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July 11, 2024

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Announcement Regarding Issuance of New Shares, Disposition of Treasury Shares, and Secondary Offering of Shares

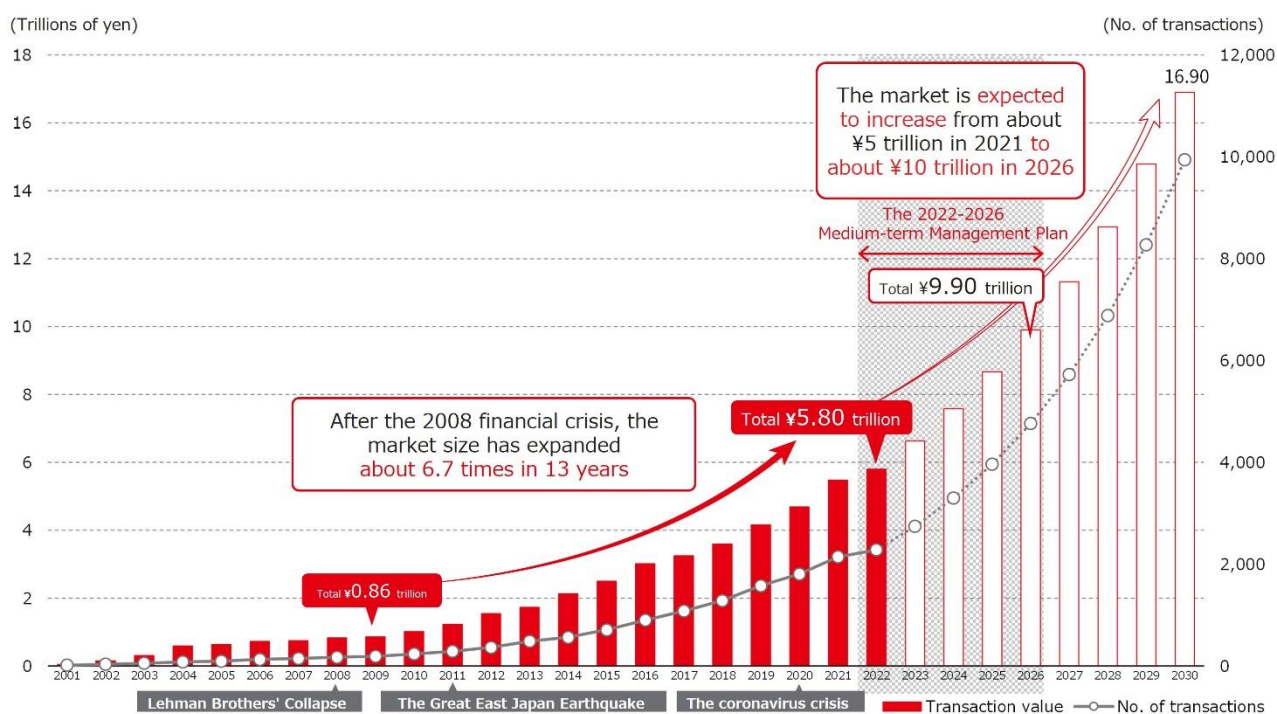
JINUSHI Co., Ltd. (the “Company”) hereby announces its board of directors resolved to issue new shares, dispose of its treasury shares, and make a secondary offering of its shares as set forth below.

Purpose of Financing

Since our founding in 2000, the Company has been engaged in the JINUSHI BUSINESS, a unique real estate investment method in which we do not own buildings but only invest in land. We purchase land and lease land. We do not construct or own the buildings ourselves but provide the leased land to investors as a real estate financial product that can be expected to generate long-term stable profit and is highly resistant to natural disasters and market volatility.

The leased land market, which we have been focusing on creating and expanding as the first runner, is a growing market that is expected to further expand from 0.86 trillion yen in 2009 after the Lehman Shock to 5.8 trillion yen in 2022, a significant increase of 6.7 times over the past 13 years, and to approximately 10 trillion yen by 2026*1.

