



[Translation]

May 16, 2018

To Whom It May Concern

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Continuation of Measures Against Large-Scale Purchases of Shares of the Company (Takeover Defense Measures)

Heiwa Real Estate Co., Ltd. (the “**Company**”) obtained the shareholders’ approval for the renewal of the “Measures Against Large-Scale Purchases of the Shares of the Company” (the “**Current Plan**”) at the 95th ordinary general meeting of shareholders held on June 25, 2015.

Because the effective period of the Current Plan is until the conclusion of the ordinary general meeting of shareholders to be held on June 26, 2018 (the “**Ordinary General Meeting of Shareholders**”), the Company has continued to deliberate on the appropriateness of the Current Plan, including whether or not we should continue the Current Plan, from the viewpoint of increasing the corporate value of the Company and ensuring the common interests of our shareholders in light of the business environment surrounding the Company and developments in the debate concerning takeover defense measures since the renewal of the Current Plan.

The Company hereby announces that, as a result of the above deliberation and after taking into consideration changing circumstances and other relevant matters, the Board of Directors of the Company resolved at its meeting held today to partially revise the Current Plan and make a proposal for the revised plan at the Ordinary General Meeting of Shareholders, and, subject to obtaining approval from shareholders, to continue the measures (the measures after the renewal are hereinafter referred to as the “**Plan**”).

At the above Board of Directors meeting, all of the eight Directors (including three external Directors) unanimously approved and adopted the proposal for the continuation, and all of the four Statutory Auditors (including three external Statutory Auditors) expressed an opinion to the effect that they had no objections in respect of the continuation.

If the continuation is approved by our shareholders at the Ordinary General Meeting of Shareholders,

the effective period of the Plan will be until the conclusion of the ordinary general meeting of shareholders to be held in June 2021.

Currently, the Company has not received any actual proposal for a large-scale purchase of shares of the Company or any similar act.

The details of the revisions to the Current Plan and reasons for the continuation are as follows.

Details of revisions to the Current Plan:

- (i) Requirements for triggering countermeasures are limited to the following five categories: the so-called “four categories” identified by the Tokyo High Court; and coercive two-tiered tender offers.
- (ii) Other necessary revisions such as revisions to wording.

In order to enhance the independence of the Board of Directors so that the management team of the Company will not arbitrarily operate the Plan, and to further strengthen the corporate governance structure of the Company, the Board of Directors also resolved at the above meeting to submit a proposal to the Ordinary General Meeting of Shareholders for electing one highly independent external Director to increase the number thereof.

Reasons for continuation:

As set out in II, “Special Efforts to Realize the Basic Policy” below, the Company has made continuous efforts for increasing its corporate value and strengthening corporate governance based on the Medium- to Long-term Management Plan.

Under the Medium- to Long-term Management Plan, the Company aims to achieve results from our efforts to build new growth bases and increase corporate value, beginning with the redevelopment project in the Nihonbashi Kabuto-cho and Kayaba-cho areas, and the Company has launched the commercialization of the first stage of the redevelopment project with cooperation and other support from local communities based on relationships of trust with its stakeholders that the Company has built as the owner of stock exchange buildings. Additionally, taking advantage of one of the features of Nihonbashi Kabuto-cho as a district where a stock market is located, the Company is moving forward with urban development under the concept of improving finance-related functions. These efforts by the Company have been highly recognized, and the Nihonbashi Kabuto-cho Section 7 Development Plan (tentative name), a plan that the Company is currently promoting, was approved as a National Strategic City Planning Building Improvement Project in the Tokyo Area National Strategic Special Zone. The Company’s intention is to focus our efforts on the first stage of the redevelopment project for the time being by utilizing good relationships with our stakeholders as well as our experience, expertise and other assets, without spreading our managerial resources too thin. The Company

believes that continuously implementing these measures, which are based on the Company's views on its corporate value as described above, over the medium to long term will strengthen the Company's business bases and contribute to increasing its corporate value and realizing sustainable growth.

However, in the current Japanese stock market and Japanese legal system, it is possible to engage in abusive takeovers for the purpose of conducting acts such as (i) a large-scale purchase of shares by an acquirer for the purpose of inflating the share price and forcing the target company to buy the shares after the purchase, (ii) management that benefits the acquirer to the detriment of the target company, such as through the low-cost acquisition of material assets or the like from the target company, (iii) diversion of the target company's assets or the like to repay debts of the acquirer, and (iv) disposal of the target company's assets or the like to obtain temporarily high dividends or other benefits from the profits of the disposal, so we cannot deny the possibility of a large-scale purchase that would cause obvious harm to the corporate value of the Company and the common interests of our shareholders.

From the above perspectives, the Board of Directors of the Company determined that it is essential for the Company to have a framework that, if the Company receives an actual proposal for a large-scale purchase, enables the Board of Directors to secure the necessary time and information for the shareholders to make an appropriate decision on whether or not the purchase will contribute to increasing the corporate value of the Company and to secure opportunities for negotiations with the large-scale purchaser for the benefit of our shareholders, thereby deterring any large-scale purchase that would cause harm to the corporate value of the Company and, in turn, the common interests of our shareholders. The Board of Directors of the Company therefore requests that the shareholders approve the continuation.

Reference: Principal terms of the Plan (summary)

Principal terms	Details after the revision
Large-scale purchases subject to the Plan	Purchase or other acquisition that would result in the holding ratio of shares, etc. of the purchaser totaling 20% or more of the issued shares, etc. of the Company
Information provision period	60 days
Board of Directors examination period	60 days (this period may be extended for up to 30 days)
Composition of the Independent Committee (at the time of the renewal of the Plan)	Highly independent external Directors and external Statutory Auditors: Three members in total
Requirements for triggering countermeasures	Large-scale purchase that falls under any of the so-called “four categories” identified by the Tokyo High Court or a coercive two-tiered tender offer Cases where the large-scale purchaser does not comply with the purchase procedures
Organization that makes the decision to trigger countermeasures	The Board of Directors makes the decision, respecting as much as possible the recommendation made by the Independent Committee. A shareholders’ meeting for intent confirmation may be held regarding the triggering of countermeasures.
Details of countermeasures	Gratis allotment of share options
Effective period	Three years (until the conclusion of the ordinary general meeting of shareholders to be held in June 2021)
Delivery of money as consideration for share options held by the large-scale purchaser	No money will be delivered

(Note) This chart was prepared as a summary for providing a clear explanation of the details of the principal terms of the Plan. Please refer to the text of the Plan below for the specific details of the Plan.

Measures Against Large-Scale Purchases of Shares of the Company (Takeover Defense Measures)

I. Basic Policy with Regard to Persons who Control Decisions on Financial and Business Policies of the Company

The Company believes that a person who controls the decisions on the financial and business policies of the Company must be a person who has a full understanding of the financial and business affairs of the Company's group as well as the source of the corporate value of the Company and who will continue to increase the corporate value of the Company and, in turn, the common interests of our shareholders.

Also, the Company would not reject a large-scale purchase of the Company's shares if it would contribute to the corporate value of the Company and, in turn, the common interests of our shareholders, and the Company believes that a decision on whether or not to accept a proposal for a large-scale purchase of the Company's shares that would involve a transfer of corporate control of the Company must ultimately be made based on the intent of our shareholders.

