

Corporate Data

(As of March 31, 2007)

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: 7,409 (Consolidated basis) 6,489 (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 (7) No. 00581
 Memberships: Japan Association of Home Suppliers
 Japan Prefabricated Construction and Manufacturers Association

Members of Board of Directors

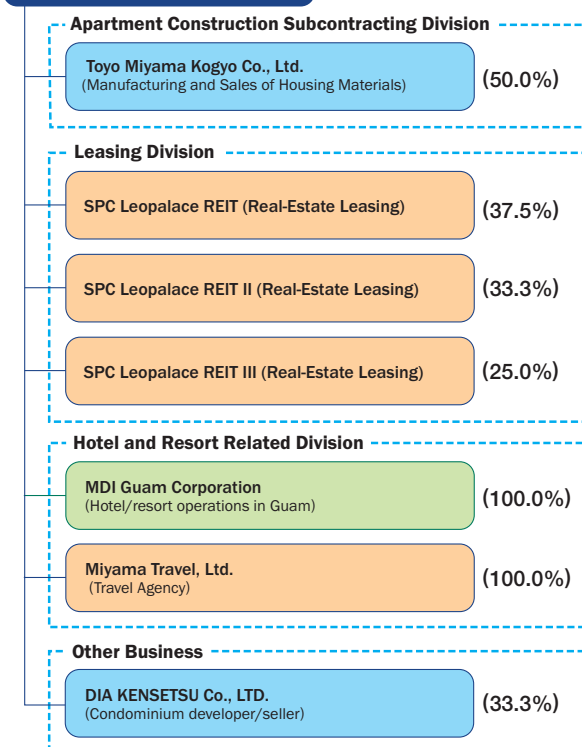
(As of June 28, 2007)

President and CEO	Yoshiteru Kitagawa
Senior Managing Director	Eisei Miyama
Senior Managing Director	Akihiko Umeda
Executive Director of Management	Jiro Nishida
Executive Director of Management	Yoshinori Uehara
Executive Director of Management	Hitoshi Yamaguchi
Director	Kou Kimura
Director	Yoshikazu Miike
Director	Tadahiro Miyama
Director	Satoshi Abe
Director	Yousuke Kitagawa
Standing Auditor	Yoshitaka Kouda
Standing Auditor	Masaru Katayama
Standing Auditor	Katsumi Furuhashi
Auditor	Eiichi Dobashi

Corporate Structure

(As of March 31, 2007)

Leopalace21 Corporation

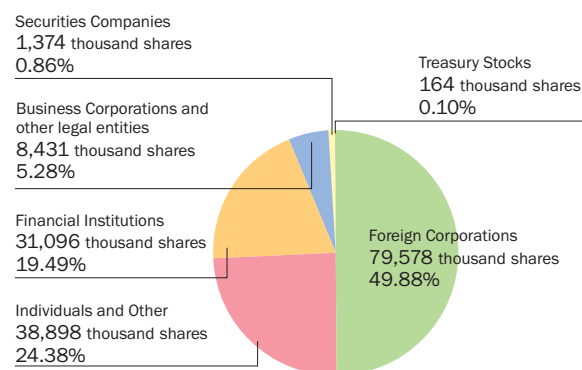


- Domestic Consolidated Subsidiary
- Foreign Consolidated Subsidiary
- Equity-method affiliates

Note 1: Numbers within parentheses represent equity stakes held by Leopalace21.
 Note 2: Apart from the companies listed above, there are three companies (100% owned indirectly by Leopalace21) with operational permits

Shareholder Composition

(As of March 31, 2007)



Major Shareholders (Top 10)

(As of March 31, 2007)

Name of shareholder	No. of shares	% of outstanding shares
Yusuke Miyama	21,251,774	13.32%
The Master Trust of Japan ,Ltd. (Trust Account)	10,227,700	6.41%
Japan Trustee Service Bank, Ltd. (for trust)	6,566,600	4.11%
State Street Bank and Trust Company	4,362,449	2.73%
State Street Bank and Trust Company 505103	3,400,722	2.13%
BBH (Lux) For Fidelity Funds-Japan Fund	3,093,500	1.93%
Toyo Kanetsu K.K.	2,745,900	1.72%
HSBC Fund Services, Sparx Asset Management Co., Ltd	2,691,200	1.68%
MDI Corporation	2,350,000	1.47%
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	2,336,295	1.46%

Leopalace21 Corporation

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

2007



United Spirit
Leopalace21
Investors Guide
 For the year ended March 2007

Leopalace21 Corporation
 Code No. 8848
<http://www.leopalace21.co.jp>

We will further pursue the creation of new value with the aim of building a corporate brand deserving of trust and appreciation through the promotion of our Medium-term Management Plan, drafted in consideration for the future.



President
Yoshiteru Kitagawa

Ever since our establishment in 1973 Leopalace21 has cast aside conventional business ideas as a forerunner in the housing industry. We have continuously strived to create new value creation via development and introduction of innovative products and services. We launched our new start in December 2006 through the formulation and disclosure of the "Medium-term Management Plan: United Spirit" ending the period in March 2011, the final year of implementation, in response to the transition of our organization to a new organization in the form of a "Three Division Setup" (June 2006) for the purpose of aggressively maximizing the corporate vitality in our management efforts based on our compliance program. The "Medium-term Management Plan: United Spirit" provides a vision of the future "Image of Our Company" in ten and twenty years, clarifies what needs to be done and is formulated as a management plan for the coming five years.

