

## FOR IMMEDIATE RELEASE

February 28, 2024

Company Name: **Leopalace21 Corporation**  
Representative: Bunya Miyao, President and CEO  
Code Number: 8848 (Tokyo Stock Exchange, Prime Market)  
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### **Notice Concerning Disposal of Treasury Stock Through Third-Party Allotment Along with Introduction of Employee Incentive Plan**

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the “Company”) announced that it resolved to carry out disposal of treasury stock (hereinafter, the “Disposal of Treasury Stock”) along with introduction of the employee incentive plan, at the Board of Directors’ meeting held on February 28, 2024.

#### **1. Overview of the disposal**

(1) Disposal date	March 15, 2024
(2) Class and number of shares to be disposed	Common stock of the Company, 6,162,700 shares
(3) Disposal price	JPY 430 per share
(4) Total disposal amount	JPY 2,649,961,000
(5) Intended disposal recipient	Sumitomo Mitsui Trust Bank, Limited (trust account) (Re-entrusted to Custody Bank of Japan, Ltd. (trust account))
(6) Other	The Disposal of Treasury Stock is subject to the notification under the Financial Instruments and Exchange Act having taken effect.

#### **2. Purpose and reason for the disposal**

The Company passed a resolution to introduce an employee incentive plan (hereinafter, the “Plan”) with the aim of increasing the Company’s corporate value over the medium to long term at the Board of Directors meeting held on February 28, 2024. The Company intends to invest in the human resources and enhance the employee engagement through expanding the welfare system for the Company employees (hereinafter, the “Employees”) and to raise awareness among the Employees for the Company’s performance and stock price rise from the same perspective as shareholders and management through employee ownership of common stocks of the Company (hereinafter, the “Company’s Stocks”).

Please refer to the “Notice Concerning Introduction of Employee Incentive Plan” announced on February 28, 2024 for an overview of the Plan.

The Sumitomo Mitsui Trust Bank, Limited (trust account) (re-entrusted to Custody Bank of Japan, Ltd. (trust account)), which is the trustee of the trust established for the introduction of the Plan (hereinafter, the “Trust”) will be the recipient of the Disposal of Treasury Stock.

The number of shares to be disposed of corresponds to the number of shares expected to be granted to the Employees, considering factors such as the grading of the Employees during the trust period, in accordance with the stock granting regulations established by the Company upon the introduction of the Plan. This will have a dilutive effect equivalent to 1.87% of 329,389,515 shares, the total number of issued shares as of September 30, 2023 (or 1.94% of 3,176,711 units, the total number of units of voting rights as of September 30, 2023; both percentages are rounded

to the second decimal place).

The Company believes that the Plan will contribute to improvement in the Company's corporate value over the medium to long term, and considers that the number of shares to be disposed of and the scale of the resulting dilution due to the Disposal of Treasury Stock are both reasonable and the effect on secondary markets will be insignificant.

(Reference) Overview of the Trust Agreement pertaining to the Trust

Trustor:	The Company
Trustee:	Sumitomo Mitsui Trust Bank, Limited (Re-entrusted to Custody Bank of Japan, Ltd.)
Beneficiaries:	The Employees who satisfy the requirements for beneficiaries
Trust administrator:	A third party that is independent of the Company and its officers will be appointed.
Exercise of voting rights:	The trustee will exercise voting rights throughout the trust period based on instructions from the trust administrator
Type of trust:	Trust of money other than money trust (third-party benefit trust)
Date of Trust Agreement:	March 15, 2024
Trust period:	March 15, 2024 to the end of August 2028 (planned)
Purpose of trust:	To grant the Company's Stocks to beneficiaries based on the stock granting regulations

### 3. Basis for calculating disposal price and specific details thereof

To avoid arbitrary pricing in light of recent share price trends, the disposal price for the Disposal of Treasury Stock was set at JPY 430 per share, which is the closing price on the Tokyo Stock Exchange on February 27, 2024, the business day immediately before the Board of Directors passed the resolution.

This price represents a deviation of 3.37% from JPY 416, the average closing price (rounded down to the nearest JPY 1) during the month leading up to the business day immediately before the date of the resolution by the Company's Board of Directors (January 29, 2024 to February 27, 2024), a deviation of 0.94% from JPY 426, the average closing price (rounded down to the nearest JPY 1) during the most recent three months (November 28, 2023 to February 27, 2024), and a deviation of 10.54% from JPY 389, the average closing price (rounded down to the nearest JPY 1) during the most recent six months (August 28, 2023 to February 27, 2024) (the deviation rates are each rounded to the second decimal place).

Upon consideration of these factors, the Company believes the disposal price for the Disposal of Treasury Stock is not especially advantageous to the planned recipient of the disposal and that it is reasonable.

Moreover, all Audit & Supervisory Board Members in attendance at the Board of Directors meeting (four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members) expressed the opinion that the basis used to calculate the above disposal price is reasonable, is not especially advantageous to the planned recipient of the disposal, and is legitimate.

#### **4. Matters Regarding Procedures within the Code of Corporate Conduct**

Because it (i) entails dilution of less than 25%, and (ii) does not entail change of a controlling shareholder, the Disposal of Treasury Stock does not require independent third-party opinion or confirmation of shareholder intent as set forth in Rule 432 of the Securities Listing Regulations established by Tokyo Stock Exchange, Inc.

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