

FOR IMMEDIATE RELEASE

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**Notice Concerning Progress of All-building Investigations Constructed by
Leopalace21 and Further Course of Action for Repair Works**

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") announced on May 29, 2018, that it would conduct all-building investigations as it confirmed the construction defects of parting walls in the small-scale attics and other things in the apartment buildings. The Company hereby announces the result of investigations and further course of action for repair works.

As of October 28, 2019, the investigations have progressed with the completion rate of 98.2% and confirmed defects in 13,252 apartment buildings. The Company will conduct the repair works with a plan of completion at end of June, 2020 for the product series subject to top-priority investigations and at end of December, 2020 for the other product series. We will post around the end of June, 2020 a plan for repairing the minor defects other than the above confirmed ones.

We sincerely apologize to our tenants, apartment owners, and all our stakeholders for the distress and trouble we have caused since last year when the construction defects problem arose.

1. All-building investigations

(1) Result

As of October 28, 2019, the investigation completed for 37,819 buildings, which makes 98.2% against 38,521 with following defect categorization.

	① Parting wall defects in attics, etc.	② Discrepancies of insulation materials, etc.	③ Noncompliant parting walls in fire-proof structure	Total (excl. overlap)
(a) N° of buildings constructed by the Company	39,085	1,319	2,295	39,085
(b) N° of buildings already dismantled or to be dismantled	564	27	39	564
(c) : (a)–(b) N° of buildings to investigate	38,521	1,292	2,256	38,521
(d) N° of buildings investigation completed	37,819	1,264	1,779	37,819
(e) N° of buildings with confirmed defects	12,872	1,193	243	13,252

(Notes)

- (e) As a result of investigations, 16,126 buildings are recognized with minor defects which are not included in the above 13,252.
- ① Parting walls defects in small-scale attics and other things which were announced in the news release of April 27, 2018, and May 29, 2018
- ② Discrepancies of insulation materials in parting walls, exterior wall structures not meeting qualifications certified by the Minister of Land, Infrastructure, Transport and Tourism (hereinafter the Minister), and construction defects in ceilings, which were announced in the news release of February 7, 2019
- ③ Noncompliant parting walls in fire-proof structure with the specifications certified by the Minister which was announced in the news release of May 29, 2019

(2) Current status of uninvestigated buildings and further handling

The buildings which are yet to be investigated include the cases where the conditions of investigation remain pending between the Company and the apartment owners, and where negotiations are ongoing with the tenants for investigation dates due to unavailability of temporary relocation rooms in the same buildings. The Company continues its efforts of thorough investigations by negotiating with the relevant people concerned. The Company has been reporting the result of investigations to the relevant designated administrative agencies as needed.

2. Further course of action for repair works

Based on the result of investigations, we put priority on the repair works to the

defects shown in the preceding table 1. (1) (hereinafter “obvious defects”), as they are in violation of the laws and regulations including Construction Standards Act and Fire Service Act. The repair works are planned to be completed as follows. The schedule may, however, be affected by the result of negotiations with the parties concerned.

- ① Buildings in the eight product series subject to top-priority investigations*⁽ⁱ⁾ End of June, 2020
- ② Buildings other than the above product series*⁽ⁱⁱ⁾ End of December, 2020

We will announce around the end of June, 2020 a plan for fixing the minor defects related to the small-scale attics and other things as we carry on negotiations with the apartment owners and tenants for repair work details while putting priority on the obvious defects.

We are trying to secure the manpower resources and will continue to do so to expedite the overall repair works by shifting in November onward the major part of Company’s own staff dedicated to the investigations as an aid to the repair workers, and by negotiating as much workforce as possible with the identified external construction companies utilizing networking and referrals by the business partners and apartment owners.

We will make further consultation with the relevant apartment owners and administrative agencies so that we can timely inform the tenants of the progress for their understanding and cooperation.

* Notes

- (i) The eight product series subject to top-priority investigations
The product series are the following which we announced in the news releases dated April 27, 2018 and May 29, 2018.
Gold Nail, New Gold Nail, Gold Residence, New Silver Residence, New Gold Residence, Special Steel Residence, Better Steel Residence and Con Grazia.
- (ii) Buildings other than the above eight product series
All the buildings Leoplace21 constructed which come under 42 product series excluding the eight subject series for top-priority investigations.

END