

August 10, 2022

To All Concerned

Company Name Shinoken Group Co., Ltd.
Representative Hideaki Shinohara, President
(Code: 8909 TSE Standard)
Contact Senior Vice President, Managing Executive Officer
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Announcement of Implementation of MBO and Recommendation for Tender Offer

We (the “Company”) hereby announce that we have resolved at the board of directors’ meeting held today to express an opinion in support of a tender offer (the “Tender Offer”) for the common shares of the Company (the “Company Shares”) and the Share Acquisition Rights (as defined in “(2) Share Acquisition Rights” in “2. Price of Tender Offer, Etc.” below) implemented by SK Life Support Co., Ltd. (the “Tender Offeror”) as a part of a so-called management buyout (MBO) (Note 1), and to recommend the Company’s shareholders and holders of share acquisition rights (the “Share Acquisition Rights Holders”) that tender in the Tender Offer.

Please note that the above-mentioned resolutions at the board of directors’ meeting were made on the assumption that the Company Shares would be delisted after the Tender Offer and a series of subsequent procedures.

Note 1: A “management buyout” (MBO) generally refers to a transaction where the management team of an acquired company contributes all or part of acquisition costs and acquires the acquired company’s shares on the assumption that the business of the acquired company will be continued.

(Description)

1. Outline of Tender Offeror

(1)	Name	SK Life Support Co., Ltd.
(2)	Location	1-9-2, Marunouchi, Chiyoda-ku, Tokyo
(3)	Name and Title of Representative	Yoshihiro Hemmi, Representative Director
(4)	Description of Business	Acquisition and ownership of share certificates of the Company
(5)	Capital	500,000 yen
(6)	Date of Incorporation	July 7, 2022
(7)	Major Shareholders and Shareholding Ratio	Integral Corporation 100.0%
(8)	Relationship between the Company and the Tender Offeror	
	Capital Relationship	N/A
	Personal Relationship	N/A
	Business Relationship	N/A
	Applicability to Related Parties	N/A

2. Price of Tender Offer, Etc.

- (1) JPY 1,600 per Company Share (the “Tender Offer Price”)
- (2) Share Acquisition Rights
JPY 142,600 per share acquisition right issued based on the resolutions at the Company’s board of directors’ meeting held on March 1, 2016 (the “Share Acquisition Rights”) (Exercise period starts on April 1, 2019 and ends on March 15, 2023)

3. Contents, Basis of and Reasons for Opinion on Tender Offer

(1) Contents of Opinion

The Company resolved at a board of directors’ meeting held today to express its support for the Tender Offer and to recommend that the Company’s shareholders and the Share Acquisition Rights Holders tender in the Tender Offer, based on the ground and reason set out in “(2) Basis and Reasons for Opinion” below.

Please note that the above-mentioned resolutions of the Board of Directors were made in such manner as is set out in “(D) Approval of All Disinterested Directors (including Audit Committee Director) of the Company” in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” below.

(2) Basis and Reasons for Opinion

The descriptions related to the Tender Offeror set out in this “(2) Basis and Reasons for Opinion” are based on the explanations received from the Tender Offeror.

(A) Outline of Tender Offer

The Tender Offeror is a stock company (kabushiki kaisha) established on July 7, 2022 mainly for the purpose of acquiring and holding the Share Certificates, Etc. of the Company, and as of the date hereof, all of the issued shares of the Tender Offeror are held by Integral Corporation (“Integral”; Integral and the Tender Offeror are collectively referred to as the “Tender Offerors”). As of the date hereof, Integral and its subsidiaries and affiliates, including the Tender Offeror, do not hold any Company Shares or any of the Stock Acquisition Rights.

Integral is an equity investment company that invests in listed companies, private companies, and the like in Japan. The company’s name, Integral, refers to integration and accumulation, and Integral’s mission is to engage in equity investments from a long-term perspective that involves building relationships of trust with portfolio companies and steadily implementing measures one on top of another that contribute to sustainably enhancing corporate value. Integral’s policy is to walk together with portfolio companies based on the same perspectives and timescales as their management and to provide optimal management support in terms of both management and finances in order to maximize corporate value while respecting the business policies of the portfolio companies.

Since its founding in September 2007, Integral has invested in a total of 27 companies including QB Net Holdings Co., Ltd., Skymark Airlines Inc., Toyo Engineering Corporation, and Oliver Corporation and has provided support thereto in terms of both management and finances in order to enhance corporate value. Integral does not pursue short-term profits only through reducing costs and improving the efficiency of operations but instead aims to achieve lasting business growth and development through investment and resource allocation based on a long-term perspective. As an independent domestic investment company that has gathered together people who are engaged in M&A operations and corporate management and who have a high level of expert knowledge in regard thereto, Integral gives its utmost to support the promotion of growth strategies that prioritize enhancing the corporate value of portfolio companies while fully understanding and respecting the characteristics of management-level personnel at Japanese companies.

The Tender Offeror decided on August 10, 2022 to conduct the Tender Offer as part of the transactions for the purpose of acquiring all of the Company Shares listed on the Standard Market of the Tokyo Stock Exchange, Inc. (the “TSE”) (including the Company Shares issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Company (excluding Target Company Shares held by the trust account of the Company’s employee stock ownership plan (J-ESOP); the same applies below) and the Shares Agreed to Not Be Tendered (as defined below)) and the Stock Acquisition Rights and taking the Company Shares private (the “Transactions”).

The Tender Offer will be conducted as part of a management buyout (MBO) with the support of the Company's board of directors for the purpose of amicably acquiring all of the Company Shares (including the Company Shares to be issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Company and the Shares Agreed to Not Be Tendered) and the Stock Acquisition Rights. Hideaki Shinohara ("Mr. Shinohara"), who is the representative director and president of the Company as well as its top shareholder and major shareholder (shares held: 7,633,957 shares (Note 2) (including the 600,000 Target Company Shares to be issued upon the exercise of the 3,000 Stock Acquisition Rights held by Mr. Shinohara, the "Shares Held by Mr. Shinohara"); ownership ratio (Note 3): 22.31%), intends to continue engaging in the management of the Company after the Transactions, and in order to share common goals for the enhancement of corporate value, the Tender Offerors executed a basic agreement with Mr. Shinohara on August 10, 2022 (the "Basic Agreement") so that the contribution ratio of Mr. Shinohara to the Tender Offeror, which will be the surviving company in the Merger (as defined below), will be about 8%. In the Basic Agreement, it is agreed that Mr. Shinohara will tender 6,148,647 Shares Held by Mr. Shinohara (ownership ratio: 17.97%; the "Shares Agreed to Be Tendered") and 3,000 Stock Acquisition Rights held by Mr. Shinohara (the "Stock Acquisition Rights Agreed to Be Tendered" (number of shares to be acquired upon the exercise of the Stock Acquisition Rights: 600,000 shares; ownership ratio: 1.75%)) in the Tender Offer but will not tender 885,310 Shares Held by Mr. Shinohara (ownership ratio: 2.59%; the "Shares Agreed to Not Be Tendered", shares pertaining to restricted stock compensation held by Mr. Shinohara are include in the Shares Agreed to Not Be Tendered as they are subject to transfer restrictions and therefore cannot be tendered in the Tender Offer) in the Tender Offer (however, the Basic Agreement stipulates that Mr. Shinohara may exercise the Stock Acquisition Right Agreed to Be Tendered and tender the Company Shares issued due to the exercise thereof in the Tender Offer, and in that case, the number of the Shares Agree to Be Tendered will be increased by the number of Target Company Shares issued due to the exercise of the Stock Acquisition Rights to Be Tendered, and Mr. Shinohara will no longer be obligated to tender the Stock Acquisition Right Agreed to Be Tender in the Tender Offer). For details of the Basic Agreement, please refer to "4. Matters regarding Material Agreements concerning Tendering in the Tender Offer between the Tender Offeror and the Company's Shareholders or Directors, etc." below.

Note 2: The number of shares held by Mr. Shinohara stated above (7,633,957 shares) includes 300,800 Target Company Shares indirectly held as equity through the officer shareholding association of the Company (the number of shares held as equity is rounded down to the nearest whole number) and 1,657 Target Company Shares granted as restricted stock compensation. The same applies below in regard to the calculation of the number of shares held by Mr. Shinohara.

Note 3: "Ownership ratio" means the ratio to the number of shares (34,210,366 shares; the "Total Number of Shares after Accounting for Potential Shares") calculated by adding the number of Target Company Shares (616,800 shares) to be issued upon the exercise of the Stock Acquisition Rights (3,090 units) reported by the Company to still exist as of June 30, 2022 to the number of shares (33,592,366 shares) calculated by deducting the number of treasury shares (2,788,034 shares; the number of treasury shares does not include the Company Shares (162,400 shares) held by the trust account of the Company's employee stock ownership plan (J-ESOP) as of June 30, 2022; the same applies below) held by the Company as of June 30, 2022 from the total number of issued shares (36,380,400 shares) of the Company as of June 30, 2022 as stated in the "Consolidated Financial Results Release for the Second Quarter of the Fiscal Year Ending December 2022 (Japanese GAAP)" (the "Target Company's Second Quarter Financial Results Release") released by the Company on August 10, 2022. When calculating ownership ratios, numbers are rounded to two decimal places. The same applies below in regard to the calculation of ownership ratios.

The Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer to 21,509,600 shares (ownership ratio: 62.87%), and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the "Tendered Share Certificates, Etc.") is less than the minimum number of shares to be purchased (21,509,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. However, as the Tender Offeror

intends to take the Company Shares private by acquiring all of the Company Shares (including the Company Shares to be issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Company and the Shares Agreed to Not Be Tendered) and the Stock Acquisition Rights, the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, and if the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased (21,509,600 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

That minimum number of shares to be purchased (21,509,600 shares) has been set because as the purpose of the Tender Offer is to take the Company Shares private, a special resolution of a shareholders' meeting provided for in Article 309, Paragraph 2 of the Companies Act (Law No. 86 of 2005, as amended; the "Companies Act") is required at the Extraordinary Shareholders' Meeting (as defined in "(5) Policies on the Organizational Restructuring After the Tender Offer (Matters Relating to So-called "Two-Step Acquisition"))" below) when conducting the Share Consolidation (as defined in "(5) Policies on the Organizational Restructuring After the Tender Offer (Matters Relating to So-called "Two-Step Acquisition"))" below). Specifically, the minimum number of shares to be purchased has been set to the number calculated by (a) deducting the number of treasury shares held by the Company as of June 30, 2022 (2,788,034 shares) from the total number of issued shares of the Company as of June 30, 2022 (36,380,400 shares) stated in the Company's Second Quarter Financial Results Release (resulting in 33,592,366 shares), (b) multiplying the number of voting rights represented by those shares (335,923 voting rights) by two thirds, which is the voting right ratio necessary for a special resolution of the shareholders' meeting to approve the Share Consolidation (resulting in 223,949 voting rights, rounded up to the nearest whole number), (c) deducting the number of voting rights (8,853) represented by the Shares Agreed to Not Be Tendered (885,310 shares) (resulting in 215,096 voting rights), and (d) multiplying that amount by 100 shares, which is the number of shares in a share unit of the Company. This exceeds the number of voting rights equivalent to the so-called "Majority of Minority," or a majority of the voting rights represented by the number of Target Company Shares held by shareholders of the Company who do not have any interests in the Tender Offeror (the number of shares (26,576,409 shares) calculated by deducting the Shares Held by Mr. Shinohara (7,633,957 shares) from the Total Number of Shares after Accounting for Potential Shares (34,210,366 shares).

If the Tender Offeror is unable to acquire all of the Company Shares (including the Company Shares to be issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Company and the Shares Agreed to Not Be Tendered) and the Stock Acquisition Rights through the Tender Offer, then as stated in "(5) Policies on the Organizational Restructuring After the Tender Offer (Matters Relating to So-called "Two-Step Acquisition"))" below, after the successful completion of the Tender Offer, the Tender Offeror intends to conduct a series of procedures in order to make the Tender Offeror and Mr. Shinohara the only shareholders of the Company, or to make the Tender Offeror the only shareholder of the Company, and take the Company Shares private (the "Squeeze-Out Procedures"), and after the Squeeze-Out Procedures, the Tender Offeror intends to conduct a merger in which the Tender Offeror is the surviving company and the Company is the disappearing company (the "Merger"); however, the details such as the specific schedule of the Merger are undetermined as of today. If Mr. Shinohara no longer holds any shares of the Company as a result of the Squeeze-Out Procedures, he intends to recontribute part of the money received through the Transactions to the Tender Offeror so that his contribution ratio in the Tender Offeror, which will be the surviving company in the Merger is about 8%, as stated in "(b) Post-Tender Offer Management Policy" under "(B) Background, Purpose and Decision-Making Process with respect to the Tender Offer and Management Policy After the Tender Offer" of "(2) Basis and Reasons for Opinion" below. So as to not conflict with the intent of the provisions that tender offer prices must be based on a single set of conditions (Article 27-2, Paragraph 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the "Act") upon that recontribution, the amount calculated by multiplying the number of the Shares Agreed to Not Be Tendered by the purchase price per Target Company Share in the Tender Offer (the "Tender Offer Price") will be deemed to be the contribution amount of Mr. Shinohara, and the contribution ratio of Mr. Shinohara to the Tender Offeror, which will be the surviving company in the Merger, is planned to be determined upon calculation based on that contribution amount and the contribution amount of Integral and funds that Integral or its affiliates manage or operate, or in which they are

otherwise involved. Additionally, the reason for Mr. Shinohara to hold shares in the Tender Offeror is to give Mr. Shinohara, who is planned to continue being engaged in the management of the Company after the Transactions, a common incentive for enhancing the corporate value of the Tender Offeror after the Merger, and not to provide consideration for tendering his shares in the Tender Offeror. Therefore the Tender Offeror considers this to not be contrary to the intent of the provisions that tender offer prices must be based on a single set of conditions (Article 27-2, Paragraph 3 of the Act).

The Tender Offeror intends to cover the funds required for the Transactions, including the Tender Offer, by borrowings from Shinsei Bank, Limited and contributions from Integral, Integral 4 Limited Partnership, Innovation Alpha IV L.P., and Initiative Delta IV L.P., and the Tender Offeror intends to apply the same to the funds required for the Tender Offer.

(B) Background, Purpose and Decision-Making Process with respect to the Tender Offer and Management Policy After the Tender Offer

(a) Background, Purpose and Decision-Making Process with respect to the Tender Offeror's Decision to Implement Tender Offer

The background, purpose, and decision-making process with respect to the Tender Offeror deciding to conduct the Tender Offer are as follows. Statements below regarding the Company are based on explanations received from the Company and information publicly announced thereby.

Since its founding, the Company Group (collectively meaning the Company and its 30 consolidated subsidiaries and one equity-method affiliate as of the date hereof; the same applies below) has developed its business centered around providing "life support systems," meaning asset development, through apartment management under its corporate philosophy of "All for customers success," "Never forget Gratitude," and "Challenge Spirit," and the Company Group engages in its business as a "life support company" that stands by its customers throughout their lives.

The Company was founded as Shinohara Kensetsu Systems Co., Ltd. in Fukuoka-shi in June 1990, and under the leadership of its founder, Mr. Shinohara, who is also its representative director and president as of the date hereof, it began the apartment sales business and real estate leasing and management business. In December 2002, its shares were registered for over-the-counter trading with the Japan Securities Dealers Association and then listed on the JASDAQ Securities Exchange, Inc. (the "JASDAQ Securities Exchange") in December 2004. Additionally, the Company implemented a holding company structure in October 2007 and changed its trade name to Shinoken Group Co., Ltd. Subsequently, following the merger of the JASDAQ Securities Exchange and the Osaka Securities Exchange Co., Ltd. (the "OSE") in April 2010 and the merger of the TSE and the OSE in July 2013, the Company moved to the TSE Standard Market following the review of the market divisions of the TSE in April 2022.

Since its founding, the Company Group has consistently advocated "apartment management that can be done by office workers through their perspective," and as a supporter of the lives of its customers (who are also owners) even after completing sales, the Company Group has built life support systems to aid customers throughout their lives by providing support for apartment management using the collective strength of the Group and covering the elderly care domain that is essential in Japan's aging society, and it is engaged in the following businesses.

