



August 3, 2018

To whom it may concern:

Company: Mitsui Fudosan Co., Ltd
Representative: Masanobu Komoda
(President & Chief Executive Officer)
Securities Code: 8801 (First Section, TSE)
Contact: Chiharu Fujioka
General Manager of Corporate Communications Department (Tel: +81-3-3246-3155)

**Notice Concerning Commencement of Tender Offer for the Shares of Mitsui Home Co., Ltd.
(Securities Code: 1868)**

Mitsui Fudosan Co., Ltd. (the “Tender Offeror” or the “Company”) hereby announces that, at the meeting of its board of directors held today, the Company resolved to acquire the common stock (the “Target Company’s Common Stock”) of Mitsui Home Co., Ltd. (the “Target Company”) (Securities Code: 1868, the First Section of the Tokyo Stock Exchange Inc. (the “Tokyo Stock Exchange”)) through the tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the “Act”).

1. Purpose, Etc. of Purchase, Etc.

(1) Overview of the Tender Offer

As of today, the Company holds 37,334,919 shares of the Target Company’s Common Stock (shareholding ratio (Note): 56.34%) which are listed on the First Section of the Tokyo Stock Exchange, and the Target Company is a consolidated subsidiary of the Company. The Company resolved at the meeting of its board of directors held today to implement the Tender Offer for all of the issued shares of the Target Company (excluding the Target Company’s Common Stock held by the Company and the treasury shares held by the Target Company; hereinafter the same shall apply) in order to make the Target Company a wholly-owned subsidiary of the Company.

(Note) “Shareholding ratio” means the ratio to 66,271,695 shares which is equivalent to the total number of issued shares of the Target Company as of June 30, 2018 (i.e., 66,355,000 shares) set forth in the “Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 31,

2019 (Prepared in Conformity with Generally Accepted Accounting Principles in Japan)” (the “Quarterly Financial Results”), as announced by the Target Company on July 30, 2018, less the number of the treasury shares held by the Target Company as of the same date (i.e., 83,305 shares), as stated in the Quarterly Financial Results (with being rounded to second decimal places; hereinafter the same shall apply unless otherwise provided), and hereinafter the same shall apply.

Since the Company has set the minimum number of shares to be purchased through the Tender Offer being 6,847,000 shares, the Company shall not purchase any of the share certificates, etc. tendered through the Tender Offer (the “Tendered Share Certificates, Etc.”) if the aggregate number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased. On the other hand, as stated above, since the Company is contemplating acquiring all issued shares of the Target Company and has not been set the maximum number of shares to be purchased, if the number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased, the Company shall purchase all of the Tendered Share Certificates, Etc. The minimum number of shares to be purchased has been set so that the aggregate number of voting rights of the Target Company to be held by the Company after the completion of the Tender Offer will be equivalent to two-thirds of the total voting rights of the Target Company (the number of voting rights (66,271) corresponding to the number of shares (66,271,695 shares) obtained by deducting (a) the number of treasury shares held by the Target Company as of June 30, 2018 (83,305 shares) described in the Quarterly Financial Results, from (b) the total number of issued shares of the Target Company as of June 30, 2018 (66,355,000 shares) described in the Quarterly Financial Results).

As the Company aims to make the Target Company a wholly-owned subsidiary of the Company, if the Company fails to acquire all of the issued shares of the Target Company through the Tender Offer, the Company intends to acquire all of the issued shares of the Target Company by implementing the series of transactions set forth in the section titled “(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to So-called ‘Two-step Acquisition’)” below (together with the Tender Offer, the “Transaction”).

According to the “Announcement of Mitsui Home’s Opinion in Favor of the Tender Offer for Mitsui Home Shares by Mitsui Fudosan, the Controlling Shareholder of Mitsui Home, and Recommendation to Tender Shares” (the “Target Company’s Press Release”) that was announced by the Target Company today, as stated in “(iii) Process of the decision by the Target Company and reasons therefor,” “a. Background to, purpose of and decision-making process of the Tender Offer” under “(2) Background to, Purpose of and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” below, the Target Company determined that the Transaction would contribute to an increase in the corporate value of the Target Company, the purchase price of the Target Company’s

Common Stock under the Tender Offer (the “Tender Offer Price”) and other terms and conditions regarding the Tender Offer are fair, and the Tender Offer provides to the Target Company’s shareholders an opportunity to sell the Target Company’s Common Stock at a reasonable price and under reasonable terms and conditions, and resolved at its board of directors meeting held today to the effect that the Target Company would express an opinion to support the Tender Offer and recommend that the shareholders of the Target Company tender their shares through the Tender Offer.

According to the Target Company’s Press Release, the resolution of the board of directors of the Target Company was made in a two-tiered way as stated in the section titled “e. Unanimous Approval of All Non-interested Directors and No Dissenting Opinion from Non-interested Statutory Auditors at the Target Company,” of “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” under “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below.

(2) Background to, Purpose of and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer

a. Background to, purpose of and decision-making process of the Tender Offer

(i) Background to the Tender Offer

The Company was founded in July 1941 as Mitsui Fudosan Co., Ltd., as the company with the primary purpose of managing the real estates owned by the former Mitsui Company, pursuant to the Mitsui reorganization plan prepared by Mitsui So-motokata, and was listed on the First Section of the Tokyo Stock Exchange in May 1949. As of today, the Company comprises of 250 consolidated subsidiaries, including the Target Company, and 74 affiliates to which the equity-method is applicable (the “Group”). The Company has its management philosophical statement that “Bringing affluence and comfort to urban living” and aims to create new value needed by the times, through “creation of neighborhoods.” While the Group’s main businesses are building leasing, commercial facility leasing and housing sales, the Group also engages in hotels and resorts business, logistics business, consulting business, property management business and overseas business, etc.

Japan’s domestic economic environment is now undergoing tremendous change, and growing recognition of diversity of the society and the accelerating evolution of ICT (information and communication technology) are driving ongoing change in work- and life-styles. In foreign countries, while the overall global economy has continued to grow, concerns are arising over geopolitical risks and market fluctuations potentially triggered by excess financial liquidity. Based on the view above, the Company established its medium-term business plan “Innovation 2017 (Stage II)” for the period from FY 2015 through FY 2017. Under this plan, the Group has aimed to achieve the target “to be a leader that creates markets and grows continuously in Japan and secure a solid position globally” in ten years,

and the Group has been struggling to further strengthen the competitiveness of its domestic business and achieve dramatic growth in its overseas business. As a result, in FY 2017, the Group experienced solid progress and generated both record-high operating income and profit attributable to the parent company for the fourth consecutive year, thereby achieving the goals laid out in the plan above.

Three years have passed since the plan above was established. While the economy has continued to expand both in Japan and overseas until now, the external environment has been changing significantly, as shown by the increase of uncertainty. Japan is experiencing the full-fledged progression of population decline, low birthrates and the aging of society as well as the acceleration of technological advances and diversification and fragmentation in perceptions of value, and it could lead to a dramatic change in the existing structure of industry and business models. Moreover, there has been a rise in awareness in the society on sustainability, such as consciousness for the environment and resolving social issues, and the companies are required to be more mindful of these changes in operating its businesses. Based on the view above on the surrounding circumstances, the Company believes that, in order to enjoy sustainable growth even after the mid-2020s, it will be crucial to establish a sustainable society through the creation of neighborhoods and struggle to innovate the real estate business itself by utilizing technologies and evolve into a global company. As such, the Company newly established a long-term business policy “VISION 2025”, that has commenced in FY2018. The Group’s basic policy is to execute the abiding management strategies which are customer-centered management, business innovation and evolution of Group management, to maintain the Group’s robust growth and profitability and to contribute to establishment of sustainable societies. On the other hand, the Target Company was established in October 1974 through joint capital investment by the Company, Mitsui & Co., Ltd. and Mitsui Norin Co., Ltd. (their shareholding ratios were 80%, 10% and 10%, respectively, and the aggregate amount of paid-up capital was 0.3 billion yen) with the aim to commercialize the housing business using two-by-four construction, a wood construction method (“two-by-four construction” is the common name for wood frame construction, a method that uses a wood frame attached to structural plywood to create walls, floor and ceiling, with the combined frame creating a strong six-sided structure; this architectural method demonstrates superior quake-resistance, insulation efficiency and airtightness). The Target Company listed its stock on the Second Section of the Tokyo Stock Exchange in February 1993, and in September 1994, its stock was allocated to the First Section of the Tokyo Stock Exchange. With its group statement “Houses conducive to long-term living for the future”, the Target Company has been engaged in the Group’s housing-related business, in particular, handling of the design, construction management and contract construction of new housing, and in 1974 the Target Company was established in the same year that two-by-four construction was acknowledged as a general method for housing construction in Japan (open policy), and the Target Company has been conducting its business activities, recognizing itself as Japan’s leading builder of two-by-four houses, providing about 220,000 houses in total since that date. Furthermore, while focusing on its new housing construction business, the Target

Company has been conducting its business by expanding to other areas such as (i) renovation and refurbishment business, including housing renovation and refurbishment works for office and commercial facilities, (ii) lease management business, including rental housing brokerage and its management, and (iii) housing materials business, including selling constructional or architectural material to companies outside the Target Company's group.

(ii) Background to, and purpose of, the Company's decision to implement the Tender Offer

The business environment surrounding the Target Company's group, which is in charge of the business areas such as housing construction business, reform/renewal business and leased property management business in the Group, has continued to show signs of improvement. For example, a trend of improvement in the employment and income, signs of increase in personal consumption, continued measures by the government to support the purchase of housing, and low interest rates on housing loans can be observed. However, the demand for housing construction both for private use and for rental has been somewhat weak recently due to some uncertainties, such as remaining high construction costs toward the Tokyo Olympic and Paralympic Games. In addition, the new housing units started (for private use) in Japan have been on a downward trend with a background of a declining population and changes in demographics in Japan. According to the survey report regarding construction of homes prepared by the Ministry of Land, Infrastructure, Transport and Tourism, after peaking in FY 1996 at approximately 630,000 units, the new housing units started (for private use) went down to approximately 280,000 units in FY 2017 (a decrease of approximately 56%). With regard to the future outlook of the number of new housing units started (for private use), while there will probably be last-minute demand to some extent prior to the increase of the consumption tax rate which is scheduled in October 2019, the downward trend is expected to continue due to a decrease in demand after the consumption tax rate increase and the decline of the Japanese population and the number of households. The Company believes that growth of the domestic market for new housing units (for private use) would be limited on a long-term basis.

