

BRITISH EMPIRE TRUST

INVESTING IN UNDERVALUED ASSETS

07 March 2019

Tokyo Broadcasting System (“TBS”) announced that it has sold a portion of its investment securities portfolio. This is a significant and long-awaited development. Asset Value Investors (“AVI”) have been engaging with the company since becoming a shareholder over two years ago, including submitting a shareholder proposal at the company’s AGM last year, aimed at reducing the company’s excessively large investment securities portfolio which accounts for 82% of the market cap and 50% of balance sheet assets. These investments have no strategic benefit to TBS, add unnecessary risk to shareholders and lead to an undervalued share price. The campaign featured the launch of a dedicated website: www.improvingtbs.com.

Whilst the value of the investment securities sold has not been disclosed, we are encouraged by the Board’s decision to conduct the first significant sale since 2009.

This is further evidence that the Japanese system of cross-shareholding relationships is beginning to unwind. TBS has one of the most inefficient balance sheets in Japan and we hope this is the first step of many, ultimately leading to a more efficient TBS and a higher valuation.