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Securities Code: 6362

June 9, 2023

To our shareholders:

Hiroaki ISHII  
President  
**Ishii Iron Works Co., Ltd.**  
26-11, 3-Chome, Tsukishima, Chuo-ku, Tokyo

## NOTICE OF THE 157TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 157th Ordinary General Meeting of Shareholders of Ishii Iron Works Co., Ltd. (the “Company”), which will be held as described below.

The proposals being presented to this General Meeting include the Company’s proposals (Proposals 1 through 3) and shareholder proposal (Proposal 4). The content of the proposals is as described in the Reference Documents for the General Meeting of Shareholders, but the Board of Directors of the Company opposes Proposal 4, which is a shareholder proposal. For details on the opinions of the Company’s Board of Directors regarding the shareholder proposal, please see page 13.

In convening this General Meeting, the Company takes measures for providing information that constitutes the content of Documents for the General Meeting of Shareholders, etc. (items for which the measures for providing information in electronic format will be taken) in electronic format. This information is posted on the Company’s website, so please access the website by using the internet address shown below to view the information.

The Company’s website:

<https://www.ishii-iiw.co.jp/report/> (in Japanese)

In addition to the above website, items for which the measures for providing information in electronic format will be taken are also posted on the website of the Tokyo Stock Exchange (TSE). Access the TSE website (Listed Company Search) below, enter “Ishii Iron Works” in “Issue name” or the Company’s securities code “6362” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]” to view the information.

TSE website (Listed Company Search):

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

Instead of attending the meeting in person, you may exercise your voting rights via the internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 5:20 p.m., Wednesday, June 28, 2023 (JST).

- 1. Date and Time:** Thursday, June 29, 2023 at 10:00 a.m. (JST)
- 2. Venue:** Belle Salle Tokyo Nihonbashi, Conference Center, 5th floor  
Tokyo Nihonbashi Tower, 7-1, 2-Chome, Nihonbashi, Chuo-ku, Tokyo  
(Please note that the venue this year differs from last year.)

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 157th Term (from April 1, 2022 to March 31, 2023), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the 157th Term (from April 1, 2022 to March 31, 2023)

**Items to be resolved:**

**<Company Proposals>**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 3:** Revision of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

**<Shareholder Proposal>**

- Proposal 4:** Amendment to the Articles of Incorporation

Other matters related to the convocation of the General Meeting of Shareholders

1. With regard to exercising voting rights by proxy, the proxy shall be one (1) other shareholder who has voting rights, and who shall exercise the voting rights. In this case, please submit as proof of proxy authority the Letter of Proxy and, in principle, one of the below documents (1) through (3). Note, however, that official certification documents with an expiration date must be valid as of the date of this General Meeting. Those official certification documents without an expiration date must have been prepared within six months prior to the date of this General Meeting.
  - (1) For individual shareholders: One of the below (a) through (c)
    - (a) The Exercise of Voting Rights Form for this General Meeting of the shareholder delegating their voting rights
    - (b) Certificate of seal registration for the seal stamped on the Letter of Proxy (only if the document is stamped with a seal)
    - (c) Driver's license (including proof of driving record); various types of health insurance cards; national Pension Handbook; Physical Disability Certificate; Maternal and Child Health Handbook; Residence Card; Special Permanent Resident Certificate; Individual Number Card (front only); Basic Resident Register Card; or copy of a passport or other officially issued document, etc. listing name and address and affixed with a face photo
  - (2) For corporate shareholders: One of the below (a) through (c)
    - (a) The Exercise of Voting Rights Form for this General Meeting of the shareholder delegating their voting rights
    - (b) Certificate of seal registration for the seal stamped on the Letter of Proxy (only if the document is stamped with a seal)
    - (c) The Certificate of Registered Matters or other officially issued document, etc. listing the name of the corporation and its head office or principle business office
  - (3) For foreign nationals not residing in Japan and corporations having their head office or principal office in a foreign country: One of the below (a) or (b)
    - (a) One of the documents listed in the above (1) (for foreign nationals) or (2) (for corporations)
    - (b) Documents, etc. issued by a foreign government or international body and approved by the Japanese government, and which list matters of personal identification (name, address or location of head office).

