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Securities code: 2982

March 10, 2023

(Date of commencement of measures for electronic provision: March 3, 2023)

To Shareholders with Voting Rights:

Hideo Tanaka
President and CEO
A.D.Works Group Co., Ltd.
2-2-3, Uchisaiwai-cho, Chiyoda-ku,
Tokyo, Japan

**NOTICE OF
THE 3RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 3rd Annual General Meeting of Shareholders of A.D.Works Group Co., Ltd. (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, we will provide information electronically and thus post matters subject to measures for electronic provision as “NOTICE OF THE 3RD ANNUAL GENERAL MEETING OF SHAREHOLDERS” and “The 3rd Annual General Meeting of Shareholders and Other Matters Subject to Measures for Electronic Provision (Matters Omitted from Documents to be Sent)” on the websites below on the Internet.

The Company’s website

<https://www.adwg.co.jp/en/ir/library/>

In addition to the above, matters subject to measures for electronic provision are also posted on the website below on the Internet.

TSE website (TSE Information on Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website above, enter and search an issue name (A.D.Works Group) or securities code (2982), and select “Basic information,” “Documents for public inspection/PR information” in that order.

If you do not attend the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 5:00 p.m. on Monday, March 27, 2023, Japan time by following the guidance provided hereafter.

- 1. Date and Time:** Tuesday, March 28, 2023 at 10:00 a.m. Japan time
(Reception starts at 9:30 a.m.)
- 2. Place:** Hibiya International Building Conference Square 8F
Hibiya International Building 8F
2-2-3, Uchisaiwaicho, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 3rd Fiscal Year (January 1, 2022 – December 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 3rd Fiscal Year (January 1, 2022 – December 31, 2022)
- Matters to be resolved:**
- Proposal 1:** Election of Five (5) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 2:** Revision of the Large-Scale Purchase Rules of the Company

Exercise of Voting Rights and Other Matters Regarding the Convocation

- (1) **Method of exercising voting rights**
To exercise your voting rights, please choose one of the three means of attending the meeting in person on the day of the meeting, sending the Voting Rights Exercise Form by mail, or via the Internet, etc.
- (2) **Handling of the voting rights exercised multiple times**
If you exercise your voting rights both in writing and via the Internet, etc., your voting rights exercised via the Internet, etc. shall be deemed valid.
If you exercise your voting rights multiple times via the Internet, etc., the last exercise of your voting rights will be deemed valid.
- (3) **Handling of voting rights exercised without indicating approval or disapproval of proposals**
If you do not indicate your vote of approval or disapproval of proposals on the Voting Rights Exercise Form, you will be deemed to have approved the proposals.
- (4) **Exercise of the voting rights by proxy**
If you are unable to attend the meeting in person, another shareholder of the Company entitled to exercise voting rights may attend as your proxy. Please be advised that such proxy is required to submit a document certifying authority of the proxy.
- (5) **Attending in person on the day of the meeting**
When attending in person on the day of the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting venue.
- (6) **This Notice**
Due to amendments to the Companies Act, matters subject to measures for electronic provision, such as the Reference Documents for the General Meeting of Shareholders, will, in principle, be made available for viewing on the website indicated at the beginning of this Notice, and the Company will send paper copies only to shareholders who have requested them by the record date. However, at this General Meeting of Shareholders, the Company has uniformly sent documents including the matters subject to measures for electronic provision, regardless of whether or not a request has been made by the shareholder.
Regarding matters subject to measures for electronic provision, since the following matters are also omitted from documents to be sent to shareholders who have requested them based on the provisions of laws and regulations and the Company's Articles of Incorporation, they are not included in this Notice. Therefore, this Notice is part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements that were audited by the Audit & Supervisory Committee in preparing its audit report, and part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Accounting Auditor in preparing its audit reports.
 - 1) "Summary of the System to Ensure Appropriateness of Business Activities and Status of Operations Thereof" in the Business Report;
 - 2) "Consolidated Statement of Changes in Equity" in the Consolidated Financial Statements;
 - 3) "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements;
 - 4) "Non-consolidated Statement of Changes in Equity" in the Non-consolidated Financial Statements; and
 - 5) "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements
- (7) **Revision of the documents, etc.**
Should this Notice or matters subject to measures for electronic provision require revision, the fact that revisions have been made, and the relevant matters before and after the revisions shall be disclosed on the websites above.


Reference Documents for the General Meeting of Shareholders

Proposals and References


Proposal 1: Election of Five (5) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)


The terms of office of all six (6) Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes that the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) be decreased by one (1) in order to further streamline the management framework, and that five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members) be elected.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 Hideo Tanaka (February 7, 1950) [Reappointment]	April 1973 Joined Seibu Real Estate Co., Ltd. July 1991 Established Tanaka Fudosan Office October 1992 Joined Houseport Seiyo Co., Ltd. (currently Mizuho Realty Co., Ltd.) March 1993 Director of A.D.Works Co., Ltd. February 1995 Representative Director and President of A.D.Works Co., Ltd. (current position) April 2020 President and CEO of the Company (current position) [Significant concurrent positions] Representative Director and President of A.D.Works Co., Ltd. Representative Director and Chairman of A.D.Partners Co., Ltd. Director of Sumikawa ADD Co., Ltd. Director and Chairman of A.D.Works USA, Inc. Director and Chairman of ADW Management USA, Inc.	4,914,718
[Reason for nomination as candidate for Director] Mr. Hideo Tanaka has a proven track record of leading the real estate business of A.D.Works Co., Ltd. (whose sole transfer of shares established the Company) from its start-up phase to the position it has grown into today. The Company has nominated him as a candidate for Director as it believes that his wealth of management experience as Representative Director and President, as well as his deep insight into the real estate business are indispensable for increasing the corporate value of the Group.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 <p>Katsutoshi Hosoya (December 16, 1965)</p> <p>[Reappointment]</p>	<p>April 1990 Joined Kokusai Kogyo Co., Ltd.</p> <p>September 2002 Joined GAGA Communications Corporation (currently GAGA CORPORATION)</p> <p>June 2003 Joined Ikoma CB Richard Ellis K.K. (currently CBRE K.K.)</p> <p>April 2006 Controller, Financing and Accounting Department of CB Richard Ellis K.K. (currently CBRE K.K.)</p> <p>September 2009 General Manager, Administration Department of A.D.Works Co., Ltd.</p> <p>June 2011 Director, CFO, and General Manager, Corporate Management Department of A.D.Works Co., Ltd.</p> <p>June 2014 Managing Director, CFO, and General Manager, Corporate Management Department of A.D.Works Co., Ltd.</p> <p>July 2018 Managing Director, CFO, and General Manager of Equity Advisory Office of A.D.Works Co., Ltd.</p> <p>April 2020 Managing Director and CFO of the Company</p> <p>March 2022 Senior Managing Director and CFO of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Director and Managing Executive Officer of A.D.Works Co., Ltd.</p> <p>Director of A.D.Partners Co., Ltd.</p> <p>Director of Sumikawa ADD Co., Ltd.</p> <p>Representative Director and President of Angel Torch Co., Ltd.</p> <p>Representative Director and President of Jupiter Funding Co., Ltd.</p> <p>Director, CFO and Secretary of A.D.Works USA, Inc.</p> <p>Director and Secretary of ADW Management USA, Inc.</p>	233,988
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Katsutoshi Hosoya has a wealth of business experience in staff divisions, including divisions at public companies and foreign-affiliated companies, and deep insight into corporate governance. The Company has nominated him as a candidate for Director as it expects that he will continue to contribute to increasing the Group's corporate value by having a track record of contribution to the growth of the Group through the planning and execution of financial strategies as CFO.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 Hideharu Matsumoto (February 1, 1960) [Reappointment]	April 1983 Joined SUMITOMO LIFE INSURANCE COMPANY March 2009 General Manager, Real Estate Department of SUMITOMO LIFE INSURANCE COMPANY April 2012 Executive Officer and General Manager, Human Resources Department of SUMITOMO LIFE INSURANCE COMPANY April 2014 Senior Executive Officer and Senior General Manager, Compliance Department of SUMITOMO LIFE INSURANCE COMPANY July 2015 Managing Executive Officer of SUMITOMO LIFE INSURANCE COMPANY April 2019 Senior Managing Executive Officer of SUMITOMO LIFE INSURANCE COMPANY April 2021 Executive Adviser to SUMITOMO LIFE INSURANCE COMPANY July 2021 Special Adviser to SUMITOMO LIFE INSURANCE COMPANY (current position) Senior Managing Executive Officer of the Company March 2022 Senior Managing Director of the Company (current position) [Significant concurrent positions] Director, Senior Managing Executive Officer of A.D.Works Co., Ltd. Representative Director and President of Sumikawa ADD Co., Ltd. Special Adviser to SUMITOMO LIFE INSURANCE COMPANY	0
[Reason for nomination as candidate for Director] Mr. Hideharu Matsumoto has a wealth of business experience at a major life insurance company and extensive experience as an institutional investor. He has a high level of knowledge of the financial and real estate sectors, and an extensive network. The Company has nominated him as a candidate for Director as it expects that he will continue to promote further expansion and strengthening of the Group's businesses based on his knowledge, etc. and contribute to increasing the Group's corporate value.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 Koji Kaneko (October 23, 1965) [Reappointment]	<p>April 1988 Joined ITOCHU Corporation</p> <p>June 2001 Joined KPMG Business Advisory LLC</p> <p>February 2002 General Manager, New Business Department of OHKI CORPORATION</p> <p>June 2004 Joined Fund Creation Co., Ltd.</p> <p>October 2004 Chief Executive Officer of Fund Creation REIT Advisers Co., Ltd.</p> <p>September 2010 General Manager, Management Strategy Division of Daito Trust Construction Co., Ltd.</p> <p>March 2013 Executive Officer and General Manager, Overseas Business Planning Office of A.D.Works Co., Ltd.</p> <p>June 2018 Director, Senior Executive Officer, and General Manager, Overseas Business Department of A.D.Works Co., Ltd.</p> <p>April 2020 Director and Senior Executive Officer of the Company</p> <p>January 2021 Director of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Director, Senior Executive Officer, Executive Manager, Overseas Business Division of A.D.Works Co., Ltd.</p> <p>Director, CEO and President of A.D.Works USA, Inc.</p> <p>Director of ADW Management USA, Inc.</p> <p>Director of JMR Asset Management Co., Ltd.</p>	58,480
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Koji Kaneko has a track record of launching the US income property sales business at A.D.Works Co., Ltd. and growing it into a core business of the Group. He also has management experience at an asset management company of a listed REIT. The Company has nominated him as a candidate for Director as it expects that he will continue to contribute to increasing the Group's corporate value by having experience appropriate for managing and supervising business divisions.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	 <p>Toshiya Suzuki (November 9, 1964) [Reappointment]</p>	<p>April 1989 Joined Recruit Cosmos Co., Ltd. (currently COSMOS INITIA Co., Ltd.)</p> <p>January 2008 General Manager, Corporate Sales Section of AM Business Department of COSMOS INITIA Co., Ltd.</p> <p>November 2009 General Manager, Brokerage Business Department of COSMOS INITIA Co., Ltd.</p> <p>October 2013 General Manager, Solutions Business Department and General Manager, Investment Property Planning and Development Department of COSMOS INITIA Co., Ltd.</p> <p>October 2014 General Manager, Ownership Section of Leasing Business Department of COSMOS INITIA Co., Ltd.</p> <p>October 2015 Executive Officer and General Manager, Business Planning Office of A.D.Works Co., Ltd.</p> <p>June 2018 Director, Executive Officer, and General Manager, Business Planning Division of A.D.Works Co., Ltd.</p> <p>April 2019 Director, Executive Officer, and General Manager, Investment Properties Business Division of A.D.Works Co., Ltd.</p> <p>April 2020 Director and Senior Executive Officer of the Company</p> <p>January 2021 Director of the Company (current position)</p> <p>[Significant concurrent positions] Director, Managing Executive Officer, and Executive Manager, Investment Properties Business Division of A.D.Works Co., Ltd. Director of JMR Asset Management Co., Ltd.</p>	69,205
<p>[Reason for nomination as candidate for Director] Mr. Toshiya Suzuki has a wealth of experience in the real estate business, including brokerage, leasing, and development for corporations, etc., at a major real estate company. He has an excellent track record in the income property leasing, development, and sales businesses at A.D.Works Co., Ltd. The Company has nominated him as a candidate for Director as it expects that he will continue to contribute to increasing the Group's corporate value by having experience appropriate for managing and supervising business divisions.</p>			

