

【News Release】

January 27, 2012

Advantage Partners, LLP

**Announcement Concerning Commencement of Tender Offer by Nihon Jutaku Saisei Co., Ltd. For Shares of YASURAGI CO., LTD.**

Today, Nihon Jutaku Saisei Co., Ltd. filed a tender offer registration statement to acquire shares of YASURAGI CO., LTD. The registration statement indicates that the period of the tender offer is from January, 27, 2012, to March 12, 2012.

Nihon Jutaku Saisei Co., Ltd. will procure the necessary funding to complete the tender offer from multiple independent funds whose investors are domestic and international institutional investors.

Advantage Partners LLP provides services to these funds, including analyzing of and providing information about the target company and consulting related to the investment structure.

(Attachment) The tender offer registration statement filed by Nihon Jutaku Saisei, Co., Ltd.

(Translation)

**TENDER OFFER EXPLANATORY STATEMENT**

**January 2012**

**Nihon Jutaku Saisei Co., Ltd.**

## **TENDER OFFER EXPLANATORY STATEMENT**

The Tender Offer pursuant to this Statement is subject to the provisions of Chapter II-2, Section 1 of the Financial Instruments and Exchange Act (Law No.25 of 1948, as amended). This Statement is prepared in accordance with Article 27-9 of the Financial Instruments and Exchange Act.

|  |  |
|--|--|
| [Name of Filing Person]                              | Nihon Jutaku Saisei Co., Ltd.  |
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| [Name of Attorney-in-Fact]                           | Not applicable   |
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| [Telephone Number]                                   | Same as above  |
| [Name of Person to Contact]                          | Same as above  |
| [Location at Which Statement is Available to Public] | Nihon Jutaku Saisei Co., Ltd.<br>(1-28, Toranomom 4-chome, Minato-ku, Tokyo)<br>Nagoya Stock Exchange, Inc.<br>(8-20, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi) |

(Note 1) "Tender Offeror" in this Statement refers to Nihon Jutaku Saisei Co., Ltd.

(Note 2) "Target Company" in this Statement refers to Yasuragi Co., Ltd.

(Note 3) In the event that calculated numbers are rounded off or rounded down, the number shown as the total may not necessarily coincide with the aggregate of the individual calculated numbers.

(Note 4) "Law" in this Statement refers to the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended).

(Note 5) "Order" in this Statement refers to the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended).

(Note 6) "Cabinet Office Ordinance" in this Statement refers to the Cabinet Office Ordinance on

Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended).

- (Note 7) References to the number of days and dates and times set forth in this Statement mean the number of days and dates and times in Japan, unless specified otherwise.
- (Note 8) “Business day” in this Statement refers to a day excluding those days provided in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs (Law No. 91 of 1988, as amended).
- (Note 9) In this Statement, “shares” includes share certificates, etc. (*kabuken tou*) as prescribed in Article 27-2, Paragraph 1 of the Law and “purchase” include purchase, etc. (*kaitsuke tou*) as prescribed in Article 27-2, Paragraph 1 of the Law, and variants of “purchase” have corresponding meanings.
- (Note 10) Unless otherwise specified in this Statement, all procedures with respect to the tender offer under this Statement (the “Tender Offer”) shall be conducted in the Japanese language. If all or any part of the documents related to this Tender Offer are prepared in the English language, and in the event that there are any discrepancies between the English and Japanese documents, the Japanese document shall take precedence.
- (Note 11) The Tender Offer is intended for the common shares of the Target Company, a company incorporated in Japan. Although the Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed by the Financial Instruments and Exchange Act of Japan, these procedures and information disclosure standards may not necessarily be identical to those in jurisdictions other than Japan.
- (Note 12) This Statement contains “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results could differ materially from any explicit or implicit predictions made as “forward-looking statements” due to known or unknown risks, uncertainty or other factors. No assurance is given by the Tender Offeror or its affiliated companies that any such explicit or implicit predictions made as “forward-looking statements” will be achieved. The “forward-looking statements” contained in this Statement were made based on the information known to the Tender Offeror as of the date of this Statement, and except where required by laws and regulations or the rules of the financial instruments exchange, neither the Tender Offeror nor its affiliated companies shall be required to change or revise the statements to reflect future events or circumstances.
- (Note 13) To the extent permitted by Japanese and U.S. legislations related to securities exchange, there is a possibility that the respective financial advisers of the Tender Offeror and the Target Company as well as the Tender Offer Agent (including their affiliated companies) will purchase the shares of the Target Company through a method other than the Tender Offer, or engage in an act to make such purchase, for their own account or for customers’ account before the commencement of the Tender Offer or during the tender offer period for the

Tender Offer (the “Tender Offer Period”). Such purchase may be made on market at the market value and may be made off market at a price determined by negotiations.

(Note 14) Due to the fact that the the Tender Offeror and the Target Company are companies incorporated in Japan and other reasons, it may be difficult for the shareholders who reside outside Japan to exercise their rights or make claims in connection with the Tender Offer pursuant to the securities-related laws and regulations of the country of their residence. In addition, there is a possibility that the shareholders who reside outside Japan are unable to file a lawsuit with a Japanese court against the Tender Offeror, the Target Company or the officers thereof for their violation of securities-related laws and regulations of other countries. Furthermore, it may be difficult for such shareholders to cause the Tender Offeror, the Target Company or their affiliated companies to be subject to the jurisdiction of a court outside Japan.

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## No. 1 [Terms and Conditions of Tender Offer]

### 1. [Name of Target Company]

Yasuragi Co., Ltd.

### 2. [Type of Shares to be Purchased]

Common Shares

### 3. [Purposes of Tender Offer]

#### (1) Overview of Tender Offer

The Tender Offeror is a corporation (*kabushiki kaisha*) incorporated on November 17, 2011, mainly for the purpose of conducting the Tender Offer, acquiring and holding the issued common shares of the Target Company, and controlling and managing the business of the Target Company. As of the date of the filing of this Statement, Advantage Partners IV, LLP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors) (this fund was organized in January 2007 under the Limited Partnership Act for Investment of Japan) holds all of the issued common shares of the Tender Offeror (the "Issued Common Shares of the Tender Offeror") (Note 1). In the event that the Tender Offer is completed, Advantage Partners IV, LLP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors), SMS AIV (this fund was incorporated in November 2011 under the Companies Act 1963-2009 of Ireland), AP Cayman Partners II, L.P. (this fund was organized in December 2006 under the Exempted Limited Partnership Law of the Cayman Islands) and Japan Ireland Investment Partners (this fund was incorporated in November 2006 under the Companies Act 1963-2009 of Ireland) (collectively, the "Funds") plan to make an additional investment (the "Additional Investment") in the Tender Offeror for the settlement of the Tender Offer. With respect to the Additional Investment, it is planned that Advantage Partners IV, LLP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors) will invest around 45%, SMS AIV will invest around 27%, AP Cayman Partners II, L.P. will invest around 2%, and Japan Ireland Investment Partners will invest around 26%, respectively, of the necessary total amount. After the completion of the settlement following the Tender Offer, approximately a little less than 3% of the shares of the Tender Offeror held by the Funds will be transferred to a partnership to be organized after the Tender Offer, which is affiliated with Advantage Partners, LLP ("Advantage Partners").

(Note 1) In the event that the Tender Offer is completed, Advantage Partners IV, LLP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors) plans to transfer a portion of the

Issued Common Shares of the Tender Offeror to each of the other Funds so that the holding ratio of each Fund with respect to the Issued Common Shares of the Tender Offeror will be equivalent to each above-mentioned additional investment ratio.

Each of the Funds is an investment fund to which Advantage Partners, LLP provides services such as the introduction of investment opportunities, monitoring of the subject companies after execution of investment and provision of information thereof.

Advantage Partners is an independent service provider in Japan that started providing services for the first buyout fund in Japan in 1997, and it has contributed to the growth and expansion of the Japanese private equity investment market since its onset. The funds for which Advantage Partners has provided services have invested in 34 firms, having sufficient experience in the Japanese market, both in execution of investment and return of investment. These funds have carried out investment activities on a basic policy of providing manifold assistance for the companies receiving their investments so that the companies are able to strengthen and maintain their competitiveness from a medium- to long-term perspective and realize sustainable growth.

The Tender Offeror conducts the Tender Offer as a part of a series of transactions to be carried out in order to privatize the Target Company after acquiring the common shares of the Target Company that are listed on the Centrex market (the "Centrex Market") operated by Nagoya Stock Exchange, Inc. In the Tender Offer, the Tender Offeror is contemplating to acquire all of the issued common shares of the Target Company excluding the treasury shares held by the Target Company (293,227 shares) and the common shares of the Target Company held by the Tender Offeror (100 shares; holding ratio (Note 2): 0.00%). The Tender Offeror aims to eventually cause the Tender Offeror to be the only shareholder of the Target Company (hereinafter referred to as the "Privatization" and the series of transactions to be carried out for the the Privatization, including the Tender Offer, shall be referred to as the "Transactions").

(Note 2) "Holding ratio" refers to the ratio of shares held by each shareholder against such number of issued shares (20,731,773 shares) as is obtained by subtracting the number of the treasury shares (293,227 shares) held by the Target Company as of October 20, 2011 as set forth in the 34<sup>th</sup> Term - Third Quarter Report filed by the Target Company on November 30, 2011, (the "Quarterly Report"), from the total number of issued shares of the Target Company (21,025,000 shares) as of October 20, 2011, as set forth in the Quarterly Report. Fractions are rounded to the nearest hundredth. Hereinafter, the same shall apply to any descriptions of holding ratios.

In connection with the Tender Offer, the Tender Offeror entered into a tender offer agreement dated January 26, 2012 (the "Tender Offer Agreement (A)") with Mr. Tadao Suda (number of held

shares: 6,912,001 shares; holding ratio: 33.34%), who is the top shareholder of the Target Company, Yugen Kaisha TR Shoji ("TR Shoji") (number of held shares: 3,618,300 shares; holding ratio: 17.45%), of which Ms. Masami Suda serves as the representative director, Mr. Ryugo Suda (number of held shares: 1,594,000 shares; holding ratio: 7.69%) and Ms. Masami Suda (number of held shares: 956,400 shares; holding ratio: 4.61%), to the effect, among other matters, that each of such parties will tender all of the common shares of the Target Company held by the party in the Tender Offer (hereinafter, Mr. Tadao Suda, TR Shoji, Mr. Ryugo Suda and Ms. Masami Suda shall be collectively referred to as the "Prospective Tendering Shareholders"). The Tender Offeror also entered into a tender offer agreement dated such date (the "Tender Offer Agreement (B)") with Mr. Chikara Suda (number of held shares: 3,559,400 shares; holding ratio: 17.17%), the representative director of the Target Company, to the effect, among other matters, that Mr. Chikara Suda will tender all of the common shares of the Target Company held by him in the Tender Offer (hereinafter, the Tender Offer Agreement (A) and the Tender Offer Agreement (B) shall be collectively referred to as the "Tender Offer Agreements"; the number of shares planned to be tendered in the Tender Offer in accordance with the Tender Offer Agreements by the Prospective Tendering Shareholders and Mr. Chikara Suda is 16,640,101 shares in total (holding ratio: 80.26%)). Please see "(3) Material Agreement Related to Tender Offer" below for the overview of the Tender Offer Agreements.

The Tender Offeror has set a minimum number of shares to be purchased at the number of shares (13,821,100 shares; holding ratio: 66.67%), which is equivalent to such number of voting rights (138,211 units) as is obtained by subtracting (i) the number of voting rights (1 unit) relating to the number of shares (100 shares; holding ratio: 0.00%) already held by the Tender Offeror from (ii) over two thirds (138,212 units) of the number of voting rights (207,317 units) relating to the number of shares (20,731,773 shares) obtained by subtracting (a) the number of treasury shares held by the Target Company as of October 20, 2011, as set forth in the Quarterly Report (293,227 shares), from (b) the total number of issued shares of the Target Company as of October 20, 2011, as set forth in the Quarterly Report (21,025,000 shares). If the total number of the tendered shares is less than the minimum number of shares to be purchased, the Tender Offeror will purchase none of the tendered shares. On the other hand, the Tender Offeror has not set a maximum number of shares to be purchased. Therefore, if the total number of the tendered shares is equal to or greater than the minimum number of shares to be purchased, the Tender Offeror will purchase all the tendered shares.

If the Tender Offeror cannot acquire all of the issued common shares of the Target Company, excluding the treasury shares held by the Target Company and the common shares of the Target Company held by the Tender Offeror, through the Tender Offer, the Tender Offeror plans to carry out, as a part of the Transactions, a series of procedures to eventually cause the Tender Offeror to be the only shareholder of the Target Company (please see "(6) Policy Regarding Organizational

Restructuring Following Tender Offer (Matters Relating to Two-Step Acquisition)” below for the details).

According to the the press release of the Target Company entitled “Announcement Concerning Expression of Support for Tender Offer by Nihon Jutaku Saisei Co., Ltd. With Respect to Shares of Company” announced on January 26, 2012 (the “Press Release of the Target Company”), the Board of Directors of the Target Company acknowledges that, considering the business environment surrounding the Target Company and the business challenges that the Target Company faces, a quick implementation of new managerial measures, such as a full-scale entry into the renovation business, as well as further enhancement of the existing businesses, by receiving support from the Funds for which Advantage Partners provide services will contribute to medium- to long-term and sustainable growth of the corporate value of the Target Company, and has determined that for the implementation of such measures, it is necessary for the Target Company to, through the Privatization by the Transactions including the Tender Offer, establish a management structure that enables the Target Company to make more expeditious and flexible decisions and to acquire low-cost finance in the form of longer-term borrowing for the purchase of properties supported by the creditworthiness of the Tender Offeror. The Board of Directors of the Target Company resolved at its meeting of the Board of Directors held on January 26, 2012, to express its support for the Tender Offer, considering that if, as a result of the Tender Offer, such number of common shares of the Target Company as is equal to or greater than the minimum number of shares to be purchased are tendered and the Privatization of the Target Company is implemented by the Tender Offeror, decisions necessary for various measures can be made even more expeditiously and flexibly, and therefore, the Tender Offer to be conducted as a part of the Transactions will contribute to further growth of the corporate value of the the Target Company. In addition, the Board of Directors of the Target Company determined that considering that the Tender Offer offers the shareholders of the Target Company a price that is the average share price of the common shares of the Target Company on the Centrex Market for the most recent specified period with a certain amount of premium added and also comprehensively considering the contents of the share valuation appraisal report dated January 25, 2012 (the “Target Company Appraisal Report”) obtained from Recolte Co., Ltd. (“Recolte”), a third party appraiser, the Tender Offer offers a reasonable opportunity to sell the common shares of the Target Company and the tender offer price for the common shares of the Target Company in the Tender Offer and other terms and conditions of the Tender Offer are fair for the shareholders of the Target Company, and thus, resolved at the said meeting of the Board of Directors to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer. (Please see “(5) Measures to Assure Fairness And Measures to Avoid Conflict of Interest” below for the details of the method of the resolution.)

