

Information Session on the Tender Offer for the Shares of Maeda Road Construction

January 20, 2020
MAEDA CORPORATION
Tokyo Stock Exchange,
First Section: 1824

1. Background that led to the decision to conduct the Tender Offer and purpose of the Tender Offer

- (i) Concerns regarding the future business environment and solutions
- (ii) Concerns regarding the compliance and governance of the Maeda Group and solutions
- (iii) Reasoning behind the acquisition as a consolidated subsidiary company

2. Benefits of the Tender Offer

Benefits for both Maeda Corporation and Maeda Road Construction

3. Principle conditions of purchase for the Tender Offer

Period and price of the purchase, etc., and number of share certificates, etc. to be purchased

4. Inquiries regarding the the Tender Offer

1. Background that led to the decision to conduct the Tender Offer and purpose of the Tender Offer

(i)-1 Concerns regarding the future business environment and solutions

Concerns

Strained national and local government budgets and aging social infrastructure

As the loss of tax revenues from a shrinking population and the increase in social security costs for an aging society puts a strain on national and local government budgets, social infrastructure will further degrade.

Changes to quantity and quality of the construction market (Rapid growth of new markets)

As a result, few funds will be left for investment even in maintaining existing infrastructure, let alone new construction, and this, combined with increasingly severe labor shortages, will lead to rapid growth in the market for comprehensive infrastructure management and in the PPP and concessions businesses that utilize private funds and technology.

Necessity of business model reform due to accelerating pace of digitization

Furthermore, amid increasing concerns that accelerating digitization will lead to the commodification of existing value propositions (technology, quality, etc.) and make big data the source of value, other industries are already beginning to reform their business models to focus on digitization.

Need for immediate action

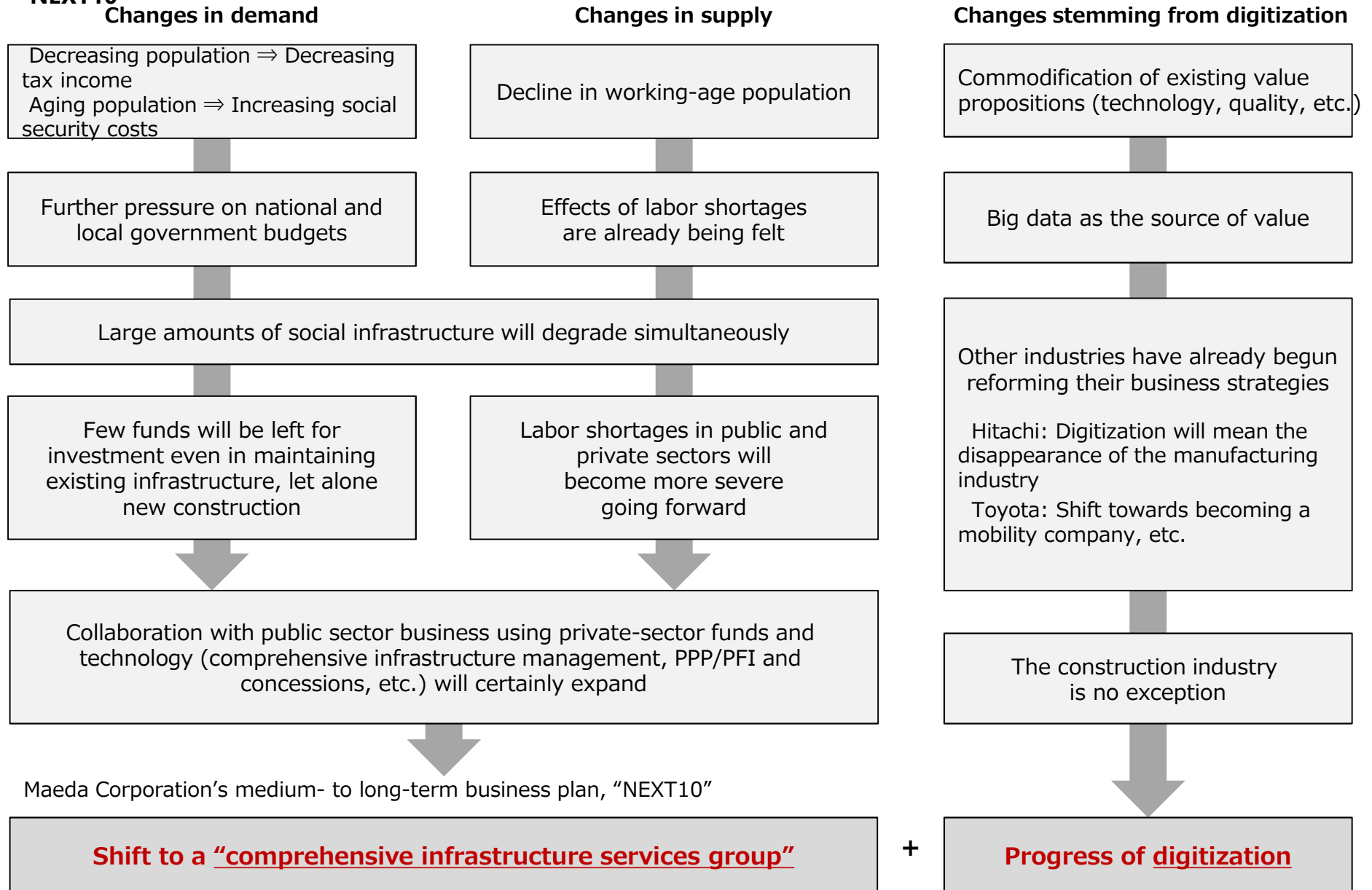
These waves of change that are approaching the construction industry will also affect the road paving industry, and thus immediate action is required.