- Notes:
1. There are no special interests between any of the candidates and the Company.
 2. The Company has entered into a directors and officers liability insurance agreement with an insurance company, making each candidate as the insured. (Details of the agreement are given below.) As the agreement is renewed every year, the Company plans to renew the agreement after its expiration, following the procedure required by the Companies Act.
 - Damages covered in the agreement are those that may arise due to the insured assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, claims for damages caused by intent or gross negligence are not covered.
 - The insurance premiums are fully paid by the Company.
 3. The number of shares of the Company held by each candidate is as of January 1, 2023.

(Reference)

Functions Matrix of the A.D.Works Group's Board of Directors

If Proposal 1 is approved as originally proposed, the functions matrix of the Company's Board of Directors will be as follows.

Knowledge: information learned with essential understanding

Insight: assertion of thoughts based on knowledge

Level: the person is capable of giving a lecture at the Company or outside the Company on the theme marked with ○

Function category 1 (Requirements to be elected as Outside Director): Competence to fulfill the supervisory function (skills, experience, etc.)

	Outside Director				Outside Directors as a whole	Board of Directors as a whole
	Hisashi Tanaami	Mamoru Sekiyama	Sachiko Awai	Ai Koike		
Name						
Gender	Male	Male	Female	Female		
1) Corporate governance and risk management						
Insights into corporate governance	○	○	○	○	○	○
Experience and insights related to risk management (assessment and assertion)	○	○	○	○	○	○
Insights related to the stewardship code and engagement guidelines	○				○	○
Insights related to conflicts of interest between creditors / shareholders, and the management; insights related to related party transactions	○			○	○	○
Experience or insights related to the establishment and evaluation of internal control systems	○	○	○		○	○
Experience or insights related to the establishment and evaluation of information security	○				○	○
2) Compliance						
Knowledge of the Companies Act	○	○			○	○
Knowledge of the Financial Instruments and Exchange Act	○				○	○
Knowledge of disclosure and the rules of the exchanges	○				○	○
Knowledge of global laws		○			○	○
Knowledge of accounting standards and accounting audits	○				○	○
Knowledge of laws and regulations relevant to business areas		○			○	○

Function category 2 (Requirements to be elected as Outside Director): Functions contributing to increasing corporate value (skills, experience, etc.)

	Outside Director				Outside Directors as a whole	Board of Directors as a whole
	Hisashi Tanaami	Mamoru Sekiyama	Sachiko Awai	Ai Koike		
Name						
Gender	Male	Male	Female	Female		
1) Experience and knowhow related to corporate management						
Experience as a senior management team member at multiple companies and insights related to management	○		○	○	○	○
Experience as director at public companies and insights related to management	○	○	○		○	○
Successful achievements related to allocation of management resources (mainly in decision making on business portfolios)		○	○	○	○	○
Track record of management consulting for diverse companies				○	○	○
2) Experience and knowhow related to investment in companies and businesses *Board 3.0 item						
Track record as an investor (PE fund, VC, fund manager, etc.)	○			○	○	○
Successful achievements in starting up a business; successful achievement in setting up a new business		○		○	○	○
Successful achievements related to M&As and PMI	○	○		○	○	○
Business experience and insights related to the evaluation of corporate value		○		○	○	○
3) Experience and knowhow related to human resources policy and fund procurement						
Insights related to diversity			○	○	○	○
Successful achievements and insights related to diverse work styles and the designing of human resources systems	○				○	○
Successful achievements and insights related to diverse capital policies, stock policies, and fund procurement		○		○	○	○

Function category 3 (Requirements to be elected as Director, including Executive Director): Functions contributing to increasing corporate value (skills, experience, etc.)

Name	Outside Director				Outside Directors as a whole	Internal Executive Director					Board of Directors as a whole
	Hisashi Tanaami	Mamoru Sekiyama	Sachiko Awai	Ai Koike		Hideo Tanaka	Katsutoshi Hosoya	Hideharu Matsumoto	Koji Kaneko	Toshiya Suzuki	
Gender	Male	Male	Female	Female		Male	Male	Male	Male	Male	
Insights into sustainability, SDGs, human capital and investment in intellectual property of corporations, and TCFD, etc.	○	○	○	○	○	○	○	○			○
Knowledge related to DX strategies, AI, etc.	○			○	○		○				○
Knowledge related to marketing strategies including digital marketing strategies			○	○	○						○
Track record, experience and insights related to the real estate business		○			○	○		○	○	○	○
Track record, experience and insights related to the wealth business			○	○	○	○			○	○	○
Track record, experience and insights related to other businesses	○	○	○	○	○	○	○	○	○		○
Track record, experience and insights related to organizational management	○	○	○		○	○		○	○	○	○
Global business network		○	○	○	○				○		○

Functions required of the Board of Directors as a whole of the Company are summarized as the “Functions Matrix of the Board of Directors.”

“Function category 1 (Requirements to be elected as Outside Director): Competence to fulfill the supervisory function (skills, experience, etc.)”

“Function category 2 (Requirements to be elected as Outside Director): Functions contributing to increasing corporate value (skills, experience, etc.)”

“Function category 3 (Requirements to be elected as Director, including Executive Director): Functions contributing to increasing corporate value (skills, experience, etc.)”

“Function category 1” and “Function category 2” are necessary requirements for appointment as Outside Director, and “Function category 3” lists requirements for appointment as Internal Executive Director. The capabilities, experience, etc. of individual Directors are evaluated according to this Matrix and a system in which all of these functions are satisfied by the Board of Directors as a whole is sought after. To enhance the diversity and supervisory functions of the Board of Directors, Outside Directors must supplement the skills, experience, etc. of the Internal Executive Directors. To that end, this Matrix is used as an important material for considering the selection of new candidates for Directors, to ensure an even balance of knowledge and experience among the Outside Directors so as to establish a structure in which the overall functions of the Board of Directors of the Company are well-balanced.

