

[Translation]



February 4, 2025

Company name	CRE, Inc.
Representative name	Tadahide Kameyama Representative director, president (Code No.3458, TSE Prime Market)
Contact	Nobuhide Goto Director, managing executive officer (Tel.: +81-3-5572-6600)

**(Amendment) Notice Regarding Amendment to  
“Notice of Commencement of Tender Offer for Common Shares of CRE, Inc. (Tokyo  
Stock Exchange: 3458) by SMFL MIRAI Partners Company, Limited”**

SMFL MIRAI Partners Company, Limited, announces that it has amended the “Notice Regarding Commencement of Tender Offer for Stock in CRE, Inc. (Securities Code: 3458)” and has published the corrected version today as attached.

(end)

This document is being released by SMFL MIRAI Partners Company, Limited (the Tender Offeror) based on Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act, upon its request to CRE, Inc. (the Target Company).

(Attachment) “Notice Regarding Commencement of Tender Offer for Stock in CRE, Inc. (Securities Code: 3458)” dated as of January 28, 2025 (Note)

(Note) According to SMFL MIRAI Partners Company, Limited, the announcement was disclosed on the Timely Disclosure Network (TDnet) and the website of SMFL MIRAI Partners Company, Limited on January 28, 2025, but as some errors were found, the announcement was replaced on its website with corrected contents as of today. The corrected wordings are indicated by underlining and footnotes.

January 28, 2025

Name of company:

SMFL MIRAI Partners Company, Limited

Name of representative:

Akira Ueda, Representative Director and President

**Notice Regarding Commencement of Tender Offer for Stock in CRE, Inc. (Securities Code: 3458)**<sup>1</sup>

SMFL MIRAI Partners Company, Limited, (the “Tender Offeror”) announces as below that, it determined today to acquire all of the stock (excluding the Target Company’s Stock held by the Tender Offeror, the treasury shares held by the Target Company, and the Shares That the Shareholders Did Not Agree to Tender (as defined below)) in CRE, Inc. (listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”), Securities Code: 3458; the “Target Company”) (the “Target Company’s Stock”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”).

**1. Purpose of Purchase**

**(1) Overview of the Tender Offer**

The Tender Offeror is a corporation established in October 2018 as a wholly-owned subsidiary of Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”) (the Tender Offeror and SMFL are collectively referred to as the “Tender Offerors”), and is operating real estate-related businesses, environmental energy-related businesses, and other financial services businesses, etc. While the Tender Offeror holds 100 shares of the Target Company’s Stock (Ownership Ratio (Note 1): 0.00%) as of today, SMFL does not hold any of the Target Company’s Stock as of today.

(Note 1) “Ownership Ratio” means the ratio to the number of shares (i.e., 29,387,827 shares) obtained by subtracting the number of treasury shares held by the Target Company as of October 31, 2024 (i.e., 12,873 shares) set forth in “FYE July 2025 Summary of 1st Quarter Financial Results [Japan GAAP] (Consolidated)” as announced by the Target Company on December 12, 2024 (the “Target Company’s First Quarterly Financial Results”) from the total number of shares (i.e., 29,400,700 shares) calculated by adding the total number of issued shares of the Target Company as of October 31, 2024 (i.e., 29,356,700 shares) set forth in the Target Company’s First Quarterly Report, to the number of newly issued Target Company’s Stock (i.e., 44,000 shares) described in “Notice Concerning Completion of Payment for Newly Issued Stocks as Restricted Stock Units”

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<sup>1</sup> This notice was disclosed on January 28, 2025. However, due to the identification of certain errors and inaccuracies in the translation, it has been replaced with a revised version on February 4, 2025. The corrected errors are marked with underlining and footnotes.

(the “Number of the New Restricted Shares”), as announced by the Target Company on December 10, 2024 (rounded off to the second decimal place; hereinafter the same shall apply to the calculation of the Ownership Ratio).

By the resolution in writing dated January 28, 2025, in lieu of a resolution of the board of directors in accordance with Article 370 of the Companies Act (Act No. 86 of 2005, as amended) (the “Companies Act”) and the Tender Offeror’s Articles of Incorporation, the Tender Offeror decided to implement the Tender Offer as part of a series of transactions (the “Transactions”), with the Tender Offeror and Kyobashi Kousan, Inc (“Kyobashi Kousan”), which is the asset management company of Mr. Shuhei Yamashita (“Mr. Yamashita”), the founder and Representative Director and Chairman of the Target Company, and is the major and largest shareholder of the Target Company, to convert the Target Company into a joint venture after delisting the Target Company’s Stock by acquiring all of the Target Company’s Stock listed on the Prime Market of the Tokyo Stock Exchange (excluding the Target Company’s Stock held by the Tender Offeror, the treasury shares held by the Target Company, and the Shares That the Shareholders Did Not Agree to Tender (as defined below)). The Transactions are transactions in which the Tender Offeror and Kyobashi Kousan will jointly convert the Target Company into a joint venture, and Kyobashi Kousan will not tender any of (i) 11,040,200 shares of the Target Company’s Stock held by Kyobashi Kousan (Ownership Ratio: 37.57%), and (ii) 999,000 shares of the Target Company’s stock in the name of The Nomura Trust and Banking Co., Ltd., which are entrusted under the securities management and disposition trust agreement, dated April 15, 2021, by and between Kyobashi Kousan and The Nomura Trust and Banking Co., Ltd., and which belong to the trust assets of the trust pursuant to the said agreement (the “Trust”) (hereinafter, The Nomura Trust and Banking Co., Ltd, as trustee of the Trust shall be referred to as the “Trustee”, and Kyobashi Kousan and/or the Trustee shall be referred to as the “Kyobashi Kousan, Etc.”) (Ownership Ratio: 3.40%) (i.e., 12,039,200 shares in total, Ownership Ratio in total: 40.97%) to the Tender Offer pursuant to the Non-Tender Agreement (Kyobashi Kousan) (as defined below) and will continue to invest in the Target Company after the Transactions are consummated, and, pursuant to the Management Entrustment Agreement (Mr. Yamashita) (as defined below), Mr. Yamashita will continue to be engaged in the management of the Target Company after the Transactions are consummated. Therefore, the Transactions fall under the category of a so-called Management Buyout (MBO) (Note 2). On January 28, 2025, the Tender Offeror entered into a shareholders agreement (the “Shareholders Agreement”) with Kyobashi Kousan and Mr. Yamashita, which stipulates the operations, etc. of the Target Company after the Tender Offer is consummated and the Share Consolidation (as defined below) takes effect. The Tender Offerors also entered into management entrustment agreements with Mr. Yamashita and Mr. Tadahide Kameyama, the Representative Director and President of the Target Company (“Mr. Kameyama”), respectively, as of January 28, 2025, with respect to the entrustment of management in the capacity of the Representative Director and Chairman and the Representative Director and President, respectively (each management entrustment agreement entered into with Mr. Yamashita and

Mr. Kameyama is referred to as the “Management Entrustment Agreement (Mr. Yamashita)” and the “Management Entrustment Agreement (Mr. Kameyama)”, respectively, and collectively, they are referred to as the “Management Entrustment Agreements”). For details of the Shareholders Agreement and the Management Entrustment Agreements, please refer to “e. Shareholders Agreement” and “f. Management Entrustment Agreements” of “(6) Material Agreements related to the Tender Offer” below. Except for the matters stipulated in the Shareholders Agreement and the Management Entrustment Agreements, as of today, there is no agreement between the Tender Offeror and the directors of the Target Company regarding the appointment and treatment of officers after the Tender Offer. With respect to the management structure of the Target Company, including the composition of directors and officers, such management structure will be determined through discussions with the Target Company and Kyobashi Kousan after the Tender Offer has been consummated.

(Note 2) “Management Buyout (MBO)” refers to a transaction in which the Tender Offeror makes a Tender Offer pursuant to an agreement with the directors and officers of the target company to be acquired and in which the Tender Offeror shares common interests with the directors and officers of the target company to be acquired.

In conducting the Tender Offer, the Tender Offeror entered into tender offering agreements as of January 28, 2025, respectively with Kokyo Tatemono Co., Ltd, the 10th largest shareholder of the Target Company (as of July 31, 2024; the same shall apply to the statement of the rank of the shareholders hereinafter) (i.e., 559,600 shares; Ownership Ratio: 1.90%; “Kokyo Tatemono”) and Mr. Yamashita, who is the Representative Director and Chairman of the Target Company and the 11th largest shareholder of the Target Company (i.e., 410,400 shares; Ownership Ratio: 1.40%) (collectively, “Kokyo Tatemono” and “Mr. Yamashita” are referred to as the “Shareholders Who Agreed to Tender Their Shares”) (each tender offering agreement entered into with each Shareholders Who Agreed to Tender Their Shares is referred to as the “Tender Agreement (Kokyo Tatemono)” and the “Tender Agreement (Mr. Yamashita)”, and collectively, they are referred to as the “Tender Agreements”), and Kokyo Tatemono and Mr. Yamashita respectively agreed to tender all Target Company’s Stock owned by Kokyo Tatemono and 357,000 shares of the Target Company’s Stock owned by Mr. Yamashita (excluding 53,400 shares during the transfer restriction period (the “Restricted Shares (Mr. Yamashita)”), among the restricted shares allocated under the restricted shares allocation agreement) (total number of shares to be tendered: 916,600 shares; total Ownership Ratio: 3.12%) to the Tender Offer. In addition, as of January 28, 2025, the Tender Offeror entered into non-tender offering agreements respectively with Kyobashi Kousan, which is the major and largest shareholder of the Target Company (total number of shares held by the Kyobashi Kousan, Etc.: 12,039,200 shares; Ownership Ratio in total: 40.97%) and the asset management company of Mr. Yamashita, and Kenedix, Inc., the second largest shareholder (i.e., 4,485,000 shares; Ownership Ratio: 15.26%; referred to as “Kenedix”) and another affiliated company of the Target Company as well as a consolidated subsidiary of the Tender Offeror (Kyobashi Kousan and Kenedix are collectively referred to as the “Shareholders Who Agreed Not to Tender Their Shares,” and the non-tender

offering agreement between each Shareholders Who Agreed Not to Tender Their Shares is respectively referred to as the “Non-Tender Agreement (Kyobashi Kousan)” and the “Non-Tender Agreement (Kenedix),” and collectively, the “Non-Tender Agreements”) and have agreed, among other matters, that Kyobashi Kousan. Etc. and Kenedix will not tender any of the Target Company’s Stock they own (i.e., 16,524,200 shares; total Ownership Ratio: 56.23%; referred to as the “Shares That the Shareholders Did Not Agree to Tender”) to the Tender Offer, and that Kenedix will sell all of the Target Company’s Stock owned by Kenedix in response to the Acquisition of Treasury Stock (as defined below; the same shall apply hereinafter) which is scheduled to be conducted by the Target Company after the Share Consolidation described in “(4) Policy for Organizational Restructuring, Etc., after the Tender Offer (Matters relating to So-called “Two-step Acquisition”)” takes effect. The source of funds for the Acquisition of Treasury Stock is expected to be borrowings. Considering that the rule of non-taxable income of deemed dividends is applied to the Treasury Stock Acquisition Price (as defined below; the same shall apply hereinafter), the Acquisition of Treasury Stock is intended to maximize the tender offer price while maintaining fairness among shareholders by setting the Treasury Stock Acquisition Price at a certain amount so that the after-tax proceeds obtained by Kenedix as a result of its acceptance of the Acquisition of Treasury Stock will be of the same value that Kenedix would obtain if Kenedix were to tender its shares in the Tender Offer, thereby setting the price per share of the Target Company’s Stock, for purchase, etc. under the Tender Offer (the “Tender Offer Price”) and the Treasury Stock Acquisition Price in a way that eliminates the difference in the amounts of the after-tax proceeds to be obtained among Kenedix and the minority shareholders of the Target Company. For details of the Tender Agreements and Non-Tender Agreements, please refer to “a. Tender Agreement (Mr. Yamashita)” through “d. Non-Tender Agreement (Kenedix)” of “(6) Material Agreements related to the Tender Offer” below.

In the Tender Offer, the Tender Offeror has set 2,977,300 shares (Ownership Ratio: 10.13 %) as the minimum number of the shares to be purchased, and, if the total number of the share certificates, etc., tendered in response to the Tender Offer (the “Tendered Share Certificates, Etc.”), is less than such minimum number (i.e., 2,977,300 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. However, the Tender Offeror aims to delist the Target Company’s Stock in the Tender Offer, and, therefore, has not set the maximum number of the shares to be purchased, and, if the total number of the Tendered Share Certificates, Etc., is equal to or greater than the minimum number (i.e., 2,977,300 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc. The minimum number of shares to be purchased is the number of the Target Company’s Stock (i.e., 2,977,300 shares) which shall be the number of shares obtained by (i) multiplying, by two-thirds, the number of voting rights (i.e., 293,878 units) pertaining to the number of issued shares that is calculated by (A) first adding the total number of issued shares of the Target Company as of October 31, 2024 (i.e., 29,356,700 shares) set forth in the Target Company’s First Quarterly Financial Results, to the Number of the New Restricted Shares (i.e., 44,000 shares), which would amount to 29,400,700 shares, and (B) then deducting therefrom the number of treasury shares held by the Target Company as of October 31, 2024 (i.e., 12,873

shares) set forth in the Target Company's First Quarterly Financial Results, which would amount to 29,387,827 shares, and subsequently (ii) subtracting, from the result of (i) (i.e., 195,919 units; rounded up to the nearest whole number): (A) the number of voting rights (i.e., 1 unit) pertaining to the Target Company's Stock held by the Tender Offeror (i.e., 100 shares), (B) the number of voting rights (i.e., 165,242 units) pertaining to the Shares That the Shareholders Did Not Agree to Tender (i.e., 16,524,200 shares), and (C) the number of voting rights (i.e., 903 units) pertaining to the restricted shares owned by the directors of the Target Company (i.e., 90,300 shares), among the number of voting rights (i.e., 2,174 units) pertaining to the restricted shares granted to the directors (excluding outside directors and directors members of the audit and supervisory committee) and employees of the Target Company and its subsidiaries as the restricted stock units (i.e., 217,400 shares) (the "Restricted Shares") (Note 3), which would amount to 29,773 units, and finally (iii) multiplying the result of (ii) (i.e., 29,773 units) by the number of shares per unit (i.e., 100 shares). In the Tender Offer, the Tender Offeror intends to acquire all of the Target Company's Stock (excluding the Target Company's Stock held by the Tender Offeror, treasury shares held by the Target Company and the Shares That the Shareholders Did Not Agree to Tender) and to delist the Target Company's Stock. However, if the Tender Offer is consummated but the Tender Offeror is unable to acquire all of the Target Company's Stock through the Tender Offer (excluding the Target Company's Stock held by the Tender Offeror, treasury shares held by the Target Company and the Shares That the Shareholders Did Not Agree to Tender), the Tender Offeror will request the Target Company to implement the Share Consolidation as a procedure to delist the Target Company's Stock (the "Squeeze-Out Procedures") as described in "(4) Policy for Organizational Restructuring, Etc., after the Tender Offer (Matters relating to So-called "Two-step Acquisition")". Given that a special resolution at a general meeting of shareholders as stipulated in Article 309, Paragraph 2 of the Companies Act is required when implementing the procedures for the Share Consolidation, in order to ensure the implementation of the Transactions, it is intended that the Tender Offeror, Kyobashi Kousan, Etc., and Kenedix would own two-thirds or more of the total number of voting rights of all shareholders of the Target Company after the Tender Offer and that the above requirement is fulfilled.

(Note 3) Although the Restricted Shares cannot be tendered in the Tender Offer due to the transfer restriction, the Target Company resolved at the meeting of the Target Company's board of directors held on January 28, 2025 to express its opinion in favor of the Tender Offer, provided that the Target Company is delisted. With respect to the said resolution, of the eleven (11) directors of the Target Company, seven (7) directors (excluding Mr. Yamashita, Mr. Kameyama, Mr. Keisuke Sato and Mr. Takeshi Yamada) participated in the deliberation and resolution, and all of the directors who participated in the resolution exercised their voting rights in favor of the proposal (Mr. Yamashita is the Representative Director of Kyobashi Kousan, which will execute a non-tender agreement with the Tender Offeror; Mr. Yamashita and Mr. Kameyama are expected to remain in the management of the Target Company after the Transactions by executing the Management

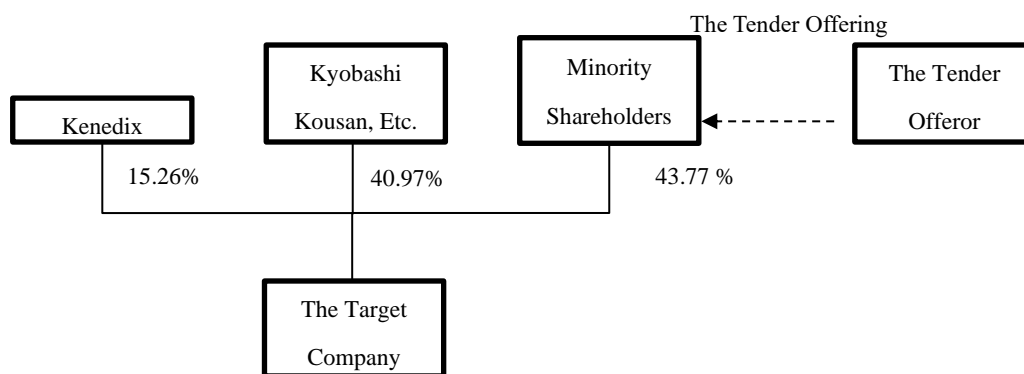
Entrustment Agreements with the Tender Offerors; Mr. Keisuke Sato serves as an officer of Kenedix, which is a consolidated subsidiary of the Tender Offeror; and Mr. Takeshi Yamada has executed a consulting agreement with Kokyo Tatemono, in which Mr. Yamashita serves as a vice president and which will execute an agreement to tender with the Tender Offeror. Therefore, in order to eliminate the possibility of conflicts of interest, the above resolution was unanimously adopted after deliberation by the seven (7) directors excluding Mr. Yamashita, Mr. Kameyama, Mr. Keisuke Sato, and Mr. Takeshi Yamada.) and therefore, if the Tender Offer is consummated, the Target Company is expected to agree to the Squeeze-Out Procedures. Therefore, in considering the minimum number of shares to be purchased, the number of voting rights pertaining to the restricted shares owned by the directors of the Target Company, among the Restricted Shares, is deducted.

The Tender Offeror plans to use its own funds to pay for the settlement, etc. of the Tender Offer.

The following is a rough illustration of the series of currently contemplated transactions.

I. Conducting the Tender Offer (as of January 29, 2025)

The Tender Offeror will conduct the Tender Offer for all of the Target Company's Stock (excluding the Target Company's Stock held by the Tender Offeror, treasury shares held by the Target Company and the Shares That the Shareholders Did Not Agree to Tender). If the minimum number of shares to be purchased in the Tender Offer is tendered and the Tender Offer is consummated, the Tender Offer will be settled.

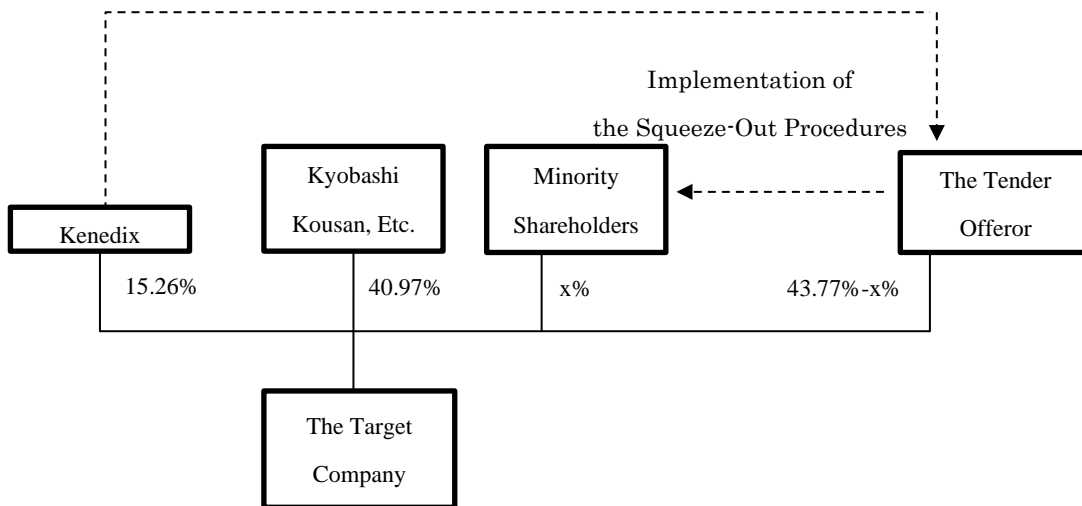


II. Squeeze-Out Procedures (The effective date of the Share Consolidation is scheduled for early June 2025)

The Tender Offeror will request the Target Company to implement the Squeeze-Out Procedures through the Share Consolidation, for the purpose of limiting the shareholders of the Target Company only to the Tender Offeror and the Kyobashi Kousan, Etc., after the Tender Offer is consummated. In addition, in order to increase the stability of the Squeeze-Out Procedures, since it is theoretically impossible to deny the possibility of the circumstance where any person who holds an equal or greater number of the Target Company's Stocks than the number of the Target Company's Stock held by Kenedix (i.e., 4,485,000 shares, Ownership Ratio: 15.26%) as of the date

immediately preceding the effective date of the Share Consolidation, all of the Target Company’s Stock held by Kenedix will be lent by Kenedix to the Tender Offeror (the “Share Lending”) prior to the Share Consolidation taking effect.

