



[Translation for Reference Purpose Only]

November 13, 2020

To All Concerned Parties

Company Name: Open House Co., Ltd.
Representative: Masaaki Arai, President and CEO
Securities code: 3288, First section of TSE
Contact: Kotaro Wakatabi, Managing Director, CFO

Notice Concerning Execution of Agreement Concerning Amendments, etc. to Capital and Business Alliance Agreement with Pressance Corporation Co., Ltd., Commencement of Tender Offer against Pressance Corporation Co., Ltd. Shares (Securities Code: 3254) and Subscription of Capital Increase through Third-Party Allotment

Open House Co., Ltd. (the “Company” or the “Tender Offeror”) announces that it has resolved at its Board of Directors meeting held today to acquire the common stock (the “Target Company’s Stock”) of Pressance Corporation Co., Ltd. (as listed on the First Section of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) securities code: 3254; the “Target Company”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; “Act”).

1. Purpose of Purchase, Etc.

(1) Overview of Tender Offer

As of the date hereof, the Company holds 20,621,100 shares of the Target Company’s Stock (number of voting rights: 206,211; shareholding percentage (Note 1): 31.82%) which are listed on the First Section of the Tokyo Stock Exchange and is the largest shareholder among the major shareholders, and the Target Company is its equity-method affiliate .

The Company resolved at the Board of Directors meeting held today, (i) to execute an agreement (the “Agreement”) with the Target Company to amend etc. the capital and business alliance agreement (the “Current Capital and Business Alliance Agreement”; and the capital and business alliance under the Current Capital and Business Alliance Agreement shall hereinafter be referred to as the “Current Capital and Business Alliance”) between the Company and the Target Company dated April 6, 2020 (the amended Capital and Business Alliance pursuant to the Agreement shall hereinafter be referred to as the “New Capital and Business Alliance”); and (ii) to implement the Tender Offer of the Target Company’s Stock by combining both the Tender Offer and the Capital Increase through Third-Party Allotment described below (the payment of the Capital Increase through Third-Party Allotment by the Company

is scheduled to be made between the business day following the last day of the Tender Offer Period and the business day immediately preceding the settlement commencement date (January 20, 2021), and if the Tender Offer Period ends as originally scheduled, the payment is scheduled to be made on January 19, 2021.) for the purpose of ultimately making the Target Company a consolidated subsidiary of the Company, and to subscribe for all of the Target Company's Stock to be issued, subject to the satisfaction of certain conditions precedent (for such conditions precedent, please refer to "(ii) Matters concerning the Capital Increase through Third-Party Allotment" in "a. Agreement" under "(3) Matters Concerning Material Agreements Related to Tender Offer" below) such as the completion of the Tender Offer, etc., upon the Target Company's issuance of offered shares through third-party allotment (the "Capital Increase through Third-Party Allotment"; and the Tender Offer and the Capital Increase through Third-Party Allotment shall collectively be referred to as the "Transaction") of 3,508,772 shares of the Target Company's Stock (number of voting rights: 35,087; shareholding percentage: 5.41%) to be allotted to the Company with the payment period from January 15, 2021 to January 19, 2021 after the Tender Offer Period, and at an issue price of 1,425 yen per share (Note 2) (total issue price of shares to be issued: approximately 5,000 million yen). Since the Company will conduct the Transaction for the principal purpose of making the Target Company a consolidated subsidiary of the Company, if the Company fails to make the Target Company its consolidated subsidiary by acquiring a majority of the voting rights of the Target Company through the Transaction, the Company plans to additionally acquire the Target Company's Stock in order to make the Target Company a consolidated subsidiary. For acquisition plan of the Target Company's Stock after the Tender Offer, please refer to "(5) Plan for Acquisition of Share Certificates, etc. of Target Company's Stock after Tender Offer" below.

For details of the Agreement, please refer to "a. Agreement" under "(3) Matters Concerning Material Agreements Related to Tender Offer" below.

(Note 1) "Shareholding percentage" is the percentage (rounded to the second decimal place; the same applies hereinafter in the calculation of the Shareholding percentage) of voting rights held against the number of voting rights (648,100) obtained by adding (A) the number of voting rights (300 in total) relating to the Target Company's Stock subject to stock acquisition rights (300 in total) held by the special related parties to the number of voting rights (647,800) relating to (B) the number of shares (64,780,005 shares) obtained by deducting from (x) the total number of issued shares as of September 30, 2020 (65,336,739 shares), as stated in the Second Quarterly Report for the 24th Fiscal Year that the Target Company filed today (the "Target Company's Second Quarterly Report") (y) the number of treasury shares (556,734 shares) owned by the Target Company as of September 30, 2020 (which is the number of shares deducting 309,860 shares held in trust account as of the same date by way of the introduction of stock provision ESOP of the Target Company; hereinafter the same.) as stated in the second quarterly financial results for the fiscal year ending March 2021 that the Target Company announced on

November 13, 2020 (the “Target Company’s Second Quarterly Financial Results”); which is the percentage prior to the dilution due to the payment of the Capital Increase through Third-Party Allotment; hereinafter the same.

- (Note 2) While the issue price of the Capital Increase through Third-Party Allotment is a price discounted by 10% against the closing price (1,583 yen) of the Target Company’s Stock on the First Section of the Tokyo Stock Exchange on November 12, 2020, which is the business day preceding to the date of the resolution of the Target Company’s Board of Directors relating to the Capital Increase through Third-Party Allotment (November 13, 2020), with respect to the purchase price (1,850 yen) in the Tender Offer (the “Tender Offer Price”), a premium is added to the market share price based on the idea of distributing the synergies arising from the Tender Offer.

In relation to the Tender Offer, the Company entered into a tender offer application agreement today with K.K. Pacific, which is the third largest shareholder of the Target Company and the asset management company of Mr. Shinobu Yamagishi, who is the founder and the former representative director and president of the Target Company (number of shares owned as of the date hereof: 4,621,700 shares; number of voting rights: 46,217; shareholding percentage: 7.13%, “Pacific”), and another tender offer application agreement with Mr. Shinobu Yamagishi (number of shares owned as of the date hereof: 183,200 shares; number of voting rights: 1,832; shareholding percentage: 0.28%) (collectively, the “Application Agreements”), and obtained their consent to tender all of the Target Company’s Stock owned by Pacific and Mr. Shinobu Yamagishi (number of shares owned as of the date hereof: 4,804,900 shares; number of voting rights: 48,049; shareholding percentage: 7.41%; the “Prospective Tendered Shares”) in the Tender Offer. For details of the Application Agreement, please refer to “b. Application Agreement” under “(3) Matters Concerning Material Agreements Related to Tender Offer” below.

The maximum number of shares to be purchased is set because the Tender Offer is not intended to delist the Target Company’s Stock, and the policy of the Company and the Target Company is to maintain the listing of the Target Company’s Stock even after the completion of the Tender Offer; however, from the viewpoint of providing as many shareholders of the Target Company as possible with an opportunity to sell their shares to the extent that (i) the ratio of share certificates, etc. that may be held by the Company after the Tender Offer will be less than two-thirds so as to protect the Company from the statutory obligation to purchase all tendered shares or to offer to purchase all classes of shares, and that (ii) setting such maximum number is permissible, such maximum is set at 19,881,500 shares (Note 3) (number of voting rights: 198,815; shareholding percentage: 30.68%). In the event that the total number of the share certificates, etc. tendered in accordance with the Tender Offer (the “Tendered Share Certificates, Etc.”) exceeds the maximum number of shares to be purchased (19,881,500 shares), the Company shall not purchase, etc. such exceeding portion, in its entirety or in part, and shall deliver and conduct other settlement relating to the purchase, etc. of share certificates, etc. in accordance with the pro rata method stipulated in Article 32 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for

Share Certificates, etc. by Person Other than Issuer (Ministry of Finance Order No. 38 of 1990, as amended; “TOB Order”). In this case, Pacific and Mr. Shinobu Yamagishi will own a part of the Target Company’s Stock after the Tender Offer, but the Company has not made any particular arrangement with Pacific or Mr. Shinobu Yamagishi regarding their subsequent holding policy of the Target Company’s Stock, nor has the Company been informed of the holding policy of Pacific or Mr. Shinobu Yamagishi. On the other hand, in regard to the Tender Offer, even if the Company fails to make the Target Company its consolidated subsidiary, the Company intends to additionally acquire the Target Company’s Stock after the Tender Offer in order to make the Target Company a consolidated subsidiary (for the acquisition plan of the Target Company’s Stock after the Tender Offer, please refer to “(5) Plan for Acquisition of Share Certificates, etc. of Target Company’s Stock after Tender Offer” below); thus, the minimum number of shares to be purchased has not been set for the Tender Offer. Therefore, if the total number of Tendered Share Certificates, Etc. is less than or equal to the maximum number of shares to be purchased (19,881,500 shares), the Company will purchase, etc. all of the Tendered Share Certificates, Etc.

(Note 3) “Maximum number of shares to be purchased” is the number of shares obtained by: multiplying 100 by the number obtained by deducting (A) the number of voting rights (245,257 in total) obtained by adding (x) the sum (3,959 in total) of (i) the number of voting rights relating to the Target Company’s Stock held by the special related parties (3,659 in total) and (ii) the voting rights (300 in total) relating to the number of the Target Company’s Stock subject to stock acquisition rights (300 in total) to (y) the sum (241,298 in total) of (i) the voting rights (206,211) relating to the number of the Target Company’s Stock held by the Company as of the date hereof (20,621,100 shares) and (ii) the voting rights (35,087) relating to the number of the Target Company’s Stock to be newly issued through the Capital Increase through Third-Party Allotment (3,508,772 shares) from (B) the number of voting rights (444,072; rounded up to the nearest whole number) constituting 65.0% of the number (683,187) obtained by adding (x) the number of voting rights (300 in total) relating to the Target Company’s Stock subject to the stock acquisition rights (300 in total) held by the special related parties to (y) the number of voting rights (682,887) relating to the number of shares (68,288,777 shares) obtained by deducting (i) the number of treasury shares (556,734 shares) owned by the Target Company as of September 30, 2020, as stated in the Target Company’s Second Quarterly Financial Results from (ii) the sum (68,845,511 shares) of (a) the total number of issued shares as of September 30, 2020 (65,336,739 shares) as stated in the Target Company’s Second Quarterly Report, plus (b) the number of the Target Company’s Stock to be newly issued by the Capital Increase through Third-Party Allotment (3,508,772 shares).

On the other hand, according to the “Notice Regarding Expression of Opinion Concerning the Tender Offer for Our Share Certificates by Open House Co., Ltd. and Execution of Agreement Concerning

Amendment, Etc. to Capital and Business Alliance Agreement with Open House Co., Ltd.,” as disclosed by the Target Company today (the “Target Company’s Press Release”), the Target Company resolved, at the Board of Directors meeting of the Target Company held today, based on the grounds and reasons described in “b. Target Company’s Decision-Making Process Leading to Decision to Consent to Tender Offer and Reasons Therefor” under “(2) Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer, and Management Policy After Tender Offer” below, (i) to execute the Agreement with the Company and (ii) to express its opinion to support the Tender Offer, which will be conducted as part of the Transaction. In addition, although the Target Company believes that the Tender Offer Price is reasonable in light of the valuation results for the Target Company’s Stock obtained from Plutus Consulting Co., Ltd. (“Plutus Consulting”), a third-party valuation institution, the Target Company decided, by a resolution at the Board of Directors meeting of the Target Company held on the same day, which was passed with the unanimous consent of all directors, including audit and supervisory committee members, who participated in the resolution, to take a neutral stance and let the Target Company’s shareholders decide whether they would tender their shares in the Tender Offer because the maximum number of shares to be purchased is set in the Tender Offer and the plan is for the Target Company’s Stock to continue being listed after the Tender Offer. For further information on the decision-making process of the Target Company’s Board of Directors above, please refer to the Target Company’s Press Release and “d. Unanimous Approval by All of the Non-interested Directors of the Target Company, including the Audit and Supervisory Committee Members” under “(4) Measures to Ensure Fairness of Tender Offer such as Measures to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest” below.

