



April 16, 2025

To: Whom it may concern

Company name	CRE, Inc.
Representative name	Tadahide Kameyama
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**Notice Regarding Share Consolidation, Abolition of the Provision Regarding the Number of Shares
Constituting One Unit of Stock, and Partial Amendment to the Articles of Incorporation**

The Company hereby announces that at its board of directors meeting held today, the Company resolved to convene an extraordinary shareholders' meeting to be held on May 12, 2025 (the "Extraordinary Shareholders' Meeting") and to submit to the Extraordinary Shareholders' Meeting a proposal for share consolidation and a proposal for the abolition of the provision regarding the number of shares constituting one unit of stock and a partial amendment to the articles of incorporation.

In the course of the above procedures, the Company's common stock (the "Company's Stock") will fall under the delisting standards set forth in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"). As a result, the Company's Stock will be designated as securities to be delisted from May 12, 2025 to May 28, 2025 and will be delisted as of May 29, 2025. Please note that after delisting, the Company's Stock will no longer be traded on the Tokyo Stock Exchange Prime Market.

I. Share Consolidation

1. Purpose of and Reason for Share Consolidation

As announced in the "Statement on Implementation of MBO and Recommendation to Tender" (including the matters amended by the "(Amendment) Notice Regarding Amendment to 'Statement on Implementation of MBO and Recommendation to Tender'" dated February 4, 2025; the "Opinion Press Release") issued by the Company on January 28, 2025, SMFL MIRAI Partners Company, Limited (the "Tender Offeror") conducted a tender offer for the Company's Stock (the "Tender Offer") by setting the period of 30 business days from January 29, 2025 to March 13, 2025 as the period for purchases under the tender offer (the "Tender Offer Period").

Then, as announced in the "Notice Regarding Results of the Tender Offer for the Company's Stock by SMFL MIRAI Partners Company, Limited and Changes in the Parent Company and the Major Shareholder" issued by the Company on March 14, 2025 (the "Results Press Release"), as a result of the Tender Offer, the Tender Offeror came to hold 10,552,842 shares of the Company's Stock (Ownership Ratio (Note 1): 35.91%) as of March 21, 2025, the commencement date of the settlement of the Tender Offer.

(Note 1) "Ownership Ratio" means the ratio to the number of shares (i.e., 29,386,402 shares) obtained by subtracting the number of treasury shares held by the Company as of January 31, 2025 (i.e., 14,298 shares) set forth in the "Semi Annual Report for the 17th Fiscal Period" as filed by the Company as of March 12, 2025 (the "Company's Semi Annual Report") from the total number of issued shares (i.e., 29,400,700 shares) as of the same date, which has been rounded off to the second decimal place. The same shall apply hereinafter to the calculation of the Ownership Ratio.

As announced in the Opinion Press Release, on November 1, 2024, the Company received from the Tender Offeror and Sumitomo Mitsui Finance and Leasing Company, Limited ("SMFL"; together with the Tender Offeror,

the "Tender Offerors") and Kyobashi Kousan, Inc ("Kyobashi Kousan") the declaration of intent (the "Declaration of Intent") regarding the background and purpose of the series of transactions, whereby the Tender Offeror and Kyobashi Kousan will make the Company a joint venture (the "Transactions"), and the expected structure and schedule, etc., for the purpose of requesting the Company's board of directors to discuss the possible delisting of the Company by the Tender Offerors and Kyobashi Kousan. In response, on the same day, the Company expressed to the Tender Offerors its intention to develop a framework for discussion of the Transactions and commenced concrete discussions regarding the Transactions.

As described in "b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Company" and "c. Advice from an Independent Law Firm Received by the Company" in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" below, by a board resolution dated November 4, 2024, the Company appointed Anderson Mōri & Tomotsune ("Anderson Mōri & Tomotsune") as a legal advisor independent from the Tender Offerors, Kokyo Tatemono Co., Ltd. ("Kokyo Tatemono") and Mr. Shuhei Yamashita, the founder and representative director and chairman of the Company ("Mr. Yamashita"; Kokyo Tatemono and Mr. Yamashita are collectively referred to as the "Shareholders Who Agreed to Tender Their Shares"), Kyobashi Kousan and Kenedix, Inc. ("Kenedix"; Kyobashi Kousan and Kenedix are collectively referred to as the "Shareholders Who Agreed Not to Tender Their Shares") and the Company, and Nomura Securities, Co., Ltd. ("Nomura Securities") as a financial advisor and a third-party calculation agent independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares and the Company in order to eliminate the arbitrariness of decision-making by the Company and the Company's board of directors in the Transactions and to ensure the fairness, transparency and objectivity of decision-making process. Furthermore, since the Transactions fall under the category of a so-called Management Buyout (MBO) (Note 2) and structural conflicts of interest may arise, the Company has adopted a cautious approach regarding its decision-making process in connection with the Transactions, and has established a special committee (the "Special Committee") (please refer to "d. Establishment of Independent Special Committee at Company and Obtainment of Opinions (Reports) from Special Committee" in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" below for the composition of the members of the Special Committee and details of its activities) to examine the proposed Transactions, based on a board resolution dated November 4, 2024, in order to eliminate the arbitrariness arising out of decision-making process of the Company's board of directors or the possibility of conflicts of interest and to ensure the fairness thereof. On November 8, 2024, the Special Committee approved the Company's appointment of Nomura Securities as its financial advisor and third-party calculation agent, and Anderson Mōri & Tomotsune as its legal advisor after confirming that there were no issues regarding their independence from the Tender Offerors and Kyobashi Kousan and the Company and their expertise. Also, the Special Committee appointed SHIOMIZAKA as its own legal advisor on November 22, 2024, based on the authority granted to the Special Committee, after consultation among the members of the Special Committee as to the necessity of independent legal advisors of a special committee.

(Note 2) "Management buyout (MBO)" means a transaction in which the Tender Offeror conducts a tender offer based on an agreement with officers of the Company and shares interests with the officers of the Company.

Regarding the directors of the Company, Mr. Yamashita is a representative director of Kyobashi Kousan, which is scheduled to enter into a non-tender agreement with the Tender Offeror, Mr. Yamashita and Mr. Tadahide Kameyama, the Representative Director and President of the Company ("Mr. Kameyama") have each entered into a management entrustment agreement as of January 28, 2025 (the "Management Entrustment Agreements") with the Tender Offerors and are scheduled to continue to engage in the management of the Company after the Transactions, Mr. Keisuke Sato is an officer of Kenedix, which is a consolidated subsidiary of the Tender Offeror,

and Mr. Takeshi Yamada has entered into an advisory consulting agreement with Kokyo Tatemono, in which Mr. Yamashita serves as a vice president and which is scheduled to enter into a tender agreement with the Tender Offeror. Therefore, in order to avoid any potential conflict of interest and based on legal advice received from Anderson Mōri & Tomotsune, the Company's legal advisor, the above directors have not participated in discussions or negotiations in their capacity as Directors of the Company with the Tender Offerors since November 4, 2024.

Under the above structure, the Company has been considering the appropriateness of implementing the Transactions, with the advice of Anderson Mōri & Tomotsune and Nomura Securities, taking into account the overview of the Tender Offer including the purpose of the Transactions, the impact of the Transactions on the Company, the content of the management policy after the Transactions and the current stock price trends.

Specifically, on December 17, 2024, the Company received from the Tender Offeror the first proposal in writing that the price for purchases under the Tender Offer (the "Tender Offer Price") per share be JPY 1,350 (the amount of JPY 1,350 is calculated by adding premium of 13.54% (rounded off to two decimal places; the same applies hereinafter in the calculation of premiums and discounts) to the closing price of the Company's Stock on the Prime Market of the Tokyo Stock Exchange of JPY 1,189 on December 16, 2024, the business day preceding December 17, 2024, when the proposal was made, 11.57% to the simple average closing price of JPY 1,210 for the past one month until such date, 8.17% to the simple average closing price of JPY 1,248 for the past three months until such date, and discount of 2.53% to the simple average closing price of JPY 1,385 for the past six months until such date, respectively.) In response to the first proposal, taking into account the opinions of the Special Committee, on December 24, 2024, the Company requested the Tender Offeror to reconsider the increase of the Tender Offer Price on the grounds that the proposed tender offer price was not at a level at which the Company could express its opinion to support and recommend to tender, comprehensively taking into account that the Tender Offer Price in the first proposal could not be appraised (1) as at a sufficient level in light of the general premium level in past MBO cases with the aim of delisting of the same type and (2) as a sufficient price in light of the range of calculation of the Company's theoretical stock price appraised by the Discounted Cash Flow method (the "DCF method") with reasonable assumptions based on the business plan prepared by the Company for the four fiscal years ending July 2025 through July 2028 (the "Business Plan") prepared by the Company. Subsequently, on December 27, 2024, the Company received from the Tender Offeror the second proposal in writing that the Tender Offer Price per Company's Stock in the Tender Offer be JPY 1,450 (the amount of JPY 1,450 is calculated by adding premium of 15.17% to the closing price of the Company's Stock on the Prime Market of the Tokyo Stock Exchange of JPY 1,259 on December 26, 2024, the business day preceding December 27, 2024, when the proposal was made, 19.83% to the simple average closing price of JPY 1,210 for the past one month until such date, 18.08% to the simple average closing price of JPY 1,228 for the past three months until such date, and 6.23% to the simple average closing price of JPY 1,365 for the past six months until such date, respectively) at the request of the Company.

In response to the second proposal, the Company gave the Tender Offerors on January 9, 2025, a request for reconsideration of raising the Tender Offer Price in the second proposal as the Tender Offer Price in the second proposal was significantly far from the level enough for the Company to express its support and to recommend tendering, comprehensively considering that as a result of consideration with an opinion from the Special Committee, (i) the level of premiums added to the stock price as of the same date and the stock prices for certain periods in the past was not adequate compared to the around 50% level which is the average of premiums in similar MBO cases with the aim of taking stock private, the level of premium was not at the level to satisfy the minority shareholders of the Company, and (ii) the Tender Offer Price could not be deemed as an appropriate price in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a Third-party Valuation Institution of the Company. After that, the Company received from the Tender Offerors on January 14, 2025, a third proposal in writing which set the Tender Offer Price per share of the Company's Stock in the Tender Offer at JPY 1,525 in response to the request from the Company (which price included: a 20.17% premium over the closing price of the Company's Stock on the Tokyo Stock Exchange Prime Market on January 10, 2025,