However, there are some cases of large-scale purchases of shares that threaten to impair the corporate value of a target company and, in turn, the common interests of its shareholders, such as purchases that (i) cause obvious harm to the corporate value of the target company and, in turn, the common interests of its shareholders, (ii) threaten to effectively force the shareholders of the target company to sell their shares, or (iii) do not give enough time and information to enable the board of directors or shareholders of the target company to examine the terms and other details of the large-scale purchase or to enable the board of directors to provide an alternative proposal.

Therefore, the Company believes that a person who makes a large-scale purchase of the Company's shares that would not contribute to the corporate value of the Company and, in turn, the common interests of our shareholders is inappropriate as a person who controls decisions on the financial and business policies of the Company, and that we should take necessary and reasonable countermeasures to a large-scale purchase by such a person for the purpose of ensuring the corporate value of the Company and, in turn, the common interests of our shareholders.

II. Special Efforts to Realize the Basic Policy

1. The Source of the Company's Corporate Value

The Company believes that one of the sources of the Company's corporate value is the feeling of trust that the Company has built as the owner of stock exchange buildings. The Company was incorporated as the owner of the buildings of exchanges such as the Tokyo Stock Exchange, the Osaka Stock Exchange, and the Nagoya Stock Exchange, and it has built relationships of trust with tenants, trading partners, local communities, and other stakeholders by supporting financial

infrastructure and other facilities in Japan. By obtaining cooperation from these various stakeholders, the Company successfully completed the projects for reconstructing the Osaka Stock Exchange Building and the Nagoya Stock Exchange Building and was able to launch the commercialization of the first stage of the Nihonbashi Kabuto-cho and Kayaba-cho Redevelopment Project.

The Company believes that a second source of the Company's corporate value is the promotion over the medium to long term of the redevelopment projects that are listed as urban revitalization projects by the National Strategic Special Zone Council for the Greater Tokyo Area. As part of measures for the "Initiatives for the Tokyo Global Financial Center," in addition to communities' expectations for revitalization, the Tokyo Metropolitan Government established a policy to develop the areas along Eitai-dori, extending from the Otemachi and Nihonbashi to Nihonbashi Kabuto-cho districts, into a financial center. It is expected that Eitai-dori will come to function as a financial center through promoting development that takes advantage of the features of each district and through these districts working in cooperation with each other. Under these circumstances, taking advantage of one of the features of Nihonbashi Kabuto-cho as a district where a stock market is located, the Company is moving forward with urban development under the concept of improving functions that contribute to the financial industry, such as creating venues for dialogue and interaction between investors and companies, as well as providing support for the development of financial venture companies that engage in asset management and other services. These efforts by the Company have been highly recognized, and the Nihonbashi Kabuto-cho Section 7 Development Plan (tentative name), the first stage of the project, was approved as a National Strategic City Planning Building Improvement Project in the Tokyo Area National Strategic Special Zone. The Company intends to perform its social responsibilities by continuing to make these efforts over the medium to long term, including projects to be implemented during the second and later stages of the redevelopment project, thereby playing a role in the "Initiatives for the Tokyo Global Financial Center" for the Nihonbashi Kabuto-cho and Kayaba-cho districts as a whole over the future.

The Company believes that continuously implementing these measures, which are based on the Company's views on its corporate value as described above, over the medium to long term will strengthen the Company's business bases and contribute to increasing its corporate value and realizing sustainable growth.

2. Efforts to Increase Corporate Value

(1) Medium- to Long-term Management Plan over the "NEXT DECADE"

The Company formulated the Medium- to Long-term Management Plan over the "NEXT DECADE" in April 2014 as an action plan for its task of expanding the building leasing business,

and the Company is determined to move toward the next step with the “aim of being a company that contributes to revitalizing districts” over the next decade.

Under the Medium- to Long-term Management Plan, the Company will work on the redevelopment of the Nihonbashi Kabuto-cho and Kayaba-cho areas, where the Tokyo Stock Exchange Building is located, by utilizing our experience in performing certain roles in the revitalization of districts gained through our projects such as the reconstruction of the Osaka Stock Exchange Building and the Nagoya Stock Exchange Building.

Nihonbashi Kabuto-cho and Kayaba-cho, where the Company was founded, have developed as the home to the securities industry. As the social environment changed with the development of information and communications, Nihonbashi Kabuto-cho and Kayaba-cho have witnessed significant change, including the closure of the trading floor and relocations of securities firms. Meanwhile, community expectations for the revitalization of the districts are rising, and accordingly, it is necessary to rebuild the districts in response to changes in the social environment and markets.

Under these circumstances, the Company will take the next step in its “aim of being a company that contributes to revitalizing districts,” beginning with the redevelopment project in the Nihonbashi Kabuto-cho and Kayaba-cho areas. We will aim to increase our presence in society and achieve new growth bases and higher corporate value.

Also, we will deploy the expertise acquired from the redevelopment project of the Nihonbashi Kabuto-cho and Kayaba-cho areas to the revitalization of other urban districts.

(2) Phase I and Phase II of the Medium- to Long-term Management Plan

Phase I of the Medium- to Long-term Management Plan (FY 2014-2016) defined the following key strategies: the Nihonbashi Kabuto-cho Revitalization Project; strengthening of the building leasing business; expansion of the fee businesses including REIT AM; and strengthening of organizational controls and maintenance of financial discipline.

Under these strategies, we steadily implemented our redevelopment projects, such as the commercialization of the first stage of the Nihonbashi Kabuto-cho and Kayaba-cho Redevelopment Project. In terms of the leasing business, we strengthened our revenue bases to form a base for redevelopment projects by renewing our portfolio, which resulted in the acquisition of assets worth about 18 billion yen, and also by acquiring the Kabuto-cho Heiwa Bldg. No. 6.

Further, we increased and renewed the assets held by HEIWA REAL ESTATE REIT Inc., which boosted the investment corporation’s growth and increased the amount of assets managed by the Heiwa Real Estate Group. We also built an organizational framework suitable for implementing redevelopment projects and reduced interest-bearing liabilities and financial costs.

As a consequence of these initiatives, we achieved all of our targets for the consolidated

operating income, consolidated ordinary income and D/E ratio during phase I of the Medium- to Long-term Management Plan.

The Company's 70th anniversary is during phase II of the Medium- to Long-term Management Plan (FY 2017-2019), and we entered a new stage in which we launch a full-scale redevelopment of the Nihonbashi Kabuto-cho and Kayaba-cho areas. Looking towards the final stage of the Medium- to Long-term Management Plan, we will aim to sustainably increase corporate value by steadily implementing the redevelopment project and by strengthening our building leasing business. The Company has set phase II as three years in which we will build a foundation for business growth in order to achieve a consolidated operating income of over 10 billion yen in FY 2023, and we will continue to work on the following key strategies.

1) The Nihonbashi Kabuto-cho and Kayaba-cho Revitalization Project

We will launch the first stage of the project, the Nihonbashi Kabuto-cho Section 7 Development Plan (tentative name) and the Nihonbashi Kayaba-cho Section 1-6 Development Plan (tentative name) on a full scale, and will implement them steadily.

2) Strengthening the building leasing business

We will further enhance the revenue bases to form a base for the redevelopment project by renewing and increasing leasing assets, as well as by implementing measures to improve profitability.

3) Expansion and diversification of the real estate solution business

We will strive to stably increase revenue with our fee business by providing HEIWA REAL ESTATE REIT Inc. our support as a sponsor in increasing its assets and improving their quality. We will also aim to diversify revenue-generating opportunities by deploying our real estate solutions business, where we sell assets after maximizing their value in ways such as developing profitable properties, leasing-up, conducting remodeling work, etc.

