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Securities Code: 6547  
September 6, 2021

To shareholders:

GREENS Co., LTD.  
5-3, Hamada-cho, Yokkaichi-shi, Mie Prefecture  
Takeya Muraki, President & Representative Director

## Notice of Convocation of the 58th Ordinary General Meeting of Shareholders

Thank you for your continued support.

We are pleased to inform you that we will hold the 58th Ordinary General Meeting of Shareholders as follows.

To reduce the risk of contracting new coronavirus (COVID-19) infections, we highly recommend you to refrain from attending the meeting in person and exercise your voting rights in writing or via the Internet in advance, regardless of your health status.

Please review the "Reference Materials for the General Meeting of Shareholders" below, and, having referred to the "Guide to Exercising of Voting Rights" on page2, either indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and return it to us or enter your approval or disapproval on the website designated by the Company for exercising voting rights (<https://evote.tr.mufg.jp/>). You are kindly requested to exercise your voting rights, either in writing or via the Internet, by 6:00 p.m. on Friday, September 24, 2021.

### 1. Date and time:

Monday, September 27, 2021, 10:00 a.m. (Registration opens at 9.30 a.m.)

### 2. Place:

"Ise-no-ma" Room, 6th Floor, Hotel Green Park Tsu  
700 Hadokoro-cho, Tsu-shi, Mie

### 3. Meeting Agenda:

#### Items to be Reported:

1. The Business Report and Consolidated Financial Statements for the 58th Fiscal Period (July 1, 2020, to June 30, 2021) and the Audit Reports on the results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
2. Report on the Financial Statements for the 58th Fiscal Period (July 1, 2020, to June 30, 2021).

#### Proposals to be resolved:

**Proposal 1:** Amendments to the Articles of Incorporation

**Proposal 2:** Issuance of preferred stock using a third-party allotment

**Proposal 3:** Reduction of capital stock and capital reserve

**Proposal 4:** Appropriation of retained earnings

**Proposal 5:** Election of Eight (8) Directors (excluding those who are members of the Audit and Supervisory Committee)

**Proposal 6:** Election of Three (3) Directors as members of the Audit and Supervisory Committee

#### **4. Instructions for exercise of voting rights. etc.:**

Please refer to the "Voting Instructions" below.

- When attending the meeting in person, please submit the enclosed Voting Rights Exercise Form at the venue reception on the day of the meeting.
- The consolidated statements of changes in shareholders' equity, the statements of changes in shareholders' equity, and the notes to consolidated financial statements and the notes to non-consolidated financial statements are posted on our website in accordance with laws and regulations and Article 14 of our Articles of Incorporation, and these are not included in the accompanying documents of this notice. Therefore, the accompanying documents of this Notice of Convocation are part of the scope of audits conducted by the Audit and Supervisory Committee and the Accounting Auditor when preparing the Audit Report and the Accounting Audit Report.
- If any revisions are made to the Reference Materials for the General Meeting of Shareholders, the Business Reports, the Non-consolidated Financial Statements and the Consolidated Financial Statements, the revised information will be posted on our website below.
- Souvenirs will not be presented to shareholders who attend the meeting.
- Resolution results at this Ordinary General Meeting of Shareholders will be posted on our website below after the end of this meeting.

Our website: <https://www.kk-greens.jp/ir>

### **Voting Instructions**

Exercising voting rights at the General Meeting of Shareholders is an important right for all shareholders. Please exercise your voting rights after reviewing the Reference Materials for the General Meeting of Shareholders below.

There are three methods for exercising your voting rights as detailed below.

#### **1. Exercising voting rights by attending the General Meeting of Shareholders**

When attending the meeting, please submit the Voting Rights Exercise Form at the reception desk

**Date and time of the meeting: Monday, September 27, 2021, 10:00 a.m.**

#### **2. Exercising voting rights by mail (recommended)**

Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and return it by mail.

**Expiration date: Delivery no later than 6:00 p.m. on Friday, September 24, 2021**

#### **3. Exercising your voting rights via the Internet (recommended)**

Please access the "Voting Rights Website" and indicate your approval or disapproval of each of the proposals according to the guides on the screen.

Voting Rights Website: <https://evote.tr.mufg.jp/>

**Expiration date: No later than 6:00 p.m. on Friday, September 24, 2021**

**Information on Electronic Voting Platform (for Institutional Investors)**

For institutional investors, the Electronic Voting Platform operated by ICJ, Inc. is available only if requested in advance.

**Reference Materials for the General Meeting of Shareholders**

**Proposal 1: Amendments to the Articles of Incorporation**

1. Reasons for this proposal

GREENS believes that the procurement of equity or equity-linked funds will be needed for taking equity measures with speed and flexibility in order to return to growth after the pandemic of COVID-19 ends. Consequently, the decision was made to issue two new classes of stock, Class A and Class B preferred stock, by using a third-party allotment. To issue this stock, GREENS asks shareholders to approve amendments to the Article 5, 7 and 44 of the current Articles of Incorporation and the establishment of new provisions (Article 11, Paragraph 2 to 19 and Articles 43, Paragraph 2) concerning Class A and Class B preferred stock (hereinafter referred to as the “Amendments”).

The Amendments will become effective only if Proposal 2 is approved as originally proposed at this Ordinary General Meeting of Shareholders.

2. Proposed amendments

Shareholders are asked to approve the following amendments.

(changes are underlined)

Current Articles of Incorporation	Proposed amendments
(Authorized number of shares) Article 5 The total number of authorized shares of our company shall be 24 million shares.	(Authorized number of shares, <u>etc.</u> ) Article 5 The total number of authorized shares of our company shall be 24 million shares. <u>Our company can issue 24 million shares of common stock, 6,000 shares of Class A preferred stock and 500 shares of Class B preferred stock.</u>
(Number of shares in one unit) Article 7 One unit is 100 shares.	(Number of shares in one unit) Article 7 One unit is 100 shares <u>for common stock, one share for Class A preferred stock and one share for Class B preferred stock.</u>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>Section 2-2 Class A preferred stock (Class A preferred dividend)</u></p> <p><u>Article 11-2 When GREENS pays a fiscal year-end dividend from surplus in accordance with Article 42, shareholders holding Class A preferred stock (hereinafter, "Class A preferred shareholders"), including registered pledgees of Class A preferred stock (hereinafter, "Class A preferred stock registered pledgees", together with Class A preferred shareholders, they are called "Class A preferred shareholders, etc."), in the final shareholder ledger on the record date for the year-end dividend will, in accordance with the order of payment precedence in Article 11-19, receive an annual preferred dividend per share determined by multiplying the sum of amount paid per share and any unpaid dividend (defined in the next paragraph) from prior years (if any) by 4.0%. The Class A preferred dividend is calculated on a daily basis using 365 days for one year and using the number of days from and including the first day of the fiscal year including the record date for the dividend from surplus (or the payment date for the preferred stock if the record date of the dividend from surplus is the same as this payment date in the same fiscal year). The dividend is calculated to three decimal places and then rounded to two decimal places. However, if a Class A preferred dividend is paid during the fiscal year of this fiscal year-end record date in accordance with Article 11-3, this amount is deducted from the year-end dividend. In addition, if GREENS acquires Class A preferred stock between the record date and the payment date for this dividend from surplus, there is no longer any need to pay the dividend from surplus for that record date for Class A preferred stock.</u></p> <p><u>2 If in a fiscal year, the dividend from surplus per share paid to Class A preferred shareholders, etc. is less than the amount of the dividend owed to these shareholders, the shortfall will be accumulated for payment in a following fiscal year.</u></p>

Current Articles of Incorporation	Proposed amendments
	<p><u>3 GREENS will not pay a dividend from surplus that exceeds the Class A preferred dividend to Class A preferred shareholders, etc.</u></p>
(Newly established)	<p><u>(Class A preferred dividend during a fiscal year)</u>  <u>Article 11-3 If GREENS pays a Class A preferred dividend with a record date other than at the end of a fiscal year in accordance with Article 43 or Article 43-2, shareholders of record in the final shareholder ledger on this record date will receive a class A preferred dividend per share, in accordance with the order of payment precedence in Article 11-19, determined by multiplying the sum of amount paid per share and any unpaid dividend from prior years (if any) by the annualized rate of 4.0% and then multiplying this amount by the number of days from and including the first day of the applicable fiscal year (or the payment date for the preferred stock if the record date of the dividend from surplus is the same as this payment date in the same fiscal year) to the record date for the Class A preferred dividend during a fiscal year divided by 365 days. The dividend is calculated to three decimal places and then rounded to two decimal places. However, if within the fiscal year that includes the record date for this Class A preferred dividend during the fiscal year another Class A preferred dividend other than the year-end dividend has been paid in accordance with this article, the amount of that dividend is deducted. In addition, if GREENS acquires Class A preferred stock between a record date and payment date for a dividend during a fiscal year, there is no longer any need to pay this dividend.</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>(Allocation of residual assets)</u>  <u>Article 11-4 When residual assets are allocated, in accordance with the order of payment precedence in Article 11-19, Class A preferred shareholders, etc. receive an amount equal to the Class A basic redemption price per share stipulated in paragraph 2 of the following article minus an amount equal to the Class A deduction price. For the amounts equivalent to the Class A basic redemption price and Class A deduction price, in the Class A basic redemption price formula and the Class A deduction price formula, “Class A redemption demand date” is instead “residual asset allocation date” (the day the residual assets are distributed) and “Class A preferred dividends paid prior to the demand for redemption” is instead “Class A preferred dividends paid prior to the dissolution” (Class A dividends paid up to the residual assets allocation date (including any Class A dividends paid during the fiscal year prior to the residual assets allocation date)). If more than one Class A preferred dividend has been paid prior to the dissolution, an amount equal to the Class A deduction price for each dividend is calculated and the total is deducted from the Class A basic redemption price.</u>  <u>2 Class A preferred shareholders, etc. will not receive any distributions of residual assets other than the distribution in the preceding paragraph.</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>(Right to demand redemption for cash)</u>  <u>Article 11-5 Class A preferred shareholders can at any time ask GREENS to acquire in exchange for cash all or part of the Class A preferred stock held as long as the payment does not exceed the surplus available for distribution. When GREENS is asked to acquire this stock, the procedure prescribed by laws and regulations is performed. If only part of the Class A preferred stock submitted for acquisition by GREENS can be purchased, the number of shares acquired will be determined by using proportional allocation, a drawing or some other reasonable method selected by the GREENS Board of Directors. In addition, if on the Class A preferred stock redemption demand date GREENS is also to make cash payments due to a demand for the redemption of Class B preferred stock, the total payments may be more than the surplus available for distribution on the Class A preferred stock redemption demand date. If this happens, the proportional allocation method will be used to determine the number of Class A preferred stock and Class B preferred stock that will be redeemed. This stock will be acquired only to the extent possible without exceeding the surplus available for distribution on the Class A preferred stock redemption demand date. Class A preferred stock that was not acquired by GREENS due to the use of this method will be treated as not having been submitted for redemption.</u></p> <p><u>2 The acquisition price per share of Class A preferred stock is the Class A basic redemption price minus the Class A deduction price. These prices are calculated using the following formulas with division performed last to the third decimal place, which is then rounded. If more than one Class A preferred dividend has been paid prior to the demand for redemption as prescribed in the following formulas, a Class A deduction price is calculated for each one of these dividends and the total is subtracted from the Class A basic redemption price.</u></p>

