



**News Release**

**April 1, 2016**  
**Capital Eye Ltd.**

**BEST DEALS OF 2015 Awards Selection:**  
**Three Japan Post Companies IPO, FAST RETAILING SB Shines**

On April 1, Capital Eye News announced its "Best Deals of 2015" awards. The honors were derived from the results of surveys of underwriting brokerages and institutional investors, along with evaluation by Capital Eye editors, to arrive at the best overall stock and bond transactions, as well as standout issuers, for the 2015 fiscal year.

Among large transactions, apparel retailer FAST RETAILING made its debut, while trading company Mitsubishi Corp. also won an award for corporate debt issuance with its hybrid bond offer. Japan Expressway Holding and Debt Repayment Agency (JEHDRA) rekindled the 40-year bond sector, while West Japan Railway became the first private sector entity to print paper in this tenor as well. Meanwhile, Development Bank of Japan (DBJ), which customarily comes to market first ever quarter with fairly priced debt packages, won honors in the agency bond space for Best Issuer. As for regional bonds, which faced the unprecedented challenge of a negative interest rate environment, Fukuoka City, Saitama Prefecture, and Aichi Prefecture all succeeded with alacrity in concluding highly praised transactions.

Japan Housing Finance Agency (JHF), which brought a total of nearly ¥2 trillion worth of RMBS supply to the market, was a standout performer in the securitized deal category, while Crédit Agricole and Credit Suisse also won awards for their Samurai bond deals, the latter after engaging in liberal price spread adjustment. Elsewhere, Mitsubishi UFJ Financial Group (MUFG) and Nippon Life Insurance Company were praised for foreign denominated bond transactions geared to help them shore up their financial bases. Banque Populaire and Caisse d'Épargne (BPCE) was also recognized as a Samurai issuer, following its gallant efforts at building trust with investors. Softbank Group's dollar- and euro- denominated package, received a good deal of attention as a large-scale high yield Japanese deal. MUFG in particular was a locomotive of force in both domestic and overseas markets in its efforts in fielding products to enhance issuer financial viability.

The long-awaited privatization of Japan Post was the most closely watched deal of the year. Symbolic along the theme of "from saving to investing," overwhelming support for the massive three-company IPO earned it an award. Focusing on its growth story, Sony made a splash with its own global equity offer, which was executed concurrently with a domestic CB, while LaSalle LOGIPORT REIT and its ¥160 billion investment portfolio found success with its REIT IPO, thanks to global investor group and sponsor support. Meanwhile, real estate asset investor Invincible Investment Corporation came to the market with two offers as it addressed hotel sector growth accompanied by inbound demand. Elsewhere, Unicharm won attention and honors with its CB transaction, which featured a fixed premium structure. Lastly, automaker Toyota Motor Corp. was recognized in the special equity award department for its financing plan that used a new scheme to create an individual investor base.

## **STRAIGHT BONDS**

### **Best Deals-Winner**

No. 1 FAST RETAILING	Dec 11, 2015	3-year	¥30bn
No. 2 FAST RETAILING	Dec 11, 2015	5-year	¥100bn
No. 3 FAST RETAILING	Dec 11, 2015	7-year	¥50bn
No. 4 FAST RETAILING	Dec 11, 2015	10-year	¥70bn

〈Nomura / SMBC Nikko / Mitsubishi UFJ Morgan Stanley〉

FAST RETAILING benefited from overwhelming name recognition in its debut offer. Investors welcomed the deal in light of the company's solid financials, which helped with smooth digestion of a total of ¥250 billion in paper. In terms of wholesale, plain corporate bonds, the apparel retailer's offer was the largest of the fiscal year. The four-pronged mix of short- to long-maturity tranches offered investors a choice, while spreads were befitting of the size of the deal for the issuer. In the end, some 1,400 investors participated, which worked out to some ¥600 billion in demand. Coming out amid the prevailing low-interest rate environment, the deal went far in restoring vitality to the slowly shrinking corporate bond market.

