

FOR IMMEDIATE RELEASE

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Company Name: **Leopalace21 Corporation**
Representative: Bunya Miyao, President and CEO
Code Number: 8848 (Tokyo Stock Exchange, Prime Market)
Contact: Shinji Takekura, Director, Chief of the Corporate Management Headquarters
Tel: +81-50-2016-2907
E-mail: ir@leopalace21.com

Comments on Certain Media Report about Leopalace21

Leopalace21 (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") recognized that Shukan Shincho, a weekly magazine, reported an article about the Company's business which is groundless. Following are the points of the article and the Company's position.

- The Company allows unsuccessful applicants to move in and non-paying tenants to stay as a means of increasing the occupancy rate.

There is no such fact, and the Company sets its own screening standards in consideration of various credit information and other factors. In addition, the Company has been collecting the rent from those who are in arrears in a timely manner and take legal procedures as necessary.

- There were employees who colluded with brokerage firms to commit fraud.

The Company reported in a timely disclosure dated May 16, 2022, where it confirmed the fact that there were fraudulent brokerage contracts and rental contracts. The Company had taken strict disciplinary actions against the relevant employees in accordance with the internal rules and regulations, and all damages have been recovered.

- It should be handled that anyone who are more than three months in arrears of rent payment should be evicted, but they are left unattended for almost two years.

Although the magazine reported as if it is necessary to evict the tenants who do not pay timely by setting a period of 3 months or more, there is no such law, regulation, or internal rules in place. The Company collects rent from the tenants who fail to pay in a timely manner.

- The Company intentionally delays the handling procedure for room cancellations to the following month and counts the cancelled rooms as rooms under contract in order to increase the occupancy rate.

There is no such fact. As reported in the timely disclosure dated May 16, 2022, the occupancy rate calculation is structured in such a way that it cannot be artificially manipulated. The Company has never intentionally manipulated the occupancy rate in its operations and it does not affect the financial results.

Although the occupancy rate is not defined by law and is not legally required to be disclosed, the Company sets a target occupancy rate as one of the KPI indicators and regularly post the occupancy rate at the end of the previous month on the Company website at the beginning of each month.

The Company made a strict protest to SHINCHOSHA Publishing Co., Ltd. to publish a fair article in accordance with the journalism ethics following its previous article. It is extremely regrettable that they have published such an article again. The Company will take decisive action on this matter, including a possible legal action. We deeply apologize to our shareholders, investors, business partners, and all other stakeholders for the great concern that the matter caused.

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