4) Strengthen the structure for implementing business strategies and provide shareholders with stable returns

- Strengthening of organizational controls and maintenance of financial discipline

While paying attention to management efficiency, we will strive to build an organizational structure suitable for pursuing the key strategies and to enhance financial strength.

Furthermore, we will define this is the period when we will strengthen our initiatives to meet the expectations of our stakeholders, including strengthening corporate governance, promoting dialogue with investors, implementing CSR, developing human resources and reforming work-style, etc.

- Capital and dividend policies

We aim to raise ROE in order to realize sustainable growth and to increase corporate value over the medium- to long-term. Also, we will maintain an appropriate D/E ratio (net D/E ratio: 1.5

times or lower) as our basic policy while we regard the ratio as an indicator of financial discipline.

We will provide shareholders with stable returns, mainly with dividends. Considering the significance of internal reserves that are required to increase corporate value, we have set the target consolidated dividend payout ratio at approximately 30% over the medium- to long-term.

3. Efforts to Improve Corporate Governance Structure

The Company considers the enhancement of corporate governance as an important business issue, and the Company's group as a whole endeavors to strengthen corporate governance in order to meet the trust placed in us by shareholders and other stakeholders and carry out fair and efficient corporate management.

In order to ensure the independence of management, three out of eight Directors of the Company are external Directors, and three out of four Statutory Auditors of the Company are external Statutory Auditors. Moreover, the Company has filed notification that all of the external Directors and the external Statutory Auditors are independent officers stipulated by financial instruments exchanges.

While the Company is a company with a board of statutory auditors, in order to secure the objectivity and transparency of compensation for its Directors, it has established at its own discretion the Compensation Committee, the majority of whose members are external Directors, and additionally, in order to secure the objectivity and transparency of personnel affairs relating to Directors and Statutory Auditors, it has established at its own discretion the Nomination Committee, the majority of whose members are external Directors.

Also, the Company has adopted the managing officer system and strives to clarify management responsibilities and accelerate its decision-making process.

The Company has continually implemented measures for strengthening corporate governance, including the establishment of the Compensation Committee in FY 2011, the establishment of the Nomination Committee and the formulation of the Corporate Governance Guidelines in FY 2015, and the introduction of evaluations of the effectiveness of the Board of Directors and the introduction of compensation used to purchase treasury stock in FY 2016.

During FY 2017, when launching phase II of the Medium- to Long-term Management Plan, the Company promoted the commercialization of the first stage of the Nihonbashi Kabuto-cho and Kayaba-cho Redevelopment Project by electing one additional internal Director in order to further strengthen its management structure.

Further, in taking greater risks for the projects to be implemented during the second and later stages of the redevelopment project moving forward, the Company will submit a proposal to the Ordinary General Meeting of Shareholders for electing one highly independent external Director to increase the number thereof, thereby further enhancing the Company's corporate governance structure and strengthening the supervising function of the Board of Directors.

Reference: Corporate Governance Structure of the Company (as of May 16, 2018)

III. Measures to Prevent Persons Deemed Inappropriate in Light of the Basic Policy from Controlling Decisions on Financial and Business Policies of the Company

1. Purpose of the Plan

The purpose of the Plan is to continually and sustainably ensure and increase the corporate value of the Company and, in turn, the common interests of our shareholders in accordance with the basic policy described in I above.

In the current Japanese stock market and Japanese legal system, it is possible for an acquirer to engage in abusive takeovers, so we cannot deny the possibility of a large-scale purchase that would cause obvious harm to the corporate value of the Company and the common interests of our shareholders. The Company believes that it is a responsibility of corporate managers to prevent abusive takeovers and other inappropriate takeovers that threaten to harm corporate value.

The Board of Directors determined that it is indispensable for the Company to have a framework that enables the Board of Directors (i) to secure time and information necessary for the Company's shareholders to make an appropriate decision on whether or not to accept a takeover proposal, (ii) to secure opportunities for negotiating with a Large-Scale Purchaser, as defined in 3 below, for the benefit of the Company's shareholders, and (iii) to deter large-scale purchases of the Company's shares that would harm the corporate value of the Company and, in turn, the common interests of our shareholders. Thus, as part of our measures to prevent a person who is deemed to be inappropriate in light of the basic policy from controlling decisions on the financial and business policies of the Company, we decided to continue the Plan subject to the approval of the shareholders at the Ordinary General Meeting of Shareholders.

When resolving to continue the Plan, we took into account all relevant laws and regulations, legal precedents, regulations concerning the introduction of takeover defense measures established by financial instruments exchanges, the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice (the "**Guidelines**"), and the report titled "Takeover Defense Measures in Light of Recent Environmental Changes" issued by the Corporate Value Study Group (the "**Takeover Defense Measures Report**").

2. Summary of the Plan

The Plan requires a person who intends to purchase a certain amount or more of the Company's shares (as defined in 3, "Purchase Procedures"; a "**Large-Scale Purchaser**") to comply with the procedures prescribed in 3, "Purchase Procedures" below (the "**Purchase Procedures**").

The Company may trigger countermeasures if: (i) the Board of Directors determines that the Large-Scale Purchaser does not comply with the Purchase Procedures; or (ii) the purchase by the Large-Scale Purchaser constitutes one of the four categories identified by the Tokyo High Court or a coercive two-tiered tender offer (please refer to III.4(2)(ii)(b) below).

In making that determination, the Board of Directors will respect as much as possible any recommendations provided by a committee consisting of external Directors and external Statutory Auditors of the Company as well as external experts, all of whom shall be independent from the management team that executes the operations of the Company (the “**Independent Committee**”).

In addition, the Board of Directors may confirm the intent of our shareholders regarding whether or not to trigger countermeasures based on recommendations provided by the Independent Committee.

The aforementioned countermeasures under the Plan will be implemented in the form of a gratis allotment of share options.

3. Purchase Procedures

(1) Definition of Large-Scale Purchase Subject to the Plan

Any purchase that falls under (i) or (ii) below (except for those agreed to by the Board of Directors) shall be referred to as a “Large-Scale Purchase,” and the person who proposes or undertakes such Large-Scale Purchase shall be referred to as a “Large-Scale Purchaser”:

- (i) a purchase or any other type of acquisition of “shares, etc.” (*1) issued by the Company where the “holding ratio of shares, etc.” (*4) of a “holder” (*2), when combined with such ratio of its “joint holder(s)” (*3), becomes 20% or more after the acquisition; or
- (ii) a “tender offer” (*6) for “shares, etc.” (*5) issued by the Company where the “ownership ratio of shares, etc.” (*8) of the tender offeror, when combined with such ratio of its “specially related party/parties” (*7), becomes 20% or more after the purchase.

*1 Refers to “share certificates, etc.” as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

*2 Refers to a “holder” as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including anyone included as a holder under Paragraph 3 of the same Article (also including anyone who the Board of Directors finds to constitute a holder).

*3 Refers to a “joint holder” as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including anyone deemed a joint holder under Paragraph 6 of the same Article (also including anyone who the Board of Directors finds to constitute a joint holder).

*4 Refers to the “holding ratio of share certificates, etc.” as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act.

*5 Refers to “share certificates, etc.” as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.

*6 Refers to a “tender offer” as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act.

*7 Refers to a “specially related party” as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (also including anyone who the Board of Directors finds to constitute a specially related party).

*8 Refers to the “ownership ratio of share certificates, etc.” as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act.

Unless otherwise provided for, the same shall apply hereunder.

