

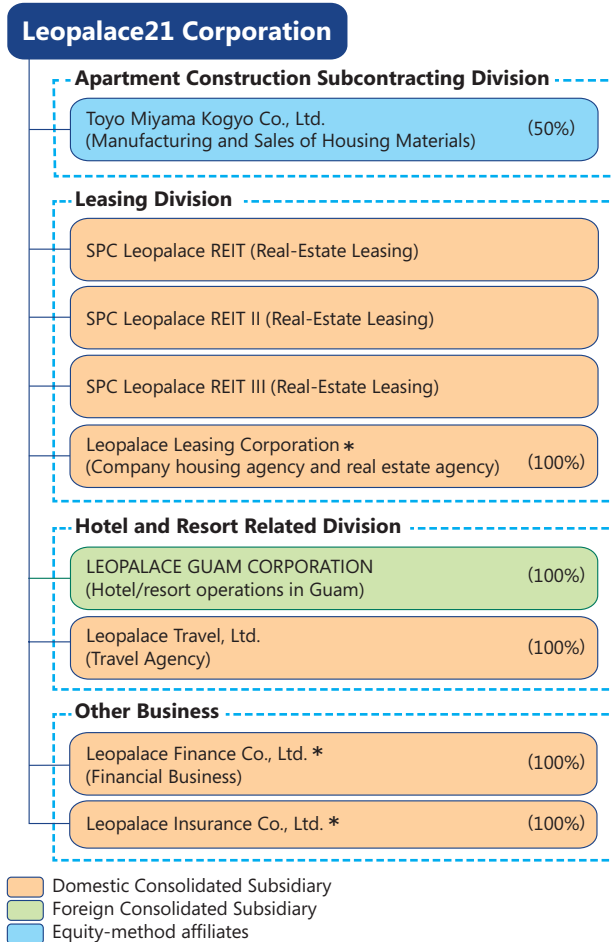
■ Corporate Data (As of March 31, 2008)

Company Name: Leopalace21 Corporation
 Head Office: 2-54-11 Honcho, Nakano-ku, Tokyo
 TEL: +81-3-5350-0001 (Main Line)
 President and CEO: Yoshiteru Kitagawa
 Established: August 17, 1973
 Common Stock: ¥ 55,640.66 million
 Number of Shares Outstanding: 159.54 million shares
 Operations: Construction, leasing, and sales of apartments, condominiums, and residential housing; development and operation of resort facilities; hotel business; broadband business; Silver business, etc.
 Number of Employees: 8,678 (Consolidated basis) 7,771 (Non-consolidated basis)
 Building lots and buildings transaction business license:
 Minister of Land, Infrastructure and Transport Permit (8) No. 2846
 Construction business permit:
 Minister of Land, Infrastructure and Transport Permit (Special-15) No. 11502
 Registration of Class-1 architect office: Tokyo Governor Registration 36122
 Loan business registration: Kanto Finance Bureau Chief Registration (8) No. 00581
 Memberships: Japan Association of Home Suppliers
 Japan Prefabricated Construction and Manufacturers Association

■ Members of Board of Directors (As of June 27, 2008)

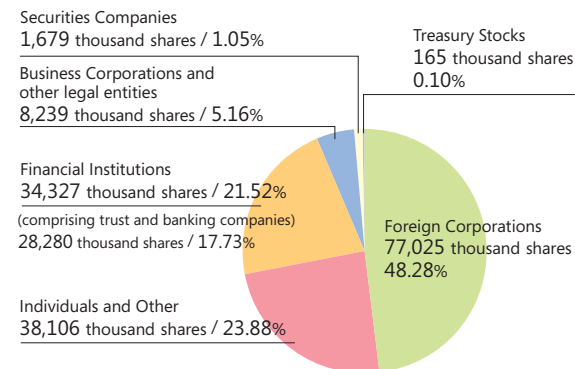
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|----------------------------------|--------------------|
| President and CEO | Yoshiteru Kitagawa |
| Senior Managing Director | Eisei Miyama |
| Executive Director of Management | Tadahiro Miyama |
| Director | Hiroyuki Miyata |
| Director | Kou Kimura |
| Director | Yoshikazu Miike |
| Director | Satoshi Abe |
| Director | Yousuke Kitagawa |
| Director | Hiroshi Takeda |
| Director | Naomichi Mochida |
| Standing Auditor | Yoshitaka Kouda |
| Standing Auditor | Yoshinori Uehara |
| Auditor | Masami Matsushita |
| Auditor | Koichi Fujiwara |

■ Corporate Structure (As of March 31, 2008)



Note 1: Numbers within parentheses represent equity stakes held by Leopalace21.
 Note 2: Apart from the companies listed above, there are two companies (100% owned indirectly by Leopalace21) with operational permits
 Note 3: Those marked with an asterisk (*) are new consolidated subsidiaries.

■ Shareholder Composition (As of March 31, 2008)



■ Major Shareholders (Top10) (As of March 31, 2008)

| Name of shareholder | No. of shares | % of outstanding shares |
|---|---------------|-------------------------|
| Yusuke Miyama | 21,251,774 | 13.32% |
| The Master Trust of Japan, Ltd. (Trust Account) | 10,389,500 | 6.51% |
| Japan Trustee Service Bank, Ltd. (for trust) | 6,594,400 | 4.13% |
| State Street Bank and Trust Company Standing Proxy, Mizuho Corporate Bank, Ltd. | 4,837,881 | 3.03% |
| Chase Manhattan Bank GTS Clients Account Escrow Standing Proxy, Mizuho Corporate Bank, Ltd. | 3,828,105 | 2.39% |
| State Street Bank and Trust Company 505103 Standing Proxy, Mizuho Corporate Bank, Ltd. | 3,282,062 | 2.05% |
| Trust & Custody Services Bank, Ltd. (Investment trust) | 3,079,900 | 1.93% |
| Investors Bank West Pension Fund Clients, Standing Proxy, Standard Chartered Bank | 2,827,800 | 1.77% |
| Toyo Kanetsu K.K. | 2,745,900 | 1.72% |
| MDI Corporation | 2,350,000 | 1.47% |



Investors Guide

For the year ended March 2008



Leopalace21 Corporation

Code No. 8848
<http://www.leopalace21.co.jp>

Our "Medium-term Management Plan: United Spirit" is Considered to Be Our Second Launch of Business in Pursuit of "New Value Creation" by Always Staying a Step Ahead of the Times



President
Yoshiteru Kitagawa

At Leoplace21 we arrived at a turning point in March 2008, as we entered the 35th financial term. In December 2006 we announced our "Medium-term Management Plan: United Spirit", which projected our business operations for five years into the future. This "Medium-term Management Plan: United Spirit" five-year plan is intended to raise the amount of sales to ¥1 trillion and the recurring profit to ¥100 billion by the fiscal term ending March 2011. It has already been two years since the plan was launched and we expect more substantial activities to take place henceforth in order to achieve our planned targets. The attainment of our numerical targets is of course an important issue, but certainly the overall strategies to "Leap Significantly towards Becoming a Total Support Enterprise for Housing" and the qualitative targets to "Convert to a Property Asset Management Company for Housing" are also critical issues. Furthermore, with the changing times, issues for which businesses are expected to provide solutions are stacking up at a pace far faster than we could imagine. Critical issues for the future include how to participate in society as a "Corporate Citizen", as cited in our Corporate Vision, as well as how to sustain the growth of our business through support obtained from society, or in other words, how to be evaluated favorably as a business that fulfills social responsibilities.

Specific issues required of us for this critical time, during the second launch of our business, include the "Creation of New Values" and the recognition that our corporate slogan supporting this corporate philosophy, "United Spirit: One Dream. One Mind." is our social responsibility. Therefore, we consider it important for us to proactively pursue improvements to our business foundation and the expansion of the spectrum of our business affairs.

As a representative of Leoplace21, I would like to take the helm of the company as we proceed through this period of the Second Launch of our Business, pursuing our "Creation of New Values" by always staying a step ahead of the times, and by promoting the Corporate Social Responsibility Management to build our "Corporate Quality" and "Corporate Brand" in order to take on "Corporate Social Responsibility" as a "Corporate Citizen", as cited in our Corporate Vision.

We would like to ask all our stakeholders for their continued support and patronage.

Corporate Philosophy We aim to create new value through housing

Basic Policies

1. We view the apartment business as a social undertaking, which realizes the effective use of land and supply of high-quality housing.
2. We believe that successful leasing operations are our top priority in the apartment business.
3. We develop and introduce unique products based on a pioneering spirit.
4. We pursue client-first marketing approaches as well as prompt and systematic proactive operations.

Corporate Slogan

A single dream for a united purpose
United Spirit
Leoplace21

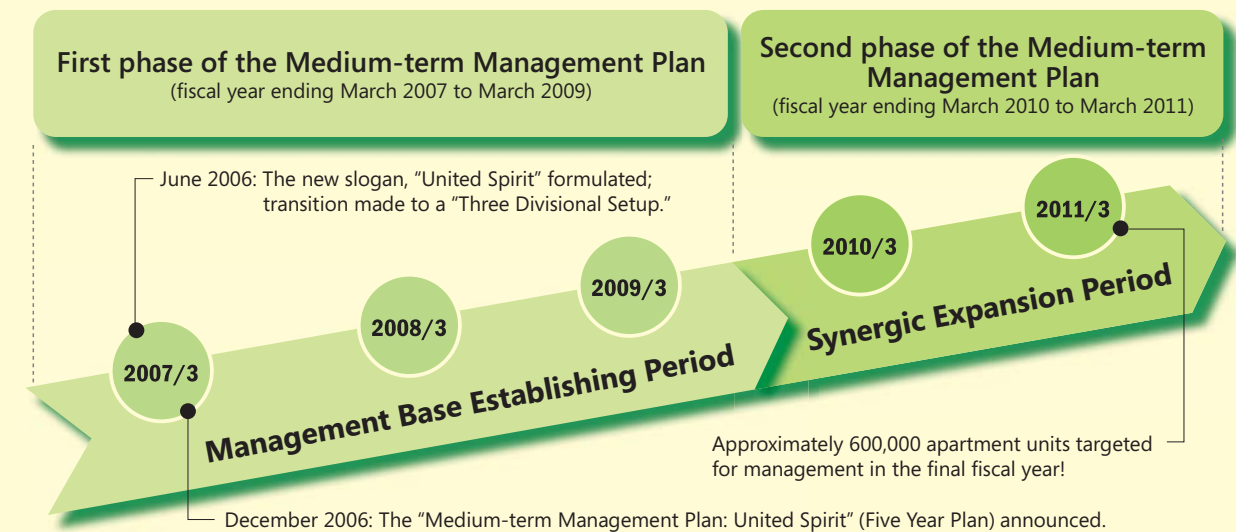
A United Spirit to meet today's constant demand for new value and constant change

A united purpose to fulfill our customers' dreams
A united purpose for building a comfortable future
A united purpose aiming at a new goal
A united purpose of both employees and customers at the new LeoPalace21
to realize a rich and comfortable lifestyle

Corporate Vision

1. We strive to become a Total Support Enterprise, providing a diverse range of products and services in accordance with solutions relating to "Effective Use of Land" and "High Quality Housing," as well as market needs.
2. We will make work operations and financial content those of a market leader, form a "Corporate Quality" that responds to the social responsibility of the Company as a "Corporate Citizen" and build a "Corporate Brand" deserving of trust and appreciation.

Course of action and target indices of the Medium-term Management Plan



Consolidated target indices (for fiscal year ending March 2011)

Net sales:
¥1 trillion

Recurring profit:
¥100 billion

Equity ratio:
50 %

ROE:
15 %

Dividend payout ratio:
30 %

Medium-term Management Strategy

1. **[Overall Strategy]** Leap significantly towards becoming a total support enterprise for housing
Sustain and improve growth potential and profitability of core business, while significantly expanding business in areas other than the core business, primarily with the strategic three businesses (Residential Business, Silver Business and Broadband Business) in our efforts to make a significant leap towards becoming a "Total Support Enterprise for Housing."
2. **[Core Business Strategy]** Convert to a property asset management company for housing
Simultaneously promote quantitative increases and qualitative improvements for the core business (Apartment Construction Subcontracting Business and Leasing Business) with the aim to become the largest "Property Asset Management Company for Housing."

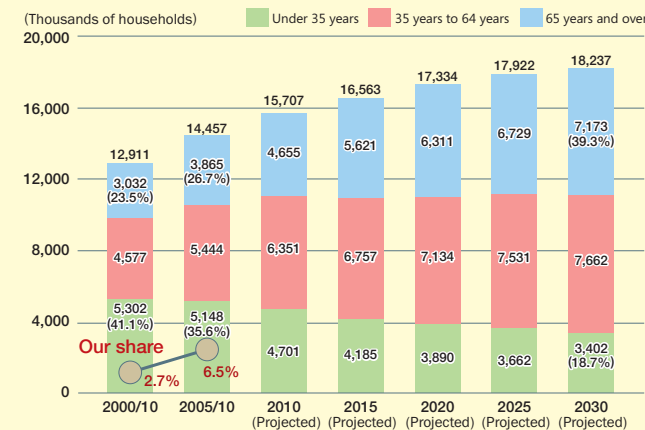
“Medium-term Management Plan: United Spirit” clarifies issues from medium- to long-term perspectives by basing decisions on certain macro indices, such as “Demographic Dynamics” and “Demographic Shifts”

Strategies based on “Demographic Dynamics”

What must Leopalace21 do now in order to remain the best supporter of people for “housing” in the future? We clarify such management issues from medium- to long-term perspectives based on “Demographic Dynamics” in order to substantiate our strategies.

The “Demographic Dynamics” mentioned indicate enormous trends with “Declining Birth Rates” and “Aging Population”. In the midst of such movements the index data relating to “housing”, in which we must focus, is the “Number of Single-Person Households”. Our future estimates indicate that the number of single-person households will continue to grow at the current rate and the figure is expected to exceed 15 million households by the year 2010.

Estimates for single person households in the future



Note: Excerpted from the National Census from Ministry of Public Management, Home Affairs, Posts and Telecommunications for fiscal 2005 and the Number of Households and Future Estimates of fiscal 2008 from the Institute of Population Problems.

The number of single-person households comprising persons under the age of 35 is expected to decrease due to the “Declining Birth Rates”, though we will see the emergence of a new demand comprising men and women 35 and over. Furthermore, the number of single-person households comprising persons 65 and over is on the rise due to the “Aging Population”.

The taking on of such new demands is anticipated in the formulation of our medium-term management plan, with the following specific strategies being promoted:

- Seek out ways to comprehensively present substantial functions, spaces, and services for studio apartments in our “Core Business”, and enhance our response to the needs of company housing by increasing our sales efforts in our Leasing Business.
- Enhance our drive towards families as new targets by launching our “Residential Business”.
- Proceed with our efforts in creating receptacles for aged single persons by launching our “Silver Business”.

Our aim is to “Leap Significantly towards Becoming a Total Support Enterprise for Housing” as our “Overall Strategy” through the promotion of such specific strategies.

Strategies based on “Demographic Shifts”

What steps are suitable for expanding our business to efficiently promote our efforts to “Leap Significantly towards Becoming a Total Support Enterprise for Housing”, which is our “Overall Strategy” cited in the Medium-term Management Plan? We clarify this management issue by using data on the “Demographic Shift” and bringing about the formulation and implementation of practical strategies.

For many years the “Demographic Shift” in Japan had been concentrated in urban areas, and this trend has been strengthening in recent years. The demographic shift in the year 2007 indicates that increases in the Kanto, Kinki, and Chubu Blocks have constituted the top nine regions, as shown in the table, with the tenth region comprising a location out of the Kita-Kyushu Block, which has the fourth largest population concentration in Japan.