According to the Target Company’s securities registration statement filed by the Target Company with the Kinki Local Finance Bureau today (the “Target Company’s Securities Registration Statement”) and the “Notice regarding Issuance of New Shares through Third-Party Allotment” published by the Target Company on the same date (together with the Target Company’s Securities Registration Statement, the “Target Company’s Securities Registration Statement, Etc.”), the Target Company resolved, at the above Board of Directors meeting of the Target Company held today, to conduct the Capital Increase through Third-Party Allotment by making the Company a scheduled allottee and the Company plans to subscribe to all of the Target Company’s Stock to be issued by the Capital Increase through Third-Party Allotment, subject to the satisfaction of certain conditions precedent such as the completion of the Tender Offer. Payment by the Company is scheduled to be made three business days after the last day of the Tender Offer Period (or the extended Tender Offer Period if the Tender Offer Period is extended) (January 19, 2021 if the Tender Offer Period ends as originally scheduled). For details of the Capital Increase through Third-Party Allotment, please refer to the Target Company’s Securities Registration Statement, Etc., “(ii) Matters concerning the Capital Increase through Third-Party Allotment” in “a. Agreement” under “(3) Matters Concerning Material Agreements Related to Tender Offer” and “(5) Plan for Acquisition of Share Certificates, etc. of Target Company’s Stock after Tender Offer” below.

The Company's diluted-base shareholding percentage of the Target Company's Stock following the Capital Increase through Third-Party Allotment (the "Shareholding Percentage after Dilution") at the time the Company completes the payment for the Capital Increase through Third-Party Allotment will be 35.32% (Note 4). In addition, if the Company completes the payment for the Capital Increase through Third-Party Allotment, and if the Company acquires only the Prospective Tendered Shares (4,804,900 shares; number of voting rights: 48,049; shareholding percentage 7.41%) by way of the settlement of the Tender Offer to be conducted thereafter, the Company's Shareholding Percentage after Dilution of the Target Company's Stock following the Capital Increase through Third-Party Allotment will be 42.35%. Furthermore, if the Company completes the payment for the Capital Increase through Third-Party Allotment, and if the Company acquires the maximum number of shares to be purchased (19,881,500 shares) (number of voting rights: 198,815; shareholding percentage: 30.68%) by way of the settlement of the Tender Offer to be conducted thereafter, the Company's Shareholding Percentage after Dilution of the Target Company's Stock following the Capital Increase through Third-Party Allotment will be 64.42%.

Since the Company will conduct the Transaction for the principal purpose of making the Target Company a consolidated subsidiary of the Company, if the Company fails to make the Target Company its consolidated subsidiary by acquiring a majority of the voting rights of the Target Company through the Transaction, the Company plans to additionally acquire the Target Company's Stock in order to make the Target Company a consolidated subsidiary. For the acquisition plan of the Target Company's Stock after the Tender Offer, please refer to "(5) Plan for Acquisition of Share Certificates, etc. of Target Company's Stock after Tender Offer" below.

(Note 4) The "Shareholding Percentage after Dilution" is the percentage (rounded to the second decimal place; the same applies hereafter in the calculation of the Shareholding Percentage after Dilution) of voting rights held against the number of voting rights (683,187) obtained by adding (A) the number of voting rights relating to the Target Company's Stock subject to stock acquisition rights (300 in total) held by the special related parties (300 in total) to (B) the number of voting rights (682,887) relating to the number of shares (68,288,777 shares) obtained by (x) adding (i) the sum (68,845,511 shares) of the total number of issued shares as of September 30, 2020 (65,336,739 shares), as stated in the Target Company's Second Quarterly Report plus (ii) the number of the Target Company's Stock to be newly issued by the Capital Increase through Third-Party Allotment (3,508,772 shares) and (y) deducting therefrom the number of treasury shares (556,734 shares) owned by the Target Company as of September 30, 2020, as stated in the Target Company's Second Quarterly Financial Results.

(2) Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender

Offer, and Management Policy After Tender Offer

a. Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer

The Company group consists of the Company and 18 affiliated companies (excluding non-consolidated subsidiaries and non-equity method affiliated companies), and is engaged mainly in the single-family homes related business, condominiums business, property resales business and other businesses.

The Company group celebrated its 20th anniversary in the fiscal year ended September 2017, and formulated the “Hop Step 5000” Mid-Term Business Plan aiming for further growth in the future of which final fiscal year is the fiscal year ended September 2020. During the fiscal year ended September 2020, which was the final fiscal year of the Mid-Term Business Plan, the sales mainly in the single-family homes related business and the income-producing real estate business continued to grow steadily until the third cumulative quarter consolidated period, and drove the growth of the business performance. The Company group continues to acknowledge that: (a) strengthening the competitiveness of single-family homes related business, which is the core of our business; (b) building a business portfolio based on changes in the external environment; (c) reinforcing the management infrastructure that supports the growth of the company; and (d) acquiring new business opportunities related to changes in the environment caused by the spread of COVID-19 are issues that need to be addressed, and has steadily been working toward them. In accordance with the changes of lifestyles in Japan, including women’s advancement in society since 2000 and an increase in the number of dual-income households, more people tend to seek reasonably priced houses in highly convenient urban areas. Even amid the declining population, the number of households in urban areas is expected to increase in the future. In light of these business conditions surrounding the Company group, the Company group has, in order to continue to provide a stable and efficient supply of affordable single-family homes in central Tokyo, enhanced its product competitiveness by conducting business operations that integrate production and sales upon establishing a system that can complete all functions within the Company group, in addition to the brokerage function it has been offering from the time of its foundation, from purchase of land, design to construction with respect to its core single-family homes related business. Furthermore, the Company’s single-family homes related business has steadily increased market share along with high profitability and high efficiency by thoroughly implementing an “aggressive” marketing strategy that makes pinpointed approach to customers with a focus on specific areas and by developing a dominant strategy that intensively supplies single-family homes in major urban areas.

In addition, currently, in the real estate industry to which the Company belongs, the rents have declined and the conditions in the real estate trading market have deteriorated due to the spread of COVID-19 around the world, including Japan. Nevertheless, as new needs for housing arise from an increase in the number of hours families spend in their homes triggered by a change in environment due to the spread of COVID-19 and increase in teleworking opportunities, the Company group believes that the

utility value of single-family homes will expand, and that this will be a new business opportunity for the Company group and that it will be its social mission to respond to such new needs. As noted above, even under an environment where COVID-19 is spreading, the business performance and the issues to be addressed under the Mid-Term Business Plan for the fiscal year ended September 2020 have steadily progressed, driven by single-family homes related business, the core business of the Company. The Company group has promoted M&A as its corporate policy as a part of its “Building of business portfolio based on changes in the external environment” set forth in the Mid-Term Business Plan above, has aimed for growth of the entire Company group and on alliance basis that can realize business synergies, and has been actively engaged in M&A. For example, the Company made Open House Architect Co., Ltd. (former Asakawa Home Co., Ltd.; “OHA”) its wholly-owned subsidiary in January 2015, and made Hawk One Corporation (“Hawk One”) its wholly-owned subsidiary in October 2018, respectively. Both OHA and Hawk One have been able to increase their revenues as a result of significant increase in the number of houses ordered and other factors ever since they became a consolidated subsidiary of the Company. OHA and Hawk One have also achieved substantial growth in operating income as a result of lowering procurement cost and streamlining procurement by realizing economies of scale as the Company group; and furthermore, they have succeeded in recruiting more personnel by mutually utilizing recruitment know-how and resources of the Company group. As such, the Company has steadily enhanced business performance and improved management effectiveness as the entire Company group through M&A.

In addition, the Company executed the Current Capital and Business Alliance Agreement (for a summary of the Current Capital and Business Alliance, please refer to “Synergies Contemplated under the Current Capital and Business Alliance” below) with the Target Company on April 6, 2020 in order to maximize the interests of both companies and their customers, shareholders, employees, business partners, and stakeholders, aiming to build regional and product complementarity and by realizing business synergies from combining management resources and management know-how of the Company and the Target Company. Subsequently, the Company acquired 8,018,300 shares from Pacific and 12,602,800 shares from Mr. Shinobu Yamagishi, a total of 20,621,100 shares of the Target Company’s Stock, through off-market trading at 1,100 yen per share on May 8, 2020 and acquired voting rights equivalent to 31.91% of total voting rights (as of March 31, 2020) of the Target Company, and made the Target Company an equity-method affiliate of the Company.

On the other hand, the Target Company was established in October 1997 in Chuo-ku, Osaka City, as Nikkei Prestige Co., Ltd. whose purpose was to engage in the business of real estate sales. In November 1998, the Target Company commenced the sale of condominiums under its own brand. Later, in April 2002, the Target Company changed its trade name to Pressance Corporation Co., Ltd. In December 2007, the Target Company listed its stock on the Second Section of the Tokyo Stock Exchange. In October 2013, the Target Company’s stock was designated to the First Section of the Tokyo Stock Exchange.

The Target Company group consists of the Target Company and its 11 subsidiaries and 3 affiliates. The Target Company's main business is planning, developing, and selling one-room condominiums (i.e., condominiums for investment which are made available for rent mainly to single-person households) and family condominiums (i.e., condominiums intended for use by families). Since its foundation in October 1997, the Target Company has focused on the realization of a richer, more comfortable life for those who live in its condominiums, by consistently sticking to highly convenient locations and by providing condominiums with higher asset values. With its corporate philosophy of "Shine Light into a Corner" (Note 5) in mind, the Target Company aims to provide condominiums by making use of its unique development capabilities as an independent condominium developer handling a wide range of condominiums from urban to family-type condominiums, and has operated its business across extensive geographical areas from the Tokyo metropolitan area to Kyushu, having provided a large number of condominiums particularly in the Kinki region and the Tokai-Chukyo region.

Furthermore, in recent years the Target Company: (i) has focused on further increase in its market share in the existing major geographical markets, mainly in Osaka, Kyoto, Kobe, Nagoya, the Tokyo metropolitan area, and Okinawa; (ii) has further strengthened its market position in the geographical markets newly entered by the Target Company, such as Hiroshima, Hakata, and other cities; and (iii) has promoted increases in the number of sales, and by extension, increases in the proceeds, by increasing the number of supplied products with high customer satisfaction in price and in location and other aspects of quality, by reinforcing the company structure in such aspects as land purchase and sales activities.

However, in December 2019 a situation arose where the Target Company's former President and Representative Director Mr. Shinobu Yamagishi was arrested for suspected embezzlement. Under the circumstances, the Target Company, thinking that it must recover its trust promptly, had an opportunity in early March 2020 to have a talk with the Company to which the Target Company was introduced through a financial institution. The Target Company sympathized with the philosophy and strategy of the Company, which had achieved a stable growth in the same real estate industry as the Target Company for more than two decades. Therefore, the Target Company started its discussions with the Company towards the realization of the Current Capital and Business Alliance. During such discussions, the Target Company eventually entered into the Current Capital and Business Alliance Agreement with the Company on April 6, 2020, with the belief that the Target Company would be able to contribute to the maximization of benefits for both the Target Company and the Company and their respective customers, shareholders, employees, business partners, and other stakeholders, by enhancing the Target Company's credit by Company to promptly eliminate concerns of the Target Company's customers, shareholders, employees, business partners, and other stakeholders, and by realizing business synergies, such as mutual complement of geographical areas in which the two companies operate their respective businesses, and expansion of product lineups, through combining the two companies' respective management resources and management know-how.

(Note 5) “Shine Light into a Corner” means a philosophy that each one of us should do our very best in our own environment and should shine a light around us by working for others as well, and that this will eventually shine a light on society as a whole and will lead to the realization of peace and happiness for people around the world.

Since the execution of the Current Capital and Business Alliance Agreement, the Company and the Target Company have held numerous discussions in order to realize the synergies initially contemplated in the Current Capital and Business Alliance Agreement, by mutually providing management know-how. Specifically, with respect to the planning, development, and sales of condominiums for investment that is being conducted by the Target Company in the Kinki and Chukyo regions, though it was difficult to expand business in the Kanto region because it was not easy for the Target Company to acquire land on its own, the Company and the Target Company concluded in the middle of June 2020 that, with the cooperation of the Company, which has a strong real estate network in the Kanto region, the Target Company could actively expand business in the Kanto region.

In addition, with respect to the real estate fund business, after the execution of the Current Capital and Business Alliance Agreement, the Company and the Target Company commenced discussions on the possibility of jointly establishing an asset management company and supplying real estate properties, planned and developed by the two companies, as investment products to institutional investors and the financial market.

On the other hand, in order for the Company and the Target Company to cooperate as described above and to further promote the Current Capital and Business Alliance, it was recognized in the beginning of September 2020 that it is necessary to further strengthen the capital relationship because there are restrictions under laws, such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947; as amended, the “Anti-monopoly Act”), which imposes restrictions on cooperative activities between entities that conduct the same type of business, with respect to smoothly promoting the integrated business activities of the two companies under the current capital relationship between the Company and the Target Company.

