

## AVI's Proposals Achieve Increasing Support from Teikoku Sen-i Shareholders

1 April 2020

- Dividend proposal receives record levels of support
- Shareholders express dissatisfaction in renewal of poison pill
- Approval for re-election of President Shiraiwa down from last year

LONDON -- Asset Value Investors ("AVI") announces that its dividend proposal received a record level of votes at the Annual General Meeting of Teikoku Sen-i ("Teikoku Sen-i" or the "Company") (TSE: 3302) on 27th March 2020.

AVI's proposal for a ¥76 per share dividend received 24.7% approval, topping the level of support for dividend proposals submitted by shareholders in previous years.

AVI's proposal for a ¥2 billion share buyback received good support with a 22.0% approval.

AVI CEO Joe Bauernfreund commented, "Considering that "Group Shareholders" own a significant portion of the company the level of support for our proposals is encouraging."

"General shareholders like ourselves who hold their shares as an investment, and not as a token of separate business relationships, are sending Teikoku Sen-i management and affiliated group shareholders the message that a balance sheet bloated with investment securities and other financial assets must be reformed."

"There is no way to justify a balance sheet in which 64% of total assets consist of cash and investment securities, including a "strategic holding" in an unrelated real estate company Hulic accounting for 32% of total assets".

"We remain hopeful that the Company's affiliated group shareholders will encourage management to rationalise Teikoku Sen-i's value-destructive capital structure."

The Company's proposal to renew its shareholder rights plan ("poison pill") was opposed by 21.9% of shareholders, reflecting the view of Institutional Shareholder Services ("ISS") and general shareholders that the effect of the plan is to entrench incumbent management.

Reflecting the recommendation of proxy advisory firm ISS that President Tsuyoshi Shiraiwa be held responsible for the Company's questionable capital management, shareholder disapproval for his re-election was higher than in the preceding year.

AVI looks forward to continuing its dialogue with the Company as long-term shareholders.

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### About Asset Value Investors

Asset Value Investors (AVI) is a specialised investment manager in London that has been investing in Japan for over two decades. AVI was founded in 1985 and has been investing in high quality companies that are under-valued by the stock market for over

three decades. AVI's investment team engages with managements and boards of companies to improve long-term corporate value.

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