Non-shareholders, including proxies and other accompanying individuals who are not shareholders, are not permitted to attend the General Meeting of Shareholders.

2. For those attending on the day of the meeting, please submit the Exercise of Voting Rights Form to the reception desk at the venue

3. Absent an indication of approval or disapproval of any of the proposals when exercising voting rights via the Exercise of Voting Rights Form, the shareholder will be deemed to have indicated their intent to vote “for” the proposals proposed by the Company and “against” the proposals proposed by shareholders.
4. If your voting rights have been exercised more than once via the internet, the last vote exercised shall be deemed valid.
5. If your voting rights have been exercised in duplicate via the Exercise of Voting Rights Form and the internet, the voting rights exercised via the internet shall be deemed valid.
6. In the event of a non-uniform exercise of voting rights, please provide notification in writing or by electromagnetic means of your intent to exercise your voting rights non-uniformly and the reason for doing so no later than three days prior to this General Meeting.
7. In accordance with the amendment to the Companies Act, the items for which the measures for providing information in electronic format will be taken are in principle to be viewed by accessing either of the websites (as shown on page 1), and the paper-based documents stating the items are to be delivered only to shareholders who requested the delivery of paper-based documents by the record date. However, for this General Meeting, the Company will deliver the paper-based documents stating the items for which the measures for providing information in electronic format will be taken to all shareholders, regardless of whether or not they have requested them.

Among the items for which the measures for providing information in electronic format will be taken, the following items are not included in the paper-based documents to be delivered, in accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company. Accordingly, such paper-based documents are part of the documents audited by the Accounting Auditor and the Audit and Supervisory Committee in preparing their audit reports.

- (1) “Consolidated Statement of Changes in Net Assets” and “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements
  - (2) “Statement of Changes in Net Assets” and “Notes to the Non-Consolidated Financial Statements” of the Non-Consolidated Financial Statements
8. If revisions to items for which the measures for providing information in electronic format will be taken arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company’s website as well as the website of the Tokyo Stock Exchange on the Internet described in page 1.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Matters

#### <Company Proposals (Proposal 1 through Proposal 3)>

**Proposal 1:** Appropriation of Surplus

With respect to dividends, the Company seeks to return profits to shareholders stably while strengthening its internal reserves for future growth.

Under this basic policy, the Company, in consideration of its business results for the fiscal year ended March 31, 2023 and future business developments, proposes a year-end dividend of ¥70 per share, an increase of ¥10 per share from the previous fiscal year, as follows:

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property and total amount thereof  
¥70 per common share of the Company  
Total amount of dividends: ¥253,329,090
- (3) Effective date of distribution of dividends of surplus  
June 30, 2023

**Proposal 2:** Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The tenure of all four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will end at the conclusion of this General Meeting. Therefore, the Company proposes the election of four (4) Directors.

This proposal has been decided after deliberation at the Nomination and Compensation Committee.

In addition, the Audit and Supervisory Committee has considered this proposal and given their consent.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Hiroaki ISHII (February 20, 1969) Reelection	<p>Apr. 1996      Joined Shimizu Corporation</p> <p>May 2006      Advisor of the Company</p> <p>June 2006      Director of the Company Corporate Officer and Assistant General Manager, Steel Structure Business Division of the Company</p> <p>Apr. 2009      Director of the Company Corporate Officer, Assistant Executive General Manager, Steel Structure Business Headquarters and Executive General Manager, Sales Headquarters of the Company</p> <p>July 2012      Managing Director, Assistant Executive General Manager, Steel Structure Business Headquarters and Executive General Manager, Sales Headquarters of the Company</p> <p>Apr. 2015      Managing Director and Executive General Manager, Steel Structure Business Headquarters of the Company</p> <p>June 2019      Managing Director and Executive General Manager, Steel Structure Business Headquarters and Assistant to the President of the Company</p> <p>Apr. 2020      Executive Director, Assistant to the President and in charge of the entire Company of the Company</p> <p>Apr. 2021      Executive Director, Assistant to the President, in charge of the entire Company, and General Manager, Corporate Planning Headquarters of the Company</p> <p>Feb. 2022      Executive Director, Assistant to the President, in charge of the entire Company, and General Manager, Corporate Planning Headquarters, and General Manager, Steel Structure Business Headquarters of the Company</p> <p>Mar. 2023      Representative Director and President, General Manager, Corporate Planning Headquarters, and General Manager, Steel Structure Business Headquarters of the Company</p> <p>Apr. 2023      Representative Director and President, and General Manager, Corporate Planning Headquarters of the Company (present position)</p> <p>May 2023      Representative Director and President, IIW Engineering Co. Sdn. Bhd. (present position) Representative Director and President, IIW Singapore Pte. Ltd. (present position)</p> <p>[Significant concurrent positions outside the Company] Representative Director and President, IIW Engineering Co. Sdn. Bhd. Representative Director and President, IIW Singapore Pte. Ltd.</p>	15,193