(i) Real estate sales business

In the real estate sales business, which is the Company Group's main business, the Company Group is engaged in the development, construction, and sale of newly-built wooden apartments and RC (reinforced concrete; the same applies below) condominiums for investment purposes. In particular, in regard to newly-built wooden apartments for investment, main customers (for B2C) are office workers, civil servants, and the like, and by carefully selecting and procuring land within 10 minutes on foot from the nearest station, building designers apartments and condominiums that are both highly functional and well-designed, and appropriately setting rents, the Company Group provides stable assets (land and buildings) with reduced risk of vacancy while also making use of loans from affiliated financial institutions provided to its customers. In recent years, the Company Group

has also engaged in sales for REITs for B2B, and these sales for REITs are intended as an exit strategy to lead to producing further development funds by selling properties developed and managed by the Company Group.

(ii) Real estate service business

In the real estate service business, the Company Group provides rental management services towards owners of the properties such as tenant recruiting, rent collection, and maintenance, leasing and sales brokerage, and condominium management as well as the selection of assets to be included in real estate funds and REITs, asset management, and the like. This means that revenue is generated based on the stock of properties created through the real estate sales business.

(iii) General contractor business

Through its consolidated subsidiary, Ogawa Construction Co., Ltd., the Company Group develops its general contractor business, which mainly undertakes construction of RC-structured condominiums mainly in the 23 special wards of Tokyo. Ogawa Construction Co., Ltd., which joined the Company Group through M&A in February 2014 is highly regarded for its model where experienced technicians / former site managers serves as sales managers.

(iv) Energy business

Through its group company, SK Energy Co., Ltd., and the subsidiaries thereof, the Company Group engages in the business of supplying electricity and gas to mainly residents of the properties sold and managed. As with the real estate service business, this is a “stock business” in which revenue increases as the number of the stock of managed properties obtained through the real estate sales business increases.

(v) Life care business

In order to achieve the Company Group’s vision of becoming “A Life Support Company for every generation across the world,” the Company Group owns and operates housing for the elderly with home-care services, elderly day care services, group homes and also provides home-visit care, support for people with disabilities, and other such services. The Company Group provides housing (leased housing with elderly support) to suite the life stage of residents of properties sold through the real estate sales business who find it difficult to live in ordinary properties as they age, thereby providing support to customers throughout their lives.

(vi) Other businesses

Regarding overseas businesses, the Company Group is engaged in the real estate leasing and sales brokerage business in Shanghai and Singapore, and in Indonesia, it is engaged in the development and operation of serviced apartments for Japanese expats.

Additionally, Shinoken Asset Management Co., Ltd. (Director General of Kanto Local Finance Bureau (Financial Instruments) No. 3167) (“Shinoken Asset Management”), a consolidated subsidiary of the Company, is engaged by Shinoken REIT Investment Corporation (Director General of Kanto Local Finance Bureau No. 150) (“Shinoken REIT”), a private REIT, to provide asset management services.

According to the press release titled “Regarding Efforts to List the Investment Units of Shinoken REIT Investment Corporation on the Tokyo Stock Exchange” released by the Company on August 10, 2022 (the “Target Company’s Press Release Regarding the Shinoken REIT Listing”), as stated in the “Notice of Approval of Listing of “Shinoken REIT Investment Corporation” on the Tokyo Stock Exchange” released by the Company on February 2, 2022, Shinoken REIT received approval from the TSE for the listing of its investment units on the TSE Real Estate Investment Trust Securities Market, but as stated in the “Notice Regarding the Postponement of Listing of “Shinoken REIT Investment Corporation” on the Tokyo Stock Exchange” released by the Company on February 17, 2022, the board of directors of Shinoken REIT resolved at its meeting held on February 17, 2022 to suspend the issuance of new investment units and the secondary offering of investment units and to postpone its listing on

the TSE Real Estate Investment Trust Securities Market, due to which the approval for the listing of Shinoken REIT's investment units on the TSE Real Estate Investment Trust Securities Market was revoked (this postponement is hereinafter referred to as the "Shinoken REIT Listing Postponement"). Additionally, on February 17, 2022, the securities registration statement that it submitted to the Director-General of the Kanto Local Finance Bureau on February 2, 2022 in regard to the issuance of new investment units (units to be issued: 123,476; total issue value: 12,347,600,000 yen; issue price undetermined) and secondary offering by overallotment (units subject to secondary offering: 6,174; total secondary offering value: 617,400,000 yen; secondary offering price undetermined) to be conducted upon the listing of its investment units was withdrawn.

According to the Company's Press Release Regarding the Shinoken REIT Listing, this is because Shinoken REIT determined that as of February 17, 2022, when the Shinoken REIT Listing Postponement was announced, there is growing caution regarding early monetary tightening in response to increased long-term interest rates in the United States as well as rapidly increasing uncertainty caused by factors such as geopolitical risks due to increased tensions in Ukraine, and in consideration of there being concerns that amid this state of emergency in the market environment, it may not be possible to achieve a satisfactory level of financing through the issuance of new investment units in conjunction with the listing of Shinoken REIT's investment units, and therefore carefully monitoring market trends and aiming to list its investment units at an appropriate time would contribute more to the investment value of Shinoken REIT and, by extension, the interests of its investors.

Following that, Shinoken REIT has continued preparations for listing, such as by confirming investor demand trends through securities companies and reconsidering the equity story to apply for listing, but uncertainty in the economic environment only continues to increase due to factors such as another increase in COVID-19 infections, the prolonged Russian invasion of Ukraine, increased long-term interest rates in the United States, and the rapid weakening of the yen, and although approximately six months have passed since the announcement of the Shinoken REIT Listing Postponement, it is difficult to say that the environment has improved, and the Company has confirmed that Shinoken REIT has reached the decision that at present, it is not appropriate to aim for listing during 2022.

However, the Company and Shinoken REIT have not changed their policy of continuing to aim to list Shinoken REIT at an appropriate time, and they intend to monitor the market environment from 2023 and list Shinoken REIT's investment units on the TSE Real Estate Investment Trust Securities Market at an appropriate time (the listing of those investment units is hereinafter referred to as the "Shinoken REIT Listing") (Note 4).

Note 4: As of the date hereof, nothing has been decided in regard to the Shinoken REIT Listing, including the timing thereof, and it is possible that the Shinoken REIT Listing will not be conducted in the future. Additionally, if it is conducted, it is possible that the Shinoken REIT Listing and transactions conducted in connection thereto (including Shinoken REIT acquiring real estate from the Company Group) will be conducted under terms and conditions greatly different from those anticipated before the Shinoken REIT Listing Postponement. This Tender Offer Registration Statement is not intended to solicit requests for the acquisition of Shinoken REIT's investment units or to solicit requests for the sale or purchase thereof.

In addition, the Company Group has set its mission to resolve issues people and society face through REaaS (Note 5), and by combining business model innovations with technology to promote REaaS that makes it easier for a greater number of people to easily and safely engage in real estate transactions starting from small amounts of money, the Company Group aims to resolve not only future economic uncertainties, but also various social issues, such as elderly care problems and worker shortages. On November 20, 2020, the Company Group announced its "Mid-long-term Vision 2020" and set out initiatives explained in (I) to (III) below.

(I) Expansion of overseas businesses

By taking the real estate sales business ((i) above) and real estate service business ((ii) above) established in Japan, meaning the model that handles the entire process of land acquisition, construction, tenant management, operational management, and exit strategies within the group, and expanding it overseas, the Company Group will aim to further expand its overseas businesses.

(II) Development of REaaS

In order to achieve REaaS, the Company Group will establish a globally leading-edge platform using real estate trust DX (Note 6) in the area of trust services, which will become more active in Japan in the future.

(III) Strategic M&A development

The Company Group will actively implement measures under a basic policy of creating group synergies as it has up to present in the life care domain, where social needs are increasing, in the DX domain, and in regard to overseas M&A.

Note 5: “REaaS” means “real estate as a service” and refers to the concept of a new type of real estate distribution that ties together real estate technology and business.

Note 6: “DX” means “digital transformation” and refers to establishing competitive advantages by making innovations in regard to anything such as products, services, and business models by combining data and digital technologies.

However, the Company recognizes that since its announcement of its “Mid-long-term Vision 2020,” the business environment surrounding the Company Group has become more severe, and as sustainable growth into the future cannot be expected if business is operated in the same way as at present, the Company considers that in order to achieve further enhancement to its corporate value, it is necessary for the management and employees of the Company Group to unite and promote a transformation of its business structure.

We are seeing unprecedented changes in international conditions, such as the spread of COVID-19 from 2020 and the continuing social unease regarding infection, procurement risks due to rising wood prices and supply shortages referred to as the “wood shock” that began in the spring of 2021, and recently, the Russian invasion of Ukraine, and construction material prices are rising due to a complex set of factors. These conditions are impacting the business of developing, constructing, and selling newly-built wooden apartments, which is the main business of the Company Group, in the form of a reduced number of optimal yield properties that make it possible to ensure profitability.

Additionally, in regard to the procurement of land, which is important to the Company Group’s business model of purchasing land and constructing buildings, there is also governmental policy support for single-family home construction businesses, and competition to obtain land is becoming more intense, leading to further increases in costs, thereby making it more difficult to obtain optimal yield properties.

As transferring the increased costs of procuring land to the sale prices of properties is undesirable from the perspective of providing optimal yield properties to owners based on the assumption that the appropriate setting of property rents should be maintained, in order to maintain current profit levels even amid conditions wherein it is difficult to find optimal yield properties, it is necessary to build an active sales structure to increase the number of properties sold. However, by strongly pursuing sales proceeds and quantity of properties sold, sales plans and targets that are difficult to achieve may be set, and in order to achieve those sales plans and targets, sales staff may conduct sales activities through inappropriate methods, which may increase compliance risks in ways such as leading to problems with customers. Therefore the Company considers it difficult to adopt such measure as it could have a negative impact on competitiveness over the medium to long term. In this way, the Company recognizes that the business environment of the real estate sales business may become increasingly opaque going forward, which may lead to a drop in sales and profit levels, a resultant impact on share prices, and by extension, detriment to the interests of general shareholders.

Under the business model of the Company Group, in addition to flow revenue (Note 7) being generated through the development and sale of properties (in the real estate sales business), stock revenue is also generated through providing management services and other such services to owners of properties developed and sold by the Company Group (in the real estate service business and other businesses), but currently, the real estate sales business is the leading driver of the Company Group's performance, accounting for 53% of sales and 48% of operating profit. However, as there are concerns regarding a slowdown in the growth of the real estate sales business due to the severe business environment described above, while maintaining development and sales, the Company Group plans to implement measures to increase the relative importance of stock revenue, to increase the diversity of sales channels and stabilize revenue for developed real estate through expanding the scale of existing REITS and establishing new REITs in Japan and overseas in the future, and to create new services such as developing and providing real estate technology, thereby evolving and diversifying its business into a sustainable business model centered around those service businesses. Additionally, as concerns regarding the industry as a whole due to factors such as misconduct by other companies in the industry several years ago involving real estate for investment are also having a certain level of impact on the business of the Company Group, which has continuously engaged in clean business management, the Company Group considers that evolving and diversifying its business will contribute to enhancing its corporate value over the medium to long term also due to a change in its image.

Note 7: "Flow revenue" is one-time revenue generated whenever a product or service is sold, while "stock revenue" is revenue continually generated from acts such as providing services.

Specifically, instead of pursuing short-term growth through strengthening real estate sales business, the Company Group intends to promote DX through means such as utilizing IoT, to secure opportunities for stock revenue from sale properties, and to expand its overseas businesses to achieve innovations aimed at sustainable growth over the medium to long term. In terms of forward looking measures, to strengthen existing businesses, (i) in the real estate sales business, based on the established business model, the Company Group will pursue a greater degree of discernment to find optimal yield properties, which are limited under the severe market environment, develop broader customer segments, and increase transactions with existing customers. Additionally, (ii) in relation to the real estate service business, the Company Group will increase property value by pursuing further added value (e.g. by introducing IoT such as facial recognition and smart locks (Note 8) in their properties), thereby appealing to new potential tenant segments. Further, the Company Group will seek ways to develop existing services originally developed by the Company (e.g. insurance for owners against an unattended death, which was developed in collaboration with insurance companies), and to develop the economic sphere surrounding owners, tenants, and the Company Group by introducing Shinoken Coin (Note 9). Furthermore, (iii) in the life care business, under its vision, "life support company for every generation across the world," Target Company Group will endeavor to expand the services it already provides and intends to achieve growth through M&A to expand and provide services that aid customers and tenants throughout their lives. Additionally, (iv) regarding overseas business, in which the Company Group is currently applying efforts, it will endeavor to strengthen and expand their business in existing foreign locations and intends to apply its REIT business model overseas as well.

Note 8: "Smart locks" collectively means existing locks made capable of telecommunication through certain methods that are able to be opened, closed, and managed using devices such as smartphones, as well as the systems relating thereto.

Note 9: "Shinoken Coin" collectively means a point system to be introduced by the Company, in which the Company expects to grant, mainly to the owners and tenants of the properties managed by the Company, points that may be used for payment of various services provided by the Company Group. the Company the Company the Company the Company the Company

However, in order to swiftly implement the above measures, not only active capital investment in systems and the like is necessary, but also securing management resources, i.e. utilizing and acquiring outside human resources, is becoming more an urgent issue than ever. In order to increase added value in the real estate service business, R&D investment for developing technology suited to the properties provided by the Company Group, as well as investment in development costs and human resources for introducing Shinoken Coin and developing platforms is necessary. Additionally, in fields where group synergies can be created, such as the life care business, DX areas, and overseas businesses, the Company Group actively promotes growth through M&A. In addition to securing funds for that purpose, it is important to secure human resources to promote PMI (post-merger integration) (Note 10). Furthermore, it is necessary to implement measures from a long-term perspective while investing in development funds and human resources when expanding overseas businesses and the REIT business.

Note 10: “PMI (post-merger integration)” generally means the process of integration after M&A.

Based on the above awareness, amid the expected continuation of the severe business environment and substantial increases in expenses, Mr. Shinohara and the Company considered measures to achieve long-term growth.

In the process of that consideration, based on the awareness of the problems involving the above management issues, Mr. Shinohara considered that in addition to the management efforts of the Company Group itself, it would be beneficial to utilize outside management resources in order to achieve the further growth and enhanced corporate value of the Company Group, and in mid-April 2021, he obtained referrals to several companies, including Integral, from Credit Suisse Securities (Japan) Limited (“Credit Suisse Securities”), which had been providing proposals and information to the Company in regard to its capital policies and the enhancement of its corporate value over the medium to long term, for the purpose of consulting in regard to the management measures and optimal capital structure of the Company Group, including what methods would be available for utilizing outside management resources, and he received and exchanged opinions with those companies in turn.

Integral came to consider that in order to achieve the future growth of the Company Group, it would be effective to take the Company Shares private and to further evolve and diversify business, and in late June 2021, Integral introduced to Mr. Shinohara the option of a management buyout (MBO) as part of general portfolio company sourcing activities, proposed a direction for business portfolio restructuring, and expressed its initial intention that in the future, it would be able to support the consideration, and execution of a management buyout (MBO).

Following that, from July 2021, Mr. Shinohara exchanged opinions and engaged in initial consideration of the possibility of potential capital transactions, including the possibility of a management buyout (MBO), with several companies referred by Credit Suisse Securities, including Integral. However, time passed with no progress being made in specific considerations due to numerous unpredictable and unusual changes in the management environment surrounding the real estate industry, such as the dizzying pace of changes in international conditions, including the spread of COVID-19 and the continuing social unease regarding infection, the wood shock, and the Russian invasion of Ukraine. In 2022 as well, Mr. Shinohara continued considering potential capital transactions, including options other than a management buyout (MBO) such as a capital and business alliance with a third party, from the perspective of what would be the optimal measures for the Company Group.

