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**Notice Regarding Non-compliance with Specifications Approved
Based on Building Standards Act**

On April 27, May 29, 2018, and February 7, 2019, Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Eisei Miyama, the “Company”) announced that parting walls etc. of certain apartments constructed by the Company had the possibility of being in violation of the Building Standard Law. We announced that we will investigate all buildings (hereinafter “all-building investigations”) and repair those with defects. During the course of the investigations, we confirmed additional construction defects that are separate from the defects previously announced. Details of defects and our future courses of action are described below. We sincerely apologize to our tenants, apartment owners, and all our stakeholders for the trouble caused by parting wall defects, as well as these newly confirmed defects.

1. Details of defects confirmed in recent investigations

During the course of all-building investigations, non-compliance with the specifications approved based on of the Building Standards Act was identified in the investigation carried out on February 25, 2019 with the owner present. As a result of further investigation, the Company confirmed that there is a possibility that certain properties do not comply with specifications certified by the Minister of Land, Infrastructure, and Transport (Fire-resistant structure: FP060NP-9173 and FP060NP-9371, sound-insulation: SOI-9074) provided in the construction design documents as shown in the attached appendix 1, despite the requirement for parting walls to be fireproof under Articles 27 and 61 of the Building Standards Act (hereinafter “subject defects”).

The Ministry of Land, Infrastructure, and Transport instructed the Company to confirm the details on February 26, 2019. The Company reported status of investigations on May 28, 2019.

2. Investigation status of subject defects

Of the 39,085 buildings that are subject to all-building investigations, 16,809 buildings are steel-framed structures. As a result of checking the construction certification documents for these steel-framed properties, 2,240 buildings were confirmed to be fire-resistant properties, and 14,059 buildings were confirmed to be semi-fire-resistant or others. For the remaining 510 buildings, we could not confirm construction certification documents, and we are continuing to investigate whether these buildings are fire-resistant structures.

Of the 2,240 buildings that were confirmed to be fire-resistant properties, on-site investigations were conducted on 204, of which 63 were confirmed to be properties whose specifications do not

comply with the Building Standards Act, stating that parting walls must be fire-proof structures.

We believe 62 out of the 63 buildings comply with 2015 Ministry of Land, Infrastructure and Transport Notice No. 253 (appendix 2 figure 1) which meet one-hour semi-fire-resistant performance.

We confirmed 1 out of the 63 buildings do not meet one-hour semi-fire-resistant performance, as well as sound-insulation specifications certified by the Minister of Land, Infrastructure, and Transport, as noted in appendix 2.

3. Future course of action

(1) Notice of start of investigations and repair works

Concerning subject defects, the Company will report to specific administrative agencies as soon as possible and discuss corrective measures. Based on discussions, the Company will determine repair methods and take progressive steps to ensure compliance with laws and regulations.

The content and schedule of the investigations and repair works will be provided to tenants and owners before the commencement thereof. For tenants, we will post notices on apartment bulletin boards and place notices in mailboxes. Apartment owners will be contacted individually by the Company's personnel in charge.

(2) Identification of the causes and measures to prevent recurrence

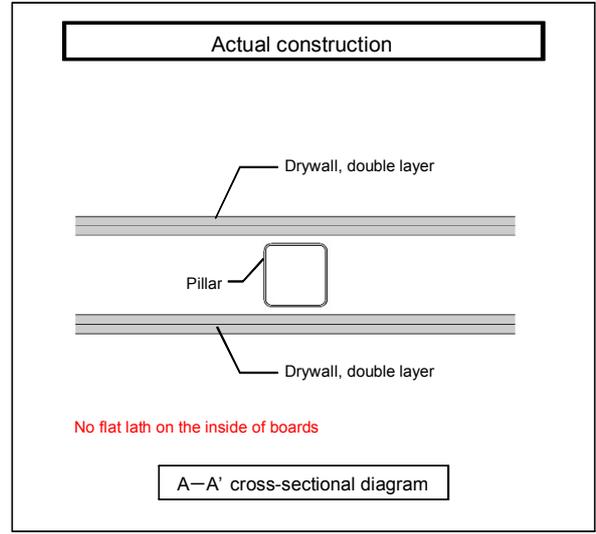
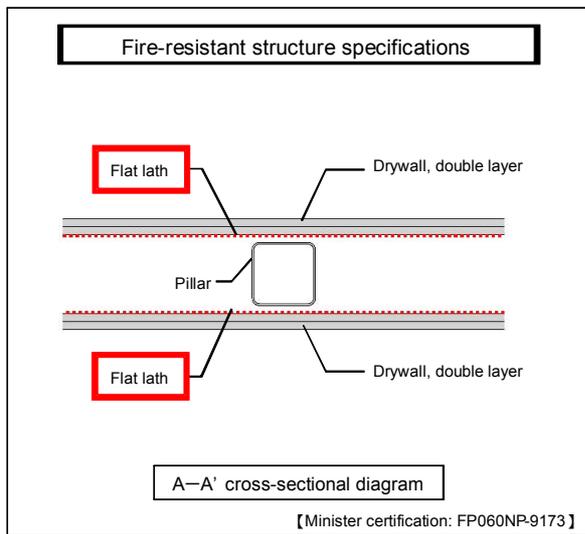
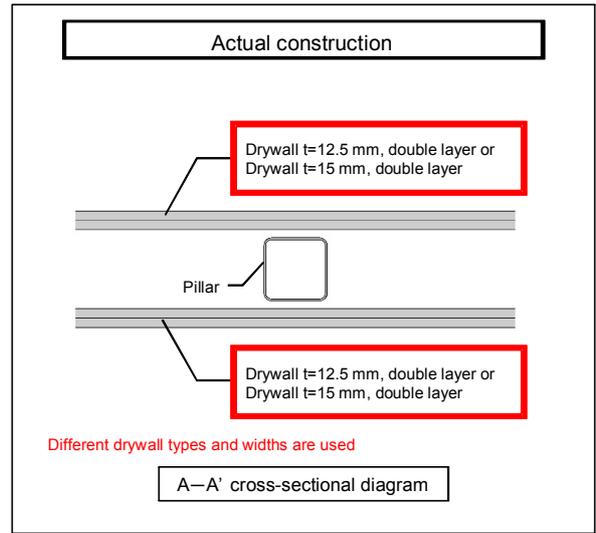
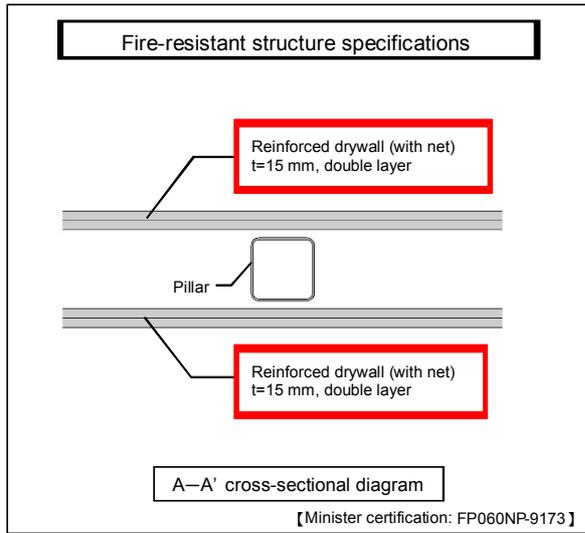
The Company considers that the subject defect is attributable to discrepancies between documents and insufficient work supervision, and that these are equivalent to the causes of deficiencies in the properties constructed by the Company that have already been announced. Still, with the causes not yet specified, we will continue to undertake further investigations.