(2) Prior Submission to the Company of Statement of Acceptance of Purchase Procedures

Prior to the initiation of a Large-Scale Purchase, a Large-Scale Purchaser will be requested to prepare and submit to the Board of Directors a document in the form prescribed by the Company in the Japanese language stating that it will comply with the Purchase Procedures (a “**Statement of Acceptance of Purchase Procedures**”). In the Statement of Acceptance of Purchase Procedures, the following items shall be stated:

- (i) Outline of Large-Scale Purchaser:
 - (a) Name and address or location;
 - (b) Name and title of representative;
 - (c) Purpose and description of business of company or other entity;
 - (d) Outline of major shareholders or large-sum investors (top 10 shareholders or investors in terms of shares owned or investment ratio);
 - (e) Contact information in Japan; and
 - (f) Governing law under which the Large-Scale Purchaser is incorporated;
- (ii) Number of shares of the Company currently owned by the Large-Scale Purchaser, and the status of transactions of shares of the Company by the Large-Scale Purchaser during the sixty-day period prior to the submission of the Statement of Acceptance of Purchase Procedures; and
- (iii) Outline of the Large-Scale Purchase proposed by the Large-Scale Purchaser (including the type and number of shares of the Company that the Large-Scale Purchaser intends to acquire through the Large-Scale Purchase and the purpose thereof (whether acquisition of control or participation in management; whether financial investment or strategic investment; transfer or assignment of shares, etc. of the Company to a third party after the Large-Scale Purchase; or if the purpose is to make a Material Proposal (see note) or there is any other purpose, then a statement to that effect and the details of the purpose must be included; if there are multiple purposes, all of them must be listed)).

*Note: Refers to a “Material Proposal” as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Enforcement Ordinance of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Order on Disclosure of the Status of Large-Volume Holdings in Share Certificates.

(3) Provision of Information by Large-Scale Purchaser

When the Statement of Acceptance of Purchase Procedures set forth in (2) above has been submitted, a Large-Scale Purchaser will be requested to provide the Company with information in Japanese that is necessary and sufficient for our shareholders to make a decision on the Large-Scale Purchase and for the Board of Directors to evaluate and consider the Large-Scale Purchase (“**Necessary Information**”) in accordance with the procedures described below.

First, within ten business days (see note) after the submission of the Statement of Acceptance of Purchase Procedures (excluding the date of submission thereof), the Company will dispatch to the Large-Scale Purchaser at its address designated in the contact information in Japan provided under (2)(i)(e) above a list of information to be initially submitted by the Large-Scale Purchaser (the “**Initial Information List**”). The Large-Scale Purchaser will be requested to submit sufficient information to the Company in accordance with the Initial Information List.

In the event that the Board of Directors reasonably determines that the information submitted by the Large-Scale Purchaser in accordance with the Initial Information List is not sufficient for decisions by our shareholders and for evaluation and consideration by the Board of Directors in light of the details, manner, and other aspects of the Large-Scale Purchase, the Large-Scale Purchaser will be requested to provide additional information separately requested by the Board of Directors.

*Note: Business days shall mean days other than those listed in any of the items of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs.

However, in order to accelerate the provision of information from the Large-Scale Purchaser as well as to avoid arbitrary administration by the Board of Directors, such as requesting information endlessly, the period for the provision of information by the Large-Scale Purchaser in response to requests from the Board of Directors (the “**Information Provision Period**”) shall be limited to 60 days from the day following the receipt of the Necessary Information provided in accordance with the Initial Information List. Even if Necessary Information is not sufficiently provided, immediately upon the expiration of the Information Provision Period, the correspondence with the Large-Scale Purchaser relating to the provision of information shall be terminated, and the Board of Directors examination period (explained in 4(1) below) shall be commenced using the information that has been provided up to that time. (However, the Information Provision Period may be extended as necessary in cases including where the extension is requested by the Large-Scale Purchaser based on reasonable grounds.)

Irrespective of the details, manner, and other aspects of the Large-Scale Purchase, information relating to the items listed below shall, as a general rule, be included in the Initial Information List:

- (i) details (including name, address, contact information in Japan, capital relationship, financial details, description of business, members, past corporate acquisitions and the results thereof, whether having breached laws and regulations in the past and the details of such breaches, and number of shares currently held) of the Large-Scale Purchaser and its group (including major shareholders and investors, major subsidiaries, affiliated companies, joint holders, and specially related parties; in the case of funds, including major partners, investors (whether direct or indirect), other members, managing partners, and persons who continually provide investment advice);
- (ii) the purpose (the details of the purpose disclosed in the Statement of Acceptance of Purchase Procedures), method, and details (intention as to participation in management, amount and type of consideration of Large-Scale Purchase, time of purchase, structure of relevant transactions, number of shares, etc. to be purchased, holding ratio of shares, etc. after purchase or other transactions, legality of method of Large-Scale Purchase, feasibility of Large-Scale Purchase, etc.) of the Large-Scale Purchase;
- (iii) if any communication is made with any third party other than the Large-Scale Purchaser in relation to the Large-Scale Purchase, the identity of the other party and the content of such communication;
- (iv) the basis for calculation of the price for the Large-Scale Purchase (including facts and assumptions on which the calculation is based, calculation method, information about the figures used in the calculation, the expected amount of synergy arising from the Large-Scale Purchase, and the basis for calculation of that expected amount);
- (v) financial backing for the funds for the Large-Scale Purchase (including the specific names of the fund providers (including real fund providers), method of raising funds, and information about relevant transactions);
- (vi) if there is any loan agreement, security agreement, repurchase agreement, purchase reservation, or other material agreement or arrangement (collectively, a “**Security Agreement, Etc.**”) in relation to the Company’s shares already possessed by the Large-Scale Purchaser, the specifics of the Security Agreement, Etc., including the type of agreement, counterparty thereto, and number of shares, etc. covered thereby;
- (vii) if the Large-Scale Purchaser intends to enter into any Security Agreement, Etc. or other agreement with a third party in connection with the Company’s shares to be acquired through the Large-Scale Purchase, the specifics of the intended agreement, including the type of agreement, counterparty thereto, and number of shares, etc. covered thereby;

- (viii) the management policy, business plan, capital policy, and dividend policy of the Company and the Company's group after the Large-Scale Purchase (including sale and exchange of shares, cancellation of listing on stock exchanges, sale or withdrawal of business, change of business policy, sale of assets, changes in liabilities, and changes in management team);
- (ix) the policy on interested parties (including employees, trading partners, and customers) of the Company and the Company's group after the Large-Scale Purchase;
- (x) information on whether the Large-Scale Purchase constitutes an anti-social force (including an anti-market force; the same shall apply hereinafter) and on any relationship with anti-social forces; and
- (xi) all other information the Board of Directors or the Independent Committee reasonably considers necessary.

The Board of Directors will disclose at the point of time it determines appropriate for such disclosure the fact that a Large-Scale Purchase has been proposed by a Large-Scale Purchaser, an outline thereof, a summary of the Necessary Information, and any other information it considers necessary for our shareholders to make a decision.

If the Board of Directors finds that the Necessary Information has been sufficiently provided by the Large-Scale Purchaser, the Board of Directors will issue a notification to the Large-Scale Purchaser to that effect (a "**Notification of Completion of Information Provision**") and promptly disclose the fact that the Necessary Information has been sufficiently provided.

The Information Provision Period shall terminate either on the date that the Board of Directors issues the Notification of Completion of Information Provision or the expiry date of the Information Provision Period, whichever is earlier.

