

TRANSLATION FOR REFERENCE PURPOSE ONLY

*This notice has been translated from the original Japanese text of the timely disclose statement and is for reference purpose only.
In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.*

July 27, 2023

Company Name: **ARE Holdings, Inc.**
Representative: Tomoya Higashiura, President & CEO
(Code: 5857, Tokyo Stock Exchange - Prime Market)
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Notice Concerning Disposal of Treasury Shares through a Third-Party Allotment

ARE Holdings, Inc. (“the Company”) hereby announces that the Board of Directors of the Company has resolved today to dispose of treasury shares through a third-party allotment (hereinafter, “Disposal of Treasury Shares”), as described below.

1. Overview of disposal

(1) Date of disposal	August 28, 2023
(2) Number of shares for disposal	Common stock 270,000 shares
(3) Disposal price	1,933 yen per share
(4) Total amount of disposal price	521,910,000 yen
(5) Disposal recipient planned	The Master Trust Bank of Japan, Ltd. (executives’ compensation BIP Trustee)
(6) Other	Disposal of Treasury Shares is conditional to the notification coming into effect as per the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

The Company resolved at a Board of Directors meeting held on May 19, 2023 and the 14th Annual General Meeting of Shareholders held on June 20, 2023 to continue and partially revise the “BIP (Board Incentive Plan) trust” (hereinafter, “BIP Trust”) for Directors of the Company and the Company’s major subsidiaries (excluding Directors Serving as the Audit and Supervisory Committee and Outside Directors; they are referred to as “Eligible Directors” hereafter), in order to add a new indicator for TSR (Total Shareholder Return) achievement and increase the proportion of stock-based remuneration with the aim of further sharing value with the shareholders as well as improving the Group’s business performance and enhancing its corporate value.

For details of the BIP Trust, please refer to “Notice Concerning Continuation and Partial Revision of Performance-based Stock Compensation Plan” announced on May 19, 2023.

This Disposal of Treasury Shares by third party allocation along with the additional monetary contribution to BIP Trust, is made to The Master Trust Bank of Japan, Ltd. (executives’ compensation BIP Trustee), which is the joint trustee of the executives’ compensation BIP Trust agreement that the Company entered into with Mitsubishi UFJ Trust and Banking Corporation.

The number of shares to be disposed of is the number of shares expected to be issued to the Eligible Directors during the trust period based on the share delivery regulations. The scale of dilution will be at 0.34 % (figure rounded after the third decimal place; 0.35 % of 775,087 total voting rights as of March 31, 2022) of total shares issued (79,708,688 shares).

Company-owned shares that are allocated through the Disposal of Treasury Shares are issued to the Eligible Directors in accordance with the share delivery regulations. As the shares are not expected to flow to the stock market at one time due to the Disposal of Treasury Shares, the impact on the secondary market is minor. Thus, the Company has determined that the number of shares to be disposed of and the scale of dilution are reasonable.

<Outline of Trust Contract>

Trust category	Money trust other than a specific individually operated money trust (third party benefit trust)
Trust objective	To provide incentive for the Eligible Directors
Assignor	ARE Holdings, Inc.
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiary	Eligible Directors who satisfy beneficiary conditions
Trust administrator	Third party with no interest-based relationship with the Company (certified accountant)
Date of trust agreement	February 2, 2016 (Scheduled to be changed in August 2023)
Trust period	From February 2, 2016 to August 31, 2024 (Scheduled to be extended until August 31, 2027 due to changes in the trust agreement in August 2023)
Start of plan	February 2, 2016
Execution of voting rights	Not to be executed

3. Basis of calculation and specific details of the disposal price

Considering the recent changes in share price, in order to ensure that the disposal price is free of arbitrariness, the disposal price shall be 1,933 yen, the closing price of the shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution at the Board of Directors regarding the Disposal of Treasury Shares (July 26, 2023). The above closing price was adopted as the disposal price since the Company believes it is highly objective and reasonable as the basis of calculation, and it does not represent a particularly favorable disposal price.

All of the Audit and Supervisory Committee Members (5 people, 4 of whom are Outside Directors) are of the opinion that the above disposal price is not particularly favorable.

4. Matters concerning the procedure required by the corporate code of conduct

As this matter will have a dilutive effect of less than 25% of shares and does not involve a change in controlling shareholder, procedures for the receipt of the opinion of an entity who has a specific degree of independence from the management regarding the necessity and suitability of third-party allotment, and confirmation of the intent of shareholders regarding third-party allotment, as provided by Rule 432 of the Tokyo Stock Exchange's Securities Listing Regulations, are not necessary.