Implementation of the Share Lending prior to the Share Consolidation taking effect

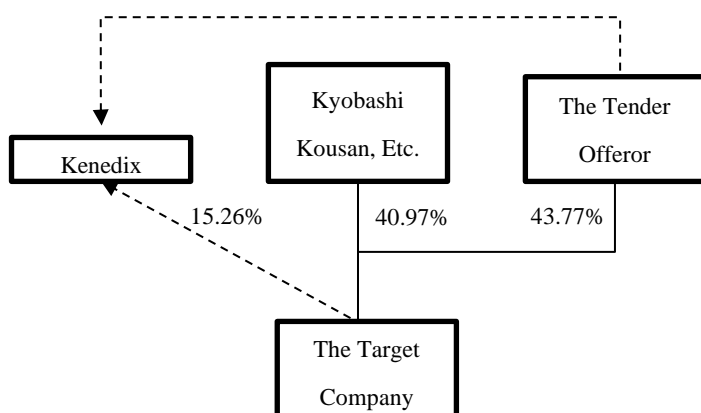


III. Acquisition of Treasury Stock from Kenedix by Target Company, etc. (Promptly after the completion of the Squeeze-Out Procedures)

Following the Share Consolidation taking effect and the Target Company’s completion of a split of the Target Company’s Stock as necessary in order for the Tender Offeror to return to Kenedix the Target Company’s Stock that are substantially equivalent to the Target Company’s Stock borrowed through the Share Lending (the “Stock Split,” the split ratio has not yet been decided as of today), the Tender Offeror will return to Kenedix the Target Company Stock that are substantially equivalent to the Target Company’s Stock (the specific number of shares to be returned will be adjusted in accordance with the ratio of the Share Consolidation and the ratio of the Stock Split) borrowed through the Share Lending (the “Stock Return”). Thereafter, an acquisition of treasury stock will be conducted to enable the Target Company to acquire all of the Target Company’s Stock returned to Kenedix as a result of the Stock Return (the “Acquisition of Treasury Stock” and the price for the acquisition of treasury stock is referred to as the “Treasury Stock Acquisition Price”). The Acquisition of Treasury Stock will be funded by a loan.

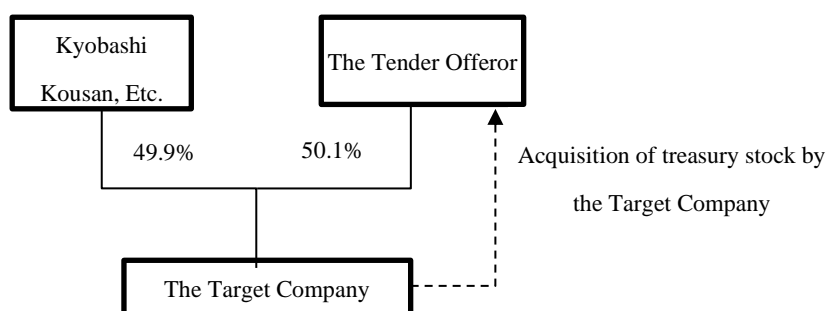


Return of shares subject to the Share Lending



IV. After Conducting the Transactions (Promptly after the Completion of the Acquisition of Treasury Stock)

An acquisition of treasury stock will be conducted to enable the Target Company to acquire a part of the Target Company’s Stock held by the Tender Offeror so that the percentage of voting rights held by the Tender Offeror and Kyobashi Kousan, Etc. will be 50.1% and 49.9%, respectively.



In addition, according to the “Statement on Implementation of MBO and Recommendation to Tender” released by the Target Company on January 28, 2025 (the “Target Company’s Press Release”), the Target Company resolved at the meeting of its board of directors held on January 28, 2025 to express an opinion stating that it was in support of the Tender Offer, and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer. For details of the decision-making process of the Target Company’s board of directors , please refer to the Target Company’s Press Release, and “f. Unanimous Approval by All Directors (including Directors who are Members of the Audit and Supervisory Committee ) of the Target Company without Conflicts of Interest” of “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “II. Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below.

**(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer**

a. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer by the Tender Offeror

On October 1, 2007, Sumisho Lease Co., Ltd., and SMBC Leasing Co., Ltd., which are the predecessors of SMFL, merged, with Sumisho Lease Co., Ltd., as the surviving entity and SMBC Leasing Co., Ltd., as the absorbed entity, and the trade name of the surviving entity was changed to Sumitomo Mitsui Finance and Leasing Company, Limited, the present trade name, on the same day. Since then, as the core platform for leasing business, which is positioned as a strategic joint business by Sumitomo Mitsui Financial Group, Inc. (“SMFG”) and Sumitomo Corporation, SMFL has been expanding its business against the background of fund raising capacity, etc., that is supported by sound financial base and external ratings. Such external ratings given to SMFL as of today include a long-term rating of AA and stable outlook by Japan Credit Rating Agency, Ltd., a long-term rating of AA and stable direction by Rating and Investment Information, Inc., and a long-term rating of A- and stable outlook by S&P Global Ratings Japan Inc.

On the other hand, the Japanese economy has been greatly affected by the increasing volatility of financial markets in relation to interest rates and exchange rates, etc., as well as by inflation, and in addition to the materialization of geopolitical risks, the occurrence of unexpected risks with a serious impact on the social economy in the future is also possible. In this context, SMFL’s strategy includes the creation of new core businesses and fundamental reform of existing businesses under the theme of taking on the challenge of solving social issues. As part of these efforts, the Tender Offeror was incorporated in early October 2018 with the purpose of providing new services in each field of real estate, environmental energy, regional revitalization, social infrastructure, and healthcare, etc., based on the experience, knowledge, know-how, and performance that SMFL has cultivated over the years, and the business began full-scale operations in April 2019. The real estate business conducted by the Tender Offeror mainly consists of the real estate securitization business (Note 1), REIT bridge business (Note 2), and development-type real estate leasing business, etc., (Note 3). Subsequently, in July 2019, the Tender Offeror acquired shares in Max-Realty Inc., which provides consulting services, etc., related to management and operations of real estate, etc., and made it a consolidated subsidiary of the Tender Offeror. In January 2021, through a tender offer by SMFL MIRAI Partners Investment 2 Co., Ltd., a wholly owned subsidiary of the Tender Offeror, we acquired the shares of Kenedix, which provides real estate asset management services, and made it a consolidated subsidiary of SMFL, thereby accelerating its expansion into new business areas. On December 26, 2024, the Tender Offeror acquired the Target Company’s Stock (100 shares) from Mr. Yamashita through an off-market transaction so that the Tender Offeror could exercise its right to request the Target Company to inspect the shareholders register, etc.

(Note 1) “Real estate securitization business” means the business of supporting the financial strategies

of real estate owners by selling and leasing back real estate owned by the real estate owners to the Tender Offeror.

(Note 2) “REIT bridge business” means the business in which the Tender Offeror, on behalf of a REIT, temporarily acquires and holds real estate that the REIT wishes to acquire in the future. In this business, a REIT sponsor is able to collect its invested funds even if the REIT is unable to acquire properties, and REIT is able to acquire properties at more flexible times and at lower prices compared to market prices.

(Note 3) “Development-type real estate leasing business” means the business in which the Tender Offeror, on behalf of a tenant, acquires or leases land and then constructs a building specified by the tenant and leases it to the tenant.

In addition, SMFL upholds the themes of “pursuing the strengths of “a business company with financial capabilities” and taking on the challenge of solving social issues” in “Medium-Term Management Plan (FY2023 to FY2025)” announced on May 12, 2023. To realize the theme, SMFL is working to strengthen its business of real estate, which is a part of creation of new core businesses as one of the pillars of its strategy. As such, SMFL has positioned the real estate business as one of its core businesses for sustainable growth and enhancement of the enterprise value and strengthened it.

On the other hand, according to the Target Company, the Target Company was established in Kyobashi, Chuo-ku, Tokyo in December 2009 as Kokyo Logistics Co., Ltd. (the tradename was changed to CRE, Inc. in June 2014). In August 2010, in order to establish a platform specialized in logistics real estate, it acquired Commercial RE Co., Ltd.’s master lease business and lease management business and launched its real estate management operation via business transfer. Subsequently, the Target Company absorbed Tenko Souken Co., Ltd., a company engaged in master lease and lease management of logistics real estate mainly in Kanagawa Prefecture, in July 2011. In August 2014, the Target Company made Strategic Partners., Ltd. (currently CRE REIT Advisers, Inc.) a wholly owned subsidiary via share transfer, thereby expanding into the asset management business. Following these developments, the Target Company has been consistently engaged in development, tenant attraction, sales, management and administration, within the Target Company Group, and has established a system that enables it to secure stable revenues from real estate sales, asset management fees and property management service fees. In addition, the Target Company expanded its operating base by absorbing LogiCom, Inc., a company involved in master leasing and property management businesses, in August 2020.

The Target Company Shares were listed on the Second Section of the Tokyo Stock Exchange in April 2015, and were reclassified as shares listed on the First Section of the Tokyo Stock Exchange in May 2016. Further, the Target Company Shares were listed on the Prime Market of the Tokyo Stock Exchange as of today following the market reclassification of the Tokyo Stock Exchange in April 2022. As of December 31, 2024,

the Target Company's group consists of the Target Company, 13 subsidiaries and 36 affiliates (hereinafter referred to as the "Target Company Group"), and its principal business is the leasing, management, development, brokerage, investment advisory and investment management of logistics facilities.

With respect to the business environment surrounding the Target Company Group, in the investment market, certain investors have adopted a conservative approach in anticipation of future interest rates increases, and the J-REIT market has been stagnant. However, the Target Company considers that investor demand for investment in the overall real estate market remains strong. In addition, as a consequence of the recent rise in construction costs, developers have been unable to acquire lands at the previously elevated prices, thereby constraining the increase in land prices. In the logistics facility lease market, the vacancy rate is increasing in the Tokyo metropolitan area due to the large supply of large-scale logistics facilities, but it is expected to be resolved over time as the rise in construction costs has led to a decline in the commencement of construction, thereby limiting the potential for a significant increase in vacancies. The Target Company provides logistics real estate to the market, and a majority of the users are companies whose main businesses are warehousing and transportation businesses (logistics operators). Against a backdrop of the decrease in the working-age population in Japan as well as the drastically changing environment surrounding logistics including the issues occurring in 2024 in the logistics industry (note 4), logistics operators are facing challenges such as securing of workers, automation and digitization, streamlining of transport and delivery, and some of these operators are seeking to streamline their operations. Under such environment, the Target Company Group sees the business environment and plans to take measures as set out below.

(Note 4) "Issues occurring in 2024 in the logistics industry" refer to problems that arise in the logistics industry due to a shortage of transport capacity and other issues caused by the reduction in working hours that came into effect in April 2024 as a result of the introduction of regulations on the maximum overtime hours for truck drivers, etc.

a. Organic Integration of Flow Business and Stock Business

According to the Target Company, while the Target Company considers the highly profitable logistics investment business to be the growth driver of its stock business (note 5), as the timing of property sales within the logistics investment business is affected by trends in the investment market, it affects the stability of performance across successive reporting periods. Therefore, the Target Company Group believes that it is necessary to organically integrate the logistics investment business with the highly reproducible asset management and real estate management businesses to achieve steady expansion of the stock business that provides stable earnings and to establish a strong revenue base.

Specifically, the Target Company continuously supplies development properties in the logistics investment business to CRE Logistics REIT, Inc., which is managed by CRE REIT Advisors, Inc., a subsidiary of the Target Company, and to a private placement fund, which is managed by Strategic

Partners Co., Ltd., a subsidiary of the Target Company. Through these efforts, the Target Company earns asset management fees for the properties, accumulates stock-based revenues by undertaking property management services for the properties and earning property management fees, and thereby strives to reduce revenue volatility by expanding its stock business utilizing logistics facility development as a growth driver.

(Note 5) “Stock business” refers to a business that expects to generate continuous revenue through real estate management operations such as master leasing and property management, as well as the provision of asset management services.

#### b. Provision of High-Value-Added Services

According to the Target Company, in an economic climate where the cost of real estate development continues to rise, there is an increased possibility that profit margins for development projects that currently have not yet contracted with a general contractor (so-called “zene-kon” in Japanese) will decline, due to the possibility of an increase in real estate development costs as a result of rising construction costs. On the other hand, the increase in construction costs may also be a factor for the increase of profits, as it puts pressure on rents for new properties through the appropriate passing of costs onto tenants, therefore the Target Company is of the opinion that it is necessary to secure profits through appropriate leasing (note 6) and cost management.

In addition, as mentioned above, in the logistics industry which is currently undergoing major changes, the Target Company Group believes it is necessary to provide further value-added services in the logistics industry as a mechanism that will form the basis for all logistics services, rather than merely providing one-stop services for logistics real estate. For this reason, the Target Company Group has been promoting “logistics infrastructure platform concept” as its business vision since 2018 and has been strengthening the peripheral businesses of logistics real estate, such as employment security, digital transformation in logistics including automation and digitalization, and vehicle and logistics service-sharing businesses, through M&A and capital and business alliances; the Target Company Group will continue to strengthen solutions that contribute to address challenges in the logistics industry, while also strengthening leasing capabilities for developed and managed properties as well as improving tenant retention rates.

(Note 6) In the leasing business of the Target Company Group, the Target Company Group is attracting tenants to the master leased real estate of the Target Company Group and its real estate developed by its logistics investment business and is also engaged in brokerage services for real estate developed by other companies; however, here it refers to attracting tenants to the real estate developed by the Target Company Group.

According to the Target Company, under these circumstances, Mr. Yamashita, the Representative Director and Chairman of the Target Company, believes that the real estate market continues to face a challenging environment for real estate acquisitions due to the strong investment appetite from investors both in Japan

and overseas, that the Target Company's business risks are increasing, that the financing environment is changing amid the backdrop of rising interest rates in Japan, and that a business reform from a medium to long-term perspective is necessary to further maximize corporate value in the future. On the other hand, Mr. Yamashita has determined that, as the Target Company is a listed company, it is necessary to conduct business operations in consideration of the interests of its minority shareholders and that it would be difficult to implement measures that could cause a decline in short-term profit levels or a deterioration in cash flow for the Target Company's shareholders in a flexible and timely manner while the Target Company remains listed. Therefore, in mid-June 2024, Mr. Yamashita has concluded that, in order to enhance the corporate value of the Target Company, the best course of action would be to delist the Target Company's Stock, establish a strong and stable new management structure that would enable flexible and rapid decision-making while he would commit to continue to be involved in the management of the Target Company as the representative director of the Target Company, and to proceed with the implementation of the Target Company's growth strategy. At the same time, Mr. Yamashita recognized that the Target Company's own resources would have certain limitations in implementing such growth strategy, and he concluded that it would be beneficial to utilize external management resources in addition to the Target Company's own management efforts in order to achieve a business structure reform and improvement in corporate value that would contribute to the Target Company's further growth.

Based on this view, Mr. Yamashita requested SMFL to consider the implementation of the Transactions on July 26, 2024, believing that the Tender Offerors - companies operating real estate business with substantial financial resources, and in addition, whose cooperation with the Target Company's asset management business (as described in "(ii) Acceleration of Development Projects within the Target Company Group" below) will lead to further mutual business expansion - could become partners that provide support that would contribute to the growth of the Target Company in terms of finance and business. He began discussions with the Tender Offerors on the same day to explore the possibility of the Transactions. During the discussions with Mr. Yamashita, the Tender Offerors appointed Nagashima Ohno & Tsunematsu as a legal advisor independent from the Tender Offerors, Target Company, Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares in mid-September 2024, and SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as the financial advisor and third-party valuation firm in late October 2024 respectively, and established a framework to discuss and negotiate the delisting of the Target Company's Stock.

Thereafter, in late September and late October 2024, the Tender Offerors held several interviews with Mr. Yamashita and found that the real estate business of the Tender Offerors has a strong affinity with the logistics real estate development business and stock business, which are the strengths of the Target Company and that the collaboration with the asset management business of the Target Company in the exit strategy of equity investment, mezzanine investment, and the self-owned properties of the Tender Offerors will lead to deepening the asset turnover-type business (Note 7), which is shown as SMFL's strategy in its "Medium-

Term Management Plan (FY2023 - FY2025)". In addition, the Tender Offerors have come to the conclusion that, as a precondition for Mr. Yamashita's continued involvement in the management of the Target Company (as the person with the most in-depth understanding of the management of the Target Company Group as the founder and Representative Director and Chairman of the Target Company), a partnership with Kyobashi Kousan, Mr. Yamashita's asset management company, is the most conducive to enhancing the Target Company's enterprise value. Accordingly, on November 1, 2024, with Kyobashi Kousan, the Tender Offerors submitted a statement of declaration of intent (the "Declaration of Intent") regarding the background and purpose of the Transactions, the assumed structure and the assumed schedule, etc., to request the Target Company to hold discussions with the Tender Offerors and Kyobashi Kousan toward the delisting of the Target Company. On the same day, the Target Company showed their intention to develop a system for deliberation on the Transactions, and on the same day, the Tender Offerors began to consider specific matters related to the Transactions.

(Note 7) "Asset turnover-type business" means the business model that improves capital efficiency by controlling asset balances to prevent them from growing excessively large through the sales and securitization of real estate holdings.

Subsequently, in early November 2024, the Tender Offerors began full-fledged discussions and considerations regarding the delisting of the Target Company, and conducted due diligence from mid-November to mid-December 2024, to comprehensively analyze and review the business and financial condition of the Target Company. Based on the information obtained during the due diligence, including interviews with the Target Company's management and operational personnel on business, financial, tax, legal, HR, and IT matters, the Tender Offerors have further analyzed and discussed specific measures to create business synergies between SMFL Group (SMFL and its subsidiaries and affiliated companies; the same shall apply hereafter) and the Target Company, and management policies after the Tender Offer, etc., was made in mid-December 2024, resulting in the recognition that the Tender Offerors are capable of the following specific synergies that can be realized by delisting the Target Company. The Tender Offerors considered the significance and purpose of the Transactions in the course of their due diligence, including the above-mentioned interviews with the Target Company, and recognize that the strengthening of the real estate businesses of the Tender Offerors and the Target Company and the enhancement of their corporate value are expected over the medium to long term, and, in addition, that the likelihood of business conflicts among them is low. Therefore, the Tender Offerors believe that there will be no dis-synergies or disadvantages inherent in the Transactions.

(i) Improvement of the Performance and Expansion of the Market Share by Supplementation of Creditworthiness and Enhancement of Fund Raising Capacity within the Target Company Group

Although the Target Company has not obtained a credit rating from an external rating agency, given that SMFL has a high rating from an external rating agency, the Tender Offerors believe that consolidating the Target Company Group as a member of SMFL Group will further supplement the creditworthiness and fund raising capacity, in addition to the current fund raising capacity of the Target Company Group. The Tender Offerors believe that this will enable them to maintain flexibility in the strategies to deal with market uncertainties, even in the current challenging environment for real estate acquisitions and the changing environment for financing amid the rising domestic interest rates. The Tender Offerors also believe that this will not only contribute to the improvement of the performance of the Target Company Group, but also enable, among others, the expansion of its market share by leveraging its superior financial position even in times of market decline.

(ii) Acceleration of Development Projects within the Target Company Group

The Tender Offerors believe that, by utilizing the creditworthiness of SMFL Group's real estate businesses, it would be possible to engage in development projects on a scale that has been difficult for the Target Company Group to tackle on its own so far, as well as to expand its business overseas. Further, by utilizing bridge holding functions, etc. through which the Tender Offerors will temporarily acquire and hold a property developed by the Target Company Group, it is expected that the number of development projects for logistics facilities will increase and that the balance of assets under management will grow steadily due to an increase in the pipeline of properties achieved by acquiring them at a time convenient for CRE Logistics REIT, Inc. and private funds entrusted with and managed by the subsidiaries of the Target Company without selling such properties to investors or buyers other than the SMFL Group. By way of implementation of the above, the Tender Offerors believe that the Target Company Group will be able to further grow its logistics investment business and the asset management business.

(iii) Deepening Asset Turnover-Type Business Model

In SMFL Group's real estate business, in addition to providing bridge financing through leasing, SMFL Group is focusing on joint development businesses and joint management businesses with business partners. The Tender Offerors believe that, by enhancing the supply of funds, etc., these businesses will lead to further expansion of the logistic real estate development business and stock business in the Target Company Group, which are the strengths of the Target Company Group, and that through the Transactions, they will be able to jointly invest in development projects for logistics facilities after the completion of the Transactions and increase the number of development projects for logistics facilities, which will lead to further growth of these businesses of both the Tender Offerors and the Target Company. In addition, the Tender Offerors also believe that the collaboration with the asset management business of the Target Company in the exit strategy of equity investment, mezzanine investment, and the self-owned properties of SMFL will lead to deepening the asset turnover-type business, which is showed as SMFL's strategy in the medium term management plan.



(iv) Effective Utilization of Management Resources of SDGs Management

While pushing forward with the SDGs management, the Tender Offerors are working to resolve social issues in various regions all over the world. The Tender Offerors believe that, by effectively utilizing the management resources of the Tender Offerors and the Target Company, such as human resources and management systems, it will become possible to drastically strengthen the management functions to fulfill their social responsibilities, which will lead to the realization of new growth of both the Tender Offerors and the Target Company.