Current Articles of Incorporation	Proposed amendments
	<p><u>Formula for the Class A basic redemption price</u></p> <p><u>Class A basic redemption price = ¥1,000,000 x (1 + 0.04)<sup>m+n/365</sup></u></p> <p><u>The number of days from and including the payment date for the Class A preferred stock to and including the Class A redemption demand date is “m years and n days.” Then, “m+n/365” is expressed as an index of “1 + 0.04.”</u></p> <p><u>Formula for the Class A deduction price</u></p> <p><u>Class A deduction price = Class A preferred dividends paid prior to the demand for redemption x (1 + 0.04)<sup>x+y/365</sup></u></p> <p><u>Class A preferred dividends paid prior to the demand for redemption are all of these dividends paid after the Class A preferred stock payment date, including dividends paid during a fiscal year.</u></p> <p><u>The number of days from and including the payment date of the Class A preferred dividend prior to the redemption demand to and including the Class A redemption demand date is “x years and y days.” Then, “x+y/365” is expressed as an index of “1 + 0.04.”</u></p> <p><u>3 The Class A redemption demand based on paragraph 1 of this article becomes effective when the redemption demand form arrives at the following location for the receipt of redemption demands.</u></p> <p><u>GREENS Co., Ltd.,</u>  <u>5F Humanitec Plaza, 1-4-28 Unomori, Yokkaichi,</u>  <u>Mie</u></p>



Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>(Terms for acquisition of stock for cash)</u>  <u>Article 11-6 Based on a resolution of its Board of Directors, GREENS can at any time acquire all or part of the Class A preferred stock on a designated date in exchange for cash payments that do not exceed the surplus available for distribution. For the mandatory acquisition of only part of the Class A preferred stock, GREENS uses the proportional allocation, a drawing or some other reasonable method selected by the GREENS Board of Directors. The acquisition price per share is the Class A preferred stock basic redemption price in paragraph 2 of the preceding article minus the Class A preferred stock basic redemption price. For the amounts equivalent to the Class A basic redemption price and Class A deduction price, in the Class A basic redemption price formula and the Class A deduction price formula, “Class A redemption demand date” is instead “Class A mandatory redemption date” and “Class A preferred dividends paid prior to the demand for redemption” is instead “Class A preferred dividends paid prior to the mandatory redemption” (Class A dividends paid up to the mandatory redemption date (including any Class A dividends paid during the fiscal year prior to the mandatory redemption date)).</u></p>
(Newly established)	<p><u>(Voting rights)</u>  <u>Article 11-7 Unless specified otherwise by laws and regulations, Class A preferred shareholders do not have the right to vote at shareholders meetings.</u></p>
(Newly established)	<p><u>(Stock consolidation, split, etc.)</u>  <u>Article 11-8 Unless specified otherwise by laws and regulations, there will be no consolidation or split of the Class A preferred stock. Furthermore, Class A preferred shareholders will not receive the right to purchase allocations of stock or stock acquisition rights and will not receive free distributions of stock or stock acquisition rights.</u></p>
(Newly established)	<p><u>(Application of rules to class shareholders meetings)</u>  <u>Article 11-9 (Record date rules) in Article 11 and (Shareholders meeting rules) in Section 3 also apply to meetings of Class A preferred shareholders.</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>Section 2-3 Class B preferred stock (Class B preferred stock dividend)</u>  <u>Article 11-10 When GREENS pays a fiscal year-end dividend from surplus in accordance with Article 42, shareholders holding Class B preferred stock (hereinafter, "Class B preferred shareholders"), including registered pledgees of Class B preferred stock (hereinafter, "Class B preferred stock registered pledgees", together with Class B preferred shareholders, they are called "Class B preferred shareholders, etc."), in the final shareholder ledger on the record date for the year-end dividend will, in accordance with the order of payment precedence in Article 11-19, receive an annual preferred dividend per share determined by multiplying the sum of amount paid per share and any unpaid dividend (defined in the next paragraph) from prior years (if any) by 4.0%. The Class B preferred dividend is calculated on a daily basis using 365 days for one year and using the number of days from and including the first day of the fiscal year including the record date for the dividend from surplus (or the payment date for the preferred stock if the record date of the dividend from surplus is the same as this payment date in the same fiscal year). The dividend is calculated to three decimal places and then rounded to two decimal places. However, if a Class B preferred dividend is paid during the fiscal year of this fiscal year-end record date in accordance with Article 11-11, this amount is deducted from the year-end dividend. In addition, if GREENS acquires Class B preferred stock between the record date and the payment date for this dividend from surplus, there is no longer any need to pay the dividend from surplus for that record date for Class B preferred stock.</u></p>

Current Articles of Incorporation	Proposed amendments
	<p><u>2 If in a fiscal year, the dividend from surplus per share paid to Class B preferred shareholders is less than the amount of the dividend owed to these shareholders, the shortfall will be accumulated for payment in a following fiscal year.</u></p> <p><u>3 GREENS will not pay a dividend from surplus that exceeds the Class B preferred dividend to Class B preferred shareholders, etc.</u></p>
(Newly established)	<p><u>(Class B preferred dividend during a fiscal year)</u></p> <p><u>Article 11-11 If GREENS pays a Class B preferred dividend with a record date other than at the end of a fiscal year in accordance with Article 43 or Article 43-2, shareholders of record in the final shareholder ledger on this record date will receive a class B preferred dividend per share, in accordance with the order of payment precedence in Article 11-19, determined by multiplying the sum of amount paid per share and any unpaid dividend from prior years (if any) by the annualized rate of 4.0% and then multiplying this amount by the number of days from and including the first day of the applicable fiscal year (or the payment date for the preferred stock if the record date of the dividend from surplus is the same as this payment date in the same fiscal year) to the record date for the Class B preferred dividend during a fiscal year divided by 365 days. The dividend is calculated to three decimal places and then rounded to two decimal places. However, if within the fiscal year that includes the record date for this Class B preferred dividend during the fiscal year another Class B preferred dividend other than the year-end dividend has been paid in accordance with this article, the amount of that dividend is deducted. In addition, if GREENS acquires Class B preferred stock between a record date and payment date for a dividend during a fiscal year, there is no longer any need to pay this dividend.</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>(Allocation of residual assets)</u>  <u>Article 11-12 When residual assets are allocated, in accordance with the order of payment precedence in Article 11-19, Class B preferred shareholders receive an amount equal to the Class B basic redemption price per share stipulated in paragraph 2 of the following article minus an amount equal to the Class B deduction price. For the amounts equivalent to the Class B basic redemption price and Class B deduction price, in the Class B basic redemption price formula and the Class B deduction price formula, “Class B redemption demand date” is instead “residual asset allocation date” (the day the residual assets are distributed) and “Class B preferred dividends paid prior to the demand for redemption” is instead “Class B preferred dividends paid prior to the dissolution” (Class B dividends paid up to the residual assets allocation date (including any Class B dividends paid during the fiscal year prior to the residual assets allocation date)). If more than one Class B preferred dividend has been paid prior to the dissolution, an amount equal to the Class B deduction price for each dividend is calculated and the total is deducted from the Class B basic redemption price.</u>  <u>2 Class B preferred shareholders will not receive any distributions of residual assets other than the distribution in the preceding paragraph.</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>(Right to demand redemption for cash)</u>  <u>Article 11-13 Class B preferred shareholders can at any time ask GREENS to acquire in exchange for cash all or part of the Class B preferred stock held as long as the payment does not exceed the surplus available for distribution. When GREENS is asked to acquire this stock, the procedure prescribed by laws and regulations is performed. If only part of the Class B preferred stock submitted for acquisition by GREENS can be purchased, the number of shares acquired will be determined by using proportional allocation, a drawing or some other reasonable method selected by the GREENS Board of Directors. In addition, if on the Class B preferred stock redemption demand date GREENS is also to make cash payments due to a demand for the redemption of Class A preferred stock, the total payments may be more than the surplus available for distribution on the Class B preferred stock redemption demand date. If this happens, the proportional allocation method will be used to determine the number of Class B preferred stock and Class A preferred stock that will be redeemed. This stock will be acquired only to the extent possible without exceeding the surplus available for distribution on the Class B preferred stock redemption demand date. Class B preferred stock that was not acquired by GREENS due to the use of this method will be treated as not having been submitted for redemption.</u></p> <p><u>2 The acquisition price per share of Class B preferred stock is the Class B basic redemption price minus the Class B deduction price. These prices are calculated using the following formulas with division performed last to the third decimal place, which is then rounded. If more than one Class B preferred dividend has been paid prior to the demand for redemption as prescribed in the following formulas, a Class B deduction price is calculated for each one of these dividends and the total is subtracted from the Class B basic redemption price.</u></p>

Current Articles of Incorporation	Proposed amendments
	<p data-bbox="807 322 1331 353"><u>Formula for the Class B basic redemption price</u></p> <p data-bbox="807 394 1375 461">Class B basic redemption price = ¥1,000,000 x <math>(1 + 0.04)^{m+n/365}</math></p> <p data-bbox="807 501 1375 676"><u>The number of days from and including the payment date for the Class B preferred stock to and including the Class B redemption demand date is “m years and n days.” Then, “m+n/365” is expressed as an index of “1 + 0.04.”</u></p> <p data-bbox="807 716 1251 748"><u>Formula for the Class B deduction price</u></p> <p data-bbox="807 788 1366 891">Class B deduction price = Class B preferred dividends paid prior to the demand for redemption x <math>(1 + 0.04)^{x+y/365}</math></p> <p data-bbox="807 931 1366 1142"><u>Class B preferred dividends paid prior to the demand for redemption are all of these dividends paid after the Class B preferred stock payment date, (including Class B preferred dividend during a fiscal year paid through the Class B redemption demand date).</u></p> <p data-bbox="807 1182 1343 1393"><u>The number of days from and including the payment date of the Class B preferred dividend prior to the redemption demand to and including the Class B redemption demand date is “x years and y days.” Then, “x+y/365” is expressed as an index of “1 + 0.04.”</u></p> <p data-bbox="807 1433 1366 1608"><u>3 The Class B redemption demand based on paragraph 1 of this article becomes effective when the redemption demand form arrives at the following location for the receipt of redemption demands.</u></p> <p data-bbox="807 1648 1359 1751"><u>GREENS Co., Ltd., 5F Humanitec Plaza, 1-4-28 Unomori, Yokkaichi, Mie</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>(Terms for acquisition of stock for cash)</u>  <u>Article 11-14 Based on a resolution of its Board of Directors, GREENS can at any time acquire all or part of the Class B preferred stock on a designated date in exchange for cash payments that do not exceed the surplus available for distribution. For the mandatory acquisition of only part of the Class B preferred stock, GREENS uses the proportional allocation, a drawing or some other reasonable method selected by the GREENS Board of Directors. The acquisition price per share is the Class B preferred stock basic redemption price in paragraph 2 of the preceding article minus the Class B preferred stock basic redemption price. For the amounts equivalent to the Class B basic redemption price and Class B deduction price, in the Class B basic redemption price formula and the Class B deduction price formula, "Class B redemption demand date" is instead "Class B mandatory redemption date" and "Class B preferred dividends paid prior to the demand for redemption" is instead "Class B preferred dividends paid prior to the mandatory redemption" (Class B dividends paid up to the mandatory redemption date (including any Class B dividends paid during the fiscal year prior to the mandatory redemption date)).</u></p> <p><u>If more than one Class B preferred dividend has been paid prior to the mandatory redemption, an amount equal to the Class B deduction price for each dividend is calculated and the total is deducted from the Class B basic redemption price</u></p> <p><u>(Demand for acquisition in exchange for common stock)</u>  <u>Article 11-15 Class B preferred shareholders can at any time ask GREENS to acquire in exchange for common stock all or part of the Class B preferred stock held. When GREENS received this demand, the Class B preferred shareholder will receive the number of shares of GREENS common stock determined by the following formula in exchange for the Class B preferred stock submitted.</u></p> $  \begin{array}{rcl}  \frac{\text{Shares of}}{\text{common}} & & \frac{\text{Total paid for the Class}}{\text{stock}} \\  \frac{\text{stock}}{\text{provided in}} & = & \frac{\text{B preferred stock}}{\text{submitted for this}} \\  \frac{\text{exchange}}{\text{for preferred}} & & \frac{\text{exchange}}{\text{Acquisition price}} \\  \frac{\text{stock}}{\text{stock}} & &  \end{array}  $