Under such circumstances, in the beginning of September 2020, the Company exchanged a broad range of views with the Target Company on prospects of the current business climate and financial condition of the Target Company and its relationship with its financial institution partners, including financing, etc., in light of the significant changes in the external environment caused by the COVID-19 pandemic. Accordingly, amid uncertainties in the outlook of the market condition due to the COVID-19 pandemic, the Target Company’s current business environment is still affected by the arrest of the Target Company’s former President and Representative Director in December 2019, causing the Target Company’s financial institutions to keep taking a cautious attitude towards providing finance to the Target Company. In addition, the spread of COVID-19 infection has not yet subsided, leaving a possibility that a further spread of the infection in the future may aggravate the effect of the COVID-19

pandemic. In addition, at the aforementioned meeting, the Company and the Target Company came to an understanding that, in order to ensure the sustainability of the Target Company's business operations, the acquisition of land for the smooth resumption of new projects and commencement of new business activities by the Target Company is necessary, and in order to assure the stability of financing required thereby, credit enhancement through the strengthening of the capital relationship with the Company, such as making the Target Company a consolidated subsidiary of the Company, is important. The Company and the Target Company have come to hold a common understanding that, upon strengthening the capital relationship between the two companies, it would be extremely important to maintain to a certain extent the unique corporate culture and management autonomy that the Target Company had thus far cultivated as an independent condominium developer in order to continuously improve corporate value and shareholder value through the sustainable development of the Target Company; and that it was desirable to maintain the Target Company's listed status by making the Target Company a consolidated subsidiary of the Company instead of its wholly-owned subsidiary, in order to allow the two companies to deepen the cooperation between them while respecting the Target Company's autonomous management would be effective with respect to enhancing the corporate value of the Company and the Target Company. In addition, as stated above, since the Company and the Target Company had previously recognized the necessity of further promoting the capital and business alliance between the Company and the Target Company, and the necessity of further enhancing the capital relation therefor, the Company and the Target Company had begun specific examinations and discussions regarding the consolidation of the Target Company by the Company and further promotion of the Current Capital and Business Alliance from the beginning of September 2020.

Thereafter, while the Company conducted the due diligence on the Target Company from the middle of September 2020 (such due diligence was completed in the middle of October 2020), the Company has repeatedly conducted verification of methods for the consolidation of the Target Company and of the synergies between the two companies. During such verification, the Company reconfirmed the current business climate of the Target Company, and in the middle of October 2020, the Company recognized that making the Target Company a consolidated subsidiary of the Company by acquiring the Target Company's Stock is necessary and effective (i) to enhance the credit and stabilize the financing of the Target Company, and (ii) to further enhance the feasibility of the following synergies contemplated under the Current Capital and Business Alliance. As the specific method for acquiring the Target Company's Stock, it would be desirable to conduct the Capital Increase through Third-Party Allotment together with the Tender Offer, and strengthen the financial base of the Target Company by the Company subscribing thereto because the Company believed that a method by way of a tender offer that provides the general shareholders of the Target Company with the opportunity to sell shares and that does not dilute the Target Company's Stock was mainly considered; in light of the current business climate of the Target Company, it is also important to conduct capital financing in order to expand the income scale and realize the continuous business growth of the Target Company, and that the Company is able to support the Target Company's financing and show that the Company is committed to strongly

promoting the New Capital and Business Alliance by directly investing funds. In such case, upon considering the existing shareholders, the Company recognized that it is necessary to keep the scale of the Capital Increase through Third-Party Allotment at a level that can avoid the substantial dilution of the Target Company's Stock. Accordingly, in the middle of October 2020, the Company conveyed to the Target Company that it is desirable to make the Target Company a consolidated subsidiary of the Company, and that, as a specific method to acquire the Target Company's Stock, it is desirable to combine the capital increase through third-party allotment with the tender offer, and commenced to review and discuss the Transaction.

Synergies Contemplated under the Current Capital and Business Alliance

(a) Regional complementarity

(i) Establishment of the Target Company's business in the Kanto region

By utilizing the Company's real estate network in the Kanto region, the Target Company aims to promote sales, in the Kanto region, of the Target Company's business of developing and selling investment condominiums, which has been conducted by the Target Company mainly in the Kansai region, and to expand this business into the Kanto region.

(ii) Establishment of the Company's business in the Kansai region

By utilizing the Target Company's real estate network in the Kansai region and receiving information within a scope that does not compete the single-family homes sales business operated by the Target Company or its subsidiaries, the Company aims to promote sales, in the Kansai region, of its single-family homes business that it has been conducting mainly in the Kanto region, and to expand this business into the Kansai region.

(iii) Collaboration in other regions

In other regions as well, both companies will explore potential opportunities for collaboration and consider offering a wider range of products, including implementing joint projects.

(b) Product complementarity

(i) Expansion of product lineup

From the viewpoint of expanding the lineup of investment products, both companies will bring together investment products, which they are capable of providing, such as investment condominiums, overseas real estate and other income-producing real estate, and provide a wide range of investment products to current and potential investors to respond to their needs; thereby aiming to further expand the businesses of both companies.

(ii) Promotion of product development

Through collaboration between the product development divisions of the two companies, we

will promote product development that meets the various needs of customers (currency diversification, inheritance tax measures, expansion of earnings, etc.) and flexibly provide products to customers by implementing joint projects, etc.

(c) Management and administration of lease properties and properties for sale

By sharing the Target Company's business platform and know-how in the recurring revenue business, which the Target Company obtained through lease management and property management of the properties it developed, the Company will provide similar services for its sales properties and will aim to develop its own recurring revenue business.

(d) Cost reduction

The purchasing divisions of both companies will aim to reduce costs by standardizing parts and materials and increasing the transaction volume.

Subsequently, the Company and the Target Company continued to review and discuss the Transaction, and in the middle of October 2020, reaffirmed their understanding that ensuring the Target Company's credit enhancement and stabilization of financing by making the Target Company a consolidated subsidiary of the Company through the Transaction, and at the same time, deepening the cooperation between both companies while respecting the independence of the Target Company's management, promote the capital and business alliance between the two companies and contribute to the enhancement of the corporate value of both companies.

With respect to the total subscription price of the Capital Increase through Third-Party Allotment, the Company has reviewed the amount that is expected to be applied to the acquisition of land by the Target Company, while avoiding significant dilution of the Target Company's Stock, and with respect to the maximum number of shares to be purchased through the Tender Offer, to the extent that (i) the ratio of share certificates, etc. that may be held by the Company after the Tender Offer will be less than two-thirds so as to protect the Company from the statutory obligation to purchase all tendered shares or to offer to purchase all classes of shares, and that (ii) setting such maximum number is permissible, the Company set a policy that the percentage of voting rights held by the Company after the Transaction will be around 65% at maximum, from the perspective of providing as many of the Target Company's shareholders as possible with opportunities to sell their shares, while respecting the Target Company's independent management (the Company plans to maintain and respect the autonomy of the Target Company's management after the Tender Offer, and the number of officers, their identity and the roles of the officers the Company will dispatch to the Target Company at the 24th Ordinary General Meeting of Shareholders of the Target Company to be held in June 2021 (the "Ordinary General Meeting of Shareholders") have not yet been decided and will be discussed in good faith with the Target Company after the settlement of the Tender Offer, but the discussions will be conducted on the premise that two to three personnel will be dispatched.. For details, please refer to "c. Management Policy after the

Tender Offer” below). In the middle of October 2020, the Company proposed to the Target Company that (i) the aggregate amount to subscribe in the Capital Increase through Third-Party Allotment be 5 billion yen, (ii) the percentage of voting rights of the Target Company held by the Company after the implementation of the Capital Increase through Third-Party Allotment and the Tender Offer be around 65%, (iii) the Tender Offer Price be set at 1,750 yen , and (iv) the issue price of the Capital Increase through Third-Party Allotment be the price discounted by 10% against the closing price of the Target Company’s Stock on the First Section of the Tokyo Stock Exchange on the business day prior to the date of announcement of the Transaction, as an amount that does not fall under “particularly favorable amount” as set forth in the Japan Securities Dealers Association’s “Guidelines Concerning Treatment of Capital Increase through Third-Party Allotment” (dated April 1, 2010). In response, in late October 2020, the Company was requested by the Target Company to reexamine such proposal for the reason that it was difficult to determine whether or not setting the Tender Offer Price at 1,750 yen would be appropriate as an amount which was the result of the addition of a reasonable premium, as compared to the level of premiums in tender offer cases where the target company is intended to remain listed. Thereafter, following discussions with the Target Company, the Company made a final proposal and reached an agreement in early November 2020 providing that the Tender Offer Price will be set at 1,850 yen and the issue price of the Capital Increase through Third-Party Allotment will be the price discounted by 10% against the closing price of the Target Company’s Stock on the First Section of the Tokyo Stock Exchange on the business day prior to the date of announcement of the Transaction (for the reasons for why the Tender Offer Price and the issue price of the Capital Increase through Third-Party Allotment are different from each other, please refer to (Note 2) in “(1) Overview of Tender Offer” above.). The Company also approached Pacific and Mr. Shinobu Yamagishi in late September 2020 regarding the sale of the Target Company’s Stock, and made a proposal to them in early November 2020 to set the Tender Offer Price at 1,750 yen. Thereafter, as part of continuing the discussions, in the middle of November 2020, the Company made a subsequent proposal to set the Tender Offer Price at 1,850 yen, and reached an agreement at such price in the middle of November 2020, and the Application Agreements were executed on November 13.

Following such discussions and negotiations, the Company resolved, at the Board of Directors meeting held today, to implement the Transaction mainly in order to make the Target Company a consolidated subsidiary of the Company, and executed the Agreement with the Target Company on the same date.

b. Target Company’s Decision-Making Process Leading to Decision to Consent to Tender Offer and Reasons Therefor

As described in “a. Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer” above, since starting specific investigations and discussions in early September 2020 on the consolidation of the Target Company by the Company, the Target Company has carefully investigated into, and discussed with the Company, the particulars of the Agreement, the

necessity and terms of the Capital Increase through Third-Party Allotment, and the tender offer price and other terms and conditions of the Tender Offer. As described in “a. Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer” above, the Company aims to further increase the feasibility of synergies in (a) regional complementarity, (b) product complementarity, (c) management of properties for lease and sale, and (d) cost reduction, all of which were intended in the Current Capital and Business Alliance. In early September 2020, the Target Company considered that the above policy contemplated by the Company was in line with the direction in which the Target Company intended to proceed, and that, in order for the Target Company to continue to increase its corporate value and shareholder value on a mid to long-term basis through continuing, as before, the provision of condominiums with high asset value and the realization of a rich, comfortable life for those who live in them, it was also necessary for the Target Company to further increase the feasibility of the above described synergies, and it was essential for the Target Company to promote its business through building stronger capital and cooperative ties with the Company by becoming its consolidated subsidiary instead of its equity-method affiliate, as the Target Company is at the moment.

In addition, in early September 2020, the Target Company considered that, while it was necessary for the Target Company to promote its business through building stronger capital and cooperative ties with the Company, it was extremely important to maintain to a certain extent the unique corporate culture and management autonomy that the Target Company has thus far cultivated as an independent condominium developer, in order to continue to increase the corporate value and shareholder value of the Target Company through its continuous development, and that, in strengthening the capital ties between the two companies, it was desirable to maintain the Target Company’s listed status by making the Target Company a consolidated subsidiary of the Company instead of its wholly-owned subsidiary, in order to allow the two companies to deepen the cooperation between them while respecting the Target Company’s autonomous management.

Furthermore, amid uncertainties in the outlook of the market condition due to the COVID-19 pandemic, the Target Company’s current business environment is still affected by the arrest of the Target Company’s former President and Representative Director in December 2019, causing the Target Company’s financial institutions to keep taking a cautious attitude towards providing finance to the Target Company. In addition, the spread of COVID-19 infection has not yet subsided, leaving a possibility that a further spread of the infection in the future may aggravate the effect of the COVID-19 pandemic. The Target Company realizes that, in order to achieve increase in the size of its proceeds and to realize its continuous business growth under these circumstances, the Target Company needs to increase its funds for site acquisition by making financial arrangements of a capital nature. The Target Company believes that making these arrangements will, at the same time, lead to a prompt improvement of the financial institutions’ attitude towards financing the Target Company and to a realization of permanent business operations of the Target Company, through increasing its own capital. Based on these facts and considerations, in late September 2020 the Company and the Target Company reached

the conclusion that, among specific methods for making the Target Company a consolidated subsidiary of the Company, the most appropriate method is to combine the Tender Offer and the Capital Increase through Third-Party Allotment, because allowing the Target Company to raise funds by implementing the Capital Increase through Third-Party Allotment in addition to the Tender Offer by the Company will further increase the Target Company's financial strength, resulting in an increase in its management stability, and will also further improve the Target Company's reputation among financial institutions, allowing the Target Company to increase its fundraising capabilities and to achieve increase in the size of its proceeds and to realize its continuous business growth by further strengthening purchase of sites for condominium buildings, which will, in turn, contribute to increasing the corporate value and shareholder value of the Target Company.