Central themes that need to be pursued over the five-year period are set down as our "Corporate Vision," a premise for the aforementioned efforts, to be indicated to all our employees as a basic policy for the management of the Company. Two primary points are outlined in the vision: the first being the efforts to build a "Total Support Enterprise" through the further promotion of business operations and the second being the establishment of a "Corporate Brand" deserving of trust and appreciation. We will proceed with the formulation of our plans for the second phase of the plan based on this "Corporate Vision," with our achievement targets (consolidated accounts) set for the fiscal year ending March 2011, which will be the final fiscal year for the plan, with "¥1 trillion in net sales," "¥100 billion in recurring profit," "equity ratio of 50%," "15% ROE" and "dividend payout ratio of 30%." The first phase of the plan (the three year period starting from the fiscal year ending March 2007 to March 2009) is considered to be our "Management Base Establishing Period," during which we will be promoting the fulfillment of a profit base for the core business and a growth base for setting up the strategic three businesses. Furthermore, the second phase (from the fiscal year ending March 2010 to March 2011) is considered to be our "Synergic Expansion Period," during which we intend to transition into a phase where individual business operations can maximize their synergic effects.

The fiscal year ended March 2007, the first year of our Medium-term Management Plan, was launched in a smooth favorable manner, with our core business attaining almost ¥600 billion. The strategic three businesses started according to plan. We are certain that our challenge with considerations for the future will surely satisfy the expectations of our customers. We ask you, the stakeholders, to continue granting us your support and patronage. We will further pursue the creation of new value with the aim of building a corporate brand deserving of trust and appreciation through the promotion of our Medium-term Management Plan, drafted in consideration for the future.

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
Leopalace21

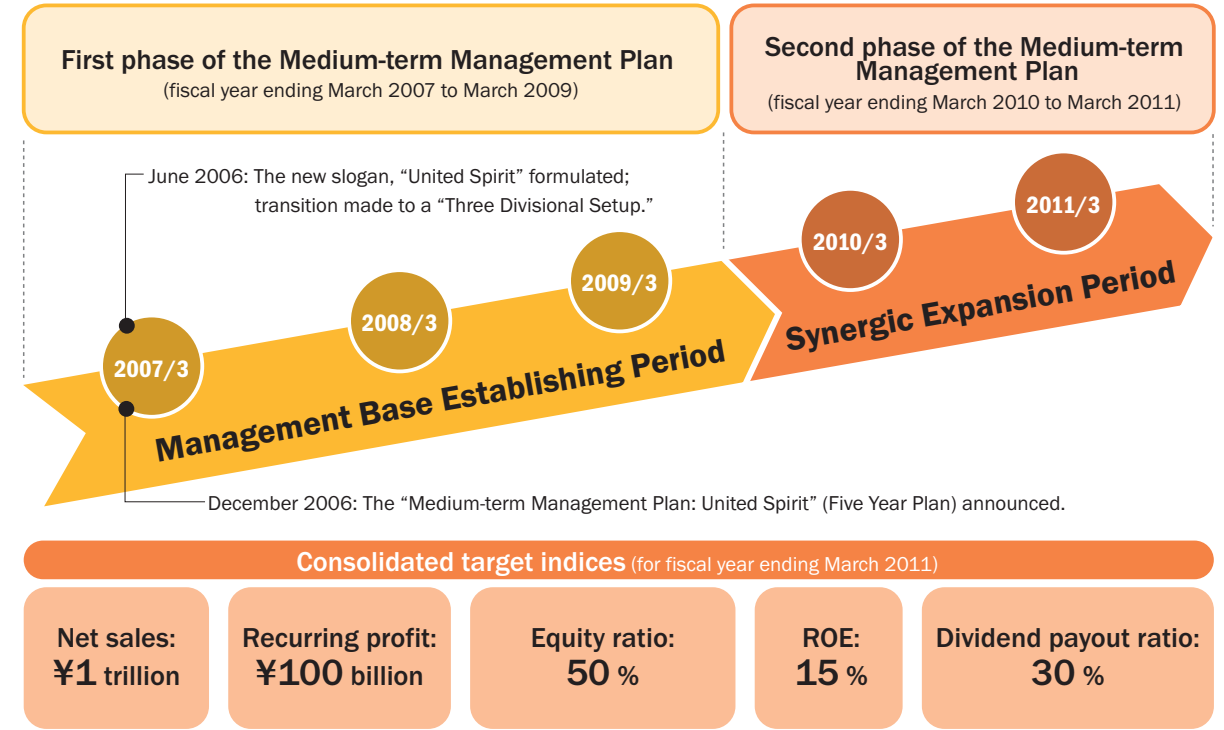
A United Spirit to meet today's constant demand for new value and constant change

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.

