

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Dear Shareholders

Securities code: 9704

March 11, 2024

5-2-6, Toranomom, Minato-ku, Tokyo

Agora Hospitality Group Co., Ltd.

Representative Director, Gary Yan Kuen Kwok
President & CEO

Notice of Convocation of the 86th Ordinary General Meeting of Shareholders

Thank you for your continued support and cooperation provided to the management of Agora Hospitality Group. Notice is hereby given that the 86th Ordinary General Meeting of Shareholders of the Company will be held as follows.

The General Meeting of Shareholders has been provided electronically and, in accordance with Article 325-3 of the Companies Act, the matters provided electronically have been posted on the Company's website on the Internet, which you are invited to access and review on the Company's website below.

Website for posting shareholder meeting materials
<https://d.sokai.jp/9704/teiji/>



The electronic provision materials are posted on the website of the Tokyo Stock Exchange as well as on the website of the General Meeting of Shareholders on the Internet. If you are unable to view the electronic provision materials on our website, please access the Tokyo Stock Exchange website (Listed Company Information Service), enter or search for the 'company name' or 'securities code', select 'Basic Information' and 'Documents for Public Inspection/PR Information', and then view the information on the Notice of General Meeting of Shareholders page. TSE Listed Company Information Service

Tokyo Stock Exchange website (TSE Listed Company Information Service)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



If you do not attend the meeting, you may exercise your voting rights via the Internet or in writing (by mail). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Monday, March 25, 2024 (JST) in accordance with the instructions below.

Details

1. Date and time	Tuesday, March 26, 2024, at 10 a.m. (Reception starts at 9:30 a.m.)
2. Venue	4-45-1, Ebisujima-cho, Sakai-ku, Sakai, Osaka Banquet room, Rikyu, 3rd. floor, Hotel Agora Regency Osaka Sakai
3. Purpose of the meeting	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. 86th. business year (from January 1 to December 31, 2023) Reporting business results, consolidated financial statements, and the result of consolidated financial statement audits performed by the Audit & Supervisory Board 2. 86th. business year (from January 1 to December 31, 2023) Reporting the details of financial statements <p>Matters to be resolved:</p> <p>Proposal No. 1: Election of Seven (7) Directors Proposal No. 2: Election of One (1) Sub Audit and Supervisory Board member</p>
4. Guidance on exercising voting rights	<p>(1) Voting in writing Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to us by 6:00 p.m. on March 25, 2024.</p> <p>(2) Exercising voting rights on the Internet, etc. When exercising your voting rights via the Internet, etc., please read the [Instructions for Exercising Voting Rights via the Internet, etc.] below and enter your approval or disapproval according to the instructions on the screen.</p> <p>(3) The deadline for exercising your voting rights is 6:00 p.m. on Monday, March 25, 2024. Please exercise your voting rights as soon as possible.</p> <p>(4) Exercising voting rights in writing (by mail), If there is no indication, we will treat it as if there was an indication of approval. If you exercise your voting rights both in writing and via the Internet, etc., we will treat the exercise of your voting rights via the Internet, etc. as valid. In addition, if you exercise your voting rights multiple times via the Internet, etc., or if you exercise your voting rights more than once using a personal computer or smartphone, we will treat the last vote as a valid exercise of your voting rights.</p>

That's all

- If you attend the meeting in person, please submit the voting form sent together with this Notice of Meeting to the reception desk at the meeting venue.
- The following items (i) and (ii) are not included in the document stating the items to be provided electronically, which will be delivered to shareholders who have requested delivery of the document in accordance with laws and regulations and Article 18 of the Company's Articles of Association.
 - (i) "Notes to Consolidated Financial Statements" of the consolidated financial statements.
 - (ii) "Notes to non-consolidated financial statements" of the financial statements.

The information contained in the electronic provision of measures is therefore part of the business report, consolidated financial statements, and financial statements audited by the Board of Statutory Auditors in preparing its audit report and the consolidated financial statements and financial statements audited by the Independent Auditor in preparing the Independent Auditor's report.
- If circumstances arise that require amendments to the electronic provision measures, please contact the website of the General Meeting of Shareholders on the Internet (<https://d.sokai.jp/9704/teiji/>) [and the TSE Listed Company Information Service (<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>), the information before and after the amendments will be posted.

Website for posting shareholder meeting materials (<https://d.sokai.jp/9704/teiji/>)

Tokyo Stock Exchange website (TSE Listed Company Information Service)

(<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>)

Agora Hospitality Group website (<https://www.agora.jp/group/>)




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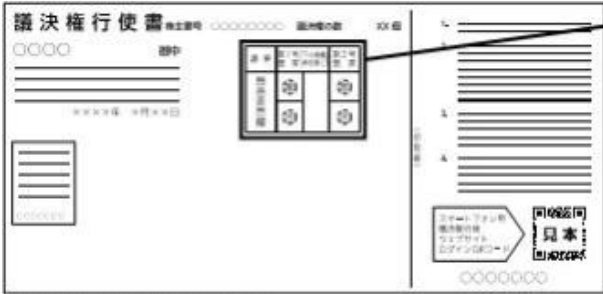
Guidance on Exercising Voting Rights

Voting rights at General Meetings of Shareholders are important rights of you as a shareholder. Please exercise your voting rights after reading and considering the details of the attached Reference Document for the General Meeting of Shareholders.

The following three ways to exercise your voting rights are available.

 <p style="text-align: center;">Attending the General Meeting of Shareholders</p> <p>Please present the enclosed Voting Rights Exercise Form at the reception desk upon your arrival.</p> <p style="text-align: center;">Date and time</p> <p>10:00 a.m., Thursday, March 26, 2024 (Reception starts at 9:30 a.m.)</p>	 <p style="text-align: center;">Exercising voting rights in writing (by postal mail)</p> <p>Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to us.</p> <p style="text-align: center;">Deadline</p> <p>Votes reaching us by 6:00 p.m. on Wednesday, March 25, 2024</p>	 <p style="text-align: center;">Exercising voting rights on the Internet</p> <p>Please follow the instructions on the next page and enter your approval or disapproval of the proposals.</p> <p style="text-align: center;">Deadline</p> <p>Entries completed by 6:00 p.m., Wednesday, March 25, 2024</p>
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Instructions on Filling the Voting Rights Exercise Form



※議決権行使書はイメージです。

こちらに議案の賛否をご記入ください。

第1号議案

- 全員賛成の場合 >> 「賛」の欄に○印
- 全員反対する場合 >> 「否」の欄に○印
- 一部の候補者を反対する場合 >> 「賛」の欄に○印をし、反対する候補者の番号をご記入ください。

第2号議案

- 賛成の場合 >> 「賛」の欄に○印
- 反対する場合 >> 「否」の欄に○印

If you have voted both in writing (by postal mail) and on the Internet, etc., your vote on the Internet, etc. will prevail. If you have voted multiple times on the Internet, etc., we will treat the last vote you cast as the effective one.

Instructions on Exercising Voting Rights on the Internet

Exercising voting rights on the Internet
Entries completed by 6:00 p.m., Wednesday,
March 25, 2024

スマートフォン等による議決権行使方法

- 1 議決権行使書用紙に記載のQRコードを読み取ります。
- 2 株主総会ポータルトップ画面から「議決権行使へ」ボタンをタップします。
- 3 スマート行使*トップ画面が表示されず。以降は画面の案内に従って賛否をご入力ください。



PC等による議決権行使方法

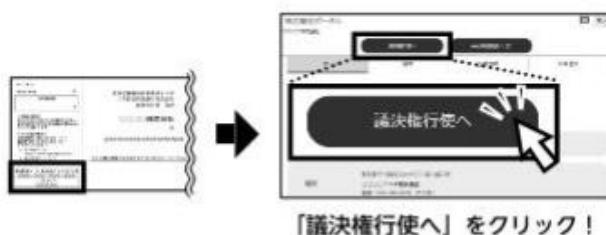
以下のURLより議決権行使書用紙に記載のログインID・パスワードをご入力のうえアクセスしてください。ログイン以降は画面の案内に従って賛否をご入力ください。

株主総会ポータルURL

▶ <https://www.soukai-portal.net>

議決権行使ウェブサイトも引き続きご利用いただけます。

▶ <https://www.web54.net>



ご注意事項

- 一度議決権を行使した後で行使内容を変更される場合、議決権行使書用紙に記載の「議決権行使コード」「パスワード」をご入力いただく必要があります。
- 書面とインターネット等により重複して議決権を行使された場合は、インターネット等による議決権行使を有効なものとし、また、インターネット等によって複数回議決権を行使された場合は、最後に行われたものを有効な議決権行使としてお取扱いいたします。
- 1・4・7・10月の第1月曜日0:00~5:00は、メンテナンスのためご利用いただけません。
- 機関投資家の皆様は、株式会社ICJの運営する機関投資家向け議決権電子行使プラットフォームをご利用いただくことが可能です。

お問い合わせ

三井住友信託銀行
証券代行ウェブサポート
専用ダイヤル

0120-652-031
(受付時間 9時~21時)



ぜひQ&Aも
ご確認ください。

(Attached document)

I. Business Report (From January 1, 2023, to December 31, 2023)

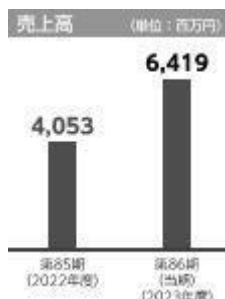
I Status of the Company

1. Business progress and results

Net sales in the 2023 fiscal year were significantly affected by external factors such as the increase in the number of foreign visitors to Japan. In particular, the number of foreign visitors to Japan in December reached 2,734,000, 108.2% of the number in the same month of 2019, the highest number ever recorded in a single month after the spread of the COVID-19 infection, and a record high for December. Amid such an environment, the Hotel facilities operated by the Company also experienced an increase in sales due to strong inbound demand. As a result, net sales were 7,309 million yen (up 47.6% year-on-year), significantly exceeding the previous year's level, with net sales in the Hotel business at 6,419 million yen (up 58.3% year-on-year) and net sales in the other investment business, which includes the memorial park business and residential real estate development business, at 890 million yen (down 0.8% year-on-year). Concerning operating expenses, despite ongoing efforts to reduce costs, the ongoing depreciation of the yen led to an overall increase in operating costs, including material costs as well as utilities and personnel expenses, resulting in an operating loss of 93 million yen (compared with an operating loss of 1,401 million yen in the previous fiscal year). Non-operating income of 113 million yen, including foreign exchange gains of 75 million yen, was offset by non-operating expenses of 215 million yen, including 91 million yen in interest expenses and 67 million yen in financing costs due to the refinancing of loans by a hotel real estate holding company. As a result, the ordinary loss was 195 million yen (the ordinary loss of 1,106 million yen in the previous period). Next, the Company recorded 129 million yen in extraordinary income, mainly due to a gain on sales of fixed assets resulting from the sale of Imai-so. However, as a result of recording 132 million yen in income taxes, inhabitant taxes, and enterprise taxes, the net loss attributable to owners of the parent was 149 million yen (net loss attributable to owners of the parent was 1,298 million yen in the previous fiscal year).

