

Company Name: **Leopalace21 Corporation**
Representative: Eisei Miyama, President and CEO
Code Number: 8848 (Tokyo Stock Exchange, First Section)
Contact: Bunya Miyao, Director
Tel: +81-3-5350-0216
E-mail: ir@leopalace21.com

**Notice Concerning Repair Works on
Discrepancies with Construction Certificate Documents**

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Eisei Miyama; "Leopalace21") announces that there were discrepancies between construction certificate documents (floor plans for receiving construction certification) and the actual construction of apartment series "Gold Nail" and "New Gold Nail" ("subject properties"), developed and sold by Leopalace21. We will be inspecting all subject properties and carrying out repair works.

We sincerely apologize for the distress and trouble we have caused to our customers and related parties.

1. Discrepancy

- Parting wall of small-scale attic (Appendix 1)

Parting wall* of small-scale attic shown in the construction certificate documents was not constructed.

*Parting wall is the wall that separates dwelling units (rooms). To prevent the spreading of fire, these walls must be fireproof or semi-fireproof as well as incorporate sound insulation structure, and should reach the small-scale attic or roof.

2. Properties to be investigated

- All subject properties (915 existing buildings out of 1,036 buildings constructed, Appendix 2)
- Sales period: January 1994 to December 1995

3. Background of the announcement

- On March 29 and April 17, we received a notice concerning discrepancies between construction certificate documents and the actual construction from two owners of the subject properties. Through an inspection done by the company, we found that discrepancies were not an isolated incident, and the inclusion of parting walls in construction certificate documents was extensive. We have decided to carry out and announce the construction of these parting walls to fulfill our responsibility as a construction company.

4. Safety of the properties

- Since the parting walls in the subject properties reach the roof structure and noncombustible materials are used in the ceiling which prevents the spreading of fire, we believe safety is secured. However, we have not obtained an objective evaluation as of this time, and therefore will promptly respond to any matters while consulting with specific administrative agencies

5. Future course of action

- Inspection of all subject properties will be carried out, and repair work will be done on properties with discrepancies with construction certificate documents, under consultation with specific administrative agencies.
- We will promptly notify the situation to owners of all subject properties, adjust the contents and schedule of repair work individually, as well as inform our occupants. We will bear all expenses related to repair work.

6. Future schedule

- Out of 915 subject properties (Company managed properties: 194 buildings / Properties managed by other companies: 721 buildings), we have completed inspection of 95 buildings managed by the company (of which, parting wall constructed in 9 buildings*, no parting wall in the remaining 86 buildings). We will complete inspection of the remaining 820 buildings by July, promptly adjusting schedules with owners and occupants. Repair work will be sequentially done and we aim completion by January 2019.

*We believe parting walls were constructed in the 9 buildings due to individual negotiations, etc.

Schedule of inspection and repair work

	Apr 2018	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2019	No. of buildings
Inspection (915 buildings total)											95 complete, 820 remaining
Repair work											194 managed by Leopalace21, 721 managed by other companies

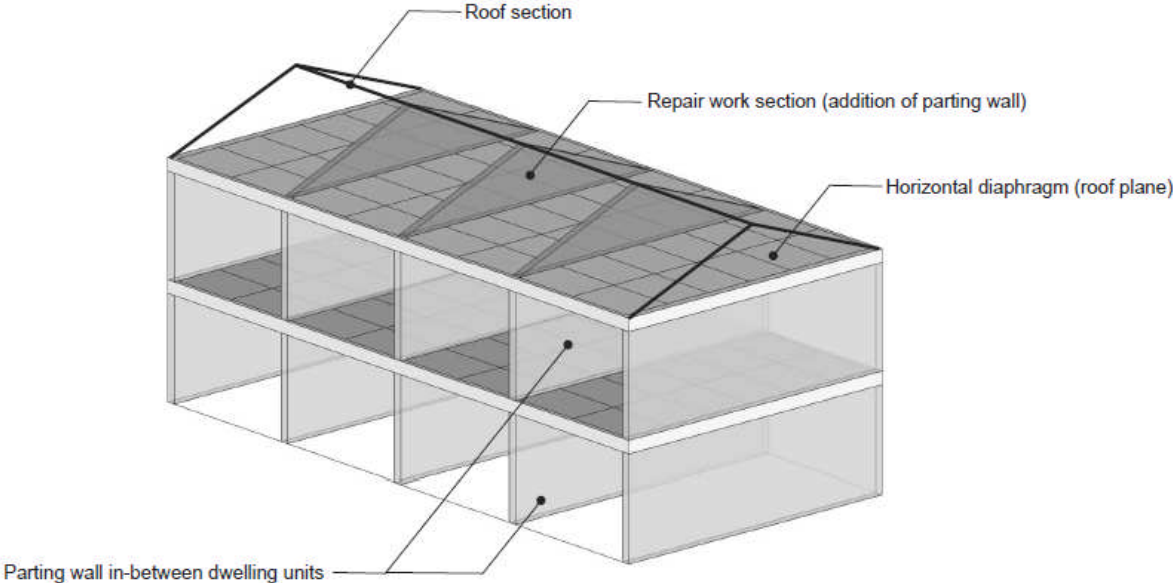
7. Inspection of properties other than subject properties

- There was no incidence in which a parting wall was not constructed in our sample inspection of properties other than subject properties. However, we will undertake investigations in addition to ordinary periodic inspections of all Leopalace series other than the subject properties, and will respond appropriately while receiving external advice.

8. Impact on business results arising from this case

- We believe that the impact on business results from this case is minor.

Appendix 1. Cross section of property structure



Appendix 2. Buildings by Prefecture (as of April 27, 2018)

(No. of buildings)				
	Prefecture	Properties managed by Leopalace21	Properties managed by other companies	Total
1	Miyagi	1	0	1
2	Fukushima	2	0	2
3	Tochigi	1	18	19
4	Gunma	5	45	50
5	Saitama	27	105	132
6	Ibaraki	7	35	42
7	Chiba	21	95	116
8	Tokyo	5	20	25
9	Nagano	0	4	4
10	Yamanashi	2	7	9
11	Kanagawa	20	39	59
12	Shizuoka	10	63	73
13	Gifu	6	21	27
14	Aichi	9	52	61
15	Mie	7	18	25
16	Shiga	4	0	4
17	Nara	1	10	11
18	Kyoto	2	3	5
19	Osaka	12	12	24
20	Hyogo	23	62	85
21	Okayama	14	27	41
22	Hiroshima	3	6	9
23	Kagawa	0	3	3
24	Yamaguchi	0	1	1
25	Fukuoka	9	44	53
26	Saga	1	13	14
27	Oita	0	3	3
28	Kumamoto	2	15	17
Total		194	721	915