

Corporate Data (As of March 31, 2010)

Company Name : Leopalace21 Corporation
Head Office : 2-54-11 Honcho, Nakano-ku, Tokyo
 TEL: +81-3-5350-0001 (Main Line)
President and CEO : Eisei Miyama
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 : 8,582 (Consolidated basis) 7,739 (Non-consolidated basis)
Building lots and buildings transaction business license :
 Minister of Land, Infrastructure and Transport Permit (9) No. 2846
Construction business permit :
 Minister of Land, Infrastructure and Transport Permit (Special-20) No. 11502
Civil engineering works permit :
 Minister of Land, Infrastructure and Transport Permit (Special-21) 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 Financial Services Association
 Japan Prefabricated Construction and Manufacturers Association

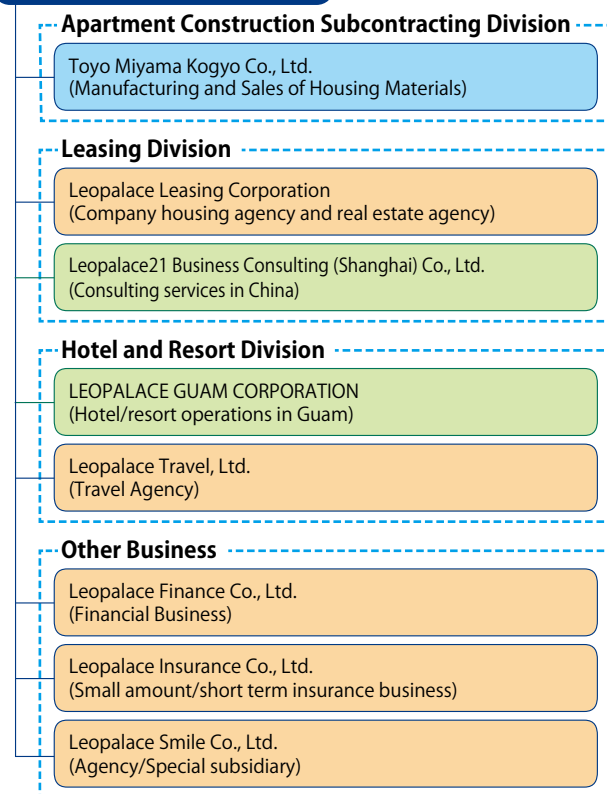
Members of Board of Directors

(As of June 25, 2010)

President and CEO Eisei Miyama
Executive Director of Management Tadahiro Miyama
Director Hiroyuki Miyata
Director Yoshikazu Miike
Director Kou Kimura
Director Fumiaki Yamamoto
Director Yuzuru Sekiya
Director (Outside) Tetuji Taya
Standing Auditor Yoshinori Uehara
Standing Auditor Shinya Watanabe
Auditor (Outside) Koichi Fujiwara
Auditor (Outside) Masahiko Nakamura

Corporate Structure (As of March 31, 2010)

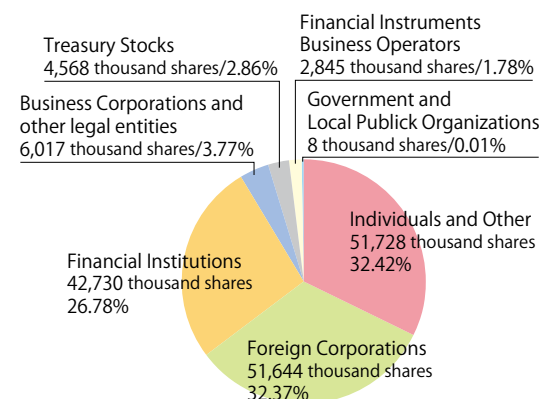
Leopalace21 Corporation



Note : Apart from the companies listed above, there are two companies (100% owned indirectly by Leopalace21) with operational permits

- Domestic Consolidated Subsidiary
- Foreign Consolidated Subsidiary
- Equity-method affiliates

Shareholder Composition (As of March 31, 2010)



Major Shareholders (Top 10) (As of March 31, 2010)

Name of shareholder	No. of shares	% of outstanding shares
Yusuke Miyama	18,135,774	11.37%
Japan Trustee Service Bank, Ltd. (for trust)	8,783,300	5.51%
The Master Trust of Japan, Ltd. (Trust Account)	8,549,500	5.36%
Leopalace21 Corporation	4,568,887	2.86%
Bank of New York GCM Client Account JPRDISGFAC Standing Proxy, Bank of Tokyo-Mitsubishi UFJ	4,089,086	2.56%
Trust & Custody Services Bank, Ltd. (Pension Trust Account)	3,975,700	2.49%
Japan Trustee Service Bank, Ltd. (for trust 9)	3,775,100	2.37%
Stockholding Association for Leopalace21's Business Connections	3,125,100	1.96%
Sumitomo Mitsui Banking Corporation, Trust Account	3,098,500	1.94%
Toyo Kanetsu K.K.	2,745,900	1.72%

Leopalace21 Corporation
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 TEL: +81-3-5350-0001 (Main Line) FAX: +81-3-5350-0058

Investors Guide

For the year ended March 2010



Leopalace21 Corporation

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

Restructuring of Business Models Designed to Implement Flexible and Accurate Responses for Drastic Changes in Business Environments



President and CEO
Eisei Miyama

I would like to thank you, our shareholders and investors, for your continued exceptional support. I would like to take this opportunity to introduce myself: I am Eisei Miyama, appointed to the post of President and CEO as of February 5, 2010. I would like to cordially ask for your guidance and cooperation.

We expect conditions to be difficult under the anticipated continuing severe business environment during the fiscal term ending March 2011 (our 38th Term). Given such a situation the company announced in May, 2010, a three-year management plan (for the fiscal terms ending March 2011 to March 2013). The targets set according to the figures formulated during the previous fiscal term were significantly amended, reflecting our emphasis on revenue.

With regards to my background in the company, it has been 33 years since I first joined the company in 1977. During this period I spent 14 years, about half of my career at the company, handling sales of rental properties. My dealings with rental properties started when the company decided to specialize in the Leasing Business at the time, out of necessity to make rentals a major business line for the company, when the current business model, the "Model of Synergies between Apartment Construction Subcontracting and Leasing", was established. The number of units under our management at the time I was assigned to the task in November 1996 was about 80,000 units. Since then this number has multiplied by about seven fold, with the current number of units under our management standing today at about 550,000 units, which makes my memories of the time seem quite a world apart from today.

The maintenance and management of rental apartment units, inventory of which has become so enormous, is difficult to achieve using conventional methodologies. For the past few years we have tried to improve the level and accuracy of revenue management for rental properties. With measures implemented to deal with the financial crisis finally over, we are about to implement a fundamental reevaluation of business models during the fiscal term ending March 2011.

We have been listening to the various opinions of our shareholders and investors with regards to the future vision of the company and it is the understanding of the company that to merely continue our past business activities is not enough. It is our intention to shift the focus of our business to that of a stock business, which will by its nature involve growing pains and we must be prepared to deal with such difficulties.

My mission is to restore the growth potential of this company. Although recovery in our business performance may take some time, it is the common intention of executives and employees alike, to undertake reforms with unyielding resolve, in order to ensure that the company continues to grow in a socially-responsible and sustainable manner, while remaining responsive to the expectations of our shareholders and investors.

I cordially ask from the bottom of my heart for our shareholders and investors to extend their support and their understanding regarding the management of the company.

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 (CSR management).
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.

Medium-term Management Plan: Corporate Vision

[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.

Medium-term Management Plan: Basic Policies

Shift to a stable earnings structure with earnings balanced between the Apartment Construction Subcontracting Business and the Leasing Business

We will improve the business structure with a new business model centered on the stock of units under management (Leasing Business division), with the goals of stabilizing earnings and regaining a growth track.

1. Shift to a Focus on the Stock of Units under Management, and Improve the Earnings Balance

Based on our "New Area Strategy" designed to maximize earnings in the Leasing Business, we will establish a sustainable and stable business foundation by achieving an earnings balance between the Apartment Construction Subcontracting Business and the Leasing Business.

2. Organization Restructuring and Rebuilding of Governance Focused on Establishing a New Earnings Management Structure

We established a Business Structure Reform Headquarters to clarify responsibilities and authority, and strengthen internal controls. We will promote business restructuring in order to establish an earnings-management structure that achieves balanced earnings in the core businesses overall from the standpoint of the Leasing Business.

3. Shift to a Low-Cost Structure

We will strategically optimize the highly profitable Apartment Construction Subcontracting Business, and fundamentally revise the cost structure. Specifically, we will lower consolidated SG&A expenses from ¥79.3 billion (SG&A ratio of 12.8%) in the fiscal year ended March 2010, to ¥52.7 billion (9.6%) in the fiscal year ending March 2013.

4. Manage Related Businesses from the Standpoint of Concentrating Management Resources on Core Businesses

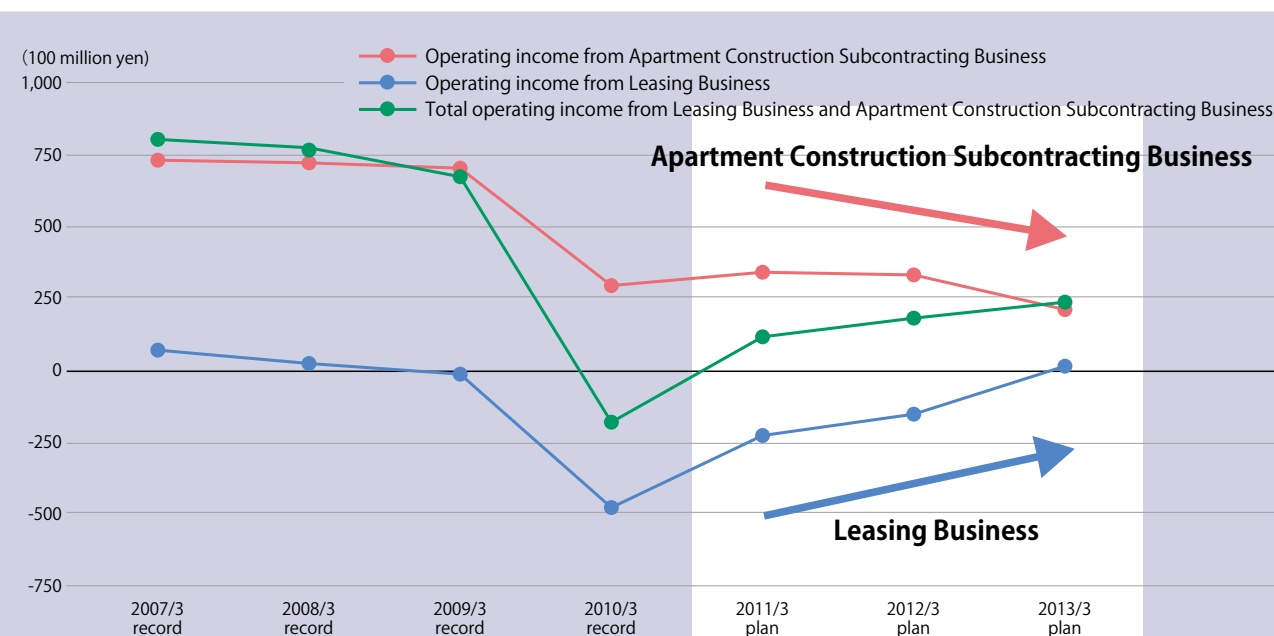
We will manage related businesses with priority on synergy with core businesses, in order to maximize consolidated earnings and efficiency.

5. Stabilize the Financial Position

We will continue to focus on Motazaru Keiei* ("non-ownership management") to tighten the balance sheet, reduce interest-bearing debt, and emphasize cash flow in operations.

* The Company's model for core businesses is based on construction of apartments on behalf of property owners and entering master-lease agreements with these apartment owners. We then lease apartments to individual tenants. This model enables us to continue growing our business and earnings without requiring the Company to own the underlying assets or take on debt.

Balance of Operating Income from Core Businesses under Medium-term Management Plan



Overall Image of Medium-term Management Plan

The "Medium-term Management Plan" calls for a shift in our business management to detailed marketing methodologies that enable us to maximize the number of new tenants, according to the "One-stop Strategy", which is based on the "Demographic Dynamics" and the "New Area Strategy", based on "Demographic Shifts".

So far the company has adapted the business tactics and strategies embodied in its medium-term management plans with a high degree of accuracy by relying on macro indices, such as "Demographic Dynamics" and "Demographic Shifts". This type of business practice will remain and continue in our current Medium-term Business Plan. However, in the future partial improvements will be made in our methodologies for analyzing indicators of "Demographic Shifts", in order to raise the level of certainty.

Strategies based on "Demographic Dynamics"

The "Demographic Dynamics" mentioned indicate significant trends for "Declining Birth Rates" and the "Aging Population". Single-person households for persons below 35 years are declining, while demand for new tenant groups are emerging for single males and females aged 35 and over, due to the tendency of the population to get married later in life, as well as couples and families in their 30s and 40s.

In response to such changes in the demographic dynamics, the company is promoting the "One-stop Strategy" (offering full product line), which comprehensively integrates demand for new tenant groups by developing and supplying large studio apartments and family oriented products, and by deemphasising the strategy of offering conventional studio apartment-type products that target young single persons.

Strategies based on "Demographic Shifts"

The status of "Demographic Shifts" for FY2009 indicates that the total number of people who relocated was 2.47 million. This figure has declined in comparison to the previous year, due to stagnation in the movement of people, itself caused by a deteriorating employment environment resulting from the economic downturn. However, the overwhelming majority of the mobile population (people moving in) is located in the three major metropolitan areas. The total number of people who moved into these areas comprises 63% of the total number for the whole of Japan. Furthermore, these figures are derived primarily from the principal cities of each of these areas.

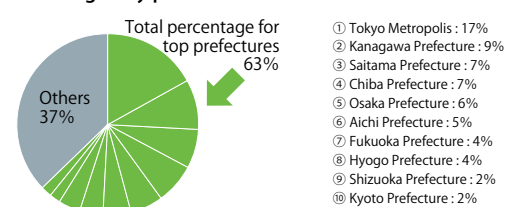
Additionally, by viewing the status of the demographic shifts from the perspective of "number of employees" it becomes evident that the total number of employees has increased by 1.29 million in the ten years leading up to 2009, with a breakdown of this figure showing 1.09 million in the Tokyo Metropolitan, 250,000 in Chukyo block (including Shizuoka Prefecture) and 50,000 in the Kansai block (including Shiga and Wakayama Prefectures), pointing to the fact that the capacity to absorb employment is extremely large in the three major metropolitan areas.

