

December 19, 2019

**Notice of Commencement of Tender Offer for Shares in**  
**HOSODA CORPORATION (Securities Code: 1906)**

Haseko Corporation (the “Company”) announces that it made a resolution at its board of directors meeting held today to acquire the common shares (the “Target Entity’s Shares”) of HOSODA CORPORATION (securities code: 1906, the JASDAQ Standard Market (the “JASDAQ Market”) of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”)) (the “Target Entity”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”).

1. Purpose of the Offer, Etc.

(1) Overview of the Tender Offer

The Company has decided to implement the Tender Offer for the purpose of acquiring all of the Target Company’s Shares outstanding and listed on the JASDAQ Market (excluding the treasury shares owned by the Target Company), and conduct a transaction to make the Target Company a wholly-owned company of Haseko Corporation (the “Transaction”). Furthermore, as of today, the Company does not own any of the Target Company’s Shares.

Upon implementing the Tender Offer, the Company concluded a tender offer application agreement with (i) Hosoda Enterprise (number of shares owned: 2,907,656 shares, shareholding ratio (Note 1): 15.51%), which is the largest shareholder among the major shareholders of the Target Entity; (ii) Ms. Yasue Hosoda (number of shares owned: 1,822,400 shares shareholding ratio: 9.72%), who is a relative (the spouse) of Mr. Shigeru Hosoda, the founder of the Target Entity, and the fourth largest shareholder of the Target Entity, (iii) Mizuho Co., Ltd. (number of shares owned: 1,134,960 shares, shareholding ratio: 6.06%), the fifth largest shareholder of the Target Entity, (iv) Mizuho Kogyo Co., Ltd. (number of shares owned: 460,000 shares, shareholding ratio: 2.45%), the sixth largest shareholder of the Target Entity, (v) Mr. Shinji Hosoda (number of shares owned: 250,000 shares, shareholding ratio: 1.33%), a relative (the spouse of the eldest daughter) of Mr. Shigeru Hosoda, the founder of the Target Entity, (vi) Mr. Kenichi Abe (number of shares owned: 35,800 shares, shareholding ratio: 0.19%), President and Representative Director of the Target Entity, and (vii) Mr. Shuji Abe (number of shares owned: 34,000 shares, shareholding ratio: 0.18%), a relative (the second son) of Mr. Kenichi Abe (hereinafter collectively called “Prospective Tendering Shareholders”), respectively. on December 19, 2019. The agreement (hereinafter, the application agreement the Company concluded with each of the Prospective Tendering Shareholders is collectively called the “Application Agreement”) provides that each of the Prospective Tendering Shareholders will tender all of the Target Entity’s Shares owned by them (total number of shares owned; 6,644,816 shares, total shareholding ratio: 35.45%) for the Tender Offer.

(Note 1) The shareholding ratio refers to the ratio to the number of shares (18,742,210 shares) obtained by deducting the number of treasury shares (274,302 shares) owned by the Target Entity as of September 30, 2019, indicated in the “Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 2020 (Based on Japanese GAAP)” (the “Quarterly Financial Results”) the Target Entity announced on November 5, 2019, from the total number of shares

issued and outstanding (19,016,512 shares) of the Target Entity as of September 30, 2019, indicated in the “Second Quarter Report for the 64th Fiscal Year” (the “Quarterly Report”) the Target Entity submitted on November 7, 2019. (The ratio is rounded to the second decimal place; the same shall apply hereinafter for the indication of the shareholding ratio unless otherwise provided).

In the Tender Offer, the Company has set 12,494,807 shares (shareholding ratio: 66.67%) as the minimum number of shares to be purchased (Note 2) and, if the total number of the share certificates, etc. proposed for sale in response to the Tender Offer (the “Tendered Share Certificates, Etc.”) falls short of 12,494,807 shares, the Company shall not purchase any of the Tendered Share Certificates, Etc. The minimum number of shares to be purchased has been set so that the total number of voting rights owned by the Company after the Tender Offer will be at least two-thirds of the total voting rights of the Target Entity. On the other hand, the maximum number of the shares to be purchased has not been set, as the Company intends to acquire all of the Target Entity’s Shares (excluding, however, the treasury shares owned by the Target Entity) in the Tender Offer. If the total number of the Tendered Share Certificates, Etc.” surpasses the minimum number of the shares to be purchased (12,494,807 shares), the Company shall purchase all of the Tendered Share Certificates, Etc.