the business day immediately preceding January 14, 2025, the date of the proposal (JPY1,269); a 24.08% premium over the simple average of closing prices for the past one month up to the same date (JPY1,229); a 25.10% premium over the simple average of closing prices for the past three months up to the same date (JPY1,219); and a 14.23% premium over the simple average of closing prices for the past six months up to the same date (JPY1,335)). In response to the third proposal, the Company gave the Tender Offerors on January 15, 2025, a request for reconsideration of raising the Tender Offer Price in the third proposal as the Tender Offer Price in the third proposal was still significantly far from the level enough for the Company to express its support and to recommend tendering, comprehensively considering that as a result of consideration with an opinion from the Special Committee, (i) the level of premiums added to the stock price as of the same date and the stock prices for certain periods in the past was not adequate compared to the around 50% level which is the average and median of premiums in similar MBO cases with the aim of taking stock private, and (ii) the Tender Offer Price could not be deemed as an appropriate price in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a Third-party Valuation Institution of the Company. After that, the Company received from the Tender Offerors on January 17, 2025, a fourth proposal in writing which set the Tender Offer Price per share of the Company's Stock in the Tender Offer at JPY1,550 in response to the request from the Company (which price included: a 24.80% premium over the closing price of the Company's Stock on the Tokyo Stock Exchange Prime Market on January 16, 2025, the business day immediately preceding January 17, 2025, the date of the proposal (JPY1,242); a 25.10% premium over the simple average of closing prices for the past one month up to the same date (JPY1,239); a 27.26% premium over the simple average of closing prices for the past three months up to the same date (JPY1,218); and a 16.98% premium over the simple average of closing prices for the past six months up to the same date (JPY1,325)). After that, the Company received from the Tender Offerors on January 17, 2025, a fourth proposal in writing which set the Tender Offer Price per share of the Company's Stock in the Tender Offer at JPY1,550 (which price included: a 24.80% premium over the closing price of the Company's Stock on the Tokyo Stock Exchange Prime Market on January 16, 2025, the business day immediately preceding January 17, the date of the proposal (JPY1,242); a 25.10% premium over the simple average of closing prices for the past one month up to the same date (JPY1,239); a 27.26% premium over the simple average of closing prices for the past three months up to the same date (JPY1,218); and a 16.98% premium over the simple average of closing prices for the past six months up to the same date (JPY1,325)). In response to the fourth proposal, the Company gave the Tender Offerors on January 21, 2025, a request for reconsideration of raising the Tender Offer Price in the fourth proposal as the Tender Offer Price in the fourth proposal was still significantly far from the level enough for the Company to express its support and to recommend tendering, comprehensively considering that as a result of consideration with an opinion from the Special Committee, (i) the level of premiums added to the stock price as of the same date and the stock prices for certain periods in the past was not adequate compared to the around 50% level which is the average and median of premiums in similar MBO cases with the aim of taking stock private, and (ii) the Tender Offer Price could not be deemed as an appropriate price in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a Third-party Valuation Institution of the Company. After that, the Company received from the Tender Offerors on January 22, 2025, a fifth proposal in writing, with the intention to hold discussion with the Special Committee on the Tender Offer Price, which proposal set the Tender Offer Price per share of the Company's Stock in the Tender Offer at JPY1,625 in response to the request from the Company (which price included: a 28.66% premium over the closing price of the Company's Stock on the Tokyo Stock Exchange Prime Market on January 21, 2025, the business day immediately preceding January 22, 2025, the date of the proposal (JPY1,263); a 29.59% premium over the simple average of closing prices for the past one month up to the same date (JPY1,254); a 33.31% premium over the simple average of closing prices for the past three months up to the same date (JPY1,219); and a 23.67% premium over the simple average of closing prices for the past six months up to the same date (JPY1,314)). In response to this, the Special Committee received explanation by the Tender Offeror to the Special Committee on the background leading to the first proposal through the fifth proposal and the Tender Offerors' views on the Tender Offer Price on January 23, 2025, and held a question-and-answer session with regard

to such explanation. In response to the question-and answer session and the fifth proposal, the Company gave the Tender Offerors on January 23, 2025, a request for reconsideration of raising the Tender Offer Price in the fifth proposal as the Tender Offer Price in the fifth proposal was still significantly far from the level enough for the Company to express its support and to recommend tendering, comprehensively considering that as a result of consideration with an opinion from the Special Committee, (i) the level of premiums added to the stock price as of the same date and the stock prices for certain periods in the past was not adequate compared to the around 50% level which is the average and median of premiums in similar MBO cases with the aim of taking stock private, and (ii) the Tender Offer Price could not be deemed as an appropriate price in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a Third-party Valuation Institution of the Company. After that, on January 24, 2025, the Company received from the Tender Offeror the sixth proposal in writing that the Tender Offer Price per share of the Company's Stock in the Tender Offer be JPY 1,650 (the amount of JPY 1,650 is calculated by adding premium of 30.95% to the closing price of the Company's Stock on the Prime Market of the Tokyo Stock Exchange of JPY 1,260 on January 23, 2025, the business day preceding January 24, 2025, when the proposal was made, 31.26% to the simple average closing price of JPY 1,257 for the past one month until such date, 35.25% to the simple average closing price of JPY 1,220 for the past three months until such date, and 26.15% to the simple average closing price of JPY 1,308 for the past six months until such date, respectively) at the request of the Company. In response to the sixth proposal, the Company gave the Tender Offeror on January 24, 2025, a request for reconsideration of raising the Tender Offer Price in the sixth proposal as the Tender Offer Price in the sixth proposal was still significantly far from the level enough for the Company to express its support and to recommend tendering, comprehensively considering that as a result of consideration with an opinion from the Special Committee, (i) the level of premiums added to the stock price as of the same date and the stock prices for certain periods in the past was not adequate compared to the around 50% level which is the average and median of premiums in similar MBO cases with the aim of taking stock private, and (ii) the Tender Offer Price could not be deemed as an appropriate price in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Company and third-party calculation agent. After that, the Company received from the Tender Offeror on January 26, 2025, a seventh proposal in writing which set the Tender Offer Price per share of the Company's Stock in the Tender Offer at JPY 1,700 in response to the request from the Company (which price included: a 31.68% premium over the closing price of the Company's Stock on the Tokyo Stock Exchange Prime Market on January 24, 2025, the business day immediately preceding January 26, 2025, the date of the proposal (JPY 1,291); a 34.71% premium over the simple average of closing prices for the past one month up to the same date (JPY 1,262); a 39.23% premium over the simple average of closing prices for the past three months up to the same date (JPY 1,221); and a 30.27% premium over the simple average of closing prices for the past six months up to the same date (JPY 1,305)). In response to the seventh proposal, the Company gave the Tender Offeror on January 27, 2025, a request for reconsideration of raising the Tender Offer Price in the seventh proposal as the Tender Offer Price in the seventh proposal was still significantly far from the level enough for the Company to express its support and to recommend tendering, comprehensively considering that as a result of consideration with an opinion from the Special Committee, (i) the level of premiums added to the stock price as of the same date and the stock prices for certain periods in the past was not adequate compared to the around 50% level which is the average and median of premiums in similar MBO cases with the aim of taking stock private, and (ii) the Tender Offer Price could not be deemed as an appropriate price in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Company and third-party calculation agent. After that, the Company received from the Tender Offeror on January 28, 2025, the final proposal in writing, which proposal set the Tender Offer Price per share of the Company's Stock in the Tender Offer at JPY 1,700 in response to the request from the Company (which price included: a 31.68% premium over the closing price of the Company's Stock on the Tokyo Stock Exchange Prime Market on January 24, 2025, the business day immediately preceding January 27, 2025, the date of the proposal (JPY 1,291); a 34.71% premium over the simple average of closing prices for the past one month up to the same date (JPY 1,262); a 39.23% premium over the simple average of closing prices for the past three months up to the same date (JPY 1,221); and

a 30.27% premium over the simple average of closing prices for the past six months up to the same date (JPY1,305)) as the proposed price of JYP 1,700 in the seventh proposal made on January 26, 2025 was the price that takes into consideration the discussions with the Company to date and the Company's consideration of its general shareholders to the maximum extent possible. In response to this final proposal, and taking into account the opinion of the Special Committee, the Company notified the Tender Offeror on January 27, 2025, that the Company would accept the Tender Offeror's proposal, noting that the formal decision regarding the Tender Offer Price in the final proposal will require a resolution at a meeting of the Company's Board of Directors to be held on January 28, 2025, based on the Report of the Special Committee, among other things.

Furthermore, while the Company received necessary legal advice from Anderson Mōri & Tomotsune, a legal advisor of the Company, regarding the method and process of decision-making by the Company's Board of Directors including various procedures for the Transactions, and other points to be noted, it received a written report ("Report") from the Special Committee on January 28, 2025 (please see "d Establishment of Independent Special Committee at Company and Obtainment of Opinions (Reports) from Special Committee" in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" below for the summary of the Report and details of the Special Committee's activities). The Company also received a share valuation report ("Share Valuation Report (Nomura Securities)") for the Company's Stock on January 27, 2025 from Nomura Securities (please see "(II) Overview of the calculation" in "(3) Matters concerning calculation" in "3. Details of, and grounds and reasons for, opinion on Tender Offer" in the Opinion Press Release for the summary of the share valuation report).

Thereupon, based on the legal advice received from Anderson Mōri & Tomotsune, a legal advisor of the Company, and the contents of the Share Valuation Report (Nomura Securities) obtained from Nomura Securities, a third-party calculation agent, while fully respecting the contents of the Report submitted by the Special Committee, the Company carefully carried out the discussions and examination from the viewpoints including whether the Company can improve its corporate value through the Transactions and whether the terms and conditions of the Transactions including the Tender Offer Price are reasonable. Below are the details of the discussions and examinations.

As stated in "a. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer by the Tender Offeror" in "(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer" in "(2) Grounds and reasons for opinion" in "3. Details of, and grounds and reasons for, opinion on Tender Offer" in the Opinion Press Release, the Company has built up pipelines in the logistics investment business and has steadily supplied properties to CRE Logistics REIT, Inc. and private funds, thereby stabilizing its earnings by expanding its stock earnings and working to reduce earnings volatility. The Company believes that building up pipelines in the logistics investment business will remain essential to ensuring the stability of earnings, and the Company aims to scale its business by keeping steadily building up pipelines and organically linking the logistics investment business with the asset management business and the property management business, which are stable revenue bases.

On the other hand, Mr. Yamashita considers that as stated in "a. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer by the Tender Offeror" in "(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer" in "(2) Grounds and reasons for opinion" in "3. Details of, and grounds and reasons for, opinion on Tender Offer" in the Opinion Press Release, the real estate market remains challenging in terms of real estate acquisitions due to the strong appetite for investment among investors both in Japan and overseas, and while the Company's business risks are increasing, the funding environment is changing against the backdrop of domestic interest rate hikes, and it is, thus, necessary to undertake a business reform from a medium- to long-term perspective in order to further maximize the corporate value in the future. Meanwhile, Mr. Yamashita also

considers that since the Company is listed, it needs to operate its business in a manner to respect the profits of general shareholders and if the Company remains listed, it may be difficult for the Company to promptly and flexibly carry out initiatives that may result in reduction in the profit level or deterioration of cash flow in the short-term in relation to the Company's shareholders. In this regard, the Company also considers that it will not be easy to fundamentally solve the problems promptly while maintaining the listing, given that (1) the Company's volatile business structure does not necessarily match the evaluation cycle in the stock market, (2) the rate of business growth around the logistics investment business does not match the growth rate of the financial strength, and (3) it will take time to restructure the business portfolio.

Under such circumstances, the Tender Offerors expects that taking the Company private will help generate synergies including (A) enhancement of performance and expansion of market share through the strengthening of the credibility and fund-raising capacity of the Company Group (which refers collectively to the Company and its 13 subsidiaries and 36 affiliates; the same shall apply hereinafter), (B) acceleration of development projects in the Company Group, (C) evolution of the asset recycling business model, and (D) effective utilization of management resources of SDGs management. In the beginning of December 2024, the Company, hence, determined that by conducting the Transactions including the Tender Offer through the proposal from the Tender Offeror, discussions with the Tender Offeror, and considerations within the Company, the Tender Offerors and the Company will be able to work together, and by operating business in an agile manner, the following synergies are expected to be realized, and it would contribute to enhancement of the corporate value of the Company to work for prompt generation of the such synergies .

(A) Enhancement of the credibility of the Company Group and fund raising capacity

The Company Group considers the logistics investment business, which requires substantial borrowing of funds, to be a growth driver, however, based on the current size of its equity capital, it is difficult for the Company Group to hold large properties for a long period of time. The Company considers that by joining the SMFL Group (SMFL and its subsidiaries and affiliated companies; the same shall apply hereafter), which has a strong funding base based on its high credit rating and trustful relationships with financial institutions, the creditworthiness of the Company Group will be supplemented, and will enable the Company Group to enhance its fund raising capacity required for acquiring large properties.

(B) Utilization of the bridge holding function of the SMFL group

Given the current financial base of the Company Group, it is difficult to hold properties in the logistics investment business for a long period of time, and therefore, it is necessary to sell properties on a regular basis. However, the timing of property sales is affected by factors such as trends in the investment market. The Company considers that it will be possible to stabilize the Company Group's performance by utilizing the bridge holding function of the SMFL Group, the largest leasing company in the industry, and realizing periodic property sales.

(C) Expansion of business and increase of business opportunities by making use of the broad customer base and robust network of the SMFL group

Since 2018, the Company Group, under the business vision of "logistics infrastructure platform concept," has been strengthening the peripheral businesses of logistics real estate, such as the securing of employment, digital transformation in logistics including automation and digitization, and vehicle and logistics service-sharing businesses, through M&A and capital and business alliances. The Company considers that, by utilizing the SMFL Group's management resources, including its extensive customer base and robust network, the Company Group will be able to provide not only a one-stop service for logistics real estate, but also higher value-added services as a mechanism that serves as the foundation for all logistics services.

