

FOR IMMEDIATE RELEASE

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**Notice Concerning the Company's Position on Reno, Inc.'s Statement
dated January 20, 2020**

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") announces its position on the statement of January 20 jointly prepared by Reno, Inc. and S Grant Corporation (hereinafter "Requesters") and presented on Reno, Inc.'s company website as "Regarding Leopalace21 Corporation's notice dated January 17." Our opinion on the Requesters' statement is as follows.

1. Regarding the point where the Company is opposed to an extraordinary general meeting of shareholders, the Requesters stated that they just wanted the Company to hold the general meeting of shareholders with their proposals and seek the shareholders' judgment. In this respect, we are not against the very point that the directors are elected based on the will of all the shareholders. We are opposed to the Requesters' demand because it is not necessary to hold the extraordinary general meeting of shareholders at this moment without waiting for the ordinary general meeting of shareholders which is scheduled for June this year, and because there is only an adverse effect.

The term of office of our directors is one year in accordance with the Company's articles of association, and the term of office of all directors ends at the conclusion of the ordinary general meeting of shareholders. Therefore, the election of all directors will be a proposal for resolution at the ordinary general meeting of shareholders where the shareholders' judgment will be sought.

The current directors, who were elected at the ordinary general meeting of shareholders on June 27 last year, are working to fulfill their responsibilities delegated by all the shareholders. However, the Requesters have not clarified the reasons why all of the current directors should be dismissed even by holding the extraordinary general meeting of shareholders.

2. In the section entitled "Suspension of preparing drastic reform proposals, including business collaboration and restructuring, and concerns about impact on business performance," the Requesters stated that they did not receive the counterproposals, nor even the thoughts for the future of the Company and the businesses, and as a result, they were unable to confirm the Company management's attitude of sincere efforts in having dialogues with them, they decided to demand for calling an extraordinary general shareholders meeting. However, the Requesters' demand has been only business divestitures including those that take the form of company splits, which was clearly mentioned in the statement dated January 17, 2020 by the Requesters, "Regarding Our Thoughts on the Businesses of Leopalace21 Corporation."

In response to their demand, we have explained that we need to deliberate all alternative measures that benefit our stakeholders and shareholders, including business collaboration and restructuring.

Nevertheless, we were further asked to get the Requesters and other related parties involved in the Company's planning process of preparing drastic reform proposals. As the directors assume management responsibility on behalf of all the shareholders, we did not consider it proper to allow only such a major shareholder's involvement and declined the request. As a result we were requested to hold the extraordinary general meeting of shareholders.

The Requesters are making the request of holding an extraordinary general meeting of shareholders only as a means to carry out "dismantlement" of the Company's businesses. It is obvious that allowing such an abuse of shareholders' right would interfere with the consideration of drastic reform proposals for running the businesses, and would also have a significant adverse impact on our business operations during the busiest season. In order to fulfill the directors' duties, the directors are opposed to holding the extraordinary general meeting of shareholders.

3. In the section entitled "Opinions on the proposal for resolution of dismissing all the Board members and electing the three Board members recommended by the Requesters," the Requesters stated that it was strange for the present Board members to determine not to hold the general meeting because they are opposed to the proposal for their own dismissal, whereas it is the shareholders who make the judgment.

However, the current director should fulfill their responsibilities delegated by all the shareholders at the ordinary general meeting of shareholders held in June last year. Therefore, the Board of Directors is opposed to the Requesters actions – they proposed the

dismissal of all directors, whereas proposed to elect as directors only their related persons – in terms of the fact (i) the Requesters do not try to elect representatives from all shareholders; (ii) there is no need for resolutions to be made by holding the extraordinary general meeting of shareholders; and (iii) holding the extraordinary general meeting of shareholders during the busiest period is only harmful. It is not the case that the incumbent directors are opposed to the proposals because it is for the dismissal.

4. In the section entitled "Opinions against the Company's translation of business divestitures into dismantling acquisition," Requesters stated that "dismantlement" is not legally meaningful, and that even after business divestiture or business integration, the business of the Company will naturally continue to exist, which may bring about beneficial changes to shareholders, business partners, and other stakeholders. Nevertheless, it is obvious from the Requesters' past behavior and their remarks on the Company that they are only trying to pursue their own short-term interests by realizing the dismantling acquisition or the sale of assets by the piece.

It is our social responsibilities to resolve the construction defects problem, and we should demonstrate the responsibilities to shareholders and stakeholders by regaining trust and restoring the business performance. Allowing the "dismantlement" is far from our responsibilities.

The Requesters told that the Company should not waste time renewing the current management team and restoring corporate value. However, there is no explanation at all why the actions are so hastily needed. We believe that making efforts to resolve the construction defect problem and to recover the occupancy rate should comply with all the shareholders' entrustment. However, the Requesters' opinion is almost that the conduct of such incumbent directors would damage the corporate value, and hence the directors delegated by all the shareholders cannot help but to be against such an opinion.

We trust that all the stakeholders including the shareholders kindly understand the Company's position.

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