

[Translation]



February 6, 2018

To whom it may concern

Company Name: Daiwa House Industry, Co. Ltd.
Code: 1925, First Section of the Tokyo
Stock Exchange
Representative: Keiichi Yoshii, President and COO
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Tel: +81-6- 6342-1400

**Announcement Regarding Commencement of the Tender Offer for the Shares of
Technical Electron, Co., Ltd. (Securities Code: 6716) by the Subsidiary Company of
Daiwa House Industry Co., Ltd. (Daiwa Lease, Co., Ltd.)**

Daiwa House Industry Co., Ltd. (the “**Company**”) hereby announces, as attached, that the Company’s subsidiary company Daiwa Lease Co., Ltd. (“**Daiwa Lease**”) has resolved at its board of directors meeting held today to acquire the shares of Technical Electron Co., Ltd. (Code: 6716, JASDAQ (Standard) Market of the Tokyo Stock Exchange, Inc.) through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

For details, please refer to the attachment “Announcement Regarding Commencement of the Tender Offer for the Shares of Technical Electron, Co. Ltd. (Securities Code: 6716) by Daiwa Lease, Co. Ltd.” released by Daiwa Lease.

Outline of Daiwa Lease

Location	2-1-36 Noninbashi, Chuo-ku, Osaka-shi, Osaka
Name and Title of Representative	Shunsaku Morita, Representative Director and President
Business Lines	Prefabricated industrial buildings business, retail facility leasing business, leasing solutions business, and environmental greening business
Paid-in Capital	JPY 21,768 million (as at February 6, 2018)

End

This press release also serves as notice given under Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act based on a request made by Daiwa Lease Co., Ltd. (the offeror) to Daiwa House Industry Co., Ltd. (the offeror's parent company).

[Translation]
February 6, 2018

To whom it may concern

Company Name: Daiwa Lease Co., Ltd.
Representative: Shunsaku Morita, Representative
Director and President
Contact: Takao Nishimura, Deputy General
Manager, Accounting Department,
Headquarters
Tel: +81-6-6942-8012

Announcement Regarding Commencement of the Tender Offer for the Shares of Technical Electron Co., Ltd. (Securities Code: 6716) by Daiwa Lease Co., Ltd.

Daiwa Lease Co., Ltd. (the “Offeror”) hereby announces on February 6, 2018 that it has decided, as described below, to acquire the common stock of Technical Electron Co., Ltd. (Code: 6716, JASDAQ (Standard) Market of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”); the company referred to, the “Target Company,” and its common stock, “Target Company Shares”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”).

1. Purposes of Tender Offer

(1) Outline of Tender Offer

As of today, the Offeror is the largest shareholder of the Target Company, holding 265,000 shares (ownership ratio (see Note 1): 33.05%) of the Target Company Shares, which are listed on the JASDAQ (Standard) Market, a market established by the Tokyo Stock Exchange, and the Target Company is an equity method affiliate company of the Offeror. The Offeror resolved at its board of directors meeting held on February 6, 2018 to conduct the Tender Offer as part of a transaction aimed at making the Target Company a wholly-owned subsidiary of the Offeror (the “Transaction”) by acquiring all of the Target Company Shares (excluding the Target Company Shares held by the Offeror and the treasury shares held by the Target Company).

Note 1: “Ownership ratio” means the ratio (rounded to two decimal places) of the number of shares held by the relevant shareholder to the number of shares (801,917 shares) of the Target Company resulting from the following formula: (i) the total number of issued shares (803,810 shares) as of December 31, 2017, stated in the “Summary of Accounts for the Third Quarter of the Fiscal Year Ending March 2018 (Japanese GAAP) (Consolidated)” published on February 6, 2018 by the Target Company (the “Summary of Accounts for the Third Quarter of the Fiscal Year Ending March 2018 of the Target Company”) minus (ii) the number of treasury shares held by the Target Company (1,893 shares) as of December 31, 2017, stated in the Summary of Accounts for the Third

Quarter of the Fiscal Year Ending March 2018 of the Target Company. The same applies hereinafter.

The Offeror has set the minimum number of shares to be purchased in the Tender Offer at 269,700 shares (ownership ratio: 33.63%), and if the total number of shares for which an application has been made to tender for sale in the Tender Offer (the “Tendered Shares”) is less than the minimum number of shares to be purchased, the Offeror will not purchase any of the Tendered Shares. Conversely, because the Offeror’s aim of the Transaction is to make the Target Company a wholly-owned subsidiary of the Offeror, the Offeror has not set a maximum number of shares to be purchased, and if the total number of Tendered Shares is equal to or greater than the minimum number of shares to be purchased, the Offeror will purchase all of the Tendered Shares.

As of February 6, 2018, the Offeror has executed a tender offer agreement with each of SANKYU SANGYO CO.,LTD., the Target Company’s second largest shareholder (number of shares held: 78,400 shares; ownership ratio: 9.78%), Mr. Toshiyuki Soda, the Target Company’s third largest shareholder (number of shares held: 47,950 shares; ownership ratio: 5.98%), and Mr. Shusaku Hombo, the Target Company’s fourth largest shareholder (number of shares held: 39,935 shares; ownership ratio: 4.98%) (SANKYU SANGYO CO.,LTD., Mr. Toshiyuki Soda, and Mr. Shusaku Hombo, collectively the “Expected Tendering Shareholders”) to the effect that the Expected Tendering Shareholders will tender in the Tender Offer their respective Target Company Shares (the tender offer agreement that the Offeror has executed with each of the Expected Tendering Shareholders, collectively the “Tender Offer Agreements”). Under the Tender Offer Agreements, each of SANKYU SANGYO CO.,LTD. and Mr. Toshiyuki Soda have each agreed to tender all of their respective Target Company Shares in the Tender Offer, and Mr. Shusaku Hombo has agreed to tender in the Tender Offer 39,900 shares (ownership ratio: 4.98%) of the Target Company Shares he holds (the total number of shares under the Tender Offer Agreements (166,250 shares; ownership ratio: 20.73%), collectively, the “Expected Tendered Shares”).

The Offeror has set the minimum number of shares to be purchased in the Tender Offer (269,700 shares (ownership ratio: 33.63%)) by deducting the number of Target Company Shares held by the Offeror (265,000 shares) as of today from the number of Target Company Shares (534,700 shares) which is equivalent to two-thirds (shares less than one unit of Target Company Shares (100 shares) have been rounded up) of the number of Target Company Shares (801,917 shares) resulting from the total of (i) the total number of issued shares (803,810 shares) of the Target Company as of December 31, 2017, stated in the Summary of Accounts for the Third Quarter of the Fiscal Year Ending March 2018 of the Target Company, minus (ii) the number of treasury shares held by the Target Company (1,893 shares) as of December 31, 2017, stated in the Summary of Accounts for the Third Quarter of the Fiscal Year Ending March 2018 of the Target Company.

Furthermore, if the Tender Offer is completed and the Offeror is unable to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Offeror and the treasury shares held by the Target Company) through the Tender Offer, then the Offeror plans to request that the Target Company implement the procedures stated in “(5) Policy for organizational restructuring after the Tender Offer (matters relating to two-step

acquisition)” and thereby acquire all of the Target Company Shares (excluding the Target Company Shares held by the Offeror and the treasury shares held by the Target Company).

According to the “Announcement Regarding Expression of Opinion in Favor of the Tender Offer by Daiwa Lease Co., Ltd. for the Shares of Technical Electron Co., Ltd.” released on February 6, 2018 by the Target Company (the “Target Company Press Release”), the Target Company resolved at its board of directors meeting held on February 6, 2018 to express an opinion in favor of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer. For details of the resolution by the Target Company’s board of directors, please refer to “(E) Approvals from all directors in the Target Company without interests in the Transaction and opinions from all statutory auditors in the Target Company without interests in the Transaction to the effect that they have no objections” in “(4) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer” below.

(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer

Since its establishment in June 1959 as a member of the Daiwa House Group (refers collectively to the Offeror its parent company Daiwa House Industry Co., Ltd., and the subsidiary and affiliate companies of Daiwa House Industry Co., Ltd.; the same applies below), the Offeror has centered its business around the swift provision of reliable quality products and services and consideration of the environment by maximizing the full potential of resources. More specifically, the Offeror has consistently strived to create new value and contribute to society in the following four business areas: (a) “Prefabricated Industrial Buildings Business,” involving the provision of reliable quality prefabricated construction and temporary construction of houses and the like, and development of public facilities through PPP/PFI (see Note 2) and lease methods; (b) “Retail Facility Leasing Business,” involving realizing valuable uses for land, considering the benefits to both land owners and tenant companies, by providing comprehensive support from the development of plans through to building construction and operation and management; (c) “Leasing Solutions Business,” involving the provision of services, including parking lot construction and operation, that cater to the needs of society through leases, rentals, and sharing in automotive-, welfare-, and environmental-related areas; and (d) “Environmental Greening Business,” involving aiming towards an environmentally conservative society in which we can co-exist with nature, by promoting greening and energy conservation measures through adding greenery to a wide variety of places, including wall surfaces and rooftops, and leasing environmentally-friendly products, including energy-saving lights.