(D) Collaboration with the Company's asset management business in exit strategies in equity investments, mezzanine investments and directly-owned properties of the Tender Offeror.

The Company considers that stable and sound financial base is essential for CRE Logistics REIT Inc., which is managed by CRE REIT Advisors, Inc., a subsidiary of the Company, and private funds, which is managed by Strategic Partners Co., Ltd., a subsidiary of the Company, and that this is highly compatible with the

equity investments and mezzanine investments made by the Tender Offeror. In addition, the Company considers that by undertaking asset management services for the properties in the exit strategies regarding the directly-owned properties of the Tender Offeror, and thereby earning asset management fees, the Company Group will be able to further accumulate stock-based revenues.

In general, disadvantages of taking stock private include inability to raise funds through equity financing from capital markets and loss of the benefits of being a listed company such as enhancement of name recognition and social credibility. However, the Company needs funds mainly for acquisition and development of logistics facilities in the logistics investment business, and as of January 28, 2025, the Company does not envisage any other large capital investment and satisfies such capital needs with funds such as borrowed from financial institutions. Furthermore, in the event that new capital needs arise in the future, the Company believes that it will be possible to procure funds through means such as parent-subsidiary loans with the SMFL Tender Offeror. Moreover, with regard to enhancement of name recognition and social credibility, there are many unlisted companies that have strong brands and high social credibility, and the Company considers that it already has a certain degree of name recognition in the logistics industry, and therefore the negative impact of delisting will be limited. In addition, if the Transactions are consummated, the capital relationship with Kokyo Tatemono will be lost, however, the Company considers that this will not affect past transactions and prospects for future transactions with Kokyo Tatemono. The Company also considers that joining the SMFL group, which has established a strong presence in the logistics industry after the Transactions, will have a positive impact on the Company's brand, social credibility, and other aspects, and that disadvantages associated with taking the Company's Stock private will be limited.

In addition, with respect to the Tender Offer, the Company decided that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the shareholders of the Company and the Tender Offer provides reasonable opportunities to sell their shares on the ground that the Tender Offer Price (JPY 1,700) (a) exceeds the upper limit the calculation result obtained by the average market share price method, the comparable company multiple valuation method, and the DCF method, which Nomura Securities adopts to calculate the share value of the Company's Stock, and there exists no fact that implies unfair procedures in relation the downward revision on September 13, 2024 to the business earnings projections and the estimated cumulative shareholders' return stated in the second medium-term management plan (the "Downward Revision"), and the Company considers the results of calculation of the value of the Company's Stock is not unfair, (b) includes a premium of 29.87% on the closing price (JPY 1,309) of the Company's Stock on the TSE Prime Market on January 27, 2025, which is the business day preceding the announcement date of the Tender Offer, a premium of 34.18% on the simple average closing price for the past one month until such date (from December 30, 2024 to January 27, 2025) (JPY 1,267), a premium of 39.00% on the simple average closing price for the past three months until such date (from October 28, 2024 to January 27, 2025) (JPY 1,223), and a premium of 30.67% on the simple average closing price for the past six months until such date (from July 29, 2024 to January 27, 2025) (JPY 1,301), and although it cannot be said that the premium levels are necessarily high in relation to the simple average closing price of the business day preceding the announcement date compared to the average premium level in the 73 MBO cases with the aim of taking stock private that were announced and successfully completed during the period from June 28, 2019, the date of announcement of the "Guidelines for Corporate Takeovers -Enhancing Corporate Value and Securing Shareholders' Interests-" (the "M&A Guidelines") by the Ministry of Economy, Trade and Industry until January 27, 2025 (48.09% on the share price on the business day immediately preceding the date of announcement, 50.35% on the simple average closing price for the past one month, 53.07% on the simple average closing price for the past three months, 52.39% on the simple average closing price for the past six months (rounded to two decimal places)), as a result of analyzing the distribution of similar cases in 10% increments, as in the case of the Tender Offer, the largest number of cases granted a premium in the 30% range for the past month until the business day preceding the announcement date, and there were also a considerable number of cases where a premium in the 30% range was granted for the simple average closing price for the past three months and the past six months until the business day preceding the announcement date, and therefore, it is considered that the range of premiums

is not necessarily unreasonable in light of the premium levels of similar cases in the past, (c) is the price determined through multiple discussions and negotiations between the Company and the Special Committee and the Tender Offerors that are equivalent to the discussions and negotiations on transactions between independent parties, more specifically, is the price proposed with an increase by JPY 350 per share (25.93%; rounded to two decimal places) from the initial proposed price (JPY 1,350 per share) as a result of sincere and continuous discussions and negotiations with the Tender Offerors conducted in consideration of the result of calculation of the value of the Company's Stock obtained from Nomura Securities and legal advice from Anderson Mōri & Tomotsune regarding the process of decision-making on the Transactions and other points to be noted as well as opinions, instructions, and requests of the Special Committee, (d) the Special Committee itself has expressed the opinion that the Tender Offer Price is reasonable by substantially participating in the negotiation process of the terms and conditions of transactions with the Tender Offerors, (e) as described in "d. Establishment of Independent Special Committee at Company and Obtainment of Opinions (Reports) from Special Committee" in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" below, the terms and conditions of the Transactions including such price are also considered to be reasonable in the Report obtained from the Special Committee, (f) the minority shareholders who did not tender in the Tender Offer will ultimately be offered consideration in the series of transactions for taking the Company's Stock private (the "Squeeze-Out Procedures") to be carried out after the Tender Offer, and the Company will be requested to file a petition for permission of voluntary sale with the court after calculating that the amount of money to be paid to such shareholders will be equal to the Tender Offer Price multiplied by the number of Company's Stock held by such Company's shareholders to ensure the general shareholders' opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer and to ensure the removal of undue pressure, (g) the consideration for the Transactions will be paid in the form of cash through the Tender Offer and the subsequent Squeeze-Out Procedures, which can be considered as appropriate from the perspective of shareholder protection given its low value fluctuation risk and high liquidity, and it is relatively straightforward to evaluate for shareholders to make a decision regarding the tender of their shares, and (h) the Tender Offeror ensures that the shareholders of the Company are provided with an appropriate opportunity to assess the Tender Offer and ensures opportunities for competing tender offerors to make a competing offer for the Company's Stock by setting the Tender Offer Period of 30 business days, which is longer than the statutory shortest period of 20 business days.

Based on the above, the Company determined that the Transactions would contribute to the enhancement of the Company's corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, were fair. Accordingly, the Company resolved at the meeting of its board of directors held on January 28, 2025 to express an opinion that it was in support of the Tender Offer, and to recommend the Company's shareholders to tender their shares in the Tender Offer.

Please refer to "f. Unanimous Approval by All Directors (Including Directors who are Members of the Audit and Supervisory Committee) of the Company without Conflicts of Interest" in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" below for the details of the above resolution of the Company's board of directors.

Subsequently, as described above, the Tender Offer was consummated but the Tender Offeror was unable to acquire all of the Company's Stock through the Tender Offer (excluding the shares of the Company's Stock held by the Tender Offeror, treasury shares held by the Company, the shares of the Company's Stock held by Kyobashi Kousan, the shares of the Company's stock in the name of The Nomura Trust and Banking Co., Ltd. (hereinafter, The Nomura Trust and Banking Co., Ltd, as trustee of the Trust shall be referred to as the "Trustee", and Kyobashi Kousan and/or the Trustee shall be referred to as the "Kyobashi Kousan, Etc."), which are entrusted under the securities management and disposition trust agreement, dated April 15, 2021, by and between Kyobashi Kousan and The Nomura Trust and Banking Co., Ltd., and which belong to the trust assets of the trust pursuant to the said agreement (the "Trust"), and the Company's Stock held by Kenedix). Therefore, as described in the Opinion Press

Release, in order to make the Tender Offeror and Kyobashi Kousan, Etc. the only shareholders of the Company, the Company resolved to submit a proposal to the Extraordinary Shareholders' Meeting for the consolidation of 5,876,988 shares of the Company's Stock into one share (the "Share Consolidation") as described in "b. Consolidation ratio" in "(2) Details of Share Consolidation" in "2. Summary of Share Consolidation" below.

As a result of the Share Consolidation, the number of shares of the Company's Stock held by the Company's shareholders other than the Tender Offeror and Kyobashi Kousan, Etc. will be a fractional share of less than one share.

For details of the Transactions, please see the Opinion Press Release and the Results Press Release.

2. Summary of Share Consolidation

(1) Schedule for Share Consolidation

a. Date of public notice of the record date for the Extraordinary Shareholders' Meeting	March 24, 2025 (Monday)
b. Record date for the Extraordinary Shareholders' Meeting	April 8, 2025 (Tuesday)
c. Date of resolution of the board of directors	April 16, 2025 (Wednesday)
d. Date of the Extraordinary Shareholders' Meeting	May 12, 2025 (Monday) (scheduled)
e. Date of designation as securities to be delisted	May 12, 2025 (Monday) (scheduled)
f. Last trading day of the Company's Stock	May 28, 2025 (Wednesday) (scheduled)
g. Delisting date of the Company's Stock	May 29, 2025 (Thursday) (scheduled)
h. Effective date of the Share Consolidation	June 2, 2025 (Monday) (scheduled)

(2) Details of Share Consolidation

a. Class of share to be consolidated

Common Stock

b. Consolidation ratio

5,876,988 shares of the Company's Stock will be consolidated into one share.

c. Total number of issued shares to be reduced

29,384,939 shares

d. Total number of issued shares before the consolidation takes effect

29,384,944 shares

(Note) At the board of directors meeting held on April 16, 2025, the Company resolved to cancel 15,756 treasury shares as of May 30, 2025. The "Total number of issued shares before the consolidation takes effect" therefore indicates the total number of issued shares after such cancellation. The cancellation of the treasury shares is subject to the approval of the proposal for the Share Consolidation at the Extraordinary Shareholders' Meeting as originally proposed.

e. Total number of issued shares after the consolidation takes effect

5 shares

f. Total number of authorized shares as of the effective date

20 shares

g. Treatment of fractions of less than one share and the amount of money expected to be delivered to shareholders as a result of such treatment

- (a) Whether the treatment under Article 235, Paragraph 1 of the Companies Act or the treatment under Article 234, Paragraph 2 of the said Act as applied *mutatis mutandis* pursuant to Article 235, Paragraph 2 of the said Act is planned, and the reasons therefor

As described in "1. Purpose of and Reason for Share Consolidation" above, as a result of the Share Consolidation, the number of shares of the Company's Stock held by the Company's shareholders other than the Tender Offeror and Kyobashi Kousan, Etc. will be a fractional share of less than one share. With regard to the fractional shares that will arise as a result of the Share Consolidation, the Company will sell its shares in the amount equivalent to the aggregate of such fractional shares (any fractional shares less than one share in the aggregate will be rounded off; hereinafter the same) and pay the proceeds from the sale to shareholders in proportion to the fractional shares held by each shareholder. With regard to such sale, the Company intends to sell its shares to the Tender Offeror with the permission of the court, in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same shall apply hereinafter), as applied *mutatis mutandis* pursuant to Article 235, Paragraph 2 of the said Act, in consideration of the fact that the Share Consolidation is being conducted as part of the Transactions for the purpose of making the Tender Offeror and Kyobashi Kousan, Etc. the only shareholders of the Company and that, since the Company's Stock is scheduled to be delisted as of May 29, 2025 and will thereby become shares with no market price, it is unlikely that a purchaser will appear through an auction.

If court approval is obtained as scheduled, the sale price will be set at a price that will ensure delivery of an amount equivalent to the amount obtained by multiplying the number of shares of the Company's Stock held by shareholders in the Company's shareholders register as of the close of business on June 1, 2025, which is the day before the effective date of the Share Consolidation, by 1,700 yen, which is the Tender Offer Price. However, in cases where permission from the court cannot be obtained or where it is necessary to make adjustment of fractions in the calculation, the actual amount to be delivered may differ from the above amount.

