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(Securities Code 3258)  
May 13, 2020

**To Shareholders with Voting Rights:**

Tetsuji Kosaki  
President and CEO  
UNIZO Holdings Company, Limited  
2-10-9, Hatchobori, Chuo-ku, Tokyo

**NOTICE OF  
EXTRAORDINARY MEETING OF SHAREHOLDERS**

We, UNIZO Holdings Company, Limited, would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the Extraordinary Meeting of Shareholders (the “Meeting”) of UNIZO Holdings Company, Limited (the “Company”). The Meeting will be held as described below.

If you are unable to attend the Meeting, you may exercise your voting rights by one of the following methods. Please review the attached “Reference Documents for the Extraordinary Meeting of Shareholders” and exercise your voting rights by 5:20 p.m. on Friday, May 29, 2020, Japan time.

[Exercising voting rights via postal mail]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the exercise deadline above.

[Exercising voting rights via the Internet]

Please access the voting rights exercise website (<https://soukai.mizuho-tb.co.jp/>) designated by the Company, utilize the “Voting rights exercise code” and “Password” written on the enclosed Voting Rights Exercise Form, and follow the on-screen instructions to indicate your vote for or against the proposals.

Concerning the exercise of voting rights via the Internet, please confirm the contents of “Exercising Voting Rights via the Internet” on page 3.

If voting rights are exercised both in writing via the Voting Rights Exercise Form and via the Internet, the vote cast via the Internet shall be deemed valid.

- 1. Date and Time:** Monday, June 1, 2020 at 10:00 a.m. Japan time
- 2. Venue:** “Ariake” banquet room on the second floor of The Royal Park Hotel located at 2-1-1, Nihonbashi-Kakigara-cho, Chuo-ku, Tokyo, Japan  
(The venue is different from the Annual General Meeting of Shareholders held in June last year. Please confirm that you are traveling to the correct venue if attending the Meeting.)
- 3. Meeting Agenda:**
  - Proposals to be resolved:**
    - Proposal 1:** Reverse share split
    - Proposal 2:** Partial amendments to the Articles of Incorporation

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- ◎ When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Only shareholders may attend the Meeting. If voting by proxy, you may entrust your vote to one (1) person who is a shareholder with voting rights, as stipulated in Part 17 of the Articles of Incorporation of the Company. In such a case, the proxy must submit, in addition to his or her own voting materials, your voting materials together with a document proving appointment of proxy.
  - ◎ Should the Reference Documents for the Extraordinary Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<https://www.unizo-hd.co.jp/>).
  - ◎ Please note that considering the spread of the novel coronavirus (COVID-19), measures may be taken that are necessary to ensure the safety of shareholders and to prevent spread of the disease at the venue of the Meeting, and so the Company kindly asks for your cooperation. Furthermore, depending on the state of the spread of the disease hereafter, the Company will make an announcement through its website noted above and other means in case there is a change in the operation of the Meeting.

The Company has not prepared gifts for the Meeting. We appreciate your understanding

## Exercising Voting Rights via the Internet

### 1. Exercising voting rights via the Internet

- (1) In addition to exercising voting rights in writing, you may exercise voting rights via the “Voting Rights Exercise Website” (URL below) designated by the Company. If you wish to use this method, log in utilizing the voting rights exercise code and password printed along the right side of the Voting Rights Exercise Form, and follow the on-screen instructions. To ensure security, you are required to change the password upon the initial login.

<https://soukai.mizuho-tb.co.jp/>

- (2) The exercise deadline is 5:20 p.m. on Friday, May 29, 2020, Japan time, and input must be completed by that time. The Company suggests that you exercise your voting rights ahead of time.
- (3) In the event that voting rights are exercised both in writing and via the Internet, the vote cast via the Internet shall be deemed valid. If votes are cast multiple times, the most recent vote cast shall be deemed valid.
- (4) Passwords (including those changed by the shareholder) are valid only for the Meeting. New passwords will be issued at the time of the next general meeting of shareholders.
- (5) Expenses associated with connecting to the Internet shall be borne by the shareholder.

#### (Attention)

- The password is a method to confirm the identity of the person voting. The Company will never ask for your password.
- If the password is entered incorrectly a certain number of times, the account will become locked and unusable. In the event of a lockout, please follow the on-screen instructions.
- Although the Voting Rights Exercise Website has been tested to function with general Internet connection devices, it may not be available depending on the device used.

### 2. Inquiries

For any inquiries, please contact the Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. (below), the shareholder registry administrator.

Dedicated line for inquiries regarding operating methods of the Voting Rights Exercise Website  
Toll-free (within Japan): 0120-768-524 (Weekdays, 9:00 a.m. to 9:00 p.m.)

#### (Reference)

Institutional investors may utilize the electronic voting rights exercise platform operated by ICJ, Inc.

## Reference Documents for the Extraordinary Meeting of Shareholders

### Item 1 Reverse Share Split

#### 1. Reason to Perform Reverse Share Split

As UNIZO Holdings Company, Limited (herein the “Company”) announced in its December 22, 2019 release “Notice of Position Statement (Approval) Regarding Tender Offer by Chitoea Investment Co., Ltd. for UNIZO Holdings Company, Limited Stock” (herein the “December 22 Release”), on December 22, 2019, Chitoea Investment Co. Ltd. (herein the “Tender Offeror”) decided to commence a tender offer (herein the “Tender Offer”) aiming to acquire all issued and outstanding common shares (herein the “Company Shares”) of the Company (excluding treasury shares owned by the Company) listed on the First Section of the Tokyo Stock Exchange, Inc. (herein “TSE”) at the tender offer price (herein “Tender Offer Price”) of JPY 5,100 per Company Share and conduct the transaction (herein the “Transaction”) to make the Company a wholly owned subsidiary of the Tender Offeror.