Cumulative Leased Land Transactions and Forecast



*1: The figures in these graphs were calculated by the Japan Real Estate Institute using the above assumptions. These projections are not guarantees concerning the future growth of the leased land market in Japan. (1) Cumulative leased land transaction value is calculated by using publicly announced transactions between 2001 and 2022. (2) The forecast starting in 2023 for the growth in the value of leased land transactions assumes that growth will continue at the same pace as the average annual rate of growth between 2013 and 2022 (14.3% for monetary value and 20.2% for the number of transactions). (3) The calculation of the volume of the leased land market uses property price index and other data of the Ministry of Land, Infrastructure, Transport and Tourism, conservative assumptions for the percentage of publicly announced transactions that are for leased land, and the forecast for monetary transaction volume including transactions that are not made public.

JINUSHI Private REIT Investment Corporation (the "JINUSHI REIT"), operated by JINUSHI Group, is Japan's only private REIT specializing in leased land^{*2}. In January 2024, due to strong investor demand, JINUSHI REIT increased its capital for eight consecutive years after it started its asset management. Its asset size has grown to 221.6 billion yen, making it the seventh-largest asset size^{*3} in the private REIT market in Japan.

In addition, real estate investment involves various factors originating from buildings, such as repair costs, utility expenses, and costs to cope with increasingly severe natural disasters (equipment, insurance, etc.), and those risks of such are becoming apparent in the domestic economy, which is entering an inflationary phase.

On the other hand, JINUSHI BUSINESS does not own buildings and invests only in land, so it is free from such upside risks and does not require much effort. JINUSHI BUSINESS has developed 384 projects totaling approximately 483.1 billion yen. Understanding of the characteristics of our products is growing, and investment needs from asset management companies and individual investors in addition to J-REITs and institutional investors, are expanding.

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In such an environment, we are the only company^{*5} specializing in leased land, and we believe that the JINUSHI BUSINESS has great potential in the future, as we expect the demand for leased land to exceed the supply.

In February 2022, we announced our medium-term management plan (the "Mid-term plan"), which covers the five-year period from the fiscal year ended December 31, 2022, to the fiscal year ending December 31, 2026, with the aim of achieving net profit of 7 billion yen, We are aggressively promoting "Tenant business sector diversification," "Expand to more areas," and "Off-balance-sheet schemes for land". In addition, JINUSHI REIT is working to achieve 500 billion yen in assets at an early stage, having passed the 300 billion yen asset scale target set in the mid-term plan.

In the previous fiscal year ended December 31, 2023, the Company achieved its third consecutive year of profit growth^{*6}, with ROE reaching 15.1%, due to JINUSHI BUSINESS's improved reputation and strong investor demand. Purchases totaled 83 agreements at 58,800 million yen (+50 agreements, +38,300 million yen year-on-year), achieving the highest annual number of purchase agreements ever. We are also making good progress in the fiscal year ending December 31, 2024, and aim to purchase more than in the previous fiscal year.

The funds raised will be used for new purchases to further profit growth, given strong purchasing conditions and strong investor demand for the JINUSHI BUSINESS. Through this financing, we will strengthen our financial base and expand business opportunities in the future.

Although the issuance of new shares, disposition of treasury stock, and the secondary offering of shares are expected to dilute net income per share, etc., by up to 19.8%, we believe that further expansion of JINUSHI BUSINESS and enhancement of its corporate value over the medium to long term will benefit our shareholders and contribute to the expansion of our investor base and increase the liquidity of our shares. The Company has resolved to issue new shares, disposition of treasury stock, and secondary offering of shares in the belief that this will benefit shareholders, expand the investor base, and improve the liquidity of the Company's shares.

*2: Based on facts published as of the end of March 2024 (J-REITs are from issues listed on the Tokyo Stock Exchange, and private REITs are from issues published by the Association for Real Estate Securitization). *3: As of the end of March 2024. *4: Based on monetary value as of the end of March 2024. *5: Based on the Company research (from listed companies in Japan as of March 31, 2024). *6: Subject to net profit attributable to owners of parent.