- (b) Name of person expected to purchase shares subject to sale
SMFL MIRAI Partners Company, Limited

- (c) Method by which the person expected to purchase shares subject to sale secures funds to pay the sale price, and the reasonableness of the method

According to the Tender Offeror, the Tender Offeror plans to use its own funds to cover the cost of acquiring the shares of the Company's Stock equivalent to the total number of fractional shares resulting from the Share Consolidation. In addition, according to the Tender Offeror, there have been no events that may affect the payment of the sale price of the shares of the Company's Stock equivalent to the total number of fractional shares of less than one share resulting from the Share Consolidation, and the Tender Offeror is not aware of any possibility of such events occurring in the future.

Based on the above, the Company has determined that the Tender Offeror's method for securing funds to pay the sale price of the shares of the Company's Stock equivalent to the total number of fractional shares of less than one share is reasonable.

- (d) Expected timing of sale and expected timing of payment of sales proceeds to shareholders

The Company plans to file a petition with the court in early June 2025 pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act, as applied *mutatis mutandis* pursuant to Article

235, Paragraph 2 of the said Act, to sell to the Tender Offeror the shares of the Company's Stock equivalent to the total number of fractional shares of less than one share resulting from the Share Consolidation. The timing of obtaining the permission for such sale may vary depending on matters such as the situation of the court, but the Company plans to sell the relevant shares by having the Tender Offeror purchase them with such permission of the court around late June to early July 2025, and then, after making the necessary preparations to pay the proceeds from the sale to shareholders, the Company plans to pay the sales proceeds to shareholders around early September to early October 2025.

Taking into account the time required from the effective date of the Share Consolidation to the completion of the series of procedures related to such sale, the Company has determined that the sale of the Company's shares equivalent to the total number of fractional shares of less than one share resulting from the Share Consolidation and the payment of the sales proceeds to the shareholders will be conducted at the respective times as described above.

3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation

(1) Grounds and reasons for the amount expected to be paid to shareholders due to treatment of fractional shares

- a. Matters taken into consideration so as not to impair the interests of shareholders other than the parent company, etc., in cases where the parent company, etc., exists

In light of the fact that the Tender Offer is implemented as part of the Transactions for a Management Buyout (MBO) and that there are issues of structural conflicts of interest, the Tender Offeror and the Company have implemented the measures described in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price.

- b. Matters concerning the method of treatment of fractional shares, the amount of money expected to be delivered to shareholders as a result of such treatment, and the reasonableness of such amount

The amount of money expected to be delivered to shareholders as a result of the treatment of fractional shares is expected to be the amount obtained by multiplying the number of the shares of the Company's Stock held by shareholders by 1,700 yen, which is the Tender Offer Price, as described in "f. Treatment of fractions of less than one share and the amount of money expected to be delivered to shareholders as a result of such treatment" in "(2) Details of Share Consolidation" in "2. Summary of Share Consolidation" above.

With respect to the Tender Offer, the Company decided that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the shareholders of the Company and the Tender Offer provides reasonable opportunities to sell their shares on the ground that the Tender Offer Price (JPY 1,700) (a) exceeds the upper limit the calculation result obtained by the average market share price method, the comparable company multiple valuation method, and the DCF method, which Nomura Securities adopts to calculate the share value of the Company's Stock, and there exists no fact that implies unfair procedures in relation the Downward Revision, and the Company considers the results of calculation of the value of the Company's Stock is not unfair, (b) includes a premium of 29.87% on the closing price (JPY 1,309) of the Company's Stock on the TSE Prime Market on January 27, 2025, which is the business day preceding the announcement date of the Tender Offer, a premium of 34.18% on the simple average closing price for the past one month until such date (from December 30, 2024 to January 27, 2025) (JPY 1,267), a premium of 39.00% on the simple average closing price for the past three months until such date (from October 28, 2024 to January 27, 2025) (JPY 1,223), and a premium of 30.67% on the simple average closing price for the past six months until such date (from July 29, 2024 to January 27, 2025) (JPY 1,301), and although it cannot be said that the premium levels are necessarily high in relation to the simple average closing price of the business

day preceding the announcement date compared to the average premium level in the 73 MBO cases with the aim of taking stock private that were announced and successfully completed during the period from June 28, 2019, the date of announcement of the M&A Guidelines by the Ministry of Economy, Trade and Industry until January 27, 2025 (48.09% on the share price on the business day immediately preceding the date of announcement, 50.35% on the simple average closing price for the past one month, 53.07% on the simple average closing price for the past three months, 52.39% on the simple average closing price for the past six months (rounded to two decimal places)), as a result of analyzing the distribution of similar cases in 10% increments, as in the case of the Tender Offer, the largest number of cases granted a premium in the 30% range for the past month until the business day preceding the announcement date, and there were also a considerable number of cases where a premium in the 30% range was granted for the simple average closing price for the past three months and the past six months until the business day preceding the announcement date, and therefore, it is considered that the range of premiums is not necessarily unreasonable in light of the premium levels of similar cases in the past, (c) is the price determined through multiple discussions and negotiations between the Company and the Special Committee and the Tender Offerors that are equivalent to the discussions and negotiations on transactions between independent parties, more specifically, is the price proposed with an increase by JPY 350 per share (25.93%; rounded to two decimal places) from the initial proposed price (JPY 1,350 per share) as a result of sincere and continuous discussions and negotiations with the Tender Offerors conducted in consideration of the result of calculation of the value of the Company's Stock obtained from Nomura Securities and legal advice from Anderson Mōri & Tomotsune regarding the process of decision-making on the Transactions and other points to be noted as well as opinions, instructions, and requests of the Special Committee, (d) the Special Committee itself has expressed the opinion that the Tender Offer Price is reasonable by substantially participating in the negotiation process of the terms and conditions of transactions with the Tender Offerors, (e) as described in "d. Establishment of Independent Special Committee at Company and Obtainment of Opinions (Reports) from Special Committee" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" below, the terms and conditions of the Transactions including such price are also considered to be reasonable in the Report obtained from the Special Committee, (f) the minority shareholders who did not tender in the Tender Offer will ultimately be offered consideration in the Squeeze-Out Procedures to be carried out after the Tender Offer, and the Company will be requested to file a petition for permission of voluntary sale with the court after calculating that the amount of money to be paid to such shareholders will be equal to the Tender Offer Price multiplied by the number of Company's Stock held by such Company's shareholders to ensure the general shareholders' opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer and to ensure the removal of undue pressure, (g) the consideration for the Transactions will be paid in the form of cash through the Tender Offer and the subsequent Squeeze-Out Procedures, which can be considered as appropriate from the perspective of shareholder protection given its low value fluctuation risk and high liquidity, and it is relatively straightforward to evaluate for shareholders to make a decision regarding the tender of their shares, and (h) the Tender Offeror ensures that the shareholders of the Company are provided with an appropriate opportunity to assess the Tender Offer and ensures opportunities for competing tender offerors to make a competing offer for the Company's Stock by setting the Tender Offer Period of 30 business days, which is longer than the statutory shortest period of 20 business days. Based on the above, the Company determined that the Transactions would contribute to the enhancement of the Company's corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, were fair.

In addition, the Company has confirmed that there have been no material changes to the terms and conditions that form the basis for the calculation of the Tender Offer Price from the time of the resolution of its board of director on January 28, 2025, which resolved to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer, to the time of the resolution of its board of directors on April 16, 2025, which resolved to convene the Extraordinary

Shareholders' Meeting.

Based on the above, the Company has determined that the amount of money to be paid to shareholders as a result of the treatment of fractional shares is reasonable.

c. Disposition of material assets, incurrence of material liabilities, or other events occurring after the last day of the last fiscal year of the Company that materially affect the status of the Company's assets

(a) Tender Offer

As described in "1. Purpose of and Reason for Share Consolidation" above, the Tender Offer conducted the Tender Offer during the Tender Offer Period from January 29, 2025 to March 13, 2025 and, as a result of the Tender Offer, came to hold 10,552,842 shares of the Company's Stock (Ownership Ratio (Note 1): 35.91%) as of March 21, 2025, the commencement date of the settlement of the Tender Offer.

(b) Cancellation of treasury shares

The Company resolved at its board of directors meeting held on April 16, 2025 to cancel 15,756 treasury shares of the Company as of May 30, 2025. The cancellation of such treasury shares is subject to the approval of the proposal for the Share Consolidation at the Extraordinary Shareholders' Meeting as originally proposed, and the total number of issued shares of the Company after the cancellation will be 29,384,944 shares.

(2) Possibility of Delisting

a. Delisting

As described in "1. Purpose of and Reason for Share Consolidation" above, the Company intends to implement the Share Consolidation and make the Tender Offeror and Kyobashi Kousan the only shareholders in the Company after the Transactions, subject to approval from the shareholders at the Extraordinary Shareholders' Meeting. As a result, the Company's Stock will be delisted pursuant to the procedures prescribed by the Tokyo Stock Exchange in accordance with the Tokyo Stock Exchange's criteria for delisting.

The Company's Stock will be designated as a stock to be delisted from May 12, 2025 until May 28, 2025 and then will be delisted on May 29, 2025. The Company's Stock may no longer be traded on the Prime Market of the Tokyo Stock Exchange after the delisting.

b. Reason for intending the delisting

As described in "1. Purpose of and Reason for Share Consolidation" above, this is because the Company determined that taking the Company's Stock private through the Transactions would contribute to enhancement of the Company's corporate value.

c. Impact on minority shareholders and views thereon

As described in "d. Establishment of Independent Special Committee at Company and Obtainment of Opinions (Reports) from Special Committee" in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below, the Company consulted the Special Committee on whether the decision by the Company's board of directors to implement the Transactions is not disadvantageous to the Company's minority shareholders and received from the Special Committee the Report stating that the decision by the Company's board of directors on the Transactions is considered not disadvantageous to the Company's minority shareholders.

(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest

In light of the fact that the Tender Offer is implemented as part of a so-called Management Buyout (MBO), the Tender Offeror and the Company have implemented the following measures stated below to ensure the fairness of the Transactions, including the Tender Offer, from the perspectives of ensuring the fairness of the Tender Offer Price, eliminating any arbitrariness in the process leading to the determination to implement the Tender Offer, and avoiding conflicts of interest.

In addition, according to the Tender Offeror, it has not set a minimum number of shares equivalent to a so-called “majority of minority” in the Tender Offer, because the Tender Offeror believes that setting such minimum number may make the consummation of the Tender Offer uncertain and may thereby not contribute to the interests of minority shareholders of the Company who wish to sell their Company’s Stock in the Tender Offer. Nevertheless, since the Tender Offeror and the Company have implemented each of the measures stated below as the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Tender Offeror believes that the interests of all of the minority shareholders of the Company have been reasonably considered. Of the following statements, the statements regarding the measures implemented by the Tender Offeror are based on the explanation provided by the Tender Offeror.

a. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Tender Offerors

According to the Tender Offerors, the Tender Offerors requested SMBC Nikko Securities Inc. (“SMBC Nikko Securities”) as a third-party valuation institution that is independent from the Tender Offerors, the Company, the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares to evaluate the share value of the Company’s Stock for determining the Tender Offer Price and obtained a share valuation report relating to the share value of the Company’s Stock (the “Share Valuation Report (SMBC Nikko Securities)” on January 27, 2025. Although SMBC Nikko Securities is, in the same manner as the Tender Offerors, one of group companies of Sumitomo Mitsui Financial Group, Inc. (“SMFG”), the Tender Offerors requested that SMBC Nikko Securities evaluate the share value of the Company’s Stock, taking into consideration the performance of SMBC Nikko Securities as a valuation institution, and in light of the fact that (i) the department that calculates the share value of the Company’s Stock in SMBC Nikko Securities and other departments therein, as well as SMFG, the parent company of SMBC Nikko Securities, have adopted the information blocking measures that are stipulated in their internal rules as the measures to prevent harmful effects; (ii) as the Tender Offerors and SMBC Nikko Securities conduct transactions on the same terms and conditions as those for the ordinary business partners, the independence of SMBC Nikko Securities as the third party valuation institution is ensured; and (iii) SMBC Nikko Securities does not fall under a related party of the Company and there is no particular issue with respect to the Tender Offerors’ requesting SMBC Nikko Securities to conduct the valuation of the share value of the Company’s Stock. In addition, in light of other measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest in the Transactions, the Tender Offerors have not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) as the Tender Offerors believe that the interests of the minority shareholders of the Company have been reasonably considered.