To ensure the fairness of the Tender Offer Price and the Transaction in the process of the investigations and discussions with the Company described above, the Target Company retained Nishimura & Asahi as a legal advisor in early September 2020, from which the Target Company has received necessary legal advice (see "c. Advice from an Independent Law Firm Received by the Target Company" under "(4) Measures to Ensure Fairness of Tender Offer Such as Measures to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" below). The Target Company also retained Deloitte Tohmatsu Financial Advisory LLC as a financial advisor in early September 2020, from which the Target Company has received advice from a financial point of view. Furthermore, in mid-September 2020 the Target Company requested Plutus Consulting, a third-party valuation institution, to assess the share value of the Target Company's Stock, and received a share valuation report (the "Target Company's Valuation Report") on November 12, 2020 (see "b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company" under "(4) Measures to Ensure Fairness of Tender Offer Such as Measures to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" below).

As a result of the above discussions and investigations, the Target Company's Board of Directors, at its meeting held today where, out of the nine directors (including the four outside directors), eight participated in the deliberation and vote (with the exception of Mr. Kotaro Wakatabi, who is concurrently a director of the Company) and adopted, with the unanimous affirmative vote of all directors (including audit and supervisory committee members) who participated in the vote, a resolution expressing an opinion in support of: (i) the execution of the Agreement with the Company; and (ii) the Tender Offer, which will be executed as part of the Transaction.

In light of the valuation results for the Target Company's Stock obtained from Plutus Consulting, which is a third-party valuation institution, the Target Company believes that the Tender Offer Price is reasonable. However, considering the fact that a maximum number of shares to be purchased during the Tender Offer has been set, and that the Target Company's Stock is planned to remain listed after the Tender Offer, the Target Company has decided to adopt a neutral position as to whether or not the Target

Company's shareholders choose to tender their shares in the Tender Offer, and to leave this choice up to the discretion of the shareholders. Accordingly, at the Board of Directors meeting held today, the Target Company adopted a resolution to that effect with the unanimous affirmative vote of all directors (including audit and supervisory committee members) who participated in the vote.

Please note that Mr. Kotaro Wakatabi, who is an outside director of the Target Company and concurrently serves as a director of the Company, did not participate in the deliberation or vote on the Transaction at the aforementioned Board of Directors meeting of the Target Company or in discussions or negotiations with the Company in any capacity representing the Target Company, in order to avoid any suspicion of conflict of interest.

c. Management Policy after the Tender Offer

The Company's management policy for the Target Company after the Tender Offer is to maintain the listing of the Target Company's Stock on the First Section of the Tokyo Stock Exchange and to maintain and respect the autonomy of the Target Company's management.

As for the management framework of the Target Company, Mr. Kotaro Wakatabi, who is a director of the Company, concurrently serves as an outside director of the Target Company as of today. The Company plans, pursuant to the Agreement, to request the Target Company, to make Mr. Masaaki Arai ("Mr. Arai"), who is the representative director of the Company as of today, Chairman promptly after the settlement of the Tender Offer, and to submit a proposal for the election of directors, including Mr. Arai as a candidate for director, at the Ordinary General Meeting of Shareholders. If the proposal to appoint Mr. Arai as a director is approved at the Ordinary General Meeting of Shareholders, the Company plans to request, pursuant to the Agreement, to have Mr. Arai made Chairman and director at the meeting of the Board of Directors to be held after such Ordinary General Meeting of Shareholders. (The Company does not currently plan to go as far as to request the Target Company to grant representative authority to Mr. Arai at such meeting of the Board of Directors.) In addition, pursuant to the Agreement, the number of officers, their identity and the roles of the officers the Company will dispatch to the Target Company have not yet been decided and will be discussed in good faith with the Target Company after the settlement of the Tender Offer, but the discussions will be conducted on the premise that two to three personnel will be dispatched. The Company intends to start the discussions with the Target Company promptly after the settlement of the Tender Offer on the topic of officers to be dispatched, which would be included in the proposal for the election of directors to be submitted at the Ordinary General Meeting of Shareholders.

Moreover, after the day on which the Target Company becomes a consolidated subsidiary of the Company, the Company and the Target Company are going to discuss changing the fiscal year of the Target Company to the period from October 1 to September 30 each year.

(3) Matters Concerning Material Agreements Related to Tender Offer

a. Agreement

The Company has entered into the Agreement with the Target Company as of today. The summary of the Agreement is as follows:

(i) Matters concerning the Tender Offer

The Target Company shall, on the execution date of the Agreement, make a Board of Directors resolution in support of the Tender Offer (which requires unanimous consent of all directors except those who have or are likely to have interest; hereinafter the “Expression of Opinion Resolution”) and announce the content thereof. The Target Company shall not withdraw or amend the Expression of Opinion Resolution during the Tender Offer Period, nor make a Board of Directors resolution that is inconsistent with the content of the Expression of Opinion Resolution.

(ii) Matters concerning the Capital Increase through Third-Party Allotment

The Target Company shall, in accordance with the offering terms set forth in (a) to (e) below, allot 3,508,772 shares of the Target Company’s Stock to the Company subject to (f)(y) below as conditions precedent, and the Company shall make payment of the total amount to be paid and subscribe for all of the 3,508,772 shares of such Target Company’ Stock subject to (f)(x) below as conditions precedent.

- (a) Type of offered shares: Common stock
- (b) Number of offered shares: 3,508,772 shares
- (c) Amount to be paid: 1,425 yen per share
- (d) Total amount to be paid: 5,000,000,100 yen
- (e) Payment period: From January 15, 2021 to January 19, 2021

However, if the Tender Offer Period is extended and the settlement commencement date changes accordingly, the Target Company shall change the payment period so that the payment period includes the period from the business day following the last day of the Tender Offer Period after the change until the business day immediately preceding the settlement commencement date after the change and the Target Company shall promptly submit an amendment statement to the securities registration statement pertaining to such change of the payment period.

(f) Conditions precedent:

(x) Conditions precedent for payment by the Company

On the payment date, (1) all representations and warranties by the Target Company (Note 1) are true and correct in material respects; (2) the Target Company has performed or complied with all obligations to be performed or complied with under the Agreement by the payment date in material respects; (3) the filing of the securities registration statement (and the amendment statement thereof) under the

Act related to the Capital Increase through Third-Party Allotment has taken effect and has not been suspended as of the payment date; (4) there is no pending preliminary injunction to suspend the issuance of the Target Company's Stock or any other litigation or legal procedures that would cause significant interference with the Capital Increase through Third-Party Allotment (limited to legal procedures in which claims by the opposing party are deemed to have a reasonable basis), and no judicial decision, etc. has been issued by judicial authorities that would cause significant interference with the Capital Increase through Third-Party Allotment through a preliminary injunction or other procedures; (5) the Tender Offer has been completed; and (6) no events having a material adverse effect on the financial conditions or the performance of the Target Company group have occurred and are likely to occur.

(y) Conditions precedent for issuance of shares by the Target Company

On the payment date, (1) all representations and warranties by the Company (Note 2) are true and correct in material respects; (2) the Company has performed or complied with all obligations to be performed or complied with under the Agreement by the payment date in material respect; (3) there is no pending preliminary injunction to suspend issuance of the Target Company's Stock or any other litigation or legal procedures that would cause significant interference with the Capital Increase through Third-Party Allotment (limited to legal procedures in which claims by the opposing party are deemed to have a reasonable basis), and no judicial decision, etc. has been issued by judicial authorities of those procedures; and (4) the filing of securities registration statement (and the amendment statement thereof) under the Act related to the Capital Increase through Third-Party Allotment has taken effect and has not been suspended as of the payment date.

(Note 1) In the Agreement, the Target Company made representations and warranties as to (i) authority of the Target Company to execute and perform the agreement, (ii) validity and enforceability of the Agreement, (iii) non-existence of insolvency proceedings with respect to the Target Company, (iv) non-existence of any violation of laws and regulations etc., and contracts, etc., due to the execution and performance of the Agreement, (v) non-existence of any relationship with anti-social forces, (vi) non-existence of undisclosed material facts, (vii) accuracy of disclosed information, (viii) shares, etc. issued by the Target Company, (ix) subsidiaries and affiliated companies of the Target Company, (x) accuracy of the disclosure documents of the Target Company, (xi) non-existence of any subsequent events occurred after the end of the previous fiscal year of the Target Company group, (xii) property owned

by the Target Company group, (xiii) material contracts executed by the Target Company group, (xiv) compliance with laws and regulations, etc. by the Target Company group, (xv) permits and authorization, etc., held by the Target Company group, (xvi) labor relations of the Target Company group, (xvii) taxes and public charges, and social insurance of the Target Company group, and (xviii) litigation, etc. with respect to the Target Company group.

(Note 2) In the Agreement, the Company made representations and warranties as to (i) authority of the Company to execute and perform the agreement, (ii) validity and enforceability of the Agreement, (iii) non-existence of insolvency proceedings with respect to the Company, (iv) non-existence of any violation of laws and regulations, etc. and contracts, etc., due to the execution and performance of the Agreement, and (v) non-existence of any relationship with anti-social forces.

(iii) Matters concerning amendment to the Current Capital and Business Alliance

(A) The Company and the Target Company shall amend the statements in “(i) Expansion of product lineup” under “(b) Product complementarity” of the Current Capital and Business Alliance (for details of “(i) Expansion of product lineup” of “(b) Product complementarity” of the Current Capital and Business Alliance, please refer to “(i) Expansion of product lineup” in “(b) Product complementarity” in “Synergies Contemplated under the Current Capital and Business Alliance” in “a. Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer” under “(2) Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer, and Management Policy After Tender Offer” above), as follows (the changes are underlined):

“From the viewpoint of expanding the lineup of investment products, both companies will bring together investment products, which they are capable of providing, such as investment condominiums, overseas real estate and other income-producing real estate, and provide a wide range of investment products to current and potential investors to respond to their needs; thereby aiming to further expand the businesses of both companies. As part of this effort, the two companies will consider jointly establishing a real estate asset management company in order to start a real estate fund business, and offering real estate investment products developed by each company to institutional investors and the financial market.”

(B) After the day on which the Target Company becomes a consolidated subsidiary of the Company, the Company and the Target Company shall discuss in good faith (a) to change the fiscal year of the Target Company to a period from October 1 to September 30 each year, and (b) how to develop the shareholder return policy of the Target Company.

(iv) Matters concerning officers

The Target Company will make Mr. Arai, the representative director of the Company as of today, its chairman promptly after the settlement of the Tender Offer, and submit a proposal for election of directors, including Mr. Arai as a candidate for director, at the Ordinary General Meeting of Shareholders. If a proposal to appoint Mr. Arai as a director is approved at the Ordinary General Meeting of Shareholders, the Target Company shall appoint Mr. Arai as its Chairman and Director at the meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders. In addition, after the settlement of the Tender Offer, the Company and the Target Company shall discuss in good faith the number of officers, their identity and the roles of the officers the Company will dispatch to the Target Company.

(v) Matters concerning conditions for amendment to the Current Capital and Business Alliance to become effective

Paragraph (A) under “(iii) Matters concerning amendment to the Current Capital and Business Alliance” above shall become effective from the execution date of the Agreement. Matters concerning (B) under “(iii) Matters concerning amendment to the Current Capital and Business Alliance” and “(iv) Matters concerning officers” above shall become effective from the time the Company’s voting rights ratio in the Target Company exceeds 50% or when the Target Company becomes a consolidated subsidiary of the Company.

b. Application Agreement

The Company has entered into the Application Agreements with Pacific and Mr. Shinobu Yamagishi, respectively.

In the Application Agreements, Pacific and Mr. Shinobu Yamagishi agreed to tender 4,621,700 shares of the Target Company’s Stock held by Pacific, and 183,200 shares of the Target Company’s Stock held by Mr. Shinobu Yamagishi, respectively, to the Tender Offer subject to the conditions precedent that: (i) representations and warranties of the Company (Note 3) are true and correct in their entirety; (ii) the Board of Directors of the Target Company has resolved an expression of opinion to support the Tender Offer and made an announcement to such effect, and such expression of opinion has not been changed or withdrawn; (iii) there are no laws or regulations, etc. or any other orders, dispositions, or decisions by courts or other judicial agencies, administrative agencies, financial instruments exchanges, or other self-regulatory organizations that restrict or prohibit the Company the tendering of shares by Pacific and Mr. Shinobu Yamagishi; and (iv) Pacific and Mr. Shinobu Yamagishi do not have knowledge of any nonpublic material facts set forth in Article 166, Paragraph 2 of the Act related to the Target Company.