1. Issuance of New Shares by Way of Public Offering (public offering)

- | | |
|--|--|
| (1) Class and number of Shares to be offered | 2,865,300 shares of common stock of the Company |
| (2) Method of determination of the amount to be paid | The amount to be paid will be determined on a date falling in the period from July 23, 2024, to July 26, 2024 (the “Pricing Date”) in accordance with the method set forth in Article 25 of the Rules Concerning Underwriting, Etc. of Securities provided by the Japan Securities Dealers Association (the “JSDA”). |
| (3) Amount of capital and capital reserve to be increased | The amount of capital to be increased shall be half of the maximum amount of capital to be increased, in accordance with Article 14, Paragraph 1 of the Regulation on Corporate Accounting, with any fraction less than one yen resulting from the calculation shall be rounded up to the nearest yen. The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of capital to be increased from the maximum amount of capital to be increased. |
| (4) Method of offering | The offering will be a public offering. All of the new shares shall be purchased for sale by the underwriting syndicate led by Nomura Securities Co., Ltd., as a lead manager (the “Underwriters”). The issue price of the public offering (offer price) shall be determined based on the tentative price range calculated by multiplying the closing price in regular trading of share of common stock of the Company on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90 – 1.00, in accordance with Article 25 of the Rules Concerning Underwriting, Etc. of Securities provided by the JSDA, taking into account market demand and other conditions. |
| (5) Consideration to be paid to the underwriters | The Company shall not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between the issue price with respect to the public offering (offer price) and the amount to be paid to the Company by the Underwriters shall be retained by the Underwriters. |
| (6) Offering period | The offering period shall be between the next business day and two business days after the pricing date. |
| (7) Payment date | The payment date shall be a day between July 29, 2024 and August 1, 2024, provided, however, the payment date shall be the date four business days after the Pricing Date. |
| (8) One trading unit | 100 shares |
| (9) The amount to be paid, the amount of increase in capital stock and capital reserve and any other matters necessary for the issuance of new shares by way of public offering shall be determined at the discretion of Hirofumi Nishira, Representative Director and President of the Company. | |
| (10) | Each item above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan. |

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2. Disposition of Treasury Shares by Way of Public Offering (public offering)

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|-----|---|--|
| (1) | Class and number of shares to be offered | 700,000 shares of common stock of the Company |
| (2) | Method of determination of the amount to be paid | The amount to be paid will be determined on the Pricing Date in accordance with the method set forth in Article 25 of the Rules Concerning Underwriting, Etc. of Securities provided by the Japan Securities Dealers Association (the “JSDA”). The amount shall be the same as the amount to be paid for the issuance of new shares by way of public offering. |
| (3) | Method of offering | The offering will be a public offering. All of the new shares shall be purchased for sale by the Underwriters. The disposition price of the public offering (offer price) shall be determined based on the tentative price range calculated by multiplying the closing price in regular trading of share of common stock of the Company on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90 – 1.00, in accordance with Article 25 of the Rules Concerning Underwriting, Etc. of Securities provided by the JSDA, taking into account market demand and other conditions. The disposition price (the offering price) shall be the same as the issue price for the issuance of new shares by way of public offering (the offering price). |
| (4) | Consideration to be paid to the underwriters | The Company shall not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between the disposition price with respect to the public offering (offer price) and the amount to be paid to the Company by the Underwriters shall be retained by the Underwriters. |
| (5) | Offering period | The offering period shall be between the next business day and two business days after the pricing date, however, such period shall be the same as the period for the issuance of new shares by way of public offering. |
| (6) | Payment date | The payment date shall be a day between July 29, 2024 and August 1, 2024, provided, however, such date shall be the same date as the payment day for the issuance day of new shares by way of public offering. |
| (7) | One trading unit | 100 shares |
| (8) | The amount to be paid and any other matters necessary for the disposition of treasury shares by way of public offering shall be determined at the discretion of Hirofumi Nishira, Representative Director and President of the Company. | |
| (9) | Each item above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan. | |