Item	85th (December 2022) Amount (million yen)	86th (December 2023) Amount (million yen)	Year-on-Year Rate of change
Net sales	4,951	7,309	Increase of 47.6
Operating loss (—)	—1,401	—93	-
Ordinary loss (—)	—1,106	—195	-
Net loss attributable to owners of the parent (—)	—1,298	—149	-

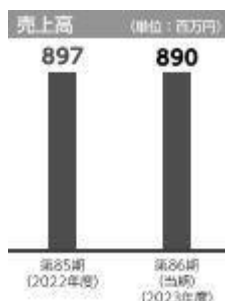
The sales status of the corporate group by business category is as follows.
Hotel Business division



Hotel Business

In the Hotel business segment during the current fiscal year, all lodging facilities recovered due to a steady increase in the number of foreign visitors to Japan. The main hotel, Agora Regency Osaka Sakai, posted sales of 2,547 million yen (up 39.9% from the previous year), and Hotel Agora Osaka Moriguchi posted sales of 1,412 million yen (up 48.9% from the previous year). In addition, with an eye on the after-corona, we withdrew from unprofitable divisions such as Agora Kanazawa and Imai-so and concentrated on operating lodging facilities in central Tokyo, Osaka, Kyoto, and other areas where inbound demand can be expected. The lodging business segment as a whole posted sales of 6,419 million yen (up 58.3% year-on-year). However, while the lodging segment made progress in recovering due to increased inbound demand, some restaurant operations were suspended due to staff shortages in the restaurant and banquet departments, and while efforts were made to properly assign personnel within the hotel to ensure efficient staffing, hiring costs to compensate for staff shortages increased. However, personnel expenses have increased due to increased hiring costs to compensate for staff shortages and bonus payments. In addition, operating expenses increased compared to 2019 due to the impact of higher material costs and higher utility costs resulting from higher resource prices and a weaker yen. However, operating income was 144 million yen (an operating loss of 1,208 million yen in the previous year) due to the contribution of increased profits from the increased operation of lodging facilities in Tokyo and Kyoto under management contracts (management contract). In addition, a gain on sales of fixed assets of 128 million yen was recorded as extraordinary income in connection with the sale of Imai-so on March 31, 2023..

Other investment business division



Sales in the cemetery business in Malaysia remained steady and almost unchanged from the previous year at 866 million yen (down 0.1% from the previous year), and operating income was 111 million yen (down 38.6% from the previous year). This was due to an increase in utilities costs associated with construction and operation, although new orders and delivery of existing contracts continued to progress steadily in the current fiscal year. The residential and other real estate development business posted net sales of 23 million yen (down 22.6% year-on-year) and operating income of 14 million yen (down 38.7% year-on-year), while the securities business posted an operating loss of 20 million yen (operating loss of 74 million yen in the previous year). As a result, net sales in the other investment business segment were 890 million yen (down 0.8% from the previous period), and operating income was 104 million yen (down 19.0% from the previous period).

Dividends for the current consolidated fiscal year will not be paid in consideration of the enhancement of internal reserves necessary for future aggressive business development in the Hotel Business, which is the core business of the Group. We ask for the understanding of our shareholders.

2. Capital investment

The Group sees potential inbound demand as a growth opportunity and made a capital investment of 1,312 million yen, mainly in the Hotel business. In the Hotel business, a capital investment of 1,310 million yen was made for hotel construction. In the other investment business, a capital investment of 1 million yen was made mainly for the cemetery business.

3. Financing

Financing in the financial year under review consisted of own funds as well as borrowings from financial institutions and the acceptance of an anonymous association investment in Agora Ohama LLC, which received an anonymous association investment of 355 million yen in June 2023.

4. Transfers, absorption-type splits or incorporation-type splits of business

On March 31, 2023, the Company sold fixed assets related to Imai-so owned by the Company to another operating company. As a result, the Company recorded an extraordinary gain of 128 million yen from the sale of fixed assets. In addition, due to the asset transfer, the Hotel business of Imai-so was terminated on March 13, 2023.

5. Acceptance of business

There is nothing significant to be noted.

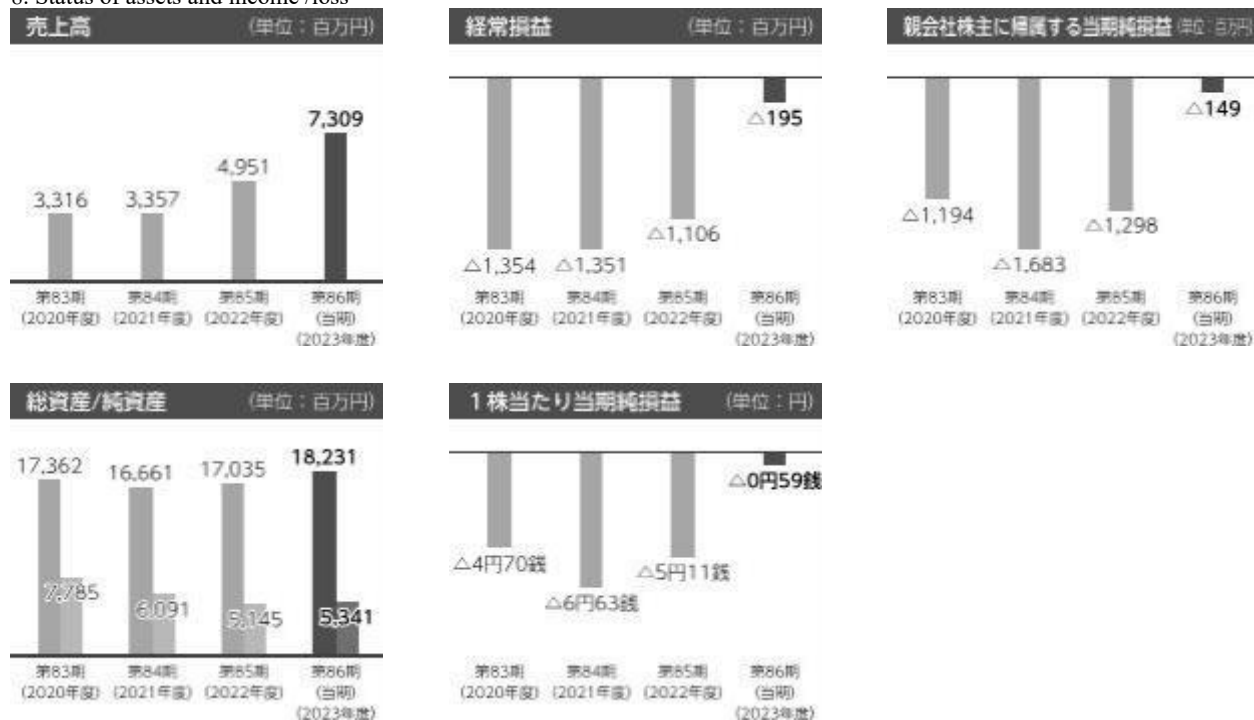
6. Succession of rights and obligations regarding the business of other corporations due to an absorption-type merger (including a merger with a party other than Japanese companies (limited to a merger in which the Company will continue to exist after the merger)) or an absorption-type split

There is nothing significant to be noted.

7. Acquisition or disposal of equity interests (including shares) or share acquisition rights of other companies.

There is nothing significant to be noted.

8. Status of assets and income /loss



Item		2020 83rd Fiscal Year	2021 84th Fiscal Year	2022 85th Fiscal Year	2023 86th Fiscal Year (Fiscal year under review)
Net sales s	(Million yen)	3,316	3,357	4,951	7,309
Ordinary loss (—)	(Million yen)	—1,354	—1,351	—1,106	—195
Net loss (—) attributable to owners of the parent	(Million yen)	—1,194	—1,683	—1,298	—149
Earnings per share Net loss per share	(yen)	—4.70 yen	—6.63 yen	—5.11 yen	—0.59 yen
Total assets	(Million yen)	17,362	16,661	17,035	18,231
Net assets	(Million yen)	7,785	6,091	5,145	5,341

9. Issues to be addressed

Our daily lives have been affected greatly by COVID-19 in the past 4 years. It is very encouraging to witness that the situation has stabilized and the world has gradually returned to normal in 2023. Japan has started to welcome international guests again since October 2022, this has given everyone in our Company excitement and energy to fulfill our vision of providing “A Collection of Beautiful Japan” experience to all of our guests.

My main focus has been ensuring that the Company has a long-term sustainable growth strategy and business plan. We have adeptly guided the Company through a significant strategic transition. We closed "Agora Kanazawa" and "Imai-so", and we successfully opened four new properties in "Agora Tokyo Ginza", "Agora Kyoto Karasuma", “Kyoto Shijo”, and “ONE@Tokyo” during the coronavirus period. It is that by recycling non-core assets and reinvesting capital in high-yielding projects, including greenfield construction and asset repositioning, significant investment returns were achieved by generating steady cash flow and capital appreciation. I’ve been hands-on with every step of greenfield projects, from land acquisition to architectural design to construction management, ultimately opening and managing hotels. And then, these hotels are getting more popular with overseas guests and have been well received. It will have a significant impact on our business income in 2024.

Our vision, “A Collection of Beautiful Japan”, has reimagined the landscape of real estate, created amazing spaces, and innovated rewarding opportunities, which not only gratified the company's aspirations but also inspired thousands of customers and peers of the Agora.

In the bustling world of real estate and hospitality, where excellence is the key to success, it becomes pretty difficult to cross one’s organizational and cultural threshold and reach a greater domain where business can make a profound impact on the industry. In all situations, we must always strive for excellence. What distinguishes excellence from mediocrity is achieving the best possible results in any situation.

In the hospitality business, people are the most important factor for success. I am convinced that we can achieve excellence and become an even stronger company through the teamwork and commitment of our employees to do their best in their work.

We believe that expanding our human resources and investing in them is essential. We will focus on cultivating human resources who have a global perspective and knowledge, but who also have a warm heart and can provide home-like hotel services of high quality. We will build an organization and structure that will support the development of such human resources, and we have also enhanced our training programs to achieve continuous human resource development and career advancement.

At our company, we develop our in-house human resources by setting career visions and plans, mainly through our human resources development department. Specifically, in addition to development programs such as new employee training, follow-up training, and exchange training between alliance hotels, we also provide training programs aimed at improving the specialized knowledge and abilities necessary for employees to perform their duties, and providing necessary qualifications. We have established a support system for obtaining certification. Additionally, we have established a monthly and annual award system for all employees to increase their motivation. In the personnel evaluation system, career advancement through salary increases and promotions is achieved through the evaluation of plans for company goals and the achievement process of individual tasks. In the future, I would like to be able to conduct training with superiors and subordinates in a state where both parties understand what they are good at and what they are lacking.

Through such multifaceted training, skill improvement support, and personnel evaluation processes, we will support employees' career plans and work to ensure that human resources that match the company's goals are appropriately allocated. By creating a positive work environment, we will create an environment where employees can work comfortably and work longer, leading to promotions and raises for women, and finding successors to management positions.

10. Status of the parent company and significant subsidiaries

(1) Relationship with the parent company

There is nothing significant to be noted.

(2) Status of important subsidiaries and affiliated companies

(Subsidiary)

Company Name	Capital or investment	Investment ratio	Major business
Agora Hotel Management Co., Ltd.	57,496 thousand yen	100.0%	Hotel Business in Japan
Agora Hotel Management Osaka Co., Ltd.	4,800 thousand yen	100.0%	Hotel Business in Japan
Agora Hotel Management Sakai Co., Ltd.	0 thousand yen	100.0%	Hotel Business in Japan
Namba Hotel Operations Co., Ltd.	30,100 thousand yen	100.0%	Hotel Business in Japan
Galaxy GK	100 thousand yen	100.0% (100.0%)	Hotel Business in Japan

Bata International, Inc.	199	USD	49.7% [50.3%]	Real estate development business such as housing in Australia
Rawan Memorial Park	1,000	Thousand Malaysian Ringgit	92.7% [7.3%]	Memorial Park business in Malaysia

(Affiliates)

Company Name	Capital or investment	Investment ratio	Major business
Hidden Valley Australia	2 Australian dollar	50.0% (50.0%)	Real estate development business such as housing in Australia

(Note) In the investment ratio column, numbers in () show indirect investment, and those in [] show the investment ratio of persons in a close relationship, etc.