Thereafter, as the Company announced in its February 9, 2020 release “Notice of Position Statement (Approval) Regarding Tender Offer by Chitoea Investment Co., Ltd. for UNIZO Holdings, Limited Stock after Change in Tender Offer Conditions” (herein “February 9 Release”), the Tender Offeror decided to change the Tender Offer Price from JPY 5,100 to JPY 5,700 (herein the “First Tender Offer Change of Conditions”). Further, as the Company announced in its March 18, 2020 release “Notice of Position Statement (Approval) Regarding Tender Offer by Chitoea Investment Co., Ltd. for UNIZO Holdings, Limited Stock after Second Change in Tender Offer Conditions” (herein “March 18 Release”, and together with the December 22 Release and February 9 Release, collectively “Company Releases”), the Tender Offeror decided to change the Tender Offer Price from JPY 5,700 to JPY 6,000 (herein the “Second Tender Offer Change of Conditions”).

As the Company announced in its April 3, 2020 release “Notice Regarding Results of Tender Offer by Chitoea Investment Co., Ltd., for UNIZO Holdings Company, Limited Stock and Change of Parent Company, Major Shareholder, and Principal Shareholder Which is Also a Major Shareholder,” the Tender Offeror conducted the Tender Offer from December 24, 2019 to April 2, 2020, and as the result, the Tender Offeror became to own 29,618,824 Company Shares (ownership ratio\*: 86.55%) as of April 10, 2020 (the Tender Offer settlement commencement date).

- \* The “ownership ratio” is calculated based on 34,220,083 shares as the denominator, which is the number of issued and outstanding Company Shares as of December 31, 2019 (34,220,700 shares) as indicated in the Company’s “Financial Summary for the 3rd Quarter of the Fiscal Year Ending March 31, 2020 (Japan GAAP)” announced on February 14, 2020 (herein the “Company’s 3Q Financial Summary”), less, the number of treasury shares (617 shares) held by the Company as of December 31, 2019 indicated in the Company’s 3Q Financial Summary, and by rounding the third digit below decimal.

As announced in the Company Releases, the Tender Offeror is a *kubushiki kaisha* incorporated in December 13, 2019 by Chitoea Co., Ltd. (which was incorporated by Second Stock Ownership Company, Limited, Third Stock Ownership Company, Limited, and Fourth Stock Ownership Company, Limited, shareholders of which are the Company's employees) as the sole incorporator for the purpose of acquiring and holding the shares etc. of the Company. After share transfer by the Tender Offeror, the common shares equal to 73% of the total and outstanding common shares of the Tender Offeror are owned by Chitoea Co., Ltd. and the common shares equal to 27% of the same are owned by LSREF6 UNITED INVESTMENTS S.ÀR.L., invested by LSREF6 Affiliate Finance (Cayman), LLC, an affiliate of Lone Star Real Estate Fund VI, L.P. ("LSREF6"), one of the funds of Lone Star (Lone Star Global Acquisitions, Ltd. (registered as investment advisor at the U.S. SEC) or its subsidiaries/affiliates and the funds which such entities advise are collectively referred to herein as "Lone Star"), respectively.

As announced in the Company Releases, in reaction to the announcement of tender offer for the Company Shares launched by H.I.S. Co., Ltd. ("H.I.S.") on July 11, 2019 (the "H.I.S. Tender Offer"), in order to realize increase of the Company's corporate value, provide the opportunity for all Company shareholders to sell their Company Shares at a fair price and in order to secure opportunities for other potential bidders to offer superior acquisition proposals from the perspectives above ("Market Check"), the Company conducted the Market Check by seeking proposals from other potential buyers ("Potential Sponsors") by itself as well as through Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Daiwa Securities Co. Ltd., the Company's financial advisors. As a result, on August 19, 2019, a tender offer ("Fortress Tender Offer") for the Company Shares was launched by Sapporo GK, capitalized by Sapporo Holdings I LLC, an affiliate of Fortress (Fortress Investment Group LLC and its group are collectively referred to herein as "Fortress"), which was one of the Potential Sponsors. Based on the explanation provided by Fortress and the other Potential Sponsors which submitted acquisition proposals to the Company in early September 2019 and thereafter, however, the Company recognized that there was a possibility that the value which the Company sought to materialize through the acquisition of the Company by the Potential Sponsors such as to secure common interests of the shareholders and maintaining and increasing the Company's corporate value was not understood properly. Therefore, the Company resolved at the Board of Directors meeting held on September 27, 2019 to implement the Company's basic policies ("Basic Policies"), where in the event a third party including Potential Sponsors makes an acquisition proposal or an attempt of acquisition of Company Shares by means of tender offer etc. ("Acquisition Proposal"), the Company shall decide its opinion based on. Pursuant to such Basic Policies, the Company engaged in discussions with six foreign investment funds including Lone Star, Sapporo GK (Fortress) and Blackstone (funds operated or advised by Blackstone Singapore Pte. Ltd. or its affiliates are referred to herein as "Blackstone"), a Japanese investment fund and a Japanese non-financial company as Potential Sponsors, requesting them to make proposals which contribute to securing the common interests of the Company's shareholders and maintaining and increasing of the Company's corporate value, whereupon the Company received a proposal for the Transaction (the "Proposal") from the Tender Offeror. After comparing the Proposal with proposals made by other multiple Potential Sponsors, the Company concluded that proceeding with the Transaction by the

Tender Offeror would contribute to further increase of the Company's corporate value and common interests of shareholders and would lead to the Company's mid-to-long-term growth and further increase of the corporate value, since the Proposal from the Tender Offeror was superior to proposals from other multiple Potential Sponsors in the aspects below, and at the Board of Directors meeting held on December 22, 2019, the Company resolved that the Company approves the Tender Offer and expresses its opinion to recommend that all shareholders tender in the Tender Offer.