Based on the changes and the outlook of the business environment stated above, the Company believes that, in order to improve the profitability of the companies in the Group, including the Target Company's group, the Company needs to (i) promote its sales productivity and cost efficiency through strengthening collaboration and building systems within the Group for further improvement of the profit structure of the Target Company's group, and (ii) accelerate the speed of profit growth by focusing on a few business areas based on the demand trends in the future.

Specifically, in order to realize the improvement of profitability in the Target Company's group on a medium to long-term basis under the above-mentioned changes in the business environment, it would be a good solution for the Target Company to expand its construction business of large-scale wooden facilities (non-domestic structures such as nursing care facilities and educational facilities with

a certain size, for example, those with gross floor areas approximately more than 1,000 square meter, are collectively called as “large-scale wooden facilities” at the Target Company) through strengthening of the system to receive orders for construction of elderly facilities, etc., in light of the increasing demand for nursing care facilities due to the declining birthrate and the aging of society, and increase the variety of solutions by maximizing the collaboration within the Group with regard to the customer base for the wealthy class. In addition, it would also be a good plan for the Target Company to realize growth of good subsidiaries that maintain a solid profit level, by (i) further expanding the overseas business in North America, in light of the fact that the population in the United States is expected to increase and that the new housing units started in California where the Target Company’s subsidiaries are located are on the rise, and (ii) accelerating collaboration between the companies in the Group other than companies in the Target Company’s group and the companies in the Target Company’s group in the overlapping business areas, such as rental housing business and reform/renewal business.

For the Target Company to implement the measures above, it is necessary for the Company and the Target Company to have a unified decision-making structure and for the Target Company to establish a flexible and strategic business management system. However, the Company believes that, under the present situation where the Target Company maintains its listing and some of its shares are held by minority shareholders, it is not necessarily easy to swiftly make management decisions that would contribute to the acceleration of growth in the priority business areas concurrently with ensuring objective fairness of the transactions between the Company and the Target Company. On the other hand, if the Company makes the Target Company a wholly-owned subsidiary of the Company, (i) it will contribute to the enhancement of the flexibility of the Group’s management, by avoiding possible conflicts of interest between the parent company and the minority shareholders which would arise due to the listing of both a parent company and its subsidiary, and by speeding up the decision-making in the Group’s management strategy, (ii) it will enable the Group to make the new housing units construction business (which is currently the core business of the Target Company) a more solid management base of the Group, because the collaboration between the Group and the Target Company group will be further strengthened, and, as a result, (iii) it will strengthen the value chain of the Group as a comprehensive real estate developer. The Company also believes that it is extremely beneficial for enhancement of the corporate value of the entire Group, including the Target Company’s group, for the Company and the Target Company, as a unit, to promote a growth strategy for the Target Company’s group from a medium to long-term perspective.

Based on the consideration above, the Company started considering the Tender Offer in the middle of November 2017. As the Company concluded that it is desirable to make the Target Company a wholly-owned subsidiary of the Company, in the middle of March 2018, the Company appointed Nomura Securities Co., Ltd. (“Nomura Securities”) as a financial advisor and third-party valuation institution independent from both the Company and the Target Company, and Nagashima Ohno &

Tsunematsu as its legal advisor, and commenced preliminary discussions and considerations regarding the Transaction. In early April 2018, the Company made a proposal to the Target Company to commence discussions and negotiations regarding the Transaction. Thereafter, the Company started due diligence on the Target Company from early May 2018, and it was completed in early July 2018.

On the other hand, according to the Target Company, the offer from the Company in the beginning of April 2018 led the Target Company to establish a special committee to avoid conflicts of interest in the middle of April, 2018 (for members and specific activities of the special committee, please refer to “c. Establishment by the Target Company of an Independent Special Committee and Response,” “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” under “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below). Furthermore, the Target Company built a basis for conducting discussion and negotiation regarding the Transaction by appointing Daiwa Securities Co., Ltd. (“Daiwa Securities”) a financial advisor and third-party valuation institution independent from the Company and the Target Company in accordance with a nomination by the special committee and also appointing Mori Hamada & Matsumoto a legal advisor as approved by the special committee. The Company and the Target Company engaged in repeated negotiations and discussions with respect to the Transaction for the purpose of enhancing the corporate value of both companies. Specifically, in early July 2018, the Company made a preliminary proposal to the special committee with respect to the terms and conditions regarding the Tender Offer, including the Tender Offer Price. Starting from such preliminary proposal, the Company implemented continued discussions and negotiations with the special committee regarding the Tender Offer Price based on several factors, such as the premiums added to the tender offer prices in some precedent tender offers conducted by parties other than the issuer, the result of due diligence on the Target Company, the trend of the market price of the Target Company’s Common Stock and the most recent performance of the Target Company.

The Company engaged in continued negotiations and discussions with the Target Company regarding business strategies after making the Target Company the Company’s wholly-owned subsidiary.

According to the Target Company’s Press Release, during the process of consultations and discussions, the Target Company has come to believe that, in order to increase medium- to long-term profit, provide even better solutions to customers and keep growing under competitive circumstances where the market environment in the housing business is rapidly changing as set forth above, the Target Company needs to (i) expand its business related to large-scale wood facilities, (ii) enhance solutions for wealthy customers by cooperating with the entire Group to the maximum extent possible, (iii) steadily expand stock businesses such as renovation, refurbishment and leasing management, (iv) endeavor to further expand overseas business in North America, and (v) maximize synergies by enhancing

collaboration with the Group. In order to realize these objectives, the Target Company has come to believe that, by delisting the Target Company's Common Stock and making the Company the only shareholder through implementing the Transaction, the Company and the Target Company can avoid prospective conflicts of interest between the parent company and minority shareholders under the circumstance where the parent company and its subsidiary are both listed, and the Company and the Target Company need to collaborate even more closely than ever, and to further advance the mutual utilization of management resources and management expertise. As stated above, although the housing market in Japan is expected to shrink in the long run, the Target Company believes once the Transaction is implemented, the collaboration with the Group, which already has its business bases in fields other than new housing construction and in overseas business, will be enhanced, enabling the Target Company to grow even more, and the Group and the Target Company's group can work together to accelerate growth once the Target Company's group begins to take part in the Group's business in building leasing, commercial facility leasing, housing sales, hotels and resorts, logistics, consulting, property management, and overseas business.

The following items are specific strategies and business synergies that the Target Company anticipates after the Transaction.

- i. Promote efficiency in the new housing construction business and accelerate growth areas such as contract construction of large-scale wood facilities, renovation and refurbishment business, and overseas business by utilizing the business resources (human resources, information and expertise) of the Group;
- ii. Enhance synergies with the Group in new business or renovation or refurbishment business through close sharing of information;
- iii. Utilize the human resources within Target Company's group and the Group (including securing global human resources to respond to the North America market, in which expansion is expected going forward); and
- iv. Accelerate growth through flexible investment decisions.

With respect to i. above, the Target Company believes that utilizing the business resources of the Group will enhance the productivity of new housing construction business, which is the core business of the Target Company, and making active investments to growing fields will also accelerate the growth of the Target Company.

Active investment in ICT, development of new technology, development of new products, plant facilities, and education, which the Target Company was unable to conduct in the past, will contribute to improving efficiency in the new housing construction business. In order to accelerate growth areas,

when seeking to expand in growing fields such as contract construction of large-scale wood facilities for nursing care facilities, where demand is expected to increase due to the declining birthrate and the aging of society, renovation and refurbishment business focusing on refurbishment of office and commercial facilities, and overseas business in North America where the Target Company's group already has an office and can expect expansion in light of the fact that the number of new housing units started in that region is on the rise, the Target Company can expect to obtain substantial support in terms of business collaboration, human resources, and information. Collaboration with other industries, M&A, and overseas business expansion are current trends in the housing industry. The Company already has the required resources and the Target Company believes that strengthening the collaboration with the Company will enable the Target Company to address the trends effectively, and will contribute to profit growth in the Target Company's group's various businesses. Furthermore, if the Target Company can actively invest as stated above, which it was unable to do in the past because its priority was to secure a profit for each year, the Target Company can expect to accelerate growth in the fields the Target Company is already working on and the expansion to new business fields.

As stated above, the Target Company determined that becoming a wholly-owned subsidiary of the Company will enable the Target Company to implement the active investment.

With respect to ii. above, by achieving closer information-sharing than before, the Target Company believes that it will be able to make a stronger management base for new housing construction business by (a) enhancing its approach to wealthy customers by sharing customer information, and (b) enhancing the collaboration in purchasing land for sale with the Group company holding valuable land information. With respect to renovation and refurbishment business, we expect that the number of orders that we will receive from the Group for refurbishment work for offices and commercial facilities will increase.

With respect to iii. above, by uniting two separate groups (the Target Company's group and the Group), mutual utilization of human resources will become easier and smoother than before. In addition, the Target Company believes that it may be able to utilize the network of the Group in securing global human resources to respond to the North America market, in which expansion is expected going forward.

Furthermore, with respect to iv. above, because the Target Company's shares are listed, its management had to focus on stock price and one of the important management goals was to secure profits each year. As a result, it was difficult for the Target Company to make essential investment necessary for middle- to long-term growth such as investment in ICT, development of new technology, development of new products, plant facilities, and education. By implementing the Transaction, the Target Company will be able to invest in the fields and research and development where the Target Company was previously unable to invest actively as stated above, and the Target Company can make active investment based on flexible investment decisions, using the planning ability, management

resources and development ability of the Group. As a result, the Target Company believes that it can expect to accelerate the middle- to long-term growth.

As stated above, both of the Company and the Target Company believe that strengthening the collaboration between the Company and the Target Company further and promoting the above measures will lead to the enhancement of the corporate value of the entire Group, including the Target Company's group, and the both parties agreed that, for that purpose, it is optimal to make the Target Company a wholly-owned subsidiary of the Company. Consequently, at its board of directors' meeting held today, the Company resolved to commence the Tender Offer with the aim to make the Target Company its wholly-owned subsidiary.

