

FOR IMMEDIATE RELEASE

March 30, 2023

Company Name: **Leopalace21 Corporation**
Representative: Bunya Miyao, President and CEO
Code Number: 8848 (Tokyo Stock Exchange, Prime Market)
Contact: Shinji Takekura, Director, Chief of the Corporate Management Headquarters
Tel: +81-50-2016-2907
E-mail: ir@leopalace21.com

Notice Concerning Change in Consolidated Subsidiary (Transfer of Shares)

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") resolved at a meeting of its Board of Directors held on March 30, 2023 to transfer the whole shares in LEOPALACE21 PHILIPPINES INC. (hereinafter "Leopalace21 Philippines"), a consolidated subsidiary of the Company as described below.

1. Reason behind Transferring the Shares

Leopalace21 Philippines has been a subsidiary responsible for the serviced office business in the Philippines since its establishment on May 22, 2015.

As released on June 5, 2020 press release titled "Notice Concerning Implementing Structural Reforms based on Strategic Review Results for Drastic Business Strategies Reconstruction" the Company has been searching for a buyer in and outside Japan based on the policy of transferring or withdrawing from non-core and unprofitable businesses to fundamentally improve the corporate structure to increase corporate value.

The decision has been made now to transfer the shares to HERO Co., Ltd.

2. Outline of Leopalace21 Philippines, a subsidiary to be transferred

(1) Name	LEOPALACE21 PHILIPPINES INC.
(2) Address	23F Tower 6789, 6789 Ayala Avenue, Makati City, Metro Manila, Philippines
(3) Representative	Naohisa Manami, President
(4) Business description	Operation of serviced offices
(5) Capital	PHP 251,141,787
(6) Founded	May 22, 2015
(7) Major shareholders and shareholding ratio	Leopalace21 Corporation 100%

(8) Relationship between the Company and Leopalace21 Philippines	In terms of capital	The Company owns 100% shares in Leopalace21 Philippines.	
	In terms of personnel	The Company sends two directors.	
	In terms of business	The Company lends funds to Leopalace21 Philippines.	
(9) Leopalace21 Philippines' business results and financial positions for the past three years			
Fiscal year end	Fiscal year ended December 2019	Fiscal year ended December 2020	Fiscal year ended December 2021
Net assets	JPY (304) million	JPY (321) million	JPY (423) million
Total assets	JPY 426 million	JPY 384 million	JPY 311 million
Net assets per share	JPY (13.79)	JPY (14.55)	JPY (9.10)
Net sales	JPY 167 million	JPY 204 million	JPY 108 million
Operating (loss)	JPY (70) million	JPY (37) million	JPY (114) million
Net (loss) before taxes	JPY (69) million	JPY (13) million	JPY (146) million
Net (loss)	JPY (69) million	JPY (15) million	JPY (145) million
Net (loss) per share	JPY (3.18)	JPY (0.70)	JPY (3.13)
Dividend per share	JPY –	JPY –	JPY –

3. Outline of the purchaser of the shares in Leopalace21 Philippines

(1) Name	HERO Co., Ltd.	
(2) Address	718 Onabake-cho, Ushiku City, Ibaraki Prefecture	
(3) Representative	Masakatsu Oguri, Representative Director	
(4) Business description	Operation of discount supermarkets and others	
(5) Capital	JPY 30 million	
(6) Founded	February 1, 1994	
(7) Net assets	JPY 963 million (as of September 30, 2022)	
(8) Total assets	JPY 4,932 million (as of September 30, 2022)	
(9) Major shareholders and shareholding ratio	Masakatsu Oguri	66.67%
	Fusako Oguri	33.33%
(10) Relationship between the Company and HERO Co., Ltd.	In terms of capital	None
	In terms of personnel	None
	In terms of business	None
	In terms of related party status	None

4. Number of shares transferred, value of the transfer and shareholding before and after the transfer

(1) Number of owned shares before the transfer	251,141,787 shares (Percentage of voting rights held: 100%)
(2) Number of owned shares to transfer	251,141,787 shares (Number of voting rights: 251,141,787)
(3) Value of the transfer	The transfer price is determined through a fair process and negotiation with the counterparty, although it is not disclosed due to confidentiality obligations between the parties.
(4) Number of owned shares after the transfer	0 shares

5. Timeline

(1) Date of resolution at the Board of Directors	March 30, 2023
(2) Date of concluding the share transfer agreement	March 30, 2023
(3) Effective date of share transfer	April 30, 2023 (planned)

6. Outlook

The Company will record extraordinary loss of JPY 19 million on a consolidated basis, and JPY 129 million on a non-consolidated basis for the Q4 of fiscal year ending March 31, 2023.

END