

Company Name: **Leopalace21 Corporation**
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Notice Concerning Debt Financing (Refinancing)

Leopalace 21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the “Company”) hereby announces that, at its Board of Directors’ Meeting held on December 22, 2023, the Company resolved to enter into a loan agreement (the “Loan Agreement”) with Biwa Godo Kaisha for the purpose of refinancing the loan obtained as of November 2, 2020 from Kaede Godo Kaisha, an affiliated entity of Fortress Investment Group LLC (“FIG”), as described below.

1. Background to the Loan Agreement

As announced in the press release dated November 2, 2020, titled “[Notice Concerning Completion of Payment with respect to Issuance of New Shares through Third Party Allotment and Issuance of the 5th Series Stock Acquisition Rights in connection with the Loan with Stock Acquisition Rights through Third Party Allotment, and Completion of Payment with respect to Issuance of Preferred Stock by Consolidated Subsidiary](#)”, the Company obtained a loan of JPY 30 billion from Kaede Godo Kaisha (the “Initial Loan”).

Since the Initial Loan can be repaid in advance from November 2, 2023, three (3) years after the borrowing date, the Company has been considering and discussing all possible options, including refinancing and repayment with its own funds. After careful consideration of the proposals by several prospective refinancing partners, the Company has decided today to enter into the Loan Agreement with Biwa Godo Kaisha for a loan of JPY 30 billion, as described below.

Biwa Godo Kaisha, the lender, is an affiliated entity of FIG established for the purpose of this refinancing, and Biwa Godo Kaisha obtained loans from several financial institutions. The refinancing under the Loan Agreement will contribute to an improvement of the business results of the Leopalace21 Group due to the lowered interest rate.

2. Outline of the Loan Agreement

(1) Lender	Biwa Godo Kaisha
(2) Principal of loan	JPY 30 billion (30,000,000,000)
(3) Loan drawdown date	December 25, 2023
(4) Maturity date	November 4, 2025
(5) Repayment method	Lump-sum repayment after partial repayment of principal in equal installments
(6) Voluntary prepayment	Prepayment may be made if the Company satisfies certain conditions.

(7) Applicable interest rate	5% per annum during the period from the loan drawdown date to the date on which half of the number of days from the loan drawdown date to the maturity date have elapsed, and 5.5% per annum thereafter.
(8) Security interests / Guaranty	Real estate, loan receivables held against the Company's subsidiaries, stock of subsidiaries, etc., joint and several guarantees by the Company's subsidiaries.

(Note) As announced in the press release dated October 1, 2020, titled "[Notice Concerning Issuance of New Shares through Third Party Allotment and Issuance of the 5th Series Stock Acquisition Rights in connection with the Loan with Stock Acquisition Rights through Third Party Allotment, Issuance of Preferred Stock by Consolidated Subsidiary, and Expected Changes in Major Shareholders and the Largest Shareholder among the Major Shareholders](#)", it was prescribed in the loan agreement concerning the Initial Loan, which was a so-called loan with stock acquisition rights, that, with respect to the 5th series stock acquisition rights (the "Stock Acquisition Rights") that the Company allocated to Chidori Godo Kaisha, an affiliated entity of FIG, if cash contributions were made upon the exercise of the Stock Acquisition Rights, the amount of such cash contributions would be used to prepay a portion of the principal of the loan principal receivables and the loan interest receivables held against the Company under the loan agreement concerning the Initial Loan. It was also prescribed that, if contributions in kind of the loan principal receivables and the loan interest receivables were made upon exercise of the Stock Acquisition Rights, the loan principal receivables and the loan interest receivables so contributed would be deemed to have become due and payable and extinguished by merger up to the amount of such claims at the same time as such contributions. Since the same provisions have been prescribed in the Loan Agreement entered into with Biwa Godo Kaisha today, the borrowing under the Loan Agreement is similar to the loan with stock acquisition rights under the Initial Loan.

3. Future Outlook

Due to the execution of the Loan Agreement, the Company will record Funding costs (Non-operating expenses) in the amount of JPY 1,004 million as the costs associated with this transaction in the consolidated financial statements and the non-consolidated financial statements for the third quarter ending December 31, 2023. On the other hand, the Company expects a decrease of JPY 750 million in Interest expenses (Non-operating expenses) for the fiscal year ending March 31, 2024, and a decrease of JPY 2,825 million in Interest expenses (Non-operating expenses) for the fiscal year ending March 31, 2025 due to the lower interest rate compared with the Initial Loan.

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