After considering which valuation methods should be applied to evaluate the share value of the Company’s Stock among various stock valuation methods, SMBC Nikko Securities evaluated the share value of the Company’s Stock using each method of (i) the market share price method, since the Company is listed on the Prime Market of the Tokyo Stock Exchange and a market price exists, (ii) the comparable listed company method, since it is possible to estimate the share value of the Company’s Stock by comparing the Company with listed companies similar to the Company and (iii) the Discounted Cash Flow method (the “DCF method”), in order to reflect the future business activities in the valuation. The Tender Offerors obtained the Share Valuation Report (SMBC Nikko Securities) from SMBC Nikko Securities on January 27, 2025.

The valuation results of share value per share of the Company’s Stock by SMBC Nikko Securities are as follows:

Market share price method:	1,223 yen to 1,301 yen
Comparable listed company method:	1,335 yen to 2,039 yen
DCF method:	864 yen to 2,717 yen

Under the market share price method, the range of share value per share of the Company’s Stock was evaluated to be from 1,223 yen to 1,301 yen as of January 27, 2025 as the record date for calculation. This range was based on the simple average closing price of the Company’s Stock on the Prime Market of the Tokyo Stock Exchange for the past

one (1) month up to the record date for calculation, which was 1,267 yen, the past three (3) months up to such date, which was 1,223 yen and the past six (6) months up to such date, which was 1,301 yen.

Under the comparable listed company method, the share value per share of the Company's Stock was evaluated by comparing the market share prices and financial indicators showing profitability of some listed companies engaged in a business similar to that conducted by the Company, and the share value per share of the Company's Stock was evaluated to be in the range of 1,335 yen to 2,039 yen.

Under the DCF method, the share value per share of the Company was evaluated to be in the range of 864 yen to 2,717 yen as a result of analyzing the enterprise value and share value of the Company's Stock by discounting the free cash flow that is expected to be generated by the Company in and after the fiscal year ending July 2025 to the present value at a specific discount rate, based on the assumptions of the Business Plan provided by the Company for the period from the fiscal year ending July 2025 through the fiscal year ending July 2028 and various factors in the publicly disclosed information. The synergy effects that can be expected to be realized through the execution of the Transactions are not reflected because it is difficult to estimate the effects to the revenue of the Tender Offerors as of January 28, 2025.

The Tender Offerors comprehensively reviewed several factors, such as (i) the fact that the valuation results in the Share Valuation Report (SMBC Nikko Securities) provided by SMBC Nikko Securities indicate that the Tender Offer Price is higher than the upper limit of the valuation results based on the market share price method and within the ranges of values based on the comparable listed company method and the DCF method, (ii) the results of the due diligence conducted by the Tender Offeror on the Company from the middle of November 2024 to the middle of December 2024, (iii) the likelihood that the Company's board of directors would support the Tender Offer, (iv) the change of the market price of the Company's Stock (1,291 yen, which is the closing price on January 24, 2025, the business day immediately preceding the implementation date of the final proposal for the Tender Offer Price (January 27, 2025), 1,262 yen, which is the simple average closing price for the past one (1) month up to such date, 1,221 yen, which is the simple average closing price for the past three (3) months up to such date and 1,305 yen, which is the simple average closing price for the past six (6) months up to such date), and (v) the prospect of its shares being tendered in the Tender Offer; and took into consideration the results of the discussions and negotiations with the Company. As a result, the Tender Offerors ultimately set the Tender Offer Price at 1,700 yen per share on January 28, 2025.

The Tender Offer Price of 1,700 yen is the price including (a) a premium of 29.87% added to 1,309 yen, which is the closing price of the Company's Stock on the Prime Market of the Tokyo Stock Exchange on January 27, 2025, the business day immediately preceding the announcement date of implementation of the Tender Offer; (b) a premium of 34.18% added to 1,267 yen, which is the simple average closing price of the Company's Stock for the past one (1) month up to such date; (c) a premium of 39.00% added to 1,223 yen, which is the simple average closing price for the past three (3) months up to such date; and (d) a premium of 30.67% added to 1,301 yen, which is the simple average closing price for the past six (6) months up to such date.

b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Company
In expressing its opinion regarding the Tender Offer, the Company requested Nomura Securities, a third-party valuation institution that is independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agreed Not to Tender Their Shares, and the Company, to evaluate the share value of the Company's Stock in order to ensure fairness during the decision making process with respect to the Tender Offer Price presented by the Tender Offeror, and the Company obtained the Share Valuation Report (Nomura Securities) on January 27, 2025. Nomura Securities does not fall into the category of a related party of the Tender Offerors, Kyobashi Kousan, and the Company and does not have any material interest in connection with the Transactions including the Tender Offer. In addition, the Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities. Fees payable to Nomura Securities in connection with the Transactions include an incentive fee to be paid conditional upon the successful completion of the Transactions or other achievements. The Company has appointed Nomura Securities as its financial advisor and third-party valuation

institution based on the above-mentioned fee structure, considering that the independence of Nomura Securities would not be compromised by the fact that an incentive fee to be paid conditional upon the successful completion of the Transactions or other achievements is provided, taking into account the general practice in similar transactions and the appropriateness of the fee structure that would impose a reasonable financial cost on the Company if the Transactions fail to be completed. Furthermore, it is stated that the Special Committee has confirmed that there is no problem with the independence of Nomura Securities.

Following an examination of the calculation method for the Tender Offer and based on the view that it is appropriate to evaluate the value of the Company's Stock from multiple perspectives on the assumption that the Company is a going concern, Nomura Securities evaluated the share value of the Company's Stock using the each method of (i) average market share price method, since the Company's Stock is listed on the Tokyo Stock Exchange Prime Market, (ii) the comparable company multiple valuation method, since there exist multiple listed companies that conduct businesses relatively similar to that of the Company and it is possible to estimate the share value of the Company by comparison with those companies, and (iii) the DCF method in order to reflect the status of the Company's future business activities in the valuation.

According to Nomura Securities, the methods used to evaluate the share value of the Company's Stock and the range of share value of the Company's Stock per share evaluated based on these methods are as follows:

Average market share price method	1,223 yen to 1,309 yen
Comparable company multiple valuation method	431 yen to 2,135 yen
DCF method	1,159 yen to 2,896 yen

Under the average market share price method, Nomura Securities calculated the per-share value of the Company's Stock to be within a range between JPY 1,223 and JPY 1,309, setting January 27, 2025 as the reference date, based on the closing price of the Company's Stock on the Tokyo Stock Exchange Prime Market on the reference date (JPY 1,309), the simple average closing price of the Company's Stock for the latest five business days (JPY 1,227), the simple average closing price of the Company's Stock for the latest one month (JPY 1,267), the simple average closing price of the Company's Stock for the latest three months (JPY 1,223), and the simple average closing price of the Company's Stock for the latest six months (JPY 1,301).

Under the comparable company multiple valuation method, according to Nomura Securities, Nomura Securities evaluate the share value of the Company's Stock using the multiple of operating income to the corporate value, the multiple of operating income before depreciation ("EBITDA") ("EBITDA multiple"), the multiple of net income to total market value, and the multiple of shareholders' equity, after selecting Ichigo Inc., Ascot Corp., Fund Creation Group Co., Ltd., Hoosiers Holdings Co., Ltd., B-Lot Company Limited, Loadstar Capital K.K., GLOBAL LINK MANAGEMENT Inc., Kasumigaseki Capital Co., Ltd., Yoshicon Co., Ltd., ES-CON JAPAN Ltd., MIRARTH HOLDINGS, Inc., Sun Frontier Fudousan Co., Ltd., Columbia Works Inc., and TASUKI Holdings Inc. as comparable listed companies that operate a business that is relatively similar to that of the Company, though not entirely identical. As a result, Nomura Securities evaluated the share value of the Company's Stock per share to be within a range between 431 yen and 2,135 yen.

Under the DCF method, Nomura Securities, after considering the assumptions considered to be reasonable, such as the financial projections and investment plans based on the Business Plan, evaluated the corporate value by discounting the free cash flows that are expected to be generated by the Company in and after the second quarter of the fiscal year ending July 2025 to their present value at a certain discount rate based on the business risks, made certain financial adjustments such as adding the value of cash equivalents held by the Company, analyzes the value of the Company's Stock, and calculated the per-share value of the Company's Stock to be within a range between JPY

1,159 and JPY 2,896. Nomura Securities adopted a discount rate (weighted average cost of capital) of 5.25% to 5.75%, and adopted a perpetual growth model and multiple model to calculate the terminal value, and calculated the value of the Company's Stock with a perpetual growth rate of 0.00% to 0.50% and an EBITDA multiple of 9.0 to 11.0 times. Furthermore, the Business Plan was prepared at the initiative of persons related to the Company who are independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, and the Shareholders Who Agreed Not to Tender Their Shares, and there is no indication that the Tender Offerors was involved in the preparation process. When the Company prepared the Business Plan for the Transactions, the Special Committee received an explanation of the details of the business plan proposal, the important preconditions, and other relevant matters, and the Special Committee confirmed the reasonableness of the final details of the Business Plan, the important preconditions, the background of the preparation, and other relevant matters, and approved them.

Below are the specific figures in the Company's financial projections that Nomura Securities used as a basis of the calculation under the DCF method including the fiscal years in which significant increases or decreases in profit are expected. Specifically, from the fiscal year ending July 2025 to the fiscal year ending July 2026, the Company expects an increase in free cash flow due to a decrease in working capital accompanying the sale of real estate for sale in the logistics investment business. On the other hand, from the fiscal year ending July 2027 to the fiscal year ending July 2028, the Company expects a decrease in free cash flow due to an increase in working capital accompanying an increase in the amount invested in development properties in the logistics investment business exceeding the amount of sales of real estate for sale. Furthermore, the synergy effect expected to be realized by the execution of the Transactions is not taken into account in the financial projections, as it is difficult to provide a precise estimate of the synergy on January 28, 2025. (Note 3)

(Note 3) In calculating the value of the Company's Stock, Nomura Securities has assumed that public information and any and all information provided by the Company is accurate and complete, and has not independently verified its accuracy and completeness. Nomura Securities has not independently valued, appraised or assessed the assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliated companies, including the analysis and valuation of individual assets and liabilities, nor has it requested a third-party entity to appraise or assess them. Nomura Securities assumes that the business plan of the Company was reasonably considered or prepared based on the best forecasts and judgments made in good faith by the Company's management (limited to those independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, and the Shareholders Who Agreed Not to Tender Their Shares) available at the time of calculation. Nomura Securities' calculation reflects the information it obtained and economic conditions up until January 27, 2025. Nomura Securities' calculation is intended solely to serve as a reference for the Company's Board of Directors to consider the value of the Company's Stock.

