

[Translation for Reference Purpose Only]

CORPORATE GOVERNANCE REPORT

Last updated: March 25, 2022

MUGEN ESTATE Co., Ltd.

President, Shinichi Fujita

Contact: ir@mugen-estate.co.jp

Security code: 3299

<https://www.mugen-estate.co.jp/en/>

The state of corporate governance of MUGEN ESTATE Co., Ltd. (“the Company”) is as follows:

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views(Revised)

The MUGEN ESTATE Group's corporate motto "Mugen" (Making Dreams Come True) is the foundation for its approach to business management, as well as the origin of its company name. By making customers' dreams come true, we aim to grow as a company and realize the dreams and aspirations of all people, including our stakeholders.

To that end, our mission is that "Creating new value in real estate and taking on challenges to enrich the lives of all, making their dreams come true". Through our business activities, we aim to continuously increase corporate value by solving numerous social issues facing the real estate industry, including global warming, declining birth rate and aging population, empty housing and age-related degradation of housing stock.

In addition, we have established five values as the basis for actions to achieve our mission: "Pursuing speed", "Taking on challenges inexhaustibly", "The linking of diverse talents", "Looking ahead", and "Fulfilling our responsibilities".

MUGEN ESTATE recognizes that the most necessary measures for the realization of this corporate philosophy are to ensure management transparency and soundness, and enhance management functions to respond quickly and appropriately to environmental changes; and that establishing corporate governance is the most important issue. We are therefore working to enhance our corporate governance with the following general principles: (i) securing the rights and equality of shareholders, (ii) cooperating appropriately with stakeholders other than shareholders, (iii) ensuring appropriate disclosure and transparency of information, (iv) performing the duties of the Board of Directors, etc. and (v) engaging in dialogue with shareholders.

The Board of Directors of the Company establishes the “Corporate Governance Guidelines (as the Guidelines)” with the aim of defining and contributing to the realization of a framework of effective

corporate governance.

Please referred to following website for details of “Corporate Governance Guidelines”.

https://www.mugen-estate.co.jp/en/ir/management/governance/pdf/Corporate-Governance-Guidelines_20220325.pdf

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] (Revised)

The information is based on the revised code of June 2021.

[Supplementary principle 2-4-1: Ensuring diversity in the promotion to core human resources]

To increase corporate value over the medium- to long-term, the Company actively recruits personnel based on its belief that it is essential to create workplaces where employees can thrive without discriminating on the basis of gender, nationality, or whether or not people were hired mid-career.

Additionally, it has a standard employee evaluation system that does not discriminate on the basis of gender, nationality, or whether or not people were hired mid-career. Employees are fairly evaluated and promoted to management positions based on the results of the challenges they have taken on toward their own goals and improved abilities.

Going forward, the Company will consider the disclosure of targets regarding the promotion to core human resources and its human resources development plans that ensure diversity.

[Principle 4-11: Preconditions for Board and Audit & Supervisory Board Effectiveness]

The Company specifies that the number of directors shall be seven or less. Out of the current seven directors, two are appointed as outside directors. As stated in the “Company Guidelines,” the Company appoints directors who have a great personality, insights, capabilities, and extensive experience. All directors are male and Japanese; however, we will continue to consider ensuring diversity regarding gender and international experience.

The Company specifies that the number of audit & supervisory board members shall be three or less. Its policy is that more than half of the audit & supervisory board members shall be outside audit & supervisory board members. As stated in the “Company Guidelines,” the criteria for appointing audit & supervisory board members are having a great personality, insights, necessary knowledge in finance, accounting and legal affairs, adequate capabilities, and extensive experience. The current outside audit & supervisory board members consist of an experienced attorney and a tax accountant. The full-time audit & supervisory board member has worked at listed companies and has a wealth of knowledge and experience in finance and accounting.

The Company conducts a survey of all officers regarding the management of the Board of Directors yearly. Based on the analysis and evaluation of the responses, the Company improves the management of the Board of Directors, striving to enhance its functions.

[Disclosure Based on the Principles of the Corporate Governance Code] (Revised)

The information is based on the revised code of June 2021.

[Principle 1-4: Cross-shareholdings]

The Company does not own any cross-holding of shares of other listed companies. If the need arises for acquiring shares in other companies to strengthen ties with them or form alliances, the Company will examine the medium- to long-term economic rationality. It will then disclose the results of the examination and hold shares.

[Principle 1-7: Related party transactions]

The Company has been implementing procedures suited to the content and nature of related party transactions according to laws, regulations and internal rules, to ensure that the common interests of the Company and shareholders are not affected. It submits the content of the relevant transactions to Board of Directors' meetings in advance and confirms the appropriateness and economic reasonableness of such transactions, while periodically investigating whether any transactions are undertaken between the related company and the Company.

[Supplementary principle 2-4-1: Ensuring diversity in the promotion to core human resources]

See [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Principle 2-6: Roles of Corporate Pension Funds as Asset Owners]

Since the Company does not adopt the corporate pension system, there is no influence on the financial condition in the institution operation.

[Principle 3-1: Enhance information disclosure]

(1) Creeds (management philosophy, etc.), management strategies, and management plans of the Company

The Company formulates three-year medium-term management plans based on its motto, mission, and value, among other matters, and widely discloses them chiefly on its website as well as financial results materials.

(2) Basic ideas and policies for corporate governance

Please refer to "1. Basic Views" in Section 1 of this report.

(3) Policies and procedures of the Board of Directors for determining remuneration for the senior management and directors

On November 12, 2021, the Company established a voluntary remuneration committee. It has met five times since its establishment to discuss the remuneration system for directors. At a meeting held on March 25, 2022, the Board of Directors resolved to determine amounts of remuneration, etc. for directors for fiscal 2022 and a policy on the methods of calculating and determining remuneration,

etc., as follows.

■ Basic policy

The Company has set forth the following basic policy regarding directors' remuneration.

- Remuneration packages should serve as motivation toward the achievement of performance targets for each business year and the medium- to long-term improvement of corporate value and be a driving force encouraging directors to implement business strategies.
- Remuneration levels should ensure the Company is able to secure talented human resources.
- Remuneration packages should be determined through transparent processes.

■ Method for determining remuneration, etc.

Remuneration packages for individual directors are determined by resolution of the Board of Directors upon discussion of proposals submitted by the Nomination and Compensation Committee, the majority of which is composed of independent outside directors. Prior to submitting proposals, the Committee discusses the adequacy of the amounts of fixed remuneration, bonuses, and stock compensation for individual directors according to the policy described above, based on a draft plan submitted by the president.