As of the date of the filing of this Statement, the common shares of the Target Company are

listed on the Centrex Market. However, because the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer as described above, depending on the outcome of the Tender Offer, there is a possibility of the common shares of the Target Company being delisted in accordance with applicable procedures pursuant to the share delisting standards of the Centrex Market (the “Delisting Standards”). Furthermore, if these standards are not applicable as a result of the Tender Offer, the common shares of the Target Company are planned to be delisted through the subsequent procedures to privatize the Target Company and to cause the Tender Offeror to be the only shareholder of the Target Company as set forth in “(6) Policy Regarding Organizational Restructuring Following Tender Offer (Matters Relating to Two-Step Acquisition)” below.

(2) Background, Purposes, Decision-Making Process Concerning Tender Offer And Management Policies After Tender Offer

The background, purposes and decision-making process concerning the Tender Offeror and the management policies after the Tender Offer are as set forth below. Any statements regarding the Target Company are based on the statements in the Press Release of the Target Company or explanations received from the the Target Company.

The principal business of the Target Company is the “housing renovation and sales business,” which is namely a business to purchase secondhand houses from the real estate auction market and the real estate short sale market, renovate the houses and resell such renovated secondhand houses. The Target Company was incorporated in Kiryu city, Gunma prefecture, in September 1978 for the purpose of conducting a stone material business. In December 1988, the Target Company obtained a license for real estate transaction business, and started the buying and selling of real estate as well as an agency business thereof. Upon the amendment to the Civil Execution Act in 1998, the Target Company developed its business model for housing renovation and sales business, the current main business form of buying real estate at auction and selling them after renovating them. During the subsequent business expansion period, the Target Company expanded its business by establishing (i) Kabushiki Kaisha Property, which conducts a “business to operate revenue-generating properties,” which is namely a business to purchase revenue-generating properties at the real estate auction market and the real estate short sale market, raise the occupancy ratio of such properties, and then sell such properties as investment properties, (ii) Kabushiki Kaisha YUTORI Saiken Kaishu, which mainly conducts a servicer business to manage and collect various credits (mainly mortgage loan credits) and (iii) Kabushiki Kaisha Value Loan, which, when the Target Company sells its secondhand houses, offers financing to the purchasers for their funds to purchase the properties. However, the Target Company, which has been affected by the global financial crisis and the subsequent real estate recession in Japan, posted a net loss for the fiscal period ended in January 2008, mainly as a result of a significant decline in the profitability of the business to operate revenue-generating properties, which were mainly operated by Kabushiki

Kaisha Property. Against this background, the Target Company has concentrated management resources on the housing renovation and sales business, its core business, and has made efforts to restore sound management. In such process, as management reconstruction measures, the Target Company, among other matters, (i) as to Kabushiki Kaisha YUTORI Saiken Kaishu, conducted a selling of the shares of Kabushiki Kaisha YUTORI Saiken Kaishu in March 2008, (ii) as to Kabushiki Kaisha Property, after disposing of its loss-generating properties, conducted an absorption-type merger with the Target Company being the surviving company in October 2009 and (iii) as to Kabushiki Kaisha Value Loan, after cancelling its registration as money lending business provider by filing notification of discontinuance of business, shifted its business to one that focuses on the collection of the existing credited loans in July 2011 and, furthermore, while making efforts to maximize collection of the existing loans, considers selling such company itself, depending on the situation. Meanwhile, partly due to the influence of the Great East Japan Earthquake, the Target Company is still facing a challenging management environment, such as continuously posting a decrease in the monthly results in both purchases and sales compared to that for the same months last year.

However, in connection with the housing renovation and sales business, the core business of the Target Company, the Tender Offeror evaluates that the Target Company has strength in each process of its business, such as (a) sourcing and purchasing at fair prices the target second-hand housing, (b) appropriately renovating such housing, and (c) reselling such housing at prices reflecting appropriate sales margins based on increased values. The Tender Offeror believes that it is possible to further expand the housing renovation and sales business by taking advantage of the Target Company's strength. Specifically, it believes that there are some strategic options, such as further expansion of the regional coverage and increase of regional share in each region. Also, it believes that, in order to further expand the purchase volume of good properties, expanding the purchase network to realize expansion of the purchase volume from the real estate short sale market is an important measure. In addition, the Tender Offeror acknowledges that a full-scale entry into the renovation business by the Target Company utilizing the know-how for renovation that has been acquired through the housing renovation and sales business is also an important strategy for further growth. Such policy for business expansion coincides with the national policy of activating transactions of real estate including secondhand houses which are promoted mainly by the Ministry of Land, Infrastructure, Transport and Tourism, and hence, the Tender Offeror acknowledges that this will serve as a tail wind for further growth of the Target Company. On the other hand, the Tender Offeror acknowledges that, for the implementation of these measures, it is essential for the Target Company to expand the branch network and to actively invest in management resources such as human resources. Consequently, the Tender Offeror acknowledges that the implementation of these measures may not necessarily be appreciated by the capital market because it is expected that such implementation could cause, among other matters, a decrease in the profit level of the

Target Company in the short term.

Taking these circumstances comprehensively into consideration, the Tender Offeror determined that in order to quickly respond to the management environment that the Target Company faces, quickly implement the new growth strategies and further improve the corporate value, it is necessary to set up the environment and system for the Target Company to steadily conduct an anticipatory investment as described above regardless of the short-term business results. Furthermore, the Tender Offeror determined that through giving full support to the Target Company to realize its growth strategies, based on the know-how accumulated through the management improvement activities carried out at a number of firms receiving investments of the funds for which Advantage Partners provides services, the Target Company will be able to acquire low-cost finance in the form of longer-term borrowing and to further accelerate the realization of its growth. Based on these determinations, the Tender Offeror decided to conduct the Transactions on January 26, 2012, as it determined that it would be best to proceed with the Privatization while taking into consideration the possibility of adverse effects on the general shareholders and also respecting the intentions of the general shareholders. The Tender Offeror is preparing to borrow from Mizuho Bank, Ltd. funds sufficient to refinance the entire amount of the existing borrowings of the Target Company for the purpose of appropriating such funds for the funds to refinance such existing borrowings, the funds to purchase properties, etc. in connection with the Transactions.

With respect to the matters considered above, Advantage Partners has held discussions with Mr. Tadao Suda and others, the founding members of the Target Company, from August 2011. Based on such discussion, on January 25, 2012, the Tender Offeror proposed the Transactions to the Board of Directors of the Target Company, and explained the proposed management policy for the Target Company to be taken after the Transactions.

On the other hand, according to the Press Release of the Target Company, upon receiving the above-mentioned proposal, the Board of Directors of the Target Company conducted careful discussions and review on the terms and conditions of the Transactions, including the Tender Offer, in terms of the improvement of the corporate value of the Target Company, taking into consideration the legal advice received from Reebaman Law Office, a legal advisor, and the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser. As a result, the Board of Directors of the Target Company acknowledges that, considering the business environment surrounding the Target Company and the business challenges that the Target Company faces, a quick implementation of new managerial measures, such as a full-scale entry into the renovation business, as well as further enhancement of the existing businesses, by receiving support from the Funds for which Advantage Partners provide services, will contribute to medium- to long-term and sustainable growth of the corporate value of the Target Company, and has determined that for the

implementation of such measures, it is necessary for the Target Company to, through the Privatization by the Transactions including the Tender Offer, establish a management structure that enables the Target Company to make more expeditious and flexible decisions and to acquire low-cost finance in the form of longer-term borrowing for the purchase of properties supported by the creditworthiness of the Tender Offeror. The Board of Directors of the Target Company resolved at its meeting of the Board of Directors held on January 26, 2012, to express its support for the Tender Offer, considering that if, as a result of the Tender Offer, such number of common shares of the Target Company as is equal to or greater than the minimum number of shares to be purchased are tendered and the Privatization of the Target Company is implemented by the Tender Offeror, decisions necessary for various measures can be made even more expeditiously and flexibly, and therefore, the Tender Offer to be conducted as a part of the Transactions will contribute to further growth of the corporate value of the the Target Company. In addition, the Board of Directors of the Target Company determined that considering that the Tender Offer offers the shareholders of the Target Company a price that is the average share price of the common shares of the Target Company on the Centrex Market for the most recent specified period with a certain amount of premium added and also comprehensively considering the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser, the Tender Offer offers a reasonable opportunity to sell the common shares of the Target Company and the tender offer price for the common shares of the Target Company in the Tender Offer and other terms and conditions of the Tender Offer are fair for the shareholders of the Target Company, and thus, resolved at the said meeting of the Board of Directors to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.

At the said meeting of the Board of Directors, (i) with respect to the tender offer conducted in November 2009 for the common shares of the Target Company (the "Prior Tender Offer"), with Mr. Tadao Suda being the tender offeror, the fact that the privatization was not planned in the Prior Tender Offer and other details of the Prior Tender Offer were explained, and (ii) it was reported that, at the meeting of the Board of Directors at that time, the Board of Directors resolved to express its support for the Prior Tender Offer in terms of avoiding risks to the general shareholders in drastically reforming the business structure and to defer to the shareholders the determinations of whether or not the tender offer price for the Prior Tender Offer is fair and whether or not the shareholders should tender their shares in the Prior Tender Offer. Based on this report, at the said meeting of the Board of Directors, the Board of Directors determined that the Privatization of the Target Company through the Transactions including the Tender Offer will contribute to further growth of the corporate value of the the Target Company after comprehensively considering, among other matters, the further change of the business environment subsequent to the Prior Tender Offer, the business challenges that the Target Company currently faces and the suggestions from the Tender Offeror.

Considering that, among the directors of the Target Company, Mr. Chikara Suda, the representative director, is a controlling shareholder and a special interested party, the Board of Directors conducted, at the above-mentioned meeting of the Board of Directors, discussions among all the directors excluding Mr. Chikara Suda in order to avoid potential conflicts of interest, based on the legal advice received from Reebaman Law Office, a legal advisor, and then a unanimous approval of such directors was obtained in respect of the resolution to express support for the Tender Offer and to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.

The discussions, review and negotiations between the Board of Directors of the Target Company and the Tender Offeror on the Transactions were conducted by Mr. Kiyoshi Akiyama, who is a director having no potential conflicts of interest, and Mr. Chikara Suda, in his position as a director of the Target Company, did not participate in the discussions, review and negotiations with the Tender Offeror.

Furthermore, all of the corporate auditors of the Target Company (including 2 outside corporate auditors, and none of them has conflicts of interest in this case) attended the above-mentioned meeting of the Board of Directors and stated that they had no objection to the above-mentioned resolution to express support for the Tender Offer.

In the event that the Tender Offer is completed, the Tender Offeror will request the Target Company to submit, at the 34th annual shareholders meeting of the Target Company scheduled to be held in April 2012 (the "Annual Shareholders Meeting"), a proposal to elect, as the officers of the Target Company, about 4 persons that the Tender Offeror will separately designate, and it will dispatch officers such as directors, including the representative director. With respect to the management structure after the Tender Offer, the Tender Offeror plans to request Mr. Kiyoshi Akiyama, Mr. Shinichi Onizawa, Mr. Minoru Okazaki and Mr. Seiichi Kumagai, who are directors of the Target Company, to continue to be involved in the management of the Target Company in order to improve the corporate value of the Target Company. Mr. Chikara Suda, the representative director of the Target Company, expressed to the Tender Offeror his intention to retire from his position as the representative director of the Target Company at the conclusion of the Annual Shareholders Meeting in the event that the Tender Offer is completed.

### (3) Material Agreement Related to Tender Offer

In connection with the Tender Offer, the Tender Offeror agreed with the Prospective Tendering Shareholders on January 26, 2012, that the Prospective Tendering Shareholders tender the common shares of the Target Company held by them in the Tender Offer, and entered into the Tender Offer Agreement (A).

In the Tender Offer Agreement (A), the following is provided as conditions precedent for the Prospective Tendering Shareholders to tender shares in the Tender Offer: (i) the representations and warranties made by the Tender Offeror in the same agreement (Note 1) are true and correct; (ii) the Tender Offeror has not breached any of its obligations set forth in the same agreement (Note 2); (iii) no litigation, etc. restricting or prohibiting the Tender Offer is pending, and there is no order, etc. restricting or prohibiting the Tender Offer; and (iv) the tender made by the Prospective Tendering Shareholders does not violate any of the insider trading regulations; provided, however, that in the event that any of the above-mentioned conditions precedent is not satisfied, the Prospective Tendering Shareholders may tender shares in their own discretion. In addition, under the Tender offer Agreement (A), the Tender Offeror and the Prospective Tendering Shareholders agreed either to grant a comprehensive power of attorney to a designee of the Tender Offeror or to exercise the voting rights with respect to the common shares of the Target Company held by the Prospective Tendering Shareholders pursuant to the Tender Offeror's instruction at the Annual Shareholders Meeting, on the condition that the Tender Offer is completed.