(Note 2) The minimum number of shares to be purchased (12,494,807 shares) is the figure calculated by multiplying the number of shares (18,742,210 shares), which is obtained by deducting the number of treasury shares (274,302 shares) owned by the Target Entity as of September 30, 2019 indicated in the Quarterly Financial Results from the total number of shares issued and outstanding (19,016,512 shares) of the Target Entity as of September 30, 2019 indicated in the Quarterly Report, by  $\frac{2}{3}$  (rounded up to the nearest integer).

According to the “Notice Concerning Expression of Opinion in Favor of the Tender Offer for Our Shares by Haseko Corporation and Recommendation of Acceptance of the Tender Offer” the Target Entity announced today (the “Target Entity’s Press Release”), the Target Entity resolved at its board of directors’ meeting held today to express an opinion in favor of the Tender Offer and recommend that the shareholders holding the Target Entity’s Shares accept the Tender Offer.

## (2) Background and Purpose Leading to the Decision to Implement the Tender Offer

After establishing itself as Hasegawa Komuten, a private enterprise, in February 1937, the Company has grown into a corporate group engaged in multifaceted businesses centering on general construction business that conducts all operations from planning and design to construction of condominiums, etc., firmly hold its corporate philosophy of “To contribute to society by creating an optimal environment for cities and people.” At present, the Haseko Group, which comprises the Company and its affiliated companies (85 subsidiaries and 2 affiliates), implements its business operations with the Construction-Related Business, the Service-Related Business and the Overseas-Related Business as its major business segments.

Aiming to “make a leap forward toward a corporate group for housing to create great living,” the Company makes it a focused strategy to promote and accelerate business and capital tie-ups and M&As in the business areas it needs, in an effort to advance its initiatives toward expansion of business areas and business domains.

On the other hand, as the Company understands, the Target Entity started operations in January 1947 and established itself as HOSODA CORPORATION in Shinjuku Ward, Tokyo, mainly engaged in the design, construction and sale of wooden detached houses in February 1957. Since inception, it has endeavored to supply high quality and long-cherished living spaces, with an ambition to contribute to the betterment of social infrastructure through creation of homes. The Target Entity's main business domains are for-sale housing, construction, and stock-based business (Note 1) operations. The Target Entity's group comprises the Target Entity, Hosoda Life Creation Co., Ltd. (a wholly-owned subsidiary of the Target Entity) and Hosoda Customer Support Co., Ltd. (a wholly-owned subsidiary of the Target Entity) (the "Target Entity Group"). Including Hosoda Life Creation CO., Ltd. which constitutes the real estate segment and Hosoda Customer Support Co., Ltd. which constitutes the construction segment, the Target Entity Group has aimed to become a "professional company that creates value for living" by implementing planning and design that can address diversifying needs of customers, construction with stringent quality control, sales with meticulous considerations, after-completion maintenance, and extension and renovation of buildings.

(Note 1) The stock-based business of the Target Entity refers to such operations as receiving orders for remodeling, brokerage, after-completion maintenance and inspection, etc.

The Target Entity Group conducts its business activities with for-sale housing operations (engaged in development and sale of newly-built detached houses), construction operations (receiving orders from individuals and corporations) and stock-based business operations (engaged in remodeling, after-completion maintenance, real estate brokerage and leasing, and purchase and resale of houses) as its main business domains. The Target Entity was listed on the JASDAQ Market of the Tokyo Stock Exchange in December 2004 and has been so to date.

However, the market environment surrounding the Target Entity has worsened, as customers have become less willing to buy due to the sales prices rising in accordance with an increase in procurement costs as a result of intensified competition for acquiring land in recent years. Moreover, the Target Entity has been forced to sell its products at a discount, primarily in the Tama area including Kokubunji and Kunitachi and the areas along the Tokyu Denentoshi Line, as the supply-demand balance has collapsed because of the oversupply of homes including those from competitors. Consequently, the products are sold at prices lower than what it anticipated at the beginning of the fiscal year. Accordingly, together with the deterioration of its financial base as a result of recording a valuation loss on the inventories owned by the Target Entity, the business environment surrounding the Target Entity Group is severe. In the face of such a situation, since around October 2018, the Target Entity has been investing collaboration or capital tie-ups with other companies as options toward drastic reforms of its business structure. Aiming to further develop business operating and enhance its corporate value under the severe management environment, the Target Entity has investigated collaboration and capital tie-up with multiple companies, including its competitors, as candidates of such arrangements in full consideration of the possible synergy effect. Nevertheless, the Target Entity has been unable to foresee that either arrangement would contribute to the development of all of the for-sale housing, construction and stock-based business operations it pursues, and no such arrangement has been realized.