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>Any fraction of one share of common stock to be provided in exchange for the Class B preferred stock will be discarded and there will be no cash payment for this fractional stock in accordance with Article 167, Paragraph 3 of the Companies Act.</u></p> <p><u>2 The acquisition price is initially 504 yen.</u></p> <p><u>3 If there is a split or gratis allocation of common stock, the acquisition price is adjusted using the following formula. In the case of a gratis allotment of stock, in this formula, “shares of common stock issued prior to split” is instead “shares of common stock issued prior to gratis allotment” (but excluding common stock held by GREENS at that time) and “shares of common stock issued after the split” is instead “shares of common stock issued after the gratis allotment” (but excluding common stock held by GREENS at that time).</u></p> $\frac{\text{Adjusted acquisition price}}{\text{Previous acquisition price}} = \frac{\text{Previous acquisition price}}{\text{Previous acquisition price}} \times \frac{\text{Shares of common stock issued prior to split}}{\text{Shares of common stock issued after split}}$ <p><u>The adjusted acquisition price shall be the day after the record date for the stock split in the case of a stock split, the date when the gratis allotment of stock becomes effective in the case of gratis allotment of stock (or the day after the record date in the case a record date for gratis allotment is fixed).</u></p> <p><u>4 If there is a consolidation of common stock, the acquisition price is adjusted as of the day the consolidation becomes effective (or on the day after the consolidation record date if there is a record date) using the following formula.</u></p> $\frac{\text{Adjusted acquisition price}}{\text{Previous acquisition price}} = \frac{\text{Previous acquisition price}}{\text{Previous acquisition price}} \times \frac{\text{Shares of common stock issued prior to consolidation}}{\text{Shares of common stock issued after consolidation}}$



Current Articles of Incorporation	Proposed amendments
	<p><u>5 If GREENS issues common stock or disposes of common stock held by GREENS at a price below the acquisition price prior to an adjustment, the acquisition price is adjusted using the following formula. However, the following cases are excluded: (1) stock acquired by the Company in exchange for the delivery of common stock in case of gratis allotment of stock; (2) stock issued for the acquisition of stock or stock acquisition rights (including bonds with stock acquisition rights, same hereafter in this article) by GREENS in exchange for common stock; (3) stock issued due to the exercise of common stock acquisition rights; and (4) stock issued for merger, share exchange or company split. The adjusted acquisition price is effective on the day after the payment date (or the day after the last day of the payment period if there is a period instead of a single day) or the day after the stock allotment record date if there is a record date for an allotment to shareholders. If GREENS disposes of common stock, in the following formula, “newly issued shares of common stock” is instead “common stock held by GREENS that is disposed” and “shares held by GREENS” is instead “shares held by GREENS before the disposal.”</u></p> $  \begin{array}{r}  \text{Adjusted} \\  \text{acquisition} \\  \text{price} \\  = \\  \frac{\text{Previous} \\  \text{acquisition} \\  \text{price}}{\text{Newly} \\  \text{issued} \\  \text{shares} \\  \text{of} \\  \text{common} \\  \text{stock} \\  \text{held} \\  \text{by} \\  \text{GREENS}} \\  \times \\  \frac{\text{Number of shares of common} \\  \text{stock issued - Number of} \\  \text{shares of common stock held} \\  \text{by the Company) + Number} \\  \text{of shares of common stock to} \\  \text{be newly issued}}{\text{Number of shares of common} \\  \text{stock issued - Number of} \\  \text{shares of common stock held} \\  \text{by the Company) + Number} \\  \text{of shares of common stock to} \\  \text{be newly issued}}  \end{array}  $

Current Articles of Incorporation	Proposed amendments
	<p><u>6 If GREENS issues or disposes of stock with the right to receive common stock through a mandatory or other acquisition by GREENS at a price below the pre-adjustment acquisition price (including a gratis allotment of stock ), all stock issued or disposed of will be deemed to have been acquired under the original terms and that common stock was delivered. This deemed issuance or disposal will be effective on the payment date for the stock (or the day after the last day of the payment period if there is a period instead of a single day, same hereafter in this paragraph), the date of effectiveness for a gratis allotment of stock (or the record date for the gratis allotment of stock if there is one, same hereafter in this paragraph) or the date of a shareholder allotment. In the acquisition price adjustment formula, the price calculated by using the price for “amount paid per share” is used as the adjusted acquisition price. The adjusted acquisition price is effective on the day after the payment date, the day after the date of effectiveness of a gratis allotment of stock in this case, or the day after the day of gratis allotment of stock if there is.</u></p> <p><u>7 There may be a case in which GREENS issues stock acquisition rights (including the gratis allotment of stock acquisition rights) for the receipt of common stock at total cost (payment per share of common stock for the stock acquisition rights plus the payment per share when exercising these rights) that is below the pre-adjustment acquisition price, either due to the exercise of these rights or the acquisition of the rights by GREENS. If this happens, all stock acquisition rights will be deemed to have been exercised or acquired under the original terms and common stock delivered as a result on the allotment date of the stock acquisition rights, the date of effectiveness of the gratis allotment of stock acquisition rights in this case (or the record date for the gratis allotment of stock if there is one, same hereafter in this paragraph), or the day of the shareholder allotment in this case. In the acquisition price adjustment formula, the adjusted acquisition price is the amount calculated by using the sum of the amount paid for the stock acquisition rights per share of common stock and the amount paid per share when these rights are exercised as the “amount paid per share.” The adjusted acquisition price becomes effective on the day after this allotment of stock acquisition rights, the day after a gratis allotment of stock acquisition rights in this case, or the day after a shareholder allotment date in this case.</u></p>

Current Articles of Incorporation	Proposed amendments
	<p><u>8 In addition to the events in the preceding paragraphs 3 and 7, in any of the following events, GREENS can adjust the acquisition price in an appropriate manner after notifying Class B preferred shareholders and Class B preferred registered stock pledgees of this adjustment and reason and providing notification of the adjusted acquisition price, date of effectiveness and other required information.</u></p> <p><u>(1) The need to adjust the acquisition price due to the acquisition of all shares of another company through a merger, or exchange of stock; the acquisition by another company of the rights and obligations for all or part of a GREENS business through a transfer of stock or absorption and divestiture; or a divestiture and establishment of a new company</u></p> <p><u>(2) The need to adjust the acquisition price due to a change in the number of shares of common stock issued or in the authorized number of shares of common stock (excluding shares held by GREENS)</u></p> <p><u>9 When a calculation is required to adjust the acquisition price, the price is calculated to three decimal places and then rounded to two decimal places.</u></p> <p><u>10 If the calculation of an adjusted acquisition price results in a difference of less than one yen between this price and the previous price, there will be no adjustment.</u></p>
(Newly established)	<p><u>(Voting rights)</u>  <u>Article 11-16 Unless specified otherwise by laws and regulations, Class B preferred shareholders do not have the right to vote at shareholders meetings.</u></p>
(Newly established)	<p><u>(Stock consolidation, split, etc.)</u>  <u>Article 11-17 Unless specified otherwise by laws and regulations, there will be no consolidation or split of the Class B preferred stock. Furthermore, Class B preferred shareholders will not receive the right to purchase allocations of stock or stock acquisition rights and will not receive free distributions of stock or stock acquisition rights.</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>(Application of rules to class shareholders meetings)</u>  <u>Article 11-18 (Record date rules) in Article 11 and (Shareholders meeting rules) in Section 3 also apply to meetings of Class B preferred shareholders.</u></p>
(Newly established)	<p><u>Section 2-4 Order of precedence (Order of precedence)</u>  <u>Article 11-19 The order of precedence for Class A preferred dividends (including dividends paid during a fiscal year, same hereafter in this paragraph), Class B preferred dividends (including dividends paid during a fiscal year, same hereafter in this paragraph) and dividends from surplus for shareholders and registered stock pledgees of other types of stocks (shareholders of common stock (hereinafter “common shareholder”), registered stock pledgees of common stock (hereinafter “common stock pledgees”), and together with common shareholders, they’re called “common shareholders, etc.”. The first precedence is preferred dividends for Class A and Class B preferred stock (the two classes have the same precedence).</u>  <u>The second precedence is dividends from surplus for shareholders of other types of stock and registered stock pledgees (including but not limited to common shareholders and common stock pledgees).</u>  <u>2. The first precedence is the distribution of residual assets to shareholders of Class A and Class B preferred stock (the two classes have the same precedence). The second precedence is the distribution of residual assets to shareholders of other classes of stock (including but not limited to common shareholders and registered common stock pledgees).</u></p>

Current Articles of Incorporation	Proposed amendments
	<p><u>3 For the payment of a dividend from surplus or the distribution of residual assets, there may be a case where GREENS does not have sufficient funds for a dividend from surplus or distribution of residual assets in the required precedence. If this happens, the dividend from surplus or residual assets are distributed by using the proportional allocation method based on the required funds for these payments or distributions in the designed order of precedence.</u></p>
(Newly established)	<p><u>(Dividends during a fiscal year)</u>  <u>Article 43-2 In addition to the provisions of Article 2, GREENS can designate a record date and pay a dividend from surplus to shareholders and registered stock pledgees of record in the final shareholder ledger on that record date.</u></p>
<p>(Expiration of right to receive dividend payments)  Article 44 For a cash dividend, GREENS is no longer obligated to pay a dividend if a shareholder has not received the dividend within three years of the first payment day for that dividend.  2. No interest is paid on unpaid year-end <u>and</u> interim dividends.</p>	<p>(Expiration of right to receive dividend payments)  Article 44 For a cash dividend, GREENS is no longer obligated to pay a dividend if a shareholder has not received the dividend within three years of the first payment day for that dividend.  2. No interest is paid on unpaid year-end, interim dividends <u>and dividends paid during a fiscal year.</u></p>

## **Proposal 2: Issuance of preferred stock using a third-party allocation**

Pursuant to Article 199 of the Companies Act, GREENS asks shareholders to approve the issuance of Class A preferred stock using a third-party allocation to DBJ Restaurant and Lodging Support Fund Investment Partnership (“DBJ Fund”) and the issuance of Class B preferred stock using a third-party allocation to Kinki Chubu Wide Area Reconstruction Support Fund Investment Partnership (“Kinki Chubu Fund”). The condition of the issuance of Class A and Class B preferred stock is that the Proposal 1 is approved and passed as originally proposed and the partial amendment of the Article of Incorporation related to the Proposal 1 becomes effective.

### 1. Purpose of issuing preferred stock

#### (1) Background and purpose

Since the COVID-19 pandemic started, restrictions on economic and other activities have impacted corporate earnings and the overall economy. There has been a major impact on the hotel sector, where GREENS operates, resulting in a consistently challenging business climate. In Japan’s hotel industry, there was a slow recovery in demand after the downturn ended in November 2020. The recovery was backed by the resumption of economic activity and many activities of the national and local governments to stimulate travel demand, including the Go To Travel campaign. However, this campaign was suspended nationwide in December 2020 when COVID-19 infections increased again. In January 2021, a second state of emergency in 11 prefectures and other events caused hotel demand to start falling again. Consequently, the business climate continued to go up and down.

GREENS used rigorous infection prevention measures at hotels, including hand sanitizers and the use of masks and targeted new sources of demand such as telework and medium to long-term stays. Hotels also enlarged sales channels. In addition, for a recovery in profitability when demand recovers, GREENS continued to open new locations and closed some locations following a review of profitability from a medium to long-term perspective.

In the Choice Hotel business, which operates hotels with only lodging facilities, there were contributions to sales in the fiscal year that ended in June 2021 from the following hotels: Comfort Hotel Nagoya Shinkansenguchi (Nagoya, Aichi), which opened on November 1, 2019; Comfort Hotel Ishigaki Island (Ishigaki, Okinawa), which opened on July 31, 2020; Comfort Hotel Matsuyama (Matsuyama, Ehime), which opened on November 26, 2020; Comfort Hotel Nagoya Meiekiminami (Nagoya, Aichi), which opened on January 8, 2021; Comfort Inn Tokyo Roppongi (Minato-ku, Tokyo), which opened on January 12, 2021; Comfort Hotel Kyoto Horikawagojo (Kyoto, Kyoto), which opened on March 24, 2021; Comfort Hotel Kyoto Toji (Kyoto, Kyoto), which opened on April 8, 2021; Comfort Inn Kyoto Shijokarasuma (Kyoto, Kyoto), which opened on May 17, 2021; and Comfort Inn Fukuoka Tenjin (Fukuoka, Fukuoka), which opened on May 20, 2021. However, due to the impact of the pandemic on all operations of GREENS, there was no full-scale recovery in demand, particularly in Japan’s major metropolitan areas. As a result, fiscal year sales of the Choice Hotel business were down 32.0% from the previous fiscal year to 11,726 million yen. Furthermore, the occupancy rate fell 9.2 points to 54.9% and the average daily rate was down 23.2% to 5,465 yen.