Note 2: “PPP (Public-Private Partnership)” is a type of business scheme where national and local governments collaborate with private sector companies in order to provide public services and involves national and local governments utilizing the funds and know-how of private sector companies with the aim of maintaining high-quality public services and enhancing efficiency. “PFI (Private Finance Initiative)” is one technique for developing a PPP; it is a business technique involving utilizing the funds, management capabilities, and technology of the private sector in order to provide public services, including to develop, maintain, and operate public facilities and the like.

As a group aiming to “co-create value for individuals, communities, and people’s lifestyles” by creating new, utilizing, and increasing value together with its customers, and aiming to realize a society where people can live enriched lives, the Daiwa House Group has comprehensively developed its business across a wide range of fields, including single-family housing (its core business), rental housing, condominiums, housing stock, commercial facilities, and business facilities (such as logistics facilities and medical and nursing care facilities). Against this backdrop, based on its analysis in the “Daiwa House Group 5th Medium-Term Management Plan,” a three-year plan that commenced in FY 2016, that although it can expect construction and demand for real estate as it heads towards the Tokyo Olympics and Paralympics, the three-year period covered by this plan will not be one in which the Daiwa House Group can be optimistic, due to consumer consumption trends and instability in the Chinese economy, the Daiwa House Group has set this three-year period (commencing FY 2016) as one in which it will aim to capture domestic demand while ‘preparing’ for future environment changes and ‘building’ a platform for achieving group sales of 4 trillion yen. Through such initiatives as strengthening core business fields, aggressive investment in real estate development, acceleration of overseas development, and utilizing and expanding its customer base for the creation of Plus 1 and Plus 2 businesses and to foster future core business that caters to the needs of society, the Daiwa House Group has strengthened its short- to medium-term growth potential and made steps towards future growth, and it has also upgraded its management foundations and expanded its business scale to be able to adapt to future environment changes.

Furthermore, from April 1, 2015, the Offeror transferred its coin parking business from its leasing solutions business division to its retail facility leasing business division, a division that supports the formation of local communities. By doing so, the Offeror has strengthened its information gathering capabilities on parking lot sites and has made efforts towards land development in areas surrounding commercial establishments. Furthermore, through “D-Parking,” a comprehensive hourly rental parking lot service provided by the Offeror which covers the planning and construction of a parking lot through to operation and management, the Offeror has developed proposals for efficient uses for land.

On the other hand, the Target Company was established in May 1952 (its trade name at the time, CHUOMUSEN CO.,LTD., and after registering with the Japan Securities Dealers Association as a company traded over the counter in 1985, the Target Company listed its shares on the JASDAQ Stock Market (currently the Tokyo Stock Exchange JASDAQ (Standard) Market) in December 2004; in October 2005, an absorption type merger was conducted with the Target Company as the surviving company and the Target Company’s consolidated subsidiary company (its name at the time, Technical Electron Co., Ltd.) as the absorbed company, and the Target Company’s trade name was changed to Technical Electron Co., Ltd., its current trade name. Since its establishment, the Target Company has consistently put itself in its customers’ shoes and advanced its business through manufacturing and provision of services. The Target Company Group (refers collectively to the Target Company, and the Target Company’s subsidiary companies and affiliates; the same applies below) engages in (a) parking lot operations business; (b) parking lot equipment business; (c) electronic equipment and components business; (d) real estate rental business; (e) agribusiness; and (f) aqua (water) business; in April 2015, the Target Company newly commenced solar power generation business.

The Target Company engages in the following with respect to each of its lines of business: (a) the operation of coin-operated and other types of parking lots as part of its parking lot operations business; (b) the development, manufacturing, and sales of locking mechanism-type, boom gate-type, and chain gate-type parking lot systems and vehicle entry/exit management systems as part of its parking lot equipment business; (c) the development, manufacturing, and sales of display equipment (LCD monitors) for use in trains, surveillance, broadcasting and the like (electronic equipment business), and the development, manufacturing, and sales of connectors and cables used in a wide range of fields, including surveillance cameras; medical devices; computers; and measuring devices, and of precision press components, used in digital cameras, automobiles, mobile phones and the like (electronic components business) as part of its electronic equipment and components business; (d) rentals (mainly of stores) as part of its real estate rental business; (e) sales of agricultural products and the like, including heat pump air-conditioning for greenhouse growing in its agribusiness; (f) the sale of water servers and filling machines and the like for water treatment plants as part of its aqua (water) business; and (g) the sale of electricity as part of its solar power generation business.

With the aim of forming a partnership with the Target Company and amalgamating product development capabilities and know-how in the Offeror's existing business and in the Target Company's parking lot operations business and parking lot equipment business, the Offeror executed a share purchase agreement on April 19, 2013 with Mr. Shusaku Hombo, the then Representative Director, Chairman and President of the Target Company, and on June 26, 2013, acquired part of the Target Company Shares held by Mr. Shusaku Hombo (2,650,000 shares) (ratio to total number of issued shares at that point in time: 32.97% (see Note 3); ownership ratio of voting rights: 33.10% (see Note 4)), making the Target Company an equity method affiliate company of the Offeror. As a result of the share consolidation conducted by the Target Company effective October 1, 2017 (where every ten Target Company Shares were consolidated into one Target Company Share) (the "Share Consolidation as of October 1, 2017"), the number of Target Company Shares that the Offeror holds as of today is 265,000 shares. Additionally, as of October 1, 2017, the Target Company has changed the number of shares constituting one unit of its common stock from 1,000 shares to 100 shares.

Note 3: This is the ratio (rounded to two decimal places) to the total number of issued shares (8,038,100 shares) as of September 30, 2012, stated in the Second Quarter Report for the 73rd Term filed by the Target Company on November 13, 2012.

Note 4: This is the ratio (rounded to two decimal places) to the total number of voting rights (8,006 rights (one unit = 1,000 shares)) as of September 30, 2012, stated in the Second Quarter Report for the 73rd Term filed by the Target Company on November 13, 2012.

Since the Target Company became an equity method affiliate company of the Offeror and a member of the Daiwa House Group, the Offeror and the Target Company have amalgamated product development capabilities and know-how in the Offeror's existing business and in the Target Company's parking lot operations business and parking lot equipment business, and through the proposal of a service for customers that covers planning and construction through to management and operations, the Offeror and the

Target Company have advanced their collaborations.

As it advances its collaboration with the Target Company, the Offeror believes that in order to further enhance corporate value, it is necessary to strengthen the growth potential and competitive power of its parking lot business, and as a management strategy to realize this, it is necessary to establish parking lot operations that are more efficient and that have more earning power. Furthermore, the Target Company Group also believes it is necessary to increase its earnings power and strengthen both its growth potential and competitive power by strengthening its business power in its parking lot operations business and in its parking lot equipment business; making efforts with sales promotion; and reducing costs (improving gross profit margin).

However, with progress being made on autonomous driving technology, the emergence of the sharing economy, and the low birth rates and increase of an aging population, it is predicted that the environment surrounding the Offeror and the Target Company will become increasingly uncertain with more and more rapid change, and because the Offeror's existing business and the Target Company's parking lot operations business and parking lot equipment business are all lines of business where there are no legal restrictions limiting entry by competitors and there is no large-scale equipment required, the barriers to entry into these lines of business are low, and the Target Company and the Offeror find themselves in a harsh competitive climate with many other operators in the same lines of business (ranging in scale from corporations to individual operators); thus, it is also predicted that the earnings environment will continue to be unclear.