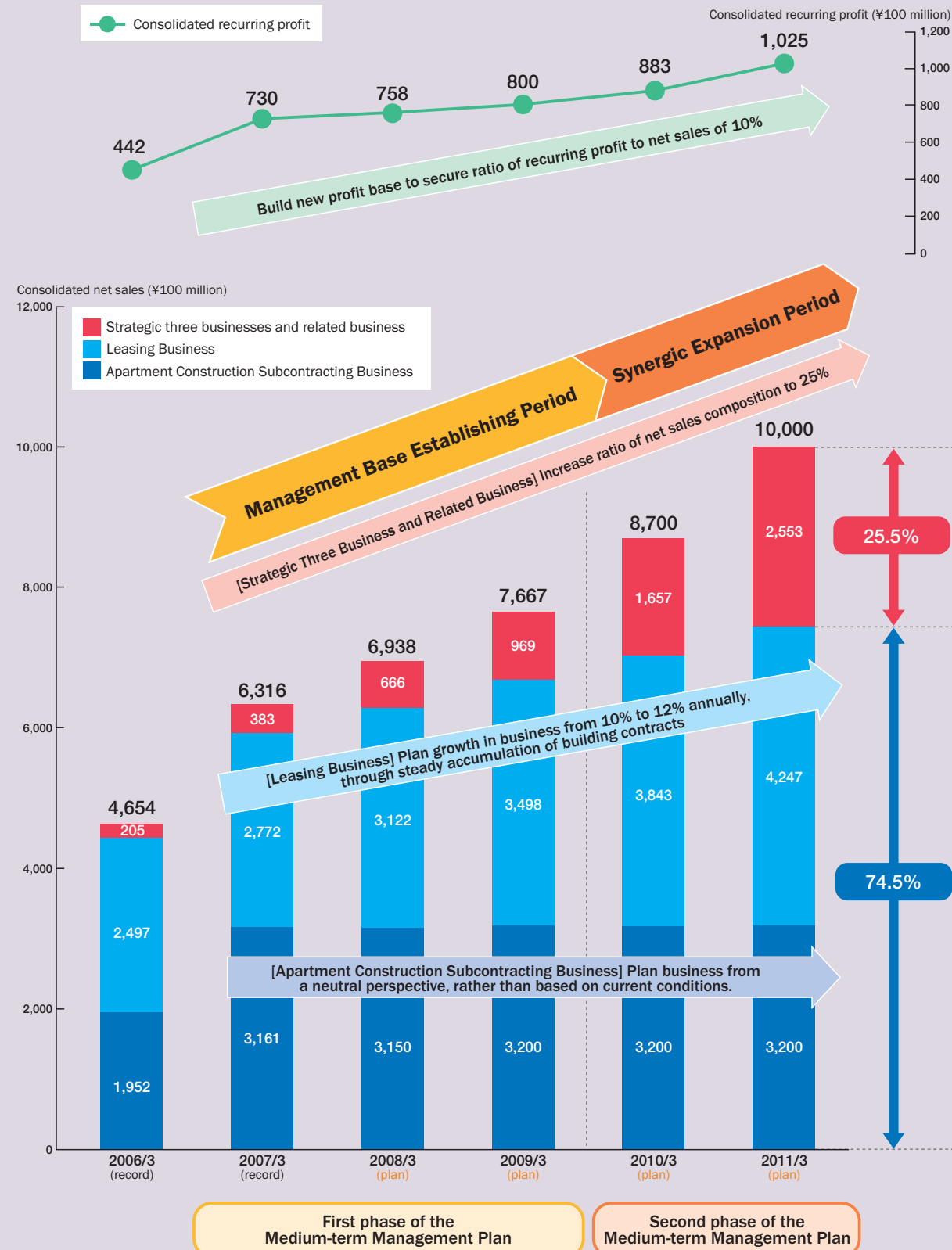
Course of action and target indices of the Medium-term Management Plan



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."

[Consolidated] Transition of net sales and recurring profit for business divisions (plan)



Point 1: [Apartment Construction Subcontracting Business] Plan business from a neutral perspective, rather than based on current conditions

The net sales for the Apartment Construction Subcontracting Business in the fiscal year ended March 2007, which is the first fiscal year of the Medium-term Management Plan, has increased significantly due to delays in the construction completion periods for a massive number of projects, as a result of the heavy concentration of projects scheduled for completion in March 2006, the month for financial settlement for the previous fiscal year. If this massive shift in construction completion is not included in the calculation for the amount of net sales at the start of the plan and basing the plan on our current order taking condition in recent years (annual average of about 10%), the scale of net sales for the Apartment Construction Subcontracting Business in the final fiscal year is expected to be ¥400 billion.

We felt that if this figure was to be incorporated into the plan, however, a critical management issue with consideration for the future in the medium-term period would be buried and lost, since the profitability of the Apartment Construction Subcontracting Business is higher than other business operations. It is for this reason that during the formulation of the current Medium-term Management Plan the sales amount for the Apartment Construction Subcontracting Business did not include prospective income from the current order receiving conditions but rather the plan was formulated from a neutral perspective (sustaining the business at a scale of about ¥320 billion).

Point 2: [Leasing Business] Plan growth in business from 10% to 12% annually, through steady accumulation of building contracts

Even though the formulation of the plan is based on a neutral perspective for the Apartment Construction Subcontracting Business, the task of management for most of the apartments, built by this line of business, is consigned to us each year due to the bulk leasing system requested by apartment owners, which results in a steady increase in the number of our managed apartment units.