(In million yen)

	Fiscal year ending July 2025 (Note 4)	Fiscal year ending July 2026	Fiscal year ending July 2027	Fiscal year ending July 2028
Net sales	64,299	97,100	116,123	97,907
Operating income	8,857	11,825	9,942	10,664
EBITDA	9,262	12,372	10,281	11,007
Free cash flow	(9,538)	7,920	5,140	(1,402)

(Note 4) All figures for the fiscal year ending July 2025 pertain to the period from November 1, 2024 to July 31, 2025,

which follows to the second quarter of the same fiscal year.

c. Advice from an Independent Law Firm Received by the Company

The Company appointed Anderson Mōri & Tomotsune as its legal advisor that is independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agreed Not to Tender Their Shares, and the Company to ensure the fairness and appropriateness of decision-making process of the Company's board of directors in relation to the Transactions including the Tender Offer, and has received necessary legal advice from the law firm regarding the method and process of decision-making of the Company's board of directors including various procedures related to the Transactions including the Tender Offer, as well as other relevant considerations. Anderson Mōri & Tomotsune does not fall into the category of a related party of the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agreed Not to Tender Their Shares, and the Company and does not have any material interest in connection with the Transactions including the Tender Offer. Fees payable to Anderson Mōri & Tomotsune in relation to the Transactions does not include any incentive fee to be paid upon the successful completion of the Transactions or other achievements. In addition, the Special Committee has confirmed that there are no concern with the independence of Anderson Mōri & Tomotsune.

d. Establishment of Independent Special Committee at Company and Obtainment of Opinions (Reports) from Special Committee

Considering that the Tender Offer is to be conducted as part of the Transactions, which constitute a so-called Management Buyout (MBO) and that there are issues of structural conflicts of interest, in accordance with the resolution of the board of directors dated November 4, 2024, prior to the deliberation and resolution by the Company's board of directors on the pros and cons of the Transactions including the Tender Offer, the Company established the Special Committee in order to eliminate the arbitrariness of decision making of the Company in the Transactions including the Tender Offer and to ensure the fairness, transparency, and objectivity of decision-making process. The Special Committee is comprised of the Company's outside directors (three of the Company's outside directors, Mr. Takuma Shimizu (an outside director who is a member of the Audit and Supervisory Committee), Ms. Katsue Okuda, and Mr. Yoshiyuki Ishikubo (outside director who are members of the Audit and Supervisory Committee)) and independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agreed Not to Tender Their Shares, and the Company. It is stated that Mr. Takuma Shimizu has been selected as the chairperson of the Special Committee by election of the members of the Special Committee. each member of the Special Committee will be paid a fixed fee as consideration for his/her duties, regardless of the details of the report, and no incentive fee to be paid conditional upon the successful completion of the Transactions or other achievements will be provided.

Based on the above resolution of the board of directors, the Company consulted the Special Committee on whether (a) the purpose of the Transactions is considered to be reasonable (including whether the Transactions will contribute to the enhancement of the Company's corporate value), (b) the fairness of the procedures for the Transactions is ensured, (c) the appropriateness of the terms and conditions of the Transactions (including the purchase price in the Tender Offer) is ensured, (d) based on the above (a) to (c), the decision by the Company's board of directors to implement the Transactions is considered not to be disadvantageous to the Company's minority shareholders (the matters in (a) to (d) are hereinafter referred to as the "Matters of Inquiry"), and requested the Special Committee to submit a report on these points to the Company.

In consulting with the Special Committee, the Company's board of directors shall respect the opinion of the Special Committee to the maximum extent in making a decision regarding the Transactions, and if the Special Committee determines that the Transactions are not appropriate, the Company's board of directors shall refrain to adopt a decision to implement the Transactions (including expressing an opinion in support of the Tender Offer by the Company and recommending tendering of shares). In addition, the Company has granted the Special Committee the authority to be substantially involved in the negotiation process regarding the terms and conditions of the Transactions by confirming its policy in advance regarding negotiations and the terms and conditions of the Transactions, to receive

reports on the status of negotiations in a timely manner, to express opinions at important junctures, and to provide instructions and requests. Simultaneously, the Company has resolved to grant to the Special Committee the authority to (i) designate or approve experts such as financial and legal advisors of the Company (including retroactive approval), (ii) appoint its own advisors and other professionals when it deems necessary in considering the Matters of Inquiry (reasonable expenses for the professional advice of the advisors of the Special Committee shall be borne by the Company), (iii) receive information necessary for considering and assessing the Transactions from officers and employees of the Company or other persons deemed necessary by the Special Committee, and (iv) be substantially involved in the negotiation process regarding the terms and conditions of the Transactions by confirming its policy in advance regarding negotiations and the terms and conditions of the Transactions, receiving reports on the status of negotiations in a timely manner, expressing opinions at important junctures, and providing instructions and requests. Furthermore, the Company has selected the members of the Special Committee after confirming the independence and eligibility of the candidates for the members of the Special Committee with the advice of Anderson Mōri & Tomotsune, and confirming that the candidates for the members of the Special Committee are independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agreed Not to Tender Their Shares, and the Company, and that they do not have any material interest that differs from the minority shareholders with regard to the success or failure of the Transactions. The Company has appointed the above three persons as members of the Special Committee from the beginning, and there is no indication that the members of the Special Committee have changed.

Nomura Securities, which is the financial advisor and third-party valuation institution appointed by the Company, and Anderson Mōri & Tomotsune, which is the legal advisor, have each been approved by the Special Committee as the financial advisor, third-party valuation institution, and legal advisor of the Company, respectively, since there is no issue regarding their independence or expertise. Furthermore, the Special Committee appointed SHIOMIZAKA as its own legal advisor after confirming that it does not fall under the category of a related party of the Tender Offerors, Kyobashi Kousan, and the Company, and that it does not have any material interests in the Transactions including the Tender Offer.

The Special Committee held a total of meetings 15 times from November 8, 2024 to January 28, 2025. The Special Committee also reported, shared information, deliberated, and adopted decisions via e-mail between each meeting day, and carefully considered and discussed the Matters of Inquiry. More specifically, the Special Committee (i) presented questions to the Company and conducted a question-and-answer session with the Company regarding the purpose and background of the Transactions and management policy after the Transactions, and (ii) presented questions to the Tender Offeror and conducted a question-and-answer session with the Tender Offeror regarding the purpose and background of the Transactions and management policy after the Transactions in interview format.

In addition, with respect to the Business Plan prepared by the Company, the Special Committee received an explanation of the details of the Business Plan, the important preconditions, and other relevant matters, and confirmed the reasonableness of these matters. Furthermore, the Special Committee received explanations from SHIOMIZAKA, Nomura Securities, and Anderson Mōri & Tomotsune on measures to ensure the fairness of the procedures for the Transactions, as well as the method and process of decision-making by the Company's Board of Directors regarding the Transactions and details of other measures to avoid conflicts of interest, and discussed and reviewed the measures to be taken to ensure the fairness of the procedures for the Transactions.

The Special Committee has received reports from the Company and Nomura Securities regarding the Company's negotiations with the Tender Offeror from time to time and discussed and reviewed the contents thereof and expressed its opinions regarding the Company's negotiation policy as necessary. Specifically, the Special Committee has expressed its opinion that the Company should negotiate with the Tender Offerors in good faith with the aim of maximizing the interests of the Company's minority shareholders taking into account the content of the share valuation and the results of the review by the Special Committee, while paying attention to the following points.

- A) With respect to the Tender Offer Price, the Company should negotiate with a premium of 40-50% in mind, which is the average and median of the premiums of 67 MBO transactions announced to be successfully completed between June 28, 2019, the date of the announcement of the M&A Guidelines, and December 6,

2024.

- B) (i) Since the Tender Offerors have secured the tender of at least 59.59% of the shares in the Tender Offer, when the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares are combined, it is assumed that the Tender Offerors have little incentive to raise the price; (ii) the share price has been on a downward trend since the disclosure of the downward revision on September 13, 2024 to the business earnings projections and the estimated cumulative shareholders' return stated in the second medium-term management plan (from the fiscal year ended July 2022 to the fiscal year ending July 2026); and (iii) it is desirable that the Tender Offer Price be a price that does not cause losses to the majority of the Company's minority shareholders, and considering the following factors, the Company should also take into account the market share price for a longer period than the valuation period (for example, 1,735 yen per share, which was the highest price for the past one (1) year) and the price for the public offering conducted on October 26, 2021 (1,780 yen per share) in its negotiation; (i) as the Company is engaged in businesses ranging from the development and sale of properties (flow business) to the management of real estate and asset management, including master leasing and property management (stock business), the period for the realization of revenues is long, and the flow business has a model with high volatility of revenues in each period; and (ii) since the Company has announced in its current medium-term management plan a shareholder return policy of targeting a total return ratio of 50% with a lower limit of 30% for each period and has provided stable and continuous shareholder returns, there may be shareholders who are investing with a long-term perspective.

Since receiving the first proposal from the Tender Offerors on December 17, 2024 that the Tender Offer Price per share be JPY 1,350, the Special Committee has discussed and reviewed the policy for negotiation with the Tender Offerors each time it received a proposal from the Tender Offerors regarding the Tender Offer Price, taking into account the financial advice received from Nomura Securities, and has been substantially involved in the negotiation process with the Tender Offeror regarding the Tender Offer Price. As a result, the Special Committee received a final proposal from the Tender Offerors on January 26, 2025 that the Tender Offer Price per share be JPY 1,700.

Based on the above, the Special Committee held repeated discussions with SHIOMIZAKA, Nomura Securities, and Anderson Mōri & Tomotsune, and discussed and considered the Matters of Inquiry. As a result of such careful discussion and consideration of the Matters of Inquiry, the Special Committee submitted to the Company's board of directors, with the unanimous consent of all its members, the Report on January 28, 2025 containing the following contents:

(i) Details of the Report

- i. The Transactions contribute to the enhancement of the Company's corporate value and the purpose of the Transactions is reasonable.
- ii. The fairness of the procedures for the Transactions is ensured.
- iii. The appropriateness of the terms and conditions of the Transactions (including the purchase price in the Tender Offer) is ensured.
- iv. The decision by the Company's board of directors to implement the Transactions is considered not to be disadvantageous to the Company's minority shareholders
- v. It is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their stock in the Tender Offer.

(ii) Reason for the Report

- i. Whether the purpose of the Transactions is considered to be reasonable (including whether the Transactions will contribute to the enhancement of the Company's corporate value)
 - The Company Group's principal business is the leasing, management, development, brokerage, investment advisory and investment management of logistics facilities.
 - Against a backdrop of the decrease in the working-age population in Japan as well as the drastically

changing environment surrounding logistics including the issues occurring in 2024 in the logistics industry, logistics operators are facing challenges such as securing of workers, automation and digitization, streamlining of transport and delivery. The Company has responded to such business environment as a group by (i) organically integrating the logistics investment business with the highly reproducible asset management and real estate management businesses to achieve steady expansion of the stock business, and (ii) strengthening the peripheral businesses of logistics real estate, such as employment security, digital transformation in logistics including automation and digitalization, and vehicle and logistics service-sharing businesses, through M&A and capital and business alliances under the “logistics infrastructure platform concept” launched in 2018.

- SMFL upholds the themes of pursuing the strengths of a business company with broad financial capabilities and overlapping the expansion of social value and economic value under its Medium-Term Management Plan, and the creation of a new core business is one of the pillars of its strategy. For SMFL, entering into the Transactions is meaningful in strengthening the real estate business in order to establish a new core business, and such business has a strong affinity with the logistics real estate development business and stock business, which are the strengths of the Company. Therefore, SMFL hopes to achieve further growth through the Transactions.
- Kyobashi Kousan recognizes that while the real estate market continues to face a challenging environment for real estate acquisitions and the Company’s business risks are increasing, the financing environment is changing amid the backdrop of rising interest rates in Japan, and a business reform from a medium to long-term perspective is necessary to further maximize corporate value in the future. Under such circumstances, Kyobashi Kousan believes that by joining the SMFL Group, the Company will be able to receive support that would contribute to the growth of the Company in terms of finance and business.
- Based on the business and other environment surrounding the Company Group, the Company believes that by implementing the Transactions, including the Tender Offer, the Tender Offerors and the Company will integrate and operate the business with a sense of speed through the proposal from the Tender Offeror, the discussions with the Tender Offeror, and the consideration by the Company, and thereby realize synergies including (i) enhancement of the credibility and financing capacity of the Company Group, (ii) possibility to periodically sell properties by utilizing the bridge holding function of the SMFL group, (iii) expansion of business and increase of business opportunities by making use of the broad customer base and robust network of the SMFL group, and (iv) further accumulation of stock earnings through collaboration with the Company’s asset management business in exit strategies in equity investments, mezzanine investments and directly-owned properties of the Tender Offeror and has come to realize that the integration of the Tender Offerors and the Company through the Transactions, including the Tender Offer, and the acceleration of the implementation of the business operations with the aim of achieving the above synergies at an early stage will contribute to the enhancement of the Company’s corporate value, and such recognition by the Company is reasonable.
- The Special Committee has determined that by enabling the Tender Offerors and Kyobashi Kousan to invest further management resources in the Company Group, synergies such as (i) implementation of long-term growth strategies and acceleration of decision-making and (ii) reduction of costs associated with maintaining a listing and related administrative burdens are also expected to be created through the implementation of flexible and steady management measures, which will contribute to the further enhancement of the Company’s corporate value.
- The potential disadvantages of taking the Company private include the inability to access equity financing on the capital markets and the loss of the benefits of being a listed company, such as greater name recognition and social credibility. However, the Company’s main financing demand is for development funds for logistics facilities in its logistics investment business. As of January 28, 2025,

there are no other plans for large-scale capital investment, and such financing needs are met by borrowing from financial institutions, etc. In addition, even if new financing needs arise in the future, the Company believes that it will be possible to raise funds through methods such as parent-subsidiary loans with the Tender Offeror. Furthermore, there are many companies that have strong brands and high social credibility even as unlisted companies, and the Company believes that it already has a certain level of recognition in the logistics industry. Therefore, the negative impact of delisting is expected to be limited. In addition, the Company believes that becoming a member of the SMFL Group, which has a strong presence in the logistics industry, will have a positive impact on the Company's brand strength, social credibility, etc., and thus the disadvantages of delisting the Company's Stock are expected to be limited.

