

December 17, 2018

To Whom it may concern:

NTT URBAN DEVELOPMENT CORPORATION

Rep: Hiroshi Nakagawa

President and Chief Executive Officer

(Tokyo Stock Exchange (First Section) Code No.8933)

Attn: Hideyuki Yamasawa

Executive Vice President

Corporate Strategy Department

(TEL: +81-3-6811-6424)

Announcement of Decision By NTT-SH Corporation on Demand for Share Cash-Out for Our Shares, Approval of the Demand for Share Cash-Out By the Company and Delisting of Our Shares

As stated in the “Announcement of Result of the Tender Offer for Our Shares By NTT-SH Corporation which is a Subsidiary of Our Parent Company, Nippon Telegraph and Telephone Corporation, and Change in Major Shareholder and the Other Affiliated Company” announced by NTT Urban Development Corporation (the “**Company**”) as of November 28, 2018 and the “Announcement of Change in the Parent Company, the Largest and Major Shareholder, and the Major Shareholder” announced by Company as of December 10, 2018, NTT-SH Corporation (“**NTT-SH**” or the “**Special Controlling Shareholder**”), which is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation (“**NTT**”), which are a parent company of the Company, commenced the tender offer (the “**Tender Offer**”) for common shares of the Company (the “**Company Shares**”) on October 16, 2018, thereafter NTT made a contribution in kind of all the Company Shares (221,481,500 shares) which are owned by NTT to NTT-SH. As a result of these, NTT-SH owned 313,335,982 shares of the Company Shares (Ownership Ratio of Voting Rights (Note) of 95.20%) and became a special controlling shareholder provided for in the provisions of the Companies Act (Act No. 86 of 2005, as amended, hereinafter the same) as of December 13, 2018.

The Company, as of today, received from NTT-SH a notice that as stated in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” in “3. Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer” in the “Announcement of Opinion to Support the Tender Offer for Our Shares By NTT-SH Corporation, which is a Subsidiary of Our Parent Company, Nippon Telegraph and Telephone Corporation, and the Recommendation of the Tender thereto” announced by the Company as of October 15, 2018 (the “**Opinion Statement Press Release**”), as a part of series of transaction for the purpose of making the Company a wholly-owned subsidiary of NTT-SH by acquiring all of the Company Shares (excluding the Company Shares held by NTT-SH and the Company’s treasury shares owned by the Company) (the “**Transaction**”), NTT-SH makes a demand to all of the shareholders of the Company (excluding NTT-SH and the Company) (the “**Shareholders Subject to the Cash-Out**”) to sell all of the Company Shares they hold (the “**Shares Subject to the Cash-Out**”) under the provisions of Article 179-3, paragraph 1 of the Companies Act (the “**Share Cash-Out Demand**”). In response to receiving that notice, the Company hereby announces that the Company resolved at the meeting of the board of directors held today to approve the Share Cash-Out Demand as follows.

In addition, the Company announces that as a result of the approval of the Share Cash-Out Demand, the Company Shares have fallen under the delisting criteria prescribed by the Tokyo Stock Exchange Inc. (the “**TSE**”) and will be designated as a stock to be delisted during the period from today until January 7, 2019, thereafter the Company Shares are to be delisted as of January 8, 2019, and after the delisting, the Company Shares may not be traded on the First Section of the TSE.

(Note) “Ownership Ratio of Voting Rights” means the ratio to the number of voting rights (3,291,198 voting rights) pertaining to the shares (329,119,879 shares) obtained by deducting the number of the Company’s treasury shares owned by the Company as of September 30, 2018 (121 shares) from the total number of issued shares as of the

same date set out in the 34th Second Quarterly Securities Report submitted by the Company on November 6, 2018 (329,120,000 shares) (rounded off to two decimal places, and hereinafter the same as in the calculation of that ratio).

1. Overview of the Share Cash-Out Demand

(1) Overview of the Special Controlling Shareholder

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|--|---|---------|
| (1) Name | NTT-SH Corporation | |
| (2) Address | 1-5-1 Otemachi, Chiyoda-ku, Tokyo | |
| (3) Name and title of representative | Katsumi Kuroda, President and Representative Director | |
| (4) Description of business | Holding and managing the Company Shares | |
| (5) Capital stock (as of December 17, 2018) | JPY 102,044 million | |
| (6) Date of incorporation | August 29, 2007 | |
| (7) Major shareholders and shareholding ratios (as of December 17, 2018) | Nippon Telegraph and Telephone Corporation | 100.00% |
| (8) Relationship between the Company and the Special Controlling Shareholder | | |
| Capital relationship | As of today, the Special Controlling Shareholder holds 313,335,982 shares of the Company Shares (Ownership Ratio of Voting Rights of 95.20%). | |
| Personal relationship | Not applicable. As of today, one director and one corporate auditor of the Company are concurrently employees of NTT, the wholly-owning parent company of the Special Controlling Shareholder. | |
| Business relationship | Not applicable. The Company leases offices to NTT, the wholly-owning parent company of the Special Controlling Shareholder. Transactions such as depositing and loaning of cash have been conducted with NTT Finance Corporation, whose parent company is NTT. | |
| Status as related parties | The Special Controlling Shareholder is a parent company of the Company and the Special Controlling Shareholder corresponds to a related party of the Company. | |

(2) Schedule of the Share Cash-Out Demand

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|---|----------------------------|
| Date of the Share Cash-Out Demand | December 17, 2018 (Monday) |
| Date of the meeting of Boards of Directors to Approve the Share Cash-Out Demand | December 17, 2018 (Monday) |
| Final Sales Date | January 7, 2019 (Monday) |
| Delisting Date | January 8, 2019 (Tuesday) |
| Date of acquiring the Shares Subject to the Cash-Out by the Special Controlling Shareholder | January 11, 2019 (Friday) |

(3) Consideration for the Share Cash-Out Demand

JPY 1,680 per share of common stock

2. Details of the Share Cash-Out Demand

The Company received from NTT-SH a notice to make the Share Cash-Out Demand as of today. The details of the notice are as follows.

- (1) **When choosing not to make a demand for share cash-out to a wholly-owned subsidiary of the special controlling shareholder, to that effect and the name of such wholly-owned subsidiary of the special controlling shareholder (Article 179-2, Paragraph 1, Item 1 of the Companies Act)**

Not applicable.