(4) Policies and procedures for the appointment/dismissal of the senior management and the nomination of candidates for directors and audit & supervisory board members

It is the Company's policy to select directors from among people with excellent character, insight and ability, and a wealth of experience. Moreover, they are selected in consideration of a broad range of characteristics, including gender and internationality, from the perspective of ensuring the diversity of the members of the Board of Directors. The Nomination and Compensation Committee, the majority of which is composed of outside directors, discusses the selection of directors, and submits recommendations to the Board. The Board then determines proposals to be submitted to the General Meeting of Shareholders.

Moreover, it is the Company's policy to select audit & supervisory board members from among people with excellent character and insight, necessary knowledge in finance, accounting and legal affairs, adequate capabilities and extensive experience. They are required to be fully aware of the roles of audit & supervisory board members, be able to audit the directors' performance of their duties from a neutral and objective perspective, and contribute to the soundness and transparency of management. Based on the consent of the Audit & Supervisory Board, the Board of Directors determines proposals regarding candidates of audit & supervisory board members to be submitted to the General Meeting of Shareholders.

Regarding the dismissal of members of the management team, if a director violates laws, regulations or the Company's internal regulations or has significant difficulty performing his/her duties, for example, his/her dismissal shall be examined by the Nomination and Compensation Committee which shall then submit the matter to the Board of Directors. The Board determines whether the matter should be submitted to the General Meeting of Shareholders. Regarding the dismissal of an audit & supervisory board member, the Board of Directors shall, based on the consent of the audit & supervisory board, determine proposals to be submitted to the General Meeting of Shareholders.

(5) Explanation of the appointments/dismissals and/or nomination of the respective candidates for directors and audit & supervisory board members

If the agenda at the General Meeting of Shareholders includes any item on the appointment of directors and/or audit & supervisory board members, the Company shall describe the reasons for choosing directors and/or audit & supervisory board members as candidates in the convocation notice and shall disclose them on its website.

If any director or audit & supervisory board member is dismissed, the Company shall disclose the reason promptly.

[Supplementary principle 3-1-3: Initiatives for sustainability, etc.]

Recognizing that solving issues regarding sustainability will not only reduce risk but also lead to new sources of profit, the Company shall positively and actively work to solve these issues and disclose its sustainability initiatives on its website.

Moreover, to contribute to sustainable growth, the Company has incorporated a plan to invest in human capital into its second medium-term management plan and discloses this plan on its website.

[Supplementary principle 4-1-1: Scope of delegation to the management]

The regulations for the Board of Directors stipulate that the Board of Directors shall make decisions on matters prescribed in laws and regulations and the articles of incorporation, as well as important matters related to management. Based on the basic policies decided in Board of Directors' meetings, the daily execution of operations is delegated to the management team whose duties and responsibilities are clearly defined in internal regulations such as organization rules, regulations for the division of duties, and regulations of administrative authority. Through such initiatives, the Company has been striving to expedite decision-making and make deliberations more efficient.

[Principle 4-9: Criteria for independence of outside directors and qualifications for them]

The Company has established its own criteria for the independence of outside directors for the appointments, and discloses them on its website. They are also described in this report and annual securities reports. To select independent outside directors, emphasis is placed on the possibility of such directors having information and experience that are useful for the management of the Company, professional knowledge, and an outside element, and not having any stake in the Company, including personnel, capital, or business relationships, in addition to the criteria for independence.

[Supplementary principle 4-10-1: Use of optional approach and involvement and advice of independent outside directors]

The Company is a company with Audit & Supervisory Board, and two of the four directors are selected as independent outside directors. Although the independent outside directors are not a majority of them, the Company believes that it has established a system in which the appropriate

involvement of and advice from independent outside directors is achieved as they are highly independent and have professional knowledge and abundant experience.

Moreover, to enhance the independence and objectivity of the Board of Directors and its accountability and to reinforce and improve the corporate governance system, the Company established the Nomination and Compensation Committee composed of two outside directors and the president in November 2021 as a voluntary advisory body to the Board of Directors. The appropriate involvement of, and advice from, the Committee, mainly with gender and other diversity perspectives and skills, is expected to support the nomination and remuneration of management members and directors.

[Supplementary principle 4-11-1: Ideas regarding the balance, diversity and size of the Board of Directors as a whole]

In conjunction with ideas regarding the balance, diversity, and size of the Board of Directors as a whole, the Company specifies the basic policies for the structure of the Board of Directors and the qualifications for directors and the procedures for the appointment thereof in its guidelines, and discloses them on its website. The directors' skill matrix is disclosed in the notices of convocation of the General Meeting of Shareholders, etc. and on the Company's website.

[Supplementary principle 4-11-2: State of concurrent positions held by directors and audit & supervisory board members]

Directors' and audit & supervisory board members' concurrent outside director and audit & supervisory board member positions at other listed companies are described as assignments and material concurrent positions in the Notice of Convocation of the Ordinary General Meeting of Shareholders and the Annual Security Reports, which are posted on our website.

[Supplementary principle 4-11-3: Analysis and evaluation of the effectiveness of the Board of Directors' meetings overall]

In March 2022, the Board of Directors conducted evaluations of the effectiveness of the Board of Directors' meetings that were held in fiscal 2021.

The Company conducted an anonymous questionnaire of all directors and audit & supervisory board members (10 people including outside officers) and obtained responses from all respondents. In the questionnaire, respondents were encouraged to freely provide opinions and suggestions, including points for improvement regarding the Board of Directors. Questions mainly touched upon the size and structure of the Board, information provision frameworks and support systems, and the appropriate provision of training opportunities for directors and audit & supervisory board members.

The Board of Directors confirmed that, in terms of its size, structure, operation status, etc., systems that enable the supervision of important management decisions and the execution of business are firmly in place. Moreover, it has been confirmed that each member fully understands the roles they are expected to fulfill and there are lively discussions among the members, including the outside

officers who have diverse experiences and expertise.

On the other hand, the Board of Directors also confirmed that there are issues to be addressed going forward to enhance the effectiveness of the Board, including further discussions to review management strategies over the medium- to long-term, progress made in plans based on the strategies, the early preparation of agenda for debate, and the manner in which agenda are set and discussed.

The Board of Directors will further strengthen its effectiveness through continuing efforts to solve relevant issues by means such as securing sufficient opportunities and time for continuous examination and review to ensure steadfast implementation. Moreover, the Company will analyze and evaluate the effectiveness of the Board on an ongoing basis with the aim of building and improving the corporate governance system and increasing corporate value.

[Supplementary principle 4-14-2: Policy for training of directors and audit & supervisory board members]

The Company specifies a basic policy for the development and training of directors and audit & supervisory board members in its guidelines, and discloses it on its website. In addition, it also provides the opportunities that are necessary for making continuous renewals when assuming posts and thereafter, ensuring that the necessary knowledge is acquired and the duties and responsibilities are thoroughly understood.