Against the backdrop of this environment, the Offeror believes that in aiming for the further enhancement of corporate value for both companies, it is necessary to respond appropriately to the changing market environment; further accelerate the mutual provision and utilization of the management foundations, business know-how, and management resources of both companies; and swiftly execute further collaborations with the Target Company. However, the Offeror is aware that because the Target Company engages in independent business operations as a listed company, in the collaborations that are based on the current capital relationship, the utilization of Daiwa House Group's management resources and the sharing of its market information takes some time, the Daiwa House Group's brand power and management resources, including its human resources, procurement capabilities, and information, cannot be sufficiently utilized, and there are limitations to responding promptly to market environment changes under the current relationships. Daiwa House Industry Co., Ltd., the Offeror's parent company, is also of the same understanding. Thus, in early November 2017, the Offeror communicated with the Target Company its desire to commence consultations regarding measures to enhance the corporate value of both companies and the Offeror commenced specific consultations and considerations with the Target Company on the Transaction. As consultations and considerations between the Offeror and the Target Company advanced, both parties developed a common understanding that making the Target Company a wholly-owned subsidiary of the Offeror is the best choice because (i) by doing so, both companies can expect to enjoy a synergy effect, including (a) expansion of the Target Company's market share in the parking lot operations business and parking lot equipment business and a consequent increase in profitability in Offeror's parking lot business due to the Target Company's taking even further advantage of Daiwa House Group's brand and well-known

name, and expanding its opportunities to participate in Daiwa House Group's development projects in Japan and overseas, (b) increased speed in securing new parking lot sites by fully utilizing the information networks of both companies, (c) an increase in the number of parking lot locations, more efficient operation and management thereof, and strengthened business power for both companies by tapping into Daiwa House Group's real estate development capabilities, land development capabilities, and information gathering capabilities with respect to land development, and (d) possible further advancement of collaborations in the area of parking solutions (providing support across every aspect through the proposal of a service that covers planning and construction through to management and operations; "Parking Solutions"); and (ii) it is expected that growth potential and competitive power in the parking lot business will be strengthened, and these will both contribute to enhanced corporate value for both companies. Furthermore, both companies agreed that while it would be necessary to develop and implement medium- to long-term measures in order to respond to the changing market environment, there are also unavoidable risks, including those associated with prior investments aimed at securing new locations and brand unification, and those associated with the future market environment, and thus, both companies agreed that providing an opportunity for a reasonable share sale without burdening the Target Company's minority shareholders with such risks would contribute to the interests of the Target Company's minority shareholders, and consultations and negotiations with respect to the various terms and conditions of the Transaction have been continuing since late November 2017. As part of these consultations and negotiations with the Target Company, the Offeror proposed to the Target Company on January 18, 2018 a price for the Offeror's purchase of the Target Company Shares (the "Tender Offer Price") of 3,000 yen per share. Following that, as a result of the Target Company's consideration of that price, the Target Company requested the Offeror to reconsider the Tender Offer Price in light of the level of premiums added in past tender offers similar to the Tender Offer, the market share price trends of the Target Company Shares, the outlook regarding how many shares will be tendered in the Tender Offer, and other such factors. The Offeror then reconsidered the Tender Offer Price, and on January 24, 2018, the Offeror proposed a new Tender Offer Price of 3,300 yen per share.

Accordingly, based on the results of these consultations and negotiations with the Target Company on the various terms and conditions of the Transaction, the Offeror resolved at its board of directors meeting held on February 6, 2018 to conduct the Tender Offer as part of the Transaction.

According to the Target Company, upon hearing from the Offeror in early November 2017 of its intentions regarding the Transaction that includes the Tender Offer, as described below in "(4) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer," the Target Company appointed Daiwa Securities Co., Ltd. ("Daiwa Securities") as a financial advisor that is independent from the Daiwa House Group and the Target Company. Taking into account the legal advice it obtained from Nishimura & Asahi, described in "(D) Obtaining advice of an independent law firm by the Target Company," and further, giving the utmost respect to the details of the opinion submitted by an outside director who is an independent officer, detailed in "(C) Obtaining an opinion from an outside director without any interest in the Transaction by the Target Company," the Target Company carefully considered the various terms and conditions of the Transaction that includes the Tender Offer. As a result, the Target Company believed that by conducting the Transaction and becoming a wholly-

owned subsidiary of the Offeror, which is a member of the Daiwa House Group which has coined the phrase “*ASU FUKAKETSUNO*”¹, in order to further enhance its corporate value, it would result in the following, as described above, with respect to its parking lot operations business and its parking lot equipment business: (a) expansion of the Target Company’s market share in the parking lot operations business and parking lot equipment business and a consequent increase in profitability in Daiwa House Group’s parking lot business due to the Target Company’s taking even further advantage of Daiwa House Group’s brand and well-known name, and expanding its opportunities to participate in Daiwa House Group’s development projects in Japan and overseas, (b) increased speed in securing new parking lot sites by fully utilizing the information networks of both companies; (c) increases in the number of parking lot locations, more efficient operation and management thereof, and strengthened business power for both companies by tapping into Daiwa House Group’s real estate development capabilities, land development capabilities, and information gathering capabilities with respect to land development, and (d) further advances in collaborations in the area of Parking Solutions, and, with respect to the Target Company’s electronic equipment and components business, real estate rental business, agribusiness, aqua business, and solar power generation business, the Target Company believed that conducting the Transaction and becoming a wholly-owned subsidiary of the Offeror would result in the following: (a) strengthened sales development and increased sales efficiency by taking advantage of Daiwa House Group’s well-known name in sales activities and its customer information capabilities; and (b) active advancement with reducing costs (improving gross profit margin) by expanding sales; the Target Company believed that as a result of those matters detailed above, it would be possible to strengthen growth potential and competitive power in each area of its business, and thus, that the Transaction would contribute to enhanced corporate value for the Target Company. In light of the matters above, the Target Company resolved to express an opinion in favor of the Tender Offer and to recommend the shareholders of the Target Company to tender their shares in the Tender Offer (as the Target Company deemed that the Tender Offer Price and the other various terms and conditions pertaining to the Tender Offer were reasonable for all of the Target Company’s shareholders and that such recommendation would constitute providing its shareholders with a reasonable opportunity for share sale). Please refer to “(E) Approvals from all directors in the Target Company without interests in the Transaction and opinions from all statutory auditors in the Target Company without interests in the Transaction to the effect that they have no objections” in “(4) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer” below for the details of the Target Company’s opinion and decision-making process with respect to the Tender Offer.

The Offeror intends to respect the Target Company’s current management frameworks even after it makes the Target Company a wholly-owned subsidiary of the Offeror and the Offeror plans to determine the details thereof in consultation with the Target Company after the Tender Offer is completed. Furthermore, with the view of taking advantage of Daiwa House Group’s brand and well-known name, the Offeror plans to, after making the Target Company its wholly-owned subsidiary, (a) change the trade name of the Target

¹ An initiative to take the Daiwa House Group to the next level, where “A” stands for “anzen/anshin” (safety/security), “SU” stands for “supiido/sutokku” (speed/stock); “FU” stands for “fukushi” (welfare), “KA” stands for “kankyo” (environment), “KE” stands for “kenko” (health), “TSU” stands for “tsushin” (telecommunications), and “NO” stands for “nogyo” (agriculture).

Company to “Daiwa Lease Parking Co., Ltd.” (provisional trade name), and (b) change the trademark used in the Target Company’s parking lot operations business to “D-Parking” which is the unified brand of Daiwa House Group’s coin parking business.

(3) Material agreements regarding Tender Offer

As described above in “(1) Outline of Tender Offer,” the Offeror has, as of February 6, 2018, executed Tender Offer Agreements with each of the Expected Tendering Shareholders. Under these Tender Offer Agreements, there are agreements to the effect that the Expected Tendered Shares (166,250 shares; ownership ratio: 20.73%) will be tendered in the Tender Offer.

The Tender Offer Agreements do not contain any conditions precedent to the Expected Tendering Shareholder tendering their respective Target Company Shares to the Tender Offer.

(4) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer

As of today, the Target Company is not a subsidiary of the Offeror, and the Tender Offer does not constitute a tender offer by a controlling shareholder; however, in consideration of facts such as that the Offeror holds 265,000 shares of the Target Company Shares (ownership ratio: 33.05%), that the Target Company is an equity method affiliate company of the Offeror, and that the Target Company’s CEO (Mr. Hiroshi Shimada (a director of the Offeror)) and outside statutory auditor (Mr. Jinichi Fukasaku (a statutory auditor of the Offeror)) are dispatched from the Offeror, the Offeror and the Target Company have taken measures such as the following to ensure the fairness of the Tender Offer. Statements below relating to measures taken by the Target Company are based on explanations from the Target Company.

The Offeror has not set the tender of shares by a “majority of minority” shareholders as a condition for completion of the Tender Offer, but as the Offeror and the Target Company have taken the measures set out in (A) through (F) below, the Offeror considers sufficient consideration to have been given to the interests of the Target Company’s minority shareholders.

(A) Obtaining a share valuation report from an independent third party valuation institution by the Offeror

In deciding the Tender Offer Price, the Offeror requested SMBC Nikko Securities Inc. (“SMBC Nikko Securities”), its financial adviser as a third party valuation institution independent from the Daiwa House Group and the Target Company, to calculate the value of the Target Company Shares to ensure the fairness of the Tender Offer Price, and on February 6, 2018, the Offeror obtained a share valuation report regarding the results of the calculation of the Target Company’s share value (the “Share Valuation Report”). SMBC Nikko Securities is not a related party of the Daiwa House Group or the Target Company and does not have any material interest in relation to the Transaction. For a summary of the Share Valuation Report obtained from SMBC Nikko Securities by the Offeror, please see “(A) Basis of calculation” under “(4) Basis for the calculation of the Tender Offer Price” in “2. Outline of tender offer” below.

