

Polaris Capital Group Co., Ltd.

February 18, 2019

Sale of HVC Holdings, Inc. (the holding company of HIVIC Co., Ltd.)

Polaris Private Equity Fund III (“Polaris Fund III”), managed by Polaris Capital Group Co., Ltd. (“Polaris”), has agreed with Yamae Hisano Co., Ltd. (“YHC”) on the sale of all of the shares (with 100% of the voting rights) of HVC Holdings, Inc. (the holding company of HIVIC Co., Ltd.) (“HIVIC”) owned by Polaris Fund III and other shareholder to YHC and signed Share Purchase Agreement today.

HIVIC engages in pre-cut timber business and operation of membership-only direct bid timber market mainly in Eastern Japan and has demonstrated steady business growth despite fast-changing business environment. HIVIC is also known for its solid clientele among mid-size home builders and contractors across Tohoku-Northern Kanto areas, and runs unique timber market operation, which enables HIVIC to reinforce direct relationship with clients by eliminating middle men such as construction material trading houses and sales agents. As such, HIVIC is considered as a strong player who provides highly value-added services offering solutions for various clients’ requirements with broad product coverage of timber, construction materials, home-building packages, window frames, exterior wall materials, air-conditioners, etc. In addition to product distributions, HIVIC also offers procurement/construction package at the request of the existing customers. Most recently HIVIC is increasing branches in Kanto-area and expanding non-home segment in timber business. Through these initiatives, further growth of HIVIC is expected in the future.

YHC, an established whole-sale distributor of “food” and “home”-related products in Kyushu, has decided to acquire HIVIC because this acquisition would enable YHC to enter into “home”-related business in Kanto-area, a significant progress in YHC’s long term strategy of expansion to the markets outside of Kyushu, to enjoy various synergy effects in procurements, human resources and know-hows and, as a result, to increase YHC’s enterprise value through the growth of business of both companies.

The share transfer is expected to be completed on March 29, 2019.

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