- (2) **Matters related to the amount and allotment of money to be delivered to the Shareholders Subject to the Cash-Out as the consideration for the Shares Subject to the Cash-Out (Article 179-2, Paragraph 1, Item 2 and 3 of the Companies Act)**

NTT-SH will pay JPY 1,680 per share of the Shares Subject to the Cash-Out to the Shareholders Subject to the Cash-Out as the consideration for the Shares Subject to the Cash-Out (the “Cash-Out Consideration”).

- (3) **Matters related to a Demand for share option cash-out (Article 179-2, Paragraph 1, Item 4 of the Companies Act)**

Not applicable.

- (4) **Date of acquiring the Shares Subject to the Cash-Out by NTT-SH (the “Acquisition Date”) (Article 179-2, Paragraph 1, Item 5 of the Companies Act)**

January 11, 2019

- (5) **The means to secure funds for payment of the Cash-Out Consideration (Article 179-2, Paragraph 1, Item 6 of the Companies Act, Article 33-5, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Companies Act)**

NTT-SH will pay the Cash-Out Consideration with cash or deposits it holds. NTT-SH has bank deposits equivalent to the amount of funds to pay for the Cash-Out Consideration as of today. Furthermore, there are no events which affect the payment of the Cash-Out Consideration, and NTT-SH does not currently recognize any possibility that such events will occur in the future.

- (6) **Other transaction terms concerning the Share Cash-Out Demand (Article 179-2, Paragraph 1, Item 6 of the Companies Act, and Article 33-5, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Companies Act)**

The Cash-Out Consideration will be delivered, during a reasonable period after the Acquisition Date, pursuant to the method of delivering dividend by the Company at the address of the Shareholders Subject to the Cash-Out which is listed or recorded in the shareholder registry as of the last time of the day before the Acquisition Date or at the location designated by Shareholders Subject to the Cash-Out to the Company. However, if the delivery by this method can not be performed, at the location of the head office of the Company and in accordance with the method designated by the Company (when there are other locations and methods designated by NTT-SH for the delivery of the Cash-Out Consideration, at such location and by such method), the payment of the Cash-Out Consideration to the Shareholders Subject to the Cash-Out will be delivered.

3. Grounds and Reasons etc. for the Approval of the Share Cash-Out Demand

(1) **Grounds and Reasons for the Approval of the Share Cash-Out Demand**

The Share Cash-Out Demand will be conducted as a part of the Transaction, therefore the Cash-Out Consideration is set to the price equal to the purchase price per share of the Company Shares in the Tender Offer (the “**Tender Offer Price**”).

As stated in “C. Course of Decision-Making of the Company” in “(2) Grounds and Reasons for the Opinion Regarding the Tender Offer” in “3. Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer” in the Opinion Statement Press Release, at the stage of further strengthening the growth strategy mainly supported by NTT Group CRE (utilization of real estate owned by the NTT Group), the Company believes that promoting business as a wholly-owned subsidiary of NTT and NTT-SH, which is a wholly-owned subsidiary of NTT (collectively, “**NTTs**”) will contribute to the increased corporate value over the mid- to long-term of the Company without the short-term risk of profit deterioration. Specifically, in case that the Transaction is executed, the Company believes that the following synergies can be realized by strengthening collaboration with the NTT Group.

(a) Increase of Opportunities to Participate in NTT Group’s Assets Utilization Business through the Urban Solutions Business

Although the Company is proceeding with acquisition of land for business centering on the metropolitan area, the price of land for business has remained high in the large metropolitan areas in recent years and the competition among business operators has become severer. The Company recognizes that it is not always easy to acquire land for business even in local cities through participation in central urban redevelopment projects, etc. The NTT Group owns many assets not only in the metropolitan area but also in local cities and if the Company participates in the Urban Solutions Business, the sharing of asset information owned by the NTT Group will proceed and the Company will be more likely to obtain such asset information, the Company believes that the Company will be able to have opportunities to acquire land for business and to expand Company’s revenue by increasing opportunities to participate in NTT Group’s assets utilization business.

(b) Strengthening New Growth Fields by Using NTT Group’s Strengths

While each real estate developer company is trying to strengthen its growth field by developing new products and services that increase added value such as environmental performance and improvement of convenience and by expanding business area into the overseas markets etc., due to concern for long-term demand in the domestic real estate market on the background of the declining birthrate and aging population and the decrease in the labor force population, etc., the Company believes that efforts for these growth field are an important issue. The Company believes that the Company’s efforts to the Urban Solutions Business will be able to lead to the development of new real estate services that combine the real estates owned by the NTT Group and the strengths of each company such as ICT (Information and Communication Technology), energy efficiency improvement and environmental technology. In addition, the NTT Group has a global business foundation including providing ICT services around the world, and supports many Japanese companies’ overseas expansion by ICT. The Company believes that the Company is able to strengthen efforts in developed countries markets of the United States, Europe, and Australia, where the Company has been striving to achieve stable growth and portfolio diversification so far, as well as to secure access to the growing market such as Southeast Asia, by further strengthening collaboration with the NTT Group.

(c) Effective Utilization of Management Resources through Cooperation with the NTT Group Companies of

which Business Fields are Close to the Company's Business Field.

According to NTT, after the Transaction, NTT will strengthen the cooperation between the Company which operates development and management business of real estate, etc. and NTT FACILITIES, INC. ("NTT FACILITIES") which operates building and energy business that supports NTT Group's ICT foundation, actively utilize resources related to building, energy, etc., and expand business. NTT FACILITIES has advanced construction technology that follows the flow of historical Teishin building (telecommunication building) and is expanding various services that developed facility engineering and energy efficiency technology cultivated through the operation of communication facilities such as telephone stations, etc. NTT FACILITIES currently provides not only the NTT Group's ICT foundation, but also a wide range of advanced services of building and energy for the administrative and local governments, etc., universities, companies, etc. across the country, and is aiming for further expansion of these businesses. In addition, because NTT Group's ICT foundation is located all over Japan, NTT FACILITIES assigns specialized talented personnel with skills related to building, energy, etc. in the core city of the whole country.

The Company believes that the following business synergies can be expected by strengthening cooperation between the Company and NTT FACILITIES in the management system that NTT intends to consider establishing after the Transaction.

