for the 1,552 towers to be purchased?	Selected mainly more than 20m high towers that can be shared by multi tenants. The locations of towers are centered on suburban and rural areas nationwide.
Are most of the towers ground stations? Also, what percentage of towers are built on leased land that require contract transfers with landowners?	Most of the towers are ground stations, and they are built on leased land that requires contract transfers with landowners.
As in the previous transaction, is DOCOMO the only tenant at the time of transfer?	The tenancy ratio at the time of transfer is 1.0x, and only DOCOMO is using.
Will the transfer work be ordered to the same outsourcing partners as the transfer of 6,002 towers?	The transfer work is basically planned to be ordered to the same outsourcing partners.
When is the company aiming to complete the entire transfer?	We aim to complete the entire transfer as soon as possible within FY03/2025.
Are there any one-time costs associated with the transaction? (Finance structuring costs, sharing preparation costs, etc.) Also, what is the impact on FY03/2024 forecast?	The impact is under review and will be disclosed as soon as it is determined.

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