(Note 1) In the Tender Offer Agreement (A), the Tender Offeror represents and warrants substantially the following matters:

- (i) the Tender Offeror is a *kabushiki kaisha* lawfully incorporated and existing under the laws of Japan;
- (ii) the Tender Offeror has the power and authority to execute and perform the Tender Offer Agreement (A), and has completed all necessary internal procedures;
- (iii) the obligations under the Tender Offer Agreement (A) are enforceable;
- (iv) the Tender Offeror has lawfully and properly obtained all licenses and permits from, and otherwise performed all statutory procedures with respect to, any judicial or administrative agencies as required for the execution and performance of the Tender Offer Agreement (A);
- (v) the execution of the Tender Offer Agreement (A) does not violate any laws and regulations; and
- (vi) neither the Tender Offeror nor any of its officers and employees have any relationship with any anti-social forces.

(Note 2) In the Tender Offer Agreement (A), the Tender Offeror owes, in addition to an obligation to conduct the Tender Offer, (i) a confidentiality obligation; (ii) an obligation not to assign or otherwise dispose of its contractual position, rights or obligations under the Tender Offer Agreement (A); (iii) an obligation to notify the Prospective Tendering Shareholders in the event that any of the representations and warranties or other contractual obligations of the Tender Offeror is breached, or it is unable to satisfy the conditions precedent to the performance by the Prospective Tendering Shareholders of their obligations, or there is a possibility of any of the foregoing; (iv) an obligation to compensate the Prospective

Tendering Shareholders against any damages based on any breach of the representations and warranties or other contractual obligations of the Tender Offeror; and (v) an obligation to bear any taxes and public charges imposed on itself.

Furthermore, in connection with the Tender Offer, the Tender Offeror agreed with Mr. Chikara Suda on January 26, 2012, that Mr. Chikara Suda tender the common shares of the Target Company held by him in the Tender Offer, and entered into the Tender Offer Agreement (B) (Note 3).

In the Tender Offer Agreement (B), the Tender Offeror and Mr. Chikara Suda agreed either to grant a comprehensive power of attorney to a designee of the Tender Offeror or to exercise the voting rights with respect to the common shares of the Target Company held by Mr. Chikara Suda pursuant to the Tender Offeror's instruction at the Annual Shareholders Meeting, on the condition that the Tender Offer is completed.

(Note 3) In the Tender Offer Agreement (B), no conditions precedent are specified for Mr. Chikara Suda to tender shares in the Tender Offer.

#### (4) Consideration of Tender Offer Price by Tender Offeror

In determining the tender offer price for the common shares of the Target Company in the Tender Offer (the "Tender Offer Price"), the Tender Offeror has decided that the Tender Offer Price for common shares of the Target Company shall be 627 yen per share as a result of discussion and negotiation with the management of the Target Company and the Prospective Tendering Shareholders comprehensively taking into account the results of the appraisal by the market price analysis and the discounted cash flow analysis (the "DCF analysis"), etc. that were independently conducted by the Tender Offeror based on the results of the due diligence undertaken with respect to the Target Company and the hearing with the management of the Target Company.

In the market price analysis, the Tender Offeror has calculated the per-share value to be from 330 yen to 362 yen based on the average closing market stock price of the common shares of the Target Company for the immediately preceding one month, three months and six months to January 25, 2012, on the Centrex Market (the average closing price for the immediately preceding one month period: 362 yen (fractions are rounded to the nearest whole number; hereinafter, the same calculation shall apply to any calculations of the average closing price unless otherwise specified); the average closing price for the immediately preceding three months period: 343 yen; and the average closing price for the immediately preceding six months period: 330 yen).

In the DCF analysis, based on the earnings forecast of the Target Company for the fiscal year ended January 20, 2012, and thereafter, which takes into account the the business results of the Target Company up to the recent period, publicly disclosed information and other factors, the Tender

Offeror has calculated the per-share value to be from 437 yen to 513 yen analyzing the corporate value and the price of the common shares of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company in the future to the present value using a certain discount rate.

The Tender Offeror did not receive an opinion from any third party appraiser when it conducted the above-mentioned calculation of the Tender Offer Price.

The Tender Offer Price is equivalent to the price that adds a premium of approximately 71.31 % (fractions are rounded to the nearest hundredth; hereinafter, the same calculation shall apply to any calculations of premiums unless otherwise specified) to 366 yen, the closing price for the common shares of the Target Company on the Centrex Market on January 25, 2012, the business day immediately preceding the announcement of the implementation of the Tender Offer; a premium of approximately 73.20 % to 362 yen, the average closing price for the immediately preceding one month period (from December 26, 2011, to January 25, 2012); a premium of approximately 82.80 % to 343 yen, the average closing price for the immediately preceding three month period (from October 26, 2011, to January 25, 2012); and a premium of approximately 90.00 % to 330 yen, the average closing price for the immediately preceding six month period (from July 26, 2011 to January 25, 2012). The Tender Offer Price is equivalent to the price that adds a premium of approximately 60.77 % to 390 yen, the closing price for the common shares of the Target Company on the Centrex Market on January 26, 2012, the business day immediately preceding the date of the filing of this Statement.

(5) Measures to Assure Fairness And Measures to Avoid Conflict of Interest

The Tender Offeror and the Target Company have undertaken the measures principally as stated below for assuring the fairness of the Transactions including the Tender Offer and for avoiding conflict of interest in terms of the assurance of the fairness of the Tender Offer Price, the exclusion of the arbitrariness of the decision-making process for the determination of implementing the Tender Offer and avoidance of potential conflicts of interest. The measures undertaken by the Target Company in the following statement are based on the statement of the Press Release of the Target Company or explanation received from the Target Company.

(i) Obtaining of Appraisal of Share Price by Target Company From Independent Third Party Appraiser

According to the Press Release of the Target Company, in reviewing the Tender Offer Price offered by the Tender Offeror, in order to assure the fairness of the decision-making process, the Board of Directors of the Target Company requested an appraisal of the price of the shares of the Target Company from Recolte, a third-party appraiser, which does not fall within a related party,

being independent from the Tender Offeror and the Target Company and subsequently received from Recolte the Target Company Appraisal Report on January 25, 2012. Recolte was provided with materials, such as the current status of the business and the future business plan, from the management of the Target Company and, taking such information into account, conducted an appraisal of the per-share value of the Target Company using each of market price analysis and the capitalization method of analysis. Recolte did not adopt the DCF analysis because the Target Company does not formulate any medium-term business plan to be used as the basis for the DCF analysis, and alternatively, Recolte adopted the capitalization method of analysis. In addition, Recolte did not adopt the comparable company analysis because no listed company that is engaged in business similar to the Target Company's was identified as a result of research. The Target Company did not obtain an opinion from Recolte regarding the fairness of the Tender Offer Price (fairness opinion).

The per-share value of the common shares of the Target Company calculated using each of the above-mentioned methods of analysis is as described below.

(a) Market Price Analysis

In the market price analysis, using January 25, 2012, as the reference date, the per-share value of the common shares of the Target Company has been calculated to be from 330 yen to 366 yen, based on the closing price of the reference date (366 yen), an average closing price for one month from December 26, 2011, to the reference date (362 yen), an average closing price for three months from October 26, 2011, to the reference date (343 yen) and an average closing price for six months from July 26, 2011, to the reference date (330 yen) on the Centrex Market.

(b) Capitalization Method of Analysis

In the capitalization method of analysis, by analyzing the Target Company's historical business results, the profit structure and the forecasts of business results for the fiscal year ended January 20, 2012, based on materials and conducting hearings, establishing the minimum and maximum amount of a single-year operating profit that is expected to be able to record continuously in the future and assuming that such operating profit will be recorded continuously every fiscal year, the business value of the Target Company has been calculated taking taxes and WACC (Weighted Average Cost of Capital) into account, the shareholders' value has been analyzed by adding or subtracting interest bearing debt, cash and deposits (surplus money) and investment securities, which are non-operating assets, and the per-share value of the common shares of the Target Company has been calculated to be from 436 yen to 620 yen.

(ii) Advice From Independent Law Firm For Target Company

According to the Press Release of the Target Company, the Board of Directors of the Target Company appointed Reebaman Law Office, a third party independent from the Target Company and the Tender Offeror, as its legal advisor in order to assure the transparency and reasonableness in the decision-making process, and requested legal advice as to the decision-making process, decision-making method and other matters that should be noted in the Transactions. The Board of Directors of the Target Company conducted careful discussions as to the propriety and terms and conditions of the Tender Offer and the Privatization in terms of improving the corporate value of the Target Company and protecting interests of the minority shareholders taking into account the legal advice from the said office as to the decision-making process, decision-making method and other matters that should be noted in connection with the Tender Offer and the Privatization. The Target Company appointed Reebaman Law Office as a legal advisor from the beginning, and there is no fact that the Target Company has changed its legal advisor.

(iii) Unanimous Approval by Non-Interested Directors And Corporate Auditors

According to the Press Release of the Target Company, upon receiving the proposal regarding the transaction for the purpose of causing the Tender Offeror to be the only shareholder of the Target Company in order to further improve the corporate value of the Target Company, the Board of Directors of the Target Company conducted careful discussions and review on the terms and conditions of the Transactions, including the Tender Offer, in terms of the improvement of the corporate value of the Target Company, taking into consideration the legal advice received from Reebaman Law Office, a legal advisor, and the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser.

As a result, the Board of Directors of the Target Company resolved at its meeting of the Board of Directors held on January 26, 2012, to express its support for the Tender Offer, considering that the Tender Offer to be conducted as a part of the Transactions will contribute to growth of the corporate value of the the Target Company. In addition, as a result of careful discussions and review of the appropriateness of the Tender Offer Price and other terms and conditions of the Tender Offer proposed by the Tender Offeror in terms of, among other matters, the financial condition of the Target Company, business environment and fairness among shareholders, referring to the results of the appraisal of the Target Company Appraisal Report with respect to the common shares of the Target Company and the explanation of such results of the appraisal, which was obtained from Recolte, the Board of Directors of the Target Company determined that the Tender Offer Price offers the shareholders of the Target Company a price that is the average share price of the common shares of the Target Company on the Centrex Market for the most recent specified period (the average closing price for the immediately preceding one month to January 25, 2012: 362 yen (fractions are rounded to the nearest whole number;

hereinafter, the same calculation shall apply to any calculations of the average closing price unless otherwise specified); immediately preceding three months: 343 yen; and immediately preceding six months: 330 yen) with a certain amount of premium added and also, comprehensively considering the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser, determined that the Tender Offer Price offers a reasonable opportunity to sell the common shares of the Target Company and the tender offer price for the common shares of the Target Company in the Tender Offer and other terms and conditions of the Tender Offer are fair for the shareholders of the Target Company, and thus, resolved at the said meeting of the Board of Directors to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.

Considering that, among the directors of the Target Company, Mr. Chikara Suda, the representative director, is a controlling shareholder and a special interested party, the Board of Directors conducted, at the above-mentioned meeting of the Board of Directors, discussions among all the directors (including 2 outside directors) excluding Mr. Chikara Suda in order to avoid potential conflicts of interest, based on the legal advice received from Reebaman Law Office, a legal advisor, and then a unanimous approval of such directors was obtained in respect of the resolution to express support for the Tender Offer and to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.

The discussions, review and negotiations between the Board of Directors of the Target Company and the Tender Offeror on the Transactions were conducted by Mr. Kiyoshi Akiyama, who is a director having no potential conflicts of interest, and Mr. Chikara Suda, in his position as a director of the Target Company, did not participate in the discussions, review and negotiations with the Tender Offeror.

Furthermore, all of the corporate auditors of the Target Company (including 2 outside corporate auditors, and none of them has conflicts of interest in this case) attended the above-mentioned meeting of the Board of Directors and stated that they had no objection to the above-mentioned resolution to express support for the Tender Offer.

(iv) Setting Relatively Long Tender Offer Period

Regarding the Tender Offer Period, the Tender Offeror set the period of 32 business days, although the minimum period provided in the laws and regulations is 20 business days. The Tender Offeror assures the fairness of the Tender Offer Price through ensuring an appropriate opportunity for the shareholders of the Target Company to make decisions for tendering shares in the Tender Offer and also ensuring an opportunity for the persons other than the Tender Offeror to conduct purchase of shares in the Target Company by setting a relatively long Tender Offer

Period.

(6) Policy Regarding Organizational Restructuring Following Tender Offer (Matters Relating to Two-Step Acquisition)

In the event that the Tender Offeror is unable to acquire all of the the common shares of the Target Company (excluding treasury shares held by the Target Company and the common shares of the Target Company held by the Tender Offeror) in the Tender Offer, the Tender Offeror plans to conduct the series of transactions below for the purpose of causing the Tender Offeror to be the only shareholder of the Target Company. Specifically, the Tender Offeror plans to, after the completion of the Tender Offer, request the Target Company to (i) make the Target Company a class shares issuing company as set forth in the Companies Act by amending the articles of incorporation to allow the Target Company to issue a class of shares other than common shares; (ii) amend the articles of incorporation to add a Wholly Call Clause (as set forth in Article 108, Paragraph 1, Item 7 of the Companies Act; hereinafter the same) to all common shares issued by the Target Company; and (iii) issue a different class of shares of the Target Company in exchange for the acquisition of all common shares of the Target Company subject to such Wholly Call Clause (the Tender Offeror does not plan to request the application for the listing of the different class of shares of the Target Company to be issued), and hold an extraordinary shareholders meeting, of which the proposals to be resolved include (i) through (iii) above, and a class shareholders meeting consisting of the common shareholders of the Target Company, of which the proposals to be resolved include a partial amendment to the articles of incorporation as stated in (ii) above, in or around June 2012. The Tender Offeror plans to vote in favor of each of the above-mentioned proposals at the above-mentioned extraordinary shareholders meeting and class shareholders meeting.