11. Major business contents (as of December 31, 2023)

Hotel Business and other investment business

12. Major lenders (as of December 31, 2023)

Lender	Balance of loans
The Tokyo Star Bank, Ltd.	4,161 million yen
Kansai Mirai Bank, Ltd.	1,096 million yen
United Overseas Bank Limited	930 million yen
Resona Bank, Ltd.	1,351 million yen

13. Employee status (as of December 31, 2023)

Segment	Hotel Business	Other investment business	Corporate (Common)	Total
number of employees	325 persons	38 persons	8 persons	371 persons

(Note) 1. The number of employees indicates the number of personnel.

(Note) 2. The number of employees under “Corporate (Common)” indicates the number of employees who engage in duties of more than one segment or management divisions, etc. that cannot be categorized into specific business segments.

14. Major offices (as of December 31, 2023)

Name	Location
Head Office	Tokyo Metropolitan area
Hotel Agora Osaka Moriguchi	Osaka
Hotel Agora Regency Osaka Sakai	Osaka
Agora Place, Osaka Namba	Osaka
Agora Ginza	Tokyo Metropolitan area
Hidden Valley	Australia
Lawan Memorial Park	Malaysia

15. Other important matters regarding the current state of the corporate group

Although the Group saw a recovery from the global outbreak of new coronavirus infection during the year under review, it did not fully recover for the full year, recording an operating loss of 93 million yen, an ordinary loss of 195 million yen, and a net loss attributable to shareholders of the parent company of 149 million yen. While progress has been made, such as the shift of the classification of new coronavirus infections to category 5 under the Infectious Diseases Act, the economic outlook is uncertain due to rising prices and personnel shortages caused by the situation in Ukraine, and a situation exists that raises significant doubts about the premise of a going concern.

However, to resolve this situation, the Group sold the rental properties it owned on 31 July 2020 and the fixed assets it owned in March 2023, and in September 2023, the Group refinanced 4.1 billion yen in loans related to the acquisition of hotels in Ginza and Asakusa, maintaining good relationships with financial institutions. The Company has maintained good relationships with financial institutions. As future sales measures, the accommodation sector is working to capture inbound demand and improve sales prices, while the food & beverage and banqueting sectors are

focusing on attracting new customers and corporate demand, and in addition, are striving to improve operational efficiency and reduce costs. In the other investment business, the cemetery business in Malaysia will strive to grow its business activities by conducting aggressive sales activities.

Based on the above, as of the end of the financial year under review, no material uncertainty regarding the premise of a going concern is deemed to exist and no 'Notes on the premise of a going concern' is presented in the consolidated financial statements and financial statements.

II Matters Regarding Shares (as of December 31, 2023)

- 1) Total number of authorized shares 1,200,000,000 shares
- 2) Total number of issued shares 281,708,934 shares
Including 27,764,630 shares of treasury stock
- 3) Total number of shareholders at the end of the fiscal year 15,759 persons

4) Status of the top 10 shareholders

Shareholder name	Number of shares held Unit: Thousand shares	Holding ratio %
Credit Suisse AG Hong Kong Trust Account Far Global Asia Account Two	83,095	32.72
UBS AG Singapore	40,000	15.75
Far East Global Asia, Inc.	29,000	11.41
The Master Trust Bank of Japan, Ltd.	6,003	2.36
BNP PARIBAS SINGAPORE / 2S / JASDEC / CLIENT ASSET	3,001	1.18
Takayuki Kawana	2,078	0.81
Shuji Narisawa	1,600	0.63
INTERACTIVE BROKERS LLC	1,372	0.54
493611 BH-DBS Bank Hong Kong Limited Account 005 Non-U.S.	1,317	0.51
Rakuten Securities, Inc.	1,061	0.41

(Note) 1. Less than 1,000 shares are rounded down.

(Note) 2. The Company holds 27,764,569 shares of treasury stock, but is excluded from the above major shareholders.

(Note) 3. The holding ratio is calculated after deducting treasury stock.

5) Other important matters regarding stocks, Acquisition, disposal, etc. of treasury stock, during the current period and holding at the end of the current period

- (1) Acquired shares
- Stock type Ordinary stock
- Number of shares 61 shares
- (2) Disposal shares
- Stock type Ordinary stock
- Number of shares - shares
- (3) Shares held
- Stock type Ordinary stock
- Number of shares 27,764,630 shares

III. Matters regarding the Company's share acquisition rights

1) Outline of the contents of share acquisition rights held by Company officers on the last day of the fiscal year granted as consideration for the performance of duties

(as of December 31, 2023)

Items	9th Stock Acquisition Rights	
Issuance resolution date	Annual General Meeting of Shareholders Held on March 26, 2019	
No. of holders and No. of stock acquisition rights	8 persons	181,600 pieces
Directors (excluding External Directors)	3 persons	175,000 pieces
External Director of the Company	3 persons	5,000 pieces
Corporate Auditor	2 persons	1,600 pieces
Types of shares subject to stock acquisition rights	Ordinal stock	
Number of shares subject to stock acquisition rights	18,160,000 shares	
Payment amount of stock acquisition rights	Free of charge	
Number of shares per stock acquisition right	100	
Total amount of assets invested when exercising stock acquisition rights	JPY 653,760,000 -	
Stock acquisition rights exercise period	<p>From May 30, 2020 to April 30, 2025</p> <p>(1) The entire allotment of the stock acquisition rights may not be exercised prior to the date on which one (1) year has passed from the date of issuance.</p> <p>(2) 33.0% of the allotment of the stock acquisition rights may be exercised from the date on which one (1) year has passed from the date of issuance to the date of two years after the allotment date (if a fraction less than one unit arises in the number of exercisable stock acquisition rights, such fraction shall be discarded).</p> <p>(3) From date of issuance two years after the date of allotment to the day before date of issuance three years after the date of allotment, 66% of the stock acquisition rights allocated, however, if any part of the stock acquisition rights have been exercised by the anniversary date two years after the date of allotment, the total of the exercised stock acquisition rights shall not exceed 66% of the allotted stock acquisition rights, exercise of stock acquisition rights. Fractions of less than one (1) share subscription right that become exercisable shall be discarded.</p> <p>(4) From date of issuance 3 years after the allotment date to date of issuance 5 years after the allotment date, all of the allotted stock acquisition rights may be exercised.</p>	

Conditions of exercise	<ul style="list-style-type: none"> (1) The Target Company must be a director, corporate auditor, employee, or other equivalent position of the Company or its subsidiaries at the time of exercising stock acquisition rights. (2) Even if the Target Company loses the status of (1) above, the stock acquisition rights shall be approved by the Board of Directors, except in the case of dismissal, disciplinary dismissal, dismissal of reminders, resignation or retirement for personal reasons. Exercise can be permitted. (3) If the subject dies, the heir will not be allowed to inherit the stock acquisition rights. (4) Pledge of stock acquisition rights and other dispositions are not permitted. (5) Other conditions for exercising shall be as set forth in the stock acquisition rights grant agreement concluded between the Company and the stock acquisition rights holder based on the general meeting of shareholders and the resolution of the Board of Directors.
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- 2) Status of stock acquisition rights issued to employees, etc. as compensation for the execution of their duties during the fiscal year under review
Not applicable

IV Matters Regarding Company Officers (as of December 31, 2023)

1) Names, responsibilities and significant concurrent positions of directors and Audit & Supervisory Board Members

Positions and responsibilities	Name	Significant concurrent positions
President and CEO	Gary Yan Kuen Kwok	President of Agora Hospitalities Co., Ltd., Representative Director of Agora Hotel Management Sakai Co., Ltd., Representative Director of Agora Hotel Management Osaka Co., Ltd., Co-founder and Executive Vice President of Sinokor Investment Corporation
Director	Winnie Wing Kwan Chiu	Director of Far East Global Asia, Director of Malaysia Land Properties Sdn. Bhd, President of Dorset Hospitality International, Executive Director of Far East Consortium International
Director	Masami Egami	Director of Agora Hospitalities Co., Ltd.
Director	Hiroshi Aso	Director of Agora Hospitalities Co., Ltd.
Director	Takanori Kitamura	Honorary Fellow and Visiting Professor, The Chinese University of Hong Kong
Director	Clarence Yean Kang Wong	Chief Operating Officer, South East Asia & China
Director	Angelini Giovanni	Chairman, Angelini Hospitality, Professor of Practice (Hotel Management) School of Hotel & Tourism Management, The Polytechnic University, Hong Kong
Full-time auditor	Juichiro Sugito	—
Auditor	Shinji Endo	Shinji Endo Tax Accountant Office
Auditor	Boswell Wai Hung Cheung	Far East Consortium International CFO and Company Secretary

(Note) 1. Directors Takanori Kitamura, Clarence Yean Kang Wong and Angelini Giovanni are outside director as prescribed in Article 2, Item 15 of the Companies Act

(Note) 2. Audit & Supervisory Board Members Shinji Endo and Boswell Wai Hung Cheung are outside audit & supervisory board members as prescribed in Article 2, Item 16 of the Companies Act.

(Note) 3. Mr. Juichiro Sugito, Full-time Audit & Supervisory Board Member, has served as General Manager of the Finance and Accounting Department of the Company for many years and has considerable knowledge of finance and accounting. In addition, Mr. Shinji Endo has the specialized knowledge and experience cultivated as a Tax Accountant, and Mr. Boswell Wai Hung Cheung is a Certified Public Accountant. They have considerable knowledge related to finance and accounting.

(Note) 4. The Company has designated Takanori Kitamura, Director Angelini Giovanni, and Shinji Endo, Audit & Supervisory Board Members, as independent officers based on the provisions of the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange.

2. Outline of the contents of the liability limitation contract

Outside Directors Takanori Kitamura, Clarence Yean Kang Wong, and Angelini Giovanni, Audit & Supervisory Board Members Juichiro Sugito, Shinji Endo, and Boswell Wai Hung Cheung are liable for damages under Article 423, Paragraph 1 of the Companies Act. We have concluded a contract to limit the number of damages, and the maximum number of damages based on the contract is the amount stipulated by law for each person.

3. Total amount of remuneration for directors and Audit & Supervisory Board Members

(1) Policy, etc. for determining the details of remuneration, etc. for Board Members

The Company's Board of Directors resolved at its meeting on 28 February 2022 on the policy for determining the content of the remuneration, etc. for each director. In addition, the Board of Directors shall determine the method of determining the content of remuneration, etc. and the determined remuneration, etc. for individual remuneration, etc. of directors for the current fiscal year.

The company judges that the content is consistent with the decision policy and is in line with the decision policy.

The content of the decision policy regarding the content of individual remuneration for directors is as follows.

1. Basic policy

The remuneration of our directors is the level of the external market for executive remuneration and the responsibility and category of business execution of each director when determining individual remuneration.

The type and amount of remuneration are determined in consideration of the minimum amount of executive compensation according to the burden of surrounding and management monitoring.

2. Policy on the amount of individual remuneration, etc. of basic remuneration, monetary remuneration, including policy on determining conditions until the time when remuneration, etc. is given nothing.

The remuneration of our directors is a fixed monthly remuneration, and according to the position, responsibilities, and years of office, the level of other companies, our business performance, and employee salary water. The decision will be made by comprehensively considering the quasi.

