FOR IMMEDIATE RELEASE

July 30, 2024

Company Name: **Leopalace21 Corporation**
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Notice Concerning Issuance of Stock Options (Stock Acquisition Rights)

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") hereby announced that, at its Board of Directors' Meeting held on July 30, 2024, the Company resolved to establish the terms and conditions regarding stock acquisition rights issued as stock options (the "Stock Acquisition Rights") and to solicit subscribers to the Stock Acquisition Rights pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act, as described below.

I. Reason for the Issuance of the Stock Acquisition Rights as Stock Option

The Stock Acquisition Rights will be issued to further encourage the person to be allotted the Stock Acquisition Rights to increase share price and corporate value of the Company by aligning their interests in share price fluctuation with the shareholders of the Company.

II. Outline of the Issuance of the Stock Acquisition Rights

1. Name of the Stock Acquisition Rights

   Leopalace21 Corporation – 6th Stock Acquisition Rights (Stock Compensation-Type Stock Options)

2. Total Number of the Stock Acquisition Rights

   3,260
   The total number of the Stock Acquisition Rights described above is the expected number of the Stock Acquisition Rights to be allotted and, accordingly, in the event that the total number of application for subscription of the Stock Acquisition Rights does not reach the above-mentioned number or there occurs a reduction in the total number of the Stock Acquisition Rights to be allotted, the total number of the Stock Acquisition Rights shall be equal to the total number of the Stock Acquisition Rights that are actually allotted.

3. Type and Number of Shares Underlying the Stock Acquisition Rights

   The type of shares underlying the Stock Acquisition Rights shall be the shares of common stock of the Company, and the number of shares to be issued upon exercise of one Stock Acquisition Right (the "Number of Granted Shares") shall be 100 shares; provided, however, that, when the Company carries out any stock split of the shares of common stock of the Company (including gratuitous allotment of the shares of common stock of the Company, and the same shall apply hereinafter for any reference to stock split) or any stock consolidation of the shares of common stock of the Company after the date of resolution of the offering of the Stock Acquisition Rights at its Board of Directors' meeting (the "Resolution Date"), the Number of Granted Shares shall be adjusted in accordance with the formula set forth below and any fraction less than one whole share arising therefrom shall be rounded down to the nearest one whole share.

Post-Adjustment Number of Granted Shares
= Pre-Adjustment Number of Granted Shares × Stock Split (or Stock Consolidation) Ratio

Post-Adjustment Number of Granted Shares shall apply on or after the next day of the record date of the stock split in case of stock split (if the record date is not set, on or after the effective date), and on or after the effective date of stock consolidation in case of stock consolidation. However, if the stock split shall be conducted on the conditions that (i) a resolution of the general shareholders' meeting that the amount of surplus will be reduced and capital and capital reserve shall be increased accordingly will be approved and (ii) the record date of such stock split will be set prior to the date of conclusion of such general shareholders' meeting, Post-Adjustment Number of Granted Shares shall, on or after the next day of conclusion of such general shareholders' meeting, apply retroactively on or after the next day of such record date.

The Company shall adjust the Number of Granted Shares to the extent reasonable in case there occurs any event such as a merger or a company split of the Company that would require such adjustment after the Resolution Date.

Furthermore, the Company shall, in adjusting the Number of Granted Shares, notify each holder of the Stock Acquisition Rights registered in the Stock Acquisition Rights Register (the "Holders"), or give public notice, of the relevant matters by no later than the day immediately preceding the date from which the Post-Adjustment Number of Granted Shares is to be applied; provided, however, that, in the event the Company is unable to give such notice or public notice prior to such date, the Company shall promptly give such notice or public notice thereafter.

4. Value of Assets Contributed upon the Exercise of the Stock Acquisition Rights

   The value of the assets to be contributed upon the exercise of each Stock Acquisition Right shall be the amount calculated by multiplying the Number of Granted Shares by one yen, the amount to be paid in per share granted upon the exercise of each Stock Acquisition Right (the "Exercise Price").

5. Period during which the Stock Acquisition Rights may be Exercised

   From August 20, 2024 to August 19, 2054.

6. Matters Concerning the Amount of Capital and Capital Reserve to be Increased

   (1) The amount of capital to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights shall be one half (1/2) of the maximum amount of increase in stated capital to be calculated according to Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fraction less than one yen arising from such calculation to be rounded up.

   (2) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the amount of capital to be increased set forth in (1) above, from the maximum amount of increase in stated capital set forth in (1) above.

7. Restriction on the acquisition of the Stock Acquisition Rights through transfer

   Any acquisition of the Stock Acquisition Rights through transfer shall require the approval by resolution of the Board of Directors of the Company.

