

**FOR IMMEDIATE RELEASE**

June 29, 2021

Company Name: **Leopalace21 Corporation**  
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**Notice Concerning Leopalace21's Entry into Grace Period  
Pertaining to Delisting Caused by Excessive Liabilities**

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") submitted today its Annual Securities Report and announced that the Company entered into the grace period for delisting caused by its state of excessive liabilities reported in the fiscal year ended March 2021, as the Tokyo Stock Exchange announced today in accordance with the Article 601 Paragraph 1, Item 5 of the Securities Listing Regulations.

1. Statutory disclosure document

Annual Securities Report (from April 1, 2020 to March 31, 2021, available in Japanese language only)

2. Background of incurring excessive liabilities

The Company posted net loss of JPY 68,662 million for the fiscal year ended March 2019 and net loss of JPY 80,224 million for the fiscal year ended March 2020 owing to the construction defects problem which came to light in April 2018. The Company had a good business prospects of turning a profit for the fiscal year ended March 2021 as a result of the business being back on a track to recovery due to the completion of all-building investigations in the fiscal year ended March 2020, subsequent progress in repair works and resumption of tenant recruitment.

In parallel, the Company raised total funds of JPY 57,215 million by issuance of new shares through third-party allotment, by a loan with share subscription rights, and by issuance of preferred stock by Leopalace Power Corporation, a consolidated subsidiary, and appropriated JPY 11,999 million for the total shareholders' equity to strengthen the financial structure.

For the details please refer to the announcement with the title of "Notice

Concerning Completion of Payment with respect to Issuance of New Shares through Third Party Allotment and Issuance of the 5<sup>th</sup> Series Stock Acquisition Rights in connection with the Loan with Stock Acquisition Rights through Third Party Allotment, and Completion of Payment with respect to Issuance of Preferred Stock by Consolidated Subsidiary” dated November 2, 2020.

However, the Company faced declining business demand resulting from reduced number of relocations along with job reassignment by the corporate customers, a core customer segment; and stagnant demand by individual single-household customers such as students and foreign nationals, due to the continued spread of COVID-19 pandemic. As a result, the Company saw remarkable reduction in sales and significant deterioration of operating profit, recurring profit and net income.

For the details please refer to the “1. Results for the Fiscal Year ended March 31, 2021 (April 1, 2020 – March 31, 2021)” attached to the Consolidated Financial Statements (Japanese Accounting Standard) and “Investor Meeting Presentation for the Fiscal Year Ended March 31, 2021.”

The Company consequently recorded recurring loss of JPY 34,170 million and total shareholders’ equity combined with total accumulated other comprehensive income of negative JPY 8,494 million for the fiscal year ended March 2021.

3. Grace period\*

From April 1, 2021 to March 31, 2023

\* The Tokyo Stock Exchange has changed a part of the Securities Listing Regulations and others. They extended the grace period from one year to two years in case a company incurs excessive liabilities due to the impact of spread of COVID-19.

4. Future prospects

The Company invested its management resources through selective concentration in the Leasing Business, a core business, and it continues the structural reform for improving drastic financial structure, which started since the fiscal year ended March 2021, in line with the policies shown in the drastic business strategies reconstruction disclosed on April 30, 2020 and efforts in excessive liabilities elimination announced on May 14, 2021. The Company strives to stabilize its operational and financial conditions as well as continuous profitability improvement so that it can remedy and eliminate the excessive liabilities.

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