Proposal 2: Renewal of the Large-Scale Purchase Rules of the Company

The Large-Scale Purchase Rules of the Company were approved for continuation at the Extraordinary General Meeting of Shareholders of A.D.Works Co., Ltd. held on November 29, 2019 as the Large-Scale Purchase Rules of A.D.Works Group Co., Ltd., a wholly owning parent company incorporated through a sole share transfer, in order to maintain and increase the corporate value and the common interests of shareholders. The Rules have remained unchanged up to this date.

The Company proposes that the Large-Scale Purchase Rules be renewed at this General Meeting of Shareholders.

1. Need for Continuation and Renewal

Not all of the proposals by a Large-Scale Purchaser to the Company for the adoption of fundamental, drastic and important management strategies of the Company or for the adoption of a management structure to drive these strategies will necessarily be helpful for maintaining and increasing the Company's corporate value and the common interests of shareholders.

We consider it important that all current shareholders are able to reach final conclusions through well-considered deliberations over a considerable length of time on the basis of necessary and sufficient information. This is in order for all shareholders and not just a few shareholders who have considerable influence through high share ownership ratio to be able to appropriately determine at their own responsibility whether or not these proposals will actually be helpful for maintaining and increasing the Company's corporate value and the common interests of shareholders.

The Board of Directors of the Company has determined that the Company needs to renew the current Rules in the light of the need to be prepared for this.

2. Overview of the Amendment due to Continuation and Renewal

While the content is essentially the same as that of the Large-Scale Purchase Rules, which the Company has already put in place, the Large-Scale Purchase Rules are to be amended with respect to the following items, through continuation and renewal:

- 1) Parties subject to the Rules;
- 2) Content of the information to be provided;
- 3) Causes for implementing the countermeasures; and
- 4) Clarification of the basic specifics of the countermeasures.

3. Details of the Large-Scale Purchase Rules

(1) Subject of the Large-Scale Purchase Rules

A party subject to the Large-Scale Purchase Rules shall be the party that intends to 1) purchase share certificates, etc. of the Company (Note 3) with the aim of increasing the voting rights ratio (Note 2) of a group of specific shareholders (Note 1) to 20% or greater; 2) engage in conduct resulting in the voting rights ratio of a group of specific shareholders reaching 20% or greater; or 3) regardless of whether or not either act stipulated in 1) or 2) above is carried out, (i) any act that a group of specific shareholders with the intention of acquiring share certificates, etc. of the Company performs with another shareholder (including the plural; hereinafter the same shall apply in 3)) of the Company, which is agreement or any other act that such other shareholder falls under the definition of a joint holder of a group of specific shareholders, as a result of such act, or any act (Note 5) that establishes a relationship (Note 4) in which one party substantially controls the other party or in which the parties act jointly or in collaboration between a group of specific shareholders and such other shareholder; which is (ii) any action that would result in the total of the ownership ratio of share certificates, etc. of the group of specific shareholders and such other shareholder of the share certificates, etc. issued by the Company reaching 20% or greater (in all cases, this excludes acts agreed upon by the Board of Directors of the Company, regardless of the specific method of purchase such as market transaction or tender offer; hereinafter this purchase is referred to as the "Large-Scale Purchase"); provided, however, that a Large-Scale Purchase to which the Board of Directors of the Company agrees in advance is excluded from the application of the Large-Scale Purchase Rules.

(2) Information provision

First of all, if the Board of Directors of the Company determines it necessary, the Large-Scale Purchaser must provide the Board of Directors of the Company with adequate information for the decision-making by the shareholders of the Company and the opinion-formation by the Board of Directors of the Company (hereinafter referred to as the "Information"). The item to be included are as listed below (including, but not limited to, these items).

- 1) Overview (including information on the specifics of the capital structure, lines of business, financial results for the past three (3) years, track record in the same category of business as the Company's, and other matters) of the Large-Scale Purchaser and its group (including major shareholders or equity interests, important related companies, joint holders, quasi joint holders, specially related parties, and details on each partner and other members in the case of funds; hereinafter the same shall apply);
- 2) Specifics of the holding status of all securities (securities as set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act; hereinafter the same shall apply) issued by the Company and held by the Large-Scale Purchaser and its group, the status (including the nature of transactions, prices, the venues and methods of these, and the counterparties to these) of all transactions (including derivatives transactions, lending and borrowing transactions, and collateralization) relating to the Company's securities carried out by the Large-Scale Purchaser and its group in the past sixty (60) days, and all contracts, arrangements and agreements (including oral ones and regardless of the feasibility of their execution) entered into by the Large-Scale Purchaser and its group relating to the Company's securities, and, in the case of scheduled agreements, their specific contents, such as the type of such scheduled agreements, the counterparties to the contracts, and the quantity of the applicable Company's shares;
- 3) Specifics of investment and financing within the past ten (10) years, and whether or not the Large-Scale Purchaser and its group fall under the definition of "foreign investors" as set forth in Article 26, Paragraph 1 of the Foreign Exchange and Foreign Trade Act (hereinafter referred to as the "Foreign Exchange Act") and information on the basis for this;
- 4) Specifics of the internal control system of the Large-Scale Purchaser and its group, and whether or not the system is effective and its state;
- 5) Purposes of the Large-Scale Purchase (the acquisition of control or participation in management, pure investment or strategic investment, transfer, etc. to a third party of the Company's share certificates, etc. after the Large-Scale Purchase, or material proposals (meaning material proposals as set forth in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance on Disclosure of the Status of Large-Volume Holdings in Share Certificates, etc.); in the case of other purpose, such purpose and its overview are included; in the case of multiple purposes, all of the purposes must be stated), and the methods and specifics of the Large-Scale Purchase (including the class and number of the Company's share certificates, etc. scheduled to be acquired through the Large-Scale Purchase, the amount and kind of consideration in the Large-Scale Purchase, the timing of the Large-Scale Purchase, etc., the mechanism of the relevant transactions, the legitimacy of the method used for the Large-Scale Purchase, and the feasibility of carrying out the Large-Scale Purchase, and the like.);
- 6) Whether or not there has been any communication of intent with any third party on the occasion of the Large-Scale Purchase (including any communication of intent relating to a material proposal as set forth in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act to the Company; hereinafter the same shall apply), and if there has been a communication of intent, the particular form and specifics of that;
- 7) The basis for calculation of consideration for the purchase of the Company's shares and the circumstances of the calculation (including the facts and assumptions underlying the calculation; the calculation methods; the number information used in the calculation; and specifics of any synergy or dis-synergy expected to result from the set of transactions relating to the Large-Scale Purchase, etc.; the name of third parties if the third party opinions have been heard during the calculation process and information on the third parties, an overview of opinions, as well as the circumstances in which the price was determined in light of the opinion);
- 8) Proof of available funds for the purchase of the Company's shares (including the particular names of

providers (including substantial providers) of funds, procurement methods and the specifics of relevant transactions;

- 9) Management policy, corporate management candidates (including information on the candidates' experience in the same business category as the Company and the Company group, etc.), business plan, financial plan, capital policy, dividend policy, measures for utilization of assets, etc., which can be expected after participation in the Company's management;
- 10) Measures to increase the Company's corporate value in a continuous and stable manner scheduled to be put in place after completion of the Large-Scale Purchase, and basis on which why these measures will increase the Company's corporate value;
- 11) Whether or not there will be any changes scheduled following completion of the Large-Scale Purchase with respect to the shareholders (except for the Large-Scale Purchaser and its group) of the Company, and stakeholders of the Company group such as employees, business partners and customers, as well as the specifics of these;
- 12) Specific measures to prevent conflicts of interests between the Large-Scale Purchaser and its group and other shareholders of the Company;
- 13) Information on whether or not there are relations (regardless of whether direct or indirect) between the Large-Scale Purchaser and its group and anti-social forces or terrorism-related organizations, and, in the case there are relations, the specifics of these;
- 14) Actual results of corporate acquisitions, capital tie-ups, etc. that the Large-Scale Purchaser and its group have accomplished over the past five (5) years (including information on the specific names and lines of business of counterparties to these corporate acquisitions, capital tie-ups, etc., shareholders of said companies, the circumstances up to the execution of such capital tie-ups, etc., changes in performance of the counterparties after the execution and any specifics of synergies realized by the counterparties);
- 15) Overview (including the addresses, names, etc.) of individuals, corporations, and organizations that provide funds of any form for purchase, regardless of the name such as capital and investment to the Large-Scale Purchaser and its group for the purpose of ultimately receiving economic benefits through the Large-Scale Purchase; any policy on recovering capital invested in the Large-Scale Purchase; and other information that the Board of Directors and Special Committee of the Company reasonably determine to be necessary;

The specifics of the Information may differ depending on the details of the Large-Scale Purchase. Accordingly, if a Large-Scale Purchaser intends to carry out a Large-Scale Purchase, the Large-Scale Purchaser shall first submit a letter of intent addressed to Representative Director of the Company to the effect that it will be subject to the Large-Scale Purchase Rules and stating the items below.

