



AVI Japan Opport.Tst  
ISS Recommends Vote FOR AVI Proposals

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**ISS Recommends Vote FOR Asset Value Investors (AVI) Proposals to  
Tokyo Radiator, NS Solutions and SK Kaken**

*Dividend and share buyback proposals justified by excess liquidity, low stock price, lack of detailed capital expenditure plans*

*ISS also supports reform of board structures for added independence;  
incentive compensation plans to align management and shareholder interests;  
stock split to improve liquidity of SK Kaken stock*

LONDON - Asset Value Investors ("AVI") today welcomed the recommendations of leading proxy advisor Institutional Shareholder Services ("ISS") FOR shareholder proposals AVI has submitted to Tokyo Radiator (TYO 7235), NS Solutions (TYO 2327) and SK Kaken (TYO 4628).

All three companies are controlled by a dominant shareholder. KKR-owned Marelli owns 40% of Tokyo Radiator, Nippon Steel owns 63% of NS Solutions, and founding Fujii family owns 40% of SK Kaken.

AVI submitted, and ISS recommended votes FOR, a combination of shareholder proposals to address poor capital allocation and governance typically associated with "listed subsidiaries" controlled by a dominant shareholder.

ISS Supports Dividend, Board Structure Reform Proposals to Tokyo Radiator

AVI has proposed that Tokyo Radiator distribute a dividend equivalent to the ¥5.5 billion held on deposit with its controlling shareholder, KKR-owned Marelli. Tokyo Radiator's balance sheet is top heavy with ¥9.9 billion in total cash, which exceeds its market capitalization.

ISS concluded that support for AVI's dividend proposal was warranted based on Tokyo Radiator's "cash position, cash deposit to the parent company earning suboptimal investment return, which could be appropriated for the additional dividend payment, and valuation."

ISS also supported AVI's proposals to establish a Nomination and Compensation Committee to bring greater independence and an incentive compensation system for senior management to better align management and shareholder interests.

AVI Dividend and Share Buyback Proposals to NS Solutions Justified By  
Excess Liquidity

AVI has proposed a dividend that represents a modest ¥3.2 billion increase over management's own proposal, and a share buyback proposal worth

approximately ¥20 billion, in the context of a company that has approximately ¥145 billion in surplus cash and investment securities assets.

ISS recommended that shareholders vote FOR both the dividend and share buyback proposals "based on excess liquidity, lack of detailed rationale for holding investments in unrelated businesses and lack of compelling plans for immediate use."

ISS noted that NS Solutions' own capital expenditure plans could be financed with operating profits, that a stake in Recruit Holdings constituting 23% of total assets had no apparent business rationale, and that a JPY 73.5 billion deposit with its parent only earns approximately 0.2% annual interest.

ISS also recommended that shareholders vote FOR a management incentive compensation system "likely to help sharpen recipients' focus on share price performance and align their interests more closely with those of shareholders."

#### ISS Supports Stock Split at SK Kaken to Improve Liquidity

At SK Kaken, AVI has proposed a 10-1 stock split to reduce the prohibitively high minimum trading lot from approximately ¥4,000,000 (the seventh highest trading value among TSE-listed companies) to ¥400,000.

ISS concluded AVI's proposal was warranted given SK Kaken's low liquidity and valuation. ISS noted that the ¥4,000,000 minimum trading far exceeds the range of ¥50,000 - ¥500,000 recommended by Japan's stock exchanges.

#### Other AVI Shareholder Proposals

AVI submitted shareholder proposals to seven Japanese companies in advance of the upcoming June AGMs. AVI has withdrawn proposals against four of those companies after they agreed to take action to implement AVI's proposals in whole or in part.

It is AVI's preference to conduct dialogue in private, and putting forward public proposals is done only as a last resort. That AVI were able to withdraw more proposals than not, is a reflection of the positive dialogue that is possible in Japan between shareholders and management.

More detailed information on AVI's proposals to Tokyo Radiator, NS Solutions and SK Kaken are available at AVI's dedicated websites [www.anindependenttokyoradiator.com](http://www.anindependenttokyoradiator.com) , [www.takingNSSOLtothenextlevel.com](http://www.takingNSSOLtothenextlevel.com) and [www.paintingabetterskkaken.com](http://www.paintingabetterskkaken.com) .

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