Top ten regions with highest demographic shift in 2007

| Rank | Region | Total number of migrants | City name | Total number of migrants | % |
|------|---------------------|--------------------------|-----------------------------------|--------------------------|------|
| 1 | Tokyo Block | 1,889,182 | Urban areas of Tokyo Block | 1,255,226 | 66.4 |
| 2 | Tokyo Metropolis | 792,198 | Special wards of Tokyo Metropolis | 661,591 | 83.5 |
| 3 | Osaka Block | 715,652 | Osaka City & Sakai City | 241,379 | 33.7 |
| 4 | Kanagawa Prefecture | 451,686 | Yokohama City & Kawasaki City | 413,532 | 91.6 |
| 5 | Nagoya Block | 375,294 | Nagoya City | 163,424 | 43.5 |
| 6 | Osaka Prefecture | 334,720 | Osaka City | 102,325 | 30.6 |
| 7 | Saitama Prefecture | 330,586 | Saitama City | 77,778 | 23.5 |
| 8 | Chiba Prefecture | 314,712 | Chiba City | 188,909 | 60.0 |
| 9 | Aichi Prefecture | 244,178 | Nagoya City | 163,424 | 66.9 |
| 10 | Fukuoka Prefecture | 217,563 | Fukuoka City | 145,875 | 67.0 |

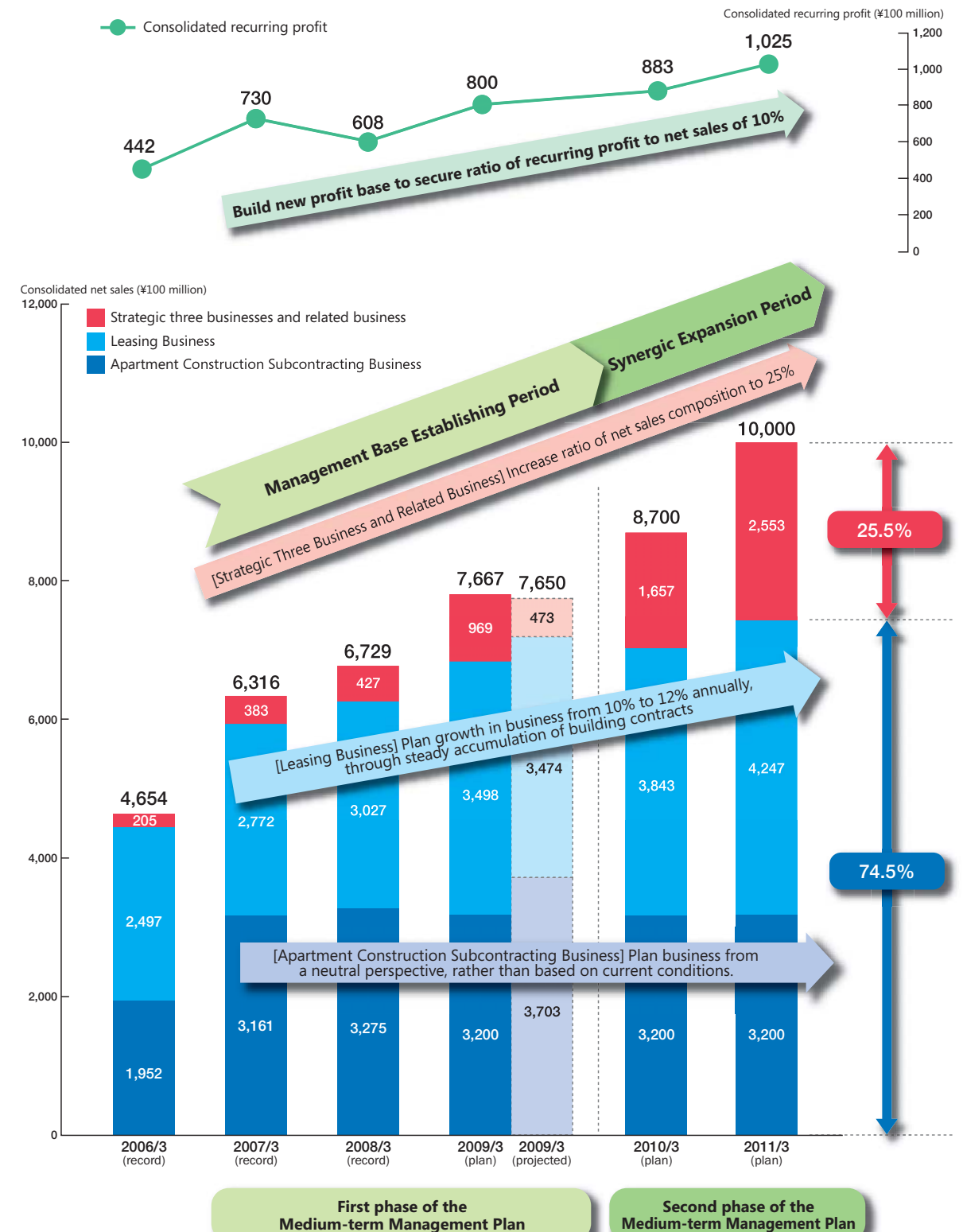
Source: “Report on Migratory Movements Based on Basic Resident Register” of the Ministry of Public Management, Home Affairs, Posts and Telecommunications (issued January 25, 2008).

The demand for “Housing” is more concentrated in regions where the influx of a large number of residents occurs, causing a concentration of the population in the region. We are promoting our activities intended to expand our areas of business:

- Implement activities for the “Core Business” with the intention of substantiating the business infrastructure (inventory of apartment units) in order to respond to the concentration of orders in the three major urban blocks (Kanto Block, Kinki Block and Chubu Block).
- Promote the activities of the “Strategic Three Businesses” (Residential, Silver, and Broadband Businesses) in order to expand our business by utilizing the infrastructure of our core business within the three major urban blocks.
- Enhance backups for our core business by launching “Related Three Businesses” (company housing agency, financing, and insurance businesses) and implementing activities primarily in urban areas.

We intend to expand our business operations in an efficient manner by implementing such activities.

Transition of net sales and recurring profit for the “Medium-term Management Plan: United Spirit” by business divisions (plan)



Note 1: Planned figures for March 2009 onwards are the same as the figures announced at the time the Medium-term Management Plan was formulated (December 2006).
 Note 2: Forecast figures for March 2009 are the forecast figures announced on May 15, 2008.

[Overall Strategy] "Leap Significantly towards Becoming a Total Support Enterprise for Housing"

Aim of 10% for recurring profits on sales, by establishing new revenue base

In addition to the growth in our core business, we intend to expand strategic three businesses and launch related three businesses during the implementation period for our Medium-term Management Plan to "Leap Significantly towards Becoming a Total Support Enterprise for Housing" as defined by our [Overall Strategy].

Enhancing and Expanding Core Operations

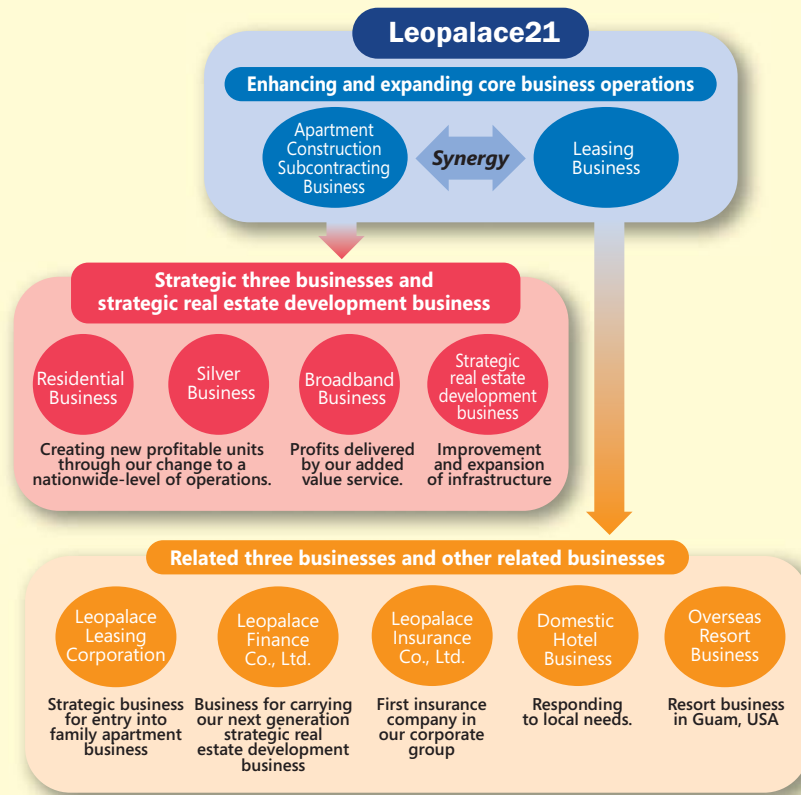
The fundamental base of our business management is the strong synergy of our Apartment Construction Subcontracting and Leasing Businesses. We will build a new management base using the "Leasing ALM System," based on the business relationship between stock increases and efficient operation, in order to further enhance and expand our core business.

Strategic three businesses and strategic real estate development business

The three divisions of Residential, Silver, and Broadband Businesses are extensions of our two core businesses and are all businesses that are open to an efficient and rapid expansion based on effective utilization of our existing business infrastructure. In addition, we will promote improvements to our infrastructure spread throughout Japan, as well as qualitative improvements to our fixed assets through the "Strategic Real Estate Development Business".

Related three businesses and other related businesses

We launched related three businesses to support the comprehensive strategies of our core business, in order to expand the spectrum of our core business. Our other related businesses include our existing Domestic Hotel Business and Overseas Resort Business in Guam in the United States.



Progress status of individual business operations

Apartment Construction Subcontracting Business

The amount of orders received during the fiscal term ending March 2008 was ¥420 billion, a 23% increase over that of the previous term. As a result, the balance of orders exceeded ¥340 billion. The amount of sales, on the other hand, remained at ¥327.5 billion, due in part to the effects of the "Revised Building Standard Law" which came into effect in June 2007. The amount of sales, however, exceeded by approximately 4% the figures of the previous year.

Leasing Business

The number of units under our management increased by 53,500 and resulted in a total of 442,000 units by the fiscal term ending in March 2008. The occupancy rate (annual average) remained at 92.4%, due in part to the fact that during this financial period we terminated our weekly rentals, which were rental housing for extremely short terms that provided very little profitability. The amount of sales, however, was ¥302.7 billion.

Strategic Three Businesses (Residential Business, Silver Business, Broadband Business)

The total amount of sales for the strategic three businesses indicated a growth of 18% over that of the previous term in the fiscal term ending March 2008, with the amount reaching ¥36.8 billion. Since the strategic three businesses will continue to play a major role in our efforts to attain the strategic target to "Leap Significantly towards Becoming a Total Support Enterprise for Housing", we are setting challenging targets for these businesses.

Strategic Real Estate Development Business

Our real estate development business was launched through strategic real estate investments, amounting to approximately ¥100 billion, in order to establish our nationwide network core business. This investment business operation is being promoted with the premise of a transformation into a business without assets and aims to secure business earnings of 7%.

Related Three Businesses (Leopalace Leasing Corporation, Leopalace Finance Co., Ltd., Leopalace Insurance Co., Ltd.)

New related three businesses were launched as a means to raise the composition ratio of sales arising from businesses other than our core business. "Leopalace Leasing Corporation" conducts one such business, which is in charge of operating a company housing agency business as a strategic business entering into the family-oriented apartment business industry. We also have "Leopalace Finance Co., Ltd.", which was launched with an investment of ¥100 billion during the term of our Medium-term Management Plan in order to support our strategic real estate development business. Finally, we also have "Leopalace Insurance Co., Ltd.", which was established as a unique insurance business operating for our leasing business.

Domestic Hotel Business

We perform our hotel business operations at major cities around the country with the aim of managing hotels that are convenient for our customers, providing services in line with the times and with prices set at reasonable rates.

Overseas Resort Business

We perform our major resort business operations at two locations, one in the central region and the other in the northwestern region of Guam through our wholly owned subsidiary, Leopalace Guam Corporation (LGC).

Core Business: Strategy of "Apartment Construction Subcontracting Business" and "Leasing Business"

Promote quantitative increases and qualitative improvements simultaneously to "convert the company into a property asset management company for housing"

We have thus far increased the amount of orders for apartment units in our Apartment Construction Subcontracting Business, with the presumption of a thirty-year block leasing system, based on the concept that "successful leasing operations are the key to the apartment management business" and we have been engaged in the management and operation of apartment unit inventory in our Leasing Business Department. This is expected to increase our inventory of apartment units to approximately 600,000 by the fiscal term ending March 2011, which is the final fiscal year for the current Medium-term Management Plan. The depth of property assets comprising apartment unit inventors in our portfolio will increase rapidly.

We decided that the building of a foundation for a new business, which can fully utilize the strengths of a stock business, was essential and for this reason we determined the "conversion to a property asset management company for housing" is the direction we should be taking our core business. In the future we will be simultaneously promoting the "quantitative increase strategy" to increase the benefits that comes with this scale of business and the "qualitative improvement strategy" for raising efficiency and productivity.

1 Quantitative increase strategy-1

Expansion and implementation of strategies in core business (new apartment units and services)

"Enhanced new apartment unit strategies" by our apartment construction subcontracting business and "enhanced new leasing service strategies" by our Leasing Business Department become vital keys for our success.

Progress status

Nine newly offered apartment units, incorporating our two-person dwellings, dwellings open to pet owners, and dwellings with complete security measures, were introduced during the first term (fiscal term ending March 2007) with our new apartment unit strategy. Our Leasing Business Department also developed our monthly pack during the second term (fiscal term ending March 2008), resulting in steady progress.

2 Quantitative increase strategy-2

Expansion and enhancement of foundation for leasing business (outlets and sales personnel)

We will have 400 sales locations nationwide as a part of our outlet strategy and a sales organization comprising 2,400 personnel as our personnel strategy by the final fiscal year of the current Medium-term Management Plan ending March 2011.

Progress status

We have increased the number of outlets nationwide to 311 (including overseas locations) and expanded the organization to 2,100 personnel as of the second term (end of the fiscal term ending March 2008). This organization is adequately equipped to respond to the management of 500,000 units as we expect a large number of managed units by the third term (fiscal term ending March 2009).

3 Qualitative improvement strategy

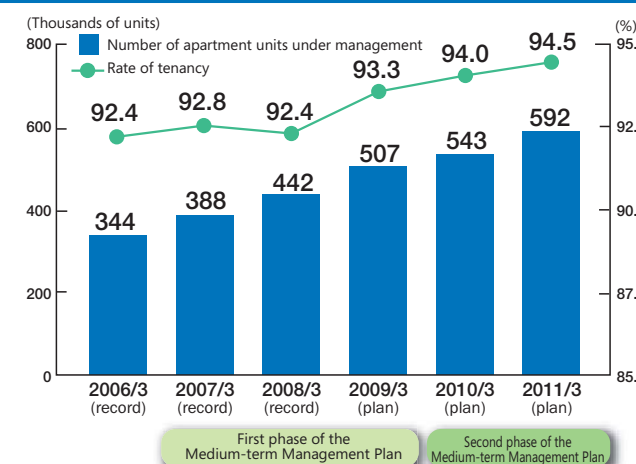
Complete leasing ALM system (first phase plan) and operate at full-scale (second phase plan)

A revenue management system, rivaling that of financial businesses, will be established by the fiscal term ending March 2011, with the aim to optimize the operation of property assets, which are increasingly becoming gigantic in number (inventory of 600,000 apartment units).

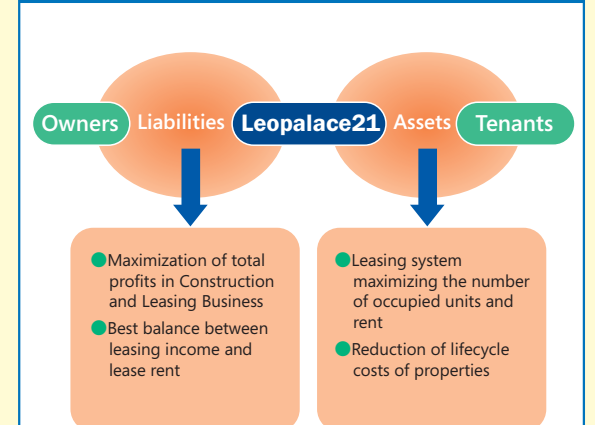
Progress status

Development vendors will already have been selected by the fiscal term ending March 2008, which is the first term of the Medium-term Management Plan (this term is to be completed by the fiscal term ending March 2009), in preparation for moving onto the next design and development stage, "Phase One" (April 2008 to April 2010). Systematic conversion of the core business and major management operations will be targeted in "Phase One", with the development of systems for the core business, including the "Leasing ALM System", finally starting to take place.

Number of apartment units under management and rate of tenancy (plan)



Outline of Leasing ALM System



Strategic Three Businesses 1: Strategy of "Residential Business" and "Silver Business"

Establish business base early in three major metropolitan areas during first phase of plan and nurture them as hubs for next source of revenue

We are aiming to leap towards becoming a "Total Support Enterprise for Housing" as our overall strategy of the Medium-term Management Plan. Since our residential business and silver business are structured to build and sell or operate residential housing or nursing care facilities, they are indeed a progression of our core business model. Both of these businesses, therefore, can be expanded in an efficient and secure manner, based on our existing business infrastructure (leased or subcontracted retail spaces, locations with a concentration of managed apartment units, locations with a concentration of individually owned apartment units, etc.).

1 Residential Business

Our main targets for the Residential Business are the "Baby-boomer Junior Generation" (born between 1971 and 1975), who are moving out of our studio apartments, offered by our core business. Approximately 6.3 million of these people, comprising about 64% of their population, are concentrated into three metropolitan areas (2005 estimate). We will, therefore, enter into these three metropolitan areas and construct our business base in these areas.

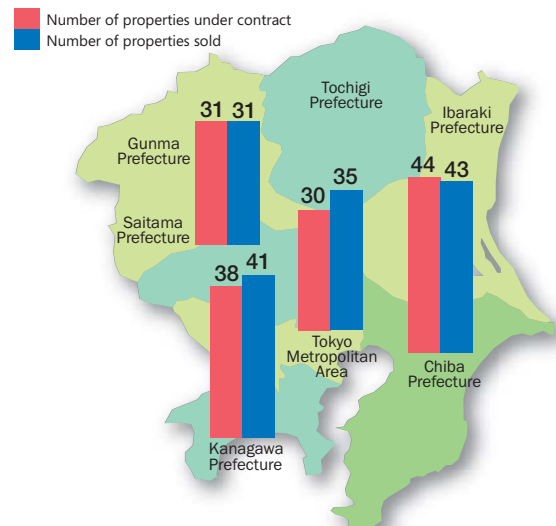
2 Silver Business

Approximately 14 million or 56% of the "Silver Generation" (people 65 years and older), targets of our Silver Business, are concentrated in the three metropolitan areas (2005 estimate). We are focusing our efforts on operations in and around the three metropolitan areas for the time being and strive to expand business in an assured manner. The operation of the facilities following their construction for the Silver Business, holds the key to business success. For this reason, we intend to concentrate on building our operational know-how during the first phase of the plan and schedule a gradual development, unlike the Residential Business in terms of area expansion speed.



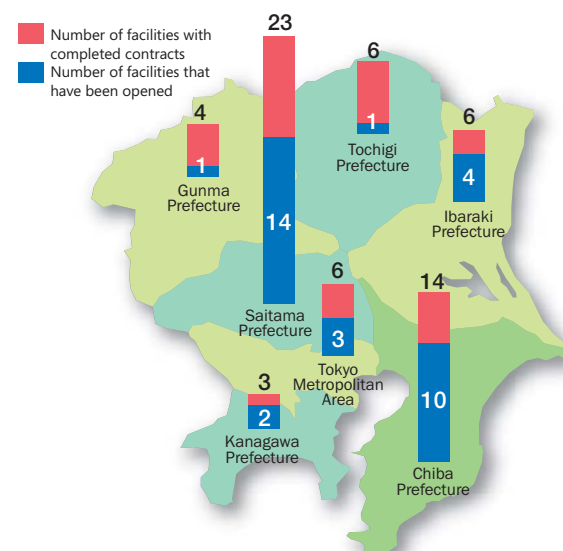
Note: The population figure for the Baby-boomer Junior Generation and Silver Generation, in the three metropolitan areas described above, is our estimate based on the data in the "2005 Population Census of Japan," prepared by the Ministry of Internal Affairs and Communications.