- i Name, address and location of the head office of the Large-Scale Purchaser and its group;
- ii History for the past ten (10) years, whether or not any act of breach of laws and regulations has been committed over the past ten (10) years and the specifics thereof;
- iii Names of representative and executives of the Large-Scale Purchaser and its group, their career record over the past ten (10) years, the occurrence of violations of laws and regulations within the past ten (10) years and details thereof;
- iv Purposes of business and business description of the Large-Scale Purchaser and its group;
- v Major shareholders and major investees of the Large-Scale Purchaser and its group (top ten (10) in terms of investment ratios and an overview of substantial shareholders);
- vi Domestic contact information;
- vii In the case of a foreign corporation, governing law of incorporation;
- viii Names, locations of head office, lines of business of major investees and shareholding ratios or investing ratios in the major investees; and
- ix Overview of the proposed Large-Scale Purchase

The Representative Director of the Company will deliver the Large-Scale Purchaser a list of the Information that the Large-Scale Purchaser needs to initially provide to the Company within ten (10) business days following the receipt of the letter of intent. If the Board of Directors of the Company, upon examining the information initially provided, finds this to be insufficient, it will request the Large-Scale Purchaser to provide information additionally until the Information becomes complete. All or part of the fact of a proposal for the Large-Scale Purchase and the Information provided to the Board of Directors of the Company will be disclosed in a timely manner, in principle.

The letter of intent, and materials such as the Information, or requests that the Large-Scale Purchaser submits to the Company, the Representative Director of the Company, etc., must be prepared in Japanese only.

(3) Examination of information and expression of opinions, etc.

Secondly, the Board of Directors of the Company will have ninety (90) business days (provided, however, that if the Board of Directors of the Company considers it necessary to do so because of such reasons as difficulty in judging the sufficiency of the consideration and the reasonableness of the proposal for purchase, the Board of Directors may extend the above period by up to thirty (30) business days. In this case, the Company will disclose the period and the grounds for the extension) as a period for evaluation, examination, negotiations, arriving at opinions and drawing up of alternative proposals by the Board of Directors (hereinafter referred to as the “Period for Evaluation by the Board of Directors”) after the Large-Scale Purchaser has provided the Information to the Board of Directors of the Company. The Company has set the Period for Evaluation by the Board of Directors at ninety (90) business days for the following reasons. First, as announced in the First Medium-term Management Plan, in addition to measures to enhance our existing real estate business, we are actively working on measures to achieve a departure from the real estate business. As one part of this, we have taken measures to utilize the CVC (Corporate Venture Capital) business, in addition to utilizing the holding company system. As the Company has already made a number of new investments as part of its utilization of the CVC business, when the Large-Scale Purchaser is to make a Large-Scale Purchase, in addition to examining whether the purpose of the Large-Scale Purchase and the management policies envisioned by the Large-Scale Purchaser after it begins participating in the management of the Company are compatible with the Company, the Company needs to evaluate the current value and the future growth prospects, etc. of the Company’s investees in the CVC business, and carefully judge the impact of the management policies envisioned after the Large-Scale Purchaser begins participating in the management of the Company in the CVC business, in particular as to whether the value that the Company may obtain in the future from the CVC business that the Company has built will be impacted by changes in management policies. In considering this matter, the Board of Directors of the Company must exchange and discuss opinions not only within the Company but also with each investee in the CVC business, and then consider and summarize their opinions based on the future outlook. Given these circumstances, the Period for Evaluation by the Board of Directors will require a considerable amount of time. In addition, the Company Group has a long history and the business in which the Company Group is engaged extends right across the real estate industry, and the Company Group is also developing its business overseas as well as nationwide. Accordingly, the Board of Directors of the Company requires careful processes of evaluation and examination of the Large-Scale Purchaser and the proposals for purchase, negotiations, arriving at opinions, and drawing up of alternative proposals by the Board of Directors, in light of the relationships with stakeholders such as shareholders, business partners and customers, the provisions of various laws and regulations relevant to business, the jobs of employees, and other factors, and must carefully examine the effects of a Large-Scale Purchase on corporate value.

The Board of Directors of the Company will, during the Period for Evaluation by the Board of Directors, duly evaluate and examine the Information provided, and carefully compile and announce the opinion of the Board of Directors of the Company.

In such a case, the Board of Directors’ opinion will consist of any of the following: 1) implementation of countermeasures, 2) no implementation of countermeasures, or 3) convocation of a general meeting of shareholders to ascertain shareholders’ will. That is, the requirements for implementing countermeasures if the Large-Scale Purchaser complies with the Large-Scale Purchase Rules would apply to the case where it is reasonably determined that the Large-Scale Purchase would significantly impair the Company’s corporate value or the common interests of shareholders as stated in 4. (2) below. If the Board of Directors arrives at such a determination, it will decide to 1) implement countermeasures. Meanwhile, if it is difficult to determine whether or not the Large-Scale Purchase would significantly impair the Company’s corporate value or the common interests of shareholders, the Board of Directors will decide 3) to convene a general meeting of shareholders to ascertain shareholders’ will. Furthermore, if none of the above cases is applicable, the Board of Directors will decide 2) not to implement countermeasures.

In making the determination as stated above, the Board of Directors will pass a resolution that accords the utmost respect to the recommendation of the Special Committee (as stated in 5. below) and announce this resolution.

Additionally, the Board of Directors of the Company may, as needed, conduct negotiations with the Large-Scale Purchaser to improve the terms and conditions regarding the Large-Scale Purchase, or submit its alternative proposal to shareholders of the Company.

(4) General meeting of shareholders

If the Board of Directors of the Company decides to convene a general meeting of shareholders to ascertain shareholders' will, it will immediately make an announcement to that effect after determining the details of specific countermeasures, promptly convene a general meeting of shareholders, and place on the agenda whether or not to implement specific countermeasures (provided, however, that if the Board of Directors of the Company determines it more expeditious and appropriate to place this item on the agenda of a general meeting of shareholders already scheduled to be held, taking into consideration practical procedures and other matters, the Board of Directors of the Company will place this item on the agenda at the said general meeting of shareholders).

In making the determination as stated above, the Board of Directors will pass a resolution that accords the utmost respect to the recommendation of the Special Committee (as stated in 5. below) .

(5) Possible commencement period of the Large-Scale Purchase

The Large-Scale Purchase shall be allowed to commence only after the Board of Directors of the Company has resolved whether or not to implement the allotment of share options without contribution or after an agenda item on the implementation of countermeasures at a general meeting of shareholders has been rejected, if the Board of Directors places on the agenda at a general meeting of shareholders an item concerning whether or not to implement countermeasures. Until such time, no Large-Scale Purchase may be made.

(6) When it is determined that the proposal does not constitute a Large-Scale Purchase that would impair corporate value

If the Board of Directors of the Company determines, as a result of the evaluation and examination in (3) above or even before that, that the Large-Scale Purchase by the Large-Scale Purchaser would not significantly impair the Company's corporate value or the common interests of shareholders, it will immediately resolve and announce to the effect that countermeasures will not be implemented.

4. Policy on Responses to the Large-Scale Purchase

(1) When the Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules

If the Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, the Board of Directors of the Company may, regardless of the specific purchase method, do as permitted under the Companies Act and other acts (including laws and regulations going into effect after the countermeasures) and the Articles of Incorporation of the Company for the purpose of protecting the interests of the Company and all of the Company's shareholders, and oppose the Large-Scale Purchase. As for what specific measures are to be taken, the Board of Directors of the Company will select the issuance of share options with major terms and conditions as stated below including discriminatory exercise conditions, purchase clauses, etc. or measures that the Board of Directors of the Company determined most appropriate at the time, and the Board of Directors of the Company will accord the utmost respect to the recommendations it receives after consultations with the Special Committee (as stated in 5. below) in making decisions.

i Number of Share Options

The number shall be determined by the Board of Directors of the Company.

ii Shareholders entitled to receive allotment of Share Options

Share Options shall be allotted without contribution at the rate of one (1) Share Option for one (1) share of the Company held by shareholders other than the Company registered on the last register of shareholders of the Company on the date of allotment.

iii Effective date of allotment of Share Options without contribution

This date shall be separately decided by a resolution on the allotment of Share Options without contribution.

iv Number of shares underlying Share Options

The number of shares (even if the Company becomes a company issuing class shares in the future, 1) the Company's shares to be issued at the time of exercise of the Share Options and 2) shares to be delivered in exchange for acquisition of Share Options shall refer to the same class of shares as shares

(common shares) currently issued at the commencement of a general meeting of shareholders of the Company; Book-entry transfer shares set forth in Article 128, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares.) underlying one (1) Share Option shall be one (1), unless this is separately adjusted.

v Value of assets to be paid in at the time of exercise of Share Options

The instrument of payment at the time of exercise of Share Options shall be cash, and the value of assets per share of the Company to be paid in at the time of exercise of Share Options shall be one (1) yen or more and separately specified by a resolution on the allotment of Share Options without contribution up to an amount of half the market value of one (1) share of the Company's shares. The term "market value" means an amount equivalent to the average closing price (including quotes) on all trading days for ordinary transactions of the Company's common shares on the Tokyo Stock Exchange for the period of the past ninety (90) days (excluding non-trading days) prior to a resolution on the allotment of Share Options without contribution. Any fraction of less than one (1) yen shall be rounded up.

vi Exercise period of Share Options

The exercise period shall be defined separately by a resolution on the allotment of Share Options without contribution within not less than one (1) month and not more than six (6) months, and the commencement date of the exercise period shall be the effective date of the allotment of Share Options without contribution or a date separately specified by a resolution on the allotment of Share Options without contribution.

vii Terms and conditions for exercise of Share Options

The parties stipulated in (a) through (f) below (hereinafter collectively referred to as the "Unqualified Parties") may not exercise Share Options in principle.