8. Policy for Determining the Details of Grant of the Stock Acquisition Rights in relation to Organizational Restructuring

In the case where the Company carries out a merger (limited to the case where the Company is to be extinguished as a result of the merger), an absorption-type company split or an incorporation-type company split (in each case, limited to cases where the Company is to be split as a result of the absorption-type company split or the incorporation-type company split), or a share exchange or a share transfer (in each case, limited to cases where the Company becomes a wholly-owned subsidiary as a result of the share exchange or the share transfer) (collectively, the "Organizational Restructuring"), each person that holds the Stock Acquisition Rights that are outstanding immediately prior to the time at which the relevant Organizational Restructuring becomes effective (in case of an absorption-type merger, the date on which the absorption-type merger takes effect; in case of an incorporation-type merger, the date on which the company incorporated through the incorporation-type merger is established; in case of an absorption-type company split, the date on which the absorption-type company split takes effect; in case of an incorporation-type company split, the date on which the company incorporated through the incorporation-type company split is established ; in case of a share exchange, the date on which the share exchange takes effect; and in case of a share transfer, the date on which the wholly-owning parent company incorporated through the share transfer is established. The same applies below.) (the "Outstanding Stock Acquisition Rights") shall be granted the stock acquisition rights to acquire shares of the respective "*kabushiki kaisha*" as set forth in Article 236, Paragraph 1, Item 8(a) to 8(e) of the Companies Act (the "Successor Company"); provided, however, that this shall be only if the grants of the stock acquisition rights by the Successor Company in accordance with the following terms and conditions are set forth in the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan:

(1) Number of the stock acquisition rights to be granted by the Successor Company
Same number as the Outstanding Stock Acquisition Rights held by the relevant Holder.

(2) Type of the shares underlying the stock acquisition rights
Shares of common stock of the Successor Company.

(3) Number of the shares underlying the stock acquisition rights
To be determined in accordance with 3. above, upon taking into account the terms and conditions of the relevant Organizational Restructuring.

(4) Value of assets contributed upon the exercise of the stock acquisition rights
The value of the assets to be contributed upon the exercise of each stock acquisition right shall be calculated by multiplying the Post-Reorganization Exercise Price by the number of shares underlying each stock acquisition right as set forth in (3) above. The Post-Reorganization Exercise Price shall be one yen per share of the Successor Company to be granted upon the exercise of the issued each stock acquisition right.

(5) Period during which the stock acquisition rights may be exercised
The period commencing on the later of (i) the first day of the period during which the Stock Acquisition Rights may be exercised as set forth in 5. above or (ii) the date on which the relevant Organizational Restructuring becomes effective, and ending on the expiration date of the period during which the Stock Acquisition Rights may be exercised as set forth in 5. above.

(6) Matters concerning the amount of capital and capital reserve to be increased
To be determined in accordance with 6. above.

(7) Restriction on the acquisition of the stock acquisition rights through transfer
Any acquisition of the Stock Acquisition Rights through transfer shall require the approval by resolution of the Board of Directors of the Successor Company.

(8) Other conditions for exercising the stock acquisition rights

To be determined in accordance with 10. below.

9. Treatment of Fractional Share Arising from the Exercise of the Stock Acquisition Rights

In case the number of shares to be granted to the Holders who have exercised the Stock Acquisition Rights includes any fraction less than one whole share, such fraction shall be rounded down to the nearest one whole share.

10. Other Conditions for Exercise of the Stock Acquisition Rights

(1) Holders of the Stock Acquisition Rights may exercise their Stock Acquisition Rights on or after the day following the date on which the Holders lose their positions as directors, audit & supervisory board members, executive officers or employee of the Company or its subsidiaries (the "affiliated companies," as defined in the management rules of the affiliated companies established by the Company).

(2) (1) above does not apply to those who inherited the Stock Acquisition Rights.

(3) The Holder may not exercise any of the Stock Acquisition Rights that he/she has abandoned.

11. Method of Calculating the Amount to be Paid in for the Stock Acquisition Rights

The amount to be paid in for each Stock Acquisition Rights shall be the amount derived by multiplying the option price (with any amount less than one yen to be rounded to the nearest one) per share calculated based on the following formula, which is the Black-Scholes model, and the basic values in (2) through (7) below, by the Number of Granted Shares.

$$C = Se^{-qT}N(d) - Xe^{-rT}N\left(d - \sigma\sqrt{T}\right)$$

In this formula:

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

(1) Option price per share (C)

(2) Stock price (S): The closing price of the shares of common stock of the Company under normal trading on the Tokyo Stock Exchange on August 19, 2024 (in case there is no closing price, the base price on the following trading day.)

(3) Exercise Price (X): One (1) yen

(4) Expected remaining period (T): 15 years

(5) Volatility (σ): The fluctuation rate calculated based on the closing price of the shares of common stock of the Company on each of the trade dates during the 15 years (from August 19, 2009 to August 19, 2024)

(6) Risk-free interest rate (r): Interest rate on a Japanese government bond, the outstanding years of which corresponds to the expected remaining period.

(7) Dividend yield (q): Dividend per share (the amount of actual dividends in the fiscal year ended March 31, 2024) divided by the stock price as specified in (2) above.

(8) Cumulative distribution function for standard normal distribution ($N(\cdot)$)

The amount calculated in accordance with the formula above constitutes the fair price of the Stock Acquisition Rights and does not fall under an issuing at a discount from market price. The compensation claim in an amount equivalent to the total amount to be paid in for the Stock Acquisition Rights held by the person to be allotted against the Company shall be set off against the obligation to pay for the amount to be paid in for the stock acquisition rights.

12. Date of the Allotment of the Stock Acquisition Rights

August 19, 2024

13. Due Date for the Payment in Exchange for the Stock Acquisition Rights

August 19, 2024

14. Persons to be Allotted the Stock Acquisition Rights, the Number of Such Persons, and the Number of the Stock Acquisition Rights to be Allotted

Persons to be Allotted	Number of Such Persons	Number of the Stock Acquisition Rights to be Allotted
Directors (*) of the Company	4	1,934
Executive officers of the Company	7	1,118
Employees of the Company	2	128
Directors of the subsidiary of the Company	1	80

(*) Executive directors

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