The company has in the past utilized the "number of people moving in" as a principal index for determining the status of the "Demographic Shifts" and areas of focus have been selected in order to supply the properties and areas for enhancing the sales performance.

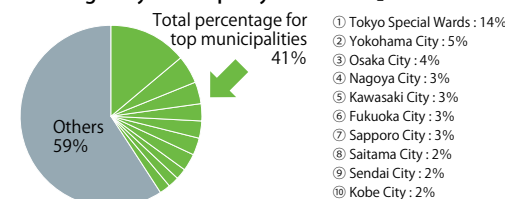
Since the financial crisis, however, the company has experienced a declining number of new tenancies, resulting from the impact of a deteriorating employment environment, which arose from such reasons as a surge in contract terminations among temporarily contracted employees.

In view of the current status, the company aims to implement even more detailed medium to long-term strategies that incorporate new indices, such as the "number of employees", in order to promote the "New Area Strategies", under which the selection of critical areas is to be made by the Leasing Business with the aim of securing new tenants.

[Composition in percentage for the number of people moving in by prefecture for FY2009]

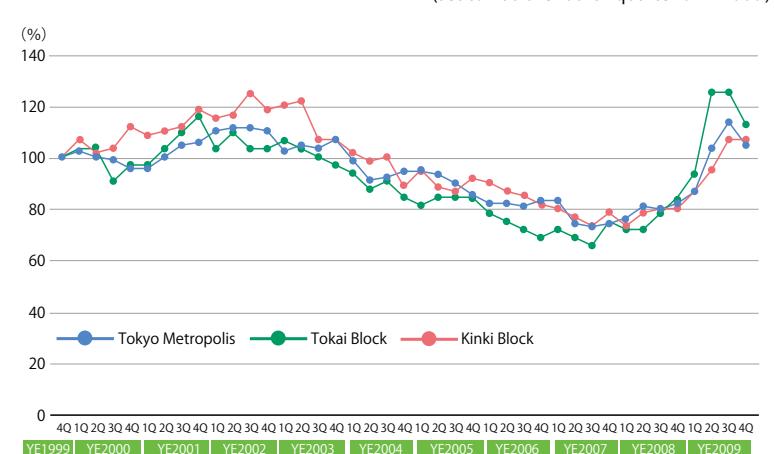


[Composition in percentage for the number of people moving in by municipality for FY2009]



* Source of two pie graphs on the left: Announcement materials for January 2010, Ministry of Public Management, Home Affairs, Posts and Telecommunications.
* Source of graph on the right: Labor Survey, Ministry of Public Management, Home Affairs, Posts and Telecommunications.

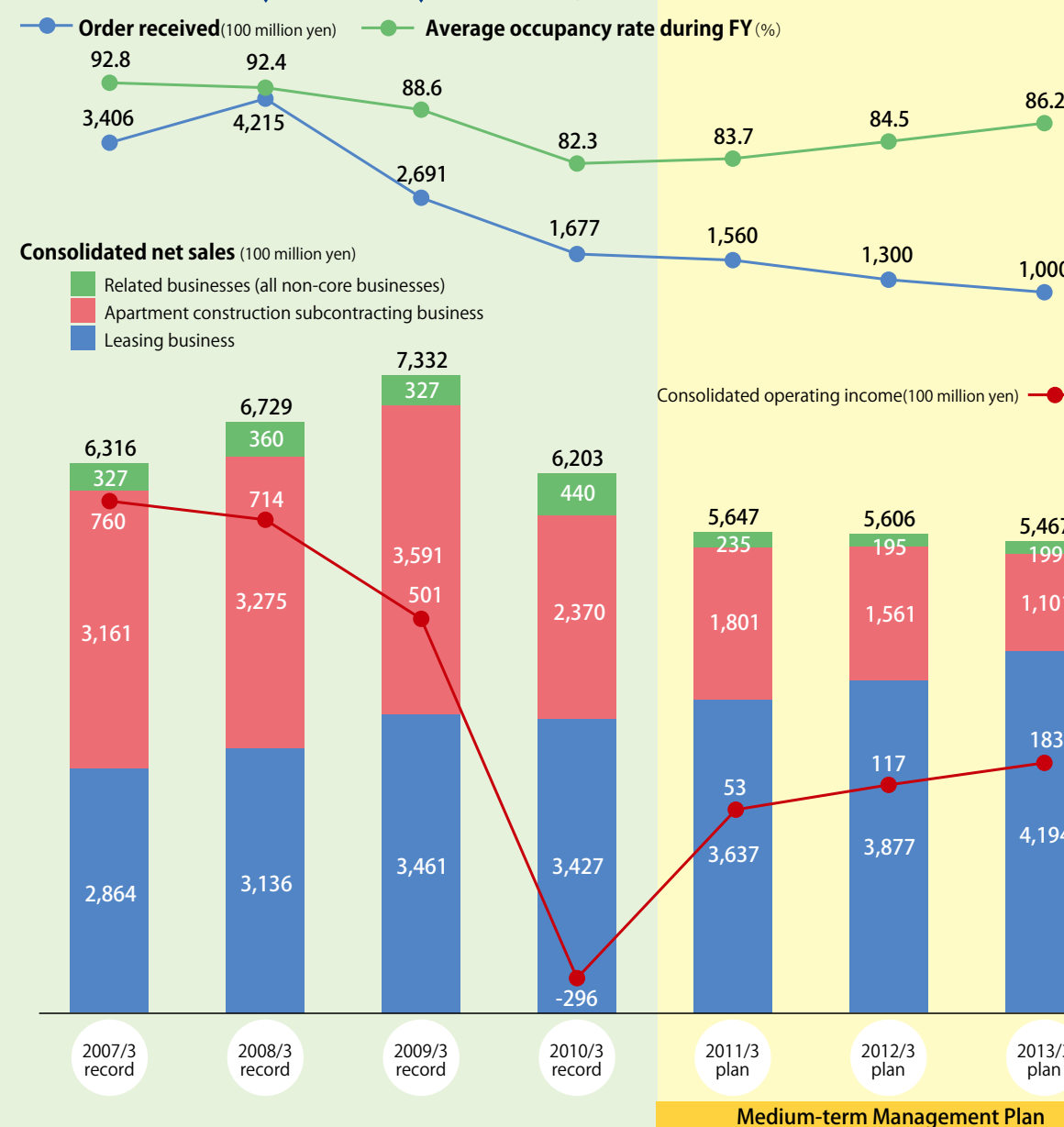
[Rate of change in the number of completely unemployed persons] (set to 100 the fourth quarter of YE1999)



Transition of Net Sales and Operating Income for the "New Medium-term Management Plan"

Economic Trends in Japan

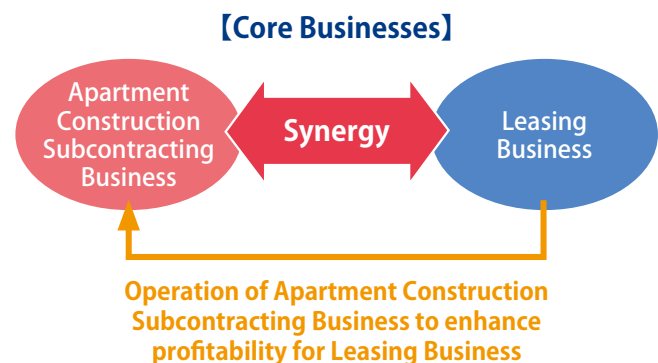
March 2007 Construction of Toyota Motor Corporation headquarters completed	September 2008 Collapse of Lehman Brothers management	November 2009 Dubai Crisis occurs
July 2007 Sub-prime Loan Crisis occurs	December 2008 Temporarily contracted employee crisis occurs due to production adjustments implemented by manufacturing industries	February 2010 Greece Crisis occurs



* Note 1: Applied to the new market segments as of March 2010. Figures from prior dates shown have been adjusted to new market segments.
* Note 2: Three business divisions in the bar graph above represent figures prior to eliminations between segments and therefore the total amount for each of these figures do not match the consolidated sales amount (total amount for figures shown on the top of the bars).

Overall Strategy

Management resources concentrated into core businesses to build revenue base primarily for Leasing Business

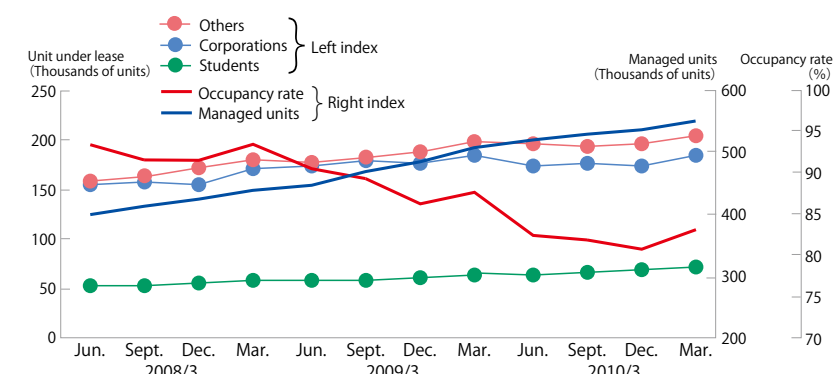


The company has been thoroughly implementing "Selection" and "Concentration" in our business operational domains in order to complete our new business models. In the Medium-term Management Plan that started from the fiscal term ending March 2011, we decided to conduct a fundamental review of our quantitative targets (calculated planning) and implement efforts to execute strategies, as we are now aware that the rapid deterioration of the economy, which has taken place since the financial crisis, will be ongoing for a long period of time.

Specific activities to be undertaken consist of three new strategies (New Area Strategy, New Channel Strategy and New Product Strategy) with the further enhanced accuracy of details relating to marketing in the core business areas, in order to build a stock-type business model that consists primarily of the Leasing Business.

"New Area Strategy" started as essential strategy for filling gaps in demand

[Transition in number of units used and occupancy rates by attributes]

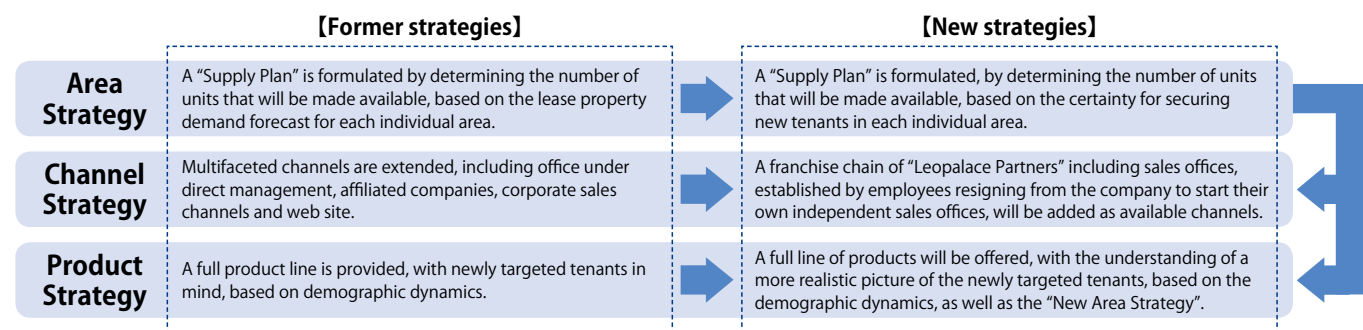


The number of units used by the three attributes (corporations, students and others) is an increasing trend, although the pace is somewhat slow, due to an increase in the volume of the overall stock (number of managed units). Due to gaps arising between the overall stock and tenant attributes, however, the occupancy rates have been indicating a declining trend since the fiscal term, ending March 2009.

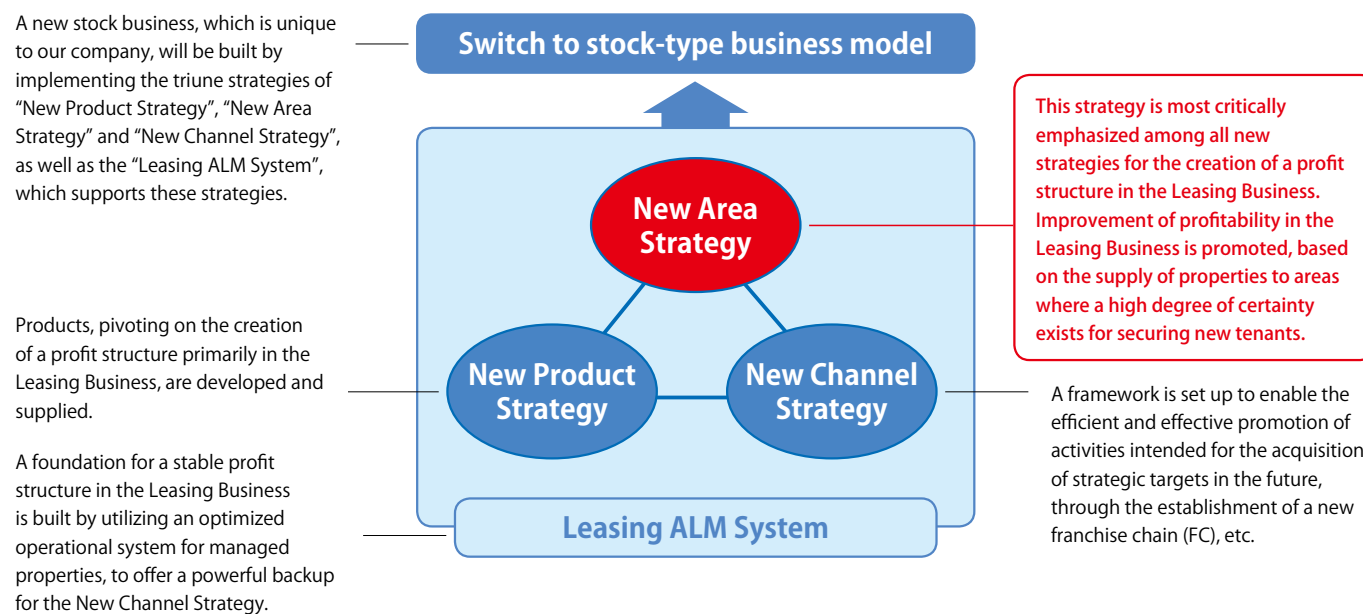
In order to restructure the revenue base for the leasing business, it is necessary to restore the occupancy rates by filling such gaps in demand. We have therefore launched the "New Area Strategy", which is an essential strategy to accomplish such needs.