In light of the analysis and consideration based on the above due diligence, and the discussions among the Tender Offerors and the Target Company, the Tender Offerors submitted, on December 17, 2024, to the Target Company their first price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,350 yen (the price obtained by adding a premium of 13.54% to 1,189 yen, the closing price of the Target Company's Stock on the Tokyo Stock Exchange Prime Market on December 16, 2024, the business day immediately preceding the date of the proposal (rounded off to two (2) decimal places; the same applies hereinafter in the calculation of premiums and discounts), a premium of 11.57% to 1,210 yen, the simple average of the closing price preceding one (1) month up to December 16, 2024 (rounded off to the nearest whole number; hereinafter the same applies in the calculation of the simple average of the closing price), a premium of 8.17% to 1,248 yen, the simple average of the closing price for the preceding three (3) months up to the same day, and a price based on a 2.53% discount over 1,385 yen, the simple average closing price for the preceding six (6) months up to the same date). On December 24, 2024, the Tender Offerors received a request from the Target Company to reconsider the Tender Offer Price), on the grounds that, taking into account the opinions of the Special Committee (as defined in "b. Decision-Making Process Leading to Target Company's Decision to Support the Tender Offer and Reasons Therefor" below; the same shall apply hereinafter), on the grounds that the proposed tender offer price was not at a level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that the Tender Offer Price in the first proposal could not be evaluated (1) as at a sufficient level in light of the general premium level in past MBO cases of delisting purpose of the same type and (2) as a sufficient price in light of the range of calculation of the Target Company's theoretical stock price evaluated by the Discounted Cash Flow method (the "DCF method") with reasonable assumptions based on the business plan prepared by the Target Company for the four (4) fiscal years from the fiscal year ending July 2025 to the fiscal year ending July 2028 (the "Business Plan"). In response to the above request, the Tender Offerors submitted, on December 27, 2024, to the Target Company their second price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,450 yen (the price obtained by adding a premium of 15.17% to 1,259 yen, the closing price of the Target Company's Stock on the Tokyo Stock Exchange Prime Market on December 26, 2024, the business day immediately preceding the date of the proposal, a premium of 19.83% to 1,210 yen, the simple average of the closing price preceding one (1) month up to the same day, a premium of 18.08% to 1,228 yen, the simple average of the closing price for the

preceding three (3) months up to the same day, and a premium of 6.23% to 1,365 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). On January 9, 2025, the Tender Offerors received from the Target Company to reconsider the increase of the Tender Offer Price on the grounds that, taking into account the opinions of the Special Committee, the Tender Offer Price in the second proposal was significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average of premiums in MBO cases of delisting purpose of the same type, and the level of premium was not at a level to satisfy the minority shareholders of the Target Company, and (2) the Tender Offer Price in the second proposal could not be evaluated as at a sufficient level in light of the result of the stock price calculation performed by Nomura Securities Co., Ltd. (“Nomura Securities”), a financial advisor and a third-party valuation institution of the Target Company. In response to the above request, the Tender Offerors submitted, on January 14, 2025, to the Target Company their third price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,525 yen (the price obtained by adding a premium of 20.17% to 1,269 yen, the closing price of the Target Company’s Stock on the Tokyo Stock Exchange Prime Market on January 10, 2025, the business day immediately preceding the date of the proposal, a premium of 24.08% to 1,229 yen, the simple average of the closing price preceding one (1) month up to January 10, 2025, a premium of 25.10% to 1,219 yen, the simple average of the closing price for the preceding three (3) months up to the same day, and a premium of 14.23% to 1,335 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). On January 15, 2025, the Tender Offerors received from the Target Company to reconsider the increase of the Tender Offer Price on the grounds that, taking into account the opinions of the Special Committee, the Tender Offer Price in the third proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of delisting purpose of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a third-party valuation institution of the Target Company. In response to the above request, the Tender Offerors submitted, on January 17, 2025, to the Target Company their fourth price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,550 yen (the price obtained by adding a premium of 24.80% to 1,242 yen, the closing price of the Target Company’s Stock on the Tokyo Stock Exchange Prime Market on January 16, 2025, the business day immediately preceding the date of the proposal, a premium of 25.10% to 1,239 yen, the simple average of the closing price preceding one (1) month up to the same date, a premium of 27.26% to 1,218 yen, the simple average of the closing price for the preceding three (3) months up to the same date, and a premium of 16.98% to 1,325 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). In response to this request, on January 21, 2025, the

Tender Offerors received from the Target Company to reconsider the increase of the Tender Offer Price on the grounds that, taking into account the opinions of the Special Committee, Tender Offer Price in the fourth proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of delisting purpose of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a third-party valuation institution of the Target Company. In response to the above request, with the intention of holding discussions with the Special Committee on the Tender Offer Price, the Tender Offerors submitted, on January 22, 2025, to the Target Company their fifth price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,625 yen (the price obtained by adding a premium of 28.66% to 1,263 yen, the closing price of the Target Company's Stock on the Tokyo Stock Exchange Prime Market on January 21, 2025, the business day immediately preceding the date of the proposal, a premium of 29.59% to 1,254 yen, the simple average of the closing price preceding one (1) month up to the same date, a premium of 33.31% to 1,219 yen, the simple average of the closing price for the preceding three (3) months up to the same date, and a premium of 23.67% to 1,314 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). Subsequently, on January 23, 2025, the Tender Offerors held a meeting with the Special Committee, where an explanation was provided by the Tender Offerors to the Special Committee of the background leading up to the first proposal through the fifth proposals and the Tender Offerors' position with respect to the Tender Offer Price; and the Tender Offerors held a question and answer session with the Special Committee regarding the same explanation.

Thereafter, On January 23, 2025, the Tender Offerors received from the Target Company to reconsider the increase of the Tender Offer Price on the grounds that, taking into account the opinions of the Special Committee, the Tender Offer Price in the fifth proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of delisting purpose of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a third-party valuation institution of the Target Company. In response to the above request, the Tender Offerors submitted, on January 24, 2025, to the Target Company their sixth price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,650 yen (the price obtained by adding a premium of 30.95% to 1,260 yen, the closing price of the Target Company's Stock on the Tokyo Stock Exchange Prime Market on January 23, 2025, the business day immediately preceding the date of the proposal, a premium of 31.26% to 1,257 yen, the simple average of the closing price preceding

one (1) month up to the same date, a premium of 35.25% to 1,220 yen, the simple average of the closing price for the preceding three (3) months up to the same date, and a premium of 26.15% to 1,308 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). In response to the above request, on January 24, 2025, the Tender Offerors received from the Target Company to reconsider the increase of the Tender Offer Price, on the grounds that Tender Offer Price in the sixth proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that the Tender Offer Price could not be evaluated (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a third-party valuation institution of the Target Company. In response to the above request, the Tender Offerors submitted, on January 26, 2025, to the Target Company their seventh price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,700 yen (the price obtained by adding a premium of 31.68% to 1,291 yen, the closing price of the Target Company's Stock on the Tokyo Stock Exchange Prime Market on January 24, 2025, the business day immediately preceding the date of the proposal, a premium of 34.71% to 1,262 yen, the simple average of the closing price preceding one (1) month up to the same date, a premium of 39.23% to 1,221 yen, the simple average of the closing price for the preceding three (3) months up to the same date, and a premium of 30.27% to 1,305 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). In response to above request, on January 27, 2025, the Tender Offerors received from the Target Company to reconsider the increase of the Tender Offer Price, on the grounds that Tender Offer Price in the seventh proposal was still far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that the Tender Offer Price could not be evaluated (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor and a third-party valuation institution of the Target Company. As the proposed price of 1,700 yen in the seventh price proposal made on January 26, 2025 was a price that takes into account the discussions with the Target Company to date and consideration for the Target Company's general shareholders to the maximum extent possible, in response to the above request, the Tender Offerors submitted, on January 27, 2025, to the Target Company their final price proposal regarding the Tender Offer Price, upon which the Tender Offer Price was proposed at 1,700 yen (the price obtained by adding a premium of 31.68% to 1,291 yen, the closing price of the Target Company's Stock on the Tokyo Stock Exchange Prime Market on January 24, 2025, the business day immediately preceding the date of the proposal, a premium of 34.71% to 1,262 yen, the simple average of the closing price preceding one (1) month up to the same date, a premium of 39.23% to 1,221 yen, the simple

average of the closing price for the preceding three (3) months up to the same date, and a premium of 30.27% to 1,305 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). On the same day, a response was received from the Target Company stating that it would accept the Tender Offerors' proposal, although the Tender Offer Price in the final proposal would be subject to resolution at the Target Company's board of directors meeting to be held on January 28, 2025, after considering a discussion of the Special Committee, and taking into account the Report, etc. of the Special Committee in making its formal decision. As a result, the Tender Offerors and the Target Company have reached an agreement to set the Tender Offer Price at 1,700 yen.

In early December 2024, the Tender Offeror began discussions with Kyobashi Kousan and Mr. Yamashita towards entering into the Tender Agreement (Mr. Yamashita), the Management Entrustment Agreement (Mr. Yamashita), the Shareholders Agreement and the Non-Tender Agreements (Kyobashi Kousan) to carry out the Transaction. In addition, on December 26, 2025, the Tender Offeror proposed that Kokyo Tatemono enter into the Tender Agreement (Kokyo Tatemono), and on the same day, the Tender Offeror received a response indicating that Kokyo Tatemono would consider such proposal favorably, from early January in 2025, and the Tender Offeror proceeded with discussions with Kokyo Tatemono on the tender agreement. Thereafter, based on the negotiation process with the Target Company, on January 24, 2025, the Tender Offeror communicated to Mr. Yamashita that a proposal would be made to the Target Company based on the Tender Offer Price of 1,700 yen, and received a response from Mr. Yamashita on the same day stating that he agreed to the said tender offer price. Accordingly, the Tender Offeror communicated to Kokyo Tatemono the Tender Offer Price of 1,700 yen on January 28, 2025, and Kokyo Tatemono responded that it would accept the Tender Offer at the Tender Offer Price of 1,700 yen on the same date, as a result of which the Tender Offeror entered into the Tender Agreement (Mr. Yamashita), the Management Entrustment Agreement (Mr. Yamashita), the Shareholders Agreement and the Non-Tender Agreements (Kyobashi Kousan) with Mr. Yamashita (the Shareholders Agreement and the Non-Tender Agreement (Kyobashi Kousan) were entered into between Kyobashi Kousan and Mr. Yamashita), and the Tender Agreement (Kokyo Tatemono) with Kokyo Tatemono, on January 28, 2025.

After the above discussions and negotiations, the Tender Offerors decided on January 28, 2025 to conduct the Tender Offer as part of the Transactions at the Tender Offer Price of 1,700 yen.

b. Decision-Making Process Leading to Target Company's Decision to Support the Tender Offer and Reasons Therefor

On November 1, 2024, the Target Company received from the Tender Offerors and Kyobashi Kousan the Declaration of Intent regarding the background and purpose of the Transactions, and the expected structure and schedule, etc., for the purpose of requesting the Target Company's board of directors to discuss the possible delisting of the Target Company by the Tender Offerors and Kyobashi Kousan. In response, on the same day, the Target Company expressed to the Tender Offerors its intention to develop a framework for discussion of

the Transactions and commenced concrete discussions regarding the Transactions.

As described in “b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company” and “c. Advice from an Independent Law Firm Received by the Target Company” of “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “II. Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below, by a board resolution dated November 4, 2024, the Target Company, appointed Anderson Mōri & Tomotsune (“Anderson Mōri & Tomotsune”) as a legal advisor independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares and the Target Company, and Nomura Securities as a financial advisor and a third-party calculation agent independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares and the Target Company in order to eliminate the arbitrariness of decision-making by the Target Company and the Target Company’s board of directors in the Transactions and to ensure the fairness, transparency and objectivity of decision-making process. Furthermore, since the Transactions fall under the category of a Management Buyout (MBO) and structural conflicts of interest may arise, the Target Company has adopted a cautious approach regarding its decision-making process in connection with the Transactions, and has established a special committee (the “Special Committee”) (please refer to “d. Establishment of Independent Special Committee at Target Company and Obtainment of Opinions (Reports) from Special Committee” of “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “II. Background of Calculation” in “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc. Outline of Purchase, Etc.” below for the composition of the members of the Special Committee and details of its activities) to examine the proposed Transactions, based on a board resolution dated November 4, 2024, in order to eliminate the arbitrariness arising out of decision-making process of the Target Company’s board of directors or the possibility of conflicts of interest and to ensure the fairness thereof. On November 8, 2024, the Special Committee approved the Target Company’s appointment of Nomura Securities as its financial advisor and third-party calculation agent, and Anderson Mōri & Tomotsune as its legal advisor after confirming that there were no issues regarding their independence from the Tender Offerors and Kyobashi Kousan and the Target Company and their expertise. Also, the Special Committee appointed SHIOMIZAKA as its own legal advisor on November 22, 2024, based on the authority granted to the Special Committee, after consultation among the members of the Special Committee as to the necessity of independent legal advisors of a special committee, after consultation among the members of the Special Committee as to the necessity of independent legal advisors of a Special Committee.

Regarding the directors of the Target Company, Mr. Yamashita is a Representative Director of Kyobashi Kousan, which is scheduled to enter into a non-tender agreement with the Tender Offeror, Mr. Yamashita and

Mr. Kameyama are scheduled to enter into the Management Entrustment Agreements with the Tender Offerors and continue to engage in the management of the Target Company after the Transactions, Mr. Keisuke Sato is an officer of Kenedix, which is a consolidated subsidiary of the Tender Offeror, and Mr. Takeshi Yamada has entered into an advisory agreement with Kokyo Tatemono, in which Mr. Yamashita serves as a vice president and which is scheduled to enter into a tender agreement with the Tender Offeror. Therefore, in order to avoid any potential conflict of interest and based on legal advice received from Anderson Mōri & Tomotsune, the Target Company's legal advisor, the above directors have not participated in discussions or negotiations in their capacity as Directors of the Target Company with the Tender Offerors since November 4, 2024.

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

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

second proposal, taking into account the opinions of the Special Committee, on January 9, 2025, the Target Company requested the Tender Offerors to reconsider the increase of the Tender Offer Price in the second proposal on the ground that the Tender Offer Price in the second proposal was significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average of premiums in cases of taking stock private of the same type, and the level of premium was not at a level to satisfy the minority shareholders of the Target Company, and (2) the Tender Offer Price in the second proposal could not be appraised as at a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Target Company. Subsequently, on January 14, 2025, the Target Company received from the Tender Offerors the third proposal in writing that the Tender Offer Price per Target Company's Stock in the Tender Offer be 1,525 yen (the amount of 1,525 yen is calculated by adding premium of 20.17% to the closing price of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange of 1,269 yen on January 10, 2025, the business day preceding January 14, 2025 when the proposal was made, 24.08% to the simple average closing price of 1,229 yen for the past one month until such date, 25.10% to the simple average closing price of 1,219 yen for the past three months until such date, and 14.23% to the simple average closing price of 1,335 yen for the past six months until such date, respectively.). According to the Target Company, in response to the third proposal on January 15, 2025, the Target Company requested the Tender Offerors to reconsider the increase of the Tender Offer Price in the third proposal on the ground that, taking into account the opinions of the Special Committee, the Tender Offer Price in the third proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Target Company. Subsequently, on January 17, 2025, the Target Company received from the Tender Offerors the fourth proposal in writing that the Tender Offer Price per Target Company's Stock in the Tender Offer be 1,550 yen (the amount of 1,550 yen is calculated by adding premium of 24.80% to the closing price of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange of 1,242 yen on January 16, 2025, the business day preceding January 17, 2025 when the proposal was made, 25.10% to the simple average closing price of 1,239 yen for the past one month until such date, 27.26% to the simple average closing price of 1,218 yen for the past three months until such date, and 16.98% to the simple average closing price of 1,325 yen for the past six months until such date, respectively.). According to the Target Company, in response to the fourth proposal on January 21, 2025, the Target Company requested the Tender Offerors to reconsider the increase of the Tender Offer Price in the fourth proposal on the ground that, taking into account the opinions of the Special Committee, the Tender Offer Price in the fourth proposal was still significantly far from the level at which the Target Company could express its



opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Target Company. Subsequently, on January 22, 2025, the Target Company received from the Tender Offerors, with the intention of holding discussions with the Special Committee on the Tender Offer Price, the fifth proposal in writing that the Tender Offer Price per Target Company's Stock in the Tender Offer be 1,625 yen (the price obtained by adding a premium of 28.66% to 1,263 yen, the closing price of the Target Company's Stock on the Tokyo Stock Exchange Prime Market on January 21, 2025, the business day immediately preceding the date of the proposal, a premium of 29.59% to 1,254 yen, the simple average of the closing price preceding one (1) month up to the same date, a premium of 33.31% to 1,219 yen, the simple average of the closing price for the preceding three (3) months up to the same date, and a premium of 23.67% to 1,314 yen, the simple average closing price for the preceding six (6) months up to the same date, respectively). In response to this, the Special Committee held discussions and negotiations with the Tender Offerors on the Tender Offer Price on January 23, 2025, where they held a question and answer session regarding the background leading up to the first through fifth proposal. In response to the question and answer session and the fifth proposal, the Target Company requested the Tender Offerors to reconsider the increase of the Tender Offer Price in the fifth proposal on the ground that, taking into account the opinions of the Special Committee, the Tender Offer Price in the fifth proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Target Company. Subsequently, on January 24, 2025, the Target Company received from the Tender Offerors the sixth proposal in writing that the Tender Offer Price per Target Company's Stock in the Tender Offer be 1,650 yen (the amount of 1,650 yen is calculated by adding premium of 30.95% to the closing price of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange of 1,260 yen on January 23, 2025, the business day preceding January 24, 2025 when the proposal was made, 31.26% to the simple average closing price of 1,257 yen for the past one month until such date, 35.25% to the simple average closing price of 1,220 yen for the past three months until such date, and 26.15% to the simple average closing price of 1,308 yen for the past six months until such date, respectively.). According to the Target Company, in response to the sixth proposal, on January 24, 2025, the Target Company requested the Tender Offerors to reconsider the increase of the Tender Offer Price in the sixth proposal on the ground that, taking into account the opinions of the Special Committee, the Tender Offer Price in the sixth proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added

to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Target Company. Subsequently, on January 26, 2025, the Target Company received from the Tender Offerors the seventh proposal in writing that the Tender Offer Price per Target Company's Stock in the Tender Offer be 1,700 yen (the amount of 1,700 yen is calculated by adding premium of 31.68% to the closing price of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange of 1,291 yen on January 24, 2025, the business day preceding January 26, 2025 when the proposal was made, 34.71% to the simple average closing price of 1,262 yen for the past one month until such date, 39.23% to the simple average closing price of 1,221 yen for the past three months until such date, and 30.27% to the simple average closing price of 1,305 yen for the past six months until such date, respectively.). According to the Target Company, in response to the seventh proposal, on January 27, 2025, the Target Company requested the Tender Offerors to reconsider the increase of the Tender Offer Price in the seventh proposal on the ground that, taking into account the opinions of the Special Committee, the Tender Offer Price in the seventh proposal was still significantly far from the level at which the Target Company could express its opinion to support and recommend to tender, comprehensively taking into account that (1) the level of premiums added to the current stock price and the stock prices for certain periods in the past was not sufficient compared to the around 50% level which is the average and median of premiums in MBO cases of the same type, and (2) the Tender Offer Price could not be evaluated as a sufficient level in light of the result of the stock price calculation performed by Nomura Securities, a financial advisor of the Target Company. Subsequently, on January 28, 2025, the Target Company received from the Tender Offerors the final proposal in writing that, as the proposed price of 1,700 yen in the seventh price proposal made on January 26, 2025 was a price that takes into account the discussions with the Target Company to date and consideration for the Target Company's general shareholders to the maximum extent possible, the Tender Offer Price per Target Company's Stock in the Tender Offer be 1,700 yen (the amount of 1,700 yen is calculated by adding premium of 31.68% to the closing price of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange of 1,291 yen on January 24, 2025, the business day preceding January 27, 2025 when the proposal was made, 34.71% to the simple average closing price of 1,262 yen for the past one month until such date, 39.23% to the simple average closing price of 1,221 yen for the past three months until such date, and 30.27% to the simple average closing price of 1,305 yen for the past six months until such date, respectively.). According to the Target Company, in response to the final proposal, on January 27, 2025, the Target Company gave a response stating that it would accept the Tender Offerors' proposal, although the Tender Offer Price in the final proposal would be subject to resolution at the Target Company's board of directors meeting to be held on January 28, 2025, after considering a discussion of the Special Committee, and taking into account the Report, etc. of the Special Committee in making its formal decision.

Furthermore, while the Target Company received necessary legal advice from Anderson Mōri & Tomotsune, a legal advisor of the Target Company, regarding the method and process of decision-making by the Target

Company's board of directors including various procedures for the Transactions, and other points to be noted, it received a written report ("Report") from the Special Committee on January 28, 2025 (please refer to "d. Establishment of Independent Special Committee at Target Company and Obtainment of Opinions (Report) from Special Committee" of (Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" of "Background of calculation" of "(2) Price for Purchase, Etc." of "4. Period for Purchase, Etc., Price for Purchase, Etc., and Number of Share Certificates, Etc., to be Purchased" below for the summary of the Report and details of the Special Committee's activities). The Target Company also received the Share Valuation Report (as defined in "b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company" of "(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" of "Background of Calculation" of "(2) Price for Purchase, Etc." of "4. Period for Purchase, Etc., Price for Purchase, Etc., and Number of Share Certificates, Etc., to be Purchased" below) for the Target Company's Stock on January 27, 2025 from Nomura Securities (please refer to "b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company" of "(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" of "Background of Calculation" of "(2) Price for Purchase, Etc." of "4. Period for Purchase, Etc., Price for Purchase, Etc., and Number of Share Certificates, Etc., to be Purchased" below for the summary of the Share Valuation Report). Thereupon, based on the legal advice received from Anderson Mōri & Tomotsune, a legal advisor of the Target Company, and the contents of the share valuation report of the Target Company's Stock obtained from Nomura Securities, a third-party calculation agent, while fully respecting the contents of the Report submitted by the Special Committee, the Target Company carefully carried out the discussions and examination from the viewpoints including whether the Target Company can improve its enterprise value through the Transactions and whether the terms and conditions of the Transactions including the Tender Offer Price are reasonable. Below are the details of the discussions and examinations.

As stated in "a. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer by the Tender Offeror" above, the Target Company has built up pipelines in the logistics investment business and has steadily supplied properties to CRE Logistics REIT, Inc. and private funds, thereby stabilizing its earnings by expanding its stock earnings and working to reduce earnings volatility. The Target Company believes that building up pipelines in the logistics investment business will remain essential to ensuring the stability of earnings, and the Target Company aims to scale its business by keeping steadily building up pipelines and organically linking the logistics investment business with the asset management business and the property management business, which are stable revenue bases.