Meanwhile, from July 2021, Integral deepened its understanding of the real estate industry and the Company Group through having meals and holding meetings, etc. with Mr. Shinohara, and once Mr. Shinohara had deeply considered the possibility of the Company Group conducting capital transactions, including a management buyout (MBO), on May 10 2022, Integral proposed to Mr. Shinohara the level of the planned purchase price anticipated at that time, based on examples of management buyouts (MBOs) by other companies, and the recontribution by Mr. Shinohara on the assumption of a management buyout (MBO), expressed its intention regarding the Tender Offer, including a summary of the management support anticipated by Integral, and explained the details thereof to Mr. Shinohara. At that time, Integral approved of Mr. Shinohara’s founding spirit and expressed its strong desire that he continue to contribute his guidance and advice in regard to management, at least as an executive officer of the management committee of the Company, which is an important decision-making body composed of directors, executive officers,

and the like. Specifically, Integral recognizes that the Company Group is dependent upon accumulated layers of the trust, knowledge, and labor of its employees, management, customers, financial institutions, cooperating companies, and local communities, and Integral expressed that desire having determined that it is extremely important for Mr. Shinohara, the founder of the Company Group, to continue to captivate the many people gathered together in the Company Group as the symbol thereof.

Taking into consideration the above intention expressed by Integral, as well as the content of discussions with Integral since April 2021, in mid May 2022, Mr. Shinohara came to consider that in order to grow the Company Group into an even more appealing corporation and achieve the enhancement of its corporate value over the medium to long term, it is essential to conduct active investments based on swift business judgments and medium- to long-term management strategies without being excessively focused on short-term performance changes and the like and to restructure existing businesses to further develop them.

According to the “Notice Regarding Progress Status of Acquisition of Treasury Shares (Acquisition of Treasury Shares in Accordance with Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act)” released by the Company on March 28, 2022 and the “Notice Regarding Status and Completion of Acquisition of Treasury Shares (Acquisition of Treasury Shares in Accordance with Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act)” released by the Company on April 12, 2022, the Company acquired 344,400 shares of its treasury shares at 349,949,100 yen during the period from March 9, 2022 to April 11, 2022 by way of on-market purchase on the TSE in accordance with the resolution at the Company’s board of directors meeting held on March 8, 2022. However, because Integral has not reached a decision to conduct the Tender Offer as of the time of the Company’s decision to acquire its treasury shares, the Company considers that no “fact concerning launch of a tender offer, etc.” under Article 167, Paragraph 1 of the Act has occurred and also the Company was not aware of any “fact concerning launch of a tender offer, etc.” under Article 167, Paragraph 1 of the Act at that time.

Specifically, up to the present, the Company Group has provided real estate services and other peripheral services centered around the development and sale of properties, but the real estate sales business faces a severe business environment, including concerns of a decrease in sales and profit levels due to a decrease in optimal yield properties and a reduction in the number of units sold caused by factors such as high material prices and increased competition from single-family home businesses, and Mr. Shinohara considered that it is necessary moving forward to aim to achieve growth centered around the real estate service business, which creates stable stock revenue.

However, in the real estate service business, due to the characteristics of stock revenue businesses, while revenue is stable, sustainable growth is difficult unless the number of sales expands rapidly. In order to increase the number of managed properties that serve as a base for stock revenue under the environment of severe market competition, in addition to the current direct response sales method, which encourages prospective customers to purchase the Company’s properties through marketing activities such as TV commercials and web advertisements, it is necessary to create a new, active sales team structure, but the Company considered it difficult to adopt that type of measure as it may lead to increased compliance risks that could have a negative impact on competitiveness over the medium to long term. Therefore, Mr. Shinohara considered that it is necessary to swiftly proceed with business expansion through other measures in order to transition to a structure centered around the real estate service business without rapidly expanding the number of sales.

In order to achieve that goal, Mr. Shinohara considered that in addition to increasing the number of properties managed, the promotion of measures such as increasing the added value of buildings themselves, utilizing IoT to improve the lifestyle experiences of owners (who are customers) and property tenants, and achieving DX in real estate management and the creation of a business model that does not rely solely on development and sales for growth are urgent issues. Specifically, Mr. Shinohara considered that it is necessary to consider measures such as platform development and service line expansion for owners and tenants, the expansion of the real estate REIT business to broaden small-sum investment and diversify sales channels for existing owners and new investor segments, and the development of real estate STOs (security token offerings) (Note 11, Note 12) through the introduction of Shinoken Coin and further business expansion. Furthermore, he considered that it is necessary to expand overseas the real estate service business model that has grown based on the real estate sales business and to search for and diversify revenue

opportunities in growth markets. However, Mr. Shinohara considered that when developing that type of platform or STOs, in addition to the development costs, it would also be necessary to expand the human resources that would handle the platform and STOs. In addition, he considered that capital investment is necessary in order to promote the implementation of IoT in buildings as part of the real estate service business. Furthermore, although growth through M&A is intended for the life care business, DX areas, and overseas businesses, Mr. Shinohara considered that funds are also necessary for M&A and that it will also become more important to be able to conduct agile decision-making.

However, Integral and Mr. Shinohara came to consider that there are significant concerns in regard to the fact that although the enhancement of the corporate value of the Company Group over the medium to long term can be expected, the above measures for evolving and diversifying business into a sustainable business model cannot be expected to quickly contribute to profits as a certain amount of time is required for the effects of each measure to manifest, and instead, even if the large sums of necessary investments are made for M&A, expansion into new business areas, IT investment, and the like, there is a significant risk of business not expanding as planned, and there is a possibility of the financial condition or revenue of the Company Group worsening over the short term. Therefore, Integral and Mr. Shinohara considered that if these measures are implemented while the Company remains listed, there is a concern that in the short term, share value would be negatively impacted due to not being sufficiently evaluated by the market, which may be detrimental to the interests of existing shareholders. Therefore, taking into consideration Integral's above expression of its initial intention in late June 2021 and subsequent discussions as well as the expression of intent received on May 10 2022, in mid-May 2022, Mr. Shinohara came to consider that it is important to avoid exposing the Company's shareholders to the risks inherently involved in the above measures by temporarily taking the Company Shares private, to limit the shareholders of the Company to Integral and Mr. Shinohara, who can accept those risks, and establish a structure that can swiftly respond to rapid changes in the environment surrounding the real estate business, and for Integral, Mr. Shinohara, and the management and employees of the Company to unite in promoting the expansion of business and the strengthening of management foundations.

Integral and Mr. Shinohara have confirmed that as a future option, although they intend in principle to aim to relist the Company (i.e., the Tender Offeror after the Merger), the specific policies regarding conducting the relisting and the timing of the relisting if it is conducted are not decided at present.

Additionally, Mr. Shinohara considered that out of the multiple companies with which he held discussions, Integral is more capable of contributing to enhance the corporate value of the Company Group than the other companies taking into consideration factors such as depth of understanding of the real estate industry, attitude of valuing dialogue with Mr. Shinohara, and level of desire to support the realization of Mr. Shinohara's ideas. Moreover, Mr. Shinohara received explanations from Integral to the effect that if Integral were to engage in capital participation in the Company, it would be possible for the Company to receive through Integral the necessary human resources for promoting the business reforms of the Company using Integral's rich human resources network in areas such as management, financial strategy, and marketing, and that further, by receiving support as required by the Company from "i-Engine," Integral's corporate value enhancement support team, it would be possible to steadily promote the business reforms of the Company through Integral providing consulting to the Company for the purpose of enhancing business administration in regard to matters such as management, governance, and compliance. Based on the results of these discussions, in mid May 2022, Mr. Shinohara considered that utilizing Integral's networks, know-how, and the like to the maximum extent would lead to enhancing the corporate value of the Company and therefore began considering the Transactions with Integral as the optimal partner.

Note 11: "STO (security token offering)" means a method of procuring funds through security tokens, which are digitized securities.

Note 12: "Real estate STO" means procuring funds for real estate investment from the public through an STO (security token offering). At present, the Company Group sells apartments by the building and condominiums by the unit, but for individual investors, investing in a building or unit requires a significant investment amount. By introducing real estate STOs, it will be possible to invest with smaller

amounts by securitizing and improving the liquidity of property assets, and the Company Group considers that this will make it possible to appeal to existing investors who find it difficult to make additional investments even if they want to due to having loans, and to potential customer segments who consider the hurdles to investing in a single building or unit to be too high, thereby enabling the Company Group to increase the number of its customers.

Based on the above considerations, Integral and Mr. Shinohara reached the determination that the Transactions will contribute to the enhancement of the Company's corporate value over the medium to long term to be achieved by the Company implementing the above measures without being deterred by short-term performance changes and that the Transactions are therefore the best measure for both the general shareholders of the Company as well as its various stakeholders. Therefore, on May 17, 2022, Integral and Mr. Shinohara made a request to the Company to discuss and consider the implementation of the Transactions. In late April 2022, Integral appointed Mori Hamada & Matsumoto as its legal advisor but it has not appointed any financial advisor.

Thereafter, taking into consideration matters such as the progress of the due diligence on the Company Group conducted by Integral from early June to early July 2022, Mr. Shinohara and the Tender Offerors made an official proposal to the Company regarding the Transactions on June 21, 2022, which included the purchase price per Company Share in the Tender Offer (the "Tender Offer Price") being approximately 1,300 yen (a premium of 34.30% (rounded to two decimal places; the same applies below in regard to the calculation of premium ratios unless otherwise specified) on the closing price of the Company Shares (968 yen) on June 20, 2022, the Business Day before the submission of the relevant letter of intent). Subsequently, as stated in "(C) Decision-Making Process and Reasons Behind the Opinion Supporting Tender Offer" of "(2) Basis and Reasons for Opinion" below, on July 6, 2022, the Tender Offerors received a request from the Company to reconsider the Tender Offer Price, and to make a proposal regarding the handling of the Stock Acquisition Rights, for the reasons that taking into consideration the opinion of the Special Committee (as defined in "(C) Decision-Making Process and Reasons Behind the Opinion Supporting Tender Offer" below; the same applies below) and discussions with Credit Suisse Securities, the price cannot be said to be at a level that appropriately reflects the intrinsic value that the Company may achieve and that in light of trends in recent similar transactions as well, the price does not include an appropriate level of premiums from the perspective of protecting the interests of minority shareholders. Therefore, the Tender Offerors reconsidered the Tender Offer Price and made a new proposal on July 11, 2022 for the Tender Offer Price to be 1,425 yen (a premium of 45.41% on the closing price of the Company Shares (980 yen) on July 8, 2022, the Business Day before the submission of the relevant letter of intent) and to purchase the Stock Acquisition Rights at the price calculated by multiplying the number of shares to be acquired per Stock Acquisition Right by the difference between the Tender Offer Price and the exercise price. In response, as the Tender Offerors received a request from the Company on July 15, 2022 to reconsider the Tender Offer Price for the reasons that the price is not at a level that appropriately reflects the intrinsic value that the Company may achieve, that the proposal cannot be said to include an appropriate price and conditions that ensure the benefits to be enjoyed by general shareholders of the Company, and that the price does not provide the general shareholders of the Company with a reasonable opportunity to sell their shares, the Tender Offerors reconsidered the Tender Offer Price and made a new proposal to the Company on July 21, 2022 for the Tender Offer Price to be 1,520 yen. In response, the Tender Offerors received a request from the Company on July 26, 2022 to reconsider the Tender Offer Price for the reasons that the price is still not at a level that appropriately reflects the intrinsic value that the Company may achieve and that in consideration of factors such as that the price cannot be said to include sufficient premiums from the perspective of protecting the interests of minority shareholders taking into account the fact that the share price of the Company has been increasing recently as well as in light of trends in similar recent transactions, the proposed conditions cannot be said to ensure the benefits to be enjoyed by the general shareholders of the Company, and the price does not provide the general shareholders of the Company with a reasonable opportunity to sell their shares. Thereafter, the Tender Offerors engaged in further discussions and negotiations with the Company regarding the various terms of the Transactions and made a final proposal on August 3, 2022 for the Tender Offer Price to be 1,600 yen. In regard to the final proposal, after confirming and discussing the details of the proposal on

August 5, 2022 with the Tender Offerors, and confirming the reasonableness of the proposal with the Special Committee and asking for an opinion, etc. from Credit Suisse Securities, on August 10, 2022, the Company's board of directors determined that the Tender Offer Price was appropriate for the Company's shareholders and provided a reasonable opportunity to sell their shares taking into consideration the facts that (i) of the valuation results of the share value of the Company Shares performed by Credit Suisse Securities stated in "(B) Outline of the Valuation" under "(3) Matters Concerning Valuation of the Company" below, the proposed price exceeds the upper limit of the range of valuation results under the market price method and is within the ranges of valuation results under the comparable company analysis and the discounted cash flow analysis ("DCF Analysis") and exceeds the medians of those ranges; (ii) the proposed price represents a premium of 45.59% on the closing price (1,099 yen) of the Company Shares quoted on the TSE Standard Market on August 9, 2022, the Business Day preceding the announcement date of the implementation of the Tender Offer, and a premium of 49.39% on the simple average closing price (1,071 yen) (rounded to the nearest yen; the same applies below in regard to the calculation of simple average closing prices) over the one-month period ending on that date, a premium of 57.33% on the simple average closing price (1,017 yen) over the three-month period ending on that date, and a premium of 57.33% on the simple average closing price (1,017 yen) over the six-month period ending on that date, each as quoted on that market (or the TSE JASDAQ Market on and before April 3, 2022), and the proposed price can be assessed as including a suitable premium in comparison to the levels of premiums added when determining purchase prices in past examples of MBOs for the purpose of taking a company private announced from June 28, 2019 to August 9, 2022 (14 examples; however, limited to transactions in which the purchase price was 10 billion yen or more and that were successfully completed) (the average of those premiums is 46.0% for the Business Day preceding the announcement date, 44.8% for the most recent one month, 49.7% for the most recent three months, and 52.2% for the most recent six months, and the median of those premiums is 40.8% for the Business Day preceding the announcement date, 38.0% for the most recent one month, 45.7% for the most recent three months, and 52.7% for the most recent six months; rounded to one decimal place), and (iii) it is recognized that the interests of general shareholders are taken into consideration, such as measures to avoid conflicts of interest as stated in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" under "3. Contents, Basis of and Reasons for Opinion on Tender Offer" Following that, on August 10, 2022, the Tender Offerors reached an agreement with the Company for the Tender Offer Price to be 1,600 yen. The Tender Offerors has not made any agreement with Mr. Shinohara for tendering shares in the Tender Offer on the condition of recontribution by Mr. Shinohara.

After repeatedly engaging in these discussions and negotiations, on August 10, 2022, the Tender Offeror decided to conduct the Tender Offer with a Tender Offer Price of 1,600 yen as part of the Transactions.

(b) Post-Tender Offer Management Policy

The Transactions constitute a management buyout (MBO), and Mr. Shinohara has agreed with the Tender Offerors in the Basic Agreement to hold approximately 8% of the shares of the Tender Offeror after the Merger by continuing to hold the Shares Agreed to Not Be Tendered without tendering them in the Tender Offer (however, as stated in "(5) Policies on the Organizational Restructuring After the Tender Offer (Matters Relating to So-called "Two-Step Acquisition)") below, before the Share Consolidation takes effect, if there is any shareholder of the Company other than the Tender Offeror or Mr. Shinohara who holds Target Company Shares in a number greater than that of the Shares Agreed to Not Be Tendered, or if it is determined that there may come to be such a shareholder, the Tender Offeror intends to conduct the Squeeze-Out Procedures to make the Tender Offeror the only shareholder of the Company, in which case Mr. Shinohara will be unable to continue holding the Company Shares and will therefore hold the shares of the Tender Offeror after the Merger by contributing to the Tender Offeror after the Transactions are conducted (the specific amount, contribution ratio, and timing of that contribution are undetermined at present, but the Tender Offeror intends to hold discussions with Mr. Shinohara in the future)). Additionally, Mr. Shinohara intends to continue promoting the management of the Company as stated in in "(a) Background, Purpose and Decision-Making Process with respect to the Tender Offeror's Decision to Implement Tender Offer" under "(B) Background, Purpose and Decision-Making Process with respect to the Tender Offer and Management Policy After the Tender Offer" above as the representative

director of the Company after the Tender Offer is completed. The Tender Offeror is considering appointing people nominated by Integral as directors of the Company, but the specific number of people, timing, candidates, and the like are undetermined at present, and there is no agreement between the Tender Offeror and the directors of the Company other than Mr. Shinohara regarding the appointment of officers after the Tender Offer. In the Basic Agreement, the Tender Offeror has agreed with Mr. Shinohara to execute, after the completion of the Transactions, an executive service agreement with Mr. Shinohara that contains terms regarding the performance and continuance of the duties of Mr. Shinohara as the representative director of the Company, but at present, no matters have been specifically agreed to. The Tender Offeror intends to determine the details of the management structure, including the officer composition, of the Company after the Tender Offer while holding amicable discussions with the Company after the successful completion of the Tender Offer. Additionally, the Tender Offeror intends in principle to maintain the current treatment of employees of the Company Group after the successful completion of the Tender Offer. Moreover, the Tender Offeror and the Company intend to conduct the Merger after the completion of the Squeeze-Out Procedures, but the details such as the specific schedule of the Merger are undetermined as of the date hereof.