3. Policy on non-monetary compensation, etc.

Our company has traditionally granted stock options to our directors and auditors at certain times to increase their motivation to improve business performance and increase corporate value, and to align them with the common interests of our shareholders. We are doing this. The number of stock options granted is determined according to the responsibility and scope of each director's business execution and the burden of management monitoring, within the maximum amount of remuneration approved at the general meeting of shareholders. Furthermore, we will provide appropriate incentives to those eligible for the grant to maximize shareholder value and corporate value over the medium to long term, and make them aware that they are in a position to be responsible for the stock price.

4. Decision policy regarding the ratio of each type of remuneration, etc.

As a rough guide, the ratio of each type of remuneration for directors (excluding outside directors) in FY2023 shall be 7:3 between basic remuneration and non-monetary remuneration. The proportion of each type shall be determined at the time of determining remuneration during the reelection period for directors, taking into consideration the company's business performance and the amount of non-monetary remuneration, etc. in a comprehensive manner.

5. Matters related to the determination of the content of individual remuneration, etc. for directors

Regarding the amount of basic remuneration for each individual, the specific content is delegated to the representative director based on a resolution of the Board of Directors, within the remuneration limit approved at the general meeting of shareholders. At the Board of Directors meeting held on March 29, 2023, the Company resolved to delegate the determination of the amount of remuneration for each director to Representative Director and President Gary Yan Kuen Kwok. The content of this authority is the amount of the basic remuneration of each director within the range of the remuneration limit approved by the resolution of the general meeting of shareholders, and the reason for delegating this authority is to fairly balance the degree of work burden of each director. This is because we have determined that the representative director is the most appropriate person to conduct the evaluation.

(2) Total amount of remuneration, etc. for the current fiscal year

Item	Payment personnel of BOD members	Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration	Total amount of remuneration
Directors (External directors)	7 persons (3)	121,838 thousand yen (2,150 thousand yen)	long vowel mark (usually only used in katakana) (i)	long vowel mark (usually only used in katakana) (i)	121,838 thousand yen (2,150 thousand yen)
Audit & Supervisory Board Members (External auditors)	3 persons (2)	8,333 thousand yen (1,630 thousand yen)	long vowel mark (usually only used in katakana) (i)	long vowel mark (usually only used in katakana) (i)	8,333 thousand yen (1,630 thousand yen)
Total (External officers)	10 persons (5 persons)	130,171 thousand yen (3,780 thousand yen)	long vowel mark (usually only used in katakana) (i)	long vowel mark (usually only used in katakana) (i)	130,171 thousand yen (3,780 thousand yen)

(Note) 1. As of the end of the current fiscal year, there are Seven (7) directors and Three (3) Audit & Supervisory

Board Members. There are two directors who have no basic remuneration. These two (2) people. He is a director who also serves as an officer of a subsidiary and receives compensation from the subsidiary as an officer. In addition, two directors who do not receive the basic remuneration. One person receives non-monetary compensation.

(Note) 2. The content of non-monetary remuneration, etc. is the shares of the Company, and the conditions for allotment are as described in "3. Policy on non-monetary remuneration, etc." In addition, this business year The status of grants is described in "III.2. Status of stock acquisition rights delivered to employees, etc. as consideration for the execution of duties during the current fiscal year."

(Note) 3. The amount of monetary compensation for directors is within 120 million yen per year at the 79th Ordinary General Meeting of Shareholders held on March 29, 2017 (of which 60 million yen per year for outside directors).(Within) (not including salary for employees of directors who also serve as employees). The number of directors at the end of the general meeting of shareholders is nine. Devil. In addition, at the 81st Ordinary General Meeting of Shareholders held on March 29, 2019, the upper limit of stock options to be granted as compensation separately from monetary compensation was set. We have resolved to have no more than 27,763,700 shares. The number of directors at the end of the general meeting of shareholders is eight.

(Note) 4. At the 79th Ordinary General Meeting of Shareholders held on March 29, 2017, the amount of monetary compensation for Audit & Supervisory Board Members was resolved to be within 18 million yen per year. The general meeting of shareholders. At the end of the general meeting, the number of Audit & Supervisory Board Members is three. At the 81st Ordinary General Meeting of Shareholders held on March 29, 2019, remuneration will be given separately from monetary remuneration. We have resolved to limit the stock options to 27,763,700 shares. The number of directors at the end of the general meeting of shareholders is three.

4. Summary of the contents of the Directors and Officers Liability Insurance Policy

The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board Members with the Company, its subsidiaries, and their directors and Audit & Supervisory Board Members as insureds since December 2005. The premiums are fully paid by the Company. The insurance premiums are fully paid by the Company. The Company pays all insurance premiums. The above insurance policy does not cover claims for damages arising from the insured's illegally obtained benefits or favors. The insurance policy is scheduled to be renewed during the term of office with the same contents.

5. Matters concerning outside officers

(1) Important concurrent positions of outside officers

Positions and responsibilities	Name	Significant concurrent status
Director	Takanori Kitamura	Honorary Fellow and Visiting Professor, The Chinese University of Hong Kong
Director	Clarence Yean Kang Wong	Dorset Hospitality International COO (South East Asia / China)
Director	Angelini Giovanni	Chairman, Angelini Hospitality, Director, Professor of The Polytechnic University, Hong Kong
Auditor	Shinji Endo	Shinji Endo Tax Accountant Office
Auditor	Boswell Wai Hung Cheung	Far East Consortium International CFO and Company Secretary

(Note) There is no special interest between the Company and other corporations, etc., for which outside officers concurrently serve.(2) Main activity status of outside officers

Positions and responsibilities	Name	Summary of duties performed in relation to the role expected to be fulfilled.
Director	Takanori Kitamura	He attended four (4) out of five (5) meetings of the Board of Directors held during the current fiscal year, and expressed useful opinions regarding the execution of the Company's business not only at Board of Directors meetings but also from his knowledge of 1) international situation and trends of overseas tourists, 2) analysis of overseas tourists' tastes, and 3) external information transmission and public relations, based on his experience as a diplomat.
Director	Clarence Yean Kang Wong	He attended four (4) out of five (5) meetings of the Board of Directors held during the current fiscal year, and has a wealth of insight into the hotel business, which is the company's core business, and provides opinions that are useful for the management of the company from his perspective as a corporate manager. I am saying. He also provides useful opinions not only at Board of Directors meetings but also on strengthening legal compliance systems and internal control systems.
Director	Angelini Giovanni	He attended five out of five meetings of the Board of Directors held during the current fiscal year, and made appropriate comments based on his extensive experience in the hotel business over many years and his knowledge and experience as a manager. In addition, he has provided useful opinions regarding the hotel business, which is the core business of the Company, not only at meetings of the Board of Directors.

Positions and responsibilities	Name	Main activity status
Auditor	Shinji Endo	He attended four (4) out of five (5) of the Board of Directors and Six(6) out of Six(6) meetings of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions useful for the Company's management from his professional perspective as a certified tax accountant. He also provided useful opinions on strengthening the legal compliance system and internal control system, etc., not only at the Board of Directors meetings.
Auditor	Boswell Wai Hung Cheung	He attended three (3) out of five (5) meetings of the Board of Directors and five (5) out of six(6) meetings of the Board of Corporate Auditors held during the fiscal year under review and provided useful opinions from his professional perspective as an accountant on matters such as strengthening legal compliance systems and internal control systems.

(3) Total amount of remuneration for outside officers

Item	Number of people	Amount of remuneration, etc.
Total amount of remuneration for external officers	5 persons	3,780 thousand yen

V Matters Regarding Accounting Auditors

1. Name of Accounting Auditor
Avantia GP

2. Remuneration, etc. for Accounting Auditor

(1) Remuneration, etc. for Accounting Auditor with respect to the fiscal year under review 32,000 thousand yen

(2) Total amount of money and other property benefits to be paid by the Company and its subsidiaries 33,600 thousand yen

(Note) 1. Due to the fact that amounts of audit fees, etc. for audit services under the Companies Act and those of audit services under the Financial Instruments and Exchange Act are not clearly distinguished in the audit agreement between the Company and Accounting Auditors, and the fact that it is not practically possible to categorize them, remunerations, etc. above indicate aggregated amounts of said fees for the fiscal year under review.

(Note) 2. Pursuant to the “Practical Guidelines for Cooperation with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, Audit & Supervisory Board of the Company reviewed the fairness of the audit hours and remuneration, etc. for Accounting Auditors for the fiscal year under review, upon having confirmed audit hours by audit item, changes in audit fees and the status of audit plans and actual results in the past fiscal years. Accordingly, the Company has obtained the consent of the Audit & Supervisory Board Members with respect to remuneration, etc. for Accounting Auditors as prescribed in Article 399, Paragraph 1 of the Companies Act.

3. Details of non-audit services

Not applicable.

4. Policy on decision to dismiss or not to re-appoint an Accounting Auditor

Audit & Supervisory Board shall determine the content of a proposal for the dismissal or non-reappointment of an Accounting Auditor to be submitted to a general meeting of shareholders if the Board judges it necessary to do so or in any other cases where there is difficulty in the execution of duties by an Accounting Auditor.

In addition, in the case where an Accounting Auditor is regarded as falling under any of the items of Article 340, Paragraph 1 of the Companies Act, Audit & Supervisory Board shall dismiss Accounting Auditor based on the unanimous agreement of Audit & Supervisory Board. In this case, a Corporate Auditor designated by Audit & Supervisory Board shall report about the dismissal of an Accounting Auditor and the reason for the dismissal at the general meeting of shareholders convened immediately following the dismissal.

VI Matters Regarding Establishment of a System to Ensure the Appropriateness of Business Activities

1. Outline of contents of resolutions of the Board of Directors

Summary of systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of operations is as follows.

(1) Systems necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

For the proper and efficient management of business operations, Directors and employees shall comply with laws and regulations, the Articles of Incorporation, and rules in good faith and make every effort to execute their duties. In addition, the Audit & Supervisory Board shall conduct audits on the effectiveness and functionality of internal control systems, make efforts to identify and correct issues in an early stage, and work to enhance supervision of overall management functions.

(2) Systems to retain and manage information pertaining to the execution of duties by Directors

(i) The Company shall appropriately retain and manage information pertaining to the execution of duties by Directors in accordance with the Rules of the Board of Directors, the Rules on Internal Information Management, etc.

(ii) Regarding the management and preservation of documents, the Company shall retain them for periods necessary for its operations, unless otherwise provided for in laws and regulations.

(3) Rules concerning the management of the risk of loss and other systems

The Company shall develop organizations and functions that oversee risk management, and implement other measures necessary to minimize loss from a variety of risks that will have a significant impact on the management of the Company, including changes in the management environment, other disasters, and incidents; changes in asset value such as overseas investments and foreign exchange and share price fluctuations; and legal regulations.

(4) Systems necessary to ensure efficiency in the execution of duties by Directors

(i) The Board of Directors of the Company shall determine matters concerning basic policies on business operations of the Company, matters concerning annual business plans, and other important matters concerning the execution of operations, and oversee the status of business operations sequentially.

(ii) In order to ensure management speed, the Company shall hold management meetings as necessary to determine important matters for the execution of operations other than matters to be submitted to the Board of Directors meetings.

(5) Systems necessary to ensure the properness of operations in the corporate group comprised of the Company and its subsidiaries and affiliates in and outside Japan

(i) With respect to subsidiaries and affiliates of the Company, rules on reporting to the Company matters concerning the execution of duties by Directors, etc. of subsidiaries and affiliates, rules on the management of the risk of loss and other systems

A. The Company shall have its subsidiaries and affiliates in and outside Japan regularly report their business results, etc. to the Company and carry out necessary consultations.

