



News Release

April 1, 2014  
Capital Eye Ltd.

**BEST DEALS OF 2013 Awards Selection:**  
**NTT DOCOMO's Straight Bond, Suntory's IPO**

On April 1, Capital Eye Ltd. announced its Awards "BEST DEALS OF 2013". The honors reflect the results of surveyed responses from securities companies and institutional investors, combined with Capital Eye's editorial judgment, in determining the most outstanding issuers of bond and equity transactions of the 2013 fiscal year (April 2013 to March 2014).

In the straight bond category, deals that braved an era of unprecedented monetary easing stood out. Among straight corporate bonds, NTT DOCOMO's highly rated 10-year paper established the benchmark standard despite slack supply and demand conditions. Among zaito, or agency bonds, Japan Housing Finance Agency took top honors with its 30-year paper, while Japan Finance Organization for Municipalities (JFM) won honors for upping the issuer ante. Among Samurai issuers, France's Banque Fédérative du Crédit Mutuel (BFCM) garnered plaudits with its large offer, while domestic issuers SoftBank Corp. and Central Japan Expressway also earned high praise.

In the new equity issue category, Suntory Beverage & Food Ltd.'s IPO deal made an impression with its name recognition and deal size, while CYBERDYNE Inc. also won for its innovative business and listing scheme. Among follow-on public offers (POs), MITSUBISHI MOTORS concluded its rebirth phase with a successful cash-raising offer, while DENTSU impressed overseas investors with its growth plan. In the convertible bond (CB) market, THE SHIZUOKA BANK became the first Japanese bank to print dollar-denominated paper, while department store operator Takashimaya was the first to publish a negative yielding 7-year tranche. Among active capital raising J-REITs, IPOs from both Hulic Reit and Aeon REIT Investment received high marks, while Nippon Prologis REIT produced its second global offering, winning the award for best issuer.

**STRAIGHT BONDS**

**Best Deal-Winner**

No. 20 NTT DOCOMO	Nov 15, 2013	10-year	Y50bn
〈Nomura / Mitsubishi UFJ Morgan Stanley / Mizuho / Goldman Sachs / SMBC Nikko〉			

Appearing in a new era of unprecedented monetary easing, falling interest rates and slack supply and demand conditions, NTT DOCOMO's 10-year offer was selected as the top corporate deal with its appropriate spreads, and for helping to making the environment generally more deal-friendly for future issuers. By wisely eschewing the longstanding practice of aiming for a single-digit pricing over sovereign bonds, DOCOMO's paper ended at a level of 13bps over the benchmark, but gaining the support of a broad swathe of investors. Appearing in a time when smaller deals were proliferating, the Y50 billion benchmark-sized offer was an unqualified success.

### **Best Deal-Runner-up**

No. 44 SoftBank Corp. 〈Mizuho / SMBC Nikko / Daiwa / Nomura / Mitsubishi UFJ Morgan Stanley〉	Nov 22, 2013	7-year	Y50bn
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SoftBank's single-A class, seven-year Y50 billion offer was largest of its kind since the 2008 Lehman Shock, leaving the impression that credit markets had perhaps returned to a robust state. Funds from the deal were earmarked for an aggressive, large M&A purchase by the company. A credit downgrade had already been priced into the deal, however, engendering a sense of ease and luring investor buying.

### **Special Prize**

No. 54 TOSHIBA CORPORATION	May 24, 2013	3-year	Y20bn
No. 55 TOSHIBA CORPORATION	May 24, 2013	5-year	Y60bn
No. 56 TOSHIBA CORPORATION 〈Nomura / Mizuho / Daiwa / SMBC Nikko〉	May 24, 2013	7-year	Y10bn

TOSHIBA's offer was issuing tonic for the consumer electronics making sector, itself beset with red ink at the time. Aggressively taking advantage of the industry's decline, TOSHIBA essentially drew the line for its peers, coming quickly with its large-scale, combined Y90 billion transaction, and afterwards establishing a good momentum in the market.