Current state of development of Residential Business (Results in fiscal year ended March 2008)



Note: Other than the above, our performance records indicate that 35 buildings are under contract and 34 buildings have been sold in the Kinki Block (Osaka and Hyogo Prefectures), whereas 28 buildings are under contract and 28 buildings have been sold in the Chubu Block (Aichi Prefecture).

Current state of development of Silver Business (as of March 31, 2008)



Note: Other than the above, a facility is under contract in Yamanashi Prefecture.

Strategic Three Businesses 2: Strategy of "Broadband Business"

Convert enormous scale of core business into revenue, as part of our stock business

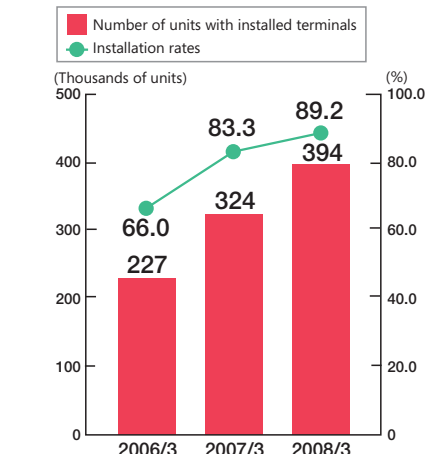
If we were to consider the Leasing Business as a stock business that utilizes managed apartment units as an intermediary, then the Broadband Business is a stock business that utilizes software (or IT) as an intermediary. We have been providing our unique broadband service (Leopalace BB) intended for occupants of managed apartment units and we have been proceeding with the installation of STB units (LEO-NET terminals). This gigantic market is unique to us and deals with the occupants of managed apartment units as subscribers. Through an increased number of managed units and the improvement of the STB installation rates, the scale of the business will become even more gigantic.



Progress status

Installations have been completed at 89.2% of our managed units (394,000 units) as of the end of March 2008, and we are planning to reach an installation ratio of 94% (484,000 units) within the current fiscal year.

Transitions in the number of units with installed terminals and installation rates



Content of Broadband Business's principal services

| Services aimed at tenants | Services | Content |
|--|-------------------|---|
| Services aimed at tenants | Free services | <ul style="list-style-type: none"> Continual internet connection Basic CS (satellite television) service (Four channels including MTV) Informational services (news, weather, fortune telling, maps etc.) Services such as gaming, shopping, and home delivery Creation of participatory programming for tenants and their transmission |
| | Paid services | <ul style="list-style-type: none"> Video on demand (VOD): Approximately 3,000 titles CS Plus (satellite television) service (Four additional channels including WOWOW) |
| Corporate-orientated service utilizing media content | Under development | <ul style="list-style-type: none"> Sale of systems to condominiums, hotels, and hospitals Classified advertisements using the LEO-NET and related program guide "LEO-NET BOOK" Programs with commercial tie-ups (Tools for switching to surveys and request for brochures following commercials) Interlocking TV and cell-phone program (character entry tool using cell-phone) |
| | In planning stage | <ul style="list-style-type: none"> Various subscription services (such as regional information and corporate information) |



Other strategic businesses: Strategy of "Strategic Real Estate Development Business"

Our real estate development business was launched with strategic real estate investment of approximately ¥100 billion to build a nationwide network of core business

As of March 2008, we have high-rise apartment buildings, "Leopalace Flat" situated at 14 locations nationwide, forming synergistic effects by the completion of a nationwide network of our core business. We intend to make strategic real estate investments with approximately ¥100 billion by March 2011, improving and expanding the infrastructure of our business operations, as well as improving the quality of our fixed assets. This investment business operation is promoted with the premise of a transformation into a business without assets with the aim to secure business earnings of 7%. Furthermore, we intend to avoid the appreciation of our fixed assets, to slim down figures on our balance sheet and improve our ROA.

Summary of strategic real estate investments

- Investment scale: Approximately ¥100 billion (by fiscal year ending March 2011) (about 50% of operating cash flow)
- Investment standard: ROI of about 7%



Leopalace Flat Hiratsuka



Leopalace Flat Yamagata



Leopalace Flat Funabashi

Related three businesses: Strategy of three businesses that support comprehensive strategies for core business

1 Company housing agency plays strategic role for corporate customers of our Leasing Business Department: "Leopalace Leasing Corporation"

We will enter into the family-oriented apartment business industry with a brand new perspective. In the past, our business centered on the core apartment business that dealt primarily with studio apartments. In the future, however, we will incorporate a family-oriented apartment business in order to meet the needs of our corporate customers for their company housing and dormitories intended for families, which will include the management of properties owned by other parties. At the present time our business operations in this area center around the management agency work for the residential housing we lease from other parties, as well as the management and operation agency work for company housing with 46 contracted clients for the company housing agency work. We intend to broaden the apartment unit business base through our newly established subsidiary, "Leopalace Leasing Corporation".

2 Strategic company for our Real Estate Development Department: "Leopalace Finance Co., Ltd."

Leopalace Flat Business is a critical sales strategy in our efforts to build our nationwide network for the business operations of our Leasing Business Department. We believe that in order to expand and substantiate the business use of our leasing units and formulate business strategies, which transcend the framework from medium to long term, it is essential for us to take a step further by implementing a real estate business with a strategic development orientation. The company charged with the responsibility of conducting these strategic real estate developments in the future is our newly established subsidiary, "Leopalace Finance Co., Ltd.".

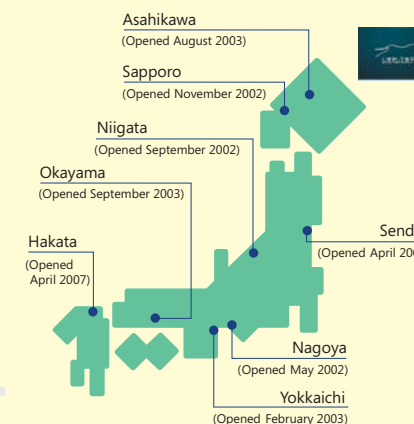
3 First insurance company of our corporate group: "Leopalace Insurance Co., Ltd."

The first insurance company of our corporate group was launched in March 2008. The company will initially be conducting business at the Center Branches of our Leasing Business Department nationwide, selling household contents insurance primarily to individual tenants who become the residents of our apartment units, but incremental expansion in the scope of business is expected in the future. Insurance indemnifies policyholders from losses by covering their household contents and liabilities and these are intended for the younger generation single persons, so that they may reside with peace of mind in their leased apartment units. Furthermore, we intend to take on development projects to provide a broad range of assistance in the vast insurance business industry in order for us to broaden our business base.

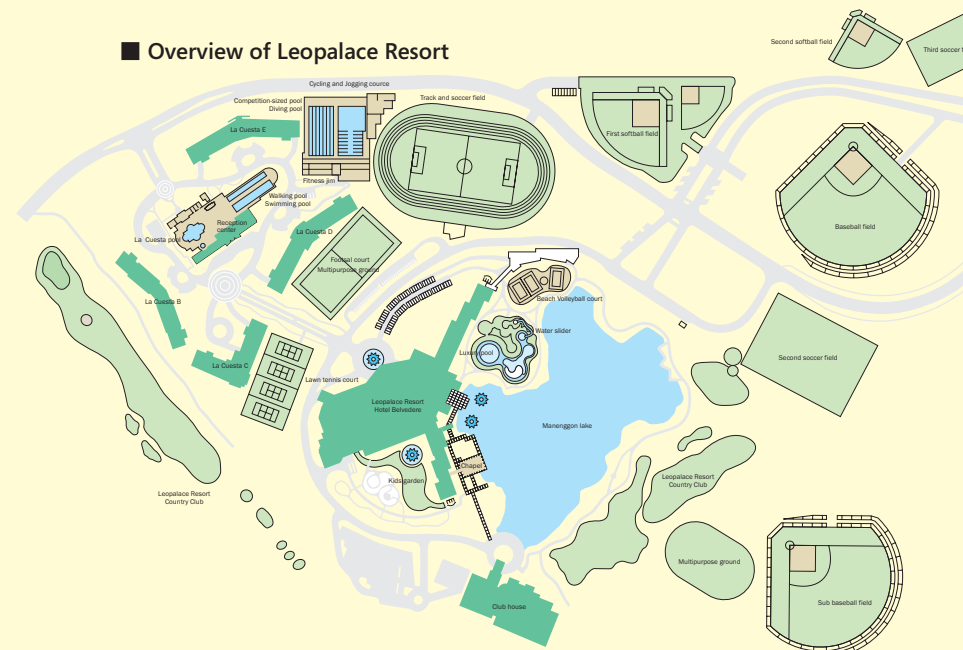
Other strategic businesses: Strategy of the "Domestic Hotel Business" and "Overseas Resort Business"

Expanding synergy between core business and strategic three businesses

Aside from ordinary hotel guests, the Domestic Hotel Business offers rooms with a "Monthly Leopalace Flat" contract to guests who stay longer periods, similar to the leasing of apartment units. Furthermore, a business location for our core business is also established in our hotels and used as a sales location for the area. The Overseas Resort Business, on the other hand, is implemented through our wholly owned subsidiary Leopalace Guam Corporation. It has been operating our Leopalace Resort at an average occupancy rate of 57.7%, as of the fiscal term ending March 2008. The total number of rooms is 13,185 and 23.0% of the occupancy is composed of apartment owners, whereas our shareholders occupied 2.5%. We intend to increase the synergistic effects of both these business operations to contribute towards the enhancement of our core business.



Overview of Leopalace Resort



Hotel Leopalace Hakata



Leopalace Resort



Westin Resort



Track and soccer field



Competition-sized pool



Lawn tennis court

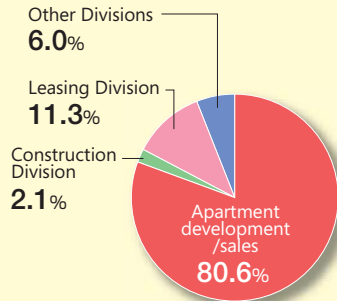


Club house

Outline-1: Company History

(● All events illustrated in the timeline occurred in respective calendar years, while all operational data in charts represent respective fiscal year figures.)

- Launch of **Monthly Leopalace Flat** service
- Opening of Leopalace World Nagoya and Leopalace Center Seoul
- Beginning broadband business
- Launch of **Leopalace REIT II and III**, a series of real estate securitization products
- Capital increases to ¥37.24 billion following public offering of new shares (¥37.56 billion in 2003)
- Launch of **Leopalace REIT**, a real estate securitization product
- Capital increases to ¥30.52 billion following third-party allotment of new shares
- Change company name to "Leopalace 21 Corporation"



● Sales breakdown by division for FY ended March 1991 (consolidated)

● Listed on over-the-counter market (JASDAQ)



Developer → Construction Subcontracting

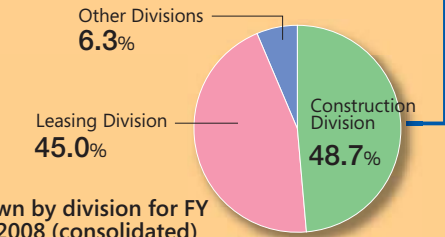
Establishment of New Business Model

- Opening of Leopalace Center Taipei and Leopalace Center Pusan
- Formulation of the "Medium-term Management Plan: United Spirit"
- Number of managed properties increased to 300,000
- Start of Residential and Silver Businesses
- Listed on 1st Section of Tokyo Stock Exchange
- Capital increase by public offering, capital increase to ¥55.64 billion
- Opening of Leopalace Center Shanghai

Net worth turns positive on a consolidated basis (in fiscal year ended March 2001)

Return to profitability at net level (in the fiscal year ended March 1997)

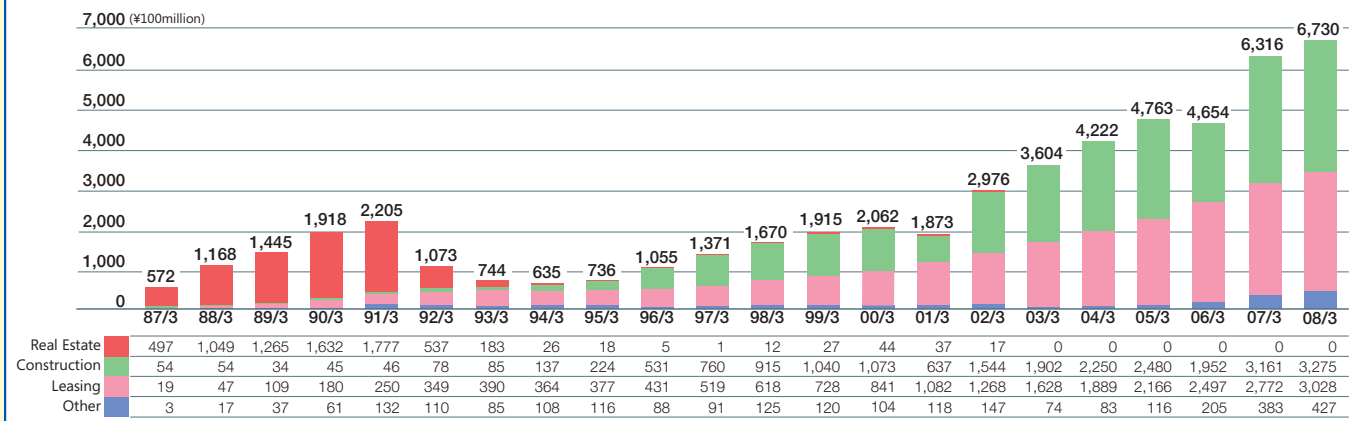
Return to profitability at operating level (in the fiscal year ended March 1996)



● Sales breakdown by division for FY ended March 2008 (consolidated)

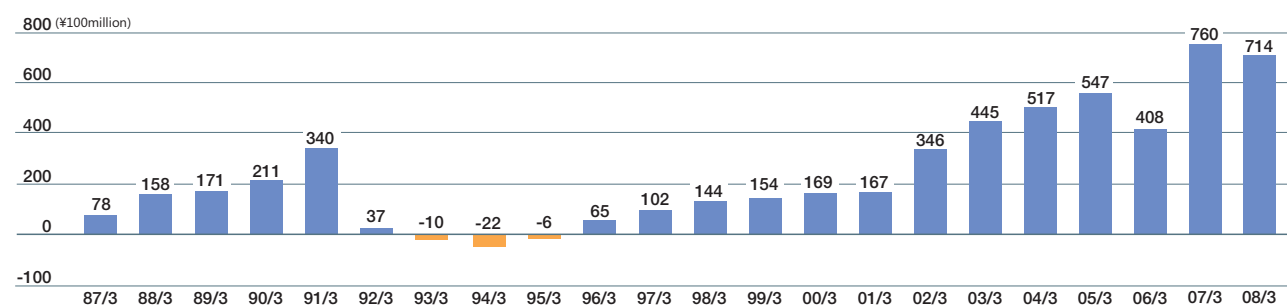
[Synergies from Construction and Leasing start to be felt in earnest → full-operation

Net Sales by Division (consolidated)

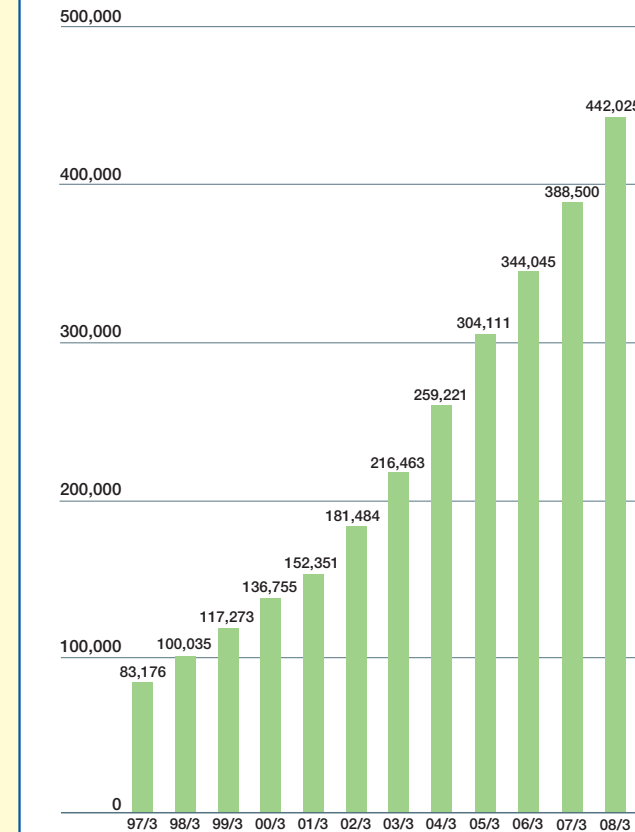


* The sales figures of the Real Estate Division from March 2003 onwards are included in the "Other" category.

