

Acquisition of Remaining Interest in Aviation Capital Group September 9, 2019



Creating new values from
Finance × Services × Business Expertise
Tokyo Century Corporation

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Overview of the Acquisition

Target	Aviation Capital Group LLC (ACG)
Structure (*1)	Tokyo Century (TC) to acquire the remaining 75.5% interest in ACG from Pacific Life Insurance Company (Pacific Life), a leading US life insurance company (Acquiring interests through TC Skyward Aviation U.S., Inc., a 100% subsidiary of TC)
Purchase Price (*2)	Approximately USD 3,000MM
Financing	TC plans to finance this acquisition in line with its policy to maintain financial stability Specifically, TC will use cash-on-hand and bridge loans at time of transaction close and will later refinance in stages through permanent financing TC is examining various financing options, including loans from financial institutions and hybrid financing
Expected Closing Date	December 2019 (after obtaining customary regulatory approvals)

(*1) TC acquired a 20% interest in ACG from Pacific Life, making it an equity-method affiliate in December 2017. TC increased its ownership stake to 24.5% in March by subscribing to ACG's newly issued interests.

(*2) Purchase price will be adjusted based on the financial figures as of closing in accordance with certain procedures set out in the definitive agreement.

Overview of Aviation Capital Group (1/2)

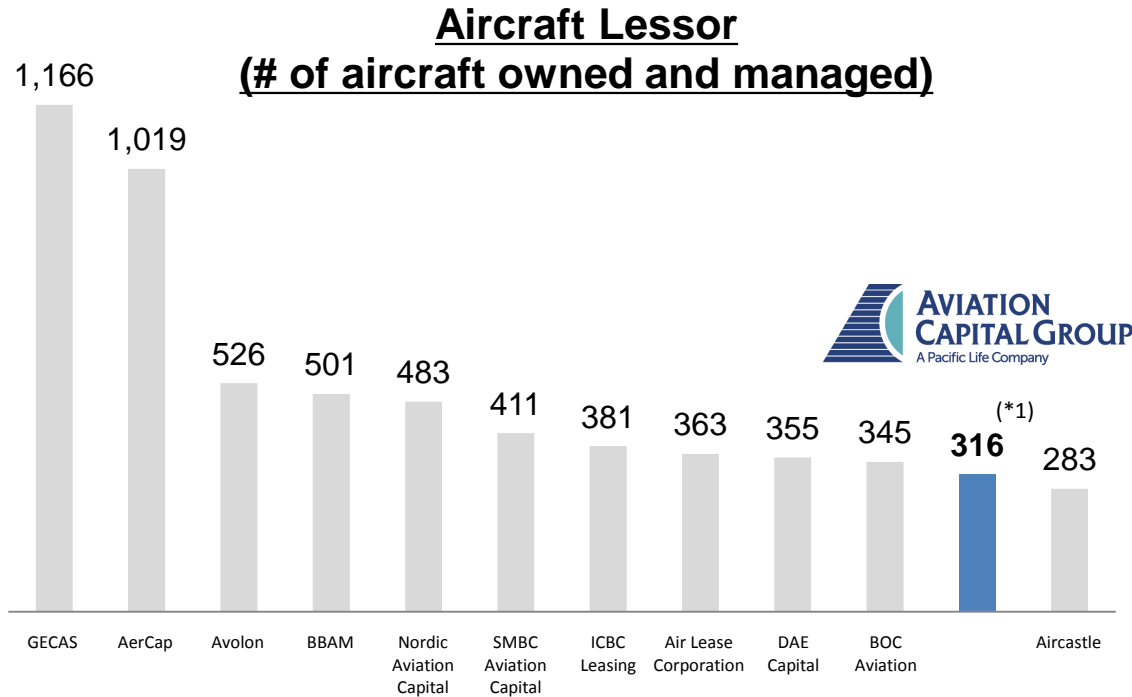
<p>Company Name</p>	<p>Aviation Capital Group LLC (ACG)</p>	
<p>HQ Location</p>	<p>California, USA</p>	
<p>Company Representative</p>	<p>Khanh T. Tran President and Chief Executive Officer → In the current position since Jan. 2016 → Previously CFO, President, and other roles within Pacific Life</p>	
<p>Business Description</p>	<p>Aircraft Leasing, Trading and Asset Management Business</p>	
<p>Year of Establishment</p>	<p>1989</p>	
<p>Relationship between TC and ACG(*1)</p>	<ul style="list-style-type: none"> → TC acquired a 20% interest in ACG from Pacific Life, making it an equity-method affiliate, in December 2017. TC increased its ownership stake to 24.5% in March by subscribing to ACG’s newly issued interests → Two directors appointed from TC. Several TC employees located on-site at ACG → TC outsources technical and remarketing services on TC’s fleet of aircraft to ACG 	

