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To whom it may concern:

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Notice Concerning the Issuance of Stock Options (Share Acquisition Rights) to Employees

KI-STAR REAL ESTATE CO., LTD. (“the Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to submit a proposal to the 31st Annual General Meeting of Shareholders to be held on June 25, 2021, to issue share acquisition rights as stock options to the Company’s employees and delegate the determination of subscription requirements for the share acquisition rights to the Company’s Board of Directors, pursuant to the provisions of Article 236, Article 238, and Article 239 of the Companies Act. The details are described below.

1. Reason for requiring issuance of share acquisition rights with particularly favorable conditions

For the purpose of raising the motivation and morale toward the execution of duties and the enhancement of business performance, share acquisition rights shall be issued to the Company’s employees with no requirement for monies to be paid in, through the procedures described below.

2. Details and the maximum number of share acquisition rights for which subscription requirements may be determined under the delegation

(1) Class and number of shares underlying the share acquisition rights

The class of shares underlying the share acquisition rights shall be the Company’s common shares. The number of shares underlying each share acquisition right (the “Number of Granted Shares”) shall be 100 shares per share acquisition right.

In the event that, after the date of allotment of share acquisition rights (the “Allotment Date”), the Company conducts a share split (including a gratis allotment of shares, the same shall apply hereafter with respect to share splits) or a share consolidation of its common shares, the Number of Granted Shares shall be adjusted using the following formula. However, this adjustment shall be performed only for the Number of Granted Shares of the share acquisition rights that have not been exercised at the time of such adjustment. Any fractions of less than one share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of Granted Shares} & & & & \\ \text{after adjustment} & = & \text{Number of Granted Shares} & \times & \text{The share split or} \\ & & \text{before adjustment} & & \text{consolidation ratio} \end{array}$$

Furthermore, in addition to the case above, if a compelling reason arises necessitating an adjustment to the Number of Granted Shares, the Company shall make an adjustment to the Number of Granted Shares as it deems necessary.

(2) Maximum number of share acquisition rights

The maximum number of share acquisition rights shall be 150.

(The total number of shares that may be delivered upon the exercise of share acquisition rights shall be no more than 15,000 shares of the Company’s common shares. In the event that an adjustment has been made to the Number of Granted Shares as set forth in the above (1), the maximum number shall be the number derived by multiplying the

Number of Granted Shares after the adjustment by the above maximum number of share acquisition rights.)

- (3) Amount of money to be paid in for the share acquisition rights for subscription or the calculation method thereof
There is no requirement for monies to be paid in.

- (4) Value of the property to be contributed when share acquisition rights are exercised or the calculation method thereof
The value of the property to be contributed when each share acquisition right is exercised shall be the amount derived by multiplying the amount to be contributed for each share that may be delivered upon the exercise of share acquisition rights (the “Exercise Price”), calculated as follows, by the Number of Granted Shares.

The Exercise Price shall be calculated by multiplying by 1.05 the higher of the average closing price of the Company’s common shares on the Tokyo Stock Exchange for each day (excluding days on which no transactions were concluded) of the month preceding the month to which the date of resolution by the Board of Directors to determine subscription requirements for the share acquisition rights belongs, and the closing price of the Company’s common shares on the Tokyo Stock Exchange on the day preceding the date of resolution by the Board of Directors to determine subscription requirements for the share acquisition rights (or the closing price on the most recent trading day prior thereto if no transactions were concluded on such day). Any fractions of less than 1 yen shall be rounded up.

In the event that, after the Allotment Date, the Company conducts a share split or a share consolidation of its common shares, the Exercise Price shall be adjusted using the following formula. Any fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{The share split or consolidation ratio}}$$

Furthermore, in the event that, after the Allotment Date, the Company issues new shares of its common shares or disposes of its treasury shares (excluding the issuance of shares or the disposal of treasury shares in conjunction with the exercise of share acquisition rights issued by the Company) at prices less than the market price, the Exercise Price shall be adjusted using the following formula. Any fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\begin{array}{ccccccc} & & & \text{Number of} & & \text{Number of newly} & & \text{Amount to be paid in per} \\ & & & \text{issued} & & \text{issued shares} & \times & \text{share} \\ & & & \text{shares} & + & & & \\ \text{Exercise} & & \text{Exercise} & & & & & \\ \text{Price after} & = & \text{Price before} & \times & \frac{\text{Number of issued shares} + \text{Number of newly issued shares}}{\text{Market price per share before the issuance of new shares}} \\ \text{adjustment} & & \text{adjustment} & & & & & \end{array}$$

In the above formula, the “Number of issued shares” represents the total number of issued shares of the Company’s common shares excluding the number of treasury shares of the Company’s common shares. If treasury shares of the Company’s common shares are to be disposed of, the “Number of newly issued shares” and the “Market price per share before the issuance of new shares” shall be replaced by the “Number of treasury shares to be disposed of” and the “Market price per share before the disposal of treasury shares,” respectively.

Furthermore, in addition to the case above, if a compelling reason arises necessitating an adjustment to the Exercise Price, the Company shall make an adjustment to the Exercise Price as it deems necessary.