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3. Secondary Offering of Shares by Way of Overallotment (see <Reference> 1. below)

- | | |
|--|---|
| (1) Class and number of shares to be offered | 534,700 shares of common stock of the Company
The number of shares above is the maximum number of shares to be sold and may decrease, or the Secondary offering by way of overallotment itself may be canceled, depending on the Pricing date, after taking market demand into consideration. The number of shares to be offered shall be determined on the pricing date after consideration of the market demand. |
| (2) Seller | Nomura Securities Co., Ltd |
| (3) Selling price | Undetermined (the selling price shall be determined on the pricing date; provided, however, such selling price shall be the same as the issue price and disposition price in the public offering) |
| (4) Method of secondary offering | After consideration of the market demand for the public offering, Nomura Securities Co., Ltd., will offer the shares of common stock of the Company, which are borrowed from shareholders of the Company (the maximum number being 534,700 shares). |
| (5) Offering period | The period shall be the same as the period for the public offering |
| (6) Delivery date | The date shall be the next business day of the public offering. |
| (7) One trading unit | 100 shares |
| (8) The offering price and any other matters necessary for the secondary offering shall be determined at the discretion of Hirofumi Nishira, Representative Director and President of the Company. | |
| (9) Each item above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan. | |

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4. Issuance of Shares by Way of Third-party Allotment (see <Reference> 1. below)

- (1) Class and number of shares to be offered 534,700 shares of common stock of the Company
- (2) Method of determination of the amount to be paid The amount to be paid will be determined on the Pricing Date. The amount shall be the same as the amount to be paid for the public offering.
- (3) Amount of capital and capital reserve to be increased The amount of capital to be increased shall be half of the maximum amount of capital to be increased, in accordance with Article 14, Paragraph 1 of the Regulation on Corporate Accounting, with any fraction less than one yen resulting from the calculation shall be rounded up to the nearest yen. The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of capital to be increased from the maximum amount of capital to be increased.
- (4) Allottee Nomura Securities Co., Ltd
- (5) Offering date August 26, 2024
- (6) Delivery date August 27, 2024
- (7) One share unit 100 shares
- (8) Shares not subscribed within the offering period mentioned above (5) shall not be issued.
- (9) The amount to be paid, amount of capital and capital reserve to be increased and any other matters necessary for the issuance of new shares by way of third-party allotment shall be determined at the discretion of Hirofumi Nishira, Representative Director and President of the Company.
- (10) Each item above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan. If the public offering is canceled, the Issuance of New Shares by Way of Third-Party Allotment will also be canceled.

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<Reference>

1. Secondary Offering by Way of Overallotment, etc.

The secondary offering by way of overallotment described in “3. Secondary Offering of Shares (Secondary Offering by Way of Overallotment)” above is a secondary offering of shares of common stock of the Company to be made in conjunction with the Public Offering described in “1. Issuance of New Shares by Way of Public Offering” above and “2. Disposition of treasury shares by way of public offering (public offering)” above in an amount not to exceed 534,700 shares, which will be borrowed by the Japanese Lead Manager from a certain shareholder of the Company, considering market demand for the offerings and other conditions. The number of shares in the secondary offering by way of overallotment is expected to be 534,700 shares, which indicates the maximum number of shares to be sold, and depending on market demand and other conditions, such number may decrease, or the secondary offering by way of overallotment itself may be canceled.

In relation to the Secondary offering by way of overallotment, in order to have Nomura Securities Co., Ltd acquire the shares to return to shareholders borrowed from shareholders (the “Borrowed shares”), the Company has decided to conduct a third-party allotment of 534,700 shares of common stock in the Company to Nomura Securities Co., Ltd with a payment date of August 27, 2024 at the Board of Directors meetings held on July 11, 2024.