On the other hand, as stated in "a. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer by the Tender Offeror" above, under these circumstances, Mr. Yamashita, the

Representative Director and Chairman of the Target Company, believes that the real estate market continues to face a challenging environment for real estate acquisitions due to the strong investment appetite from investors both in Japan and overseas, that the Target Company's business risks are increasing, that the financing environment is changing amid the backdrop of rising interest rates in Japan, and that a business reform from a medium to long-term perspective is necessary to further maximize enterprise value in the future. Mr. Yamashita has determined that, as the Target Company is a listed company, it is necessary to conduct business operations in consideration of the interests of its minority shareholders and that it would be difficult to implement measures that could cause a decline in short-term profit levels or a deterioration in cash flow for the Target Company's shareholders in a flexible and timely manner while the Target Company remains listed. In this regard, the Target Company also considers that it will not be easy to fundamentally solve the problems promptly while maintaining the listing, given that (1) the Target Company's volatile business structure does not necessarily match the evaluation cycle in the stock market, (2) the rate of business growth around the logistics investment business does not match the growth rate of the financial strength, and (3) it will take time to restructure the business portfolio.

According to the Target Company, under such circumstances, the Tender Offerors expects that delisting the Target Company will help generate synergies including (i) improvement of the performance and expansion of the market share by supplementation of creditworthiness and enhancement of fund raising capacity within the Target Company Group, (ii) acceleration of development projects within the Target Company Group, (iii) deepening asset turnover-type business model, and (iv) effective utilization of management resources of SDGs management, as described in "a. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer by the Tender Offeror" above. The Company, hence, determined, through the proposal from the Tender Offeror, discussions with the Tender Offeror, and considerations within the Company from early December 2024, that by conducting the Transactions including the Tender Offer, the Tender Offerors and the Company will be able to work together, and by operating business in an agile manner, the following synergies are expected to be realized, and it would contribute to enhancement of the corporate value of the Company to work for prompt generation of such synergies.

#### (A) Enhancement of the Credibility and Fund Raising Capacity of the Target Company Group

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

(B) Utilization of the Bridge Holding Function of the SMFL Group,

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

(C) Expansion of Business and Increase of Business Opportunities by Making Use of the Broad Customer Base and Robust Network, Etc., of the SMFL Group

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

(D) Collaboration with the Target Company's Asset Management Business in Exit Strategies in Equity Investments, Mezzanine Investments and Directly-Owned Properties of the Tender Offeror.

According to the Target Company, the Target Company considers that stable and sound financial base is essential for CRE Logistics REIT Inc., which is managed by CRE REIT Advisors, Inc., a subsidiary of the Target Company, and private funds, which is managed by Strategic Partners Co., Ltd., a subsidiary of the Target Company, and that this is highly compatible with the equity investments and mezzanine investments made by the Tender Offeror. In addition, the Target Company considers that by undertaking asset management services for the properties in the exit strategies regarding the directly-owned properties of the Tender Offeror, and thereby earning asset management fees, the Target Company Group will be able to further accumulate stock-based revenues.

In general, disadvantages of taking stock private include inability to raise funds through equity financing from capital markets and loss of the benefits of being a listed company such as enhancement of name recognition and social credibility. However, the Target Company needs funds mainly for development of logistics facilities in the logistics investment business, and at present, the Target Company does not envisage any other large capital investment and satisfies such capital needs with funds such as borrowed from financial institutions. Furthermore, in the event that new capital needs arise in the future, the Target Company believes that it will be possible to procure funds through means such as parent-subsidary loans with the Tender Offeror. Moreover, with regard to enhancement of name recognition and social credibility,

there are many unlisted companies that have strong brands and high social credibility, and the Target Company considers that it already has a certain degree of name recognition in the logistics industry, and therefore the negative impact of delisting will be limited. In addition, if the Transactions are consummated, the capital relationship with Kokyo Tatemono will be lost, however, the Target Company considers that this will not affect past transactions and prospects for future transactions with Kokyo Tatemono. The Target Company also considers that joining the SMFL Group, which has established a strong presence in the logistics industry after the Transactions, will have a positive impact on the Target Company's brand, social credibility, and other aspects, and that disadvantages associated with delisting the Target Company's Stock will be limited.

In addition, according to the Target Company, with respect to the Tender Offer, the Target Company decided that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the shareholders of the Target Company and the Tender Offer provides reasonable opportunities to sell their shares on the ground that the Tender Offer Price (1,700 yen) (a) exceeds the upper limit the calculation result obtained by the average market share price method, the comparable company multiple valuation method, and the DCF method, which Nomura Securities adopts to calculate the share value of the Company's Stock, and there exists no fact that implies unfair procedures in relation the downward revision on September 13, 2024 to the business earnings projections and the estimated cumulative shareholders' return stated in the second medium-term management plan (the "Downward Revision"), and the Company considers the results of calculation of the value of the Company's Stock is not unfair, (b) includes a premium of 29.87% on the closing price (1,309 yen) of the Target Company's Stock on the TSE Prime Market on January 27, 2025, which is the business day preceding the announcement date of the Tender Offer, a premium of 34.18% on the simple average closing price for the past one month until such date (from December 30, 2024 to January 27, 2025) (1,267 yen), a premium of 39.00% on the simple average closing price for the past three months until such date (from October 28, 2024 to January 27, 2025) (1,223 yen), and a premium of 30.67% on the simple average closing price for the past six months until such date (from July 29, 2024 to January 27, 2025) (1,301 yen), and although it cannot be said that the premium levels are necessarily high in relation to the simple average closing price of the business day preceding the announcement date compared to the premium level in the 73 MBO cases with the aim of taking stock private that were announced and successfully completed during the period from June 28, 2019, the date of announcement of the "Guidelines for Corporate Takeovers -Enhancing Corporate Value and Securing Shareholders' Interests-" (the "M&A Guidelines") by the Ministry of Economy, Trade and Industry until January 27, 2025 (42.53%, 48.09% on the share price of median/average premium to the closing price on the business day immediately preceding the date of announcement, 45.16%, 50.35% on the share price of median/average premium to the simple average closing price for the past one (1) month, 45.89%, 53.07% on the share price of median/average premium the simple average closing price for the past three (3) months, 49.16%, 52.39% on the share price of median/average premium the simple average closing price for the past six (6) months (rounded to two (2) decimal places)), as a result of analyzing the distribution of similar

cases in 10% increments, as in the case of the Tender Offer, the largest number of cases granted a premium in the 30% range for the past month until the business day preceding the announcement date, and there were also a considerable number of cases where a premium in the 30% range was granted for the simple average closing price for the past three months and the past six months until the business day preceding the announcement date, and therefore, it is considered that the range of premiums is not necessarily unreasonable in light of the premium levels of similar cases in the past, (c) is the price determined through multiple discussions and negotiations between the Target Company and the Special Committee and the Tender Offerors that are equivalent to the discussions and negotiations on transactions between independent parties, more specifically, is the price proposed with an increase by 350 yen per share (25.93%; rounded to two decimal places) from the initial proposed price (1,350 yen per share) as a result of sincere and continuous discussions and negotiations with the Tender Offerors conducted in consideration of the result of calculation of the value of the Target Company's Stock obtained from Nomura Securities and legal advice from Anderson Mōri & Tomotsune regarding the process of decision-making on the Transactions and other points to be noted as well as opinions, instructions, and requests of the Special Committee, (d) the Special Committee itself has expressed the opinion that the Tender Offer Price is reasonable by substantially participating in the negotiation process of the terms and conditions of transactions with the Tender Offerors, (e) as described in “d. Establishment of Independent Special Committee at Target Company and Obtainment of Opinions (Reports) from Special Committee” of “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “II. Background of Calculation” in “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” below, the terms and conditions (the Tender Offer Price, the Tender Offer Period, minimum number of shares to be purchased in the Tender Offer, and the scheme of the Transactions, etc.) are also considered to be reasonable in the Report obtained from the Special Committee, (f) the minority shareholders who did not tender in the Tender Offer will ultimately be offered consideration in the Squeeze-Out Procedures to be carried out after the Tender Offer, and the Target Company will be requested to file a petition for permission of voluntary sale with the court after calculating that the amount of money to be paid to such shareholders will be equal to the Tender Offer Price multiplied by the number of Target Company's Stock held by such Target Company's shareholders to ensure the general shareholders' opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer and to ensure the removal of undue pressure, (g) the consideration for the Transactions will be paid in the form of cash through the Tender Offer and the subsequent Squeeze-Out Procedures, which can be considered as appropriate from the perspective of shareholder protection given its low value fluctuation risk and high liquidity, and it is relatively straightforward to evaluate for shareholders to make a decision regarding the tender of their shares, and (h) the Tender Offeror ensures that the shareholders of the Target Company are provided with an appropriate opportunity to assess the Tender Offer and ensures opportunities for competing tender offerors to make a competing offer for the Target Company's Stock by setting the Tender Offer Period of 30 business days, which is longer than the statutory shortest period of 20 business days.

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

Please refer to "f. Unanimous Approval by All Directors (including Directors who are Members of the Audit and Supervisory Committee) of the Target Company without Conflicts of Interest" of "(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" of "II. Background of Calculation" of "(4) Bases, Etc. of Calculation of Price for Purchase, Etc." of "2. Outline of Purchase, Etc." below for the details of the above resolution of the Target Company's board of directors.

c. Management Policy after Implementation of the Tender Offer

The Transactions fall under the category of a so-called Management Buyout (MBO) and Mr. Yamashita, who is the Representative Director and Chairman, will continue to be engaged in the management of the Target Company in the capacity of the Representative Director and Chairman after the Transactions are consummated, driving managing policy as described in "a. Organic Integration of Flow Business and Stock Business" and "b. Provision of High-Value-Added Services" of "a. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer by the Tender Offeror" above. Additionally, Mr. Kameyama, who is the Representative Director and President, will also continue to be engaged in the management of the Target Company in the capacity of the Representative Director and President after the Transactions are consummated. There are no specifics under discussion at this time regarding the need for outside directors.

Under the "Medium-Term Management Plan (FY2023 to FY2025)," SMFL, which is the wholly-owning parent company of the Target Company, upholds the themes of pursuing the strengths of a business company with broad financial capabilities and overlapping the expansion of social value and economic value, and the creation of a new core business is one of the pillars of its strategy. For the Tender Offerors, the Transactions will strengthen the real estate business in order to establish a new core business, which they believe will contribute to the enhancement of SMFL Group's enterprise value.

The Tender Offerors aim to enhance the enterprise value of the SMFL Group as a whole through the enhancement of the enterprise value of the Target Company Group, and recognize that it is important to set up governance and management independence that are most suitable for improving the enterprise value of the Target Company Group. Based on such recognition, the Tender Offeror, Kyobashi Kousan and Mr. Yamashita entered into the Shareholders Agreement as of January 28, 2025 regarding the operation, etc. of the



Target Company after the Tender Offer is consummated and the Share Consolidation takes effect, and in the Shareholders Agreement, it has been agreed that, on or after the effective date of the Share Consolidation, (i) there will be a transition from a company with an audit and supervisory committee to a company with a board of directors and statutory auditors, (ii) the number of directors of the Target Company shall be five (5); the Tender Offeror shall appoint three (3) directors and Kyobashi Kousan shall appoint two (2) directors, respectively; (iii) the number of representative directors of the Target Company shall be two (2) and they will be determined by the board of directors; (iv) the number of statutory auditors of the Target Company shall be two (2) and each of the Tender Offeror and Kyobashi Kousan may appoint one (1) statutory auditor<sup>2</sup>, respectively. In addition, as described in “f. Management Entrustment Agreements” of “(6) Material Agreements related to the Tender Offer” below, the Tender Offerors have entered into the Management Entrustment Agreements with Mr. Yamashita and Mr. Kameyama, respectively, under which it has been agreed that Mr. Yamashita and Mr. Kameyama will continue to be engaged in the management of the Target Company after the Transactions, in the capacity of the Representative Director and Chairman, and the Representative Director and President, respectively, while the specific candidates for the other officers have not yet been determined as of today and will be determined upon consultation with the Target Company in due course.

The Tender Offerors do not plan to change the terms and conditions of employment of the employees of the Target Company Group as a result of conducting the Transactions.

### **(3) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest**

In light of the fact, among others, that (i) the Tender Offerors intend to make the Target Company the Tender Offeror’s subsidiary and delist the Target Company’s Stock, and (ii) the Transactions are implemented as part of a so-called Management Buyout (MBO) to which the following applies: (a) it is a transaction in which the Tender Offeror and Kyobashi Kousan will jointly convert the Target Company into a joint venture and (b) Kyobashi Kousan, which is the asset management company of Mr. Yamashita, will continue to invest in the Target Company even after the consummation of the Transactions, and Mr. Yamashita, who is the Representative Director and Chairman of the Target Company, plans to continue to be engaged in the management of the Target Company as the Representative Director and Chairman of the Target Company even after the Transactions, and which may structurally involve conflicts of interest issues, the Tender Offerors and the Target Company have implemented the following measures stated in a. through h. below to ensure the fairness of the Transactions, including the Tender Offer, from the perspectives of ensuring the fairness of the Tender Offer Price, eliminating any arbitrariness in the process leading to the determination to implement the

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<sup>2</sup> The corrected term is as stated above, although this notice disclosed on January 28, 2025 used “director.”

Tender Offer, and avoiding conflicts of interest.

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

- a. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Tender Offerors
- b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company
- c. Advice from an Independent Law Firm Received by the Target Company
- d. Establishment of Independent Special Committee at Target Company and Obtainment of Opinions (Reports) from Special Committee
- e. Advice Obtained by Special Committee from Independent Legal Advisor
- f. Unanimous Approval by All Directors (Including Directors who are Members of the Audit and Supervisory Committee) of the Target Company without Conflicts of Interest
- g. Establishment of an Independent Review Structure by the Target Company
- h. Ensuring Objective Situation that Ensures Fairness of Tender Offer

For details of foregoing, please refer to “Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” of “ II. Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc. (2) Price for Purchase, Etc.,” of “ 2. Outline of Purchase, Etc.”.

**(4) Policy for Organizational Restructuring, Etc., after the Tender Offer (Matters relating to So-called “Two-step Acquisition”)**

If the Tender Offeror is unable to acquire all of the Target Company’s Stock through the Tender Offer (excluding the Target Company’s Stock held by the Tender Offeror, the treasury shares held by the Target Company and the Shares That the Shareholders Did Not Agree to Tender) even after the Tender Offer is

consummated, the Tender Offeror, for the purpose of limiting the shareholders of the Target Company only to the Tender Offeror and Kyobashi Kousan, Etc., intends to request the Target Company to implement the Squeeze-Out Procedures by way of the following methods after the consummation of the Tender Offer:

Specifically, promptly after the completion of settlement of the Tender Offer, the Tender Offeror plans to request the Target Company to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") that will resolve proposals including: (a) a proposal regarding consolidation of the Target Company's Stock (the "Share Consolidation") pursuant to Article 180 of the Companies Act and (b) a proposal regarding a partial amendment to the articles of incorporation subject to the Share Consolidation becoming effective for the purpose of abolishing the provision regarding the number of shares constituting one unit of stock. In addition, the Tender Offeror and Kyobashi Kousan, Etc. plan to vote in favor of each of the above-mentioned proposals at the Extraordinary Shareholders' Meeting. Further, as of today, the Extraordinary Shareholders' Meeting is scheduled to be held around early May in 2025.

If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, as of the effective date of the Share Consolidation, the number of the Target Company's Stock owned by the shareholders of the Target Company will be changed in proportion to the ratio for the Share Consolidation approved at the Extraordinary Shareholders' Meeting. In the case where any fractional share less than one share arises as a result of the Share Consolidation, the amount of cash to be obtained by selling, etc., the Target Company's Stock in the amount equivalent to the aggregate of such fractional shares (any fractional shares less than one share in the aggregate will be rounded off; hereinafter the same) to the Target Company or the Tender Offeror, will be delivered to the shareholders that own such fractional shares of the Target Company pursuant to the procedures provided in Article 235 of the Companies Act and other relevant laws or regulations.

With respect to the sale price of the Target Company's Stock in the amount equivalent to the aggregate of such fractional shares, the Tender Offeror plans to request the Target Company to calculate such price so that the amount of money to be delivered to the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror, Kyobashi Kousan, Etc., Kenedix, and the Target Company) as a result of such sale will be equal to the amount obtained by multiplying (a) the Tender Offer Price by (b) the number of the Target Company's Stock held by such shareholders, and file a petition with a court for permission for such voluntary sale. Although the ratio for the consolidation of the Target Company's Stock has not yet been determined as of today, it is contemplated that the Tender Offeror will request the Target Company to determine the ratio so that the Tender Offeror and Kyobashi Kousan, Etc. will hold all of the Target Company's Stock (excluding the treasury shares held by the Target Company) and the number of the Target Company's Stock owned by the Target Company's shareholders (excluding the Tender Offeror, Kyobashi Kousan, Etc., and the Target Company) who did not tender their shares in the Tender Offer will be a fractional share less than one share.

In addition, in order to increase the stability of the Squeeze-Out Procedures, since it is theoretically impossible to deny the possibility of the circumstance where any person who holds an equal or greater number of the Target Company's Stocks than the number of the Target Company's Stock held by Kenedix (i.e., 4,485,000 shares, Ownership Ratio: 15.26%) as of the date immediately preceding the effective date of the Share Consolidation, Kenedix will carry out the Share Lending prior to the date on which the Share Consolidation taking effect. In that case, although the share lending fees and other terms and conditions of the share lending transaction have yet to be determined as of today, the transaction terms and conditions are expected to be equivalent to those applicable to a similar share lending transaction to be carried out between independent parties. Even supposing that there is indeed a share lending fee, the share lending transaction to be carried out with Kenedix will fall under "a purchase, etc. excluded from application" (provided in the proviso of Article 27-2, Paragraph 1 of the Act) as Kenedix, which is a consolidated subsidiary of the Tender Offeror, is an entity that has a special capital relationship with the Tender Offeror, due to which Kenedix falls under a party in a formal special relationship (set forth in Article 27-2, Paragraph 7, Item 1 of the Act) for one year or more before the signing date of the share lending agreement that sets forth the share lending fee and other terms and conditions.

As the provisions under the Companies Act for the purpose of protecting minority shareholder rights in connection with the Share Consolidation, it is stipulated to the effect that the shareholders of the Target Company (excluding the Tender Offeror, Kyobashi Kousan, Etc., Kenedix, and the Target Company), pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or regulations, may request the Target Company to purchase at a fair price all of their fractional shares less than one share and file a petition with a court for determination of the price of the Target Company's Stock in the case where the Share Consolidation is conducted and any fractional share less than one share arises.

As described above, in the Share Consolidation, the number of Target Company's Stock owned by the Target Company's shareholders (excluding the Tender Offeror, Kyobashi Kousan, Etc. and Kenedix, and the Target Company) who did not tender their shares in the Tender Offer will be a fractional share less than one share; therefore, the Target Company's shareholders (excluding the Tender Offeror, Kyobashi Kousan, Etc. and Kenedix, and the Target Company) who oppose the Share Consolidation will be able to file the above petition. In the event the above-mentioned petition is filed, the purchase price will ultimately be determined by the court.

The procedures described above may be changed in the method and period due to the amendment of the relevant laws and regulations, enforcement of the relevant laws and regulations, the interpretation, etc., by the authorities of the relevant laws and regulations, etc. However, even in such cases, the Tender Offeror intends to adopt any measures to eventually pay cash to the shareholders of the Target Company (excluding the Tender Offeror, Kyobashi Kousan, Etc., Kenedix, and the Target Company) who did not tender their shares in the

Tender Offer and cause the amount of cash to be paid to such shareholders of the Target Company to be equal to the amount obtained by multiplying the Tender Offer Price by the number of the Target Company's Stock owned by such shareholders.

The specific procedures and the schedule thereof in the above case will be announced by the Target Company once they are determined through mutual discussions between the Tender Offeror and the Target Company. The Tender Offer is not intended to solicit the affirmative vote of the Target Company's shareholders at the Extraordinary Shareholders' Meeting. Each shareholder of the Target Company should consult with licensed tax accountant, etc., at its own responsibility regarding tax implications in relation to the tender in the Tender Offer or the procedures above.

**(5) Possibility of Delisting and Reasons Therefor**

As of today, the Target Company's Stock is listed on the Prime Market of the Tokyo Stock Exchange. However, since the Tender Offeror has not set the maximum number of shares to be purchased in the Tender Offer, depending on the result of the Tender Offer, the Target Company's Stock may be delisted pursuant to the procedures prescribed by the Tokyo Stock Exchange in accordance with the Tokyo Stock Exchange's criteria for delisting. In addition, even in the case where the Target Company's Stock does not fall under such delisting criteria at the time of the consummation of the Tender Offer, if the Squeeze-Out Procedures are implemented after the Tender Offer is consummated, the Target Company's Stock will be delisted pursuant to the prescribed procedures in accordance with the Tokyo Stock Exchange's criteria for delisting. The Target Company's Stock will no longer be traded on the Prime Market of the Tokyo Stock Exchange after the delisting of the Target Company's Stock.

**(6) Material Agreements related to the Tender Offer**

a. Tender Agreement (Mr. Yamashita)

As of January 28, 2025, the Tender Offeror entered into the Tender Agreement (Mr. Yamashita) with Mr. Yamashita and agreed that, subject to (A) to (E) below (provided, however, that Mr. Yamashita may waive all or a part of the conditions precedent below at his discretion), Mr. Yamashita will tender to the Tender Offer 357,000 shares (Ownership Ratio: 1.21%), which is all of the Target Company's Stock held by Mr. Yamashita (i.e., 410,400 shares; Ownership Ratio: 1.40%) excluding the Restricted Shares (Mr. Yamashita).

(A) The Tender Offer has commenced in accordance with laws and regulations and not been withdrawn.

(B) All of the Tender Offeror's representations and warranties (Note 1) are true and accurate in material respects.

(C) The obligations to be performed or complied with by the Tender Offeror under the Tender Agreement (Mr. Yamashita) (Note 2) has been fully performed or complied with in material respects by the commencement date of the Tender Offer Period.

(D) The Target Company has, by the business day preceding the commencement date of the Tender Offer Period, passed the resolution of the board of directors to agree upon the Tender Offer, and has announced to that effect; and the declaration of support for the Tender Offer by the Target Company is not changed or withdrawn on the commencement date of the Tender Offer Period.

(E) No decisions, etc., have been made by any judicial or administrative bodies, etc., to restrict or prohibit the Tender Offer or the tendering of the Target Company's Stock held by Mr. Yamashita to the Tender Offer.