- (i) The Tender Offer Price (JPY 5,100) was the highest among the prices offered by the Potential Sponsors - the six foreign investment funds including Sapporo GK (Fortress) and Blackstone, the Japanese investment fund and the Japanese non-financial company, and was the most favorable price to shareholders (although there was one other candidate who offered the same price, the candidate was not able to raise the funds necessary for a tender offer). The Tender Offer Price (JPY 5,100), as stated in "I. Obtainment of Share Valuation Reports from Third-party Valuers Independent from the Company" of "(6) Measures to Secure Fairness of the Tender Offer such as Measures to Secure Fairness of the Tender Offer Price and to Avoid Conflict of Interest" of "Position regarding the Tender Offer, and Basis and Reasons Thereof" in the December 22 Release, is a price higher than share price range calculated by the discounted cash flow (DCF) method as shown in the share price valuation reports (herein "Share Valuation Reports") obtained from KPMG FAS Co., Ltd. (herein "KPMG"), ZECOO Partners Inc. (herein "ZECOO") and Benedi Consulting Co., Ltd. (herein "Benedi"), all of which are share valuation advisors, and is the price which contributes to common interests of shareholders in light of the Company's corporate value reflecting the financial situation, the business performance and the fourth three-year mid-term business plan "STRONGER FOOTHOLD 2021 – Strengthening of Management Structure" ("Mid-term Business Plan") newly prepared and announced by the Company on April 16, 2019;
- (ii) Lone Star is a global fund which has thorough knowledge of real estate industry, abundant capital and high credibility. Lone Star has rich experience in leading Japanese and international delisting cases to success and is thought to be the best partner to successfully complete the Tender Offer. It is expected that, with Lone Star's over twenty years of history of investment in corporations and real estates, a management structure which allows to make flexible decisions in a mid-to-long-term perspective will be established regardless of the fluctuation in the Company's performance in the short term. It is also expected that, with Lone Star's advice to the Company and capital strength, further increase of the Company's corporate value will be achieved by increase in value of the Company's real estate, manifestation of intrinsic value of the Company's assets through redevelopment of the real estate and improvement of business efficiency in real estate management and hotel businesses. Especially, the know-how and the network Lone Star has in Japanese and international real estate and business investment is expected to highly contribute to increase the Company's corporate value;
- (iii) In the discussion and negotiation with other Potential Sponsors, there was undeniable

possibility that Fortress was considering to divest part of the Company's business and assets, and thereby substantially dissolving the Company, as well as with Blackstone the Company was forced to negotiate on the premise that part of the Company Group's asset will be separated. However, the Lone Star Proposal would make it possible to basically maintain the structure of the Company without dissolving or separating the Company or separating part of the Company's assets, and therefore was thought to be the proposal which would contribute to ensuring that the Company continues to be a worthwhile workplace for the employees, and to continue to grow as a going concern while maintaining the integrity with the previous business, thereby maintaining and increasing the Company's corporate value; and

- (iv) The Company, in order to maintain and increase the corporate value, considers extremely important to implement "employees protection" which ensures the employment of the Company's employees and ensures that the Company continues to be a company in which the employees find their jobs rewarding. If Lone Star directly acquires the Company, even if there is an agreement between Lone Star and the Company that Lone Star will protect the Company employees in connection with the tender offer, the possibility that Lone Star will not respect such agreement after Creation of Wholly Owned Subsidiary cannot be completely denied, whereas the financing arrangement with Lone Star is entered into by the Tender Offeror whose substantial shareholders are the Company employees. Therefore, the Tender Offeror is expected to achieve the "employees protection" after the Creation Of Wholly Owned Subsidiary, because for example, substantially the employees themselves will be able to demand to comply with the agreed matters under such agreement after the consummation of the Transaction, which shall contribute to further increasing the Company's corporate value.

Thereafter, the Company, as a result of careful and faithful examination of a new acquisition proposal provided to the Company on January 28, 2020 by Urchin Holdings I Pte. Limited ("Urchin"), an affiliate of a fund operated and advised by Blackstone Real Estate which is part of Blackstone, including a tender offer at the tender offer price of JPY 5,600 per Company Share ("Urchin Acquisition Proposal"), a change of the tender offer price in the Fortress Tender Offer made by Sapporo GK on January 29, 2020 ("Fortress Tender Offer Change of Conditions") and the First Tender Offer Change of Conditions, reached the conclusion for reasons below, that the Company's belief has not changed that implementing the Tender Offer after the First Tender Offer Change of Conditions and the transactions to make the Company a wholly owned subsidiary of the Tender Offeror contributes to further increase of the corporate value and the common interests of shareholders of the Company and leads to the Company's mid-to-long-term growth and further increase of the corporate value. Accordingly, at the Board of Directors meeting held on February 9, 2020, the Company resolved that the Company continues to approve the Tender Offer and to express its opinion to recommend that all shareholders tender in the Tender Offer.

- (i) The Tender Offer Price (JPY 5,700) after the First Tender Offer Change of Conditions is higher than both of the Urchin Acquisition Proposal and the Fortress Tender Offer Change of Conditions, and still considered to be the price which best serves the

common interests of shareholders;

- (ii) It has not changed that there is an undeniable possibility that Fortress is considering to divest part of the Company's business and assets, and thereby substantially dissolving the Company. (Fortress alleges, in the Fortress' January 29, 2020 Notice of Revision, that Fortress never suggested in the discussion and negotiation with Company after the commencement of the Fortress Tender Offer that it has the intention to change the policy to maintain employment and working conditions of the Company's employees or to dissolve the Company. It is the Company's understanding, however, that the possibility cannot be denied that Fortress is considering to divest part of the Company's business and assets, and thereby substantially dissolving the Company after the Fortress Transaction (defined below) according to the explanation given during the discussion and negotiation with Fortress for Fortress' proposal regarding the management policy after implementation of the Fortress Tender Offer and the transactions to make the Company a wholly owned subsidiary of Sapporo GK (herein the "Fortress Transaction"). Such explanation was provided as part of the restructuring proposal where the Company's hotel business and trust beneficiary rights of real estate and other assets owned by the Company group shall be succeeded to by, or transferred to, Fortress by means of corporate demerger and adsorption type merger; and
- (iii) While a framework where part of the assets of the Company group are to be separated for a new company managed mainly by employees of the Company was discussed in the negotiation with Blackstone after the Urchin Acquisition Proposal as well, the proposal by Lone Star is superior from the perspective of employee protection, which is focused in the Basic Policies, since it basically allows the Company to keep its current form and therefore contributes to maintaining and increasing the corporate value of the Company, both in terms of ensuring that the Company continues to be a company where employees find their jobs rewarding and enabling the Company to aim sustainable growth with continuity from the Company's current business operation.