The Tender Offeror intends to introduce incentive plans such as stock options for the management and employees of the Company after the Transactions, but the specific details thereof are undetermined at present. Although some of the Company's management and employees own the Company Shares, (i) the specific details of the incentive plan have not yet been determined at the time hereof, and no agreement has been reached with the Company's management and employees as to whether or not to introduce an incentive plan; and (ii) the introduction of an incentive plan such as stock options is not linked to tender in the Tender Offer, as the incentive plan is intended to encourage the Company's management and employees to share the common goal to improve the corporate value of the Tender Offeror, and the Company believes that it does not violate the purpose of the uniformity of the Tender Offer Price (Article 27-2, Paragraph 3 of the Act).

(C) Decision-Making Process and Reasons Behind the Opinion Supporting Tender Offer

In response to a proposal for discussion and consideration towards pursuing the Transactions from Integral and Mr. Shinohara on May 17, 2022, the Company commenced to consider the Transactions in detail.

As stated in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” below, the Company appointed as its legal adviser Anderson Mori & Tomotsune which has given the Company advice on other matters in the past and also established a special committee for consideration of the offer for the Transactions (the “Special Committee”, and for its members and other specific consultation matters, see “(C) Establishment by the Company of an Independent Special Committee and Procurement of the Opinion (Special Committee Report)” in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” below) on May 24, 2022 in order to eliminate arbitrariness in decision-making by the Company and its board of directors in the Transactions, and to ensure fairness, transparency and objectivity in its decision-making process. The Company also appointed as its financial adviser and third-party appraiser Credit Suisse which has given various advice including the trends in stock markets and IR activities from the perspective of capital markets, and organized a structure to examine the offer from the Tender Offeror and began considerations. For the avoidance of doubt, as stated in “(a) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror’s Decision to Implement Tender Offer” in “(B) Background, Purpose and Decision-Making Process with respect to the Tender Offer and Management Policy After the Tender Offer” above, Credit Suisse referred Mr. Shinohara to several companies including Integral however (i) Mr. Shinohara had not yet decided on the implementation of the MBO as of the mid April when such referral was made, and in fact, such referral was made to Mr. Shinohara in the context of and as a part of consultation by him as the representative director and chief executive officer of the Company on strategic measures to further grow of the Company, (ii) Credit Suisse referred Mr. Shinohara to not only one specific party but to several parties including Integral, and (iii) Credit Suisse was not involved in the decision-making by Mr. Shinohara that Integral would be the optimal partner to realize the growth strategy of the Company. As such, the Company has determined that Credit Suisse does not have any material interest in the Transactions including the Tender Offer and there are no doubts with respect to its independence. In

addition, The Company and the Special Committee have verified through an external and objective observation that Credit Suisse has consistently given objective advice as a financial adviser based on its extensive knowledge and experience and there has been no incentive for Credit Suisse to close the transaction in the process of the discussions and negotiations with the Tender Offerors on the Tender Offer, for example, even after the discussion with the Tender Offerors commenced on the transaction to take the Company Shares private by a means of MBO, Credit Suisse continued to give advice to compare and examine competing offers, if made, from the qualitative and economic perspective to avoid opportunity losses of minority shareholders of the Company, and the advice to comprehensively consider the offers including suspension and extension depending on terms and conditions of such competing offers. Thus, taking into account the background of referral of Integral to Mr. Shinohara and the fee structure that includes an success based fee, it is reasonable for the Company to determine that Credit Suisse has given the Company and the Special Committee advice on the appropriateness of the Transaction from an objective and independent standpoint, and as such the Company does not have any doubt on such determination on independence based on the determination by the Special Committee that there are no doubts with respect to Credit Suisse's independence.

Thereafter, taking such examination into account, the Company held discussions and negotiations with the Tender Offeror several times on the appropriateness of the Transactions based on negotiation policies confirmed by the Special Committee in advance, and opinions, instructions and requests at important junctures of the negotiation, and with advice from Credit Suisse and Anderson Mori & Tomotsune.

Furthermore, after the Company received an offer from the Tender Offeror on June 21, 2022 with the Tender Offer Price being around 1,300 yen, the Company requested to reconsider the Tender Offer Price on July 6, 2022, taking into account opinions from the Special Committee and discussions with Credit Suisse, for the reasons that the Tender Offer Price did not properly reflect the intrinsic value that the Company could achieve and that the Tender Offer Price was not offered with the reasonable level of premium in light of the recent trends in transactions of the similar kind to protect the interest of minor shareholders. Thereafter, the Company continued to report the progress of the negotiation to the Special Committee in a timely manner and to hold discussions and negotiations with the Tender Offeror several times on the Tender Offer Price based on opinions, instructions, and requests at important junctures of the negotiation and with advice from Credit Suisse. Specifically, the Company received an offer from the Tender Offeror with the Tender Offer Price being 1,425 yen on July 11, 2022 and an offer with the Tender Offer Price being 1,520 yen on July 21, 2022. In response to the offers, the Company requested further reconsideration of the Tender Offer Price from the perspective of the further protection of the interest of minor shareholders. Based on the negotiations above, the Company received a final offer from the Tender Offeror with the Tender Offer Price being 1,600 yen on August 3, 2022.

The Company confirmed and discussed the detail of the offer with the Tender Offerors on August 5, 2022, consulted the Special Committee on the reasonableness of the offer, requested Credit Suisse for its additional views on the offer, and carefully examined the offer taking into account a share valuation report obtained from Credit Suisse on August 9, 2022 ("Share Valuation Report"). As a result, the Company determined that the price was appropriate since (i) it could be regarded as carrying a reasonable premium in light of the market price and was reasonable as it exceeded the upper limit of the range calculated by the market price analysis, and was in and above the median of the range calculated by the comparable companies analysis and discounted cash flow analysis ("DCF Analysis") conducted by Credit Suisse describe in "(B) Outline of the Valuation" under "(3) Matters Concerning Valuation" below, (ii) the proposed price represents a premium of 45.59% on the closing price (1,099 yen) of the Company Shares quoted on the TSE Standard Market on August 9, 2022, the Business Day preceding the announcement date of the implementation of the Tender Offer, and a premium of 49.39% on the simple average closing price (1,071 yen) (rounded to the nearest yen; the same applies below in regard to the calculation of simple average closing prices) over the one-month period ending on that date, a premium of 57.33% on the simple average closing price (1,017 yen) over the three-month period ending on that date, and a premium of 57.33% on the simple average closing price (1,017 yen) over the six-month period ending on that date, each as quoted on that market (or the TSE JASDAQ Market on and before April 3, 2022), and the proposed price can be assessed as including a suitable premium in comparison to the levels of premiums added when determining purchase prices in past examples of MBOs for the purpose of taking a company private announced from June 28, 2019 to August 9, 2022 (14 examples; however, limited to transactions in which the purchase price was 10 billion yen or more

and that were successfully completed) (the average of those premiums is 46.0% for the Business Day preceding the announcement date, 44.8% for the most recent one month, 49.7% for the most recent three months, and 52.2% for the most recent six months, and the median of those premiums is 40.8% for the Business Day preceding the announcement date, 38.0% for the most recent one month, 45.7% for the most recent three months, and 52.7% for the most recent six months; rounded to one decimal place), and (iii) it is recognized that the interests of general shareholders are taken into consideration, such as measures to avoid conflicts of interest as stated in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” under “3. Contents, Basis of and Reasons for Opinion on Tender Offer”. As stated above, the Company continuously negotiated with the Tender Offeror on the Tender Offer Price.

The Company received necessary legal advice from Anderson Mori & Tomotsune, its legal adviser, on the method and process of decision-making by the board of directors of the Company including various procedures relating to the Transactions as well as other points of attention, and received a findings report from the Special Committee on August 9, 2022 (“Special Committee Report” and for the overview of the Special Committee Report and specific activities of the Special Committee, see “(C) Establishment by the Company of an Independent Special Committee and Procurement of the Opinion (Special Committee Report)” in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” below). Given the foregoing, the Company has carefully discussed and examined whether the Transactions would contribute to improvement of the corporate value of the Company and whether the terms and conditions of the Transactions including the Tender Offer Price are appropriate while fully respecting the Special Committee Report submitted from the Special Committee and taking into account legal advice given by Anderson Mori & Tomotsune as its legal adviser, and the Share Valuation Report from Credit Suisse as its third-party appraiser.

As stated in “(a) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror’s Decision to Implement Tender Offer” in “(B) Background, Purpose and Decision-Making Process with respect to the Tender Offer and Management Policy After the Tender Offer,” above, the Company recognizes that the environment surrounding the Company Group has become more and more difficult, with soaring prices of construction materials due to various factors and increasing competition for lands acquisitions making it more difficult to secure properties with optimal yields. The Company has come to believe that it would be difficult to maintain the same growth potential and competitive advantages under the previous business model that relied on the real estate sales business to drive the performance of the Company Group, and that if it does not make a more fundamental shift to a business model centered on the service business, its earnings may decline and result in damage to the Company’s corporate value in the medium to long term. Specifically, the Company concluded that it is necessary to (i) with respect to the real estate sales business, seek to further pursue the ability to find properties with optimal yields that are limited in a severe market environment, to develop a more diversified customer base, and to further cultivate existing customers based on the already established business model, and (ii) with respect to the real estate service business, seek to enhance property value by providing additional value (such as introducing IoT to properties such as facial recognition and smart lock) to appeal to new potential customers, strengthen the existing high value-added services that the Company has uniquely developed (such as an unattended death insurance developed in cooperation with an insurance company) and develop a circle of economy involving owners, tenants and the Company Group through introduction of Shinoken Coin, etc., (iii) with respect to the life care business, seek to expand the existing services and pursue growth through M&A in order to expand and provide services that closely support customers and tenants throughout their lives as a “life support company for all generations around the world” which is the Company Group’s vision, and (iv) seek to strengthen and expand operations not only in the domestic business but also the international business that the Company is currently working on, and to expand the REIT business model internationally and the Company believes that the foregoing restructurings will ensure its competitiveness and enhance its corporate value over the medium to long term. However, while it is expected that initiatives for the above restructurings towards the shift to a sustainable business model and diversification will enhance its corporate value in the medium to long term, not all of such initiatives will be successful in the short term, and it will take time to realize the effects of the business restructurings and to make profits from new businesses. Rather, even if essential large investments are made in the establishment of a platform, IT investment, entry into new business domains,

M&A, and acceleration of international expansion, etc., there is a business risk that the business will not be developed as planned, and the Company Group's financial condition and earnings may deteriorate in the short term. There is a concern that if these initiatives are implemented while the Company remains listed, the Company may not be fully evaluated by the market in the short term and that may adversely affect the stock price causing disadvantages to existing shareholders.

Under these circumstances, in order to avoid the above adverse effects that may occur to the shareholders and to enhance its corporate value in a medium to long-term perspective, the Company has concluded that it is important to privatize the Company Shares by a means of management buyout (MBO) and to establish a management system that enables the Tender Offeror, directors, and employees together to promptly and boldly address each initiative with the cooperation of Integral, without being constrained from the shorter-term evaluation from the stock market.

In the case that the Company goes private, it will not be able to raise funds through equity finance from capital markets, and that it is possible to affect the acquisition of talented human resources and the expansion of its clients which are supported by high social credibility and name recognition which the Company has enjoyed as a listed company. However, the Company is not likely to have a need for large-scale financing through equity finance in the next several years provided that of the Company's current financial conditions and other factors. In addition to the foregoing, it is unlikely that privatization will have a significant impact on the acquisition of human resources given the brand, name recognition, and accumulated achievements that it has established, and the expansion of clients can be partially achieved through improvement of name recognition and social credibility through business activities, the Company believes that the demerits of the privatization of the Company Shares will be limited. Hence, the board of directors of the Company determined that the merits of the privatization of the Company Shares exceed the demerits.

Based on the above, the board of directors of the Company determined that privatization of the Company Shares through the Transactions including the Tender Offer, will contribute to the enhancement of the corporate value of the Company.

Also, the board of directors of the Company determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for shareholders of the Company and that the Tender Offer provides shareholders of the Company with a reasonable opportunity to sell their shares, based on the facts that (i) the Tender Offer Price (1,600 yen) exceeds the upper limit of the range calculated by the market price analysis, is within the range calculated by the comparable companies analysis and the DCF Analysis, and is above the median of the range as a result of the valuation of the Company Shares by Credit Suisse as described in "(3) Matters Concerning Valuation" below; (ii) the Tender Offer Price (1,600 yen) is the price of 1,099 yen, the closing price of Company shares on the Standard Market of the Tokyo Stock Exchange on August 9, 2022 which is the business day immediately preceding the announcement date of the implementation of the Tender Offer, plus a 45.59% premium; 1,071 yen, the simple average of closing prices during the past one (1) month period up to the same date, plus a 49.39% premium; 1,017 yen, the simple average of closing prices during the past three (3) month period up to the same date, plus a 57.33% premium; 1,017 yen, the simple average of closing prices during the past six (6) month period up to the same date, plus a 57.33% premium, and compared with the premium levels (the average of those premiums is 46.0% for the Business Day preceding the announcement date, 44.8% for the most recent one month, 49.7% for the most recent three months, and 52.2% for the most recent six months, and the median of those premiums is 40.8% for the Business Day preceding the announcement date, 38.0% for the most recent one month, 45.7% for the most recent three months, and 52.7% for the most recent six months; rounded to one decimal place) granted when determining the purchase price in the past MBO cases (14 cases, and limited to the successfully completed case of which the purchase value is 10 billion yen or more) publicly announced from June 28, 2019 to August 9, 2022 for the purpose of privatization, the price can be evaluated as a price with an appropriate premium added thereto; (iii) it is found that due consideration is given to interests of general shareholders such as measures, etc. to avoid conflict of interest described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below; and (iv) the Tender Offer Price was determined through several discussions and negotiations between the Company and the Tender Offeror after the above measures were taken to eliminate the conflicts of interest, more specifically, determined through good faith and continued discussions and negotiations taking into account the valuation of the Company Shares

by Credit Suisse, discussions with the Special Committee, and legal advice from Anderson Mori & Tomotsune.

Since the Share Option Purchase Price was calculated based on the amount obtained by multiplying the difference between the Tender Offer Price and the exercise price of the Share Options per Company Share by 200 shares which are the number of the Company Shares to be issued upon exercise of one (1) Share Option, the Company determined that the Share Option Purchase Price would generate economic benefits equivalent to those of the Company Shares and provides the Share Option Holders with an opportunity to sell their Share Options at a price with a reasonable premium added thereto and on reasonable terms and conditions.

Based on the above, the Company adopted a resolution at the board of directors' meeting held today by unanimous consent of the directors of the Company who participated in the deliberation and voting (Junichi Tsurukawa, Yoshiaki Miura, Takashi Tamaki, Minoru Sakata, Katsuji Inoue, Yuichiro Yasuda, and Yasuko Maekawa, all the members of the board of directors except for Mr. Shinohara and Hiroyuki Irie) to express the opinion supporting the Tender Offer and recommend that the Company's shareholders and Share Option Holders tender their shares in the Tender Offer.

The resolution of the board of directors was made on the assumption that the Company Shares would be delisted as a result of the implementation of the Tender Offer and a series of procedures thereafter by the Tender Offer.