(*1) As of September 9, 2019

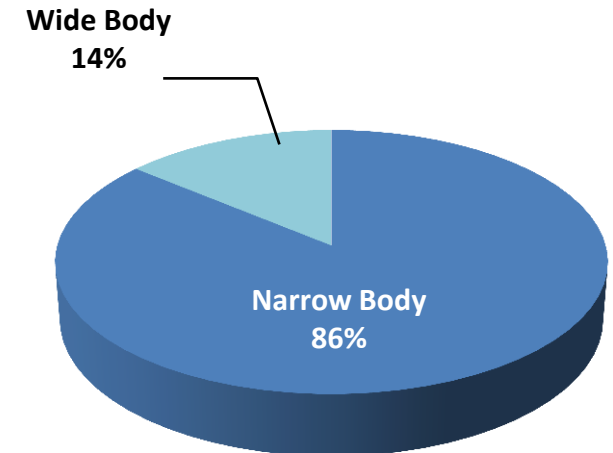
Overview of Aviation Capital Group (2/2)

Characteristics of ACG

- No.11 worldwide in aircraft leasing based on the number of aircraft owned and managed
- Solid operation centered around narrow body aircraft with high liquidity
- Owns platform, including marketing, technical, finance, and asset management functions



ACG Fleet Portfolio^(*2)



As of June 30, 2019

Source: FlightGlobal (Cirium), ACG Disclosure

(*1) ACG has committed to 165 aircraft, thus the total number of owned, managed and committed aircraft is 481

(*2) Based on Current Market Value (CMV) of aircraft owned and managed

Strategic Rationale of the Acquisition

Aims to achieve medium- to long-term sustainable growth

Strategic Opportunity

- Built strong relationship and developed a firm understanding of ACG's business since our initial investment
- Opportunity to acquire a leading aircraft leasing platform and increase TC's commitment to the aircraft leasing business

Strengthening Aviation Business

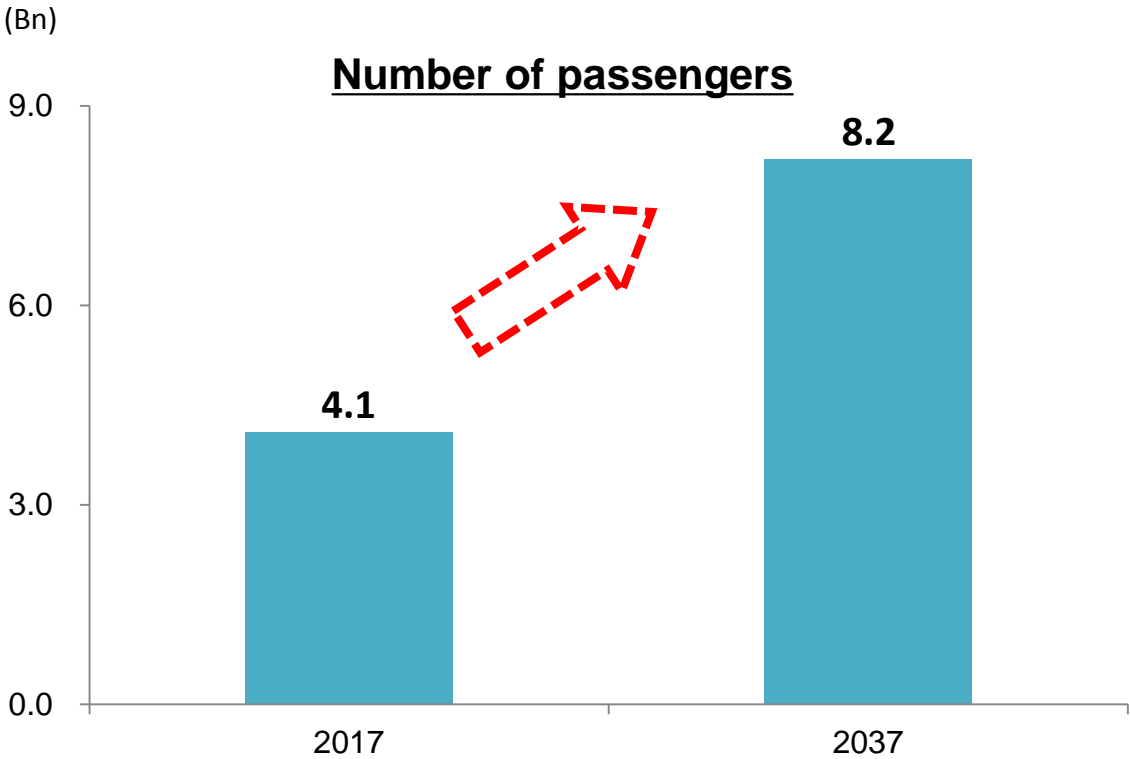
- Expanding our "aviation business" as a key area of focus with ACG's high level of competitiveness, expertise and existing strong platform
- Strengthening TC's aircraft business, which is one of the highest growth and key focus areas for TC