### **Special Prize**

No. 102 TOBU RAILWAY 〈Mizuho〉	Oct 17, 2013	12-year	Y10bn
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TOBU's Y10 billion transaction represented the first super-long straight bond offer by a Japanese company whose credit rating is single-A minus and below in two years, and its first super-long paper in sixteen-and-a-half years. The opening of the company's iconic TOKYO SKY TREE allowed for credit upgrades in January and in April 2013. These, along with the firm's brand appeal, enabled the 12-year deal to become possible, and helped push demand to twice the issuing amount.

### **Best Issuer of 2013**

SoftBank Corp.

Despite a credit rating cut and worsening financials and other negative conditions, SoftBank managed to come to market with a large-scale deal that calibrated spreads appropriately with risk, producing another in a string of consistently successful transactions. The company displayed active, dexterous handling of not only the domestic institutional investor-oriented tranche of paper but also the overseas tranche, earning plaudits. SoftBank was able to print Y400 billion worth of bonds of individual investors in June--its largest-ever issue--as it made ample use of its strong name recognition. It also produced Y50 billion in paper for institutions, and the equivalent of a total of \$3.3 billion in dollar- and euro denominated bonds.

## **ZAITO (AGENCY) BONDS**

### **Best Deal-Winner**

No. 135 Japan Housing Finance Agency 〈Mitsubishi UFJ Morgan Stanley / Nomura / SMBC Nikko〉	May 21, 2013	30-year	Y30bn
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In the non-government guaranteed paper market, Japan Housing Finance Agency's 30-year offer represented the vanguard. Amid unprecedented monetary easing, heightened market volatility and softening demand in the super-long zone, deal managers were able to spot the big-ticket interest where it did exist, resulting in a successful, large-scale Y30 billion issue, which also helped to positively influence other transactions that followed.

**Special Prize**

No. 40 Development Bank of Japan  
 〈Mizuho〉

Nov 6, 2013      8-year      Y20bn

Facing investors sensitive to interest rate risk and preferring floating-rate paper, Development Bank of Japan (DBJ) found a way to get its deal done as market conditions permitted, at issuing costs largely the same as with its customary fixed-rate paper, and its bonds were readily digested. In a market punctuated by unprecedented monetary easing and heightened volatility, DBJ was able to find a solution in order to successfully navigate the rough seas. The issue was the first floating-rate bond from a higher than double-A rated issuer or a zaito issuer.

**Best Issuer of 2013**

Central Nippon Expressway Company

Central Nippon Expressway Company (Nexco Central) produced its largest single-tranche bond transaction, a five-year, Y70 billion deal, in all printing a total of Y195 billion in domestic paper. By focusing on communication with investors, deal management and appropriate tenor space, Nexco Central's are always readily digested. It also printed the first euro-dollar bond for road-building firm, equivalent to Y100 billion.

**REGIONAL BONDS**

**Best Deal-Winner**

No. 54 Japan Finance Organization for Municipalities  
 〈Nomura / Shinkin〉

Nov 13, 2013      10-year      Y20bn

**Best Issuer of 2013**

Japan Finance Organization for Municipalities

Investors welcomed JFM's efforts in allowing pricing spreads its 54th bond offer, a 10-year deal, to expand with prevailing market conditions. And, with the entire deal syndicate effectively suppressing the transactions size, it was able to capture overwhelming investor demand. In the process, JFM also regained the trust of the market. Up to that point, the market was trapped in a downward spiral of soft supply and demand conditions, tight issuing terms, slack sales, surplus investors, and secondary market widening. But JFM's offer effectively put an end to that.

Buyers also welcomed the 20-year paper to move in line with prevailing market conditions. JFM's implementation of the FLIP(Flexible Issuance Program) feature, which offers flexibility in dealmaking in order to better meet investor needs, enabled great success for its two-year paper, as well as its subsequent two 15-year deals. In all, the agency raised some Y1 trillion in non-government guaranteed bonds over the course of the year. It also put \$1.5 billion worth of paper into the overseas market via a global offer—its most ever—while making nimble use of the MTN market as well.