Since Mr. Shinohara, who is the Representative Director and Chief Executive Officer of the Company, intends to invest in the Tender Offeror if the Tender Offer is closed and continue to manage the Company after the Transactions, and thus has a structural conflict of interest with the Company with regard to the Transactions, he did not participate in any deliberation and voting at the aforementioned board of directors' meeting as a director with special interest and did not participate in any discussions and negotiations with the Tender Offeror on behalf of the Company.

In addition to Mr. Shinohara, since Mr. Hiroyuki Irie concurrently serves as a Deputy President of The Nishi-Nippon City Bank, Ltd. and the Tender Offeror communicated to the Company, on August 4, 2022, its decision to borrow funds from Shinsei Bank, Limited as fundraising for the Transactions resulting reconsideration of the transaction between the current financial institutions, he did not participate in any deliberation and voting at the aforementioned board of directors' meeting in order to avoid a conflict of interest with the Company with regard to the Transactions.

(3) Matters Concerning Valuation

(A) Name of Appraiser and its Relationship between the Company and the Tender Offeror

In expressing the Company's opinion on the Tender Offer, the Company requested Credit Suisse, the financial adviser and third-party appraiser independent from the Company, the Tender Offeror, and Mr. Shinohara, to conduct a valuation of the Company Shares in order to ensure the fairness in the process of decision making on the Tender Offer Price offered by the Tender Offeror, and acquired the Share Valuation Report dated August 9, 2022. The Company has not acquired an opinion on the fairness of the Tender Offer Price (fairness opinion) from Credit Suisse.

Credit Suisse, the financial adviser and third-party appraiser of the Company, does not fall under the related party of the Company, the Tender Offeror, and Mr. Shinohara, and has no material interest in relation to the Transactions. In addition, fees payable to Credit Suisse in connection with the Transactions include an success based fee payable on the condition of the closing of the Transactions. The Company appointed Credit Suisse as its financial adviser and third-party appraiser under the fee structure described above based on its determination that the inclusion of the success based fee payable on the condition of the consummation of the Transactions will not deny independence, given the general business practice in transactions of the same kind and the fee structure that requires the Company to bear certain financial burdens in case of failure of the Transactions.

(B) Outline of Valuation

Credit Suisse considered the valuation method to be adopted for the valuation of the Company Shares among a number of valuation methods, and based on the idea that it would be appropriate to value the Company Shares from various perspectives on the assumption that the Company is a going concern, Credit Suisse conducted analyses of the per-share value of the Company Shares using the following valuation methods: (a) the market price analysis given the Company Shares are listed on the Standard Market of the Tokyo Stock Exchange and have a market price; (b) the comparable companies analysis given there are multiple listed companies comparable to the Company and analytical

inference of the share value of the Company based on comparable companies is possible; and (c) the DCF Analysis in order to reflect the earnings results and projections of the Company in the valuation. The Company acquired the Share Valuation Report dated August 9, 2022 from Credit Suisse.

According to Credit Suisse, the methods adopted for valuation of the Company shares and the range of per-share value of the Company shares estimated under each of such methods are as follows:

Market price analysis	from 1,017 yen to 1,099 yen
Comparable companies analysis	from 879 yen to 1,881 yen
DCF Analysis	from 1,285 yen to 1,748 yen

Under the market price analysis, the valuation reference date is August 9, 2022, and based on 1,099 yen, the closing price of the Company Shares on the reference date on the Standard Market of the Tokyo Stock Exchange; 1,071 yen, the simple average of the closing prices for the last one (1) month; 1,017 yen, the simple average of the closing prices for the last three (3) months; and 1,017 yen, the simple average of the closing prices for the last six (6) months, the range of per-share value of the Company Shares is estimated as 1,017 yen to 1,099 yen.

Under the comparable companies analysis, PRESSANCE CORPORATION, KI-STAR REAL ESTATE CO.,LTD, SANEI ARCHITECTURE PLANNING CO.,LTD., and ESLEAD CORPORATION were selected as similar listed companies determined to have similarity to the Company, per-share value of the Company Shares is estimated using the ratio of its operating profit before amortization (“EBITDA”) to its corporate value (the ratio is hereinafter referred to as “EBITDA Multiple”) and the ratio of its net earnings to its market value.

Under the DCF Analysis, the corporate value and share value of the Company were estimated by discounting free cash flows expected to be generated by the Company in and after the third quarter of the fiscal year ending December 2022 to their present values at certain discount rate, based on the business plan developed by the Company and on the assumption of various factors such as earnings estimates, investment plans in the business plan for the 3 fiscal years from the fiscal year ending December 2022 to the fiscal year ending December 2024, and publicly available information, then the range of per-share value of the Company Shares is estimated as 1,285 yen to 1,748 yen. The Company adopts the discount rate of 6.1% to 7.1%, a multiple model for the valuation of the terminal value, and an EBITDA Multiple of 3.5 to 5.0.

Specific figures of the financial forecast that Credit Suisse used in the DCF Analysis are as follows. In the financial forecasts, there is no fiscal year in which a significant change in profits is expected. For the avoidance of doubt, the financial forecasts include fiscal years in which a significant change in free cash flow is expected. Specifically, free cash flow is expected to decrease significantly in the fiscal year ending December 2022 and fiscal year ending December 2024. This is because the estimated change in the working capital for the fiscal year ending December 2022 (6 months) was calculated by comparing the balances at the end of different months, specifically comparing the actual amount of the working capital at the end of June 2022 and the projected amount of the working capital at the end of December 2022, which will result in a significant increase in the working capital and a decrease in free cash flow. For the fiscal year ending December 2024, although the comparison was made using the figures of the working capital at the end of December, a significant growth in the net sales is expected in the fiscal year and this is expected to significantly increase the working capital and significantly decrease free cash flow. In addition, the synergies expected to be realized by the execution of the Transactions are not taken into account in the following financial forecasts because it is difficult to make a specific estimate at this point.

(unit: million yen)

Item	Fiscal year ending December 2022 (6 months) (Note 13)	Fiscal year ending December 2023	Fiscal year ending December 2024
Net sales	56,906	112,563	126,324

Operating profit	4,473	9,737	10,425
EBITDA	4,900	10,642	11,379
Free cash flow	607	4,613	1,283

Note 13: A period from July 1, 2022 to December 31, 2022, which is the third and subsequent quarterly accounting periods of the fiscal year. The financial forecast above takes into account the consolidated earnings forecast for the full fiscal year ending December 2022 stated in “Notice on Revision of Consolidated Earnings Forecast for the Full Fiscal Year Ending December 2022” announced today.

Note 14: In estimating the value of the Company Shares, Credit Suisse generally adopts information provided by the Company and publicly available information as they are, assumes that such adopted materials and information were accurate and complete, and has not independently verified the accuracy, credibility, and completeness of such materials and information. Credit Suisse has not independently valued, appraised or assessed nor requested any third-party institution to value, appraise or assess the assets or liabilities of the Company (including off-balance-sheet assets and liabilities, and other contingent liabilities). Further, Credit Suisse assumes that the financial forecast (including earnings projection and other information) provided by the Company was reasonably prepared by the management of the Company on the basis of the best and good faith forecasts and judgment available at the time of the provision of such information, and Credit Suisse has not independently verified the accuracy of it. The valuation by Credit Suisse reflects the information above as of August 9, 2022.

(4) Prospects of and Reasons for Delisting

The Company Shares are listed on the Standard Market of Tokyo Stock Exchange as of today, but the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, therefore depending on the results of the Tender Offer, the Company Shares may be subject to delisting after performing the prescribed procedures in accordance with the delisting criteria of Tokyo Stock Exchange.

Even if the Tender Offer is completed and when the criteria are not met at the time of the completion of the Tender Offer, following completion of the Tender Offer, the Tender Offeror plans to perform the Squeeze-Out Procedures as described in “(5) Policies on the Organizational Restructuring After the Tender Offer (Matters Relating to So-called “Two-Step Acquisition”)” below. In that case, the Company Shares will be delisted after performing the prescribed procedures in accordance with the delisting criteria of Tokyo Stock Exchange. Following delisting, the Company Shares will no longer be traded on the Standard Market of Tokyo Stock Exchange.

(5) Policies on the Organizational Restructuring After the Tender Offer (Matters Relating to So-called “Two-Step Acquisition”)

As set out in “(1) Outline of the Tender Offer” above, if the Tender Offer is successfully completed but the Tender Offeror is not able to acquire all of the Company Shares (excluding the treasury shares held by the Company and the Shares Agreed to Not Be Tendered), the Tender Offeror intends to carry out the Squeeze-Out Procedures in the following manner after the successful completion of the Tender Offer in order to make the Tender Offeror and Mr. Shinohara or the Tender Offeror the only shareholder(s) of the Company and take the Company Shares private.

(A) Share Consolidation

Promptly after the completion of the settlement of the Tender Offer, the Tender Offeror will, in accordance with Article 180 of the Companies Act, request the Company to hold an extraordinary shareholders’ meeting (the “Extraordinary Shareholders’ Meeting”) in late November of 2022 at which the consolidation of the Company Shares (the “Share Consolidation”) and a partial amendment to the Company’s Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective will be proposed. According to the Company’s Press Release, the Company intends to accept the Tender Offeror’s request if so

requested by the Tender Offeror. The Tender Offeror and Mr. Shinohara intend to approve each of the above proposals at the Extraordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If a fraction less than one share arises due to the Share Consolidation, any shareholder of the Company who holds such fractional shares will receive an amount of cash obtained by selling the Company Shares equivalent to the total sum of the fractional shares (with such aggregate sum rounded down to the nearest whole number) to the Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The purchase price for the number of shares equivalent to the total sum of the fractional shares in the Company Shares will be calculated so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Company and Mr. Shinohara) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by the shareholder of the Company, and then a petition will be filed to the court for permission to sell such Target Company Shares on this basis. Although the ratio of the Share Consolidation of the Company Shares has not been determined as of the date hereof, it is intended that shareholders (excluding the Company and Mr. Shinohara) who hold shares in the Company and do not tender in the Tender Offer will have a fraction of less than one share in order for the Tender Offeror and Mr. Shinohara to become the only owners of all of the Company Shares (excluding treasury shares held by the Company).

However, if, before the Share Consolidation becomes effective, there are certain shareholders of the Company (other than the Tender Offeror and Mr. Shinohara) who hold the number of Target Company Shares that is equal to or greater than the number of the Shares Agreed to Not Be Tendered (885,310 shares) or it is determined that there is a possibility that such shareholders would exist, and as a result of the successful completion of the Tender Offer, the total number of voting rights in the Company held by the Tender Offeror is less than 90% of the number of voting rights of all shareholders of the Company, the ratio of the Share Consolidation will be set in a manner that, as a result of the Share Consolidation, the Tender Offeror will become the only owner of all of the Company Shares (excluding treasury shares held by the Company). In this case, Mr. Shinohara will not remain to be a shareholder of the Company and will receive money as consideration for fractional shares he holds, but a portion of the money received as a result of the Transactions is scheduled to be recontributed to the Tender Offeror. The Company intends to disclose specific procedures for the Share Consolidation as soon as the details are determined upon discussion between the Tender Offeror and the Company.

For the purpose of protecting the rights of general shareholders in relation to the Share Consolidation, the Companies Act provides that if the Share Consolidation occurs and there is a fraction less than one share as a result thereof, each shareholder may request that the Company purchase all such shares that will be a fraction less than one share at a fair price, and such shareholders may file a petition to the court to determine the price of the Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. As stated above, because the number of the Company Shares held by the shareholders who do not tender their shares in the Tender Offer (excluding the Company and Mr. Shinohara) will be less than one, the shareholders of the Company objecting to the Share Consolidation will be able to file a petition to determine the price. It is noted that the court will ultimately make a decision on the purchase price of the Company Shares if the above petition is filed.

(B) Demand for Cash-Out of Shares, Etc.

In addition, if, before the Share Consolidation becomes effective, there are certain shareholders of the Company (other than the Tender Offeror and Mr. Shinohara) who hold the number of Target Company Shares that is equal to or greater than the number of the Shares Agreed to Not Be Tendered (885,310 shares) or it is determined that there is a possibility that such shareholders would exist, and as a result of the successful completion of the Tender Offer, the total number of voting rights in the Company held by the Tender Offeror becomes 90% or more of the number of the voting rights of all shareholders of the Company, and the Tender Offeror becomes a special controlling shareholder

as provided for in Article 179, paragraph (1) of the Companies Act, the Tender Offeror intends to, promptly after the completion of the settlement of the Tender Offer, make a demand to all of the shareholders of the Company (excluding the Tender Offeror and the Company; the “Selling Shareholders”) to sell all of the Company Shares they hold (the “Demand for Shares Cash-Out”) and to all of the Stock Acquisition Right Holders pertaining to the Stock Acquisition Rights (excluding the Tender Offeror; the “Selling Stock Acquisition Right Holders”) to sell all of the Stock Acquisition Rights they hold (“Demand for Cash-Out of Stock Acquisition Rights”; together with the Demand for Shares Cash-Out, “Demand for Cash-Out of Shares, Etc.”) under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act.

Money equal to the amount of the Tender Offer Price is to be delivered to the shareholders of the Company in the Demand for Shares Cash-Out as consideration for each share of the Company Shares, and money equal to the amount of the Stock Acquisition Rights Tender Offer Price is to be delivered to the Selling Stock Acquisition Right Holders in the Demand for Cash-Out of Stock Acquisition Rights as consideration for each Stock Acquisition Right. In that case, the Tender Offeror will notify the Company to that effect and request approval from the Company for the Demand for Cash-Out Shares, Etc. If the Company approves the Demand for Cash-Out of Shares, Etc. by a resolution of its board of directors meeting, the Tender Offeror will acquire all of the Company Shares held by the Selling Shareholders and all of the Stock Acquisition Rights held by the Selling Stock Acquisition Right Holders as of the acquisition date stated in the Demand for Cash-Out of Shares, Etc. without requiring any individual approval of the Selling Shareholders or the Selling Stock Acquisition Right Holders in accordance with procedures prescribed in applicable laws and regulations. As consideration for the Company Shares held by the Selling Shareholders and the Stock Acquisition Rights held by the Selling Stock Acquisition Right Holders, the Tender Offeror will deliver an amount of cash equal to the Tender Offer Price to each of the Selling Shareholders in exchange for one share of the Company Shares and an amount of cash equal to the Stock Acquisition Rights Tender Offer Price to each of the Selling Stock Acquisition Right Holders in exchange for one Stock Acquisition Right.

According to the Company’s Press Release, if the Company is notified by the Tender Offeror to the effect that it intends to make the Demand for Cash-Out of Shares, Etc. and of the matters set out in the items of Article 179-2(1) of the Companies Act, the Company’s board of directors will approve the Demand for Cash-Out of Shares, Etc.

If the Demand for Cash-Out of Shares, Etc. is made, Mr. Shinohara will not remain to be a shareholder of the Company and will receive money as consideration for the shares of the Company he holds, but a portion of money received as a result of the Transactions is scheduled to be recontributed to the Tender Offeror.

For the purpose of protecting the rights of minority shareholders in relation to the Demand for Cash-Out of Shares, Etc., the Companies Act provides that any of the shareholders of the Company may file a petition with a court for determination of the purchase price of its Target Company Shares in accordance with the provisions of Article 179-8 of the Companies Act and other applicable laws and regulations. It is noted that the court will ultimately make a decision on the purchase price of the Company Shares if the above petition is filed.

With regard to the above procedures, it is possible that, depending on amendments to or the implementation or interpretation of the relevant laws and regulations by authorities and in the case where there are certain shareholders of the Company (other than the Tender Offeror and Mr. Shinohara) who hold the number of Target Company Shares that is equal to or greater than the number of the Shares Agreed to Not Be Tendered or it is determined that there is a possibility that such shareholders would exist as of the time when the Share Consolidation becomes effective, it will require time to implement the procedure or the methods of implementation may be altered. However, even in such a case, it is intended that a method will be used whereby the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Company and Mr. Shinohara) will ultimately receive cash consideration equal to the number of Target Company Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares. The specific details and expected timing for the procedures described above will be determined through consultation between the Tender Offeror and the Company and then promptly announced by the Company.