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
		<p>Reasons for nomination as candidate for Director</p> <p>Hiroaki Ishii has significantly contributed to expanding the business, holding a senior position by serving as executive officer in charge of the sales section of the tank plant engineering and construction business in Japan and overseas since he assumed the office of Director in June 2006. He assumed the office of Managing Director in July 2012, Executive Director in April 2020, and Representative Director and President in March 2023, exercising strong leadership in working to enhance the Company's business performance and corporate value in the medium to long term. The Company has re-nominated him as a candidate for Director based on the judgment that he is qualified as Director because he has such abundant experience and proven track record.</p>	

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Masanobu NAKANISHI (February 6, 1964) Reelection	<p>Apr. 1986      Joined the Sumitomo Bank, Limited (current: Sumitomo Mitsui Banking Corporation (SMBC))</p> <p>Oct. 2011      General Manager, Taipei Branch of SMBC</p> <p>Dec. 2014      General Manager, Hanoi Branch of SMBC</p> <p>Apr. 2015      Country Head of Vietnam and General Manager, Hanoi Branch, Asia Pacific Division, SMBC</p> <p>May 2018      Advisor of the Company</p> <p>June 2018      Director, General Manager, Business Management Department and General Manager, Real Estate Business Division of the Company</p> <p>July 2019      Managing Director of the Company (present position)</p> <p>Apr. 2021      General Manager, Business Management Headquarters and General Manager, Real Estate Business Division of the Company (present position)</p>	6,377
<p>Reasons for nomination as candidate for Director</p> <p>Masanobu Nakanishi has gained a wealth of experience in a wide range of areas in Japan and overseas since he joined Sumitomo Bank, Limited (current: Sumitomo Mitsui Banking Corporation) in 1986, and has fully utilized his capabilities as a global human resource. He then assumed the office of Director of the Company in June 2018, and Managing Director in July 2019, and since then he has demonstrated the ability to promote management strategies based on the Medium-term Management Plan and expand the real estate business as the General Manager of the Business Management Headquarters and Real Estate Business Division. The Company has re-nominated him as a candidate for Director based on the judgment that he is qualified as Director because he has such abundant experience and proven track record.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Satoru YOSHIDA (September 11, 1954) Reelection	<p>Oct. 1977      Joined the Company</p> <p>Apr. 2013      Administrative Officer and Construction Manager, Production and Engineering, Steel Structure Business Headquarters of the Company</p> <p>Apr. 2015      Administrative Officer and General Manager, Production and Engineering, Steel Structure Business Headquarters of the Company</p> <p>June 2019      Corporate Officer and General Manager, Production and Engineering, Steel Structure Business Headquarters of the Company</p> <p>Apr. 2020      Corporate Officer and Executive General Manager, Steel Structure Business Headquarters of the Company</p> <p>June 2020      Director of the Company (present position) Executive General Manager, Steel Structure Business Headquarters of the Company</p> <p>Apr. 2021      General Manager, Steel Structure Business Headquarters of the Company</p> <p>Feb. 2022      Overseas General Manager, Steel Structure Business Headquarters of the Company</p> <p>Apr. 2023      General Manager, Steel Structure Business Headquarters of the Company (present position)</p>	3,022
<p>Reasons for nomination as candidate for Director</p> <p>Satoru Yoshida has engaged consistently in the tank plant engineering and construction business since joining the Company and has demonstrated outstanding abilities, especially in the areas of production and engineering. Since assuming the office of General Manager, Production and Engineering in the Steel Structure Business Headquarters of the Company in 2015, he has exercised leadership in his position as head of the production and engineering areas, and as Director and Executive General Manager, Steel Structure Business Headquarters of the Company since June 2020, and as General Manager of the same business since April 2023, he has contributed significantly to its expansion. The Company has re-nominated him as a candidate for Director based on the judgment that he is qualified as Director because he has such abundant experience and proven track record.</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Mizuyo TOMA (August 10, 1974) New election Outside Independent Woman	<p>June 1999      Joined Shiraishi Kogyo Kaisha, Ltd.</p> <p>Apr. 2014      General Manager, Human Resources Department, Shiraishi Kogyo Kaisha, Ltd.</p> <p>June 2016      Corporate Officer and General Manager, Human Resources Department, Shiraishi Kogyo Kaisha, Ltd.</p> <p>July 2017      Corporate Officer in charge of human resources planning, Shiraishi Kogyo Kaisha, Ltd.</p> <p>July 2019      Corporate Officer in charge of human resources, Shiraishi Kogyo Kaisha, Ltd.</p> <p>Apr. 2023      Assistant Professor, Faculty of Business Administration, Otemae University (present position)</p> <p>[Significant concurrent positions outside the Company] Assistant Professor, Faculty of Business Administration, Otemae University</p>	0
<p>Reasons for nomination as candidate for Outside Director and overview of expected roles</p> <p>Since joining Shiraishi Kogyo Kaisha, Ltd. in 1999, Mizuyo Toma has gained abundant experience in the company's human resources planning, general affairs and real estate divisions. She also has an academic background in business administration as an Assistant Professor at the Faculty of Business Administration, Otemae University.</p> <p>The Company has nominated her as a candidate for Outside Director based on the judgment that she will contribute to the Company's sustainable growth and to the enhancement of corporate value in the medium to long term by providing appropriate guidance and advice, particularly with respect to investment in the Company's human capital and sustainability, as well as through appropriate supervision of business execution, based on her expertise. Although she has not been directly involved in business management, the Company believes that she is capable of properly performing her duties as an Outside Director for the above reasons.</p>			