The Company believes that implementing the Transaction will provide it with the following advantages: 1) The land acquired for for-sale condominiums and part of the land for detached houses remaining unused after development, which had previously been resold to other companies, would be provided to the Target Entity

after implementing the Transaction as sites for for-sale housing operations; By taking advantage of the Target Entity's know-how in for-sale housing business to use the land for for-sale housing operations, instead of simply reselling it, it is possible to provide the customers with value-added products; and 2) By implementing the Transaction, the Target Entity's know-how in remodeling can be utilized for the renovation business the Haseko Group conducts; This should enable the Company to conduct renovation works, which had been outsourced, on its own and to increase the variation of the renovation works, so that it may expect to diversify the services it can provide to its customers. As for the advantages the Target Entity can obtain by implementing the Transaction, the Company believes that: 3) Costs can be reduced by jointly purchasing materials, and that: 4) The creditworthiness of the Target Entity will be strengthened in accordance with the Target Entity becoming a member of the Haseko Group, leading to reduced borrowing costs; Besides, the Company will allow the Target Entity to utilize finances available within the Haseko Group; These should improve the financial base of the Target Entity.

Based on the above, the Company has determined that implementing the Transaction should contribute to enhancing the corporate value of the Target Entity and that it should further reinforce the business base of the Haseko Group.

Moreover, the Target Entity continues to see the business environment surrounding the industry remaining harsh, such as soaring construction materials and logistics costs. On top of this, the Target Entity's customers have become less willing to buy due to the sales prices rising in accordance with an increase in procurement costs as a result of intensified competition for acquiring land caused by soaring commercial-use land prices in the Tokyo metropolitan area. As such, the market environment has been worsening. Moreover, the Target Entity has been forced to sell its products at a discount as the supply-demand balance has collapsed because of the oversupply of homes including those from competitors. Consequently, the products are sold at prices lower than what it anticipated initially. This has led to recording of a valuation loss on inventories and worsened its financial base. The Target Entity has also continued to fail to pay dividends. These have kept the Target Entity in a situation in which it cannot meet the expectations of the market. Considering such a situation of the Target Entity, the Company has come to believe that implementing the Transaction at this point of time would provide the shareholders of the Target Entity with reasonable opportunities to sell the shares without having them bear the risks of uncertainties in the future business environment, and should eventually contribute to the shareholder interest of the Target Entity.

Besides, in order for the Company to promptly and securely achieve these measures with the Target Entity, it is necessary to integrate the decision-making process of the Company and the Target Entity, and to establish a flexible and strategic business operation system. In this regard, the Company has determined that it is essential to make the Target Entity a wholly-owned subsidiary of the Company and eliminate the fear of conflict of interest with minority shareholders, instead of a business tie-up or a capital tie-up that keeps the Target Entity listed and assumes its independence as a listed company. Moreover, the Company believes that making the Target Entity a wholly-owned subsidiary should enable prompt decision-making in order to dynamically respond to the housing and real estate market trends and changes in customer needs in the severe competitive environment. The Company also believes that the management efficiency of the Target Entity may be enhanced by delisting it and reducing the expenses for keeping it listed (such as expenses for operating the general meeting of shareholders and for continuous information disclosure such as the securities report under the Financial Instruments and Exchange Act). As such, the Company has reached the conclusion that it is the most appropriate choice to acquire all of the Target Entity's Shares, making the Target Entity delisted and become a wholly-owned subsidiary of the Company.

## 2. Overview of the Tender Offer

### (1) Overview of the Target Entity

1) Name	HOSODA CORPORATION	
2) Location	3-35-21 Asagaya-minami, Suginami-ku, Tokyo	
3) Title and name of the representative	Kenichi Abe, President and Representative Director	
4) Business description	For-sale housing on its own, for-sale housing in coordination with corporations, custom construction for corporations, custom construction, remodeling, leasing and real estate brokerage	
5) Paid-in capital	4,181,006,000 yen	
6) Established	February 1, 1957	
7) Major shareholders and shareholding ratio (as of September 30, 2019)		
	Hosoda Enterprise	15.51%
	Hakuto Co., Ltd.	14.94%
	SECOM Co., Ltd.	12.81%
	Yasue Hosoda	9.72%
	Mizuho Co., Ltd.	6.06%
	Mizuho Kogyo Co., Ltd.	2.45%
	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (standing proxy: MUFG Bank, Ltd.)	2.13%
	Shoji Isogai	1.97%
	OkuboKosan Co., Ltd.	1.87%
	Japan Trustee Services Bank, Ltd. (Trust Account 4)	1.65%
8) Relationship between the Company and the Target Entity		
	Capital relationship	Not applicable.
	Personal relationship	One of the auditors of the Target Entity is from a subsidiary of the Company.
	Business relationship	Not applicable.
	Related parties or not	Not applicable.