## Special Prize

No. 11 Kyoto Prefecture 〈Daiwa〉	Oct 25, 2013	Redemption 20-year	Y10bn
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Kyoto Prefecture's transaction was the first publicly offered regular 'redemption bond'. By making the deal a public offer, Kyoto was able to expand the investors base, increasing the offer's transparency. The paper was readily digested by buyers seeking yield.

## SAMURAI BONDS

### Best Deal-Winner

No. 23 General Electric Capital Corporation	Sep 12, 2013	3-year	Y72.1bn
No. 24 General Electric Capital Corporation	Sep 12, 2013	7-year	Y7.4bn
No. 25 General Electric Capital Corporation	Sep 12, 2013	10-year	Y11.1bn
FRN No. 5 General Electric Capital Corporation 〈Mitsubishi UFJ Morgan Stanley / SMBC Nikko〉	Sep 12, 2013	3-year	Y4.4bn

General Electric Capital Corporation (GECC) eschewed orthodoxy as it faced volatility overseas and at home as it prepared its intended five-year offer. The firm instead opted for a base three-year tranche to build a four-pronged offer worth a total of Y95 billion. The strengths of GECC's reputation, as well as the relative scarcity of overall corporate paper in the Samurai market, allowed for precise tenor selection. The deal was able to capture ample demand as the issue paid careful attention market input, resulting in a model transaction. For GECC, the deal was its first Samurai since November 2011.

### Best Deal-Winner

No. 7 Banque Fédérative du Crédit Mutuel	Oct 11, 2013	2-year	Y46.1bn
No. 8 Banque Fédérative du Crédit Mutuel	Oct 11, 2013	3-year	Y22.8bn
No. 9 Banque Fédérative du Crédit Mutuel	Oct 11, 2013	5-year	Y24bn
FRN No. 2 Banque Fédérative du Crédit Mutuel	Oct 11, 2013	2-year	Y7.8bn
FRN No. 3 Banque Fédérative du Crédit Mutuel	Oct 11, 2013	3-year	Y4.8bn
FRN No. 4 Banque Fédérative du Crédit Mutuel 〈Daiwa / Mizuho / Nomura〉	Oct 11, 2013	5-year	Y2.6bn

### Best Issuer of 2013

Banque Fédérative du Crédit Mutuel

Despite being the only double-A rated French bank, Banque Fédérative du Crédit Mutuel (BFCM) was unable to capture investors' attentions in two previous deals, raising just Y20 billion. In fiscal 2013, however, BFCM followed Rabobank in generating Y175.3 billion in supply for the market, in the process extracting some 'revenge' for its past troubles. The bank made use of continuous IR work to produce fruitful communications with investors, resulting in a successful leap back into the Samurai market as a main player. Investors were especially appreciative of the BFCM's flexibility in setting the tenors for its offer. That attention to detail played a role in allowing for a mammoth, Y100 billion deal size for its October offer. Coming back to the market the following March--unfazed by the approaching fiscal year-end--it was able to print nearly Y70 billion more in paper, proving that its first transaction was certainly no fluke.



The Bank of Tokyo-Mitsubishi UFJ's offer was well-timed, taking advantage of the switch back to 'risk-on' mood that followed a spike in geopolitical tension over Ukraine and Russia. In skillfully navigating the market, the deal was able to evoke a good response from investors, and at a total of \$4 billion, ranked as the largest offer of its kind from any Japanese or non-U.S. bank. In the end, some \$15 billion in demand greeted the deal. The bank also elevated its presence in the market as super long-term investors snapped up its 30-year paper, the first such tranche of its kind for a plain bond Japanese issuer.

### Special Prize

Mizuho Financial Group(Cayman) 3 Limited	Mar 20, 2014	10-year	\$1.5bn
〈Mizuho / Bank of America Merrill Lynch / Goldman Sachs / JPMorgan〉			

Borne out of conformity to fresh Basel III rules governing international banks, Mizuho Financial Group's (MFG) "B3T2" subordinated bond transaction was the first of its kind from a Japanese lender. MFG's IR unit was able to deftly explain how Japan's laws governing bank failures function, and ultimately succeeded in deepening investor understanding. The deal garnered strong demand, resulting in tighter spreads as it finished. The offer also set a de facto benchmark role for other Japanese lenders.

