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**Notice Concerning Revision of Earnings and Dividend Forecasts
 due to Recording of Extraordinary Loss**

Due to an extraordinary loss based on “Progress Report of All-building Investigations and Notice Concerning Newly Confirmed Construction Defects” announced today, February 7, 2019, Leopalace21 Corporation (the “Company”) announces the following revisions to earnings and dividend forecasts announced on October 29, 2018.

1. Revision of Earnings Forecasts

[Consolidated]

Revision to earnings forecasts for the fiscal year ending March 31, 2019

(April 1, 2018 through March 31, 2019)

(Million yen)

	Net sales	Operating profit	Recurring profit	Net income attributable to shareholders of the parent	Net income per share (yen)
Previous forecast (A)	510,000 ~ 516,000	7,500 ~ 10,500	7,000 ~ 10,000	-7,000 ~ -5,000	-27.70 ~ -19.78
Revised forecast (B)	510,000 ~ 516,000	7,500 ~ 10,500	7,000 ~ 10,000	-40,000 ~ -38,000	-161.72 ~ -153.63
Amount change (B – A)	—	—	—	-33,000	
Percentage change	—	—	—	—	
(Reference) Results for the fiscal year ended March 31, 2018	530,840	22,930	22,354	14,819	58.02

[Non-consolidated]

Revision to earnings forecasts for the fiscal year ending March 31, 2019

(April 1, 2018 through March 31, 2019)

(Million yen)

	Net sales	Recurring profit	Net income	Net income per share (yen)
Previous forecast (A)	483,000 ~ 487,000	6,700 ~ 9,500	-6,100 ~ -4,300	-24.14 ~ -17.01
Revised forecast (B)	483,000 ~ 487,000	6,700 ~ 9,500	-39,100 ~ -37,300	-158.08 ~ -150.80
Amount change (B – A)	—	—	-33,000	
Percentage change	—	—	—	
(Reference) Results for the fiscal year ended March 31, 2018	505,849	21,879	14,917	58.40

2. Reasons for the Revision of Earnings Forecasts

As announced on April 27 and May 29, 2018, we have confirmed construction defects in parting walls of certain apartments constructed by the Company. We have been prioritizing investigations on apartment series with discrepancies between construction certification documents (documents necessary for authorization of construction), floor plans, and construction manuals. We will record an additional 36 billion yen in extraordinary losses in the third quarter of this fiscal year as a reserve for losses related to repairs. This additional reserve is recorded to prepare for repairs and other incidental expenses related to newly confirmed defects. Also, as a precautionary measure, costs that may arise related to repairs of any individual and isolated defects in properties not subject to priority investigations (ie. defects not common to all properties in a series) is recorded in the reserve.

Due to this extraordinary loss, we will revise consolidated and non-consolidated earnings forecasts for the fiscal year ending March 31, 2019 from those announced on October 29, 2018.

Please refer to “Progress Report of All-building Investigations and Notice Concerning Newly Confirmed Construction Defects,” announced on February 7, 2019, for details on the progress of all-building investigations, contents of newly confirmed defects, future courses of action against newly confirmed defects, measures to prevent recurrence, and disciplinary actions towards the Company management.

The Company will be recording a total of 43 billion yen in extraordinary loss related to construction defects between the first and third quarter of this fiscal year. However, we maintain a sufficient level of cash and cash equivalents as well as shareholders’ equity. As of December 31, 2018, cash and cash equivalents (consolidated) is 89.2 billion yen, and shareholders’ equity is 106.9 billion yen (shareholders’ equity ratio 35.2%). Going forward, we will continue to strengthen our sales capabilities, further review our operational flow and costs, and work to ensure smooth business operations.

3. Revision of Dividend Forecasts

Settlement date	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
Previous forecast	Yen —	Yen 0.00	Yen —	Yen — (TBD)	Yen — (TBD)
Revised forecast	—	0.00	—	0.00	0.00
Actual for the fiscal year ending March 31, 2019	—	—			
(Reference) Results for the fiscal year ended March 31, 2018	—	10.00	—	12.00	22.00

4. Reasons for the Revision of Dividend Forecasts

As of October 29, 2018, payment of term-end dividends was yet to be determined. However, in consideration of the above revisions to earnings forecasts for the fiscal year ending March 31, 2019, the Company has decided not to pay term-end dividends.

Note: Revised business forecasts are calculated based on information available to the Company as of this announcement. Actual results may differ from these forecasts for a variety of reasons.