When the plan for the transition of net sales for the Leasing Business is formulated based on this current condition with regards to the number of apartments being managed, it may be possible to secure growth of from 10% to 12% almost every year and therefore ¥400 billion can be expected by the fiscal year ending March 2011.

Point 3: [Strategic Three Businesses] Increase ratio of net sales composition to 25%

We look ten years and twenty years into the future and strive to make a significant leap towards becoming a "Total Support Enterprise," while working to increase the ratio of net sales composition for business operations other than core business. The "strategic three businesses" are central to this effort. In the fiscal year ended March 2005, which was prior to the inception of this setup, the ratio of sales composition for those business operations other than core business was a mere 2%. This figure will be improved to about 25% by the fiscal year ending March 2011, which is the final year of the Medium-term Management Plan, securing a growth base for the future.

Point 4: [Related Business] Convert business conditions for Apartment Total Support Business and startup of "LEO-REIT" Business

Backup plans that involve the utilization of strong complementary elements, such as the conversion of companies into companies applicable for consolidated accounting through the conversion of a business dealing with the Apartment Total Support Business operations (planned for the fiscal year ending March 2009), as well as starting "LEO-REIT" Business operations through strategic real estate investments on a scale of ¥100 billion, as an alternative means of raising the ratio of net sales composition for business operations other than core business in the future. In addition, the steadily secured operating revenue of Domestic Hotel Business, as well as the stabilization of the Overseas Resort Business will continue to be the focus of our efforts and will continue to receive proper support.

Point 5: Build new profit base to secure ratio of recurring profit to net sales of 10%

We will promote aggressive investments through such means as making "Strategic System Investments" (approximately ¥10 billion), which will become the foundation for converting the company into a "property asset management company for housing" during the period in which the Medium-term Management Plan is implemented, on top of the aforementioned "Strategic Real estate Investments" (approximately ¥100 billion). In addition, interest-bearing liabilities will be systematically reduced in order to substantialize management without debts for the purpose of enhancing the financial base.

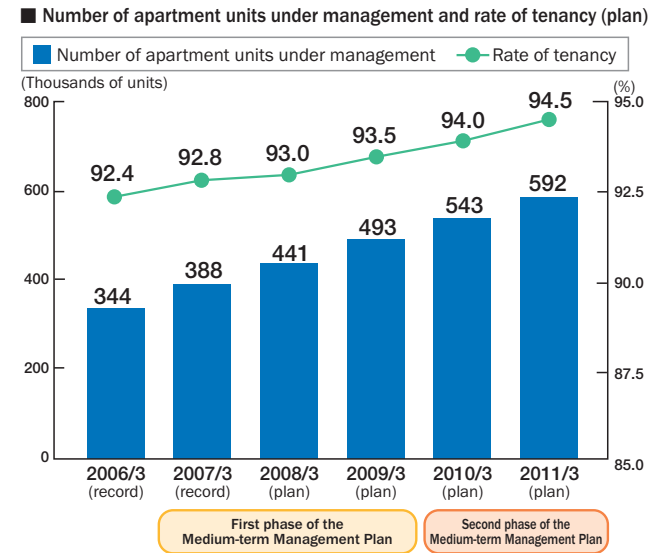
We will promote the aforementioned business plan in our aggressive investments and activities for a conversion to debt-free management in order to build a new profit base to secure the ratio of recurring profit to net sales of 10% (consolidated recurring profit for the final fiscal year to be ¥100 billion).

Strategies of Core Business

Promote quantitative increases and qualitative improvements simultaneously for converting into a “property asset management company for housing”

We have been aggressively consigning apartments that we have completed through our Apartment Construction Subcontracting Business, thereby increasing our stock of consignments (number of apartment units under management), based on our belief that successful leasing operations are the key to the apartment business. We increased the number of apartment units under management by approximately 2.3 times, from 152 thousand units to 344 thousand units in five years from the end of March 2001 to the end of March 2006 as a result, rapidly increasing the volume of stock that we handle.

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] Introduce new apartment products and services

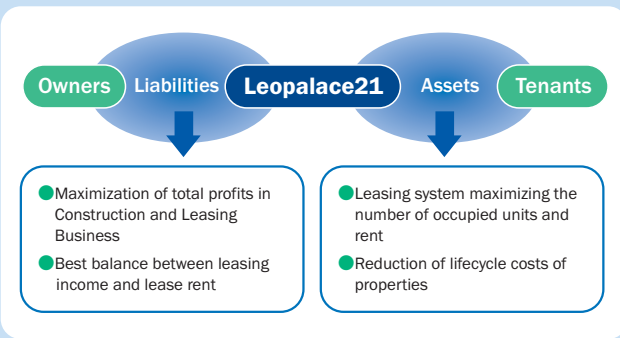
The first quantitative increase strategy is enhancement of the Apartment Construction Subcontracting Business, which is the driving force behind further increases in the volume of our stock in the future. It is essential that the properties and services match the needs of the tenants in order to secure a high rate of tenancy, which is an important key for successful apartment management. We are currently offering 20 types of properties for the standard series alone, with the intention for substantiating the product to match the needs of prospective tenants, increasing in recent years, such as units suitable for couples living together, persons living with pets, as well as substantiated security. We will continue to aggressively introduce new apartments and services in the future to maintain a stable increase in the number of orders received.

