



October 8, 2019

To whom it may concern

TOKAI Holdings Corporation
Katsuhiko Tokita, President & CEO
(Code No. 3167 Tokyo Stock Exchange First Section)

Acquisition of Shares in Nissan Tri Star Construction, Inc. (to Make It a Consolidated Subsidiary)

Our 100% subsidiary TOKAI CORPORATION (Headquarters: Shizuoka City, Shizuoka Prefecture; President and Representative Director: Katsuo Oguri; hereinafter “TOKAI”) concluded a share transfer agreement to acquire shares in Nissan Tri Star Construction, Inc. (Headquarters: Gero City, Gifu Prefecture; President and Representative Director: Hidetaro Shima; hereinafter “Nissan Tri Star Construction”) and made Nissan Tri Star Construction its consolidated subsidiary. Details are as follows.

1. Reasons for the share acquisition

The market size of the construction industry peaked at approximately 84 trillion yen in 1992 and shrank to approximately 41 trillion yen in 2010. Recently, however, the industry has started to expand again due to the recovering demand of public works projects, the reconstruction from natural disasters, and the construction boom in preparation for the Tokyo Olympics. While the construction industry also suffers concern for chronic labor shortage, this industry is an indispensable business that is not only responsible for the development and maintenance of local infrastructure but also as a guardian of the local community to ensure local safety and security.

TOKAI primarily operates LPG and bottled water delivery businesses that serve about 800,000 customers nationwide as its customer base, as well as building construction, facility construction, and real estate trading businesses in Shizuoka, Aichi, and Kanagawa Prefectures. In particular, the building construction business and the facility construction business focusing on water supply, drainage, and air conditioning operate mainly in Shizuoka Prefecture serving both public and private customers. Based on the Group’s management philosophy “To improve the lives of our customers, we will continue to grow and develop together with local communities and the earth,” TOKAI is working to strengthen its customer base by expanding its business area, etc.

Nissan Tri Star Construction operates a region-based comprehensive construction business in Gifu Prefecture. Drawing on human resources of many qualified employees, including civil engineering execution management experts, and the trust the company has built up through its business development over the past 50 years since its foundation, Nissan Tri Star Construction has established stable business performance by demonstrating its strength in public civil engineering works in particular.

In the future, TOKAI will promote the comprehensive development of the civil engineering, building construction, and facility construction businesses not only in the Chukyo area but also in Shizuoka and the Kanto area as a comprehensive construction business operator by absorbing the technological capabilities and expertise of Nissan Tri Star Construction. TOKAI also aims to create synergy with the LPG business in the Chukyo area into which TOKAI newly expanded in 2016. Nissan Tri Star Construction will use TOKAI’s capabilities and expertise in marketing to attract more orders for private building construction projects in addition to public civil engineering works.

As described above, both the companies aim to further expand their businesses by mutually sharing their management resources and expertise.

2. Overview of Nissan Tri Star Construction, Inc.

| | | | | |
|-----|--|---|------------------|------------------|
| (1) | Company Name | Nissan Tri Star Construction, Inc. | | |
| (2) | Location | 429-1, Atotsu, Hagiwara-cho, Gero City, Gifu Prefecture | | |
| (3) | Name and position of representative | President & Representative Director Hidetaro Shima | | |
| (4) | Business activities | General construction industry, Real estate business | | |
| (5) | Capital | 50 million yen (as of March 2019) | | |
| (6) | Establishment date | June 1970 | | |
| (7) | Major shareholders and shareholding ratio (as of July 17, 2019) | Katsuharu Imai | | 100% |
| (8) | Relationship between the listed company and the relevant company | Capital relationship | Not applicable | |
| | | Personal relationship | Not applicable | |
| | | Business relationship | Not applicable | |
| (9) | Business results and financial condition of the relevant company of the latest three years | | | |
| | Accounting period | FYE3/17 (yen) | FYE3/18 (yen) | FYE3/19 (yen) |
| | Net Assets | 1, 576, 000, 000 | 1, 640, 000, 000 | 1, 767, 000, 000 |
| | Total Assets | 2, 738, 000, 000 | 2, 736, 000, 000 | 3, 332, 000, 000 |
| | Net Assets per Share | 16, 000, 000 | 16, 000, 000 | 18, 000, 000 |
| | Net Sales | 2, 512, 000, 000 | 2, 295, 000, 000 | 2, 046, 000, 000 |
| | Operating Profit | 138, 000, 000 | 85, 000, 000 | 197, 000, 000 |
| | Ordinary Profit | 151, 000, 000 | 94, 000, 000 | 204, 000, 000 |
| | Net income | 117, 000, 000 | 67, 000, 000 | 128, 000, 000 |
| | Net income per Share | 1, 000, 000 | 1, 000, 000 | 1, 000, 000 |
| | Dividend per Share | 20 | 20 | 20 |

3. Overview of Counterparty of Share Acquisition

| | | |
|-----|---|--|
| (1) | Name | Katsuharu Imai |
| (2) | Address | Hagiwara-cho, Gero City, Gifu Prefecture |
| (3) | Relationship between listed company and relevant individual | There is no significant capital, personal, and business relationships to be noted. |

4. Number of Shares to be Acquired and Number of Shares Held Before and After Transfer

| | | |
|-----|---------------------------------------|--|
| (1) | Number of shares held before transfer | Zero share (Number of voting rights: zero) (Ownership ratio: 0%) |
| (2) | Number of shares acquired | 100 shares (Number of voting rights: 100) (Ratio to number of shares issued: 100%) |
| (3) | Number of shares held after transfer | 100 shares (Number of voting rights: 100) (Ownership ratio: 100%) |

5. Schedule

| | | |
|-----|-----------------------------------|-------------------|
| (1) | Contract Date | August 27, 2019 |
| (2) | Share subscription execution date | September 5, 2019 |

6. Future Outlook

TOKAI Holdings acknowledges that impact of this matter to the consolidated financial results for the fiscal year ending in March 2020 is insignificant.

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