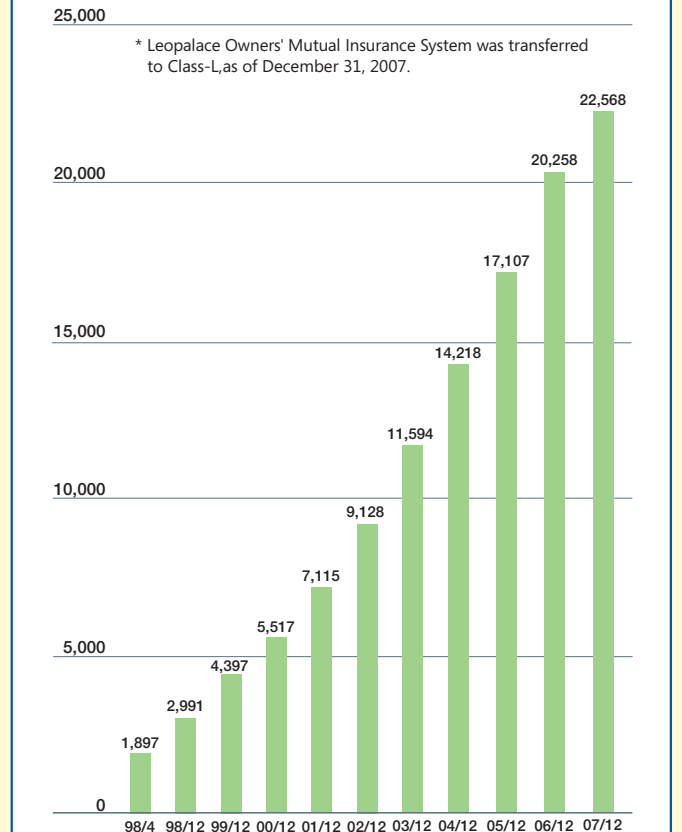
Recurring profit (consolidated)



Number of Apartment Units under Management



Number of Members of the Leopalace Owners' Mutual Insurance System

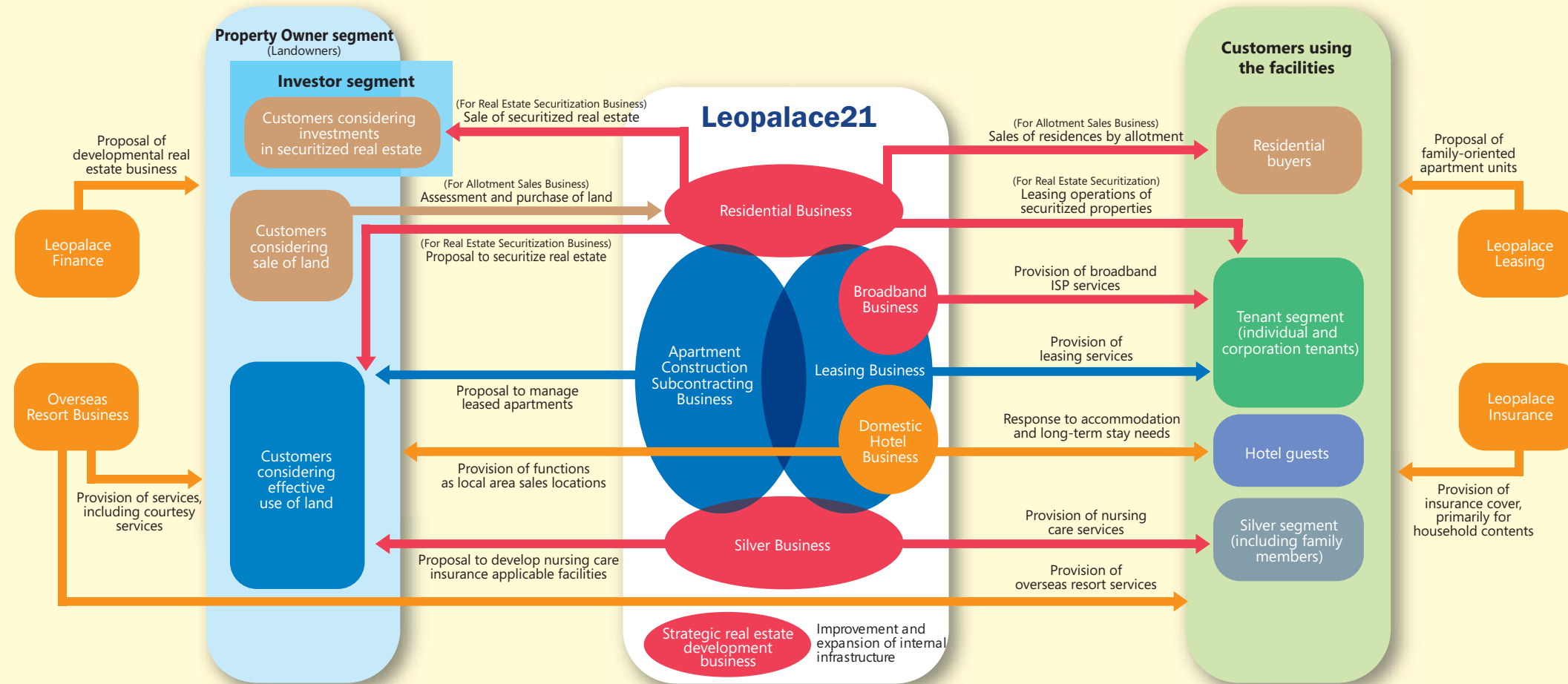


* Leopalace Owners' Mutual Insurance System was transferred to Class-L,as of December 31, 2007.

New Total Business Model

Implement multifaceted business operations for customers of both the Property Owner base and User base by setting a comprehensive target that widely considers the entire "Land Utilization-Related Market".

base and User base by setting a comprehensive target that widely considers the entire



Examples of exhibited offerings from our "Leoplace21 Series" lineup



New Leo Various



Leo Various



Leo Comfort



Inside Villa Alta



Inside Villa Superior



Dwelling open to pet owners

Build business models that aim to maximize the use of customer resources with the two core operations

We are conducting business operations from various perspectives as a go-between for the customers who own properties and the customers who are using the facilities that are built and managed by us.

Apartment Construction Subcontracting and Leasing businesses are the two operations at the core of such activities. The synergic effects on peripheral businesses are extremely powerful resulting from a high degree of credibility and recognition secured through dealing with our customers who are property owners and our customers who are users. This has become our business model with the aim to maximize the use of customer resources.

Customers on both ends of the business are not only in a relationship with the entrance and exit of operations, but rather, they should be positioned as critical business management resources that bring operating revenue.

Our business model has extra depth with the addition of the new related three businesses (Leoplace Finance, Leoplace Leasing, and Leoplace Insurance) that support the strategies of our core business.

Realizing Maximized Business Opportunities by Implementing Various Approaches for the Property Owners

Aside from the Apartment Construction Subcontracting business, which is one of our core operations, we also have strategic business operations, such as the Residential business and Silver business that can be included in our proposals to property owners.

The needs of our customers vary from "effective use of land" to "sale of land" and "investment in securitized real estate". We, therefore, offer our proposals on these three business operations, suggesting Management of Rental Apartments, Securitization of Real Estate and Development of Nursing Care Insurance Applicable Facilities depending on their needs, while conducting the Assessment and Purchase of Land for customers who are considering selling their property and providing services related to the Sale of Securitized Real Estate, such as Leoplace REIT to those customers who are interested in investing in securitized real estate.

We are realizing a maximization of business opportunities through such various approaches.

Expanding Customer Base through Diversification of Approaches Implemented to Users

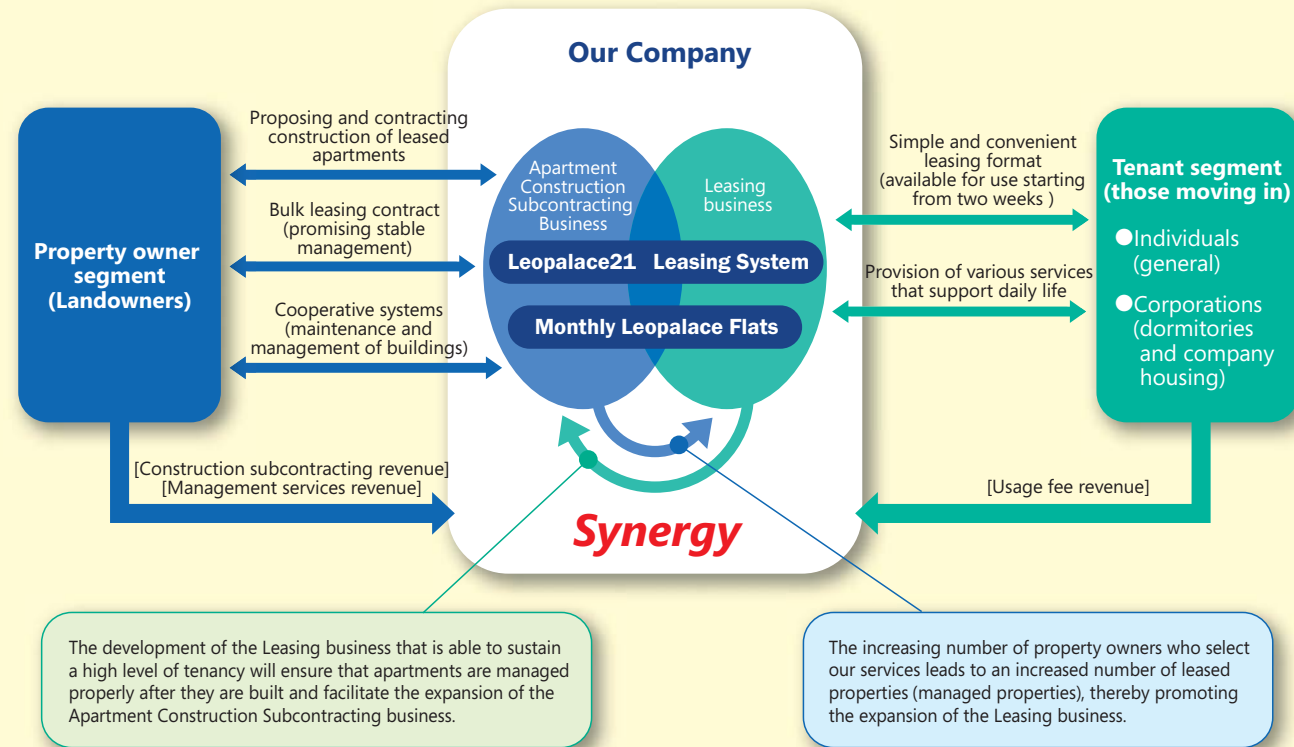
Approaches employed to aid users are conducted by five business operations, including the "Leasing Business", which is a core operation, along with the "Broadband Business", "Residential Business", "Silver Business" and "Domestic Hotel Business".

Along with properties managed by the Leasing business, we perform leasing operations for properties, which have been securitized by the Residential business and provide leasing services to the individual and corporate tenant base. Furthermore, we are increasing the attraction of leasing properties and connect it to the acquisition of business revenue by offering both free and for-fee Broadband ISP services (Leoplace B.B.) to the tenant base. Furthermore, we will sell residences (houses and condominium units) that has been developed by the Residential business to prospective home buyers, while various nursing care services are provided to those in need of nursing care (including families of patients) by the Silver business.

We will be expanding the customer base of users through the operation of these businesses and promote diversification of our revenue sources.

Core Business Model

Our fundamental strength is the "Model of Synergies between Construction and Leasing"



Building a Unique Business Model with the Fusion of Construction Business and Leasing Business Based on the Concept that "Apartment Management Exists Only Because of Leasing"

We are building our business based on the basic policy that states "Apartment Management Exists Only Because of Leasing" and with our belief that apartment building construction and leased property management are inseparable businesses. From the perspective of property owners, the biggest concern regarding their decision to build an apartment building is "whether it would be possible to continue securing an adequate number of tenants throughout the years". Consequently, we provide a "Bulk Leasing System" to the property owners by conducting the Leasing business on our own and by building an organization that can sustain a high rate of tenancy. We resolve the concerns regarding apartment building management for property owners and provide them with a mechanism that makes it possible to commission us with the construction of an apartment building by realizing a "Model of Synergies between Construction and Leasing".

By owning such a unique synergy between Construction and Leasing, we are able to realize extremely high stability in our business operations.

Exhibiting an Extremely Strong Competitiveness in the Industry by Facilitating Compatibility Between Benefits for Property Owners and Benefits for Tenants

Our customers are from both the property owner base, owners of the real property, as well as tenants, who wish to move into leased properties. The strength of the "Model of Synergies between Construction and Leasing" is borne out of various mechanisms that maximize the benefits for both parties.

We established a "Total System for Apartment Operations" that not only offers the members of the property owner base recruitment and management of tenants, through a bulk property leasing system and cooperative system, but also includes maintenance and management of the buildings through the provision of comprehensive support.

Furthermore, to the members of the tenant base, we provide not only the development and provision of leased properties that feature superior designs and functionality, but also units furnished with consumer electronics by providing leasing formats (such as Leopalace21 Leasing System and Monthly Leopalace Flat) to respond to the diverse life styles of modern times.

Our business model that offers significant benefits to both parties exhibits an extremely strong competitiveness.

Expansion of student rental market through business collaboration; improved occupancy rates through improved corporate sales

By actively developing expansion for new demand, we have been successful in further improving our occupancy rates in this particular sector.

With the original intention of retaining existing student tenants from 2005 we concluded an agreement with companies that have a large number of students in their correspondence study businesses. We also established a new payment option that allows for monthly payments for the use of Monthly Leopalace Flats, providing the possibility of making payments necessary to move into the leased properties as if they were being paid as rent on a monthly basis through a business alliance with credit card companies. This has expanded demand and developed a structure that eases the burden on students starting a new life.

Furthermore, as part of the strategy for expanding corporate trading, we launched the new "Corporations Only Plan" in April 2006, which allows residential dwellers to move nationwide. The number of corporate accounts during the fiscal year ending March 2008 was approximately 24,670 (a 28.9% increase over the same period of the previous year), showing favorable growth. Furthermore, starting in April 2008 corporate sales locations increased to 59 locations, giving a boost to increased trading and occupancy rates.

Construction/Leasing Synergies

Studios (less than 30m²): Construction Division's Main Product

In the apartment business, accurately assessing the changing needs of specific customer groups over the next 20-30 years is essential. In this context, we have developed products primarily targeting single individuals, who account for the majority of apartment tenants. Thus, we offer studios of less than 30 square meters as our main product in the Construction Division. Indeed, proposals we submit to owners are for the construction of apartment buildings located in areas where we expect large lease demand based on our detailed marketing analysis.

Membership-based leases for long-term occupancy and Monthly Leopalace Flat for short-term stays: the Leasing Division's two main products

The Leasing Division offers products designed for long-term occupancy and short-term stays. The former responds to the long-term occupancy through the Leopalace21 Leasing System that does not require lease deposits and key money, while the latter is *Monthly Leopalace Flat*, which is provided with furniture and consumer electronics and includes utility expenses.

To cope with the diversifying needs of tenants in recent years, we have approached product development with an eye to convenience and amenity for short-term stays.

Monthly Leopalace Flat has multiple functions

In recent years, *Monthly Leopalace Flat* has been employed by a diverse group of tenants. Simply put, long-term occupancy tenants account for some 60% of Monthly Leopalace Flat tenants and short-term tenants make up the remaining 40%. Long-term occupancy functions include ordinary residential use, company and school dormitories, and housing for job transferees away from families. Meanwhile, reasons for short-term stays include business trips (mainstay), job training, entrance examinations and lectures, temporary housing during moves and home renovation, and sightseeing. As mentioned earlier, the success of the Monthly Leopalace Flat service owes to our accurate response to diverse customer needs.

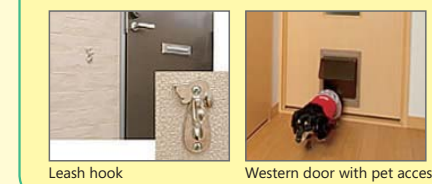


"Leopalace21 Series" exterior view



"Leopalace21 Series" Interior view

Facility with pet accommodating specifications (some available)



Leash hook Western door with pet access

Security Installations



Automatically locking gate Intercom equipped with monitor Card key Security windows (first floor only)



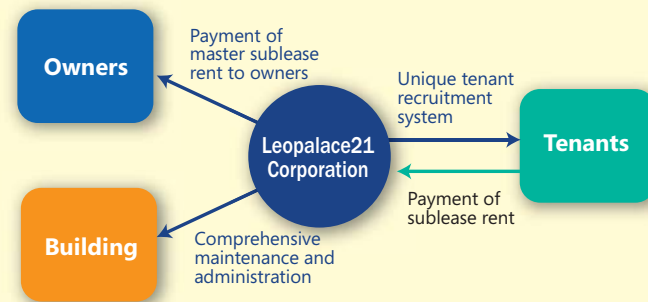
Unit bath comes equipped with convenient bathroom dryer features Microwave oven Kitchen with an electrical cooking facility Refrigerator Bed Television also offers broadband services Table and chair (table is collapsible) Air-conditioner

*Includes currently unfinished properties

Characteristics and Competitiveness 1 Master sublease system and Total Support System ensure smooth maintenance and administration

With our unique supply plan, we promise 30 years of stable management

Based on our belief that successful leasing operations are the key to the apartment business, we introduced a master sublease system which guarantees 30 years of stable apartment operations, ahead of industry rivals. Under the system, we first draft apartment supply plans based on our research on market potential and tenant needs in each of the 1,179 segmented areas across the country. Based on these plans, we make proposals to prospective apartment owners, offering comprehensive support for the apartment business from construction to maintenance and administration. The master sublease system, which ensures stable rent income over the maximum 30-year period, and Total Support System (TSS), which guarantees apartment building maintenance and administration, represents our key support systems for apartment owners.



Three unique points that support the master-lease system

Multiple tenant recruitment channels

Without successful tenant recruitment, the apartment business would not run smoothly. Our thorough research in local market's potential backed by our nationwide marketing activities enables independent, nationwide tenant recruitment. We employ various recruitment media, including our nationwide office network, web sites, apartment rental publications, and TV commercials to ensure efficient tenant recruitment. Meanwhile, prospective tenants are able to search for housing units, anytime, anywhere from all over Japan.

Innovative leasing systems

Our products cover short-term stay as well as conventional long-term housing needs, aided by our unique systems. Moreover, we have introduced innovative business practices not requiring lease deposits and key money. Thus, we have successfully recruited a broad range of tenant groups unrivaled by competitors, meeting multiple needs of both individuals and corporations.

Reliable proxy maintenance and administration

On behalf of apartment owners, we carry out operations from building maintenance to tenant administration. Furthermore, the asset value of buildings are maintained at a high level and the current Total Support System (TSS) has been implemented since April 2007 to protect the life savings of owners against unforeseen incidents, replacing the apartment maintenance, which was systematically conducted by the "Leopalace Owners' Mutual Insurance System" in the past.