The Tender Agreement (Mr. Yamashita) stipulates the events where there is any material breach by the counterparty of the obligations under the Tender Agreement (Mr. Yamashita) (Note 2) or of the representations and warranties under the Tender Agreement (Mr. Yamashita) (Note 1), or where the Tender Offer is not commenced by February 28, 2025 as the termination events (only applied to during the period until the Tender Offer is commenced) of the Tender Agreement (Mr. Yamashita). In addition, as other termination events of the Tender Agreement (Mr. Yamashita) than those specified above, the Tender Agreement (Mr. Yamashita) also stipulates that the Tender Agreement (Mr. Yamashita) will terminate if the Tender Offer is withdrawn, the Tender Offer is not consummated, or Mr. Yamashita and the Tender Offeror agree in writing to terminate the Tender Agreement (Mr. Yamashita).

(Note 1) In the Tender Agreement (Mr. Yamashita), the Tender Offeror represents and warrants (i) the validity of its incorporation and existence; (ii) its retention of necessary power and authority; (iii) ensuring of necessary funds; (iv) the enforceability of the Tender Agreement (Mr. Yamashita); (v) the obtainment of permits and authorization, etc.; (vi) non-existence of conflict with laws and regulations, etc.; (vii) non-existence of insolvency proceedings, etc.; and (viii) non-existence of relationships, etc., with anti-social forces.

(Note 2) In the Tender Agreement (Mr. Yamashita), the Tender Offeror has (i) indemnification obligations in the event of any breach of its obligations or representations and warranties under the Tender Agreement (Mr. Yamashita); (ii) confidentiality obligations; and (iii) obligations not to assign its contractual status or rights and obligations.

In addition, Mr. Yamashita is obligated in the Tender Agreement (Mr. Yamashita) to cause the Target Company to operate the Target Company and its subsidiaries and affiliated companies in accordance with the practices prior to the execution of the Tender Agreement (Mr. Yamashita), with the care of a good manager and within the scope of ordinary business based on his position in the Target Company and voting rights until the effective date of the Share Consolidation.

As of today, the Tender Offeror and Mr. Yamashita have not entered into any agreements related to the Transactions except for the Tender Agreement (Mr. Yamashita), the Non-Tender Agreement (Kyobashi Kousan), the Shareholders Agreement, and the Management Entrustment Agreement (Mr. Yamashita), and there are no benefits to be provided by the Tender Offeror to Mr. Yamashita with respect to the Transactions other than the payment of consideration for the Target Company's Stock that will be tendered by Mr. Yamashita.

b. Tender Agreement (Kokyo Tatemono)

As of January 28, 2025, the Tender Offeror entered into the Tender Agreement (Kokyo Tatemono) with Kokyo Tatemono and agreed that, subject to (A) to (E) below (provided, however, that Kokyo Tatemono may waive all or a part of the conditions precedent below at its discretion), Kokyo Tatemono will tender to the Tender Offer all of the Target Company's Stock held by Kokyo Tatemono (i.e., 559,600 shares; Ownership Ratio: 1.90%).

(A) The Tender Offer has commenced in accordance with laws and regulations and not been withdrawn.

(B) All of the Tender Offeror's representations and warranties (Note 1) are true and accurate in material respects.

(C) The obligations to be performed or complied with by the Tender Offeror under the Tender Agreement (Kokyo Tatemono) (Note 2) has been fully performed or complied with in material respects by the commencement date of the Tender Offer Period.

(D) The Target Company has, by the business day preceding the commencement date of the Tender Offer Period, passed the resolution of the board of directors to agree upon the Tender Offer, and has announced to that effect; and the declaration of support for the Tender Offer by the Target Company is not changed or withdrawn on the commencement date of the Tender Offer Period.

(E) No decision, etc., have been made by any judicial or administrative bodies, etc., to restrict or prohibit the Tender Offer or the tendering of the Target Company's Stock held by Kokyo Tatemono to the Tender Offer.

The Tender Agreement (Kokyo Tatemono) stipulates the events where there is any material breach by the counterparty of the obligations under the Tender Agreement (Kokyo Tatemono) (Note 2) or of the representations and warranties under the Tender Agreement (Kokyo Tatemono) (Note 1), or where the Tender Offer is not commenced by February 28, 2025 as the termination events (only applied to during the period until the Tender Offer is commenced) of the Tender Agreement (Kokyo Tatemono). In addition, as other termination events of the Tender Agreement (Kokyo Tatemono) than those specified above, the Tender Agreement (Kokyo Tatemono) also stipulates that the Tender Agreement (Kokyo Tatemono) will be

terminated if the Tender Offer is withdrawn, the Tender Offer is not consummated, or Kokyo Tatemono and the Tender Offeror agree in writing to terminate the Tender Agreement (Kokyo Tatemono).

(Note 1) In the Tender Agreement (Kokyo Tatemono), the Tender Offeror represents and warrants (i) the validity of its incorporation and existence; (ii) its retention of necessary power and authority; (iii) ensuring of necessary funds; (iv) the enforceability of the Tender Agreement (Kokyo Tatemono); (v) the obtainment of permits and authorization, etc.; (vi) non-existence of conflict with laws and regulations, etc.; (vii) non-existence of insolvency proceedings, etc.; and (viii) non-existence of relationships, etc., with anti-social forces.

(Note 2) In the Tender Agreement (Kokyo Tatemono), the Tender Offeror has (i) indemnification obligations in the event of any breach of its obligations or representations and warranties under the Tender Agreement (Kokyo Tatemono); (ii) confidentiality obligations; and (iii) obligations not to assign its contractual status or rights and obligations.

As of today, the Tender Offeror and Kokyo Tatemono have not entered into any agreements related to the Transactions except for the Tender Agreement (Kokyo Tatemono), and there are no other benefits to be provided by the Tender Offeror to Kokyo Tatemono with respect to the Transactions other than the payment of consideration for the Target Company's Stock that will be tendered by Kokyo Tatemono.

c. Non-Tender Agreement (Kyobashi Kousan)

As of January 28, 2025, the Tender Offeror entered into the Non-Tender Agreement (Kyobashi Kousan) with Kyobashi Kousan and Mr. Yamashita and agreed that (i) Kyobashi Kousan will not tender any of the Target Company's Stock held by Kyobashi Kousan nor the Target Company's Stock which belong to the trust assets of the Trust under the name of the Trustee (i.e., 12,039,200 shares, Ownership Ratio: 40.97%) to the Tender Offer and (ii) it will not cause the Trustee to tender any of the Target Company's Stock to the Tender Offer, and on the following:

(I) Squeeze-Out Procedures

Kyobashi Kousan agreed to cooperate with the Squeeze-Out Procedures subject to the consummation of the Tender Offer.

(II) Implementation of the Acquisition of Treasury Stock, Etc.

Subject to the Share Consolidation taking effect, the Tender Offeror and Kyobashi Kousan shall cause the Target Company to implement the Stock Split and then to conduct the necessary procedures to implement the Acquisition of Treasury Stock, and shall each conduct any acts necessary to implement the Acquisition of Treasury Stock.



### (III) Implementation of the Acquisition of Treasury Stock by the Target Company with respect to a Part of the Target Company's Stock Held by the Tender Offeror

The Tender Offeror has agreed to sell to the Target Company a part of the Target Company's Stock held by the Tender Offeror such that the percentage of voting rights in the Target Company held by the Tender Offeror and Kyobashi Kousan will be 50.1% and 49.9%, respectively, on the same day as the implementation date of the Acquisition of Treasury Stock or on a date thereafter, which will be determined upon agreement between the Tender Offeror and Kyobashi Kousan. The Tender Offeror and Kyobashi Kousan have agreed to (i) cause the Target Company to conduct the necessary procedures for the Target Company to implement the acquisition of treasury stock, and (ii) conduct any acts by themselves that are necessary to implement the acquisition of treasury stock by the Target Company.

### (IV) Representations and Warranties

The Tender Offeror represents and warrants (i) the validity of its incorporation and existence; (ii) its retention of necessary power and authority; (iii) the enforceability of the Non-Tender Agreement (Kyobashi Kousan); (iv) the obtainment of permits and authorization, etc.; (v) non-existence of conflict with laws and regulations, etc.; (vi) non-existence of insolvency proceedings, etc.; and (vii) non-existence of relationships with anti-social forces, etc.

Each of Kyobashi Kousan and Mr. Yamashita represents and warrants (i) the validity of its incorporation and existence; (ii) its retention of necessary power and authority; (iii) the enforceability of the Non-Tender Agreement (Kenedix); (iv) the obtainment of permits and authorization, etc.; (v) non-existence of conflict with laws and regulations, etc.; (vi) non-existence of insolvency proceedings, etc.; (vii) non-existence of a relationship, etc., with anti-social forces; (viii) holding of the Target Company's Stock; and (ix) no knowledge of any undisclosed material facts. Kyobashi Kousan represents and warrants (x) the matters related to the Target Company and its subsidiaries and affiliated companies (their incorporation and existence; non-existence of conflicts with laws and regulations, etc.; financial statements; material agreements; assets; personnel and labor matters; taxes; compliance with laws and regulations; non-existence of insolvency proceedings, etc.; litigation proceedings; and non-existence of relationships with anti-social forces).

### (V) Termination of the Agreement

The Non-Tender Agreement (Kyobashi Kousan) stipulates the events where there is any material breach by the counterparty of the obligations under the Non-Tender Agreement (Kyobashi Kousan) or of the representations and warranties under the Non-Tender Agreement (Kyobashi Kousan), or where the Tender Offer is not commenced by February 28, 2025 as the termination events (only applied to during the period until the Tender Offer is commenced) of the Non-Tender Agreement (Kyobashi Kousan). In addition, as

other termination events of the Non-Tender Agreement (Kyobashi Kousan) than those specified above, the Non-Tender Agreement (Kyobashi Kousan) also stipulates that it will be terminated if the Tender Offer is withdrawn, the Tender Offer is not consummated, or Kyobashi Kousan, Mr. Yamashita and the Tender Offeror agree in writing to terminate the Non-Tender Agreement (Kyobashi Kousan).

#### (VI) Other

Kyobashi Kousan is obliged (i) not to enter into any other transaction which substantially conflicts with the Transactions, or which will render the execution of the Transactions difficult, nor enter into any related agreement thereto; (ii) to, at the general meeting of shareholders required for the implementation of the Transactions, instruct the Trustee to exercise its voting rights in the same manner as Kyobashi Kousan with respect to all of the Target Company's Stock which belong to the trust assets of the Trust; (iii) not to exercise its shareholder rights until the completion date of the acquisition of treasury stock by the Target Company with respect to a part of the Target Company's Stock held by the Tender Offeror (including obligations not to instruct the Trustee to exercise its shareholder rights and take necessary measures for the Trustee not to exercise such shareholder rights), and (iv) to obtain the consent of the Tender Offeror in writing with respect to the details and manner of exercising its voting rights, etc. pertaining to the Target Company's Stock held by Kyobashi Kousan and which belong to the trust assets of the Trust under the name of the Trustee, at the general meeting of shareholders of the Target Company on or before the completion date of the acquisition of treasury stock by the Target Company with respect to a part of the Target Company's Stock held by the Tender Offeror.

Each of the Tender Offeror, Kyobashi Kousan and Mr. Yamashita has (i) indemnification obligations in the event of any breach of its obligations or representations and warranties under the agreement; (ii) confidentiality obligations; and (iii) obligations not to assign its contractual status or rights and obligations.

#### (VII) Fulfilment of Obligations of Kyobashi Kousan

Mr. Yamashita has agreed to cause Kyobashi Kousan to fulfill and comply with the obligations of Kyobashi Kousan under the Non-Tender Agreement (Kyobashi Kousan).

As of today, the Tender Offeror and Kyobashi Kousan have not entered into any agreements related to the Transactions except for the Non-Tender Agreement (Kyobashi Kousan) and the Shareholders Agreement, and there are no agreed matters other than those set forth therein.

#### d. Non-Tender Agreement (Kenedix)

The Tender Offeror entered into the Non-Tender Agreement (Kenedix) with Kenedix on January 28, 2025, under which the parties agreed that Kenedix will not tender any of the Target Company's Stock held by Kenedix (i.e., 4,485,000 shares, Ownership Ratio: 15.26%) pursuant to the Tender Offer on the condition

that, as of the business day immediately preceding the commencement date of the Tender Offer Period, the board of directors of the Target Company has passed a resolution to express the board's opinion in favor of the Tender Offer and such resolution has not been withdrawn nor amended, and the parties further agreed as follows under the said agreement (provided, however, that the Tender Offeror agreed with Kenedix as following: if, by the end of the Tender Offer Period, a sincere offer, proposal or announcement, etc., is made from a party other than the Tender Offeror to acquire the Target Company's Stock with a consideration for such acquisition equivalent to the price exceeding the Tender Offer Price, in the case where the board of directors of Kenedix reasonably determines that Kenedix's directors may breach their duty of due care of a prudent manager as a result of the performance of its obligations under this agreement, then the obligations of Kenedix under the Non-Tender Agreement (Kenedix) will cease to be effective, and Kenedix may take certain measures that Kenedix determines reasonably necessary to perform their duty of due care of a prudent manager.):

#### (I) Implementation of the Share Lending

The Tender Offeror and Kenedix have agreed that, in the event that the Tender Offer is consummated, they will enter into a share lending agreement for the Share Lending as soon as practicable after the commencement date of the settlement of the Tender Offer, and Kenedix will lend all of the Target Company's Stock Kenedix owns to the Tender Offeror based on the share lending agreement .

#### (II) Squeeze-Out Procedures

Kenedix shall cooperate with the Squeeze-Out Procedures subject to the consummation of the Tender Offer.

#### (III) Implementation of the Acquisition of Treasury Stock, Etc.

The Tender Offeror shall itself conduct any acts necessary to implement the Stock Split and cause the Target Company to implement the Stock Split, as soon as practicable, subject to the Share Consolidation taking effect<sup>3</sup>.

Subject to the Stock Split taking effect and the Stock Return being implemented, Kenedix shall sell to the Target Company, and the Tender Offeror shall cause the Target Company to purchase, all of the Target Company's Stock returned by the Tender Offeror through the Stock Return in exchange for receiving payment of 6,569,492,067 yen in full (withholding tax will be deducted) from the Target Company.

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<sup>3</sup> The corrected statement is as stated above, although this notice disclosed on January 28, 2025 stated that "subject to (i) the Share Consolidation taking effect and (ii) obtaining from the Tokyo District Court the decision for permission for the voluntary sale of the Target Company's Stock in the amount equivalent to the aggregate of fractional shares (any fractional shares less than one share in the aggregate will be rounded off) that arises as a result of the Share Consolidation."

#### (IV) Representations and Warranties

The Tender Offeror represents and warrants (i) the validity of its incorporation and existence; (ii) its retention of necessary power and authority; (iii) the enforceability of the Non-Tender Agreement (Kenedix); (iv) the obtainment of permits and authorization, etc.; (v) non-existence of conflict with laws and regulations, etc.; (vi) non-existence of insolvency proceedings, etc.; and (vii) non-existence of relationships, etc., with anti-social forces.

Kenedix represents and warrants (i) the validity of its incorporation and existence; (ii) its retention of necessary power and authority; (iii) the enforceability of the Non-Tender Agreement (Kenedix); (iv) the obtainment of permits and authorization, etc.; (v) non-existence of conflict with laws and regulations, etc.; (vi) non-existence of insolvency proceedings, etc.; (vii) non-existence of relationships, etc., with anti-social forces; (viii) holding of the Target Company's Stock; and (ix) no knowledge of any undisclosed material facts.

#### (V) Termination of the Agreement

The Non-Tender Agreement (Kenedix) stipulates the events where there is any material breach by the counterparty of the obligations under the Non-Tender Agreement (Kenedix) or of the representations and warranties under the Non-Tender Agreement (Kenedix), or where the Tender Offer is not commenced by February 28, 2025 as the termination events (only applied to during the period until the Tender Offer is commenced) of the Non-Tender Agreement (Kenedix). In addition, as other termination events of the Non-Tender Agreement (Kenedix) than those specified above, the Non-Tender Agreement (Kenedix) also stipulates that it will be terminated if the Tender Offer is withdrawn, the Tender Offer is not consummated, or Kenedix and the Tender Offeror agree in writing to terminate the Non-Tender Agreement (Kenedix).

#### (VI) Other

Kenedix is obliged (i) not to enter into any other transaction which substantially conflicts with the Transactions, or which will render the execution of the Transactions difficult, nor enter into any related agreement thereto; (ii) not to exercise its shareholder rights until the completion of the Acquisition of Treasury Stock, and (iii) to exercise its voting rights in accordance with the instruction of the Tender Offeror at the general meeting of shareholders of the Target Company until the completion date of the Acquisition of Treasury Stock.

Each of the Tender Offeror and Kenedix has (i) indemnification obligations in the event of any breach of its obligations or representations and warranties under the Non-Tender Agreement (Kenedix); (ii) confidentiality obligations; and (iii) obligations not to assign its contractual status or rights and obligations.

As of today, the Tender Offeror and Kenedix have not entered into any agreements related to the Transactions except for the Non-Tender Agreement (Kenedix), and there are no agreed matters other than those set forth therein.

e. Shareholders Agreement

As of January 28, 2025, the Tender Offeror entered into the Shareholders Agreement with Kyobashi Kousan and Mr. Yamashita to agree as follows with respect to the operation, etc., of the Target Company after the Tender Offer is completed and the Share Consolidation takes effect:

(I) Purpose

The Tender Offer aims to achieve the growth of the Target Company through the Transactions and enhance the enterprise value of the Target Company and SMFL Group as a whole.

(II) Operation of the Target Company

- (A) The number of directors shall be five (5); the Tender Offeror shall appoint three (3) directors and Kyobashi Kousan shall appoint two (2) directors.
- (B) The number of representative directors shall be two (2) and they shall be determined by the board of directors.
- (C) The number of statutory auditors shall be two (2) and each of the Tender Offeror and Kyobashi Kousan may appoint one (1) director, respectively.
- (D) Unless the prior written consent of Kyobashi Kousan is obtained, the Tender Offeror shall not cause the Target Company to determine or implement any (i) amendment to the articles of incorporation (excluding minor amendments), (ii) issuance, disposition or grant of shares, etc., (iii) transfer of all or any significant part of its business, merger, company split, share exchange, share transfer, or entity conversion (limiting to those that require a resolution of the general meeting of shareholders of the Target Company under the Companies Act and the articles of incorporation of the Target Company), or (iv) dissolution.
- (E) On the condition that the Tender Offeror can maintain the governance of the Target Company as a member of the SMFL Group, and from the perspective of the contribution to the enhancement of the Target Company's enterprise value, the Tender Offeror shall respect the policy of the execution of the management conducted by Mr. Yamashita as the Representative Director under the Management Entrustment Agreement (Mr. Yamashita) to the maximum extent.

(III) Handling of the Target Company's Stock

- (A) Neither the Tender Offeror or Kyobashi Kousan may, in principle, transfer, etc., to any third party all or part of the Target Company's Stock held by itself for a period of five (5) years from the completion date of the acquisition of treasury stock by the Target Company with respect to a part of the Target Company's Stock held by the Tender Offeror (referred to as the "Transfer Restriction Period" in this part (III)) without the prior written consent of the counterparty (if the Trust continues to duly exist, Kyobashi Kousan shall not instruct the Trustee to transfer, etc. to any third party all or a part of the Target Company's Stock which belong to the trust assets of the Trust, nor transfer, etc. all or a part of the beneficial interest in the Trust to a third party).
- (B) If the Tender Offeror or Kyobashi Kousan intends to sell to a third party all or part of the Target Company's Stock held by itself (with respect to Kyobashi Kousan, if the Trust continues to duly exist, the Target Company's Stock which belong to the trust assets of the Trust shall be included.) after the expiration of the Transfer Restriction Period, the counterparty (in the case where the Tender Offeror is a seller, Kyobashi Kousan, Mr. Yamashita or the Target Company) shall have the first refusal right.
- (C) After the expiration of the Transfer Restriction Period, the Tender Offeror shall have the right to sell all of the Target Company's Stock held by the Tender Offeror to Kyobashi Kousan, Mr. Yamashita or the Target Company (put option).

(IV) Fulfilment of Obligations, etc., of Kyobashi Kousan

Mr. Yamashita has agreed to cause Kyobashi Kousan to fulfill and comply with the obligations of Kyobashi Kousan under the Shareholders Agreement. In addition, Kyobashi Kousan has agreed that, as long as the Trust continues to duly exist, it shall maintain a state in which it may instruct the Trustee to (i) exercise voting rights pertaining to the Target Company's Stock which belong to the trust assets of the Trust and (ii) transfer, etc. the Target Company's Stock.

f. Management Entrustment Agreements

The Tender Offerors entered into the Management Entrustment Agreements respectively with Mr. Yamashita, the Representative Director and Chairman of the Target Company, and Mr. Kameyama, the Representative Director and President of the Target Company (Mr. Yamashita and Mr. Kameyama are hereinafter collectively referred to as "Mr. Yamashita, Etc." in this subsection f.) as of January 28, 2025.

(I) Purpose

SMFL, the Tender Offeror and Mr. Yamashita, Etc., enters into the Management Entrustment Agreements for the purpose of enhancing and maximizing the enterprise value of the Target Company by the

performance of Mr. Yamashita, Etc., of the duties described in “(II) Entrustment of Management” below in accordance with the Management Entrustment Agreements.

#### (II) Entrustment of Management

The Tender Offerors shall entrust that Mr. Yamashita will accept the position as the Representative Director and Chairman of the Target Company and Mr. Kameyama will accept the position as the Representative Director and President of the Target Company (such positions are hereinafter collectively referred to as the “Positions”), and shall entrust them to perform their duties, and Mr. Yamashita, Etc., shall accept such entrustment of the duties. Mr. Yamashita, Etc., shall not resign or retire, or refuse a reappointment during the effective period of the Management Entrustment Agreements for any reasons other than health or other unavoidable reasons. The Tender Offerors may dismiss or refrain from reappointing Mr. Yamashita, Etc., in the event that Mr. Yamashita, Etc., violate laws and regulations in material respects or there are other reasons that are reasonably found to be justifiable in light of social common sense.