On the other hand, according to the Target Company, the Target Company determined that the Transaction would contribute to an increase in the corporate value of the Target Company, the Tender Offer Price and other terms and conditions regarding the Tender Offer are fair, and the Tender Offer provides to the Target Company's shareholders an opportunity to sell the Target Company's Common Stock at a reasonable price and under reasonable terms and conditions, and therefore, the Target Company resolved at its board of directors meeting held today to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company accept the Tender Offer (For details of the consideration and the decision-making process of the Target Company regarding the Transaction, please refer to the Target Company's Press Release and "(iii) Process of the decision by the Target Company and reasons therefor" below).

(iii) Process of the decision by the Target Company and reasons therefor

According to the Target Company's Press Release, as stated in "(ii) Background to, and purpose of, the Tender Offeror's decision to implement the Tender Offer" above, the Company offered the Target Company an initial proposal in early April 2018. In order to avoid arbitrariness and to ensure fairness, transparency and objectivity in the Target Company's decision-making process regarding the Transaction (including the Tender Offer), the Target Company established a special committee as its advisory body and reviewed the Transaction. As stated in the section titled "c. Establishment by the Target Company of an Independent Special Committee and Obtainment of Response to Questions from Special Committee" under "(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" of "(B) Background of Calculation" of "(4) Bases, Etc. of Calculation of Price for Purchase, Etc." of "2. Outline of Purchase, Etc." below, the special committee received the results of valuation of the Target Company's Common Stock and advice with respect to the negotiation policy, etc. from Daiwa Securities as a financial advisor and a third-party valuation institution, received advice with respect to the matters to be noted in decision-making process and method for the Transaction from Mori Hamada & Matsumoto as a legal advisor, collected information from the Company and the Target Company regarding the purpose

of the Transaction, the management system and policy following the Transaction, and the terms and conditions of the Transaction, and negotiated with the Company repeatedly, and as a result, came to agree with the Company with respect to the Tender Offer Price. Therefore, the special committee submitted the response to questions as of August 3, 2018 to the Target Company (the “Response to Questions”) (For members and specific activities of the special committee and an outline of the Response to Questions, please refer to the section titled “c. Establishment by the Target Company of an Independent Special Committee and Obtainment of Response to Questions from Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below.).

The board of directors of the Target Company carefully reviewed whether the Transaction would increase the corporate value of the Target Company and whether the terms and conditions of the Transaction (including the Tender Offer Price) were appropriate, in light of (a) the legal advice from Mori Hamada & Matsumoto concerning the decision making process and method for the Transaction (including the Tender Offer) and other matters to be noted in making decisions regarding the Transaction (including the Tender Offer) and (b) the contents of an official share valuation report for the Target Company’s Common Stock from Daiwa Securities, a third-party valuation institution, as of August 3, 2018 (the “Share Valuation Report for the Target Company”), and based on the contents of the special committee’s Response to Questions received from the special committee.

As a result and as stated in “(ii) Background to, and purpose of, the Company’s decision to implement the Tender Offer” above, the Target Company has come to believe that, in order to increase medium- to long-term profit and provide even better solutions to customers in the Target Company’s current business environment, which is expected to become even more competitive in the future, the Target Company determined that becoming a wholly-owned subsidiary of the Company through the Transaction, implementing the measures and realizing business synergies, as described in “(ii) Background to, and purpose of, the Company’s decision to implement the Tender Offer” above, will contribute to an increase in the corporate value of the Target Company.

The Target Company also determined that the Tender Offer Price and other terms and conditions regarding the Tender Offer are appropriate, and the Tender Offer provides to the Target Company’s shareholders an opportunity to sell the Target Company’s Common Stock at a price that includes a reasonable premium and under reasonable terms and conditions, considering that (i) as stated above, the Target Company agreed to the Tender Offer Price after it took measures to ensure the fairness of the Tender Offer, received advice and explanation regarding the Share Valuation Report for the Target Company from each of the advisors, and after the special committee, independent from the Target Company and the Company, agreed to the Tender Offer Price after sincere discussion and negotiation with the Company, (ii) it is assessed, in the Response to Questions obtained from the special committee

independent from the Target Company, that the Tender Offer Price (a) exceeds the upper limit of the range of valuations based on market price analysis, exceeds the median of the range of valuations derived by discounted cash flow analysis (the “DCF Analysis”) (which means the share value per share of the Target Company’s Common Stock calculated from the median of the respective range of the perpetual growth rate and discount rate adopted by Daiwa Securities) and falls within the range of valuations based on comparable company analysis in the Share Valuation Report for the Target Company as prepared by the third-party valuation institution and is in line with the level of premiums in similar transactions (i.e., tender offers with the aim to make a listed company a wholly-owned subsidiary of the tender offeror) and (b) was determined following deliberations that were even more thorough than in similar transactions, considering the fact that the special committee received advice from Daiwa Securities, negotiated with the Company several times, and the Company made significant concessions, (iii) the Tender Offer Price exceeds the maximum valuation based on market price analysis, falls within the range of valuations derived by comparable company analysis, and exceeds the median of the range of valuations derived by DCF Analysis that are the result of valuation of the Target Company’s Common Stock by Daiwa Securities as set forth in the section titled “b. Procurement by the Target Company of a Share Valuation Report from an Independent Third-party Valuation Institution” under “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below, (iv) the Tender Offer Price of 980 yen per share represents (a) a premium of 25.16% (rounded to second decimal places; hereinafter the same applies to percentages in this paragraph) on 783 yen, which is the closing price of the Target Company’s Common Stock (in ordinary market transactions) on the First Section of the Tokyo Stock Exchange on August 2, 2018, the business day immediately preceding the announcement date of the Tender Offer; (b) a premium of 43.27% on 684 yen (rounded to the nearest one (1) yen; hereinafter the same applies to calculation of a simple average of the closing price), which is the simple average closing price of the Target Company’s Common Stock (in ordinary market transactions) for the past one month (from July 3, 2018 to August 2, 2018); (c) a premium of 38.81% on 706 yen, which is the simple average closing price of the Target Company’s Common Stock (in ordinary market transactions) for the past three months (from May 7, 2018 to August 2, 2018); and (d) a premium of 41.01% on 695 yen, which is the simple average closing price of the Target Company’s Common Stock (in ordinary market transactions) for the past six months (from February 5, 2018 to August 3, 2018), and (v) the Target Company has taken measures to ensure the fairness of the Tender Offer as set out in “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below and has taken into consideration the interest of minority shareholders.

Therefore, the Target Company resolved at its board of directors meeting held today to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company accept the Tender Offer.

The resolution of the board of directors of the Target Company above was two-tiered as described in “e. Unanimous Approval of All Non-interested Directors and the No Dissenting Opinion of All Non-interested Statutory Auditors at the Target Company” of “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below.

b. Management Policy After the Tender Offer

The Company, after making the Target Company its wholly-owned subsidiary, will seek to increase the possibility of profit growth by accelerating collaboration within the Group including the Target Company’s group and speeding up the decision-making process to promote its sales productivity and cost efficiency, and by focusing on a few business areas based on the demand trends in the future. The Company aims to strengthen the capabilities of the Group by unifying the management of the Group and the Target Company’s group to accelerate the profit growth of, and enhance the corporate value of, the entire Group, including the Target Company’s group.

As of today, the board of directors of the Target Company consists of ten directors. Five directors are the persons who were transferred from the Company; Mr. Toshihide Ichikawa, Mr. Akira Ikeda, Mr. Minoru Yamamoto and Mr. Junya Kawai hold positions as special advisor or status as employees at the Company. Although the management structure following the Tender Offer, including the officers to be seconded from the Company, has not yet been determined as of today, the Company plans to hold further discussion with the Target Company with respect to the implementation of measures described above and the creation of the most appropriate system to enhance the management basis.

(3) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

In consideration of the fact that the Target Company is a consolidated subsidiary of the Company and that the Transaction including the Tender Offer constitutes a “material transaction, etc. with the controlling shareholder” the Company and the Target Company implemented the following measures as the measures to ensure the fairness of the Tender Offer such as the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.

Although the Company has not set a minimum number of shares to be purchased by a so-called “majority of minority” in the Tender Offer, since the Company and the Target Company have

implemented the measures stated in a. through f. below, the Company believes that the interests of the minority shareholders of the Target Company are reasonably considered.

- a. Procurement by the Tender Offeror of a share valuation report from an independent third-party valuation institution
- b. Procurement by the Target Company of a share valuation report from an independent third-party valuation institution
- c. Establishment by the Target Company of an independent special committee and obtainment of response to questions from the special committee
- d. Advice to the Target Company from an independent legal advisor
- e. Unanimous approval of all non-interested directors and the no dissenting opinion of all non-interested statutory auditors at the Target Company
- f. Measures to secure opportunities for others to make any competing offers

For details of the measures above, please refer to the section titled “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” under “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below.

