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Representative: Bunya Miyao, President and CEO
Code Number: 8848 (Tokyo Stock Exchange, Prime Market)
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Notice Concerning Introduction of a Performance-Linked Share-Based Remuneration System

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the “Company”) announces that its Board of Directors meeting of the Board of Directors held on April 25, 2025. It resolved to adopt a new remuneration system for its directors (“Directors”). The proposal for the introduction of the share-based remuneration system will be submitted to the 52nd Ordinary General Shareholders’ Meeting (the “General Shareholders’ Meeting”) scheduled to be held on June 26, 2025. The details are described below.

The new remuneration system shall abolish the remuneration scheme of the “Stock Compensation-Type Stock Options” (not exceeding JPY 300 million per financial year and a maximum of 5,000 stock acquisition rights (500,000 common shares of the Company)) and replace it by the remuneration scheme of the ‘Share Delivery Trust’ (not exceeding JPY 300 million per financial year and a maximum of 750,000 points per financial year)).

1. Introduction of the System

The remuneration of the Directors of the Company has consisted of “performance-linked remuneration” (in cash), “incentive bonuses” (in cash) and “Stock Compensation-Type Stock Options.” Going forward, the Company will replace the “performance-linked remuneration,” “incentive bonuses” and “Stock Compensation-Type Stock Options” with “fixed remuneration,” “Short-term incentive bonus (in cash) and “long-term incentive: performance-linked share-based remuneration (the “Plan”)” respectively.

The Plan aims to promote the sharing of profits between Directors and shareholders, to make remuneration function as an incentive to increase corporate value over the medium to long term, and to increase the transparency of remuneration from shareholders and the rationality of remuneration for the performance of duties.

Specifically, separate from the limit on remuneration for the Directors (JPY 800 million per year with the amount for External Directors capped at JPY 100 million per year), which was approved at the 44th Ordinary General Shareholders’ Meeting held on June 29, 2017, the Company will provide a new remuneration under the Plan for the Directors of the Company.

With the introduction of the Plan, the remuneration of Directors will comprise ‘fixed remuneration,’ ‘short-term incentives (cash bonuses)’ and ‘long-term incentives (performance-linked share-based remuneration).’

If the proposal for the introduction of the Plan is approved at this General Shareholders’ Meeting as originally proposed, the remuneration limit for ‘Stock Compensation-Type Stock Options’ approved at the 44th Ordinary General Shareholders’ Meeting held on 29 June 2017 (not exceeding JPY 300 million and 5,000 stock acquisition rights (500,000 common shares of the Company) per financial year). The

Company will not grant stock acquisition rights as 'Stock Compensation-Type Stock Options' in the future.

In addition, as a transitional measure from the 'Stock Compensation-Type Stock Options' to this system, of the stock acquisition rights already granted as 'Stock Compensation-Type Stock Options' to the directors subject to this system, those that have not yet been exercised (including, however, those that were planned to be granted for the previous business year. The same applies hereinafter). The Company's common shares ("Company Shares") will be delivered in place of the stock options, subject to the approval of this proposal as originally proposed and the commencement of the operation of the scheme, after they are waived and extinguished by the Director concerned. The Company Shares will be delivered to the Director in accordance with the Plan instead.

Furthermore, if the introduction of the Plan is approved by the General Shareholders' Meeting, the executive officers who have entered into a service agreement with the Company ("Executive Officers") and directors (excluding outside directors) of affiliated companies of the Company. The same applies to the Executive Officers who have entered into service agreements with some of the Company's affiliated companies (collectively "Directors of Affiliated Companies"). The Company plans to introduce the same share-based remuneration system for directors. In this case, Executive Officers, and Director of Affiliated Companies, etc. will be beneficiaries of the trust established by the Company for the operation of the Plan (the Trust in 2(1) below) in the same way as Directors. In addition, the Company will also trust the funds for the acquisition of shares to be delivered to the Executive Officers and Directors of Affiliated Companies, etc. to the trustee of such trust.

2. The Amount and Nature of Remuneration under the Plan

(1) Outline of the Plan

The Plan is a share-based remuneration system in which a trust (the "Trust"), established with money contributed by the Company, will acquire the Company Shares and, through the Trust, Company Shares corresponding to the number of points granted by the Company to each Director will be delivered to the respective Directors. Directors shall receive the Company's shares at the time of their retirement (except in the event of death) or at a specified time during the trust period (in principle, after three years have elapsed from the point grant. However, in cases where Directors retire prior to the expiration of the relevant period, the time will be the same as the time of their retirement).

(2) Upper limit on trust money that may be contributed to the Trust as funds

The Company will establish the Trust with the Directors who will acquire beneficial interests as described in (5) below as beneficiaries (the Trust period will be approximately three (3) years but may be extended as described below).