#### (III) Non-Competition and Non-Solicitation by Mr. Yamashita, Etc.

During the term of the Management Entrustment Agreements and for one (1) year after the termination thereof, Mr. Yamashita, Etc., shall not, in principle, unless conducting in the Target Company or the Target Company Group, engage in any business that directly or indirectly competes with the business pertaining to the sale and purchase, leasing, management, brokerage and development of logistics facilities (the “Competing Business”), provide any services in relation to the Competing Business by way of entrustment, contract, appointment of counsel or advisor, or otherwise, or acquire any interests in the Competing Business.

During the term of the Management Entrustment Agreements and for one (1) year after the termination thereof, Mr. Yamashita, Etc., shall not, in principle, (i) solicit, encourage or arrange for the officers or employees of the Target Company Group to take up positions as officers, employees or other personnel in other entities or to provide labor or other services to other entities in any manner, (ii) encourage them to resign from the Target Company Group, or (iii) otherwise encourage them to do anything that is substantially the same as (i) and (ii), or (iv) cause a third party to do the foregoing acts.

#### (IV) Termination of the Management Entrustment Agreements, Etc.

The Management Entrustment Agreements will be terminated in the event that (i) the parties agree in writing, (ii) the Tender Offer is withdrawn or failed, (iii) the Shareholders Agreement is terminated or the Target Company ceases to be a consolidated subsidiary of the Tender Offerors after the completion of the Share Consolidation, (iv) Mr. Yamashita, Etc. lose the Positions, (v) the Target Company is listed on a financial instruments exchange, or (vi) any of the Management Entrustment Agreements is cancelled

pursuant to the termination events prescribed in the Management Entrustment Agreements, such as breach of obligation in material respects that is prescribed in the Management Entrustment Agreements, or (vii) the Target Company is dissolved and the liquidation is completed.

## 2. Outline of Purchase, Etc.

### (1) Outline of the Target Company

(1) Name	CRE, Inc.																
(2) Address	10-1, Toranomom 2-chome, Minato-ku, Tokyo																
(3) Title and name of representative	Representative Director and Chairman Shuhei Yamashita Representative Director and President Tadahide Kameyama																
(4) Descriptions of business	Logistics facility leasing, management, development, brokerage, investment advice, and investment management																
(5) Capital	5,365 million yen (as of October 31, 2024)																
(6) Date of establishment	December 22, 2009																
(7) Large shareholders and their ownership percentages (as of July 31, 2024) (Note)	<table border="1"> <tr> <td>Kyobashi Kousan:</td> <td>37.62%</td> </tr> <tr> <td>Kenedix:</td> <td>15.28%</td> </tr> <tr> <td>GOLDMAN, SACHS&amp; CO. REG: (standing proxy: Goldman Sachs Japan Co., Ltd.)</td> <td>7.78%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd.: (Trust Account)</td> <td>3.75%</td> </tr> <tr> <td>CITCO TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF THE VPL1 TRUST (standing proxy: Tachibana Securities Co., Ltd.):</td> <td>3.40%</td> </tr> <tr> <td>The Nomura Trust and Banking Co., Ltd.: (Trust Account 2052257)</td> <td>3.40%</td> </tr> <tr> <td>GOLDMAN SACHS INTERNATIONAL: (standing proxy: Goldman Sachs Japan Co., Ltd.)</td> <td>3.21%</td> </tr> <tr> <td>NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT:</td> <td>2.54%</td> </tr> </table>	Kyobashi Kousan:	37.62%	Kenedix:	15.28%	GOLDMAN, SACHS& CO. REG: (standing proxy: Goldman Sachs Japan Co., Ltd.)	7.78%	The Master Trust Bank of Japan, Ltd.: (Trust Account)	3.75%	CITCO TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF THE VPL1 TRUST (standing proxy: Tachibana Securities Co., Ltd.):	3.40%	The Nomura Trust and Banking Co., Ltd.: (Trust Account 2052257)	3.40%	GOLDMAN SACHS INTERNATIONAL: (standing proxy: Goldman Sachs Japan Co., Ltd.)	3.21%	NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT:	2.54%
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	(standing proxy: Custody Business Department of TheHong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)
	NORTHERN TRUST CO.(AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND: 1.94% (standing proxy: Custody Business Department of The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)
	Kokyo Tatemono: 1.90%
(8) Relationships between the Tender Offeror and the Target Company	
Capital relationships	The Tender Offeror owns 100 shares of the Target Company’s Stock
Personal relationships	Not applicable
Transactional relationships	Possessing a track record of sales and purchases pertaining to the beneficial interest in logistics facilities, wherein the Target Company is seller and the Tender Offeror is purchaser
Status as Related Parties	Not applicable

Note : “(7) Large shareholders and their ownership percentages (as of July 31, 2024)” is extracted from “Status of Large Shareholders” described in the Target Company’s Annual Securities Report for the 16th Fiscal Year filed on October 30, 2024.

**(2) Schedule, Etc.**

a. Schedule

Date of the Resolution Passed by the Board of Directors	January 28, 2025 (Tuesday)
Date of Notice of the Commencement of the Tender Offer	January 29, 2025 (Wednesday) Public disclosure will be made electronically, and a notice of such disclosure will be published in the <i>Nihon Keizai Shimbun</i> . (URL of electronic public notice: <a href="https://disclosure2.edinet-fsa.go.jp/">https://disclosure2.edinet-fsa.go.jp/</a> )

Filing Date of the Tender Offer Registration Statement	January 29, 2025 (Wednesday)
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- b. Period for Purchase, Etc. as of the Time of the Initial Filing of the Tender Offer Registration Statement  
From January 29, 2025 (Wednesday) to March 13, 2025 (Thursday) (30 business days)
- c. Possibility of Extension of the Tender Offer Period based on the Target Company's Request  
N/A
- d. Contact Information in case of Extension of the Tender Offer Period  
N/A

**(3) Price for Purchase, Etc.**

1,700 yen per share of common stock

**(4) Bases, Etc. of Calculation of Price for Purchase, Etc.**

I. Basis of Calculation

The Tender Offerors requested SMBC Nikko Securities, a financial advisor of the Tender Offerors, as a third-party valuation institution that is independent from the Tender Offerors, the Target Company, the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares to evaluate the share value of the Target Company's Stock for determining the Tender Offer Price. Although SMBC Nikko Securities is, in the same manner as the Tender Offerors, one of group companies of SMFG, the Tender Offerors requested that SMBC Nikko Securities evaluate the share value of the Target Company's Stock, taking into consideration the performance of SMBC Nikko Securities as a valuation institution, and in light of the fact that (i) the department that calculates the share value of the Target Company's Stock in SMBC Nikko Securities and other departments therein, as well as SMFG, the parent company of SMBC Nikko Securities, have adopted the information blocking measures that are stipulated in their internal rules as the measures to prevent harmful effects; (ii) as the Tender Offerors and SMBC Nikko Securities conduct transactions on the same terms and conditions as those for the ordinary business partners, the independence of SMBC Nikko Securities as the third party valuation institution is ensured; and (iii)

SMBC Nikko Securities does not fall under a related party of the Target Company and there is no particular issue with respect to the Tender Offerors' requesting SMBC Nikko Securities to conduct the valuation of the share value of the Target Company's Stock. In addition, in light of other measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest in the Transactions, the Tender Offerors have not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) as the Tender Offerors believe that the interests of the minority shareholders of the Target Company have been reasonably considered.

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

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

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

Under the market share price method, the range of share value per share of the Target Company's Stock was evaluated to be from 1,223 yen to 1,301 yen as of January 27, 2025 as the record date for calculation. This range was based on the simple average closing price of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange for the past one (1) month up to the record date for calculation, which was 1,267 yen, the past three (3) months up to such date, which was 1,223 yen and the past six (6) months up to such date, which was 1,301 yen.

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

Under the DCF method, the share value per share of the Target Company was evaluated to be in the range of 864 yen to 2,717 yen as a result of analyzing the enterprise value and share value of the Target Company's

Stock by discounting the free cash flow that is expected to be generated by the Target Company in and after the fiscal year ending July 2025 to the present value at a specific discount rate, based on the assumptions of the Business Plan provided by the Target Company for the period from the fiscal year ending July 2025 through the fiscal year ending July 2028 and various factors in the publicly disclosed information. The financial projections of the Target Company used as a basis of the calculation under the DCF method do not include the fiscal years in which significant increases or decreases in profit are expected, the synergy effects that can be expected to be realized through the execution of the Transactions are not reflected because it is difficult to estimate the effects to the revenue of the Tender Offerors at this time. The financial projections include the fiscal years in which significant increases in profit are expected. Specifically, from the fiscal year ending July 2025 to the fiscal year ending July 2026, working capital will decrease as a result of the sales of real estate for sale in the logistics investment business, which is expected to bring an increase in free cash flow. On the other hand, from the fiscal year ending July 2027 to the fiscal year ending July 2028, the investment amount in development properties in the logistics investment business will exceed the sales amount earned from real estate for sale, which is expected to bring a decrease in cash flow

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

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

## II. Background of Calculation

### (Background to the Determination of the Tender Offer Price)

Please refer to “a. the Tender Offeror’s Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer” of “1. Purpose of Purchase” above.

#### (a) Name of the Third Party that Provided an Opinion in the Calculation

When determining the Tender Offer Price, the Tender Offerors requested SMBC Nikko Securities, the financial advisor of the Tender Offeror, as a third-party valuation institution that is independent from the Tender Offerors, the Target Company, the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares, to evaluate the share value of the Target Company’s Stock, and obtained the Share Valuation Report relating to the share value of the Target Company’s Stock from SMBC Nikko Securities on January 27, 2025. In light of other measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Tender Offerors have not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities as the Tender Offerors believe that the interests of the minority shareholders of the Target Company have been reasonably considered.

#### (b) Summary of the Opinion

SMBC Nikko Securities evaluated the share value of the Target Company’s Stock using each of the market share price method, the comparable listed company method and the DCF method, and the ranges of share value per share of the Target Company’s Stock evaluated in the adopted analyses above are as follows:

Market share price method: 1,223 yen to 1,301 yen

Comparable listed company method: 1,335 yen to 2,039 yen

DCF method: 864 yen to 2,717 yen

#### (c) Background of the Determination of the Tender Offer Price based on the Opinion

The Tender Offerors comprehensively reviewed several factors, such as (i) the fact that the valuation results in the Share Valuation Report provided by SMBC Nikko Securities indicates that the Tender Offer Price is higher than the upper limit of the valuation results based on the market share price method and within the ranges of values based on the comparable listed company method and the DCF method, (ii) the

results of the due diligence conducted by the Tender Offeror on the Target Company from the middle of November 2024 to the middle of December 2024, (iii) the likelihood that the Target Company's board of directors would support the Tender Offer, (iv) the change of the market price of the Target Company's Stock (1,291 yen, which is the closing price on January 24 2025, the business day immediately preceding the implementation date of the final proposal for the Tender Offer Price, January 27, 2025, 1,262 yen, which is the simple average closing price for the past one (1) month up to such date, 1,221 yen, which is the simple average closing price for the past three (3) months up to such date and 1,305 yen, which is the simple average closing price for the past six (6) months up to such date, and (v) the prospect of its shares being tendered in the Tender Offer; and took into consideration the results of the discussions and negotiations with the Target Company). As a result, the Tender Offerors ultimately set the Tender Offer Price at 1,700 yen per share on January 28, 2025.

(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)

In light of the fact, among others, that (i) the Tender Offerors intend to make the Target Company the Tender Offeror's subsidiary and delist the Target Company's Stock, and (ii) the Transactions are implemented as part of a so-called Management Buyout (MBO), which may structurally involve conflicts of interest issues, the Tender Offerors and the Target Company have implemented the following measures stated in a. through h. below to ensure the fairness of the Transactions, including the Tender Offer, from the perspectives of ensuring the fairness of the Tender Offer Price, eliminating any arbitrariness in the process leading to the determination to implement the Tender Offer, and avoiding conflicts of interest.

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

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

The Tender Offerors requested SMBC Nikko Securities as a third-party valuation institution that is independent from the Tender Offerors, the Target Company, the Shareholders Who Agreed to Tender

Their Shares and the Shareholders Who Agreed Not to Tender Their Shares, to evaluate the share value of the Target Company's Stock for determining the Tender Offer Price and obtained the Share Valuation Report as of January 27, 2025. Although SMBC Nikko Securities is, in the same manner as the Tender Offerors, one of group companies of SMFG, the Tender Offerors requested that SMBC Nikko Securities evaluate the share value of the Target Company's Stock, taking into consideration the performance of SMBC Nikko Securities as a valuation institution, and in light of the fact that (i) the department that calculates the share value of the Target Company's Stock in SMBC Nikko Securities and other departments therein, as well as SMFG, the parent company of SMBC Nikko Securities, have adopted the information blocking measures that are stipulated in their internal rules as the measures to prevent harmful effects; (ii) as the Tender Offerors and SMBC Nikko Securities conduct transactions on the same terms and conditions as those for the ordinary business partners, the independence of SMBC Nikko Securities as the third party valuation institution is ensured; and (iii) SMBC Nikko Securities does not fall under a related party of the Target Company and there is no particular issue with respect to the Tender Offerors' requesting SMBC Nikko Securities to conduct the valuation of the share value of the Target Company's Stock.

b. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by the Target Company

According to the Target Company, in expressing its opinion regarding the Tender Offer, the Target Company requested Nomura Securities, a financial advisor and a third-party valuation institution that is independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agreed Not to Tender Their Shares, and the Target Company, to evaluate the share value of the Target Company's Stock in order to ensure fairness during the decision making process with respect to the Tender Offer Price presented by the Tender Offeror, and the Target Company obtained a share valuation report (the "Share Valuation Report (Nomura Securities)") on January 27, 2025. Nomura Securities does not fall into the category of a related party of the Tender Offerors, Kyobashi Kousan, and the Target Company and does not have any material interest in connection with the Transactions including the Tender Offer. In addition, as stated below, the Target Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities as the Tender Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest. Fees payable to Nomura Securities in connection with the Transactions include an incentive fee to be paid conditional upon the successful completion of the Transactions or other achievements. The Target Company has appointed Nomura Securities as its financial advisor and third-party valuation institution based on the above-mentioned fee structure, considering that the independence of Nomura Securities would not be compromised by the fact that an incentive fee to be paid conditional upon the successful completion of the Transactions or other achievements is provided, taking into account the general practice in similar

transactions and the appropriateness of the fee structure that would impose a reasonable financial cost on the Target Company if the Transactions fail to be completed. Furthermore, it is stated that the Special Committee has confirmed that there is no problem with the independence of Nomura Securities.

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

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

(Note 1) In evaluating the share value of the Target Company's Stock, according to Nomura Securities, it has assumed that public information and any and all information provided by the Target Company is accurate and complete, and has not independently verified its accuracy and completeness. Nomura Securities has not independently valued, appraised or assessed the assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliated companies, including the analysis and valuation of individual assets and liabilities, nor has it requested a third-party entity to appraise or assess them. It is stated that Nomura Securities assumes that the Business Plan of the Target Company was reasonably considered or prepared based on the best forecasts and judgments made in good faith by the Target Company's management excluding (limited to those independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, and the Shareholders Who Agreed Not to Tender Their Shares) available at the time of evaluation and Nomura Securities' evaluation reflects the information it obtained and economic conditions up until January 27, 2025. It is stated that Nomura Securities' evaluation is intended solely to serve as a reference for the Target Company's Board of Directors to consider the value of the Target Company's Stock.

Average market share price method	1,223 yen to 1,309 yen
Comparable company	431 yen to 2,135 yen



multiple valuation method	
DCF method	1,159 yen to 2,896 yen

Under the average market share price method, the range of share value per share of the Target Company's Stock was evaluated to be from 1,223 yen to 1,309 yen as of January 27, 2025 as the record date for calculation. This range was based on the simple average closing price of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange for the past five (5) days up to the record date for calculation, which was 1,227 yen, past one (1) month up to such date, which was 1,267 yen, the past three (3) months up to such date, which was 1,223 yen and the past six (6) months up to such date, which was 1,301 yen.

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

Under the DCF method, after considering the assumptions considered to be reasonable, such as the financial projections and investment plans based on the Business Plan, Nomura Securities evaluated the corporate value by discounting the free cash flows that are expected to be generated by the Target Company in and after the second quarter of the fiscal year ending July 2025 to their present value at a certain discount rate based on the business risks, made certain financial adjustments such as adding the value of cash equivalents held by the Target Company, analyzes the value of the Target Company's Stock, and evaluated the share value of the Target Company's Stock per share to be within a range between 1,159 yen and 2,896 yen. Nomura Securities adopted a discount rate (weighted average cost of capital) of 5.25% to 5.75%, and adopted a perpetual growth model and multiple model to calculate the terminal value, and evaluated the share value of the Target Company's Stock with a perpetual growth rate of 0.00% to 0.50% and an EBITDA multiple of 9.0 to 11.0 times. Furthermore, the Business Plan was prepared at the initiative of persons related to the Target Company who are independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, and the Shareholders Who Agreed Not to Tender Their Shares and there is no indication that the Tender Offeror was involved in the preparation

process. When the Target Company prepared the Business Plan for the Transactions, the Special Committee received an explanation of the details of the proposals, the important preconditions, and other relevant matters in the Business Plan, and the Special Committee confirmed and approved the reasonableness of the details, the important preconditions, the background of the preparation, and other relevant matters of the finalized Business Plan.

Below are the specific figures in the Target Company’s financial projections that Nomura Securities used as a basis of the calculation under the DCF method not including the fiscal years in which significant increases or decreases in profit are expected. Specifically, from the fiscal year ending July 2025 to the fiscal year ending July 2026, free cash flow is expected to decrease due to a decrease in working capital associated with the sale of inventories in the logistics investment business. In addition, from the fiscal year ending July 2027 to the fiscal year ending July 2028, since the investment amount in the development properties will exceed the sales amount of inventories, it is expected that free cash flow will decrease due to an increase in the working capital. Furthermore, the synergy effect expected to be realized by the execution of the Transactions is not taken into account in the financial projections, as it is difficult to provide a precise estimate of the synergy at this stage. (Note 1)

(Note 1) In evaluating the share value of the Target Company’s Stock, according to Nomura Securities, it has assumed that public information and any and all information provided by the Target Company is accurate and complete, and has not independently verified its accuracy and completeness. Nomura Securities has not independently valued, appraised or assessed the assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliated companies, including the analysis and valuation of individual assets and liabilities, nor has it requested a third-party entity to appraise or assess them. It is stated that Nomura Securities assumes that the Business Plan of the Target Company was reasonably considered or prepared based on the best forecasts and judgments made in good faith by the Target Company’s management (limited to those independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, and the Shareholders Who Agreed Not to Tender Their Shares) available at the time of evaluation and Nomura Securities’ evaluation reflects the information it obtained and economic conditions up until January 27, 2025. It is stated that Nomura Securities’ evaluation is intended solely to serve as a reference for the Target Company’s Board of Directors to consider the value of the Target Company’s Stock.

(In million yen)

	Fiscal year ending	Fiscal year ending	Fiscal year ending	Fiscal year ending
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	July 2025 (Note 2)	July 2026	July 2027	July 2028
Net sales	64,299	97,100	116,123	97,907
Operating income	8,857	11,825	9,942	10,664
EBITDA	9,262	12,372	10,281	11,007
Free cash flow	-9,538	7,920	5,140	-1,402

(Note 2) All figures for the fiscal year ended July 2025 pertain to the period from November 1, 2024 to July 31, 2025, which follows to the second quarter of the same fiscal year.

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

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

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

According to the Target Company, considering that the Tender Offer is to be conducted as part of the Transactions, which constitute a so-called Management Buyout (MBO), and that there are issues of structural conflicts of interest, in accordance with the resolution of the board of directors dated November 4, 2024, prior to the deliberation and resolution by the Target Company's board of directors on the pros and cons of the Transactions including the Tender Offer, the Target Company established the Special Committee in order to eliminate the arbitrariness of decision making of the Target Company in the Transactions including the Tender Offer and to ensure the fairness, transparency, and objectivity of decision-making process. The Special Committee is comprised of the Target Company's outside directors (three of the Target Company's outside directors, Mr. Takuma Shimizu (an outside director who is a member of the Audit and Supervisory Committee), Ms. Katsue Okuda, and Mr. Yoshiyuki

Ishikubo (outside director who are members of the Audit and Supervisory Committee)) and independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agreed Not to Tender Their Shares, and the Target Company. It is stated that Mr. Takuma Shimizu has been selected as the chairperson of the Special Committee by election of the members of the Special Committee. Each member of the Special Committee will be paid a fixed fee as consideration for his/her duties, regardless of the details of the report, and no incentive fee to be paid conditional upon the successful completion of the Transactions or other achievements will be provided.

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

In consulting with the Special Committee, the Target Company's board of directors shall respect the opinion of the Special Committee to the maximum extent in making a decision regarding the Transactions, and if the Special Committee determines that the Transactions are not appropriate, the Target Company's board of directors shall refrain to adopt a decision to implement the Transactions (including expressing an opinion in support of the Tender Offer by the Target Company and recommending tendering of shares). In addition, the Target Company has granted the Special Committee the authority to be substantially involved in the negotiation process regarding the terms and conditions of the Transactions by confirming its policy in advance regarding negotiations and the terms and conditions of the Transactions, to receive reports on the status of negotiations in a timely manner, to express opinions at important junctures, and to provide instructions and requests. Simultaneously, the Target Company has resolved to grant to the Special Committee the authority to (i) designate or approve experts such as financial and legal advisors of the Target Company (including retroactive approval), (ii) appoint its own advisors and other professionals when it deems necessary in considering the Matters of Inquiry (reasonable expenses for the professional advice of the advisors of the Special Committee shall be borne by the Target Company), (iii) receive information necessary for considering and assessing the Transactions from officers and employees of the Target Company or other persons deemed necessary by the Special Committee, and (iv) be substantially involved in the negotiation process regarding the terms and conditions of the Transactions by confirming its policy in advance regarding negotiations and the terms and conditions of the Transactions, receiving reports on the status

of negotiations in a timely manner, expressing opinions at important junctures, and providing instructions and requests.