[Principle 5-1: Policy for constructive dialogue with shareholders]

The Company's Management Planning Department under the control of the president functions as an IR Department and periodically holds meetings to present company information to individual investors and financial results briefing sessions for analysts and institutional investors in collaboration with the relevant departments. The officer strives to enhance two-way communication through constructive dialogue with shareholders, understand analyses and evaluations of management, and report them to the executives of the management team. The Company specifies basic policies for dialogue with shareholders in its guidelines and discloses them on its website.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
----------------------------	---------------

[Status of Major Shareholders] (Revised)

Name	Number of Shares Owned	Percentage (%)
Susumu Fujita	5,658,700	23.91
Shinichi Fujita	2,483,000	10.44
Dream Come True Co., Ltd.	1,700,000	7.15
The Master Trust Bank of Japan, Ltd. (Trust account)	1,506,600	6.34
Yuriko Fujita	700,000	2.94
Yuka Fujita	700,000	2.94
Keiji Shoda	658,000	2.77
Yuko Shoda	655,000	2.75
MUGEN KIKAKU Co., Ltd.	360,000	1.51
Custody Bank of Japan, Ltd. (Trust Account)	307,300	1.29

Controlling shareholders (except for Parent Company)	Susumu Fujita, Shinichi Fujita
Parent Company	None

Supplementary Explanation (Revised)

The number of shares owned is the number as of December 31, 2021. The Company has 585,709 shares of treasury stock, but is not included in the major shareholders above. Treasury stock is excluded in the calculation of the percentage in the table above.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	December
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	From 100 to less than 500
Sales (Consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder (Revised)

The shareholding ratios of the chairman of the Company, Susumu Fujita, and the president of the

Company, Shinichi Fujita, both of whom are the major shareholders of the Company, constitute a majority upon the aggregation thereof with the addition of the shares held by their relatives within the second degree of kinship and Dream Come True Co., Ltd. and MUGEN KIKAKU CO., LTD., an asset management company of the founding family. Accordingly, they are the controlling shareholders.

The Company closely examines the legality, appropriateness and reasonableness of all transactions according to the rules for request for decision via circular and other rules. In particular, the transactions with the controlling shareholders including Dream Come True Co., Ltd. and MUGEN KIKAKU CO., LTD. and their relatives within the second degree of kinship as related-party transactions are submitted to the Board of Directors to determine whether the transactions are fair, proper and reasonable in comparison with ordinary transactions, and the approval of the directors excluding the interested parties is obtained before the execution of the transactions according to the Guidelines, ensuring that no disadvantages will be caused to minority shareholders and other ordinary clients.

5. Other Special Circumstances which may have Material Impact on Corporate Governance

The Company does not have a parent company or listed subsidiaries, and thus there are no other special circumstances that may materially affect corporate governance.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with audit & supervisory board member
-------------------	---

[Directors]

Maximum Number of directors Stipulated in Articles of Incorporation	7
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of directors (Revised)	4
Appointment of outside directors	Appointed
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company ^(*)										
		a	b	c	d	e	f	g	h	i	j	k
Masashi Nitta	From other companies											
Mamoru Inoue	From other companies											

*Items for selection with respect to the relationship with the Company

*If the relevant persons themselves come under the items “currently/recently,” enter a circle (○), and if “in the past” applies, enter a triangle (△).

*If the relatives come under the items “currently/recently,” enter a filled-in circle (●), and if “in the past” applies, enter a filled-in triangle (▲).

- a. The persons who execute the business of a listed company or its subsidiaries
- b. The persons who execute the business or the non-executive director of the parent company of a listed company
- c. The persons who execute the business of a sister company of a listed company
- d. The entities whose main clients include a listed company or the persons who execute the business of the said entity
- e. The main clients of a listed company or the persons who execute the business of the said clients
- f. Consultants, accountants and legal experts who receive a large amount of money and other properties in addition to remuneration for officers from a listed company
- g. Major shareholders of a listed company (if the major shareholders are a corporation, the persons who execute the business of the said corporation)
- h. The persons (themselves only) who execute the business of clients (that do not come under d, e or f above) of a listed company
- i. The persons (themselves only) who execute the business of an entity to which outside officers are mutually dispatched
- j. The persons (themselves only) who execute the business of an entity to which a listed company provides donations
- k. Others

Outside Directors' Relationship with the Company (2) (Revised)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masashi Nitta	Yes	—	Mr. Masashi Nitta has been involved in the planning and management of one of Japan's leading cultural and artistic sectors for many years. Based on his extensive experience and achievements, he has provided appropriate opinions from an objective standpoint independent of the Company's management. Accordingly, the Company nominates him as a candidate for Outside Director because it has expected that he will continue to contribute to the sustained growth and the

			<p>medium- to long-term enhancement of the corporate value of the Company.</p> <p>Mr. Masashi Nitta is not an executive or an officer of a specified associated service provider of the Company and he has not been such in the past ten years.</p>
Mamoru Inoue	Yes	—	<p>Mr. Mamoru Inoue has broad insight and abundant experience as a corporate manager in the housing-related field, and as an Outside Director of the Company, he has been appropriately fulfilling his role in the supervision of business execution, etc. Accordingly, the Company nominates him as a candidate for Outside Director because it has expected that he will continue to contribute to the sustained growth and the medium- to long-term enhancement of the corporate value of the Company.</p> <p>Mr. Mamoru Inoue is not an executive or an officer of a specified associated service provider of the Company and he has not been such in the past ten years.</p>

Voluntary Establishment of Committee Corresponding to Nomination Committee or Remuneration Committee	Yes
--	-----

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	3	3
Full-time Members	0	0
Internal Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Internal Directors	Internal Directors

Supplementary Explanation

1. Purpose of the establishment of the Committee

The Nomination and Compensation Committee was established as an advisory body to the Board of Directors for the purpose of further enhancing the corporate governance system by strengthening the independence, objectivity and accountability of the Board of Directors' functions related to the nomination and compensation of directors and executive officers.

2. Role of the Committee

In response to requests by the Board of Directors, the Committee shall deliberate on the following matters and report to the Board of Directors.

- Matters related to the policy on the election, dismissal and nomination of directors and executive officers
- Matters related to the election and dismissal of directors and executive officers
- Matters related to the policy for determining the remuneration and others of directors and executive officers
- Matters related to the remuneration and others of directors and executive officers
- Other significant matters related in the Group

3. Structure of the Committee

The Committee shall consist of three or more members, a majority of whom shall be independent outside directors, selected by resolution of the Board of Directors.