② [Quantitative increase strategy - 2] Establish an organizational framework with 400 outlets and 2,400 sales persons in Leasing Business

As the second strategy of the quantitative increase strategy, the enhancement of the corporate organization for the Leasing Business is promoted, corresponding to the number of units, which continue to increase into the future. Currently 1,859 sales personnel at 280 sales offices (Leopalace Centers) handle our Leasing Business as of the end of March 2007. We intend to enhance this organization by increasing the number of sales locations nationwide to 400 and the number of sales personnel to 2,400 to maintain a high rate of tenancy by the fiscal year ending March 2011.

③ [Qualitative improvement strategy] Complete leasing ALM system (first phase plan) and operate at full-scale (second phase plan)

As a strategy to improve quality, on the other hand, we are proceeding with our construction of the “leasing ALM system,” a new business base for maximizing operating revenue with regards to apartment units managed by us (assets being held on behalf of apartment owners), which are expected to increase to about 592 thousand units by the end of the final fiscal year of the plan (fiscal year ending March 2011). We aim to complete the construction of this system during the first phase of the plan (until fiscal year ending March 2009) and target full-scale operations from the fiscal year ending March 2010, during which the second phase of the plan will begin.



This system organically links abundant management data accumulated through over 20 years of our apartment business with external market data to optimally control operations of a gigantic number of assets under our care. We intend to build this system to a level that rivals the sophistication of systems used by financial institutions in order to deliver the utmost in terms of quality and to bring out the best of our strengths in the stock business.

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

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

The overall strategy for our Medium-term Management Strategy targets a significant leap towards becoming a “total support enterprise for housing.” The Residential Business and Silver Business will be taking on important roles for this purpose. We are providing residential dwellings in the form of rental apartment units, primarily to younger single persons and younger families through our core business. In the future, we aim to offer home ownership to families through our Residential Business and nursing care facilities for the elderly generation through our Silver Business in order to make a leap towards becoming an enterprise that can provide suitable modes of housing to match the needs of various individuals.

The Residential Business and Silver Business are both structured for the construction of residential housing or nursing facilities to be sold and are in fact extensions of our core business model. For this reason it is possible for both of these businesses to efficiently and assuredly expand, based on their existing business infrastructure (such as leasing operations, contracted outlets, and pool of both managed apartments and apartment owners).

① [Residential Business] Proceeding with construction of base as entry into three metropolitan areas completed

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.

Our business is doing well according to our plan, with the number of properties scheduled for sale reaching approximately 300 in the Kanto Region by the end of March 2006. Additionally, we entered the Chubu and Kinki Regions during the fiscal year ended March 2007. We intend to accelerate our efforts in these individual areas and to build a strong business base in each of these areas in the future.

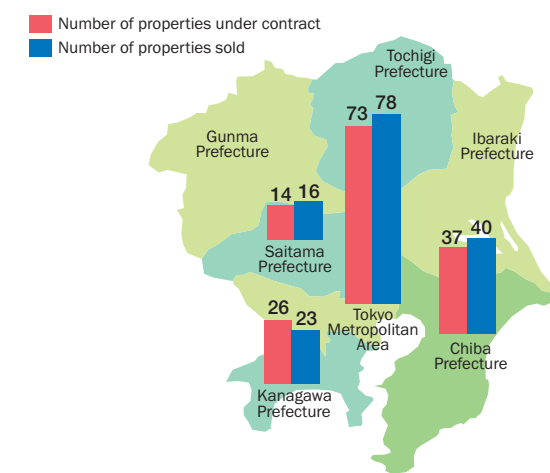
② [Silver Business] Early completion of entry into three major metropolitan areas and moving on to accumulating business results

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.

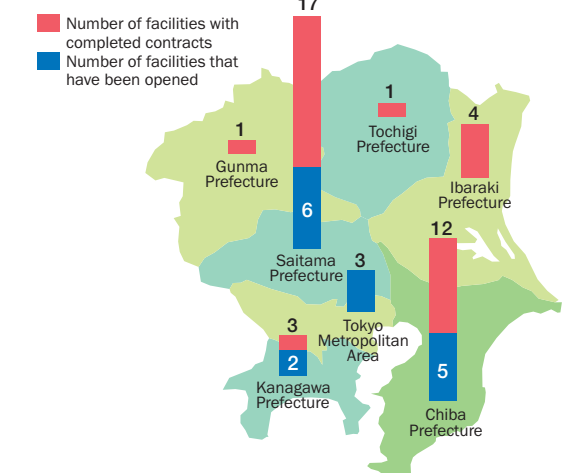
The operation of the facilities following their construction for the Silver Business, holds the key to business success. For this reason, we intend to concentrate on building our operational know-how during the first phase of the plan and schedule a gradual development, unlike the Residential Business 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 (as of March 31, 2007)



Current state of development of Silver Business (as of March 31, 2007)



Note: In addition to the above, the actual record in the Kinki Region contained four buildings under contract and three buildings which had been sold.