In addition, the Company will move forward with the recurrence prevention measures announced on May 29, 2019, while at the same time establishing whether or not it is necessary to adopt additional steps to prevent recurrence.

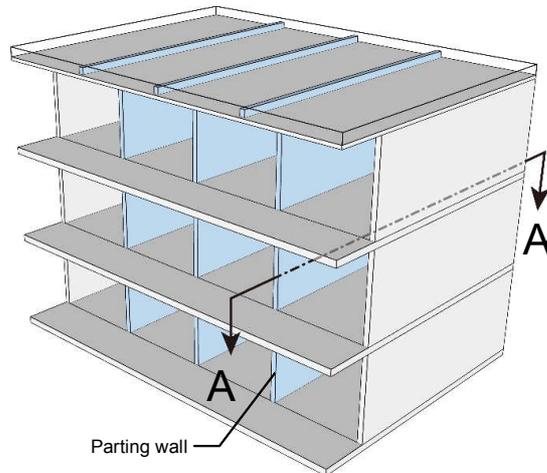
4. Impact on business results

This matter has no impact on the business results forecasts.

Appendix 1

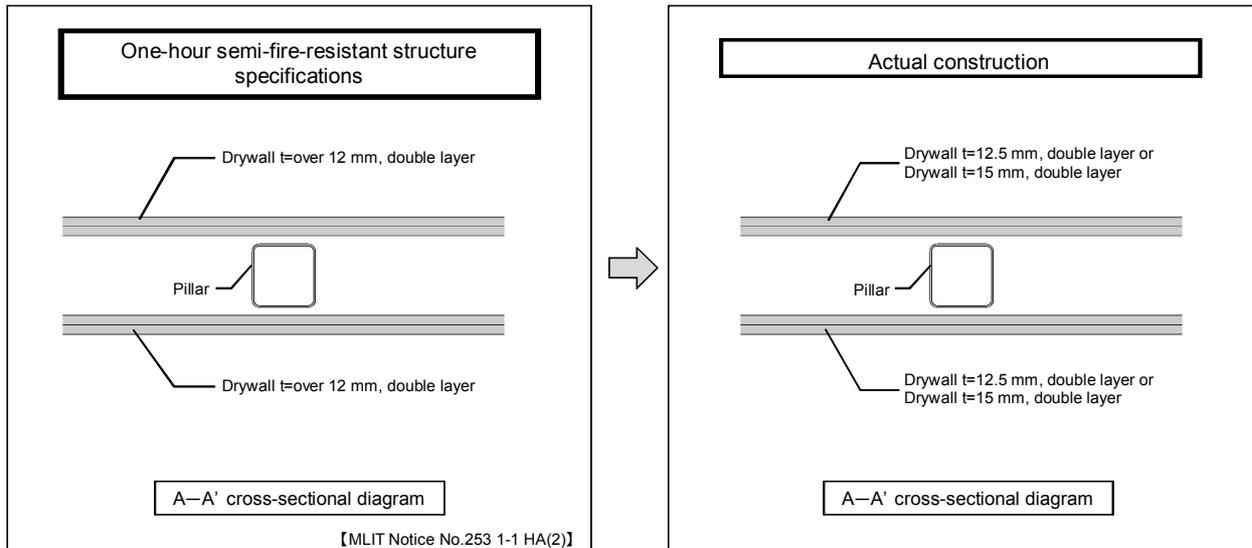


Position of parting wall



Appendix 2

[Figure 1]



[Figure 2]