In the Greens Hotel business, which primarily operates hotels in large cities that include banquet and other facilities reflecting the characteristics of each hotel’s location, Hotel Meriken Port Kobe Motomachi (Kobe, Hyogo), which opened on November 4 2020, made a contribution to sales. In some areas where hotels are

located, demand for lodging continued in association with construction and maintenance projects and other reasons. However, leisure demand was down because of the pandemic and the recoveries of economies in all areas where hotels are located were delayed. Consequently, sales of the Greens Hotel business decreased 30.6% to 3,808 million yen, the occupancy rate fell 9.2 points to 51.6% and the average daily rate was down 11.9% to 4,923 yen.

The occupancy rate for the GREENS Group decreased 9.2 points to 54.1% and the average daily rate was down 20.9% to 5,336 yen. At the end of June 2021, there were 101 hotels with 14,435 rooms, 11,018 in the Choice Hotels business and 3,417 in the Greens Hotel business.

Consolidated sales decreased by 31.4% to 15,711 million yen, the operating loss increased from 3,456 million yen to 8,573 million yen, the ordinary loss increased from 3,514 million yen to 8,346 million yen, and the loss attributable to owners of parent increased from 4,334 million yen to 8,803 million yen. Due to these losses, net assets decreased by 8,936 million yen from 6,003 million yen to negative 2,933 million yen and the equity ratio at the end of June 2021 was negative 17.0%.

GREENS studied a variety of actions for achieving a stable financial condition while taking into consideration the effects of these actions on current shareholders. These studies reflected the large amount of negative equity along with the uncertainty about the outlook for effects of the pandemic. This process resulted in the decision that GREENS must use an equity fund procurement scheme. This will quickly increase equity as well as provide the funds needed for investments to return to growth after the pandemic ends.

## (2) Reason for selection of a third-party allotment

As was announced on March 26, 2021 in a release titled “Notice of Syndicated Loan and Equity Subordinated Loan Agreements,” GREENS received a syndicated loan totaling 17.5 billion yen (includes a 3 billion yen equity subordinated loan), including funds for refinancing existing debt, and a 500 million yen equity subordinated loan (loan classified as equity). Total available credit due to this facility is 11.5 billion yen as of today. Due to the unused portion of this facility, we believe that there is no risk involving liquidity for the time being. Increasing equity and stabilizing our financial position are important issues because the pandemic is expected to affect our performance for a long time. Furthermore, as is explained in “(2) Specific uses of funds procured” in section “3. Amount procured and planned uses and timing of expenditures,” we determined that there is a need to procure funds using equity in order to provide funds required for investments to return to growth after the pandemic ends.

When selecting the method for procuring funds during the pandemic, we realized that issuing common stock to procure the planned amount of funds would immediately result in the significant dilution of common stock because of the size of the procurement in relation to market capitalization. This would not be a suitable action due to the negative effects on shareholder value for current shareholders. We therefore decided to use preferred stock to increase our equity because this limits the immediate dilution of common stock while enabling us to use an equity instrument to procure funds.

We held discussions with several investors that were interested in making an investment in GREENS. Discussions took into consideration the characteristics of each investor, the size of the investment, economic terms and other items. These discussions resulted in the submission from planned allottees. After carefully

examining these terms and holding thorough negotiations with these investors, an agreement was reached concerning the issuance of preferred stock.

As a result, the preferred stock will be allocated to two investors. One is the DBJ Fund, which was formed to provide assistance to restaurant and hotel companies negatively affected by the pandemic. The other is the Kinki Chubu Fund, which was formed for the rapid revitalization of businesses negatively impacted by the pandemic. We believe the sale of this preferred stock is reasonable from the standpoint of our common shareholders mainly for the following three reasons. First, the preferred stock annual dividend of 4.0% is not excessively high in relation to other recent preferred stock issues for procuring funds. Second, Class B preferred stock includes a right that can be exercised to ask GREENS to acquire this stock in exchange for GREENS common stock. However, there are measures to minimize dilution resulting from the future increase in shares of common stock as this right is exercised. Most significantly, the right can be exercised only in one of the cases listed in “2. Preferred stock summary (2) Class B preferred stock, (e) right to receive common stock (a) Restrictions on right to ask to receive common stock.” Therefore, this preferred stock is structured to prevent to some degree the dilution of common stock. Third, early purchase and cancellation would be possible by accumulating profits in the future.

We believe that the issuance of this preferred stock to the planned allottees is proper because the sale of this stock will increase equity and provide funds while limiting as much as possible the dilution of common stock.

## 2. Preferred stock summary

### (1) Class A preferred stock

#### Summary

(1) Payment	October 19, 2021
(2) Number of shares	6,000 (Class A preferred stock)
(3) Issue price	1,000,000 yen per share
(4) Total proceeds	6,000,000,000 yen For proceeds after deducting issuing expenses, see “3. Amount procured and planned uses and timing of expenditures (1) Amount procured”
(5) Sale and allocation method (Planned recipients)	Stock will be sold using a third-party allocation (6,000 shares to DBJ Fund)
(6) Other items	Issuance of the Class A preferred stock is subject to approval of this third-party allotment of new shares and proposals related to this amendment in the Article of Incorporation, at this Ordinary General Meeting of Shareholders. In addition, it is a condition that prerequisites stipulated in the Class A underwriting contract are met.



a. Preferred dividend

The preferred dividend rate for Class A preferred stock is 4.0%. The shareholder of Class A preferred stock will receive dividends prior to the dividends for common shareholders and will have an equal rank of dividend preference regarding Class B preferred stock. If all or part of the preferred dividend is not paid to the Class A preferred shareholder in a fiscal year, the shortfall will accumulate in the following years. The Class A preferred shareholder cannot receive GREENS common stock dividends in addition to the preferred dividend.

b. Restrictions on voting rights and transfers of ownership

Except when specified otherwise by laws or regulations, Class A preferred stock does not include the right to vote at shareholders meetings. In addition, there are no restrictions on transfers of ownership of Class A preferred stock in the issuing terms or the Class A stock underwriting contract. In accordance with the Class A preferred stock underwriting contract, if DBJ Fund sells, submits as collateral or otherwise disposes of ownership of all or part of its Class A preferred stock, DBJ Fund must state in writing to GREENS in advance that the new owner will have all of the original rights and obligations of DBJ Fund concerning the exercise of the right to ask GREENS to purchase this stock for a cash payment.

c. Request to GREENS to purchase stock for a cash payment

Class A preferred stock includes the right to ask GREENS to purchase stock for a cash payment.

According to the terms for the issuance of Class A preferred stock, an owner of this stock can ask GREENS at any time to purchase all or part of its holding of this stock for a cash payment. However, according to the Class A preferred stock underwriting contract, in principle, DBJ Fund is unable to exercise the right to ask GREENS to purchase this stock for a cash payment until June 30, 2028.

Despite this provision, the Class A preferred stock underwriting contract also states that DBJ Fund is allowed to exercise the right to ask GREENS to purchase this stock for a cash payment prior to June 30, 2028 in any of the following three cases. However, this does not apply when DBJ Fund has given its consent in writing concerning the occurrence of one of these events. The first case is an amount of retained earnings available for distribution on the non-consolidated balance sheet at the end of June 2025 or any other subsequent fiscal year end is less than the total payment that would be required if the mandatory redemption of all Class A and B preferred stock took place on a mandatory redemption date, which is the end of the same fiscal year (or a different date designated by a resolution of the GREENS Board of Directors, same hereafter). The second case is the discovery on the closing date of the failure to fulfill some or all of the conditions that are required in advance in accordance with the Class A preferred stock underwriting contract. (However, this does not apply when DBJ Fund has stated in writing that it abandons all preconditions that are not fulfilled.) The third case is a violation of the terms of the Class A preferred stock underwriting contract (including a violation of a declaration or guarantee in this contract). If this violation is not corrected within the 30-day period starting on (and including) the date of receipt of the written notice from DBJ Fund of a contract violation (however, if correcting the violation is impossible or extremely difficult from an objective standpoint, the 30-day period to make a correction is not needed), then except when DBJ Fund has given its consent in writing concerning the violation, DBJ Fund is allowed to exercise the right to ask GREENS to purchase its Class A preferred stock for a cash payment.

The cash payment received when the right to ask GREENS to purchase the Class A preferred stock is exercised is the amount paid when the stock was issued to which the preferred stock dividend rate between the issue date and date of acquisition by GREENS is applied and calculated by compounding interest minus

an amount equal to total preferred dividends that have been paid (the amount to which the preferred stock dividend rate for the period between the payment date and acquisition date has been applied and then adjusted based on compound interest). Furthermore, the cash payment cannot exceed retained earnings available for distribution.

d. Clause for acquisition of Class A preferred stock by GREENS for a cash payment (Mandatory redemption clause)

When the mandatory redemption date is near, GREENS is required to notify shareholders of the Class A preferred stock in writing of the mandatory redemption by at least 10 business days prior to this date. Then, to the extent allowed by laws and regulations, GREENS can purchase all or part of the Class A preferred stock for a cash payment.

The cash payment received when Green exercises the clause to purchase the Class A preferred stock is the amount paid when the stock was issued to which the preferred stock dividend rate between the issue date and date of acquisition by GREENS is applied and calculated by compounding interest minus an amount equal to total preferred dividends that have been paid (the amount to which the preferred stock dividend rate for the period between the payment date and mandatory redemption date has been applied and then adjusted based on compound interest). Furthermore, the cash payment cannot exceed retained earnings available for distribution.

(2) Class B preferred stock

Summary

(1) Payment	October 19, 2021
(2) Number of shares	500 (Class B preferred stock)
(3) Issue price	1,000,000 yen per share
(4) Total proceeds	500,000,000 yen For proceeds after deducting issuing expenses, see “3. Amount procured and planned uses and timing of expenditures (1) Amount procured”
(5) Sale and allocation method (Planned recipients)	Stock will be sold using a third-party allocation (500 shares to Kinki Chubu Fund)
(6) Other items	Issuance of the Class B preferred stock is subject to approval of this third-party allotment of new shares and proposals related to this amendment in the Article of Incorporation, at this Ordinary General Meeting of Shareholders. In addition, it is a condition that prerequisites stipulated in the Class B underwriting contract are met.

a. Preferred dividend

The preferred dividend rate for Class B preferred stock is 4.0%. The shareholder of class B preferred stock will receive dividends prior to the dividends for common shareholders and will have a equal rank of dividend preference regarding Class A preferred stock. If all or part of the preferred dividend is not paid to the Class B preferred shareholder in a fiscal year, the shortfall will accumulate in the following years. The Class B preferred shareholder cannot receive GREENS common stock dividends in addition to the preferred dividend.

b. Restrictions on voting rights and transfers of ownership

Except when specified otherwise by laws or regulations, Class B preferred stock does not include the right to vote at shareholders meetings. In addition, there are no restrictions on transfers of ownership of Class B preferred stock in the issuing terms. In accordance with the Class B preferred stock underwriting contract, this stock can be transferred to a third party during the one-year period beginning on the closing date if GREENS provides its prior consent in writing.

c. Request to GREENS to purchase stock for a cash payment

Class B preferred stock includes the right to ask GREENS to purchase this stock for a cash payment.

According to the terms for the issuance of Class B preferred stock, an owner of this stock can ask GREENS at any time to purchase all or part of its holding of this stock for a cash payment. However, according to the Class B preferred stock underwriting contract, in principle, a shareholder of this stock is unable to exercise the right to ask GREENS to purchase this stock for a cash payment until after June 30, 2028.