(Note 3) In each of the Application Agreements, the Company made representations and

warranties as to (i) lawful and valid establishment and existence of the Company, (ii) authority to execute and perform the Application Agreements, (iii) enforceability of the Application Agreements, (iv) acquisition of the permits and authorization, etc. required for execution and performance of the Application Agreements, (v) non-existence of any conflict with laws and regulations, etc., due to execution and performance of the Application Agreements, (vi) non-existence of insolvency proceedings with respect to the Company, and (vii) non-existence of any relationship with anti-social forces.

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

Since the Target Company is not a subsidiary of the Company as of today and the Tender Offer does not constitute a tender offer or an MBO by a controlling shareholder, which is subject to the “Fair M&A Guidelines” formulated by the Ministry of Economy, Trade and Industry, the Target Company is not required to take certain measures which would be generally required to be taken as fairness ensuring measures. However, considering that the Company owns 20,621,100 shares (number of voting rights: 206,211, shareholding percentage: 31.82%) of the Target Company’s Stock and the Target Company is an equity-method affiliate of the Company, that the Application Agreements will be executed with Pacific and Mr. Shinobu Yamagishi, and that Mr. Kotaro Wakatabi, who is an outside director of the Target Company, is concurrently serving as a director of the Company, the Company and the Target Company have taken the following measures to ensure the fairness of the Transaction and to avoid conflicts of interest. The measures implemented by the Target Company described below are based on the explanation received from the Target Company.

a. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Company

The Company requested SMBC Nikko Securities Inc. (“SMBC Nikko Securities”), a financial advisor, as a third-party valuation institution that is independent from the Company, the Target Company, Pacific, and Mr. Shinobu Yamagishi to evaluate the share value of the Target Company’s Stock for determining the Tender Offer Price.

SMBC Nikko Securities is not a related party of the Company or the Target Company, and has no material interest in the Tender Offer. In addition, the Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities. For details, please refer to “a. Basis of Calculation” in “(4) Basis of Calculation, Etc. of Price for Purchase, Etc.” under “2. Outline of Purchase, Etc.” below.

b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company

According to the Target Company's Press Release, the Target Company, in expressing its opinion regarding the Tender Offer, requested Plutus Consulting as a third-party valuation institution independent from the Company, the Target Company, Pacific, and Mr. Shinobu Yamagishi, to evaluate the share value of the Target Company's Stock, and received the Target Company's Valuation Report on November 12, 2020. Plutus Consulting is not a related party to the Company or the Target Company and does not have any material interest in the Tender Offer.

After examining which methods of valuation analysis to be adopted for the valuation of the share value of the Target Company's Stock from among several methods of valuation analyses of share value, Plutus Consulting conducted the valuation of the share value per share of the Target Company's Stock using the following methods, on the assumption that the Target Company is a going concern, and based on its philosophy that multifaceted evaluation of the Target Company's Stock would be appropriate: (i) the market share price analysis, because the Target Company's Stock is listed on the First Section of the Tokyo Stock Exchange, and the market prices are available for the Target Company's Stock, and (ii) the Discounted Cash Flow analysis ("DCF analysis"), so as to reflect the future business activities of the Target Company in evaluating the share value per share of the Target Company's Stock. In addition, the Target Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Plutus Consulting.

The ranges of the share value per share of the Target Company's Stock calculated using the foregoing methods are as follows:

Market share price analysis: 1,341 yen to 1,583 yen

DCF analysis: 1,280 yen to 2,119 yen

Under the market share price analysis, with November 12, 2020, set as the record date for the valuation, the range of the share value per share of the Target Company's Stock was evaluated to be from 1,341 yen to 1,583 yen, based on the closing price of the Target Company's Stock on the First Section of Tokyo Stock Exchange on the record date which was 1,583 yen, the simple average of the closing price for the most recent one (1) month period which was 1,513 yen (rounded off to the nearest whole number; the same applies hereinafter in the calculation of a simple average of closing price), the simple average of the closing price for the most recent three (3) month period which was 1,439 yen, and the simple average of the closing price for the most recent six (6) month period which was 1,341 yen.

Under the DCF analysis, the share value per share of the Target Company's Stock was evaluated to be in the range of 1,280 yen to 2,119 yen as a result of evaluating the corporate value and the share value of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company in and after the 2nd quarter of the fiscal year ending March 2021 to the present value using a certain discount rate, based on various factors, such as the Target Company's investment plans and the earnings estimates in the Target Company's the business plan for the fiscal year ending March 2021

through the fiscal year ending March 2023 that were prepared by the Target Company and publicly available information.

It should be noted that the business plans of the Target Company used in the valuation in the DCF analysis include a fiscal year for which a large increase or decrease in income or profit is expected. Specifically, amid uncertainties in the outlook of the market condition due to the influence of the spread of COVID-19 during the period from the fiscal year ended March 2020 to the fiscal year ending March 2021, the operating income in the fiscal year ending March 2022 is expected to decrease by 38.6% from the previous fiscal year due to such efforts as restraint of purchase in order to optimize the inventory stock levels and sufficiently ensure cash reserves. An outline of these business plans is shown below. Since it is difficult at this time to specifically estimate the synergies expected to be realized as a result of the implementation of the Transaction, the aforementioned business plans are not based on the assumption of the implementation of the Transaction.

	(in millions of yen)		
	Fiscal Year Ending March 2021	Fiscal Year Ending March 2022	Fiscal Year Ending March 2023
Net sales	234,496	162,627	148,913
Operating income	26,728	16,401	14,309

c. Advice from an Independent Law Firm Received by the Target Company

According to the Target Company's Press Release, to ensure transparency and fairness in, among other things, the process of decision-making by the Target Company's Board of Directors on the Transaction, the Target Company has retained Nishimura & Asahi as a legal advisor independent from both the Company, the Target Company, Pacific, and Mr. Shinobu Yamagishi, from which the Target Company has received necessary legal advice on the approach and process of, and other points to note regarding, decision-making by the Target Company's Board of Directors on the Transaction.

d. Unanimous Approval by All of the Non-interested Directors of the Target Company, including the Audit and Supervisory Committee Members

According to the Target Company's Press Release, the Target Company, at its Board of Directors meeting held today where eight of its nine directors (including four outside directors and excluding Mr. Kotaro Wakatabi who is concurrently a director of the Company) participated in the deliberation and vote, adopted a resolution expressing an opinion in support of: (i) the proposed execution of the Agreement with the Company; and (ii) the Tender Offer, which will be executed as part of the Transaction, as described in "b. Target Company's Decision-Making Process Leading to Decision to Consent to Tender Offer and Reasons Therefor" under "(2) Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer, and Management Policy After Tender Offer" above, with the unanimous affirmative vote of all directors (including audit and supervisory committee

members) who participated in the vote.

The Target Company believes that the Tender Offer Price is reasonable, since (i) it is above the upper limit of the range of the valuation results produced by the market share price analysis described in the valuation results of the Target Company's Stock obtained from Plutus Consulting, which is a third-party valuation institution, as described in "b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company," and (ii) it is within the range of the valuation results produced by the DCF analysis described in the same valuation results. However, considering the fact that the Company has set a maximum number of shares to be purchased in the Tender Offer, and that the Company plans to maintain the listing of the Target Company's Stock after the Tender Offer, the Target Company has decided to adopt a neutral position as to whether or not the Target Company's shareholders choose to tender their shares in the Tender Offer, and to leave this choice up to the discretion of the shareholders. Accordingly, at the Board of Directors meeting held on the same day, the Target Company adopted a resolution to that effect with the unanimous affirmative vote of all directors (including audit and supervisory committee members) who participated in the vote.

Please note that Mr. Kotaro Wakatabi, who is an outside director of the Target Company and concurrently serves as a director of the Company, did not participate in the deliberation or vote at the aforementioned Board of Directors meeting of the Target Company or in discussions or negotiations with the Company in any capacity representing the Target Company, in order to avoid any suspicion of conflict of interest.

(5) Plan for Acquisition of Share Certificates, etc. of Target Company's Stock after Tender Offer

The Company will conduct the Transaction for the principal purpose of making the Target Company a consolidated subsidiary of the Company and plans to have the Target Company's Stock remain listed after the Transaction. Therefore, if the Company acquires a majority of the voting rights of the Target Company (in case that the Company holds 341,444 or more voting rights after the Transaction and acquires 10,014,528 or more shares of the Target Company's Stock through the Tender Offer) through the Transaction, the Company, at this point in time, does not plan to additionally acquire the Target Company's Stock after the Transaction. On the other hand, (i) if the Company fails to make the Target Company its consolidated subsidiary by acquiring a majority of the voting rights of the Target Company through the Transaction (in case that the Company holds less than 341,444 voting rights after the Transaction and acquires less than 10,014,528 shares of the Target Company's Stock through the Tender Offer), or (ii) if the Company succeeds in making the Company its consolidated subsidiary by acquiring a majority of the voting rights of the Target Company through the Transaction, but if the percentage of voting rights held by the Company decreases to 50% or less due to the exercise of stock acquisition rights of the Target Company, or other reasons, the Company will additionally acquire the Target Company's Stock, in the number which is sufficient for the Company to acquire a majority of the voting rights of the Target Company, for the purpose of making the Target Company its consolidated subsidiary, and will discuss with the Target Company specific methods therefor, including acquisition in the market and subscription to the Target Company's capital increase through third-party allotment, taking into

consideration the market trends and capital needs of the Target Company. Although the number of shares to be purchased is planned to be a number of shares based on which the total number of voting rights of the Target Company owned by the Company will be more than 50% of the number of voting rights of the Target Company, so that the number of shares to be purchased would be sufficient for the Company to acquire a majority of the voting rights of the Target Company, the Company plans to discuss with the Target Company the specific number of shares to be purchased.

In addition, according to the Target Company's Securities Registration Statement, Etc., the Target Company resolved, at the Board of Directors meeting of the Target Company held on November 13, 2020, to conduct the Capital Increase through Third-Party Allotment by making the Company a scheduled allottee and the Company plans to subscribe to all of the Target Company's Stock to be issued by the Capital Increase through Third-Party Allotment, subject to the satisfaction of certain conditions precedent such as the completion of the Tender Offer. Payment by the Company is scheduled to be made three business days after the last day of the Tender Offer Period (or the extended Tender Offer Period if the Tender Offer Period is extended) (January 19, 2021 if the Tender Offer Period ends as originally scheduled). If the Company completes the payment for the Capital Increase through Third-Party Allotment and acquires all of the Prospective Tendered Shares (4,804,900 shares, number of voting rights: 48,049, shareholding percentage: 7.41%) through the Tender Offer, the Company's Shareholding Percentage after Dilution will be 42.35%. In addition, according to the Target Company's Securities Registration Statement, Etc., with respect to the funds to be raised by the Target Company through the Capital Increase through Third-Party Allotment, 4,965 million yen will be appropriated to the purchase of sites for condominiums and the payment period is scheduled to be from January 2021 to March 2022. The Company intends to hold, for a long term, the Target Company's Stock to be subscribed to via the Capital Increase through Third-Party Allotment and has notified the Target Company of such intention.

(6) Possibility of Delisting and Reasons Therefor

As of today, the Target Company's Stock are listed on the First Section of the Tokyo Stock Exchange. The Company has no intention to delist the Target Company's Stock through the Tender Offer and will conduct the Tender Offer by setting the maximum number of shares to be purchased at 19,881,500 shares (number of voting rights: 198,815, shareholding percentage: 30.68%). The Company's Shareholding Percentage after Dilution will be 64.42% at a maximum after the payment for the Capital Increase through Third-Party Allotment is made and the Tender Offer is completed. Therefore, the Target Company's Stock will remain listed on the First Section of the Tokyo Stock Exchange after the completion of the Tender Offer.