- In addition, the Special Committee has not found any circumstances indicating that there are effective alternatives that are superior to the Transactions from the perspective of enhancing the Company's corporate value.
- Based on the above, the Special Committee believes that the Transactions will contribute to the enhancement of the Company's corporate value and that the purpose of the Transactions is reasonable.

ii. Whether the fairness of the procedures for the Transactions is ensured

- Various measures have been taken to ensure the fairness of the Transactions, including establishing the Special Committee (including the implementation of practical measures to enhance the effectiveness of the Special Committee), the early appointment of independent outside experts (financial and legal advisors), the acquisition of professional advice and the Share Valuation Report (Nomura Securities), the securing of opportunities for acquisition offers after the announcement of the Transactions, the exclusion of interested parties from the consideration, negotiation, and resolution process for the Transactions, the improvement of the transparency of the process through the provision of adequate information to minority shareholders, and the elimination of undue pressure.
- In light of the specific circumstances of the Transactions, the content and combination of such measures to ensure fairness are considered to be necessary and sufficient to ensure that (i) the process of determining the terms and conditions of the Transactions is equivalent to that of an arm's length transaction between independent parties and (ii) that the minority shareholders are provided with the opportunity to make appropriate decisions based on sufficient information, and it is also considered that these measures were actually implemented effectively.
- Based on the above, it is deemed that the interests of the minority shareholders of the Company have been reasonably considered through fair procedures in the Transactions.

iii. Whether the appropriateness of the terms and conditions of the Transactions (including the purchase price in the Tender Offer) is ensured

- (i) In the process of determining the terms and conditions of the Transactions, circumstances equivalent to those of an arm's length transaction between independent parties were secured through the implementation of the measures to ensure fairness, including the establishment and involvement of the Special Committee, and such terms and conditions were actually agreed upon through sincere negotiations between the parties, and (ii) the Share Valuation Report (Nomura Securities) has been prepared by an independent third-party valuation institution who is a leading company with a wealth of experience in Japan and who is not a related party of the Company, the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, or the Shareholders Who Agreed Not to Tender Their Shares and does not have any material interests in the Transactions, and the methods adopted by Nomura Securities, i.e., the average market share price method, the comparable company multiple valuation method, and the DCF method (perpetual growth model and multiple model) are

all generally accepted methods for calculating the value of a going concern.

- With respect to the average market share price method, there are no particular circumstances indicating that share prices were intentionally manipulated to be abnormal values that did not reflect the Company's share value during the five business days, one month, three months, and six months prior to the announcement date, such as making a disclosure intended to intentionally manipulate the market share price to make it easier for the Transactions to be concluded. In addition, the Downward Revision was made based on facts such as that the timing of revenue recognition was changed due to the status of tenant contracts for properties and that the expected sales price decreased due to fluctuations in NOI, etc. (increase in positive differences between the actual contracted rent and the planned rent as well as negative differences due to an increase in fixed property and urban planning taxes resulting from an increase in the assumed tax basis amounts of buildings) before the Declaration of Intent was received, and was not made with the purpose of intentionally lowering the share price.
- The selection of the comparable companies for the comparable company multiple valuation method was consistent with the factors for selecting comparable companies as set out in the Corporate Valuation Guidelines, and there is no apparent arbitrariness. Since the comparable company multiples applied to the financial indicators of the Company are based on a combination of EBITDA multiples, operating profit multiples, PER, and PBR and there are no particular unreasonable points, the method and results of the calculation using the comparable company multiple valuation method are considered to be reasonable.
- With respect to the Business Plan on which the calculation using the DCF method (perpetual growth model and multiple model) was based, neither (i) circumstances indicating that the earnings forecast in the Business Plan was arbitrarily pessimistic, nor (ii) circumstances indicating that the earnings forecast in the Business Plan lacked a rational basis and that would make the feasibility of its realization doubtful, were found. In addition, no unreasonable points were found in the other premises of such calculation (including free cash flow, discount rate, perpetual growth rate and exit multiple for the calculation of the going concern value, and the non-operating assets and interest-bearing liabilities to be added to or subtracted from the business value), and therefore the method and results of the calculation are considered to be reasonable.
- Considering that (i) the amount of the consideration for the Transactions is higher than the upper limit of the valuation results based on the market share price method and within the ranges of values based on the comparable company multiple valuation method and the DCF method in the Share Valuation Report (Nomura Securities) and there are no particular facts that suggest unfairness in the procedures regarding the Downward Revision, (ii) as the premium fluctuates depending on various factors unique to each case and it is not appropriate to evaluate the premium solely on the basis of a simple comparison with that of similar transactions, although the premium 34.71% for the most recent one-month average is below the median 45.16% for similar transactions, when looking at the number of similar transactions, it is in the mid-30% range, which is the most common premium range alongside the 40% range, and when viewed from the perspective of the premium for the long-term period that the Special Committee emphasized in negotiations from the perspective of securing the interests of minority shareholders, the premium for the average of the most recent six months is 30.27%, which is a premium of over 30%, and so it can be assessed that a premium that is not necessarily unreasonable in light of the premium levels of past similar cases has been included, and (iii) when looking at the trading volume of the Company by price range, the consideration for the Transactions exceeds all of the prices at which the Company's Stock were traded in the past six months from January 29, 2024 to January 27, 2025, and it is also a level at which more than 98% of the Company's Stock traded over the past year from January 29, 2024 to January 27, 2025 were traded, and that the consideration for the Transactions is at a level where the majority of the

Company's minority shareholders will not suffer a loss, it can be inferred that by receiving the consideration for the Transactions, the Company's minority shareholders will enjoy not only "the value that could be realized without the Transactions" but also "the expected increase in its corporate value due to the Transactions" to a considerable extent. Therefore, the consideration for the Transactions is considered to include a reasonable premium to the market price of the Company's Stock.

- The method and consideration for the Transactions are also not disadvantageous to the Company's minority shareholders in terms of the framework and other terms and conditions.
- Therefore, the appropriateness of the terms and conditions of the Transactions is ensured.

iv. Whether the decision by the Company's board of directors to implement the Transactions is considered not to be disadvantageous to the Company's minority shareholders

- Matter of Inquiry iv concerns whether the Transactions are considered to be not disadvantageous to the Company's minority shareholders.
- The Special Committee believes that the matters requested to be considered in Matters of Inquiry i through iii are the matters to be taken into account in considering Matter of Inquiry iv.
- As detailed in the Report, based on its deliberations, the Special Committee concluded that there were no issues with Matters of Inquiry i through iii.
- Based on the above, the Special Committee believes that the Transactions are not disadvantageous to the Company's minority shareholders.

v. Whether it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their stock in the Tender Offer

- Matter of Inquiry v concerns whether it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their stock in the Tender Offer.
- As with the case above, the Special Committee believes that the matters requested to be considered in Matters of Inquiry i through iv are the matters to be taken into account in considering Matter of Inquiry v.
- As detailed in the Report, based on its deliberations, the Special Committee concluded that there were no issues with Matters of Inquiry i through iv.
- Based on the above, the Special Committee believes that it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their stock in the Tender Offer.

e. Advice Obtained by Special Committee from Independent Legal Advisor

As described in "d. Establishment of Independent Special Committee at Company and Obtainment of Opinions (Report) from Special Committee" above, the Special Committee appointed SHIOMIZAKA as its legal advisor independent of the Tender Offerors and the Company, and has received legal advice including advice on measures to ensure the procedural fairness of the Transactions, the procedures of the Transactions, and the method and process of deliberation by the Special Committee in relation to the Transactions. SHIOMIZAKA does not fall under a related party of the Tender Offerors or Kyobashi Kousan as well as the Company, and does not have material conflicts of interest in the Tender Offer. Regardless of the success or failure of the Tender Offer, the remuneration for SHIOMIZAKA is calculated by multiplying hourly rate by working hours, and no incentive fee is included that is conditional upon the successful completion of the Tender Offer or other transactions.

f. Unanimous Approval by All Directors (Including Directors who are Members of the Audit and Supervisory Committee) of the Company without Conflicts of Interest

Based on the contents of the Share Valuation Report (Nomura Securities) obtained from Nomura Securities and the legal advice received from Anderson Mōri & Tomotsune, while duly considering the contents of the Report, the Company carefully considered the terms and conditions of the Transactions including the Tender Offer. As a result, the Company's Board of Directors decided, as described in "1. Purpose of and Reason for Share Consolidation" above, that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the shareholders of the Company and the Tender Offer provides reasonable opportunities to sell their shares on the ground that the Tender Offer Price (JPY 1,700) (a) is higher than the range of the calculation result obtained by the average market share price method, is in the range of the calculation result obtained by the comparable company multiple valuation method, and the range of the calculation result obtained by the DCF method, which Nomura Securities adopts to calculate the share value of the Company's Stock, and there is no fact to imply unfair procedures regarding the Downward Revision and the Company evaluates the calculation results of the share value of the Company's Stock as not unfair, (b) includes a premium of 29.87% on the closing price (JPY 1,309) of the Company's Stock on the TSE Prime Market on January 27, 2025, which is the business day preceding the announcement date of the Tender Offer, a premium of 34.18% on the simple average closing price for the past one month until such date (from December 30, 2024 to January 27, 2025) (JPY 1,267), a premium of 39.00% on the simple average closing price for the past three months until such date (from October 28, 2024 to January 27, 2025) (JPY 1,223), and a premium of 30.67% on the simple average closing price for the past six months until such date (from July 29, 2024 to January 27, 2025) (JPY 1,301), and has been assessed to include a premium which is not necessarily at a high level in relation to the simple average closing price on business days prior to the announcement date, but as a result of analyzing the distribution of similar cases in 10% increments, the most common cases, like the Tender Offer, are those that offer a premium in the 30% range for the past month up to the business day prior to the announcement date, and there are also a reasonable number of cases that offer a premium in the 30% range for the simple average closing price for the past three months and the past six months up to the business day prior to the announcement date, therefore, it is thought that the premium range is not necessarily unreasonable in light of the premium levels of similar cases in the past, compared to the average premium level in the 73 MBO cases with the aim of taking stock private that were announced and successfully completed during the period from June 28, 2019, the date of announcement of the M&A Guidelines by the Ministry of Economy, Trade and Industry until January 27, 2025 (48.09% on the share price on the business day immediately preceding the date of announcement, 50.35% on the simple average closing price for the past one month, 53.07% on the simple average closing price for the past three months, 52.39% on the simple average closing price for the past six months (rounded to two decimal places)), (c) is the price determined through multiple discussions and negotiations between the Company and the Special Committee and the Tender Offerors that are equivalent to the discussions and negotiations on the Transactions between independent parties, more specifically, is the price proposed with an increase by JPY 350 per share (25.93%, rounded to the nearest hundredth) from the initial proposed price (JPY 1,350 per share) as a result of sincere and continuous discussions and negotiations with the Tender Offerors conducted in consideration of the result of calculation of the value of the Company's Stock obtained from Nomura Securities and legal advice from Anderson Mōri & Tomotsune regarding the process of decision-making on the Transactions and other points to be noted as well as opinions, instructions, and requests of the Special Committee, (d) the Special Committee itself has expressed the opinion that the Tender Offer Price is reasonable by substantially participating in the negotiation process of the terms and conditions of transactions with the Tender Offerors, (e) such price and other terms and conditions of the Tender Offer are also considered to be reasonable in the Report obtained from the Special Committee, (f) the minority shareholders who did not tender in the Tender Offer will ultimately be offered consideration in the Squeeze-Out Procedures to be carried out after the Tender Offer, and the Company will be requested to file a petition for permission of voluntary sale with the court after calculating that the amount of money to be paid to such shareholders will be equal to the Tender Offer Price multiplied by the number of Company's Stock held by such Company's shareholders to ensure the general shareholders'

opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer and to ensure the removal of undue pressure, (g) the consideration for the Transactions will be paid in the form of cash through the Tender Offer and the subsequent Squeeze-Out Procedures, which can be considered as appropriate from the perspective of shareholder protection given its low value fluctuation risk and high liquidity, and it is relatively straightforward to evaluate for shareholders to make a decision regarding the tender of their shares, and (h) the Tender Offeror ensures that the shareholders of the Company are provided with an appropriate opportunity to assess the Tender Offer and ensures opportunities for competing tender offerors to make a competing offer for the Company's Stock by setting the Tender Offer Period of 30 business days, which is longer than the statutory shortest period of 20 business days. Subsequently, at its Board of Directors meeting held on January 28, 2025, the Company resolved to express an opinion in support of the Tender Offer and to recommend to the shareholders of the Company that they tender in the Tender Offer.