Despite this provision, the Class B preferred stock underwriting contract also states that Kinki Chubu Fund is allowed to exercise the right to ask GREENS to purchase this stock for a cash payment prior to June 30, 2028 in any of the following four cases. The first case is a violation of a significant obligation in the Class B preferred stock underwriting contract. The second case is a serious violation by GREENS of a declaration or guarantee in the Class B preferred stock underwriting contract. The third case is fraudulent financial statements or some other serious violation of a law or regulation concerning financial statements. The fourth case is an amount of retained earnings available for distribution on the non-consolidated balance sheet at the end of June 2025 or any other subsequent fiscal year end that is less than the total payment that would be required if the mandatory redemption of all Class A and B preferred stock took place on a mandatory redemption date, which is the end of the same fiscal year.

The cash payment received when the right to ask GREENS to purchase the Class B preferred stock is exercised is the amount paid when the stock was issued to which the preferred stock dividend rate between the issue date and date of acquisition by GREENS is applied and calculated by compounding interest minus an amount equal to total preferred dividends that have been paid (the amount to which the preferred stock dividend rate for the period between the payment date and acquisition date has been applied and then adjusted based on compound interest). Furthermore, the cash payment cannot exceed retained earnings available for distribution.

d. Clause for acquisition of Class B preferred stock by GREENS for a cash payment (Mandatory redemption clause)

When the mandatory redemption date is near, GREENS is required to notify shareholders of the Class B preferred stock in writing of the mandatory redemption by at least 30 business days prior to this date. Then, to the extent allowed by laws and regulations, GREENS can purchase all or part of the Class B preferred stock for a cash payment.

The cash payment received when Green exercises the clause to purchase the Class B preferred stock is the amount paid when the stock was issued to which the preferred stock dividend rate between the issue date and date of acquisition by GREENS is applied and calculated by compounding interest minus an amount equal to total preferred dividends that have been paid (the amount to which the preferred stock dividend rate for the period between the payment date and mandatory redemption date has been applied and then adjusted based

on compound interest). Furthermore, the cash payment cannot exceed retained earnings available for distribution.

e. Clause for the exchange of Class B preferred stock for common stock

There is a provision that gives shareholders of class B preferred stock the right to ask GREENS to acquire this stock in exchange for GREENS common stock. If GREENS provides common stock for this exchange, there will be dilution of the common stock to some degree. However, the following measures are used to minimize dilution caused by an increase in the number of shares of common stock resulting from the exercise in the future of this right to exchange Class B preferred stock for common stock. Furthermore, as is explained in “d. Clause for acquisition of Class B preferred stock by GREENS for a cash payment (Mandatory redemption clause)”, the Company may, to the extent permitted by laws and regulations, acquire all or part of the Class B preferred stock with cash as consideration.

(a) Restriction on the demand to acquire Class B preferred stock in exchange for common stock

The Class B preferred stock underwriting contract restricts Kinki Chubu Fund to exercise its right to receive common stock in exchange for Class B preferred stock to the following events.

- 1) A violation by GREENS of a major obligation in this underwriting contract
- 2) A serious violation of a declaration or guarantee by GREENS in this underwriting contract
- 3) Fraudulent financial statements or some other serious violation of a law or regulation concerning financial statements
- 4) An amount of retained earnings available for distribution on the non-consolidated balance sheet at the end of June 2025 or any other subsequent fiscal year end that is less than the total payment that would be required if the mandatory redemption of all Class A and B preferred stock took place on a mandatory redemption date, which is the end of the same fiscal year
- 5) At any time after June 30, 2024

(b) Determination of conversion price

The number of shares of common stock that a holder of class B preferred stock receives when the right to request an exchange is exercised is the total amount paid when the class B preferred stock submitted for the exchange was issued divided by the conversion price. In accordance with the right to ask GREENS for the acquisition of class B preferred stock in exchange for common stock, a conversion rate of 504 yen is used for determining the number of shares of common stock provided for the preferred stock acquired. If the right to request this exchange of all Class B preferred stock is exercised at this conversion price, a total of 992,063 shares of GREENS common stock (this is 7.70% of the number of shares of common stock issued prior to the issuance of the Class A and B preferred stock, rounded to the second decimal place) would be delivered. In certain cases, conversion prices will be adjusted. However, there is no conversion price adjustment provision for Class B preferred stock. Consequently, the amount of dilution of common stock cannot exceed the level explained earlier in this section.

### 3. Amount procured and planned uses and timing of expenditures

#### (1) Amount procured

##### (i) Class A preferred stock

a.	Gross proceeds	6,000,000,000 yen
b.	Approx. issuing expenses	242,000,000 yen
c.	Approx. net proceeds	5,758,000,000 yen

(Note)

1. Approximate issuing expenses do not include consumption tax and local consumption taxes.
2. The main components of approximate issuing expenses are registration expenses, financial advisory expenses, legal fees and the cost of calculating the value of this stock.

##### (i) Class B preferred stock

a.	Gross proceeds	500,000,000 yen
b.	Approx. issuing expenses	20,000,000 yen
c.	Approx. net proceeds	480,000,000 yen

(Note)

1. Approximate issuing expenses do not include consumption tax and local consumption taxes.
2. The main components of approximate issuing expenses are registration expenses, financial advisory expenses, legal fees and the cost of calculating the value of this stock.

#### (2) Planned uses of funds procured

Uses	Amount	Planned start of expenditures
Business requirements	6,238,000,000 yen	October 2021 or later

\*Proceeds will be kept in a bank account until the funds are used.

Although demand for hotels is expected to recover as more people receive COVID-19 vaccinations, predicting the timing and magnitude of the recovery is impossible at this time. To secure the funds required to retain the stability of business operations as well as to make investments needed to return to growth, GREENS decided to procure funds to meet its business requirements. More information about the use of these funds is provided below. The expenditures in the following sections (i) and (ii) are not broken down into smaller categories at this time because decisions in stages that reflect the economic climate will be required.

##### (i) Working capital

As was explained in the preceding section “1. Purpose of issuing preferred stock

(1) Background and purpose,” the global COVID-19 pandemic has reduced the demand for hotels. Activities of individuals and economic activity have been restricted, corporate earnings and the overall economy have weakened, and many prefectures in Japan have repeatedly declared states of emergency. As a result, GREENS had consolidated negative net assets of 2,933 million yen at the end of June 2021. Demand for hotels is expected to recover as more people receive vaccinations and due to other pandemic countermeasures. However, there is still uncertainty about the upcoming effects of the pandemic. Consequently, we plan to use part of the proceeds from this third-party allotment of preferred stock for working capital for the purposes of maintaining financial soundness, preventing net assets from becoming negative even if the pandemic continues for a long time, and ensuring the stability of business operations until demand starts to recover.

(ii) Capital expenditures

Part of the proceeds from this third-party allotment of preferred stock are to be used for capital expenditures for the purpose of returning to growth after the pandemic ends. Examples of expenditures include new hotels and the remodeling of existing hotels and purchases of equipment and systems, such as self check-in systems, that improve convenience for guests as well as the productivity of hotel personnel.

For new hotels, we will continue to make investments primarily for new locations using the Comfort brand in the Choice Hotels business. We also use part of the lobbies of these hotels to operate “Comfort Library Café”. These cafés will have books and travel photos that reflect the characteristics of the surrounding area, unlimited beverages, Wi-Fi, electrical outlets and other amenities for customers. By providing distinctive services and experiences for guests, the aim is to establish another way to increase customer satisfaction. In the Greens Hotel business, we are planning on a number of new initiatives for creating new value, such as the new “hotel around” brand for lifestyle hotels used as a base for outings and other activities. We opened hotel around TAKAYAMA on July 30, 2021 as a hotel based on the concept of creating a sustainable relationship with the community. The hotel allows guests to interact with local sights and people (“Good Local”) in order to enjoy experiences and items that are unique to the Hida-Takayama region.

In April 2019, we established a Digital Strategy Office to conduct R&D activities involving the latest advances in digital technology. The aims are to solve issues involving our business processes, differentiate our hotels and services from those of competitors and become more competitive. One part of these activities is the installation of self check-in systems at new and existing hotels. The COVID-19 pandemic has further increased the need to provide services that precisely match the needs of every guest, such as the need for contactless services. We plan to use ICT throughout our operations to achieve the goals of both high productivity and high customer satisfaction at our hotels.

4. Stance regarding the justification for uses of funds

By using the preferred stock proceeds for the purposes explained in “3. Amount procured and planned uses and timing of expenditures (2) Planned uses of funds procured,” we will have sufficient working capital for the time being along with a suitable level of net assets as a listed company. This is essential for the stability of our business operations and our ability to continue to engage in financial transactions. Furthermore, to return to growth after the pandemic ends, we must continue making capital expenditures for new hotels, remodeling existing hotels, and acquiring equipment and systems, such as self check-in systems, for more customer convenience and higher productivity. We believe these expenditures will further increase corporate value, resulting in more benefits for existing shareholders. For these reasons, we believe that the uses of the proceeds of this third-party allotment of preferred stock are reasonable.

5. Justification of the issuing and other term

(1) Basis for calculation of payment for preferred stock and specific items

The COVID-19 pandemic has created a challenging business climate for GREENS, resulting in downturns involving financial soundness, results of operations and the stock price. Repeated negotiations were held with the planned allottees of this third-party allotment concerning the method used for this allotment and other terms. The result was the decision to issue Class A preferred stock at 1,000,000 yen per share and Class B preferred stock at 1,000,000 yen per share.

To ensure the fairness of the prices of this preferred stock, PwC Advisory LLC, a third-party organization independent of GREENS, was asked to calculate the value of this stock. Based on the preferred stock value

analysis report received from PwC Advisory, the value of Class A preferred stock was analyzed by using certain assumptions. The process included examining the rights that come with this stock and using the dividend discount model. For the value of Class B preferred stock, PwC Advisory examined the rights that come with this stock and, using the binomial model, performed an analysis based on certain assumptions.

GREENS used the information in the preferred stock value analysis report and other information to conduct a thorough study of this value. Based on the results of the value analysis, the amount paid would be 5,664-6,400 million yen for Class A preferred stock and 483-500 million yen for Class B preferred stock. Based on the current status of GREENS, negotiations were held with the planned allottees of the third-party allotment that resulted in a price determination taking into account all applicable factors. As a result, we believe that the price of the preferred stock is not particularly favorable for planned allottees.

For these reasons, we believe the amount paid for the preferred stock is reasonable. However, many views concerning the assessment of the amount paid are possible because the prices of the preferred stock are not objective market prices and the evaluation of preferred stock is extremely complex and requires advanced skills. Consequently, we believe that the stance of shareholders should be confirmed. For this confirmation, at this Ordinary General Meeting of Shareholders, we plan to submit a special resolution concerning the issuance of the preferred stock in accordance with Article 199, Paragraph 2 of the Companies Act.

(2) Basis for decision that the number of shares and dilution are reasonable

GREENS plans to procure 6 billion yen by issuing 6,000 shares of Class A preferred stock and 500 million yen by issuing 500 shares of Class B preferred stock. We believe the number of shares to be issued is reasonable based on the purpose and uses of the proceeds explained earlier.

The Class A preferred stock does not have shareholders meeting voting rights and does not have the right to ask GREENS to acquire this stock in exchange for common stock. As a result, there is no possibility of dilution of stock held by current shareholders.

The Class B preferred stock does not have shareholders meeting voting rights but does have the right to ask GREENS to acquire this stock in exchange for common stock. If this right is exercised for all class B preferred stock, resulting in the exchange of all of this stock for common stock, the number of shares of common stock provided in exchange for this preferred stock will be 7.70% of the number of shares of common stock issued prior to the issuance of the preferred stock (the number of voting rights of common stock provided in exchange for this preferred stock will be 7.71% of the number of voting rights prior to the issuance of the preferred stock). Although a conversion price will be adjusted in certain cases, there is no provision for the adjustment of the conversion price of Class B preferred stock. Consequently, this preferred stock is structured to limit dilution to the percentages above.