Solutions

Aiming to act as a more unified Maeda Group and transform into a “**comprehensive infrastructure services group**” which will produce broad, stable and continuous high revenues by expanding its business in roads, airports, water and sewerage systems, MICE facilities and all other service areas related to infrastructure projects.

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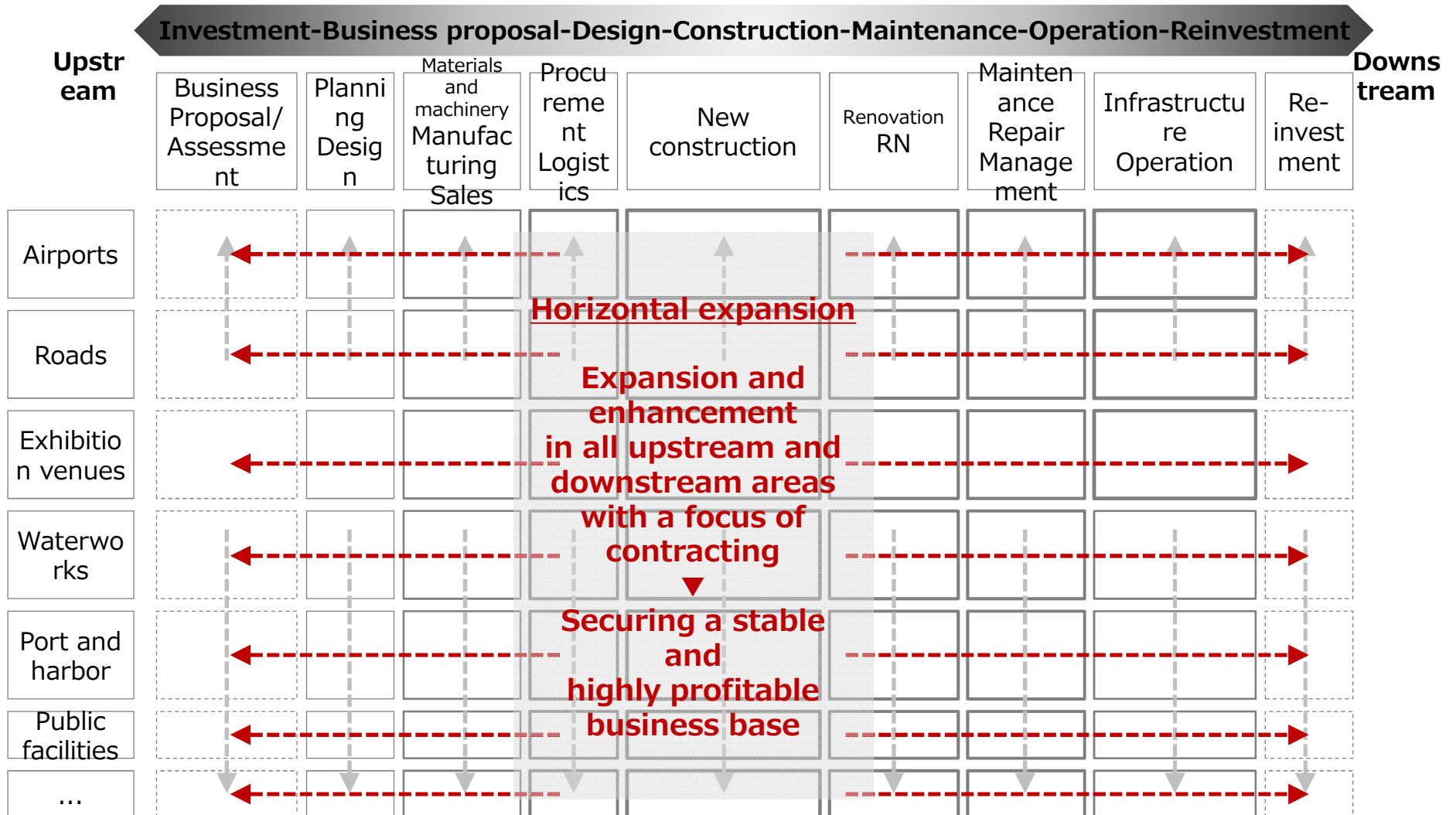
(i)-1 Reference: The medium- to long-term business environment and our medium- to long-term business plan, "NEXT10"