* Total Support System (TSS) : a planned maintenance program for apartment buildings.

Characteristics and Competitiveness 2 Nationwide studio apartment network, supported by online search capabilities

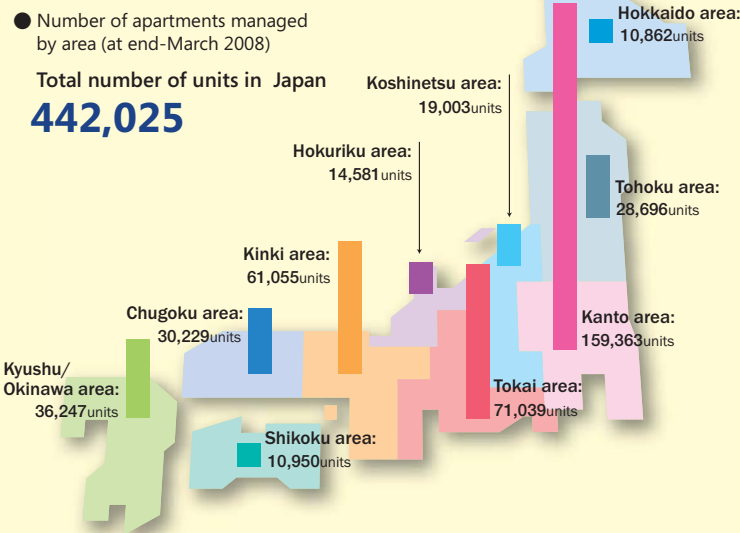
Apartment buildings under master sublease contracts with Leopalace21 are available nationwide

Studios for which we have subcontracted construction and have carried out maintenance and administration are located all over Japan, totaling some 442 thousand units. These studios were built in areas where we estimated reasonable potential demand based on thorough market research, in order to meet needs of prospective tenants. We are the only industry player with this many studios nationwide.



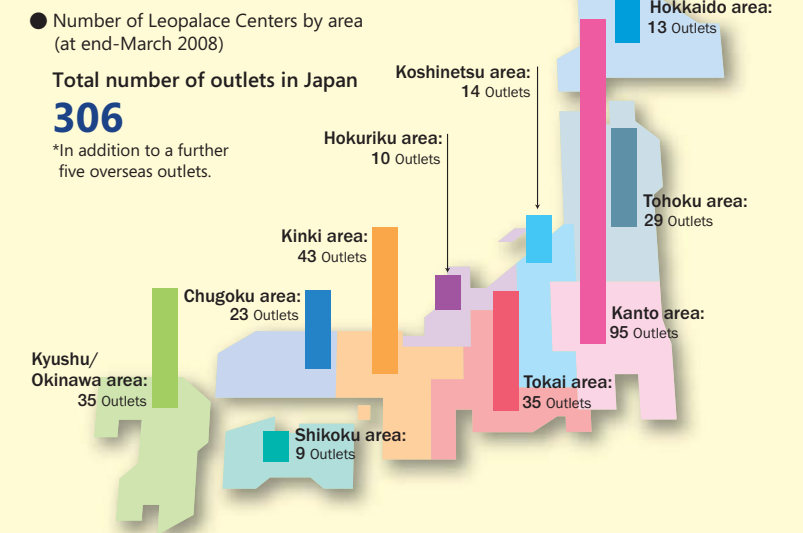
Villa Cherte

Villa Alta



Domestic network of 306 Leopalace Centers

Visitors to Leopalace Centers at 306 locations nationwide can search real-time for studios using our online network. For example, a person who lives in Tokyo can look for the most up-to-date information about studios for lease available in other areas such as Hokkaido and Kyushu, apply for the apartment, and sign the contract on the spot. The nationwide sales center network combined with our online network guarantees our ability to meet a variety of needs among prospective corporate and individual tenants.



Characteristics and Competitiveness 3 Real-time web search possible anywhere, anytime

Powerful web research based on nationwide network

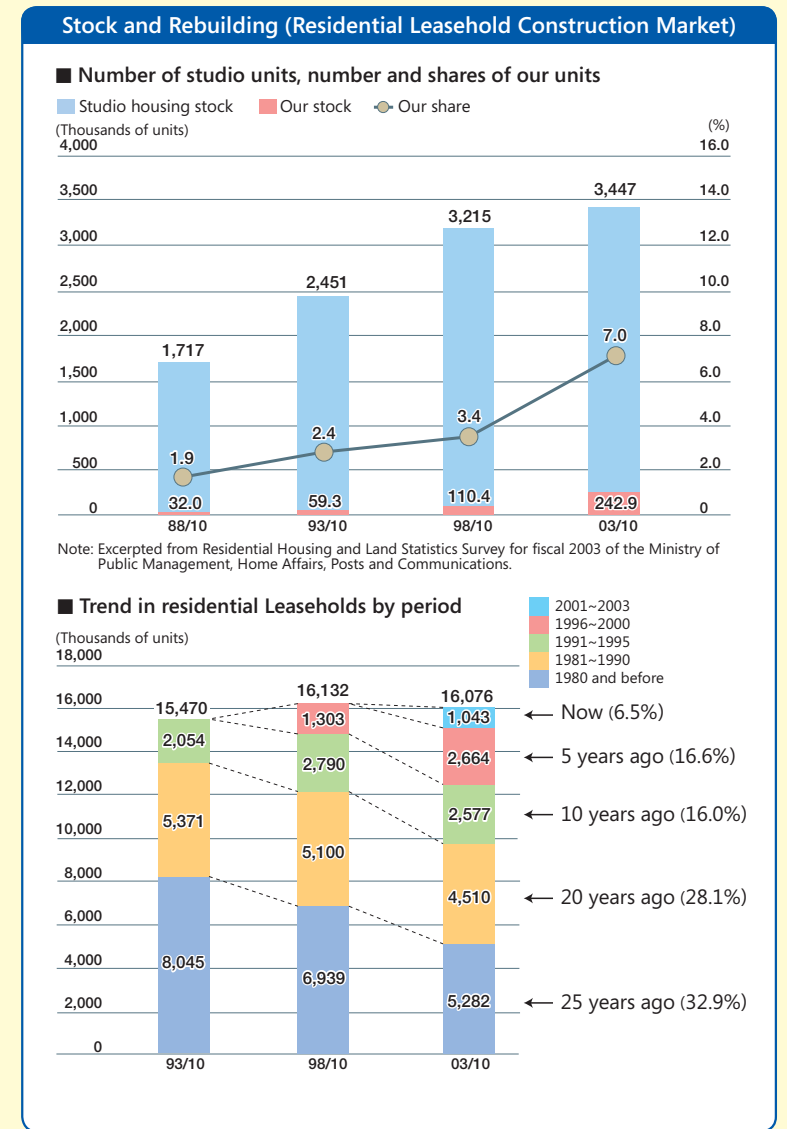
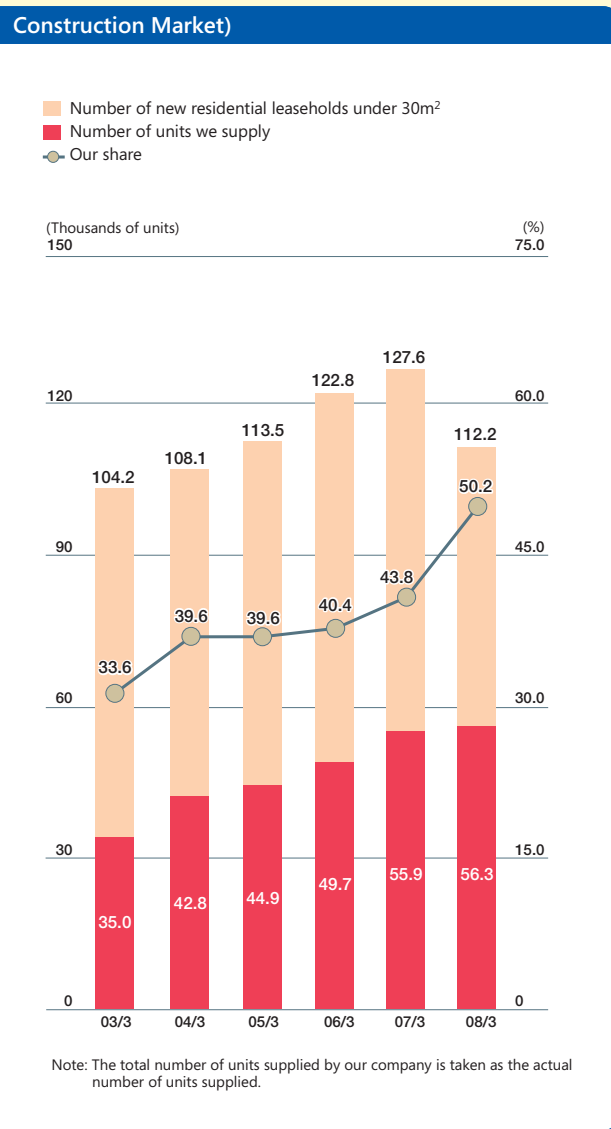
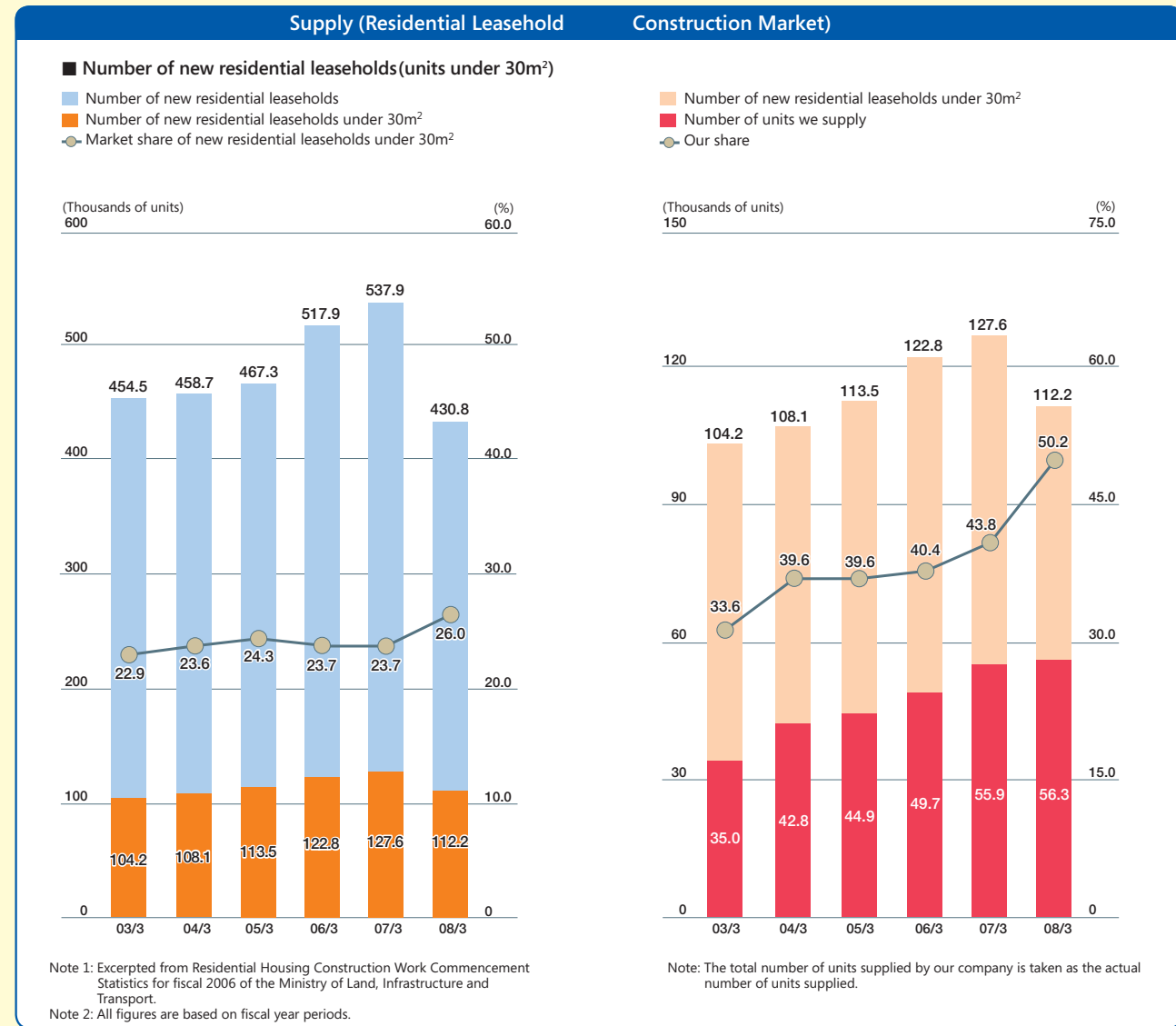
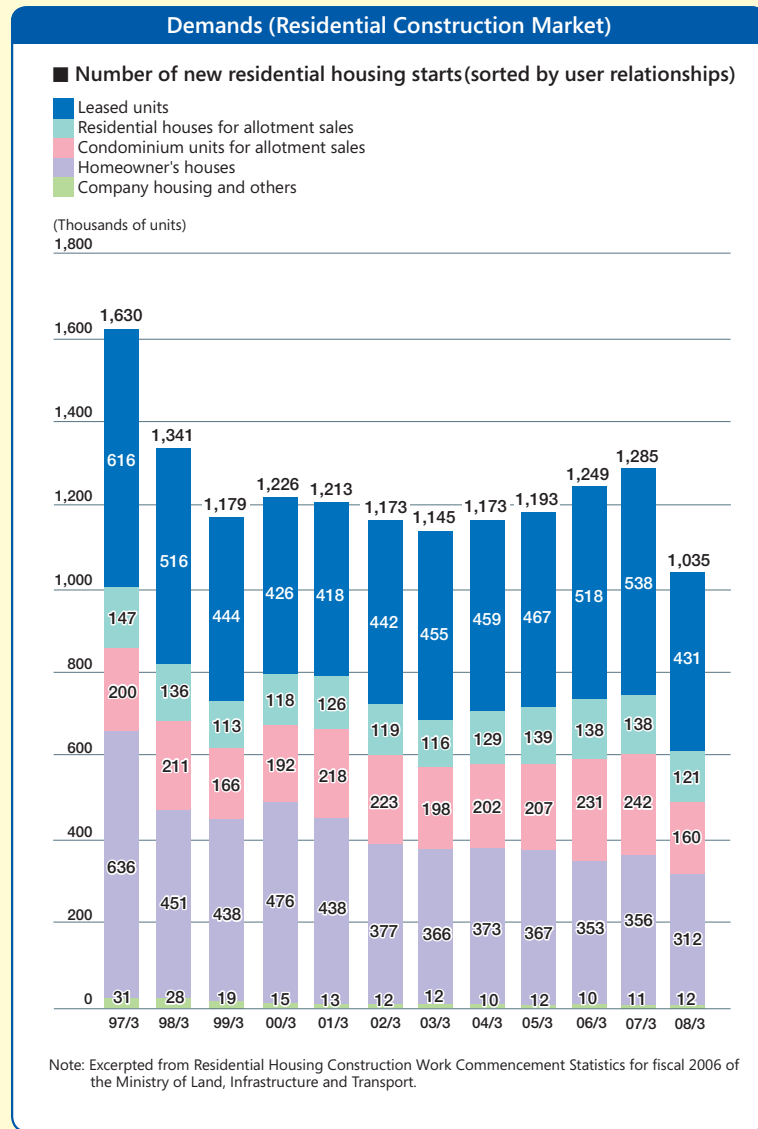
Visitors to our web sites can search real-time for the most up-to-date information on studios available across the country, and apply for the apartment and sign a contract on the spot. With some 442 thousand studios managed nationwide, we are the only industry player that can provide prospective tenants with real-time search capabilities of studios available nationwide even using our mobile Internet site.



Real-time search on our mobile Internet site

Real-time search of our rental studios can also be performed on our mobile Internet. Similar to accessing our main home page, visitors to the wireless site can gather information regarding rental studios, view floor plans, and make payments by credit card.





Residential housing supply status has been changing over past ten years in terms of market share makeup

According to the Residential Housing Construction Work Commencement Statistics of the Ministry of Land, Infrastructure and Transport, the overall status of the supply for residential housing and the number of newly built residential housing units for the past ten years peaked in fiscal 1996 (ending March 1997) with 1,630 thousand units and thereafter the number continued to hover around 1,200 thousand units during the nine subsequent years, which indicated some slow recovery.

Furthermore, although a deteriorating impact had been felt by some part of the residential housing market in fiscal 2007 (ending March 2008), macro indices showed abnormal figures, which do not reflect the actual conditions, due primarily to the effects of the Revised Building Standard Law, which came into effect in June 2007.

Central roles played by the shifting of the market share makeup for residential housing supplies (commencement of construction for new residential housing), include an increase in the number of leased units and residential houses for allotment sales

A look at the trends for commencing new residential housing in recent years, in terms of user relationships indicate that leased units and residential housing for allotment sales are supporting slow overall recovery trends. Of all residential housing for allotment sales, Residential houses maintained a high level approaching 140 thousand units in the most recent three years, whereas the number of condominium units has increased four years in a row, with an increase of 22.2% in fiscal 2006 (ending March 2007) over fiscal 2002 (ending March 2003). Furthermore, leased units have recorded a consecutive increase for six years since fiscal 2001 (ending March 2003),

gaining the highest share of the market by dominating 41.9% in fiscal 2006 (ending March 2007) for all new units of residential housing construction. (Furthermore, figures for fiscal 2007, covering the fiscal term ending March 2008, were abnormal; nevertheless, the market share has been sustained at the high level of 41.6%.)