Furthermore, Nomura Securities Co., Ltd may also purchase shares of common stock of the Company on the Tokyo Stock Exchange in a quantity of up to the number of shares to be sold in the Secondary offering by way of overallotment for the purpose of returning the Borrowed shares (the “Syndicate cover transaction”), during the period beginning on the day immediately following the last day of the offering period for the public offering, the Secondary offering by way of purchase and subscription by Underwriters and the Secondary offering by way of overallotment and ending on August 21, 2024 (the “Syndicate cover transaction period”)

All shares of common stock of the Company purchased by Nomura Securities Co., Ltd through syndicate cover transaction will be used to return the Borrowed shares. It should be noted that, during the syndicate cover transaction period, Nomura Securities Co., Ltd may decide not to conduct any syndicate cover transactions or may terminate any syndicate cover transactions before the number of shares purchased reaches the number of shares to be sold in the Secondary offering by way of overallotment.

Also, Nomura Securities Co., Ltd may conduct market stabilization transactions associated with both the public offering and, the Secondary offering by way of purchase and subscription by underwriters and the Secondary offering by way of overallotment and may use all or part of the shares of common stock of the Company purchased through the stabilization transactions to return the Borrowed shares.

Nomura Securities Co., Ltd plans to acquire the number of shares from the Company after subtracting the number of shares to be used to return the Borrowed shares acquired from stabilization and syndication cover transactions from the number of shares in the secondary offering by way of overallotment, in response to the allotment through the third-party allotment. Therefore, the subscription may not be made for all or part of the number of shares to be issued in the third-party allotment, and as a result, the number of shares to be issued may be decreased to the limit, or the shares may not be issued at all.

If Nomura Securities Co., Ltd accepts the allotment through the third-party allotment, the lead manager will make payment for the number of shares to acquire, using the funds from the secondary offering by way of overallotment.

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2. The Number of Outstanding New Shares as a Result of the Issuance of New Shares by Way of Public Offering and by Way of Third-party Allotment

The current number of outstanding shares	18,285,800 shares (As of July 11, 2024)
The number of shares to be increased due to the public offering	2,865,300 shares
The number of outstanding shares after the public offering	21,151,100 shares
The number of shares to be increased due to the third-party allotment	534,700 shares (Note)
The number of outstanding shares after the third party allotment	21,685,800 shares (Note)

Note: Figures are the number of shares if the lead manager subscribes to all the new shares described in “4. Issuance of new shares by way of third-party allotment” (1) and such shares are issued.

3. Changes the Number of Shares of Treasury Stock through this Disposition by Way of Public Offering

The current number of treasury shares	1,730,675 shares (As of July 11, 2024)
The number of shares disposed	700,000 shares
The number of treasury stock after disposition	1,030,675 shares

4. Use of Proceeds

(1) Use of proceeds this time

The total estimated net proceeds from this public offering and the third-party allotment, up to a maximum of 10,636,213,000 yen, will be used entirely by the end of December 2024 to purchase new development land for further profitable growth in the Real Estate Investment Business.

As stated in the aforementioned “Purpose of Financing”, based on strong investor demand for the JINUSHI Business and favorable development land purchase conditions, the Company intends to strengthen its financial base and further expand business opportunities in the future through this fund procurement.

(2) Change in use of previously procured funds

Not applicable.

(3) Impact on business performance

The impact of this financing on this fiscal year's financial results is expected to be negligible.

5. Distribution of Profit to Shareholders, etc.

(1) Basic policy on profit distribution

The Company believes that it is in the process of continuing to expand its business, and that the greatest return to shareholders will come from retaining earnings to strengthen its financial position, making investments to improve business efficiency and expand its business, and aiming for further business expansion.

(2) Approach to determining dividends

Based on the above basic policy, our policy is to increase dividends through profit growth while continuing to pay stable dividends, assuming a cash dividend based on performance trends. Aiming to further increase corporate value, we will be conscious of the balance between enhancing retained earnings to enable investment for growth and returning profits to shareholders.