2. Outline of Purchase, Etc.

(1) Outline of Target Company

(1)	Name	Pressance Corporation Co., Ltd.
(2)	Location	2-27 Shiromi 1-chome, Chuo-ku, Osaka-shi, Osaka
(3)	Name and Title of Representative	Yutaka Doi, President and Representative Director
(4)	Contents of Business	Planning, development and sales of condominiums for investment and condominiums for families
(5)	Capital (As of end of September 2020)	4,380 million yen
(6)	Date of Incorporation	October 1, 1997
(7)	Major Shareholders and Shareholding Ratios (as of the end of September 2020)	Open House Co., Ltd. 31.83%
		NOMURA PB NOMINEES TK1 LIMITED (Standing proxy: Nomura Securities Co., Ltd.) 11.07%
		K.K. Pacific 7.13%
		The Master Trust Bank of Japan, Ltd. (Trustee account) 3.46%
		NPBN-SHOKORO LIMITED (Standing proxy: Nomura Securities Co., Ltd.) 3.39%
		Morgan Stanley MUFG Securities Co., Ltd. 2.69%
		MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.) 2.31%
		Custody Bank of Japan, Ltd. (Trustee account) 2.17%
		NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15. 315 PCT NON TREATY ACCOUNT 1.42% (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)
		BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD 1.32% (Standing proxy: MUFG Bank, Ltd.)
(8)	Relationship between the Company and the Target Company	Capital Relationship The Company holds 20,621,100 shares of the Target Company's Stock (shareholding percentage: 31.83 %).
		Personnel Relationship The Company has dispatched one outside director to the Target Company
		Business Relationship The Target Company sells land to Open House Development Co., Ltd., a consolidated subsidiary of

		the Company.	
	Status as Related Party	Since the Company is an equity-method affiliate of the Company, it is a related party.	
(9) Consolidated Operating Results and Consolidated Financial Position for the Previous Three Fiscal Years of the Target Company			
Fiscal Term	Fiscal year ended March 31, 2018	Fiscal year ended March 31,2019	Fiscal year ended March 31, 2020
Consolidated net assets	75,172 million yen	94,618 million yen	116,690 million yen
Consolidated total assets	245,399 million yen	301,942 million yen	310,779 million yen
Consolidated net assets per share	1,221.10 yen	1,493.54 yen	1,791.63 yen
Consolidated net sales	134,059 million yen	160,580 million yen	224,011 million yen
Consolidated operating profit	20,362 million yen	27,118 million yen	32,609 million yen
Consolidated ordinary profit	19,858 million yen	26,531 million yen	31,985 million yen
Profit attributable to owner of parent	13,757 million yen	18,296 million yen	21,892 million yen
Consolidated basic earnings per share	232.58 yen	296.43 yen	347.45 yen
Dividends per share	29.40 yen	40.50 yen	39.00 yen

(Note) The shareholding ratios stated in the “Major Shareholders and Shareholding Ratios” are cited from the “Status of Major Shareholders” in the Target Company’s Second Quarterly Report.

(2) Schedule, Etc.

a. Schedule

a.	Date of Resolution of Board of Directors Meeting	November 13, 2020 (Friday)
b.	Execution Date of the Agreement	November 13, 2020 (Friday)
c.	Date of Notice of Commencement of Tender Offer	November 16, 2020 (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/)
d.	Filing Date of Tender Offer Registration Statement	November 16, 2020 (Monday)

e. Payment Period	The payment period for the Capital Increase through Third-Party Allotment is from January 15, 2021 through January 19, 2021. (Payment by the Company is scheduled to be made three business days after the last day of the Tender Offer Period (January 19, 2021 if the Tender Offer Period ends as originally scheduled).)
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b. Period for Purchase, Etc. as of the Time of Filing of this Statement

From November 16, 2020 (Monday) through January 14, 2021 (Thursday) (38 business days)

c. Possible Extension of the Tender Offer Period based on the Target Company's Request

Not applicable

d. Contact Information in case of Extension of the Tender Offer Period

Not applicable

(3) Price for Purchase, Etc.

1,850 yen per share of common stock

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

a. Basis of Calculation

The Company requested SMBC Nikko Securities, a financial advisor, as a third-party valuation institution that is independent from the Company, the Target Company, Pacific, and Mr. Shinobu Yamagishi to evaluate the share value of the Target Company's Stock for determining the Tender Offer Price, and obtained the share valuation report concerning the share value of the Target Company's Stock from SMBC Nikko Securities on November 12, 2020 ("Company's Valuation Report"). SMBC Nikko Securities is not a related party of the Company or the Target Company, and has no material interest in the Tender Offer. The Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities.

After examining which methods of valuation analysis to be adopted for the valuation of the share value of the Target Company's Stock from among several methods of valuation analysis of share value, SMBC Nikko Securities conducted the valuation of the share value of the Target Company's Stock using the following methods of analysis: (i) the market share price analysis, because the Target Company's Stock is listed on the First Section of Tokyo Stock Exchange, and the market prices are available for the Target

Company's Stock, (ii) the comparable listed company analysis, because an analogical inference of the share value of the Target Company's Stock is possible through the comparison with listed companies similar to the Target Company, and (iii) the DCF analysis, so as to reflect the future business activities in the evaluation.

The ranges of the share value per share of the Target Company's Stock calculated using the above methods is as follows:

Market share price analysis:	1,341 yen to 1,513 yen
Comparable listed company analysis:	703 yen to 1,746 yen
DCF analysis:	1,686 yen to 2,853 yen

Under the market share price analysis, with November 12, 2020, set as the record date for valuation, the range of the share value per share of the Target Company's Stock was analyzed to be from 1,341 yen to 1,513 yen, based on the simple average of the closing price for the most recent one (1) month period up to the record date for valuation (from October 13, 2020 to November 12, 2020) of the Target Company's Stock on the First Section of Tokyo Stock Exchange which was 1,513 yen, the simple average of the closing price for the most recent three (3) month period (from August 13, 2020 to November 12, 2020) which was 1,439 yen and the simple average of the closing price for the most recent six (6) month period (from May 13, 2020 to November 12, 2020) which was 1,341 yen.

Under the comparable listed company analysis, the share value of the Target Company's Stock was calculated by comparing the market share prices and financial indicators showing profitability of some listed companies engaged in a business similar to that conducted by the Target Company, and the share value per share of the Target Company's Stock was analyzed to be in the range of 703 yen to 1,746 yen.

Under the DCF analysis, the share value per share of the Target Company's Stock was analyzed to be in the range of 1,686 yen to 2,853 yen as a result of analyzing the corporate value and the share value of the Target Company by discounting the free cash flow that is expected to be created by the Target Company in and after the 2nd quarter of the fiscal year ending March 2021 to the present value using a certain discount rate, based on the future earning forecasts of the Target Company in and after the 3rd quarter of the fiscal year ending March 2021, taking into account various factors, such as the business plans for the fiscal year ending March 2021 through the fiscal year ending March 2023 that were provided by the Target Company, interviews with the Target Company's personnel and publicly available information. It should be noted that, the business plans of the Target Company based on which the DCF analysis above was performed include a fiscal year in which a large increase or decrease in income or profit is expected is included. Specifically, under uncertainties in the outlook of the market condition due to the influence of the spread of COVID-19 during the period from the fiscal year ended March 2020 to the fiscal year ending March 2021, the operating income for the fiscal year ending March 2022 is expected to result in a decrease of 38.6% compared with the previous period because of restraint of purchase in order to optimize the inventory stock levels and sufficiently ensure cash reserves.

The aforementioned business plan is outlined below, and is not based on the assumption of the implementation of the Transaction as it is difficult at this point in time to specifically estimate the synergies that are expected to be realized through the implementation of the Transaction.

	(in millions of yen)		
	Fiscal year ending March 2021	Fiscal year ending March 2022	Fiscal year ending March 2023
Net sales	234,496	162,627	148,913
Operating income	26,728	16,401	14,309

Referring to the valuation results indicated in the Company's Valuation Report provided by SMBC Nikko Securities, the Company comprehensively reviewed several factors, such as the results of the due diligence on the Target Company conducted from the middle of September 2020 to the middle of October 2020, the premiums added in tender offers conducted in the past by any parties other than an issuer, aiming to make the issuer a consolidated subsidiary, whether or not the Target Company's Board of Directors would support the Tender Offer, and the prospect of shares being tendered in the Tender Offer; and took into consideration the result of the discussions and negotiations with Pacific, Mr. Shinobu Yamagishi and the Target Company. As a result, the Company set the Tender Offer Price at 1,850 yen today.

The Tender Offer Price of 1,850 yen represents (a) a premium of 16.87% on 1,583 yen, which is the closing price of the Target Company's Stock on the First Section of Tokyo Stock Exchange on November 12, 2020, the business day immediately preceding the announcement date of implementation of the Tender Offer; (b) a premium of 22.27% on 1,513 yen, which is the simple average closing price of the Target Company's Stock for the past one (1) month up to the same date; (c) a premium of 28.56% on 1,439 yen, which is the simple average closing price of the Target Company's Stock for the past three (3) months up to the same date; and (d) a premium of 37.96% on 1,341 yen, which is the simple average closing price of the Target Company's Stock for the past six (6) months up to the same date. On May 8, 2020, the Company acquired 20,621,100 shares of the Target Company's Stock (number of voting rights: 206,211; shareholding percentage: 31.82%) at 1,100 yen per share through off-market trading. The reason for the difference in the amount of 750 yen between such purchase price and the Tender Offer Price is that the former is the price determined based on the market price of the Target Company's Stock at the time of the off-market trading, while the latter is the price including a premium added on the market price of the Target Company's Stock based on the aforementioned examinations.

b. Background of Calculation

(Background to the Determination of the Tender Offer Price)

In the beginning of September 2020, the Company exchanged a broad range of views with the Target Company on prospects of the current business climate and financial condition of the Target Company

and its relationship with its financial institution partners, including financing, etc., in light of the significant changes in the external environment caused by the COVID-19 pandemic. As a result, amid uncertainties in the outlook of the market condition due to the COVID-19 pandemic, the Target Company acknowledged that its current business environment is still affected by the arrest of the Target Company's former President and Representative Director in December 2019, causing the Target Company's financial institutions to keep taking a cautious attitude towards providing finance to the Target Company, and that there is a possibility that a further spread of the infection in the future may aggravate the effect of the COVID-19 pandemic. In addition, the Company and the Target Company came to an understanding that, in order to ensure the sustainability of the Target Company's business operations, the acquisition of land for the smooth resumption of new projects and commencement of new business activities by the Target Company is necessary, and in order to assure stability of financing required thereby, credit enhancement through the strengthening of the capital relationship with the Company is important. The Company and the Target Company have come to hold a common understanding that, upon strengthening the capital relationship between the two companies, it would be extremely important to maintain to a certain extent the unique corporate culture and management autonomy that the Target Company had thus far cultivated as an independent condominium developer in order to continuously improve corporate value and shareholder value through the sustainable development of the Target Company; and that it was desirable to maintain the Target Company's listed status by making the Target Company a consolidated subsidiary of the Company instead of its wholly-owned subsidiary, in order to allow the two companies to deepen the cooperation between them while respecting the Target Company's autonomous management would be effective with respect to enhancing the corporate value of the Company and the Target Company. In addition, since the Company and the Target Company had previously recognized the necessity of further promoting the capital and business alliance between the Company and the Target Company, and the necessity of further enhancing the capital relation therefor, the Company and the Target Company had begun specific examinations and discussions regarding the consolidation of the Target Company by the Company and further promotion of the Current Capital and Business Alliance from the beginning of September 2020.

Thereafter, while the Company conducted the due diligence on the Target Company from the middle of September 2020 (such due diligence was completed in the middle of October 2020), the Company has repeatedly conducted verification of methods for the consolidation of the Target Company and of the synergies between the two companies. During such verification, the Company reconfirmed the current business climate of the Target Company, and in the middle of October 2020, the Company recognized that making the Target Company a consolidated subsidiary of the Company by acquiring the Target Company's Stock is necessary and effective (i) to enhance the credit and stabilize the financing of the Target Company, and (ii) to further enhance the feasibility of the synergies contemplated under the Current Capital and Business Alliance. As the specific method for acquiring the Target Company's

Stock, it would be desirable to conduct the Capital Increase through Third-Party Allotment together with the Tender Offer, and strengthen the financial base of the Target Company by the Company subscribing thereto because the Company believed that a method by way of a tender offer that provides the general shareholders of the Target Company with the opportunity to sell shares and that does not dilute the Target Company's Stock was mainly considered; in light of the current business climate of the Target Company, it is also important to conduct capital financing in order to expand the income scale and realize the continuous business growth of the Target Company; and that the Company is able to support the Target Company's financing and show that the Company is committed to strongly promoting the New Capital and Business Alliance by directly investing funds. Accordingly, in the middle of October 2020, the Company conveyed to the Target Company that it is desirable to make the Target Company a consolidated subsidiary of the Company, and that, as a specific method to acquire the Target Company's Stock, it is desirable to combine the capital increase through third-party allotment with the tender offer, and commenced to review and discuss the Transaction.

Subsequently, the Company and the Target Company continued to review and discuss the Transaction, and in the middle of October 2020, reaffirmed their understanding that ensuring the Target Company's credit enhancement and stabilization of financing by making the Target Company a consolidated subsidiary of the Company through the Transaction, and at the same time, deepening the cooperation between both companies while respecting the independence of the Target Company's management, promote the capital and business alliance between the two companies and contribute to the enhancement of the corporate value of both companies.