- Notes:
1. There are no special interests between the Company and the above candidates for Director.
  2. Mizuyo Toma is a candidate for Outside Director.
  3. If Mizuyo Toma is elected and assumes office as a Director, the Company intends to conclude an agreement with her to limit liability for damages pursuant to the provisions set forth in the Articles of Incorporation, with the limit of liability under said agreement to be the minimum amount prescribed by law.
  4. If Mizuyo Toma is elected and assumes office as a Director, the Company will designate her as independent officer in accordance with the rules of the Tokyo Stock Exchange and register her as such with the exchange.
  5. The Company has entered into an officer liability insurance policy with an insurance company in accordance with the provisions of Article 430-3, Paragraph (1) of the Companies Act. The insurance policy is designed to cover economic damages (compensation for damages and litigation costs) incurred by the insured individual, including Directors of the Company, in the event of a claim for damages by a third party arising from the insured's performance of duties. In the event each candidate is elected and assumes office as a Director, the candidate shall then become an insured person under the insurance policy. The insurance policy is scheduled to be renewed with the same terms at the next renewal.

(Reference) Skill Matrix of the Board of Directors (After the Ordinary General Meeting)

		Corporate management	Organization, personnel affairs and human resource development	Technical innovation and DX	Global business	ESG and sustainability	Quality and safety	Legal affairs and risk management	Finance and accounting
Hiroaki ISHII	Man	○	○	○	○	○	○		
Masanobu NAKANISHI	Man	○	○		○	○		○	○
Satoru YOSHIDA	Man	○	○	○	○		○		
Mizuyo TOMA	Woman	○	○			○		○	
Yoshiyuki KADOSHIMA	Man	○	○	○		○	○	○	○
Norikuni IMOTO	Man	○	○		○	○		○	○
Hiroshi KAWAMURA	Man	○	○		○	○		○	○

**Proposal 3:** Revision of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of monetary remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company was resolved at the 150th Ordinary General Meeting of Shareholders held on June 28, 2016 to be not more than 200 million yen per year (not including employee salaries), and this amount has remained unchanged to this day. However, comprehensively taking into account the election of one (1) Outside Director proposed in Proposal 2, “Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members),” as well as the recent economic situation and other various circumstances, the Company proposes to revise the amount of monetary remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) to be not more than 200 million yen (including 20 million yen for an Outside Director) per year.