B. The Company shall establish sections in charge of overseas business and promote business operations and management.

(ii) Systems necessary to ensure efficiency in the execution of duties by Directors, etc. of subsidiaries and affiliates of the Company. The Company shall establish systems that ensure the efficient execution of duties by Directors, etc. of subsidiaries and affiliates based on concurrent holding by Directors of the Company of the position of Directors of subsidiaries and affiliates.

(iii) Systems necessary to ensure that the execution of duties by Directors, etc., and employees of subsidiaries and affiliates of the Company complies with laws and regulations and the Articles of Incorporation. The Company shall provide consultation and assistance for the development of systems necessary to dispatch relevant Directors and Audit & Supervisory Board Members to subsidiaries and affiliates of the Company in and outside Japan and to ensure the properness of operations

(6) Matters concerning assigning employees, if requested by Audit & Supervisory Board Members, to assist Audit & Supervisory Board Members in the execution of their duties and matters necessary to ensure the independence of such employees from Directors and the effectiveness of instructions given to such employees by Audit & Supervisory Board Members

(i) In order to enhance the effectiveness of audits by Audit & Supervisory Board Members and aid them in implementing audits, the Company shall establish and develop systems to support their audits through cooperation with the Internal Audit Office.

(ii) Employees who assist Audit & Supervisory Board Members in the execution of duties shall independently carry out such duties without being subject to instructions and orders from other Directors, etc.

(iii) In the case where said employees concurrently serve as employees of other departments, said employees shall engage in duties by prioritizing those pertaining to Audit & Supervisory Board Members.

- (7) Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems necessary to ensure that audits are effectively conducted by Audit & Supervisory Board Members
- (i) Audit & Supervisory Board Members shall attend the Board of Directors' meetings, management meetings, and other important meetings and conduct audits on the execution of duties by Directors.
 - (ii) Directors and employees of the Company and its subsidiaries and affiliates shall, if they become aware of situations that may cause serious damage to the Company or may be in violation of laws and regulations, the Articles of Incorporation, etc., report such matters to Audit & Supervisory Board Members as appropriate. In addition, the Company shall work to establish systems assuring that whistleblowers will not suffer from any disadvantageous treatment due to their submission of reports.
 - (iii) Audit & Supervisory Board Members shall periodically exchange information with Accounting Auditors and corporate lawyers.
 - (iv) In order to pay costs incurred from the execution of duties by Audit & Supervisory Board Members, the Company shall include funds for such payment in the annual budget. It shall promptly amortize said costs or liabilities within the budget when Audit & Supervisory Board Members request advance payment, reimbursement, etc. of costs.

2. Summary of the status of operation of said systems in the fiscal year under review

- (1) Systems necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
- Pursuant to the Rules of the Board of Directors and the Guidelines on Decision-making prescribed in the Authority Rules, the Board of Directors approved important management matters submitted as proposals by the chair of the Board of Directors, received reports on the execution of duties from officers, etc. and business executors and oversaw the overall management. In addition, deliberations and reporting were conducted by the Board of Directors in a timely and appropriate manner on important managerial issues in addition to matters subject to submission to the Board of Directors. Moreover, the Company developed a whistleblowing system for employees. The Internal Audit Office led initiatives for the prompt and appropriate response to whistleblowing, implemented strict measures with respect to violations, and aimed to take preventive measures.
- (2) Systems to retain and manage information pertaining to the execution of duties by Directors
- The Company manages the execution of duties by Directors in accordance with the Rules of the Board of Directors and the Guidelines on Decision-making prescribed in the Authority Rules. With regard to the retention of information on such execution of duties, it is appropriately preserved and managed in accordance with the Rules on the Management of Corporate Information, which are rules pertaining to insider information management. Minutes of general meetings of shareholders and meetings of the Board of Directors, accounting books, contracts, and other important documents are appropriately preserved and managed in the respective departments in charge.
- (3) Rules concerning the management of the risk of loss and other systems
- The Board of Directors are responsible as an organization vested with the function to oversee the management of risks that will have a significant impact on the management of the Company, including changes in the management environment, other disasters and incidents; changes in asset value such as overseas investments and foreign exchange and share price fluctuations; and legal regulations. The Board of Directors met five (5) times during the fiscal year under review and held deliberations as necessary to minimize losses concerning business operations.
- (4) Systems necessary to ensure efficiency in the execution of duties by Directors
- Pursuant to the Rules of the Board of Directors and the Guidelines on Decision-making prescribed in the Authority Rules, the Board of Directors approved important management matters submitted as proposals by the chair of the Board of Directors, received reports on the execution of duties from officers, etc. and business executors and oversaw the overall management. In addition, as a function to supplement the operation of the Board of Directors, the Company has established Rules on Collective Decision-making to facilitate business operation through the appropriate delegation of authority to respective officers in accordance with the Guidelines on Decision-making prescribed in the Authority Rules.

- (5) Systems necessary to ensure the properness of operations in the corporate group comprised of the Company and its subsidiaries and affiliates in and outside Japan
- (i) With respect to subsidiaries and affiliates of the Company, rules on reporting to the Company matters concerning the execution of duties by Directors, etc. of subsidiaries and affiliates, rules on the management of the risk of loss and other systems. With respect to subsidiaries in Japan, the Company has them report their business results, etc. to the Company every month and carries out necessary consultations for business operations. With respect to subsidiaries outside Japan, the Representative Director and CFO are in charge of their business and monitor and manage their operations.
 - (ii) Systems necessary to ensure efficiency in the execution of duties by Directors, etc. of subsidiaries and affiliates of the Company. Directors who execute business operations of the Company concurrently serve as Directors of its subsidiaries and affiliates and this situation is stated in IV. Matters regarding officers of the Company.
 - (iii) Systems necessary to ensure that the execution of duties by Directors, etc. and employees of subsidiaries and affiliates of the Company complies with laws and regulations and the Articles of Incorporation
- The Company has been dispatching relevant Directors and Audit & Supervisory Board Members to subsidiaries and affiliates of the Company in and outside Japan. Representative Director was dispatched to overseas subsidiaries to conduct monitoring of operations during the fiscal year under review.
- In addition, employees of domestic subsidiaries of the Company are familiar with the whistleblowing system. The Internal Audit Office is leading initiatives for prompt and appropriate responses to whistleblowing, implements strict measures with respect to violations and endeavors to take preventive measures.
- (6) Matters concerning assigning employees, if requested by Audit & Supervisory Board Members, to assist Audit & Supervisory Board Members in the execution of their duties and matters necessary to ensure the independence of such employees from Directors and the effectiveness of instructions given to such employees by Audit & Supervisory Board Members
- (i) To enhance the effectiveness of audits by Audit & Supervisory Board Members and help them smoothly carry out audits, the Company has established and developed systems to support their audits through cooperation with the Internal Audit Office.
 - (ii) Employees who assist Audit & Supervisory Board Members in the execution of duties concurrently serve as employees of other departments and carry out duties by giving priority to those pertaining to Audit & Supervisory Board Members.
- (7) Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems necessary to ensure that audits are effectively conducted by Audit & Supervisory Board Members
- (i) Meetings of the Audit & Supervisory Board were held Six (6) times. Audit policies and plans were formulated upon discussion among the Audit & Supervisory Board Members. By attending important internal meetings and making on-site visits to monitor business activities, Audit & Supervisory Board Members conducted audits of operations and status of assets, the execution of duties by Directors and status of compliance with laws and regulations, the Articles of Incorporation, etc.
 - (ii) The Internal Audit Office has been established as a section vested with voluntary audit and governance functions. Audit & Supervisory Board Members have been periodically exchanging information with Accounting Auditors and corporate lawyers and have conducted audits of the status of the execution of duties by Directors at appropriate times. Moreover, the Company developed a whistleblowing system for employees. The Internal Audit Office led initiatives for the prompt and appropriate response to whistleblowing, implemented strict measures with respect to violations and aimed to take preventive measures.
 - (iii) In order to enhance the effectiveness of audit functions, Audit & Supervisory Board Members regularly obtain information from Japan Audit & Supervisory Board Members Association and pursue self-improvement through participation in various training sessions, etc. In addition, full-time Audit & Supervisory Board Members are leading initiatives for periodic exchange of opinions with Accounting Auditors and cooperation with corporate lawyers.

7. Basic Policy Regarding Control of the Company

The Company has not established a particular basic policy regarding a party who controls decisions on the Company's financial and business policies, etc.

8. Policy regarding decisions on distribution of surplus, etc.

With respect to dividends, the Company shall strive to supplement internal reserves in the future, which is necessary for the positive development of the Hotel Business, the core business of the Group. The Company believes that, in order to make distribution of surplus, etc., it is an important step to establish a revenue structure that enables the stable posting of net profit attributable to owners of parent. Considering drastic changes in the management environment, the Company has not publicly released medium-term, three-year management plans or numerical targets for ROE, etc. However, the Company believes it is essential to secure stable revenues and improve operating results by expanding the hotel alliance operated by the Group with an eye to the continuous expansion of the Company's business and the establishment of revenue structure.

| consolidated financial statements

Consolidated Balance Sheet

(Unit: thousand yen)

(school) subject	86th term As of December 31, 2023	(school) subject	86th term As of December 31, 2023
Assets		Liabilities	
I Current assets	5,203,101	I Current liabilities	5,694,586
cash on hand and in banks	2,831,779	accounts payable	263,159
accounts receivable	537,397	Short-term debt	60,312
marketable securities	288,302	Current portion of long-term debt	1,007,228
supplies	93,737	arrears	3,337,197
Expenditures for development projects, etc.	1,283,421	accrued expenses	33,349
Other	188,619	Accrued income taxes	53,953
Allowance for doubtful accounts	−20,156	Allowance for bonuses	83,848
II Fixed Assets	12,988,422	Other	855,538
1. Tangible fixed assets	11,199,160	II Noncurrent liabilities	7,195,329
Buildings and structures	3,392,047	Long-term debt	6,616,132
vehicles and transportation equipment	6,320	Long-term guarantee deposits received	208,337
Tools, furniture and fixtures	81,172	Asset retirement obligations	46,000
lot	5,510,992	deferred tax liabilities	10,596
Construction in progress	2,208,627	Other	314,262
2. Intangible assets	843,318	total liabilities	12,889,915
software	11,869	Total net assets	
goodwill	831,448	I Shareholders' equity	3,319,110
3. Investments and other assets	945,944	capital stock	8,534,406
Investments in securities	240,543	Capital surplus	2,646,000
long-term loans	519,687	Retained earnings	−6,827,756
Other	185,712	treasury stock	−1,033,540
Deferred assets	40,292	Accumulated other comprehensive income	91,880
opening expenses	40,292	Net unrealized gains (losses) on available-for-sale securities, net of taxes	24,011
total assets	18,231,816	Foreign currency translation adjustments	67,869
		Stock acquisition rights	97,364
		IV Noncontrolling interest	1,833,544
		Total net assets	5,341,901
		Total liabilities and net assets	18,231,816

Consolidated Statements of Income

(Unit: thousand yen)

(school) subject	86th term	
	From January 1, 2023 Through December 31, 2023	
I Net sales		7,309,294
II Cost of sales		5,321,302
Gross profit		1,987,992
Selling, general and administrative expenses		2,081,407
Operating loss		93,415
IV Non-operating income		
interest income	15,754	
Dividends received	2	
rent received	11,388	
profit on currency exchange	75,839	
prepaid card lapse profit	1,727	
Other	8,888	113,601
V Non-operating expenses		
interest expense	91,245	
financing costs	67,604	
Equity in losses of affiliated companies	19,759	
Amortization of opening costs	17,907	
Other	19,314	215,831
Ordinary loss		195,644
VI Extraordinary income		
Gain on sales of fixed assets	129,941	129,941
Loss before income taxes and minority interests		65,703
Corporate, inhabitant and enterprise taxes	132,235	
Income taxes-deferred	△,761	122,473
Net loss		188,176
Net loss attributable to noncontrolling interests		38,667
Net loss attributable to owners of the parent		149,508