1. Background that led to the decision to conduct the Tender Offer and Purpose of the Tender Offer

(i)-1 Reference: What is a “comprehensive infrastructure services group”?

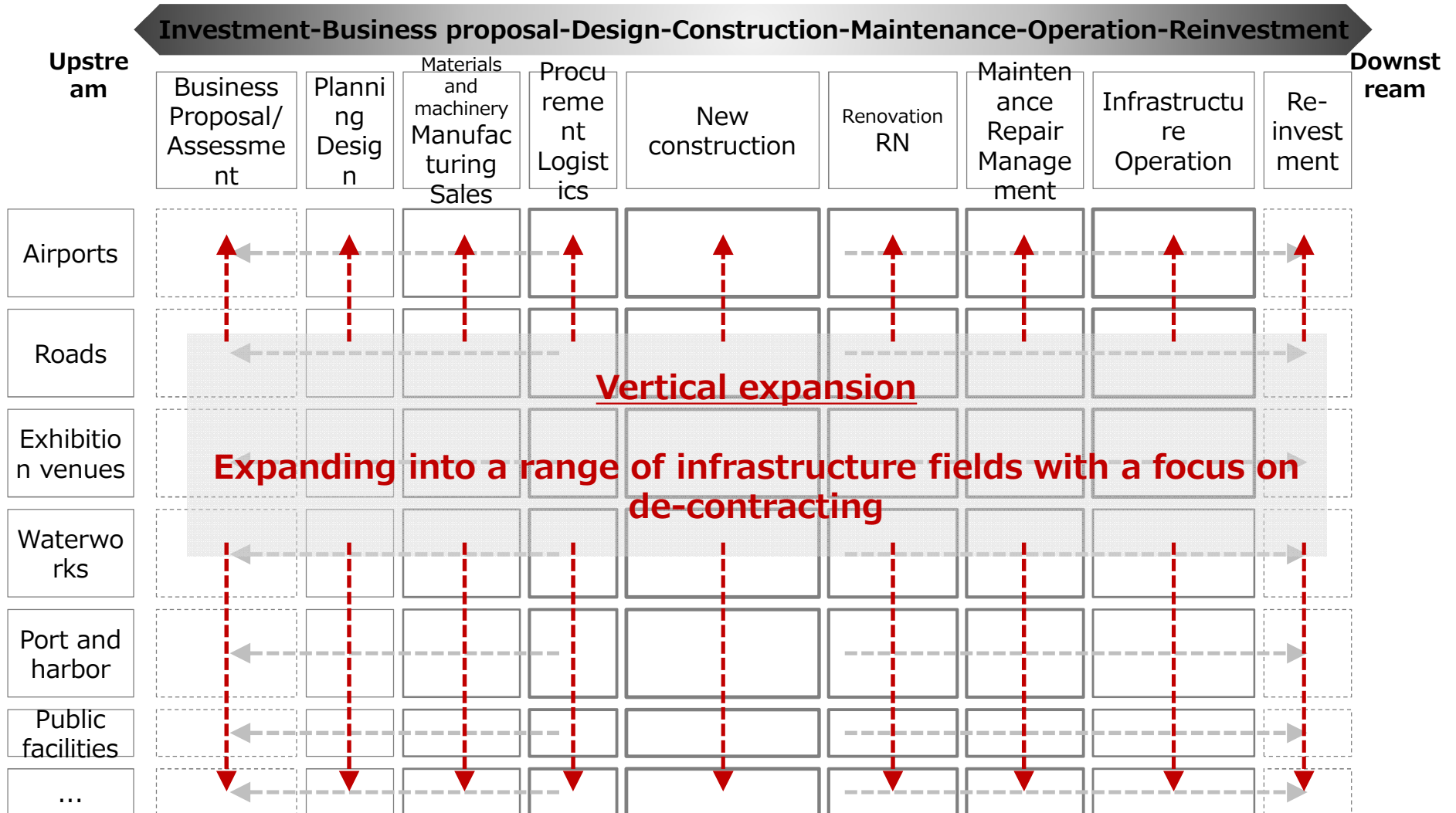
A group that produces broad, stable and continuous profitability by expanding its business in roads, airports, water and sewerage systems, MICE facilities and all other upstream and downstream areas related to infrastructure projects.