Thereafter, the Company, as a result of careful and faithful examination of the Second Tender Offer Change of Conditions, reached the conclusion that the Company's belief has not changed that executing the Tender Offer after the Second Tender Offer Change of Conditions and the transactions to make the Company a wholly owned subsidiary of the Tender Offeror contributes to further increase the corporate value and the common interest of shareholders of the Company provided in the Basic Policy, and leads to mid-term to long-term growth of the Company, for the following reasons. Accordingly, at the Board of Directors meeting held on March 18, 2020, the Company resolved that the Company continues to approve the Tender Offer and to express its opinion to recommend that all shareholders tender in the Tender Offer.

- (i) The Tender Offer Price (JPY 6,000) in the Tender Offer after the Second Tender Offer Change of Conditions is higher than any other proposals from candidate sponsors, and remains to be considered as the price which best promotes the common interests of shareholders. (Although Blackstone has expressed on February 24, 2020 an acquisition proposal (herein the "Urchin Acquisition Proposal After Change") including a tender offer at JPY 6,000 per Company share, which is the same as the Tender Offer Price in



the Tender Offer after the Second Tender Offer Change of Conditions, the tender offer targeting the Company Shares by Blackstone had not commenced as of the Second Tender Offer Change of Conditions on March 18, 2020, thus the Company has concluded that the Tender Offer Price (JPY 6,000) after the Second Tender Offer Change of Conditions best promotes the common interests of shareholders.)

- (ii) While neither Fortress nor Blackstone has made new proposals from the perspective of increasing the corporate value of the Company including employee protection, the proposal by Lone Star continues to be superior from the perspective of employee protection provided in the Basic Policy, since it basically allows the Company to maintain its current form and therefore contributes to maintaining and increasing the corporate value of the Company both in terms of ensuring that the Company continues to be a company where employees find their jobs rewarding and enabling the Company to aim sustainable growth with continuity with the Company's current business operation.

While the Tender Offer was successfully concluded as mentioned above, the Tender Offeror was not able to acquire all (excluding treasury shares held by the Company) of the Company Shares through the Tender Offer, and the total number of the voting rights held by the Tender Offeror after the completion of the Tender Offer is less than 90% of all of the voting rights in the Company. Accordingly, the Company, upon request by the Tender Offeror and as described in "2. Details of the Reverse Share Split" below, decided to execute a reverse share split (herein "Reverse Share Split") which consolidates 4,601,239 Company Shares into 1 Company Share in order to make the Tender Offeror the sole shareholder of the Company, as announced in "II. Reverse share split" of "(5) Policy for Organizational Restructuring, Etc. After Tender Offer (Matters Regarding the So-called "Two-Step Acquisition"))" of "3. Position regarding the Tender Offer, and Basis and Reasons Thereof" in the December 22 Release, and decided to propose the Reverse Share Split as an agenda item at the extraordinary meeting of shareholders (herein "Extraordinary Meeting of Shareholders") planned to be held at June 1, 2020.

As a result of the Reverse Share Split, the number of the Company Shares held by the shareholders other than the Tender Offeror is expected to be reduced to fractional holding of less than one share.

## 2. Details of the Reverse Share Split

### (1) Consolidation Ratio

4,601,239 Company Shares will be consolidated into 1 Company Share

### (2) Effective Date of the Reverse Share Split

June 22, 2020

(3) Total Number of Authorized Shares on the Effective Date

7 Shares

3. Matters concerning Appropriateness of the Provisions on Matters Listed in Article 180, Paragraph (2), Item (i) and Item (iii) of the Companies Act

The consolidation ratio in the Reverse Share Split is the one of 4,601,239 Company Shares to 1 Company Share. The Company has decided that the consolidation ratio of the Reverse Share Split is appropriate, considering that the Tender Offer has successfully completed as part of the Transactions upon the process described in “1. Reason to Perform Reverse Share Split” as well as the following matters:

(1) Matters concerning Treatment of Fractional Shares

As mentioned in “1. Reason to Perform Reverse Share Split” above, the number of the Company Shares held by the shareholders other than the Tender Offeror is expected to be reduced to fractional holding of less than one share as a result of the Reverse Share Split.

As for fractional holdings of less than one share resulting from the Reverse Share Split, the shareholders will receive cash, in accordance with the number of the fractional shares held, to be obtained by selling the shares equivalent to the total number of such fractional shares (fractional number of less than one in the total number of such fractional shares shall be rounded off). The Company plans to sell such shares to the Tender Offeror, pursuant to Article 234, Paragraph (2) of Companies Act, which applies mutatis mutandis according to Article 235, Paragraph (2) of Companies Act, upon obtaining permission by court. In the event that the permission by court is obtained as planned, the amount of consideration for the total number of fractional shares is planned to be determined so that the shareholders will be paid the cash equivalent to JPY 6,000, which is the same as the Tender Offer Price after the Second Tender Offer Change of Conditions, multiplied by the number of Company Shares each shareholder holds.

(2) Matters concerning the Amount of Cash to be Paid to Shareholders and Appropriateness of Such Amount

As mentioned in “(1) Matters concerning Treatment of Fractional Shares” above, it is expected in the Reverse Share Split that the shareholders will be paid cash equivalent to JPY 6,000, which is the same as the Tender Offer Price after the Second Tender Offer Change of Conditions, multiplied by the number of Company Shares each shareholder holds.