### Best Issuer of 2013

Japan Bank for International Cooperation

Japan Bank for International Cooperation (JBIC), the standard-bearer for a truly representative Japanese issuer name, came to market with a laudable transaction in July, 2013. The deal's launch, in the immediate aftermath of predictions that the U.S. Federal Reserve Bank would embark on fiscal stimulus tapering, met with strong investor buying appetite, and re-opened the public-sector 10-year zone. Combined with a five-year tranche, the total deal amount came to a whopping \$3.5 billion. In November, JBIC added a five-year floating rate note to a regular five-year fixed rate bond, launching a \$2.5 billion deal at a tighter spread. Also in February 2014, JBIC launched its first U.K. pound-denominated bond deal in 17 years, aimed at financing U.K. high-speed expressway infrastructure, as for renewable energy projects sponsored by Japanese firms.

## NEW PUBLIC EQUITY ISSUES/URIDASHI

### Best Deal-Winner

Suntory Beverage & Food	Jul 3, 2013 (Listing date)	Public Issue/Uridashi
〈Nomura / Morgan Stanley MUFG / JPMorgan〉		Total shares: 119,000,000
		Total amount: Y368,900mil

Suntory Beverage & Food's offer was the largest overall stock deal of the fiscal year, and the largest non-privatization deal since 1998. The firm deftly used a clear description of its intended use of funds, as well as its brand power and its solid reputation to spread share distribution widely. Sensitive pricing of the shares to consider underlying market conditions allowed for solid post-listing performance as well.

### Best Deal-Runner-up

PeptiDream	Jun 11, 2013 (Listing date)	Public Issue/Uridashi
〈Mizuho〉		Total shares: 2,700,000
		Total amount: Y6,750mil

PeptiDream, which is involved in the discovery and development of nonstandard peptide therapeutics, enjoyed the big distinction of being profitable, as well as for sporting an outlook for rapid growth. The two

qualities stood in contrast to the standard image of a “bioventure”, enabling it to garner high appraisal. Through cooperative relationships with domestic and international pharmaceutical firms, PeptiDream’s business model was geared for profitability well before listing—to the delight of investors.

**Special Prize**

CYBERDYNE 〈SMBC Nikko〉	Mar 26, 2014 (Listing date)	Public Issue/Uridashi Total shares: 2,117,700 Total amount: Y7,835.49mil
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CYBERDYNE Inc. impressed investors with its win of EU approval for its Hybrid Assistive Limb (HAL) robot suit, by which a wearer’s bodily functions can be improved, supported and enhanced. The cutting-edge nature of its business, as well as the innovative, multiple voting rights scheme employed in its IPO—the first from a Japanese issuer--earned its debut offer high praise from critics.

**Best Issuer of 2013**

No selection

**SECONDARY PUBLIC EQUITY ISSUES/URIDASHI**

**Best Deal-Winner**

DENTSU 〈Nomura / Morgan Stanley MUFG〉	Jul 22, 2013	Public Issue Total shares: 37,000,000 Total amount: Y118,067mil
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DENTSU used its offer for the explicit purpose of raising cash to pay for its acquisition of major U.K. ad firm Aegis Group plc. As the global advertising industry is relatively mature, DENTSU was able to clearly explain its equity story of pursuing growth by M&A to investors who were impressed with the company’s ambitions. The deal succeeded in attracting a book of high-quality investors both domestically and abroad.

**Best Deal-Winner**

MITSUBISHI MOTORS CORPORATION 〈Morgan Stanley MUFG / Nomura / Merrill Lynch Japan〉	Jan 22, 2014	Public Issue Total shares: 217,750,000 Total amount: Y243,880mil
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MITSUBISHI MOTORS’ public issue was part of the company’s ambitious plan of rebirth. The deliberate and detailed transaction, designed to raise capital for restructuring, was able to garner the market’s understanding, and met with strong demand both domestically and overseas. It was also praised for shifting part of the domestic retail portion of the deal, “testimony to its success.” The transaction was the largest public capital increase stock offer of the year.