In the event that each of the above-mentioned steps is implemented, all of the common shares issued by the Target Company (excluding treasury shares held by the Target Company) will, after having added the Wholly Call Clause, be acquired by the Target Company and the shareholders of the Target Company (except the Target Company itself) will be issued a different class of shares of the Target Company as consideration for such acquisition. However, for the shareholders to whom the number of such different class of shares of the Target Company to be issued is a fraction less than one share, pursuant to the procedures of Article 234 of the Companies Act and other relevant laws and regulations, cash derived from the selling, etc. of such different class of shares of the Target Company equivalent to the aggregate sum of such fractions less than one share (the aggregate sum will be rounded down to the nearest whole number) will be provided. It is planned that the cash amount to be provided to such shareholder as a result of selling such different class of shares of the Target Company equivalent to the aggregate sum of such factions less than one share will be calculated so that the cash amount will be the same as the price of the Tender Offer Price multiplied by the number of common shares of the Target Company held by such shareholder, and

on that basis a petition for the permission of sale by private contract will be submitted to the court. The class and number of the shares of the Target Company to be exchanged as consideration for the acquisition of common shares subject to the Wholly Call Clause is not decided as of the date of the filing of this Statement. However, the Tender Offeror plans to decide the number of shares of the Target Company issued to the shareholders of the Target Company other than the Tender Offeror, who did not tender shares in the Tender Offer, to be a fraction less than one so that the Tender Offeror will hold all of the issued shares of the Target Company (excluding treasury shares held by the Target Company).

The Companies Act sets forth the following provisions that are considered to intend to protect the interest of minority shareholders in connection with the above-mentioned steps: (a) when amending the articles of incorporation to add the Wholly Call Clause to common shares as set forth in (ii) above, the shareholders have appraisal rights to request that the shares held by them be purchased pursuant to Articles 116 and 117 of the Companies Act and other relevant laws and regulations for the purpose of protecting the interest of minority shareholders; and (b) in the event that a resolution to acquire all the common shares of the Target Company subject to Wholly Call Clause as set forth in (iii) above is approved at a shareholders meeting, shareholders may petition for a determination of the price for acquiring such shares pursuant to Article 172 of the Companies Act and other relevant laws and regulations. In the event of (a) or (b), the courts will ultimately determine the purchase price or acquisition price per share.

The Tender Offer is not intended to solicit the support of the shareholders of the Target Company at the above-mentioned extraordinary shareholders meeting and class shareholders meeting.

For the above-mentioned steps (i) through (iii), depending on conditions such as the interpretation, etc. by the authorities of the relevant laws and regulations, the holding ratio of common shares of the Target Company of the Tender Offeror after the Tender Offer, or status with respect to the common shares of the Target Company held by the shareholders of the Target Company other than the Tender Offeror, etc. after the Tender Offer, there is a possibility of pursuing other methods to achieve the same outcome as the above-mentioned steps or a possibility of requiring time to implement such steps. Even in such case, the Tender Offeror plans to privatize the Target Company after ensuring that no minority shareholders of the Target Company exist through eventually providing cash to the minority shareholders of the Target Company. In this case, it is planned that the amount of money that will be provided to such minority shareholder of the Target Company will be calculated so that the amount will be the same as the price of the Tender Offer Price multiplied by the number of common shares of the Target Company held by such shareholder.

Although the Tender Offeror plans to conduct an absorption-type merger with the Target Company after implementing each of the above-mentioned steps, the specific schedule or other details are not decided.

The details of the procedures of the case above will be promptly disclosed after it is decided following discussions with the Target Company.

(7) Likelihood of And Reasons For Delisting

Common shares of the Target Company are listed on the Centrex Market as of the date of the filing of this Statement. However, because the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, depending on the outcome of the Tender Offer, there is a possibility of the common shares of the Target Company being delisted in accordance with the applicable procedures pursuant to the Delisting Standards. Furthermore, if the Delisting Standards are not applicable as of the date when the Tender Offer is completed, the Tender Offeror plans to subsequently undertake the steps for the Privatization pursuant to the procedures set forth in the applicable laws and regulations and above-mentioned “(6) Policy Regarding Organizational Restructuring Following Tender Offer (Matters Relating to Two-Step Acquisition).” In this case, the common shares of the Target Company will be delisted in accordance with the applicable procedures and pursuant to the Delisting Standards. After the delisting of the common shares of the Target Company, the common shares of the Target Company will no longer be able to be traded on the Centrex Market.

**4. [Tender Offer Period, Tender Offer Price, Number of Shares to be Purchased]**

(1) [Tender Offer Period]

(i) [Tender Offer Period as of Filing of This Statement]

|                                   |   |
|-----------------------------------|---|
| Tender Offer Period               | From January 27, 2012, (Friday) through March 12, 2012, (Monday)<br>(32 business days)  |
| Announcement Date                 | January 27, 2012 (Friday)   |
| Newspaper Listing<br>Announcement | Public disclosure will be made electronically, and a notice of such disclosure will be published in the Nihon Keizai Shinbun.<br>(URL of electronic disclosure: <a href="http://info.edinet-fsa.go.jp/">http://info.edinet-fsa.go.jp/</a> ) |

(ii) [Possibility of Extension Pursuant to Request by Target Company]

Not Applicable

(iii) [Contact Information to Confirm Period Extension]

Not Applicable

## (2) [Tender Offer Price]

|                                      |  |
|--------------------------------------|--|
| Share                                | 627 yen per 1 common share   |
| Stock Option                         | —  |
| Bond With Stock Option               | —  |
| Trust Beneficiary Securities<br>( )  | —  |
| Depository Receipt For Shares<br>( ) | —  |
| Basis of Calculation                 | <p>In determining the Tender Offer Price, the Tender Offeror has decided that the Tender Offer Price for common shares of the Target Company shall be 627 yen per share as a result of discussion and negotiation with the management of the Target Company and the Prospective Tendering Shareholders comprehensively taking into account the results of the appraisal by the market price analysis and the DCF analysis, etc. that were independently conducted by the Tender Offeror based on the results of the due diligence undertaken with respect to the Target Company and the hearing with the management of the Target Company.</p> <p>In the market price analysis, the Tender Offeror has calculated the per-share value to be from 330 yen to 362 yen based on the average closing market stock price of the common shares of the Target Company for the immediately preceding one month, three months and six months to January 25, 2012, on the Centrex Market (the average closing price for the immediately preceding one month period: 362 yen (fractions are rounded to the nearest whole number; hereinafter, the same calculation shall apply to any calculations of the average closing price unless otherwise specified); the average closing price for the immediately preceding three months period: 343 yen; and the average closing price for the immediately preceding six months period: 330 yen).</p> <p>In the DCF analysis, based on the earnings forecast of the Target Company for the fiscal year ended January 20, 2012, and thereafter, which takes into account the the business results of</p> |

|                           |  |
|---------------------------|--|
|                           | <p>the Target Company up to the recent period, publicly disclosed information and other factors, the Tender Offeror has calculated the per-share value to be from 437 yen to 513 yen analyzing the corporate value and the price of the common shares of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company in the future to the present value using a certain discount rate.</p> <p>The Tender Offeror did not receive an opinion from any third party appraiser when it conducted the above-mentioned calculation of the Tender Offer Price.</p> <p>The Tender Offer Price is equivalent to the price that adds a premium of approximately 71.31 % (fractions are rounded to the nearest hundredth; hereinafter, the same calculation shall apply to any calculations of premiums unless otherwise specified) to 366 yen, the closing price for the common shares of the Target Company on the Centrex Market on January 25, 2012, the business day immediately preceding the announcement of the implementation of the Tender Offer; a premium of approximately 73.20 % to 362 yen, the average closing price for the immediately preceding one month period (from December 26, 2011, to January 25, 2012); a premium of approximately 82.80 % to 343 yen, the average closing price for the immediately preceding three month period (from October 26, 2011, to January 25, 2012); and a premium of approximately 90.00 % to 330 yen, the average closing price for the immediately preceding six month period (from July 26, 2011 to January 25, 2012). The Tender Offer Price is equivalent to the price that adds a premium of approximately 60.77 % to 390 yen, the closing price for the common shares of the Target Company on the Centrex Market on January 26, 2012, the business day immediately preceding the date of the filing of this Statement.</p> |
| Background of Calculation | <p>(Process of Determining Tender Offer Price)</p> <p>The principal business of the Target Company is the “housing renovation and sales business,” which is namely a business to purchase secondhand houses from the real estate auction market and the real estate short sale market, renovate the</p>  |

houses and resell such renovated secondhand houses. The Target Company was incorporated in Kiryu city, Gunma prefecture, in September 1978 for the purpose of conducting a stone material business. In December 1988, the Target Company obtained a license for real estate transaction business, and started the buying and selling of real estate as well as an agency business thereof. Upon the amendment to the Civil Execution Act in 1998, the Target Company developed its business model for housing renovation and sales business, the current main business form of buying real estate at auction and selling them after renovating them. During the subsequent business expansion period, the Target Company expanded its business by establishing (i) Kabushiki Kaisha Property, which conducts a “business to operate revenue-generating properties,” which is namely a business to purchase revenue-generating properties at the real estate auction market and the real estate short sale market, raise the occupancy ratio of such properties, and then sell such properties as investment properties, (ii) Kabushiki Kaisha YUTORI Saiken Kaishu, which mainly conducts a servicer business to manage and collect various credits (mainly mortgage loan credits) and (iii) Kabushiki Kaisha Value Loan, which, when the Target Company sells its secondhand houses, offers financing to the purchasers for their funds to purchase the properties. However, the Target Company, which has been affected by the global financial crisis and the subsequent real estate recession in Japan, posted a net loss for the fiscal period ended in January 2008, mainly as a result of a significant decline in the profitability of the business to operate revenue-generating properties, which were mainly operated by Kabushiki Kaisha Property. Against this background, the Target Company has concentrated management resources on the housing renovation and sales business, its core business, and has made efforts to restore sound management. In such process, as management reconstruction measures, the Target Company, among other matters, (i) as to Kabushiki Kaisha YUTORI Saiken Kaishu, conducted a selling of the shares of Kabushiki Kaisha YUTORI Saiken Kaishu in March 2008, (ii) as to Kabushiki Kaisha Property, after disposing of its loss-generating properties,

conducted an absorption-type merger with the Target Company being the surviving company in October 2009 and (iii) as to Kabushiki Kaisha Value Loan, after cancelling its registration as money lending business provider by filing notification of discontinuance of business, shifted its business to one that focuses on the collection of the existing credited loans in July 2011 and, furthermore, while making efforts to maximize collection of the existing loans, considers selling such company itself, depending on the situation. Meanwhile, partly due to the influence of the Great East Japan Earthquake, the Target Company is still facing a challenging management environment, such as continuously posting a decrease in the monthly results in both purchases and sales compared to that for the same months last year. However, in connection with the housing renovation and sales business, the core business of the Target Company, the Tender Offeror evaluates that the Target Company has strength in each process of its business, such as (a) sourcing and purchasing at fair prices the target second-hand housing, (b) appropriately renovating such housing, and (c) reselling such housing at prices reflecting appropriate sales margins based on increased values. The Tender Offeror believes that it is possible to further expand the housing renovation and sales business by taking advantage of the Target Company's strength. Specifically, it believes that there are some strategic options, such as further expansion of the regional coverage and increase of regional share in each region. Also, it believes that, in order to further expand the purchase volume of good properties, expanding the purchase network to realize expansion of the purchase volume from the real estate short sale market is an important measure. In addition, the Tender Offeror acknowledges that a full-scale entry into the renovation business by the Target Company utilizing the know-how for renovation that has been acquired through the housing renovation and sales business is also an important strategy for further growth. Such policy for business expansion coincides with the national policy of activating transactions of real estate including secondhand houses which are promoted mainly by the Ministry of Land, Infrastructure, Transport and Tourism, and hence, the Tender Offeror

acknowledges that this will serve as a tail wind for further growth of the Target Company. On the other hand, the Tender Offeror acknowledges that, for the implementation of these measures, it is essential for the Target Company to expand the branch network and to actively invest in management resources such as human resources. Consequently, the Tender Offeror acknowledges that the implementation of these measures may not necessarily be appreciated by the capital market because it is expected that such implementation could cause, among other matters, a decrease in the profit level of the Target Company in the short term.

Taking these circumstances comprehensively into consideration, the Tender Offeror determined that in order to quickly respond to the management environment that the Target Company faces, quickly implement the new growth strategies and further improve the corporate value, it is necessary to set up the environment and system for the Target Company to steadily conduct an anticipatory investment as described above regardless of the short-term business results. Furthermore, the Tender Offeror determined that through giving full support to the Target Company to realize its growth strategies, based on the know-how accumulated through the management improvement activities carried out at a number of firms receiving investments of the funds for which Advantage Partners provides services, the Target Company will be able to acquire low-cost finance in the form of longer-term borrowing and to further accelerate the realization of its growth. Based on these determinations, the Tender Offeror decided to conduct the Transactions on January 26, 2012, as it determined that it would be best to proceed with the Privatization while taking into consideration the possibility of adverse effects on the general shareholders and also respecting the intentions of the general shareholders. The Tender Offeror is preparing to borrow from Mizuho Bank, Ltd. funds sufficient to refinance the entire amount of the existing borrowings of the Target Company for the purpose of appropriating such funds for the funds to refinance such existing borrowings, the funds to purchase properties, etc. in connection with the Transactions.

With respect to the matters considered above, Advantage Partners has held discussions with Mr. Tadao Suda and others, the founding members of the Target Company, from August 2011. Based on such discussion, on January 25, 2012, the Tender Offeror proposed the Transactions to the Board of Directors of the Target Company, and explained the proposed management policy for the Target Company to be taken after the Transactions.

In determining the Tender Offer Price, the Tender Offeror has decided that the Tender Offer Price for common shares of the Target Company shall be 627 yen per share as a result of discussion and negotiation with the management of the Target Company and the Prospective Tendering Shareholders comprehensively taking into account the results of the appraisal by the market price analysis and the DCF analysis, etc. that were independently conducted by the Tender Offeror based on the results of the due diligence undertaken with respect to the Target Company and the hearing with the management of the Target Company.

In the market price analysis, the Tender Offeror has calculated the per-share value to be from 330 yen to 362 yen based on the average closing market stock price of the common shares of the Target Company for the immediately preceding one month, three months and six months to January 25, 2012, on the Centrex Market (the average closing price for the immediately preceding one month period: 362 yen (fractions are rounded to the nearest whole number; hereinafter, the same calculation shall apply to any calculations of the average closing price unless otherwise specified); the average closing price for the immediately preceding three months period: 343 yen; and the average closing price for the immediately preceding six months period: 330 yen).

