



June 20, 2023

To whom it may concern,

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Notice Concerning the Disposal of Treasury Shares as Restricted Stock Compensation

Keihanshin Building Co., Ltd. (the “Company”) hereby announces that the Board of Directors’ meeting held on June 20, 2023 passed a resolution to dispose of its treasury shares as restricted stock compensation (hereinafter the “Disposal of Treasury Shares”), as described below.

1. Outline of the Disposal

(1)	Payment date	July 5, 2023
(2)	Class and number of shares to be disposed	73,500 shares of common stock of the Company
(3)	Disposal price	1,191 yen per share
(4)	Total value of the disposal	87,538,500 yen
(5)	Allottee of shares	Three Directors of the Company (*): 39,600 shares *Excluding Outside Directors Seven Executive Officers of the Company: 33,900 shares
(6)	Others	The Disposal of Treasury Shares is conditional upon the effectuation of the securities registration statement under the Financial Instruments and Exchange Act.

2. Purpose and Reasons for the Disposal

The Company received approval at the 97th Annual General Meeting of Shareholders held on June 16, 2020, to introduce a share-based compensation plan (hereinafter the “Plan”) of granting restricted stock to Directors who are not Outside Directors (hereinafter the “Eligible Directors”) in order to further increase awareness of shareholder-focused management; and, in accordance with the Plan, to establish a total annual limit of 50 million yen pertaining to the monetary compensation claims for restricted stock to be allotted to Eligible Directors; to set the maximum number of shares to be allotted to Eligible Directors at 70,000 shares in each fiscal year and to set the duration of the transfer restriction period of the restricted stock from the date when the restricted stock is granted to the date when the Eligible Directors cease to serve as either Director or Executive Officer of the Company, and other provisions.

Today, the Board of Directors of the Company resolved to pay a total amount of 87,538,500 yen in monetary claims to the allottees of the shares, i.e., three Eligible Directors and seven Executive Officers of the Company (hereinafter collectively referred to as the “Eligible Allottees”) as restricted stock compensation for the period starting from the 100th Annual General Meeting of Shareholders to the 101th Annual General Meeting of Shareholders to be held in June 2024; and to allot 73,500 shares of common stock of the Company as restricted stock to the Eligible Allottees by way of an in-kind contribution for the entire amount of the said monetary claims.

It should be noted that the amount of monetary claims to be paid to each Eligible Allottee has been determined upon comprehensive consideration of a range of factors including the contribution made to the Company by each Eligible Allottee. Additionally, the payment of the said monetary claims is conditional upon the conclusion of a restricted stock allotment agreement that, in brief, contains the following details (hereinafter the “Allotment Agreement”) between each Eligible Allottee and the Company.

3. Outline of the Allotment Agreement

(i) Transfer restriction period

The period from July 5, 2023 to the date when the Eligible Allottees cease to serve as either Director or Executive Officer of the Company

During the above transfer restriction period (hereinafter the “Transfer Restriction Period”), the Eligible Allottees cannot transfer to a third party, use as collateral or pledge as security, gift inter vivos, bequeath, or otherwise dispose of the allotted shares of restricted stock (hereinafter the “Allotted Shares”) in any way (these restrictions are hereinafter referred to as the “Transfer Restrictions”).

(ii) Gratis acquisition of the restricted stock

Where an Eligible Allottee ceases to serve as either Director or Executive Officer of the Company after the commencement date of the Transfer Restriction Period and before the date of the first subsequent Annual General Meeting of Shareholders of the Company, the Company, as of such date of retirement, shall rightfully acquire the Allotted Shares free of charge, except in cases where the Company’s Board of Directors recognizes reasonable cause.

Where, at the time when the Transfer Restriction Period expires (hereinafter the “Expiration of the Period”), the Transfer Restrictions pertaining to some or all of the Allotted Shares have not been removed in accordance with the provisions regarding the cause for removal in (iii) below, the Company shall rightfully acquire these free of charge immediately after the Expiration of the Period.

(iii) Removal of the Transfer Restrictions

Where an Eligible Allottee has served continuously as either a Director or Executive Officer of the Company from the commencement date of the Transfer Restriction Period until the date of the first subsequent Annual General Meeting of Shareholders of the Company, the Company shall, as of the Expiration of the Period, remove the Transfer Restrictions pertaining to all the Allotted Shares held as of that time. However, where an Eligible Allottee ceases to serve as either Director or Executive Officer of the Company, after the commencement date of the Transfer Restriction Period and before the date of the first subsequent Annual General Meeting of Shareholders of the Company, for a reason deemed proper by the Company’s Board of Directors, the Company shall remove the Transfer Restrictions for the Allotted Shares immediately after such retirement. The number of the Allotted Shares for which the Transfer Restrictions will be removed is calculated by dividing by 12 the number of months from July 2023 to the month that includes the date when the Eligible Allottee ceases to serve as either Director or Executive Officer of the Company and then multiplying the result by the number of Allotted Shares held by the Eligible Allottee at the time of such retirement. (However, if the calculation results in a fraction of less than one share, it shall be rounded down to the nearest integer.)

(iv) Provisions on the administration of shares

The Eligible Allottees shall, in a manner designated by the Company, complete the opening of an account in which to book or record the Allotted Shares at SMBC Nikko Securities Inc. The Allotted Shares shall be retained and maintained in that account until the Transfer Restrictions are lifted.

(v) Treatment in the case of organizational restructuring etc.

Where a merger agreement with the Company as the non-surviving company, a share exchange agreement where the Company becomes a wholly-owned subsidiary, a share transfer plan or other proposals concerning an organizational restructuring, etc. is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors, for organizational restructuring, etc. that does not require the approval of the General Meeting of Shareholders) during the Transfer Restriction Period, the Transfer Restrictions shall be removed immediately prior to the business day prior to the effective date of the organizational restructuring, etc. by resolution of the Board of Directors of the Company, for the Allotted Shares. The number of the Allotted Shares for which the Transfer Restrictions will be removed is calculated by dividing by 12 the number of months from July 2023 to the month that includes the date of such approval (however, if the calculation results in a number that exceeds one, then the number shall be one) and then multiplying the result by the number of Allotted Shares held by the Eligible Allottee at the time of such approval (however, if the calculation results in a fraction of less than one share, it shall be rounded down to the nearest integer).

In this case, the Company shall rightfully acquire, free of charge, immediately prior to the business day prior to the effective date of the organizational restructuring, etc., all of the remaining Allotted Shares for which the Transfer Restrictions have not been removed as of the same date, in accordance with the provisions above.

4. Basis of Calculation of the Amount to be Paid in for Shares and Specific Details

To avoid arbitrary pricing, the disposal price for the Disposal of Treasury Share shall be set at 1,191 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on June 19, 2023, the business day immediately prior to the Board of Directors' resolution. This is the market share price immediately prior to the date of the resolution, and the Company believes that it is reasonable and not a particularly advantageous price.