With respect to the total subscription price of the Capital Increase through Third-Party Allotment, the Company has reviewed the amount that is expected to be applied to the acquisition of land by the Target Company, while avoiding significant dilution of the Target Company's Stock, and with respect to the maximum number of shares to be purchased through the Tender Offer, to the extent that (i) the ratio of share certificates, etc. that may be held by the Company after the Tender Offer will be less than two-thirds so as to protect the Company from the statutory obligation to purchase all tendered shares or to offer to purchase all classes of shares, and that (ii) setting such maximum number is permissible, the Company set a policy that the percentage of voting rights held by the Company after the Transaction will be around 65% at maximum, from the perspective of providing as many of the Target Company's shareholders as possible with opportunities to sell their shares, while respecting the Target Company's independent management. In the middle of October 2020, the Company proposed to the Target Company that (i) the aggregate amount to subscribe in the Capital Increase through Third-Party Allotment be 5 billion yen, (ii) the percentage of voting rights of the Target Company held by the Company after the implementation of the Capital Increase through Third-Party Allotment and the Tender Offer be around 65%, (iii) the Tender Offer Price be set at 1,750 yen, and (iv) the issue price of the Capital Increase through Third-Party Allotment be the price discounted by 10% against the closing price of the Target Company's Stock on the First Section of the Tokyo Stock Exchange on the business

day prior to the date of announcement of the Transaction. In response, in late October 2020, the Company was requested by the Target Company to reexamine such proposal for the reason that it was difficult to determine whether or not setting the Tender Offer Price at 1,750 yen would be appropriate as an amount which was the result of the addition of a reasonable premium, as compared to the level of premiums in tender offer cases where the target company is intended to remain listed. Thereafter, following discussions with the Target Company, the Company made a final proposal and reached an agreement in early November 2020 providing that the Tender Offer Price will be set at 1,850 yen and the issue price of the Capital Increase through Third-Party Allotment will be the price discounted by 10% against the closing price of the Target Company's Stock on the First Section of the Tokyo Stock Exchange on the business day prior to the date of announcement of the Transaction. The Company also approached Pacific and Mr. Shinobu Yamagishi in late September 2020 regarding the sale of the Target Company's Stock, and made a proposal to them in early November 2020 to set the Tender Offer Price at 1,750 yen. Thereafter, as part of continuing discussions, the Company made a subsequent proposal to set the Tender Offer Price at 1,850 yen, and reached an agreement at such price in the middle of November 2020, and executed the Application Agreements on November 13.

Following such discussions and negotiations, the Company resolved, at the Board of Directors meeting held on November 13, 2020, to implement the Transaction mainly in order to make the Target Company a consolidated subsidiary of the Company, and determined to set the Tender Offer Price at 1,850 yen.

(i) Name of the Third Party Who Provided an Opinion in Valuation

In determining the Tender Offer Price, the Company referred to the Company's Valuation Report obtained from SMBC Nikko Securities, a third-party valuation institution that is independent from the Company and the Target Company. SMBC Nikko Securities is not a related party of the Company or the Target Company and has no material interest in the Tender Offer. The Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities.

(ii) Outline of Opinion from SMBC Nikko Securities

According to the Company's Valuation Report, each adopted analysis method and the ranges of the share value per share of the Target Company's Stock calculated using such analysis method, are as follows:

Market share price analysis:	1,341 yen to 1,513 yen
Comparable company analysis:	703 yen to 1,746 yen
DCF analysis:	1,686 yen to 2,853 yen

(iii) Background to Determination of the Tender Offer Price based on the Opinion

Referring to the valuation results indicated in the Company's Valuation Report provided by SMBC Nikko Securities, the Company comprehensively reviewed several factors, such as the results of the due diligence on the Target Company conducted from the middle of September

2020 to the middle of October 2020, the premiums added in tender offers conducted in the past by any parties other than an issuer, aiming to make the issuer a consolidated subsidiary, the likelihood that the Target Company's Board of Directors would support the Tender Offer, and the prospect of shares being tendered in the Tender Offer; and took into consideration the result of the discussions and negotiations with Pacific, Mr. Shinobu Yamagishi and the Target Company. As a result, the Company set the Tender Offer Price at 1,850 yen today.

c. Relationship with Third-Party Valuation Institution

SMBC Nikko Securities is not a related party of the Company or the Target Company, and has no material interest in 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
19,881,500 (shares)	— (shares)	19,881,500 (shares)

(Note 1) If the aggregate number of the Tendered Share Certificates, Etc. is less than or equal to the maximum number of shares to be purchased (19,881,500 shares), the Company will purchase all of the Tendered Share Certificates, Etc. In the event that the total number of the Tendered Share Certificates, Etc. exceeds the maximum number of shares to be purchased (19,881,500 shares), the Company shall not purchase, etc. such exceeding portion, in its entirety or in part, and shall deliver and conduct other settlement relating to the purchase, etc. of share certificates, etc. in accordance with the pro rata method stipulated in Paragraph 5, Article 27-13 of the Act and Article 32 of TOB Order.

(Note 2) Shares constituting less than a unit will also be subject to the Tender Offer. The Target Company may purchase its shares in accordance with procedures stipulated in the laws and regulations during the Tender Offer Period from any shareholders who exercise the right to require the Target Company to purchase shares constituting less than a unit under the Companies Act.

(Note 3) The Company 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.	206,211 units	(Ownership Percentage of Share Certificates, Etc. prior to Purchase, Etc.: 31.82%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties prior to Purchase, Etc.	3,959 units	(Ownership Percentage of Share Certificates, Etc. prior to Purchase, Etc.: 0.61%)

Number of Voting Rights Represented by Share Certificates, Etc. Owned by Tender Offeror after Purchase, Etc.	405,026 units	(Ownership Percentage of Share Certificates, Etc. after Purchase, Etc.: 62.49%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties after Purchase, Etc.	3,959 units	(Ownership Percentage of Share Certificates, Etc. after Purchase, Etc.: 0.61%)
Total Number of Voting Rights of All Shareholders, Etc. of the Target Company	647,724 units	

(Note 1) The “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties prior to Purchase, Etc.” and “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties after Purchase, Etc.” are the total number of the voting rights represented by the share certificates, etc. held by each of the special related parties.

(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, etc. as of September 30, 2020, as indicated in the Target Company’s Second Quarterly Report. However, as shares constituting less than a unit are also subject to purchase, etc. through 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.,” the number (648,100 units) obtained by adding the number of voting rights (647,800 units) represented by the number of shares (64,780,005 shares) obtained by deducting the number of treasury shares held by the Target Company as of September 30, 2020 (556,734 shares), as indicated in the Target Company’s Second Quarterly Financial Results, from the total number of issued shares as of September 30, 2020 (65,336,739 shares), as indicated in the aforementioned report, to the number of voting rights (300 in total) relating to the Target Company’s Stock subject to stock acquisition rights held by the special related parties (300 in total), is used as the denominator.

(Note 3) Since share certificates, etc. held by each of the special related parties (excluding treasury shares held by the Target Company) are also subject to purchase, etc., if each of the special related parties applies for the Tender Offer, the share certificates, etc. for which such special related party applies shall be purchased in its entirety or in part. If such share certificates, etc. is so purchased, “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Special Related Parties after Purchase, Etc.” shall fall below 3,959 units.

(Note 4) 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 second decimal place.

(Note 5) According to the Target Company’s Securities Registration Statement, etc., the Target Company has resolved on implementation of the Capital Increase through Third-Party Allotment in which the Tender Offeror is the scheduled allottee at the Target Company’s Board of Directors’ meeting held today. The Tender Offeror plans to subscribe to all of the offered shares, subject to the satisfaction of certain conditions precedent including the completion of the Tender Offer. Considering that the number of shares of the Target Company’s Stock to be held by the Tender Offeror and the total number of issued shares of the Target Company’s Stock will increase by 3,508,772 shares through the Capital Increase

through Third-Party Allotment, if 35,087 is added to the denominator and the numerator, “Ownership Percentage of Share Certificates, Etc. after Purchase, Etc.” shall be 64.42%.

(7) Aggregate Tender Offer Price	36,780,775,000 yen
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(Note) The aggregate tender offer price is calculated by multiplying the number of shares intended to be purchased in the Tender Offer (19,881,500 shares) by the Tender Offer Price per share (1,850 yen).

(8) Method of Settlement

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

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan

b. Settlement Commencement Date

January 20, 2021 (Wednesday)

c. Method of Settlement

A notice of purchase by way of the Tender Offer will be mailed to the address or location of each Tendering Shareholders, Etc. (or the Standing Proxy in the case of Foreign Shareholders, Etc.) promptly after the end of the Tender Offer Period. In the case where application is made through Nikko Easy Trade, a notice of purchase by way of the Tender Offer will be delivered by electronic method.

Payment of the consideration will be made in cash. The proceeds from the sale of the purchased share certificates, etc. shall be transferred from the Tender Offer Agent to the location designated by the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Foreign Shareholders) promptly after the settlement commencement date in the manner designated by the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Foreign Shareholders).

d. Method for Returning Share Certificates, Etc.

In the event that the Tendered Share Certificates, Etc. are not purchased in their entirety or in part in accordance with the conditions set forth in “a. Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of Act and Details thereof” or “b. Conditions for Withdrawal, Etc. of Tender Offer, Details thereof and Method for Disclosure of Withdrawal, Etc.” under “(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. by the Tender Offer Agent promptly after two (2) business days following the last day of the Tender Offer Period (on 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 of the Tender Offer Agent to the status at the time of the relevant tender. (The “status at the time of the

relevant tender” means the status which execution of the order to apply for the Tender Offer was cancelled).

In the case where the Tendering Shareholders, Etc. wish that their share certificates, etc. that are required to be returned be transferred to their accounts with financial instruments business operators other than the Tender Offer Agent, please check the transfer date which may differ depending on the type of account managing the share certificates, etc. with the head office or local 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 Act and Details thereof

If the aggregate number of the Tendered Share Certificates, Etc. is equal to or less than the maximum number of shares to be purchased (19,881,500 shares), the Company will purchase all of the Tendered Share Certificates, Etc. If the aggregate number of the Tendered Share Certificates, Etc. exceeds the maximum number of shares to be purchased (19,881,500 shares), the Company shall not purchase, etc. such exceeding portion, in its entirety or in part, and shall deliver and conduct other settlement relating to the purchase, etc. of share certificates, etc. in accordance with the pro rata method stipulated in Paragraph 5, Article 27-13 of the Act and Article 32 of TOB Order. (If any Tendered Share Certificates, Etc. contain fractional shares of less than one unit (100 shares), the number of shares to be purchased from each of the Tendering Shareholders, Etc. obtained by calculation on a pro rata basis will be limited to the number of the Tendered Share Certificates, Etc.)

If the aggregate number of shares to be purchased from each of the Tendering Shareholders, Etc., which is obtained by rounding off amounts of less than one unit resulting from the calculation on a pro rata basis, is less than the maximum number of shares to be purchased, one additional unit of the Tendered Share Certificates, Etc. (or, in the case where purchasing one unit would cause an excess of the number of the Tendered Share Certificates, Etc., up to the number of the Tendered Share Certificates, Etc.) will be purchased from each of the Tendering Shareholders, Etc., in descending order beginning with the one Tendering Shareholders, Etc. who own the largest number of rounded-down shares until the total number of shares purchased is equal to or greater than the maximum number of shares to be purchased. However, if, by this method, purchasing from all the Tendering Shareholders, Etc. who own an equal number of rounded-down shares causes an excess of the maximum number of shares to be purchased, a lottery system will be used to decide shareholders of which the shares will be purchased among the relevant Tendering Shareholders, Etc., to the extent where the resultant total number of shares purchased is equal to or greater than the maximum number of shares to be purchased.

If the total number of shares to be purchased from each of the Tendering Shareholders, Etc., which is obtained by rounding off amounts of less than one unit resulting from the calculation on a pro rata basis, exceeds the maximum number of shares to be purchased, one unit of the Tendered Share Certificates,

Etc. (if the number of shares to be purchased obtained by the calculation on a pro rata basis includes a portion of shares of less than one unit, then such portion) will be decreased from the number of shares to be purchased from each of the Tendering Shareholders, Etc., in descending order beginning with the Tendering Shareholders, Etc. who own the largest number of rounded-up shares until the total number of shares to be purchased is equal to or greater than the maximum number of shares to be purchased. However, if, by this method, decreasing from all the Tendering Shareholders, Etc. who own an equal number of rounded-up shares causes the number to fall below the maximum number of shares to be purchased, a lottery system will be used to decide shareholders of which the number of shares to be purchased will be decreased among the relevant Tendering Shareholders, Etc., to the extent where the resultant total number of shares purchased is equal to or greater than the maximum number of shares to be purchased.

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

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, and Item 4 of the same Paragraph as well as Article 14, Paragraph 2, Items 3 through 6 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; 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) the cases where it is found that there is a false statement or omission regarding a material matter to be stated in the statutory disclosure documents that the Target Company previously submitted or (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.