Construction of leased units less than 30m² are increasing at steady pace

Leased units under 30m² constitute our core field and have shown a rapid increase in recent years. The amount of construction work commencing in fiscal 1999 (ending March 2000), for leased units under 30m², bottomed out at 73 thousand units but showed a recovery by reaching 100 thousand units by fiscal 2002 (ending March 2003). In fiscal 2006 (ending March 2007) this figure increased further to 127.6 thousand units. Furthermore, the proportion of residential units less than 30m² among the overall total number of leased units being constructed has been sustained at a high level since fiscal 2004 (ending March 2005), hovering around 24%, which is about a quarter of the market (in addition, the figures for fiscal 2007 covering the fiscal term ending March 2008 were abnormal figures; however, the market share has been sustained at a high level of 26.0%).

Our share of supply for studio apartments is 50.2%

The reason behind this increase in leased units under 30m², is the increase in the number of young and single households in urban areas seeking a new lifestyle, along with the birth of a new demand, such as the outsourcing of corporate dormitories and company housing.

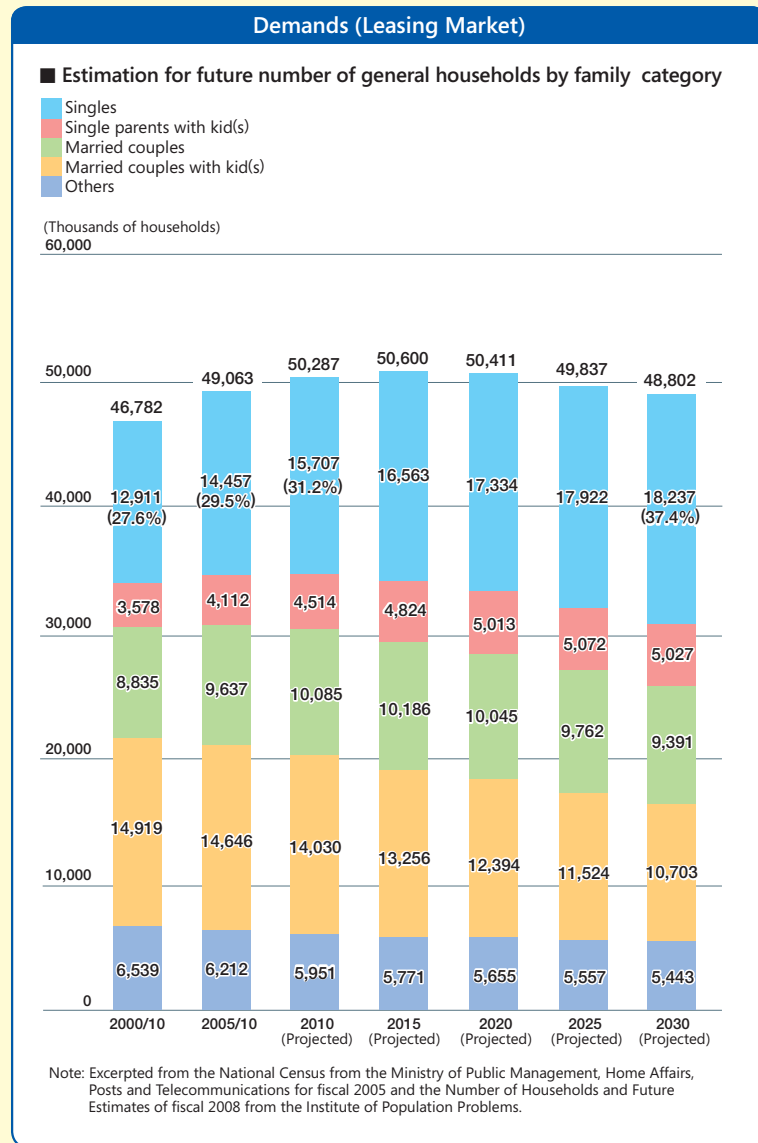
Furthermore, the graph shown above represents the number of new units supplied by our studio apartment operations (Apartment Construction Subcontracting Business) for the construction of leased units under 30m². In fiscal 2006 (ending March 2007) we were able to maintain or improve on our high market share of 43.8% of all supplied units in the market. It is clear that we are in possession of a formidable market share in this field. Furthermore, the number of new constructions for leased units less than 30m² decreased in fiscal 2007 (ending March 2008), due to the impact of the Revised Building Standard Law; however, we were able to limit this impact on our business operations to a relatively low level, which enabled us to increase our supply of units, even though the increase was very little. As a result, our market share is at a level exceeding 50%.

Increasing studio stocks

On the other hand, the stocks of studios are in a steadily increasing trend. According to the Residential Housing Construction and Land Statistics Survey, conducted every five years by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, the number of studio units as of October 2003 was 3,447 thousand units. This is an increase of 996 thousand units above figures taken ten years ago, with a growth rate of 40.6%, showing an outstanding performance in comparison with the growth rate for the residential housing stock for the same period (17.6%). Furthermore, our market share of stocks has also increased by 7.0%.

Market for rebuilding residential leaseholds has gigantic potential for residential leasehold construction

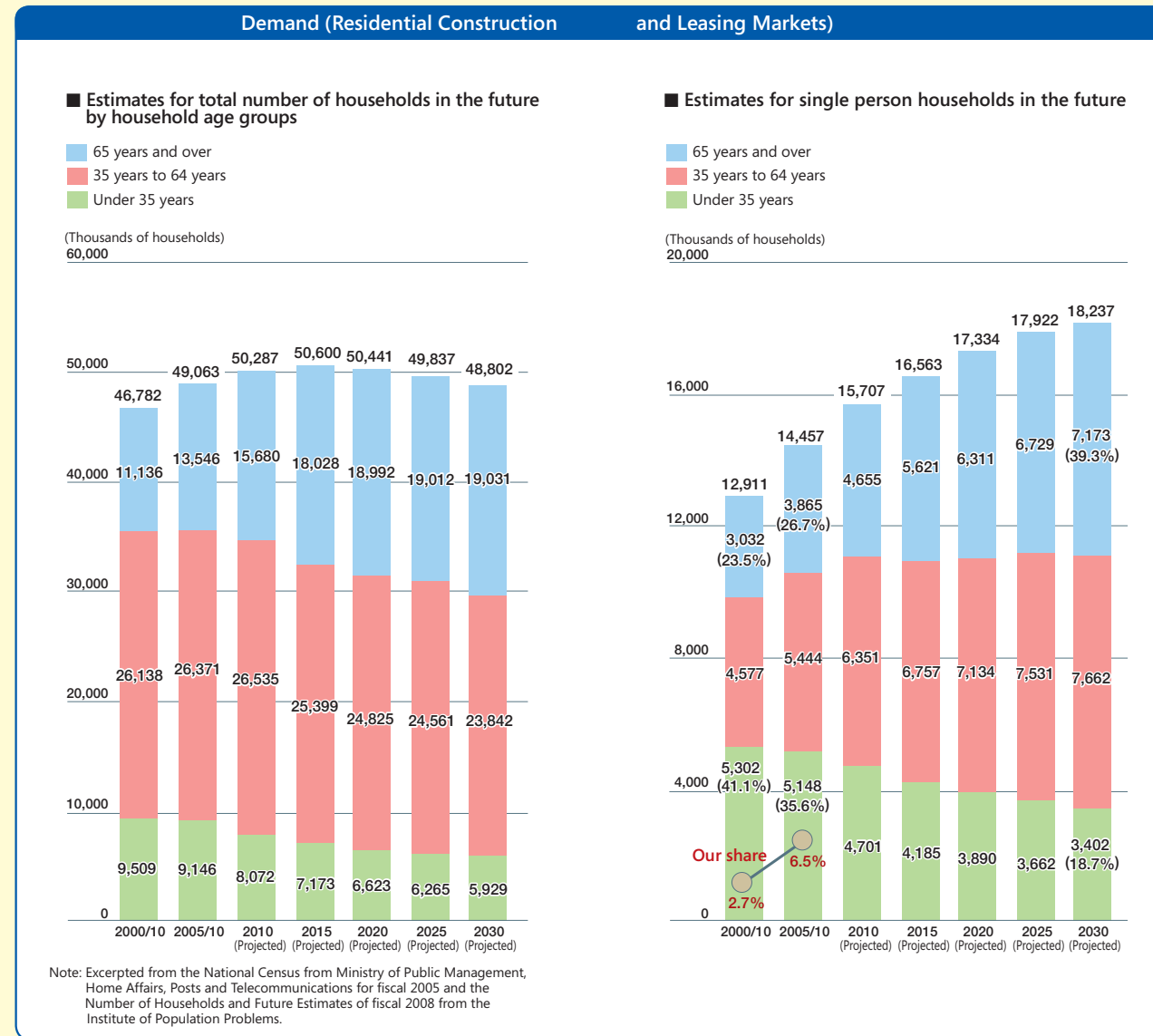
The graph shown above represents the data of trends for the overall residential leaseholds sorted by construction period. Figures have remained stable for the past five years; while during those five years 2,460 thousand units of residential leaseholds constructed in 1995 and earlier (ten years ago) were lost, with approximately 2,400 thousand new units built to replace them. This indicates that this is a market with a gigantic demand for rebuilding in the future.



Large market needs exist for studios that will be sustained over a long period

With declining birth rates and an aging society, the population problem in Japan is an issue that needs to be considered. In terms of family categories, singles consisted of 14,457 thousand in 2005, which comprised 29.5% share of the market. It is anticipated that this will increase to 15,707 thousand by 2010 and comprise over 31.2% of the market share. Furthermore, an estimate for 2030 shows the number of households will reach approximately 18,237 thousand, with 37.4% of the market share, a rapid increase in this period. This indicates that the household makeup in Japan will be moving toward the formation of a gigantic single person household base very rapidly.

The market needs for studios provided by us is large and will be sustained over a long period in the future, as indicated by this data on future estimates.



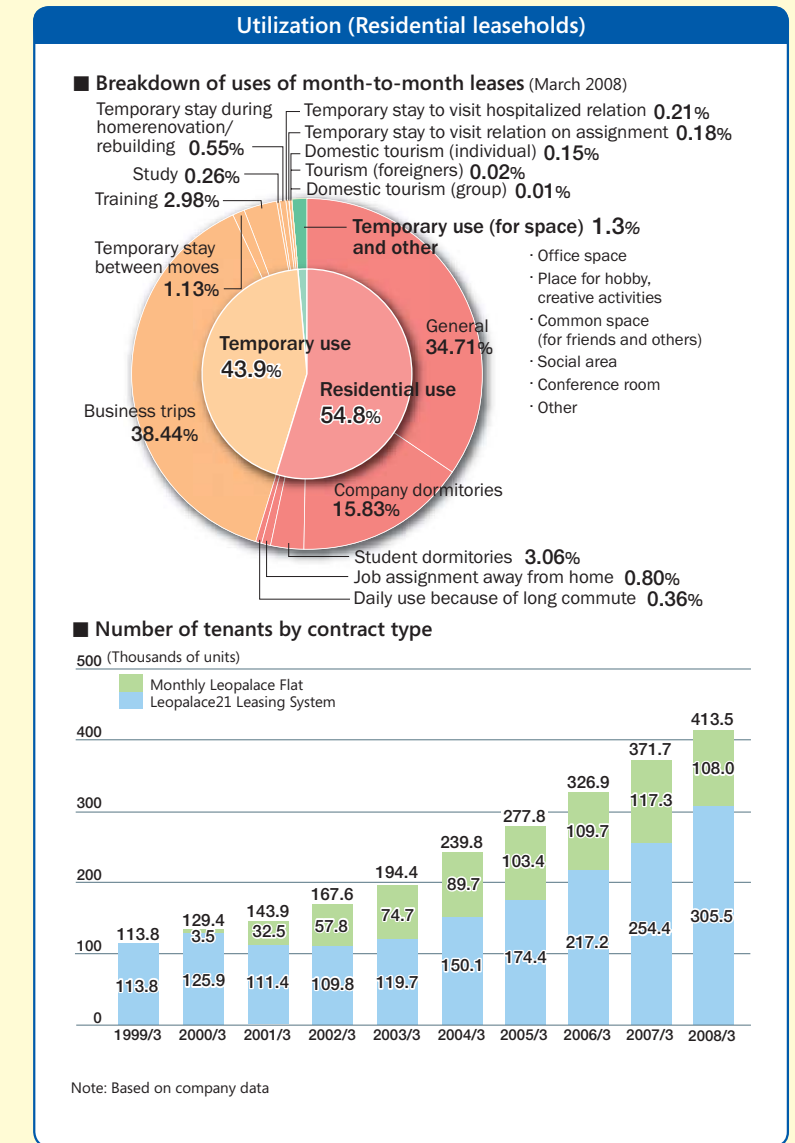
Anticipated emergence of gigantic silver business market based on estimated figures for future number of households by age group

The graph shown above is made up of data at the upper right and an estimation of the future number of general households by family category, as viewed in terms of age group. The so-called silver population, comprising people aged 65 and over, will exceed a 30% share of the makeup in 2010 and their share of the makeup will reach 39.0% by 2030. This means that a gigantic silver business market, comprising nearly two out of every five households, will emerge.

In terms of single person households categorized by age group, the silver population base emerges together with the under 35s as the target populations for our core business

Furthermore, the graph, shown above, represents data prepared by categorizing the extracted information regarding single person households obtained from the estimation for the future number of general households by family category, shown on page 21, by age group. Targets comprised of the under 35 population base of corporate users and the silver business market, comprised of persons 65 and over, for whom there are increasing needs in terms of hobby and nursing care, are emerging.

Our share in the market of the single person households for under 35s was 2.7% in 2000, although it reached a level of 6.5% in 2005.

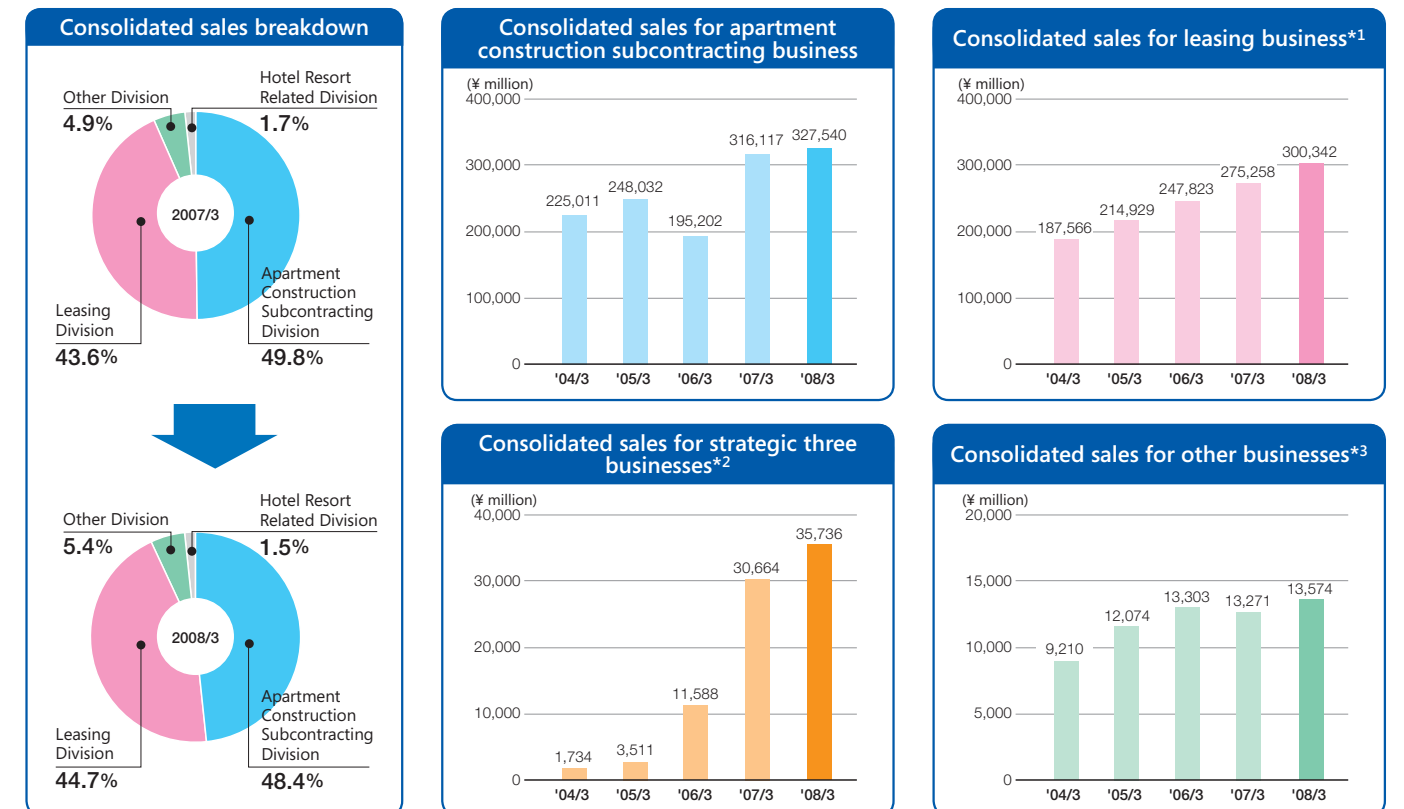
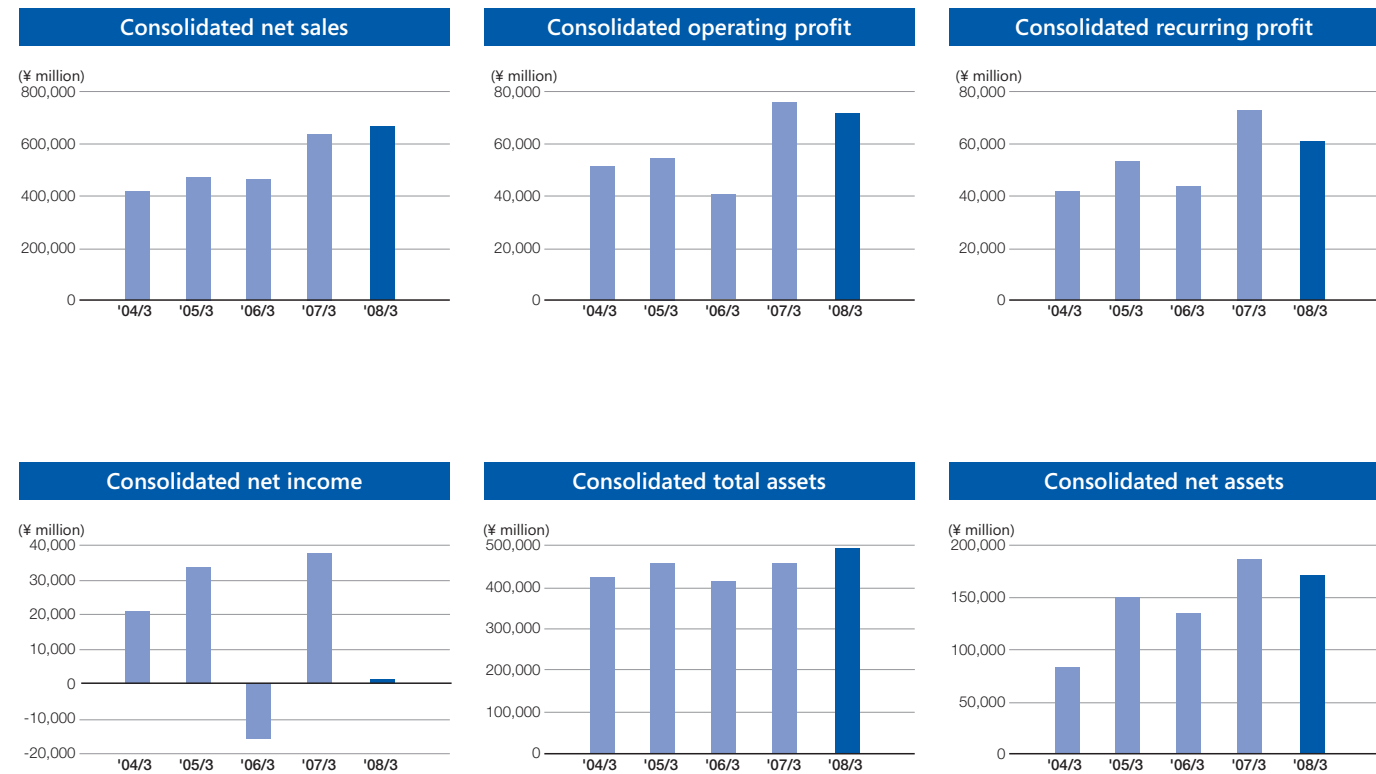