The chairperson of the committee shall be selected from among the committee member by a resolution of the committee

[Audit & Supervisory Board Members]

Existence of the Audit & Supervisory Board	Yes
Maximum Number of Audit & Supervisory Board Stipulated in Articles of Incorporation	3
Number of audit & supervisory board members	3

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The audit & supervisory board members, the accounting auditors and the internal audit office, which are in charge of three audit types, cooperate closely in the performance of the operations and improve the efficiency and quality of the audits.

The Audit & Supervisory Board consists of a full-time audit & supervisory board member and two independent outside audit & supervisory board members. An audit & supervisory board meeting is held monthly, where the audit & supervisory board members decide on important matters, such as

audit policy and audit plans, and have discussions, make reports, and share information. The articles of incorporation stipulate that the number of audit & supervisory board members shall be no more than three.

Audits undertaken by the audit & supervisory board members are conducted under the leadership of the full-time audit & supervisory board member with the active involvement of the two independent outside audit & supervisory board members upon the division of duties. The three audit & supervisory board members attend the meetings of the Board of Directors and other important meetings and express opinions as necessary, and receive reports on business execution from the directors, etc. The full-time audit & supervisory board member inspects important documents, among other operations, and shares information with the two independent outside audit & supervisory board members. The audit & supervisory board members always undertake preparations for the supervision of the state of the execution of duties by the directors. In addition, the three audit & supervisory board members have expertise in their respective areas of strength, and conduct more effective audits through the appropriate division of duties.

The Company has executed an audit contract with Ernst & Young ShinNihon LLC. The Company undergoes periodic audits of its financial statements, etc. carried out by Ernst & Young ShinNihon LLC and accepts the investigation of the state of the establishment and operation of the systems and procedures for internal control and the systems relating to accounting records, including the accounting system, to an extent deemed necessary for the purposes of the audit, and receives feedback on the results of such audit and investigation. The three audit & supervisory board members receive feedback quarterly on the audits and investigations of Ernst & Young ShinNihon LLC and exchange opinions with them regularly.

The Company establishes the internal audit system for the improvement of the internal control system and the rationalization of management and the preservation of assets. The internal audit office takes charge of the internal audit operations. The internal audit office develops an audit plan according to the internal audit rules and conducts internal audits in accordance with this plan with the approval of the president. The internal audit covers all the departments of the Company, including its subsidiaries, and contributes to ensuring the appropriateness and efficiency of the business activities of the Company group.

The full-time audit & supervisory board members and the personnel in charge of internal audits cooperate in making efforts to ensure efficient and effective audits by carrying out interviews before conducting an audit, as well as cooperating with the accounting auditors, three audit & supervisory board members, and the personnel in charge of internal audits in making efforts to ensure the efficiency and rationalization of the audit operations and the strengthening of the audit function.

Appointment of Outside Audit & Supervisory Board members	Appointed
Number of Outside Audit & Supervisory Board members	2
Number of Independent Audit & Supervisory Board members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company(*)												
		a	b	c	d	e	f	g	h	i	j	k	L	m
Yoshihiro Okada	Tax Accountant													
Junji Tomita	Lawyer													

*Items for selection with respect to the relationship with the Company

*If the relevant persons themselves come under the items “currently/recently,” enter a circle (○), and if “in the past” applies, enter a triangle (△).

*If the relatives come under the items “currently/recently,” enter a filled-in circle (●), and if “in the past” applies, enter a filled-in triangle (▲).

- a. The persons who execute the business of a listed company or its subsidiaries
- b. The non-executive director or accounting advisor of a listed company or its subsidiaries
- c. The persons who execute the business or the non-executive director of the parent company of a listed company
- d. Audit & supervisory board members of the parent company of a listed company
- e. The persons who execute the business of a sister company of a listed company
- f. The entities whose main clients include a listed company or the persons who execute the business of the said entity
- g. The main clients of a listed company or the persons who execute the business of the said clients
- h. Consultants, accountants and legal experts who receive a large amount of money and other properties in addition to remuneration for officers from a listed company
- i. Major shareholders of a listed company (if the major shareholders are a corporation, the persons who execute the business of the said corporation)
- j. The persons (themselves only) who execute the business of clients (that do not come under f, g or h above) of a listed company
- k. The persons (themselves only) who execute the business of an entity to which outside officers are mutually dispatched
- l. The persons (themselves only) who execute the business of an entity to which a listed company provides donations
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2) (Revised)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshihiro Okada	Yes	—	Mr. Yoshihiro Okada has expert knowledge, a wealth of experience and a deep insight in finance and accounting as a certified tax accountant. The Company elected him as a candidate for Outside Audit & Supervisory Board Member as it has judged that he would continue to provide useful advice and suggestions for the strengthening of its audit systems based on his knowledge and experience. Although Mr. Okada has never been directly involved in corporate management, other than as Outside Audit & Supervisory Board Member, the Company has judged that he would appropriately perform duties as Outside Audit & Supervisory Board Member for the above reasons.
Junji Tomita	Yes	—	Mr. Junji Tomita has expert knowledge, a wealth of experience and a deep insight in corporate legal affairs and compliance as an attorney. The Company elected him as a candidate for Outside Audit & Supervisory Board Member as it has judged that he would continue to provide useful advice and suggestions for the strengthening of its audit systems based on his knowledge and experience. Although Mr. Tomita has never been directly involved in corporate management, other than as Outside Audit & Supervisory Board Member, the Company has judged that he would appropriately perform duties as Outside Audit &

			Supervisory Board Member for the above reasons.
--	--	--	---

[Independent Directors / Audit & Supervisory Board Members]

Number of Independent Directors / Audit & Supervisory Board members	4
---	---

Matters relating to Independent Directors / Audit & Supervisory Board Members

All outside officers who meet eligibility criteria for independent officers are designated as independent officers.

In addition, the Company has established “Criteria for Independence of Outside Officers”, as shown below.