- (5) Period during which share acquisition rights may be exercised
The period during which share acquisition rights may be exercised shall be from July 1, 2023 to June 30, 2026.
- (6) Matters regarding the share capital and legal capital surplus that would increase in cases where shares are issued as a result of the exercise of share acquisition rights
- 1) The amount of share capital that would increase in cases where shares are issued as a result of the exercise of

share acquisition rights shall be one half of the maximum amount of increase in stated capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting. Any fractions of less than one yen resulting from the calculation shall be rounded up.

- 2) The amount of legal capital surplus that would increase in cases where shares are issued as a result of the exercise of share acquisition rights shall be the maximum amount of increase in stated capital as described in the above 1) less the amount of share capital that would increase as set forth in the above 1).

(7) Restrictions on the acquisition of share acquisition rights by transfer

Acquisition of share acquisition rights by transfer shall require approval by resolution of the Company's Board of Directors.

(8) Grounds on which the Company may acquire share acquisition rights and conditions for the acquisition

- 1) In the event that an absorption-type merger agreement or consolidation-type merger agreement, in which the Company becomes a disappearing company, or a share exchange agreement or share transfer plan, in which the Company becomes a wholly-owned subsidiary, is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors if approval by resolution of the General Meeting of Shareholders is not required), the Company may acquire the share acquisition rights without contribution when a date determined by the Company's Board of Directors arrives.
- 2) In the event that a person who received an allotment of share acquisition rights or his or her heir no longer meets the conditions for the exercise of share acquisition rights set forth in the "Share Acquisition Rights Allotment Agreement" to be concluded between the Company and an eligible employee based on a resolution of the General Meeting of Shareholders and a resolution of the Board of Directors, the Company may acquire the share acquisition rights without contribution on a date to be separately determined by the Company's Board of Directors.

(9) Issuance of share acquisition rights and conditions thereof, in the event that the Company carries out a merger (limited to cases where the Company disappears in the merger), an absorption-type company split, an incorporation-type company split, a share exchange, or a share transfer

In the event that the Company carries out a merger (limited to cases where the Company disappears in the merger), an absorption-type company split, an incorporation-type company split, a share exchange, or a share transfer (collectively, "Organizational Restructuring"), according to each case, the Company shall deliver share acquisition rights of a stock company as provided for in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (the "Restructured Company") to the rights holders of share acquisition rights remaining at the time when the Organizational Restructuring takes effect (the "Remaining Share Acquisition Rights"), under the following conditions. In such cases, the Remaining Share Acquisition Rights shall be cancelled and the Restructured Company shall issue new share acquisition rights; provided, however, that the new share acquisition rights shall be issued only if the 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 stipulates to the effect that the share acquisition rights of the Restructured Company shall be delivered under the following conditions.

1) Number of share acquisition rights of the Restructured Company to be delivered

The same number as the number of share acquisition rights held by each share acquisition rights holder who holds the Remaining Share Acquisition Rights shall be delivered.

2) Class of shares of the Restructured Company underlying the share acquisition rights

The class of shares shall be the common shares of the Restructured Company.

3) Number of shares of the Restructured Company underlying the share acquisition rights

The number of shares shall be determined in the same manner as the above (1) upon taking into account factors such as the conditions of the Organizational Restructuring.

- 4) Value of the property to be contributed when share acquisition rights are exercised
The value of the property to be contributed when each share acquisition right to be delivered is exercised shall be the amount derived by multiplying the amount to be paid in after the restructuring, calculated by adjusting the Exercise Price upon taking into account factors such as the conditions of the Organizational Restructuring, by the number of shares of the Restructured Company underlying the share acquisition rights determined in accordance with the above 3).
 - 5) Period during which share acquisition rights may be exercised
The period during which share acquisition rights may be exercised shall be from the commencement date of the period during which share acquisition rights may be exercised set forth in the above (5) or the effective date of the Organizational Restructuring, whichever is later, to the date of expiry of the period during which share acquisition rights may be exercised set forth in the above (5).
 - 6) Matters regarding the share capital and legal capital surplus that would increase in cases where shares are issued as a result of the exercise of share acquisition rights
Matters regarding the share capital and legal capital surplus that would increase in cases where shares are issued as a result of the exercise of share acquisition rights shall be determined in the same manner as the above (6).
 - 7) Restrictions on the acquisition of share acquisition rights by transfer
The acquisition of share acquisition rights by transfer shall require an approval of the Restructured Company.
 - 8) Conditions for the exercise and acquisition of share acquisition rights
The conditions for the exercise and acquisition of share acquisition rights shall be determined in the same manner as the above (8).
- (10) Rounding down of fractions of less than one share resulting from the exercise of share acquisition rights
If any fractions of less than one share arise in the number of shares to be delivered to the share acquisition rights holders who exercised their share acquisition rights, such fractions shall be rounded down.
- (11) Delegation of the determination of subscription requirements, etc.
In addition to the matters set forth in the above, subscription requirements for the share acquisition rights and other particulars shall be determined by resolution of a meeting of the Board of Directors to be held separately.