As for the Tender Offer Price before the First Tender Offer Change of Conditions (JPY 5,100), it was the highest among the prices offered by the six foreign investment funds including Sapporo GK (Fortress) and Blackstone, the Japanese investment funds and the Japanese non-financial company, and was the most favorable price to shareholders (although there was one other candidate who offered the same price, the candidate was not able to raise the funds necessary for a tender offer). In addition, it was a price higher than share price range calculated by the discounted

cash flow (DCF) method as shown in the Share Valuation Reports obtained from KPMG, ZECOO and Benedi, all of which are share valuation advisors, as mentioned in “I. Obtaining Share Valuation Reports from Valuators by the Company” of “(3) Matters Considered to Avoid Infringement of the Interest of Shareholders (Excluding Parent Company)” below. Accordingly, the Company concluded that it was the price which contributes to common interests of shareholders in light of the Company’s corporate value reflecting the financial situation, the business performance and Mid-term Business Plan.

As for the Tender Offer Price after the First Tender Offer Change of Conditions and the Second Tender Offer Change of Conditions (JPY 6,000), it was higher than any other proposals from candidate sponsors, and the Company concluded that it remains to be considered as the price which best promotes the common interests of shareholders. (Although Blackstone has expressed on February 24, 2020 the Urchin Acquisition Proposal After Change including a tender offer at JPY 6,000 per Company share, which is the same as the tender offer price in the Tender Offer after the Second Tender Offer Change of Conditions, the tender offer targeting the Company Shares by Blackstone had not commenced as of the Second Tender Offer Change of Conditions on March 18, 2020, thus the Company concluded that the Tender Offer Price after the Second Tender Offer Change of Conditions best promotes the common interests of shareholders.)

From the above, the Company has concluded that the method of treating fractional shares and the amount of cash expected to be paid to the shareholders of the Company are appropriate.

### (3) Matters Considered to Avoid Infringement of the Interest of Shareholders (Excluding Parent Company)

#### I. Obtaining Share Valuation Reports from Valuators by the Company

In the course of examining the tender offer price of the H.I.S. Tender Offer, in order to exclude arbitrariness in the decision-making process of the Board of Directors and to ensure fairness and transparency, the Company engaged KPMG, ZECOO, and Benedi, all third-party valuers independent from the Company and H.I.S. for the valuation of the Company Shares.

In relation with the Tender Offer, the Company decided to refer to each such Share Valuation Reports obtained from KPMG, ZECOO, and Benedi to evaluate the Tender Offer Price so as to ensure fairness and transparency.

Please note that the Company has not obtained a fairness opinion concerning the Tender Offer Price.

Please see “(3) Matters Regarding Valuation” of “3. Position regarding the Tender Offer, and Basis and Reasons Thereof” in the December 22 Release for details of the Share Valuation Reports obtained from KPMG, ZECOO, and Benedi.

#### II. Establishment of Independent Special Committee

In expressing the Company’s position on the H.I.S. Tender Offer and to eliminate the risk of arbitrariness and ensure fairness and transparency in the decision-making process of

the Board of Directors, the Company established a special committee (herein “Special Committee”) on July 16, 2019, consisting entirely of five outside members of the Board of Directors independent from the Company and H.I.S.

Also in connection with issuing the Company’s opinion regarding the Fortress Tender Offer, on August 15, 2019, the Company has also consulted with its Special Committee consisting of five outside members of the Board of Directors who are independent not only from the Company and H.I.S. but also from Fortress for the purpose of eliminating the risk of arbitrariness and ensuring fairness and transparency in the decision-making process of the Board of Directors.

The Tender Offeror, through the Transactions including this Tender Offer, intends to take over the Company as a wholly owned subsidiary. In this context, in order to eliminate the risk of arbitrariness and ensure fairness and transparency in the decision making process of the Board of Directors regarding the Transactions including the Tender Offer, the Board consulted with the Special Committee, which consists entirely of five outside members of the Board of Directors independent from not only the Company and H.I.S. but also from the Tender Offeror and Lone Star, on December 21, 2019 with respect to the following matters: (a) legitimacy of the purpose of the Transactions; (b) fairness of the process of the Transactions; (c) appropriateness of the consideration to be paid through the Transactions to the Company’s shareholders; (d) considering items (a) to (c), as well as other items, whether the Transactions are disadvantageous to the minority shareholders; and (e) considering items (a) to (d), whether or not the Transactions are beneficial to the Company and its shareholders (such items, collectively, “Consultation Matters”). The reason why the consultation to the Special Committee was immediately before the resolution of the Board of Directors of the Company was because the Company has been discussing and negotiating in parallel between multiple Potential Sponsors, so it was only immediately before the resolution of the Board of Directors of the Company when it was judgable that it was the appropriate timing to consult regarding the Transactions.

The Special Committee regarding the Transaction was held on December 21 and 22, 2019, which carefully examined and discussed the Consultation Matters. The Special Committee examined necessary materials including materials disclosed or provided by the Company, interviewed directors of the Company and examined and discussed matters in connection with the Consultation Matters, such as details, background, development and purpose of the Transaction, and measures to secure fairness of the Transactions implemented by the Tender Offeror. The Special Committee is not involved in the negotiation between the Company, Tender Offeror and Lone Star.

The Special Committee had retained Mr. Kimitoshi Yabuki (Partner of Yabuki Law Offices) as an independent legal advisor for the Special Committee. As Mr. Yabuki is independent from the Tender Offeror and Lone Star, the Special Committee continued engagement of Mr. Yabuki after the proposal of the Transaction and obtained legal advice on the specifics and procedure regarding the Consultation Matters.