Consolidated Statements of
Changes in Net Assets (from January 1, 2023 to December 31, 2023) (Unit: thousand yen)

(data) item	capital stock				
	capital stock	Capital surplus	Retained earnings	treasury stock	Total shareholders' equity
Balance at January 1, 2023	8,534,406	2,646,000	-6,678,247	-1,033,538	3,468,621
Changes during the consolidated fiscal year					
Net loss attributable to owners of the parent (-)			-149,508		-149,508
Acquisition of treasury stock				-1	-1
Net changes of items other than shareholders' equity during the consolidated fiscal year					
Total changes during the consolidated fiscal year	-	-	-149,508	-1	-149,510
Balance at December 31, 2023	8,534,406	2,646,000	-6,827,756	-1,033,540	3,319,110

(Unit: thousand yen)

(data) item	Accumulated other comprehensive income			subscription warrant	non-controlling shareholder holdings	Total net assets
	Other marketable securities Valuation difference on available-for-sale securities	exchange conversion Adjustment account	Other Comprehensive income Cumulative total			
Balance at January 1, 2023	7	65,421	65,429	97,364	1,514,242	5,145,657
Changes during the consolidated fiscal year						
Net loss attributable to owners of the parent (-)						-149,508
Acquisition of treasury stock						-1
Net changes of items other than shareholders' equity during the consolidated fiscal year	24,003	2,448	26,451	-	319,302	345,754
Total changes during the consolidated fiscal year	24,003	2,448	26,451	-	319,302	196,243
Balance at December 31, 2023	24,011	67,869	91,880	97,364	1,833,544	5,341,901

financial statements

Balance Sheet

(Unit: thousand yen)

(school) subject	86th term As of December 31, 2023	(school) subject	86th term As of December 31, 2023
		Liabilities	
Assets		I Current liabilities	1,288,299
I Current assets	1,618,634	Short-term debt	60,312
cash on hand and in banks	1,158,531	Short-term loans payable to subsidiaries and affiliates	674,564
accounts receivable	327,724	Current portion of long-term debt arrears	1,979
marketable securities	288,302	accrued expenses	476,971
Accounts receivable from subsid and affiliates	523,709	accrued income taxes	2,066
Other	16,057	Accrued consumption taxes	1,210
Allowance for doubtful accounts	−695,691	Other	33,850
II Fixed Assets	7,468,206	II Noncurrent liabilities	882,556
1. Tangible fixed assets	896,589	Long-term debt	75,333
Buildings and structures	39,553	Long-term loans payable to subsidiaries and affiliates	468,039
Tools, furniture and fixtures	73	Long-term accrued liabilities	262,193
lot	856,961	Long-term guarantee deposits received	20,394
2. Investments and other assets	6,571,617	Asset retirement obligations	46,000
Investments in securities	65,471	deferred tax liabilities	10,596
Shares of subsidiaries and affiliates	1,803,139	total liabilities	2,170,856
Long-term loans receivable subsidiaries and affiliates	1,119,321	Total net assets	
Other securities of subsidiaries affiliates	4,027,625	I Shareholders' equity	6,794,609
Long-term accounts receivable	284,486	1. Capital	8,534,406
Other	41,892	2. Capital surplus	1,917,295
Allowance for doubtful accounts	−770,318	capital reserve	224,533
		Other capital surplus	1,692,761
		3. Retained earnings	−2,623,553
		Other retained earnings	−2,623,553
		Retained earnings brought forward	−2,623,553
		4. Treasury Stock	−1,033,540
		II Valuation and translation adjustments	24,011
		Net unrealized gains (losses) on available-for-sale securities, net of taxes	24,011
		Stock acquisition rights	97,364
total assets	9,086,841	total net assets	6,915,985
		Total liabilities and net assets	9,086,841

Profit and loss statement

(Unit: thousand yen)

(school) subject	86th term From January 1, 2023 Through December 31, 2023	
I Net sales		43,687
II Cost of sales		130,139
gross loss		86,452
Selling, general and administrative expenses		350,224
Operating loss		436,676
IV Non-operating income		
Interest and dividend income	11	
prepaid card lapse profit	1,727	
Gain on reversal of allowance for doubtful accounts	247,554	
Other	5,287	254,581
V Non-operating expenses		
interest expense	7,882	
Other	2,158	10,040
Ordinary loss		192,136
VI Extraordinary income		
Gain on sales of fixed assets	129,941	129,941
Loss before income taxes		62,194
Corporate, inhabitant and enterprise taxes		998
Net loss		63,192

Statement of Changes in Net

Assets

(from January 1, 2023 to December 31, 2023)

(Unit: thousand yen)

(data) item	capital stock				
	capital stock	Capital surplus			Retained earnings
		capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward
Balance on January 1, 2023	8,534,406	224,533	1,692,761	1,917,295	-2,560,360
Changes of items during the period					
Net loss (loss)					-63,192
Acquisition of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	-	-	-63,192
Balance at December 31, 2023	8,534,406	224,533	1,692,761	1,917,295	-2,623,553

(Unit: thousand yen)

Item —	capital stock		Valuation and translation adjustments	subscription warrant	Total net assets
	treasury stock	Total shareholders' equity	Available-for-sale securities Valuation difference on available-for-sale securities		
Balance at January 1, 2023	-1,033,538	6,857,803	7	97,364	6,955,176
Changes of items during the period					
Net loss (loss)		-63,192			-63,192
Acquisition of treasury stock	-1	-1			-1
Net changes of items other than shareholders' equity			24,003	-	24,003
Total changes of items during the period	-1	-63,194	24,003	-	-39,191
Balance at December 31, 2023	-1,033,540	6,794,609	24,011	97,364	6,915,985

Reference Documents for General Meeting of Shareholders

Bills and references

Item 1:

Election of Seven (7) Directors

The term of office of seven Directors (including three External Directors) will expire upon the conclusion of the ordinary general meeting of stockholders. The Company requests that its shareholders appoint the following persons as the succeeding Directors.

Elect and appoint the seven Directors (including three External Directors). The candidates for Directors are as follows:

Candidate	1	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies
Winnie Wing Kwan Chiu	2002 / 6	Director of Malaysia Land Properties Sdn. Bhd. (present post)
	2008 / 7	Non-Executive Director, Land and General Bhd.
	2010 / 6	Executive Director, Dorsett Hospitality International
	2011 / 11	President & Executive Director of Dorsett Hospitality International (present post)
	2015 / 3	Director of Far East Global Asia Limited (present post)
	2015 / 3	External Director, the Company
	2019 / 3	Director, the Company (present post)
	2019 / 6	Executive Director, Far East Consortium International Ltd.

Reason for Appointment

The candidate, Ms. Winnie Wing Kwan Chiu has global experience in the lodging business acquired as the president of Dorsett Hospitality International operating Dorsett hotels and extensive knowledge of the worldwide lodging business. She assumed the position of External Director of the Company in June 2015 and has been responsible primarily for the supervision of the Company's business operation. The Company expected that its synergy with her global network would allow it to expand the business and appointed her in March 2019 as a Director who would perform duties. Additionally, she has been providing appropriate opinions about the Company's growth strategies and business operation as chair of the Board of Directors since June 2015. In our hotel business, which has a large number of female employees, we believe that creating a workplace environment where women can work comfortably and developing systems will lead to the creation of a more comfortable workplace, and we will work more actively with her in promoting women in the workplace and helping them balance family life. We have selected her as a candidate for representative director after consideration of her relationship with our major shareholders and other factors. Although we have not yet established a nominating committee, two of our independent outside directors interviewed the candidates for representative director, after which the Board of Directors deliberated and selected them. Ms. Winnie Wing Kwan Chiu is a Director at Far East Global Asia Ltd., the principal shareholder of the Company.

Reappointment

Birth dates

April 24, 1980

Number of the
Company's shares held

— Thousand shares

Candidate

2

Masami
Egami

えがみ
まさみ

Reappointment

Birth dates

August 1, 1970

Number of the
Company's shares
held

— Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1990	/	3	Joined Hilton international (Osaka, Japan)
2005	/	7	Director of Sales & Marketing and Acting General Manager at InterContinental Hotels Group (Manama, Bahrain)
2008	/	4	Resident Manager, InterContinental Hotels Group (Yokohama, Japan)
2010	/	8	Hotel Manager at Kempinski Hotels (Amman Dead Sea, Jordan)
2012	/	8	General Manager at Kempinski Hotels (Aqaba, Jordan)
2014	/	8	General Manager at Kempinski Hotels (Victoria, Seychelles)
2019	/	11	Director of Agora Hospitalities Co, Ltd. (present post)
2020	/	3	Director, Agora Hospitality Group (present post)

Reason for Appointment

The candidate, Mr. Masami Egami started his career in the Hotel Business from the Food & Beverage section in 1990 and worked in Rooms Operations, Room Reservations, Sales and Marketing, Quality Management, and all other sections in the hotel business. He subsequently worked as a General Manager at Kempinski Hotels and built a career in hotel management spanning about 30 years. He has developed extensive work experience in 11 countries, including Japan, Europe, the Middle East, Africa, and Asia. The Company considered that his broad international perspective and rich experience would adequately qualify him as a decision-maker on its important management issues and as a supervisor in its business operation and appointed him as Director in March 2020. The Company deems that he is capable of appropriately continuing his duties as Director and has made him a candidate for Director.

Candidate

3

Hiroshi
Aso

あそ
ひろし

Reappointment

Birth dates

September 17, 1968

Number of the
Company's shares held

10Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1993	/	4	Joined ITOCHU Corporation
1995	/	4	Tokyo Humania Enterprise Inc. (temporary transfer) Hotel Nikko Tokyo business preparation section
2002	/	4	Joined E-Ship K.K.
2005	/	1	Deputy CEO, Ten Key Advertising Co. (Shanghai)
2006	/	10	CEO & President, Xin Hua Net Japan K.K.
2007	/	12	Deputy CEO, Shanghai Tianji Advertising
2011	/	1	Director of Agora Hospitalities Co, Ltd. (present post)
2017	/	3	The Company, Director (present post)

Reason for Appointment

The candidate, Mr. Hiroshi Aso, joined ITOCHU Corporation, worked at the business preparation section of Hotel Nikko Tokyo and a trading company in China and other Asian regions, and has experience with business in China. He assumed the position of Director of the Company in March 2017 and has made decisions about the overall management of the Company and operating and overseeing new projects in the Company's core lodging business based on his extensive experience in trading and distribution businesses in Asia and profound international perspective. The Company deems that he is capable of appropriately continuing his duties as Director and has made him a candidate for Director.

