

February 27, 2017

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### **Comments on Certain Media Articles**

An article concerning Leopalace 21 Corporation (the "Company"), titled "Rent reduction lawsuit filed by apartment owner," was published on February 22, 2017. However, there is no record of this lawsuit filed as of the date of this press release.

According to the article, an apartment owner living in the Aichi prefecture is planning to file a lawsuit demanding payment to cover the shortfall caused by rent reduction. There has been a court mediation between this owner and the Company, in which the owner demanded an increase in rent from the Company. However, this owner did not submit any financial basis for the rent increase (eg. change in economic environment, rent increase in surrounding properties), and the claim was withdrawn on February 20, 2017.

The Company is grateful towards the apartment owners who agreed to rent reduction after the collapse of the Lehman Brothers, when the rent decreased nationwide due to a slump in the real estate market. Currently, the market has improved and the Company has increased rent paid to owners in certain areas. Unfortunately, the Company has not been able to increase rent in certain areas which lack improvement.

The Company has negotiated to reduce rent according to Article 32 of the Act on Land and Building Leases, and rent was reduced by a certain agreement in writing with apartment owners. If the lawsuit mentioned in the article published on February 22 was to be filed, the Company will act in correspondence to the law. Concerning other apartment owners, the Company will explain the basis for the rent revisions and request for their understanding.

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