Mr. Yabuki is not a related party of the Tender Offeror, Lone Star or the Company, and as such there is no significant conflict of interest that should be reported in relation to the

#### Tender Offer.

Based on the above background and after careful examination and analysis, the Special Committee submitted the report to the Board of Directors on December 22, 2019 outlined as follows:

#### (a) Legitimacy of Purpose of the Transactions

Based on the Basic Policies, the Company has discussed with the Potential Sponsors and requested to offer proposals which ensures the common interests of shareholders and contributes to maintaining and increasing the Company's corporate value. The Company has come to conclude that executing the Transaction by the Tender Offeror shall contribute to further increasing the Company's corporate value and common interests of shareholders, leads to the Company's mid-to-long-term growth, as the Proposal by the Tender Offeror is superior to the proposals from other multiple Potential Sponsors in the following aspects:

- The Company has conducted the Market Check, and the Tender Offer Price was the highest among the prices offered by the Potential Sponsors, i.e. six foreign investment funds including Sapporo GK (Fortress) and Blackstone, one Japanese investment fund, and one Japanese non-financial company. (Although there was one other candidate who offered the same price, the candidate was not able to raise the funds necessary for the tender offer.) Furthermore, the Tender Offer Price exceeds the range of share value calculated by the discounted cash flow (DCF) method as shown in the Share Valuation Reports obtained from KPMG, ZECOO, and Benedi, as share valuation advisors, and it is deemed a price contributing to the common interests of shareholders, considering the Company's corporate value based on the Company's financial status and operating results and the Mid-term Business Plan;
- Lone Star is a global fund which has thorough knowledge of real estate industry, abundant capital and high credibility. Lone Star has rich experience leading Japanese and international delisting cases to success and is thought to be the best partner to successfully complete the Tender Offer. It is expected that, with Lone Star's over twenty years of history of investment to corporations and real estate, a management structure which allows to make flexible decisions in a mid-to-long term perspective will be established even if there is fluctuation in the Company's performance in the short term. It is also expected that, with Lone Star's advice to the Company, further increase of the Company's corporate value will be achieved by actualizing the value of Company's real estates, manifestation of intrinsic value of the Company's assets through redevelopment of the real estate, and improvement of business efficiency in real estate management and hotel businesses. Especially, the know-how and network Lone Star has in Japanese and international real estate and business investment is expected to highly contribute to increasing the Company's corporate value;
- While other Potential Sponsors discussed and negotiated with the Company on the premise to separate the Company Group, the proposal by Lone Star will enable

the Company to basically maintain its current integrity without separating its assets, and therefore thought to be the proposal which contributes to maintaining and increasing the Company's corporate value; and

- The Company considers that for the purpose of maintaining and increasing corporate value, it is extremely important that a certain structure for "employee protection" which ensures the employment of employees and that the Company continues to be a worthwhile workplace for the employees is implemented. The financing arrangements between Lone Star will be between the Tender Offeror whose substantial shareholders are the employees of the Company, so the Tender Offeror is expected to be able to achieve the "employees protection" after the Creation Of Wholly Owned Subsidiary, for example, the employees themselves will be able to demand to comply with the agreement after execution of the Transaction, which shall contribute to further increasing the Company's corporate value.

As described above, the Company has collected certain materials, obtained advices and opinions from independent experts and specialists, thus is deemed to have individually analyzed and verified whether or not the Transactions contribute to increasing the Company's corporate value and the common interests of shareholders. Furthermore, as mentioned above, there are various merits in taking over the Company as a wholly owned subsidiary of the Tender Offeror, thus is expected to increase the Company's corporate value.

Accordingly, the Special Committee believes that the purpose of the Transactions is legitimate.

(b) Fairness of the Process of the Transactions

Considering that (i) the Company referred to the Share Value Estimation Reports obtained from KPMG, ZECOO, and Benedi, all of whom are third party valuers that are independent from H.I.S. and the Company, and were engaged for reviewing the tender offer price in the H.I.S. Tender Offer in order to ensure fairness in the decision-making process of the Board of Directors of the Company, (ii) the Company plans to make its decision taking into consideration the report of the Special Committee, (iii) the Company has received legal advice concerning Japanese law issues from TMI Associates and Nishimura & Asahi, which are external legal advisors independent from the Company and the Tender Offeror, and carefully reviewed the Transactions based on such legal advice, and (iv) upon the announcement of the H.I.S. Tender Offer, from the perspective of seeking to increase the Company's corporate value and promoting the common interests of shareholders through fair procedures, the Company has conducted Market Check that resulted in confirming with 16 potential bidders, and thereafter, the Company enacted the Basic Policy and conveyed the Company's attitude towards acquisition proposals, and discussed with six foreign investment funds including Lone Star, Sapporo GK (Fortress) and Blackstone, a Japanese investment fund and a Japanese non-financial company as Potential Sponsors in order to promote the common interests of shareholders and maintain and increase the Company's

corporate value, the process of the Transactions is considered to be fair.

- (c) The Appropriateness of the Consideration to be Delivered through the Transactions to the Company's Shareholders

The Tender Offer Price, or the consideration payable to the Company's shareholders through the Transactions is considered to be appropriate for the following reasons:

- (i) The Tender Offer Price was the highest among the prices offered, through the Market Check conducted by the Company, by the six foreign investment funds including Sapporo GK (Fortress) and Blackstone, the Japanese investment funds and the Japanese non-financial company, and was the most favorable price to shareholders. Although there was one other candidate which offered the same price, the candidate was not able to raise the funds necessary for a tender offer; and
- (ii) The Company obtained Share Valuation Reports from valuers, which the Company has engaged in order to examine the tender offer price of the H.I.S Tender Offer independent from the Company and H.I.S., and in connection with the Tender Offer, the Company referred to those Share Valuation Reports to evaluate the Tender Offer Price so as to ensure fairness in the decision-making process of the Board of Directors. The Tender Offer Price exceeds the range of share value calculated by the discounted cash flow (DCF) methods as shown in the Share Valuation Reports obtained from the valuers. The Tender Offer Price represents a premium of 4.08% (fractions to be rounded to the nearest unit to the second decimal place, the same shall apply in this item) of the latest (December 20, 2019) closing price in the market. The Tender Offer Price is 24.39% higher than the tender offer price of the Fortress Tender Offer, where Fortress being an independent party.