In addition, if the Tender Offer is successfully completed but the Tender Offeror is not able to acquire all of the Stock Acquisition Rights in the Tender Offer and there are remaining Stock Acquisition Rights due to not being exercised, the

Tender Offeror will request the Company to carry out procedures that are reasonably necessary to effect the Transactions, such as recommending the Stock Acquisition Right Holders to waive the Stock Acquisition Rights.

The Tender Offer is in no way intended to solicit the consent of the Company's shareholders at the Extraordinary Shareholders' Meeting. Also, all shareholders and Stock Acquisition Right Holders are solely responsible for seeking advice from certified public tax accountants or other experts with regard to the tax consequences of tendering in the Tender Offer or the procedures outlined above.

Furthermore, although the Tender Offeror intends to conduct the Merger after the completion of the Squeeze-Out Procedures, the specific method, date, or other details of the Merger have not been determined as of present.

(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

In light of factors such that the Tender Offer is carried out as part of the Transactions which is so-called management buyout (MBO) containing an inherent issue of conflict of interest, and from the perspective of ensuring the fairness of the Tender Offer Price and the Share Acquisition Right Purchase Price, eliminating arbitrariness in the decision-making process behind the decision to implement the Tender Offer and avoiding conflicts of interest, the Tender Offeror and the Company have carried out the following measures in order to ensure the fairness of the Transactions including the Tender Offer. Among the following matters, the measures carried out by the Tender Offeror are based on explanations given by the Tender Offeror.

(A) The Company's Acquisition of a Share Valuation Report from an Independent Third-Party Appraiser

In order to ensure the fairness in the decision-making process for the Tender Offer Price proposed by the Tender Offeror, the Company requested Credit Suisse Securities to evaluate the value of the Company Shares as a third-party appraiser independent of the Company, the Tender Offeror and Mr. Shinohara. Credit Suisse Securities does not fall under a related person of the Company, the Tender Offeror and Mr. Shinohara, and does not have any material interest in the Transactions including the Tender Offer. The fees payable to Credit Suisse Securities for the Transactions include success based fees to be paid subject to the completion of the Transactions. After taking into account matters such as customary practices in similar kinds of transactions and the appropriateness of a fee structure that would cause considerable financial burden to the Company in case the Transactions is not completed, and deciding that the inclusion of contingency fees to be paid subject to the completion of the Tender Offer would not deny the independence of Credit Suisse Securities, the Company appointed Credit Suisse Securities as its financial adviser and third-party appraiser based on the compensation structure above.

For an overview of the Share Valuation Report, see "(3) Matters Concerning Valuation" above.

(B) Advice from an Independent Law Firm at the Company

In order to ensure the fairness and appropriateness of decision-making at the Company's board of directors' meeting regarding the Transactions including the Tender Offer, the Company appointed Anderson Mori & Tomotsune as its legal adviser independent of the Company, the Tender Offeror and Mr. Shinohara, from which the Company received necessary legal advice on the method and process of decision-making at the Company's board of directors' meeting including procedures regarding the Transactions including the Tender Offer and other points to note. Anderson Mori & Tomotsune is not a party affiliated with the Company, the Tender Offeror and Mr. Shinohara, and does not have any material interest in the Transactions including the Tender Offer. The fees payable to Anderson Mori & Tomotsune do not include success based fees to be paid subject to the completion of the Transactions.

(C) Establishment by the Company of an Independent Special Committee and Procurement of the Opinion (Special Committee Report)

In light of factors such that the Tender Offer is carried out as part of management buyout (MBO) and there may be an inherent conflicts of interest in considering the Transactions at the Company, for the purposes of being careful about the Company's decision-making regarding the Transactions, eliminating the arbitrariness of decision-making

and conflicts of interest at the Company's board of directors' meeting, ensuring the fairness thereof and procuring opinions on whether or not the decision at the Company's board of directors' meeting to carry out the Transactions would be disadvantageous to the Company's minority shareholders, the Company resolved at the board of directors' meeting held on May 24, 2022 to establish the Special Committee consisting of three members whom are considered to be independent of the Company, the Tender Offeror and Mr. Shinohara and have advanced insight, namely Mr. Minoru Sakata (external director of the Company), Mr. Yuichiro Yasuda (external director of the Company, certified public accountant and certified tax accountant) and Mr. Hidetaka Nishina who has abundant experience in similar transactions to the Transactions (lawyer of Nakamura, Tsunoda & Matsumoto) (the membership of the Special Committee has not changed since its establishment, and Mr. Yuichiro Yasuda was appointed a chairperson of the Special Committee by the members' mutual vote.).

Pursuant to the resolution of the board of directors' meeting, the Company consulted with the Special Committee on (a) whether or not the objectives of the Transactions are reasonable (including whether or not the Transaction contribute to enhance the Company's corporate value), (b) whether or not the fairness and appropriateness of the conditions of the Transactions (including the Tender Offer Price) is ensured, (c) whether or not the fairness of procedures such as negotiation process behind the Transactions is ensured, (d) based on the above, whether or not the Transactions are not disadvantageous to the Company's minority shareholders, and (e) details of opinions to be stated by the Company's board of directors for the Tender Offer (including whether or not to approve the Tender Offer and whether or not to recommend shareholders and share acquisition right holders to participate in the Tender Offer) (collectively, the "Consulted-on Matters".) and requested it to submit the Special Committee Report on the Consulted-on Matters to the Company.

Also, the Company's board of directors resolved that the decision-making at the Company's board of directors' meeting regarding the Transactions will fully respect the content of the Special Committee's judgment, and that in particular, if the Special Committee judges the conditions of the Transactions to be inappropriate, the Company's board of directors will not approve the Transactions under those conditions (including opinion not in support of the Tender Offer). Moreover, the Company's board of directors resolved to grant the Special Committee the authority to request any of the Company's officers and employees, financial advisers and legal advisers to collect any information required to submit a report, and be substantially involved in the negotiation process regarding the conditions of the Transactions between the Company and the Tender Offeror by confirming a policy beforehand, receiving timely report, stating opinions as necessary or making a request in the negotiation of the conditions of the Transactions.

Each member of the Special Committee will be paid remuneration in a time charge or fixed amount as consideration for their duties regardless of the matters reported by them.

The Special Committee held 10 meetings in total during the period from May 30, 2022 to August 9, 2022 and carefully examined and discussed the Consulted-on Matters. Specifically, the Special Committee received an explanation from the Company on the process of accepting the proposal of the Transactions, objectives of the Transactions, business environment, business plan and business challenges and had a question and answer session, and received an explanation from the Tender Offeror on the process and reasons for the proposal of the Transactions, objectives of the Transactions and conditions of the Transactions and had a question and answer session. In addition, as a policy to involve in the negotiation process with the Tender Offeror, the Special Committee confirmed that, while Credit Suisse Securities, the financial adviser of the Company will act as a contact of the Company to directly negotiate, the Special Committee is entitled to be substantially involved in the negotiation process regarding the conditions of the Transactions by receiving a timely report on the situation from a person in charge of negotiation, stating an opinion in a material phase and making an instruction or request. Moreover, the Special Committee received an explanation from Credit Suisse Securities on the valuation methods of the value of the Company Shares and the results thereof (with regard to the Company's business plan which is the basis of the valuation of share value, the Special Committee confirmed the reasonability of the Company's business plan by grasping the preparation process of the business plan and current situation of the Company through multiple questions and answer sessions with the Company from the perspective that whether there were any unreasonable points therein.).

Then, after the Special Committee received a timely report from the Company on the process and details of the

consultation and negotiation regarding the Transactions between the Tender Offeror and the Company, the Special Committee had a discussion and carried out a negotiation with regard to the Tender Offer Price and the Share Acquisition Right Purchase Price as described in “(C) Decision-Making Process and Reasons Behind the Opinion Supporting Tender Offer” of “(2) Basis and Reasons for Opinion”. Until the Special Committee received an ultimate proposal from the Tender Offeror for the Tender Offer Price of 1,600 yen and for the Share Acquisition Right Purchase Price of 142,600 yen which is the amount calculated by multiplying the difference between the Tender Offer Price and the exercise price per Share which is subject to each Share Acquisition Right (713 yen) and 200 shares which is the number of Company Shares which is subject to each Share Acquisition Right, the Special Committee was involved in the negotiation process with the Tender Offeror by stating an opinion to the Company to the effect that the Company should request the Tender Offeror to raise the Tender Offer Price. Moreover, the Special Committee received an explanation from Anderson Mori & Tomotsune on the measures to mitigate or avoid conflicts of interest in the Transactions and the Transactions and had a question and answer session, and also received an explanation from the Company on the negotiation and determination process of the conditions of the Transactions and had a question and answer session.

As the Special Committee confirmed that there are no doubts with respect to the independence and expertise of both Credit Suisse Securities as the financial adviser and third-party appraiser and Anderson Mori & Tomotsune as the legal adviser appointed by the Company, the Special Committee approved for their appointment as the Company’s financial adviser and third-party appraiser and the legal adviser respectively.

Based on the above, the Special Committee had many discussions with Credit Suisse and Anderson Mori & Tomotsune and engaged in consultation and deliberation on the Consulted-on Matters. As a result of such careful consultation and deliberation on the Consulted-on Matters, the Special Committee submitted to the Company’s board of directors’ meeting the Special Committee Report substantially in the manner set out below based on the unanimous opinion of the committee member on August 9, 2022.

(a) Matters reported

1. The Transactions are considered to contribute to the enhancement of the Company’s corporate value and the objectives of the Transactions are recognized as reasonable.
2. Fairness and appropriateness of the conditions of the Transactions (including the Tender Offer Price) are considered to be ensured.
3. Fairness of the procedures such as negotiation process behind the Transactions are considered to be ensured.
4. Based on the above, the Transactions are considered not to be disadvantageous to the Company’s minority shareholders.
5. It is reasonable that the Company’s board of directors expressed its opinion supporting the Tender Offer and resolved to recommend the Company’s shareholders and share acquisition right holders to participate in the Tender Offer.

(b) Reasons for Giving the Above Opinions in the Report

1. Enhancement of the Company’s corporate value (related to Consulted-on Matters (a))
From the following reasons, the Transactions are considered to contribute to the enhancement of the Company’s corporate value and the objectives of the Transactions are recognized as reasonable.

(1) Recognition of Current Situation by the Company

- For the prospective business development of the Company Group, the following matters are pointed out.
 - (i) For the real estate sales business, challenges are to pursue further ability to judge the quality of properties to be purchased which enables to discover a limited property with optimal return of interest in a difficult market environment, to find wider customer bases and to deeply appeal

- to existing customers.
- (ii) For the real estate services business, challenges are to improve the property value by providing much additional value (such as properties combined with IoT through introduction of face authentication and smart locking) and to appeal to new potential resident bases.
 - (iii) In order to improve the additional value of the real estate services business as described in (ii) above, investment in development cost and human resources in the field of DX (Digital Transformation) for the introduction of the Shinoken Coin and development of a platform as well as investment in a technology development adaptable to properties provided by the Company Group are necessary.
 - (iv) For the overall business portfolio, a challenge is to develop to a business model centering the real estate services business by increasing the ratio of stock income.
 - (v) Also for the overall business portfolio, it is also a challenge to diversify the businesses. This includes an expansion of overseas business and development of a REIT business model to overseas, for which the Company needs to work on with a long-term perspective while investing in development funds and human resources.
 - (vi) Each business has common challenges that proactive equipment investment for systems is required and that procurement of management resources such as effective use of external human resources or acquiring of human resources is required.
 - (vii) In addition to the above, in the life care business, the DX field and overseas where the group synergies are created, growth through M&A is actively promoted, and therefore procurement of funds therefor and human resources to promote PMI (integration process after M&A) is also a challenge.
- As a strategy for mid- to long-term, the Company published “Mid- to Long-term Vision 2020” on November 20, 2020 and announced the measures described in (I) to (III) below.
 - (I) Expansion of the overseas business: the Company aims to further expand the overseas business by delivering the consistent and coherent model within the Group established in Japan in real estate sales business and real estate service business which contains from site acquisition, construction, move-in management, operation management and to exit strategy overseas.
 - (II) Development of REaaS: the Company establishes the world’s most advanced platform in the trust DX of real properties in the field of trust services to be fully in progress in Japan hereafter for the purpose of achieving REaaS (Real Estate as a Service)
 - (III) Strategic development of M&A: the Company remains to proactively work on M&A in the fields such as life care and DX where societal needs are growing and overseas setting a creation of the group synergies as a basic policy.
 - Each measure announced in the Mid- to Long-term Vision 2020 by the Company has the same centerpiece as (i) to (vii) above.
 - For Recognition of the current situation of the Company Group and the Company’s material challenges identified by the Special Committee, there is no contradiction or contrariety between the Company’s previous disclosures or objective facts, and the same is also consistent with information regarding the Company’s business recognized by members of the Special Committee who concurrently serves as an external director of the Company, therefore it can be considered to be reasonable based on objective grounds.
 - Although taking measures contributing to (i) to (vii) above (including, but not limited to M&A) requires to take individual risks for the measures and demerits in association with the measures into consideration, in general terms, it is believed that these measures contribute to enhance the Company’s corporate value.

(2) Corporate Value-enhancing Effect of the Transactions

- In the hearing of explanations from relevant parties conducted by the Special Committee (the “Hearing”), the Tender Offeror made an explanation on the Company’s policy to enhance the Company’s corporate value to be carried out after the Transactions as follows:
 - A. Transformation of a business model: In the current difficult environment surrounding the real estate market and the Company, it is difficult to expand sales and developments of new properties and the situation will not be solved in a short-term considering the current market environment, therefore a transformation from a business model centering the sales of real property is necessary toward the development and growth of the business in a mid- to long-term.
 - B. Intensification of sales opportunities in the real estate sales business: The Company reaches new customer bases by offering wider opportunity of a small investment for acquisition of existing owners and new investor bases, by expanding real property REIT business contemplating the diversification of sales channel and by developing the real property STO (a fund procurement method through security token of digitalized securities), and aims for the growth in income by increasing sales opportunity.
 - C. Improvement of additional values in the real estate services business: The Company reaches wider customer bases and resident bases in addition to the existing customer base by an active introduction of new technology and IoT products to apartments and mansions, and aims for the growth in income by creating an option to lift property price or house rent.
 - D. Making real estate services business a platform: Through deepening the existing services with high additional values independently developed by the Company (such as an insurance for an unattended death developed by a collaboration with an insurance company) and development of an economic circle involving owners, residents and the Company Group through introduction of Shinoken Coin, the Company aims for the expectation of future growth.
 - E. Promotion of M&A: In the life care business, in order to expand and provide lifetime services for clients and residents, the Company aims for the growth by M&A.
 - F. Promotion of DX: For the transformation contemplating the sustainable growth in a mid- to long-term, the Company plans to promote DX through using IoT in the businesses, ensure an opportunity of stock income from sales properties and acquire overseas growth market.
 - G. Proactive overseas expansion: As well as the domestic business, the Company tries to strengthen the current overseas business and expand the location of business, and export and develop the REIT model implemented in Japan overseas.
 - H. Recruitment of external human resources: Through utilizing the professional human resources network of the Tender Offeror, the Company strengthen recruitment and training of human resources in relation to new businesses.
- The Company acknowledges that the explanations from the Tender Offeror above are realizable and effective policy to enhance the Company’s corporate value based on the current challenges.
- From the points above, the policy to enhance the Company’s corporate value planned by the Tender Offeror to be implemented after the Transactions is found to contribute to each of the points of importance for future enhancement of the Company’s corporate value as described in (1) above, as follows:

Merits of the Transactions	Points where contribution can be found
A. Transformation of the business model	(iv)(v) of (1) above
B. Intensification of sales opportunities in the real estate services business	(i) of (1) above

C. Improvement of additional values in the real estate services business	(ii)(iii) of (1) above
D. Making real estate services business a platform	(iii)(iv) of (1) above
E. Promotion of M&A	(vii) of (1) above
F. Promotion of DX	(iii)(vi) of (1) above
G. Proactive overseas expansion	(v) of (1) above
H. Recruitment of external human resources	(vi)(vii) of (1) above

- As above, the policy to enhance the Company's corporate value planned by the Tender Offeror is recognized to handle each of material challenges for the Company's future business development.
- The Transactions have a superiority towards other possible means from the perspective of the enhancement of the corporate value.
- The Special Committee received an explanation of demerits for the Company and the Tender Offeror in connection with the Transactions in the Hearing and confirmed that no material demerits existed.

