

FOR IMMEDIATE RELEASE

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**Notice Concerning Repair Plan of Construction Defects for Buildings
Constructed by Leopalace21**

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") announces the following update of previous announcements dated July 21 and August 28, 2020 including the repair plan for January 2021 onward considering the instructions given by the Ministry of Land, Infrastructure, Transport and Tourism dated June 8 and August 28, 2020.

We sincerely apologize to all of our stakeholders, including tenants and apartment owners, for the serious concerns and inconvenience caused by the construction defects problem.

1. Consultation with specified administrative agencies

The Company announced in the release dated July 21, 2020 that there were 4,444 buildings which had obvious defects and hence required prior consultation for repair works but yet pending with respective specified administrative agencies. 4,444 buildings comprised 646 buildings of the product series that were subject to priority investigations (note 1) and 3,798 buildings of the product series other than the series subject to priority investigations (note 2). As of December 21, 2020, the consultations have been completed for 3,990 buildings. Of these 592 buildings which are categorized in the product series subject to priority investigations, and 3,398 buildings in the product series other than those subject to the priority investigations.

2. Results of repair works completed during September to December 2020

The Company announced in the release dated August 28, 2020 that it set a goal of completing repairs approximately 2,000 rooms by the end of December 2020 in the downsized repair operations. The 2,000 rooms consisted mainly of the vacant rooms where the tenant recruitment was suspended due to the construction defects. As of December 21, 2020, the completion was summed up to 2,037 rooms.

As part of its efforts to improve the business performance, the Company aims to reduce the number of vacant rooms suspended for tenant recruitment from about 50,000 as of the end of July 2020 to about 30,000 by the end of March 2021 in order to improve occupancy rates. As of December 21, 2020, the number has been decreased to 36,336.

3. Repair plan for January 2021 onward

The number of all rooms which corresponds to the number of buildings containing obvious defects is approximately 216,000 as of December 21, 2020. Of this, the number of rooms requiring repairs is about 195,000 which comprises 69,000 with confirmed obvious defects as a result of priority investigation and 126,000 currently occupied hence yet to be investigated upon the tenants' moving-out. The number of rooms with repairs completed is about 42,000.

In order to stabilize the management in the future, the Company plans to complete the repairs for about 6,000 rooms by the end of June 2021 by prioritizing vacant rooms that are suspended for recruitment due to obvious defects. In July onward, the Company continues to repair 21,000 rooms with confirmed obvious defects and investigate 126,000 rooms step by step. The Company will make necessary repairs as the rooms turn to have confirmed obvious defects and aim to repair all obvious defects by around the end of 2024.

In order to surely execute the measures to handle the construction defects problem, we will continue the consultations with apartment owners and relevant governmental bodies in good faith, and work to regain the trust of all the stakeholders by making steady progress toward resolving the problem while giving careful explanations to the tenants for their understanding.

(note 1) Product series subject to priority investigations

These refer to apartments that fall under the following product series which we announced as suspicious series for having construction defects in the news releases dated April 27 and dated May 29, 2018.

Gold nail and New Gold nail

Gold Residence, New Silver Residence, New Gold Residence, Special Steel Residence, Better Steel Residence, and Con Grazia

(note 2) Product series other than the series subject to priority investigations

These refer to the 42 product series that we identified for investigations, excluding those subject to priority investigations.

END