### **Best Deals-Winner**

SUB. No. 1 Mitsubishi Corporation	Jun 12, 2015	60-year (FRN Non-Call5)	¥68bn
SUB. No. 2 Mitsubishi Corporation	Jun 12, 2015	60-year (Non-Call5)	¥92bn
SUB. No. 3 Mitsubishi Corporation	Jun 12, 2015	60-year (Non-Call10)	¥40bn

〈Mitsubishi UFJ Morgan Stanley〉

Mitsubishi Corp. brought the first public hybrid bond from a Japanese issuer to market. As the deal's structure called for the heightened probability of the paper are being called, its relatively high coupon and spread appealed to investors in the face of the prevailing low interest rate environment. Transparency was sound due to the rigorous use of the POT deal style (which specified which bonds returned to the lead underwriter by syndicate members would be sold to institutional investors), enabling a pricing mechanism that was the first for a domestic issue. In all, Mitsubishi Corp. was able to capture over ¥600 billion worth of demand, paving the way for other deals of similar ilk. The offer also allowed the firm to raise its ROE (return on equity) and improve its financials via one effective financing package.

### **Special Prize**

No. 42 West Japan Railway	Feb 19, 2016	40-year	¥10bn
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〈Mizuho / Mitsubishi UFJ Morgan Stanley〉

West Japan Railway (JR West) became the first among corporate issuers to issue in the longest 40-year tenor space. The deal came close on the heels of the Bank of Japan's negative interest rate policy announcement of January 29, 2016, which pushed base interest rates into minus territory all the way out to the long tenor zone. But the company was able to capitalize in a timely fashion on an investor base willing to allow a stretch in maturity in order to capture a higher coupon. In doing so, JR West caught the attention of life insurers. And the paper's upper 1.5% absolute value pricing level proved to be attractive to regional investors, allowing for books to be covered nearly three times.

## **STRAIGHT BONDS / FOREIGN CURRENCY BONDS**

### **Best Issuer of 2015**

Mitsubishi UFJ Financial Group

Mitsubishi UFJ Financial Group (MUFG) acted as a pioneering engine both domestically and overseas with its bond transactions. In the domestic market, it offered a continuing B3T2 subordinated debt geared for institutional investors. In July 2015 it also produced the first domestic B3T2 offer for individual investors, raising a total of ¥80 billion. In March 2016, the bank returned with a second individual investor-oriented package worth ¥200 billion, as well as its second domestic public AT1 deal worth ¥300 billion. At almost the same time, MUFG brought the first TLAC (total loss-absorbing capacity) deal from Japanese banking group in the form of senior debt worth \$5 billion.

## **ZAITO (AGENCY) BONDS**

### **Best Deal-Winner**

No. 153 Japan Expressway Holding and Debt Repayment Agency      Jun 3, 2015      40-year      ¥30bn  
〈Mizuho / Mitsubishi UFJ Morgan Stanley / SMBC Nikko〉

Japan Expressway Holding and Debt Repayment Agency (JEHDRA) came to the market with a 40-year zaito bond transaction for the first time in six years and two months with its revitalizing, readily digested, ¥30 billion deal. The Agency's offer flew in the face of the stubborn low interest rate environment. Over the course of the fiscal year it came to market in the same tenor a total of three times to raise a total of ¥110 billion. JEHDRA's 40-year offer was followed by corporate debt issues at the same tenor, adding vitality to the super long sector of the market.

### **Best Issuer of 2015**

Development Bank of Japan

Development Bank of Japan (DBJ), which customarily comes to market first every quarter with fairly priced bonds, continued its trend, reaffirming the confidence of investors in it as a benchmark issuer. In the latter half of the fiscal year, the bank, pursuant to some legal changes, printed its first-ever 10-year bond, signaling its aim of returning every half-year with fresh paper. In January, 2016, DBJ offered a regular redemption zaito bond for the first time in 11 years, eight months. Over the course of the fiscal year, the agency published 11 deals, adding ¥255 billion of supply to the market.

## **REGIONAL BONDS**

### **Best Deal-Winner**

No. 3 Saitama Prefecture      Jan 15, 2016      Redemption 20-year      ¥10bn  
〈Daiwa / Mitsubishi UFJ Morgan Stanley / Mizuho〉

Saitama Prefecture's 20-year public regular redemption bond was a revitalizing offer that flew in the face of a spread tightening trend that had already overrun its course, and amid falling demand in the long tenor zone. As a leading name in the arena, the prefecture refused to remain stuck on orthodox thinking, turning instead to eyeing underlying market conditions and investor preferences when setting its price. In the end the deal was able to incur ample demand in finishing in the mid-swaps (MS) + two digit area, adding some vitality to the new deal space while also lending a measure of stability to the sector.