(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)

As stated in “(1) Overview of the Tender Offer” above, while the Company is contemplating acquiring all of the Target Company’s Common Stock by way of the Tender Offer, if the Company is unable to acquire all of the issued shares of the Target Company upon completion of the Tender Offer, the Company, for the purpose of purchasing all of the issued shares of the Target Company, intends to implement the following procedures after the completion of the Tender Offer:

a. Demand for Shares Cash-Out

If, upon completion of the Tender Offer, the Company owns 90% or more of the voting rights of all shareholders of the Target Company and the Company becomes a special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), the Company plans to request all of the Target Company’s shareholders (excluding the Company and the Target Company) to sell all of the Target Company’s Common Stock they own pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act (the “Demand for Shares Cash-Out”), promptly after the completion of the settlement of the Tender Offer. In the Demand for Shares Cash-Out, the Company plans to set forth that the amount equivalent to the Tender Offer Price will be

delivered to the Target Company's shareholders (excluding the Company and the Target Company) as the price per share of the Target Company's Common Stock. In such case, the Company will notify the Target Company of it and will require the Target Company to approve the Demand for Shares Cash-Out. If the Target Company approves the Demand for Shares Cash-Out by a resolution of its board of directors, in accordance with the procedures set forth in the relevant laws and ordinances, without individual approvals by the Target Company's shareholders, the Company will acquire, as of the acquisition date set forth in the Demand for Shares Cash-Out, all of the Target Company's Common Stock owned by the Target Company's shareholders (excluding the Company and the Target Company). The Company plans to deliver the amount equivalent to the Tender Offer Price to each of such Target Company's shareholders as the price per share of the Target Company's Common Stock owned by each of the Target Company's shareholders. In addition, according to the Target Company's Press Release, if the Target Company receives from the Company its intention to Demand for Shares Cash-Out and the notice regarding the matters set forth in each item of Article 179-2, Paragraph 1 of the Companies Act, the board of directors of the Target Company plans to approve the Demand for Shares Cash-Out. If the Demand for Shares Cash-Out is made, the Target Company's shareholders may file a petition with a court to determine the sale price of the Target Company's Common Stock that they own, pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws or ordinances.

b. Share Consolidation

On the other hand, if, after the completion of the Tender Offer, the Company owns less than 90% of the Target Company's voting rights, the Company plans to, promptly after the completion of the settlement of the Tender Offer, request the Target Company to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") that will resolve proposals including: (a) a proposal regarding consolidation of the Target Company's Common Stock (the "Share Consolidation") and (b) a proposal regarding an amendment to the articles of incorporation subject to the Share Consolidation becoming effective for the purpose of abolishing the provision regarding the number of shares constituting one unit of stock. The Company plans to vote in favor of each of the above-mentioned proposals at the Extraordinary Shareholders' Meeting.

If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, as of the effective date of the Share Consolidation, the number of the Target Company's Common Stock owned by the shareholders of the Target Company will be changed in proportion to the ratio for the Share Consolidation approved at the Extraordinary Shareholders' Meeting. Although the ratio for the consolidation of the Target Company's Common Stock has not yet been determined as of today, it is contemplated that the ratio will be determined so that the Company will hold all of the Target Company's Common Stock (excluding the treasury stock held by the Target Company) and the number

of the Target Company's Common Stock owned by the Target Company's shareholders (excluding the Company and the Target Company) who did not tender their shares in the Tender Offer will be a fractional share less than one share. In the case where any fractional share less than one share arises as a result of the Share Consolidation, the amount of cash to be obtained by selling the Target Company's Common Stock in the amount equivalent to the aggregate of such fractional shares (any fractional shares less than one share in the aggregate will be rounded off; hereinafter the same) to the Target Company or the Company, etc., will be delivered to the shareholders of the Target Company pursuant to Article 235 of the Companies Act and other relevant laws or ordinances. With respect to the sale price of the Target Company's Common Stock in the amount equivalent to the aggregate of such fractional shares, the Company plans to request the Target Company to determine such price so that the amount of money to be delivered to each of the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Company and the Target Company) as a result of such sale will be equal to the amount obtained by multiplying (a) the Tender Offer Price by (b) the number of the Target Company's Common Stock held by such shareholder, and file a petition with a court for permission for such voluntary sale.

In the case where the Share Consolidation is conducted and any fractional share less than one share arises, the shareholders of the Target Company may request the Target Company to purchase at a fair price all of its fractional shares less than one share and file a petition with a court for determination of the price of the Target Company's Common Stock pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or ordinances.

It is not intended in the Tender Offer to solicit the affirmative vote by the Target Company's shareholders at the Extraordinary Shareholders' Meeting.

The procedures described in a. and b. above may take longer than anticipated or may be changed due to the amendment or enforcement of the relevant laws and regulations, the interpretation by the authorities on the relevant laws and regulations, the ownership ratio of the Company or other shareholders of the Target Company in respect of the Target Company's Common Stock after the Tender Offer, etc.

However, even in such cases, if the Tender Offer is completed, the Company intends to adopt any measures to eventually pay cash to the shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding the Company and the Target Company) and cause the amount of cash to be paid to each of the shareholders to be equal to the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Common Stock owned by such shareholder. Please note that, if a petition is filed with a court to determine the sale price of the Target Company's Common Stock in the Demand for Shares Cash-Out or to determine the price with respect to the request to purchase shares which is made in relation to the Share Consolidation, the sale price of the Target Company's

Common Stock subject to such petition or the price with respect to the request to purchase shares subject to such petition will ultimately be determined by a court.

Specific procedures and the schedule thereof in each case above will be announced by the Target Company once they are determined through mutual discussions between the Company and the Target Company. If the Demand for Shares Cash-Out is implemented, the Company intends to (i) give the Target Company a notice of the Company's intention to make the Demand for Shares Cash-Out and the notices regarding the matters stated in each item of Article 179-2, Paragraph 1 of the Companies Act in around late September 2018, and (ii) set the acquisition date in around mid-October 2018. If the Share Consolidation is implemented, the Target Company intends to (a) set the date of the Extraordinary Shareholders Meeting to be held at the request of the Company in around mid-November 2018, and (b) set the effective date of the Share Consolidation in around early December 2018.

Each shareholder of the Target Company should consult with tax advisors at its own responsibility regarding tax implications in relation to the tender in the Tender Offer or any of the procedures above

(5) Possibility of Delisting and Reasons Therefor

As of today, the Target Company's Common Stock are listed on the First Section of the Tokyo Stock Exchange. However, since the Company has not set the maximum number of share certificates, etc. to be purchased, etc. in the Tender Offer, depending on the result of the Tender Offer, the Target Company's Common Stock may be delisted pursuant to the procedures prescribed by the Tokyo Stock Exchange in accordance with the Tokyo Stock Exchange's criteria for delisting. In addition, even if the Target Company's Common Stock does not fall under such criteria at the time of the completion of the Tender Offer, if the Company implements each of the procedures described in "(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to So-called 'Two-step Acquisition')" after the Tender Offer is completed, the Target Company's Common Stock will fall under the criteria for delisting and will be delisted pursuant to the prescribed procedures. The Target Company's Common Stock will no longer be traded on the Tokyo Stock Exchange after the delisting.

(6) Matters Concerning Material Agreements Related to the Tender Offer

N/A

2. Outline of Purchase, Etc.

(1) Outline of Target Company

(1) Name	Mitsui Home Co., Ltd.
(2) Location	1-1, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo
(3) Name and Title of Representative	Toshihide Ichikawa, Representative Director and President

(4) Contents of Business	New construction business, reform/renewal business, lease management business and housing-related material sales business mainly in the housing-related fields
(5) Capital	13,900,700 thousand yen (as of March 31, 2018)
(6) Date of Incorporation	October 11, 1974
(7) Major Shareholders and Shareholding Ratios (as of March 31, 2018)	Mitsui Fudosan Co., Ltd. 56.33%
	Mitsui Home Group Employee Shareholding Association 4.64%
	MSIP CLIENT SECURITIES (Standing proxy agent: Morgan Stanley MUFG Securities Co., Ltd.) 3.61%
	Japan Trustee Services Bank, Ltd. (Trust Account) 1.76%
	The Master Trust Bank of Japan, Ltd. (Trust Account) 1.33%
	Mitsui Fudosan Realty Co., Ltd. 1.19%
	Goldman Sachs International (Standing proxy agent: Goldman Sachs Japan Co., Ltd.) 1.05%
	BNYM SANV BNYMIL LF MORANT WRIGHT NIPPON YIELD FUND (Standing proxy agent: MUFG Bank, Ltd.) 0.98%
	Government of Norway (Standing proxy agent: Citibank, N.A., Tokyo branch) 0.82%
	Japan Trustee Services Bank, Ltd. (Trust Account 5) 0.82%
(8) Relationship between the Listed Company and the Target Company	
Capital Relationship	The Company holds 37,334,919 shares (a shareholding ratio of 56.34%) of the Target Company's Common Stock as of today.
Personnel Relationship	As of today, among the directors of the Target Company, five directors are those who were transferred from the Company, four of whom still hold positions as a special advisor or an employee at the Company.
Business Relationship	The Target Company, which uses the Company's related companies deposit system provided to each company of the Group, deposits funds with the Company and receives interests thereon. Further, the Target Company leases an office from the Company. In addition, consolidated subsidiaries of the Target Company undertake renewal works for office and commercial facilities from the Company.
Status as Related Party	The Target Company is a consolidated subsidiary of the Company, and therefore, the Target Company is a related party of the Company.

(2) Schedule, Etc.

(i) Schedule

Resolution of Board of Directors	August 3, 2018 (Friday)
Date of Notice of Commencement of Tender Offer	August 6, 2018 (Monday) Public disclosure will be made electronically, and a notice of such disclosure will be published in the <i>Nihon Keizai Shimbun</i> . EDINET (electronic disclosure for investors' network): (http://disclosure.edinet-fsa.go.jp/)
Filing Date of Tender Offer Statement	August 6, 2018 (Monday)

(ii) Period for Purchase, Etc. as of the Time of Filing of Tender Offer Statement

From August 6, 2018 (Monday) to September 18, 2018 (Tuesday) (31 business days)

(iii) Possible extension of the Tender Offer Period based on the Target Company's request

N/A

(3) Price for Purchase, Etc.

980 yen per share of Common Stock

(4) Bases, Etc. of Calculation of Price for Purchase, Etc.

(A) Basis of Calculation

In order to ensure the fairness of the Tender Offer Price, the Company requested Nomura Securities, a financial advisor as a third-party valuation institution that is independent from the Company and the Target Company, to evaluate the share value of the Target Company's Common Stock for determining the Tender Offer Price. Nomura Securities is not a related party to the Company or the Target Company, and has no material interest in the Tender Offer.

As a result of consideration of the calculation methods for the Tender Offer, Nomura Securities conducted (i) the average market price analysis because the Target Company's Common Stock are listed on the First Section of the Tokyo Stock Exchange, (ii) the comparable company analysis because there are listed companies comparable to the Target Company and analogical inference of the share value of the Target Company's Common Stock is possible through this approach, and (iii) the DCF analysis so as to reflect in the evaluation the status of future business activities. The Company obtained the share valuation report from Nomura Securities as of August 2, 2018 ("Tender Offeror's Valuation Report"). The Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness

opinion) from Nomura Securities.