Group Synergy

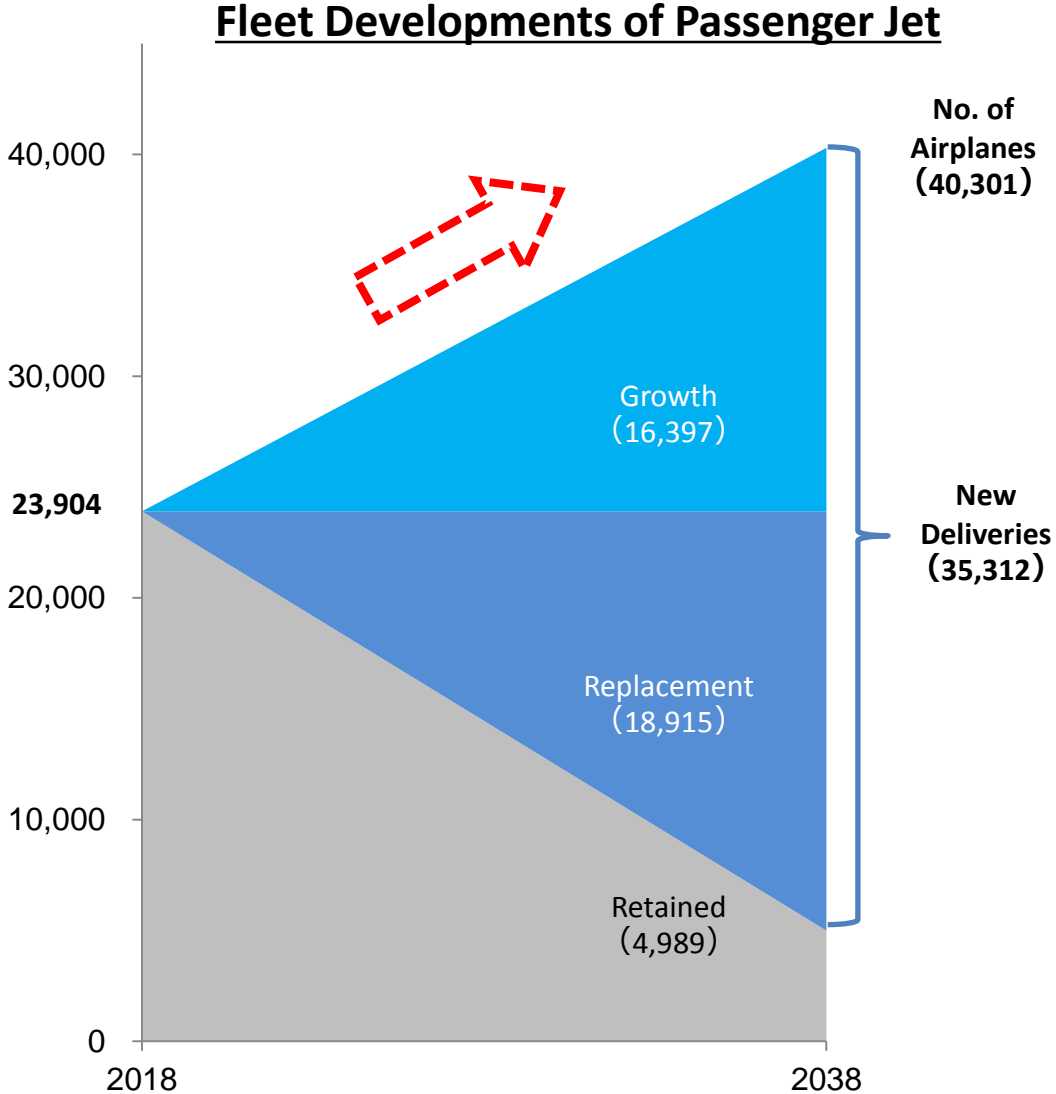
- Commitment to operating lease business and enhancing the value chain of our aviation business
- Collaboration with aircraft finance / aftermarket businesses to enhance offering throughout the value chain

