



March 11, 2020

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MAEDA ROAD CONSTRUCTION Co., Ltd  
Securities Code: 1883 First Section, Tokyo Stock Exchange  
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Executive officer and Account Manager, Accounting Department

Proposal Regarding the Execution of Memorandum of Understanding for  
Discussion of Cooperation to MAEDA CORPORATION and  
Partial Amendment to “Notice of Position Statement (Opposition)  
Regarding the tender offer”

At the Board meeting held on January 24, 2020, MAEDA ROAD CONSTRUCTION Co., Ltd (the “Company”, “we”) resolved to oppose to the tender offer for the Company’s common stock by Maeda Comprehensive Infrastructure Co. Ltd. (the “Tender Offeror”), which is a wholly owned subsidiary of MAEDA CORPORATION (“Maeda Construction”), commenced on January 21, 2020 (the “Tender Offer”). On the same date of such resolution, we expressed our position through the “Notice of Position Statement (Opposition) Regarding the tender offer by Maeda Comprehensive Infrastructure Co. Ltd. for MAEDA ROAD CONSTRUCTION Co., Ltd Stock” (as amended by the “Partial Amendment to Notice of Position Statement (Opposition) Regarding the tender offer by Maeda Comprehensive Infrastructure Co. Ltd. for MAEDA ROAD CONSTRUCTION Co., Ltd Stock”; the “Opposition Statement Release”). Also, as we announced in the “Notice of Commencement of Discussions on the Capital and Business Alliance between NIPPO CORPORATION and MAEDA ROAD CONSTRUCTION Co., Ltd.” dated February 27, 2020 issued by the Company and NIPPO CORPORATION (“NIPPO”), at the Board meeting held on February 27, 2020, as a measure that will contribute to the realization of the common interests of shareholders, we determined to commence discussions on the capital and business alliance with NIPPO (the “Alliance”).

Since we believe that, if the Alliance can be realized, it will create substantial synergies and contribute to the enhancement of the Company’s corporate value, we will be committed to realizing the Alliance. On the other hand, considering the matters stated in the registration statement regarding the Tender Offer, we are strongly concerned that, if we become a consolidated subsidiary of Maeda Construction, the interests of our minority shareholders may be impaired due to transactions or actions involving conflict of interest between Maeda Construction and the Company and that the Alliance may stagnate.

Accordingly, in order to protect the interest of our minority shareholders and to explore whether we can restore the relationship of mutual trust between the Company and Maeda Construction that was severely damaged by the Tender Offer, and to rebuild the cooperative relationship between the two companies in light of increasing corporate value to the extent that it does not conflict with the Alliance,

while maintaining the capital relationship between the Company and Maeda Construction that we had prior to the commencement of the Tender Offer for the purpose of realizing the Alliance, we offered to hold consultations (the “Consultations”) with Maeda Construction, and subsequently consultations were held twice on March 4 and 9, 2020 between Mr. Ryozo Imaeda, Representative Director and President of the Company, and other officers of the Company, and Mr. Soji Maeda, President and Representative Director of Maeda Construction, and others. During the above-mentioned second consultation, we proposed the execution of a memorandum of understanding (the “MOU”; the outline of which is as stated below) that mainly provides for the commencement of discussions regarding the feasibility of cooperation in the field of comprehensive management of public infrastructure and the field of PPP and concession, which Maeda Construction and the Tender Offeror regard as part of the foundation for the creation of synergies with the Company.

1. Considering the feasibility and economic rationality of cooperation between the companies, both companies began reviewing the possibility of cooperation from the perspective of whether it would contribute to increasing their corporate value. A working team of persons in charge will be formed in order to have periodic discussions. Discussions among the executive level shall be held about twice a year. Based on the results of this review, both companies shall make their own decision about implementation of this cooperation.
2. The fields subject to the review of the feasibility of the cooperation are the field of comprehensive management of public infrastructure and the field of PPP and concession.
3. Conditions precedent for the review of the feasibility of the cooperation (*i.e.*, the purpose of establishing the environment as such review must be conducted spending substantial time and on the basis of the relationship of mutual trust) are as follows:
  - (i) The ongoing tender offer by Maeda Construction is withdrawn;
  - (ii) Maeda Construction is prohibited from purchasing additional Company shares;
  - (iii) Maeda Construction approves the agenda item of special dividends at the Extraordinary General Meeting of Shareholders of the Company to be held in April 2020; and
  - (iv) A proposal of the appointment of one (1) outside director nominated by Maeda Construction is submitted to the Ordinary General Meeting of Shareholders of the Company to be held in June 2020 as a company’s proposal.
4. The effective period is three (3) years, which may be extended upon mutual agreement.
5. The execution of the MOU will be announced with the contents agreed upon between the parties.