The results of the evaluation by Nomura Securities of the value per share of the Target Company's Common Stock are as follows:

Average market price analysis:	684 yen to 783 yen
Comparable company analysis:	551 yen to 1,127 yen
DCF analysis:	724 yen to 1,400 yen

The average market price analysis, with the reference date on August 2, 2018, showed that the value per share of the Target Company's Common Stock was in the range of 684 yen to 783 yen, based on the following prices of the Target Company's Common Stock (in ordinary market transactions) on the First Section of the Tokyo Stock Exchange: the closing price on the reference date (783 yen); the simple average closing price for the past five (5) business days (753 yen); the simple average closing price for the past one (1) month (684 yen); the simple average closing price for the past three (3) months (706 yen); and the simple average closing price for the past six (6) months (695 yen).

For the comparable company analysis, the share value of the Target Company was calculated by comparing the market prices of the shares and financial indicators showing profitability, etc., of some listed companies engaged in business similar to that conducted by the Target Company. This analysis showed that the value per share of the Target Company's Common Stock was in the range of 551 yen to 1,127 yen.

For the DCF analysis, the corporate value and the share value of the Target Company were calculated by first estimating the amount of the free cash flow that the Target Company is expected to generate in and after the 2nd quarter of the fiscal year ending March 2019 based on various factors, such as earnings estimates and investment plans in the business plan of the Target Company for four (4) fiscal years from the fiscal year ending March 2019 through the fiscal year ending March 2022 and publicly disclosed information, and then deriving the present value of that amount using a certain discount rate. This analysis showed that the value per share of the Target Company's Common Stock was in the range of 724 yen to 1,400 yen. The business plan of the Target Company used by Nomura Securities for the DCF analysis does not include any fiscal year in which a large increase or decrease in income is expected. Furthermore, the expected synergies to be realized through the implementation of the Transaction are not taken into account because it is difficult to make detailed estimate at this point.

In determining the Tender Offer Price, the Company referred to the valuation results of each analysis method stated in the Tender Offeror's Valuation Report which the Company received from Nomura Securities; took comprehensively into account several factors, such as the premiums added to the tender offer prices in some precedent tender offers conducted by parties other than the issuer, the likelihood the Target Company's board of directors would support the Tender Offer, the trend of the market price of the Target Company's Common Stock and the estimated number of shares to be tendered

in the Tender Offer; and based on the results of the discussion and negotiation with the Target Company. As a result, the Company ultimately set the Tender Offer Price at 980 yen per share through a resolution at the board of directors' meeting held today.

The Tender Offer Price of 980 yen per share represents (a) a premium of 25.16% (rounded to the second decimal place; hereinafter the same applies to percentages in this paragraph) to 783 yen, which is the closing price of the Target Company's Common Stock (in ordinary market transactions) on the First Section of the Tokyo Stock Exchange on August 2, 2018, the business day immediately preceding the date hereof; (b) a premium of 43.27% to 684 yen, which is the simple average closing price of the Target Company's Common Stock (in ordinary market transactions) for the past one (1) month (from July 3, 2018 to August 2, 2018); (c) a premium of 38.81% to 706 yen, which is the simple average closing price of the Target Company's Common Stock (in ordinary market transactions) for the past three (3) months (from May 7, 2018 to August 2, 2018); and (d) a premium of 41.01% to 695 yen, which is the simple average closing price of the Target Company's Common Stock (in ordinary market transactions) for the past six (6) months (from February 5, 2018 to August 3, 2018).

(B) Background of Calculation

(Background to the determination of the Tender Offer Price)

The Company started considering the Tender Offer in mid-November 2017 and composed a team for discussion and negotiation regarding the Tender Offer by appointing Nomura Securities as a financial advisor and third-party valuation institution that is independent from the Company and the Target Company and appointing Nagashima Ohno & Tsunematsu as a legal advisor in mid-March 2018. The Target Company composed a team in relation to the Transaction by appointing Daiwa Securities, which was nominated by the special committee, as a financial advisor and third-party valuation institution that is independent from the Company and the Target Company and Mori Hamada & Matsumoto, which was approved by the special committee, as a legal advisor. Then, the Company conducted due diligence on the Target Company from early May 2018 to early July 2018 in order to examine the feasibility of the Tender Offer, and simultaneously continued to discuss terms and conditions of the Transactions including the Tender Offer Price, with the special committee. Furthermore, the Company engaged in discussion and negotiation with the special committee on the Tender Offer Price several times since early July 2018. The Company thereafter made a final proposal on the Tender Offer to the Target Company in around late July 2018 and engaged in further discussion and negotiation with the special committee.

As a result, the Company has come to believe that, if the Company makes the Target Company a wholly-owned subsidiary of the Company, (i) it will contribute to the enhancement of the flexibility of the management of the Target Company's group, by avoiding possible conflicts of interest between the parent company and the minority shareholders which would arise due to listing of both a parent company and its subsidiary, and by speeding up the decision-making in the group's management strategy, (ii) it will enable the Group to make the new housing units construction business (which is currently the core

business of the Target Company) a more solid management base of the Group, because the collaboration between the Group and the Target Company's group will be further strengthened, and, as a result, (iii) it will strengthen the value chain of the Group as a comprehensive real estate developer. The Company has also come to believe that it is extremely beneficial for enhancement of the corporate value of not only the Target Company but also the entire Group, including the Target Company's group, that the Company and the Target Company, as a unit, promote a growth strategy for the Target Company's group from a medium- to long-term perspective. Therefore, the Company has determined, by the resolution of the meeting of the board of directors held today, to implement the Tender Offer. The background of the determination of the Tender Offer Price is as below.

i. Obtaining the share valuation report from a third-party calculation institution

In determining the Tender Offer Price, the Company requested Nomura Securities, a financial advisor of the Company, to evaluate the share value of the Target Company, and obtained the Tender Offeror's Valuation Report from Nomura Securities on August 2, 2018. Nomura Securities is not a related party of the Company or the Target Company and has no material interest in relation to the Tender Offer. In addition, the Company has not obtained an opinion concerning the fairness of the Tender Offer Price for the Target Company's Common Stock (a fairness opinion) from Nomura Securities.

ii. Outline of advice from Nomura Securities

Nomura evaluated the share value of the Target Company by using the average market price analysis method, the comparable company analysis method and the DCF analysis method. The ranges of the value per share of the Target Company's Common Stock showed by each analysis method are as follows:

Average market price analysis:	684 yen to 783 yen
Comparable company analysis:	551 yen to 1,127 yen
DCF analysis:	724 yen to 1,400 yen

iii. Background to determination of the Tender Offer Price based on the advice

In determining the Tender Offer Price, the Company referred to the valuation result shown by each analysis method stated in the Tender Offeror's Valuation Report which the Company received from Nomura Securities, took several factors into account comprehensively such as the premiums added to the tender offer prices in some tender offers conducted in the past by a party other than the issuer which is similar to the Tender Offer, the result of due diligence on the Target Company, whether the Target Company's board of directors would support the Tender Offer, the trend of the market price of the Target Company's Common Stock and the estimated number of shares to be tendered in the Tender Offer, and based the results of the discussion and negotiation with the Target Company and other factors. As a result, the Company ultimately decided the Tender Offer Price being 980 yen per share by a resolution of the

meeting of the board of directors held today. For details, please see “(A) Basis of Calculation” above.

(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)

Given that the Target Company is a consolidated subsidiary of the Company and that the Transaction, including the Tender Offer, falls under the category of “a material transaction, etc. with the controlling shareholder”, the Company and the Target Company implemented the following measures for ensuring the fairness of the Tender Offer, including ensuring the fairness of the Tender Offer Price and avoiding conflicts of interest.

a. Procurement by the Tender Offeror of a share valuation report from an independent third-party valuation institution

In order to ensure the fairness of the Tender Offer Price, the Company requested Nomura Securities, a financial advisor and third-party valuation institution that is independent from the Company and the Target Company, to evaluate the share value of the Target Company. For details of the Tender Offeror’s Valuation Report regarding the results of evaluation on the share value of the Target Company which the Company received from Nomura Securities, please see “(A) Basis of Calculation” above.

b. Procurement by the Target Company of a share valuation report from an independent third-party valuation institution

According to the Target Company’s Press Release, in announcing the Target Company’s opinion regarding the Tender Offer, the Target Company requested its financial advisor Daiwa Securities, which is a third-party valuation institution independent from the Target Company and the Company, to calculate the value of the Target Company’s Common Stock. Daiwa Securities is not a related party of the Target Company or the Company, and does not have any notable material interest in connection with the Tender Offer.

Daiwa Securities considered several methods of calculation to determine which method to adopt for the calculation of the value of the Target Company’s Common Stock. Based on the premise that it is a going concern and based on the belief that the value of the Target Company’s Common Stock should be evaluated from various perspectives, Daiwa Securities evaluated the equity value per share of the Target Company by using (i) market price analysis, taking into account the trends in the market price of the Target Company’s Common Stock, (ii) comparable company analysis, as there are several comparable listed companies for which comparison to the Target Company is possible, and analogical inference of share value is possible through this approach, and (iii) DCF Analysis, taking into account the details, estimates, etc. of business operation of the Target Company. The Target Company obtained the share valuation report from Daiwa Securities as of August 3, 2018. The Target Company has not

obtained an opinion concerning appropriateness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.

The following represents the ranges of value per the Target Company's Common Stock based upon each calculation method.

Market Price Analysis:	684 yen to 783 yen
Comparable Company Analysis:	434 yen to 1,231 yen
DCF Analysis:	863 yen to 1,129 yen

For the market price analysis, the record date was set at August 2, 2018, and the valuation per the Target Company's Common Stock quoted on the First Section of the Tokyo Stock Exchange was made based on the closing price on the record date (783 yen), the average closing prices over the one-month (684 yen), three-month (706 yen), and six-month (695 yen) periods immediately prior to the record date. The range of 684 yen to 783 yen per the Target Company's Common Stock was derived under the analysis using the average market price analysis.

In performing the comparable company analysis, Daiwa Securities selected MISAWA HOMES CO., LTD., Tama Home Co., Ltd., Hinokiya Juutaku Co., Ltd., and NIHON HOUSE HOLDINGS Co., Ltd. as comparable publicly listed companies which had similar characteristics with the Target Company, and applied EV/EBITDA multiple and PER.

