

January 28, 2020

Reno, Inc.
S-GRANT.CO., LTD.

Notice of Change to Our Shareholder Proposal Agenda Items

It has been announced that Leopalace21 Corporation (“Leopalace” hereafter), as stated in the press release “Notice Concerning Holding of an Extraordinary General Meeting of Shareholders and the Company’s Board of Directors’ Opinion on the Shareholders’ Proposals” dated January 27, 2020 (“the Leopalace 1/27 Release” hereafter), will be holding an extraordinary shareholders’ meeting on February 27, 2020.

As a result of discussions that were held on January 24 at the Tokyo District Court regarding the holding of an extraordinary shareholders’ meeting, Leopalace admitted to the legitimacy of our demand for a convocation of said shareholders’ meeting, and will be holding an extraordinary shareholders’ meeting hosted by themselves. We also considered what is best for Leopalace going forward while listening to various opinions, given that Leopalace is showing signs of seriously considering reform plans, as can be seen from the fact that they are explaining reform plans including business alliances and business restructurings to other major shareholders.

The conclusion we have come to is that it is not absolutely necessary to have all 3 of our candidates for board director to be appointed, given that it is assumed that two outside board directors that have been nominated by the Company will be added, as the important matter is to have the board of directors change to one that can hold sincere discussions by having directors give suggestions with the perspective of shareholders, seriously thinking about how to improve enterprise value. As for the management structure until the scheduled annual shareholders’ meeting in June, we have reached the conclusion that it will be best that the current directors of the board not be dismissed so that they can focus on rectifying the construction defects problem and conducting marketing during the busy season, while adding new directors that can concurrently discuss and consider reform plans that can improve the Company drastically, and then executing on those reform plans under the management structure that will be approved in the annual general shareholders’ meeting in June.

Specifically, we will retract the proposal for dismissing the 10 current directors of the

board, and also partially retract the proposal for the election of 3 new board directors (Masahiro Omura, Hironao Fukushima, and Fuminori Nakashima) for 2 of the candidates, and maintain this proposal only for 1 candidate (Masahiro Omura).

As for the Company's proposal of adding the agenda item of appointing 2 new candidates as outside board directors, we look at this positively. We intend to decide whether to agree to this proposal after either holding discussions with them or considering their responses to inquiries that we will be sending them.

We will be changing the shareholder proposals for agenda items at the extraordinary shareholders' meeting, but we hope that you understand and agree with them, as we are confident that the above changes to our proposals will be beneficial to all shareholders.

Additionally, as we have been mentioning, our ultimate goal is not to gain management control of Leopalace, but rather that we want Leopalace to become a better company and that we want its management team to improve its enterprise value. We intend to continue working with Leopalace and doing what we can to gain the understandings of the shareholders.