In the event that the Company intends to withdraw the Tender Offer, it will provide public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun. However, if it is difficult to provide such notice within the Tender Offer Period, the Company will make an official announcement pursuant to Article 20 of the TOB Order and provide public notice promptly thereafter.

c. Conditions for Reduction of Purchase Price, Details thereof and Method for 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 the standards set forth in Article 19, Paragraph 1 of the TOB Order.

Should the Company intend to reduce the Tender Offer Price, it will provide public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun. However, if it is difficult to

provide such notice within the Tender Offer Period, the Company will provide an official announcement pursuant to Article 20 of the TOB Order and provide public notice promptly thereafter.

If the Tender Offer Price is reduced, the Company will purchase the tendered share certificates, etc. that are tendered even on or prior to the public notice at the reduced Tender Offer Price.

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

Tendering Shareholders, Etc. may cancel the 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 entity designated below by 15:30 on the last day of the Tender Offer Period. (Please note that business hours may differ from office to office. Therefore please check the business hours, etc. of the office you intend to use before proceeding with the procedures.) If cancellation is made by postal mail, the cancellation will not be effective unless the Cancellation Documents are delivered to the entity designated below by 15:30 on the last day of the Tender Offer Period. (Please note that business hours may differ from office to office. Therefore, please check beforehand the business hours, etc. of the office you intend to use before proceeding with the procedures.)

A contract executed via the Nikko Easy Trade can be canceled by logging onto the Nikko Easy Trade website and completing the cancellation procedures in the manner prescribed on such website by 15:30 on the last day of the Tender Offer Period.

Entity authorized to receive the Cancellation Documents:

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan
(and branch offices of SMBC Nikko Securities Inc. located in Japan)

No compensation for damages or penalty payment will be claimed against any Tendering Shareholders, Etc. by the Company related to any cancellations of contract by the Tendering Shareholder, Etc. The cost of returning the Tendered Share Certificates, Etc. will be borne by the Company.

e. Method for Disclosure if Conditions or Other Terms of Tender Offer Are Changed

The Company may change the conditions, etc. of the Tender Offer during the Tender Offer Period, except where it is prohibited pursuant to Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order.

Should any terms or conditions of the Tender Offer be changed, the Company will provide public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun. However, if it is difficult

to provide notice within the tender offer period, the Company will provide an official announcement pursuant to Article 20 of the TOB Order and provide public notice promptly thereafter.

Should any of the 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 changed terms and conditions.

f. Method for Disclosure if Amended Statement Is Submitted

If the Company submits an amendment to the Tender Offer Registration Statement to the Director-General of the Kanto Local Finance Bureau (except in the case prescribed in the proviso to 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 start of the Tender Offer, pursuant to the method set forth in Article 20 of the TOB Order. The Company will also promptly amend the tender offer explanatory statement and provide the amended explanatory statement to the Tendering Shareholders, Etc. who received the tender offer explanatory statement. However, if the extent of the amendments is limited, 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 for Disclosure of Results of Tender Offer

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

(10) Date of Notice of Commencement of Tender Offer

November 16, 2020 (Monday)

(11) Tender Offer Agent

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

3. Policy after Tender Offer and Future Prospects

(1) Policy after Tender Offer

For the policy, etc. after the Tender Offer and future prospects, please refer to “c. Management Policy after the Tender Offer” in “(2) Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer, and Management Policy After Tender Offer” under “1. Purpose of Purchase, Etc.” above.

(2) Impact on and Prospects for Company's Future Consolidated Financial Results

The Company is currently reviewing the impact the Tender Offer will have on the Company's financial results and if any revision to the financial results forecast becomes necessary or any matters that should be disclosed come to light in the future, the Company will promptly report the same.

4. Others

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

a. Support for Tender Offer

According to the Target Company's Press Release, the Target Company resolved, at the Board of Directors meeting of the Target Company held today, (i) to execute the Agreement with the Company and (ii) to express its opinion to support the Tender Offer, which will be conducted as part of the Transaction. In addition, although the Target Company believes that the Tender Offer Price is reasonable in light of the valuation results of share valuation for the Target Company's Stock obtained from Plutus Consulting, the Target Company decided, by a resolution, to take a neutral stance and let the Target Company's shareholders decide whether they would tender their shares in the Tender Offer because the maximum number of shares to be purchased to be acquired is set in the Tender Offer and the plan is for the Target Company's Stock to continue being listed after the Tender Offer.

For further information on the decision-making process of the Target Company's Board of Directors, please refer to the Target Company's Press Release and "d. Unanimous Approval by All of the Non-interested Directors of the Target Company, including the Audit and Supervisory Committee Members" in "(4) Measures to Ensure Fairness of Tender Offer such as Measures to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" under "1. Purpose of Purchase, Etc." above.

b. Current Capital and Business Alliance Agreement

The Company has executed the Current Capital and Business Alliance Agreement with the Target Company. An outline of the agreement under the Current Capital and Business Alliance Agreement is as follows:

(i) Business Alliance

The business alliance under the Current Capital and Business Alliance Agreement is broken down into the business alliance concerning (a) regional complementarity, (b) product complementarity, (c) management and administration of lease properties and properties for sale, and (d) cost reduction, and the specific measures therefor will be facilitated upon good faith consultation and agreement between the Company and the Target Company. For further information, please refer to "Synergies Contemplated under the Current Capital and Business Alliance" in "a. Background, Purpose and Decision-Making Process Leading to Decision to Implement Tender Offer" in "(2) Background, Purpose and Decision-Making Process Leading

to Decision to Implement Tender Offer, and Management Policy After Tender Offer” under “1. Purpose of Purchase, Etc.” above.

(ii) Dispatch of Directors

In the Current Capital and Business Alliance Agreement, the Company and the Target Company agreed that the Company shall have the right to nominate one candidate for non-full time director of the Target Company (or two if both companies agree). Based on such agreement, the Target Company submitted to the ordinary general meeting of shareholders held in June 2020 a proposal for the election of directors, including Mr. Kotaro Wakatabi as a candidate for director nominated by the Company, and the proposal was approved at the same ordinary general meeting of shareholders.

c. Execution of Agreement

The Company executed the Agreement with the Target Company. For an outline of the Agreement, please refer to “a. Agreement” in “(3) Matters Concerning Material Agreements Related to Tender Offer” under “1. Purpose of Purchase, Etc.” above.

d. Capital Increase through Third-Party Allotment

According to the Target Company’s Securities Registration Statement, Etc., the Target Company has resolved, at the Board of Directors meeting of the Target Company held today, to issue shares to be offered (3,508,772 shares of common stock, issue price of 1,425 yen per share, and total issue price of approximately 5,000 million yen) through a third-party allotment of shares by making the Company a scheduled allottee, and with the payment period from January 15, 2021, which is after the completion of the Tender Offer Period, to January 19, 2021, and the Company plans to subscribe to all of the offered shares, subject to the satisfaction of certain conditions precedent, including the completion of the Tender Offer. Payment by the Company is scheduled to be made three business days after the last day of the Tender Offer Period (or the extended Tender Offer Period if the Tender Offer Period is extended) (January 19, 2021 if the Tender Offer Period ends as originally scheduled). For further information on the Capital Increase through Third-Party Allotment, please refer to the Target Company’s Securities Registration Statement, Etc., “(ii) Matters concerning the Capital Increase through Third-Party Allotment” in “a. Agreement” in “(3) Matters Concerning Material Agreements Related to Tender Offer” and “(5) Plan for Acquisition of Share Certificates, etc. of Target Company’s Stock after Tender Offer” under “1. Purpose of Purchase, Etc.” above.

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

a. Disclosure of “ Consolidated Second Quarterly Financial Results for the Fiscal Year Ending March

2021 <under J-GAAP>”

The Target Company disclosed the “Consolidated Second Quarterly Financial Results for the Fiscal Year Ending March 2021 <under J-GAAP>” today. The outline of the disclosure is as stated below. The statements in the disclosed report have not been reviewed by an audit firm in accordance with Article 193-2, Paragraph 1 of the Act. For details, please refer to the disclosed report.

(a) Profit & Loss (consolidated)

Fiscal Period	Cumulative second quarter period of the fiscal year ending March 2021
Net sales	135,411 million yen
Cost of sales	107,767 million yen
Selling, general and administrative expenses	9,329 million yen
Non-operating income	737 million yen
Non-operating expenses	635 million yen
Profit attributable to owners of parent	12,769 million yen

(b) Per Share Information (consolidated)

Fiscal Period	Cumulative second quarter period of the fiscal year ending March 2021
Basic earnings per share	198 yen 33 sen
Dividends per share	13 yen 00 sen

b. Implementation of the Capital Increase through Third-Party Allotment

According to the Target Company’s Securities Registration Statement, Etc., the Target Company resolved, at the Board of Directors meeting of the Target Company held today, to issue shares to be offered (3,508,772 shares of common stock, issue price of 1,425 yen per share, and total issue price of approximately 5,000 million yen) through a third-party allotment of shares by making the Company a scheduled allottee, and with the payment period from January 15, 2021, which is after the completion of the Tender Offer Period, to January 19, 2021, and the Company plans to subscribe to all of the offered shares, subject to the satisfaction of certain conditions precedent, including the completion of the Tender Offer. For further information on the Capital Increase through Third-Party Allotment, please refer to the Target Company’s Securities Registration Statement, Etc., “(ii) Matters concerning the Capital Increase through Third-Party Allotment” in “a. Agreement” in “(3) Matters Concerning Material Agreements Related to Tender Offer” and “(5) Plan for Acquisition of Share Certificates, etc. of Target Company’s Stock after Tender Offer” under “1. Purpose of Purchase, Etc.” above. The Company intends to hold, for a long term, the Target Company’s Stock to be subscribed to via the Capital Increase through Third-Party Allotment and has notified the Target Company of such intention.

- c. Disclosure of the “Notice regarding Differences Between (Consolidated and Non-Consolidated) Results Forecasts and Financial Results for Cumulative Second Quarter Period of Fiscal Year Ending March 2021 and Revision of (Consolidated and Non-Consolidated) Results Forecasts for Fiscal Year Ending March 2021 and Regarding Decision on (Interim) Dividend of Surplus and Revision of Fiscal Year-End Dividend Forecast”

As disclosed in the “Notice regarding Differences Between (Consolidated and Non-Consolidated) Results Forecasts and Financial Results for Cumulative Second Quarter Period of Fiscal Year Ending March 2021 and Revision of (Consolidated and Non-Consolidated) Results Forecasts for Fiscal Year Ending March 2021 and Regarding Decision on (Interim) Dividend of Surplus and Revision of Fiscal Year-End Dividend Forecast” published today, the Target Company experienced differences between the (consolidated and non-consolidated) results forecasts for the cumulative second quarter period of the fiscal year ending March 2021 and the financial results announced on the same day, as well as revising the (consolidated and non-consolidated) results forecasts for the fiscal year ending March 2021. In addition, at its Board of Directors meeting held today, the Target Company adopted a resolution to pay an (interim) dividend of surplus with September 30, 2020, as the record date, as well as revising the year-end dividend forecast. For details, please refer to the Target Company’s relevant notice.

End of document

Unless otherwise specified, all procedures relating to the Tender Offer will be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

The Tender Offer relates to the common shares of the Target Company, a company incorporated in Japan. The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed under Japanese laws and these procedures and standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards, and thus may not be comparable to the financial statements of U.S. companies. The financial information contained or referred to in this press release is prepared in accordance with accounting principles generally accepted in Japan and such accounting principles may be considerably different from accounting principles generally accepted in the U.S. or other countries. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Tender Offeror is incorporated outside the United States and some or all of its directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

The information provided in this press release and the documents referenced herein contains “forward-looking statements” as defined in Section 27A of the Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act of 1934. Actual results may differ substantially from the projections or similar statements implicitly or explicitly made in the forward-looking statements due to known or unknown risks, uncertainties or other factors. No promises are made by the Tender Offeror or its affiliates that the projections or similar statements implicitly or explicitly made in the “forward-looking statements” will ultimately be accurate. The forward-looking statements in this press release and the documents referenced herein have been prepared based on the information available to the Tender Offeror at the date of this press release and unless required by laws, regulations or financial instruments exchange rules, neither the Tender Offeror nor its affiliates are obligated to update or revise the forward-looking statements to reflect any future events and conditions.

The Tender Offeror, the financial advisors of the Tender Offeror and the Target Company and the tender offer agent (including their respective affiliates) may, in the ordinary course of its business, engage in the purchase or any trade leading to the purchase of the common shares of the Target Company outside the Tender Offer for its own or its customer’s account before commencement of, or during the period for purchases, etc. that is specified under, the Tender Offer, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934 (as amended) and to the extent permitted under Japanese financial instruments transaction-related laws and regulations. If any information regarding such purchase is disclosed in Japan, such information will also be disclosed in English on a website of such person who has conducted such purchase (or by other means of disclosure).