Commercial Aircraft Market Outlook

- The annual number of passengers is expected to reach 8.2 billion in 2037 due to the increase in passengers in Asia region
- Passenger transport's demand will increase the demand for commercial aircraft. The number of commercial aircraft is expected to almost double in 2038 from 2018

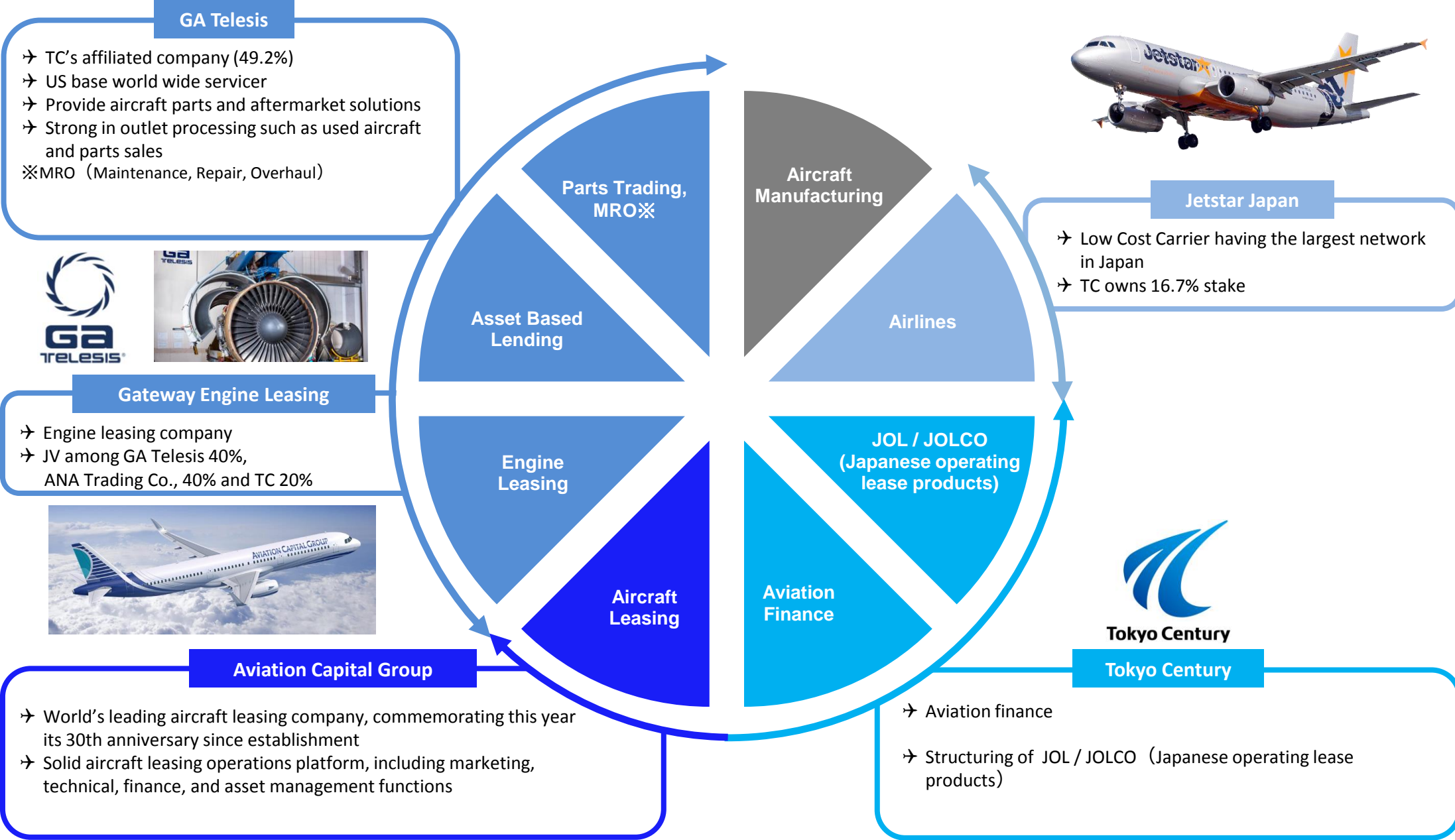


Source : IATA (International Air Transport Association)