- (d) Considering Items (a) to (c), as well as Other Items, whether the Transactions is Disadvantageous to the Minority Shareholders or Not

Considering that the purpose of the Transactions is legitimate, that the process of the Transactions is fair, that the consideration to be delivered to the Company's shareholders is appropriate, and that there are no other disadvantageous circumstances for the Company's minority shareholders caused by the Transactions, the Transaction does not harm the interests of minority shareholders.

- (e) Considering items (a) to (d), whether the Transactions are Beneficial to the Company and its Shareholders or Not

Considering that the purpose of the Transactions is legitimate, that the process of the Transactions is fair, that the consideration to be delivered to the Company's shareholders are appropriate, and that the Transaction does not harm the interests of minority shareholders, it

is considered that the Transactions are beneficial for the enhancement of the Company's corporate value and common interest of shareholders.

Thereafter, the Company, upon the Urchin Acquisition Proposal, Fortress Tender Offer Change of Conditions and the First Tender Offer Change of Conditions as well, consulted again with its Special Committee consisting of five outside members of the Board of Directors who are independent not only from the Company, H.I.S., Fortress and Blackstone but also from the Tender Offeror and Lone Star, on February 8, 2020, regarding whether it is appropriate to maintain the opinion to recommend that all shareholders tender their shares in the Tender Offeror or not (herein the "Consultation Matters After Change"), in order to eliminate the risk of arbitrariness and ensure fairness and transparency in the decision-making process of the Board of Directors of the Company in connection with the Transactions, including the Tender Offer after the First Tender Offer Change of Conditions. The reason why the consultation to the Special Committee was shortly before the resolution of the Board of Directors of the Company was because the Company received the Urchin Acquisition Proposal from Urchin on January 28, 2020, which the Company had to notify the Tender Offeror and thereby secure time for the Tender Offeror to consider, and the Company received the proposal of the First Tender Offer Change of Conditions from the Tender Offeror on February 6, 2020, so it was only shortly before the resolution of the Board of Directors of the Company when it was judgable that it was the appropriate timing to consult regarding the Transactions after the First Tender Offer Change of Conditions. The Company arranged the schedule and decided to hold the Board of Directors meeting of the Company on February 9, 2020 with the intent to provide information to investors as soon as possible, in light of the final day of the tender offer period of the Tender Offer set at February 14, 2020 and the final day of the tender offer period of the Fortress Tender Offer set at February 13, 2020.

The Company was informed that the Special Committee was held on February 8, 2020 and February 9, 2020, where it carefully examined and discussed the Consultation Matters After Change. More specifically, the Special Committee examined necessary materials including materials disclosed or provided by the Company, interviewed directors of the Company and examined and discussed matters in connection with the Consultation Matters After Change, such as details, background, development and purpose of the Transaction after Tender Offer Change of Conditions, and measures to secure fairness of the Transactions after Tender Offer Change of Conditions implemented by the Tender Offeror. The Special Committee is not involved in the negotiation among the Company, Tender Offeror and Lone Star.

Based on the above background and after careful examination and analysis of the Consultation Matters After Change, the Special Committee submitted its report to the Board of Directors on February 9, 2020, outlined as follows:

The Company has carefully and faithfully compared and examined the Urchin Acquisition Proposal, Fortress Tender Offer Change of Conditions and the Tender Offer Change of Conditions from the perspective of whether they contribute to further increase of the corporate value and common interests of shareholders. In doing so, the Company collected certain materials, obtained the advice and opinions from independent, third-party experts and specialists, and conducted its own analysis and validations. No facts were



recognized that would raise doubts to the result of the Company's examination.

In conclusion, this Committee judges that it is appropriate to continue to approve the Tender Offer and maintain the opinion to recommend that all shareholders tender their shares in the Tender Offer.

Thereafter, upon the Second Tender Offer Change of Conditions, the Company, in connection with the Transaction including the Tender Offer after the Second Tender Offer Change of Conditions, consulted again with its Special Committee consisting of five outside members of the Board of Directors who are independent not only from the Company, H.I.S., Fortress and Blackstone but also from the Tender Offeror and Lone Star, on March 18, 2020 regarding whether it is appropriate to maintain the opinion to recommend that all shareholders tender their shares in the Tender Offer (herein the "Consultation Matters After Second Change"), in order to eliminate the risk of arbitrariness and ensure fairness and transparency in the decision-making process of the Board of Directors of the Company. The reason why the consultation to the Special Committee was shortly before the resolution of the Board of Directors of the Company was because the Company received the official proposal of the Second Tender Offer Change of Conditions on March 16, 2020, so it was only shortly before the resolution of the Board of Directors of the Company when it was judgable that it was the appropriate timing to consult regarding the Transaction after the Second Tender Offer Change of Conditions.

The Company was informed that the Special Committee was held on March 18, 2020, where it carefully examined and discussed the Consultation Matters After Second Change. More specifically, the Special Committee examined necessary materials including materials disclosed or provided by the Company, interviewed directors of the Company and examined and discussed matters in connection with the Consultation Matters After Second Change, such as the details, background, development and purpose of the Transaction after the Second Tender Offer Change of Conditions, measures to secure fairness of the Transaction after the Second Tender Offer Change of Conditions implemented by the Company and Tender Offeror, and other matters necessary for examining the Consultation Matters After Second Change. The Special Committee is not involved in the negotiation among the Company, Tender Offeror and Lone Star.

Based on the above background and after careful examination and analysis, the Special Committee submitted its report to the Board of Directors on March 18, 2020, outlined as follows:

The Company has carefully and faithfully compared and examined the Urchin Acquisition Proposal After Change, Fortress Tender Offer Change of Conditions and the Second Tender Offer Change of Conditions from the perspective of the content of the Basic Policy, i.e. whether they contribute to further increase of the corporate value and common interests of shareholders.