4. Decision of the Board of Directors; Independent Committee

(1) Establishment of the Board of Directors Examination Period

The Board of Directors will establish a period of 60 days commencing on the day immediately following the expiration date of the Information Provision Period as a period for the Board of Directors to evaluate, examine, form opinions, draft an alternative plan, and negotiate with the Large-Scale Purchaser in relation to the Large-Scale Purchase (the "**Board of Directors Examination Period**").

When evaluating, examining, forming opinions, drafting an alternative plan, and negotiating with the Large-Scale Purchaser in relation to the Large-Scale Purchase based on the Necessary Information provided by the Large-Scale Purchaser during the Board of Directors Examination Period, the Board of Directors may as necessary obtain advice from third party professionals (e.g., investment banks, securities companies, financial advisors, attorneys, and certified public accountants) who are independent from the Board of Directors.

If the Board of Directors fails to resolve whether to trigger countermeasures during Board of Directors Examination Period for unavoidable reasons such as the failure of the Independent Committee to give a recommendation as set forth in (2) below during the Board of Directors Examination Period, the Board of Directors may extend the Board of Directors Examination Period to the extent necessary up to 30 days maximum based on a recommendation from the Independent Committee. If the Board of Directors resolves to extend the Board of Directors Examination Period, it will promptly disclose the relevant information.

(2) Independent Committee and Recommendation Procedures

(i) Establishment of Independent Committee

For the purpose of preventing any arbitrary judgment by the Board of Directors regarding matters such as the triggering of countermeasures as well as preventing the triggering of excessive countermeasures, the Company will establish the Independent Committee, comprised of external Directors and external Statutory Auditors of the Company as well as external experts (professionals such as attorneys and certified public accountants, etc.), all of whom shall have significant insight on corporate management and be independent of the management team that executes the operations of the Company.

The number of members of the Independent Committee shall be three or more. Kunitaro Saida (external Director), Kiichiro Masui (external Director), and Chikami Tsubaki (external Statutory Auditor) are intended to be the members of the Independent Committee at the time of the renewal of the Plan.

For details of the Independent Committee, please refer to Schedule 1, “Independent Committee Regulations” and Schedule 2, “Biographical Outline of Independent Committee Members.”

(ii) Recommendations of Independent Committee

The Independent Committee shall provide recommendations in relation to the Large-Scale Purchase to the Board of Directors in accordance with the provisions (a) and (b) below during the Board of Directors Examination Period.

(a) If the Large-Scale Purchaser fails to comply with the Purchase Procedures

If the Large-Scale Purchaser has failed to comply with the Purchase Procedures, the Independent Committee will determine that the Large-Scale Purchase would cause significant damage to the corporate value of the Company and, in turn, the common interests of our shareholders and will, as a general rule, recommend that the Board of Directors triggers countermeasures.

(b) If the Large-Scale Purchaser complies with the Purchase Procedures

If the Independent Committee determines that the Large-Scale Purchaser is complying

with the Purchase Procedures, the Independent Committee will, as a general rule, recommend that the Board of Directors not trigger countermeasures.

However, even if the Large-Scale Purchaser is complying with the Purchase Procedures, if the Independent Committee determines that the Large-Scale Purchase by the Large-Scale Purchaser falls under any of the cases set forth in (i) to (v) below, that the Large-Scale Purchase by the Large-Scale Purchaser would cause significant damage to the corporate value of the Company and, in turn, the common interests of our shareholders, and that it is appropriate for the Board of Directors to trigger countermeasures, the Independent Committee will recommend that the Board of Directors triggers countermeasures as an exceptional measure for handling such events.

If the Independent Committee determines the triggering of countermeasures to be appropriate, the Independent Committee may recommend that the intent of our shareholders be confirmed before triggering countermeasures.

- (i) In the case of a so-called “green mailer” (i.e., if the Large-Scale Purchase is intended to raise the share price of the Company’s shares and to make the Company or its related parties buy them back).
- (ii) In the case of so-called “scorched-earth tactics” (i.e. the Large-Scale Purchase is intended to temporarily take control of the management of the Company or the Company’s group and engage in management that benefits the Large-Scale Purchaser or its group to the detriment of the Company or the Company’s group, such as by acquiring material assets of the Company, such as management know-how, trade secrets, main trading partners, and customers, at a low price).
- (iii) In the case where the Large-Scale Purchase is intended to use assets of the Company or the Company’s group as security or for repayment of debts of the Large-Scale Purchaser or its group.
- (iv) In the case where the Large-Scale Purchase is intended to dispose of real estate, securities, or other assets of the Company or the Company’s group and to obtain temporarily high dividends from the profits of the disposal or to sell the shares of the Company after a rise of the share price due to the high dividends.
- (v) In the case where the Large-Scale Purchase is a so-called “coercive two-tier tender offer” (meaning a share purchase by way of a tender offer or the like that does not offer to purchase all of the target company’s shares at the initial stage and then sets less favorable conditions or does not clearly set any conditions for the second stage).

(3) Board of Directors Resolutions and Convening of a Shareholders’ Meeting to Confirm Intent

The Board of Directors shall respect as much as possible the above recommendations provided by the Independent Committee and make a final decision on whether the Company will trigger countermeasures or not or on changing or cancelling the triggered countermeasures. In addition, based on the recommendation of the Independent Committee, a general meeting of shareholders may be convened prior to triggering countermeasures for the purpose of confirming the intent of our shareholders with respect to the triggering (a “**Shareholders’ Meeting for Intent Confirmation**”). After making such decision, the Board of Directors shall promptly disclose a summary of the decision, a summary of the recommendations of the Independent Committee, and other matters that the Board of Directors deems appropriate.

After starting the procedures under the Plan, the Large-Scale Purchaser shall not initiate the Large-Scale Purchase until the Board of Directors makes a resolution regarding whether or not to trigger countermeasures or, if a Shareholders’ Meeting for Intent Confirmation is held, until the conclusion thereof. If countermeasures are triggered, the Company shall not provide the Large-Scale Purchaser with any economic consideration, such as cash, etc.

(4) Change or Cancellation of Triggered Countermeasures

If the Large-Scale Purchaser withdraws the Large-Scale Purchase, the facts based on which the Board of Directors made a decision to trigger countermeasures change, or the Board of Directors determines that it is inappropriate to trigger countermeasures, the Board of Directors may change or cancel triggered countermeasures while respecting as much as possible the recommendations provided by the Independent Committee.

If triggered countermeasures are cancelled, the gratis allotment of share options shall be cancelled if it is before the effective date of the gratis allotment of share options, or the Company shall acquire the share options for no consideration if it is after the effective date of the gratis allotment of share options and before the commencement of the exercise period.

5. Specific Details of Countermeasures under the Plan

The Board of Directors shall make a gratis allotment of share options as countermeasures under the Plan.

For details on the gratis allotment of share options as countermeasures under the Plan, please refer to Schedule 3, “Summary of Share Options.”

6. Effective Term, Abolishment, and Amendment of the Plan

The Plan will take effect when it is approved by a majority of the votes of shareholders present at the Ordinary General Meeting of Shareholders and will continue to be in effect until the close of the ordinary general meeting of shareholders concerning the closing of accounts for FY 2020 (scheduled to

be held in June 2021). However, even during the effective term, the Plan may be abolished if a proposal to abolish the Plan is approved at a general meeting of shareholders of the Company or a resolution to abolish the Plan is adopted by the Board of Directors. If the Plan is abolished, the Company will immediately disclose that fact to our shareholders.