- ✓ The Company will be able to strengthen its business base in the local cities by collaborating with NTT FACILITIES which has customer base of administrative and local governments, etc. and a business location base in the core cities throughout the country.
- ✓ By effectively utilizing human resources with advanced expertise skills such as first-class architect, electrical chief engineer and qualified facility manager owned by NTT FACILITIES, the Company will be able to strengthen and expand growth areas including the Urban Solutions Business and existing businesses.
- ✓ Since the Company and NTT FACILITIES operate similar businesses such as property management, building management, facility management in their business fields, the Company will be able to increase business efficiency by effectively utilizing both companies' resources of these businesses.
- ✓ The Company will be able to strengthen efforts for PPP (Note 1) and PFI (See Note 2) and create business opportunities through effective utilization of know-how of businesses for administrative and local governments that NTT FACILITIES has a track record, and by establishing a sales system that the Company and NTT FACILITIES cooperates.
- ✓ It is expected that the expansion of earning base by mutual business collaboration on NTT FACILITIES and the Company's customer base, such as CRE strategy support for NTT FACILITIES' customer base of company and university, etc., and provision of solutions to tenants of buildings owned by the Company by NTT FACILITIES.

(d) Acceleration of the Company's Growth by Unifying and Accelerating Decision-making in Group Management Strategy

As a comprehensive real estate developer in the NTT Group, the Company has utilized various unused lands owned by the NTT Group so far. According to NTT, NTT believes that the Urban Solutions Business which is the purpose of implementation of the Transaction, includes the utilization of real estate such as the telephone offices which are the information communication bases of core cities nationwide owned by the NTT Group other than the Company Group.

The Company believes that when utilizing the telephone office etc., there is problem specific to such business, such as the occurrence of the upfront investment and the need to promptly implement asset consolidation, thus, in order to solve these problems, it is necessary to establish a framework to strengthen collaboration with the

NTT Group more than ever.

In order to steadily promote the NTT Group CRE which is the pillar of our growth strategy, the Company believes that it is necessary to realize the unification and acceleration of decision-making in NTT Group's management strategy in the management structure that is considered to be constructed after the Transaction, which will allow the development of the Urban Solutions Business that the NTT Group is aiming for and will contribute to increasing the corporate value over the mid- to long-term of the NTT Group including the Company.

(Note 1) Scheme in which the public sector and the private sector cooperate to provide public services

(Note 2) Scheme which provides efficient and effective public services by utilizing private funds and know-how for the design, construction, maintenance and management of public facilities, etc., and by providing public services led by a private sector.

Moreover, the Company, as a listed company, has taken into consideration the trend of the market share price and has aimed to secure the interests of each fiscal year as one of the management objectives so far. Accordingly, when promoting the Urban Solutions Business, it was difficult to promptly and smoothly promote the utilization of telephone offices nationwide because there is concern that investment and cost burden not directly linked to the maximization of the Company's profits occurs in the short term due to its scale, as well as, there is concern about conflicts of interest between NTT and minority shareholders of the Company depending on the cost burden ratio with the NTT group. After the Transaction, the Company believes that the Company will be able to invest quickly and smoothly as necessary from the viewpoint of medium- to long-term growth with avoiding the impact on minority shareholders of the Company due to such short-term performance deterioration and conflicts of interest between NTT and minority shareholders of the Company, by becoming a wholly owned subsidiary of NTTs, and to contribute to the vitality creation throughout Japan by the urban solutions from a long-term perspective.

Based on the above, the Company has concluded that becoming a wholly owned subsidiary of NTTs through the Transaction is the best option to improve the corporate value of the Company.

Further, in light of the following facts, the Company determined that the Tender Offer would provide the shareholders of the Company with a reasonable opportunity to sell the Company Shares: (a) the Tender Offer Price exceeds the range of the calculation results based of the average market price method and the comparable company method and exceeds the midpoint of the range of the calculation result based on the discounted cash flow method (“**DCF Method**”) among the calculation results for the share value of the Company Shares by Nomura Securities Co.,Ltd. (“**Nomura Securities**”) set out in “b. Overview of Calculation” in “(3) Matters Regarding Calculation” in “3. Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer” in the Opinion Statement Press Release and the Company obtained the opinion that the Tender Offer Price is reasonable from a financial point of view to shareholders of the Company excluding NTT (fairness opinion) from Nomura Securities; (b) the Tender Offer Price is a price with a 28.64% premium (rounded off at the second decimal place; this also applies to figures for premiums below) to the closing price of JPY 1,306 of the Company Shares on the First Section of the TSE on October 12, 2018, which is the business day preceding the date of the public announcement of the Tender Offer, a 31.56% premium to the simple average closing prices of JPY 1,277 (rounded off decimal places; the same hereinafter regarding simple average closing prices) for the most recent month up to October 12, 2018, a 39.19% premium to the simple average closing prices of JPY 1,207 for the most recent three months up to October 12, 2018 and a 39.77% premium to the simple average closing prices of JPY 1,202 for the most recent six months up to October 12, 2018, respectively and the Tender Offer Price is considered to be the price with a reasonable premium in comparison with the premium level in other tender offer case for the purpose of making a target company a wholly owned subsidiary; (c) the measures to resolve conflicts of interest set out in “(6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid

Conflicts of Interest” in “3. Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer” in the Opinion Statement Press Release have been taken and the consideration has been given to the interests of minority shareholders; (d) the Tender Offer Price was offered as a result of discussion and negotiation between the Company and NTT equivalent to those under an arm’s length transaction, with measures to resolve conflicts of interest as stated above, more specifically, with sincere and continued discussions and negotiations conducted based on the calculation results of the Company Shares received from Nomura Securities and discussions with the third-party committee.

Based on the reasons stated above, the Company resolved at the meeting of the board of directors held on October 15, 2018 to express an opinion supporting the Tender Offer and to recommend the shareholders of the Company to tender in the Tender Offer.

Thereafter, the Company, as of November 28, received from NTT-SH a report on the result of the Tender Offer that 91,854,482 shares of the Company Shares were tendered in the Tender Offer and that all of those shares would be acquired by NTT-SH. As a result of that, the Ownership Ratio of Voting Rights of the Company Shares owned by NTT-SH became 27.91% as of December 4, 2018 (commencement date of settlement of the Tender Offer). Furthermore, as a result of that NTT, which is a wholly-owning parent company of NTT-SH, made a contribution in kind of all the Company Shares (221,481,500 shares) which were owned by NTT to NTT-SH, the Ownership Ratio of Voting Rights of the Company Shares owned by NTT-SH became 95.20% as of December 13, 2018 (the effective date of the contribution in kind) and NTT-SH became a special controlling shareholder of the Company.