Switching of strategies and strategic framework for core businesses

Strategy switching in core businesses



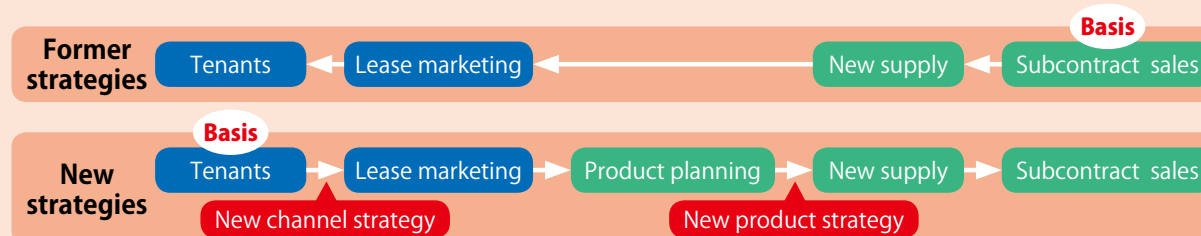
Strategic framework for core businesses comprised primarily of leasing business



Outline of "New Area Strategy"

Features of New Area Strategy

Switch from "Product-based" to "Market-based".



Supply plans for apartment units were formulated, starting from subcontract sales (sales activities in the apartment building construction subcontracting business, targeting land owners) with existing business models. In order to switch the business to a stock-type business, however, it is important that properties offered in the future are thoroughly evaluated from the perspective of "securing tenants". It is for this reason that we decided to make a significant switch from formulating supply plans of the existing "product-based" type that starts from the construction subcontracting sales, to supply plans of the "market-based" type that starts from tenants (sales activities targeting prospective tenants in the Leasing Business). To that end, a "Customer Drawing Capacity" evaluation system, intended for an analysis on the type of attributes in which prospective tenants belong in each area and to what extent new tenants can be secured, was newly developed and implemented. By completely reversing the flow for formulating supply plans (in the past, the flow consisted of first securing properties available to supply and then recruiting corresponding prospective tenants for such properties), a flow for developing and supplying properties that correspond to the needs of new tenants in each area is established with the "New Channel Strategy" and "New Product Strategy", which are expected to provide a significant contribution towards the improvement of occupancy rates in the future.

Critical Areas for New Area Strategy

Critical Areas (1) Major City Areas (Tokyo Metropolis)

- Major city areas considered critical as areas in which the profit margin can be secured due to high land prices.
- These are areas for thoroughly implementing the profit first policy, with the enhancement of sales activities through the segmentation of the market and by appointing persons in charge of revenue for each area, with the added responsibility of increasing the rent.

Critical Areas (2) Second Industrial Areas (Chubu, Tokai and Kita-Kanto Areas)

- These are the areas where the employment of temporarily contracted employees have been lost rapidly, primarily in the manufacturing and construction industries.
- These are the areas where our definition of corporate business is broadened and extended to third industrial areas, such as retailing and service sectors, in order to promote the development of potential demand and in which the recovery of the occupancy rate is considered a prioritized agenda.

Strategies for Core Businesses: (1) New Strategies for Leasing Business

Strategic framework implemented with emphasis on building profit structure primarily for Leasing Business to build stock business with high degree of stability.

The company will promote the "New Channel Strategy" in the future, in order to build a profit structure that is primarily for the Leasing Business. The most significant aspect of the strategy is to increase the occupancy rates of managed units, the number of which is expected to increase to about 620,000 by the end of 2013 (which implies an enormous apartment stock), without increasing fixed expenses. The company launched a new, unique franchising program, "Leopalace Partners", for the purpose of dealing with this issue. In addition, "Corporate Sales", "Overseas Offices" and "Outbound Telemarketing and Internet Sales" will also be enhanced with regards to existing channels, in order to improve and stabilize occupancy rates.

[New channel strategy]

- Direct Management Offices
- Corporate Sales
- Affiliated Companies
- Web Site
- Overseas Offices
- Outbound Telemarketing and Internet Sales
- +
- Leopalace Partners (Franchisees and employees independence offices)

Channels to be reinforced

[Development of sales offices and sales administrative expenses for Leasing Business (plan)]

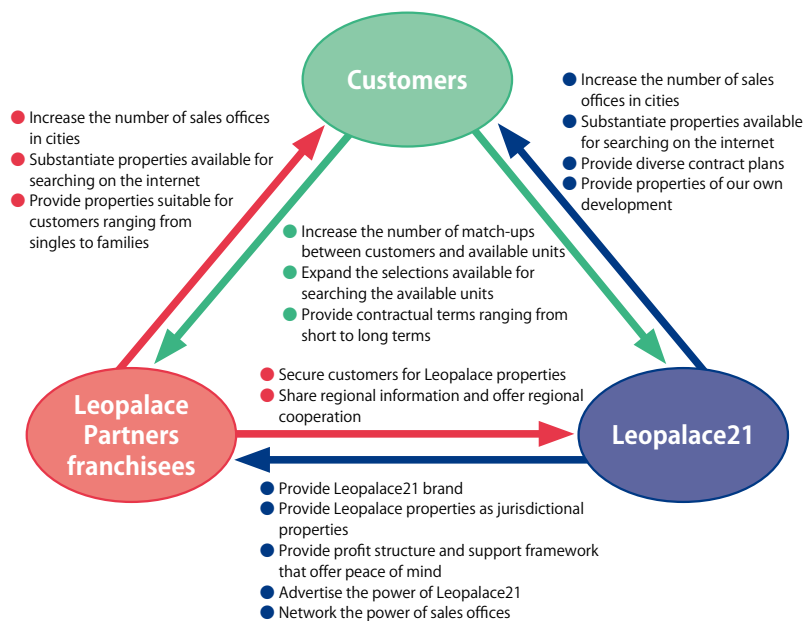
Period	SG&A expenses (100 million yen)	Direct Management Offices	Leopalace Partners Offices
09/3 (record)	406 (11.7%)	286	-
10/3 (record)	372 (10.9%)	186	-
11/3 (record)	267 (7.3%)	150	150
12/3 (plan)	271 (7.0%)	150	250
13/3 (plan)	280 (6.7%)	150	250

* Note: Figures inside brackets represent SG&A expense ratios.

Leasing Business revitalization strategy (1)

Leopalace Partners

The company started the operation of the "Leopalace Partners", a unique franchising program from April 2010. This is a groundbreaking leasing strategy, which includes an employee independence program. This program is different from conventional franchising programs in that it is intended to create a "Win-Win-Win" relationship, involving the three parties of the franchisee, the customers and the company. Although inhibiting an increase in the number of directly operated sales offices, the improvement of occupancy rates, the shift of fixed expenses to variable expenses and a reduction in sales administrative, expenses will be sought by increasing the number of contacts for drawing in customers, through an expansion of the Leopalace Partners sales offices.



Leasing Business revitalization strategy (2)

Corporate Sales

A unique survey on the trends of demand will be conducted for the development of corporate sales, in order to enhance our engagement with businesses of the industries in which the prospects for future demand exist (such as service, retail, restaurant and manufacturing businesses). Furthermore, we will collaborate with our affiliated subsidiary engaged in company housing agency services, "Leopalace Leasing", to improve convenience for corporate customers, in order to promote the acquisition of customers.

[Principal actions]

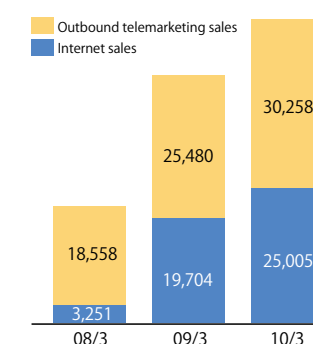


Leasing Business revitalization strategy (4)

Outbound Telemarketing and Internet Sales

Sales activities through unmanned sales offices will be enhanced in the future as channels with high sales efficiency. In addition to our outbound telemarketing centers (two call centers located in Saitama and Fukuoka Prefectures), which provide agency services for incoming tenants through the phone, efforts will be made to enhance our "Internet Sales" by handling the responses we receive on the internet through email and phone calls, to eventuate lease agreements from such responses, aiming for sales activities with an even higher efficiency.

[The number of lease agreements procured through outbound telemarketing and internet sales]



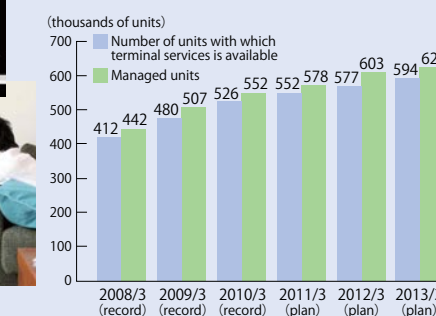
Broadband Business

The broadband business is defined as a business that creates revenue with the apartment stock as a base". The business is promoted under the category of leasing business.

We have been promoting the installation of STB units (LEO-NET terminals) for our unique broadband service (Leopalace BB), which we have been providing to tenants who reside primarily in apartment units under our management. The number of units with STB units available and the number of subscribers have both been increasing steadily as the number of units under our management increase, thereby creating a gigantic market. Furthermore, we intend to further expand the scale and scope of targeted customers by introducing the service to our silver business facilities and by offering the system to external facilities, such as hotels and hospitals.



[Transition in number of units with which terminal services is available and number of managed units (planned)]

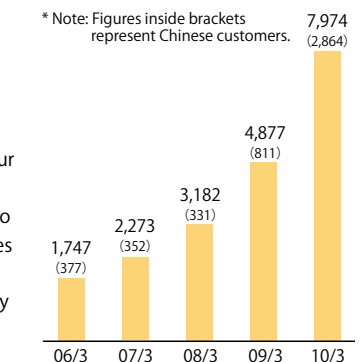


Leasing Business revitalization strategy (3)

Approaching Foreign Tenants

The number of our units used by foreigners is increasing rapidly by about 4.6 times in four years, from 1,747 units at the end of March 2006 to 7,974 units by the end of March 2010. In terms of nationalities, there has been a significant increase in Chinese citizens and in order to enhance our business intended for our Chinese customers, the company intends to increase the number of sales offices in China from the present two locations (Shanghai and Beijing) by establishing two additional sales offices (Northeast Provinces and Huanan Economic Zone).

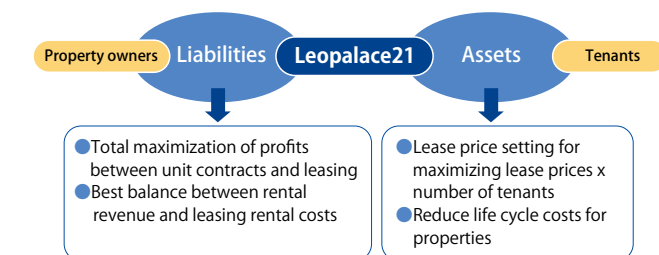
[Number of units under management leased by foreigners]



Leasing Business revitalization strategy (5)

Leasing ALM System

The "Leasing ALM System", intended to optimize the operation of managed properties, was launched in May 2010 as a means to back up the "New Channel Strategy". This system enables a rapid and detailed understanding of the market trends, gained through the occupancy rates of individual properties, which are then used to set appropriate leasing standards in order to improve the balance of revenue and expenditure in the Leasing Business.

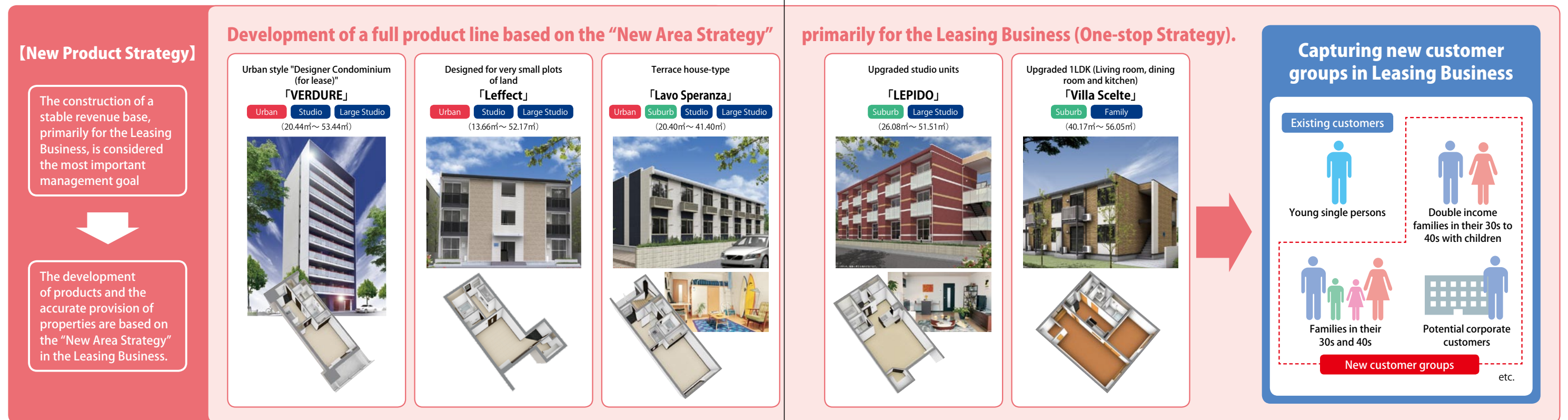


Strategies for Core Businesses: (2) New Strategies for Apartment Construction Subcontracting

Business

Principal objective of strategies for Apartment Construction Subcontracting Business is to provide firm backup for implementation of strategies in Leasing Business.

Starting from the fiscal year ending March 2011, the Apartment Construction Subcontracting Business will develop and supply products to match the needs of individual areas, based on the "New Area Strategy" with the principal objective of a building profit structure primarily for the Leasing Business. The "New Product Strategy", which was drawn up based on this concept, is the driving force behind the promotion of ongoing preparations for providing a product lineup to match the strategy, through such means as the sale of "VERDURE", urban designer's rental condominiums as products that cater to needs in urban areas (Tokyo Metropolis), which are considered critical areas for the future, as well as "Leffect", a product suitable for narrow plots of land in urban areas.



Apartment Construction Subcontracting Business revitalization strategy (1)

Enhancement of Land Information Management

The company is in possession of about 1.2 million pieces of land information and business information (details of past sales activities, etc.), accumulated through the construction subcontracting business. A system comprised of such information, loaded onto a database, was partially launched in May 2010. The company will be able to promote the utilization of such information, which can support construction subcontracting business activities in the future as well as lead to efficient and accurate sales activities.