(3) Indispensability of delisting

- From the facts that the policy to enhance the Company's corporate value planned by the Tender Offeror may have a negative impact on its short-term income and a possibility of failure, it is believed that delisting because of the Transaction is indispensable as a premise of working on such policy to enhance the Company's corporate value.
- Taking it from another perspective, it can be said that delisting after granting of appropriate consideration for the minority shareholders can release the minority shareholders of such risks and also give the minority shareholders a part of future enhanced corporate value.
- From the points above, on the premise that appropriateness of price and other requests are appropriately satisfied, the Transactions necessitating delisting can be considered to have a certain reasonability.

2. Ensuring the interests of minority shareholders through fairness procedures (related to Consulted-on Matters (c))

From the following reasons, the interests of the Company's minority shareholders are considered to have been adequately taken into account through fair procedures in the Transactions.

(1) Establishment of the Special Committee

- The Special Committee consists of three members of two external directors of the Company and one independent professional.
- In the Special Committee, attention is paid as follows:
 - A. The Special Committee was established before a determination of the conditions of the Transactions by the Tender Offeror and the Company.
 - B. The Special Committee was ensured its independence of all members from the Tender Offeror and from the success or failure of the Transactions, and constituted with external directors who are most eligible to a member of a special committee in the M&A guideline forming a majority.
 - C. In consultation of the Tender Offer Price by the Company with the Tender Offeror, confirmation by the Special Committee is requested before or promptly after the consultation, whereby the Special Committee was ensured a situation to substantially have an influence on the negotiation process of the conditions of the Transactions by receiving a timely report on the negotiation status,

stating an opinion in a material phase and making an instruction or request. In addition, it is decided that, if the Company's board of directors resolved to ask the Special Committee and when the Special Committee judges the conditions of the Transactions to be inappropriate, the Company's board of directors will not approve the Transactions.

- D. Although an adviser of a special committee is not appointed, each member has advanced insight on the characteristics of the Company's business (two of the members of the Special Committee are the directors of the Company), on the evaluation of corporate value (one of the members of the Special Committee is a certified public accountant), and on laws (one of the members of the Special Committee is a lawyer), and in view of the professional and independence of an adviser of the Company, the Special Committee determined that appointment of an adviser as the Special Committee is unnecessary.
- E. Agreements to be planned or synergies to be expected regarding the Transactions vary and such whole details cannot be made public. Therefore, on behalf of the minority shareholders, the Special Committee obtained material information including drafts of agreements to be executed by the Company in connection with the Transactions and reviewed and made a determination based thereon.
 - Moreover, the Company's board of directors determined that, at the time of resolution to ask the Special Committee, the board of directors fully respect opinions of the Special Committee and make a resolution regarding the Transaction.
 - From the establishment of the Special Committee and status of operation as above, the Special Committee can be recognized to effectively work as a measure to ensure fairness.

(2) Decision-making process at the Company

- Since, the Company's directors (i) Mr. Shinohara, the president, is a person who carries out the Transactions as the Tender Offeror, and (ii) Mr. Hiroyuki Irie, concurrently serves as a Deputy President of The Nishi-Nippon City Bank, Ltd., being informed from the Tender Offeror to the Company, on August 4, 2022, of the decision to borrow funds from Shinsei Bank, Limited as fundraising for the Transactions resulting reconsideration of the transaction between the current financial institutions, they will not attend the board of directors' meeting to determine the Transactions and did not participate in consultation and negotiation with the Tender Offeror from the perspective of avoiding conflicts of interest and ensuring the fairness of the Transactions. No unfair points can be found in such arrangement of conflicts of interests in the Company's board of directors' meeting.
- According to the Press Release, a resolution will be made by unanimous consent of all of seven directors of the Company in the Company's board of directors' meeting. If approval of all directors other than those who have material interest in the M&A is made in the resolution of board of directors to determine whether to approve M&A, such approval is regarded as one of the fact indicating that the measures to ensure fairness effectively worked in the M&A.
- From the above, no suspicion on the fairness regarding the decision-making process at the Company cannot be found.

(3) Procurement of professional advice from external professionals

- The Company's board of directors received an advice on decision-making from lawyers of Anderson Mori & Tomotsune of a legal adviser, and were recognized to have procured independent professional advice from lawyers.
- The Company's board of directors procured the Share Valuation Report as a document on the value of the Company Shares from Credit Suisse of an independent third-party appraiser and a financial adviser of the Company in order to ensure the fairness of the Tender Offer Price.

- In the Share Valuation Report, multiple valuation methods are used and attention was paid not to make an arbitrary valuation of a price. In addition, in preparing the Company's business plan which is the basis of the valuation, no facts of arbitrary actions by directors or officers of the Tender Offeror nor circumstances throwing suspicion on fairness in the valuation are found.
- Independence of Credit Suisse has been confirmed by the Special committee and the Press Release also has a description that Credit Suisse is independent from the Company.
- From the above, the Share Valuation Report can be recognized as a share valuation report by independent third-party appraiser.

(4) Market check

- The tender offer period for the Transactions are set 30 Business Days. This comparatively long tender offer period is considered to ensure an appropriate opportunity to make a decision about participation in the Tender Offer while ensuring an opportunity for offers for the Company Shares by parties other than the Tender Offeror.
- The Company and the Tender Offeror have not agreed to prohibit contacting competing acquisition offerors including transaction protection clause.
 - As such, in the Transactions, a so-called indirect market check was carried out by conducting M&A after establishing an environment enabling other potential offeror to offer a competitive suggestion after the announcement.
- The Special Committee determined that the possibility of receiving actual competitive offers is small even if the Transactions take bidding procedures as Mr. Shinohara, a representative of the Company Group carries out the Transactions as the Tender Offeror and it is not expected that he accept other offers. Therefore, in the Transactions, it is considered that the indirect market check also strengthens the Company's negotiation ability in the process of forming the conditions of the Transactions and contributes to carry out M&A in as advantageous conditions to the minority shareholders as possible while enhancing the corporate value.

(5) Majority of Minority

- The minimum number of shares to be purchased in the Tender Offer is set as a majority of voting rights pertaining to the number of the Shares held by the Company's shareholders who do not have conflicts of interest with the Tender Offeror (the number of shares by deducting the shares held by Mr. Shinohara from the total number of shares after taking into account the potential shares including the number of shares subject to the Share Acquisition Rights), which is equivalent to so-called "Majority of Minority".
- In a M&A guideline, it is also evaluated that Majority of Minority places an much emphasis on ensuring an opportunity to make a decision by the minority shareholders and contributes to carry out M&A in as advantageous conditions to the minority shareholders as possible, thus it has high efficiency as part of measures to ensure the fairness.
- From this fact, in the Transactions as well, the minimum number set in the Tender Offer above is considered to further ensure the fairness of the Transactions.

(6) Sufficient information provision to minority shareholders and improvement of transparency in the process

- As for the Special Committee, it is advisable under the M&A policy to disclose, (a) information on the independence and qualification of its members, (b) information on the details of authorizations granted to the Special Committee, (c) information on deliberation by the Special Committee and its involvement in the negotiation process, (d) grounds and reasons for determinations of the Special

Committee and details of the Special Committee Report, and (e) the fee structure of the members. For the Transactions, the Press Release states all of the factors from (a) to (e).

- As for the Share Valuation Report, with respect to DCF Analysis in particular, the M&A policy exemplifies disclosure of (a) the Company's free cash flow forecast which served as a basis of the calculation and whether such forecast assumes implementation of the M&A, (b) the process of preparation of the financial forecast which served as a basis of the calculation, (c) type and calculation base of the discount rate, and (d) policies for the period of free cash flow forecast and policies for terminal value such as growth rate assumed beyond the forecast period.
- For the Transactions, the Press Release states (a) and (b) (the fact that the Special Committee has verified the appropriateness, and whether the business plan assumes a fiscal year in which a significant fluctuation in profits in comparison to the previous year), the discount rate as (c), and the calculation method of the terminal value as (d).
- As for other information, it is found that the Press Release provides sufficient statements on the process and negotiations leading up to the implementation of the M&A.

(7) Elimination of coercive pressure

- The Squeeze-Out Procedures contemplated as a part of the Transaction after the closing of the Tender Offer will be executed by a scheme using the share consolidation method or the demand for cash-out of Shares, Etc.. Whichever scheme is chosen, shareholders are entitled to demand price determination, and this is expressly disclosed in the Press Release.
- Furthermore, the Press Release discloses facts that the Squeeze-Out Procedures are executed promptly after the consummation of the Tender Offer and that the amount paid to the minority shareholders upon the Squeeze-Out Procedures is planned to be the same amount as the Tender Offer Price.
- Based on the above, it is found that measures to eliminate coercive pressure have been taken.

3. Reasonableness of terms and conditions (related to Consulted-on Matters (b))

(1) Ensuring negotiations equivalent to negotiations between independent parties

- The Tender Offer Price was fairly and conclusively determined by the Company with advice from Credit Suisse as well as opinions and instructions from the Special Committee.
- Looking back to a series of negotiations on the Tender Offer Price, Credit Suisse and the Company provided the Special Committee with the detailed explanations at the 4th and subsequent meetings and by e-mail from time to time between meetings.
- At each of such explanations, the Special Committee stated its opinion on whether to accept or refuse an offer for the Tender Offer Price from the Tender Offeror. At the same time, when refusing the proposal from the Tender Offeror and giving a counteroffer on the price from the Company, it also stated its opinion on how much the price should be and the grounds for it.
- For example, when the Company and Credit Suisse intended to give the Tender Offeror written communication on the Tender Offer Price, the Special Committee viewed its content in advance and checked whether it accurately reflected the direction of discussions at the Special Committee. Thus, the Special Committee's opinions in the negotiation process were not that it only stated a desirable Tender Offer Price and left all the other things to the Company but that it stated opinions and requests on specific matters including negotiation policies and responses to the Tender Offeror.
- The Tender Offer Price was negotiated through the process that the Special Committee stated its opinions on whether to accept or refuse an offer for the Tender Offer Price from the Tender Offeror and on counteroffers as above, and the Company and Credit Suisse responded to the Tender Offeror taking into account the opinions.

- Through such process, the Special Committee refused proposals on the Tender Offer Price from the Tender Offeror several times, and as a result of an upward revision of the Tender Offer Price three times, the Special Committee finally accepted the Tender Offer Price of 1,600 yen to determine the Tender Offer Price. As a result of the negotiation, the Tender Offer Price became the price which is 300 yen higher than the initial offer from the Tender Offeror.
- As stated above, the Special Committee actively involved itself in the negotiations on the Tender Offer Price taking into account its authorities. It is found that the negotiations were proceeded with an aim to execute the M&A on the terms and conditions as favorable to the minority shareholders as possible.
- Based on the above, it was ensured that reasonable efforts would be made in the process to discuss and negotiate on the terms and conditions of the Transactions with the Tender Offeror with an aim to enhance the corporate value of the Company and execute the M&A on the terms and conditions as favorable to the minority shareholders as possible.

(2) Relation between share valuation and Tender Offer Price

- The Transactions are not a type of a transaction in which both parties conduct due diligence on the other party as in a merger, and whereas the Tender Offeror conducted a due diligence on the Company, the Company has not conducted a due diligence on the Tender Offeror. Thus, it is difficult for the Company to quantitatively estimate the effect of the Transactions on the enhancement of its corporate value at this point. For instance, the Company cannot analyze a synergy to reduce costs in back-office departments with a certain level of accuracy because the Company has not conducted a due diligence on the Tender Offeror.
- As a result, the Company's business plan which serves as a basis of the share valuation is on a stand-alone basis, which is not unreasonable.
- The Special Committee conducted a detailed hearing on the development process of the business plan at the 2nd meeting and confirmed that Mr. Shinohara was not involved in the development process of the business plan and no arbitrariness was found in the development. Also, no unreasonable point was found in the business plan.
- Based on the above, it is recognized that no arbitrary pressure from the Tender Offeror was placed with respect to the business plan from the perspective of both its development process and development method, and its content is found to be reasonable.
- The Special Committee conducted several hearings with Credit Suisse to obtain detailed explanations on the calculation method of the share value and the valuation process of the Company Shares, and the examination process concerning the share value calculation. The Special Committee confirmed that there was no unreasonable point in any of the foregoing and the Share Valuation Report prepared by Credit Suisse is reliable.
- Per share value of 1,600 yen which is the Tender Offer Price (i) exceeds the upper limit of the range calculated by the market price analysis, and (ii) was in and above the median of the range calculated by the comparable companies analysis and by the DCF Analysis.
- Meanwhile, the M&A policy points out that it is fair that (a) all shareholders including minority shareholders should receive the "value achievable without M&A" in proportion to the number of shares held while (b) minority shareholders also receive a proper portion of the "value that cannot be achieved without M&A" though the minority shareholders will be squeezed out as a result of the M&A.
- Even with such point taken into account, the Tender Offer Price is deemed as a price with a proper addition in comparison to the value of the Company Share calculated by Credit Suisse (which is (a) above since it is the share value on a stand-alone basis); hence, the price is at a level that the proper portion mentioned in (b) above is given to the minority shareholders.

- Based on the above, the Special Committee also understands that the Tender Offer Price is at a level not unfavorable to the minority shareholders in comparison to the value of the Company Shares calculated by Credit Suisse.

(3) Premium Review

- According to the Share Valuation Report prepared by Credit Suisse, the Tender Offer Price is calculated by adding the relevant premium shown in the table below to the closing price of the Company Shares on the Tokyo Stock Exchange on and before August 9, 2022 (the “Immediately Preceding Date”).

Reference Value	Share Price	Premium
Closing Price on the Immediately Preceding Date	1,099 yen	45.59%
Average Closing Price for the Past One Month from the Immediately Preceding Date	1,071 yen	49.39%
Average Closing Price for the Past Three Months from the Immediately Preceding Date	1,017 yen	57.33%
Average Closing Price for the Past Six Months from the Immediately Preceding Date	1,017 yen	57.33%

- Among the tender offers implemented after the M&A guidelines are issued, the median of the level of premium of the same MBO case as the Tender Offer (14 cases, and limited to the successfully completed case of which the purchase value is 10 billion yen or more) is as shown in the table below.

Reference Value	Median
Closing Price on Immediately Preceding Date	40.8%
Average Closing Price for the Past One Month from Immediately Preceding Date	38.0%
Average Closing Price for the Past Three Months from the Immediately Preceding Date	45.7%
Average Closing Price for the Past Six Months from the Immediately Preceding Date	52.7%

- As shown above, since the Tender Offer Price is above the median of the range in relation to the reference value based on all of the closing price on the Immediately Preceding Date as well as on the average closing price for the past one, three and six months from the Immediately Preceding Date, it is generally deemed that the Tender Offer has the level of premium equivalent to other similar cases.
- Further, it can be pointed out that the Tender Offer Price is the highest price since 2019, in relation to the past trend of the Company’s share prices.

(4) Appropriateness of Purchase Price of Share Acquisition Rights

- The purchase price of the Share Acquisition Rights was calculated based on the difference between the Tender Offer Price and the exercise price per share of the Company Shares for the Share

Acquisition Rights multiplied by 200 shares, the number of the Company Shares to be issued for each SAR.

- Therefore, if the Tender Offer Price is found to be appropriate, the purchase price of the Stock Acquisition Rights is also considered to be appropriate as a price that will bring economic benefits to the holders of the Stock Acquisition Rights equivalent to those of the Company Shares.