Through such circumstances, the Company, as of today, received from NTT-SH a notice that as stated in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” in “3. Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer” in the Opinion Statement Press Release, as a part of the Transaction, NTT-SH makes the Share Cash-Out Demand.

After the receiving the notice, the Company carefully discussed and examined whether the Company shall approve the Share Cash-Out Demand or not.

As a result of that, in light of the following facts, the Company determined at the meeting of the board of directors held today that the Share Cash-Out Demand is taken into consideration of the interests of the Shareholders Subject to the Cash-Out and the terms and conditions of the Share Cash-Out Demand are appropriate : (a) the Share Cash-Out Demand will be conducted as a part of the Transaction and as mentioned above, the Company has concluded at the meeting of the board of directors held on October 15, 2018 that becoming a wholly owned subsidiary of NTTs through the Transaction is the best option to improve the corporate value of the Company, and there is no circumstances to change these conclusion of the Company, (b) based on that the Cash-Out Consideration is set to the price equal to the Tender Offer Price, and the measures to ensure fairness for the Transaction as stated in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below etc., the Cash-Out Consideration is considered as reasonable price for the Shareholders Subject to the Cash-Out and is taken into enough consideration of the interests of the Shareholders Subject to the Cash-Out, (c) as a result of confirming NTT’s investment certificate etc. submitted as an attached document of the tender offer registration statement regarding the Tender Offer by NTT-SH, it is recognized that NTT has invested to NTT-SH funds for payment of the Cash-Out Consideration, and according to NTT-SH, there are no events that could have a harmful influence on the payment of the Cash-Out Consideration and NTT-SH does not currently recognize any possibility that such events will occur in the future, so it is considered that there is a prospect of payment of the Cash-Out Consideration by NTT-SH, (d) there is no unreasonable point regarding the period until the date and method of payment of the Cash-Out Consideration, so it is considered that the terms and conditions of the Share Cash-Out Demand are appropriate, (e) there is no material change in the corporate value of the Company during the period from the commencement date of the Tender Offer until today.

And the Company, at the aforementioned meeting of the board of directors, resolved unanimously by all the directors excluding Masahiro Kajiwara who did not participated in the deliberations and resolutions that the Company approves the Share Cash-Out Demand as of the notice received from NTT-SH. For avoiding a suspicion of conflicts of interest, Masahiro Kajiwara, who serves concurrently as an employee of NTT, the wholly-owning parent company of NTT-SH, did not participate in the deliberations and resolutions regarding the Transaction including the approval of the Share Cash-Out Demand at the aforementioned meeting of the board of directors, nor did he participate in examination of the Transaction and discussions and negotiations with NTTs on behalf of the Company.

Further, at the aforementioned meeting of the board of directors, 3 company auditors other than Takeshi Arimoto of 4 company auditors (including 3 outside company auditors) of the Company participated in deliberations, and all of those company auditors stated that they had no objection to the resolution above. For avoiding a suspicion of conflicts of interest, Takeshi Arimoto, who serves concurrently as an employee of NTT, the wholly-owning parent company of NTT-SH, did not participate in the deliberations regarding the Transaction including the approval of the Share Cash-Out Demand at the aforementioned meeting of the board of directors.

(2) Matters Regarding Calculation

Based on that the Share Cash-Out Demand will be conducted as the second step procedure of so-called two-step acquisition after the Tender Offer and the Cash-Out Consideration is set to the price equal to the Tender Offer Price, the Company did not obtain again a valuation report of the Company Shares for the purpose of decision to approve the Share Cash-Out Demand.

(3) Likelihood of Delisting

Although the Company Shares are listed on the First Section of the TSE as of today, as a result of the approval of the Share Cash-Out Demand, the Company Shares have fallen under the delisting criteria prescribed by TSE and will be designated as a stock to be delisted during the period from today until January 7, 2019, thereafter the Company Shares are to be delisted as of January 8, 2019, and after the delisting, the Company Shares may not be traded on the First Section of the TSE.

(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

The Share Cash-Out Demand will be conducted as a part of the Transaction and the second step procedure of so-called two-step acquisition after the Tender Offer, and as stated in “(6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer” in the Opinion Statement Press Release, NTTs and the Company have taken the following measures to ensure fairness in the Tender Offer and avoid any conflict of interest.

In addition, as stated in “(1) Grounds and Reasons for the Approval of the Share Cash-Out Demand” above, in the Course of Decision-Making of the Company regarding approval of the Share Cash-Out Demand, for avoiding a suspicion of conflicts of interest, one of the directors of the Company, Masahiro Kajiwara, who serves concurrently as an employee of NTT, did not participate in the deliberations and resolutions regarding the approval of the Share Cash-Out Demand at the meeting of the board of directors held today, nor did he participate in examination of the Transaction and discussions and negotiations with NTTs on behalf of the Company. And for avoiding a suspicion of conflicts of interest, Takeshi Arimoto, who serves concurrently as an employee of NTT, did not participate in the deliberations regarding the approval of the Share Cash-Out Demand at the aforementioned meeting of the board of directors.

At the meeting of the board of directors held today, all the directors other than Masahiro Kajiwara of 14 directors (including 2 outside directors) of the Company participated in the deliberations and resolutions and the Company resolved unanimously by all the directors participated in the resolutions to approve the Share Cash-Out Demand as of the notice received from NTT-SH.

Further, at the aforementioned meeting of the board of directors, 3 company auditors other than Takeshi Arimoto of 4 company auditors (including 3 outside company auditors) of the Company participated in deliberations, and all of those company auditors stated that they had no objection to the resolution above.

The following measures that have been taken by NTTs in the following statements are based on the explanations from the NTTs.

a. *Obtaining a Share Valuation Report from an Independent Third-Party Valuation Agent by NTT*

NTT, the wholly-owning parent company of NTT-SH, in the course of determining the Tender Offer Price, requested Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“**Mitsubishi UFJ Morgan Stanley Securities**”), which is NTT’s financial advisor, to analyze the share value of the Company as a third-party valuation agent that is independent from the NTTs and the Company. Further, Mitsubishi UFJ Morgan Stanley Securities is not a related party of NTTs or the Company and does not have any material interest in the Tender Offer.

