

January 24, 2020

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

## **Regarding the Extraordinary Shareholders' Meeting of Leopalace 21 Corporation**

As stated in our press release “Regarding Our Thoughts on the Businesses of Leopalace21 Corporation” dated January 17, 2020, we have been making an appeal to the court for the permission to hold a shareholders' meeting for Leopalace21 Corporation (“Leopalace” hereafter) run by us.

Leopalace, on the other hand, stated in its press release “Notice Concerning the Company's Response to the Shareholders' Demand for Calling an Extraordinary General Meeting of Shareholders” dated January 17, 2020 (“the Leopalace 1/17 Release” hereafter), that it has decided not to call for an extraordinary shareholders' meeting, claiming that our demand for the convocation of an extraordinary shareholders' meeting is an abuse of shareholder rights, and have also stated that they will file a opinion with the Tokyo District Court (“Court” hereafter) that they do not believe that the extraordinary shareholders' meeting run by us should be held as insisted by us.

As a result of the discussions held at the Court today, Leopalace admitted our rightful claim as a shareholder, and as a result, Leopalace will be holding an extraordinary shareholders' meeting on Thursday, February 27, 2020.

We believe that Leopalace should explain itself clearly as to why they have decided to hold the extraordinary shareholders' meeting despite stating that they would not in the Leopalace 1/17 release, as opposed to using vague terms such as “taking various circumstances into consideration”. Additionally, Leopalace, in this release, repeatedly used the term “dismantling” to criticize our proposals for business divestitures, but we hope that they sincerely consider a counterproposal that goes above and beyond our own proposal as opposed to hiding behind it.

As we have been claiming in our previous releases, our ultimate goal is not the dismissal of all of the current board of directors; our goal is a shift to a management structure that includes members that can sincerely contemplate how to increase enterprise value. The management structure that consists of the three candidates that will be elected at the extraordinary shareholders' meeting is a temporary structure.

After the shift to the new management structure at the annual general shareholders' meeting, we will seek to end the construction defects problem as soon as possible and focus on

increasing enterprise value through the recovery of the damaged brand.

Also, as we have been mentioning, we intend to have the current directors continue in their business responsibilities after they are dismissed, to minimize the impact on business operations.

Lastly, we have been hearing from news media companies that they are not able to gather news from Leopalace; we hope that this opportunity ignites a change in Leopalace to start proactively disseminating specific plans for increasing enterprise value through the press.