As a policy regarding the independence of outside directors and outside audit & supervisory board members, the Company selects independent officers from among people who meet the requirements for outside directors or outside audit & supervisory board members prescribed in the Companies Act and who do not meet any of the following criteria regarding independence:

1. Person who executes the business^{*1} of the Company, its subsidiaries, etc. (hereinafter, the “Group”)
2. Major shareholder^{*2} of the Company or person who executes the business of the major shareholder
3. Entity of which the Group is a major shareholder or person who executes the business of the said entity
4. Person or entity a major business partner of whom is the Group^{*3} or person who executes the business of the said person or entity
5. Person or entity that is a major business partner of the Group^{*4} or person who executes the business of the said person or entity
6. Major lender of the Group^{*5} or person who executes the business of the said lender
7. Person who receives donations from the Group in an amount exceeding a certain amount^{*6}
8. Person who belongs to an audit corporation that serves as the Group’s accounting auditor
9. Person who belongs to a law firm, audit corporation, tax accountant corporation, or consulting firm, etc., association or other group that receives a large amount of money or other property benefits from the Group
10. Consultant, certified public accountant, or legal specialist, etc. who receives a large amount of money or other property benefits from the Group in addition to officer compensation^{*7}
11. In a case where a person who executes the business of the Group concurrently serves as an outside officer of another company, another person who executes the business of that company
12. Person who fell under any of Items 2 to 11 above in the past three years

13. The spouse or relative within the second degree of kinship of the persons meeting any of Items 1 to 12 above
- *1. Person who executes business shall mean an executive director or executive officer of a corporation, etc. and other persons and employees with similar positions who execute the business of the corporation.
 - *2. Major shareholder means a person who directly or indirectly holds 10% or more of the total voting rights
 - *3. Person or entity a major business partner of whom is the Group means a person or an entity who conducted transactions with the Group in the most recent business year in an amount exceeding 2% of the consolidated sales of the person or the entity.
 - *4. Person or entity that is a major business partner of the Group means a person or an entity who conducted transactions with the Group in the most recent business year in an amount exceeding 2% of the consolidated sales of the Group.
 - *5. Major lender of the Group means a person or an entity that the Group's borrowing amount from them in the most recent business year exceeds 2% of the consolidated total assets of the Group.
 - *6. Person who receives donations from the Group in an amount exceeding a certain amount means a person or an entity that received donations or subsidies in the past three business years in an amount exceeding an average of 10 million yen per year; provided, however, if the said person is a corporation, association or other group, this means a person who belongs to such a group that receives donations in an amount exceeding 30% of the total expenses of the group.
 - *7. Consultant, certified public accountant, or legal specialist, etc. who receives a large amount of money or other property benefits from the Group in addition to officer compensation means a person who receives assets in an amount exceeding 10 million yen in addition to officer compensation in the most recent business year; provided, however, if the said person is a corporation, association or other group, this means a person who belongs to such a group that receives money or other property benefits in an amount exceeding 2% of the consolidated net sales or total revenue of the group.

[Incentives]

State of Implementation of Measures for Grant of Incentives to Directors (Revised)	Performance-linked Remuneration and Stock Options
--	---

Supplementary Explanation (Revised)

Remuneration system

Remuneration, etc. for directors, other than outside directors, consists of fixed remuneration, bonuses, and stock compensation, while remuneration, etc. for outside directors consists only of fixed remuneration. Remuneration standards are determined by the Board of Directors within the limit for total remuneration amounts determined at the General Meeting of Shareholders, based on advice from the Compensation Committee provided as requested by the representative director and taking into

consideration the remuneration standards of other companies in the industry, etc. Moreover, the ratio of fixed remuneration, bonuses, and stock compensation is generally set at 65:20:15, based on comprehensive consideration of position, job responsibility, business performance, degree of achievement of targets, etc.

Remuneration for audit & supervisory board members consists only of fixed remuneration. Amounts of remuneration are discussed and determined at meetings of the audit & supervisory board within the limit for total amount resolved at the General Meeting of Shareholders based on the consideration of the distinction between full-time audit & supervisory board members and part-time audit & supervisory board members, the division of duties, etc.

Grantees of Stock Options (Revised)	Internal Directors
-------------------------------------	--------------------

Supplementary Explanation (Revised)

The Company delivers stock options as stock-linked compensation to increase directors' motivation to improve business results and increase corporate value in the medium and long term and to further align the interests of shareholders and directors.

For stock options as stock-linked compensation, the Company and those eligible for allotment conclude a Stock Acquisition Rights Allotment Agreement every year, in principle, and the Company then delivers stock acquisition rights in a number determined according to position. To realize alignment of interests with shareholders in the medium and long term, a condition of exercise is that stock acquisition rights must be exercised within 10 days from the day after losing their position as a director or audit & supervisory board member of the Company or as a director or audit & supervisory board member of a subsidiary of the Company, whichever comes later.

With the approval of a proposal on the determination of remuneration for directors regarding the granting of restricted stock at a meeting of general shareholders held on March 25, 2022, the stock-compensation type stock option system for directors was abolished, excluding the stock options already granted. In the future, no stock acquisition rights will be issued as stock-compensation type stock option to directors.

[Directors Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
--	--------------------------

Supplementary Explanation

None of Directors receives remuneration of 100 million yen or more in total, and thus individual remuneration is not disclosed.

The remuneration for directors and audit & supervisory board members is respectively disclosed in the aggregate amount.

The aggregate amount of remuneration, etc. for officers for the 32th fiscal year (January 1, 2021 to December 31, 2021) is 142 million yen for directors (including 11 million yen for outside directors) and 24 million yen for audit & supervisory board members (including 11 million yen for

outside audit & supervisory board members).

(Note)

1. The amounts of remuneration for directors do not include any portion of the employee salary for directors who concurrently serve as employees.
2. The amount of remuneration, etc. above includes 5 million yen which was posted in the current fiscal year as the amount of expenses related to stock acquisition rights granted as stock options.

Policy on Determining Remuneration Amounts and Calculation Methods (Revised)	Established
---	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

In November 2021, the Company established a voluntary Nomination and Compensation Committee. It has met five times since its establishment to discuss the remuneration system for directors. At a meeting held on March 25, 2022, the Board of Directors resolved to determine amounts of remuneration, etc. for directors for fiscal 2022 and a policy on the methods of calculating and determining remuneration, etc., as follows.

■ Basic policy

The Company has set forth the following basic policy regarding directors' remuneration.

- Remuneration packages should serve as motivation toward the achievement of performance targets for each business year and the medium- to long-term improvement of corporate value and be a driving force encouraging directors to implement business strategies.
- Remuneration levels should ensure the Company is able to secure talented human resources.
- Remuneration packages should be determined through transparent processes.

■ Remuneration system

Remuneration, etc. for directors, other than outside directors, consists of fixed remuneration, bonuses, and stock compensation, while remuneration, etc. for outside directors consists only of fixed remuneration. Remuneration standards are determined by the Board of Directors within the limit for total remuneration amounts determined at the General Meeting of Shareholders, based on advice from the Nomination and Compensation Committee requested by the president and taking into consideration the remuneration standards of other companies in the industry, etc. Moreover, the ratio of fixed remuneration, bonuses, and stock compensation is set at 65:20:15 when performance targets are met, based on comprehensive consideration of position, job responsibility, business performance, degree of achievement of targets, etc.