During the Consultations, with respect to the proposal by Maeda Construction in the field of comprehensive management of public infrastructure and the field of PPP and concession which Maeda Construction and the Tender Offeror regard as part of the foundation for the creation of synergies with the Company, we were planning to, as an independent party, use substantial resources and time to review

the synergies to be created between the Company and Maeda Construction to the extent that it does not conflict with the Alliance.

In this regard, throughout the Consultations, Maeda Construction only repeated abstract comments, such as the statement that they are reviewing a variety of options, and did not make any other specific proposal for restoring the relationship of mutual trust between the two companies. As we did not receive any specific proposal from Maeda Construction after the Consultations, we have continued our approach to confirm the intention on the side of Maeda Construction through our personnel in charge and advisors on March 10 and March 11, 2020. And, in the afternoon of March 11, 2020, Maeda Construction expressed its intention that it cannot agree to execute the MOU.

Since Maeda Construction has refused our proposal to execute the MOU as mentioned above, as a change in an important matter that needs to be written in the Notice of Position Statement, we hereby revise the Opposition Statement Release as follows and will submit an amendment to the Notice of Position Statement dated January 27, 2020 (as amended) as of March 12, 2020.

### **1. Amended descriptions**

“(2) Basis and reasons for position regarding the Tender Offer” of “3. Position regarding the Tender Offer, and basis and reasons thereof” set forth in the Opposition Statement Release”

### **2. Content of amendments**

Amendments are underlined. Please note that only the amended sentences are underlined in this press release; while some sentences in the Opposition Statement Release originally published were also underlined for purposes of indicating emphasis, in this press release, underlining is used only to indicate parts that have been corrected.

### **3. Position regarding the Tender Offer, and basis and reasons thereof**

#### **(2) Basis and reasons for position regarding the Tender Offer**

(Before amendment)

##### **① Summary of the reasons for opposing the Tender Offer**

[Omitted]

First, Maeda Construction and the Tender Offeror do not understand the actual business conditions of the Company, and even if Maeda Construction and the Tender Offeror acquire controlling interest of the Company, no business synergies will be created between the Company and the Maeda Construction Group (Maeda Construction and its group consisting of subsidiaries and affiliated companies, except for the group consisting of the Company, its subsidiaries and affiliated companies. The same applies hereinafter.). It is clear based on the fact that the Tender Offeror has not been able to provide any specific figures for business synergies created when Maeda Construction and the Tender Offeror acquire the controlling interest of the Company. Furthermore, at the Board meeting held on February 27, 2020, as a measure that will contribute to the realization of common interests of

shareholders, we determined to commence discussions on the Alliance with NIPPO (see ② A below).

[Omitted]

(After amendment)

**① Summary of the reasons for opposing the Tender Offer**

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[Omitted]

(Before amendment)

**② Reasons for position regarding the Tender Offer**

For the following reasons A. through G., the Company considers that the Tender Offer could damage the corporate value of the Company, hinder the sustainable growth of the Company and thereby lead to impair the interests of the minority shareholders of the Company. Therefore, as stated in Item G. below, in order to protect the interests of the minority shareholders of the Company, we made the Decision of Submission of the Agenda Item of Special Dividends at the Board meeting held on February 20, 2020, and furthermore, at the Board meeting held on February 27, 2020, also resolved to commence discussions on the Alliance with NIPPO as a measure that will contribute to the realization of the common interests of the shareholders.

- A. No business synergies with Maeda Construction Group are expected and the Alliance would contribute to the realization of the common interests of the**

## **shareholders of the Company**

[Omitted]

The Company believes that it is obvious, that, if the Alliance is realized, it will contribute more to the common interests of shareholders, and that the Alliance will be beneficial also to Maeda Construction, which is a major shareholder of the Company. Accordingly, the Company believes that Maeda Construction will understand the merit and effect of the Alliance.

[Omitted]

(After amendment)

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#### **A. No business synergies with Maeda Construction Group are expected and the Alliance would contribute to the realization of the common interests of the shareholders of the Company**

[Omitted]

The Company believes that it is obvious, that, if the Alliance is realized, it will contribute more to the common interests of shareholders, and that the Alliance will be beneficial also to Maeda Construction, which is a major shareholder of the Company. Accordingly, the Company believes that Maeda Construction will understand the merit and effect of the Alliance.

On the other hand, considering the matters stated in the registration statement regarding the Tender Offer, we are strongly concerned that, if we become a consolidated subsidiary of Maeda Construction, the interests of our minority shareholders may be impaired due to transactions or actions involving conflict of interest between Maeda Construction and the Company and that the Alliance may stagnate.

Accordingly, in order to protect the interest of our minority shareholders and to explore whether we can restore the relationship of mutual trust between the Company and Maeda Construction that was severely damaged by the Tender Offer, and to rebuild the cooperative relationship between the two companies in light of increasing corporate value to the extent that it does not conflict with the Alliance,

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[Omitted]

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