

February 4, 2020

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

Regarding the Leopalace 21 Corporation Release Dated January 31, 2020

Yesterday, we received the document “Notice Concerning a Letter to the Requesting Shareholders” released by Leopalace21 Corporation (“Leopalace” hereafter).

The document requested the submission of written pledges in the joint names of all of Mr. Ohmura’s Related Parties, (1) pledging never to buy or sell shares of the Company using the Company’s inside information, and (2) pledging to the effect that Mr. Ohmura declines (or will be caused to decline) to attend the Board of Directors and other conferences of the Company which discuss various transactions in which there may be conflicts of interest involving Mr. Ohmura’s Related Parties.

As a reply, we have sent Leopalace the attached document, dated today.

We, of course, will not engage in any stock transactions that are illegal, including insider trading.

We find it extremely insulting to make this kind of request to shareholders assuming the possibility that said shareholders will engage in illegal activities.

Additionally, the document requests that we cause Mr. Omura to decline to attend board meetings, but if and when Mr. Omura is appointed to be a board member at the extraordinary shareholders’ meeting, that appointment is being made as a result of a procedure stipulated by law, representing the general approval of all shareholders, and is not an appointment by us. The demand for us to intervene with the actions of a board director of the Company suggests that Leopalace does not understand the fundamental concept of a board director.

We find it very problematic to assume the possibility of an illegal act against shareholders and demand a pledge that the current directors of the board have not submitted, against persons that do not abide by the will of oneself.

February 4, 2020

To: Mr. Bunya Miyao
President and Representative Director
Leopalace21 Corporation

Hironao Fukushima
Representative Director
Reno, Inc.

Tatsuya Ikeda
Representative Director
S-GRANT.CO., LTD.

We hereby reply to your document dated January 31, 2020:

(1) a written pledge to the effect that Mr. Ohmura, companies or partnerships for which Mr. Ohmura serves as an officer, representative, agent, or employee, and joint holders of such companies or partnerships, including you ("Mr. Ohmura's Related Parties"), will never buy or sell shares of the Company using the Company's inside information, whether or not doing so would conflict with or has the risk of coming into conflict with the regulation on insider trading prescribed in Article 166 of the Financial Instruments and Exchange Act, in all their joint names.

(Reply)

We will not engage in trading that violate insider trading rules, nor will we engage in any buying or selling that violate any laws or regulations. We find it extremely insulting to be asked for a written pledge for something that is so obvious.

(2) a written pledge in the joint names of all of Mr. Ohmura's Related Parties to the effect that Mr. Ohmura declines (or will be caused to decline) to attend (including attendance as an observer) the Board of Directors and other conferences of the Company which discuss various transactions, etc. (including, but not limited to, any reorganization act such as a merger, company split, share exchange, and share transfer, as well as other M&A transactions, between the following parties and the Company) in which there may be conflicts of interest between Mr. Ohmura's Related Parties, direct or indirect shareholders, investors or members of Mr. Ohmura's Related Parties, or managing partners or persons who continuously provide advice regarding investments of partnerships, etc. which constitute Mr. Ohmura's Related Parties and the Company and the Company's General Shareholders.

This English translation is for reference purposes only. In the event of any discrepancy between this English version and the Japanese version, the Japanese original shall prevail.

(Reply)

Mr. Omura will become a board director through an appointment by the shareholders of your Company, at a shareholder meeting of your Company (we are not the ones appointing him). His attending of board meetings and his execution of voting rights as a director of the board shall be based on his own decisions, in accordance with the Company Act, Duty of Care, etc. We find it odd that you are requesting that we give directions to Mr. Omura regarding the execution of his duties as a board director of your Company despite the above (you have stated in your note that Mr. Omura “will be caused to decline”). If we may, we would like to remind you of the fundamentals that a director of the board is appointed by shareholders at a shareholders’ meeting, with a Duty of Care formally to the company and effectively to all shareholders.

February 4, 2020

To: Mr. Bunya Miyao
President and Representative Director
Leopalace21 Corporation

Masahiro Omura

I have received the document from your Company dated January 31, 2020. In this document, your Company has requested the submission of written pledges, but before responding to this document, I would like to explain the underlying thoughts for my reply.

If and when I am appointed as a director of the board at the extraordinary shareholders' meeting, that appointment is being made by all of the shareholders, and not by Reno or S-GRANT. Additionally, if I am to assume the role of board director based on a resolution at the shareholders' meeting, my understanding is that I will have a Duty of Care formally to the Company and effectively to all of the shareholders when conducting business at your Company, as a board director that has been mandated by the shareholders.

Keeping the above in mind, I hereby reply to your document:

(1) a written pledge to the effect that Mr. Ohmura, companies or partnerships for which Mr. Ohmura serves as an officer, representative, agent, or employee, and joint holders of such companies or partnerships, including you ("Mr. Ohmura's Related Parties"), will never buy or sell shares of the Company using the Company's inside information, whether or not doing so would conflict with or has the risk of coming into conflict with the regulation on insider trading prescribed in Article 166 of the Financial Instruments and Exchange Act, in all their joint names.

(Reply)

If I am to assume the role of board director, I intend to abide by the Company's designated regulations regarding the selling and buying of shares in the Company, just like the other board directors of your Company. I request that you disclose said regulations to me so that I may confirm the content.

(2) a written pledge in the joint names of all of Mr. Ohmura's Related Parties to the effect that Mr. Ohmura declines (or will be caused to decline) to attend (including attendance as an observer) the Board of Directors and other conferences of the Company which discuss various transactions, etc.

This English translation is for reference purposes only. In the event of any discrepancy between this English version and the Japanese version, the Japanese original shall prevail.

(including, but not limited to, any reorganization act such as a merger, company split, share exchange, and share transfer, as well as other M&A transactions, between the following parties and the Company) in which there may be conflicts of interest between Mr. Ohmura's Related Parties, direct or indirect shareholders, investors or members of Mr. Ohmura's Related Parties, or managing partners or persons who continuously provide advice regarding investments of partnerships, etc. which constitute Mr. Ohmura's Related Parties and the Company and the Company's General Shareholders.

(Reply)

If I am to assume the role of board director based on an appointment at the shareholders' meeting, as mentioned earlier, my understanding is that I will have a Duty of Care formally to the Company and effectively to all of the shareholders, so if I am either required by the Company Act or if it is in line with my Duty of Care to do so, I will not attend board meetings nor will I execute my voting rights in specific instances due to conflict of interest, etc. (for example, I will not be participating in board resolutions regarding a contract between your Company and Reno, Inc.). However, I believe that it will be an act against my Duty of Care as a board director to make vague promises like those mentioned above.

If you are in agreement with the replies above, and if all other board directors including the current directors as well as the external director candidates nominated by the Company will be submitting the same pledge (I find it unreasonable that only I submit the pledge), I will be ready to submit a pledge based on the content of the replies above.