- (B) Obtaining a share valuation report from an independent third party valuation institution by the Target Company

According to the Target Company Press Release, in deciding its opinion on the Tender Offer, the Target Company requested Daiwa Securities, which is a third party valuation institution independent from the Daiwa House Group and the Target Company, to calculate the share value of the Target Company Shares. It is also stated that Daiwa Securities is not a related party of the Daiwa House Group or the Target Company and does not have any material interest in relation to the Transaction. It is stated that after considering which of several calculation methods should be used in calculating the share value of the Target Company Shares, Daiwa Securities, on the premise that the Target Company is a going concern and considering it appropriate to perform a multifaceted evaluation of the value of the Target Company Shares, calculated the share value per Target Company Share using market share price analysis (because the Target Company Shares are listed on the JASDAQ (Standard) Market of the Tokyo Stock Exchange and therefore have a market share price), which takes into account trends in the market share price of the Target Company Shares, and discounted cash flow (DCF) analysis in order to reflect details and forecasts regarding the Target Company's performance in the evaluation, and on February 5, 2018, the Target Company obtained a share valuation report from Daiwa Securities (the "Target Company Share Valuation Report"). It is also stated that the Target Company has not obtained from Daiwa Securities any opinion on the fairness of the Tender Offer Price (a fairness opinion).

According to the Target Company Share Valuation Report, the ranges of share value per Target Company Share calculated by using each of the above analyses are as follows:

Market share price analysis:	From 2,290 yen to 2,578 yen
DCF analysis:	From 2,856 yen to 4,174 yen

For the market share price analysis, it is stated that the calculation reference date was set at February 5, 2018, which is the business day immediately preceding the announcement date of the implementation of the Tender Offer, and the range of share value per Target Company Share was calculated at 2,290 yen to 2,578 yen, based on the volume weighted average price of the Target Company Shares on the JASDAQ (Standard) Market of the Tokyo Stock Exchange of 2,578 yen (rounded to the nearest yen; the same applies below regarding calculations of volume weighted average prices in the market share price analysis) on the reference date, 2,410 yen for the most recent one-month period (from January 9, 2018, to February 5, 2018), 2,304 yen for the most recent three-month period (from November 6, 2017, to February 5, 2018), and 2,290 yen for the most recent six-month period (from August 7, 2017, to February 5, 2018; with respect to the volume weighted average price for the most recent six-month period, the volume weighted average price before the ex-right date due to the Share Consolidation as of October 1, 2017 is included in the calculation as the closing price after being multiplied by 10).

For the DCF analysis, it is stated that the free cash flow that the Target Company is expected to generate from the fiscal year ending March 2018 onwards (based on elements such as the Target Company's estimated future earnings in the Target

Company's business plan (for the five-year period from the fiscal year ending March 2018 to the fiscal year ending March 22), its investment plan, interviews with the Target Company, and publicly disclosed information) was discounted to the present value by using a certain discount rate in order to analyze the Target Company's corporate value and share value and that a range of 2,856 yen to 4,174 yen per Target Company Share was derived from the analysis. It is also stated that the discount rate used was 7.5% to 8.5% and the terminal value was calculated by using the perpetuity growth rate model with the perpetuity growth rate at $\pm 0.0\%$. It is also stated that the Target Company's business plan used as a basis for the DCF analysis includes fiscal years in which a significant increase or decrease in year-on-year earnings is expected. It is stated that this is because the Target Company Group consolidated redundant production facilities and because the Target Company changed its structure to specialize in the parking business by transferring its electronic equipment and component business, agribusiness, and aqua business to SANKYU TECHNOS CO., LTD. (which changed its trade name from EPE CO.,LTD. on April 1, 2017), a subsidiary of the Target Company, on April 1, 2017, in order to achieve effective use of personnel, further improve productivity and profitability, and achieve greater choice and focus, and that therefore increased revenue and earnings are expected moving forward due to results from the effective use of management resources through those changes and due to the growth of the parking lot business. It is stated that the synergy effect expected to be achieved through various measures following the implementation of the Transaction has not been included in financial estimates because it is difficult at present to specifically estimate the impact it will have on earnings. It is also stated that the specific figures for the Target Company's financial estimates used as a basis for these calculations are as follows.

(Unit: millions of yen)

	FY ending March 2018 (Note 5)	FY ending March 2019	FY ending March 2020	FY ending March 2021	FY ending March 2022
Sales	3,366	7,130	7,630	8,200	8,800
Operating income	160	495	665	835	980
EBITDA	314	848	1,016	1,163	1,333
Free cash flow	287	518	511	559	665

(Note 5) For the half-year from October 2017 to March 2018.

- (C) Obtaining an opinion from an outside director without any interest in the Transaction by the Target Company

According to the Target Company Press Release, although the Tender Offer does not constitute a tender offer by a controlling shareholder, in order to ensure the fairness of the Transaction, including the Tender Offer, the Target Company requested Mr. Tsuyoshi Ito (attorney-at-law, Tokyo Flex Law Office), who is an outside director of the Target Company and has been registered with the Tokyo Stock Exchange as an independent officer, to consider whether or not the Target Company's decisions

regarding the Transaction are disadvantageous to the Target Company's minority shareholders.

It is stated that in response to that request, after receiving explanations from relevant people from Daiwa Securities, the Target Company's financial adviser, and Nishimura & Asahi, the Target Company's legal adviser, regarding matters necessary for the consideration of the requested matters, Mr. Tsuyoshi Ito confirmed and considered the content of the letter of intent dated January 18, 2018, from the Target Company, in addition to which he received explanations from the Target Company's officers and employees regarding matters such as the importance of the Transaction, the terms and conditions (including the tender offer price and the purchase period for the Tender Offer (the "Tender Offer Period")) of the Transaction, and the negotiation process pertaining to the Transaction and, as necessary, asked questions and received answers regarding these matters. It is also stated that he considered the results of the share valuation of the Target Company that Daiwa Securities, a third party valuation institution, reported to the Target Company and other related materials that he received.

It is stated that thereafter, as a result of careful consideration regarding (a) the appropriateness of the purpose of the Transaction, (b) the fairness of procedures, and (c) the suitability of the price, taking into account matters such as (a) that a synergy effect for both the Target Company and the Offeror through the Offeror making the Target Company a wholly-owned subsidiary via the Transaction can be expected, and the purpose of the Transaction is to improve the corporate value of both the Target Company and the Offeror through that synergy effect, (b) that (i) appropriate opportunity for shareholders to make a decision regarding the Tender Offer has been ensured, based on facts such as that, through disclosure documents relating to the Tender Offer that are planned to be disclosed, ample disclosure regarding the Tender Offer is intended to be provided mostly at or above the level found when compared to disclosure documents of other examples of tender offers in the past five years where the purpose was to make an equity method affiliate company a wholly-owned subsidiary in regard to matters such as the process leading to implementing the Transaction, that directors and statutory auditors of the Target Company have made no agreement with the Offeror relating to the retention of their positions as directors and statutory auditors of the Target Company following the Tender Offer, that the Transaction does not employ a scheme that is unable to ensure dissenting shareholders' rights to request share purchase and rights to request value determination when making the Target Company a wholly-owned subsidiary after the Tender Offer, and that if the Tender Offer is completed, it is intended that the Target Company will be made a wholly-owned subsidiary based on a monetary amount equivalent to the Tender Offer Price, (ii) any arbitrariness has been eliminated from the decision-making process, based on facts such as that an independent outside officer has been consulted with, that the meeting of the board of directors of the Target Company that will make a decision regarding the Transaction is planned to be held with all directors and statutory auditors in attendance, excluding Mr. Hiroshi Shimada, the CEO of the Target Company, who may possibly have an interest in the decision, and Mr. Jinichi Fukasaku and Mr. Kazumasa Murai, statutory auditors of the Target Company, who may possibly have interests in the decision, that legal advice has been obtained from an independent legal adviser, and that a share valuation report has been obtained from an independent third party valuation institution, and (iii) objective conditions have been ensured in order to ensure the

appropriateness of the price, based on facts such as that the Tender Offer Period has been set to be comparatively long and that, if a counter-offeror appears, there are no agreements with provisions that would restrict the counter-offeror from acts such as having contact with the Target Company (i.e., deal protection provisions), (c) that the Tender Offer Price is within or above the upper limit of the calculated range of share value per Target Company Share stated in the Target Company Share Valuation Report prepared by Daiwa Securities and is considered to be not unreasonable in any particular respect when compared to the levels of added premiums in other examples of tender offers in the past five years where the purpose was to make an equity method affiliate company a wholly-owned subsidiary, that the Target Company has engaged in negotiations with the Offeror focusing mainly on the tender offer price while comprehensively considering and examining matters such as the feasibility of the Tender Offer and the level of certainty that the Tender Offer would be implemented, while also receiving advice from financial advisers and legal advisers independent from the Target Company and the Daiwa House Group and having obtained an opinion from Mr. Tsuyoshi Ito, an outside director and independent officer, and that it is intended that shareholders who do not tender their shares in the Tender Offer will ultimately be issued money equal to the Tender Offer Price through the procedures for the Transaction, as stated below in “(5) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition),” Mr. Tsuyoshi Ito submitted a written opinion to the Target Company on February 6, 2018, stating that because (a) as the Transaction will contribute to an increase in the corporate value of the Target Company, the purpose of the Transaction is appropriate, (b) the procedures pertaining to the Transaction are fair, and (c) the consideration to be delivered through the Transaction is appropriate, the Target Company’s decisions regarding the Transaction are not disadvantageous to minority shareholders of the Target Company.