[Principal action]

Land information management system (in partial operation since May 2010)

- About 1.2 million pieces of land information, as well as business information, is loaded onto a database and centrally managed.
- Company-wide information shared results in the utilization of information as support for construction subcontracting business activities.

Apartment Construction Subcontracting Business revitalization strategy (2)

Review of Sales Organization

A "Construction Subcontracting Sales Course" has been established as a means to enhance the new order-taking framework. This is intended to raise the level of motivation among employees involved with the construction subcontracting sales, through the implementation of incentives that are clearly proportionate to sales performances.

Furthermore, the sales organization itself has also been changed from an organization with two sections to an organization with three sections. This is intended to enable the company to manage projects with more detail than in the past.

Apartment Construction Subcontracting Business revitalization strategy (3)

Apartment Construction Subcontracting Business revitalization strategy (3)

Additional Establishment of Loan Promotion Offices

Our "Loan Promotion Offices" are comprised of a dedicated team for providing support to landowners who are planning to construct apartments and rental condominiums, including financial support for such needs as construction expenses. These offices offer a wide range of support, from arranging for procedures and preparing the documents required for taking out loans, to introducing financial institutions from which the loans can be obtained.

These offices were established in four major metropolitan areas in the past, but they have now been established at six additional locations (as of September 2009) in order to enable a speedy and detailed response within regional cities. These offices are promoting the enhancement of collaborative relationships with regional banks.

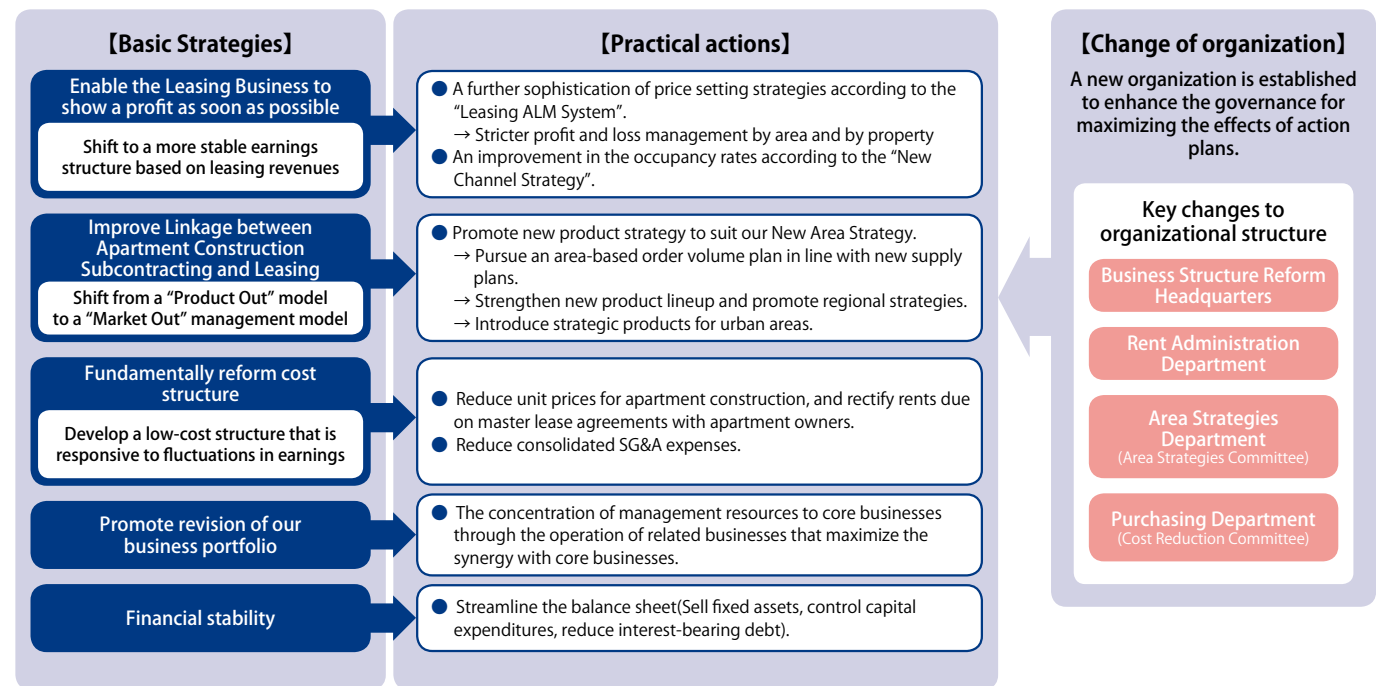
[Principal action]

Additional establishment of loan promotion offices

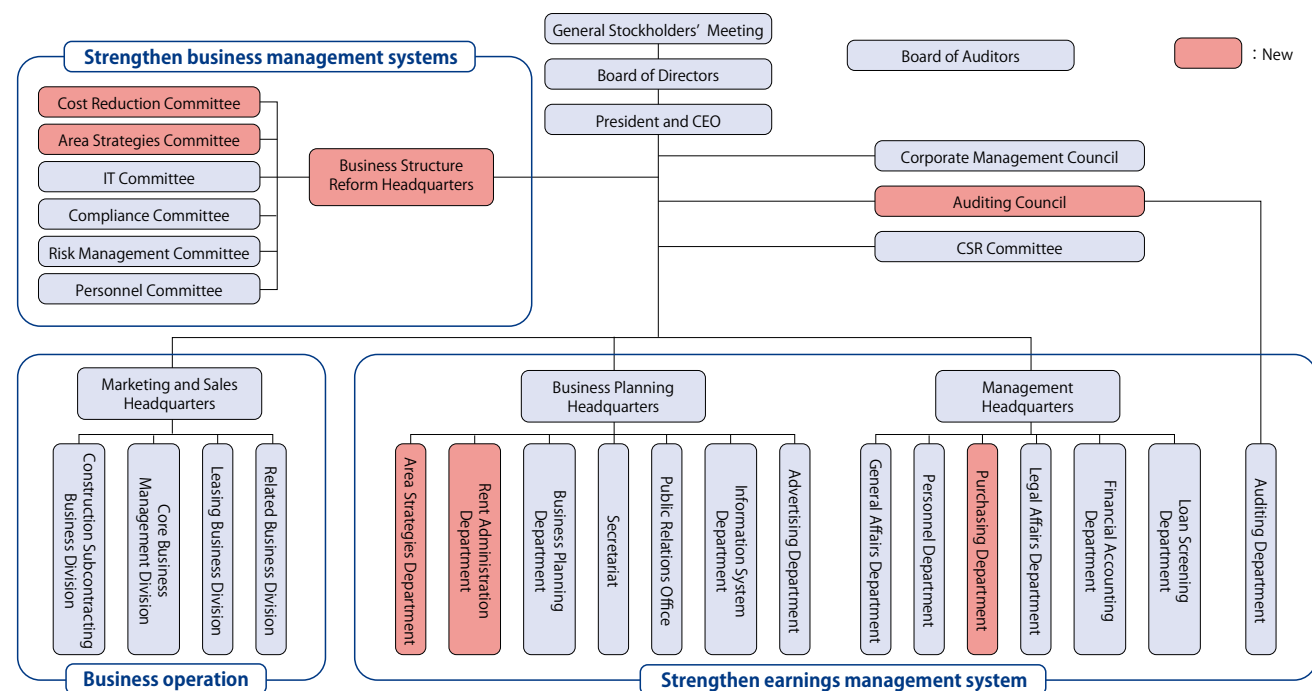
- Past offices: Four locations at Tokyo, Nagoya, Osaka and Fukuoka
- New offices: Six locations at Sendai, Takasaki, Funabashi, Shizuoka, Kyoto and Hiroshima

Practical Action Plans

Efforts will be concentrated into the three-year Medium-term Management Plan with the fiscal term ending March 2011 set as the first year of implementation, in order to put into place various action for improving the business structure to that of a new business model, with a shift of the pivoting axis to the stock business (leasing business), during the first year of implementation.



New organization for implementing strategies



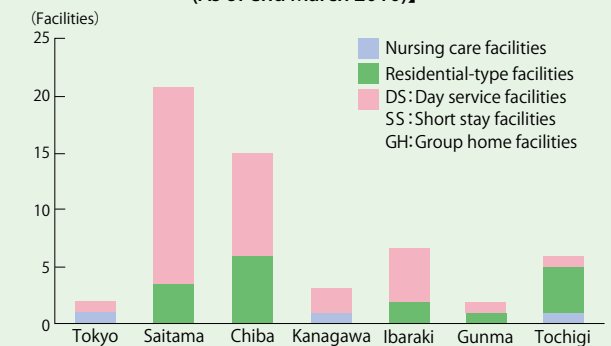
Strategies for Related Businesses

	Business name	Status analysis	Future strategies
Priority fields	Leopalace Leasing Corporation	Primary properties comprise studio units and there is no differentiation from other companies with regard to properties presented to family groups.	Efforts will be made to start offering properties intended for families and a foundation for acquiring corporate customers will be established.
	Leopalace Insurance Co., Ltd.	It will be possible to expand the business base linked with the leasing business and to secure a stable cash flow.	The current condition is sustained with regard to sales organization, with the aim of increasing profitability at the earliest possible time.
Increased monitoring	Silver Business	The operating rate of facilities is low, with the profitability of the operating business unit in decline.	Orders for the construction of new facilities have been terminated to increase the operating rates of existing facilities.
	Domestic Hotel Business	The business environment for the overall hotel industry has deteriorated, due to the economic downturn and decreased corporate demand.	Efforts are being made to improve operating rates and to reduce costs.
	Resort Business	The number of people visiting Guam has dropped since October 2008 due to the economic downturn.	Our sales capabilities are enhanced through the utilization of comprehensive resort facilities and implementation of cost reductions.
Consider downsizing or withdrawal	Real Estate Business	Land prices are in a correction phase but demand is expected to remain sluggish for the foreseeable future, although government economic stimulus strategies can be expected.	Sales inventories are to be disposed of and the acquisition of new land will be discontinued.
	Leopalace Finance Co., Ltd.	Bad debts are on the rise due to deterioration in the market environment for secured loans provided to real estate agents.	Credit management has been thoroughly implemented with a rigorous evaluation of collateral and the implementation of "Bridging Loans" for the construction of apartment buildings.

Silver Business Efforts will be made for the time being to improve the revenue and expenditure balance for the operation of 56 facilities that have already been launched.

The company launched the "Silver Business Division" in 2005 to provide construction subcontracting and operating services for nursing care facilities, as birth rates continue to decline and the population continues to age. As of March 2010, 56 facilities had already been launched. For the time being we plan to inhibit the further launching of new facilities, in efforts to improve the revenue and expenditure balance for operations.

【Status of silver facility implementations (As of end March 2010)】



"Azumi En Grande Tsuchiura" (Tsuchiura City, Ibaragi Prefecture) Launched November 2009



"Azumi En Grande Ome" (Ome City, Tokyo Metropolis) Launched April 2010

Domestic Hotel Business Continual efforts will be made in the future to capture the business trip needs of corporate customers.

"Hotel Leopalace" has been launched at eight locations nationwide in Japan, primarily around major cities, ranging from Asahikawa City in Hokkaido to the north to Hakata City in Kyushu to the south. We are planning to open Hotel Sendai Higashiguchi in July 2010. The capturing of the business trip needs of corporate customers will continue in the future with the domestic hotel business.



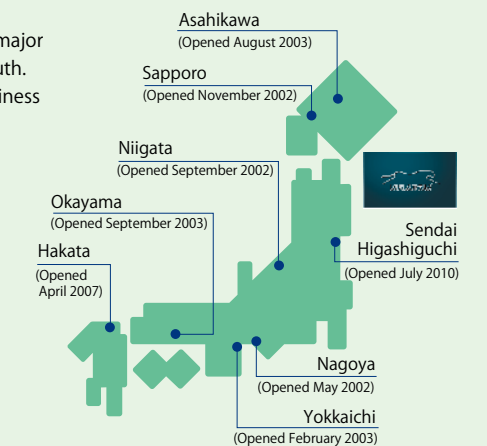
Hotel Leopalace Hakata



Hotel Leopalace Nagoya



Hotel Leopalace Sendai Higashiguchi



Strategies for Related Businesses

Resort Business Aggressively implement sales activities that take full advantage of our strength in providing comprehensive resort services.

Comprehensive resort facilities equipped with sports and other facilities are being offered under two brands, "Leopalace Resort" and "Westin Resort", through LEOPALACE GUAM CORPORATION, our wholly owned subsidiary.

We will strive to increase profitability through the improvement of operating rates achieved through sales activities that utilize such strengths of these brands, as well as through cost reductions, etc.



Leopalace Resort



Westin Resort



Track and soccer field



Competition-sized pool



Lawn tennis court



Club house

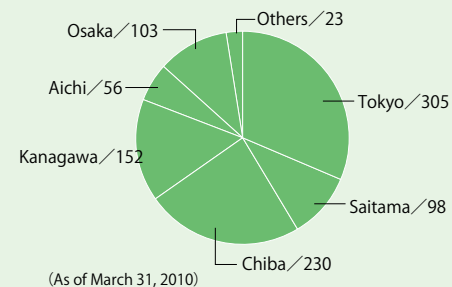
Real Estate Business We are dedicated to improve the operating rates of properties in our possession, by freezing new investments.


In the area of the residential housing business, we have been implementing subdivided residential housing projects and real estate development projects.

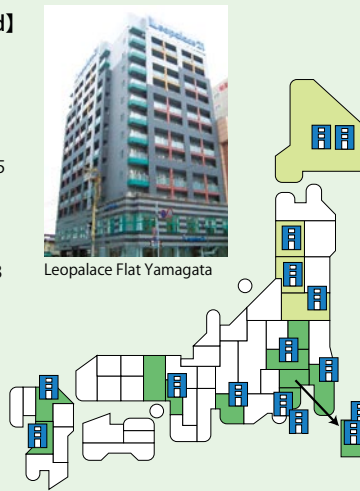
We will suspend the purchase of new land and planning to withdraw from our subdivided residential housing projects, as soon as our sales stock is depleted.

Furthermore, with regards to our real estate development projects, we are currently in possession of high rise apartment buildings, "Leopalace Flats", acquired through strategic real estate investments in the past at 17 locations nationwide in Japan, as at the end March 2010. For the time being our policy is to freeze any new investments and to dedicate ourselves in improving the operating rates of our existing properties.