Candidate **4**

**Takanori
Kitamura**
きたむら
たかのり

Reappointment

External and Independent

Birth dates
November 15, 1946
Number of the
Company's shares held
— Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1972	/	4	Joined the Ministry of Foreign Affairs (MOFA)
1989	/	1	Chief of Research Planning Department, Economic Cooperation Bureau
1990	/	12	Protocol Office, Minister's Secretariat, MOFA
1998	/	7	Minister to China
2004	/	4	Consulate General in Hong Kong
2006	/	9	Ambassador to Greece
2010	/	7	Retired from MOFA
2010	/	8	Professor at the Chinese University of Hong Kong
2013	/	3	External Director, the Company (present post)
2015	/	8	Visiting professor at the Chinese University of Hong Kong (present post)
2023	/	8	Honorary Fellow, Chinese University of Hong Kong (present post)

Reason for appointment and outline of expected role

The candidate, Mr. Takanori Kitamura, was appointed as the External Director of the Company in March 2013. He is also registered as an independent director as stipulated by the Tokyo Stock Exchange. Mr. Kitamura has the following qualifications: (1) Based on his experience as a diplomat, he has analyzed geopolitical risks regarding the trends of overseas tourists who are easily influenced by international situations; (2) Analyzing the tastes of overseas tourists based on my experience as a consul general ambassador in Hong Kong and Greece, both of which are tourism-oriented regions; (3) Based on his experience as a diplomat, he provides advice on the execution of the Company's business based on his knowledge of external information transmission and public relations. He also supervises the execution of business from an independent standpoint. He has been nominated as a candidate for External Director of the Company, based on his wide range of experience as a diplomat and academician and his rich international perspective, and we believe that he will be able to appropriately carry out the supervisory function of the business execution system as an External Director of the Company. He satisfies the requirements for independence stipulated by the Tokyo Stock Exchange and will continue to be an independent director if elected as proposed.

Candidate **5**

**Clarence
Yean Kang
Wong**
クラレンス・
ウオン・カン・
イエン

Reappointment

External

Birth dates
December 3, 1970
Number of the
Company's shares held
— Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

2002	/	12	Business Development Manager, Far East Consortium International Limited
2003	/	3	Audit and Supervisory Committee Member, the Company
2005	/	3	Retired from the position of Audit and Supervisory Committee Member of the Company
2005	/	8	CFO, Parkson Retail Group Ltd.
2013	/	8	CFO, Dorsett Hospitality International Limited
2015	/	2	Company Secretary, Dorsett Hospitality International Limited
2015	/	6	Audit and Supervisory Committee Member, the Company
2016	/	1	COO (in charge of Southeast Asia and China) of Dorsett Hospitality International Limited (present post)
2017	/	3	Retired from the position of Audit and Supervisory Committee Member of the Company
2017	/	3	External Director, the Company (present post)

Reason for appointment and outline of expected role

The candidate, Mr. Clarence Yean Kang Wong, assumed the position of Audit and Supervisory Committee Member of the Company in June 2015 and External Director in March 2017. As a COO of Dorsett Hospitality International Limited operating Dorsett hotels, he provides advice and supervises the Company's business operation from the perspective of a manager operating a global hotel chain. The Company considers him capable of continuing to appropriately oversee its operation as External Director and made him a candidate for External Director.

Candidate

6

Giovanni

Angelini

アンジェリーニ・

ジョバンニ

Reappointment

External and Independent

Birth dates

September 23, 1945

Number of the
Company's shares held
—Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1996		Council Member of the Hong Kong Management Association (HKMA), Hong Kong
1999	/ 6	CEO and Managing Director, Shangri-La Hotels and Resorts
2009	/ 5	Chairman of Angelini Hospitality (present post)
2011	/ 4	Vice Chairman, Dusit Fudu International Hotel Management (Shanghai) Co., Ltd.
2013	/ 6	Independent External Director, New Century Real Estate Investment Trust
2014	/ 3	Independent External Director, Dorsett Hospitality International Limited
2018	/ 10	External Director, the Company (present)
2018		Professor of Practice (Hotel Management) School of Hotel & Tourism Management, The Polytechnic University, Hong Kong
2022		Advisory Board Member, The Landmark Development/OTT Financial Group, Toronto, Canada

Reason for appointment and outline of expected role

The candidate, Mr. Giovanni Angelini, assumed the position of an External Director of the Company in October 2018. He has been registered as an Independent Director specified by the Tokyo Stock Exchange and provides advice and supervises the Company's business management from an independent position. He has broad experience in global hotel business, including a former job as CEO of Shangri-La Hotels and Resorts, and thorough knowledge of the lodging business that is the Company's core business. Therefore, the Company deems him fully capable of continuing to fulfill his roles as an advisor and supervisor of its operations and made him a candidate for External Director. He meets the requirements for independence specified by the Tokyo Stock Exchange and, if elected as proposed, will be a new Independent Director.

Candidate

7

XIAN Chuping

シヤン・チューピ

ン

New Candidate

Birth dates

August, 30, 1962

Number of the
Company's shares held
— Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1983	/	7	Beijing International Studies University Bachelor of Arts in Japanese
1990	/	3	Fukushima University Master of Economics
2011	/	12	Senior Executive Program for China By China Europe International Business School (CEIBS) / Harvard Business School (HBS) / Tsinghua University School of Economics and Management (TSEM)
1983	/	9	China Radio International Japanese Department
1990	/	4	Yamaichi Securities Co. Ltd. Director of Foreign Fixed Income Department
1994	/	6	Yamaichi Securities Hong Kong Limited General Manager of Fixed Income Department
1999	/	2	Daiwa Securities SMBC Hong Kong Limited Director, Executive Vice-President
2002	/	7	Daiwa Securities Co., Ltd. Chief Representative of Beijing Representative Office
2008	/	11	Daiwa SMBC-SSC Securities Co., Ltd. Vice Chairman and Managing Director
2014	/	4	Daiwa Securities Co., Ltd. Chief Representative of Beijing Representative Office
2017	/	4	Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer
2018	/	4	Daiwa Securities Group Inc. Senior Managing Director / Deputy Head of Asia & Oceania Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer *Stationed in Hong Kong
2020	/	12	Daiwa Securities Group Inc. Senior Managing Director / Deputy Head of Asia & Oceania Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer *Stationed in Hong Kong
2021	/	3	Daiwa Securities (China) Co., Ltd. Chairman Daiwa Securities Group Inc. Senior Managing Director / Deputy Head of Asia & Oceania Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer *Stationed in Hong Kong
2021	/	7	Daiwa Securities (China) Co., Ltd. Chairman Daiwa Securities Group Inc. Senior Managing Director / Deputy Head of Asia & Oceania Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer *Stationed in Hong Kong
2022	/	9	Daiwa Securities (China) Co., Ltd. Chairman Daiwa (Shanghai) Corporate Strategic Advisory Co. Ltd. Chairman Daiwa Capital Markets Hong Kong Limited Head of China Daiwa Securities (China) Co., Ltd. Chairman

Reason for appointment and outline of expected role

The candidate, Mr. Xiang Michael Chuping has been involved in the financial business for many years and has extensive experience and knowledge in business and finance on a global scale, including serving as an executive at a major Japanese securities company. In particular, he is well versed in overall business in Asia and Oceania, including countries and regions where many people use our group's hotels, as well as Malaysia, where we operate a cemetery business. If he is selected as originally proposed, he will become President & CEO. He is scheduled to supervise the execution of the Company's business. Although we have not yet established a nominating committee for the election of candidates for new directors at this annual shareholders' meeting, two of our independent outside directors have interviewed candidates for director for this election, and the Board of Directors has then deliberated and made the selection.

- (Note) 1. The candidate, Ms. Winnie Wing Kwan Chiu, is a director of Far East Global Asia Limited, a substantial major shareholder. The Agora hospitality Group's Board of Directors resolved on 13 September 2022 to make a silent partnership investment in Agora Ohama Godo Kaisha, a consolidated subsidiary of The Agora hospitality Group, and Agora Ohama Godo Kaisha has received anonymous association investment of JPY 719 million by 31 December 2023 from a legal entity substantially represented by a close relative of Ms. Winnie Wing Kwan Chiu.
- (Note) 2. Other than the above, the candidates do not have a special interest in the Company.
- (Note) 3. Messrs. Takanori Kitamura, Clarence Yean Kang Wong, and Giovanni Angelini, are Candidates for External Director specified in item (vii), paragraph (3), Article 2 of the Ordinance for Enforcement of the Companies Act.
- (Note) 4. The term of office of the candidate, Mr. Takanori Kitamura, as External Director of the Company, will be eleven (11) years upon the conclusion of the Ordinary General Meeting of Shareholders. The Company plans to designate him as Independent Director pursuant to the provisions of the Tokyo Stock Exchange.
- (Note) 5. The term of office of the candidate, Mr. Clarence Yean Kang Wong, as External Director of the Company will be Seven (7) years upon the conclusion of the Ordinary General Meeting of Shareholders. He assumed the office of the Company's Audit and Supervisory Committee Member in the past.
- (Note) 6. The term of office of the candidate, Mr. Giovanni Angelini, as External Director of the Company will be four Five (5) and Six (6) months upon the conclusion of the Ordinary General Meeting of Shareholders. The Company plans to designate him as Independent Director pursuant to the provisions of the Tokyo Stock Exchange.
- (Note) 7. The Company has entered into contracts with Messrs. Takanori Kitamura, Clarence Yean Kang Wong, and Giovanni Angelini, to limit liability under Article 423, Paragraph 1 of the Companies Act. The amount of limitation of the liability for damages pursuant to this agreement will be the amount specified in laws and regulations. If the reappointment of each person is approved as an external Director as originally proposed, we will continue the contract to limit the liability under Article 423, Paragraph 1 of the Companies Act.
- (Note) 8. The candidates for the appointment of Directors at the Ordinary General Meeting of Shareholders have been selected by considering their knowledge and experience qualifying them for appropriately, fairly, and efficiently conduct business management, taking into account the provisions of the Companies Act, Financial Instruments and Exchange Act, and other relevant laws. The candidates were interviewed, screened, and selected by the Board of Directors.
- (Note) 9. Since December 2005, the Company has entered into liability insurance contracts for officers, etc., with the Company and its subsidiaries, as well as the directors and corporate auditors belonging to them, as insured. The insurance premium is fully borne by the company. Claims for damages caused by the insured's illegal acquisition of profits or facilities will not be covered by the above insurance contract. If the reappointment of each person is approved as an external Director as originally proposed, he/she will continue to be insured under the contract. In addition, we plan to update with the same content during the term of office.

Election of One (1) Sub Audit and Supervisory Board member

The Company requests that we appoint one (1) substitute external auditor in case the number of corporate auditors stipulated by law is insufficient. We request the appointment of the candidate in this proposal is as substitutes for two (2) current External corporate auditors, “Shinji Endo” and “Boswell Wai Hung Cheung”, If the candidate appointed as an Audit and Supervisory Board member, the term of office will be until the expiration of the term of the other auditor, as stipulated in the Articles of Incorporation of the Company.

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

The Candidate for Supplementary Audit and Supervisory Board Members is as follows.

		Brief personal history, positions in the Company and important concurrent positions in other companies	
Candidate		2002 / 4	ORIX Corporation, Japan
		2005 / 7	CapitaLand Japan K.K. Tokyo, Japan Head of Asset Management and Investment Dept., ACRJ Japan Rental Housing Fund
	Yoshinori	2013 / 7	CapitaLand Mall Japan K.K. Tokyo, Japan Head of Asset Management and Investment Dept. 7/2013 – 3/2015
	Hirano	2015 / 3	Composition Capital Partners Asia Limited, Hong Kong Vice President, Investment Dept.
	ひらの よしのり	2017 / 2	Liaison Japan K.K., Japan Founder, the President and Representative Director (present)
Reappointment		2021 / 3	Substitute Audit & Supervisory Board Member of the Company (present)
External		Reason for Appointment	
Birth dates	Messrs. Yoshinori Hirano has gained experience in all areas of real estate transactions such as real estate appraisal, due diligence, and real estate transactions, and is also responsible for investment asset management at overseas real estate investment companies. He has cultivated a wealth of achievements and a rich international sense in real estate investment. After that, he established Liaison Japan Co., Ltd. and serves as the representative director. He is also a qualified real estate appraiser and has specialized knowledge of real estate valuation. Based on his abundant knowledge and professional viewpoint, we believe that he will be able to properly carry out his duties as an external corporate auditor.		
December 3, 1977			
Number of the Company's shares held			
– Thousand shares			

(Note) 1. Messrs. Yoshinori Hirano is the President and Representative Director of Liaison Japan Co., Ltd., and the Company has a business consignment contract with the company regarding the development and management of real estate.