During the effective term of the Plan, if laws and regulations or rules of financial instruments exchanges are newly established, revised, or abolished, and it is consequently appropriate to reflect relevant matters in the Plan, then in consideration of the purport of the newly established, revised, or abolished matters, the provisions of the Plan or the meanings of terms used in the Plan may be interpreted as appropriate to a reasonable extent, or the Board of Directors may amend the Plan.

IV. Decisions on Measures Above by the Board of Directors and the Reasons for Such Decisions

1. Measures that Contribute to the Realization of the Basic Policy

Each of the measures described in II and III above are prepared as specific measures for the purpose of continually and sustainably increasing the corporate value of the Company and, in turn, the common interests of our shareholders and will contribute to the realization of the basic policy.

Therefore, such measures are in accordance with the basic policy and are consistent with the common interests of our shareholders, and they are not intended to maintain the positions of the Directors of the Company.

2. Rationality of the Plan

(1) The Plan is in accordance with the basic policy

The Plan is in accordance with the basic policy as the Plan is a framework to ensure the corporate value of the Company and, in turn, the common interests of our shareholders by requesting, when a proposal for a Large-Scale Purchase of the Company's shares is made, the Large-Scale Purchaser to provide the information of the Large-Scale Purchase in advance, thereby ensuring the information and time that are necessary for our shareholders to determine whether they should accept the proposal or not or for the Board of Directors to propose an alternative plan and enabling the Board of Directors to take actions such as negotiating with the Large-Scale Purchaser for the benefit of our shareholders.

(2) The measures neither damage the common interests of our shareholders nor are intended to maintain the positions of the Directors of the Company

Due to the following reasons, the Company believes that measures to prevent persons deemed inappropriate in light of the basic policy from controlling the Company neither damage the common interests of our shareholders nor are intended to maintain the positions of the Directors of the Company.

(i) The measures are in accordance with the Guidelines and the Takeover Defense Measures

Report

The Plan completely fulfills the three principles set out in the Guidelines (the principle of ensuring and increasing the corporate value and the common interests of shareholders, the principle of advance disclosure and the intent of shareholders, and the principle of necessity and adequacy) and takes into account the content of the Takeover Defense Measures Report.

- (ii) The measures respect the intent of shareholders (resolution at a general meeting of shareholders and sunset provision)

The Plan will be continued subject to the approval of our shareholders at a general meeting of shareholders of the Company. In addition, a Shareholders' Meeting for Intent Confirmation may be convened to confirm the intent of our shareholders with respect to triggering countermeasures.

Also, as described in III.6, "Effective Term, Abolishment, and Amendment of the Plan" above, there is a sunset provision in the Plan that limits the effective term of the Plan to three years, and even before the expiration of the effective period, the Plan may be abolished if a proposal to abolish the Plan is approved at a general meeting of shareholders of the Company or a resolution to abolish the Plan is adopted by the Board of Directors.

In this regard, the continuation or abolishment of the Plan depends on the intent of our shareholders.

- (iii) Establishing rational and objective trigger events

As described in III.4(2)(ii)(b), "If the Large-Scale Purchaser complies with the Purchase Procedures" above, it is provided that countermeasures cannot be triggered unless the predefined reasonable, detailed, and objective requirements are fulfilled, thereby ensuring that the Board of Directors is prevented from arbitrarily triggering countermeasures. Additionally, the trigger events for triggering countermeasures have been established after analyzing appropriate and reasonable takeover defense measures based on the analysis of legal precedents in Japan and in reference to the Guidelines etc. mentioned above.

- (iv) Establishment of Independent Committee

The Company has separately established the Independent Committee to prevent the Board of Directors from making any arbitrary judgment on matters such as the triggering of countermeasures as well as to prevent the triggering of excessive countermeasures.

In consideration of the purposes for establishing the Independent Committee, the Independent Committee is composed of persons who are independent from the Board of Directors, and the Independent Committee can obtain advice from independent third party professionals (e.g., investment banks, securities companies, financial advisers, attorneys, and certified public accountants) at the Company's expense.

The Independent Committee will evaluate and consider whether a trigger event has

occurred and will provide the Board of Directors with recommendations pursuant to the procedures defined in the “Independent Committee Rules.” The Board of Directors will respect as much as possible the recommendations provided by the Independent Committee and will make a final decision on whether the Company will trigger countermeasures or not or on changing or cancelling the triggered countermeasures.

(v) The Plan is not a dead hand defense mechanism

As it is provided that the Plan can be abolished by the Board of Directors, which consists of Directors elected at a general meeting of shareholders of the Company, it is possible for a Large-Scale Purchaser to nominate new Directors at a general meeting of shareholders of the Company and for the Board of Directors consisting of those Directors to abolish the Plan.

Therefore, the Plan is not a dead hand defense mechanism (i.e., a takeover defense measure that cannot be stopped even if the majority of the Directors of the Board of Directors are replaced).

V. Effects on Our Shareholders and Investors

1. Effects When Renewing the Plan

There will be no allotment of share options when renewing the Plan, so there will be no specific effects on the rights or interests of our shareholders and investors.

2. Effects When Triggering Countermeasures under the Plan (When Allotting and Exercising Share Options)

If a resolution to make a gratis allotment of share options as a countermeasure is adopted, the Company will publicly announce the record date for allotment and make a gratis allotment of share options to the shareholders recorded on the last register of shareholders on such record date; therefore, the shareholders must be recorded on the last register of shareholders as of the record date.

At the time of allotment of share options, share options will be allotted for no consideration at a rate of one share option per common share held to each of our shareholders as of the allotment date separately determined by the Board of Directors when making the resolution of allotment of share options. In this case, shares held by those who are unable to exercise share options under I(f) of “Summary of Share Options” will be diluted as a result of the exercise of share options by other shareholders. In addition, if shareholders do not take prescribed procedures for exercising their share options within the exercise period, the shares held by such shareholders will be diluted as a result of the exercise of share options by other shareholders.

If the Company elects to apply the provision allowing the Company to acquire share options in exchange for the shares of the Company, our shareholders will not be required to take any procedures for the exercise of their share options, and the shares they hold will not be diluted. In this case,

although the Company will not send a request to exercise the share options, the shareholders may be required to submit a document in the form specified by the Company pledging matters such as that the shareholder is not a person who is unable to exercise share options under I(f) of “Summary of Share Options.”

In the event that the Board of Directors adopts a resolution to make a gratis allotment of share options as a countermeasure, and the shareholders to receive the gratis allotment of share options are determined, but the Company cancels the allotment of share options or acquires for no consideration the share options that were allotted in the gratis allotment, and consequently there is no dilution of value per share, then shareholders and investors who purchased or sold shares of the Company on the assumption that there would be dilution of value per share might incur damage due to the fluctuation of share value.

END

- Schedule 1 Independent Committee Regulations
- Schedule 2 Biographical Outlines of Independent Committee Members
- Schedule 3 Summary of Share Options

- Reference 1 Flow Chart of Procedures for the Plan
- Reference 2 Company’s Stock Information as of March 31, 2018

Schedule 1

Independent Committee Regulations

Article 1 (Purpose)

1. The Independent Committee shall be established for the purpose of preventing the Company's Board of Directors from making arbitrary judgments or taking excessive countermeasures when a Large-Scale Purchase of shares of the Company is to be effected or has been effected by determining, from the fair and neutral perspective of a third party, whether or not the Large-Scale Purchaser complies with the Purchase Procedures and whether or not the Large-Scale Purchase harms the corporate value of the Company and, in turn, the Company's shareholders' common interests, and then making a recommendation to the Board of Directors as to whether it is reasonable for the Board of Directors to take countermeasures against the Large-Scale Purchase, including a gratis allotment of share options.
2. Unless otherwise expressly stipulated, the terms used in these Regulations shall have the same meanings as those defined in the Plan (meaning the measures against large-scale purchases of shares of the Company (takeover defense measures), a resolution in favor of which was adopted by the Board of Directors and which was then approved at a general meeting of shareholders; hereinafter the same).