(a) Specific large-scale holders (Note 6);

(b) Joint holders of (a);

(c) Specific large-scale purchasers (Note 7);

(d) Specially related parties of (c);

(e) Any party that has acquired or succeeded Share Options without approval from the Board of Directors of the Company from a party stipulated in (a) through (d) above; or

(f) Related party of the party to which (a) through (e) above is applicable (Note 8)

In addition, nonresident parties that require prescribed procedures as a result of the exercise of Share Options under applicable foreign laws and regulations (hereinafter referred to as the "Nonresident Parties") shall not be permitted to exercise Share Options in principle; provided, however, that the Share Options held by the Nonresident Parties may be acquired as consideration for the Company's shares as well, as stipulated in ix (b) below, on the condition that it is confirmed that such acquisition is not in breach of applicable laws and regulations.

viii Restriction on transfer of Share Options

Acquisition of Share Options by transfer is subject to approval by the Board of Directors of the Company.

ix Causes for Acquisition of Share Options

(a) The Company may, at any time up to one (1) day before the initial date of the period for exercise of Share Options, acquire free of charge all of the Share Options on a date separately specified by the Board of Directors of the Company.

(b) The Company may, on the date separately specified by the Board of Directors of the Company, acquire all of the Share Options that have not been exercised and that are held by parties other than the Unqualified Parties and in exchange issue one (1) share of the Company's common share per Share Option (unless separately adjusted).

In addition, if the Board of Directors of the Company acknowledges that there remain parties other than the Unqualified Parties from among the parties that hold Share Options on and after the date of said acquisition, the Company may acquire all of the Share Options that have not been exercised until one (1) day before the date specified by the Board of Directors of the Company held by the parties other than the Unqualified Parties and in exchange issue the number of shares of the Company entitled per Share Option on the date specified by the Board of Directors of the Company after the above date of acquisition. The same shall apply thereafter.

- (c) The Company may, on the date separately specified by the Board of Directors of the Company on and after the effective date for the gratis allotment of Share Options, acquire all of the Share Options held by the Unqualified Parties and in exchange issue the same number of share options that the Unqualified Parties will not be permitted to exercise in principle (Note 9) as consideration for the Share Options acquired (the Company does not plan to deliver cash as consideration for the acquisition of the Share Options themselves held by Unqualified Parties). In addition, Share Options to be so issued may have a certain acquisition clause attached, and other details shall be specified by a resolution on the gratis allotment of Share Options.
 - (d) Otherwise, cases where the Company may acquire the Share Options and terms and conditions thereof shall be separately specified by a resolution on the allotment of Share Options without contribution.
- x Issuance of Share Options in the case of merger, absorption-type company split, incorporation-type company split, share exchange and share transfer
 - The above shall be separately specified by a resolution on the allotment of Share Options without contribution.
 - xi Issuance of share option certificates
 - Share option certificates representing Share Options shall not be issued.
 - xii Others
 - The other specifics of Share Options shall be as separately stipulated by a resolution on the allotment of Share Options without contribution.

(2) When the Large-Scale Purchaser complies with the Large-Scale Purchase Rules

When the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Board of Directors of the Company will not, in principle, take countermeasures against the Large-Scale Purchase even if it opposes the Large-Scale Purchase, while there is a possibility that it will submit an alternative proposal, negotiate with the Large-Scale Purchaser, or seek to persuade the Company's shareholders, etc.

However, even if the Large-Scale Purchase Rules are complied with, when it is reasonably determined that the Large-Scale Purchase would significantly impair the Company's corporate value or the common interests of the Company's shareholders, the Board of Directors of the Company may implement countermeasures in order to protect the Company's corporate value and the common interests of the Company's shareholders. For example,

- 1) In the case where it is determined that the purchase is being carried out without a bona fide intent to participate in the management of the Company, but rather for the purpose of making the Company or parties related to the Company buy back the shares at an inflated stock price;
- 2) In the case where it is determined that there exists the objective of so-called "scorched management" by, for example, temporarily controlling the management of the Company and having the Company's intellectual property, know-how, trade secrets, or major business partners and customers, etc., which are essential to the Company's business operations, transferred to the party that is proposing the purchase and its group companies;
- 3) In the case where it is determined that there exists the objective of inappropriately utilizing the assets of the Company as collateral or source of funds for repayment of the obligations of the party that is proposing the purchase and its group companies, etc., after taking control over the management of the Company;
- 4) In the case where it is determined that there exists the objective of temporarily controlling the management of the Company and selling or otherwise disposing of its real properties, securities, and other assets that are not currently related to the business of the Company, and having the Company use the proceeds from such sale to distribute elevated dividends temporarily, or selling the Company's shares at an inflated price, taking advantage of the timing of a sharp rise in the stock price due to temporarily elevated dividend payments;
- 5) In the case where it is determined that the Company's shareholders are likely to be effectively forced to sell their shares such as in the event of a Large-Scale Purchase of the Company's shares, with a view to implementing a coercive two-stage purchase (purchase of shares including a tender offer, whereby no solicitation to purchase all of the shares is made in the initial purchase and the terms of the second-stage purchase are set more disadvantageously or are not made clear);

- 6) In the case of a purchase, etc. where the terms and conditions (including the amount and type of consideration, timing of purchase, etc., legality of method of purchase, etc., feasibility of purchase, etc., policies on treatment of customers, business partners and employees of the Company Group and other stakeholders relating thereto after the purchase, etc., and others) are inadequate or inappropriate in light of the Company's intrinsic value;
- 7) In the case of a Large-Scale Purchase by so-called anti-social forces or individuals or organizations controlled or involved with such forces;
- 8) In the case where it is determined that the management policies and business plans of the Large-Scale Purchaser for after the Large-Scale Purchase are highly unreasonable; and
- 9) In the case where it is determined that the management policies and business plans of the Large-Scale Purchaser are notably inferior to those (including an alternative proposal on management policies and business plans for after the Large-Scale Purchase by the Large-Scale Purchaser) of the Board of Directors of the Company.

The Board of Directors of the Company shall, at the time of the above implementation of countermeasures, receive a recommendation from the Special Committee acknowledging that the implementation of countermeasures would be reasonable due to such reasons as it would not significantly disadvantage the Company's shareholders.

However, the above countermeasures shall be implemented if it is reasonably determined that the Large-Scale Purchase would significantly impair the Company's corporate value or the common interests of the Company's shareholders. The Company shall not implement the countermeasures on the sole grounds that the intent of the Large-Scale Purchaser formally falls under the above.

In addition, if it is difficult for the Board of Directors to determine whether or not the Large-Scale Purchase would significantly impair the Company's corporate value or the common interests of shareholders, the Board of Directors will decide to convene a general meeting of shareholders to ascertain shareholders' will. If shareholders approve the implementation of the countermeasures at the general meeting of shareholders, the countermeasures shall be implemented based on shareholders' will as well.

(3) Suspension, etc. of the implementation of countermeasures

In the case of (1) or (2) above, if the Large-Scale Purchaser presents an amendment to the Large-Scale Purchase or an alternative proposal to the Board of Directors of the Company after the Board of Directors or a general meeting of shareholders of the Company decides to implement specific countermeasures, when the Board of Directors of the Company determines it inappropriate to implement countermeasures as a result of a full examination of whether or not the amended Large-Scale Purchase or alternative complies with the Large-Scale Purchase Rules or whether or not it will impair the corporate value of the Company or the interests of all of the shareholders of the Company, the Board of Directors of the Company may suspend, amend or take other actions relating to the countermeasures only before a decision on shareholders' rights resulting from the implementation of the countermeasures and only when the interests of shareholders are not impaired.

The Board of Directors of the Company will consult on whether or not to suspend, amend or take other actions relating to the countermeasures with the Special Committee and will pass a resolution that accords the utmost respect to the recommendation of the Special Committee (as stated in 5. below) when deciding whether or not to do so.

5. Procedures for Consultation with the Special Committee

If the Information is provided by the Large-Scale Purchaser, the Board of Directors of the Company will promptly present the Information to the Special Committee, which is established as an organ independent of the Board of Directors and consult on whether or not it would be appropriate to implement countermeasures or whether or not it would be appropriate to ascertain conclusively the will of shareholders, since it is difficult to determine whether or not to implement countermeasures.

The Special Committee will, based on consultation with the Board of Directors of the Company, gather opinions, while receiving advice from external experts and so on, and issue a recommendation to the Board of Directors of the Company on whether or not it would be appropriate to implement countermeasures or whether or not it would be appropriate to ascertain conclusively the will of shareholders, since it is difficult to determine whether or not to implement countermeasures. The Board of Directors of the Company will, after disclosing the recommendations, accord the utmost respect to the recommendations in passing a resolution on whether or

not to implement countermeasures or to convene a general meeting of shareholders to ascertain the will of shareholders. The period from the Company's Board of Directors' consultation with the Committee to the receipt of a recommendation is included in the Period for Evaluation by the Board of Directors as stipulated in 3. (3) above.