【Sales records for residential housing and land】



* The prefectures indicated with green shaded areas on the map are the locations where the records of residential housing sales are kept.
* Areas with the  symbol are the locations where our "Leopalace Flat" buildings are located.



Leopalace Flat Yamagata

CSR Strategies

Promote CSR management to contribute as corporate citizen, creating sustainable society.

- Offer a variety of plans to suit different lifestyles
- 24-hour apartment management support

Our policy is to promote CSR through our actual business operations. To do this we will focus on developing a diverse product lineup that meets the various needs of tenants, while at the same time focusing on development of new products to serve the extensive needs of landowners.

We also provide 24-hour call center support for tenants, with service in four different languages. In December 2008 we acquired ISO9001 certification for quality management systems (the updated 2008 version) for the Head Office and all branch offices.



Services of superior quality and bountiful living

- Charitable donations and collection of contributions for relief efforts
- Creation of dynamic workplace environments
- Clean campaigns
- Support for sports programs
- "Children's 110"
- Group blood donor programs

As a company whose business activities have a strong impact on people's everyday lives, we are actively engaged in a number of programs to support local communities, such as making donations and collecting contributions for domestic and international relief efforts, working with apartment owners to organize community cleanup activities, and supporting child safety through participation in the "Children's 110" program so that children can recognize our offices as places of refuge should they ever find themselves in need or in danger. We have also set up a special subsidiary company to support the disabled, and we place a strong focus on creating dynamic workplace environments.



Contributions to local society Favorable work environments

Sound and highly transparent business activities

Four Basic Policies

Realization of society considerate of global environment



- Proactive IR programs
- Development of compliance system

We have established a "Charter of Corporate Ethics" to guide our business development and to ensure that our activities are firmly grounded in compliance with legal and social standards. We have set up a compliance "hotline," distributed a compliance manual to all directors and employees, and are conducting ongoing training programs for compliance education. We are also actively promoting a variety of IR programs. To achieve corporate transparency our policy is to disseminate information in a timely manner. We are making full use of an entire range of IR tools and events, and we are steadily improving our IR website.

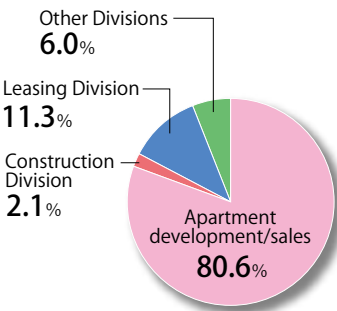


- Participation in the "Challenge 25" campaign
- Participation in the "Eco-cap Movement"
- Testing the use of solar electric panels at model rooms, and at company-owned condominiums

We are participating in the "Challenge 25" program, which is an extension of the former "Team Minus 6%" program designed to help prevent global warming. We have implemented a car sharing program that involves the use of 500 vehicles kept in the parking lots of company apartment buildings. The Company has instituted a system whereby all air conditioners turn off automatically after three continuous hours of operation. In these ways Leopalace21 is working to take advantage of its scale (550,000 units nationwide) to help protect the environment.

● 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 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)

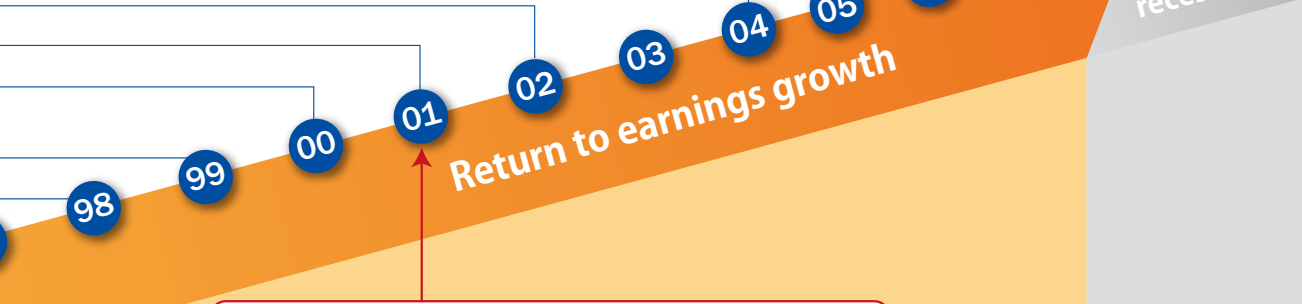


Apartment development/sales business

Developer → Construction Subcontracting

Establishment of New Business Model

- Formulation of the "Medium-term Management Plan: Change for NEXT"
- 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



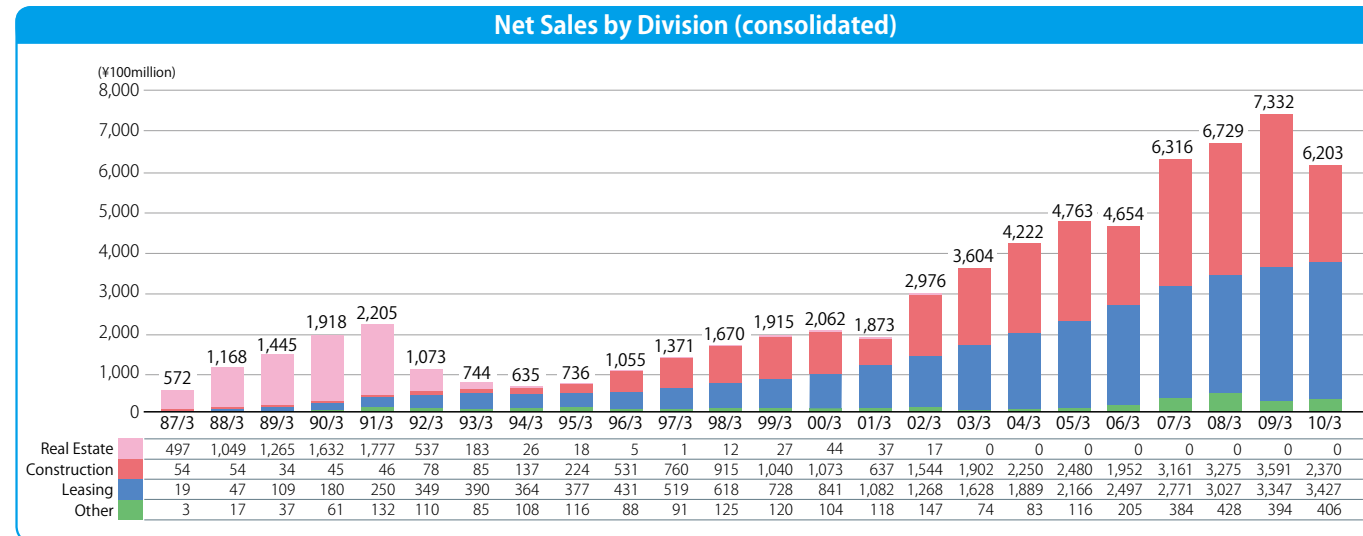
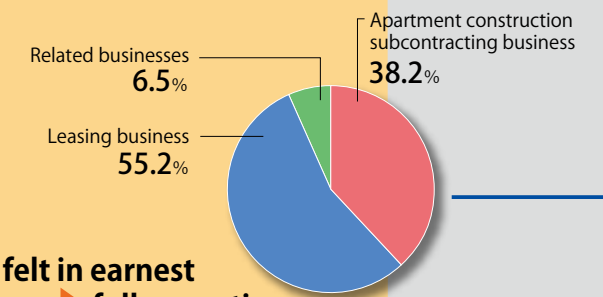
Return to profitability at net level
(in the fiscal year ended March 1997)

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

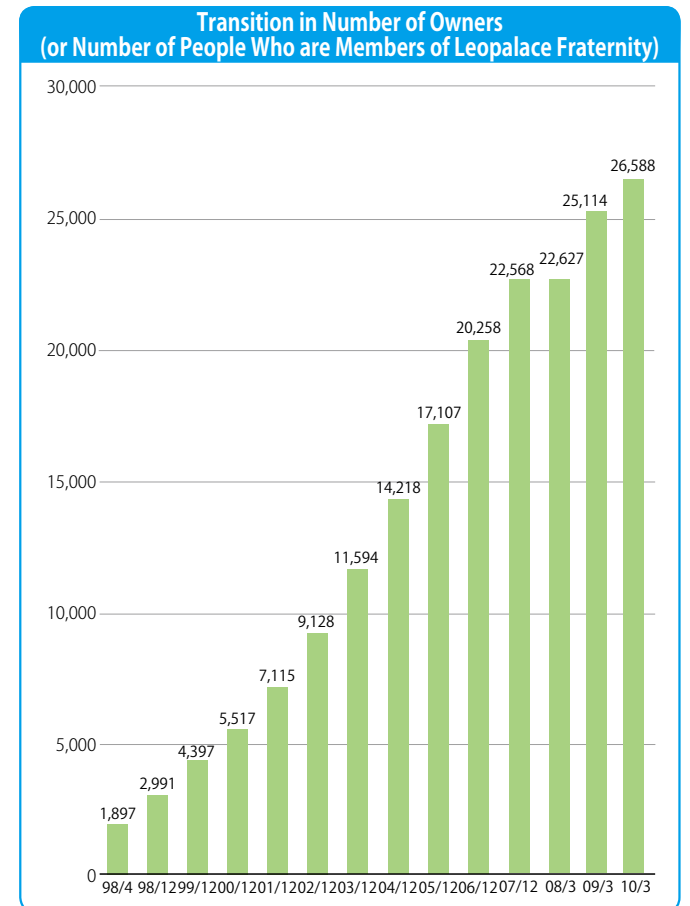
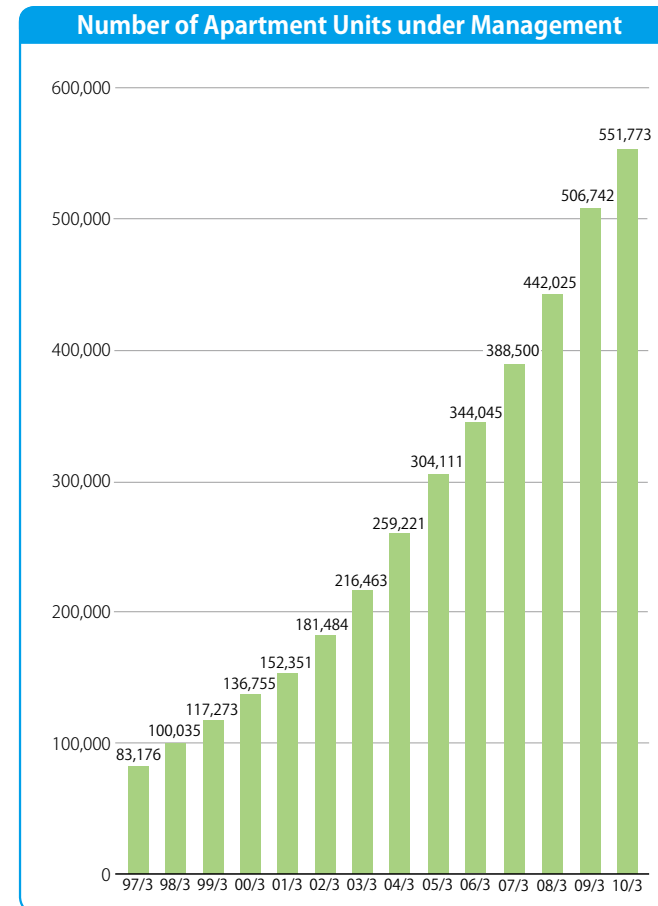
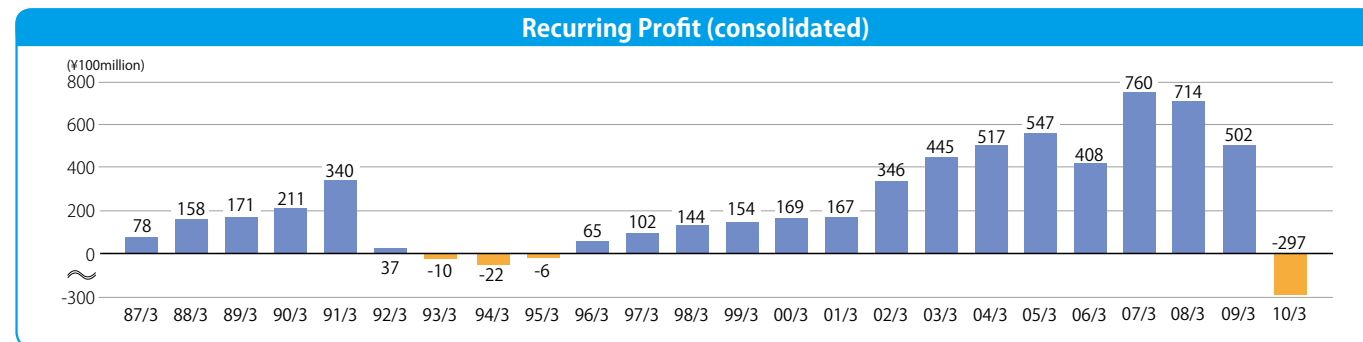
Synergies from Construction and Leasing start to be felt in earnest

→ full-operation

● Sales breakdown by division for FY ended March 2010 (consolidated)



* Note 1: The sales figures of the Real Estate Division from March 2003 onwards are included in the "Other" category. * Note 2: Applied to the new market segments as of March 2010.