### (2) Schedule, Etc.

#### 1) Period for purchase, etc. as of the time of filing of the Tender Offer Registration Statement

From December 20, 2019 (Friday) to February 4, 2020 (Tuesday) (27 business days)

#### 2) Possible extension of the Tender Offer Period upon request by the Target Entity

The tender offer period will be extended to February 7, 2020 (Friday) (30 business days) if the Target Entity submits an opinion presentation report stating that it requests extension of the tender offer period pursuant to the provisions of Article 27-10-3 of the Act.

### (3) Price for Purchase, Etc.

130 yen per share of common stock

### (4) Grounds, Etc. of Calculation of Price for Purchase, Etc.

#### 1) Basis of calculation

In determining the Tender Offer Price, the Company requested KPMG, a financial advisor, to evaluate the share price of the Target Entity's shares as a third-party valuation institution independent from the Company and the Target Entity, in order to ensure the fairness of the Tender Offer Price. Furthermore, KPMG does not fall under the category of a related party of the Company or the Target Entity, and has no relationship of material interest in the Tender Offer.

KPMG investigated which valuation methods should be applied for evaluating the stock value of the Target Entity's Shares from among multiple stock valuation methods. It eventually used the market price method as the Target Entity's Shares are listed on the JASDAQ Market of the Tokyo Stock Exchange, and the DCF method to reflect future business activities on the calculation, to evaluate the stock value of the Target Entity's Shares. The Company obtained the Tender Offeror's Valuation Report from KPMG on December 18, 2019. The Company has not obtained an opinion statement regarding the appropriateness of the Tender Offer Price (a fairness opinion) from KPMG.

The range of the per share value of the Target Entity's Shares calculated with the respective methods indicated above is as follows.

Market price method:	109 yen to 121 yen
DCF method:	117 yen to 147 yen

In the market price method, KPMG set December 18, 2019 as the record date, and evaluated the stock value per share of the Target Entity's Shares to be in the range of 109 yen to 121 yen, based on (i) 121 yen, the closing price on the record date of the Target Entity's Shares on the JASDAQ Market of the Tokyo Stock Exchange, (ii) 113 yen (rounded to the nearest integer; the same shall apply to the calculation of the simple average closing price in this paragraph), the simple average closing price for the last one month, (iii) 110 yen, the simple average closing price for the last three months and (iv) 109 yen, the simple average closing price for the last six months.

In the DCF method, KPMG evaluated the stock value of the Target Entity's Shares and calculated their value per share to be in the range of 117 yen to 147 yen by discounting the free cash flow expected to be generated by the Target Entity in and after October 2019 to the present value using a certain discount rate, based on various factors including earnings forecast and investment plans in the three-year business plan of the Target Entity for the fiscal year ending March 2021 through the fiscal year ending March 2023 as well as publicly disclosed information. As for the business plan on which the DCF method was based, KPMG had multiple question and answer sessions with the Target Entity to understand the background of its preparation and the current status of the Target Entity. KPMG then discussed with the Company and made certain downward revisions in consideration of the feasibility of the business plan prepared by the Target Entity, while factoring in the synergy effects on cost reductions through joint procurement of materials, etc. expected to be realized through the implementation of the Transaction and the reduction in borrowing costs due to strengthened creditworthiness. Specifically, for the fiscal year ending March 2021, KPMG anticipates net sales of 17,455 million yen, operating income of 454 million yen and ordinary income of 297 million yen, representing a decrease in sales and a significant increase in profits as well as a turn to the black, from net sales of 20,162 million yen, operating income of 168 million yen and ordinary loss of 35 million yen which are forecast consolidated figures for the cumulative period of the fiscal year ending March 2020 described in the "Notice Concerning Revisions to Forecast Operating Results" the Target Entity announced today. For the fiscal year ending March 2022 and thereafter, KPMG assumes that the operating results will remain generally the same as the fiscal year ending March 2021.