If shareholders of Class B preferred stock ask GREENS to acquire this stock in exchange for common stock, there will be dilution of common stock. However, we believe the issuance of the preferred stock is justifiable from the standpoint of GREENS common shareholders for the following five reasons. First, issuing the preferred stock will reduce debt and increase equity, resulting in a more stable financial position. We believe this is likely to increase shareholder value for common shareholders. Second, there are terms concerning the exercise by Kinki Chubu Fund of the right to exchange Class B preferred stock for common stock in order to limit as much as possible the increase (dilution) in the number of shares of common stock. The exercise of this right is limited to the events listed in the preceding section “2. Preferred stock summary (2) Class B

preferred stock e. Clause for exchange of Class B preferred stock for common stock (a) Restrictions on the demand to acquire Class B preferred stock in exchange for common stock.” Third, there is no provision for adjustment of the conversion price of Class B preferred stock, which means there is no possibility of higher dilution caused by a revised conversion price. Fourth, to the extent allowed by laws and regulations, GREENS can at any time acquire at its discretion the Class B preferred stock irrespective of the wishes of the shareholder(s) of this stock. After acquisition by GREENS, this stock will be canceled and the common stock that would have been distributed due to the conversion of this preferred stock will not happen. Fifth, the preferred stock does not include voting rights and incorporates other measures to make it possible to prevent dilution of common stock above a certain level.

## 6. Reasons for selection of planned recipients of the third-party allotment

### (1) Profiles of the planned recipients

DBJ Fund (To receive 6,000 shares of Class A preferred stock)

(1)	Name	DBJ Restaurant and Lodging Support Fund Investment Partnership	
(2)	Address	1-9-6 Otemachi, Chiyoda-ku, Tokyo	
(3)	Structure	Limited Partnership Act for Investment	
(4)	Purpose	Purchase of redeemable preferred stock with no voting rights of midsize and large restaurant and hotel businesses	
(5)	Established	March 31, 2021	
(6)	Funds	50 billion yen (initially)	
(7)	Contributor	Development Bank of Japan Inc. Hajime Watanabe, Representative Director 1-9-6 Otemachi, Chiyoda-ku, Tokyo	
(8)	Managing partner	Name	DBJ Regional Investments Inc.
		Address	1-9-6 Otemachi, Chiyoda-ku, Tokyo
		Representative	Dai Matsuki, President and Representative Director
		Activities	Investments, establishment and operation concerning investment business partnerships Investments in stocks, corporate bonds, ownership interests, etc.
		Contributor	Development Bank of Japan Inc. (100%)
		Capital	7 million yen
(9)	Relationship with GREENS	Capital	None
		Personnel	None
		Business	None

\*DBJ Regional Investments Inc. is the managing partner of the DBJ Fund and is a wholly owned subsidiary of Development Bank of Japan Inc. Based on a securities report submitted on June 24, 2021 by Development Bank of Japan to the Kanto Local Finance Bureau Director, GREENS has confirmed that DBJ Regional Investments has established a Fundamental Policy for Internal Controls, has a stance of refusing to deal with anti-social elements that threaten social order and public safety, and has the Minister of Finance as its only shareholder. GREENS has therefore concluded that DBJ Regional Investments, which is a wholly owned subsidiary of Development Bank of Japan, has no relationships with anti-social elements. GREENS therefore has also concluded that all managing partners of the DBJ Fund have no relationship with anti-social elements and has directly confirmed that DBJ Fund is not an anti-social force. A document confirming these points has been submitted to the Tokyo Stock Exchange.



Kinki Chubu Wide Area Reconstruction Support Fund (Shares allocated: Class B preferred stock 500 shares)

(1)	Name	Kinki Chubu Wide Area Reconstruction Support Fund Investment Limited Partnership	
(2)	Location	4-1-3 Bingomachi, Chuo-ku, Osaka-shi, Osaka	
(3)	Rationale	Law Concerning Investment Business Limited Liability Partnership Contracts	
(4)	Objective	Support for reconstruction and business revitalization of businesses whose business environment has deteriorated due to the effects of the COVID-19 pandemic and other factors	
(5)	Established	July 31, 2020	
(6)	Total contribution	3,280 million yen	
(7)	Contributors	<p>The Hokuriku Bank, Ltd.  The Bank of Toyama, Ltd.  First Bank of Toyama Ltd.  The Fukui Bank, Ltd.  The Fukuho Bank, Ltd.  The Juroku Bank, Ltd.  Aichi Bank, Ltd.  The Bank of Nagoya, Ltd.  The Chukyo Bank, Ltd.  San Ju San Bank, Ltd  Shiga Bank, Ltd.  Bank of Kyoto, Ltd.  Kansai Mirai Bank, Ltd.  The Senshu Ikeda Bank, Ltd.  The Tajima Bank, Ltd.  The Minato Bank, Ltd.  Nanto Bank, Ltd.  The Kiyo Bank, Ltd.  Resona Bank, Ltd  Japan Post Bank Co., Ltd.  Development Bank of Japan, Ltd.  Kuwana Mie Shinkin Bank  The Kyoto Shinkin Bank  Kyoto Chuo Shinkin Bank  Osaka Shinkin Bank  The Osaka City Shinkin Bank  Osaka Shoko Shinkin Bank  Amagasaki Shinkin Bank  AGS Consulting Co., Ltd.  REVIC Capital Co., Ltd.</p> <p>The investment ratio is not disclosed.</p>	
(8)	Business execution union members	Name	REVIC Capital Co., Ltd.
		Location	1-6-1 Otemachi, Chiyoda-ku, Tokyo
		Representative	President and CEO Ichiro Nakai
		Job title / name	

	Business	Operation and management of investment limited partnership
	Major investors	Enterprise Turnaround Initiative Corporation of Japan
	Capital	100 million yen
	Name	AGS Consulting Co., Ltd
	Location	1-9-5 Otemachi, Chiyoda-ku, Tokyo
	Representative's Job title / name	President and CEO Yoshihide Hirowatari Atsushi Kanzawa , Vice President and Representative Director
	Business details	Management service, business succession support, corporate revitalization support, IPO consulting, M & A support, international business support
	Major contributors	—
	Capital	35 million yen
(9) Relationship between the Company and the fund	Capital	None
	Personnel	None
	Business	No

\*The Company has confirmed the corporate history, officers, major shareholders, and status of internal control systems, etc., of the managing partners and investors of the Kinki Chubu Fund as stated in their respective securities reports or websites, and has determined that the investor, the investor's officers or subsidiaries, or the investor's major shareholders have no relationship with antisocial forces.

As stated above, we have determined that all executive officer union members and investors of the Kinki Chubu Fund are not related to any antisocial forces. We have also directly confirmed that the Kinki Chubu Fund is not an antisocial force, and have submitted a confirmation to the Tokyo Stock Exchange to that effect.

## (2) Reason for selection of the DBJ Fund

As was explained in section “1. Purpose of issuing preferred stock (2) Reason for selection of a third-party allotment,” 6 billion yen of the total procurement of 6.5 billion yen is expected to be redeemed for cash. The remaining 500 million yen of preferred stock has the right to exchange this stock for common stock.

However, we believe that issuing this stock to an investor with a thorough understanding of our business activities and management policies is the best decision. One reason is measures to limit as much as possible the dilution of our common stock. Another reason is that the dividend on the preferred stock is not unusually high in relation to other recent fund procurement activities using preferred stock.

The underwriting contracts for this preferred stock includes provisions concerning investments in GREENS as well as the following other agreements with the planned allottees.

### (i) Major requirements agreed to by GREENS and the planned allottees (for both DBJ Fund and Kinki Chubu Fund)

- a. GREENS must hold a shareholders meeting by no later than the closing date of this third-party allotment. Agenda items for the meeting (including proposals to shareholders concerning resolutions in writing designated in Article 319 of the Companies Act) must include amendments to the Articles of Incorporation, the issuance of the preferred stock and a reduction in capital. Furthermore, GREENS must complete by the

closing date all procedures required by laws and regulations and by the Articles of Incorporation and GREENS' internal rules for amending the Articles of Incorporation, the allocation of the preferred stock, the reduction in capital and other applicable items.

- b. A situation may occur in which GREENS is, without a reduction in capital, the capital stock or capital reserve, unable to pay a dividend from surplus to the planned allottees or acquire all or part of the preferred stock when planned allottees exercises this right. If this happens, GREENS must immediately hold a shareholders meeting, in accordance with laws and regulations, for the purpose of asking shareholders to approve reductions in capital, the capital stock or the capital reserve. GREENS is obligated to take actions as needed, to the extent that no laws or regulations are violated, to enable the payment of preferred stock dividends from surplus and the acquisition of preferred stock using cash payments.
- c. Except when the written consent of the planned allottees is received in advance, GREENS will not conduct the following significant actions: (1) Suspend or sell all or a significant part of a business or acquire or dispose of significant assets; (2) Amend the Articles of Incorporation (except the amendments for this preferred stock allotment); (3) Reorganize the company or take a similar action; (4) Dissolve the company; (5) Apply for the start of bankruptcy proceedings; (6) Purchase the company's own stock or stock acquisition rights; (7) Pay a dividend from surplus to common shareholders; (8) Increase capital stock or capital reserve ; (9) Name a different representative director (except due to unavoidable circumstances, such as a health problem); (10) The assumption of a debt obligation due to a debt guarantee or the assumption of debt; (11) A new swap, option or other derivative transaction; (12) A new investment in or loan to a third party; (13) The provision of collateral to secure the debt of a third party; (14) Revise this preferred stock underwriting contract; and (15) Any action that has a significant negative effect on the economic value of the preferred stock or the ability of GREENS to fulfill its financial obligations.

(ii) Major requirements agreed to by GREENS and Kinki Chubu Fund (Individual items)

- a. Kinki Chubu Fund can designate two observers who attend meetings of the GREENS Board of Directors and other meetings concerning management. The observers can state their opinions at these meetings. However, the observers do not have the right to vote at these meetings.
- b. In any of the following events at GREENS or a subsidiary of affiliated company, Kinki Chubu Fund can take one or more of the following actions: (1) Name an additional GREENS director and submit advice concerning management; (2) Submit a proposal for revisions to the business plan; and (3) Perform a reasonable examination concerning the status and progress of business operations at GREENS and its subsidiaries and affiliated companies.
  - (a) When there is a reasonable possibility of GREENS having an operating loss in any fiscal year beginning with the fiscal year ending in June 2022 or negative net assets at the end of June 2023 or the end of any following fiscal year.
  - (b) When there is a reasonable possibility that annual hotel sales in any fiscal year beginning with the fiscal year ending in June 2022 will be less than the amount agreed to by GREENS and Kinki Chubu Fund (or a revised amount established with the consent of Kinki Chubu Fund).
  - (c) In the non-consolidated balance sheet at the end of June 2025 and any following quarter, when the surplus available for distribution is less than the total payment for the mandatory redemption of all preferred stock that would be required if this stock was redeemed at the end of that fiscal year.
  - (d) When there is a significant revision or termination of a major contract involving GREENS or a subsidiary or affiliated company and Kinki Chubu Fund believes this revision or termination will have a significant effect on the operations of GREENS or a subsidiary or affiliated company.