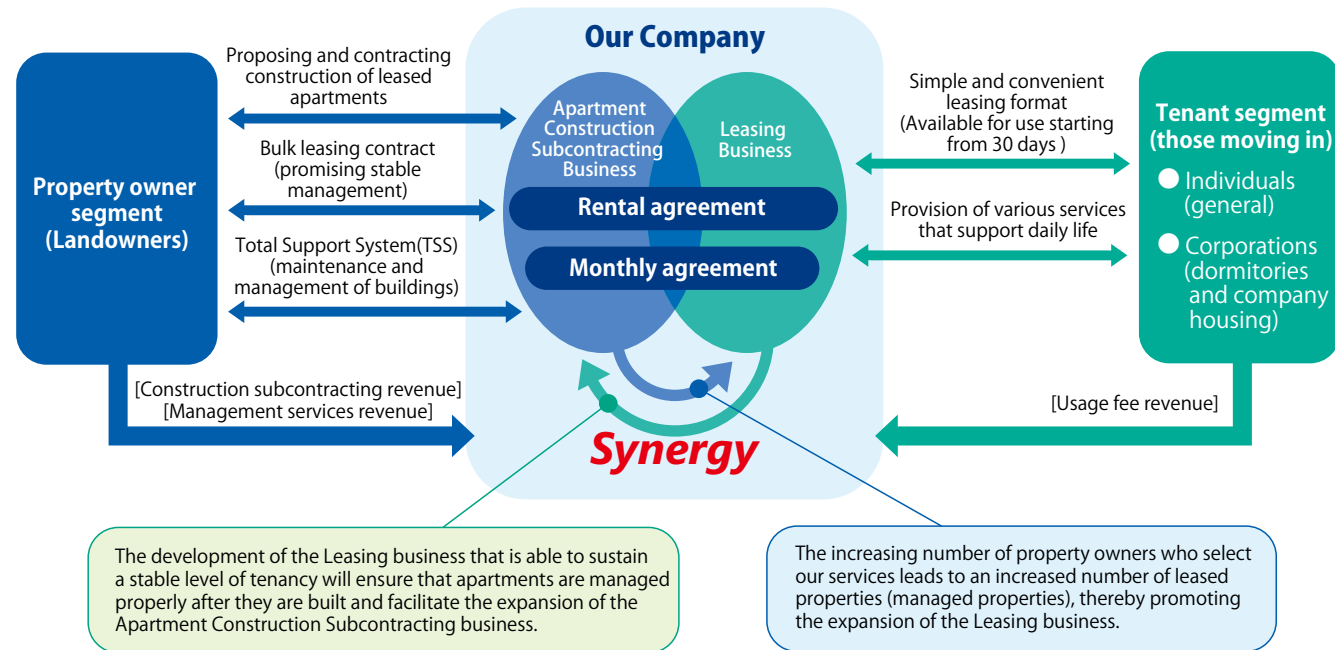


*Figures from March 2008 onwards represent the number of owners (figures obtained from the end of fiscal year calculations), whereas those up to and including December 2007 represent the number of people who are members of the Leopalace Fraternity (figures obtained from the end of year calculations). (The Leopalace Fraternity has been transferred into Class-L as of the end of December 2007.)

[Core Business Model]

Further evolution of our basic strength, "Model of Synergies between Construction and Leasing".

The "Model of Synergies between Construction and Leasing" development, which was intended for the organic consolidation of real property utilities, has after a twenty-year history been converted into "High Revenue Generating Asset Management" and transformed our business model into one that can maximize the benefits from the scale of our stock business.



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. 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 born 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 Rental agreement and Monthly agreement) 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's 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 agreement, 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.

We also intend to expand corporate trading even further, by utilizing as leverage our extended product lineup that incorporates larger studio units and family-type units. What used to be regional corporate sales business units located at individual sales offices were integrated into a single corporate sales organization based at our head office in April 2009. This office will be directing sales to the head office functions of other corporate groups.

[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 studio units (single room with kitchen, less than 30 square meters) as our main product. In addition, we are offering a new lineup that includes larger studio units and family-type units, as well as residences with attached rental units to target new tenants to improve occupancy rates and to create new demand. Indeed, proposals we submit to owners are for the construction of apartment buildings located in areas where we expect large lease demand based on detailed analysis of the market.

Rental agreement for long-term occupancy and Monthly agreement 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 a long-term occupancy through a "Rental Agreement" with monthly payments and without agent fees, whereas the latter is suitable for a temporary tenancy as it offers a "Monthly Agreement" that includes furniture, consumer electronics, and utility expenses, and requires an advanced payment in a single lump sum.

Leopalace's "Monthly Agreement" has multiple functions

In recent years, Monthly agreements have been employed by a diverse group of tenants. Simply put, long-term occupancy tenants account for some 60% of Monthly agreement 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 agreement 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)

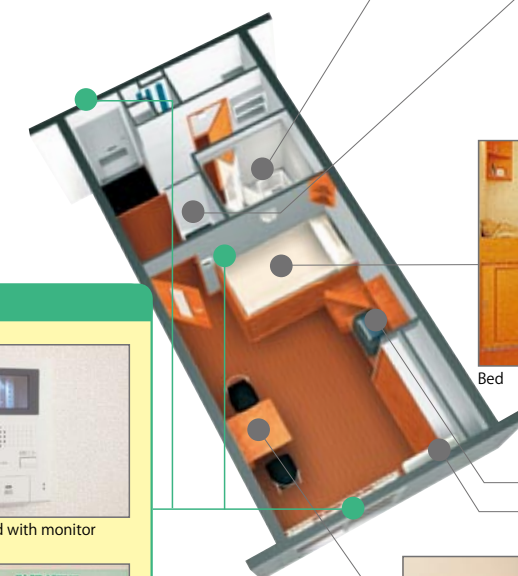


Leash hook Western door with pet access

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



Kitchen with an electrical cooking facility Microwave oven



Refrigerator



Bed



Television also offers broadband services



Table and chair (table is collapsible)



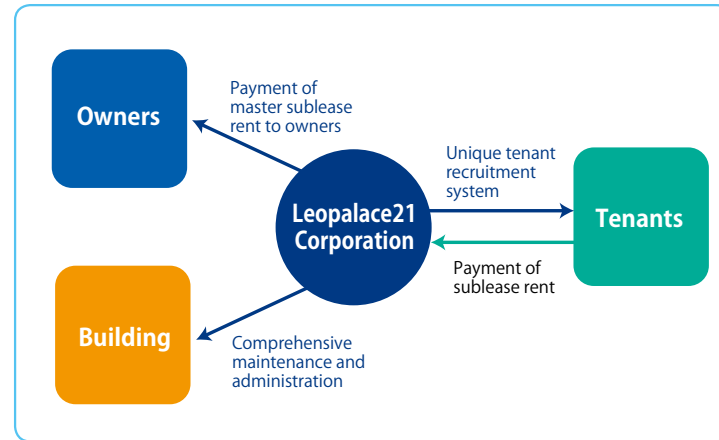
Air-conditioner

*Includes currently unfurnished/uninstalled properties

Characteristics and Competitiveness-1 Master sublease system and Total Support System ensure

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 about 1,025 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.



smooth maintenance and administration

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 markets' potential backed by our nationwide marketing activities enables tenant recruitment independently as well as through tie-up real estate agents nationwide. We employ various recruitment media, including our nationwide office network, web sites, and apartment rental publications 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 stays as well as conventional long-term housing needs, aided by our unique systems. Moreover, we have introduced innovative business practices that do not require any utility expenses; however, furniture and consumer electronics are included. 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

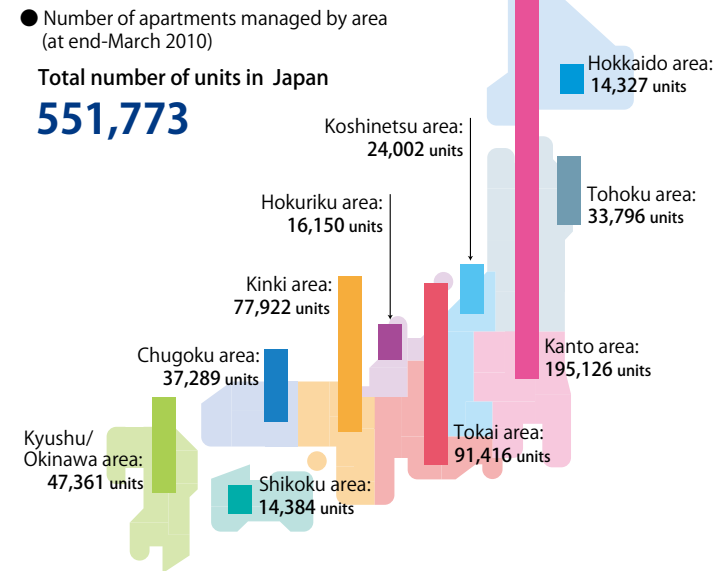
On behalf of apartment owners, we carry out operations from building maintenance to tenant administration. Furthermore, the asset value of buildings are maintained at a high level and the current Total Support System (TSS) has been implemented since April 2007 to protect the life savings of owners against 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

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 551 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.



search capabilities

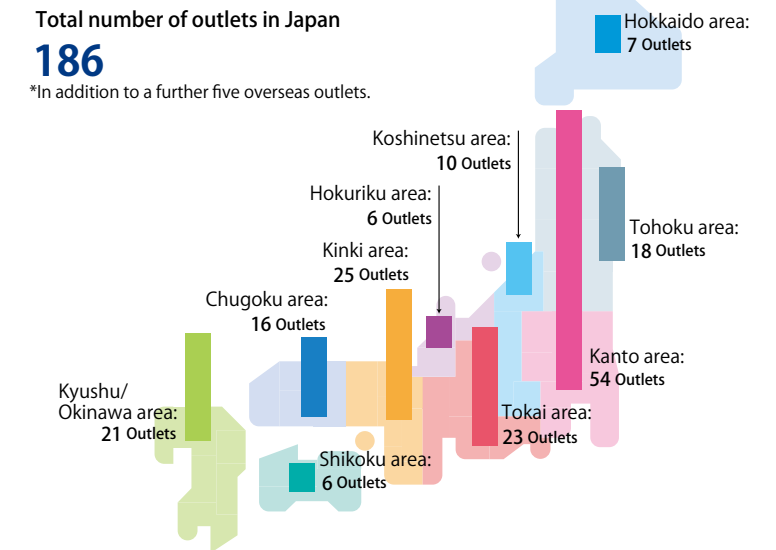
New network established for own sales offices and franchisee locations

Visitors to Leopalace Centers, spread throughout Japan, 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.

An operation of the Leopalace Partners (franchisees) was launched in April 2010, as a new strategy. This shifted our operation of sales offices from primarily our own sales offices to those that show a proper balance of our own sales offices with our franchisees, thereby reducing fixed costs while increasing the number of contacts for drawing in customers, with the aim of improving the occupancy rates.

Under this strategy directly managed sales offices (in Japan), as of the end of March 2010, decreased by 100, reducing the number to 186 sales offices. This figure is scheduled to be further reduced to 150 sales offices by the end of March 2011. On the other hand, we are promoting the installation of new franchisee locations, with 150 franchisee sales offices targeted by the end of March 2011.

● Number of Leopalace Centers by area (at end-March 2010)



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

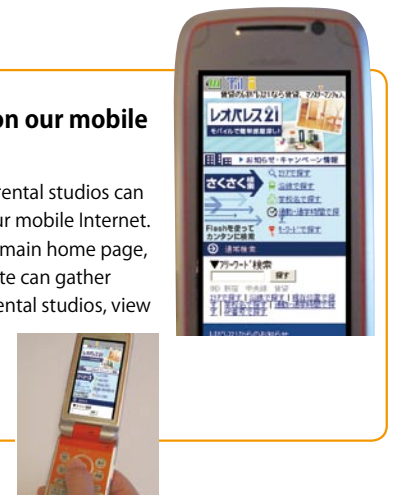
Powerful web research based on nationwide network