Mr. Tsuyoshi Ito does not have any material interests in the Target Company or the Daiwa House Group.

(D) Obtaining advice of an independent law firm by the Target Company

According to the Target Company Press Release, in order to ensure the fairness and appropriateness of the decision-making process, etc. concerning the Transaction, including the Tender Offer, the Target Company has been receiving necessary legal advice from Nishimura & Asahi, a legal adviser that is independent from the Target Company and the Daiwa House Group, concerning the method and process of decision-making of the board of directors of the Target Company relating to the Transaction, including the Tender Offer, and other related matters.

(E) Approvals from all directors in the Target Company without interests in the Transaction and opinions from all statutory auditors in the Target Company without interests in the Transaction to the effect that they have no objections

According to the Target Company Press Release, the Target Company conducted careful deliberation and consideration regarding the various terms and conditions of the Transaction, including the Tender Offer, by the Offeror taking into account legal advice obtained from Nishimura & Asahi, the content of the Target Company Share Valuation Report and explanations of the calculation results obtained from Daiwa Securities, the content of the written opinion obtained from Mr. Tsuyoshi Ito, an

outside director, the content of discussions and negotiations with the Offeror held continually over several occasions, and other related materials.

It is stated that as a result, the Target Company reached the determination that the implementation of the Transaction will contribute to increasing the corporate value of the Target Company over the mid to long term as, through collaboration with the Daiwa House Group, it would be possible to strengthen growth potential and competitive power in each area of its business; this is because, with respect to its parking lot operations business and its parking lot equipment business, the Target Company expects (a) expansion of the Target Company's market share in the parking lot operations business and parking lot equipment business and a consequent increase in profitability in the Offeror's parking lot business due to the Target Company's taking even further advantage of Daiwa House Group's brand and well-known name and expanding its opportunities to participate in Daiwa House Group's development projects in Japan and overseas, (b) increased speed in securing new parking lot sites by fully utilizing the information networks of both companies, (c) increases in the number of parking lot locations, more efficient operation and management thereof, and strengthened business power for both companies by tapping into Daiwa House Group's real estate development capabilities, land development capabilities, and information gathering capabilities with respect to land development, and (d) further advances in collaborations in the area of Parking Solutions, and with respect to the Target Company's electronic equipment and components business, real estate rental business, agribusiness, aqua business, and solar power generation business, the Target Company expects (a) strengthened sales development and increased sales efficiency by taking advantage of Daiwa House Group's well-known name in sales activities and its customer information capabilities, and (b) active advancement with reducing costs (improving gross profit margin) by expanding sales.

Additionally, it is stated that taking into account facts such as that (i) the Tender Offer Price exceeds the upper limit calculated based on market share price analysis and is within the range calculated based on DCF analysis in the Target Company Share Valuation Report, (ii) the Tender Offer Price represents a premium of 28.01% (rounded to two decimal places; the same applies below regarding calculations of premiums) on 2,578 yen, the closing price of the Target Company Shares on the JASDAQ (Standard) Market of the Tokyo Stock Exchange as of February 5, 2018, which is the business day immediately preceding the announcement date of the implementation of the Tender Offer, a premium of 39.65% on 2,363 yen (rounded to the nearest yen; the same applies below regarding calculations of simple average closing prices), the simple average closing price for the most recent one-month period through February 5, 2018, a premium of 44.04% on 2,291 yen, the simple average closing price for the most recent three-month period through February 5, 2018, and a premium of 43.98% on 2,292 yen, the simple average closing price for the most recent six-month period through February 5, 2018 (with respect to the simple average closing price for the most recent six-month period, the closing price before the ex-right date due to the Share Consolidation as of October 1, 2017 is included in the calculation after being multiplied by 10; the same applies below regarding calculations of simple average closing prices for the most recent six-month period), which is considered to be not unreasonable in any particular respect when compared to the levels of added premiums in other examples of tender offers in the past five years where the purpose was to make an equity method affiliate company a wholly-owned subsidiary, (iii) measures have been taken to ensure fairness, such as

the measures to avoid conflicts of interest stated in this section, and the Tender Offer Price is found to give consideration to the interests of minority shareholders, and (iv) the above measures, etc. having been taken, the Tender Offer Price has been determined after discussions and negotiations, similar to discussions and negotiations in arm's length transactions, were held between the Target Company and the Offeror on multiple occasions, the Target Company's corporate value is expected to increase due to the Transaction, and the Target Company determined that the Tender Offer Price and other various terms and conditions of the Tender Offer are suitable for the Target Company's shareholders and that the Tender Offer provides the Target Company's shareholders with an opportunity for a reasonable share sale; accordingly, the Target Company resolved at its board of directors meeting held on February 6, 2018, to express an opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, as stated in "(1) Outline of Tender Offer" above.

It is stated that for the resolution of the Target Company's board of directors stated above, of the three directors of the Target Company, two directors (excluding Mr. Hiroshi Shimada, the CEO), one of whom is an outside director, were in attendance, and the attending directors passed the resolution unanimously. It is also stated that, of the Target Company's directors, as Mr. Hiroshi Shimada, the CEO, concurrently serves as a director of the Offeror, he did not participate in any way in deliberations or resolutions of the Target Company's board of directors regarding the Transaction or in discussions and negotiations with the Offeror on behalf of the Target Company in order to increase the fairness and objectivity of the decision-making process of the Target Company's board of directors regarding the Transaction and to avoid any suspicion of a conflict of interest.

Additionally, it is stated that for the resolution of the Target Company's board of directors stated above, of the three statutory auditors of the Target Company, one statutory auditor (excluding Mr. Jinichi Fukasaku and Mr. Kazumasa Murai) was in attendance and stated an opinion to the effect that he had no objection to the resolution. It is also stated that, of the Target Company's statutory auditors, as Mr. Jinichi Fukasaku concurrently serves as a statutory auditor of the Offeror, and as Mr. Kazumasa Murai has relationships such as having entered into advisory agreements with the Offeror and the Offeror's subsidiaries, they did not participate in any way in deliberations of the Target Company's board of directors regarding the Transaction and refrained from stating opinions regarding the resolution of the board of directors stated above in order to increase the fairness and objectivity of the decision-making process of the Target Company's board of directors regarding the Transaction and avoid any suspicion of a conflict of interest.

(F) Measures to ensure tender opportunities from other tender offerors

While the minimum period for tender offers under laws and regulations is 20 business days, the Offeror has set 30 business days for the Tender Offer Period. By setting a relatively long Tender Offer Period, the Offeror ensures an appropriate opportunity for the shareholders of the Target Company to make a decision whether to tender their shares in the Tender Offer while also ensuring an opportunity for offerors other than the Offeror to conduct counter offers, through which means the Offeror intends to ensure the appropriateness of the Tender Offer Price. Moreover, the Offeror and the Target Company have not entered into any agreement that includes deal protection provisions to prohibit the Target Company from having

contact with a counter offeror or that would otherwise restrict a counter offeror from acts such as having contact with the Target Company. In this way, the Offeror has given consideration to ensuring the fairness of the Tender Offer by not only setting the Tender Offer Period as above but also ensuring the opportunity for a counter offer.

- (5) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)

As stated in the section above titled “(1) Outline of the Tender Offer,” the objective of the Tender Offer is for the Target Company to become a wholly-owned subsidiary of the Offeror, and in the event that the Offeror is unable to obtain all of the Target Company Shares (excluding Target Company Shares held by the Offeror and treasury shares held by the Target Company) in the Tender Offer, then, after the successful completion of the Tender Offer, the Offeror intends to implement a series of procedures to make the Offeror the sole shareholder of the Target Company.