An overview of the Special Committee is as described in Attachment 2 and a career summary of the current members of the Special Committee is as presented in Attachment 3.

6. Effects, etc. on Shareholders and Investors

(1) Effects, etc. of the Large-Scale Purchase Rules on shareholders and investors

Since no legal measures such as the issuance of share options will be taken at the time of introducing the Large-Scale Purchase Rules, there is neither a change in the rights of shareholders nor a distortion in stock price discovery.

As stated in 4. above, the Company's policy on responding to a Large-Scale Purchase will differ depending on whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules. While the Company strives to disclose information duly, the Company's shareholders and investors should also pay attention to the Company's information disclosure and the Large-Scale Purchaser's actions.

(2) Effects, etc. on shareholders and investors when implementing countermeasures

The Board of Directors of the Company does not envision implementing any type of countermeasures that would cause the Company's shareholders (excluding those that acquire its shares to impair the Company's corporate value or the common interests of shareholders) to suffer significant losses or would distort stock price discovery. If the Board of Directors of the Company decides to implement countermeasures, the Company will perform disclosure in a timely and appropriate manner pursuant to laws and regulations and financial instruments exchange rules, in order to prevent shareholders from suffering contingent and unexpected loss.

(3) Effects, etc. on shareholders and investors at the time of the suspension, etc. of implementation of countermeasures

If, after resolving on the issuance of share options as a countermeasure, the Board of Directors suspends or amends it, namely, suspends the issuance of said share options or amends the specifics (for example, the numbers allotted) of the share options, the per-share value of shares will not be diluted or the rate of dilution will be changed. Accordingly, shareholders or investors who purchased, sold or otherwise transacted the Company's shares on the assumption that the value of its shares would be diluted to some extent would have a possibility of suffering unexpected losses due to fluctuations in the stock price.

If the Board of Directors of the Company makes a decision relating to suspension, amendment, etc. of the countermeasures, the Company will make disclosures in a timely and appropriate manner pursuant to laws and regulations and financial instruments exchange rules, in order to prevent shareholders from suffering contingent and unexpected losses.

(4) Necessary procedures for shareholders at the time of the implementation of countermeasures

When the Company issues share options as countermeasures, it will send documents necessary for executing rights to said share options such as a request form for exercise of said share options to the shareholders stated or recorded in the latest register of shareholders on the record date of allotment. Parties belonging to the group of specific shareholders including the Large-Scale Purchaser that have been recognized as meeting the requirements for implementation of countermeasures may not exercise said share options. If other shareholders intend to exercise said share options within the exercise period, they will receive issuance, etc. of the Company's shares by paying an amount equivalent to the predetermined exercise price to the place for the handling of payments after submitting a request form, etc. to exercise share options.

Additionally, if the Board of Directors of the Company acquires some of the said share options in exchange for the Company's shares, shareholders other than the parties that belong to a group of specific shareholders that includes the Large-Scale Purchaser that have been determined to meet the requirements for implementation of countermeasures will receive issuance, etc. of the Company's shares as consideration for the acquisition of said share options without paying an amount equivalent to the exercise price, on the acquisition date separately determined by the Board of Directors of the Company.

In addition to the above, as for the details of allocation methods and payment methods, the Company will disclose or notify to shareholders these in a timely manner after a resolution by the Board of Directors of

the Company on the issuance of share options as countermeasures. Therefore, please confirm the specifics of these details.

7. Revision of the Large-Scale Purchase Rules

The Large-Scale Purchase Rules are to be renewed on the condition that the Company will receive approval from shareholders at the 3rd Annual General Meeting of Shareholders scheduled to be held on March 28, 2023. The effective period of these rules shall be three (3) years. After the expiration of the effective period, the Company must receive approval from the Company's shareholders at each annual general meeting of shareholders for the latest fiscal year ending within three (3) years from the annual general meeting of shareholders thereafter.

The Large-Scale Purchase Rules may be abolished by a resolution of the Board of Directors of the Company, in addition to a resolution on abolishment of the Rules at a general meeting of shareholders of the Company.

The Board of Directors of the Company may amend or abolish the Large-Scale Purchase Rules or introduce new countermeasures, etc. as necessary in the future in light of revisions of the laws relating to corporate defense such as the Companies Act, trends and analyses of judicial decisions, and the like from the viewpoint of maintaining and increasing corporate value and shareholder value. In such a case, the Company shall receive approval from its shareholders again (except for minor revisions).

8. Reasonableness of the Large-Scale Purchase Rules

(1) Fulfillment of the requirements under the Guidelines Regarding Takeover Defense and requirements of the Tokyo Stock Exchange Regulations

The Rules fulfill the three (3) principles (the principle of protecting and enhancing corporate value and shareholders' common interests; the principle of prior disclosure and shareholders' will; and the principle of ensuring the necessity and reasonableness of defense measures) set forth in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, the "Takeover Defense Measures in Light of Recent Environmental Changes" announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008, compliance items (sufficiency of disclosure, transparency, effects on secondary markets, and respect for shareholders' rights) when introducing takeover defense measures stipulated in the "Rules Concerning Code of Corporate Conduct" of the Tokyo Stock Exchange, and the Securities Listing Regulations.

(2) Introduction for the purpose of ensuring and increasing corporate value and the common interests of shareholders

As stated in 1. "Need for Continuation and Renewal" above, the Rules are being put in place for the purpose of ensuring and increasing the Company's corporate value and the common interests of shareholders, which are to be carried out, in the event that a Large-Scale Purchase of shares of the Company goes forward, in a manner that enables each shareholder to make an appropriate determination on the Large-Scale Purchaser's proposal of whether or not to accept the Large-Scale Purchase by ensuring necessary information and sufficient time to fully examine the proposal by the Large-Scale Purchaser including an alternative proposal by the Board of Directors of the Company.

(3) Respect for shareholders' will

The current Rules were approved by shareholders of A.D.Works Co., Ltd. to introduce the Large-Scale Purchase Rules of A.D.Works Group Co., Ltd., a wholly owning parent company incorporated as a result of the sole share transfer with the effective period of three (3) years at the Extraordinary General Meeting of Shareholders of A.D.Works Co., Ltd. held on November 29, 2019.

Moreover, the effective period of the Rules is three (3) years and at every annual general meeting of shareholders at which the effective period expires the Rules must be approved by shareholders. The Company may abolish the Rules, even during the effective period of the Rules, if a general meeting of shareholders of the Company resolves to abolish the Rules.

(4) Respect for judgment of independent outsiders and information disclosure

The Special Committee exercises strict oversight of arbitrary acts by the Board of Directors of the Company and the Company discloses an overview of the judgement of the Special Committee to shareholders, thereby ensuring that the Rules are managed transparently.

(5) Establishment of reasonable and objective requirements

The Rules are designed so that countermeasures are not to be implemented if the Large-Scale Purchase does not satisfy reasonable and objective requirements, namely, if it is reasonably determined that the Large-Scale Purchase will significantly impair the Company's corporate value or the common interests of shareholders (for example, 1) in the case where it is determined that the purchase is being carried out without a bona fide intent to participate in the management of the Company, but rather for the purpose of making the Company or parties related to the Company buy back the shares at an inflated stock price; 2) in the case where it is determined that there exists the objective of so-called "scorched management" by, for example, temporarily controlling the management of the Company and having the Company's intellectual property, know-how, trade secrets, or major business partners and customers, etc., which are essential to the Company's business operations, transferred to the party that is proposing the purchase and its group companies; 3) in the case where it is determined that there exists the objective of inappropriately utilizing the assets of the Company as collateral or source of funds for repayment of the obligations of the party that is proposing the purchase and its group companies, etc., after taking control over the management of the Company; 4) in the case where it is determined that there exists the objective of temporarily controlling the management of the Company and selling or otherwise disposing of its real properties, securities, and other assets that are not currently related to the business of the Company, and having the Company use the proceeds from such sale to distribute elevated dividends temporarily, or selling the Company's shares at an inflated price, taking advantage of the timing of a sharp rise in the stock price due to temporarily elevated dividend payments; 5) in the case where it is determined that the Company's shareholders are likely to be effectively forced to sell their shares such as in the event of a Large-Scale Purchase of the Company's shares, with a view to implementing a coercive two-stage purchase (purchase of shares including a tender offer, whereby no solicitation to purchase all of the shares is made in the initial purchase and the terms of the second-stage purchase are set more disadvantageously or are not made clear); 6) in the case where it is determined that a purchase, etc. whose terms and conditions (including the amount and type of consideration, timing of purchase, etc., legality of method of purchase, etc., feasibility of purchase, etc., policies on treatment of customers, business partners and employees of the Company Group and other stakeholders relating thereto after the purchase, etc., and others) are inadequate or inappropriate in light of the Company's intrinsic value; 7) in the case where it is determined that the Large-Scale Purchase is being carried out by so-called anti-social forces or individuals or organizations controlled or involved with such forces; 8) in the case where it is determined that the management policies and business plans of the Large-Scale Purchaser for after the Large-Scale Purchase are highly unreasonable; 9) in the case where it is determined that the management policies and business plans of the Large-Scale Purchaser are notably inferior to those (including an alternative proposal on management policies and business plan for after the Large-Scale Purchase by the Large-Scale Purchaser) of the Board of Directors of the Company). Therefore, it can be said that a system is in place to prevent arbitrary implementation by the Board of Directors of the Company.