- (e) When GREENS makes a decision requiring prior consent without receiving this consent concerning item c in “(i) Major requirements agreed to by GREENS and the planned recipients (for both DBJ Fund and Kinki Chubu Fund)” or the following item c.
  - (f) When there is a violation of concern about a possible violation concerning the use of proceeds listed in “3. Amount procured and planned uses and timing of expenditures.”
  - c. Except when the written consent of Kinki Chubu Fund is received in advance, GREENS will not conduct the following significant actions: (1) Purchase the company’s own stock or stock acquisition rights; (2) Reduce capital stock or capital reserve ; (3) Submit collateral, receive a new loan (except borrowings using credit facilities existing when this preferred stock underwriting contract was signed and borrowing to refinance existing loans) or issue bonds; (4) Terminate this contract; (5) Issue stock or other securities; (6) Give consent for the transfer of ownership of stock or other securities with a contractual restriction on transfers); (7) Splits, consolidations and gratis allocations of stock or other securities; (8) Revise the business plan (the original business plan) that was given to Kinki Chubu Fund; (9) Buy or sell real estate (only assets of more than 100 million yen for real estate that is not land or buildings), make an IT system investment of more than 100 million yen for a single project, or purchase a significant asset (except real estate and IT systems) with a total value of more than 100 million yen per item); (10) Open or close hotels in locations or with names that are not specifically listed in the original business plan (except hotel closings that were already approved by the GREENS Board of Directors); (11) A liability exemption for directors granted by the Board of Directors or some other body or signing a contract based on the Articles of Incorporation concerning a contract that limits this liability; (12) Signing with the directors or other executives a company indemnity contract or directors and officers liability insurance contract; or (13) Or give consent for a transaction in competition with GREENS or conflict of interest transaction by a director.
- (iii) Restriction on exercise of the right to ask for the acquisition of preferred stock for a cash payment  
The planned allottees can, as a rule, exercise the right to ask for the acquisition of preferred stock for a cash payment until and including June 30, 2028.
- (iv) Major prerequisites concerning payment obligations
- a. GREENS must provide to the planned allottees a copy of the minutes of the Board of Directors where resolutions to sign and implement this preferred stock underwriting contract were approved and other important documents and planned allottees have received these documents.
  - b. Declarations and guarantees by GREENS in the preferred stock underwriting contract are true and accurate as of the closing date.
  - c. There are no violations by GREENS of its obligations and other items that must be followed in the preferred stock underwriting contract.
  - d. The amendments to the Articles of Incorporation for the preferred stock have become effective and will be maintained.
  - e. GREENS has completed shareholders meeting resolutions, Board of Directors resolutions and all other procedures required for amending the Articles of Incorporation, issuing the preferred stock and allocating this stock to the planned allottees and none of these resolutions has been canceled. Furthermore, there are no lawsuits, objections or other legal proceedings (including but not limited to litigation to stop the issuance of new stock, litigation to invalidate the issuance of new stock, cancellation of resolution of shareholders meeting , and litigation to confirm invalidation or non-existence) concerning these procedures.
  - f. On the closing date, GREENS will reduce its capital stock by 5,098,025,750 yen and its capital reserve by 5,198,025,750 yen and complete the procedure (including but not limited to public announcements concerning objections of creditors and completion of the period for notification of objections) required

- using these funds for the other capital surplus. No procedure can be canceled and there must be no ongoing objection, litigation, notice or other legal proceeding (except when there is a creditor objection pursuant to Article 449, Paragraph 1 of the Companies Act and the procedure in Paragraph 5 of this article has been completed by the closing date). If the payment for the preferred stock has been completed, there must be absolute confidence that the reduction in capital and other measures will be effective as of the closing date.
- g. When the planned allottees acquire this stock, GREENS must have received all permits and other required legal approvals (if any) by the closing date and these permits must be legal, effective and remain effective.
  - h. There must be no situation or event that has a significant negative effect on the management, financial condition, results of operations, credit standing or other aspects of GREENS, a subsidiary or affiliated company.
  - i. There are no changes in Japan or other countries involving finance, foreign exchange rates, politics or the economy that have a significant negative effect on the transaction in the underwriting contract.

(3) Preferred stock holding policy of the planned allottees

GREENS has received explanations from the planned allottees stating that, in principle, they plan to be medium-term holders of the preferred stock.

Kinki Chubu Fund understands that the holding of Class B preferred stock, request to GREENS to exchange this stock for cash or common stock, and the sale of common stock if received due to this exchange will, as much as possible in practical terms, reflect market conditions, the financial condition of GREENS and other factors. In addition, as stated in “2. Preferred stock summary (2) Class B preferred stock e. Clause for the exchange of Class B preferred stock for common stock (a) Restriction on the demand to acquire Class B preferred stock in exchange for common stock,” Kinki Chubu Fund can exercise its right to exchange its preferred stock for common stock only starting on June 30, 2024 or if certain events occur.

Furthermore, the Class B preferred stock underwriting contract states that Kinki Chubu Fund cannot transfer ownership of its Class B preferred stock without the prior consent of GREENS during the one-year period beginning on the closing date. If Kinki Chubu Fund plans to sell GREENS stock after this one-year period, GREENS cannot refuse to give consent for this transaction without first submitting terms reasonably more favorable to Kinki Chubu Fund than the terms offered by this prospective buyer (excluding certain cases) along with another buyer of this stock who is will definitely complete the transaction.

In accordance with the Class B preferred stock underwriting contract, Kinki Chubu Fund must promptly notify GREENS when the fund plans to transfer ownership of its GREENS stock to a third party. Kinki Chubu Fund is expected to act with sincerity to provide a reasonable amount of time for discussions with GREENS.

(4) Items confirmed concerning existence of adequate funds at the planned allottees payments

DBJ Fund was established by Development Bank of Japan for the purpose of supporting restaurants and hotels that were affected by the pandemic. The fund has 50 billion yen, which GREENS believes is sufficient to provide funds for this transaction.

Kinki Chubu Fund has reported to GREENS that funds required for the transfer can be prepared by the transfer date. In addition, we have checked the balance sheets of organizations that made contributions to this fund and used other measures to reach the conclusion that Kinki Chubu Fund has sufficient funds to purchase the Class B preferred stock by the payment date.

### **Proposal 3: Reductions of capital stock and capital reserve**

#### 1. Purposes of reductions of capital stock and capital reserve

In conjunction with the issuance and third-party allotment of preferred stock in Proposal 2, we are proposing reductions of the capital stock and capital reserve for the purposes of quickly improving financial soundness and providing for speed and flexibility for activities involving equity. These reductions are to be transferred to other capital surplus.

The reductions in the capital stock and capital reserve will become effective with conditions that Proposal 1 and 2 are approved as originally proposed and that the payment related with the third-party allotment of preferred stock in Proposal 2 is completed.

#### 2. Explanation of reductions of capital stock and capital reserve

##### (1) Reduction of capital stock

Following the third-party allotment of preferred stock, the capital stock will be reduced by 5,098,025,750 yen from 5,198,025,750 yen to 100,000,000 yen.

##### (2) Reduction of capital reserve

Following the third-party allotment of preferred stock, the capital reserve will be reduced by 5,198,025,750 yen from 5,198,025,750 yen to 0 yen.

##### (3) Method for reductions of capital stock and capital reserve

Pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the capital stock and capital reserve will be reduced as described in this section at the same time that the preferred stock is issued and the reductions in these reserves will be transferred to other capital surplus.

#### 3. Date of effectiveness of reductions of capital stock and capital reserve

October 19, 2021 (Tuesday) (tentative)

#### **Proposal 4: Appropriation of retained earnings**

1. Purpose of this proposal

The following appropriation of retained earnings is proposed to eliminate the current loss carried forward.

This appropriation of retained earnings is subject to the effectiveness of the reduction in the amount of capital stock and capital reserve under Proposal 3.

2. Description of appropriation of retained earnings

(1) Item and amount of reduction

Other capital surplus: 6,864,598,844 yen

(2) Item and amount of increase

Retained earnings brought forward: 6,864,598,844 yen

(3) Date of effectiveness

October 19, 2021 (Tuesday) (tentative)

**Proposal 5: Election of Eight (8) Directors (excluding those who are members of the Audit and Supervisory Committee)**

The terms of all eight Directors (excluding those who are members of the Audit Committee; the same in this proposal below) will expire at the time of the conclusion of this meeting. The Company proposes the election of eight directors.

The candidates of directors are decided at the Board of Directors based on a recommendation of Nomination and Compensation Committee, which is chaired by the Company's outside director.

The Company has considered this matter at the Audit and Supervisory Committee, and it has determined that all of board candidates are suitable.

The candidates for directors are as follows.

Candidate No.	Name	Current Position and Responsibilities	Attribute
1	Takeya Muraki	President & Representative Director	Reelection
2	Kiyoshi Matsui	Chairman of the Board	Reelection
3	Makoto Sakakieda	Managing Director, In Charge of Sales Division	Reelection
4	Kenji Shimizu	Director, General Manager of Business Planning Division	Reelection
5	Naoko Suzuki	Director, General Manager of Human Resources Division	Reelection
6	Hiroya Ito	Director, General Manager of Administration Division	Reelection
7	Keitaro Yamashiro	Director, General Manager of Sales Division, Choice Hotels	Reelection
8	Tomohide Hasegawa	Director, General Manager of Sales Division, Greens Hotels	Reelection

Reelection: Candidates for reelection to the Board of Directors



Candidate No.	Name (Date of Birth)	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
1	Takeya Muraki (November 7, 1972)	<p>January 1997: Joined the Company</p> <p>September 2001: Director</p> <p>September 2004: Managing Director</p> <p>September 2013: Senior Managing Director In Charge of Sales and Business Development Office</p> <p>September 2018: President &amp; Representative Director (current position)</p> <p>[Responsibilities and description of significant concurrent positions]</p> <p>President &amp; Representative, Choice Hotels Japan Co., Ltd.</p> <p>President &amp; Representative, Shinryoku Co., Ltd.</p> <p>President &amp; Representative, TM Corporation</p>	1,066,600 shares
Reason for nomination as a candidate for director			
<p>Since his appointment as Director, Mr. Muraki has fully fulfilled his responsibilities based on his extensive knowledge of the industry and his wealth of experience both in the Company's business and in management in general, and we expect him to continue his strong leadership in efforts to enhance the Company's corporate value. Therefore, the Company requests his reappointment as a Director.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
2	Kiyoshi Matsui (December 18, 1956)	<p>November, 1980: Joined the Company</p> <p>September 1989: Director</p> <p>July 1998: Managing Director</p> <p>November 1999: Senior Managing Director</p> <p>November 2004: Executive Managing Director</p> <p>September 2013: President &amp; Representative Director</p> <p>September 2018: Chairman of the Board (current position)</p>	104,300 shares
Reason for nomination as a candidate for director			
<p>Mr. Matsui has been involved in the management of the Company as a member of the Board of Directors from an early stage and has a wealth of experience of the Company's business and of management in general. He is expected to continue to contribute to the enhancement of the corporate value of the Company in the future. Therefore, the Company requests his reappointment as a Director.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
3	Makoto Sakakieda (March 3, 1961)	September 1983: Joined UCC UESHIMA COFFEE CO., LTD. April 2011: President & Representative Director, UCC Foodservice Systems Inc. April 2012: Representative Director & Vice President, UCC FOODS CO., LTD June 2015: Director in Charge of Restaurant Operation, UCC HOLDINGS CO., LTD June 2016: Joined TOWA ENTERPRISE CO., LTD., Executive Officer and General Manager June 2017: Joined the Company November 2017: General Manager of Sales Division September 2018: Director, Managing Director (current position), In Charge of Sales Division (current position)	4,300 shares
Reason for nomination as a candidate for director			
<p>Mr. Sakakieda has a wide range of business experience gained over many years in the manufacturing, wholesale, and food service industries, as well as extensive insight into corporate management, and is currently in charge of the sales division. Based on his wealth of knowledge, he has been deeply involved in the formulation of sales strategies, etc., and as a director, he has played a vital role in the overall business operations of the company and in making decisions on important matters. Therefore, the Company requests his reappointment as a Director.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
4	Kenji Shimizu (June 12, 1973)	April 1996: Joined TOTO LTD. July 2006: Joined GMD Co., Ltd. (currently KPMG FAS Co., Ltd.) December 2011: Joined TAKE AND GIVE. NEEDS Co., Ltd. February 2015: Joined Horwath Asia Pacific Japan Co., Ltd. November 2017: Joined the Company July 2018: General Manager, Business Development Office September 2018: Director (current position) April 2019: General Manager of Business Planning Division (current position)	4,300 shares

Reason for nomination as a candidate for director

Mr. Shimizu has a wide range of industry knowledge and management know-how through consulting services related to hotel management, and is currently in the position of General Manager of the Business Planning Division. Based on his specialized knowledge of hotel management, he is deeply involved in promoting the development of new properties, management planning, and the development of new businesses, etc., and as a director, he has played a vital role in the overall business operations of the company and in making decisions on important matters. Therefore, the Company requests his reappointment as a Director.