If the total number of voting rights represented by shares held by the Offeror is equal to or exceeds 90% of the total number of voting rights of all shareholders of the Target Company after the successful completion of the Tender Offer, the Offeror intends, promptly after the settlement of the Tender Offer, to require all shareholders of the Target Company (excluding the Offeror and the Target Company) to sell their Target Company Shares to the Offeror (the “Demand for the Sale of Shares”), as stipulated in Article 179 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter). In the event of a Demand for the Sale of Shares, each of the Target Company Shares held by each shareholder of the Target Company (excluding the Offeror and the Target Company) will be exchanged for cash consideration equal to the Tender Offer Price. In such an event, the Offeror will notify the Target Company of the Demand for the Sale of Shares and seek the Target Company’s approval thereof. If the Target Company approves the Demand for the Sale of Shares by a resolution of the board of directors, then, in accordance with the procedures provided for in applicable laws and regulations and without requiring the consent of the individual shareholders of the Target Company, on the day stipulated by the Demand for the Sale of Shares, the Offeror will acquire all Target Company Shares held by shareholders of the Target Company (excluding the Offeror and the Target Company) in exchange for an amount of cash consideration per share equal to the Tender Offer Price. According to the Target Company Press Release, in the event that a Demand for the Sale of Shares is made by the Offeror, the Target Company intends to approve such Demand for the Sale of Shares at its board of directors meeting.

Alternatively, if the total number of voting rights represented by shares held by the Offeror is less than 90% of the total number of voting rights of all shareholders of the Target Company after the successful completion of the Tender Offer, the Offeror intends to request the Target Company to include the following proposals in the agenda items for the ordinary shareholders’ meeting scheduled to be held in June 2018 (the “Ordinary Shareholders’ Meeting”): (i) to conduct a consolidation of the Target Company Shares (the “Share Consolidation”), and (ii) to make a partial amendment to the Target Company’s Articles of Incorporation that would abolish the share unit number provisions subject to the Share Consolidation taking effect. The Offeror intends to approve each such proposal

at the Ordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Ordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Ordinary Shareholders' Meeting. If, due to the Share Consolidation, the number is a fraction less than one, each shareholder of the Target Company who has fractional shares less than one unit will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of shares less than one unit (with such aggregate sum rounded down to the nearest whole number; the same applies hereinafter) to the Offeror or the Target Company as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The purchase price for the aggregate sum of shares less than one unit in the Target Company will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares owned by each such shareholder. The Offeror will request the Target Company to file a petition for permission to purchase such Target Company Shares on this basis. Although the ratio of the consolidation of the Target Company Shares has not been determined as of today, it is intended that shareholders (excluding the Offeror and the Target Company) who held shares in the Target Company and did not tender in the Tender Offer would have their shares classified as shares less than one unit in order for the Offeror to become the sole owner of all of the Target Company Shares (excluding treasury shares held by the Target Company). However, the Tender Offer is not in any way intended to solicit the shareholders of the Target Company to approve the proposals at the Ordinary Shareholders' Meeting.

In the interest of protecting the rights of minority shareholders in circumstances involving each of the procedures above, the Companies Act provides that if a Demand for the Sale of Shares is made, then in accordance with Article 179-8 of the Companies Act and other applicable laws and regulations, the shareholders may file a petition to determine the sale price of their Target Company Shares. In addition, the Companies Act provides that if the Share Consolidation occurs and there are shares less than one unit as a result thereof, then in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations, each shareholder of the Target Company may request that the Target Company purchase all such shares less than one unit at a fair price, and such shareholders may file a petition to determine the price of the Target Company Shares. In the event that either such petition is filed, the sale price and the acquisition price will be finally determined by the court.

With regard to the above procedure, it is possible that, depending on the interpretation of the relevant laws and regulations by authorities, the ownership of Target Company Shares by the Offeror after the Tender Offer, and the ownership of Target Company Shares by shareholders other than the Offeror, more time may be required or alternative methods may be utilized to implement the Transaction. However, even if the above methods are changed, it is intended that the Offeror will be made the sole shareholder (excluding the Target Company) of the Target Company by a method whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror

and the Target Company) will ultimately receive cash consideration, which is intended to be equal to the number of Target Company Shares held by such shareholder multiplied by the Tender Offer Price, in exchange for their shares. In such a case, the Target Company will announce specific details and expected timing promptly once determined upon consultation between the Offeror and the Target Company.

All shareholders are solely responsible for seeking their own specialist tax advice with regard to the tax consequences of tendering into the Tender Offer or participating in the procedures outlined above.

(6) Possibility of and reasons for delisting

The Target Company Shares are listed on the JASDAQ (Standard) Market of the Tokyo Stock Exchange as of today. However, since the Offeror has not set a maximum limit on the number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange, depending on the results of the Tender Offer. Also, even in the case where the shares of common stock of the Target Company do not fall under that criteria at the time of the successful completion of the Tender Offer, the Offeror plans to conduct the transactions aimed at acquiring all of the Target Company Shares (excluding Target Company Shares held by the Offeror and treasury shares held by the Target Company) as set out in “(5) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)” above after the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares may not be traded on the JASDAQ (Standard) Market of the Tokyo Stock Exchange.

2. Outline of tender offer

(1) Outline of the Target Company

(A)	Name	Technical Electron Co., Ltd.	
(B)	Address	1-9-12 Omorinishi, Ota-ku, Tokyo	
(C)	Title and Name of Representative	Hiroshi Shimada, Representative Director	
(D)	Description of Business	Parking lot operations business; parking lot equipment business; electronic equipment and components business; real estate rental business; and other business activities.	
(E)	Capital	1,052,000,000 yen	
(F)	Date of Establishment	May 1952	
(G)	Major Shareholders and Shareholding Ratios (as of September 30, 2017)	Daiwa Lease Co., Ltd.	32.96%
		SANKYU SANGYO CO.,LTD.	9.75%
		Toshiyuki Soda	5.96%
		Shusaku Hombo	4.96%
		Sumitomo Mitsui Banking Corporation	2.64%
		Mizuho Bank, Ltd.	2.64%
		Tsutomu Kondo	2.13%
		Yoshikazu Kikuchi	2.01%
		POKKA SAPPORO FOOD & BEVERAGE LTD.	1.76%
		Mizuho Trust & Banking Co., Ltd.	1.74%

(H) Relationship between the listed company and the Target Company	
Capital Relationship	The Offeror owns 265,000 Target Company Shares (ownership ratio: 33.05%) as of today, and the Target Company is an equity method affiliate company of the Offeror.
Personnel Relationship	Mr. Hiroshi Shimada, the CEO of the Target Company, and Mr. Jinichi Fukasaku, an outside statutory auditor of the Target Company, concurrently serve as director and statutory auditor of the Offeror respectively. In addition, seven employees of the Offeror have been dispatched to the Target Company.
Business Relationship	The Offeror sells products and provides services to the Target Company and obtains leasing fees from the Target Company. The Offeror also purchases products and receives services from the Target Company.
Status as Related Party	The Offeror is an “other associated company” of the Target Company and constitutes a related party of the Target Company.

(2) Schedule

(A) Schedule

Resolution by board of directors	February 6, 2018 (Tuesday)
Date of public notice of commencement of tender offer	February 7, 2018 (Wednesday) Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nikkei. (URL of the electronic notice: http://disclosure.edinet-fsa.go.jp/)
Filing date of tender offer registration statement	February 7, 2018 (Wednesday)

(B) Initially registered offering period

From Wednesday, February 7, 2018, through Thursday, March 22, 2018 (30 business days)

(C) The possibility of extension of tender offer period upon request of the Target Company

N/A

(3) Price of tender offer

3,300 yen per share of common stock

(4) Basis for the calculation of the Tender Offer Price

(A) Basis of calculation

In deciding the Tender Offer Price, the Offeror, in order to ensure the fairness of the Tender Offer Price, requested its financial adviser, SMBC Nikko Securities, to calculate the value of the Target Company Shares as a third party valuation institution independent from the Daiwa House Group and the Target Company. SMBC Nikko Securities is not a related party of the Daiwa House Group or the Target Company, nor does it have any material interest in relation to the Tender Offer. SMBC Nikko Securities has calculated the value of the Target Company Shares by employing the market share price analysis and the DCF analysis. The Offeror obtained the Share Valuation Report from SMBC Nikko Securities as of February 6, 2018. The Offeror has not obtained from SMBC Nikko Securities any opinion on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of value per Target Company Share calculated based on each of the analyses above are as follows:

Market share price analysis: From 2,291 yen to 2,363 yen

DCF analysis: From 2,997 yen to 4,766 yen

For the market share price analysis, the calculation reference date was set at February 5, 2018, and the valuation per Target Company Share was calculated based on the simple average closing prices of the Target Company Shares for the most recent one-month period, three-month period, and six-month period (2,363 yen, 2,291 yen, and 2,292 yen respectively), as quoted on the JASDAQ (Standard) Market of the Tokyo Stock Exchange. A range of 2,291 yen to 2,363 yen per Target Company Share was derived from the calculation.