(6) No dead-hand or slow-hand takeover defense measures

The Rules are not dead-hand takeover defense measures that cannot be abolished or not implemented even if it is resolved at a general meeting of shareholders that a majority of the Directors are to be replaced. Furthermore, the term of office for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company is one (1) year and there are no additions to the requirements for dismissal. Therefore, the Rules are not slow-hand takeover defense measures in which obtaining management rights will be protracted even after a majority of shares have been acquired.

Note 1 A group of specific shareholders is defined as a holder (defined as a holder as set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including a party included in holders as set forth in Paragraph 3 of the same Article) of the Company's share certificates, etc. (defined as share certificates, etc. set forth in Article 27-23, Paragraph 1 of the same Act) and a joint holder (defined as a joint holder set forth in Article 27-23, Paragraph 5 of the same Act, including a deemed joint holder under Paragraph 6 of the same Article), as well as a party that carries out a purchase, etc. (defined as a purchase, etc. set forth in Article 27-2, Paragraph 1 of the same Act, including transactions at financial instruments exchange markets) of the Company's share certificates, etc. (defined as share certificates, etc. as set forth in Article 27-2, Paragraph 1 of the same Act) and a specially related party thereof

(defined as a specially related party as set forth in Article 27-2, Paragraph 7 of the same Act), and a party that is reasonably suspected of being one of above parties.

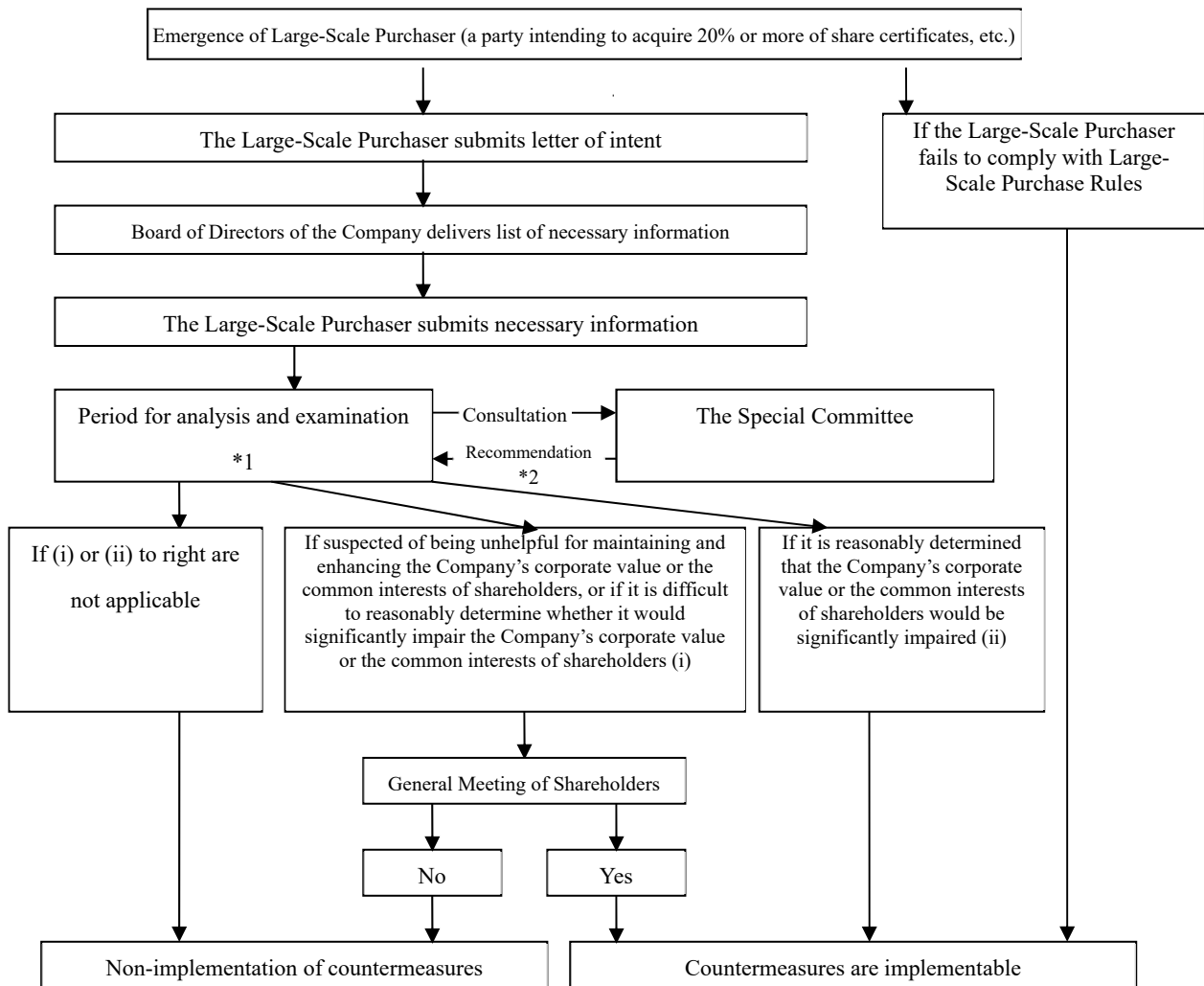
- Note 2 The ratio of voting rights is defined as, according to the specific method of purchase of a group of specific shareholders, (i) the ownership ratio of share certificates, etc. (defined as the ownership ratio of share certificates, etc. as set forth in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the number of share certificates, etc. held by a joint holder with the holder as set forth in the same Paragraph shall be numerically taken into consideration.) by the holder if a group of specific shareholders is a holder of the Company's share certificates, etc. (defined as share certificates, etc. set forth in Article 27-23, Paragraph 1 of the same Act) and a joint holder thereof, or (ii) if a group of specific shareholders is a Large-Scale Purchaser of the Company's share certificates, etc. (defined as share certificates, etc. as set forth in Article 27-2, Paragraph 1 of the same Act) and its specially related party, the total of the ownership ratio of share certificates, etc. (defined as ownership ratio of share certificates, etc. as set forth in Article 27-2, Paragraph 8 of the same Act) of the Large-Scale Purchaser and a specially related party thereof. At the time of calculating, each of the ownership ratios of share certificates, the total number of voting rights (as set forth in Article 27-2, Paragraph 8 of the same Act) and the total number of issued shares (as set forth in Article 27-23, Paragraph 4 of the same Act) may be referenced from the most recently filed annual securities report, semiannual securities report, quarterly securities report or status report on purchasing own shares.
- Note 3 Share certificates, etc. are defined as share certificates, etc. as set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.
- Note 4 Determination of whether or not "a relationship in which one party substantially controls the other party or in which the parties act jointly or in collaboration between a group of specific shareholders and such other shareholder" has been established will be made based on such factors as a new investing relationship, business tie-up relationship, transactional or contractual relationship, a relationship of an executive concurrently serving as an executive for another company, funds provision relationship, credit grant relationship, creation of substantial interests regarding the Company's share certificates, etc. through derivatives transactions, lending of shares, etc., and the direct and indirect impact of the group of specific shareholders and the other shareholders on the Company.
- Note 5 Whether or not any act prescribed in text 3) occurred is reasonably determined by the Board of Directors of the Company according the utmost respect to the recommendation of the Special Committee. The Board of Directors of the Company may request shareholders of the Company to provide necessary information to the extent necessary to determine whether or not the requirements prescribed in the text 3) are applicable.
- Note 6 A specific large-scale holder is, in principle, defined as a holder of share certificates, etc. issued by the Company and having a share-holding ratio pertaining to the share certificates, etc. of 20% or greater (including a party acknowledged by the Board of Directors of the Company as falling thereunder); provided, however, that any party acquiring or holding share certificates, etc. of the Company recognized by the Board of Directors of the Company as not detracting from the Company's corporate value or the common interests of shareholders, or a party defined separately under a resolution on the allotment of Share without contribution Options by the Board of Directors of the Company shall not fall under a specific large-scale holder.
- Note 7 A specific large-scale purchaser is, in principle, a party that has publicly announced that it is performing the purchase, etc. (as set forth in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in this Note) of share certificates, etc. (as set forth in Article 27-2, Paragraph 1 of the same Act; the same shall apply hereinafter in this Note) issued by the Company whose holding ratio of share certificates, etc. after such purchase, etc. (including any holdings that correspond to the cases set forth in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act) combined with the share-holding ratio of the specially related parties of the party amounts to 20% or greater (including a party recognized by the Board of Directors of the Company as falling thereunder); provided, however, that any party acquiring or holding share certificates, etc. of the Company recognized by the Board of Directors of the Company as not impairing the Company's corporate value or the common interests of shareholders, or a party defined separately by a resolution on the allotment of Share Options without contribution by the Board of Directors of the Company shall not fall under a specific large-scale purchaser.

Note 8 A “related party” of a given party is a party that substantially control over the given party, is controlled by the given party, or is under common control with the given party (including a party acknowledged by the Board of Directors of the Company as falling under this), or who has been recognized by the Board of Directors of the Company as a party that engages in activities in collaboration with the given party. “Control” is defined as “having control over the determination of financial and business policies” of another company, etc. (as set forth in Article 3, Paragraph 3 of the Regulations for Enforcement of the Companies Act).

