

February 18, 2020

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

**Regarding the Voting on the Agenda Item Proposed by the Company
on the Election of 2 External Directors**

An agenda item has been proposed for the Extraordinary Shareholders' Meeting of Leopalace21 Corporation ("Leopalace" hereafter) scheduled on February 27, 2020, regarding the election of **Mr. Kazuyasu Fujita and Mr. Yutaka Nakamura** as two external directors.

We hereby announce that we will be abstaining from voting on the above agenda item proposed by the Company.

As we have been mentioning publicly, we welcome the board of directors of Leopalace expanding their external directors to transform into a board that can further work on improving shareholder value with an even fairer perspective.

On the other hand, given the current situation at Leopalace with all of its issues, we believe that we need to make a voting judgement based on the opinions of the above candidates regarding how they intend to resolve these issues. As such, we have sent a document to Leopalace requesting either a meeting with the external director candidates or responses to questions we have prepared for them (Appendix 1).

However, as can be seen in the response from Leopalace (Appendix 2), we neither received the opportunity for a meeting nor any responses to our questions, and since we could not make a judgement on whether the candidates should be elected as external directors or not, we have decided to abstain from voting on the agenda item proposed by the Company regarding the election of these two external director candidates.

As for Mr. Omura, who we have nominated, he has stated that he will promote the appropriate and timely disclosure of information with the objective of sharing information to shareholders and all stakeholders, if and when he is elected as a director of the board.

(Appendix 1)

January 31, 2020

Hironao Fukushima
Representative Director
Reno, Inc.

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

To the Board of Directors of Leopalace21 Corporation:

In the Leopalace press release “Notice of Partial Change to the Notice Concerning Holding of an Extraordinary General Meeting of Shareholders and the Company's Board of Directors' Opinion on the Shareholders' Proposals due to Approval of Partial Revoke of the Shareholders' Proposals” dated January 30, 2020, you have proposed the agenda item to elect 2 external directors for the Extraordinary Shareholders' Meeting that you have scheduled to hold on February 27, 2020.

As we have been communicating to you, we welcome the expanding of external directors to transform into a board that can further work on improving shareholder value with an even fairer perspective.

As for the agenda item proposed by your Company, as major shareholders, we believe that our decision-making process will go smoothly if we are granted the opportunity to meet with the 2 director candidates prior to the voting.

However, shall it be difficult to set up a meeting, we would like to base our judgement on the replies by the 2 director candidates to the 4 questions in “(Attachment) Questions to the Director Candidates” attached to this document (they are questions regarding items we have been communicating to you).

We ask that you respond to the above request by February 12, 2020, either in writing or through a public disclosure.

(Attachment) Questions to the Director Candidates

1: Business results forecasts have been revised downward repeatedly ever since the construction defects problem came to light.

Please let us know your thoughts on this issue, what you think needs to be done to rectify this issue, and how you intend to get involved in the process of this rectification.

2: The rectification of the construction defects problem was originally announced as being scheduled for August last year but has since been extended with still no clear policy regarding its closure.

Please let us know your thoughts on this issue, what you think needs to be done to rectify this issue, and how you intend to get involved in the process of this rectification.

3: While proactive disclosure of information is being demanded, public disclosures are not being made in timely manners, resulting in increasing concern on the part of the stakeholders. We believe that business forecasts should be immediately revised and announced when the construction defects problem impacts the balance sheet or the income statement in a way that affects business plans.

Please let us know your thoughts on this issue, what you think needs to be done to rectify this issue, and how you intend to get involved in the process of this rectification.

4: The brand image of Leopalace has been significantly damaged, and for it to recover, we believe that the closure to the construction defects problem is not enough, and that the recovery of Leopalace's business results will be difficult and time-consuming on Leopalace's own.

Please let us know your thoughts on this issue, what you think needs to be done to rectify this issue, and how you intend to get involved in the process of this rectification.

(Appendix 2)

February 12, 2020

Bunya Miyao
Representative Director
Leopalace21 Corporation

To: Mr. Hironao Fukushima
Representative Director
Reno, Inc.

To: Mr. Tatsuya Ikeda
Representative Director
S-GRANT.CO., LTD.

Response

Regarding your request dated January 31, 2020 concerning a prior meeting between the shareholders making a shareholder proposal and the external director candidates, we would like to decline this request.

We would also like to decline from responding to your questions for the external director candidates.

Thank you for your understanding on this matter.