For the DCF analysis, the free cash flow that the Target Company is expected to generate from the fiscal year ending March 2018 onwards (based on elements such as the Target Company's estimated future earnings in the business plan prepared by the Target Company, investment plan, and publicly disclosed information) was discounted to the present value by using a certain discount rate, in order to analyze the Target Company's corporate value and share value. A range of 2,997 yen to 4,766 yen per Target Company Share was derived from the analysis.

While taking into account the results of the discussions and negotiations with the Target Company, the Offeror ultimately decided on the Tender Offer Price of 3,300 yen at the board of directors meeting held on February 6, 2018, after comprehensively considering factors such as the results of due diligence conducted on the Target Company, examples of premiums added when determining tender offer prices in tender offers for shares conducted in the past by a party other than an issuer, the possibility of endorsement of the Tender Offer by the Target Company's board of directors, trends in the market price of the Target Company Shares for the most recent six-month period, and the prospect of the number of shares to be tendered in the Tender Offer, in addition to the calculation results of the Share Valuation Report obtained from SMBC Nikko Securities.

The Tender Offer Price of 3,300 yen represents (i) a premium of 28.01% on 2,578 yen, the closing price of the Target Company Shares on the JASDAQ (Standard)

Market of the Tokyo Stock Exchange as of February 5, 2018, which is the business day immediately preceding the announcement date of the implementation of the Tender Offer, (ii) a premium of 39.65% on 2,363 yen, the simple average closing price for the most recent one-month period through February 5, 2018, (iii) a premium of 44.04% on 2,291 yen, the simple average closing price for the most recent three-month period through February 5, 2018, and (iv) a premium of 43.98% on 2,292 yen, the simple average closing price for the most recent six-month period through February 5, 2018 .

(B) Process of calculation

Since the Target Company became an equity method affiliate company of the Offeror and a member of the Daiwa House Group, the Offeror and the Target Company have amalgamated product development capabilities and know-how in the Offeror's existing business and in the Target Company's parking lot operations business and parking lot equipment business, and through the proposal of a service for customers that covers planning and construction through to management and operations, the Offeror and the Target Company have advanced their collaborations.

As it advances its collaboration with the Target Company, the Offeror believes that in order to further enhance corporate value, it is necessary to strengthen the growth potential and competitive power of its parking lot business, and as a management strategy to realize this, it is necessary to establish parking lot operations that are more efficient and that have more earning power. Furthermore, the Target Company Group also believes it is necessary to increase its earnings power and strengthen both its growth potential and competitive power by strengthening its business power in its parking lot operations business and in its parking lot equipment business; making efforts with sales promotion; and reducing costs (improving gross profit margin).

However, with progress being made on autonomous driving technology, the emergence of the sharing economy, and the low birth rates and increase of an aging population, it is predicted that the environment surrounding the Offeror and the Target Company will become increasingly uncertain with more and more rapid change, and because the Offeror's existing business and the Target Company's parking lot operations business and parking lot equipment business are all lines of business where there are no legal restrictions limiting entry by competitors and there is no large-scale equipment required, the barriers to entry into these lines of business are low, and the Target Company and the Offeror find themselves in a harsh competitive climate with many other operators in the same lines of business (ranging in scale from corporations to individual operators); thus, it is also predicted that the earnings environment will continue to be unclear.

Against the backdrop of this environment, the Offeror believes that in aiming for the further enhancement of corporate value for both companies, it is necessary to respond appropriately to the changing market environment; further accelerate the mutual provision and utilization of the management foundations, business know-how, and management resources of both companies; and swiftly execute further collaborations with the Target Company. However, the Offeror is aware that

because the Target Company engages in independent business operations as a listed company, in the collaborations that are based on the current capital relationship, the utilization of Daiwa House Group's management resources and the sharing of its market information takes some time, the Daiwa House Group's brand power and management resources, including its human resources, procurement capabilities, and information, cannot be sufficiently utilized, and there are limitations to responding promptly to market environment changes under the current relationships. Daiwa House Industry Co., Ltd., the Offeror's parent company, is also of the same understanding. Thus, in early November 2017, the Offeror communicated with the Target Company its desire to commence consultations regarding measures to enhance the corporate value of both companies and the Offeror commenced specific consultations and considerations with the Target Company on the Transaction. As consultations and considerations between the Offeror and the Target Company advanced, both parties developed a common understanding that making the Target Company a wholly-owned subsidiary of the Offeror is the best choice because (i) by doing so, both companies can expect to enjoy a synergy effect, including (a) expansion of the Target Company's market share in the parking lot operations business and parking lot equipment business and a consequent increase in profitability in Daiwa House Group's parking lot business due to the Target Company's taking even further advantage of Daiwa House Group's brand and well-known name, and expanding its opportunities to participate in Daiwa House Group's development projects in Japan and overseas, (b) increased speed in securing new parking lot sites by fully utilizing the information networks of both companies, (c) an increase in the number of parking lot locations, more efficient operation and management thereof, and strengthened business power for both companies by tapping into Daiwa House Group's real estate development capabilities, land development capabilities, and information gathering capabilities with respect to land development, and (d) possible further advancement of collaborations in the area of Parking Solutions; and (ii) it is expected that growth potential and competitive power in the parking lot business will be strengthened, and these will both contribute to enhanced corporate value for both companies. Furthermore, both companies agreed that while it would be necessary to develop and implement medium- to long-term measures in order to respond to the changing market environment, there are also unavoidable risks, including those associated with prior investments aimed at securing new locations and brand unification, and those associated with the future market environment, and thus, both companies agreed that providing an opportunity for a reasonable share sale without burdening the Target Company's minority shareholders with such risks would contribute to the interests of the Target Company's minority shareholders, and consultations and negotiations with respect to the various terms and conditions of the Transaction have been continuing since late November 2017. As part of these consultations and negotiations with the Target Company, the Offeror proposed to the Target Company on January 18, 2018 a Tender Offer Price of 3,000 yen per share. Following that, as a result of the Target Company's consideration of that price, the Target Company requested the Offeror to reconsider the Tender Offer Price in light of the level of premiums added in past tender offers similar to the Tender Offer, the market share price trends of the Target Company Shares, the outlook regarding how many shares will be tendered in the Tender Offer, and other such factors. The Offeror then reconsidered the Tender Offer Price, and on January 24, 2018, the Offeror proposed a new Tender Offer Price of 3,300 yen per share.

Accordingly, based on the results of these consultations and negotiations with the Target Company on the various terms and conditions of the Transaction, the Offeror resolved at its board of directors meeting held on February 6, 2018 to conduct the Tender Offer as part of the Transaction.

- (i) Name of third party from whom the Offeror received advice upon calculation

In deciding the Tender Offer Price, the Offeror, in order to ensure the fairness of the Tender Offer Price, requested its financial adviser SMBC Nikko Securities to calculate the value of the Target Company Shares as a third party valuation institution independent from the Daiwa House Group and the Target Company. SMBC Nikko Securities is not a related party of the Daiwa House Group or the Target Company, nor does it have any material interest in relation to the Transaction.

SMBC Nikko Securities has calculated the value of the Target Company Shares by employing the market share price analysis and the DCF analysis. The Offeror obtained the Share Valuation Report from SMBC Nikko Securities as of February 6, 2018. The Offeror has not obtained from SMBC Nikko Securities any opinion on the fairness of the Tender Offer Price (a fairness opinion).

- (ii) Summary of advice from SMBC Nikko Securities

The ranges of share value per Target Company Share calculated by SMBC Nikko Securities based on each of the analyses above are as follows:

Market share price analysis: From 2,291 yen to 2,363 yen

DCF analysis: From 2,997 yen to 4,766 yen

- (iii) Process leading to decision on the Tender Offer Price upon consideration of advice from SMBC Nikko Securities

While taking into account the results of the discussions and negotiations with the Target Company, the Offeror ultimately decided on the Tender Offer Price of 3,300 yen at the board of directors meeting held on February 6, 2018, after comprehensively considering factors such as the results of due diligence conducted on the Target Company, examples of premiums added when determining tender offer prices in tender offers for shares conducted in the past by a party other than an issuer, the possibility of endorsement of the Tender Offer by the Target Company's board of directors, trends in the market price of the Target Company Shares for the most recent six-month period, and the prospect of the number of shares to be tendered in the Tender Offer, in addition to the calculation results of the Share Valuation Report obtained from SMBC Nikko Securities.

(C) Relationship with appraiser

The Offeror's financial adviser SMBC Nikko Securities is not a related party of the Offeror, nor does it have any material interest in relation to the Tender Offer.

(5) Number of shares to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
536,917 (shares)	269,700 (shares)	- (shares)

Note 1: If the total number of the Tendered Shares falls below the minimum number of shares to be purchased (269,700 shares), the Offeror will not purchase any of the Tendered Shares. If the total number of the Tendered Shares is equal to or exceeds the minimum number of shares to be purchased (269,700 shares), the Offeror will purchase all the Tendered Shares.