Mitsubishi UFJ Morgan Stanley Securities has, after considering the calculation method in the Tender Offer, analyzed the share value of the Company using a market share price analysis, a comparable companies analysis, and a discounted cash flow analysis (“**DCF Analysis**”), and NTT obtained a valuation report (the “**NTT Valuation Report**”) from Mitsubishi UFJ Morgan Stanley Securities on October 12, 2018. NTT has not obtained a fairness opinion on the Tender Offer Price from Mitsubishi UFJ Morgan Stanley Securities.

The ranges of the share value per share of the Company Shares analyzed using each of the above methods are as follows.

Market share price analysis: JPY 1,202 – JPY 1,306

Comparable companies analysis: JPY 531 – JPY 1,681

DCF Analysis: JPY 1,288 – JPY 1,865

The market share price analysis, in which the base date is October 12, 2018, resulted in a per share value of the Company Shares ranging from JPY 1,202 to JPY 1,306 based on the closing price of JPY 1,306 of the Company Shares on the First Section of the TSE on the base date, the simple average closing price of JPY 1,277 for the most recent month (September 13, 2018 to October 12, 2018), the simple average closing price of JPY 1,207 for the most recent three months (July 13, 2018 to October 12, 2018), and the simple average closing price of JPY 1,202 for the most recent six months (April 13, 2018 to October 12, 2018).

The comparable companies analysis resulted in a per share value of the Company Shares ranging from JPY 531 to JPY 1,681 after evaluating the share value of the Company by selecting of listed companies engaged in relatively similar businesses to those of the Company and using multiples of the earnings before interest, taxes, depreciation and amortization with respect to the corporate value of those companies (the “**EBITDA Multiples**”), multiples of the net profit for the period with respect to the market capitalization of those companies, and multiples of the market net value (market net value taking into account tax on unrealized profits) with respect to the market capitalization of those companies (“**Adjusted Book Value Net Asset Multiples**”).

The DCF Analysis resulted in a per share value of the Company Shares ranging from JPY 1,288 to JPY 1,865 after evaluating the corporate value and share value by discounting the free cash flow the Company is expected to generate in the future to the present value at a certain discount rate based on earnings forecasts of the Company from the fiscal year ending March 2019 taking into consideration various factors such as the Company's business plan, the latest business performance, and publicly available information.

(Note) In calculating the share value of the shares of the Company, Mitsubishi UFJ Morgan Stanley Securities has, in principle, used such things as information provided to it by NTTs and the Company and publicly available information as presented, and assumed that those materials, information and the like are entirely accurate and complete. It has not made an independent study of the accuracy or completeness thereof. Also, Mitsubishi UFJ Morgan Stanley Securities has not conducted an independent evaluation or assessment and has not requested an appraisal or assessment from a third-party organization in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of any affiliate of the Company. In addition, Mitsubishi UFJ Morgan Stanley Securities assumed that information regarding the financial forecasts of the Company have been reasonably prepared based on the best forecasts and judgements of the management of the Company at that time. Mitsubishi UFJ Morgan Stanley Securities analyzed information regarding the financial forecasts of the Company assuming that it has been prepared based on the Japanese accounting standard, while the Company Group has announced that it will apply IFRS from the fiscal year ending March 2019 voluntarily. The calculation by Mitsubishi UFJ Morgan Stanley Securities reflects the above information up to October 12, 2018.

NTT, which is the wholly-owning parent company of the NTT-SH, ultimately determined by resolution of a meeting of its board of directors on October 15, 2018 that the Tender Offer Price is a per share value of JPY 1,680 in light of the results of discussions and negotiations with the Company by comprehensively considering factors such as the result of the calculation in the NTT Valuation Report obtained from Mitsubishi UFJ Morgan Stanley Securities, whether the Tender Offer is approved by the board of directors of the Company, examples of premiums that have been provided upon determination of the tender offer price in past tender offers by persons other than an issuer which are similar to the Tender Offer (tender offer by a parent company where its listed subsidiary was to become a wholly-owned subsidiary of the parent company), trends in the market price of the Company Shares, the results of due diligence of the Company conducted from late July to late August 2018, and the prospect of shares being tendered in the Tender Offer.

The per share value of JPY 1,680, which is the Tender Offer Price, is an amount that was calculated by adding a premium of 28.64% to the closing price of the Company Shares of JPY 1,306 on the First Section of the TSE on October 12, 2018, which is the business day immediately preceding the day on which the Tender Offer is publicly announced by the NTT-SH, a premium of 31.56% on the simple average closing price of JPY 1,277 for the most recent month (September 13, 2018 to October 12, 2018), a premium of 39.19% on the simple average closing price of JPY 1,207 for the most recent three months (July 13, 2018 to October 12, 2018), and a premium of 39.77% on the simple average closing price of JPY 1,202 for the most recent six months (April 13, 2018 to October 12, 2018).

b. *Obtaining a Share Valuation Report and a Fairness Report from an Independent Third-Party Valuation Agent by the Company*

The Company, in order to ensure the fairness in the decision-making process of the Company regarding the Tender Offer Price, the Company requested Nomura Securities, a third-party valuation agent that is independent from the NTTs and the Company, to calculate the value of the Company Shares and to express an opinion that the Tender Offer Price is reasonable from a financial point of view to shareholders of the Company excluding NTT (fairness opinion) and obtained the share valuation report regarding the Company Shares (the “**Company Share Valuation**

Report”) and the fairness opinion from Nomura Securities on October 12, 2018.

Nomura Securities, a third-party valuation agent, is not a related party of the NTTs or the Company, and has no material interest in the Tender Offer.

Nomura Securities, based on its assessment of valuation methods in the Tender Offer, calculated the value of the Company Shares using (i) the average market price method, since the Company Shares are listed on the First Section of the TSE; (ii) the comparable company method, since there are listed companies for which comparison to the Company is possible, and, accordingly, it is possible to estimate the value of the Company Shares by comparing the Company with those similar companies; and (iii) the DCF Method, in order to reflect the performance of the Company’s future business activities on the valuation. The Company obtained the Company Share Valuation Report from Nomura Securities on October 12, 2018. Further, the Company obtained the opinion that the Tender Offer Price is reasonable from a financial point of view to shareholders of the Company excluding NTT (fairness opinion) from Nomura Securities.