Remuneration for audit & supervisory board members consists only of fixed remuneration. Amounts of remuneration are discussed and determined at meetings of the Audit & Supervisory Board within the limit for total amount resolved at the General Meeting of Shareholders based on the consideration of the distinction between full-time audit & supervisory board members and part-time audit & supervisory board members, the division of duties, etc.

■ Components of remuneration, etc. and outline

Components of remuneration, etc. and outline of directors of the Company are as follows.

Components of remuneration / Component ratio when performance targets are met / Outline of remuneration

Fixed remuneration / 65% / Remuneration paid in cash in fixed amounts every month based on a remuneration amount table prepared to reward each person for their execution of duties based on their position

Bonuses / 20% / Remuneration paid in cash in amounts determined using a calculation formula prescribed in internal rules of conduct for officers, according to consolidated net income, to encourage directors to achieve performance targets for each business year and implement business strategies. This indicator was adopted because it matches the targets established in the Company's medium-term management plan and because it indicates the final consolidated business results of the Group.

Restricted stock / 15% / Remuneration in restricted stock granted to provide an incentive to work toward the sustainable improvement of the Company's corporate value and facilitate a sense of sharing value with shareholders. The period during which the transfer of shares is restricted shall be from the date of the granting of the shares until the date on which the director holding the shares resigns or retires from their position as director or other position determined by the Board of Directors.

[Supporting System for Outside Directors and Outside Audit & Supervisory Board Members] (Revised)

As for the support system for outside directors and outside audit & supervisory board members who are part-time audit & supervisory board members, the Company designates the Administrative Division, which is the secretariat of the Board of Directors, as the window for the said system, and ensures the framework for sharing information in advance and conducting sufficient deliberations by sending the materials for the meeting of the Board of Directors to all the members of the Board of Directors by electronic mail to ensure a deeper understanding of the details ahead of the meeting of the Board of Directors.

Moreover, the Company has developed a system for communication and coordination with outside directors and outside audit & supervisory board members by allowing them to make requests through the internal audit department, secretariat of the Board of Directors and full-time audit & supervisory board members.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decision (Overview of the Current Corporate Governance System) (Revised)

Basic explanation of the Company's organizational structure

The Company elects directors and audit & supervisory board members based on resolutions of the General Meeting of Shareholders, has established a Board of Directors and Audit & Supervisory Board, and appoints an accounting auditor. Moreover, to reinforce management capabilities and establish corporate governance, the Company has established an internal audit office and introduced

an executive officer system to separate supervising functions (the Board of Directors) from business execution functions (Executive Officers Meeting). Accordingly, the Company abolished the previous Board of Managing Directors and has newly established the Executive Officers Meeting.

The Company's organizational structure is as follows.

1) General Meeting of Shareholders

The Company specifies in the Articles of Incorporation that general meetings of shareholders shall be convened by the president within three months from the day following the end of each business year.

2) Board of Directors

The purpose of the Board of Directors is to make decisions on important matters and supervise the execution of business. It consists of four directors (including two outside directors). Meetings of the Board of Directors are held on a regular basis once a month and extraordinary meetings of the Board are held as necessary. A quorum shall be achieved at a meeting of the Board of Directors if a majority of the directors are present, and resolutions of the Board shall pass by a majority of the directors present. Directors with a special interest in a resolution may not participate in the vote. Reasons for the election of directors are stated in convocation notices for general meetings of shareholders, etc. and are disclosed on the Company's website. Moreover, the three audit & supervisory board members attend meetings of the Board of Directors regularly and properly state their opinions.

3) Audit & Supervisory Board

The Company is a company with audit & supervisory board members and has established Audit & Supervisory Board consisting of three members (one full-time audit & supervisory board member and two outside audit & supervisory board members) to reinforce cooperation among the members and enhance the effectiveness of audits by audit & supervisory board members. The audit & supervisory board meets about once a month to determine important matters, such as audit policy and plans, and hold discussions, make reports, and share information.

Each member of the board cooperates closely with the accounting auditor and internal audit office to establish a system for integrated management supervision, internal controls, accounting audits and operational audits. Moreover, each member of the board interviews each director regarding the status of their execution of duties regularly, cooperates closely and exchanges opinions with the accounting auditor and internal audit office as needed, based on a system that promotes an understanding of the status of the directors' execution of their duties.

4) Nomination and Compensation Committee

For the purpose of enhancing independence and objectivity of the Board of Directors' functions and its accountability, with respect to nomination and remuneration of directors and executive officers, and reinforcing and improving the corporate governance system, the Company has established Nomination and Compensation Committee in November 2021 as an advisory body of the Board of Directors. Upon request from the Board of Directors, the Committee holds discussions

and advises the Board of Directors on the election and dismissal of directors and executive officers and policy for the determination of remuneration, etc. for directors and executive officers, amounts of their remuneration, etc., upper limits on their remuneration, and other important matters.

The Nomination and Compensation Committee is scheduled to perform its activities approximately four times a year. The Committee consists of three directors (including two outside directors) and it is chaired by the president.

5) Executive Officers Meeting

To discuss and determine important matters regarding the execution of business according to a basic policy established by the Board of Directors, the Company has established the Executive Officers Meeting consisting of executive officers, including directors, elected by the Board of Directors in accordance with the Rules of the Board of Directors and the Rules of the Executive Officers Meeting. Meetings of the Executive Officers Meeting are held once a week, in principle, and the full-time audit & supervisory board member and two outside directors regularly attend the meetings.

6) Risk Management and Compliance Committee

To avoid potential risks and minimize losses that the Company may suffer if a risk materializes, the Company has established the Risk Management and Compliance Committee. The Committee is chaired by the General Manager of the Administration Division and meets approximately four times a year with its members elected from each department and people in charge of the group companies.

3. Reasons for Adoption of Current Corporate Governance System (Revised)

Based on fundamental views regarding corporate governance, the Company has adopted a corporate governance system with an eye on the importance of quick decision-making to respond appropriately to the business environment surrounding the Company and sustainably increase its corporate value. Moreover, it ensures the transparency and fairness of management by promoting quick decision-making and the energization of the Board of Directors which is composed of four people including two outside directors and by ensuring the objective and impartial management supervision functions of the Audit & Supervisory Board which is composed of one full-time audit & supervisory board member and two outside audit & supervisory board members.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights (Revised)

	Supplementary Explanation
Early Notification of the General Shareholder Meeting	The Company considers that it should provide information appropriately as necessary if such information helps shareholders to make appropriate decisions at general meetings of shareholders, and it discloses the agendas for general meetings of shareholders through TDnet and on its website before sending convocation notices.
Scheduling AGMs Avoiding the Peak Day	From the perspective of holding constructive dialogue with shareholders, the Company strives to give consideration to the dates and venues of general meetings of shareholders to ensure that such meetings are attended by as many shareholders as possible.
Use of electronic voting platform and other system improvement initiatives for exercise of voting rights by institutional investors	The Company uses the electronic voting platform. This helps to promote institutional investors' exercise of their voting rights and ensures sufficient time to consider the agenda from the day when the convocation notices for general shareholder meetings are sent.
Providing Convocation Notice in English	The Company posts convocation notices (in Japanese and English) through TDnet and on its website to promote its domestic and overseas shareholders' exercise of their voting rights.