In the DCF analysis, based on the earnings forecast of the Target Company for the fiscal year ended January 20, 2012, and thereafter, which takes into account the the business results of

the Target Company up to the recent period, publicly disclosed information and other factors, the Tender Offeror has calculated the per-share value to be from 437 yen to 513 yen analyzing the corporate value and the price of the common shares of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company in the future to the present value using a certain discount rate.

The Tender Offeror did not receive an opinion from any third party appraiser when it conducted the above-mentioned calculation of the Tender Offer Price.

The Tender Offer Price is equivalent to the price that adds a premium of approximately 71.31 % (fractions are rounded to the nearest hundredth; hereinafter, the same calculation shall apply to any calculations of premiums unless otherwise specified) to 366 yen, the closing price for the common shares of the Target Company on the Centrex Market on January 25, 2012, the business day immediately preceding the announcement of the implementation of the Tender Offer; a premium of approximately 73.20 % to 362 yen, the average closing price for the immediately preceding one month period (from December 26, 2011, to January 25, 2012); a premium of approximately 82.80 % to 343 yen, the average closing price for the immediately preceding three month period (from October 26, 2011, to January 25, 2012); and a premium of approximately 90.00 % to 330 yen, the average closing price for the immediately preceding six month period (from July 26, 2011 to January 25, 2012). The Tender Offer Price is equivalent to the price that adds a premium of approximately 60.77 % to 390 yen, the closing price for the common shares of the Target Company on the Centrex Market on January 26, 2012, the business day immediately preceding the date of the filing of this Statement.

(Measures to Assure Fairness And Measures to Avoid Conflict of Interest)

The Tender Offeror and the Target Company have undertaken the measures principally as stated below for assuring

the fairness of the Transactions including the Tender Offer and for avoiding conflict of interest in terms of the assurance of the fairness of the Tender Offer Price, the exclusion of the arbitrariness of the decision-making process for the determination of implementing the Tender Offer and avoidance of potential conflicts of interest. The measures undertaken by the Target Company in the following statement are based on the statement of the Press Release of the Target Company or explanation received from the Target Company.

(i) Obtaining of Appraisal of Share Price by Target Company From Independent Third Party Appraiser

According to the Press Release of the Target Company, in reviewing the Tender Offer Price offered by the Tender Offeror, in order to assure the fairness of the decision-making process, the Board of Directors of the Target Company requested an appraisal of the price of the shares of the Target Company from Recolte, a third-party appraiser, which does not fall within a related party, being independent from the Tender Offeror and the Target Company and subsequently received from Recolte the Target Company Appraisal Report on January 25, 2012. Recolte was provided with materials, such as the current status of the business and the future business plan, from the management of the Target Company and, taking such information into account, conducted an appraisal of the per-share value of the Target Company using each of market price analysis and the capitalization method of analysis. Recolte did not adopt the DCF analysis because the Target Company does not formulate any medium-term business plan to be used as the basis for the DCF analysis, and alternatively, Recolte adopted the capitalization method of analysis. In addition, Recolte did not adopt the comparable company analysis because no listed company that is engaged in business similar to the Target Company's was identified as a result of its research. The Target Company did not obtain an opinion from Recolte regarding the fairness of the Tender Offer Price (fairness opinion).

The per-share value of the common shares of the Target

Company calculated using each of the above-mentioned methods of analysis is as described below.

(a) Market Price Analysis

In the market price analysis, using January 25, 2012, as the reference date, the per-share value of the common shares of the Target Company has been calculated to be from 330 yen to 366 yen, based on the closing price of the reference date (366 yen), an average closing price for one month from December 26, 2011, to the reference date (362 yen), an average closing price for three months from October 26, 2011, to the reference date (343 yen) and an average closing price for six months from July 26, 2011, to the reference date (330 yen) on the Centrex Market.

(b) Capitalization Method of Analysis

In the capitalization method of analysis, by analyzing the Target Company's historical business results, the profit structure and the forecasts of business results for the fiscal year ended January 20, 2012, based on materials and conducting hearings, establishing the minimum and maximum amount of a single-year operating profit that is expected to be able to record continuously in the future and assuming that such operating profit will be recorded continuously every fiscal year, the business value of the Target Company has been calculated taking taxes and WACC (Weighted Average Cost of Capital) into account, the shareholders' value has been analyzed by adding or subtracting interest bearing debt, cash and deposits (surplus money) and investment securities, which are non-operating assets, and the per-share value of the common shares of the Target Company has been calculated to be from 436 yen to 620 yen.

(ii) Advice From Independent Law Firm For Target Company

According to the Press Release of the Target Company, the Board of Directors of the Target Company appointed Reebaman Law Office, a third party independent from the Target Company and the Tender Offeror, as its legal advisor in order to assure the

transparency and reasonableness in the decision-making process, and requested legal advice as to the decision-making process, decision-making method and other matters that should be noted in the Transactions. The Board of Directors of the Target Company conducted careful discussions as to the propriety and terms and conditions of the Tender Offer and the Privatization in terms of improving the corporate value of the Target Company and protecting interests of the minority shareholders taking into account the legal advice from the said office as to the decision-making process, decision-making method and other matters that should be noted in connection with the Tender Offer and the Privatization. The Target Company appointed Reebaman Law Office as a legal advisor from the beginning, and there is no fact that the Target Company has changed its legal advisor.

(iii) Unanimous Approval by Non-Interested Directors And Corporate Auditors

According to the Press Release of the Target Company, upon receiving the proposal regarding the transaction for the purpose of causing the Tender Offeror to be the only shareholder of the Target Company in order to further improve the corporate value of the Target Company, the Board of Directors of the Target Company conducted careful discussions and review on the terms and conditions of the Transactions, including the Tender Offer, in terms of the improvement of the corporate value of the Target Company, taking into consideration the legal advice received from Reebaman Law Office, a legal advisor, and the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser.

As a result, the Board of Directors of the Target Company resolved at its meeting of the Board of Directors held on January 26, 2012, to express its support for the Tender Offer, considering that the Tender Offer to be conducted as a part of the Transactions will contribute to growth of the corporate value of the the Target Company. In addition, as a result of careful discussions and review of the appropriateness of the Tender

Offer Price and other terms and conditions of the Tender Offer proposed by the Tender Offeror in terms of, among other matters, the financial condition of the Target Company, business environment and fairness among shareholders, referring to the results of the appraisal of the Target Company Appraisal Report with respect to the common shares of the Target Company and the explanation of such results of the appraisal, which was obtained from Recolte, the Board of Directors of the Target Company determined that the Tender Offer Price offers the shareholders of the Target Company a price that is the average share price of the common shares of the Target Company on the Centrex Market for the most recent specified period (the average closing price for the immediately preceding one month to January 25, 2012: 362 yen (fractions are rounded to the nearest whole number; hereinafter, the same calculation shall apply to any calculations of the average closing price unless otherwise specified); immediately preceding three months: 343 yen; and immediately preceding six months: 330 yen) with a certain amount of premium added and also, comprehensively considering the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser, determined that the Tender Offer Price offers a reasonable opportunity to sell the common shares of the Target Company and the tender offer price for the common shares of the Target Company in the Tender Offer and other terms and conditions of the Tender Offer are fair for the shareholders of the Target Company, and thus, resolved at the said meeting of the Board of Directors to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.

Considering that, among the directors of the Target Company, Mr. Chikara Suda, the representative director, is a controlling shareholder and a special interested party, the Board of Directors conducted, at the above-mentioned meeting of the Board of Directors, discussions among all the directors (including 2 outside directors) excluding Mr. Chikara Suda in order to avoid potential conflicts of interest, based on the legal advice received from Reebaman Law Office, a legal advisor, and then a

|  |   |
|--|---|
|  | <p>unanimous approval of such directors was obtained in respect of the resolution to express support for the Tender Offer and to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.</p> <p>The discussions, review and negotiations between the Board of Directors of the Target Company and the Tender Offeror on the Transactions were conducted by Mr. Kiyoshi Akiyama, who is a director having no potential conflicts of interest, and Mr. Chikara Suda, in his position as a director of the Target Company, did not participate in the discussions, review and negotiations with the Tender Offeror.</p> <p>Furthermore, all of the corporate auditors of the Target Company (including 2 outside corporate auditors, and none of them has conflicts of interest in this case) attended the above-mentioned meeting of the Board of Directors and stated that they had no objection to the above-mentioned resolution to express support for the Tender Offer.</p> <p>(iv) Setting Relatively Long Tender Offer Period</p> <p>Regarding the Tender Offer Period, the Tender Offeror set the period of 32 business days, although the minimum period provided in the laws and regulations is 20 business days. The Tender Offeror assures the fairness of the Tender Offer Price through ensuring an appropriate opportunity for the shareholders of the Target Company to make decisions for tendering shares in the Tender Offer and also ensuring an opportunity for the persons other than the Tender Offeror to conduct purchase of shares in the Target Company by setting a relatively long Tender Offer Period.</p> |
|--|---|

(3) [Number of Shares to be Purchased]

| Number to be Purchased | Minimum Number to be Purchased | Maximum Number to be Purchased |
|------------------------|--------------------------------|--------------------------------|
| 20,731,673 (shares)    | 13,821,100 (shares)            | — (shares)                     |

(Note 1) The number to be purchased is the number of shares (20,731,673 shares) obtained by subtracting the number of treasury shares (293,227 shares) held by the Target Company as

of October 20, 2011, as set forth in the Quarterly Report and the number of shares held by the Tender Offeror as of the date of the filing of this Statement (100 shares), all of which are not planned to be acquired through the Tender Offer, from the total number of issued shares (21,025,000 shares) as of October 20, 2011, as set forth in the same quarterly report.

(Note 2) If the total number of the tendered shares is less than the minimum number of shares to be purchased (13,821,100 shares), no tendered shares will be purchased. If the total number of the tendered shares is equal to or greater than the minimum number of shares to be purchased (13,821,100 shares), all tendered shares will be purchased.

(Note 3) In the Tender Offer, fractional unit shares of the Target Company are also subject to the purchase. If any shareholder of the Target Company exercises its right to request the purchase of fractional unit shares pursuant to the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period pursuant to the laws and regulations. In this case, the Target Company purchases such shares at a price determined under the laws and regulations and the share handling regulations of the Target Company.

(Note 4) With respect to the treasury shares held by the Target Company, the Tender Offeror has no plan to acquire such shares through the Tender Offer.

## 5. [Holding Ratio of Shares After Purchase]

| Category   | Number of Voting Rights |
|--|-------------------------|
| Number of Voting Rights Represented by Shares to be Purchased (a)  | 207,316                 |
| Of (a), Number of Voting Rights Represented by Shares (dilutive) (b)   | —                       |
| Of (b), Number of Voting Rights Represented by Trust Beneficiary Certificates And Depository Receipts For Shares (c)                 | —                       |
| Number of Voting Rights Represented by Shares Held by Tender Offeror (as of January 27, 2012) (d)                                    | 1                       |
| Of (d), Number of Voting Rights Represented by Shares (dilutive) (e)   | —                       |
| Of (e), Number of Voting Rights Represented by Trust Beneficiary Certificates And Depository Receipts For Shares (f)                 | —                       |
| Number of Voting Rights Represented by Shares Held by Special Related Parties (as of January 27, 2012) (g)                           | —                       |
| Of (g), Number of Voting Rights Represented by Shares (dilutive) (h)   | —                       |
| Of (h), Number of Voting Rights Represented by Trust Beneficiary Certificates And Depository Receipts For Shares (i)                 | —                       |
| Number of Voting Rights of All Shareholders of Target Company (as of July 20, 2011) (j)  | 207,315                 |
| Ratio of Number of Voting Rights Represented by Shares to be Purchased Against Number of Voting Rights of All Shareholders (a/j) (%) | 100.00                  |
| Holding Ratio of Shares After Purchase<br>$((a + d + g) / (j + (b - c) + (e - f) + (h - i)) \times 100)$ (%)                         | 100.00                  |

(Note 1) The “Number of Voting Rights Represented by Shares to be Purchased (a)” indicates the number of voting rights represented by shares to be purchased in the Tender Offer (20,731,673 shares).

(Note 2) The “Number of Voting Rights of All Shareholders of Target Company (j)” indicates the number of voting rights of all the Target Company’s shareholders as of July 20, 2011, as set forth in the Quarterly Report. Provided, however, that fractional unit shares are also subject to the Tender Offer, therefore, with respect to the calculation for the “Ratio of Number of Voting Rights Represented by Shares to be Purchased Against Number of Voting Rights of All Shareholders” and “Holding Ratio of Shares After Purchase,” the denominator is counted as 207,317, the number of voting rights represented by such number of shares (20,731,773 shares) as is obtained by subtracting (a) the number of the treasury shares held by the Target Company as of October 20, 2011, as set forth in the Quarterly Report (293,227 shares), from (b) the total number of issued shares of the Target Company as of October 20, 2011, as set forth in the Quarterly Report (21,025,000 shares).

(Note 3) With respect to the “Ratio of Number of Voting Rights Represented by Shares to be Purchased Against Number of Voting Rights of All Shareholders” and the “Holding Ratio of Shares After Purchase,” fractions are rounded to the nearest hundredth.

**6. [Authorizations, Etc. in Connection With Acquiring Shares]**

Not Applicable

## 7. [Method of Tendering Shares And Cancellation]

### (1) [Method of Tendering Shares]

#### (i) Tender Offer Agent

Daiwa Securities Capital Markets Co. Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

The Tender Offer Agent has appointed the following sub-agent to partially delegate its affairs:

Daiwa Securities Co. Ltd. (the "Sub-Agent") 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(Note) Daiwa Securities Capital Markets Co. Ltd. and Daiwa Securities Co. Ltd. plan to conduct an absorption-type merger, effective on April 1, 2012, with Daiwa Securities Co. Ltd. being the surviving company and Daiwa Securities Capital Markets Co. Ltd. being the absorbed company. The rights and obligations of Daiwa Securities Capital Markets Co. Ltd. concerning the Tender Offer are scheduled to be succeeded by Daiwa Securities Co. Ltd. on April 1, 2012. There will be no change in procedures for the Tender Offer before or after the succession of the rights and obligations resulting from such absorption-type merger coming into effect if the Tender Offer Period is extended and the last day of the Tender Offer Period or the commencement date of the settlement concerning the Tender Offer falls on a day later than April 1, 2012; the same shall apply hereinafter.