According to Nomura Securities, the methods adopted for the calculation of the value of the Company Shares and the ranges of the per share values of the Company Shares, as calculated under each of the relevant methods, are as follows:

Average market price method: JPY 1,202– JPY 1,319

Comparable company method: JPY 698– JPY 1,393

DCF Method: JPY 945– JPY 1,970

In the average market price method, the calculation base date was set as of October 12, 2018, and the price range of per share value of the Company Shares was calculated to be JPY 1,202 to JPY 1,319 based on the closing price of JPY 1,306 of the Company Shares on the First Section of the TSE on the base date, the simple average closing prices of JPY 1,319 for the most recent five business days, the simple average closing prices of JPY 1,277 for the most recent month, the simple average closing price of JPY 1,207 for the most recent three months and the simple average closing price of JPY 1,202 for the most recent six months.

In the comparable company method, Nomura Securities selected Nomura Real Estate Holdings, Inc., Mitsui Fudosan Co., Ltd, Mitsubishi Estate Co., Ltd, Sumitomo Realty & Development Co., Ltd., Tokyo Tatemono Co., Ltd., Heiwa Real Estate Co., LTD. and Daibiru Corporation as comparable companies, and calculated the value of the Company Shares, applying the EBITDA Multiples and the Adjusted Book Value Net Asset Multiples. As a result, the price range of per share value of the Company Shares was calculated to be JPY 698 to JPY 1,393.

In the DCF Method, Nomura Securities, after having considered the reasonable assumptions, including the profit forecast and investment projects based on the business plans prepared by the Company from the fiscal year ending March 31, 2019, to the fiscal year ending March 31, 2023, evaluated the corporate value by discounting the free cash flows that the Company is expected to generate in the future in and after the fiscal year ending March 31, 2019, to the present value by using a certain discount rate in proportion to the business risks. For the discount rate under the said analysis, 2.50% to 3.00% was applied, and, in calculating the eternal values, the exit multiples method and the perpetuity growth method were used, and the EBITDA Multiple was set at 19.0x to 21.0 x and the perpetuity growth rate was set at 0.30% to 0.50%. As a result, the price range of per share value of the Company Shares was calculated to be JPY 945 to JPY 1,970.

The financial forecasts on the basis of the Company’s business plan, based on which Nomura Securities calculated in the DCF Method, are as follows. The following financial forecasts do not include any fiscal year that are expected significant increase or decrease in profit. Further, the relevant financial forecasts were not prepared

based on the assumption that the Transaction would be implemented.

(Unit: JPY million)

| | fiscal year ending March 2019 | fiscal year ending March 2020 | fiscal year ending March 2021 | fiscal year ending March 2022 | fiscal year ending March 2023 |
|-------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Operating Revenue | 168,240 | 169,638 | 158,064 | 159,041 | 169,275 |
| Operating Income | 30,000 | 30,000 | 32,005 | 32,850 | 34,911 |
| EBITDA | 48,260 | 50,228 | 53,509 | 54,614 | 57,256 |
| Free Cash Flow | ▲4,661 | ▲4,164 | ▲8,061 | ▲5,064 | 11,107 |

(Note 1) Although the Company Group has decided to voluntarily adopt International Financial Reporting Standards (IFRS) from the fiscal year ending March 2019, the financial forecasts above were prepared based on J GAAP.

(Note 2) As for the main fluctuation factors of free cash flow, it is anticipated that free cash flow will decrease due to increasing in acquisition cost of rental assets in the fiscal year ending March 2019 to March 2022. In fiscal year ending March 2023, it is anticipated that free cash flow will increase due to decreasing in acquisition cost of rental assets.

c. Advice from an Independent Law Office

The Company, in order to ensure the transparency and rationality in the decision-making process of the board of directors of the Company regarding the Transaction including the Tender Offer, selected TMI Associates as its legal advisor that is independent from NTTs and the Company and received legal advice on the decision-making method and process and other issues regarding the Transaction including the Tender Offer. TMI Associates is not a related party of NTTs or the Company, and has no material interest in the Tender Offer.

d. Establishment of a Third-Party Committee that is Independent from the Company and NTTs

In light of the fact that the Company is a consolidated subsidiary of NTT, the wholly-owning parent company of NTT-SH, and the Transaction including expressing an opinion regarding the Tender Offer falls under “important transactions, etc. with controlling shareholders”, the Company established a third-party committee on August 16, 2018, in order to carefully make decisions regarding the Transaction, to eliminate arbitrariness and concern of conflicts of interest and to ensure the fairness of the decision-making process regarding the Transaction. The third-party committee consists of members who is independent from NTTs and the Company including outside experts: Akira Komatsu (outside and independent director of the Company), Shiro Tanikawa (outside and independent director of the Company), Eiji Masuda (attorney at Masuda & Partners law office) and Yuji Kato (a certified public accountant and representative director of Eichi Financial Advisory Inc.).

The Company consulted the third-party committee regarding (i) the Reasonableness of the purpose of the Transaction, (ii) the fairness of the terms of the Transaction including the Tender Offer Price, (iii) the sufficiency of consideration to be given to minority shareholders of the Company through the fair process regarding the Transaction, and (iv) whether the Transaction is disadvantageous to the minority shareholders of the Company based on (i) through (iii) and other factors (collectively, the “Reference Matters”).

The third-party committee convened a total of 7 times between August 16, 2018 and October 9, 2018, and carefully

discussed and examined the Reference Matters. Specifically, the third-party committee examined required documents including documents received from the Company and NTT, interviewed officers and employees of the Company, Nomura Securities, TMI associates, officers and employees of NTT, Mitsubishi UFJ Morgan Stanley Securities and Mori Hamada & Matsumoto, received explanations on details, backgrounds, circumstances, significance and purposes of the Transaction, details, conditions and future prospectus of the Company's business, management issues of the Company, detail of business plan of the Company, impact of the Transaction for the Company and measures to ensure fairness and to avoid conflicts of interest taken by the Company and NTTs and held Q&A sessions with them.

The third-party committee also received an explanation from Nomura Securities regarding the process and the results of the calculation of the share value of the Company Shares, an explanation from TMI Associates on the decision-making methods and process of the Company's board of directors and other issues regarding the decision-making and held Q&A sessions with them.