(5) Appropriateness of Schemes

- In the first place, due to the MBO nature of the Transactions, it is not assumed that the Company's minority shareholders acquire the Tender Offeror's shares instead of the shares in the Company. Also, there is no advantage for the Company's minority shareholders in acquiring the Tender Offeror's shares because the Tender Offeror is a non-listed company and the methods for recovering investments are significantly limited.
 - With respect to the presence or absence and the details of alternative transactions, the schemes of the Transactions are not deemed to be inferior to those of the others.
 - From these points, the schemes of the Transactions under which the minority shareholders of the Company are granted opportunities to recover investments through the Tender Offer and the Squeeze-Out Procedures are appropriate among various measures to realize the policy to improve corporate value contemplated by the Tender Offeror.
4. The Special Committee considers that the matters requested to be discussed in the Consulted-on Matters (a) through (c) are the elements to discuss the Consulted-on Matters (d). As detailed in the Special Committee Report, no problems were found in the Consulted-on Matters (a) through (c) as a result of the deliberations at the Special Committee. Therefore, the Special Committee reports the opinion regarding the Consulted-on Matters (d) that the Company's decision-making on the Transactions is not deemed to be disadvantageous to the Company's minority shareholders.
5. With respect to the Consulted-on Matter (e), the Special Committee considers that the confirmation of the Consulted-on Matters (a) through (d) constitutes the reason for approving the Consulted-on Matters (e). As detailed in the Special Committee Report, no problems were found in the Consulted-on Matters (a) through (d) as a result of the deliberations at the Special Committee. Therefore, with respect to the Consulted-on Matters (e), the Special Committee reports that the Company's board of director's meeting expresses its support at the time of announcement of the Tender Offer and that it is reasonable to make a resolution to recommend that the shareholders of the Company tender in the Tender Offer.

(D) Approval of All Disinterested Directors (including Audit Committee Director) of the Company

The Company carefully deliberated the conditions of the Transactions including the Tender Offer by fully respecting the contents of the Special Committee Report based on the Share Valuation Report procured from Credit Suisse Securities and legal advice obtained from Anderson Mori & Tomotsune. As a result, as described in "C. Decision-Making Process and Reasons Behind the Opinion Supporting Tender Offer" of "(2) Basis and Reasons for Opinion", with respect to the Tender Offer, the Company's board of directors determined that (i) the Company's corporate value is expected to be enhanced by the Tender Offer and (ii) the Tender Offer Price and the Share Acquisition Right Purchase Price as well as the conditions on the Tender Offer is appropriate for the Company's shareholders and share acquisition right holders, and the Tender Offer is to provide a reasonable opportunity for the Company's shareholders and share acquisition right holders to sell their shares and share acquisition rights. Accordingly, the board of directors' meeting held today resolved, by unanimous vote of seven directors, namely, Mr. Junichi Tsurukawa, Mr. Yoshiaki Miura, Mr. Takashi Tamaki, Mr. Minoru Sakata, Mr. Katsuji Inoue, Mr. Yuichiro Yasuda and Ms. Yasuko Maekawa who participated in the deliberation and resolution, of the nine (9) directors of the Company's board of directors including Mr. Shinohara and Mr. Hiroyuki Irie, to express its opinion supporting the

Tender Offer and recommend the Company's shareholders and share acquisition right holders to participate in the Tender Offer. An acquisition of the Share Acquisition Rights through transfer requires an approval of the Company's board of directors' meeting. At the Company's board of directors' meeting held on August 10, 2022, the Company resolved to comprehensively approve the transfer of the Share Acquisition Rights owned by the Share Acquisition Right Holders from such Share Acquisition Right Holders to the Tender Offeror by tendering in the Tender Offer subject to the completion of the Tender Offer.

Such resolution at the Company's board of directors' meeting was resolved on the assumption that the Company Shares are planned to be delisted through the Tender Offer and a set of procedures thereafter by the Tender Offeror.

Since, if the Tender Offer is completed, Mr. Shinohara will take a stake for the Tender Offeror and expected to remain engaged in the management of the Company after the Transactions and therefore has inherent conflicts of interest with the Company regarding the Transactions, he did not in any way participate in the deliberations and resolutions at the board of directors' meeting above as a special interested director, nor did he participate in the consultations and negotiations with the Tender Offeror on behalf of the Company.

In addition to Mr. Shinohara, since Mr. Hiroyuki Irie concurrently serves as a Deputy President of The Nishi-Nippon City Bank, Ltd. and the Tender Offeror communicated to the Company, on August 4, 2022, its decision to borrow funds from Shinsei Bank, Limited as fundraising for the Transactions resulting reconsideration of the transaction between the current financial institutions, he did not participate in any deliberation and voting at the aforementioned board of directors' meeting in order to avoid a conflict of interest with the Company with regard to the Transactions.

(E) Setting of the Minimum Number of Shares to be Purchased above Majority of Minority

Because the Tender Offeror aims to take the Company private, the Tender Offeror sets the minimum number of shares to be purchased 21,509,600 shares (holding ratio: 62.87%) in the Tender Offer, and if the sum of the number of the Tendered Shares does not reach the minimum number of shares to be purchased (21,509,600 shares), purchasing of all the Tendered Shares will not be performed. The minimum number of shares to be purchased (21,509,600 shares) is the number of shares calculated by multiplying the number of voting rights (335,923) for the number of shares (33,592,366 shares) deducting the number of treasury shares owned by the Company as of June 30, 2022 (2,788,034 shares) from the Company's issued number of shares as of June 30, 2022 described in the Company's Second Quarter Financial Results (36,380,400 shares), and the number of voting rights (215,096) deducting the number of voting rights (8,853) for the Non-accepted Shares for Tendering (885,310 shares) from the amount multiplied by two-thirds which equals to the ratio of voting rights necessary for the special resolution of the shareholders' meeting to approve the Share Consolidation (223,949, rounding up to the nearest whole number) and 100 shares of the Company's share unit number. This is above the number of voting rights which equals to a majority of voting rights for the number of shares (26,576,409 shares) deducting the shares owned by Mr. Shinohara (7,633,957 shares) from the number of the Company Shares owned by the Company's shareholders who do not have conflicts of interest with the Tender Offeror (the total number of shares after taking potential shares into account (34,210,366 shares)), a so-called "Majority of Minority". Accordingly, in the event where an approval of the majority of the Company's shareholders who have no interest with the Tender Offeror cannot be obtained, the Tender Offeror puts an emphasis on the thoughts of the Company's minority shareholders and will not perform the Transactions including the Tender Offer.

(F) Ensuring the Appropriateness of the Tender Offer Price and the Share Acquisition Right Purchase Prices and Objective Conditions Securing the Fairness of the Tender Offer

Although the shortest tender offer period in the Tender Offer (the "Tender Offer Period") under laws and regulations is 20 Business Days, the Tender Offeror has set the Tender Offer Period of 30 Business Days.

As such, the Tender Offeror has set a comparatively long Tender Offer Period to ensure an appropriate opportunity for the Company's shareholders to make a decision about participation in the Tender Offer while ensuring an opportunity for competing offers for the Company Shares by parties other than the Tender Offeror (the "Competing Acquisition Offerors") as a means to secure the fairness of the Tender Offer.

The Tender Offeror and the Company have not agreed to any transaction protection clause that prohibits the Company from contacting Competing Acquisition Offerors or made any other agreement on any matter that would restrict Competing Acquisition Offerors from contacting the Company, and the Tender Offeror has been mindful of ensuring fairness in the Tender Offer by ensuring an opportunity for a competing offer together with the setting of the Tender Offer Period above.

4. Matters regarding Material Agreements concerning Tendering in the Tender Offer between the Tender Offeror and the Company's Shareholders or Directors, etc.

The Tender Offerors executed a master agreement including the following contents with Mr. Hideaki Shinohara, the president of the Company (the number of shares owned: 7,633,957 shares, holding ratio: 22.31%) as of August 10, 2022.

- (I) The Accepted Shares for Tendering (6,148,647 shares, holding ratio: 17.97 %) out of the shares owned by Mr. Shinohara (the number of shares owned: 7,633,957 shares, holding ratio: 22.31%) and 3,000 accepted share acquisition rights for tendering (the number of Company Shares which is of subject: 600,000 shares, holding ratio: 1.75%^(*)) are tendered in the Tender Offer, and non-accepted shares for tendering (885,310 shares, holding ratio: 2.59%). The shares regarding stock awards with restriction on transfer owned by Mr. Shinohara are included in the non-accepted shares for tendering as the same has a restriction on transfer and thus cannot be tendered in the Tender Offer) are not tendered in the Tender Offer; provided, however, that after Mr. Shinohara exercises the Accepted Share Acquisition Rights for Tendering, he can tender the Company Shares in the Tender Offer which is delivered by exercising the Accepted Share Acquisition Rights for Tendering, and in that case, the "Accepted Shares for Tendering" will be the Company Shares added the number of the Company Shares delivered by exercising the Accepted Share Acquisition Rights for Tendering. No prerequisite was set with respect to the tendering and non-tendering.
- (II) Regarding the non-accepted shares for tendering (885,310 shares, holding ratio: 2.59%), (i) if the Tender Offer is completed and when the Tender Offeror is not able to acquire all the Company Shares (including the Company Shares delivered by exercising the Share Acquisition Rights and excluding the treasury shares owned by the Company and the non-accepted shares for tendering) in the Tender Offer, Mr. Shinohara will cooperate for the procedures necessary to perform the Share Consolidation (including to approve relevant resolutions at the Company's shareholders' meeting), and (ii) notwithstanding (i) above, after the settlement of the Tender Offer, if any Company's shareholder owns more Company Shares than the non-accepted shares for tendering other than the Tender Offeror and Mr. Shinohara exist, or if the Tender Offeror reasonably determined that such shareholder may occur, in order to to make the Tender Offeror a sole Company's shareholder, the Tender Offeror performs the Share Consolidation with the consolidation ratio which enables to achieve the goal or makes a request for selling the Shares, and Mr. Shinohara will cooperate for procedures necessary for performing the same.
- (III) Following the completion of the Squeeze-Out Procedures, necessary cooperation will be made for performing the Consolidation in a timing, conditions and manner determined through a discussion between the Tender Offeror and Mr. Shinohara (including approving relevant resolutions at the Company's shareholders' meeting).
- (IV) If the Squeeze-Out Procedures are carried out pursuant to (ii) B. above, promptly after the completion of the Squeeze-Out Procedures and before the Consolidation, Mr. Shinohara accepts tendered shares issued by the Tender Offeror which equals to the amount calculated by multiplying the number of non-accepted shares for tendering and the Tender Offer Price, and the Tender Offeror and Mr. Shinohara will perform procedures necessary for the same.
- (V) After the Consolidation is made effective, the Consolidation will be performed and financial contribution as described in (IV) above will be made again so that the funding ratio of Mr. Shinohara against the Tender Offeror of the surviving company of the Consolidation becomes around 8%.
- (VI) In the date of execution of the basic agreement, Mr. Shinohara and the Tender Offeror confirm that they will take measures to develop and diversify businesses into a sustainable business model within the Company Group and enhance the Company Group's corporate value after the Transactions, and in principle, the shares

of the Tender Offeror after the Consolidation is intended to be re-listed to the Financial Instruments Exchange and faithfully have a discussion toward the achievement thereof.

- (VII) Promptly after the completion of the Transactions, Mr. Shinohara will execute a management delegation agreement including matters regarding the performance and continuance of duties as a president in the Company between Integral and funds managed, operated or involved by Integral or its relevant parties.
- (VIII) After the completion of the Tender Offer, (i) if Mr. Shinohara owns the Company Shares and when the Tender Offeror wishes to transfer all or part of the owned Company Shares to a third party (including the case of a transfer in connection with the exercise of a security interest in the shares to be transferred (in addition to those under statutory procedures, this includes execution by voluntary sale or payment in lieu of payment, which is not by statutory procedures. The same shall apply hereinafter.)) or (ii) if Mr. Shinohara owns the shares of the Tender Offeror and when Integral wishes to transfer all or part of the owned shares of the Tender Offeror (hereinafter referred to as the “Shares to be Transferred” together with the shares to be transferred at the time of (i) above) to a third-party, the Tender Offeror or Integral (the “Potential Transfer Shareholder”) wishing the transfer may, by notifying Mr. Shinohara of a notification of request for selling shares describing major conditions regarding transfer in writing, together with written notice of the number of the Company Shares or the Tender Offeror’s shares owned by Mr. Shinohara to be sold to Mr. Shinohara together with the Shares to be Transferred, make a request for transfer of the Company Shares or the shares of the Tender Offeror owned by Mr. Shinohara to a third-party to whom the transfer is made with conditions described in the notification. However, the number of shares subject to such sales request shall be the number specified in (a) and (b) below (rounding down to the nearest one share; hereinafter referred to as the “Number of Shares Available for Sale by Mr. Shinohara”):
- (a) In the case of (i) above, the number Company Shares held by Mr. Shinohara in proportion to the ratio of the number of shares to be transferred out of the number of Company Shares held by the Offeror; and
- (b) In the case of (ii) above, the number of shares of the Tender Offeror held by Mr. Shinohara that are to be transferred after the merger (including the Potential Transfer Shareholder), excluding Mr. Shinohara, in proportion to the percentage of the number of shares owned by the Tender Offeror's shareholders after the merger that will be transferred at the same time
- (IX) In the case stipulated in (i) and (ii) of (VIII) above, if the Potential Transfer Shareholder wishes to transfer the Shares to be Transferred to a third party (excluding those resulting from the execution of security interest over the Shares to be Transferred), upon such transfer, Mr. Shinohara may demand the Potential Transfer Shareholder that all of the Company Shares or the common stock of the Tender Offeror held by him at the time of the proposed transfer be made subject to transfer under the same terms and conditions as those applicable to the transfer of the Shares to be Transferred, equivalent to the Number of Shares Available for Sale by Mr. Shinohara, that will be transferred simultaneously with the transfer by the Potential Transfer Shareholder (however, this shall not apply if the Potential Transfer Shareholder exercises the right to request the sale of shares in accordance with (VIII) above.).

5. Giving of Benefits by the Tender Offeror or its Specially Related Parties

Not applicable.

6. Response Policy with respect to Basic Policies regarding Control of the Company

Not applicable.

7. Questions to the Tender Offeror

Not applicable.

8. Request for Extension of the Tender Offer Period

Not applicable.

9. Future Prospects

Please refer to “(B) Background, Purpose and Decision-Making Process with respect to the Tender Offer and Management Policy After the Tender Offer” of “(2) Basis and Reasons for Opinion” of “3. Contents, Basis of and Reasons for Opinion on Tender Offer”, “(4) Prospects of and Reasons for Delisting” and “(5) Policies on the Organizational Restructuring After the Tender Offer (Matters Relating to So-called “Two Step Acquisition”)”

10. Other Matters

Not applicable.

End.

References: “Announcement on Commencement of Tender Offer for the Company Shares of Shinoken Group Co., Ltd. (Securities Code: 8909)” dated August 10, 2022 (Attached)

Restrictions on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first review the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis for any agreement on the Tender Offer or be relied on when executing such an agreement.

US Regulations

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; the same applies hereinafter) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards.

All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or part of the documents regarding the Tender Offer will be prepared in English. However, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

This press release and reference documents for this press release includes “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or impliedly indicated in the “forward-looking statements”, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror, the Company or their affiliates do not guarantee that the predictions expressly or impliedly indicated as the “forward-looking statements” will turn out to be correct. The “forward-looking statements” included in this press release and reference documents for this press release were prepared based on the information held by the Tender Offeror and the Company as of the date hereof, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Tender Offeror, the Company or their affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations. The financial information included in this press release and reference documents for this press release may have been prepared in accordance with accounting standards that are significantly different from general accounting standards in the U.S. or other countries. In addition, because the Tender Offeror and the Company are corporations incorporated outside the United States and some or all of their officers are non-U.S. residents, it may be difficult to exercise rights or make claims under the federal securities laws of the United States. It also may be impossible to bring an action against a company that is based outside of the United States or its officers in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. There is also no guarantee that a company that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

Before the commencement of the Tender Offer or during the Tender Offer Period, the Tender Offeror, the financial advisor of each of the Tender Offeror and the Company, and the tender offer agent (including their affiliates) might purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the Company Shares on their own account or the account of their client to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on a website of the person that conducted that purchase (or disclosed by any other means).

In other countries

Some countries or regions may impose restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.