2. IR Activities (Revised)

	Supplementary Information	Presentation of the Company's representative
Preparation and Publication of the disclosure policy	The Company has established a disclosure policy and published it under the content for shareholders and investors on the website of the Company. The policy provides for the basic disclosure policy, the method of disclosure, the prevention of insider trading and the handling of information, among other things.	
Regular Investor Briefings for Individual Investors	The meetings will be held once or twice a year.	Yes

Regular Investor Briefings for Analysts and Institutional Investors	Face-to-face financial results briefing sessions held twice a year for analysts and institutional investors were shelved in 2021 from the perspective of preventing COVID-19 infection, and the Company posted a video with commentary by the president on its website. For 2022, financial results briefing sessions were held both in the form of a face-to-face meeting and via streamed video while confirming the implementation of adequate infection control.	Yes
Posting of IR Materials on Website	The Company provides content for shareholders and investors on its website and publishes the following materials from time to time: <ul style="list-style-type: none"> - Information on the financial results; - Materials for the financial results briefing; - Materials disclosed in a timely manner other than information on the financial results; - Securities reports and quarterly reports; and - Materials relating to the General Meeting of Shareholders (notice of convocation, notice of resolution, and correspondence to the shareholders). 	
Establishment of Department and/or Manager in Charge of IR	The Company has assigned the responsibility for IR to the Corporate Planning & Strategy Department.	
Other	The Company is moving forward with initiatives for information disclosure for overseas investors by making its website and IR materials available in English.	

3. Measures to Ensure Due Respect for Stakeholders (Revised)

	Supplementary Explanation
<p>Stipulation of Internal Rules for Respecting the Position of Stakeholders</p>	<p>The MUGEN ESTATE Group's corporate motto "Mugen" (Making Dreams Come True) is the foundation for its approach to business management, as well as the origin of its company name. By making customers' dreams come true, we aim to grow as a company and realize the dreams and aspirations of all people, including our stakeholders.</p> <p>To that end, our mission is that "Creating new value in real estate and taking on challenges to enrich the lives of all, making their dreams come true". Through our business activities, we aim to continuously increase corporate value by solving numerous social issues facing the real estate industry, including global warming, declining birth rate and aging population, empty housing and age-related degradation of housing stock.</p> <p>In addition, we have established five values as the basis for actions to achieve our mission: "Pursuing speed", "Taking on challenges inexhaustibly", "The linking of diverse talents", "Looking ahead", and "Fulfilling our responsibilities".</p> <p>MUGEN ESTATE recognizes that the most necessary measures for the realization of this corporate philosophy are to ensure management transparency and soundness, and enhance management functions to respond quickly and appropriately to environmental changes; and that establishing corporate governance is the most important issue. We are therefore working to enhance our corporate governance with following general principles: (i) securing the rights and equality of shareholders, (ii) cooperating appropriately with stakeholders other than shareholders, (iii) ensuring appropriate disclosure and transparency of information, (iv) performing the duties of the Board of Directors, etc. and (v) engaging in dialogue with shareholders.</p>
<p>Implementation of environment conservation activities, CSR activities, etc.</p>	<p>The Company discloses its ESG (Environmental, Social and Governance) activities and sustainability initiatives on its website.</p> <p>The Company has established a sustainability policy, as follows.</p> <p>Under our corporate motto "Mugen" (Making Dreams Come True) which is also the origin of our company name, we at the Mugen Estate Group hope to play a useful role in making the dreams of all people, including our customers, come true.</p>

	<p>We share the contributions that our business—creating new value in used real estate—makes to society, and see it as our common dream to help realize the creation of a sustainable society through our business.</p> <p>We define our mission as creating new value in real estate and taking on challenges to enrich the lives of all, making their dreams come true. By carrying out this mission, we are taking on the challenges of creating a sustainable society and achieving sustainable growth for the Mugen Estate Group.</p>
<p>Development of Policies on Information Provision to Stakeholder</p>	<p>The Company emphasizes constructive dialogue with shareholders, investors and other stakeholders. Through this constructive dialogue, the Company makes efforts to ensure that the management policy is understood and to ensure its sustainable growth and the enhancement of corporate value by taking the opinions, etc. of the stakeholders into consideration.</p> <p>The Company develops rules for preventing insider trading and manuals for the disclosure of information, and conducts operations according to these rules.</p>

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company strives to maintain appropriate relationships with its stakeholders, including shareholders, customers, society, and employees, and to fulfill its social missions and responsibilities as a real estate agency to increase results and corporate value in the long term. To that end, the Company has established the basic policy for building an internal control system below, and under that policy, the Company will build a healthy and transparent internal control system and will implement appropriate corporate governance.

- (a) System for compliance with laws and regulations by directors and employees and risk management
 - (1) The Board of Directors will establish a risk management system and ensure that the execution of duties by directors and employees complies with laws and regulations. In addition, the Board of Directors will establish a whistle-blowing system for the prevention or early detection of any acts that contravene laws and regulations. To promote risk management, the Company has established the Risk Management and Compliance Committee which works to understand risks, discusses measures to mitigate risk and prevent the reoccurrence of incidents,

