

FOR IMMEDIATE RELEASE

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Notice Concerning a Voting Recommendation Provider's Report regarding the Extraordinary General Meeting of Shareholders

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") was informed that Institutional Shareholder Services Inc. (hereinafter "ISS"), a provider for voting recommendations published its vote recommendation (hereinafter "Report") on the proposals at the extraordinary general meeting of shareholders of the Company (hereinafter "EGM") scheduled for February 27, 2020.

The Report provides ISS's analysis on agenda item 2, a proposal made by Reno, Inc. and S-Grant Corporation (hereinafter collectively the "Requesting Shareholders"). The proposal (hereinafter "Requesting Shareholders' Proposal") is to appoint one director and ISS recommended vote for the Requesting Shareholders' Proposal. However, we are afraid that the Report lacks mentioning the Company's grave doubt and others on the eligibility of Mr. Masahiro Omura (hereinafter "Mr. Omura") as a candidate for a director about whom the Company made announcement on February 6 in its news release titled "Notice Concerning Shareholders' Response to a Letter Dated January 31" (announced in English on February 7, hereinafter "Company's News Release Dated February 6").

The Company believes that it needs to reiterate the points in the Company's News Release Dated February 6 so that our shareholders' voting should not be wrongly affected by the lack of mentioning the related information in the Report.

The information, which is not mentioned in the Report and announced in the Company's News Release Dated February 6, is outlined as follows. For details please see the news release itself.

- The Company required the Requesting Shareholders to submit a written pledge to the effect that the Requesting Shareholders will never buy or sell shares of the Company using the Company's insider information, considering that the Requesting Shareholders are major shareholders holding share units of more than 10% of the voting rights of all shareholders of the Company and Mr. Omura is an employee of Reno, Inc., one of the Requesting Shareholders, and further considering that it is necessary for the Company to prevent insider trading and the like involving the Company's directors and to maintain the Company's social credibility. However, the Requesting Shareholders and Mr. Omura virtually rejected the Company's request to submit the written pledge.

- The Company required to submit a written pledge in the joint names of all of Mr. Omura's related parties including the Requesting Shareholders ("Mr. Omura's Related Parties") to the effect that Mr. Omura declines to attend the Board of Directors' meeting and other meetings of the Company which discuss transactions in which there may be conflicts of interest between Mr. Omura's Related Parties and the Company or shareholders of the Company other than Mr. Omura's Related Parties (the "Company's General Shareholders"), from the viewpoint of preventing conflicts of interest between Mr. Omura's Related Parties and the Company's General Shareholders, considering that the Requesting Shareholders may pursue their own profits at the sacrifice of the Company's medium- and long-term corporate value and the profits of stakeholders including the Company's General Shareholders by ultimately making "dismantling-type acquisition" through the Requesting Shareholders' Proposal. However, the Requesting Shareholders and Mr. Omura virtually rejected the Company's request to submit the written pledge.

Referring to the fact that the Requesting Shareholders virtually rejected the Company's requests of submitting the written pledges, we suspect that the Requesting Shareholders may pursue their own profits at the sacrifice of the Company's medium- to long-term corporate value and the profits of stakeholders including the Company's General Shareholders. We therefore believe the above two-pointed information is significant for the shareholders to exercise their voting rights on the Requesting Shareholders' Proposal.

We see it as problematic that the specific shareholders such as the Requesting Shareholders who may hold the insider information opened the dedicated website and disseminate their opinion for the sake of urging wider agreement and it is not considered appropriate as the institutional investors' collective engagement activities and not meeting the compliance requirements for the global institutional investors and laws and regulations symbolized such as EU's Market Abuse Regulation.

As described above, the Report does not contain the fact that the Requesting Shareholders virtually rejected the written pledge which the Company requested and the Company's doubt on the eligibility of Mr. Omura as a candidate for a director. We are very much worried that ISS provided their affirmative recommendation to the Requesting Shareholders' Proposal by not mentioning the information which may wrongly affect the shareholders' voting.

We strongly ask (i) the institutional investors as our shareholders to make a careful judgment for voting in terms of compliance with the stewardship code and the fiduciary responsibility to investors, and (ii) the general shareholders to exercise a deliberate judgment in terms of maintaining the Company's medium- to long-term corporate value and securing the profits of stakeholders including the Company's General Shareholders, based on the information such as Company's notice of EGM and the Company's News Release Dated February 6 but not based on ISS's Report.

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