In doing so, the Company has gathered certain materials, obtained advice and opinions from independent third-party experts and specialists, and conducted its own analysis and validations. No facts were recognized that would raise doubts to the result of Company's examination.

In conclusion, this Committee judges it is appropriate for the Company to continue to approve of the Tender Offer and express its opinion to recommend that all shareholders

tender their shares in the Tender Offer.

### III. Legal Advice from Independent Legal Advisors

In expressing the Company's position on the H.I.S. Tender Offer, in order to eliminate the risk of arbitrariness and ensure fairness and transparency in the decision-making process of the Board of Directors, the Company appointed external legal advisors, TMI Associates and Nishimura & Asahi, who are independent from the Company and from H.I.S. As TMI Associates and Nishimura & Asahi are also independent from the Tender Offeror, the Company has continued the retainment concerning Japanese law issues relating to the Transactions after the Proposal of the Transactions by the Tender Offeror, and has received legal advice relating to the process, method, and other issues concerning decision making for the Transactions. Considering these advice, the Company underwent careful examination of the Tender Offer.

Each of the legal advisors are not related parties of the Tender Offeror or the Company, and as such there are no significant conflict of interest that should be noted in relation to the Tender Offer.

### IV. Approval of All Members of the Board and No Objection from Any Audit and Supervisory Board Members

At the Company's Board of Directors meeting held on December 22, 2019, the Company resolved unanimously that based on the reasons and basis set forth in "III. Decision- Making Process to the Company's Approval to the Tender Offer and Reasons Thereof" of "(2) Basis and Reasons of the Position regarding the Tender Offer" of "3. Position regarding the Tender Offer, and Basis and Reasons Thereof" in the December 22 Release, the Company approves the Tender Offer and expresses its opinion to recommends that all shareholders tender in the Tender Offer.

Further, all Audit Board members (5 persons) attended the Board of Directors meeting, and expressed their positions that they have no objections to the Board of Directors' approval of the Tender Offer and expressing the opinion to recommend all shareholders to tender in the Tender Offer.

### V. Assurance of Objective Circumstances to Secure Fairness of the Tender Offer Price

Upon publication of the H.I.S. Tender Offer, for the purpose of increasing corporate value of the Company and securing the common interests of the shareholders through due procedures, the Company conducted Market Check, and confirmed with 16 Potential Sponsors on and after mid-July 2019. The Company, as explained, also enacted the Basic Policies thereby communicating the Company's approach, and discussed with six foreign funds including Lone Star, Sapporo GK (Fortress) and Blackstone, a Japanese fund and a Japanese non-financial company as the Potential Sponsor to submit proposals which secures the common interests of the shareholders and maintains and improves the corporate value of the Company.

4. The Company's Disposal of Important Assets, Burden of Material Liability, and Other Events which Significantly Affects the Financial Status of the Company which has Occurred After the Final Day of the Most Recent Fiscal Year

(1) The Tender Offer

As mentioned in "1. Reason to Perform Reverse Share Split" above, the Tender Offeror conducted the Tender Offer for the Company Shares from December 24, 2019 to April 2, 2020, and as a result, the Tender Offeror became to own 29,618,824 shares (ownership ratio:86.55%) as of April 10, 2020 (the Tender Offer settlement commencement date).

(2) Cancellation of Treasury Shares

The Company resolved at the Board of Directors meeting held on April 24, 2020 that the Company shall cancel 638 treasury shares (all treasury shares as of April 20, 2020) effective June 21, 2020. Such cancellation is conditional to the approval of the agenda item regarding Reverse Share Split as originally proposed at the Extraordinary Meeting of Shareholders. The number of all issued and outstanding shares will be 34,220,062 shares after such cancellation of shares.

Item 2 Partial Amendment to the Articles of Incorporation

1. Reasons of Proposal

If the agenda item regarding Reverse Share Split is approved as originally proposed at the Extraordinary Shareholders Meeting, and if the Reverse Share Split becomes effective, the total number of issuable shares will be 7 shares pursuant to Article 182, Paragraph 2 of the Companies Act. In order to clarify this point, this agenda item is proposed to amend Article 6 (Total Number of Issuable Shares) of the articles of incorporation.

Furthermore, if the agenda item regarding the Reverse Share Split is approved as originally proposed at the Extraordinary Meeting of Shareholders, and if the Reverse Share Split becomes effective, the number of outstanding shares will be 7 shares, so the Company will not need to stipulate share units in its articles of incorporation. Accordingly, this agenda item will delete Article 7 (Share Units) and Article 8 (Rights Relating to Fractional Shares) of the articles of incorporation in its entirety in order to delete the provision of share units which currently provides that the share units of the Company shall be 100 shares, and adjust the article numbers in connection with such deletion, on the condition that the Reverse Share Split becomes effective.

2. Details of Amendment

The details of the amendment are set forth in a table below. The amendment of the articles of incorporation in connection with this agenda item shall be effective as of June 22, 2020, on the

condition that the first agenda item is approved as originally proposed and that the Reverse Share Split becomes effective.

(underlines show amendment)

Current Articles of Incorporation	Amendment Proposal
(Total Number of Issuable Shares) Article 6 The total number of the Company Shares issuable shall be <u>50,000,000</u> shares.	(Total Number of Issuable Shares) Article 6 The total number of the Company Shares issuable shall be <u>7</u> shares.
(Share Units) <u>Article 7 The share units of the Company shall be 100 shares.</u>	(Deleted)
(Rights Relating to Fractional Shares) <u>Article 8 Shareholders of the Company may not exercise rights with respect to fractional shares other than the following rights:</u> <u>(1) The rights listed in Article 189, Paragraph 2 of the Companies Act</u> <u>(2) The right to claim under the provisions of Article 166, Paragraph 1 of the Companies Act</u> <u>(3) The right to receive an allotment of shares for subscription or share options for subscription</u> Article <u>9</u> to Article <u>45</u> (omitted)	(Deleted)
	Article <u>7</u> to Article <u>43</u> (omitted)