Furthermore, the Target Company has selected the members of the Special Committee after confirming the independence and eligibility of the candidates for the members of the Special Committee with the advice of Anderson Mōri & Tomotsune, and confirming that the candidates for the members of the Special Committee are independent from the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, the Shareholders Who Agree Not to Tender Their Shares, and the Target Company, and that they do not have any material interest that differs from the minority shareholders with regard to the success or failure of the Transactions. The Target Company has appointed the above three persons as members of the Special Committee from the beginning, and there is no indication that the members of the Special Committee have changed.

Nomura Securities, which is the financial advisor and third-party valuation institution appointed by the Target Company, and Anderson Mōri & Tomotsune, which is the legal advisor, have each been approved by the Special Committee as the financial advisor, third-party valuation institution, and legal advisor of the Target Company, respectively, since there is no issue regarding their independence or expertise.

Furthermore, the Special Committee appointed SHIOMIZAKA as its own legal advisor after confirming that it does not fall under the category of a related party of the Tender Offerors, Kyobashi Kousan, and the Target Company, and that it does not have any material interests in the Transactions including the Tender Offer.

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

In addition, with respect to the Business Plan prepared by the Target Company, the Special Committee received explanations on the details of the Business Plan, the important preconditions, preparation process and other relevant matters, and confirmed the reasonableness thereof. Furthermore, the Special Committee received explanations from SHIOMIZAKA, Nomura Securities, and Anderson Mōri & Tomotsune on measures to ensure the fairness of the procedures for the Transactions, as well as the method and process of decision-making by the board of directors of the Target Company regarding the

Transactions and details of other measures to avoid conflicts of interest, and discussed and reviewed the measures to be taken to ensure the fairness of the procedures for the Transactions.

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

- A) With respect to the Tender Offer Price, the Target Company should negotiate with a premium of 40-50% in mind, which is the average and median of the premiums of 67 MBO transactions announced to be successfully completed from June 28, 2019, the date of the announcement of the M&A Guidelines, to December 6, 2024.
- B) Since (i) the Tender Offerors have secured the tender of at least 59.59% of the shares in the Tender Offer (including the Target Company's Stock which belong to the trust assets of the Trust under the name of the Trustee), when the Shareholders Who Agreed to Tender Their Shares and the Shareholders Who Agreed Not to Tender Their Shares are combined, it is assumed that the Tender Offerors have little incentive to raise the price; (ii) the share price has been on a downward trend since the disclosure of the downward revision on September 13, 2024 to the business earnings projections and the estimated cumulative shareholders' return stated in the second medium-term management plan (from the fiscal year ending July 2022 to the fiscal year ending July 2026); and (iii) it is desirable that the Tender Offer Price be a price that does not cause losses to the majority of the Target Company's minority shareholders, and considering the facts that (i) as the Target Company is engaged in businesses ranging from the development and sale of properties (flow business) to the management of real estate and asset management, including master leasing and property management (stock business), the period for the realization of revenues is long, and the flow business has a model with high volatility of revenues in each period; and (ii) since the Company has announced in its current medium-term management plan a shareholder return policy of targeting a total return ratio of 50% with a lower limit of 30% for each period and has provided stable and continuous shareholder returns, there may be shareholders who are investing with a long-term perspective, the Target Company should also take into account the market share price for a longer period than the valuation period (for example, 1,735 yen per share, which was the highest price for the past one (1) year) and 1,780 yen per share, the price for the public offering conducted on October 26, 2021 in the negotiation.

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

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

(i) Details of the Report

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

(ii) Reason for the Report

- i. Whether the purpose of the Transactions is considered to be reasonable (including whether the Transactions will contribute to the enhancement of the Company's enterprise value)
- The Company Group's principal business is the leasing, management, development, brokerage, investment advisory and investment management of logistics facilities.

- Against a backdrop of the decrease in the working-age population in Japan as well as the drastically changing environment surrounding logistics including the issues occurring in 2024 in the logistics industry, logistics operators are facing challenges such as securing of workers, automation and digitization, streamlining of transport and delivery. The Company has responded to such business environment as a group by (i) organically integrating the logistics investment business with the highly reproducible asset management and real estate management businesses to achieve steady expansion of the stock business, and (ii) strengthening the peripheral businesses of logistics real estate, such as employment security, digital transformation in logistics including automation and digitalization, and vehicle and logistics service-sharing businesses, through M&A and capital and business alliances under the “logistics infrastructure platform concept” launched in 2018.
- SMFL upholds the themes of pursuing the strengths of a business company with broad financial capabilities and overlapping the expansion of social value and economic value under its Medium-Term Management Plan, and the creation of a new core business is one of the pillars of its strategy. For SMFL, entering into the Transactions is meaningful in strengthening the real estate business in order to establish a new core business, and such business has a strong affinity with the logistics real estate development business and stock business, which are the strengths of the Company. Therefore, SMFL hopes to achieve further growth through the Transactions.
- Kyobashi Kousan recognizes that while the real estate market continues to face a challenging environment for real estate acquisitions and the Company’s business risks are increasing, the financing environment is changing amid the backdrop of rising interest rates in Japan, and a business reform from a medium to long-term perspective is necessary to further maximize enterprise value in the future. Under such circumstances, Kyobashi Kousan believes that by joining the SMFL Group, the Company will be able to receive support that would contribute to the growth of the Company in terms of finance and business.
- Based on the business and other environment surrounding the Company Group, the Company believes that becoming a member of the SMFL Group, which is the largest leasing company in the industry with a strong financing base based on its high credit rating and trust relationships with financial institutions, and which also has a bridge holding function, will make it possible to realize synergies including (i) enhancement of the credibility of the Company Group, (ii) utilization of the bridge holding function of the SMFL Group, (iii) expansion of business and increase of business opportunities by making use of the broad customer base and robust network of the SMFL Group, and (iv) collaboration with the Company’s asset management business in exit strategies in equity investments, mezzanine investments and directly-owned properties of the Tender Offeror and has come to realize that the integration of the Tender Offerors and the Company through the Transactions, including the Tender Offer, and the acceleration of the implementation of the business



operations with the aim of achieving the above synergies at an early stage will contribute to the enhancement of the Company's enterprise value, and such recognition by the Company is reasonable.

- The Special Committee has determined that by enabling the Tender Offerors and Kyobashi Kousan to invest further management resources in the Company Group, synergies such as (i) implementation of long-term growth strategies and acceleration of decision-making and (ii) reduction of costs associated with maintaining a listing and related administrative burdens are also expected to be created through the implementation of flexible and steady management measures, which will contribute to the further enhancement of the Company's enterprise value.
  - The potential disadvantages of taking the Company private include the inability to access equity financing on the capital markets and the loss of the benefits of being a listed company, such as greater name recognition and social credibility. However, the Company's main financing demand is for development funds for logistics facilities in its logistics investment business. At present, there are no other plans for large-scale capital investment, and such financing needs are met by borrowing from financial institutions, etc. In addition, even if new financing needs arise in the future, the Company believes that it will be possible to raise funds through methods such as parent-subsidiary loans with the Tender Offeror. Furthermore, there are many companies that have strong brands and high social credibility even as unlisted companies, and the Company believes that it already has a certain level of recognition in the logistics industry. Therefore, the negative impact of delisting is expected to be limited. In addition, the Company believes that becoming a member of the SMFL Group, which has a strong presence in the logistics industry, will have a positive impact on the Company's brand strength, social credibility, etc., and thus the disadvantages of delisting the Company's Stock are expected to be limited.
  - In addition, the Special Committee has not found any circumstances indicating that there are effective alternatives that are superior to the Transactions from the perspective of enhancing the Company's enterprise value.
  - Based on the above, the Special Committee believes that the Transactions will contribute to the enhancement of the Company's enterprise value and that the purpose of the Transactions is reasonable.
- ii. Whether the fairness of the procedures for the Transactions is ensured
- Various measures have been taken to ensure the fairness of the Transactions, including the establishment of the Special Committee (including the implementation of practical measures to enhance the effectiveness of the Special Committee), the early appointment of independent outside

experts (financial and legal advisors), the acquisition of professional advice and the Share Valuation Report (Nomura Securities), the securing of opportunities for acquisition offers after the announcement of the Transactions, the exclusion of interested parties from the consideration, negotiation, and resolution process for the Transactions, the improvement of the transparency of the process through the provision of adequate information to minority shareholders, and the elimination of undue pressure.

- In light of the specific circumstances of the Transactions, the content and combination of such measures to ensure fairness are considered to be necessary and sufficient to ensure that (i) the process of determining the terms and conditions of the Transactions is equivalent to that of an arm's length transaction between independent parties and (ii) that the minority shareholders are provided with the opportunity to make appropriate decisions based on sufficient information, and it is also considered that these measures were actually implemented effectively.
  - Based on the above, it is deemed that the interests of the minority shareholders of the Company have been reasonably considered through fair procedures in the Transactions.
- iii. Whether the appropriateness of the terms and conditions of the Transactions (including the purchase price in the Tender Offer) is ensured
- In the process of determining the terms and conditions of the Transactions, circumstances equivalent to those of an arm's length transaction between independent parties were secured through the implementation of the measures to ensure fairness, including the establishment and involvement of the Special Committee, and such terms and conditions were actually agreed upon through sincere negotiations between the parties, and (ii) the Share Valuation Report (Nomura Securities) has been prepared by an independent third-party valuation institution who is a leading company with a wealth of experience in Japan and who is not a related party of the Company, the Tender Offerors, the Shareholders Who Agreed to Tender Their Shares, or the Shareholders Who Agreed Not to Tender Their Shares and does not have any material interests in the Transactions, and the methods adopted by Nomura Securities, i.e., the average market share price method, the comparable company multiple valuation method, and the DCF method (perpetual growth model and multiple model) are all generally accepted methods for calculating the value of a going concern.
  - With respect to the average market share price method, there are no particular circumstances indicating that share prices were intentionally manipulated to be abnormal values that did not reflect the Company's share value during the five (5) business days, one (1) month, three (3) months, and six (6) months prior to the announcement date, such as making a disclosure intended to intentionally manipulate the market share price to make it easier for the Transactions to be concluded. In addition, the Downward Revision was made based on facts such as that the timing of revenue recognition

was changed due to the status of tenant contracts for properties and that the expected sales price decreased due to fluctuations in NOI, etc. (increase in positive differences between the actual contracted rent and the planned rent as well as negative differences due to an increase in fixed property and urban planning taxes resulting from an increase in the assumed tax basis amounts of buildings) before the Declaration of Intent was received, and was not made with the purpose of intentionally lowering the share price.

- The selection of the comparable companies for the comparable company multiple valuation method was consistent with the factors for selecting comparable companies as set out in the Corporate Valuation Guidelines, and there is no apparent arbitrariness. Since the comparable company multiples applied to the financial indicators of the Company are based on a combination of EBITDA multiples, operating profit multiples, PER, and PBR and there are no particular unreasonable points, the method and results of the calculation using the comparable company multiple valuation methods are considered to be reasonable.
- With respect to the Business Plan on which the calculation using the DCF method (perpetual growth model and multiple model) was based, neither (i) circumstances indicating that the earnings forecast in the Business Plan was arbitrarily pessimistic, nor (ii) circumstances indicating that the earnings forecast in the Business Plan lacked a rational basis and that would make the feasibility of its realization doubtful, were found. In addition, no unreasonable points were found in the other premises of such calculation (including free cash flow, discount rate, perpetual growth rate and exit multiple for the calculation of the going concern value, and the non-operating assets and interest-bearing liabilities to be added to or subtracted from the business value), and therefore the method and results of the calculation are considered to be reasonable.
- Considering that (i) the amount of the consideration for the Transactions is higher than the upper limit of the valuation results based on the market share price method and within the ranges of values based on the comparable company multiple valuation method and the DCF method in the Share Valuation Report (Nomura Securities) and there are no particular facts that suggest unfairness in the procedures regarding the Downward Revision, (ii) as the premium fluctuates depending on various factors unique to each case and it is not appropriate to evaluate the premium solely on the basis of a simple comparison with that of similar transactions, although the premium 34.18% for the most recent one-month average is below the median 45.16% for similar transactions, when looking at the number of similar transactions, it is in the mid-30% range, which is the most common premium range alongside the 40% range, and when viewed from the perspective of the premium for the long-term period that the Special Committee emphasized in negotiations from the perspective of securing the interests of minority shareholders, the premium for the average of the most recent six months is 30.67%, which is a premium of over 30%, and so it can be assessed that

a premium that is not necessarily unreasonable in light of the premium levels of past similar cases has been included, and (iii) when looking at the trading volume of the Company by price range, the consideration for the Transactions exceeds all of the prices at which the Company's Stock were traded in the past six months from January 29, 2024 to January 27, 2025, and it is also a level at which more than 98% of the Target Company's Stock traded over the past year from January 29, 2024 to January 27, 2025 were traded, and that the consideration for the Transactions is at a level where the majority of the Target Company's minority shareholders will not suffer a loss, it can be inferred that by receiving the consideration for the Transactions, the Target Company's minority shareholders will enjoy not only "the value that could be realized without the Transactions" but also "the expected increase in its corporate value due to the Transactions" to a considerable extent. Therefore, the consideration for the Transactions is considered to include a reasonable premium to the market price of the Target Company's Stock. The method and consideration for the Transactions are also not disadvantageous to the Company's minority shareholders in terms of the framework and other terms and conditions.

- Therefore, the Special Committee considers that, the appropriateness of the terms and conditions of the Transactions is ensured.
- iv. Whether the decision by the Company's board of directors to implement the Transactions is considered not to be disadvantageous to the Company's minority shareholders
- Matter of Inquiry iv concerns whether the Transactions are considered to be not disadvantageous to the Company's minority shareholders.
  - The Special Committee believes that the matters requested to be considered in Matters of Inquiry i through iii are the matters to be taken into account in considering Matter of Inquiry iv.
  - As detailed in the Report, based on its deliberations, the Special Committee concluded that there were no issues with Matters of Inquiry i through iii.
  - Based on the above, the Special Committee believes that the Transactions are not disadvantageous to the Company's minority shareholders.
- v. Whether it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer
- Matter of Inquiry v concerns whether it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer.

- As with the cases above, the Special Committee believes that the matters requested to be considered in Matters of Inquiry i through iv are the matters to be taken into account in considering Matter of Inquiry v.
  - As detailed in the Report, based on its deliberations, the Special Committee concluded that there were no issues with Matters of Inquiry i through iv.
  - Based on the above, the Special Committee believes that it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer.
- e. Advice Obtained by Special Committee from Independent Legal Advisor
- As described in “d. Establishment of Independent Special Committee at Target Company and Obtainment of Opinions (Report) from Special Committee” above, according to the Target Company, the Special Committee appointed SHIOMIZAKA as its legal advisor independent of the Tender Offerors and the Target Company, and has received legal advice including advice on measures to ensure the procedural fairness of the Transactions, the procedures of the Transactions, and the method and process of deliberation by the Special Committee in relation to the Transactions. SHIOMIZAKA does not fall under a related party of the Tender Offerors or Kyobashi Kousan as well as the Target Company, and does not have material conflicts of interest in the Tender Offer. Regardless of the success or failure of the Tender Offer, the fees payable to SHIOMIZAKA is calculated by multiplying hourly rate by working hours, and no incentive fee to be paid conditional upon the successful completion of the Tender Offer or other achievements will be included.
- f. Unanimous Approval by All Directors (including Directors who are Members of the Audit and Supervisory Committee) of the Target Company without Conflicts of Interest
- According to the Target Company, based on the contents of the Share Valuation Report (Nomura Securities) obtained from Nomura Securities and the legal advice received from Anderson Mōri & Tomotsune, while duly considering the contents of the Report, the Target Company carefully considered the terms and conditions of the Transactions including the Tender Offer. As a result, with respect to the Tender Offer, the Target Company's board of directors decided, as described in “b. Decision-making Process Leading to Target Company's Decision to Support Tender Offer and Reason therefor” of “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer” of “3. Purpose of purchase” above, that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the shareholders of the Target Company and the Tender Offer provides reasonable opportunities to sell their shares on the ground that (a) the Tender Offer Price (1,700 yen) is higher than the range of the evaluation result

obtained by the average market share price method, the comparable company multiple valuation method, and the DCF method, which Nomura Securities adopts to evaluate the share value of the Target Company's Stock, (b) the Tender Offer Price includes a premium of 29.87% on the closing price (1,309 yen) of the Target Company's Stock on the Prime Market of the Tokyo Stock Exchange on January 27, 2025, which is the business day preceding the announcement date of the Tender Offer, a premium of 34.18% on the simple average closing price for the past one month until such date (from December 30, 2024 to January 27, 2025) (1,267 yen), a premium of 39.00% on the simple average closing price for the past three months until such date (from October 28, 2024 to January 27, 2025) (1,223 yen), and a premium of 30.67% on the simple average closing price for the past six months until such date (from July 28, 2024 to January 27, 2025) (1,301 yen), respectively and has been assessed to include a reasonable premium which is not necessarily at a high level in relation to the simple average closing price on business days prior to the announcement date compared to the median and average premium level in the 73 MBO cases with the aim of taking stock private that were announced and successfully completed during the period from June 28, 2019, the date of announcement of the M&A Guidelines by the Ministry of Economy, Trade and Industry until January 27, 2025 (42.53% and 48.09% on the share price on the business day immediately preceding the date of announcement, 45.16% and 50.35% on the simple average closing price for the past one month, 45.89% and 53.07% on the simple average closing price for the past three months, 49.16% and 52.39% on the simple average closing price for the past six months (rounded to two decimal places)), however, as a result of analyzing the distribution of similar cases in 10% increments, the most common cases are those that offer a premium in the 30% range for the past month up to the business day prior to the announcement date like the Tender Offer, and there are also a reasonable number of cases that offer a premium in the 30% range for the simple average closing price for the past three (3) months and the past six (6) months up to the business day prior to the announcement date, therefore, it is thought that the premium range is not necessarily unreasonable in light of the premium levels of similar cases in the past, , (c) the Tender Offer Price is the price determined through discussions and negotiations between the Target Company and the Special Committee and the Tender Offerors for multiple times that are equivalent to the discussions and negotiations on the transactions between independent parties, more specifically, is the price proposed with an increase by 350 yen per share (25.93%, rounded to the nearest hundredth) from the initial proposed price (1,350 yen per share) as a result of sincere and continuous discussions and negotiations with the Tender Offerors conducted in consideration of the result of calculation of the value of the Target Company's Stock obtained from Nomura Securities and legal advice from Anderson Mōri & Tomotsune regarding the process of decision-making on the Transactions and other points to be noted as well as opinions, instructions, and requests of the Special Committee, (d) the Special Committee itself has expressed the opinion that the Tender Offer Price is reasonable by substantially participating in the negotiation process of the terms and conditions of transactions with the Tender Offerors, (e) such price and other terms and conditions of the Tender Offer are also considered to be reasonable in the Report obtained from the

Special Committee, (f) the minority shareholders who do not tender their shares in the Tender Offer will ultimately be offered consideration in the Squeeze-Out Procedures to be carried out after the Tender Offer, and the Tender Offeror will request Target Company to file a petition for permission of voluntary sale with the court after calculating that the amount of money to be paid to such shareholders will be equal to the Tender Offer Price multiplied by the number of Target Company's Stock held by such Target Company's shareholders to ensure the general shareholders' opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer and to ensure the removal of undue pressure, (g) the consideration for the Transactions will be paid in the form of cash through the Tender Offer and the subsequent Squeeze-Out Procedures, which can be considered as appropriate from the perspective of shareholder protection given its low value fluctuation risk and high liquidity, and it is relatively straightforward to evaluate for shareholders to make a decision regarding the tender of their shares, and (h) the Tender Offeror ensures that the shareholders of the Target Company are provided with an appropriate opportunity to assess the Tender Offer and ensures opportunities for competing potential tender offerors to make a competing offer for the Target Company's Stock by setting the Tender Offer Period of 30 business days, which is longer than the statutory shortest period of 20 business days. Subsequently, at its board of directors meeting held on January 28, 2025, the Target Company resolved to express an opinion in support of the Tender Offer and to recommend to the shareholders of the Target Company that to tender their shares in the Tender Offer.

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

In order to prevent conflicts of interest, among the directors of the Target Company, 4 (four) directors including Mr. Yamashita, Mr. Kameyama, Mr. Keisuke Sato, and Mr. Takeshi Yamada have not participated in the deliberations or resolutions at the aforementioned board of directors meetings, and have not participated in the discussions or negotiations with the Tender Offerors in their capacity as the Target Company.

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

g. Establishment of an Independent Review Structure by the Target Company

According to the Target Company, in order to eliminate issues of structural conflicts of interest, the Target Company has established an internal structure to conduct the review, negotiation, and assessment concerning the Transactions, independently from the Tender Offerors. Specifically, since each of Mr. Yamashita, Mr. Kameyama, Mr. Keisuke Sato, and Mr. Takeshi Yamada are in a structural conflict of interest with the Target Company concerning the Transactions, they did not participate in the deliberations or resolutions at the board of directors meetings held on January 28, 2025 described in "f. Unanimous Approval by All Directors (Including Directors who are Members of the Audit and Supervisory Committee) of the Target Company without Conflicts of Interest" above in any way, and have not participated in the discussions or negotiations with the Tender Offerors in any way in their capacity as the Target Company. The entire review structure consists solely of the seven (7) officers and employees (Mr. Masaaki Kondo, Mr. Takeshi Yamamoto, Mr. Takehiro Koizumi, Mr. Nobuhide Goto, Ms. Katsue Okuda, Mr. Yoshiyuki Ishikubo, and Mr. Takuma Shimizu) who are independent of the Tender Offerors, and such treatment has been taken up to today.

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

h. Ensuring Objective Situation that Ensures Fairness of Tender Offer

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

The Target Company and the Tender Offeror have not entered into any agreement that restricts competing tender offerors from contacting the Target Company such as agreements with a transaction protection clause that prohibits the Target Company from contacting competing potential tender offerors.