**Best Issuer of 2013**

No selection

**REAL ESTATE INVESTMENT TRUSTS**

**Best Deal-Winner**

Hulic Reit 〈Mizuho / Nomura〉	Feb 7, 2014 (Listing date)	Public Issue Total shares: 617,500 Total amount: Y66,690mil
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Hulic Reit's IPO sported a property portfolio worth over Y100 billion, consisting not only of free-standing city-based office buildings, but also for-profit care facilities for the elderly. The mix of assets lent the REIT a balance of stability and growth potential that definitely had appeal, as nearly all interested investors actually participated in the deal. Investors also liked Hulic's low-leverage IPO for the prospects that dividend payouts might eventually be raised.

#### **Best Deal-Runner-up**

AEON REIT Investment 〈Nomura / Mizuho〉	Nov 22, 2013 (Listing date)	Public Issue Total shares: 900,000 Total amount: Y94,500mil
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AEON REIT Investment, which contains the high-profile AEON LakeTown assets, also boasted the distinction of being the only domestic REIT with the forward-looking stance of having picked up foreign-located properties. Post-listing share price performance was also strong.

#### **Best Issuer of 2013**

Nippon Prologis REIT

Nippon Prologis REIT came to market after its IPO in February 2013, successfully executing its two global offerings, with the ultimate goal of purchasing A Class properties from Prologis Group. In terms of quality, the properties sought were highly evaluated, and the issuer played a central role in the market's "Distribution facility boom" while contributing to the revitalization of the J-REIT sector.

### **CONVERTIBLE BONDS**

#### **Best Deal-Winner**

THE SHIZUOKA BANK 〈Nomura / Goldman Sachs〉	Euro\$ CB	Apr 9, 2013	5-year	US\$500mil
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SHIZUOKA BANK's offer was the first dollar-denominated convertible bond deal from a Japanese bank, and also the first zero-coupon dollar bond ever issued from a Japanese company. As such, the transaction's significance as a path breaker was large in the modern era of globalization, and is likely to pave the way for similar future deals. Combined with the bank's plans to buy back its own shares and cash settlement provisions, the offer was lauded as having set "better terms for a dollar deal than megabank".

#### **Best Deal-Runner-up**

Takashimaya Company	Euro Yen CB	Nov 26, 2013	5-year	Y40bn
Takashimaya Company	Euro Yen CB	Nov 26, 2013	7-year	Y25bn

〈Morgan Stanley / Citigroup〉

Takashimaya's two-tranche, a five- and seven-year offer was intended to fulfill its goal of splitting its redemption periods. The seven-year portion of the deal was significant as the first negatively-yielding tranche since the 2008 Lehman Shock. The offer drew praised in light of the consideration it showed to investors over pricing and for its clearly articulated plans for the use of the funds: to buy the high-profile Takashimaya Times Square building in Tokyo.

#### **BEST ISSUER OF 2013**

No selection

**About Capital Eye awards:**

Capital Eye's awards recognize the year's best and most reputable capital market transactions. Surveys are distributed to industry players, including underwriters and institutional investors, which assist in identifying worthy issuers and transactions, along with relevant asset classes: straight bonds, zaito (agency) bonds, regional bonds, Samurai bonds, foreign currency bonds (Japanese corporations issuing debt abroad), and securitized offers, as well as new share issues, existing share issues, J-REITs, and convertible bonds, etc. Transactions are also appraised by Capital Eye editors on such aspects as market digestion, significance and relevance, towards promoting further activity.

**About Capital Eye Limited**

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Business: Financial service product provider, specializing in real-time (online) and published capital markets intelligence and analyses (Capital Eye News) geared for industry professionals. Fixed income coverage includes corporate bonds, zaito (agency) bonds, government guaranteed bonds, secondary market activity, as well as credit default swaps and corporate paper. Equities coverage includes corporate issuance, REITs, and convertible bonds, as well as mergers and acquisitions (M&A) and stock lending-related news and analyses.

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