Strategy of Strategic Three Businesses - 2: Broadband Business

Promote conversion to revenue through enormous size brought about by core business as part of 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 a unique broadband service, "Leopalace BB," to mainly occupants of managed apartment units and have been proceeding with the installation of STB units (LEO-NET terminals). The installation has been completed at approximately 83.3% (324,000 units) of the managed units as of March 31, 2007. This gigantic market unique to us 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. The expansion and increase in number of targeted individuals will continue as services are implemented to our silver facilities, as well as through sales to external institutions, such as hotels and medical institutions.

We are currently developing and implementing paid services to occupants and services that utilize media value to corporations in a sequential manner, in order to promote our conversion into revenue gained from benefits of our gigantic size.

Content of Broadband Business's principal services



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)

Strategy for Related Business - 1: Conversion of business mode for Apartment Total Support Business

Consideration of all services provided to apartment owners as consistent business operation, and converting Leopalace Owners' Mutual Insurance System to business operation

In order to resolve uncertainties relating to the risks of managing apartment units for apartment owners and to be able to promise to deliver stable management of apartment units over long periods of time, we are implementing our master sublease system that ensures rent income and the cooperative program (Leopalace Owners' Mutual Insurance System) that guarantees apartment building maintenance and administration. The master sublease system is implemented as the basic structure of our Leasing Business and the system itself is incorporated into the business. The Leopalace Owners' Mutual Insurance System on the other hand, is a system set up as a contingency to deal with unexpected situations and was operated separately from our business operations.

However, in the future we intend to consider all services provided to apartment owners as a business comprised of a series of consistent services and we aim to centrally manage all our management resources (personnel, properties, funds and information). We now consider the Leopalace Owners' Mutual Insurance System as the Apartment Total Support Business and intend to incorporate the business as a part of corporations subject to consolidated accounting, for the fiscal year ending March 2009.

Strategy for Related Business - 2: The "LEO-REIT" Business through strategic real estate investments

Launching "LEO-REIT" Business aiming for 7% rate of return on operations through strategic real estate investments of approximately ¥100 billion

We have hotels at seven locations nationwide (with one opening in Hakata in April 2007) and high-rise apartment buildings, "Leopalace Flat" situated at 14 locations, to form synergic effects by complementing the nationwide network of our core business. We will coincide our timing with the exit of the Japanese economy from deflation and in the future conduct strategic real estate investments amounting to approximately ¥100 billion by the fiscal year ending March 2011, to fulfill and substantiate our business infrastructure, as well as to improve the quality of our fixed assets.

In addition to hotels and high rise apartment buildings, situated on sites near railway stations, the subject of our investments will include retail spaces of our core business (Apartment Construction Subcontracting Business and Leasing Business) as well as for establishing and maintaining the facilities of our strategic business (Silver Business and Broadband Business), even for the fulfillment of venues for various events. Our policy is to implement all these activities as corporation-wide undertakings. Furthermore, facilities arising from these investments will be converted into real estate securities as much as possible and launched as our "LEO-REIT" Business operation, with the aim of securing operational revenue of 7%.

Summary of strategic real estate investments

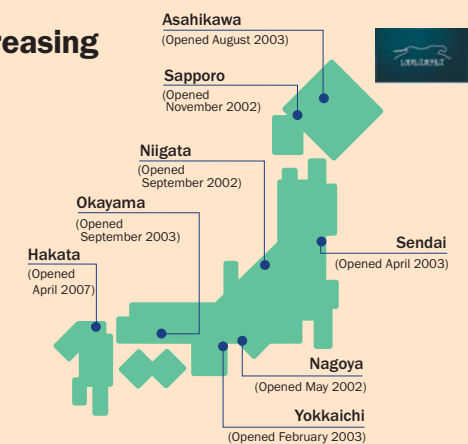
- Investment scale: Approximately ¥100 billion (by fiscal year ending March 2011) (about 50% of operating cash flow)
- Investment standard: ROI of about 7%

Strategy for Related Business - 3: Domestic hotel business

Increasing synergic effects with core business by increasing the number of locations as well as part of strategic real property investments

In April 2007 we opened "Hotel Leopalace Hakata," our eighth domestic hotel location. Know-how derived from apartment management is being used effectively in our Domestic Hotel Business. The hotels are available in the ordinary mode of accommodation, for people on tours or business trips, as well as for long-term stays with a "Monthly Leopalace Flat" contract, which is the same as the contract for our apartment leasing. Furthermore, our core business locations are also installed inside these hotels and they are utilized as a sales center for these areas.

We intend to continue increasing the number of locations as needed in the future, through the aforementioned strategic real estate investments and aim to create synergic effects, such as contributing to the enhancement of community based activities for core business.