Note 2: Shares less than one unit are also subject to the Tender Offer. If a right to request a purchase of shares less than one unit is exercised by a shareholder of the Target Company in accordance with the Companies Act, the Target Company may purchase its own shares less than one unit during the Tender Offer Period in accordance with procedures required by laws and regulations.

Note 3: In the Tender Offer, the Offeror has not set a maximum number of shares to be purchased, and the number of shares to be purchased is stated as 536,917 shares, the maximum number of the Target Company Shares that can be acquired by the Offeror through the Tender Offer. This figure (536,917 shares) represents (i) the total number of issued shares of the Target Company (803,810 shares) as of December 31, 2017, as stated in the Summary of Accounts for the Third Quarter of the Target Company, minus (ii) the total sum of the number of treasury shares held by the Target Company (1,893 shares) as of December 31, 2017, as stated in the Summary of Accounts for the Third Quarter of the Target Company and the number of Target Company Shares held by the Offeror (265,000 shares) as of today.

Note 4: The Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

(6) Changes in ownership ratio of shares through the Tender Offer

Number of voting rights represented by shares held by the Offeror before tender offer	2,650	(Ownership ratio of shares before tender offer: 33.05%)
Number of voting rights represented by shares held by special related parties before tender offer	83	(Ownership ratio of shares before tender offer: 1.04%)
Number of voting rights represented by shares held by the Offeror after tender offer	8,019	(Ownership ratio of shares after tender offer: 100.00%)
Total number of voting rights of all shareholders of the Target Company	8,001	

Note 1: The “Total number of voting rights of all shareholders of the Target Company” is the number of voting rights of all shareholders, etc., as stated in the Quarterly Report for the Second Quarter of the 78th Term submitted by the Target Company on November 10, 2017. However, since shares less than one unit are also subject to the Tender Offer, when calculating the “Ownership ratio of shares before tender offer” and the “Ownership ratio of shares after tender offer,” the number of voting rights (8,019) represented by 801,917 shares is used as a denominator. This number of shares (801,917 shares) represents: (i) the total number of issued shares (803,810 shares) as of December 31, 2017, as stated in the Summary of Accounts for the Third Quarter of the Target Company, minus (ii) the number of treasury shares held by the Target Company (1,893 shares) as of December 31, 2017, as stated in the Summary of Accounts for the Third Quarter of the Target Company.

Note 2: The “Ownership ratio of shares before tender offer” and the “Ownership ratio of shares after tender offer” have been rounded to two decimal places.

(7) Purchase price: 1,771,826,100 yen

Note: The amount obtained by multiplying the number of shares to be purchased in the Tender Offer (536,917 shares) by the Tender Offer Price (3,300 yen) is stated.

(8) Method of settlement

(A) Name and address of head office of securities company/bank etc. in charge of settlement of tender offer

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

(B) Commencement date of settlement

March 28, 2018 (Wednesday)

(C) Method of settlement

A notice regarding the purchase under the Tender Offer will be mailed to the address or head office location of tendering shareholders (or the standing proxy in the case of foreign shareholders) without delay after the expiration of the Tender Offer Period. The purchase will be settled in cash. The tender offer agent will, in accordance with the instructions given by the tendering shareholders (or the standing proxy in the case of foreign shareholders) and without delay on or after the commencement date of settlement, remit the sale price with regard to the shares purchased to the address designated by the tendering shareholders (or the standing proxy in the case of foreign shareholders).

(D) Method of return of shares

In the event that any of the Tendered Shares will not be purchased under the terms set forth in “(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” or “(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in the section titled “(9) Other conditions and methods of purchase” below, the Offeror will revert the shares that must be returned to their original condition at the time of the tender (which means the condition that the execution of the order to tender in the Tender Offer is cancelled) in the tendering account of the tender offer agent on the date two business days after the last day of the Tender Offer Period (or the date of withdrawal of the Tender Offer if the Offeror withdraws the Tender Offer).

(9) Other conditions and methods of purchase

(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of the Tendered Shares falls below the minimum number of shares to be purchased in the Tender Offer (269,700 shares), the Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is equal to or exceeds the minimum number of shares to be purchased in the Tender Offer (269,700 shares), the Offeror will purchase all the Tendered Shares.

- (B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.

If 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 (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Financial Instruments and Exchange Act Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “Enforcement Order”) occurs, the Offeror may withdraw the Tender Offer. In the Tender Offer, the “events that are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order shall refer to the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated.

If the Offeror intends to withdraw the Tender Offer, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended; the “Cabinet Ordinance”) and give a public notice immediately after the announcement.

- (C) Conditions to reduce purchase price, details thereof and method of disclosure of reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Offeror may reduce the purchase price in accordance with the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Offeror intends to reduce the purchase price, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

If the purchase price is reduced, the Offeror will also purchase the shares tendered on or before the date of the public notice at the reduced purchase price.

- (D) Matters concerning tendering shareholders’ right to cancel the tender agreement

Tendering shareholders may, at any time during the Tender Offer Period, cancel their agreement for the Tender Offer.

Tendering shareholders who wish to cancel their tender must deliver or send a document stating that such tendering shareholder cancels its agreement for the Tender Offer (the “Cancellation Notice”) to the person designated below by 3:30 p.m. on the last day of the Tender Offer Period (the business hours are different for each branch, so shareholders should confirm the business hours, etc. of the branch

they use before performing any procedures). If the Cancellation Notice is sent by mail, it must reach the person designated below by no later than 3:30 p.m. on the last day of the Tender Offer Period (the business hours are different for each branch, so shareholders should confirm the business hours, etc. of the branch they use before performing any procedures).

Person who is authorized to receive the Cancellation Notice:

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
(Other Japanese branches of SMBC Nikko Securities Inc.)

The Offeror will not make any claim for payment of damages or penalty against any tendering shareholder as a result of that tendering shareholder's cancellation of the agreement. Further, the cost of returning Tendered Shares to the tendering shareholders will be borne by the Offeror.

(E) Method of disclosure if the conditions of the Tender Offer are changed

The Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13 of the Enforcement Order.

If the Offeror intends to change any conditions, etc. of the Tender Offer, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

If the conditions, etc. of the Tender Offer are changed, the Offeror will also purchase the shares tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(F) Method of disclosure if amendment statement is filed

If the Offeror submits an amendment statement to the Director-General of the Kanto Local Finance Bureau (excluding the cases provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Offeror will immediately make a public announcement of the content of such amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the tendering shareholders who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Offeror may instead prepare and deliver to tendering shareholders a document stating the reason for the amendments, the matters amended, and the details thereof.

(G) Method of disclosure of results of the tender offer

The results of the Tender Offer will be made public on the day following the last day

of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(H) Other matters

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instrument above, or through any facility above, or from the U.S.

In addition, the tender offer registration statement or other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

Each person who tenders shares in the Tender Offer (or the standing proxy in the case of foreign shareholders) is required to represent and warrant the following:

(i) The person is not located in the U.S. at the time of tendering shares or sending the tender offer acceptance form; (ii) the person did not receive or send any information regarding the Tender Offer or any document regarding the purchase in, to, or from the U.S.; (iii) the person did not use, directly or indirectly, the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication) or facilities of a securities exchange in the U.S. with respect to the purchase or to signing or delivering the tender offer acceptance form; and (iv) the person is not acting as an attorney, a trustee or a mandatary without discretion for any other person (except for the case where such other person makes all instructions for the purchase outside the U.S.).

(10) Date of public notice of commencement of tender offer

February 7, 2018 (Wednesday)

(11) Tender offer agent

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

3. Post-tender offer policy and future outlook

Please refer to the sections titled “(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer,” “(5) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition),” and “(6) Possibility of and reasons for delisting” within “1. Purposes of Tender Offer” above.

4. Others

- (1) Agreements between the Offeror and the Target Company or its officers, and the contents thereof

- (A) Agreements between the Offeror and the Target Company, and the contents thereof

According to the Target Company Press Release, the Target Company resolved at its board of directors meeting held on February 6, 2018 to express an opinion in support of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer. For details of the above resolution of the board of directors of the Target Company, please refer to "(E) Approvals from all directors in the Target Company without interests in the Transaction and opinions from all statutory auditors in the Target Company without interests in the Transaction to the effect that they have no objections" of "(4) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer" of "1. Outline of tender offer" above.

- (B) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer

Please refer to "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer" of "1. Outline of Tender Offer" above.

- (C) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer

Please refer to "(4) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer" of "1. Outline of Tender Offer" above.

- (2) Other information considered necessary for investors to decide whether to tender into the tender offer

The Target Company resolved at its board of directors meeting held on February 6, 2018 not to declare a year-end dividend for the fiscal year ending March 2018, on the condition that the Tender Offer is completed. For details, please refer to the "Announcement Regarding Revised Expected Dividends (No Dividend) for the Fiscal Year ending March 2017" released on February 6, 2018 by the Target Company.

End