



Member of Financial Accounting Standards Foundation (FASF)

July 28, 2016

Company name: Okabe Co., Ltd.

Representative: Makoto Hirowatari, President

Code: 5959 (First Section of the Tokyo Stock Exchange)

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Notice Regarding Conclusion of Share Transfer Agreement
Concerning Shares of Consolidated Subsidiaries

Okabe Co., Ltd. (the “Company”) hereby announces that it has decided to conclude a share transfer agreement with APA Hotel International Inc. (wholly owned by APA Hotel Co., Ltd.) as of July 28, 2016 regarding transfer of its hotel business (Okabe North America, Inc. and Coast Hotels Limited).

1. Reason for the sell-off of the hotel business

The Company is engaged in the construction-related products business as its core business, the automotive products business as its semi-core business, the hotel business in Canada, and other businesses with the potential to become future core businesses.

Under the mid-term management plan “Okabe-Mirai Plan 2017” formulated in 2014, the Company is striving to expand business in the earthquake-proof, seismic isolation, and earthquake resistant product fields with growth potential over the medium and long term by various means including construction of a new factory. In addition, the Company is working on the development of new markets and fields, taking into account the forecast for stagnation in demand in construction after the Tokyo Olympics and Paralympics, which are slated to be held in 2020. Furthermore, the Company has been working to concretize its plans to acquire several domestic and overseas corporations that match its growth strategy.

In accordance with the above policies, the Company has decided to sell off the hotel business, which it has been operating since acquiring the business in 1988, to APA Hotel International Inc., with the aim of further promoting the selection and concentration of management resources.

The Company will temporarily have a larger cash position than usual in the course of the selection and concentration process. Meanwhile, we will endeavor to improve the Company’s

corporate value and stock value over the long term by taking measures such as stepping up efforts for corporate acquisition and domestic and overseas capital investment, such as expansion of technology development bases in Japan and establishment of logistic bases in the US, where the business is sound in the fields surrounding the core business and the semi-core business.

2. The details of business to be transferred (overview of the relevant subsidiaries)

(1)	Company name	Okabe North America, Inc.	
(2)	Location	Vancouver, British Columbia, Canada	
(3)	Representative	Makoto Hirowatari, President	
(4)	Date established	December 16, 1971	
(5)	Main businesses	Holding company owning all the shares of Coast Hotels Limited and the real estate leasing and management business	
(6)	Account closing date	September 30	
(7)	Capital	CAD 64,350,000 (as of December 31, 2015)	
(8)	Major shareholders and ownership (%)	Okabe Co., Ltd.	100%
(9)	Relationships with the Company	Capital relationship	The said company is a wholly-owned subsidiary of the Company.
		Personnel relationships	The President of the Company serves concurrently as the President of the said subsidiary.
		Business relationships	There is no special business relationship between the Company and the said subsidiary.

(1)	Company name	Coast Hotels Limited.	
(2)	Location	Vancouver, British Columbia, Canada	
(3)	Representative	Katsumasa Komoda, President	
(4)	Date established	October 21, 1975	
(5)	Main businesses	Hotel operations business	
(6)	Account closing date	September 30	
(7)	Capital	CAD 7,903,000 (as of December 31, 2015)	
(8)	Major shareholders and ownership (%)	Okabe North America, Inc.	100%
(9)	Relationships with the Company	Capital relationship	The said company is a wholly-owned subsidiary of the subsidiary of the Company.
		Personnel relationships	An Operating Officer of the Company serves concurrently as the President of the said subsidiary.
		Business relationships	There is no special business relationship between the Company and the said subsidiary.

3. The operating results and financial position of the hotel business for the past three years

Accounting period	Fiscal Year Ended September 30, 2013	Fiscal Year Ended September 30, 2014	Fiscal Year Ended September 30, 2015
Net assets	10,861 million yen	11,437 million yen	10,789 million yen
Total assets	13,719 million yen	14,079 million yen	13,164 million yen
Net sales	5,281 million yen	5,709 million yen	6,111 million yen
Operating income	75 million yen	269 million yen	319 million yen
Ordinary income	82 million yen	277 million yen	343 million yen
Net income (loss)	(62) million yen	188 million yen	507 million yen

4. Overview of the transferee

(1)	Company name	APA Hotel International Inc.	
(2)	Location of head office	Vancouver, British Columbia, Canada	
(3)	Representative	Fumiko Motoya	
(4)	Main businesses	Shareholding and loans	
(5)	Date established	July 22, 2016	
(6)	Major shareholders and ownership (%)	APA Hotel Co., Ltd.	100%
(7)	Relationships with the Company	Capital relationship	None
		Personnel relationships	None
		Business relationships	None
		Applicability to the parties	Not applicable

(1)	Company name	APA Hotel Co., Ltd.	
(2)	Location of head office	3-2-3, Akasaka, Minato-ku, Tokyo	
(3)	Representative	Fumiko Motoya	
(4)	Main businesses	Operation of hotels, spring inns, restaurants and resort facilities.	
(5)	Date established	December 25, 1980	
(6)	Major shareholders and ownership (%)	APA Holdings Co., Ltd.	100%
(7)	Relationships with the Company	Capital relationship	None
		Personnel relationships	None
		Business relationships	None
		Applicability to the parties	Not applicable

5. The number of shares to be transferred and the status of ownership of shares before and after acquisition

(1)	Number of shares held before transfer	Common stock: 46,920 shares; Class B Preferred Stock: 406,000 shares
(2)	Number of shares to be transferred	Common stock: 46,920 shares; Class B Preferred Stock: 406,000 shares
(3)	Number of shares held after transfer	0
(4)	Transfer price	16.3 billion Japanese yen

* The transfer price consists of the stock transfer price, working capital adjustments, etc. and shall be finalized after the adjustment by working capital of Okabe North America, Inc. as of the execution date of share transfer.

6. Future schedule

Conclusion date of share transfer agreement: July 28, 2016

Execution date of share transfer: Early September, 2016 (scheduled)

7. Outlook for the future

If the share transfer is executed as scheduled, the Company plans to post extraordinary income of 5,900 million yen, and profit attributable to owners of parent is expected to increase by 4,100 million yen in the consolidated financial results for the fiscal year ending December 31, 2016.

For the forecast of financial results for the current year that takes into account the impact of the said sell-off of shares on financial results, please also see the “Notice of the revision to the consolidated earnings results forecast for the fiscal year ending in December 2016” announced today.