At the aforementioned board of directors meetings, among 11 directors of the Company, Mr. Yamashita is the Representative Director of Kyobashi Kousan, which will execute a non-tender agreement with the Tender Offerors; Mr. Yamashita and Mr. Kameyama are expected to remain in the management of the Company after the Transactions by executing the Management Entrustment Agreements with the Tender Offerors; Mr. Keisuke Sato serves as an officer of Kenedix, which is a consolidated subsidiary of the Tender Offeror; and Mr. Takeshi Yamada has executed a consulting agreement with Kokyo Tatemono, in which Mr. Yamashita serves as a vice president and which will execute an agreement to tender with the Tender Offeror. Therefore, in order to eliminate the possibility of conflicts of interest, the above resolution was unanimously adopted after deliberation by the seven (7) directors excluding Mr. Yamashita, Mr. Kameyama, Mr. Keisuke Sato, and Mr. Takeshi Yamada (Mr. Takashi Yamamoto, Mr. Masaaki Kondo, Mr. Takehiro Koizumi, Mr. Nobuhide Goto, Ms. Katsue Okuda, Mr. Yoshiyuki Ishikubo, and Mr. Takuma Shimizu).

In order to prevent conflicts of interest, among the directors of the Company, four directors including Mr. Yamashita, Mr. Kameyama, Mr. Keisuke Sato, and Mr. Takeshi Yamada have not participated in the deliberations or resolutions at the aforementioned board of directors meetings, and have not participated in the discussions or negotiations with the Tender Offerors in their capacity as the Company.

Such resolutions at the Company's board of directors were adopted on the assumption that the Company's Stock would be delisted through the Tender Offer and a series of subsequent procedures to be carried out by the Tender Offeror.

g. Establishment of an Independent Review Structure by the Company

In order to eliminate issues of structural conflicts of interest, the Company has established an internal structure to conduct the review, negotiation, and assessment concerning the Transactions, independently from the Tender Offers. Specifically, since each of Mr. Yamashita, Mr. Kameyama, Mr. Keisuke Sato, and Mr. Takeshi Yamada are in a structural conflict of interest with the Company concerning the Transactions, they did not participate in the deliberations or resolutions at the board of directors meetings held on January 28, 2025 described in g. Unanimous Approval by All Directors (including Directors who are Members of the Audit and Supervisory Committee) of Company without Conflicts of Interest above in any way, and have not participated in the discussions or negotiations with the Tender Offers in any way in their capacity as the Company. The entire review structure consists solely of the seven officers and employees (including Mr. Masaaki Kondo, Mr. Takeshi Yamamoto, Mr. Takehiro Koizumi, Mr. Nobuhide Goto, Ms. Katsue Okuda, Mr. Yoshiyuki Ishikubo, and Mr. Takuma Shimizu) who are independent of the Tender Offerors, and such treatment has been taken up to January 28, 2025.

In addition, the review system for the Transactions, established within the Company, including the specific scope and duties of the officers and employees who are involved in the consideration, negotiation, and assessment concerning the Transactions (including duties requiring a high degree of independence such as the preparation of the Business Plan as a basis for evaluating the share value of the Company), is based on the advice obtained from Anderson Mōri & Tomotsune and the Special Committee has acknowledged that the review structure is free from any issues regarding its independence.

h. Ensuring Objective Situation that Ensures Fairness of Tender Offer

According to the Tender Offeror, by setting a tender offer period of 30 business days, which is relatively longer than the statutory shortest period of 20 business days, the Tender Offeror ensures to provide Company's shareholders an appropriate opportunity to make a judgment regarding their participation in the Tender Offer and allows potential competing potential tender offerors to make a competing offer for the Company's Stock, thereby aiming to ensure the appropriateness of the Tender Offer Price.

The Company and the Tender Offeror have not entered into any agreement that restricts competing tender offerors from contacting the Company such as agreements with a transaction protection clause that prohibits the Company from contacting competing potential tender offerors. In addition to setting the aforementioned Tender Offer Period, the Company and the Tender Offeror have paid due consideration to ensure the fairness of the Tender Offer by ensuring that opportunities for a competing offer are available.

In addition, the Special Committee has concluded that there are no particular impediment to the fairness of the Transactions, even though the so-called active market check (including the bidding process prior to the announcement of the Transactions) to assess and consider the existence of potential acquirers in the market have not been conducted, based on the content of the various measures adopted to ensure the fairness of the Transactions, including the Tender Offer and other specific circumstances of the Transactions, in light of the practical problems involved in terms of information management.

4. Future Outlook

As a result of the Share Consolidation, the Company's Stock will be delisted as described in "a. Delisting" in "(2) Possibility of Delisting" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" above.

The Transactions fall under the category of a so-called Management Buyout (MBO) and Mr. Yamashita will continue to be engaged in the management of the Company after the Transactions are consummated, driving the managing policy as described in "1. Purpose of and Reason for Share Consolidation" above.

5. Matters Relating to Transactions with Controlling Shareholder

(1) Applicability of Transactions with Controlling Shareholder and Compliance with Guidelines for Measures to Protect Minority Shareholders

Since the Tender Offeror has become a parent company of the Company as of the commencement date of the settlement of the Tender Offer (March 21, 2025), the transaction relating to the Share Consolidation falls under the category of transactions with controlling shareholder specified in the Securities Listing Regulations of the Tokyo Stock Exchange. Although the Company did not establish "Guidelines for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder" in its corporate governance report disclosed on November 15, 2024, when conducting transactions with controlling shareholders, the Company takes, as necessary, measures to ensure the fairness of the transactions with controlling shareholders and measures to avoid conflict of interest by, for example, obtaining advice from professionals or third-party agencies having no material interest with the Company and the controlling shareholders, as well as makes decisions through careful deliberations at the board of directors, having a basic policy in place to take appropriate actions not to undermine the interest of the minority shareholders.

In implementing the Share Consolidation, the Company took measures to ensure the fairness and measures to avoid conflict of interest as described in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" above, and the Company believes that such actions conform to the above policy.

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

See "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3.

Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" above.

(3) Summary of Opinion Obtained from Person Having No Interest with Controlling Shareholders Regarding the Transactions Being Not Disadvantageous to Minority Shareholders

The Company obtained from the Special Committee independent of the Company and the Tender Offerors, the Report on January 28, 2025 stating that the decision by the board of directors of the Company on the Transactions is considered not disadvantageous to the Company's minority shareholders. For details, see "d. Establishment of Independent Special Committee at Company and Obtainment of Opinions (Reports) from Special Committee" in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest" in "3. Grounds of Amount Expected to be Paid to Shareholders Due to Treatment of Fractional Shares Resulting from Share Consolidation" above. Since the Report also serves as an opinion after the successful completion of the Tender Offer that the decision on the Share Consolidation is not disadvantageous to the Company's minority shareholders, the Company has not separately obtained an opinion from a person having no interest with the controlling shareholders in relation to the approval for the Share Consolidation.

II. Abolishment of Provisions on Share Unit Number

1. Reason for Abolishment

If the Share Consolidation takes effect, the total number of outstanding shares of the Company will be 5 shares and it becomes unnecessary to set a share unit number.

2. Scheduled Date of Abolishment

June 2, 2025 (scheduled)

3. Conditions for Abolishment

The abolishment is subject to the proposal on the Share Consolidation and the proposal on partial amendment to the articles of incorporation to abolish the provisions on share unit number being approved and adopted as originally proposed at the Extraordinary Shareholders' Meeting and the Share Consolidation taking effect.

III. Partial Amendment to Articles of Incorporation

1. Purpose of Amendment to Articles of Incorporation

- (1) If the proposal on the Share Consolidation is approved and adopted as originally proposed and the Share Consolidation takes effect, the total number of authorized shares of the Company's Stock will decrease to 20 shares. To clarify this, Article 6 (Total number of authorized shares) of the articles of incorporation will be amended subject to the Share Consolidation taking effect.
- (2) If the proposal on the Share Consolidation is approved and adopted as originally proposed and the Share Consolidation takes effect, the total number of outstanding shares of the Company will be 5 shares and it will become unnecessary to set a share unit number. Accordingly, subject to the Share Consolidation taking effect, Article 7 (Share unit number) and Article 8 (Right of fractional shares) of the articles of incorporation will be deleted in their entirety to abolish the provisions of the share unit number of the Company's Stock, under which 100 shares constitute one unit at present, and the article numbers will be adjusted in accordance with the amendment.
- (3) If the proposal on the Share Consolidation is approved and adopted as originally proposed and the Share Consolidation takes effect, the Company's Stock will be delisted and the Tender Offer and Kyobashi Kousan Etc. will be the only holders of one or more shares of the Company's Stock, therefore the provisions on the system for electronic provision of materials for shareholders meeting will become unnecessary. Accordingly, subject to the Share Consolidation taking effect, Article 14 (Measures for electronic provision, etc.) of the articles of incorporation will be deleted in its entirety and the article numbers will be adjusted in accordance with the amendment.

2. Details of Amendment to Articles of Incorporation

Details of the amendment are as follows:

(The underlined indicates changes)

Current articles of incorporation	Proposed amendments
Articles 1 to 5 (Omitted)	Articles 1 to 5 (Remain unchanged)
Article 6 (Total number of authorized shares) The total number of authorized shares of the Company shall be <u>77,200,000</u> shares.	Article 6 (Total number of authorized shares) The total number of authorized shares of the Company shall be <u>20</u> shares.
<u>Article 7 (Share unit number)</u> <u>The share unit number of the Company shall be 100 shares.</u>	(Deleted)
<u>Article 8 (Rights of fractional shares)</u> <u>Shareholders of the Company may not exercise any rights other than the rights listed below in connection with their fractional shares less than one unit:</u> <u>(1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act;</u> <u>(2) Rights to make claims pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;</u> <u>(3) Rights to receive allotment of shares for subscription and allotment of share options for subscription in accordance with the number of shares held.</u>	(Deleted)
Articles <u>9</u> to <u>13</u> (Omitted)	Articles <u>7</u> to <u>11</u> (Remain unchanged)
<u>Article 14 (Measures for electronic provision, etc.)</u> <u>1. Upon convening a shareholders meeting, the Company shall take measures to electronically provide information which is reference documents for the shareholders meeting.</u> <u>2. The Company may omit all or some of the items covered by electronic providing measures and specified in the Order of Ministry of Justice, from the documents to be delivered to shareholders who requested delivery of documents before the record date of voting rights.</u>	(Deleted)
Articles <u>15</u> to <u>36</u> (Omitted)	Articles <u>12</u> to <u>33</u> (Remain unchanged)

3. Schedule of Amendment to Articles of Incorporation

June 2, 2025 (scheduled)

4. Conditions for Amendment to Articles of Incorporation

Amendment is subject to the provision on the Share Consolidation being approved and adopted as originally proposed at the Extraordinary Shareholders' Meeting and the Share Consolidation taking effect.

(end)