(unit: million yen)

	Fiscal year ending March 2020 (six months)	Fiscal year ending March 2021	Fiscal year ending March 2022	Fiscal year ending March 2023
Net sales	10,679	17,455	18,779	19,517
Operating income	250	80	340	513
EBITDA	287	167	426	599
Free cash flow	2,097	2,335	121	355

The Company determined the Tender Offer Price to be 130 yen per share at the Board of Directors' meeting held today. In doing so, the Company referred to the valuation results indicated in the Tender Offeror's Valuation Report obtained from KPMG, and comprehensively took into account such factors as the trend of the market price of the Target Entity's Shares on the JASDAQ Market of the Tokyo Stock Exchange, the actual premiums added in determining the prices for purchase, etc. in past tender offers for share certificates, etc. conducted by parties other than the issuer aimed at making the target a wholly-owned subsidiary, the likelihood that the Target Entity's board of directors would support the Tender Offer and the prospect of the number of shares to be tendered in the Tender Offer, as well as taking into consideration the outcome of the discussions and negotiations with the Prospective Tendering Shareholders and the Target Entity.

The Tender Offer Price of 130 yen per share reflects (i) a premium of 7.44% (rounded to the second decimal place; the same shall apply to the premium percentages (%) in this paragraph) on 121 yen, which is the closing price of the Target Entity's Shares on the JASDAQ Market of the Tokyo Stock Exchange on December 18, 2019, the business day immediately preceding the announcement date of the Tender Offer; (ii) a premium of 15.04% on 113 yen, which is the simple average closing price of the shares for the one month preceding December 18, 2019; (iii) a premium of 18.18% on 110 yen, which is the simple average closing price of the shares for the three months preceding December 18, 2019; and (iv) a premium of 19.27% on 109 yen, which is the simple average closing price of the shares for the six months preceding December 18, 2019, respectively.

(5) Aggregate Tender Offer Price: 2,436,487,300 yen

(Note) The "aggregate tender offer price" is calculated by multiplying the number of shares to be purchased in the Tender Offer (18,742,210 shares) by the Tender Offer Price per share (130 yen).

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

1) Conditions set forth in each Item of Article 27-13-4 of the Act and their Details

If the aggregate number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased (12,494,807 shares), the Company will not purchase any of the Tendered Share Certificates, Etc. If the aggregate number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased (12,494,807 shares), the Company will purchase all of the Tendered Share Certificates, Etc.

2) Method of disclosure of results of the Tender Offer

The Company will announce the results of the Tender Offer in accordance with the methods stipulated in

Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the tender offer period.

### 3. Future Outlook

The Tender Offer will give only minimal impact on the performance of the Company.

#### [Regulations on Soliciting]

This press release has been prepared for the press in order to publicly announce the Tender Offer, and is not intended to solicit tendering of shares. When applying for tendering shares, the shareholders are requested to be sure to read the tender offer instructions regarding the Tender Offer and make the application at their own judgment. This press release is not, and does not constitute any part of, an offer or solicitation of sales, or a solicitation of purchase offer, of securities. This press release (or any part of it) or the fact of its distribution does not provide a basis for any agreement pertaining to the Tender Offer, and it may not be relied upon when concluding any such agreement.

#### [Forward-Looking Statements]

The Company is not in a position to promise that the forecasts, etc. explicitly or implicitly indicated as forward-looking statements will be proved to be correct. The forward-looking statements in this document have been prepared based on the information available for the Company as of the date of this document. Except for otherwise obliged by laws and regulations, the Company assumes no obligation to update or correct the descriptions of such forward-looking statements to reflect any future events or conditions.

#### [Regulations of the United States]

As long as it is not allowed to conduct the Tender Offer as such an arrangement that is compliant with the applicable U.S. laws and regulations, the Company will not conduct the Tender Offer in or for the U.S. or for any U.S. citizen (the U.S. citizen as defined in the regulations of the U.S. Securities Act of 1933; the same shall apply in this paragraph). In this regard, no application for the Target Entity's share certificates, etc. is allowed from or in the U.S. or by any party existing or residing in the U.S. or any party acting under the calculation by a U.S. citizen or for its benefit, regardless of the usage, methods or means or through whatever facilities.

#### [Other countries]

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws. In such cases, please note and comply with such restrictions. This press release does not constitute any solicitation of an offer to purchase or sell the share certificates regarding the Tender Offer, and shall be deemed to be simply a distribution of materials for information purposes.