As in the past, the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not include employee salaries for Directors who serve concurrently as employees.

The Company believes that this proposal is appropriate because it was decided by the Board of Directors after deliberation by the Nomination and Compensation Committee, comprehensively taking into account such factors as the Company’s business scale, the remuneration system for Directors and its payment level, the current number of Directors, and future trends.

If this proposal is approved and passed as originally proposed, “Policy for determination of details of individual remuneration and others for Directors (excluding Directors who are Audit and Supervisory Committee Members)” in 2. (3) (iv) (a) of the Business Report will be revised based on this proposal. The revised policy is to add to the current policy a statement regarding the remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) (Outside Directors), and the details are as summarized in “(Reference) Summary of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) (Outside Directors)” below.

The current number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is four (4) (including zero (0) Outside Directors). If Proposal 2, “Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved and passed as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be four (4) (including one (1) Outside Director).

(Reference) Summary of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) (Outside Directors)

The remuneration system for Directors (excluding Directors who are Audit and Supervisory Committee Members) (Outside Directors) consists solely of basic remuneration as fixed remuneration (monetary remuneration) (monthly remuneration). The amount of individual remuneration and others for Directors shall be determined according to their responsibilities and roles, comprehensively taking into consideration the levels of other companies and other factors in order to attract diverse and talented personnel. Detailed matters shall be in accordance with the internal regulations on the payment of Directors’ remuneration established by the Board of Directors after deliberation by the Nomination and Compensation Committee.

### <Shareholder Proposal (Proposal 4)>

Proposal 4 has been proposed by one (1) shareholder.

Outline of the proposal and reasons for the proposal below are, except where otherwise noted, described as originally written in the Shareholder Proposal submitted by the shareholder.

#### **Proposal 4:** Amendment to the Articles of Incorporation

##### 1. Outline of the Proposal

The following new article shall be added to the current Articles of Incorporation. Note that if any superficial adjustments (including, but not limited to, correction of misnumbered articles) to the articles listed in this Proposal become necessary due to the passage of other proposals (including those proposed by the Company) at this Ordinary General Meeting of Shareholders, the articles involving this Proposal shall be read as articles after the necessary adjustments have been made.

(Underlining indicates amended portions.)

Current Articles of Incorporation	Proposed Amendment
(Newly established)	<p style="text-align: center;"><u>Chapter 7</u> <u>Management Plans</u></p> <p><u>(Management Plans)</u></p> <p><u>Article 37</u></p> <p><u>If the price-to-book (P/B) ratio on the last trading day of the previous fiscal year on the Tokyo Stock Exchange is less than 1, the Company shall disclose the following information through the Timely Disclosure network operated by the Tokyo Stock Exchange by the time of the announcement of the financial results for the second quarter of the current fiscal year.</u></p> <p><u>(1) Management plans, cost of capital, and return on capital as are deemed reasonably necessary to achieve a P/B ratio of at least 1, as well as the basis for their calculation</u></p> <p><u>(2) If the unrealized gains (difference between the balance sheet amount and the year-end market value) on rental properties, etc. exceed the total shareholders' equity on the balance sheet, the figures using the adjusted consolidated net assets after taking into account the unrealized gains shall be stated together for (1) above.</u></p> <p><u>P/B ratio shall be the share price of the Company's common stock divided by the Company's consolidated net assets per share (calculated by subtracting the number of treasury stock from the number of shares issued and applying the "Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4)").</u></p>

##### 2. Reasons for the Proposal

In its "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" (March 31, 2023), the Tokyo Stock Exchange required all Prime and Standard listed companies to identify their cost of capital and return on capital, analyze and evaluate the details and market valuations, consider and formulate policies, targets, planning periods and specific initiatives for improvement, and disclose them along with their current assessment. In particular, for companies with P/B ratios constantly below 1, such as the Company, the above analysis of the current situation and the formulation of improvement plans and their disclosure are even more strongly required.