For the DCF Analysis, the free cash flow that the Target Company is expected to create in the second quarter of fiscal year ending March 2019 and thereafter (based on the Target Company's estimated future earnings in its business plan, investment plan, publicly disclosed information, etc. for four financial years between the fiscal year ending March 2019 and the one ending March 2022) was discounted to the current value by using a certain discount rate, in order to analyze the Target Company's corporate value and share value. The range of 863 yen to 1,129 yen per share of the Target Company's Common Stock was derived using DCF Analysis. As for the discount rate, Daiwa Securities applied the rate of 7.23 to 8.54%. Daiwa Securities calculated remaining value by the perpetual growth rate model method, and applied a perpetual growth rate of 0.00 to 1.00 %.

The business plan prepared by the Target Company used by Daiwa Securities in its DCF Analysis does not include any fiscal year in which a large increase or decrease in income is expected. Furthermore, the expected synergies to be realized through the implementation of the Transaction are not taken into the following financial forecasts because it is difficult to make detailed estimate at this point.

The following table shows the financial forecasts made by the Target Company, which Daiwa Securities used as a basis for performing the DCF Analysis.

				(Millions of yen)
	FY2018 (9 months)	FY2019	FY2020	FY2021

Net Sales	215,494	272,000	273,500	277,000
Operating Income	7,964	6,400	6,500	6,900
EBITDA	10,329	9,400	9,500	9,900
Free Cash Flow	9,388	4,229	4,348	4,170

c. Establishment by the Target Company of an Independent Special Committee and Obtainment of Response to Questions from Special Committee

According to the Target Company's Press Release, the board of directors of the Target Company established a special committee on April 19, 2018, consisted of three members, namely Mr. Yasunori Nakada, Outside Director of the Target Company (Outside Director of the Target Company and Advisor of Yomiko Advertising Inc.), and Mr. Shinsuke Matsumoto (an attorney at Nakamura, Tsunoda & Matsumoto) and Mr. Omoo Yamazaki (representative director at GG Partners Co., Ltd., and a certified public accountant and a tax accountant), both of whom are outside experts independent of the Target Company and the Company, in order to avoid arbitrariness and to ensure fairness, transparency and objectivity in the Target Company's decision-making process regarding the Transaction (including the Tender Offer) (The said three persons have been appointed by the Target Company as the members of the special committee since its establishment, and the Target Company has never changed any member of the special committee.). The board of directors of the Target Company then asked the special committee to submit their response regarding the following matters to the Target Company. The board of directors of the Target Company requested the special committee (i) to give advice (and to negotiate with the Company as necessary) regarding (a) whether the transaction to make the Target Company a wholly-owned subsidiary of the Company through the Tender Offer, etc. is considered to be reasonable in light of increasing the corporate value of the Target Company, (b) whether the Board of Directors of the Target Company should express an opinion in favor of the Tender Offer or not, considering whether the interest of shareholders of the Target Company through fair procedures was taken into account, and whether it should recommend that the shareholders of the Target Company accept the Tender Offer, and (ii) whether the transaction to make the Target Company a wholly-owned subsidiary of the Company through the Tender Offer, etc. will disadvantage minority shareholders of the Target Company (hereinafter these questions are collectively referred to as the "Questions").

From April 19, 2018 to August 3, 2018, the special committee discussed and reviewed the Questions by holding 15 meetings in total. In particular, firstly, the special committee appointed Daiwa Securities as a financial advisor and third-party valuation institution independent from Company and the Target Company and approved the appointment of Mori Hamada & Matsumoto as a legal advisor independent from the Company and the Target Company in connection with the Transaction. Then, the special committee received an explanation from the Target Company regarding the performance of the Target Company, the market environment, business environment forecasts, the Target Company's view

regarding the Transaction and the business plan of the Target Company that constituted the basis for the calculation of share value. The special committee also held question and answer sessions with the Target Company. The special committee received an explanation from the Company regarding the background of proposing the Transaction, the purpose of the Transaction, and the target company's status in the business portfolio of the Group after the implementation of the Transaction. The special committee also held question and answer sessions with the Company. Furthermore, the special committee received an explanation from Daiwa Securities regarding the Share Valuation Report for the Target Company and advice from Mori Hamada & Matsumoto regarding the measures to ensure the fairness in process of the Transaction and the details of the decision-making process at the board of directors of the Target Company regarding the Transaction and other measures to be taken to avoid conflicts of interest. The special committee also negotiated several times with the Company with respect to the Tender Offer Price while receiving advice from Daiwa Securities. The Company made significant concessions and as a result, the special committee came to agree to the Tender Offer Price.

After conducting the above procedures, the special committee submitted the Response to Questions as outlined below to the Board of Directors of the Target Company as of August 3, 2018.

(i) The Transaction is reasonable from the view of improving corporate value for the following reasons: (a) considering the management environment where the number of new housing units will continue to decrease in the mid- to long-term in the field of new housing construction which is the core business of the Target Company's group, and the management challenge that since under the current situation where there are minority shareholders, the Target Company is to prioritize the maintenance and improvement of short-term profits, the Target Company has not been able to make sufficient investment necessary for mid- to long-term growth and has not been able to make flexible and prompt investment decisions that may contribute to accelerating growth in the fields that it wants to enhance, in order for the Target Company to improve its corporate value, it is reasonably understandable that the Target Company should delist the Target Company's Common Stock by implementing the Transaction, collaborate closely with the Company, and press forward with the utilization of management resources and expertise, and the special committee does not see any unreasonable point in such purpose of the Transaction; (b) assuming that the Target Company will discuss feasible and specific measures with the Company and implement such measures after the implementation of the Transaction, the expected effect of the Transaction is in line with the purpose of the Transaction; and (c) the negative effects that may arise from the Transaction such as influence on the recruiting activities of the Target Company can be minimized; and (ii) the Transaction gives due consideration to the interest of shareholders through the fair procedures for the following reasons: (a) when discussing the Transaction, the Target Company took measures (such as deliberate consideration by the special committee), not only formally but also substantially, to secure fairness and avoid conflicts of interest as is generally done in transactions similar to the Transaction, taking into consideration the inevitable problems arising in connection with the

Transaction (structural conflicts of interest and information asymmetry); (b) the Tender Offer Price exceeds the upper limit of the range of valuations based on market price analysis and the median of the range of valuations derived by DCF Analysis and falls within the range of valuations based on comparable company analysis in the Share Valuation Report for the Target Company as prepared by the third-party valuation institution and is in line with the level of premiums offered in similar transactions (i.e., tender offers with the aim to make a listed company a wholly-owned subsidiary of the tender offeror); and (c) the Tender Offer Price was determined following deliberations that were even more thorough than in similar transactions such active engagement by the special committee with the negotiation with the Tender Offeror, considering the fact that the special committee received advice from Daiwa Securities, negotiated with the Company several times, and the Company made significant concessions.

In addition, it is reasonable to believe that the Transaction is not disadvantageous to the minority shareholders, because the Transaction is reasonable from the point of view that it increases corporate value, due consideration to the interest of shareholders is given, and there is no fact such that the Company, the parent company of the Target Company, is intending to gain unfair advantage through the Transaction at the expense of the minority shareholders.

d. Advices to the Target Company from an Independent Legal Advisor

According to the Target Company's Press Release, in order to secure the fairness and appropriateness of decision making process of the board of directors, the Target Company appointed Mori Hamada & Matsumoto, independent of the Target Company and the Company, as its legal advisor and received legal advice concerning the decision-making method and process for the Tender Offer and the subsequent procedures and other matters to be noted in making decisions.

e. Unanimous Approval of All Non-interested Directors and No Dissenting Opinion from Non-interested Statutory Auditors at the Target Company

According to the Target Company's Press Release, in light of the legal advice obtained from Mori Hamada & Matsumoto, the details of the Share Valuation Report for the Target Company, the Response to Questions obtained from the special committee, the details of continuous discussions conducted several times with the Company and other related materials, and in light of the results of the discussions and examinations of the terms and conditions of the Tender Offer by the Company, the Target Company has resolved at its board of directors meeting held today to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company accept the Tender Offer for the Target Company's Common Stock as stated in "(iii) Process of the decision by the Target Company and reasons therefor," "a. Background to, purpose of and decision-making process of the Tender Offer" under "(2) Background to, Purpose of and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" of "1. Purpose, Etc. of Purchase, Etc." above.

Among the ten directors of the Target Company, Mr. Toshihide Ichikawa, Mr. Akira Ikeda, Mr. Minoru Yamamoto and Mr. Junya Kawai hold positions as special advisor or status as employees at the Company, and Mr. Hideki Kiyono is originally from the Company. Thus, at the board of directors meeting stated above, the board of directors of the Target Company was two-tiered: first, (i) five directors other than Mr. Toshihide Ichikawa, Mr. Hideki Kiyono, Mr. Minoru Yamamoto, Mr. Akira Ikeda and Mr. Junya Kawai participated in the deliberation and passed a resolution by unanimous agreement as stated above in order to avoid the possible conflicts of interest, then further, in light of ensuring that the quorum for the board of directors meetings was met, (ii) six directors (such five directors and Mr. Hideki Kiyono) once again participated in the deliberation and five directors (excluding Mr. Hideki Kiyono, who abstained from participating in resolution) passed a resolution by unanimous agreement as stated above. All of the statutory auditors present at the board of directors (three statutory auditors (of whom two are outside auditors) out of four statutory auditors) expressed the opinion that they had no objections with respect to the resolution.

In light of avoiding the possible conflicts of interest, Mr. Kimihiro Suwa, a statutory auditor of the Target Company who is originally from the Company, did not participate in any of the deliberations at the board of directors meeting and refrained from making his opinion regarding the resolution of the board of directors.

Of all directors of the Target Company, five directors (Mr. Toshihide Ichikawa, Mr. Minoru Yamamoto, Mr. Junya Kawai, Mr. Akira Ikeda, and Mr. Hideki Kiyono) (Note 1) did not participate in the deliberation or resolution for the Transaction including the said board of directors meeting in light of preventing conflicts of interest (Note 2), nor did they participate in the discussion or negotiation of the Transaction on behalf of the Target Company.