**Best Deal-Winner**

No. 8 Fukuoka City	Mar 2, 2016	5-year	¥20bn
〈SMBC Nikko / Barclays / Mitsubishi UFJ Morgan Stanley〉			

Fukuoka City produced its ¥20 billion offer the middle of an uncomfortable dealmaking environment which saw base interest rates fall deeply into negative territory, triggering a loss of price indexing ability. All of this shifted investor attention to coupon return. But the city was able to conduct its marketing campaign focused on the absolute value of its paper, and ultimately succeeded in meeting and calming investors with an agreeable coupon rate that actually priced more cheaply than similar deals conducted at the same time and employing a spread-over-sovereign bond pricing scheme.

**Best Issuer of 2015**

Aichi Prefecture

Aichi Prefecture's mainstay 10-year bond transactions made concomitant use of both negotiations and a lead manager system; under the latter, Aichi made use of flexibility that put it at the head of monthly issuance. In the prefecture's September offer, it deftly adjusted spreads to wider levels in response to actual secondary market conditions. In Aichi's bond deal the following February, which came just after the Bank of Japan announced its negative interest rate policy, it played a role in reconsolidating disparate investor preferences on pricing levels. Aichi switched to the lead manager system in the 5-year tenor from fiscal 2015, adjusting the pricing level for its May 5-year paper at the JGB curve +5bp, which played a role in the stable absorption of other regional bonds.

**SAMURAI BONDS****Best Deals-Winner**

No. 7 Crédit Agricole	Jun 19, 2015	5-year	¥84.6bn
No. 8 Crédit Agricole	Jun 19, 2015	10-year	¥4.3bn
FRN No. 4 Crédit Agricole	Jun 19, 2015	4-year	¥11.1bn
SUB No. 1 Crédit Agricole	Jun 19, 2015	10-year	¥17.6bn
SUB No. 2 Crédit Agricole	Jun 19, 2015	10-year(Non-Call5)	¥12.1bn
SUB FRN No. 3 Crédit Agricole	Jun 19, 2015	10-year	¥10.2bn
〈Crédit Agricole / Daiwa / Mitsubishi UFJ Morgan Stanley / Mizuho / Nomura / SMBC Nikko〉			

Crédit Agricole's Samurai transaction was the first simultaneous senior- and subordinated bond deal since the 2008-9 financial crisis. Coming to market at a time of turmoil over Greece's fiscal problems, heightened volatility and investor alarm, the deal nevertheless benefited from its somewhat unconventional features, while its six-tranches offered investors a good deal of choice. The bank was all ears to the market, and displayed flexibility in setting its tenors, resulting in a deal size of almost ¥140 billion.

**Special Prize**

No. 5 Credit Suisse	Jul 10, 2015	3-year	¥7.7bn
No. 6 Credit Suisse	Jul 10, 2015	5-year	¥84.1bn
No. 7 Credit Suisse	Jul 10, 2015	7-year	¥7.4bn
No. 8 Credit Suisse	Jul 10, 2015	10-year	¥5.6bn
FRN No. 2 Credit Suisse	Jul 10, 2015	3-year	¥2.3bn

FRN No. 3 Credit Suisse	Jul 10, 2015	5-year	¥2.9bn
〈Credit Suisse / Mitsubishi UFJ Morgan Stanley / Mizuho / SMBC Nikko / Daiwa〉			

Market turmoil over Greece's fiscal problems raised investors' spread expectations, but leading issuer Credit Suisse was unfazed as it managed to price its July 2015 paper at fitting levels for a single-A rated European name. Actively working to adjust its spread levels during the marketing period, and despite sharp falls in Chinese stocks, the firm was resilient, and ultimately succeeded in producing a transaction worth ¥110 billion. The price for the five-year paper, Libor +18bp, reflected an 8bp jump from the prior month (L+10bp), and which had been seen as the most favorable level in its class. Credit Suisse's offer compelled the market to take a fresh look at pricing levels in subsequent transactions.