In addition to setting the aforementioned Tender Offer Period, the Target Company and the Tender Offeror have paid due consideration to ensure the fairness of the Tender Offer by ensuring that opportunities for a competing offer are available. In addition, the Special Committee has concluded that there are no particular impediment to the fairness of the Transactions, even though the so-called active market check (including the bidding process prior to the announcement of the Transactions) to assess and consider the existence of potential acquirers in the market have not been conducted, based on the content of the various measures adopted to ensure the fairness of the Transactions, including the Tender Offer and other specific circumstances of the Transactions, in light of the practical problems involved in terms of information management.

### III. Relationship with the Third-Party Valuation Institution

SMBC Nikko Securities, the financial advisor and the third-party valuation institution of the Tender Offerors, does not fall under a related party of the Target Company, the Shareholders Who Agreed to Tender Their Shares and Shareholders Who Agreed Not to Tender Their Shares and has no material interest in the Tender Offer. Although SMBC Nikko Securities is, just like the Tender Offerors, one of the group companies of SMFG, the Tender Offerors have requested SMBC Nikko Securities to conduct the valuation of the Target Company's Stock, taking into consideration the performance of SMBC Nikko Securities as a valuation institution, and in light of the fact that (i) the department that evaluates the share value of the Target Company's Stock in SMBC Nikko Securities and other departments therein, as well as SMFG, the parent company of SMBC Nikko Securities, have adopted information blocking measures under its internal rules as the measures to prevent adverse effects; (ii) as the Tender Offerors and SMBC Nikko Securities conduct transactions on the same terms and conditions with those for the ordinary business partners, the independence of SMBC Nikko Securities as the third party valuation institution is ensured; and (iii) SMBC Nikko Securities does not constitute a related party of the Target Company and there is no particular issue with respect to the Tender Offerors' requesting SMBC Nikko Securities to conduct the valuation of the Target Company's Stock.

#### (5) Number of Share Certificates, Etc., to be Purchased

Class of shares to be purchased	Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
Common stock	12,773,227 (shares)	2,977,300 (shares)	— (shares)
Total	12,773,227 (shares)	2,977,300 (shares)	— (shares)

(Note 1) If the total number of the Tendered Share Certificates, Etc., is less than the minimum number of shares to be purchased (2,977,300 shares), the Tender Offeror will not purchase any of the Tendered

Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc., is equal to or greater than the minimum number of shares to be purchased (2,977,300 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) Since the maximum number of shares to be purchased has not been set in the Tender Offer, the maximum number of the share certificates, etc., of the Target Company to be acquired by the Tender Offeror in the Tender Offer is stated as the number of shares to be purchased (12,773,227 shares). Such maximum number of shares (12,773,227 shares) is the number of shares calculated by subtracting the sum of (a) the number of treasury shares held by the Target Company as of October 31, 2024 (12,873 shares) indicated in the Target Company's First Quarterly Financial Results, (b) the Target Company's Stock held by the Tender Offeror (100 shares) and (c) the Shares That the Shareholders Did Not Agree to Tender (16,524,200 shares) and (d) the restricted shares held by the directors of the Target Company among the Restricted Shares (90,300 shares) from the aggregated number (29,400,700 shares) of (a) total number of issued shares as of October 31, 2024 (29,356,700 shares) indicated in the Target Company's First Quarterly Financial Results and (b) the Number of the New Restricted Shares (44,000 shares).

(Note 3) Shares constituting less than a unit will also be subject to the Tender Offer. The Target Company may purchase its treasury shares in accordance with procedures stipulated in the laws and regulations during the Tender Offer Period from any shareholder who exercises the right to require the Target Company to purchase shares constituting less than a unit under the Companies Act.

(Note 4) The Tender Offeror does not intend to acquire, through the Tender Offer, any treasury shares held by the Target Company.

**(6) Changes in Ownership Ratio of Share Certificates, Etc. after Purchase, Etc.**

Number of Voting Rights Represented by the Share Certificates, Etc. Owned by the Tender Offeror before Purchase, Etc.	1	(Ownership Ratio of the Share Certificates, Etc., before Purchase, Etc. 0.00%)
Number of Voting Rights Represented by the Share Certificates, Etc. Owned by Special Related Parties before Purchase, Etc.	165,242	(Ownership Ratio of the Share Certificates, Etc., before Purchase, Etc. 56.23%)
Number of Voting Rights Represented by the Share Certificates, Etc. Owned by the Tender Offeror after Purchase, Etc.	127,732	(Ownership Ratio of the Share Certificates, Etc., after Purchase, Etc. 43.46%)

Number of Voting Rights Represented by the Share Certificates, Etc. Owned by Special Related Parties after Purchase, Etc.	165,242	(Ownership Ratio of the Share Certificates, Etc., after Purchase, Etc. 56.23%)
Number of Voting Rights of All Shareholders, Etc. of Target Company	293,373	

- (Note 1) The “Number of Voting Rights Represented by the Share Certificates, Etc. Owned by Special Related Parties before Purchase, Etc.” and the “Number of Voting Rights Represented by the Share Certificates, Etc. Owned by the Tender Offeror after Purchase, Etc.” are the total number of voting rights represented by each Special Related Party (provided that no party that is excluded from the Special Related Parties pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure Required for the Tender Offer for the Share Certificates by Persons Other Than Issuers (Ministry of Finance Order No. 38 of 1990, as amended) (the “TOB Order”) in the calculation of the Ownership Ratio prescribed in each Item of Article 27-2, Paragraph 1 of the Act is included).
- (Note 2) The “Number of Voting Rights Represented by the Share Certificates, Etc. Owned by the Tender Offeror, after Purchase, Etc.” is the total number of voting rights (127,732 units) pertaining to the number of share certificates, etc. (12,773,227 shares) to be purchased through the Tender Offer.
- (Note 3) The “Number of Voting Rights of All Shareholders of Target Company” is the total number of voting rights of all shareholders of the Target Company as of July 31, 2024, as indicated in the Target Company’s Securities Report for the 16th fiscal year filed on October 31, 2024. However, in the Tender Offer, as shares constituting less than a single unit are also subject to Purchase, Etc., in calculating the “Ownership Ratio of the Share Certificates, Etc., before Purchase, Etc.” and “Ownership Ratio of the Share Certificates, etc., After Purchase, Etc.”, the Ownership Ratio is the number of voting rights (293,878 units) pertaining to the number of shares (29,387,827 shares) subtracting the number of treasury shares held by the Target Company as of October 31, 2024 (12,873 shares) from the aggregated number (29,400,700 shares) of (a) total number of issued shares as of October 31, 2024 (29,356,700 shares) indicated in the Target Company’s First Quarterly Financial Results as announced by the Target Company on and (b) the number of New Restricted Shares (44,000 shares) .
- (Note 4) The “Ownership Ratio of the Share Certificates, Etc., before Purchase, Etc.” and the “Ownership Ratio of the Share Certificates, Etc., after Purchase, Etc.” are rounded off to the second decimal place.

**(7) Purchase Fund**

21,714,485,900 yen

(Note) The “Aggregate Tender Offer Price” is calculated by multiplying the number of shares intended to be purchased in the Tender Offer (12,773,227 shares) by the Tender Offer Price (1,700 yen) per share.

**(8) Method of Settlement**

- a. Name and Address of the Head Office of the Financial Instruments Business Operators / Banks in Charge of Settlement for Purchase, Etc.

SMBC Nikko Securities Inc.

3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

- b. Commencement Date of Settlement

March 21, 2025 (Friday)

- c. Method of Settlement

A notice of purchase, etc., by way of the Tender Offer will be mailed to the address or the location of the Shareholders wishing to tender their shares in the Tender Offer (the “Tendering Shareholders, Etc.”) (or, in the case of shareholders who are resident in a foreign country (the “Foreign Shareholders”), the standing proxy in Japan (the “Standing Proxy”)), promptly after the end of the Tender Offer Period. The notice will be delivered by electromagnetic methods for the applications via the online trading (<https://trade.smbcnikko.co.jp/>) (the “Nikko Easy Trade”).

The purchase price will be settled in cash. The purchase price for the Share Certificates, Etc., purchased will be remitted to the place designated by the Tendering Shareholders, Etc. (or the standing proxy in the case of the Foreign Shareholders), from the Tender Offer Agent promptly after the commencement date of settlement in accordance with the instruction of the Tendering Shareholders, Etc. (or the standing proxy in the case of the Foreign Shareholders).

- d. Method of Returning Share Certificates, Etc.

If all of the Tendered Share Certificates, Etc., are not purchased in accordance with the terms described in “a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act and Details thereof” or “d. Conditions of Withdrawal, Etc., of the Tender Offer, Details thereof and Method of Disclosure of Withdrawal, Etc.,” of “(9) Other Conditions and Methods of Purchase, Etc.,” below, the Tender Offer Agent will return the share certificates, etc., that must be returned to their original condition at the time of the tender (the “original condition at the time of application” means the condition where the execution of the tender order

for the Tender Offer has been cancelled) on the date two (2) business days after the last day of the Tender Offer Period (or the day of the withdrawal, etc., of the Tender Offer if the Tender Offer has been withdrawn, etc.) in the Tendering Shareholders' Accounts with the Tender Offer Agent.

**(9) Other Conditions and Methods of Purchase, Etc.**

- a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act and Details thereof

If the total number of the Tendered Share Certificates, Etc., is less than the minimum number of the shares to be purchased (2,977,300 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc., is equal to or more than the minimum number of the shares to be purchased (2,977,300 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

- b. Conditions of Withdrawal, Etc., of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, Etc.

The Tender Offer may be withdrawn the Tender Offer upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.10 and Items 1.13 through 1.19, Items 3.1 through 3.8 and Item 3.10 of the same Paragraph, as well as Article 14, Paragraph 2, Items 3 through 6 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended) (the "Enforcement Order"). The "matters equivalent to the matters listed in Items 1.1 through 1.9" in Article 14, Paragraph 1, Item 3.10 of the Enforcement Order means the cases (a) where it is found that there is a false statement regarding, or an omission of, a material matter to be stated, in the statutory disclosure documents that the Target Company previously submitted and when the Tender Offeror does not know such false statement or omission and it was impossible for the Tender Offeror to find out in spite of due care or (b) where the matters listed in Items 3.1 through 3.7 of the same paragraph occur with respect to a material subsidiaries of the Target Company.

Should the Tender Offeror intend to withdraw the Tender Offer, it will give public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun. However, if it is difficult to give such notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and give public notice promptly thereafter.

- c. Conditions of Reduction of Purchase Price, Details thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any action set forth in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price pursuant to the standards set forth in Article 19, Paragraph 1 of the TOB Order.

Should the Tender Offeror intend to reduce the Tender Offer Price, it will give public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun. However, if it is difficult to give such notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and give public notice promptly thereafter.

If the Tender Offer Price is reduced, the Tender Offeror will purchase the Tendered Share Certificates, Etc., which are tendered on or prior to the date of such public notice at the reduced Tender Offer Price.

d. Matters concerning Tendering Shareholders, Etc.’ Right of Cancellation of Contract

The Tendering Shareholders, Etc., may cancel a contract related to the Tender Offer at any time during the Tender Offer Period. In order to cancel the contract, the Tendering Shareholders, Etc., are required to personally deliver or mail (by post) a written request for the cancellation of the contract related to the Tender Offer (the “Cancellation Documents”) to the entity designated below by 15:30 on the last day of the Tender Offer Period (provided, however, the business hours may vary depending on each branch. Please confirm the business hours, etc., of the branch to be used before proceeding with the application.). If cancellation is made by postal mail, the cancellation will not be effective unless the Cancellation Documents are delivered to the entity designated below by 15:30 on the last day of the Tender Offer Period (provided, however, the business hours differ depending on each branch. Please confirm the business hours, etc., of the branch to be used in advance and proceed with the application.).

In order to cancel a contract via the Nikko Easy Trade, the Tendering Shareholders, Etc., after logging into the Nikko Easy Trade, are required to complete the cancellation procedures in the manner prescribed on that website by 15:30 on the last day of the Tender Offer Period.

Entity authorized to receive the Cancellation Documents:

SMBC Nikko Securities Inc.

3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(and branch offices of SMBC Nikko Securities Inc. located in Japan)

No compensation for damages or penalty payment upon the cancellation of a contract by the Tendering Shareholders, Etc., will be demanded of any Tendering Shareholders, Etc., by the Tender Offeror. The cost of returning the Tendered Share Certificates, Etc., will be borne by the Tender Offeror. If the Tendering Shareholders, Etc., give notice of cancellation, the Tendered Share Certificates, Etc., will be returned, immediately following the completion of the cancellation procedures, by the method indicated in “d. Method of Returning Share Certificates, Etc.,” of “(8). Method of Settlement” above.

e. Method of Disclosure if the Conditions or other Terms of the Tender Offer are Changed

The Tender Offeror may change the conditions, etc., of the Tender Offer during the Tender Offer Period, except where it is prohibited pursuant to Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order.

Should any terms or conditions of the Tender Offer be changed, the Tender Offeror will give public notice thereof through electronic disclosure as well as in the Nihon Keizai Shimbun. However, if it is difficult to give notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and give such public notice promptly thereafter.

If the terms or conditions of the Tender Offer are changed, the Tender Offeror will purchase the Tendered Share Certificates, Etc., which are tendered on or prior to the date of such public notice in accordance with the terms and conditions as changed.

f. Method of Disclosure if Amended Statement is Submitted

If the Tender Offeror submits an amendment to this Statement to the Director-General of the Kanto Local Finance Bureau (except in the case prescribed in the proviso of Article 27-8, Paragraph 11 of the Act), the Tender Offeror will promptly make an official announcement of the details of such amended statement to the extent relevant to the contents of the public notice of the Tender Offer, pursuant to the method set forth in Article 20 of the TOB Order. The Tender Offeror will also promptly amend the explanatory statement and provide the amended explanatory statement to the Tendering Shareholders, Etc., who have received the original explanatory statement. If the extent of the amendments is limited, however, the Tender Offeror will convey the changes to the Tendering Shareholders, Etc., by preparing and delivering to the Tendering Shareholders, Etc., a document stating the reason for the amendments, the matters amended and the details thereof.

g. Method of Disclosure of Results of Tender Offer

The Tender Offeror will announce the results of the Tender Offer in accordance with methods stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the Tender Offer Period.

**(10) Date of Notice of Commencement of Tender Offer**

January 29, 2025 (Wednesday)

## **(11) Tender Offer Agent**

SMBC Nikko Securities Inc.

3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

## **3. Policies and Future Outlook after Tender Offer**

Please refer to “c. Management Policy after Implementation of the Tender Offer” of “c. Management Policy after Implementation of the Tender Offer” of “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer”, “(4) Policy for Organizational Restructuring, Etc., after the Tender Offer (Matters relating to So-called “Two-step Acquisition”)", and “(5) Possibility of Delisting and Reasons Therefor” of “1. Purpose of Purchase” above.

## **4. Others**

### **(1) Agreements between Tender Offeror and Target Company or its Officers, and Details Thereof**

#### **a. Agreements between Tender Offeror and Target Company, and Details Thereof (if any).**

##### **(i) Support of and Recommendation to Tender in the Tender Offer**

According to the Target Company’s Press Release, the Target Company resolved at its meeting of the board of directors held on January 28, 2025, to express an opinion that it is in support of the Tender Offer and to recommend the Target Company’s shareholders to tender their shares in the Tender Offer.

For details, please see the Target Company's Press Release and “f. Unanimous Approval by All Directors (Including Directors who are Members of the Audit and Supervisory Committee) of the Target Company without Conflicts of Interest” of “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “b. Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” above.

##### **(ii) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer**

Please see “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Management Policy after the Tender Offer” of “1. Purpose of Purchase” above.

##### **(iii) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price and to Avoid Conflicts of Interest**

Please see “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “b. Background of Calculation” of “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.” of “2. Outline of Purchase, Etc.” above.



b. Agreements between Tender Offeror and Target Company's Officers, and Details Thereof

The Tender Offeror entered into the Tender Agreement (Mr. Yamashita) with Mr. Yamashita, who is the Representative Director and Chairman of the Target Company, as of January 28, 2025 and agreed that 357,000 shares (ownership ratio: 1.21%), excluding the Restricted Shares (Mr. Yamashita) (total number of shares: 410,400 shares; Ownership Ratio: 1.40%) will be tendered in the Tender Offer. For details of the Tender Agreement (Mr. Yamashita), see "a. Tender Agreement (Mr. Yamashita)" of "(6) Material Agreements related to the Tender Offer" of "1. Purpose of Purchase".

In addition, the Tender Offerors entered into the "Management Entrustment Agreements" with Mr. Yamashita and Mr. Kameyama, the Representative Director and President of the Company, respectively, on January 28, 2025, and agreed to entrust the management in the capacity of the representative director and chairman and the representative director and president, respectively of the Target Company. For details of the Management Entrustment Agreements, see "f. Management Entrustment Agreements" of "(6) Material Agreements related to the Tender Offer" of "1. Purpose of Purchase".

Moreover, the Tender Offeror entered into the Non-Tender Agreement (Kyobashi Kousan) with Kyobashi Kousan and Mr. Yamashita and agreed that none of the Target Company's Stock held by Kyobashi Kousan, Etc. (total number of shares held by Kyobashi Kousan, Etc.: 12,039,200 shares; ownership ratio: 40.97%) shall be tendered in the Tender Offer. The Tender Offeror also entered into the Shareholders Agreement with Kyobashi Kousan and Mr. Yamashita with respect to the operation of the Target Company after the Tender Offer has been completed and the Share Consolidation comes into effect. For details of the Non-Tender Agreement (Kyobashi Kousan) and the Shareholders Agreement, see "c. Non-Tender Agreement (Kyobashi Kousan)" and "e. Shareholders Agreement" of "(6) Material Agreements related to the Tender Offer" of "1. Purpose of Purchase".

Except for the Tender Agreement (Mr. Yamashita), the Management Entrustment Agreements, the Non-Tender Agreement (Kyobashi Kousan) and the Shareholders Agreement, the Tender Offeror has not entered into any agreement that would in any way benefit the directors of the Target Company regarding the Tender Offer.

**(2) Other Information Deemed Necessary for Investors to Decide Whether to Tender Their Shares to the Offer, Etc.**

- a. Announcement of "Notice of Revision to Dividend Forecast (No Dividend) for the Fiscal Year Ending July 2025"

The Target Company resolved at a meeting of its board of directors held on January 28, 2025, to revise its dividend forecast for the fiscal year ending July 2025 and to not pay a year-end dividend for the fiscal year ending July 2025, subject to the completion of the Tender Offer. For details, see “Notice of Revision to Dividend Forecast (No Dividend) for the Fiscal Year Ending July 2025” announced by the Target Company on January 28, 2025.

b. Announcement of “Notice of Commencement of Study for Expansion to India”

The Target Company decided to commence study for expansion to India by a written resolution of the board of directors in accordance with Article 370 of the Companies Act and Article 23 of the Target Company's articles of incorporation. For details, see “Notice of Commencement of Study for Expansion to India” announced by the Target Company on January 28, 2025.

(End of Document)

**[Soliciting Regulations]**

This press release is an announcement in order to announce the Tender Offer to the general public and is not prepared for the purpose of solicitation of selling. If a shareholder tenders his or her shares for selling, the shareholder is required to tender on his/her own judgment after carefully reading the tender offer explanatory statement concerning the Tender Offer. This press release is not, and does not constitute any part of, an offer or solicitation of selling, or a solicitation of purchase offer, of securities. This press release (or any part of it) or its reference materials or the fact of its distribution does not constitute a basis for any agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

**[Regulations of the United States]**

The Tender Offer is to be conducted in compliance with the procedures and information disclosure standards prescribed in the Japanese law. Such procedures and information disclosure standards are not necessarily the same as the procedures and information disclosure standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended, and the regulations prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information contained in this press release and reference materials thereof have been prepared in accordance with Japanese accounting standards which may be substantially different from the general accepted accounting principles in the U.S. or other countries. Moreover, as the Tender Offeror is a corporation incorporated outside of the U.S. and all or some of its officers are non-U.S. residents, it may be difficult to enforce any rights or claims arising under the U.S. securities-related laws. In addition, it may not be possible to commence legal actions against a non-U.S. company or its officers in a non-U.S. court on the ground of a violation of the U.S. securities-related laws. Furthermore, a corporation outside the U.S. and its subsidiaries and affiliates may not necessarily be compelled to submit to the jurisdiction of U.S. courts.

Unless otherwise provided, all procedures for the Tender Offer shall be conducted entirely in the Japanese language. Some or all portion of the documents relating to the Tender Offer are or will be prepared in the English language. However, should there be any inconsistency between the document in English and that in Japanese, the Japanese document shall prevail.

This press release and reference materials thereof contain “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainties, or any other factors, it is possible that actual results may substantially differ from the contents expressly or implicitly indicated in such forward-looking statements. Neither the Tender Offeror, the Target Company nor any of their affiliates gives any assurance that the results expressly or implicitly indicated in any “forward-looking statements” will be achieved. The “forward-looking

statements” in this press release and reference materials thereof have been prepared based on the information held by the Tender Offeror as of the announcement date of this press release, and unless otherwise required by applicable laws and regulations, neither the Tender Offeror, the Target Company nor any of their affiliates is obliged to change or modify such statements in order to reflect any events or circumstances in the future.

The Tender Offeror, the Target Company, and each of their financial advisors, the Tender Offer Agent, and persons related thereto might, before the commencement of the Tender Offer or during the Tender Offer Period, purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the Target Company’s Stock on

its own account or the account of its client to the extent permitted by Japanese laws related to financial instruments transactions or any other applicable laws and regulations in addition to the scope of its ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. Such purchase, etc. could be carried out at the market price through market transactions or the price determined through negotiation outside the market. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the U.S. in a similar manner.

**[Other Countries]**

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted under the laws thereof. The announcement, issue or distribution of this press release does not constitute any solicitation of an offer for selling, etc., or offer for purchase, etc., of share certificates concerning the Tender Offer, and is deemed to be the distribution of materials merely for information.