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Notice of aircraft operating lease structure

Financial Products Group Co., Ltd. (FPG) announced that the company will arrange an operating lease transaction for 11 aircraft.

1. Background of the arrangement

FPG presently arranges aircraft operating leases (“lease arrangements”) and places the equity with investors. To expand this business, FPG will acquire the following 11 aircraft. This acquisition is the result of leveraging the synergies between FPG and consolidated subsidiary FPG Amentum Limited (aircraft investment and maintenance services firm). Furthermore, the arrangement was made possible by bringing together the capabilities of FPG, FPG Amentum Limited, and FPG Trust Co., Ltd. (investment trust company).

(Subject aircraft)

11 B737-800 aircraft (built in 2009-2011)

*Delivery from the seller is expected to take place between July and September 2017.

It is intended that the lease arrangement will use a trust structure for seven of the 11 aircraft, and a silent partnership structure for the remaining four aircraft.

In the case of the trust structure, FPG will establish a money trust with FPG Trust Co., Ltd. as the trustee. FPG will acquire the trust beneficial interests, and using those funds, FPG Trust Co., Ltd. will acquire the relevant aircraft. In the case of the silent partnership structure, the subsidiary (SPC) that will serve as the general partner in the silent partnership will acquire the aircraft, and FPG will temporarily acquire the silent partnership interests associated with the lease arrangement. The trust beneficial interests and silent partnership interests acquired by FPG will subsequently be transferred to investors.

Besides FPG's own capital, some of the funding to acquire the trust beneficial interests and silent partnership interests is expected to come from borrowing from financial institutions.

As agreed with the seller (corporation), FPG will refrain from disclosing the seller's name and the acquisition price.

2. Outlook

This arrangement will not change FPG's earnings outlook for the year ending September 2017. With this arrangement of 11 aircraft, if all of the trust beneficial interests and silent partnership interests are transferred to investors, the total amount of revenue of the FPG Group is expected to be more than 10% of the consolidated-basis revenue figure achieved in the previous fiscal year.