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(i)-1 Reference: What is a “comprehensive infrastructure services group”?

A group that produces broad, stable and continuous profitability by expanding its business in roads, airports, water and sewerage systems, MICE facilities and all other upstream and downstream areas related to infrastructure projects.



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(i)-3 Requirements for the realization of a “comprehensive infrastructure services group”

A

A highly competitive position can be secured, particularly in the comprehensive contracting of road maintenance and the concessions business, by combining the paving technology of Maeda Road Construction and the construction technology of Maeda Corporation, as well as Maeda Corporation’s operational expertise from the Aichi Prefecture toll road concessions (ARC) business.

B

Based on the stable high profitability of ARC, Maeda Corporation believes that the concessions market can be expected to become a new, stable and highly profitable business base for Maeda Road Construction

C

By using Maeda Corporation’s ICI Center as a knowledge hub, the management efficiency of the entire group will increase, leading to the increase of the value of the entire group, through

- Sharing a technology and personnel development environment and digitization strategies
- Sharing the technology, sales ability, customer assets and other operational resources that both companies have built up, and unified management and analysis of the construction experience, technology and expertise held by both companies as big data.

D

It is desirable to strengthen the capital relationship with Maeda Road Construction because Maeda Road Construction’s rich experience, technology and expertise, particularly in the area of road paving, will increase its competitiveness in the road maintenance and operation business, which can be expected contribute to the enhancement of the value of the Group as a whole.

1. Background that led to the decision to conduct the Tender Offer and purpose of the Tender Offer

(ii)-1 Concerns regarding the compliance and governance of the Maeda Group and solutions

Concerns

Revelation of Maeda Road Construction's compliance issues

Maeda Road Construction's compliance issues were starkly revealed in July 2019 when the Japan Fair Trade Commission issued a cease and desist order and ordered Maeda Road Construction to pay an administrative monetary penalty for breaching the Anti-Monopoly Act by colluding to increase the price of asphalt as late as March 2011.

Solutions

Amid rising demand in society for corporate compliance, these issues impact the corporate value and social credibility of not only Maeda Road Construction, but also Maeda Corporation and the Maeda Group as a whole; therefore, a group-wide effort to rebuild our compliance systems, including thoroughgoing compliance training for all staff, will be a necessity going forward. In order to reform the corporate culture that enabled these legal breaches to occur and enhance governance functions, **we will expand checking functions to enable the maintenance and administration of sound management systems** and proceed with **the reconstruction of a stronger group management system.**

1. Background that led to the decision to conduct the Tender Offer and purpose of the Tender Offer

(ii)-2 Concerns regarding the compliance and governance of the Maeda Group and solutions

Concerns

Necessity of reinforcement of Maeda Road Construction's governance system

Partly to blame was the corporate governance system which overlooked Maeda Road Construction's misconduct-enabling corporate culture and was unable to appropriately supervise its management.

