

FOR IMMEDIATE RELEASE

January 18, 2021

Company Name: **Leopalace21 Corporation**
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Notice Concerning Transferring Equity Interest in a Subsidiary

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the “Company”) announces that the Company determined to transfer the whole equity interest in LEOPALACE21 VIETNAM CO., LTD. (“Leopalace21 Vietnam”) a subsidiary of the Company to Chuwa Petroleum Co., Ltd. (“Chuwa Petroleum”) as follows. As a result of the equity interest transfer, Leopalace21 Vietnam will be excluded from the scope of consolidation of the Company.

1. Reason for transfer of equity interest

Leopalace21 Vietnam became a consolidated subsidiary of the Company on November 4, 2013. Since then, Leopalace21 Vietnam has been mainly responsible for the real estate agency business in addition to real estate management, management of serviced apartments and serviced offices as well as real estate development business.

The Company has been looking for a purchaser both in and outside of Japan in line with the policy of transferring or withdrawing from non-core and unprofitable businesses for drastically improve the financial base for increased corporate value, which we announced in the Notice Concerning Implementing Structural Reforms based on Strategic Review Results for Drastic Business Strategies Reconstruction dated on June 5, 2020. The Company determined to transfer the whole equity interest in Leopalace21 Vietnam to Chuwa Petroleum.

2. Outline of the subsidiary to be transferred

(1) Name	LEOPALACE21 VIETNAM CO., LTD.	
(2) Address	25F Lim Tower, 9-11 Ton Due Thang Street, Ben Nghe Ward, District 1, HCMC, Vietnam	
(3) Representative	Hidenobu Sato, Representative Director	
(4) Business description	Real estate agency business and management business, Management of serviced apartments and serviced offices, and Real estate development business	
(5) Founded	November 2013	
(6) Capital	95,075 million VND*	
(7) Major equity interest holder and holding ratio	Leopalace21 Corporation	100%
(8) Relationship between the Company and Leopalace21 Vietnam	In terms of capital:	The Company owns 100% equity interest in Leopalace21 Vietnam.
	In terms of personnel:	The Company sends one representative director and one employee on secondment.
	In terms of business:	The Company has business relationship with Leopalace21 Vietnam in referral of customers and transaction.

*The value is stated in the company registration certificate and different from the one stated in the audit report, which is 96,707 million VND.

3. Outline of the transferee of the equity interest in Leopalace21 Vietnam

(1) Name	Chuwa Petroleum Co., Ltd.
(2) Address	9-1008 Minami 4-jo Nishi, Chuo-ku, Sapporo City, Hokkaido
(3) Representative	Kenjiro Sugisawa, Representative Director
(4) Business description	Energy business centered on gas stations operation, Sale of new and used cars and maintenance services business, Real estate business for commercial properties and rental apartments, and Human resource services business specialized in Vietnamese

(5) Founded	December 1954	
(6) Capital	48 million yen	
(7) Major shareholders and shareholding ratio	Kenjiro Sugisawa	65.9%
	Sugi Corporation	16.0%
	Koutaro Sugisawa	5.5%
	Hiroshi Sugisawa	2.9%
(8) Relationship between the Company and Chuwa Petroleum	In terms of capital:	None
	In terms of personnel:	None
	In terms of business:	None

4. Amount of equity interest transferred, value of the transfer and interest holding before and after the transfer

(1) Amount of owned equity interest before the transfer	95,075,000,000 VND
(2) Amount of owned equity interest to transfer	95,075,000,000 VND
(3) Value of the transfer	Due to confidential liability between the parties, the value of the transfer is not disclosed. The value is however determined by negotiations with the counterpart through a fair process.
(4) Amount of owned equity interest after the transfer	None

5. Time schedule

(1) Date of concluding the equity interest transfer agreement	January 15, 2021
(2) Effective date of equity interest transfer	April 1, 2021 (planned)

6. Future Outlook

We do not believe the impact of this matter on our earnings forecast for the year ending March 2021 is material enough although it works to reduce the consolidated operating loss since Leopalace21 Vietnam has been continuing to record a deficit. We will promptly disclose any issues that need to be published due to further development.

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