## **Best Issuer of 2015**

BPCE

Banque Populaire and Caisse d'Epargne (BPCE)'s ¥168 billion in total Samurai bond deals was the largest amount of such supply in the entire fiscal year. In December, BPCE was able to court a new class of investors in winding up a ¥100 billion transaction. Effective IR work enabled the bank to not only explain its business model and update its credit profile, but also to share its fundraising plan with investors. Such diligent communications garnered BPCE a framework of trust, enabling it to raise its market presence.

## **SECURITIZATION DEALS**

### **Best Deal-Winner**

No selection

## **Best Issuer of 2015**

Japan Housing Finance Agency

With the ¥1.8753 trillion in RMBS supply it brought to the market in fiscal 2015, Japan Housing Finance Agency (JHF) was the single largest domestic issuer. The prevailing issuing environment was by no means accommodating, considering Greece's fiscal crisis, worries over China's economy, falls in the price of crude oil, and economic policy directives from Japan, the U.S., and Europe. The Agency produced its 100<sup>th</sup> issue in August 2015, following up in January with its No. 105 ¥199.3 billion unsecuritized offer --the single largest transaction it has produced in the last two years. The Agency's February No. 106 deal was able to prevail despite headwinds caused by negative domestic interest rates, and was smoothly digested as spreads tightened.

## **FOREIGN CURRENCY BONDS**

### **Best Deals-Winner**

Mitsubishi UFJ Financial Group	Global SB	Feb 23, 2016	5-year	\$2.1bn
Mitsubishi UFJ Financial Group	Global SB	Feb 23, 2016	10-year	\$2.5bn
Mitsubishi UFJ Financial Group	Global FRN	Feb 23, 2016	5-year	\$400mil
〈Morgan Stanley / Mitsubishi UFJ / JPMorgan〉				

Mitsubishi UFJ Financial Group (MUFG)'s transaction was the first TLAC (total loss-absorbing capacity) deal from a Japanese banking group. The issuing environment was difficult given the prevailing concerns over

global financial institutions. But the bank was able to make clear to investors both understanding of its credit story and the TLAC structure, resulting in a mega deal worth \$5 billion. The popularization of the offer and its performance after pricing also had a favorable effect on issuers that followed MUFG with deals of their own, and established a place in the TLAC market for Japan banks.

### Special Prize

Nippon Life Insurance Company Global Sub SB Jan 13, 2016 30-year(Non-Call10) \$1.5bn  
 〈Goldman Sachs / Citigroup / Morgan Stanley〉

Nippon Life's 30-year transaction was the first deal from a Japanese life insurer to achieve sub-5% coupon financing, demonstrating Japanese strength in this area. From the beginning of the year, global "risk-off" sentiment and market volatility was high while interest rates fell, resulting in an unstable environment and increasing the difficulties for pricing hybrid bonds. But Nippon life received a warm reception on its roadshow, and began conversations with investors at the 5.00% coupon level, eventually wooing them to a 4.70% settlement mark. The deal subsequently served as a benchmark presence in the global market.

### Special Prize

SoftBank Group Euro SB	Jul 22, 2015	7-year	\$1bn
SoftBank Group Euro SB	Jul 22, 2015	10-year	\$1bn
SoftBank Group Euro SB	Jul 22, 2015	7-year	€500mil
SoftBank Group Euro SB	Jul 22, 2015	10-year	€1.25bn
SoftBank Group Euro SB	Jul 22, 2015	12-year	€500mil

〈Deutsche / Goldman Sachs / Mizuho / Morgan Stanley / Merrill Lynch / Crédit Agricole / Nomura〉

SoftBank Group's mammoth dollar- and euro-denominated deal was the first high yield transaction of its kind from a Japanese issuer. Valued at over ¥500 billion, it succeeded in attracting investors of that ilk. In all, over 350 players participated, generating nearly ¥2 trillion in demand. SoftBank was able to deepen understanding of its business model and credit story, and managed to time its deal well, despite market palpitations in the wake of Greece's fiscal crisis.