Then, the Company shall, by a resolution of the Board of Directors, set five consecutive fiscal years or less as the target period of the Plan, and during such target period, the Company shall pay up to JPY 300 million multiplied by the number of fiscal years during the target period as funds to acquire the Company Shares necessary for the delivery of the Company Shares to Directors under the Plan. The initial target period shall be the three (3) fiscal years from the fiscal year ending March 31, 2026, to the fiscal year ending March 31, 2028. However, as described in (3) below, the Company will establish a transitional measure from the "Stock Compensation-Type Stock Options" to this Plan, so that during the initial target period, in addition to the amount of money up to JPY 300 million multiplied by the number of fiscal years (3) (i.e., JPY 900 million); the Company will entrust the Trust with up to JPY 600

million as a source of funds to acquire the Company Shares in proportion to the points to be granted to Directors .

The Trust shall use the money entrusted by the Company as the source of funds to acquire the Company Shares on the stock exchange (including off-floor trading) or at the disposal of the Company's treasury stock.

N.B.: The amount of money actually entrusted by the Company to the Trust will be the total of the above-mentioned funds for acquisition of the Company Shares and the estimated amount of necessary expenses such as trustee fees and trust administrator fees. In addition, in the event that a stock remuneration plan similar to this Plan is introduced for Executive Officers as described above, the funds necessary for the acquisition of the Company Shares to be delivered to Executive Officers and Directors of Affiliated Companies, etc. based on such plan will also be placed in trust.

If, upon the decision of the Board of Directors of the Company, a new target period is established after the expiration of the initial target period, the trust period of the Trust shall be extended accordingly (including effectively extending the trust agreement by transferring the trust assets of the Trust to a trust with the same purpose as the Trust established by the Company. The same shall apply hereinafter.) and the Plan will be continued. In this case, during such new target period, the Company will additionally trust money within the abovementioned maximum amount to the Trust as funds for additional acquisition of the Company Shares necessary to be delivered to Directors under the Plan, and the Company will also continue the point grant described in (3) below and the delivery of the Company Shares described in (4) below.

In addition, even if the Plan is not continued without setting a new target period as described above, if there are Directors who have already been granted points but have not yet received the Company Shares corresponding to such points at the expiration of the Trust Period, the trust period of the Trust may be extended until the delivery of the Company Shares to the relevant Directors is completed.

(3) Method of Granting Points to Directors

In accordance with the Share Delivery Regulations determined by the Board of Directors of the Company, the Company shall grant points to each Director on the point grant date stipulated in the Share Delivery Regulations during the Trust Period (in principle, every fiscal year).

Such points shall be granted by multiplying the number of points determined in accordance with the position, etc., by the performance-linked coefficient that changes in accordance with the actual performance of the performance-linked indicators. However, the total number of points to be granted to Directors by the Company shall not exceed 750,000 points per fiscal year. (*)

The range of such performance-linked index and performance-linked coefficient shall be determined by the Board of Directors of the Company, but the performance-linked indicators for the initial target period will be "ROE," "TSR," "employee engagement," etc., and the range of the performance-linked coefficient will be 0% to 200%.

Note: As a transitional measure from the "Stock Compensation-Type Stock Options" to the Plan, the Company will take the following measures.

In the event that unexercised stock acquisition rights already granted as 'Stock Compensation-Type Stock Options' are granted to directors, during the fiscal year ending March 31, 2026, the Company shall, in addition to the above maximum number of points

(but up to a total of 814,900 points), points equivalent to the number of shares to be issued upon exercise of such stock acquisition rights.

(4) Company Shares to be delivered to Directors

The number of Company Shares to be delivered to Directors under the Plan shall be one (1) share for each point granted in (3) above. However, in the event of a stock split, reverse stock split, or other event in which it is deemed reasonable to adjust the number of Company Shares to be delivered, the number of Company Shares per point shall be adjusted in accordance with such split or reverse stock split ratio.

(5) Method and timing of delivery of the Company Shares to Directors

Each Director shall receive the Company Shares at the time of his/her retirement (excluding the case of death) or at a specified time during the trust period (in principle, after three years have elapsed from the grant of points. However, at the time of retirement, if a Director retires before the expiration of the said period), he/she shall acquire the beneficiary right of the Trust by following the prescribed procedures and shall receive the Company Shares as described in (4) above from the Trust as a beneficiary of the Trust.

However, a certain percentage of the Company Shares may be sold and converted into cash by the Trust for the purpose of the Company withholding funds for tax withholding, etc., and delivered in cash in place of the Company Shares. In addition, in the event that the Company Shares in the Trust are converted into cash, such as when the Company Shares in the Trust are tendered to a tender offer and settled, the shares may be delivered in cash in lieu of the Company Shares.

In the event that a Director dies while in office, all of the Company Shares corresponding to the accumulated points granted and remaining at that time shall, in principle, be converted into cash within the Trust, and the heirs of such Director shall receive a cash payment equivalent to the amount of such conversion.

(6) Exercise of voting rights

Based on the instructions of the trust administrator, who will be independent of the Company and its officers, none of the voting rights of the Company Shares held in the Trust may be exercised. The purpose of this is to ensure the neutrality of the Trust from the Company's management regarding the exercise of voting rights in the Company Shares held in the Trust.