(Note 1) As stated above, Mr. Hideki Kiyono participated in the two-tier deliberation at the board of directors meeting held today in light of ensuring that the quorum for the board of directors meetings was met, and abstained from participating in resolution.

(Note 2) With respect to the board of directors meeting for the Transaction, the number of directors of the Target Company was nine at the time the board of directors meeting were held (other than the board of directors meeting held today). Four directors were transferred from the Company, and did not participate in the deliberation and resolution at the board of directors for the Transaction in light of preventing conflicts of interest.

f. Measures to secure opportunities for others to make any competing offers

The Company has set the tender offer period for purchasing, etc. in the Tender Offer (the “Tender Offer Period”) being thirty-one (31) business days, which is relatively long, while the statutory minimum tender offer period is 20 business days. By setting a relatively long Tender Offer Period, the Company

aims to secure an appropriate opportunity for the shareholders of the Target Company to make a decision whether to tender their shares in the Tender Offer and an opportunity for any person other than the Company to offer to purchase the Target Company's Common Shares, and thereby to ensure the appropriateness of the Tender Offer Price. In addition, the Company has not entered into any agreement with the Target Company that will restrict the Target Company from contacting the persons proposing any competing offer, including any agreement providing a transaction protection clause that may forbid the Target Company from contacting the persons proposing a competing offer, and thereby gives consideration to ensuring the fairness of the Tender Offer by securing an opportunity of the competing offer, as well as by setting the Tender Offer Period as mentioned above.

In addition, although the Company has not set a minimum number of shares to be purchased by a so-called "majority of minority" in the Tender Offer, since the Company and the Target Company implemented the measures stated in a. through f. above, the Company believes that the interests of the minority shareholders of the Target Company are reasonably considered.

(iii) Relationship with the Calculation Institution

Nomura Securities, a financial advisor of the Company (calculation agent), is not a related party of the Company or the Target Company and has no material interest in relation to the Tender Offer.

(5) Number of Share Certificates, Etc. to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
28,936,776 shares	6,847,000 shares	— shares

(Note 1) If the aggregate number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased (6,847,000 shares), the Company will not purchase any of the Tendered Share Certificates, Etc. If the aggregate number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased, the Company will purchase all of the Tendered Share Certificates, Etc. The maximum number of share certificates, Etc. to be purchased is as indicated in the "Number of shares to be purchased", and it represents the number of shares calculated by deducting the number of the shares held by the Tender Offeror as of today (37,334,919 shares) and the treasury shares held by the Target Company as of June 30, 2018 described in the Quarterly Financial Results (83,305 shares) from the number of issued shares of the Target Company as of June 30, 2018 (66,355,000 shares) described in the Quarterly Financial Results.

(Note 2) Shares constituting less than a unit will also be subject to purchase through the Tender Offer.

The Target Company may purchase its own shares in accordance with procedures stipulated in the law during the Tender Offer Period from any shareholder who exercises the right to require the Target Company to purchase shares constituting less than a unit under the Companies Act.

(Note 3) The Tender Offeror does not intend to acquire, through the Tender Offer, any treasury shares held by the Target Company.

(6) Change in Ownership Percentage of Share Certificates, Etc. Due to Purchase, Etc.

Number of Voting Rights Represented by Share Certificates, Etc. Owned by Tender Offeror prior to Purchase, Etc.	37,334	(Ownership Percentage of Share Certificates, Etc. prior to Purchase, Etc.: 56.34%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties prior to Purchase, Etc.	790	(Ownership Percentage of Share Certificates, Etc. prior to Purchase, Etc.: 1.19%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Tender Offeror after Purchase, Etc.	66,271	(Ownership Percentage of Share Certificates, Etc. after Purchase, Etc.: 100.00%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties after Purchase, Etc.	0	(Ownership Percentage of Share Certificates, Etc. after Purchase, Etc.: 0.00%)
Total Number of Voting Rights of All Shareholders, Etc. of the Target Company	66,085	

(Note 1) The “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties prior to Purchase, Etc.” is the total number of the voting rights represented by the share certificates, etc. held by each of the special related parties (however, out of the special related parties, the parties who are excluded from the special related parties, pursuant to Article 3,

Paragraph 2, Item 1 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, Etc. by Person Other Than Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended) (“TOB Ordinance”), in calculating the ownership percentage of share certificates, etc. pursuant to each of the Items of Article 27-2, Paragraph 1 of the Act, are excluded). Since the share certificates, etc. held by the special related parties (however, treasury shares held by the Target Company are excluded) shall also be subject to the Tender Offer, the “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties after Purchase, Etc.” is stated as zero.

(Note 2) The “Total Number of Voting Rights of All Shareholders, Etc. of the Target Company” represents the total number of voting rights of all shareholders of the Target Company as of March 31, 2018, as described in the Target Company’s Securities Report for the 44th Fiscal Year filed as of June 27, 2018 (described on the basis that 1 unit is 1,000 shares). However, as shares constituting less than a unit are subject to the Tender Offer, in calculating the “Ownership Percentage of Share Certificates, Etc. prior to Purchase, Etc.” and “Ownership Percentage of Share Certificates, Etc. after Purchase, Etc.,” “Total Number of Voting Rights of All Shareholders, Etc. of Target Company” is the number of voting rights (66,271) corresponding to the number of shares (66,271,695 shares) obtained by deducting (a) the number of treasury shares held by the Target Company as of June 30, 2018 (83,305 shares) described in the Quarterly Financial Results, from (b) the total number of issued shares of the Target Company as of June 30, 2018 (66,355,000 shares) described in the Quarterly Financial Results.

(Note 3) The “Ownership Percentage of Share Certificates, Etc. prior to Purchase, Etc.” and the “Ownership Percentage of Share Certificates, Etc. after Purchase, Etc.” are rounded to two decimal places.

(7) Aggregate Tender Offer Price: 28,358,040,480 yen

(Note 1) The “Aggregate Tender Offer Price” is calculated by multiplying the number of shares intended to be purchased (28,936,776 shares) by the Tender Offer Price per share (980 yen).

(8) Method of Settlement

a. Name and Address of the Head Office of the Financial Instruments Business Operators / Banks in Charge of Settlement for Purchase, Etc.

Nomura Securities Co., Ltd. 1-9-1, Nihonbashi, Chuo-ku, Tokyo

b. Settlement Commencement Date

September 26, 2018 (Wednesday)

c. Method of Settlement

A notice of purchase by way of the Tender Offer will be mailed to the address of each Tendering Shareholder (or the standing proxy in the case of foreign shareholders) promptly after the end of the Tender Offer Period.

Payment of the purchase price will be made in cash. The Tendering Shareholders, Etc. are entitled to receive the purchase price for the shares under the Tender Offer promptly after the commencement date of settlement in a manner designated by the Tendering Shareholders, Etc., such as remittance (a remittance fee may be charged).

d. Method of Returning Share Certificates, Etc.

If all of the shares are not purchased in accordance with the terms described in “a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act and Details thereof” and “b. Conditions of Withdrawal, Etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal” of “(9) Other Conditions and Methods of Purchase, Etc.” below, the Tendered Share Certificates, Etc. that are required to be returned will be returned to the Tendering Shareholders, Etc. promptly after two (2) business days following the last day of the Tender Offer Period (the day of the withdrawal, etc. if the Tender Offer is withdrawn, etc.) by restoring the record of the shares in the Tendering Shareholders’ Account to the state that existed immediately prior to the relevant tender (If the Tendering Shareholders, Etc. wish their share certificates, etc. to be transferred to their accounts established with other financial instruments business operators, they are asked to confirm with the head office or domestic branch office of the Tender Offer Agent at which the relevant tender was accepted.).

(9) Other Conditions and Methods of Purchase, Etc.

a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act and Details thereof

If the aggregate number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased (6,847,000 shares), the Company will not purchase any of the Tendered Share Certificates, Etc. If the aggregate number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased (6,847,000 shares), the Company will purchase all of the Tendered Share Certificates, Etc.

b. Conditions of Withdrawal, Etc., of Tender Offer, Details thereof and Method of Disclosure of Withdrawal

The Tender Offer may be withdrawn upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Items 3.1 through 3.8 and Item 3.10, as well as Article 14, Paragraph 2, Items 3 through 6 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended) (hereinafter referred to as the

“Enforcement Order”). In the Tender Offer, the “matters equivalent to the matters listed in Items 1.1 through 1.9” in Article 14, Paragraph 1, Item 3.10 of the Enforcement Order means (i) where it is found that there is a false statement regarding, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past, and where the Company was not aware of the false statement or the omission and, despite using due care, the Company was unable to be aware of the false statement or the omission and (ii) where the matters listed in Items 1.1 through 1.7 of the same paragraph occur with respect to a material subsidiary of the Target Company.

Should the Company intend to withdraw the Tender Offer, it will give public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun; provided, that if it is difficult to give such notice within the Tender Offer Period, the Company will make an official announcement pursuant to Article 20 of the TOB Ordinance and give public notice promptly thereafter.

c. Conditions of Reduction of Purchase Price, Details thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any action set forth in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Company may reduce the Tender Offer Price pursuant to standards set forth in Article 19, Paragraph 1, of the TOB Ordinance. Should the Company intend to reduce the Tender Offer Price, it will give public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun; provided, that if it is difficult to give such notice within the Tender Offer Period, the Company will make an official announcement pursuant to Article 20 of the TOB Ordinance and give public notice promptly thereafter. If the Tender Offer Price is reduced, the Company will purchase the Tendered Share Certificates, Etc. tendered on or prior to the public notice at the reduced Tender Offer Price.

d. Matters Concerning Tendering Shareholders, Etc.’ Right of Cancellation of Contract

Tendering Shareholders, Etc. may cancel a contract related to the Tender Offer at any time during the Tender Offer Period. In order to cancel the contract, Tendering Shareholders, Etc. must personally deliver or mail (by post) a written request for the cancellation of the contract related to the Tender Offer (the “Cancellation Documents”) to the head office or a branch office in Japan of the entity designated below that received the application from such Tendering Shareholders, Etc., by 15:30 on the last day of the Tender Offer Period. If cancellation is made by postal mail, the cancellation will not be effective unless the Cancellation Documents are delivered by 15:30 on the last day of the Tender Offer Period.