Note 9 However, in a certain case, terms and conditions may be added to the effect the Unqualified Parties may be permitted to exercise said share options. Specifically, in the case where (i) purchasers, etc. pledge that they will suspend or revoke the purchase, etc. or not carry out the purchase, etc. thereafter following a resolution on the gratis allotment of Share Options and the purchasers, etc. and other Unqualified Parties have disposed of the Company’s shares through entrustment to a securities firm recognized by the Company, and (ii) the ownership ratio of share certificates, etc. (However, in calculating the ownership ratio of share certificates, etc., Unqualified Parties other than purchasers, etc. and their joint holders will be deemed to be joint holders of the purchasers, etc. In addition, portions of said share options held by the Unqualified Parties whose exercise conditions have not been fulfilled will be excluded from the calculation.) recognized by the Board of Directors of the Company is less than 20%, it may be stipulated that the purchasers, etc. that have carried out disposal and the other Unqualified Parties may exercise said share options they hold only up to the 20% level.

Attachment 1 Flowchart for the Large-Scale Purchase Rules

This chart has been prepared as reference for the sole purpose of making the Large-Scale Purchase Rules easy to grasp. For the details of the Large-Scale Purchase Rules, please refer to the text, such as the details of the Large-Scale Purchase Rules above.



*1 The period for analysis and examination shall be, in principle, up to ninety (90) business days but the Board of Directors of the Company may extend the period by up to thirty (30) business days, if necessary.

*2 The Special Committee shall issue a recommendation to the Board of Directors of the Company on whether or not it would be appropriate to implement countermeasures, and whether or not it would be appropriate to ascertain conclusively the will of shareholders in the event that it is difficult to determine whether or not implementing countermeasures would be appropriate. The Board of Directors of the Company shall accord the utmost respect to this recommendation in adopting a resolution regarding implementation of countermeasures.

Attachment 2 Overview of Special Committee Regulations

1. Composition of Members

The Special Committee shall consist of three (3) or more members selected by the Board of Directors of the Company from among the Outside Directors of the Company that are independent from the management that executes the Company's business operations or outside experts such as attorneys, certified public accountants, academics and corporate managers with proven track record.

2. Term of Office

The terms of office of the Special Committee members shall be three (3) years.

3. Authority of the Special Committee

- (1) If the Company receives a proposal from the Large-Scale Purchaser and the Board of Directors of the Company presents necessary information that has been submitted by the Large-Scale Purchaser to the Special Committee, the Special Committee shall examine and analyze the proposal, prepare a letter of recommendation stating whether or not it would be appropriate to implement countermeasures stipulated in the Large-Scale Purchase Rules of the Company, whether or not it would be appropriate to ascertain conclusively the will of shareholders, since it is difficult to determine whether or not it would be appropriate to implement countermeasures, the reasonableness of the countermeasures to be implemented, etc., and make a recommendation to the Board of Directors within ninety (90) business days from the date when the Board of Directors presented necessary information received from the Large-Scale Purchaser to the Special Committee (provided, however, that the Special Committee may extend the above period by up to thirty (30) business days, as necessary.).
- (2) At the time of recommending whether or not to implement countermeasures, the Special Committee shall examine and analyze whether or not the following matters would be applicable. If the Special Committee determines that any of the following circumstances is applicable, it shall recommend the implementation of countermeasures to the Board of Directors and if the Special Committee determines that none of the following circumstances is applicable, it shall recommend the non-implementation of countermeasures to the Board of Directors; provided, however, that if a general meeting of shareholders held before the end of the period of recommendation by the Special Committee resolves to abolish the Large-Scale Purchase Rules of the Company or resolves not to allow the implementation of countermeasures, or if a Board of Directors meeting held before the end of the same period resolves to abolish the Large-Scale Purchase Rules of the Company or resolves not to implement countermeasures, the Special Committee shall discontinue its examination or analysis and shall make no recommendation to the Board of Directors.
 - 1) The Large-Scale Purchaser is an abusive large-scale purchaser;
 - 2) The post-purchase management plan or business plan is highly unreasonable and it is obvious that the Company's corporate value and common interests of shareholders will be impaired after purchase by the Large-Scale Purchaser;
 - 3) The post-purchase management plan or business plan (when the management plan or business plan of the Board of Directors is presented to the Special Committee) is obviously inferior to that (including an alternative proposal to the proposal for purchase by the Large-Scale Purchaser) of the Board of Directors and it is obvious that the Company's corporate value and the common interests of shareholders would be impaired after the purchase by the Large-Scale Purchaser;
 - 4) Otherwise, other reasons due to which it is clear that the Large-Scale Purchase will significantly impair the Company's corporate value or the common interests of shareholders.
- (3) If the Large-Scale Purchaser presents an amendment to the Large-Scale Purchase or an alternative proposal to the Board of Directors of the Company after the Board of Directors or a general meeting of shareholders of the Company decides to implement specific countermeasures, the Special Committee shall examine whether or not to suspend, amend or take other actions relating to the countermeasures upon referral from the Board of Directors of the Company, shall prepare a letter of

recommendation stating the results, and shall make a recommendation to the Board of Directors.

4. Resolutions of the Special Committee

A resolution of the Special Committee shall, in principle, be adopted by a majority of the Special Committee members present at a meeting where all of the Special Committee members are present; provided, however, that in the case of any unavoidable reason a resolution may be adopted by a majority of the Special Committee members present at a meeting where two-third (2/3) or more of the Special Committee members are present.

5. Others

- (1) A Special Committee meeting shall be convened when the Information is provided by the Large-Scale Purchaser or otherwise, as necessary.
- (2) The Special Committee may receive advice at the Company's expense from independent third parties (including financial advisors, attorneys, certified public accountants, consultants and other experts).
- (3) The Special Committee may have the Company's Directors, employees, Accounting Auditor and other third parties attend Special Committee meetings for deliberations or reporting.

Attachment 3 Career Summary of Special Committee Members

(1) Outside Director (Audit & Supervisory Committee Member) of the Company

Hisashi Tanaami (Born on September 11, 1954)

April 1978	Joined Chiyoda Mutual Life Insurance Company (currently The Gibraltar Life Insurance Co., Ltd.)
February 2001	Joined Matsui Securities Co., Ltd.
June 2002	Director of Matsui Securities Co., Ltd.
February 2004	Managing Director of Matsui Securities Co., Ltd.
June 2005	Company Auditor of Monex Beans, Inc. (currently Monex, Inc.) Full-time Company Auditor of Monex Beans Holdings, Inc. (currently Monex Group, Inc.)
June 2007	Director of Monex, Inc. Director of Monex Group, Inc.
April 2008	Adjunct Lecturer of Hosei University (current position)
February 2011	Representative Director & Vice President of Monex, Inc.
June 2013	Executive Officer of Monex Group, Inc.
April 2017	Director & Vice Chairman of the Board of Monex, Inc.
December 2019	Company Auditor of Japan Catalyst, Inc. (current position)
January 2020	Outside Director (Audit & Supervisory Committee Member) of Tobila Systems Inc. (current position)
April 2020	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)
June 2021	Part-time Director of Public Interest Foundation International Manpower Development Organization, Japan (current position)

(2) Outside Director (Audit & Supervisory Committee Member) of the Company

Mamoru Sekiyama (Born on August 14, 1949)

April 1974	Joined Marubeni Corporation
April 2001	Senior Operating Officer, Utility Infrastructure Division and General Manager, Overseas Power Project Department of Marubeni Corporation
April 2002	Corporate Vice President, Chief Operating Officer, Plant, Power & Infrastructure Division of Marubeni Corporation
April 2005	Corporate Senior Vice President, Chief Operating Officer, Plant, Power & Infrastructure Projects Division of Marubeni Corporation
June 2006	Corporate Senior Vice President, Representative Director of Marubeni Corporation
April 2007	Corporate Executive Vice President, Representative Director of Marubeni Corporation
April 2009	Senior Executive Vice President, Representative Director of Marubeni Corporation
April 2013	Vice Chairman of Marubeni Corporation
April 2015	Corporate Adviser of Marubeni Corporation Chairman of Marubeni Power Systems Corporation
May 2016	Chairman of the Board, The Philippine Society of Japan (current position)
June 2017	Outside Director of Astellas Pharma Inc. (current position)
April 2020	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)

(3) Outside Director (Audit & Supervisory Committee Member) of the Company

Sachiko Awai (Born on May 21, 1957)

July 1984	Joined Japan Office of U.S. Meat Export Federation
January 1991	Joined Estée Lauder Companies (currently ELC Japan K.K.)
March 1997	Joined NIHON L'ORÉAL K.K.
November 2004	Joined GUERLAIN (LVJ Group)
May 2012	Joined fitfit, inc.
May 2013	President and Representative Director of La Prairie Japan
January 2019	General Manager, INCOCO Business Department of Newport Ltd. Part Time Adviser, Natural Water Business Department of Harves Co., Ltd.
June 2019	Outside Director (Audit & Supervisory Committee Member) of A.D.Works Co., Ltd.
April 2020	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)
June 2020	Outside Director of INFOCOM CORPORATION (current position)
March 2022	Outside Director (Audit & Supervisory Committee Member) of BP Castrol K.K. (current position)