The Company owns a number of rental properties, etc. in addition to its headquarters and factories, and the unrealized gains (difference between the balance sheet amount and the year-end market value), which are not shown on the balance sheet, amount to approximately 24 billion yen, more than twice the amount of net assets on the book value. As a result, the formal return on capital and others currently disclosed deviate significantly from the reality and are misleading investors.

Therefore, the proposing shareholder proposes that, in response to the request from the Tokyo Stock Exchange, the Company should formulate and announce specific plans, and with regard to the disclosed figures included

in those plans, if there is a significant deviation from the figures calculated on a market value basis, the Company should also disclose them.

[Board of Directors' Opinion of Proposal 4]

The Board of Directors of the Company opposes this Shareholder Proposal.

■ Reason for Opposition

The Company's Board of Directors deeply understands the importance of information disclosure to shareholders and investors. Accordingly, the Board of Directors is constantly enhancing and strengthening disclosure, taking into consideration the opinions of shareholders and investors, as well as the external and competitive environments of the Steel Structure and Real Estate businesses.

In addition, the Company has long endeavored to understand its cost of capital properly and, by utilizing that knowledge, formulate Medium-term Management Plans, make important investment decisions, and conduct other initiatives.

Meanwhile, this Shareholder Proposal requests the establishment of a new provision to the Articles of Incorporation that, if the P/B ratio on the last trading day of the previous fiscal year on the Tokyo Stock Exchange is less than 1, the Company should disclose management plans, cost of capital and return on capital as are reasonably necessary to achieve a P/B ratio of at least 1, as well as the basis for their calculation, through the Timely Disclosure network operated by the Tokyo Stock Exchange by the time of the announcement of the financial results for the second quarter of the current fiscal year. However, we believe that the items to be disclosed in the management plan as well as the timing and method of disclosure are not of such a nature as to be stipulated in advance in the Articles of Incorporation; we should consider proper practices for such disclosure from time to time, including whether, when or how to make disclosure, based on the content of dialogue with shareholders and investors.

In the notice from the Tokyo Stock Exchange to listed companies dated March 31, 2023, "Action on Cost of Capital-Conscious Management and Other Requests," on which the proposing shareholder bases its reasons for the proposal, it is clearly stated that "they are not mandatory under TSE rules." The purpose of the notice is to encourage listed companies to make voluntary efforts; it is not a requirement to stipulate in their articles of incorporation whether, when or how to make disclosure.

Respecting the expectations of shareholders and investors as well as the request from the Tokyo Stock Exchange, the Company will reflect its "action on cost of capital-conscious management" in its Medium-term Management Plan. Furthermore, as part of such an action, the Company will first explain its efforts for improving the P/B ratio at the financial results meeting on May 30, 2023, and disclose the document on its website.

This Shareholder Proposal also requests the establishment of a new provision to the Articles of Incorporation that, if the unrealized gains on rental properties, etc. exceed the total shareholders' equity on the balance sheet, the figures using the adjusted consolidated net assets after taking into account the unrealized gains should be stated. However, we recognize that disclosing management figures based on unrealized gains is problematic in terms of objectivity, sustainability, and soundness, and we do not believe that disclosing such figures will lead to the enhancement of corporate value in the medium to long term.

The Articles of Incorporation are, in the first place, the fundamental principles governing the organization and activities of a stock corporation, and we believe that stipulating detailed matters regarding information disclosure in the Articles of Incorporation is contrary to the purpose of such Articles of Incorporation. Moreover, amendments to the Articles of Incorporation require a strict set of procedures involving a special resolution of the General Meeting of Shareholders, and there is a risk that the Company's information disclosure may lack flexibility going forward.

For the above reasons, the Company's Board of Directors opposes this Shareholder Proposal.