Under the circumstances above, as a result of discussion with Nomura Securities and TMI Associates and having carefully discussed and examined the Reference Matters, the third-party committee submitted a report (the "Report") to the board of directors of the Company on October 12, 2018 in agreement of all the members on certain conditions such as that information received by the third-party committee are true and accurate, the Transaction including the Tender Offer is lawful and the matters concerning the procedure regarding the Transaction which was explained as being scheduled will be implemented as explained. The overview of the Report is as follows.

(a) Reasonableness of Purpose of Transaction

The measures specifically listed by NTTs can be recognized to enable the Company to secure the opportunity to acquire land for business, to strengthen its revenue base by promoting high value-added development without regard to the existing business framework and to contribute promotion of the NTT Group CRE. Therefore, it can be said that those measures suit their purpose regarding management issues of the Company. In addition, the Transaction can be recognized to have a possibility of creating business synergies with the NTT Group involves, which is not easy for the Company to realize alone without the Transaction, such as creation of business opportunities by securing the opportunity to acquire land for business owned by the NTT Group and expansion of the business area by actively utilizing the resources related to buildings and energy owned by NTT FACILITIES. Based on the above, it can be said that the Transaction contributes to the solution of management issues of the Company.

Between NTT and the Company, there is no discrepancy in the recognition regarding the importance and various merits of strengthening group alliance more than ever by making the Company a wholly-owned subsidiary of NTT-SH and centralizing and streamlining decision making in the group management strategy, and the content of their recognition is considered generally reasonable. Therefore, it can be recognized that there is the necessity to make the Company a wholly-owned subsidiary of NTT-SH in order to solve management issues of the Company more effectively. In addition, in light of the fact that, due to the nature of disadvantages arising from the Company becoming a wholly-owned subsidiary of NTTs, there is a possibility to overcome the disadvantages by various corporate efforts future by the Company, disadvantages arising from the Company becoming delisted is not considered to exceed merit arising from the Company becoming a wholly-owned subsidiary of NTTs. Furthermore, regarding the timing of the Transaction, the transaction can be recognized to be reasonable and suitable for the time, and regarding the influence of the Transaction on employee of the Company, the Transaction can be recognized to have positive significance for employees of the Company.

In the Transaction, it is scheduled to squeeze-out minority shareholders of the Company. In executing the measures scheduled after the Transaction, upfront investments that do not necessarily lead to maximizing the

profits of the Company in the short term might arise and it might be necessary to swiftly carry out measures such as a concentration of the assets of the entire NTT Group, which would lead to a temporary cost increase, and although those measures will become necessary from the perspective of the medium- to long-term growth of the Company and the entire NTT Group including the Company Group, it will be difficult to implement those measures while the Company is still a listed company because those measures may harm the interests of existing shareholders of the Company in the short term. Based on the above and other factors, in case where NTTs do not make the Company a wholly-owned subsidiary, there is a possibility that pursuit of short-term profits is prioritized rather than executing measures from the medium- to long-term perspective and it may hinder the executing measures that will contribute to the solution of management issues of the Company. In addition, in case where the Company executes those measures without NTTs making the Company a wholly-owned subsidiary, it may result that the minority shareholders of the Company will bear the risk of stock price fluctuation arising from a decline in profits or temporary deterioration of business results of the Company. Therefore, the Transaction has a significance to increase the feasibility of executing measures scheduled after the Transaction and to prevent the minority shareholders of the Company from burdening the risk of stock price fluctuation, in this respect, it can be recognized that there is the necessity to make the Company a wholly-owned subsidiary of NTTs and the Transaction contributes to increasing the corporate value of the Company. In addition to the above, in light of the fact that there are no factors to base any unfairness on the reason for executing the Transaction, in relation to minority shareholders of the Company, the purpose of the Transaction can be recognized legitimate.

As stated above, since the Transaction can be recognized to contribute to increasing the corporate value of the Company and, in relation to minority shareholders of the Company, the purpose of the Transaction can be recognized legitimate, it can be said that the purpose of the Transaction is reasonable.

(b) Fairness of the terms of the tender offer (including the Tender Offer Price) in the Transaction

The Tender Offer can be recognized to have adopted measures to ensure an objective status to secure the adequacy of the tender offer price, such as establishing the purchasing period of 30 business days, which is a relatively longer period than the minimum period of 20 business days that is established by the laws and regulations. In addition, according to the calculation results of the Company's share value by Nomura Securities, the Tender Offer Price is recognized to be a price within the range of the calculation result by the DCF Method (the perpetuity growth method and the exit multiples method), and exceeds the upper limit of the calculation result by the average market price method and the comparable company method. Furthermore, the Company can be recognized to have considered the reasonableness of the Tender Offer Price from the perspective of placing importance on protecting the interests of the minority shareholders of the Company and other matters, and engaged in negotiations with NTT, while taking into account the opinion of Nomura Securities, and it can be recognized that a premium has been ensured for the Tender Offer Price of the Transaction that compares favorably even when compared to the proportion of the premiums that have been attached in recent similar tender offers (tender offers by a consolidated parent company for the purpose of making its listed consolidated subsidiary a wholly-owned subsidiary disclosed in the past 3 years). Therefore, it can be said that fairness has been ensured in the formation process of the Tender Offer Price, and by taking into account that the Company obtained an opinion regarding the reasonableness of the tender offer price (fairness opinion) from Nomura Securities, the reasonableness and validity of The Tender Offer Price can be recognized. In addition, consideration of the same amount as the Tender Offer Price will be delivered to shareholders of the Company who do not tender in the Tender Offer upon the Share Cash-Out Demand or the Share Consolidation after the Tender Offer, and in light of such effect being scheduled to be disclosed by the disclosure materials and the purchasing period being set for a relatively longer period of time, nothing unfair can be seen in the terms of the Tender Offer besides the

Tender Offer Price.

Based on the above, it is recognized that fairness is ensured in the terms of the Transaction (including the Tender Offer Price), which includes the Tender Offer.