(ii) Those who accept the offer to purchase, or make an offer to sell, the shares subject to the Tender Offer (the "Tendering Shareholders") are requested to fill out the "Tender Offer Application Form" and to submit such form to each head office or any branches of the Tender Offer Agent or the Sub-Agent in Japan (if a Tendering Shareholder already has an account at any office or branch of the Tender Offer Agent or the Sub-Agent, then to such office or branch), by 16:00 on the last day of the Tender Offer Period.

(iii) Common shares to be tendered in the Tender Offer need to be recorded at accounts set up in the name of the Tendering Shareholders by the Tendering Shareholders at the Tender Offer Agent or the Sub-Agent (the "Tendering Shareholder Account"). Accordingly, if the common shares to be tendered are recorded in accounts at a financial instruments business operators other than the Tender Offer Agent or the Sub-Agent (including those recorded in a special account at The Sumitomo Trust and Banking Co., Ltd., the administrator of the shareholder registry of the Target Company), such common shares will need to be transferred into a Tendering Shareholder Account set up at the Tender Offer Agent or the Sub-Agent before they are tendered in the Tender Offer. No shares tendered through any financial instruments business operators other than the Tender Offer Agent or the Sub-Agent will be accepted in the Tender Offer.

- (iv) In order to tender the shares in the Tender Offer, the Tendering Shareholders need to bring the seal registered with the Tender Offer Agent or the Sub Agent when setting up the Tendering Shareholder Account, as well as the above-mentioned “Tender Offer Application Form.” In addition, identification documents may be necessary to tender the shares in the Tender Offer. (Note 1 and Note 2)
- (v) For shareholders who reside outside Japan (including corporate shareholders; the “Non-Resident Shareholders”), please apply through standing proxies residing in Japan (the Non-Resident Shareholders will be requested to provide a power of attorney or a certified copy of the standing proxy agreement through the standing proxy).
- (vi) For individual shareholders, any difference between the proceeds from the sold shares and the original cost to acquire the shares will be subject to a self-assessment taxation separate from other income with respect to capital gains, etc. on shares, etc. (Note 3)
- (vii) When the shares are tendered, a “Receipt of Tender” will be issued to the Tendering Shareholders.
- (viii) With respect to details for the procedures to tender shares recorded in the special accounts set up at The Sumitomo Trust and Banking Co., Ltd., administrator of shareholder registry of the Target Company (i.e., transfer procedures to the Tendering Shareholder Accounts), please consult with the Tender Offer Agent or the Sub-Agent, or The Sumitomo Trust and Banking Co., Ltd., which is the account management institution of the special accounts. (Note 4)

(Note 1) Identification documents

The identification documents below are necessary when setting up a new account at the Tender Offer Agent or the Sub-Agent, or when Non-Resident Shareholders tender through their standing proxies residing in Japan (corporate shareholders need to submit their identification documents and the identification documents of the person in charge of the transfer of shares). Please consult with the Tender Offer Agent or the Sub-Agent for details pertaining to the identification documents.

Individuals Certificate of registered seal (*inkan-touroku-shomeisho*), health insurance card (*kenkou-hoken-sho*), driver’s license, passport, etc.

\* The identification documents must indicate: (i) name; (ii) address; and (iii) date of birth

Corporations

Certified copy of corporate registry; documents issued by government

agencies, etc.

\* The identification documents must indicate: (i) corporate name; and (ii) location of head offices or principal office

#### Non-Resident Shareholders

For foreign individuals (other than residents) and corporations with their head office or principal office in a foreign country, documents or similar items issued by a foreign government recognized by the Japanese government or a competent international organization and are equivalent to identification documents for residents in Japan (identification documents with respect to individuals are limited to documents that specify his/her name, address and date of birth and identification documents with respect to corporations are limited to documents that specify its corporate name and the location of head office or principal office.)

(Note 2) Delivery of transactional documents by post

Transactional documents will be delivered by post to the address or location specified in the identification documents, in order to notify that the identification procedure was duly completed.

(Note 3) Self-assessment taxation separate from other income with respect to capital gains, etc. on shares, etc. (for individual shareholders)

For individual shareholders, a transfer of shares, etc. will be subject to self-assessment taxation separate from other income. Please consult with licensed tax accountant or other expert regarding any specific questions and make own decisions.

(Note 4) Transfer procedures from special accounts

As stated in (iii) above, in order to tender the shares in the Tender Offer, the shares recorded in the special account need to be transferred to the Tendering Shareholder Account set up at the Tender Offer Agent or the Sub-Agent.

#### (2) [Method of Cancellation]

Tendering Shareholders may cancel the agreement to tender shares in the Tender Offer at any time during the Tender Offer Period. In the event of cancelling the agreement, please bring or send by post cancellation documents (i.e., the Receipt of Tender and a notice for the cancellation) to the head office or branch of the Tender Offer Agent or the Sub-Agent that accepted the tender pursuant to “(4) Matters Related to Tendering Shareholders’ Right to Cancel Agreement” of “11. Other Conditions And Methods For Purchase” described below, by 16:00 on the last day of the Tender Offer Period; provided, if sending by post, the termination documents must arrive by 16:00 on the last day of Tender Offer Period.

Person authorized to receive the termination documents:

Daiwa Securities Capital Markets Co. Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo  
(and other Daiwa Securities Capital Markets branches in Japan)

Daiwa Securities Co. Ltd.

9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo  
(and other Daiwa Securities branches in Japan)

(3) [Method of Returning Shares]

In the event that a Tendering Shareholder requests to cancel the agreement to tender shares in the Tender Offer through the method described in “(2) Method of Cancellation” of “7. Method of Tendering Shares And Cancellation” above, the tendered shares will be returned by the method described in “(4) Method of Returning Shares” of “10. Method of Settlement” below, promptly after completing the cancellation procedures.

(4) [Name And Location of Head Office of Financial Instruments Business Operator And Bank Responsible For Custody And Return of Shares]

Daiwa Securities Capital Markets Co. Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Daiwa Securities Co. Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

## 8. [Funds Required For Purchase]

(1) [Funds Required For Purchase]

|   |                |
|---|----------------|
| Cash Consideration For Purchase (Yen) (a)     | 12,998,758,971 |
| Type of Consideration Other Than Cash         | —              |
| Total Amount of Consideration Other Than Cash | —              |
| Commission (b)                                | 40,000,000     |
| Others (c)                                    | 10,000,000     |
| Total (a)+(b)+(c)                             | 13,048,758,971 |

(Note 1) The “Cash Consideration For Purchase (Yen) (a)” is the amount calculated by multiplying the number of shares to be purchased (20,731,673 shares) in the Tender Offer by the Tender Offer Price per share (627 yen).

(Note 2) The “Commission (b)” is the estimated fees to be paid to the Tender Offer Agent.

(Note 3) The “Others (c)” is comprised of the estimated amount of the printing expenses for the public notice, the tender offer explanatory statement and other necessary documents and other expenses with respect to the Tender Offer.

(Note 4) The expenses to be paid to the Tender Offer Agent and fees to legal counsel, etc. will also be paid. The amounts of such expenses and fees will be determined after the completion of the Tender Offer.

(Note 5) The amounts above do not include consumption tax, etc.

(2) [Deposits or Borrowings That May be Applied to Funds Necessary For Purchase]

(i) [Deposits as of One or Two Days Prior to Filing Date]

| Type of Deposits | Amount (thousand yen) |
|------------------|-----------------------|
| —                | —                     |
| Total (a)        | —                     |

(ii) [Borrowings Before Filing Date]

a. [Financial Institutions]

|       | Lender's Business Category | Name, Etc. of Lender | Terms of Loan Agreement | Amount (thousand yen) |
|-------|----------------------------|----------------------|-------------------------|-----------------------|
| 1     | —                          | —                    | —                       | —                     |
| 2     | —                          | —                    | —                       | —                     |
| Total |                            |                      |                         | —                     |

b. [Non-Financial Institutions]

| Lender's Business Category | Name, Etc. of Lender | Terms of Loan Agreement | Amount (thousand yen) |
|----------------------------|----------------------|-------------------------|-----------------------|
| —                          | —                    | —                       | —                     |
| —                          | —                    | —                       | —                     |
| Total                      |                      |                         | —                     |

(iii) [Funds to be Borrowed After Filing Date]

a. [Financial Institutions]

|           | Lender's Business Category | Name, Etc. of Lender | Terms of Loan Agreement | Amount (thousand yen) |
|-----------|----------------------------|----------------------|-------------------------|-----------------------|
| 1         | —                          | —                    | —                       | —                     |
| 2         | —                          | —                    | —                       | —                     |
| Total (b) |                            |                      |                         | —                     |

b. [Non-Financial Institutions]

| Lender's Business Category | Name, Etc. of Lender | Terms of Loan Agreement | Amount (thousand yen) |
|----------------------------|----------------------|-------------------------|-----------------------|
| —                          | —                    | —                       | —                     |

|           |   |
|-----------|---|
| Total (c) | — |
|-----------|---|

(iv) [Other Methods of Financing]

| Content   | Amount (thousand yen) |
|---|-----------------------|
| Subscription of Common Shares by Advantage Partners IV, LLP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors) (Note1) | 5,893,625             |
| Subscription of Common Shares by SMS AIV (Note 2)   | 3,596,249             |
| Subscription of Common Shares by AP Cayman Partners II, L.P. (Note 1)   | 259,315               |
| Subscription of Common Shares by Japan Ireland Investment Partners (Note 1)   | 3,350,812             |
| Total (d)   | 13,100,000            |

(Note 1) In connection with the above-mentioned financing, the Tender Offeror has procured, on January 26, 2012, certificates from Advantage Partners IV, LLP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors), AP Cayman Partners II, L.P. and Japan Ireland Investment Partners, stating that they will make capital contributions in an amount up to 5,893,624,500 yen, 259,314,500 yen and 3,350,811,571 yen, respectively. In addition, the Tender Offeror has confirmed that each of such parties has bank balances that exceed the amount to be contributed by the party described in the table above, by the certificate of bank balances of each of such parties.

(Note 2) In connection with the above-mentioned financing, the Tender Offeror has procured, on January 26, 2012, a certificate from SMS AIV stating that it will make a capital contribution in an amount up to 3,596,249,429 yen. SMS AIV has procured, on January 26, 2012, a certificate from SMS AIV, L.P., stating that it will make a capital contribution in an amount up to 3,596,249,429 yen. In addition, the Tender Offeror has confirmed that SMS AIV, L.P. has procured the funds for making the above-mentioned contribution, by the certificate of bank balances of the bank account held by Cayman Capital Management II, Inc., the general partner of AP Cayman Partners II General Partner, L.P., which is the general partner of SMS AIV, L.P.

(v) [Total Amount of Deposits And Borrowings That May be Applied to Funds Necessary For Purchase]

13,100,000 thousand yen ((a)+(b)+(c)+(d))

- (3) [Relationship Between Issuer of Securities to be Provided as Consideration For Purchase And Tender Offeror]  
Not Applicable

**9. [Status of Issuer of Securities to be Provided as Consideration For Purchase]**

Not Applicable

## 10. [Method of Settlement]

- (1) [Name And Location of Head Office of Financial Instruments Business Operator And Bank Responsible For Settlement of Purchase]

Daiwa Securities Capital Markets Co. Ltd.           9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Daiwa Securities Co. Ltd.                           9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

- (2) [Settlement Commencement Date]

March 19, 2012 (Monday)

- (3) [Method of Settlement]

Without delay after the expiry of the Tender Offer Period, a notice of purchase will be posted to the addresses or the locations of Tendering Shareholders (in the case of Non-Resident Shareholders, to the address of their standing proxies in Japan).

The purchase will be made by cash. Payment of the proceeds from the sale of shares will be remitted by the Tender Offer Agent or the Sub-Agent to the place designated by the Tendering Shareholders (in the case of Non-Resident Shareholders, their standing proxies in Japan) (the Tendering Shareholders may be charged with bank fees for the remittance), or will be paid to the accounts of the Tendering Shareholders at the Tender Offer Agent or the Sub-Agent which accepted the tender offer, whichever as instructed by the Tendering Shareholders, without delay after the settlement commencement date.

- (4) [Method of Returning Shares]

If, pursuant to the conditions set forth in “(1) Existence And Contents of Conditions Set Forth in Each Item in Article 27-13, Paragraph 4 of Law” or “(2) Existence of Conditions to Withdraw Tender Offer, Its Contents And Method of Disclosing Withdrawal, Etc.” in “11. Other Conditions And Methods For Purchase” below, the purchase of the shares is not undertaken, the shares to be returned will be returned without delay after two business days from the last day of the Tender Offer Period (in the event that the Tender Offer is withdrawn, the date of the withdrawal), by resetting the Tendering Shareholder Accounts at the Tender Offer Agent or the Sub-Agent to the original state at the time when the shares were tendered.

## 11. [Other Conditions And Methods For Purchase]

- (1) [Existence And Contents of Conditions Set Forth in Each Item in Article 27-13, Paragraph 4 of Law]

If the total number of the tendered shares is less than the minimum number of shares to be purchased (13,821,100 shares), no tendered shares will be purchased. If the total number of the tendered shares is equal to or more than the minimum number of shares to be purchased (13,821,100 shares), all tendered shares will be purchased.

- (2) [Existence of Conditions to Withdraw Tender Offer, Its Contents And Method of Disclosing Withdrawal, Etc.]

In the event that any of the matters set forth in Article 14, Paragraph 1, Item 1 (a)-(i) and (l)-(r), Item 3 (a)-(h) and (j), Item 5 and Paragraph 2, Item 3-6 of the same article of the Order occurs, the Tender Offer may be withdrawn.