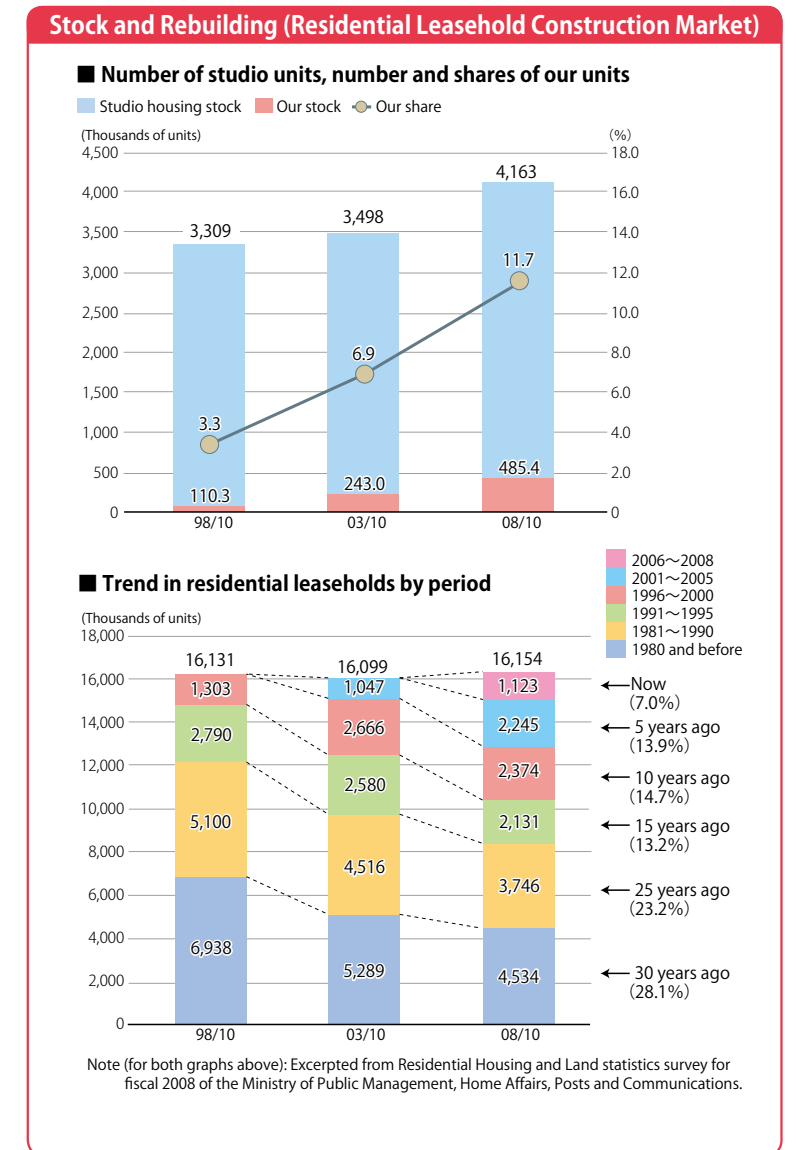
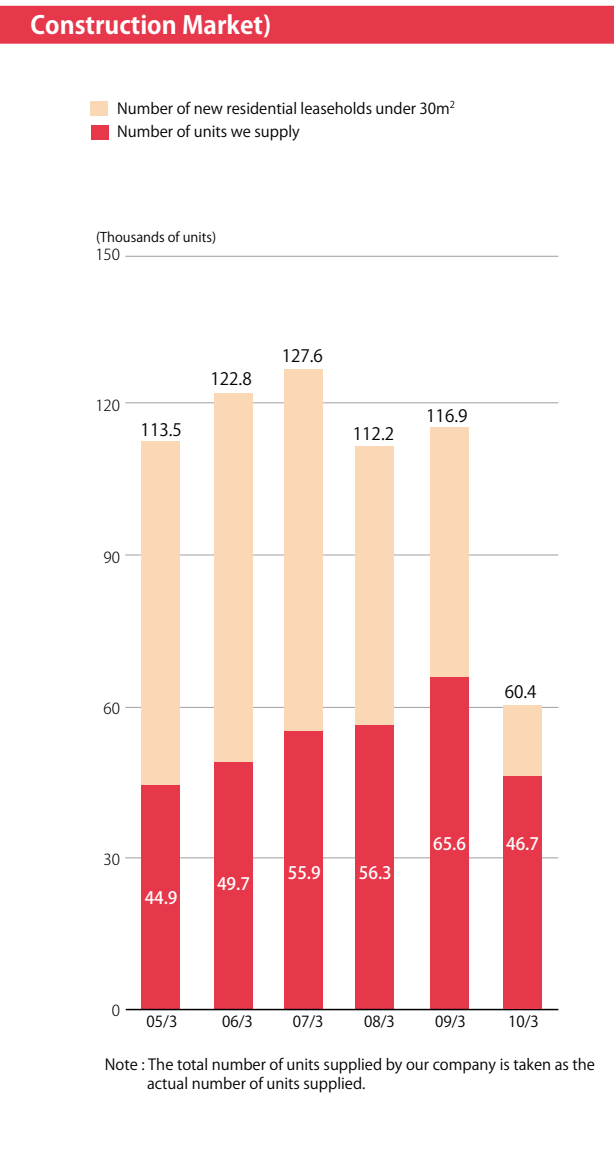
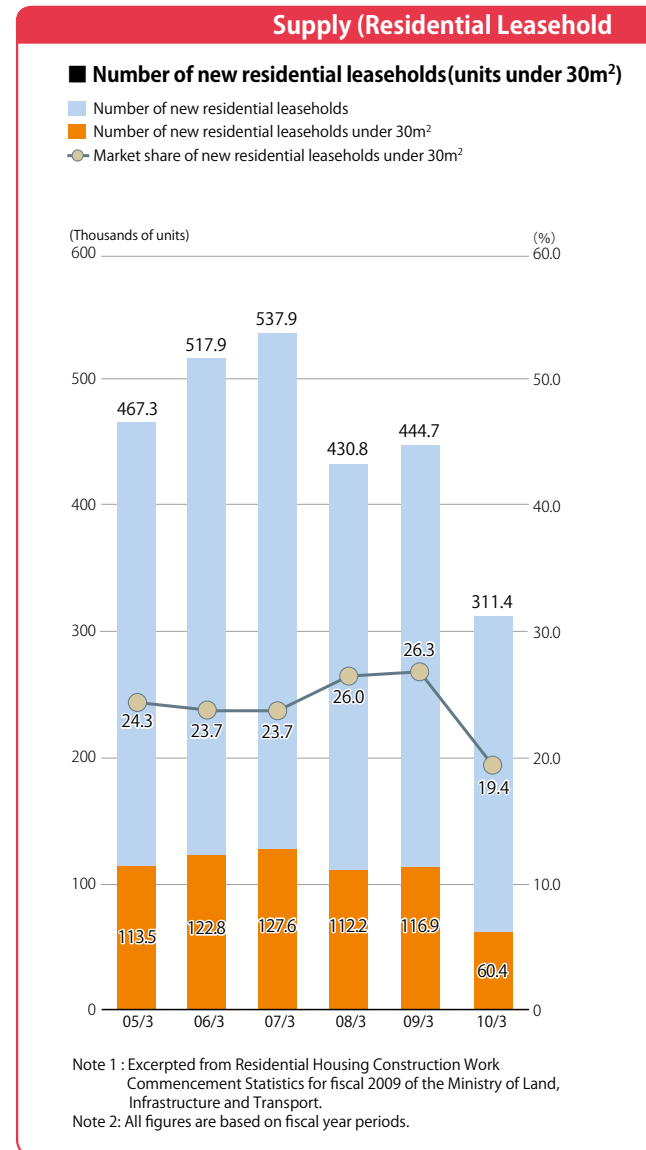
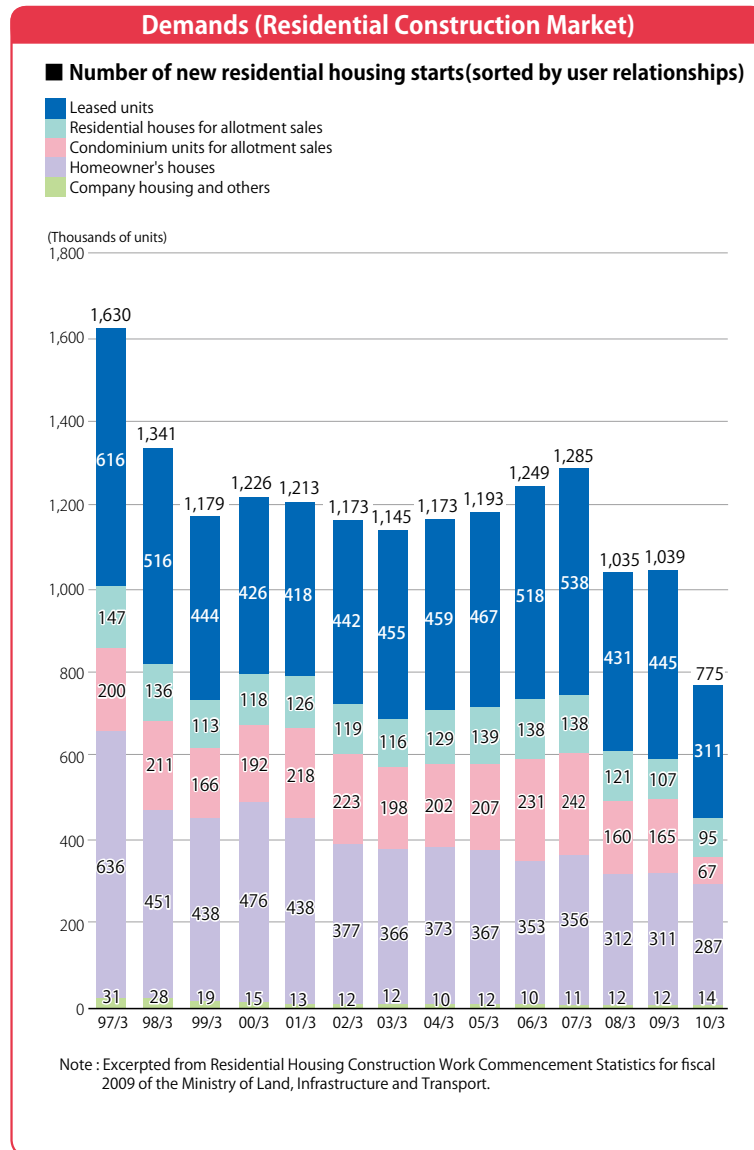
Visitors to our web sites can search real-time for the most up-to-date information on studios available across the country, and apply for the apartment and sign a contract on the spot. With some 551 thousand studios managed nationwide, we are the only industry player that can provide prospective tenants 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 (commencement of construction for new residential housing) has reached the lowest level in over a decade

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 decade and some 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 ten subsequent years, which indicated some slow recovery.

The condition of the real estate market significantly deteriorated in fiscal 2007 (ending March 2008) due to the impact of the Revised Building Standard Law, which came into effect in June 2007, and then again in fiscal 2008 (ending March 2009), from the impact of the global financial crisis. The number of construction commencements of new residential housing has declined to a level of about one million units.

Leased residential housing maintains greater proportion of housing, whereas number of units decrease significantly

A look at the trends for commencing new residential housing in recent years in terms of user relationships indicate that leased housing and owned houses depressed at a relatively slow rate until fiscal 2008 (ending March 2009), even as the market deteriorated, thereby contributing to an increasing proportion in the makeup of overall housing. Leased residential housing is our core market among these, which increased the proportion in the makeup of housing overall, in spite of the impact from the economic downturn.

During fiscal 2009 (ending March 2010), however, the lingering effects of the economic depression made a significant impact even on leased housing, resulting in a dramatic decline of 30.0% in the number of units, in comparison with the previous year, even though the leased housing still comprises 40.1%, a large proportion in the makeup of the overall housing.

Construction of leased units less than 30m², which had been increasing at a steady pace, slows down in fiscal 2009

Leased units smaller than 30m², which constitute our core field, have been rapidly increasing in recent years. Since a recovery was shown as the number reached 100 thousand units by fiscal 2002 (ending March 2003), the number remained at over 100 thousand units, with the proportion of residential units smaller than 30m² in the overall number of leased units constructed continuing at a high level around 25%.

With the dramatic economic depression during fiscal 2009 (ending March 2010), however, a decrease in the number of construction of leased units smaller than 30m² became significant, with the proportion in the overall number of leased units constructed sinking to under 20%.

Decline in number of construction for leased units smaller than 30m² was due to temporary factors, such as dramatic reduction in corporate demand

The reason behind this relatively stable transition of compact leased units smaller than 30m², with the number of new residential housing showing a decreasing trend, 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.

The number of new constructions for leased units smaller than 30m² fell to about half in fiscal 2009 (ending March 2010). This was due primarily to a rapid drop in corporate demand, arising from the deterioration of business revenue and the suspension of hiring. The number of units supplied by us for fiscal 2009 (ending March 2010) also decreased to the level it was back in fiscal 2004 (ending March 2005). This decrease in demand, however, is temporary in nature and we expect a gradual shift to a recovering trend as the economy recovers in the future.

Increasing studio stocks

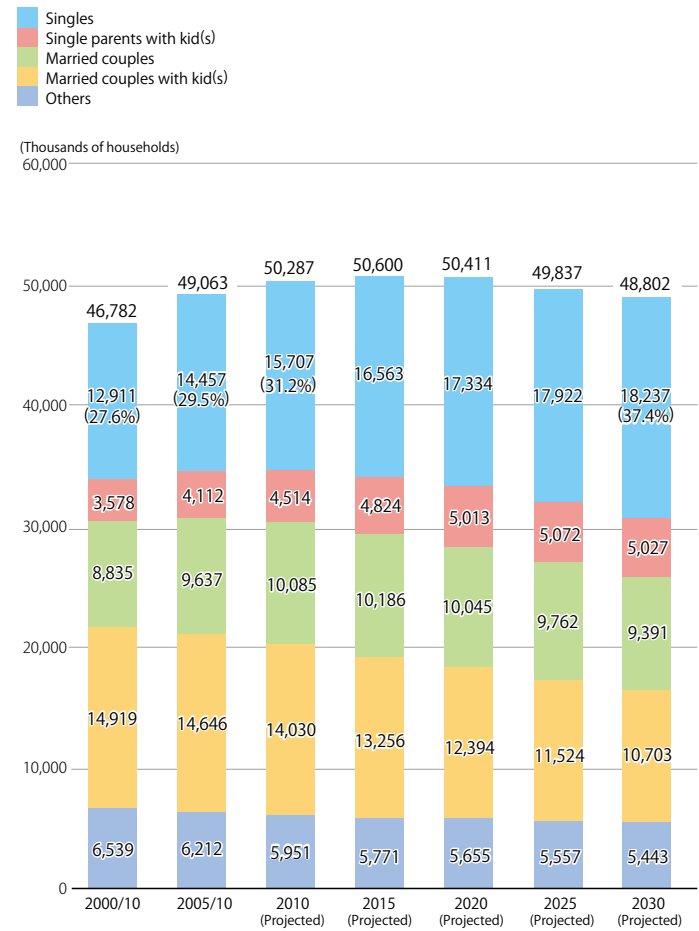
The stocks of studios are in a steadily increasing trend. According to the Residential Housing Construction and Land Statistics Survey, conducted every five years by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, the number of studio units as of October 2008 was 4,163 thousand units. This is an increase of 854 thousand units above figures taken ten years ago, with a growth rate of 25.8%, showing an outstanding performance in comparison with the growth rate for the residential housing stock for the same period (14.7%). Furthermore, our market share of stocks has also increased by 11.7%.

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 3,310 thousand units of residential leaseholds constructed in 2000 and earlier (ten years ago) were lost, with approximately 3,360 thousand new units built to replace them. This indicates that this is a market with a gigantic demand for rebuilding in the future.

Demands (Leasing Market)

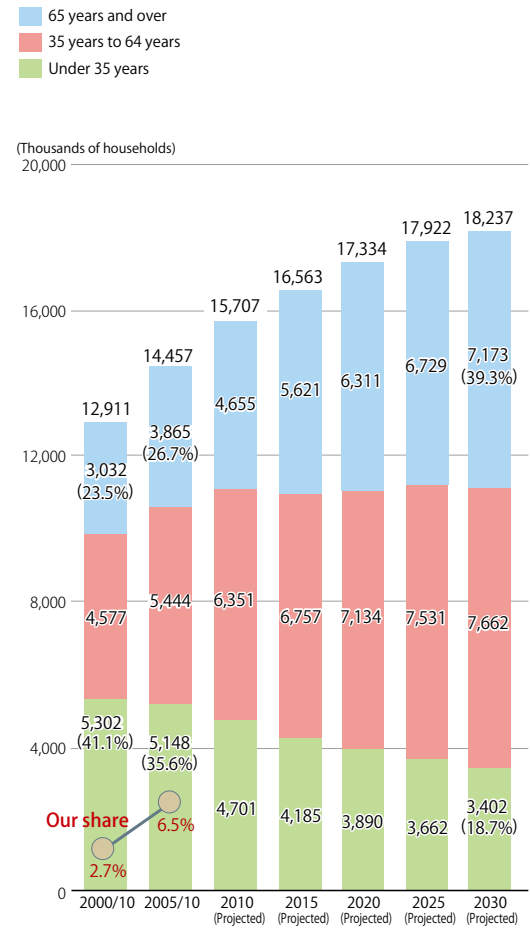
■ Estimation for future number of general households by family category



Note: Excerpted from the National Census from the 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.