- evaluates and monitors the effectiveness of these measures, and reports results to the Board of Directors.
- (2) The Board of Directors will strengthen the measures for preventing any response to unreasonable demands, etc. from any groups and individuals in consideration of the fact that severing all relationships with anti-social forces is essential for the Company's protection.
- (b) Ensuring the directors' efficient business execution and maintenance of information on the said business execution
- (1) To develop an environment enabling the directors, etc. to appropriately and efficiently execute their duties, the Board of Directors defines matters regarding the appropriate delegation of authorities and internal approval frameworks in accordance with the Rules on Administrative Authorities, the Rules on Division of Duties, etc.
 - (2) The Board of Directors will establish the rules for the management of documents and other necessary rules and properly maintain and manage the minutes of the major meetings and the materials thereof and the important documents and reports relating to business execution, among other matters. Records of the above matters are available for viewing by directors and audit & supervisory board members at any time.
- (c) System for ensuring the appropriateness of the operations of the corporate group consisting of the Company and its subsidiaries
- (1) The Board of Directors will designate the department that will control the subsidiaries of the Company and establish the rules for such control and supervise the state of business execution and compliance with laws and regulations by and the system for the risk management of the corporate group consisting of the Company and its subsidiaries to ensure appropriate and efficient business operations.
 - (2) The Board of Directors will request reports from the subsidiaries of the Company on the state of the execution of duties by their officers and employees as necessary. Moreover, the Company and its subsidiaries maintain systems to secure appropriate business operations within the corporate group by undergoing audits conducted by the internal audit division of the Company.
- (d) Appointment of assistant staff to the posts of audit & supervisory board members and ensuring their independence and the effectiveness of instructions provided to the assistant staff
- (1) The Board of Directors will appoint the staff for the audit & supervisory board members at their request for the appointment of employees as their assistants.
 - (2) The staff for the audit & supervisory board members will work according to the orders and directions of the audit & supervisory board members. The transfer, appraisal and treatment of the staff for the audit & supervisory board members will be determined with the prior consent

of the audit & supervisory board members.

- (e) System for reporting to the audit & supervisory board members, payment of expenses, etc. and ensuring the effectiveness of audits by the audit & supervisory board members
 - (1) The directors of the Company and the officers of the subsidiaries and the employees of the Company and its subsidiaries will report on the important matters relating to company management and business operations and the state and results of business execution at the request of the audit & supervisory board members of the Company.
 - (2) The directors of the Company and the officers of the subsidiaries and the employees of the Company and its subsidiaries will report on any violations of laws and regulations and other circumstances that may cause material damage to the corporate group consisting of the Company and its subsidiaries to the audit & supervisory board members of the Company immediately upon the discovery thereof.
 - (3) The Company will prohibit the disadvantageous treatment of the persons who report to the audit & supervisory board members of the Company on account of the fact that they have made the said report and make the directors of the Company and the officers of the subsidiaries and the employees of the Company and its subsidiaries thoroughly aware of this prohibition.
 - (4) If the audit & supervisory board members request the advance payment or repayment, etc. of expenses from the Company pursuant to Article 388 of the Companies Act in relation to their execution of duties, the Company will promptly pay the expenses or obligations unless the said expenses or obligations subject to the request are not necessary for the execution of duties by the said audit & supervisory board members.
 - (5) The president will hold meetings with the audit & supervisory board members as necessary and ensure mutual understanding as well as establishing an environment in which the audit & supervisory board members can conduct effective audits.

- (f) With respect to the establishment/operations of the internal control system described above, the internal audit department will conduct internal audits of the corporate group consisting of the Company and its subsidiaries, and the audit & supervisory board members will audit the state of the execution of duties by the directors.

2. Basic Views on Eliminating Anti-Social Forces

While the movement toward the elimination of anti-social forces, which has been seen before, is becoming increasingly active, the Company has endeavored not to have any relationships with anti-social forces with the efforts of everyone from the president down to the employees.

Under these circumstances, to comply with the “Tokyo metropolitan ordinance for eliminating organized crime groups” that was enforced on October 1, 2011, the Company ensures the inclusion of

the so-called “provisions for the elimination of anti-social forces” in the agreements for real estate trading to prevent any relationships with anti-social forces, and also provides under its internal rules that in a new transaction such as real estate trading, the placement of an order for work and the purchase of goods, new clients shall be checked by referring to the database of newspapers, etc. in advance. This checking process is conducted by the general affairs department, etc. according to the procedures specified in the manuals.

In addition, with regard to the shareholders, there is a possibility that the anti-social forces may acquire the shares of the Company through transactions on the market. However, the Company will endeavor to ascertain whether or not any anti-social forces are included among the shareholders by regularly obtaining information from the shareholder register administrator.

When employing officers and employees, the Company conducts checking by referring to the database of newspapers, etc. before making an unofficial decision on employment.

In addition to the internal checking system described above, the Company joined the federation for special violence prevention measures within the jurisdiction of the Metropolitan Police Department, public interest incorporated association in April 2008 and has deepened its relationship with the competent police stations, and endeavors to obtain any and all information to prevent any relationships with anti-social forces by making inquiries as to whether the clients may come under anti-social forces, among other means.

V. Other

1. Adoption of Anti-Takeover Measures

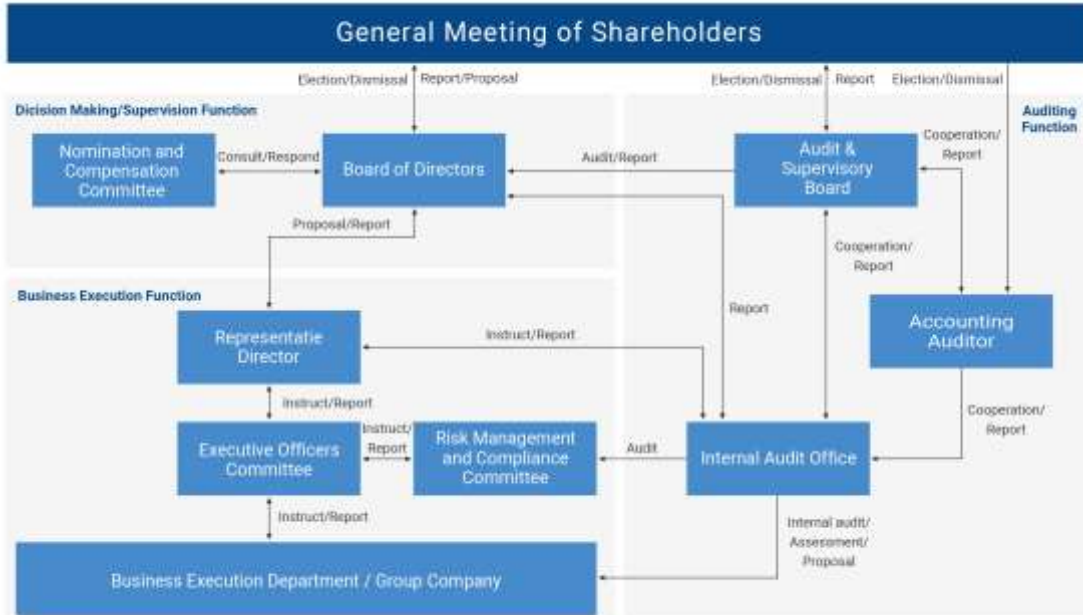
Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation

Not applicable

2. Other Matters Concerning to Corporate Governance System

[Business Execution, Management Supervision and Internal Control System]



[Outline of Timely Disclosure System]