With respect to Article 14, Paragraph 1, Item 3 (j) of the Order, the Tender Offeror designates the event that it is found that any false statement concerning material matters is contained or that any material matter that needs to be stated is missing in the statutory disclosure documents filed by the Target Company in the past.

When withdrawing the Tender Offer, an electronic public notice will be posted and a notice of such posting will be listed in the Nihon Keizai Shinbun. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, a public announcement will be made in a way set forth in Article 20 of the Cabinet Office Ordinance, and a public notice will be made promptly thereafter.

- (3) [Existence of Conditions to Reduce Purchase Price, Its Contents And Method of Disclosing Reduction]

Pursuant to the provisions of Article 27-6, Paragraph 1, Item 1 of the Law, in the event that the Target Company takes any of the actions set forth in Article 13, Paragraph 1 of the Order during the Tender Offer Period, the purchase price may be reduced in accordance with the standard set forth in Article 19, Paragraph 1 of the Cabinet Office Ordinance.

When reducing the purchase price, an electronic public notice will be posted and notice of such posting will be listed in the Nihon Keizai Shinbun. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, a public announcement will be made in a way set forth in Article 20 of the Cabinet Office Ordinance, and a public notice will be made promptly thereafter. If the purchase price is reduced, the shares tendered before such public notice will also be purchased at the reduced purchase price.

(4) [Matters Related to Tendering Shareholders' Right to Cancel Agreement]

Tendering Shareholders may cancel the agreement to tender shares in the Tender Offer, at any time during the Tender Offer Period. In the event of cancelling the agreement, please bring or send by post cancellation documents (i.e., the Receipt of Tender and a notice for the cancellation) to the head office or branch of the Tender Offer Agent or the Sub-Agent that accepted the tender by 16:00 on the last day of the Tender Offer Period; provided, if sending by post, the termination documents must arrive by 16:00 on the last day of Tender Offer Period.

No compensation for damages or penalty payments associated with cancellation by a Tendering Shareholder will be claimed against any Tendering Shareholders by the Tender Offeror. In addition, costs for returning the tendered shares will be borne by the Tender Offeror. When cancellation is requested, the tendered shares will be returned promptly after the completion of the procedures in the manner described in "(4) Method of Returning Shares" in "10. Method of Settlement" above.

(5) [Method of Disclosure When Revising Terms And Conditions of Tender Offer]

The Tender Offeror may revise the terms and conditions of the Tender Offer unless it is prohibited under Article 27-6, Paragraph 1 of the Law and Article 13 of the Order.

When revising the terms and conditions of the Tender Offer, an electronic public notice will be posted, and a notice of such posting will be listed in the Nihon Keizai Shinbun. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, a public announcement will be made in a way set forth in Article 20 of the Cabinet Office Ordinance, and a public notice will be made promptly thereafter. If the terms and conditions of the Tender Offer are revised, the shares tendered before the public notice will also be purchased under the revised terms and conditions of the Tender Offer.

(6) [Method of Disclosure When Filing Amendment Statement]

In the event that an Amendment Statement is filed with the Director-General of the Kanto Local Finance Bureau, those sections of the Amendment Statement that are related to the contents described in the public notice with respect to the commencement of the Tender Offer will be publicly announced in accordance with the method set forth in Article 20 of the Cabinet Office Ordinance. In addition, the tender offer explanatory statement will be promptly amended, and an amended tender offer explanatory statement will be distributed to Tendering Shareholders who have already received the tender offer explanatory statement. However, if the amendments are minor, the amendment may be made by preparing a document describing the reasons for the amendment, the matters subject to amendment and the amended contents, and by providing the Tendering Shareholders with such document.

(7) [Method of Disclosing Result of Tender Offer]

The result of the Tender Offer shall be publicly announced in accordance with the method set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance on the day immediately following the last day of the Tender Offer Period.

## No. 2 [Status of Tender Offeror]

### 1. [In Case of Company]

#### (1) [Overview of Company]

##### (i) [History of Company]

The Tender Offeror was incorporated as a corporation (*kabushiki kaisha*) in November 2011, with its corporate name as Nihon Jutaku Saisei Co., Ltd., with the location of its head office at 1-28, Toranomom 4-chome, Minato-ku, Tokyo, and with a capital amount of 250,000 yen.

##### (ii) [Purpose And Business of Company]

###### (Purpose of Company)

1. Acquisition and holding of securities;
2. To control and manage the business activities of companies by acquiring the shares of such companies; and
3. Any businesses incidental to and/or related to each of the preceding items.

###### (Details of Business)

The principal business of the Tender Offeror is to acquire and hold the shares of the Target Company and to control and manage the Target Company's businesses after the Tender Offer.

##### (iii) [Capital Amount And Total Number of Issued Shares]

as of January 27, 2012

| Capital Amount (yen) | Total Number of Issued Shares (shares) |
|----------------------|--|
| 250,000              | 500,050                                |

(Note 1) Breakdown of the total number of issued shares is 50 common shares and 500,000 Class-A shares. The Class-A shares are all treasury shares that are held by the Tender Offeror.

(Note 2) In the event that the Additional Investment (scheduled to be 13,100,000,000 yen) is made after the completion of the Tender Offer, the capital amount described in the above table is planned to be increased by the amount equivalent to the half of the amount of the Additional Investment (scheduled to be 6,550,000,000 yen).

##### (iv) [Major Shareholder]

as of January 27, 2012

| Name   | Location or Address                 | Number of Shares (shares) | Holding Ratio (%) |
|--|-------------------------------------|---------------------------|-------------------|
| Advantage Partners IV, LLP (Only for Qualified | 1-28, Toranomom 4-chome, Minato-ku, | 50                        | 100.00            |

|  |       |    |        |
|--|-------|----|--------|
| Institutional Investors<br>(with Resale Restriction<br>to Non-Qualified<br>Institutional Investors)<br>and for a Small Number<br>of Other Investors) | Tokyo |    |        |
| Total  |       | 50 | 100.00 |

(Note 1) The shares held by the major shareholder listed above are all common shares. In the calculation for "Holding Ratio" above, the total issued shares are calculated as 50 shares since, among the issued shares of the Tender Offeror, 500,000 Class-A shares are all treasury shares that are held by the Tender Offeror.

(Note 2) The holding ratio after the Additional Investment is made is scheduled to be around 45% for Advantage Partners IV, LLP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors), around 27% for SMS AIV, around 2% for AP Cayman Partners II, L.P. and around 26% for Japan Ireland Investment Partners.

(v) [Professional Experience And Held Shares of Officers]

as of January 27, 2012

| Title                   | Occupation | Name              | Date of Birth    | Professional Experience  | Held Shares (shares) |
|-------------------------|------------|-------------------|------------------|--|----------------------|
| Representative Director | -          | Yukinori Sugiyama | January 30, 1972 | April 1996 Joined Proctor & Gamble Far East, Inc. (P&G)<br>June 2002 Joined General Electric International, Inc. (GE)<br>July 2004 Transferred to GE Japan Corporation (former company name: GE Real Estate Corporation)<br>November 2006 Joined Advantage Partners, LLP<br>Principal of Advantage Partners, LLP (present post)<br>December 2006 Director of APFH Co., Ltd. (present post) | —                    |

|       |  |  |  |                |  |   |
|-------|--|--|--|----------------|--|---|
|       |  |  |  | December 2006  | Director of APFH2 Co., Ltd. (present post)   |   |
|       |  |  |  | February 2007  | Director of KAZAKA Financial Group Co., Ltd. (present post)  |   |
|       |  |  |  | April 2008     | Director of United Communities Co., Ltd. (present post)  |   |
|       |  |  |  | April 2008     | Director of Community One. Co., Ltd. (former company name: Dia Community Service Co., Ltd.) (present post) |   |
|       |  |  |  | June 2008      | Director of BitCash Inc.   |   |
|       |  |  |  | June 2009      | Director of KAZAKA Securities Co., Ltd. (present post)   |   |
|       |  |  |  | September 2010 | Director of Yoko Buil System Co., Ltd. (present post)  |   |
|       |  |  |  | October 2010   | Director of MARIMO COMMUNITY Co., Ltd. (present post)  |   |
|       |  |  |  | November 2011  | Representative director of Nihon Jutaku Saisei Co., Ltd. (present post)                                    |   |
| Total |  |  |  |                |  | — |

(2) [Financial Conditions]

The Tender Offeror is a company that was incorporated on November 17, 2011. As of the date of the filing of this Statement, the first fiscal year commencing from the incorporation date has not passed and, therefore, financial statements have not been prepared.

(3) [Matters Concerning Tender Offeror Subject to Continuous Disclosure Requirement]

(i) [Documents Filed by Tender Offeror]

a. [Securities Report and Documents Attached Thereto]

b. [Quarterly Report or Semi-Annual Securities Report]

c. [Amendment Report]

(ii) [Location at Which Above Documents Are Available to Public]

**2. [In Case of Organization Other Than Company]**

Not Applicable

**3. [In Case of Individual]**

Not Applicable

### No.3 [Ownership And Trade of Shares by Tender Offeror And Special Related Parties]

#### 1. [Ownership of Shares]

(1) [Total Ownership of Shares by Tender Offeror And Special Related Parties]

(as of January 27, 2012)

|                                       | Number of Shars Held | Number of Shares Under Order Article 7, Paragraph 1, Item 2 | Number of Shares Under Order Article 7, Paragraph 1, Item 3 |
|---------------------------------------|----------------------|---|---|
| Shares                                | 1 (unit)             | - (units)   | - (units)   |
| Stock Options                         | -                    | -   | -   |
| Bonds With Stock Options              | -                    | -   | -   |
| Trust Beneficiary Securities<br>( )   | -                    | -   | -   |
| Depository Receipts for Shares<br>( ) | -                    | -   | -   |
| Total                                 | 1                    | -   | -   |
| Total Number of Shares Held           | 1                    | -   | -   |
| (Total Number of Shares (dilutive))   | (-)                  | -   | -   |

(2) [Ownership of Shares by Tender Offeror]

(as of January 27, 2012)

|                                     | Number of Shares Held | Number of Shares Under Order Article 7, Paragraph 1, Item 2 | Number of Shares Under Order Article 7, Paragraph 1, Item 3 |
|-------------------------------------|-----------------------|---|---|
| Shares                              | 1 (unit)              | - (units)   | - (units)   |
| Stock Options                       | -                     | -   | -   |
| Bonds With Stock Options            | -                     | -   | -   |
| Trust Beneficiary Securities<br>( ) | -                     | -   | -   |

|                                       |     |   |   |
|---------------------------------------|-----|---|---|
| Depository Receipts for Shares<br>( ) | -   | - | - |
| Total                                 | 1   | - | - |
| Total Number of Shares Held           | 1   | - | - |
| (Total Number of Shares (dilutive))   | (-) | - | - |

(3) [Ownership of Shares by Special Related Parties (In Total)]  
Not Applicable

(4) [Ownership of Shares by Special Related Parties (Breakdown by Each Such Party)]  
Not Applicable

## 2. [Trade of Shares]

(1) [Trade During 60 Day-Period Prior to Filing Date]

| Name                          | Class of Shares | Increase in Number of Shares | Decrease in Number of Shares | Balance    |
|-------------------------------|-----------------|------------------------------|------------------------------|------------|
| Nihon Jutaku Saisei Co., Ltd. | Common Shares   | 100 shares                   | -                            | 100 shares |

(Note) Under a share transfer agreement dated November 30, 2011, on December 28, 2011, Nihon Jutaku Saisei Co., Ltd. acquired 100 shares from Mr. Tadao Suda off market at 328 yen per share.

3. [Material Agreements Entered Into Regarding Shares]  
Not Applicable

4. [Agreements to Purchase Shares After Filing Date]  
Not Applicable

## **No. 4 [Transactions Between Tender Offeror And Target Company]**

### **1. [Existence And Details of Transactions Between Tender Offeror And Target Company or Its Officers]**

Not Applicable

### **2. [Existence And Details of Agreements Between Tender Offeror And Target Company or Its Officers]**

#### **(1) Existence And Details of Agreements Between Tender Offeror And Target Company**

According to the Press Release of the Target Company, upon receiving the proposal regarding the transaction for the purpose of causing the Tender Offeror to be the only shareholder of the Target Company in order to further improve the corporate value of the Target Company, the Board of Directors of the Target Company conducted careful discussions and review on the terms and conditions of the Transactions, including the Tender Offer, in terms of the improvement of the corporate value of the Target Company, taking into consideration the legal advice received from Reebaman Law Office, a legal advisor, and the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser.

As a result, the Board of Directors of the Target Company resolved at its meeting of the Board of Directors held on January 26, 2012, to express its support for the Tender Offer, considering that the Tender Offer to be conducted as a part of the Transactions will contribute to growth of the corporate value of the Target Company. In addition, as a result of careful discussions and review of the appropriateness of the Tender Offer Price and other terms and conditions of the Tender Offer proposed by the Tender Offeror in terms of, among other matters, the financial condition of the Target Company, business environment and fairness among shareholders, referring to the results of the appraisal of the Target Company Appraisal Report with respect to the common shares of the Target Company and the explanation of such results of the appraisal, which was obtained from Recolte, the Board of Directors of the Target Company determined that the Tender Offer Price offers the shareholders of the Target Company a price that is the average share price of the common shares of the Target Company on the Centrex Market for the most recent specified period (the average closing price for the immediately preceding one month to January 25, 2012: 362 yen (fractions are rounded to the nearest whole number; hereinafter, the same calculation shall apply to any calculations of the average closing price unless otherwise specified); immediately preceding three months: 343 yen; and immediately preceding six months: 330 yen) with a certain amount of premium added and also, comprehensively considering the contents of the Target Company Appraisal Report obtained from Recolte, a third party appraiser, determined that the Tender Offer Price offers a reasonable opportunity to sell the common shares of the Target Company and the tender offer price for the

common shares of the Target Company in the Tender Offer and other terms and conditions of the Tender Offer are fair for the shareholders of the Target Company, and thus, resolved at the said meeting of the Board of Directors to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.