(Note) 2. If Messrs. Yoshinori Hirano becomes the Company plans to sign an agreement with each of them to limit the liability for damages specified in Paragraph (1), Article 423 of the Companies Act. The amount of limitation of the liability for damages pursuant to this agreement will be the amount specified in laws and regulations.

(Note) 3. Since December 2005, the Company has entered into liability insurance contracts for officers, etc., with the Company and its subsidiaries, as well as the directors and corporate auditors belonging to them, as insured. The insurance premium is fully borne by the company. Claims for damages caused by the insured's illegal acquisition of profits or facilities will not be covered by the above insurance contract. After the reappointment of candidate Yoshinori Hirano as a substitute Audit & Supervisory Board Member is approved as originally proposed, if he becomes an Audit & Supervisory Board Member, he / she will be insured under the contract. The same content will be updated during the term of office.

That's all

Reference

If the resolution item No. 1 is approved and adopted, the status of officers will be as follows.

Male: 9 Female: 1

Japanese: 5, non-Japanese: 5

Name	Title	Experience in a service industry such as the hospitality industry and professional management experience	Experience in overseas tourism administration, geopolitical knowledge, international business analysis of overseas tourists' tastes and trends based on the international situation	Specialized knowledge and ability in accounting and finance	Abundant international knowledge and experience	Real estate transactions
Ms. Winnie Wing Kwan Chiu	Director	●	●		●	●
Mr. Michael XIAN Chuping				●	●	●
Mr. Masami Egami	Director	●	●		●	
Mr. Hiroshi Aso	Director	●			●	
Mr. Takanori Kitamura	Director		●		●	
Mr. Clarence Yean Kang Wong	Director	●		●	●	●
Mr. Giovanni Angelini	Director	●	●		●	●
Mr. Juichiro Sugito	Auditor			●		
Mr. Shinji Endo	Auditor			●		
Mr. Boswell Waihan Cheung	Auditor			●	●	

Independent Auditor's Report

February 26, 2024

Agoura Hospitality Group, Inc.

To: Board of Corporate Auditors

Avantia Audit Corporation

Chiyoda Ward, Tokyo

designated employee Managing Partner	certified public accountant	Hiroaki Soma
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designated employee Managing Partner	certified public accountant	Daisuke Kato
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Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Agoura Hospitality Group, Inc. for the fiscal year from January 1, 2023 to December 31, 2023, in accordance with Article 444(4) of the Companies Act. We have audited the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to consolidated financial statements of Hospitality Group Inc.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Agoura Hospitality Group, Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan. いるものと認める。

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Descriptions

The other statements are the business report and supporting schedules. Management is responsible for the preparation and disclosure of the other statements. It is also the responsibility of the corporate auditors and the board of corporate auditors to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements does not include any other description, and we express no opinion on any other description.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of that reading, to consider whether there are material differences between the other information and the consolidated financial statements or knowledge we

have acquired in the course of our audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material errors in the other statements.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal control determined as necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to present the consolidated financial statements on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan. The Company is responsible for the disclosure of such matters.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the consolidated financial statements that is independent in the auditor's report. A misstatement is considered to be material if it could reasonably be expected to result from fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the consolidated financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and

- . Identify and assess the risks of material misstatement due to fraud or error. The auditor shall also design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.
- . The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control; however, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- . Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the adequacy of the related notes.
- ... Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or circumstances that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention to the notes to the consolidated financial statements in the auditor's report or, if the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the entity to cease to exist as a going concern.
- ... Evaluate whether the presentation and notes to the consolidated financial statements conform to accounting principles generally accepted in Japan, and whether the consolidated financial statements, including the related notes, present fairly the underlying transactions and

accounting events. (ii)

... Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to enable it to form an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal controls, identified during the course of the audit, and other matters required by the audit standards.

The auditor shall report to the auditors and the board of auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters that may reasonably be considered to affect the auditor's independence and any safeguards, if any, taken to remove or mitigate disincentives.

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We have no interest in or relationship with the Company or its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

and above

Independent Auditor's Report

February 26, 2024

Agoura Hospitality Group, Inc.

To: Board of Directors

Avantia Audit Corporation

Chiyoda Ward, Tokyo

designated employee Managing Partner	certified public accountant	Hiroaki Soma
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designated employee Managing Partner	certified public accountant	Daisuke Kato
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Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Agoura Hospitality Group, Inc. for the fiscal year from January 1, 2023 to December 31, 2023, in accordance with Article 444(4) of the Companies Act. We have audited the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to consolidated financial statements of Hospitality Group, Inc.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Agoura Hospitality Group, Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan. いるものと認める。

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Descriptions

The other statements are the business report and supporting schedules. Management is responsible for the preparation and disclosure of the other statements. It is also the responsibility of the corporate auditors and the board of corporate auditors to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements does not include any other description, and we express no opinion on any other description.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of reading the other information, to consider whether there are material differences between the other information and the consolidated financial statements or

knowledge we have acquired in the course of our audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material errors in the other statements.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal control determined as necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to present the consolidated financial statements on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan. The Company is responsible for the disclosure of such matters.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the consolidated financial statements that is independent in the auditor's report. A misstatement is considered to be material if it could reasonably be expected to result from fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the consolidated financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and

- . Identify and assess the risks of material misstatement due to fraud or error. The auditor shall also design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.
- . The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control; however, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- . Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the adequacy of the related notes.
- ... Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or circumstances that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention to the notes to the consolidated financial statements in the auditor's report or, if the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances could cause the entity to cease to exist as a going concern.
- ... Evaluate whether the presentation and notes to the consolidated financial statements conform to accounting principles generally accepted in Japan, and whether the consolidated financial statements, including the related notes, present fairly the underlying transactions and

accounting events. (ii)

... Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to enable it to form an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal controls, identified during the course of the audit, and other matters required by the audit standards.

The auditor shall report to the auditors and the board of auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters reasonably believed to affect the auditor's independence and any safeguards, if any, taken to remove or mitigate disincentives.

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We have no interest in or relationship with the Company or its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

and above

Independent Auditor's Report

February 26, 2024

Agoura Hospitality Group, Inc.

To: Board of Corporate Auditors

Avantia Audit Corporation

Chiyoda Ward, Tokyo

designated employee Managing Partner	certified public accountant	Hiroaki Soma
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designated employee Managing Partner	certified public accountant	Daisuke Kato
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Audit Opinion

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the financial statements, namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules of Agoura Hospitality Group Inc. The Company has audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules (the "financial statements, etc.") for the 86th fiscal year from January 1, 2011 to December 31, 2023. We have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules (the "financial statements, etc.") for the 86th fiscal year through December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the financial statements based on our audit. We are independent of the Company and fulfill our other ethical responsibilities as auditors in accordance with the rules on professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Descriptions

The other statements are the business report and supporting schedules. Management is responsible for the preparation and disclosure of the other statements. It is also the responsibility of the corporate auditors and the board of corporate auditors to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the financial statements does not cover other matters and we express no opinion on them.

Our responsibility in the audit of the financial statements is to read the other information carefully and, in the course of reading the other information, to consider whether there are material differences between the other information and the financial statements or our knowledge

obtained in the audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material misstatement.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Other Documents

Management is responsible for the preparation and fair presentation of the financial statements and other financial information in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal control determined to be necessary by management for the preparation and fair presentation of the financial statements and other financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for evaluating whether it is appropriate to prepare the financial statements based on the going concern assumption and for disclosing matters related to a going concern if such disclosure is required under accounting principles generally accepted in Japan.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the financial statements, etc., as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the financial statements, etc., in the auditor's report that is independent. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and

- . Identify and assess the risks of material misstatement due to fraud or error. The auditor shall also design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.

- ... Although the purpose of an audit of financial statements is not to express an opinion on the effectiveness of internal control, the auditor considers internal control relevant to the audit in making those risk assessments in order to design audit procedures that are appropriate in the circumstances.

- . Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the adequacy of the related notes.

- ... Conclude whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or circumstances that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention to it in the auditor's report or, if the notes to the financial statements are not appropriate in relation to the material uncertainty, to express an opinion with qualifications on the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the entity to cease to exist as a going concern.

The financial statements are prepared in accordance with accounting principles generally accepted in Japan. Evaluate whether the presentation and notes to the financial statements conform to accounting principles generally accepted in Japan, and whether the financial statements, including the related notes, present fairly the underlying transactions and accounting events, as well as the financial statement presentation, composition, and details.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal controls, identified in the course of the audit, and other matters required by the audit standards.

The auditor shall report to the auditors and the board of auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters that may reasonably be considered to affect the auditor's independence and any safeguards, if any, taken to remove or mitigate disincentives.

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We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

and above

Independent Auditor's Report

February 26, 2024

Agoura Hospitality Group, Inc.

To: Board of Directors

Avantia Audit Corporation

Chiyoda Ward, Tokyo

designated employee Managing Partner	certified public accountant	Hiroaki Soma
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designated employee Managing Partner	certified public accountant	Daisuke Kato
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audit opinion

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the financial statements, namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules of Agoura Hospitality Group Inc. The Company has audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules (the "financial statements, etc.") for the 86th fiscal year from January 1, 2011 to December 31, 2023. We have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules (the "financial statements, etc.") for the 86th fiscal year through December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the financial statements based on our audit. We are independent of the Company and fulfill our other ethical responsibilities as auditors in accordance with the rules on professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Descriptions

The other statements are the business report and supporting schedules. Management is responsible for the preparation and disclosure of the other statements. It is also the responsibility of the corporate auditors and the board of corporate auditors to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the financial statements does not cover other matters and we express no opinion on them.

Our responsibility in the audit of the financial statements is to read the other information carefully and, in the course of reading the other information, to consider whether there are material differences between the other information and the financial statements or our knowledge

obtained in the audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material misstatement.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Other Documents

Management is responsible for the preparation and fair presentation of the financial statements and other financial information in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal control determined to be necessary by management for the preparation and fair presentation of the financial statements and other financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for evaluating whether it is appropriate to prepare the financial statements based on the going concern assumption and for disclosing matters related to a going concern if such disclosure is required under accounting principles generally accepted in Japan.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the financial statements, etc., as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the financial statements, etc., in the auditor's report that is independent. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and

- . Identify and assess the risks of material misstatement due to fraud or error. The auditor shall also design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.

- ... Although the purpose of an audit of financial statements is not to express an opinion on the effectiveness of internal control, the auditor considers internal control relevant to the audit in making those risk assessments in order to design audit procedures that are appropriate in the circumstances.

- . Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the adequacy of the related notes.

- ... Conclude whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or circumstances that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention to it in the auditor's report or, if the notes to the financial statements are not appropriate in relation to the material uncertainty, to express an opinion with qualifications on the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the entity to cease to exist as a going concern.

The financial statements and the related notes are presented in conformity with accounting principles generally accepted in Japan. Evaluate whether the presentation and notes to the financial statements conform to accounting principles generally accepted in Japan, and whether the financial statements, including the related notes, present fairly the underlying transactions and accounting events, as well as the financial statement presentation, composition, and details.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal controls, identified in the course of the audit, and other matters required by the audit standards.

The auditor shall report to the auditors and the board of auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters that may reasonably be considered to affect the auditor's independence and any safeguards, if any, taken to remove or mitigate disincentives.

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We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

and above