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In the event of any discrepancy between this English version and the Japanese version, the Japanese original shall prevail.

September 12, 2022

Hironao Fukushima
Representative Director
City Index 11 Co., Ltd.

To the Board of Directors of JAFCO Group Co., Ltd.

Thank you for the opportunity to meet with Representative Director/President Miyoshi and CFO Matsuda on September 8 ("the Meeting"). As we mentioned in the Meeting, we believe that the relationship between company management and shareholders should be that in which both parties engage in constructive dialogue to jointly improve shareholder value. In light o this, we will reiterate, in writing, the proposals that we made in the Meeting.

We believe that it is meaningless for your Company to remain publicly traded if share prices are going to continue to remain significantly below 1x PBR. The fact that share prices are significantly below 1x PBR means that it is possible to purchase your Company shares and thereby obtain the LP ownership stakes of the funds in which you have made past investments at prices that are much cheaper than their book values. From the perspectives of the LP investors in your Company investment funds, this means that there has been nothing done to remedy the distortion in which it is cheaper to purchases your Company shares than to make LP investments into your Company's investment funds. From the perspective of your shareholders, it means that a share buyback is more effective than your Company making LP investments, when it comes to improving shareholder value.

Chairman Fuki mentioned that, in the past, he made requests for MBO buyout loan simulations and the conclusion was that there would be no buyout loans available. Just like Chairman Fuki considered in the past, we too believe that a MBO taking the Company private will contribute the most to the improvement of shareholder value at your Company.

We thought about how we could contribute to your Company improving its shareholder value through a MBO, and as we mentioned in the Meeting, we would like to make two proposals. The first is a standard MBO in which your management team, together with us, obtains 100% of the Company shares near 1x PBR. The second proposal, if the management team at your Company does not wish for our capital to flow into the fund investment company, is to conduct a MBO accompanied by a company split, where the "fund management company of JAFCO funds" shall be spun out through a company split, etc. and acquired by your management team and operating company sponsors, while we obtain ownership of "a company that owns Nomura Research Institute shares, other publicly traded shares, and LP investments". In either case, the premise is that NRI shares will be sold, with the sale proceeds going to shareholders through a share buyback tender offer (please refer to the attached material regarding these two proposals).

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We genuinely hope for improvements in shareholder value at your Company, so we wish for constructive dialogue with the management team of your Company to realize this. On the other hand, we wish to remain free of insider information, so please refrain from communicating to us directly regarding updates or conclusions on your response to our proposals. Instead, we ask that you make a public statement in the form of a timely disclosure on TDnet. However, if you prefer to engage in deeper discussions on our proposals which may involve the exchange of insider information, we are open to holding such discussions for a set period of time (1 to 2 weeks) by first entering into a confidentiality agreement. If we enter into said discussions and insider information is revealed, the condition that we ask for is that your Company nullify the confidential information or make said confidential information public before the end of the said period, in order to relieve us of limitations set by insider trading regulations.