Pioneering new markets through monthly leasing

We are pioneering into new markets outside the existing leasing markets by implementing Monthly Leopalace, which is available for short or long-term leasing, along with Leopalace21 Leasing System intended for long-term tenants. The purposes for using the monthly leasing service can be categorized into "residential use" and "temporary use." In terms of the residential use, the purposes for using the service are expanding, such as "dormitory (for employees and students)," "job assignment away from home," "daily use because of long commute," besides the "general use of rooms." Furthermore, as for "temporary use," the purposes vary, including "business trips," which is the most often cited purpose, as well as accommodation during moving, taking seminars, taking exams and tourism.

Steady increase of a user base for monthly leasing responding to various needs

The trend for number of tenants by contract type indicates that since Monthly Leopalace provides furniture, consumer electronics and utility expenses, launched in March 2000, the number of transactions for monthly leasing increased rapidly, which indicates the service matched the needs of the market. Furthermore, Monthly Leopalace Flats was launched in March 2002, offering tenancy periods for shorter segments, responding appropriately to the changing needs of the market. The number of units for this service has been sustained at a high level exceeding 100 thousand units since March 2005.



*1: The consolidated sales amounts for the "Leasing Business" shown in the graphs above represent figures that do not include the sales figures of the "Domestic Hotel Business".
 *2: The consolidated sales amounts for the "Strategic Three Businesses" shown in the graphs above represent the total amounts for the "Residential Business", "Silver Business", and "Broadband Business".
 *3: Other consolidated sales amounts shown in the graphs above represent the total amounts for the "Domestic Hotel Business", the "Hotel Resort Related Business", and "Other" of our other businesses.

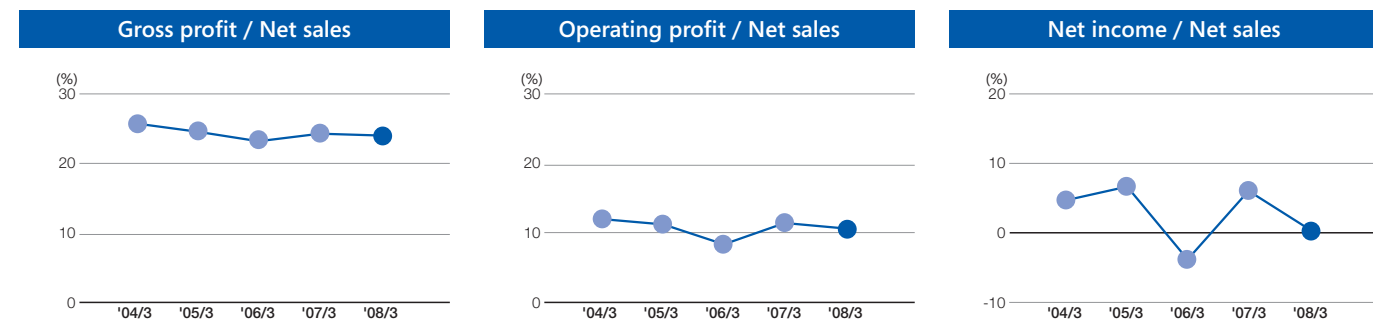
| | | (¥ million) | | | | | |
|--------------------------|--------------------------------------|-------------|-------------|----------|----------|----------|--|
| | | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 | |
| Consolidated | Net sales | 422,224 | 476,266 | 465,386 | 631,608 | 672,973 | |
| | Operating profit | 51,670 | 54,682 | 40,775 | 76,007 | 71,402 | |
| | Recurring profit | 41,299 | 53,265 | 44,151 | 73,002 | 60,847 | |
| | Net income | 20,960 | 33,262 | △ 16,582 | 37,358 | 342 | |
| | Total assets | 421,163 | 453,434 | 412,803 | 454,819 | 493,956 | |
| | Net assets | 81,419 | 149,798 | 133,622 | 185,784 | 170,155 | |
| Non-Consolidated | Common stock | 37,500 | 55,640 | 55,640 | 55,640 | 55,640 | |
| | Net assets per share (¥) | 585.82 | 941.06 | 839.44 | 1,054.99 | 1,036.43 | |
| | Net income per share (¥) | 150.91 | 220.79 | △ 104.17 | 234.68 | 2.15 | |
| | | | (¥ million) | | | | |
| | Shares outstanding (thousand shares) | 139,543 | 159,543 | 159,543 | 159,543 | 159,543 | |
| | Net assets per share (¥) | 757.39 | 1,056.95 | 835.15 | 1,052.81 | 1,005.07 | |
| Net income per share (¥) | 199.74 | 190.47 | △ 209.23 | 248.45 | 19.85 | | |
| Dividends per share (¥) | 15.00 | 15.00 | 15.00 | 50.00 | 80.00 | | |
| Payout ratio (%) | 7.51 | 7.88 | — | 20.12 | 403.02 | | |

| | | (¥ million) | | | | |
|--|--|-------------|---------|---------|---------|---------|
| | | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
| Apartment Construction Subcontracting Division | | 225,011 | 248,032 | 195,202 | 316,117 | 327,540 |
| Leasing Division | Leasing Business (Excluding domestic hotel business) | 187,566 | 214,929 | 247,823 | 275,258 | 300,342 |
| | Domestic Hotel Business | 1,299 | 1,664 | 1,875 | 1,907 | 2,411 |
| Hotel Resort Related Division | | 7,056 | 9,561 | 10,869 | 10,842 | 10,271 |
| Other Division | Residential Business | 0 | 0 | 1,745 | 14,150 | 11,281 |
| | Silver Business | 0 | 0 | 2,433 | 5,345 | 11,173 |
| | Broadband Business | 1,734 | 3,511 | 7,410 | 11,169 | 13,282 |
| | Other Business | 855 | 849 | 559 | 522 | 892 |
| (Eliminations/Unallocated) | | (1,300) | (2,282) | (2,532) | (3,704) | (4,222) |
| Total | | 422,224 | 476,266 | 465,386 | 631,608 | 672,973 |

| | | (¥ million) | | | | |
|--|--|-------------|---------|---------|---------|---------|
| | | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
| Apartment Construction Subcontracting Division | | 54,153 | 57,051 | 39,452 | 74,614 | 73,267 |
| Leasing Division | Leasing Business (Excluding domestic hotel business) | 8,015 | 7,004 | 7,725 | 6,742 | 2,713 |
| | Domestic Hotel Business | △ 587 | 239 | 354 | 289 | 323 |
| Hotel Resort Related Division | | △ 3,849 | △ 3,928 | △ 2,667 | △ 2,628 | △ 1,116 |
| Other Division | Residential Business | 0 | 0 | △ 614 | 228 | △ 1,209 |
| | Silver Business | 0 | 0 | 257 | 308 | 1,261 |
| | Broadband Business | △ 3,571 | △ 2,639 | △ 194 | 176 | 683 |
| | Other Business | 55 | △ 1 | 158 | 379 | △ 90 |
| (Eliminations/Unallocated) | | (2,545) | (3,043) | (3,695) | (4,101) | (4,430) |
| Total | | 51,670 | 54,682 | 40,775 | 76,007 | 71,402 |

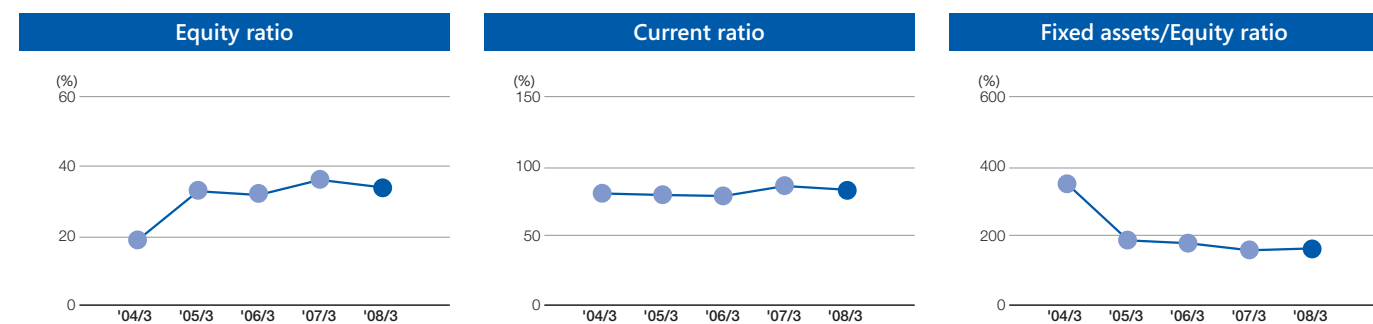
Consolidates Financial Indicators

Profitability



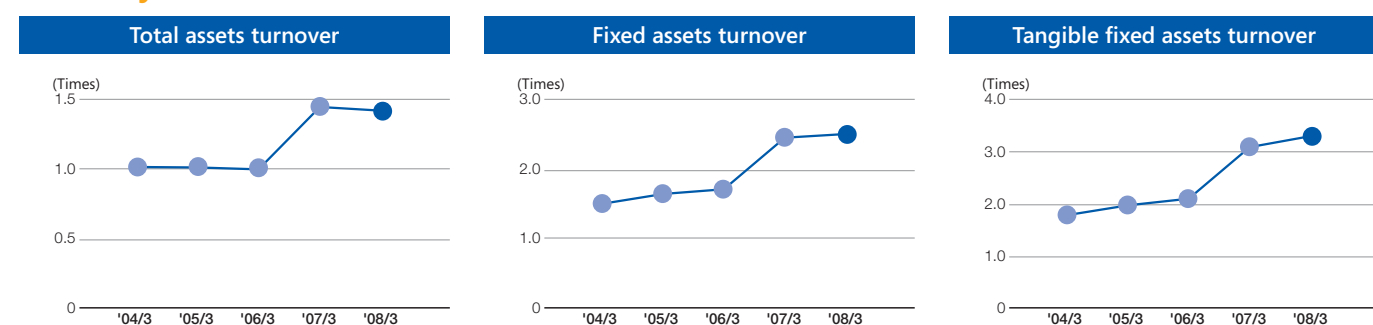
| | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
|----------------------------------|--------|--------|--------|--------|--------------|
| Gross profit / Net sales (%) | 25.84 | 24.92 | 23.94 | 24.84 | 24.06 |
| Operating profit / Net sales (%) | 12.23 | 11.48 | 8.76 | 12.03 | 10.60 |
| Net income / Net sales (%) | 4.96 | 6.98 | △ 3.56 | 5.91 | 0.05 |

Stability



| | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
|-------------------------------|--------|--------|--------|--------|---------------|
| Equity ratio (%) | 19.33 | 33.03 | 32.36 | 36.96 | 33.44 |
| Current ratio (%) | 80.09 | 80.25 | 79.50 | 86.00 | 81.40 |
| Fixed assets/Equity ratio (%) | 348.97 | 197.84 | 186.44 | 159.50 | 166.64 |

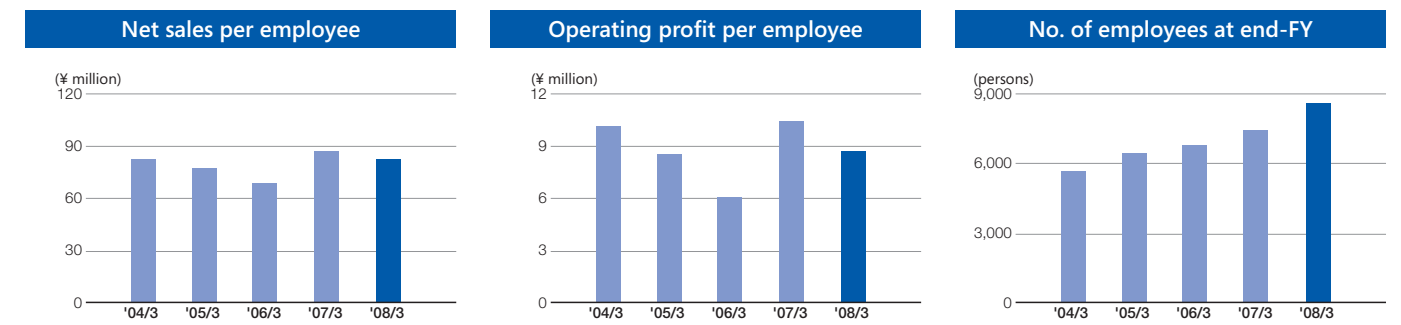
Efficiency



| | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
|--|--------|--------|--------|--------|-------------|
| Total assets turnover (times) | 1.01 | 1.08 | 1.07 | 1.45 | 1.41 |
| Fixed assets turnover (times) | 1.50 | 1.64 | 1.70 | 2.44 | 2.47 |
| Tangible fixed assets turnover (times) | 1.75 | 1.97 | 2.11 | 3.12 | 3.31 |

Note: Total assets, fixed assets, and tangible fixed assets are expressed as an average of the relevant numbers at the beginning and end of each fiscal year, respectively.

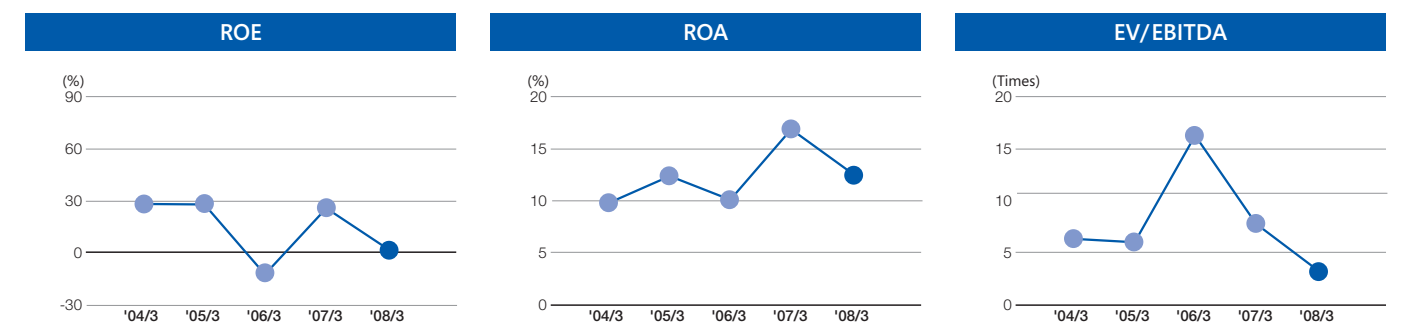
Productivity



| | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
|---|--------|--------|--------|--------|--------------|
| Net sales per employee (¥ million) | 83.71 | 78.33 | 69.85 | 88.47 | 83.66 |
| Operating profit per employee (¥ million) | 10.24 | 8.99 | 6.12 | 10.64 | 8.87 |
| No. of employees at end-FY (persons) | 5,702 | 6,457 | 6,868 | 7,409 | 8,678 |

Note: Net sales per employee and operating income per employee are calculated using the average number of employees during the year.