Article 2 (Establishment)

The Independent Committee shall be established by the Company's Board of Directors.

Article 3 (Organization)

1. The Independent Committee shall be composed of all members of the Independent Committee.
2. The Independent Committee shall have a minimum of three members.
3. The members of the Independent Committee shall be appointed by the Board of Directors from the external Directors of the Company, external Statutory Auditors of the Company and external experts (professionals such as attorneys and certified public accountants) who satisfy the following requirements:
 - (1) a person who is not currently or has not in the past been a director (excluding external directors; hereinafter the same), statutory auditor (excluding external statutory auditors; hereinafter the same), or other officer of the Company or any subsidiary or affiliated company of the Company (collectively, the "**Company, Etc.**");
 - (2) a person who is not a relative of a current or former director or statutory auditor of the Company, Etc.; and
 - (3) a person who has no special interest in the Company, Etc.
4. Each member of the Independent Committee must enter into an agreement with the Company

separately designated by the Board of Directors containing, among other things, provisions concerning the duty of care of a prudent manager.

Article 4 (Term)

The term of a member of the Independent Committee shall last until the conclusion of the third ordinary general meeting of shareholders after assuming office as a member of the Independent Committee, unless either of the following items applies:

- (1) the first effective period of the Plan after the assumption of office has expired; or
- (2) a member of the Independent Committee who is an external Director or an external Statutory Auditor of the Company ceases to be a Director or a Statutory Auditor.

Article 5 (Duties)

1. The Independent Committee shall, in response to consultation by the Board of Directors, examine and adopt a resolution regarding the following matters as a general rule and, within 60 days from the day following the day on which the provision of information from the Large-Scale Purchaser is completed (however, such period may be extended to a necessary extent for a maximum of 30 days if any due reason exists), make a recommendation to the Board of Directors:
 - (1) whether or not the Large-Scale Purchase harms the Company's corporate value and, in turn, its shareholders' common interests;
 - (2) whether or not countermeasures are to be triggered;
 - (3) whether or not a Shareholders' Meeting for Intent Confirmation is to be convened when triggering countermeasures; and
 - (4) any other matters relating to the Plan that are to be determined by the Board of Directors regarding which the Board of Directors has consulted the Independent Committee.
2. In making a recommendation under the preceding paragraph, the Independent Committee must make its determination in light of whether or not the Large-Scale Purchase contributes to the Company's corporate value and, in turn, the common interests of its shareholders, and not for the sole purpose of benefiting the personal interests of the Independent Committee or the Directors of the Company.
3. In addition to the matters stipulated in each item of Article 5, Paragraph 1, the Independent Committee shall perform the following duties:
 - (1) determine whether the Large-Scale Purchase falls under a type of Large-Scale Purchase that is subject to the Plan;
 - (2) determine the Necessary Information to be provided to the Board of Directors by the Large-Scale Purchaser;
 - (3) carefully review and examine the details of the Large-Scale Purchase by the Large-Scale Purchaser;
 - (4) determine whether or not the Plan has been complied with;

- (5) determine whether or not to extend the Board of Directors Examination Period;
 - (6) determine whether or not to change or suspend triggered countermeasures;
 - (7) determine whether or not to continue, change or abolish the Plan; and
 - (8) any other matters that are to be determined by the Board of Directors regarding which the Board of Directors has consulted the Independent Committee.
4. In order to collect necessary information, the Independent Committee may request any Director, Statutory Auditor, or employee of the Company or any other person the Independent Committee considers necessary to attend a meeting of the Independent Committee and provide explanations about the matters requested by the Independent Committee.
 5. The Independent Committee may, at the cost of the Company, obtain advice from an independent third party (e.g., professionals such as investment banks, securities companies, financial advisors, attorneys and certified public accountants).

Article 6 (Convocation)

1. Each member of the Independent Committee and the Board of Directors may convene a meeting of the Independent Committee when a Large-Scale Purchase has taken place, or at any other time.
2. A notice of the convocation of a meeting of the Independent Committee shall be sent to each member of the Independent Committee at least three days before the date of the meeting; provided, however, that such period may be shortened in the case of emergency.
3. A meeting of the Independent Committee may be convened without the convocation procedures stipulated in the preceding paragraph if the unanimous consent of all members of the Independent Committee has been obtained.

Article 7 (Chairperson)

1. A person designated in advance by the Independent Committee shall serve as the Chairperson of the Independent Committee.
2. In the case where the person stipulated in the preceding paragraph is unable to chair the meeting, another member of the Independent Committee who is selected in accordance with the order predetermined by the Independent Committee shall act on his/her behalf.

Article 8 (Method of Resolution)

1. A resolution of a meeting of the Independent Committee shall be adopted through the affirmative votes of a majority of the members at a meeting at which all members of the Independent Committee are present; provided, however, that if any member of the Independent Committee is unable to attend a meeting due to accident or for any other unavoidable reason, a resolution may be adopted through the affirmative votes of a majority of the members at a meeting at which a majority of the members of the Independent Committee are present.
2. In the event that any member of the Independent Committee is unable to attend a meeting of the Independent Committee, such member shall notify the Secretariat of that fact and the reason

therefor in writing at least, as a general rule, one day before the date of the meeting.

3. Any member of the Independent Committee who has special interest in the matter to be resolved at a meeting of the Independent Committee shall not vote on such resolution.
4. The Independent Committee shall promptly recommend the matters decided by resolution to the Board of Directors along with the reasons therefor.
5. The Board of Directors shall make the final decision regarding such matters, respecting the recommendation of the Independent Committee stipulated in the preceding paragraph as much as possible.

Article 9 (Minutes)

Minutes of a meeting of the Independent Committee must be prepared in two copies containing a summary of the proceedings and the outcome of the meeting, and the members of the Independent Committee who attended the meeting shall affix their names and seals on the minutes.

Article 10 (Disclosure of Information to Shareholders, etc.)

A summary of the matters recommended by the Independent Committee shall be disclosed when resolutions regarding these matters by the Board of Directors are disclosed.

Article 11 (Amendment and Abolishment)

Amendments to and abolishment of these Regulations shall be made by a resolution of the Board of Directors.

Supplementary Provisions

These Regulations shall take effect from June 27, 2007.

These Regulations shall be amended on June 25, 2009.

These Regulations shall be amended on June 28, 2011.

These Regulations shall be amended on June 26, 2013.

These Regulations shall be amended on June 25, 2015.