Demand (Residential Construction

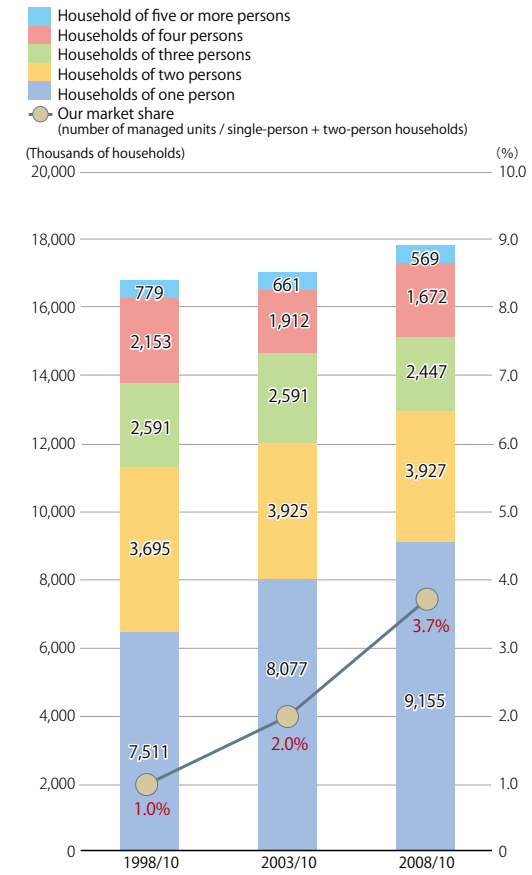
■ Estimates for single person households in the future



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.

and Leasing Markets)

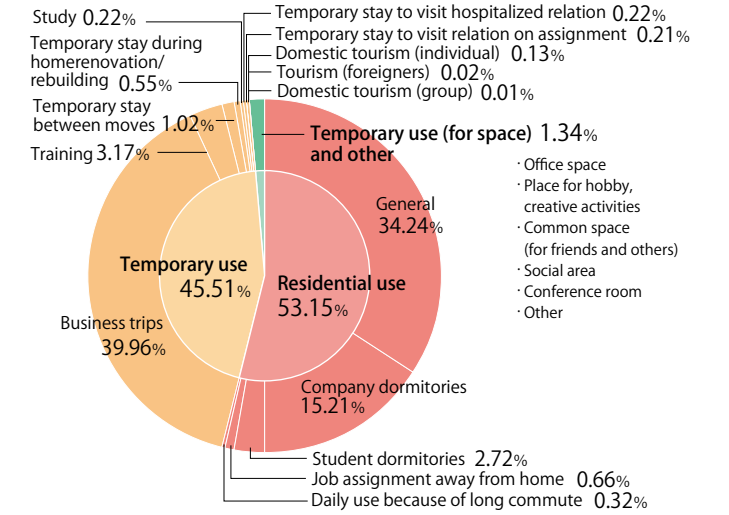
■ The number of households residing in rental housing and our share of the market (single-person and two-person households)



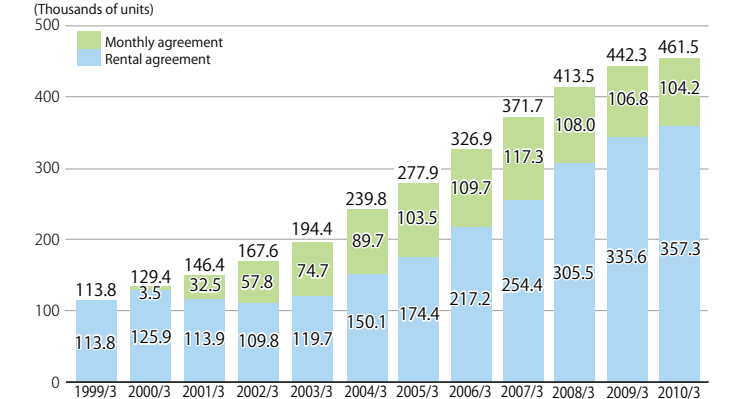
Note: Excerpted from the National Census from Ministry of Public Management, Home Affairs, Posts and Telecommunications for fiscal 2005 and the Number of Households and Future Estimates of fiscal 2008 from the Institute of Population Problems.

Utilization (Residential leaseholds)

■ Breakdown of uses of month-to-month leases (March 2010)



■ Number of tenants by contract type



Note: Based on company data

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.

We have also been enhancing our new line of family-type units ranging from 40m² to 50m². The number of "married couple only" households, on the other hand, is predicted to undergo a minutely declining trend, but will sustain about 10 million households, which will enable us to find marketability.

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 upper left, 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.

The classification into household categories of tenants in rental housing reveals that there is an increasing trend of single-person and two-person households, which are the target categories of our company

The graph shown above indicates households that will reside in rental housing in the future and are classified into household types derived from the estimated number of general households by family makeup category. It is evident that the proportion of single and two person households, which are our targets, are by far larger than other category throughout the entire population. Furthermore, although households comprised of three or more persons are declining, those comprised of single and two persons, particularly single persons, are showing a rapid rate of growth, indicating that the growth will continue to rise in the future.

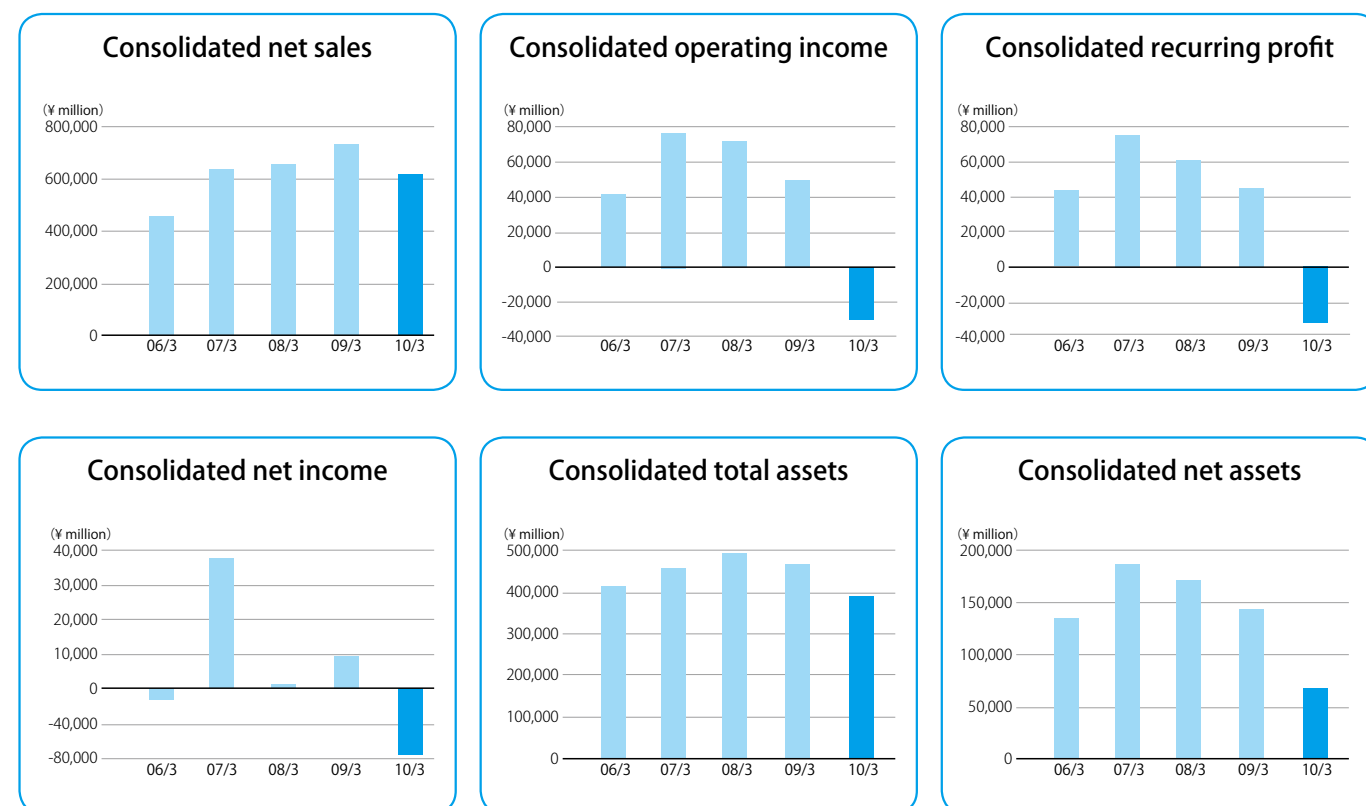
Of these, our share of the market for managed units that is comprised of single and two-person households, in terms of number of managed units, has been increasing by 1.0% in 1998, to 2.0% in 2003 and 3.7% in 2008.

Pioneering new markets through monthly leasing

We are pioneering into new markets outside the existing leasing markets by implementing Monthly agreement, which is available for short or long-term leasing, along with Rental agreement 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.

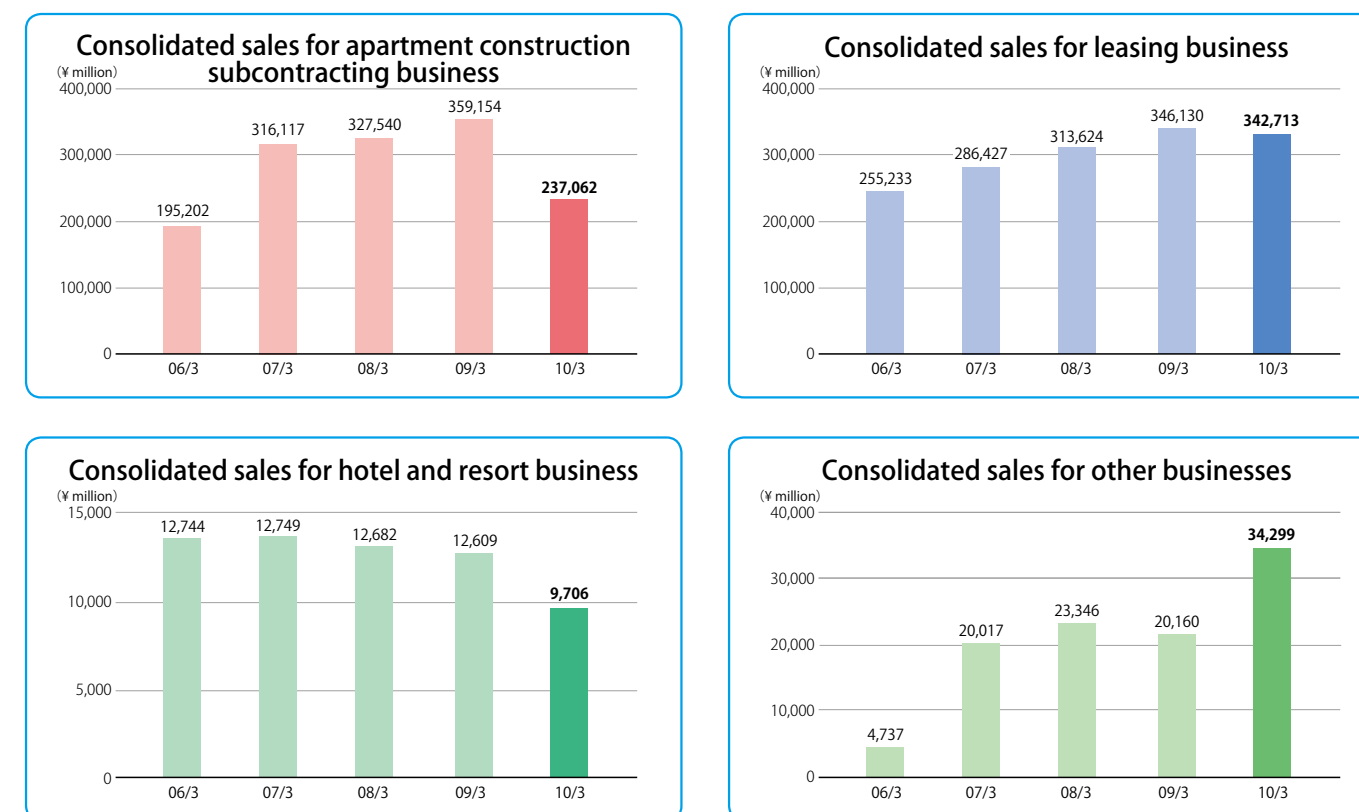


Consolidated

	2006/3	2007/3	2008/3	2009/3	2010/3
Net sales	465,386	631,608	672,973	733,235	620,376
Operating income	40,775	76,007	71,402	50,156	-29,727
Recurring profit	44,151	73,002	60,847	46,785	-33,831
Net income	-16,582	37,358	342	9,951	-79,075
Total assets	412,803	454,819	493,956	467,300	396,511
Net assets	133,622	185,784	170,155	146,442	70,979
Common stock	55,640	55,640	55,640	55,640	55,640
Net assets per share (¥)	839.44	1,054.99	1,036.43	967.40	466.76
Net income per share (¥)	-104.17	234.68	2.15	63.54	-521.91

Non-Consolidated

	2006/3	2007/3	2008/3	2009/3	2010/3
Shares outstanding (thousand shares)	159,543	159,543	159,543	159,543	159,543
Net assets per share (¥)	835.15	1,052.81	1,005.07	991.25	471.21
Net income per share (¥)	-209.23	248.45	19.85	58.21	-519.68
Dividends per share (¥)	15.00	50.00	80.00	30.00	0.00
Payout ratio (%)	—	20.12	403.02	51.54	—



* Applied to the new market segments as of March 2010. Figures from prior dates shown have been adjusted to new market segments.

Consolidated Sales Breakdown

	2006/3	2007/3	2008/3	2009/3	2010/3
Apartment Construction Subcontracting Business	195,202	316,117	327,540	359,154	237,062
Leasing Business	255,233	286,427	313,624	346,131	342,713
Hotel and Resort Business	12,744	12,749	12,682	12,609	9,706
Other Businesses	4,737	20,017	23,346	20,160	34,299
(Eliminations/Unallocated)	(2,532)	(3,704)	(4,222)	(4,821)	(3,406)
Total	465,386	631,608	672,973	733,235	620,376

Consolidated Operating Income Breakdown

	2006/3	2007/3	2008/3	2009/3	2010/3
Apartment Construction Subcontracting Business	39,452	74,614	73,267	70,112	29,744
Leasing Business	7,531	6,918	3,396	-977	-47,875
Hotel and Resort Business	-2,313	-2,339	-793	-472	-1,324
Other Businesses	-199	915	-38	-13,724	-6,776
(Eliminations/Unallocated)	(3,695)	(4,101)	(4,430)	(4,782)	(3,496)
Total	40,775	76,007	71,402	50,156	-29,727