(7) Handling of dividends

Dividends on the Company Shares held in the Trust will be received by the Trust, and will be applied to the acquisition price of Company Shares, as well as trust fees payable to the trustee in connection with the Trust, etc.

(8) Handling of Company Shares and money at the time of termination of the Trust

It is planned that Company Shares that are residual assets of the Trust at the time of the Trust's termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors.

Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust's termination will be donated to a specified public interest promotion corporation, with which the Directors have no relationship of interest.

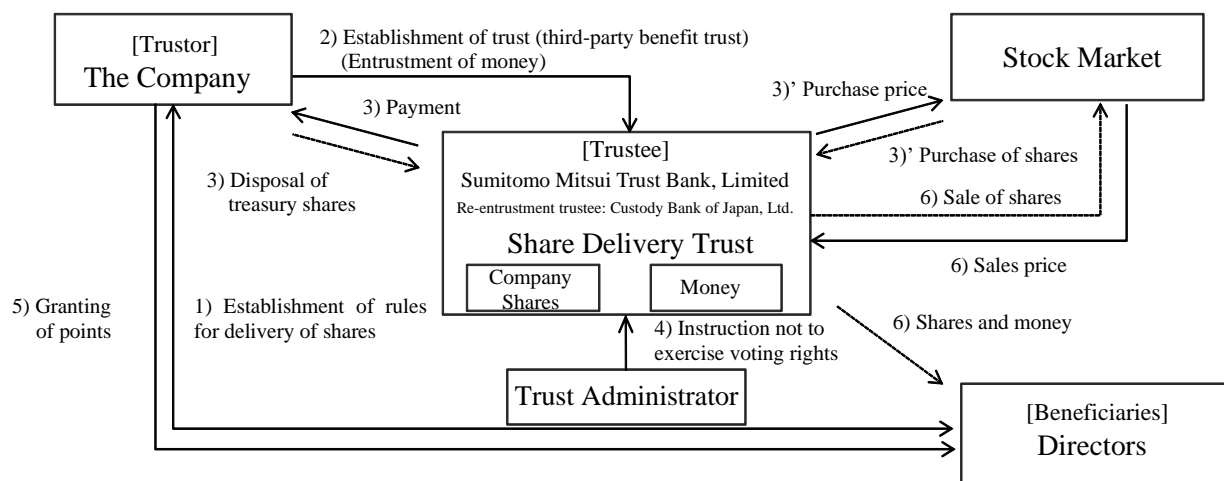
(9) Other Details of the Plan

Other details regarding the Plan shall be determined by the Board of Directors each time the Trust is established, the Trust Agreement is amended, or additional contributions are made to the Trust.

(Reference) Overview of the Trust Agreement for the Trust

(1)	Name	Trust for Share-based remuneration system for Directors
(2)	Trustor	The Company
(3)	Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrustment trustee: Custody Bank of Japan, Ltd.)
(4)	Beneficiaries	Directors and Executive Officers of the Company and Directors of Affiliates Companies, who satisfy the beneficiary requirements
(5)	Trust administrator	A third party to be selected that is independent of the Company and its officers
(6)	Exercise of voting rights	The voting rights of the shares held in the Trust will not be exercised at any time during the trust period.
(7)	Type of trust	Trust of money other than “money trust” (third party-benefit trust)
(8)	Trust period	August 2025 – August 2028 (scheduled)
(9)	Date of trust establishment	August 2025 (scheduled)

< Overview of the Structure of the Plan >



- 1) The Company establishes share delivery rules for the Directors.
- 2) The Company establishes a share delivery trust (third party-benefit trust) with the Directors who acquire beneficial rights, as described in 6) below, as the beneficiaries (the Trust). At that time, the Company entrusts the amount of money to the trustee, equivalent to the funds for the acquisition of shares.
- 3) The trustee acquires, in a single tranche, the number of Company Shares sufficient for the expected delivery of shares in the future (the acquisition shall be through disposal of treasury shares or acquisition from the stock market (including off-auction trading)).
- 4) A trust administrator (who must be independent from the Company and its officers) is appointed to protect the interests of the beneficiaries who are covered by the share delivery rules and supervise the trustee, throughout the trust period. Note, with respect to the Company Shares held in the Trust, the trust administrator instructs the trustee not to exercise any voting rights and, based on this instruction, the trustee shall not exercise voting rights throughout the trust period.
- 5) The Company grants points to the Directors based on the share delivery rules.
- 6) The Directors who satisfy the requirements stipulated in the share delivery rules and the trust agreement pertaining to the Trust, acquire beneficial rights in the Trust and, as beneficiaries of the Trust, receive delivery of the Company Shares from the trustee corresponding to the points granted to them. Note, in certain cases set forth in advance in the share delivery rules / trust agreement, a portion of the Company Shares to be delivered will be sold on the stock market, and money will be delivered.

Sumitomo Mitsui Trust Bank, Limited which will be the trustee under the Plan, will delegate (re-entrust) management of the trust assets to Custody Bank of Japan, Ltd.

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