Regarding dividends from surplus, the Articles of Incorporation stipulate that the record date for year-end dividends shall be December 31 and that interim dividends may be paid with a record date of June 30. The decision-making bodies for these dividends are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

(3) Use of retained earnings

The Company intends to use retained earnings for investments for further future growth to respond flexibly to future changes in the business environment.

(4) Dividends for the past three fiscal years, etc.

	22nd period (FY12/21)	23rd period (FY12/22)	24th period (FY12/23)
Consolidated net profit per share	170.90 yen	199.16 yen	267.76 yen
Annual dividend per share (Interim dividend per share)	50.00 yen (-)	55.00 yen (-)	55.00 yen (-)
Actual consolidated dividend payout ratio	29.3%	27.6%	20.5%
Consolidated return on equity	11.9%	12.4%	15.1%
Consolidated ratio of dividends to net assets	3.5%	3.4%	3.1%

Note:

1. The actual consolidated dividend payout ratio is the annual dividend per share divided by the consolidated return on equity.
2. Consolidated return on equity is calculated by dividing net income attributable to owners of parent by shareholders' equity (consolidated total net assets less noncontrolling interests, which is the average of the beginning and end of the fiscal year).
3. The consolidated ratio of dividends to net assets is the annual dividend per share divided by the consolidated net assets per share (the average of the beginning and the end of the fiscal year).

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6. Other

(1) Designation of distribution destination

Not applicable.

(2) Dilutive information by potential shares

Not applicable.

(3) Past equity financings, etc.

(a) Equity financing in the past three years

Payment date	Estimated net proceeds	Capital after financing	Capital reserve after financing
April 19, 2024	23,999,660 yen Disposition of Treasury Shares as Restricted Stock Compensation	3,048 million yen	3,026 million yen
May 17, 2024	235,234,470 yen Disposition of Treasury Shares as Restricted Stock Compensation	3,048 million yen	3,026 million yen

(b) Changes in share price, etc. for the past three fiscal years and the immediately preceding fiscal year

	FY12/21	FY12/22	FY12/23	FY12/24
Open price	1,664 yen	1,721 yen	1,836 yen	2,175 yen
High price	1,920 yen	2,152 yen	2,368 yen	2,830 yen
Low price	1,610 yen	1,645 yen	1,776 yen	2,080 yen
Close price	1,719 yen	1,856 yen	2,182 yen	2,766 yen
Price-earnings ratio	10.06 times	9.32 times	8.15 times	—

Note:

- Share prices for the year ending December 31, 2024 are shown as of July 10, 2024.
- The price-earnings ratio is calculated by dividing the share price (closing price) at the end of the fiscal year by the consolidated net income per share for the relevant fiscal year. The figures for the fiscal year ending December 31, 2024 are not shown because the period is still in the middle of the fiscal year.

(c) Changes in holding Policies of allottees in Third-party allotments, etc. in the past five years

Not applicable.

(4) Lockup period

In connection with the Public Offering, Tetsuya Matsuoka, Matsuoka G.K., Hirofumi Nishira, Kenji Irie and a shareholder of the Company have agreed with Nomura Securities Co., Ltd not to sell or otherwise dispose of shares of the Company in principle during the period commencing on the Pricing Date and ending on the 90th day after the delivery date of the Public Offering (the "Lockup Period") without prior written consent of Nomura Securities Co., Ltd.

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The Company has also agreed with Nomura Securities Co., Ltd. that during the lock-up period, it will not issue shares of the Company, securities convertible into or exchangeable for shares of the Company, or securities entitling the holder to acquire or receive shares of the Company without the prior written consent of Nomura Securities Co., Ltd. (However, it excludes the public offering, this capital increase by way of third-party allocation, the issuance of new shares by way of stock split, etc.)

In any of the above cases, Nomura Securities Co., Ltd. has the right to terminate such agreement in whole or in part at its discretion, even during the lock-up period.