Solutions

We will aim to **maintain and supervise an appropriate and sound management system at Maeda Road Construction** and **construct a governance system that protects the interests of minority shareholders**. Specifically, at the general meeting of shareholders of Maeda Road Construction this June, we will propose and encourage further increasing the proportion of Maeda Road Construction's board of directors comprising independent outside directors.

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(iii) Reasoning behind the acquisition as a consolidated subsidiary company

Maintaining Maeda Road Construction's unique culture and managerial independence is key to enhancing Maeda Road Construction's corporate value through sustainable growth.

In strengthening the capital relationship between the two companies, we should **deepen our collaboration more than ever before and forge an appropriate relationship while being mindful of the interests of both companies' minority shareholders** and maintaining Maeda Road Construction's **independence and managerial self-determination as a listed company**; therefore, Maeda Corporation has chosen to make Maeda Road Construction a **consolidated subsidiary company**, not a wholly owned subsidiary.

In consideration of the interests of minority shareholders we will propose and encourage further increasing the proportion of Maeda Road Construction's board of directors comprising independent outside directors.

Individual and collective benefits for Maeda Corporation and Maeda Road Construction

	Maeda Corporation	Maeda Road Construction
Transformation into a “comprehensive infrastructure services group”	<ul style="list-style-type: none"> • Securing a stable and highly profitable income base by expanding infrastructure management business, with a focus on the concessions business, which forms the pillar of our future management strategy 	<ul style="list-style-type: none"> • Securing a stable and highly profitable new business base • Increasing uptime of asphalt mixture plants • Developing foreign business as a stepping stone to overseas concessions business
	<ul style="list-style-type: none"> • Expanding business resources with respect to comprehensive contracting of road maintenance, management, repair, and renewal, and the toll road concessions business • Distinguishing from others through joint development of technology and promotion of personnel education with the ICI Center and the ARC business as proving grounds 	
Progress of digital collaboration	<ul style="list-style-type: none"> • Gathering big data on construction productivity and infrastructure management 	<ul style="list-style-type: none"> • Sharing technology and a personnel development environment • Reducing development costs
	<ul style="list-style-type: none"> • Improving operational efficiency and competitiveness by gathering and analyzing, as big data, data such as customer assets and other operational resources that the two companies have built up, and operational know-how and maintenance and repair data for new infrastructure, and realizing improvements to business efficiency and precision 	
Rebuilding compliance and governance systems	<ul style="list-style-type: none"> • Enhancing corporate value and securing social credibility as a member of the Maeda Group • Speeding up decision-making with respect to group-wide management strategy • Constructing a governance system that protects the interests of minority shareholders 	

3. Principle conditions of purchase for the Tender Offer

Tender Offeror	Maeda Comprehensive Infrastructure Co.Ltd. (a wholly owned subsidiary of Maeda Corporation)	
Target Company	Maeda Road Construction Co., Ltd. (a 24.68% equity-method affiliate of Maeda Corporation)	
Resolution by Board of Directors of Maeda Corporation	Monday, January 20, 2020	
Date of public notice of commencement of the tender offer	Tuesday, January 21, 2020	
Tender offer period (subject to change)	Tuesday, January 21, 2020 to Wednesday, March 4, 2020 (30 business days)	
Commencement date of settlement (subject to change)	Wednesday, March 11, 2020	
Price for purchase, etc.	3,950 yen per common share	
Premium	On the closing price as at Friday, January 17, 2020 (2,633 yen)	50.02%
	On the one-month average closing price (2,671 yen)	47.88%
	On the three-month average closing price (2,546 yen)	55.15%
	On the six-month average closing price (2,443 yen)	61.69%
Minimum number of shares to be purchased	None	
Maximum number of shares to be purchased	21,811,300	
Total purchase price	≈ 86.2 billion yen	
Tender offer agent	Daiwa Securities Co., Ltd.	

Tender Offer Procedures

Daiwa Securities (tender offer agent) contact center
0120-010101 (weekdays, from 8:00 to 19:00)

Other inquiries

Maeda Corporation Tender Offer Inquiry Window
0800-100-1739

From Tue, Jan 21 to Wed, Mar 4 Weekdays, from 10:00 to 18:00 (excluding Sat, Sun and holidays)

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