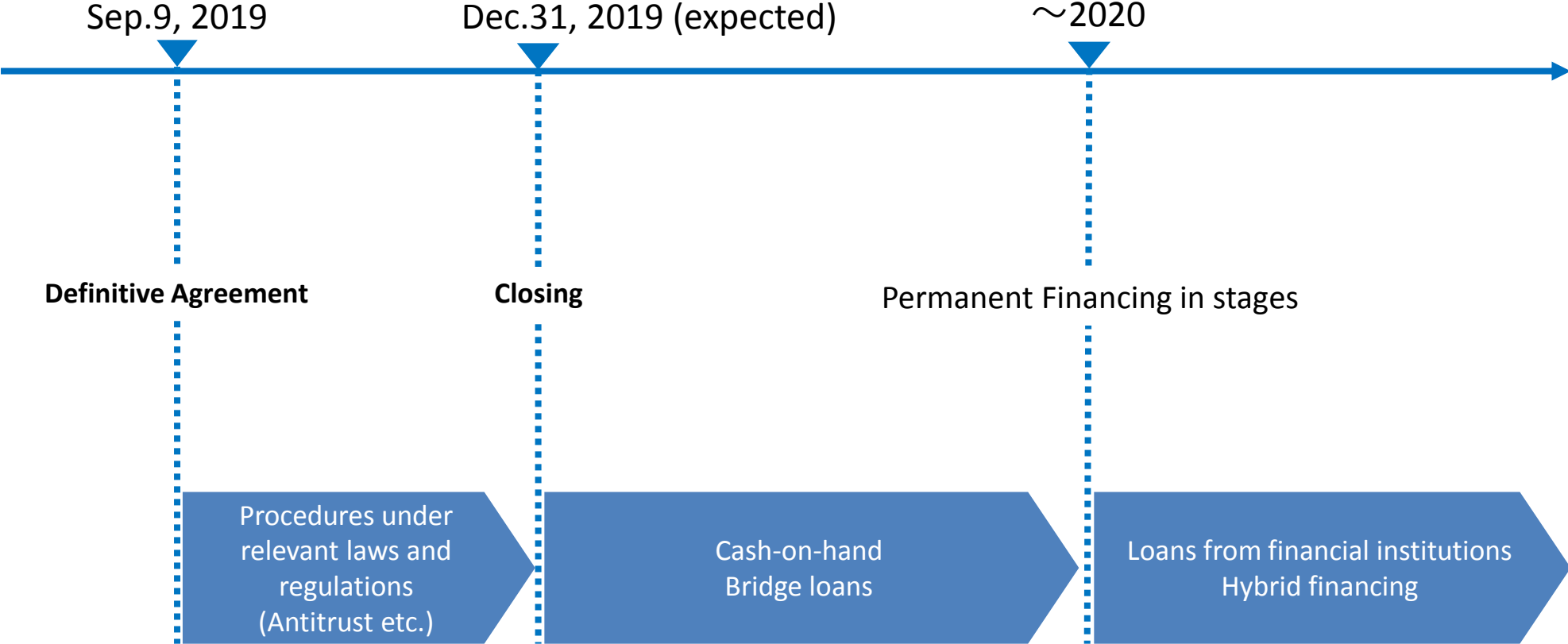


Source : Japan Aircraft Development Corporation
"Worldwide Market Forecast 2019-2038"

Overview of TC's Aviation Business



Contemplated Schedule





Disclaimer

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Tokyo Century has taken reasonable care in preparing the information in this document, but does not guarantee its accuracy or completeness.

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