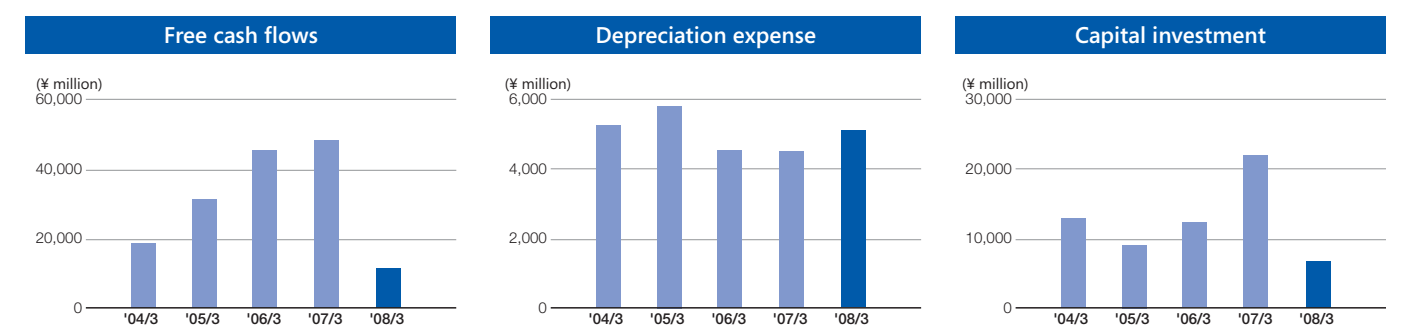
Investment Indices



| | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
|-------------------|--------|--------|---------|--------|--------------|
| ROE (%) | 27.99 | 28.77 | △ 11.70 | 24.75 | 0.20 |
| ROA (%) | 9.93 | 12.18 | 10.19 | 16.82 | 12.82 |
| EV (¥ 100million) | 3,528 | 3,440 | 7,250 | 6,002 | 2,457 |
| EV/EBITDA (times) | 6.19 | 5.68 | 15.99 | 7.45 | 3.21 |

Note1: Total assets, fixed assets, and tangible fixed assets are expressed as an average of the relevant numbers at the beginning and end of each fiscal year, respectively.
 Note2: EV = market capitalization + interest-bearing debt - cash and cash equivalents
 Note3: EBITDA = operating income + depreciation expense

Cash Flows



| | 2004/3 | 2005/3 | 2006/3 | 2007/3 | 2008/3 |
|--------------------------------------|----------|----------|----------|----------|-----------------|
| Cash flows (¥ million) | | | | | |
| Cash flows from operating activities | 31,492 | 40,348 | 56,971 | 63,308 | 11,745 |
| Cash flows from investing activities | △ 12,532 | △ 8,978 | △ 11,266 | △ 15,930 | 148 |
| Cash flows from financing activities | △ 30,129 | △ 20,959 | △ 47,946 | △ 17,018 | △ 26,779 |
| Depreciation expense (¥ million) | 5,251 | 5,855 | 4,565 | 4,559 | 5,163 |
| Capital investment (¥ million) | 12,715 | 8,919 | 13,193 | 21,830 | 6,887 |

Note: Free cash flows = cash flows from operating activities + cash flows from investing activities

Consolidated Balance Sheets

| | (¥ million) | | |
|--|----------------|----------------|----------------|
| | 2006/3 | 2007/3 | 2008/3 |
| Assets | | | |
| Current assets | 163,518 | 186,555 | 218,684 |
| Cash and cash equivalents | 44,612 | 75,166 | 60,965 |
| Trade receivables and accounts receivable for completed projects | 8,114 | 9,594 | 15,159 |
| Operating loans | 10,426 | 8,501 | 15,789 |
| Marketable securities | 155 | 29 | 14 |
| Real estate for sale | 7,524 | 27,765 | 37,819 |
| Property inventories | — | — | — |
| Payment for construction in progress | 35,249 | 8,818 | 11,792 |
| Supplies | — | — | — |
| Other inventories | 638 | 722 | 750 |
| Prepaid expenses | — | 21,819 | 24,628 |
| Deferred tax assets | 10,827 | 5,076 | 12,085 |
| Accrued income | — | — | — |
| Other accounts receivable | 22,564 | 22,075 | 28,058 |
| Deposits payable | — | — | — |
| Other | 24,893 | 8,273 | 13,068 |
| Allowance for doubtful accounts | △ 1,487 | △ 1,289 | △ 1,448 |
| Fixed assets | 249,128 | 268,190 | 275,265 |
| Tangible fixed assets | 196,512 | 207,112 | 199,124 |
| Buildings and structures | 83,666 | 80,626 | 76,556 |
| Land | 107,216 | 118,255 | 116,295 |
| Construction in progress | 1,964 | 4,397 | 1,901 |
| Other | 3,665 | 3,832 | 4,370 |
| Intangible fixed assets | 579 | 569 | 622 |
| Investments and other assets | 52,035 | 60,509 | 75,519 |
| Investment securities | 11,046 | 7,934 | 9,082 |
| Shares of subsidiaries and affiliates | — | — | — |
| Corporate bonds issued by subsidiaries and affiliates | — | — | — |
| Long-term loans receivable | 2,930 | 2,281 | 2,399 |
| Long-term loans to employees | — | — | — |
| Long-term loans to executives | — | — | — |
| Long-term loans to subsidiaries and affiliates | — | — | — |
| Long-term trade receivables | 2,835 | 2,125 | 4,015 |
| Long-term prepaid expenses | 33,035 | 42,727 | 53,356 |
| Deferred tax assets | 1,901 | 3,074 | 3,388 |
| Other | 3,349 | 4,942 | 5,442 |
| Allowance for doubtful accounts | △ 3,064 | △ 2,575 | △ 2,164 |
| Deferred assets | 156 | 73 | 6 |
| Organization costs | 9 | — | 6 |
| Bond issuance costs | 146 | 73 | — |
| Total assets | 412,803 | 454,819 | 493,956 |

| | (¥ million) | | |
|--|----------------|----------------|----------------|
| | 2006/3 | 2007/3 | 2008/3 |
| Liabilities | | | |
| Current liabilities | 205,674 | 216,914 | 268,621 |
| Accounts payable including payables for completed projects | 81,231 | 77,392 | 89,523 |
| Short-term borrowings | 20,348 | 16,518 | 16,221 |
| Long-term borrowings due within one year | — | — | — |
| Long-term borrowings from affiliates due within one year | — | — | — |
| Bonds due within one year | 1,435 | 1,126 | 5,094 |
| Unpaid expenses | 9,503 | 13,287 | 9,635 |
| Accrued expenses | 23 | 30 | 25 |
| Accrued income taxes | 4,423 | 27,021 | 14,308 |
| Advances received | 37,626 | 46,744 | 98,496 |
| Customer advances for projects in progress | 42,061 | 23,529 | 21,752 |
| Deposits payable | — | — | — |
| Allowance for employees' bonuses | 2,487 | 2,798 | 3,243 |
| Other | 6,534 | 8,465 | 9,278 |
| Long-term liabilities | 55,855 | 52,120 | 55,179 |
| Bonds | 11,327 | 8,194 | — |
| Long-term borrowings | 31,402 | 27,320 | 28,395 |
| Directors' long-term borrowings | — | — | — |
| Retirement benefit reserves | 3,246 | 4,111 | 5,064 |
| Directors' accrued severance indemnities | — | 2,986 | 1,592 |
| Provision of reserve for rental income | — | 533 | 399 |
| Lease/guarantee deposits received | 9,801 | 8,974 | 19,727 |
| Other | 76 | — | — |
| Total liabilities | 261,530 | 269,035 | 323,800 |
| Minority interests | | | |
| Minority interests | 17,651 | — | — |
| Shareholders' equity | | | |
| Share capital | 55,640 | — | — |
| Capital surplus | 33,759 | — | — |
| Retained earnings | 53,123 | — | — |
| Net unrealized gains on "other securities" | 714 | — | — |
| Translation adjustments | △ 9,418 | — | — |
| Treasury stock | △ 197 | — | — |
| Total shareholders' equity | 133,622 | — | — |
| Total liability, minority interest and shareholders' equity | 412,803 | — | — |
| Net assets | | | |
| Shareholders' equity | — | 175,348 | 165,858 |
| Share capital | — | 55,640 | 55,640 |
| Capital surplus | — | 34,104 | 34,104 |
| Retained earnings | — | 85,700 | 76,211 |
| Treasury stock | — | △ 96 | △ 98 |
| Effect of evaluation and exchange rate difference | — | △ 7,205 | △ 672 |
| Net unrealized gains on other securities | — | 532 | 89 |
| Translation adjustments | — | △ 7,737 | △ 762 |
| Minority interests | — | 17,641 | 4,970 |
| Total net assets | — | 185,784 | 170,155 |
| Liabilities and net assets | — | 454,819 | 493,956 |

Consolidated Statements of Income

| | (¥ million) | | |
|---|-----------------|----------------|----------------|
| | 2006/3 | 2007/3 | 2008/3 |
| Ordinary income and loss | | | |
| Net sales | 465,386 | 631,608 | 672,973 |
| Sales from Contracting Division | 195,202 | 316,117 | 327,540 |
| Sales from Leasing Division | 249,695 | 277,163 | 302,731 |
| Sales from Other Division | 20,488 | 38,328 | 42,701 |
| Cost of sales | 353,928 | 474,713 | 511,053 |
| Cost of Contracting Division | 129,397 | 209,395 | 217,263 |
| Cost of Leasing Division | 203,664 | 228,119 | 253,583 |
| Cost of Other Division | 20,866 | 37,197 | 40,206 |
| Gross profit | 111,458 | 156,895 | 161,919 |
| Selling, general and administrative expenses | 70,683 | 80,887 | 90,516 |
| Advertising expense | 8,265 | 8,564 | 8,153 |
| Selling fees | 2,909 | 3,429 | 2,998 |
| Provisions for allowance for doubtful accounts | 1,653 | 1,035 | 835 |
| Director compensation | 425 | 547 | 581 |
| Salaries and bonuses | 25,714 | 30,218 | 34,920 |
| Provisions for allowance for employees' bonuses | 1,752 | 1,983 | 2,219 |
| Provisions for retirement benefit reserves | 861 | 999 | 1,214 |
| Provision of reserve for directors' retirement benefits | — | 196 | 164 |
| Welfare expenses | — | — | — |
| Fees paid | — | — | — |
| Rents paid | 4,101 | 4,580 | 5,477 |
| Depreciation expense | 1,293 | 1,246 | 2,018 |
| Taxes and public charges | 2,391 | 3,455 | 3,915 |
| Other | 21,314 | 24,628 | 28,016 |
| Operating profit | 40,775 | 76,007 | 71,402 |
| Non-operating profit and loss | | | |
| Non-operating profit | 6,493 | 1,497 | 1,602 |
| Interest income | 53 | 50 | 246 |
| Dividend income | — | — | — |
| Gain on sale of investment securities | 125 | 166 | 4 |
| Equity method income | 512 | — | 104 |
| Income from cancellation of resort memberships | 11 | 19 | 7 |
| Income from cancellation of construction contracts | 174 | 70 | 107 |
| Unrealized gains on interest rate swaps | 233 | 122 | 19 |
| Foreign currency translation gain | 4,780 | 501 | — |
| Other | 601 | 566 | 655 |
| Non-operating expenses | 3,116 | 4,502 | 12,157 |
| Interest expense | 2,300 | 1,332 | 1,462 |
| All other financing costs | — | 606 | 851 |
| Equity method investment loss | — | 2,320 | — |
| Bond interest expense | — | — | — |
| Amortization of bond issuance costs | — | — | — |
| Other | 815 | 242 | 309 |
| Recurring profit | 44,151 | 73,002 | 60,847 |
| Extraordinary income and losses | | | |
| Extraordinary income | 68 | 3,725 | 5,170 |
| Gain on sales of fixed assets | 13 | 7 | 4,465 |
| Gain on sale of affiliates' stocks | 31 | 2,514 | — |
| Gain on sale of affiliates' bonds | — | 1,119 | 560 |
| Reversal of allowance for doubtful accounts | 24 | 83 | 144 |
| Gain from forgiveness of debt | — | — | — |
| Gain on redemption of affiliates' loans | — | — | — |
| Extraordinary losses | 66,963 | 7,397 | 53,593 |
| Loss on sales of fixed assets | 10 | 16 | 120 |
| Write-offs of fixed assets | 453 | 215 | 142 |
| Impairment losses | 65,480 | 3,009 | 701 |
| Markdown on investment securities | — | 210 | 906 |
| Loss on devaluation of affiliates' stocks | — | — | — |
| Provision for allowance for doubtful accounts | 831 | 710 | 794 |
| Amortization of transition obligation | — | — | — |
| Provision of reserve for directors' retirement benefits | — | 2,789 | — |
| Provision of reserve for rental income | — | 446 | — |
| Other | 187 | — | — |
| Net income before taxes and adjustments (loss) | △ 22,743 | 69,329 | 12,424 |
| Corporate, residential, and enterprise taxes | 261 | 26,437 | 17,449 |
| Income tax rehabilitation | 729 | — | — |
| Income tax adjustments | △ 8,023 | 4,662 | △ 7,039 |
| Minority interest | 871 | 871 | 257 |
| Net income (loss) | △ 16,582 | 37,358 | 342 |
| Retained earnings brought forward | — | — | — |
| Unappropriated retained earnings (loss) | — | — | — |

Consolidated Statements of Cash Flows

| | (¥ million) | | |
|---|-----------------|-----------------|-----------------|
| | 2006/3 | 2007/3 | 2008/3 |
| Cash flows from operating activities | | | |
| Net income before taxes and adjustments (Decrease) | △ 22,743 | 69,329 | 12,424 |
| Depreciation expense | 4,565 | 4,559 | 5,163 |
| Increase (Decrease) in allowance for doubtful accounts | 1,737 | 159 | 590 |
| Increase in directors' accrued severance indemnities | — | 2,986 | △ 1,394 |
| Interest and dividends income | △ 256 | △ 136 | △ 338 |
| Interest expense | 2,518 | 1,332 | 1,462 |
| Gain from forgiveness of debt | — | — | — |
| Foreign exchange loss (gain) | △ 4,780 | △ 501 | 9,533 |
| Equity method loss (income) | △ 512 | 2,320 | △ 104 |
| Loss on sale of tangible fixed assets | 10 | 16 | 120 |
| Write-offs of tangible fixed assets | 453 | 215 | 142 |
| Impairment losses | 65,480 | 3,009 | 701 |
| Gain on sale of affiliates' stocks | △ 31 | △ 2,514 | — |
| Gain on sale of affiliates' bonds | — | △ 1,119 | △ 560 |
| Gain on sale of investment securities | △ 125 | △ 166 | △ 4 |
| Markdown on investment securities | — | 210 | 906 |
| Decrease (Increase) in accounts receivable | 42,237 | 914 | △ 21,745 |
| Decrease (Increase) in inventories | △ 39,212 | — | — |
| Increase in real estate for sale (Increase) | — | △ 18,554 | △ 11,237 |
| Increase in payment for construction in progress | — | 26,430 | △ 2,973 |
| Increase in long-term prepaid expenses (Increase) | △ 7,345 | △ 12,366 | △ 12,456 |
| Increase (Decrease) in accounts payable | △ 10,208 | △ 2,571 | 12,225 |
| Increase (Decrease) or decrease in amount received for uncompleted works | 33,328 | △ 18,531 | △ 1,777 |
| Increase in advances received | 9,294 | 9,093 | 51,804 |
| Decrease in guarantee deposits received (Decrease) | △ 1,761 | △ 780 | 10,567 |
| Increase (Decrease) in accrued consumption tax | △ 1,166 | 2,923 | △ 3,155 |
| Other | 699 | 2,769 | △ 725 |
| Subtotal | 72,181 | 69,028 | 44,695 |
| Interest and dividends received | 228 | 129 | 367 |
| Interest paid | △ 2,356 | △ 1,290 | △ 1,476 |
| Income taxes paid | △ 13,081 | △ 4,559 | △ 31,840 |
| Net cash provided by operating activities | 56,971 | 63,308 | 11,745 |
| Cash flows from investing activities | | | |
| Payment for purchase of tangible fixed assets | △ 13,193 | △ 21,830 | △ 6,887 |
| Proceeds from sale of tangible fixed assets | 914 | 8 | 12,144 |
| Commissions paid on sale and disposal of tangible fixed assets | △ 34 | △ 119 | △ 179 |
| Payment for purchase of affiliates' stocks | — | △ 1,100 | — |
| Income from sale of affiliated companies' stock due to changes in consolidation | — | 4,109 | — |
| Proceeds from sale of affiliates' bonds | — | 2,880 | — |
| Payment for purchase of investment securities | △ 2,827 | △ 792 | △ 3,393 |
| Proceeds from sale of investment securities | 2,835 | 1,000 | 730 |
| Payment for loans made | △ 1,381 | △ 1,378 | △ 369 |
| Proceeds from collection of loans | 2,843 | 3,646 | 202 |
| Other | △ 422 | △ 2,355 | △ 2,101 |
| Net cash provided by (used in) investing activities | △ 11,266 | △ 15,930 | 148 |
| Cash flows from financing activities | | | |
| Proceeds from short-term debt | 17,750 | 34,190 | 78,610 |
| Repayment of short-term debt | △ 28,564 | △ 32,454 | △ 82,388 |
| Proceeds from long-term debt | 10,680 | 13,000 | 22,000 |
| Repayment of long-term debt | △ 42,703 | △ 22,655 | △ 17,454 |
| Payment for accounts payable for long-term projects | — | — | — |
| Proceeds from shares issued | — | — | — |
| Proceeds from issuance of privately placed bonds | 13,259 | — | — |
| Payment for retirement of privately placed bonds | △ 13,667 | △ 2,006 | △ 3,100 |
| Payment for redemptions of privately placed bonds | △ 1,435 | △ 1,435 | △ 1,126 |
| Dividends paid to minority shareholders | △ 873 | △ 873 | △ 475 |
| Payment for purchase of treasury stock | △ 1 | △ 2 | △ 1 |
| Dividend paid for shareholders | △ 2,390 | △ 4,781 | △ 10,359 |
| Net cash (used in) provided by financing activities | △ 47,946 | △ 17,018 | △ 26,779 |
| Effect of exchange rate changes on cash and cash equivalents | 0 | 195 | △ 405 |
| Net increase in cash and cash equivalents (Decrease) | △ 2,240 | 30,554 | △ 15,290 |
| Cash and cash equivalents at beginning of year | 46,852 | 44,612 | 75,166 |
| Cash and cash equivalents at end of year | 44,612 | 75,166 | 60,965 |