## SPECIAL EQUITY

### Best Deal-Winner

TOYOTA MOTOR CORPORATION	Jun 16, 2015	Public Issue
No. 1 Model AA Class Shares		Total shares: 47,100,000
〈Nomura〉		Total amount: ¥499.1658bn

Auto making giant Toyota's innovative offer was designed to create an investor base of mid-to long-term individual stockholders. The elaborately designed scheme featured voting rights and a practical principal guarantee along with a maximum 2.5% coupon. The plan indeed succeeded in pioneering a fresh class of investors; Toyota also earmarked an equivalent amount of funds for share buybacks in consideration for existing stockholders.

## NEW PUBLIC EQUITY ISSUES/URIDASHI

### Best Deal-Winner

Japan Post Holdings	Nov 4, 2015 (Listing date)	Public Uridashi Total shares: 495,000,000 Total amount: ¥693bn
JAPAN POST BANK	Nov 4, 2015 (Listing date)	Public Uridashi Total shares: 412,442,300 Total amount: ¥598.041335bn
JAPAN POST INSURANCE	Nov 4, 2015 (Listing date)	Public Uridashi Total shares: 66,000,000 Total amount: ¥145.2bn

〈Nomura / Mitsubishi UFJ Morgan Stanley / Goldman Sachs / JPMorgan〉

The first-ever three-pronged IPO listing of Japan Post Holdings Co. and its two financial units was called an “epoch-making offer” by industry players, and was the largest such privatization transaction since NTT Docomo in 1998. Attracted by Japan Post’s high visibility, a plethora of both retail and wholesale investors flocked to snap up shares as the offer single-handedly served to re-energize the stock market. The deal left an impression as a transaction that symbolized the motto “from saving to investing.”

### Best Issuer of 2015

No selection

## SECONDARY PUBLIC EQUITY ISSUES/URIDASHI - CONVERTIBLE BONDS

### Best Deal-Winner

SONY	Jun 30, 2015	Public Issue Total shares: 87,200,000 Total amount: ¥298.2676bn
〈Nomura / JPMorgan / Morgan Stanley〉		

SONY No. 6 CB	Jun 30, 2015	7-year	¥120bn
〈Nomura / SMBC Nikko / Mitsubishi UFJ Morgan Stanley〉			

Sony’s simultaneous global PO and domestic CB resulted in a mega deal valued at ¥420 billion. The issuer benefited from overwhelming name value, which enabled robust demand. Its equity story, which included capital investment in its device operations and R&D, was well regarded by investors.

## SECONDARY PUBLIC EQUITY ISSUES/URIDASHI

### Best Issuer of 2015

No selection

## REAL ESTATE INVESTMENT TRUSTS

### Best Deal-Winner

LaSalle LOGIPORT REIT

Feb 17, 2016(Listing date)

Public Issue

〈Nomura / Morgan Stanley / Mizuho〉

Total shares: 1,050,800

Total amount: ¥105.08bn

LaSalle Investment Management came to market with the specialist LaSalle LOGIPORT REIT, backed by U.S. industry titan and parent Jones Lang LaSalle, along with a property portfolio that included premium Tokyo- and Osaka-area A class listings. Management of the deal was accommodative to investor tastes, while the quality of the company's land holdings spoke for itself. The offer received a tailwind from the Bank of Japan's negative interest rate policy announcement. It was the first large-scale IPO in its class in a long time, and contributed to the sector's expansion.

### Best Issuer of 2015

Invincible Investment Corporation

Real estate asset investor Invincible Investment Corporation made two global offerings in the year in its effort to address hotel sector growth, accompanied by inbound demand. The high level of dividend growth at the company, along with its adoption of a variable rent scheme allowed for a substantial sponsor pipeline, while its prospects for sustained growth received solid investor approval.

## CONVERTIBLE BONDS

### Best Deal-Winner

UNICHARM Euro Yen CB

Sep 8, 2015

5-year

¥50bn

〈SMBC Nikko〉

Unicharm's euro yen convertible bond was the first domestic transaction marketed with a structure that featured a fixed premium and high initial pricing level. It's enlargement to maximum possible size, and the fact that the issuer retained the flexibility of applying the funds towards early conversion of shares, found solid support. The transaction was also significant in that it expanded the possibilities for CB issuance for addressing issuer needs.

### BEST ISSUER OF 2015

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, convertible bonds, as well as mergers and acquisitions (M&A) and stock lending-related news and analyses.

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