

October 19, 2015

To whom it may concern:

Mitsui Fudosan Residential Co., Ltd.

**Response on the Faulty Installation of Foundation Piles on Condominiums in
Yokohama Sold by the Company**

It recently came to light that some of the foundation piles, part of a building's substructure, were faulty on condominiums located in the city of Yokohama that were sold by Mitsui Fudosan Residential Co., Ltd..

We apologize deeply to the condominium owners and residents (hereinafter, the "residents") for the concern and inconvenience resulting from this matter.

We also offer our sincere apologies to our customers and related parties for the concern this situation has caused.

The Company will continue to devote itself wholeheartedly to prioritizing the safety and peace of mind of its customers.

The background leading to this situation and our basic response policy are described below.

<Background>

In September 2015, the fault came to light with respect to building construction and ground surveys that had been conducted since November 2014.

In addition, it has become clear that the company responsible for installing the foundation piles diverted and modified construction record data related to some of the foundation piles.

<Basic Response Policy>

To confirm the status of construction on the foundation piles, we will continue to conduct a ground survey.

To enhance the peace of mind of the residents, going forward we intend to consider and discuss a basic framework for rebuilding (all wings, all units). Furthermore, in accordance with the fault, we will compensate the residents for damages incurred.

In order to respond steadily and swiftly, we plan to strengthen our structures, including the reinforcement of personnel.

To prevent such an incident from recurring, the Company will make every effort to enhance awareness of safety and security both internally and with its construction companies.