(c) Fairness of procedures in the Transaction

In light of (i) a disclosure that can be recognized to be sufficient in regards to the process leading up to the execution of the Transaction, being scheduled to be made, (ii) the Share Cash-Out Demand or the Share Consolidation being adopted for the Squeeze-out Procedures after the Tender Offer and the right to make a demand to the Company to purchase at a fair price and the right to file a petition to the court for a determination of the purchase price being entitled to shareholders of the Company, and (iii) the same price as the Tender Offer Price becoming the standard for the consideration delivered upon the Share Cash-Out Demand or the Share Consolidation, and that effect is scheduled to be disclosed by the disclosure materials, it can be recognized that measures to ensure opportunities for shareholders of the Company to make adequate determinations have been adopted. In addition, in light of (i) the third-party committee's report and result that are expected to be given serious consideration, (ii) a resolution by the approval of all of the directors excluding Masahiro Kajiwara, who is a director with special interest (and the expression of an opinion that there is no objection by all of the auditors excluding Takeshi Arimoto, who is concurrently a corporate officer of the purchaser) being scheduled to be made at the board of directors meeting scheduled to be held on October 15, 2018, (iii) independent advice regarding the decision-making process and decision-making methods, etc. for the Transaction having been obtained from TMI Associates, and (iv) the Company Share Valuation Report and an opinion regarding the reasonableness of the Tender Offer Price (fairness opinion) having been obtained from Nomura Securities, which is a third-party valuation agent that is independent, measures to eliminate arbitrariness can be recognized to have been used in the decision-making process. Furthermore, the period for the Tender Offer (the "Tender Offer Period") has been set to be a relatively longer period, and even if competing offerors actually appear, since the fact that an agreement or the like that restricts such competing offerors from making contact, etc. with the Company cannot be recognized, measures to ensure objective conditions to secure the adequacy of the price are recognized to have been taken.

Based on the above, it can be recognized that sufficient consideration has been given to the interests of shareholders of the Company through fair procedures, since, in the Transaction, which includes the Tender Offer, the Company's arbitrariness can be recognized to have been sufficiently eliminated by adopting various measures, and opportunities for adequate determinations have been ensured for shareholders of the Company.

(d) Whether the Transaction is disadvantageous to the minority shareholders of the Company

In light of it being recognized that the purpose of the Transaction is reasonable and that sufficient consideration can be recognized for the interests of shareholders of the Company through the ensuring of fairness of the terms of the tender offer of the Transaction and fair procedures, as stated in (a) to (c) above, the Transaction, which includes the Tender Offer, can be recognized to not be disadvantageous to the minority shareholders of the Company.

e. Approval of all Directors who do not have an Interest in the Company and Opinion by all Corporate Auditors who do not have an Interest that there is no Objection

At the meeting of the board of directors held on October 15, 2018, regarding the Tender Offer, all the directors other than Masahiro Kajiwara of 14 directors (including 2 outside directors) of the Company participated in the

deliberations and resolutions and the Company resolved unanimously by all the directors participated in the resolutions to express an opinion supporting the Tender Offer and to recommend the shareholders of the Company to tender in the Tender Offer based on the grounds and reasons set out in “(1) Grounds and Reasons for the Approval of the Share Cash-Out Demand” above.

Further, at the aforementioned meeting of the board of directors, 3 company auditors other than Takeshi Arimoto of 4 company auditors (including 3 outside company auditors) of the Company participated in deliberations, and all of those company auditors stated that they had no objection to expressing an opinion supporting the Tender Offer and recommending the shareholders of the Company to tender in the Tender Offer by the Company’s board of directors.

For avoiding a suspicion of conflicts of interest, Masahiro Kajiwara, who serves concurrently as an employee of NTT, the wholly-owning parent company of NTT-SH did not participate in the deliberations and resolutions regarding the Tender Offer at the aforementioned meeting of the board of directors, nor did he participate in examination of the Transaction and discussions and negotiations with NTTs on behalf of the Company.

Also, for avoiding a suspicion of conflicts of interest, Takeshi Arimoto, who serves concurrently as an employee of NTT, the wholly-owning parent company of NTT-SH, did not participate in the deliberations regarding the Tender Offer at the aforementioned meeting of the board of directors.

f. Measures to Ensure an Opportunity to Purchase by Other Purchaser

While the statutory requirement of the tender offer period is 20 business days at minimum, NTT-SH will set the Tender Offer Period as 30 business days. By setting the Tender Offer Period relatively long, NTT-SH intends to ensure the fairness of the Tender Offer Price by providing the shareholders of the Company with an opportunity to properly determine whether to tender their shares in the Tender Offer and also by providing an opportunity for a third party other than NTT-SH to purchase the Company Shares.

In addition, NTTs and the Company have not entered into any agreement that would restrict competing offerors from contacting the Company such as an agreement with a deal protection provision that prohibits the Company from contacting competing offerors. In this way, NTTs are giving consideration to securing fairness in the Tender Offer by setting the above the Tender Offer Period and ensuring an opportunity for competing offers.

4. Future Prospects

NTTs and the Company will discuss the management system etc. of the Company after the Share Cash-Out Demand.

5. Matters Concerning Transactions, etc. with the Controlling Shareholder

(1) Applicability of the Transactions, etc. with the Controlling Shareholder and Status of Compliance with the Policy on Measures to Protect Minority Shareholders

Since NTT-SH is the controlling shareholder (the parent company) of the Company, the Transaction, which includes expressing an opinion regarding the Tender Offer, falls under “transactions, etc. with controlling shareholders”. The status of compliance with the “I. 4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholders” stated in the Corporate Governance Report which was disclosed by the Company on June 22, 2018 is as follows.

The Company has taken measures to ensure fairness and to avoid conflicts of interest as stated “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” in “3. Grounds and Reasons etc. for the Approval of the Share Cash-Out Demand” above, and the Company believes that such measures are compliant with the contents of

the Corporate Governance Report.

(2) Matters Concerning Measures to Ensure the Fairness and Avoid Conflicts of Interest

Please see “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” in “3. Grounds and Reasons etc. for the Approval of the Share Cash-Out Demand” above.

(3) Outline of Opinion that the Transaction is not Disadvantageous to the Minority Shareholders of the Company obtained from Parties having no Conflicts of Interest with the Controlling Shareholder

The Company has obtained the Report, dated October 12, 2018, from the third-party committee and the Report contains the opinions that the third-party committee believes the Transaction can be recognized to not be disadvantageous to the minority shareholders of the Company. For details, see “d. Establishment of a Third-Party Committee that is Independent from the Company and NTTs” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” in “3. Grounds and Reasons etc. for the Approval of the Share Cash-Out Demand” above. Since the Report contains the opinion regarding the Transaction including the Share Cash-Out Demand, the Company did not obtain again an opinion from parties having no conflicts of interest with the controlling shareholder for the purpose of decision to approve the Share Cash-Out Demand.

End