END

Schedule 2

Biographical Outline of Independent Committee Members

External Director

Kunitaro Saida

(Biographical Outline)

April 1969	Appointed as a public prosecutor
November 2001	Chief public prosecutor of the Tokyo District Public Prosecutors Office
February 2003	Superintendent public prosecutor of the Takamatsu High Public Prosecutors Office
June 2004	Superintendent public prosecutor of the Hiroshima High Public Prosecutors Office
August 2005	Superintendent public prosecutor of the Osaka High Public Prosecutors Office
May 2006	Retired from office
May 2006	Registered as an attorney/ Start practice (present post)
June 2007	Outside Company Auditor of Nichirei Corporation (present post)
June 2008	Outside Director of Sumitomo Osaka Cement Co., Ltd. (present post)
June 2010	External Director of the Company (present post)
March 2014	Outside Director of Canon Inc. (present post)

External Director

Kiichiro Masui

(Biographical Outline)

April 1973	Entered the Ministry of Finance
June 2000	Director-General of the Kinki Regional Finance Bureau of the Ministry of Finance
July 2003	Director-General of the Planning and Coordination Bureau of the Financial Services Agency
September 2005	Senior Managing Director of the Japan Securities Dealers Association
May 2006	Vice-Chairman of the Japan Securities Dealers Association
June 2012	Director of Tokyo Shoken Building Incorporated
July 2013	Chairman of the Japan Investor Protection Fund (present post)
June 2014	Chairman of the Board of the Japan Securities Research Institute (present post)

June 2016	Outside Director of Japan Credit Rating Agency, Ltd. (present post)
June 2017	External Director of the Company (present post)

External Statutory Auditor

Chikami Tsubaki

(Biographical Outline)

April 1970	Joined EBARA-Infilco Co., Ltd. (currently EBARA CORPORATION)
May 1975	Joined Asahi & Co (currently KPMG AZSA LLC)
March 1979	Registered and commenced practice as a certified public accountant (present post)
July 1999	Representative Partner of Asahi & Co. (currently KPMG AZSA LLC)
July 2004	Senior Executive of the Japanese Institute of Certified Public Accountants
June 2013	Outside Audit & Supervisory Board Member of NKSJ Holdings, Inc. (currently Sampo Holdings, Inc.)
June 2014	External Statutory Auditor of the Company (present post)
June 2016	Outside Director (Audit and Supervisory Committee Member) of Seiko Epson Corporation (present post)

Each of the above members is an independent officer set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. and has no special interest in the Company.

END

Summary of Share Options

I. Description of the Share Options

(a) Type and number of shares for which the Share Options are issued

The type of shares for which the Share Options are issued shall be common shares of the Company. The number of shares for which the Share Options are issued shall be separately determined by the Board of Directors.

(b) Issue price of each Share Option

Each Share Option shall be issued for no consideration.

(c) Value of assets to be contributed upon exercise of each Share Option

The value of assets to be contributed upon the exercise of each Share Option shall be one yen or more.

(d) Capital increase and capital reserve increase when new shares are issued upon the exercise of the Share Options

To be determined by the Board of Directors.

(e) Restrictions on assignment of the Share Options

Any assignment of the Share Options requires the approval of the Board of Directors.

(f) Conditions for exercise of the Share Options

1) Any person who falls under any of the following may not exercise the Share Options:

- (i) a Large-Scale Purchaser (Note 1);
- (ii) a joint holder of a Large-Scale Purchaser (Note 2);
- (iii) a specially related party of a Large-Scale Purchaser (Note 3);
- (iv) a transferee of or successor to the Share Options of a person who falls under any of (i) to (iii) above without the approval of the Board of Directors; and
- (v) an affiliate of a person who falls under any of (i) to (iv) above (meaning a person who is deemed by the Board of Directors to be a person who substantially controls, is controlled by, or is under common control with a Large-Scale Purchaser, or a person who is deemed by the Board of Directors to be a person who acts in concert with a Large-Scale Purchaser).

Note 1: A "Large-Scale Purchaser" means: (i) a holder (as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including a person deemed to be a holder under Paragraph 3 of the same Article (including a person who is deemed by the Board of Directors to be a person falling under the above)) of the share certificates, etc. (as defined in Article 27-23, Paragraph 1 of the

Financial Instruments and Exchange Act) issued by the Company whose holding ratio of share certificates, etc. (as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act), when combined with the holding ratio of share certificates, etc. of its joint holder (as defined in Note 2), has become or is deemed by the Board of Directors to have become 20% or more; or (ii) a person who has issued a public notice of the commencement of a tender offer (as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act) for share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act) issued by the Company whose ratio of ownership of share certificates, etc. (as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) after the purchase by that person, when combined with the ratio of ownership of share certificates, etc. of its specially related party/parties (as defined in Note 3), will become 20% or more.

Note 2: A “joint holder” means a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including a person who is deemed to be a joint holder under Paragraph 6 of the same Article (including a person who is deemed by the Board of Directors to be a joint holder).

Note 3: A “specially related party” means a specially related party as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including a person who is deemed by the Board of Directors to be a specially related party).

2) Even if a person who holds the Share Options is unable to exercise the Share Options pursuant to the provisions set out in 1) above, the Company shall not be held liable for damages and shall not bear any other responsibility to the person holding the Share Options.

(g) Exercise period of the Share Options

The period during which the Share Options may be exercised shall be the period separately determined by the Board of Directors, which shall end no later than two months from the effective date of the Share Options.

(h) Acquisition of Share Options by the Company

The Company may, by a decision of the Board of Directors, acquire Share Options held by persons who do not fall under any of the items under 1) of (f) above by delivering, for each Share Option, the number of common shares to be separately determined by the Board of Directors on a day designated by the Board of Directors, which shall be during the period from the effective date of the gratis allotment of the Share Options to the expiration of the exercise period of the Share Options. If acquiring Share Options held by persons who fall under any of the items under 1) of (f) above, the Company shall not provide the persons with any economic consideration, such as cash, etc.

- (i) Delivery of Share Options in the case of merger, company split, share exchange and share transfer, and conditions thereof

To be separately determined by the Board of Directors.

- (j) Restrictions on the issuance of share option certificates

No certificates shall be issued for the Share Options.

- (k) Reasons for the cancellation of Share Options, etc.

No reasons for and conditions of cancellation of the Share Options shall be prescribed.

II. Number of Share Options Allotted to Shareholders

The Share Options shall be allotted for no consideration to each of the shareholders recorded on the last register of shareholders as of the record date for allotment separately determined by the Board of Directors at a ratio of one Share Option for each common share of the Company (excluding common shares of the Company owned by the Company) owned by such shareholder.

III. Effective Date of Gratis Allotment of the Share Options

To be separately determined by the Board of Directors.

IV. Amendments Due to Revisions to Laws and Regulations, etc.

If laws and regulations or rules of financial instruments exchanges are newly established, revised, or abolished, and it is consequently appropriate to reflect relevant matters in the Plan, then in consideration of the purport of the newly established, revised, or abolished matters, the provisions of the Plan or the meanings of terms used in the Plan may be interpreted as appropriate to a reasonable extent, or the Board of Directors may amend the Plan.

END

Reference 2

Company's Stock Information as of March 31, 2018

1. Total Number of Authorized Shares: 110,000,000 Shares
2. Number of Outstanding Shares: 40,059,996 Shares
3. Number of Shareholders: 19,211 Shareholders
4. Major Shareholders (Top 10):

Name of Shareholders	Capital Contribution to the Company	
	Number of Shares Held (thousand shares)	Shareholding Ratio
Mitsubishi Estate Co., Ltd.	4,274	10.72%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,954	4.90%
Misaki Engagement Master Fund	1,552	3.89%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,541	3.86%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,211	3.04%
DFA International Small Cap Value Portfolio	989	2.48%
BNP Paribas Securities Services Luxembourg/ JASDEC/Securities-AIFM	856	2.15%
Government of Norway	763	1.91%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	665	1.67%
The Bank of New York Mellon 140042	657	1.65%

Note: Each shareholding ratio is calculated after excluding the number of treasury shares (174,000 shares) from the total number of outstanding shares.

END