Candidate No.	Name (Date of Birth):	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
5	Naoko Suzuki ( Current family name: Naoko Kawai) (December 10, 1972)	April 1995: Joined ROCK FIELD CO., LTD. February 2009: Joined Elmo Co., Ltd. March 2013: Joined the Company January 2017: Manager of Human Resources Division July 2018: Joined Oyatsu Town Co., Ltd. General Manager, Human Resources & General Affairs Division July 2019: Joined the Company, General Manager of Human Resources Division (current position) September 2019: Director (current position)	4,900 shares

Reason for nomination as a candidate for director

Ms. Suzuki has a wealth of experience in the field of human resources in a variety of industries, and currently holds the position of General Manager of the Human Resources Division. She has also contributed to the strengthening of the corporate structure through the improvement of business operations and is expected to continue to execute business appropriately as a director. Therefore, the Company requests her reappointment as a Director.

Candidate No.	Name (Date of Birth)	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
6	Hiroya Ito (February 1, 1970)	September 2005: Joined the Company January 2013: Manager of Corporate Planning Division September 2013: Executive Officer, General Manager of Corporate Planning Division September 2014: Director (current position) October 2014: General Manager of Administration Division (current position)	4,300 shares

Reason for nomination as a candidate for director

Since joining the company, Mr. Ito has been involved in the operations of the head office Administration Division for many years, including personnel and labour affairs and the Corporate Planning Department, and currently holds the position of General Manager of the Administration Division. After assuming the post of Director, he has been in charge of general affairs, information systems, finance and accounting, facilities management, and purchasing, etc. He is expected to continue working to strengthen the management base efficiently both for the company's sustainable growth and for the enhancement of its corporate value over the medium-to-long term. Furthermore, he is expected to continue to play an important role in the company's overall business operations and in decisions on important matters. Therefore, the Company requests his reappointment as a Director.

Candidate No.	Name (Date of Birth)	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
7	Keitaro Yamashiro (March 22, 1974)	April 1996: Joined the Company December 2002: Manager of Hotel Division December 2009: Corporate Officer, General Manager September 2014: Director (current position) October 2014: General Manager of Sales Division, Choice Hotels (current position)	4,300 shares

Reason for nomination as a candidate for director

Since joining the company, Mr. Yamashiro has accumulated a wealth of experience across a wide range of business areas, including the lodging, restaurant, and development sectors, and is currently serving as General Manager of the Sales Division, Choice Hotels, which is taking advantage of the benefits of his broad practical insights. He is expected to further contribute to the strengthening of the company's business foundation in the future by utilizing his deep knowledge and fund of experience in hotel operations, and about marketing and management strategies cultivated through the opening of new hotels. He is also expected to contribute to the strengthening of the foundations of the company's business operations. Therefore, the Company requests his reappointment as a Director.

Candidate No.	Name (Date of Birth)	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
8	Tomohide Hasegawa (June 25, 1968)	May 1993: Joined our company March 2005: Manager of FB Business Division April 2008: Executive Officer, General Manager of Store Support Division September 2014: Director (current position) October 2014: General Manager of Sales Division, Greens Hotels (current position)	4,300 shares
Reason for nomination as a candidate for director			
<p>Since joining the company, Mr. Hasegawa has gained a wealth of experience in a wide range of business areas, including the banqueting and restaurant sectors, and currently holds the position of General Manager of Sales Division, Greens Hotels, which is benefiting from his extensive business knowledge and experience. Based on his many years of experience and insight, he has held positions in hotel industry organizations, and is expected to continue to develop products that reflect industry and market trends and to work on new business models. As a director, he has played a key role in overall company business operations and in decisions on important matters. Therefore, the Company requests his reappointment as a Director.</p>			

(Note) 1. There are no special interests between the candidates and our company.

2. The Company has concluded an officer liability insurance contract with an insurance company as set forth in Paragraph 1 of Article 430-3 of the Companies Act, in which we bear the full amount of the insurance premiums. All of our directors (including Audit and Supervisory Committee Members) shall be insured, and compensation shall be made for damages and litigation expenses incurred in the course of their actions in these positions. The current contract will expire in September 2021, but is scheduled to be renewed with the same content.

**Proposal 6: Election of Three (3) Directors who are members of the Audit and Supervisory Committee**

The terms of office of all three Directors who are Audit and Supervisory Committee members will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of three (3) Directors who are members of the Audit and Supervisory Committee.

The consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for the positions of Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Current Position and Responsibilities	Attribute
1	Norio Akiyama	Director and Member of the Audit and Supervisory Committee (full-time)	Reelection
2	Shigeru Tsuchida	Outside Director and Member of the Audit and Supervisory Committee	Reelection, Outside, Independent
3	Yoko Hiyama	Outside Director and Member of the Audit and Supervisory Committee	Reelection, Outside, Independent

Reelection: Candidates for reelection to the Board of Directors; Outside: Candidates for Outside Directors; Independent: Independent Directors

Candidate No.	Name (Date of Birth):	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
1	Norio Akiyama (June 23, 1947)	July 1997: Joined the Company May 2006: General Manager, Sales Division, Choice Hotels April 2009: General Manager, Sales Promotion Department January 2012: General Manager, Sales Division, Choice Hotels September 2014: Appointed as Company Auditor March 2016: Appointed as Director and Audit and Supervisory Committee Member (full-time) (current position)	4,300 shares
Reason for nomination as a candidate for director who is member of the Audit and Supervisory Committee			
Mr. Akiyama is nominated as a candidate for the position of Director, Audit and Supervisory Committee Member because of his extensive business experience and because he is expected to reflect this wide range of work experience and knowledge in undertaking the auditing and supervisory functions of the Company.			

Candidate No.	Name (Date of Birth):	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
2	Shigeru Tsuchida (May 26, 1972)	<p>October 1994: Joined Isuzu Audit Corporation</p> <p>November 1997: Established the Tsuchida Certified Public Accountant and Tax Accountant Office (currently the Tsuchida Certified Public Accountant Accounting Office), Chief (current position)</p> <p>February 2007: Representative Director of the Corporate Business Management Center Co., Ltd. (current position)</p> <p>September 2015: Appointed as an Outside Company Auditor of the Company</p> <p>March 2016: Appointed as an Outside Director and Audit and Supervisory Committee Member of the Company (current position)</p> <p>June 2017: Representative Partner of the Daichi Tax Accountant Corporation (current position)</p> <p>June 2021: Appointed as Outside Company Auditor of IMURAYA GROUP CO., LTD. (current position)</p> <p>[Status of important concurrent positions]</p> <p>Chief of Tsuchida Certified Public Accountant Accounting Office</p> <p>Representative Director, Corporate Business Management Center Co., Ltd.</p> <p>Representative Partner, Daichi Tax Accountant Corporation</p> <p>Outside Company Auditor, IMURAYA GROUP CO., LTD.</p>	- shares
Reason for nomination as a candidate for director who is member of the Audit and Supervisory Committee			
<p>Mr. Tsuchida is qualified as a certified public accountant and as a certified tax accountant and has considerable knowledge of finance, accounting, and taxation. He has been nominated as a candidate for outside director of the Audit and Supervisory Committee because he is expected to reflect his wide range of knowledge and insight in the supervision of corporate management and conflicts of interest between management or controlling shareholders and minority shareholders from an objective standpoint independent of business execution.</p>			

Candidate No.	Name (Date of Birth):	Career summary, position, responsibilities and description of significant concurrent positions	Number of shares of the Company held
3	Yoko Hiyama (February 18, 1971)	<p>April 2001: Joined Akira Yoshii Law Office (currently Ethos Law Office)</p> <p>February 2010: Outside Company Auditor of OSAKA ORGANIC CHEMICAL INDUSTRY LTD. (current position)</p> <p>May 2018: Established Hiyama &amp; Kubota Law Offices, Representative Lawyer (current position)</p> <p>September 2019: Appointed as an Outside Director and Audit and Supervisory Committee Member of the Company (current position)</p> <p>June 2020: Appointed as Outside Director and Audit and Supervisory Committee Member of Nankai Chemical Co., Ltd. (current position)</p> <p>[Status of important concurrent positions] Representative Lawyer, Hiyama &amp; Kubota Law Offices</p> <p>Outside Company Auditor, OSAKA ORGANIC CHEMICAL INDUSTRY LTD. Outside Director and Audit and Supervisory Committee Member, Nankai Chemical Co., Ltd.</p>	- shares
Reason for nomination as a candidate for director who is member of the Audit and Supervisory Committee			
<p>Ms. Hiyama is qualified as an attorney-at-law and has in-depth knowledge in providing companies with legal and management consultations of all types. She has been nominated as a candidate for outside director of the Audit and Supervisory Committee because she is expected to reflect his wide range of knowledge and insight in the supervision of corporate management and conflicts of interest between management or controlling shareholders and minority shareholders from an objective standpoint independent of business execution. Although she has never been involved in the management of the Company in any way other than as an outside director, she is familiar with corporate legal affairs as a lawyer, and the Company believes that she will be able to appropriately perform her duties as an outside director serving on the Audit and Supervisory Committee of the Company.</p>			

(Note)

1. There are no special interests between each candidate and the Company.
2. Mr. Shigeru Tsuchida and Ms. Yoko Hiyama are candidates for Outside Directors.
3. Mr. Shigeru Tsuchida and Ms. Yoko Hiyama are currently Outside Directors serving on our Audit and Supervisory Committee, and their terms of office will be 5 years and 6 months and 2 years and zero months, respectively, at the conclusion of this General Meeting. Mr. Shigeru Tsuchida has at times been an officer (auditor) who is not an executive of the Company in the past.
4. We have concluded an agreement with Mr. Norio Akiyama, Mr. Shigeru Tsuchida, and Ms. Yoko Hiyama to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the same Act. The maximum amount of liability for damages under the said agreement shall be the minimum amount of liability stipulated by laws and regulations. In the event the re-appointment of each of them is approved, we will continue the said agreement with each of them.
5. We have concluded an officer liability insurance contract with the insurance company as set forth in Paragraph 1 of Article 430-3 of the Companies Act, in which we bear the full amount of the insurance premiums. All directors (including Audit & Supervisory Committee members) of the Company are insured to cover damages and litigation costs arising from actions taken



in these positions. The current contract will expire in September 2021, but it is scheduled to be renewed with the same content.

6. We have designated Mr. Shigeru Tsuchida and Ms. Yoko Hiyama as independent directors in accordance with the provisions of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and have notified both exchanges of this designation. If the reappointments of Mr. Shigeru Tsuchida and Ms. Yoko Hiyama are approved, the Company plans to appoint them as independent directors.

Reference: Skills of Candidates for Director

The following is a list of the skills and experience possessed by the candidates to become directors of the Company:

	Name	Expertise and experience required of directors								
		Corporate management strategy	Global international experience	CSR	Experience of our business and industry	Sales and marketing	IT/technology	Finance, accounting, and financing	Legal, Compliance and Risk Management	Human Resources and Talent Development
<b>Directors</b>	Takeya Muraki	●		●	●	●	●			●
	Kiyoshi Matsui	●			●			●	●	
	Makoto Sakakieda	●			●	●				
	Kenji Shimizu	●	●		●			●		
	Naoko Suzuki	●		●						●
	Hiroya Ito	●		●			●	●	●	
	Keitaro Yamashiro	●			●	●				
	Tomohide Hasegawa	●			●	●				
<b>Members of the Audit and Supervisory Committee</b>	Norio Akiyama	●			●	●				
	Shigeru Tsuchida	●	●					●		
	Yoko Hiyama		●	●					●	

The main skills possessed by each person are marked with an asterisk (●).

The above list does not represent the full range of expertise and experience possessed by each individual.