A contract executed via the online service can be canceled either via the online service (<https://hometrade.nomura.co.jp/>) or by personally delivering or mailing (by post) the Cancellation Documents. To cancel a contract via the online service, Tendering Shareholders must complete the cancellation procedures in the manner prescribed on that website by 15:30 on the last day of the Tender Offer Period. Tendering Shareholders, Etc. may not cancel via the online service the contract executed

at the office of the Tender Offer Agent they have an account with. To cancel a contract by personally delivering or mailing (by mail) the Cancellation Documents, Tendering Shareholders, Etc. must request the form of the Cancellation Documents in advance from the office of the Tender Offer Agent they have an account with and then send the filled out form to such office by 15:30 on the last day of the Tender Offer Period. If cancellation is made by postal mail, the cancellation will not be effective unless the Cancellation Documents are delivered by 15:30 on the last day of the Tender Offer Period.

Please note that no compensation for damages or penalty payment will be demanded of any Tendering Shareholder by the Company even if the Tendering Shareholder cancels a contract. The cost of returning the Tendered Share Certificates, Etc. will be borne by the Company.

e. Method of Disclosure if the Conditions or other Terms of the Tender Offer are Changed

Except where such change is prohibited pursuant to Paragraph 1 of Article 27-6 of the Act and Paragraph 2 of Article 13 of the Enforcement Order, the Company may change the terms and conditions of the Tender Offers during the Tender Offer Period. Should any terms or conditions of the Tender Offer be changed, the Company will give public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun; provided, that if it is difficult to make such notice within the Tender Offer Period, the Company will make an official announcement pursuant to Article 20 of the TOB Ordinance and give public notice promptly thereafter. Should any terms or conditions of the Tender Offer be changed, the purchase of the Tendered Share Certificates, Etc. tendered on or prior to the date of such public notice will also be made in accordance with the terms and conditions as changed.

f. Method of Disclosure if Amended Statement is Submitted

If the Company submits an amendment to this Statement to the Director-General of Kanto Local Finance Bureau (except in the case prescribed in the proviso of Article 27-8, Paragraph 11 of the Act), the Company will promptly make an official announcement of the details of such amended statement to the extent relevant to the contents of the public notice of the Tender Offer, pursuant to the method set forth in Article 20 of the TOB Ordinance. The Company will also promptly amend the explanatory statement and provide the amended explanatory statement to the Tendering Shareholders, Etc. who have received the original explanatory statement. If the extent of the amendments is limited, however, the Company will convey the changes to the Tendering Shareholders, Etc. by way of preparing and delivering to the Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended and the details thereof.

g. Method of Disclosure of Results of the Tender Offer

The Company will announce the results of the Tender Offer in accordance with methods stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Ordinance on the day

following the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of the Tender Offer

August 6, 2018 (Monday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd. 1-9-1, Nihonbashi, Chuo-ku, Tokyo

3. Policy, Etc. after the Tender Offer and Future Outlook

For the policy, etc. after the Tender Offer, please refer to “(2) Background to, Purpose of and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer,” “(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)” and “(5) Possibility of Delisting and Reasons Therefor” of “1. Purpose, Etc. of Purchase, Etc.” above.

4. Others

(1) Agreements between Tender Offeror and Target Company or its Officers, and Details Thereof

a. Agreements between the Tender Offeror and the Target Company and details thereof

According to the Target Company’s Press Release, the Target Company has resolved at its board of directors meeting held today to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of the Target Company accept the Tender Offer, as stated in the section titled “(iii) Process of the decision by the Target Company and reasons therefor” under “a. Background to, purpose of and decision-making process of the Tender Offer” of “(2) Background to, Purpose of and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose, Etc. of Purchase, Etc.” above. The resolution at the meeting of the Target Company’s board of directors mentioned above was two-tiered as stated in the section titled “e. Unanimous Approval of All Non-interested Directors and No Dissenting Opinion from Non-interested Statutory Auditors at the Target Company” under “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “(B) Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” under “2. Outline of Purchase, Etc.” above.

b. Background to, Purpose of and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer

Please refer to the section titled “(2) Background to, Purpose of and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” under “1. Purpose, Etc. of Purchase, Etc.” above.

c. Measures to Ensure the Fairness of the Tender Offer Such As Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflict of Interests

Please refer to the section titled “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” under “b. Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” under “2. Outline of Purchase, Etc.” above.

(2) Other Information Deemed Necessary for Investors to Decide Whether to Tender Its Shares to the Offer, Etc.

a. Announcement of “Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2019 (Prepared in Conformity with Generally Accepted Accounting Principles in Japan)”

The Target Company announced the Quarterly Financial Results as of July 30, 2018. The outline of the Quarterly Financial Results is as stated below. According to the Target Company, the figures in the outline below have not been reviewed by an auditing firm in accordance with Article 193-2, Paragraph 1 of the Act. The outline below is an excerpt from the information disclosed by the Target Company. For details, please refer to the Quarterly Financial Results.

(i) Profit & Loss (consolidated)

(Millions of yen)

Fiscal Period	1st Quarter of Fiscal Year Ending March 31, 2019
Net sales	51,506
Cost of Sales	40,717
Selling, general and administrative expenses	12,953
Non-operating income	187
Non-operating expenses	149
Net income for the quarter	(1,666)

(ii) Per Share Information (consolidated)

(Yen)

Fiscal Period	1st Quarter of Fiscal Year Ending March 31, 2019
Net loss per share for the quarter	(25.14)
Amount of cash dividends per share	—

b. Dividends for the fiscal year ending March 31, 2019

According to the Target Company’s press release titled “Revision of Dividends Forecast for the fiscal

year ending March 2019 (No Dividends)” that was announced by the Target Company today, the Target Company resolved at a meeting of its board of directors held today, on the condition that the Tender Offer is succeeded, (i) not to make interim dividends for the fiscal year ending March 31, 2019 and (ii) to change the forecast for the year-end dividend for the fiscal year ending March 31, 2019 to “to be determined”, in order to ensure fairness among Target Company’s shareholders because, if the Target Company distributes interim dividends for the fiscal year ending March 31, 2019 with the record date being September 30, 2018 which comes after the settlement of the Tender Offer, a disparity in economic effect between the shareholders of the Target Company who tender their shares in the Tender Offer and shareholders of the Target Company who do not tender their shares in the Tender Offer may arise.

[End of the document]

[Soliciting Regulations]

This press release is a news statement intended for the announcement of the Tender Offer to the general public and is not intended for soliciting an offer to sell the shares in connection with the Tender Offer. If anyone desires to sell his or her shares, a shareholder should, at his or her own responsibility, review the tender offer explanatory statement for the Tender Offer and accept the Tender Offer in his or her own discretion. This press release is not considered as an offer or solicitation of sales of securities or solicitation of offer of purchase of securities and does not constitute any such part. This press release (or any part of it) or the fact of its distribution does not provide a basis for any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

[Regulations of the United States]

The Tender Offer is to be conducted in accordance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act in Japan. However, these procedures and information disclosure standards are not necessarily the same as the procedures and information disclosure standards in the U.S. In particular, Sections 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended) (the “U.S. Securities Exchange Act of 1934”), and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. Moreover, as the Tender Offeror and the Target Company are companies incorporated outside of the U.S. and their directors are non-U.S. residents, it may be difficult to enforce any rights or make claims arising under the U.S. federal securities laws. In addition, shareholders may not be able to file a lawsuit against a company outside the United States and its directors in a non-U.S. court on the ground of a violation of the U.S. securities laws. There is also no guarantee that a company outside the United States and its subsidiaries and affiliates could be compelled to subject themselves to the jurisdiction of U.S. courts.

Unless otherwise provided, all procedures for the Tender Offer shall be conducted entirely in the Japanese language. All or some portion of the documents relating to the Tender Offer is prepared in the English language. However, should there be any inconsistency between the document in English and that in Japanese, the Japanese document shall prevail. All financial statements referenced to in this press release have been prepared in accordance with Japanese accounting standards. Therefore, the contents of the statements may not necessarily be comparable to those of U.S. companies.

The Tender Offeror, the respective financial advisors to the Tender Offeror and the Target Company and the Tender Offer Agents (including their respective affiliates) may, within their ordinary course of business and to the extent permitted under the related Japanese financial instruments and exchange laws and regulations and other applicable laws and ordinances, purchase or take actions to purchase shares of the Target Company for their own account or for their customers’ accounts outside the Tender Offer prior to the commencement of, or during, the tender offer period for purchasing and engaging in other related activities in the Tender Offer (the “Tender Offer Period”) in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934, . If any information concerning such purchase is disclosed in Japan, disclosure of such information will be made also in English on the website of the person who has conducted such purchase or through other means of disclosure.

[Forward-Looking Statements]

This information, including the information concerning the future business of the Company, other companies, etc., may include the forward-looking expression such as “look for,” “expect,” “aim at,” “schedule,” “convinced of,” and “anticipate.”. These expressions are based on the outlook for the business of the Company at this point, and may change depending on the situation going forward. In respect of the information, the Company undertakes no obligation to change forward-looking expressions to current state in order to reflect the actual performance, various circumstances, change of conditions, etc. This press release includes “forward-looking statements” that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Known and unknown risks, uncertainties and other factors may cause

the actual results to be materially different from the forecast, etc. expressed or implied by the “forward-looking statements”. The Tender Offeror and its related parties including its affiliates do not warrant that the forecast, etc. expressed or implied by the “forward-looking statements” will be correct as a result. The “forward-looking statements” in this press release is based on the information currently available to the Tender Offeror. The Tender Offeror and its related party including its affiliates undertake no obligation to publicly update or revise the “forward-looking statements” to reflect the matters and situations in the future unless it is required by the laws and regulations.

[Other Countries]

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, you are required to be aware of such restrictions and comply with the laws and regulations of such countries or regions. This press release does not constitute any solicitation of an offer to sell or offer to purchase shares in relation to the Tender Offer, and shall be considered as a mere distribution of informative materials.