Considering that, among the directors of the Target Company, Mr. Chikara Suda, the representative director, is a controlling shareholder and a special interested party, the Board of Directors conducted, at the above-mentioned meeting of the Board of Directors, discussions among all the directors (including 2 outside directors) excluding Mr. Chikara Suda in order to avoid potential conflicts of interest, based on the legal advice received from Reebaman Law Office, a legal advisor, and then a unanimous approval of such directors was obtained in respect of the resolution to express support for the Tender Offer and to recommend to the shareholders of the Target Company that they tender their shares in the Tender Offer.

The discussions, review and negotiations between the Board of Directors of the Target Company and the Tender Offeror on the Transactions were conducted by Mr. Kiyoshi Akiyama, who is a director having no potential conflicts of interest, and Mr. Chikara Suda, in his position as a director of the Target Company, did not participate in the discussions, review and negotiations with the Tender Offeror.

Furthermore, all of the corporate auditors of the Target Company (including 2 outside corporate auditors, and none of them has conflicts of interest in this case) attended the above-mentioned meeting of the Board of Directors and stated that they had no objection to the above-mentioned resolution to express support for the Tender Offer.

## (2) Existence And Details of Agreements Between Tender Offeror And Target Company's Officers

In connection with the Tender Offer, the Tender Offeror agreed with Mr. Chikara Suda, the representative director of the Target Company, on January 26, 2012, that Mr. Chikara Suda tender all the common shares of the Target Company held by Mr. Chikara Suda (3,559,400 shares; holding ratio 17.17 %) in the Tender Offer, and entered into the Tender Offer Agreement (B).

In the Tender Offer Agreement (B), the Tender Offeror and Mr. Chikara Suda agreed either to grant a comprehensive power of attorney to a designee of the Tender Offeror or to exercise the voting rights with respect to the common shares of the Target Company held by Mr. Chikara Suda pursuant to the Tender Offeror's instruction at the Annual Shareholders Meeting, on the condition that the Tender Offer is completed. No conditions precedent are specified in the Tender Offer Agreement (B) for Mr. Chikara Suda to tender in the Tender Offer.

## No. 5 [Status of Target Company]

### 1. [Profits And Losses of Past Three Years]

#### (1) [Profits And Losses]

| Fiscal Year                                     | — | — | — |
|---|---|---|---|
| Sales Amount                                    | — | — | — |
| Cost of Sales                                   | — | — | — |
| Selling, General And<br>Administrative Expenses | — | — | — |
| Non-Operating Income                            | — | — | — |
| Non-Operating Expense                           | — | — | — |
| Net Profit (Net Loss) For Term                  | — | — | — |

#### (2) [Results Per Share]

| Fiscal Year                   | — | — | — |
|-------------------------------|---|---|---|
| Net Profit and Loss Per Share | — | — | — |
| Dividend Per Share            | — | — | — |
| Net Assets Per Share          | — | — | — |

### 2. [Status of Share Price]

|   |                                       |                |                   |                 |                  |                  |                 |
|---|---------------------------------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|
| Name of Financial Instruments<br>Exchange or Authorized<br>Financial Products<br>Business Association | Nagoya Stock Exchange, Inc. (Centrex) |                |                   |                 |                  |                  |                 |
| Month   | July<br>2011                          | August<br>2011 | September<br>2011 | October<br>2011 | November<br>2011 | December<br>2011 | January<br>2012 |
| Maximum Share Price (yen)   | 366                                   | 340            | 390               | 318             | 348              | 407              | 405             |
| Minimum Share Price (yen)   | 295                                   | 283            | 302               | 295             | 290              | 315              | 337             |

(Note) The figures are the maximum and minimum share price from the beginning to the end of

each month, and the figures for January 2012 are up until January 26, 2011. The figures in the above table do not correspond to those set forth in the quarterly reports of the Target Company because, according to the Target Company, the figures set forth in its quarterly reports show the maximum and minimum share price from the 21st of each month up until the 20th of each following month.

### 3. [Status of Shareholders]

#### (1) [Status by Shareholder]

As of MM, DD, YY

| Classification                  | Status of Shares (1 Unit = Shares) |                       |   |                     |                             |            |                        |       | Fractional Units (shares) |
|---------------------------------|------------------------------------|-----------------------|---|---------------------|-----------------------------|------------|------------------------|-------|---------------------------|
|                                 | Government And Local Public Bodies | Financial Institution | Financial Instruments Business Operator | Other Legal Persons | Foreign Legal Persons, Etc. |            | Individuals And Others | Total |                           |
|                                 |                                    |                       |   |                     | Other than Individuals      | Individual |                        |       |                           |
| Number of Shareholders (person) | —                                  | —                     | —                                       | —                   | —                           | —          | —                      | —     | —                         |
| Number of Held Shares (Unit)    | —                                  | —                     | —                                       | —                   | —                           | —          | —                      | —     | —                         |
| Holding Ratio (%)               | —                                  | —                     | —                                       | —                   | —                           | —          | —                      | —     | —                         |

#### (2) [Number of Shares of Major Shareholders And Officers]

##### (i) [Major Shareholders]

As of MM, DD, YY

| Name  | Location or Address | Held Shares (shares) | Holding Ratio (%) |
|-------|---------------------|----------------------|-------------------|
| —     | —                   | —                    | —                 |
| —     | —                   | —                    | —                 |
| —     | —                   | —                    | —                 |
| —     | —                   | —                    | —                 |
| Total | —                   | —                    | —                 |

(ii) [Officers]

|       |          |       |                                  | As of MM, DD, YY  |
|-------|----------|-------|----------------------------------|-------------------|
| Name  | Position | Title | Held Shares<br>(thousand shares) | Holding Ratio (%) |
| —     | —        | —     | —                                | —                 |
| —     | —        | —     | —                                | —                 |
| —     | —        | —     | —                                | —                 |
| —     | —        | —     | —                                | —                 |
| Total | —        | —     | —                                | —                 |

**4. [Matters Concerning Target Company Subject to Continuous Disclosure Requirement]**

(1) [Documents Filed by Target Company]

(i) [Securities Report and Documents Attached Thereto]

32nd Fiscal Year (From January 21, 2009 to January 20, 2010)

Filed with Director-General of Kanto Local Finance Bureau on April 19, 2010

33rd Fiscal Year (From January 21, 2010 to January 20, 2011)

Filed with Director-General of Kanto Local Finance Bureau on April 18, 2011

(ii) [Quarterly Report or Semi-Annual Securities Report]

3rd Quarter of the 34th Fiscal Year (From July 21, 2011 to October 20, 2011)

Filed with Director-General of Kanto Local Finance Bureau on November 30, 2011

(iii) [Extraordinary Report]

Not Applicable

(iv) [Amendment Report]

Not Applicable

(2) [Location at Which Above Documents Are Available to Public]

Yasuragi Co., Ltd.

4-2, Mihara-cho, Kiryu-shi, Gunma

Yasuragi Co., Ltd., Tokyo Central Office

22-17, Shinkawa 1-chome, Chuo-ku, Tokyo

Nagoya Stock Exchange, Inc.

8-20, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi

## **5. [Other]**

According to the Press Release of the Target Company, the most recent fiscal year of the Target Company (the fiscal year ended January 20, 2012) ended on January 20, 2012, and the Target Company plans to issue a brief note on the settlement of accounts for the fiscal year ended January 20, 2012, on February 24, 2012 (Friday), within the Tender Offer Period. The Target Company is currently closing its account, and if there is any difference between the book closing figures and the figures in the forecasts of the consolidated business results for the fiscal year ended January 20, 2012, which were described in the brief note on the settlement of accounts for the 3rd quarter of the fiscal year ended January 20, 2011, announced on November 25, 2011, by the Target Company, the Target Company plans to disclose such difference promptly.

## [Development of Major Managerial Index, Etc. of Target Company]

[Development of Major Managerial Index, Etc.]

(1) Consolidated Managerial Index, Etc.

| Fiscal Term   |                      | 29th                     | 30th                     | 31st                     | 32nd                     | 33rd                     |
|---|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Fiscal Year   |                      | Ended<br>January<br>2007 | Ended<br>January<br>2008 | Ended<br>January<br>2009 | Ended<br>January<br>2010 | Ended<br>January<br>2011 |
| Sales Amount  | (millions<br>of yen) | 76,028                   | 53,717                   | 41,393                   | 39,812                   | 33,383                   |
| Ordinary profit   | (millions<br>of yen) | 2,832                    | 900                      | 1,341                    | 167                      | 1,688                    |
| Net profit or (net<br>loss)                               | (millions<br>of yen) | 1,494                    | (1,636)                  | 590                      | 581                      | 855                      |
| Total net assets  | (millions<br>of yen) | 14,819                   | 13,072                   | 13,558                   | 14,145                   | 15,004                   |
| Total assets  | (millions<br>of yen) | 80,044                   | 44,252                   | 37,758                   | 23,434                   | 25,678                   |
| Net assets per<br>share                                   | (yen)                | 714.80                   | 630.53                   | 654.01                   | 682.30                   | 723.73                   |
| Net profit per share<br>or (net loss per<br>share)        | (yen)                | 72.00                    | (78.93)                  | 28.47                    | 28.04                    | 41.26                    |
| Net profit - diluted<br>per share                         | (yen)                | —                        | —                        | —                        | —                        | —                        |
| Capital ratio   | (%)                  | 18.5                     | 29.5                     | 35.9                     | 60.4                     | 58.4                     |
| Return on equity  | (%)                  | 7.0                      | —                        | 4.4                      | 4.1                      | 5.7                      |
| Price earnings ratio                                      | (multiple)           | 17.8                     | —                        | 2.5                      | 9.7                      | 8.5                      |
| Net cash provided<br>by (used in)<br>operating activities | (millions<br>of yen) | 5,549                    | 17,551                   | 5,697                    | 10,236                   | (2,281)                  |
| Net cash provided<br>by (used in)<br>investing activities | (millions<br>of yen) | (386)                    | 5,669                    | 3,082                    | 1,091                    | 337                      |
| Net cash provided<br>by (used in)<br>financing activities | (millions<br>of yen) | 555                      | (32,663)                 | (7,112)                  | (13,733)                 | 1,205                    |

|  |                   |        |       |       |       |       |
|--|-------------------|--------|-------|-------|-------|-------|
| Cash and cash equivalents at the end of term | (millions of yen) | 13,600 | 4,157 | 5,823 | 3,418 | 2,679 |
| Number of employees                          | (persons)         | 875    | 698   | 597   | 534   | 557   |

- (Notes)
- 1 Sales amount does not include consumption tax, etc.
  - 2 Net profits - diluted per share for the 29th, 30th and 31st terms are not presented because there were no dilutive shares with dilutive effect.
  - 3 Net profits - diluted per share for the 32nd and 33rd terms are not presented because there were no dilutive shares.
  - 4 Return on equity and price earnings ratio for the 31st term are not presented because a net loss was recorded.
  - 5 The presented amounts are rounded down to the nearest whole million yen; provided, however, that net profit per share, net loss per share and net assets per share are rounded to the nearest tenth.

## (2) Managerial Index, Etc. of Target Company

| Fiscal Term  |                      | 29th                     | 30th                     | 31st                     | 32nd                     | 33rd                     |
|--|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Fiscal Year  |                      | Ended<br>January<br>2007 | Ended<br>January<br>2008 | Ended<br>January<br>2009 | Ended<br>January<br>2010 | Ended<br>January<br>2011 |
| Sales Amount                                       | (millions<br>of yen) | 66,967                   | 49,390                   | 37,460                   | 36,166                   | 33,103                   |
| Ordinary profit                                    | (millions<br>of yen) | 1,870                    | 1,047                    | 2,226                    | 2,304                    | 1,678                    |
| Net profit or (net<br>loss)                        | (millions<br>of yen) | 962                      | (960)                    | 1,546                    | 239                      | 695                      |
| Capital  | (millions<br>of yen) | 3,778                    | 3,778                    | 3,778                    | 3,778                    | 3,778                    |
| Total number of<br>issued shares                   | (shares)             | 21,025,000               | 21,025,000               | 21,025,000               | 21,025,000               | 21,025,000               |
| Total net assets                                   | (millions<br>of yen) | 13,694                   | 12,623                   | 14,066                   | 14,304                   | 15,003                   |
| Total assets                                       | (millions<br>of yen) | 70,300                   | 40,010                   | 36,122                   | 23,588                   | 25,671                   |
| Net assets per<br>share                            | (yen)                | 660.56                   | 608.91                   | 678.51                   | 689.98                   | 723.72                   |
| Dividends per<br>share                             | (yen)                | 5                        | 5                        | —                        | —                        | 10                       |
| (interim dividends<br>per share)                   | (yen)                | (—)                      | (—)                      | (—)                      | (—)                      | (—)                      |
| Net profit per<br>share or (net loss<br>per share) | (yen)                | 46.38                    | (46.32)                  | 74.60                    | 11.56                    | 33.57                    |
| Net profit - diluted<br>per share                  | (yen)                | —                        | —                        | —                        | —                        | —                        |
| Capital ratio                                      | (%)                  | 19.5                     | 31.6                     | 38.9                     | 60.6                     | 58.4                     |
| Return on equity                                   | (%)                  | 7.0                      | —                        | 11.0                     | 1.7                      | 4.6                      |
| Price earnings<br>ratio                            | (multiple)           | 27.7                     | —                        | 1.0                      | 23.5                     | 10.4                     |
| Dividend payout<br>ratio                           | (%)                  | 10.8                     | —                        | —                        | —                        | 29.8                     |
| Number of<br>employees                             | (persons)            | 847                      | 682                      | 586                      | 532                      | 556                      |

- (Notes)
- 1 Sales amount does not include consumption tax, etc.
  - 2 Net profits - diluted per share for the 29th, 30th and 31st terms are not presented because there were no dilutive shares with dilutive effect.
  - 3 Net profits - diluted per share for the 32nd and 33rd terms are not presented because there were no dilutive shares.
  - 4 Return on equity and price earnings ratio for the 31st term are not presented because a net loss was recorded.
  - 5 The presented amounts are rounded down to the nearest whole million yen; provided, however, that net profit per share, net loss per share and net assets per share are rounded to the nearest tenth.