Strategy for Related Business - 4: Overseas Resort Business

Increasing revenue at Overseas Resort Business starting on a course for stable growth

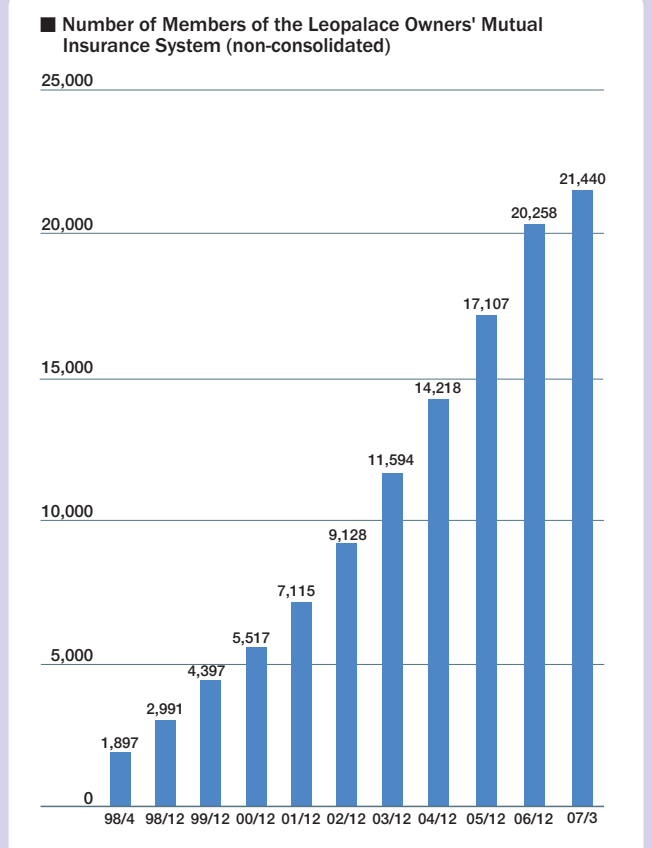
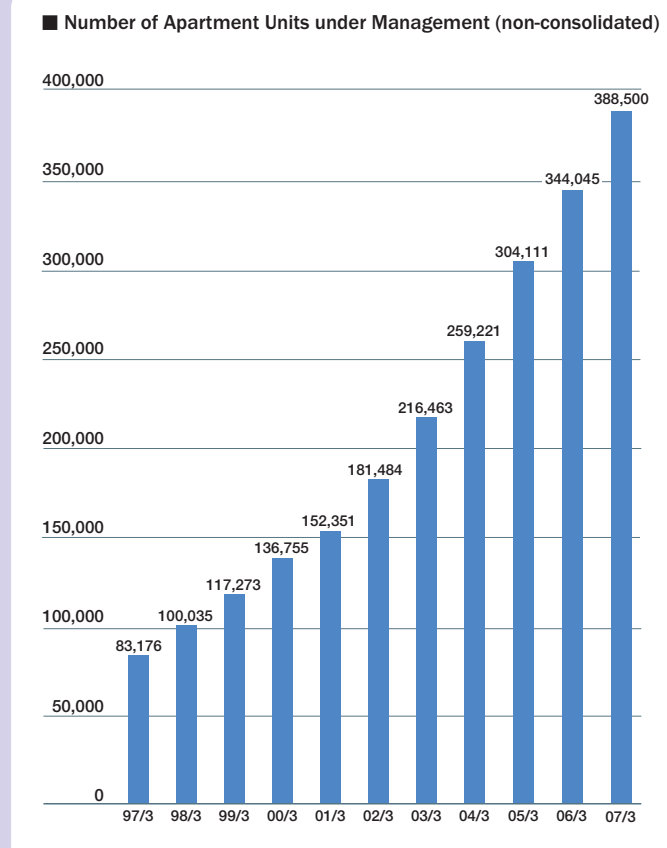
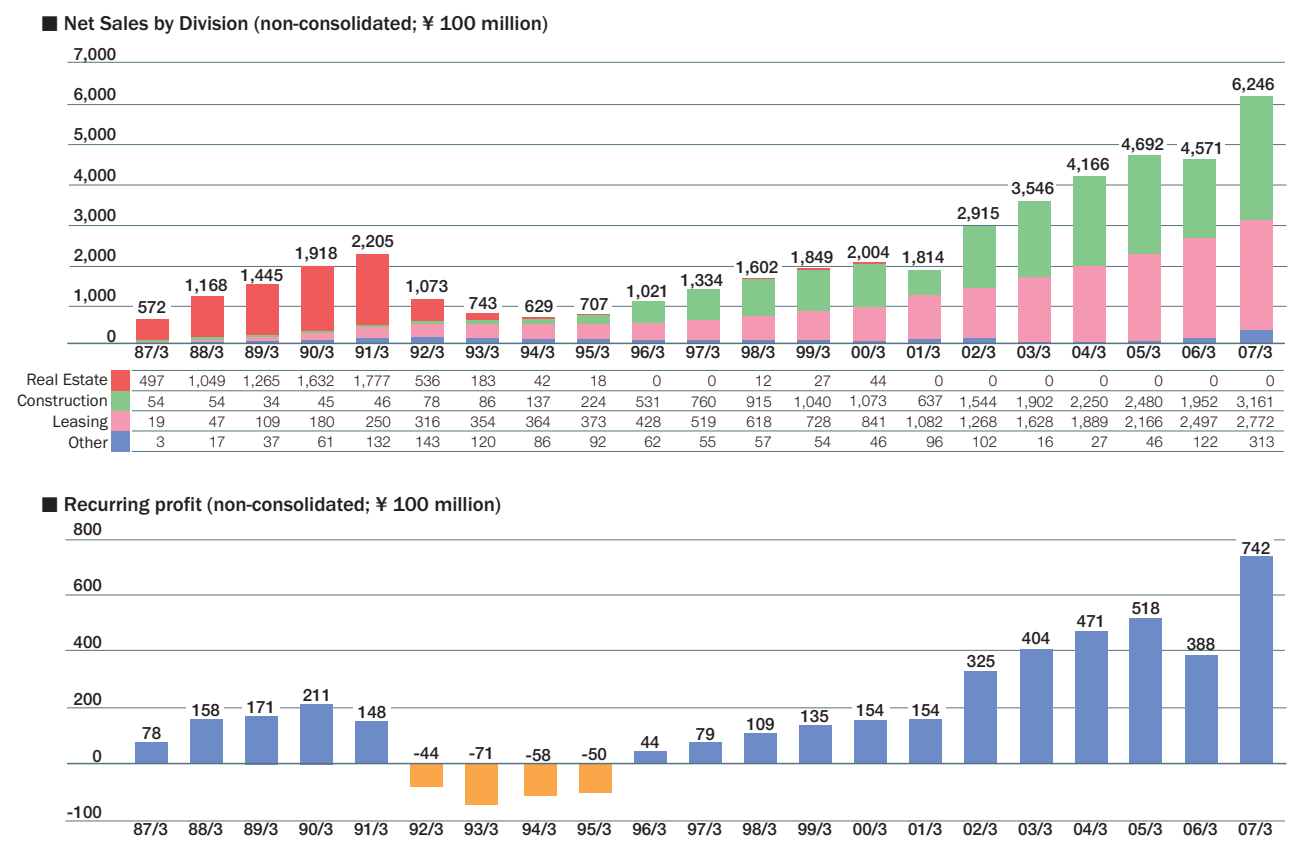
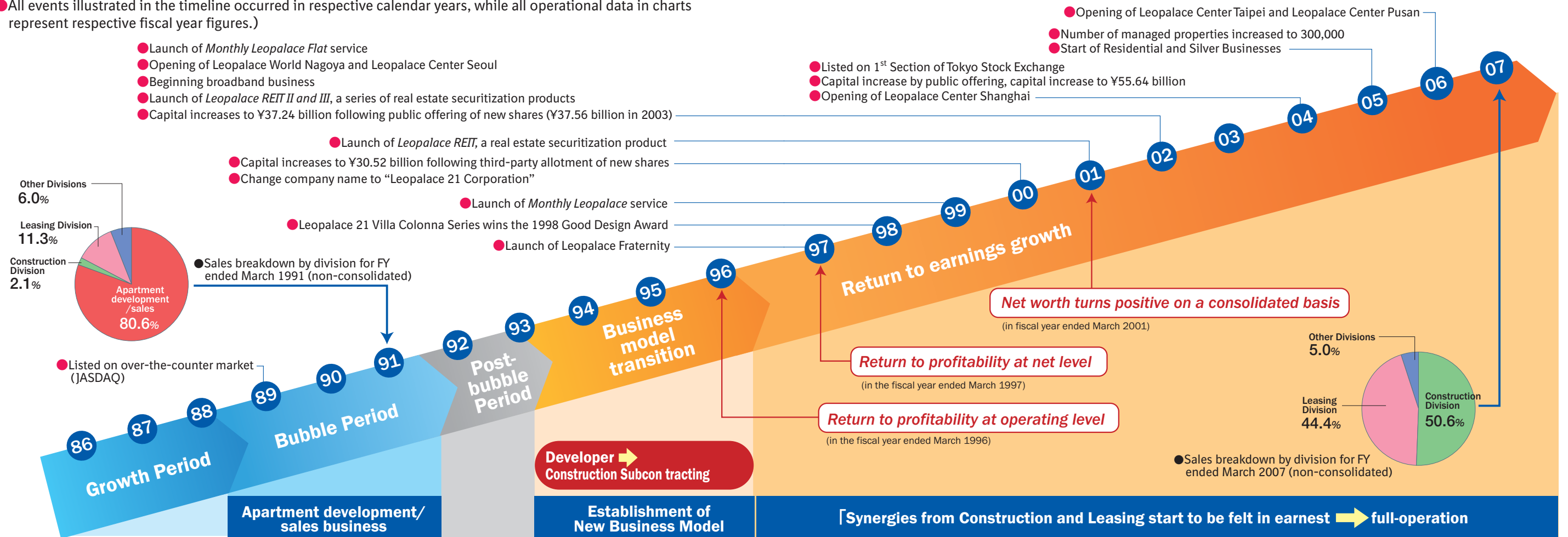
Our Overseas Resort Business (in Guam), implemented through our wholly-owned subsidiary, MDI Guam, started on a stable course after completing a series of infrastructure improvements by 2005 and negotiating business in collaboration with major travel agencies, as well as developing our own projects, which resulted in an increased trend of drawing customers. The average availability of Leopalace Resort units during the fiscal year ended March 2007 was 59.9%, with a room occupancy totaling 136,258 rooms, with 28.1% being used by our apartment owners and 2.7% being used by our shareholders. In addition to increasing synergic effects with core business, we are focusing our sights on the development of silver facilities as options for long-term stays.



Westin Resort

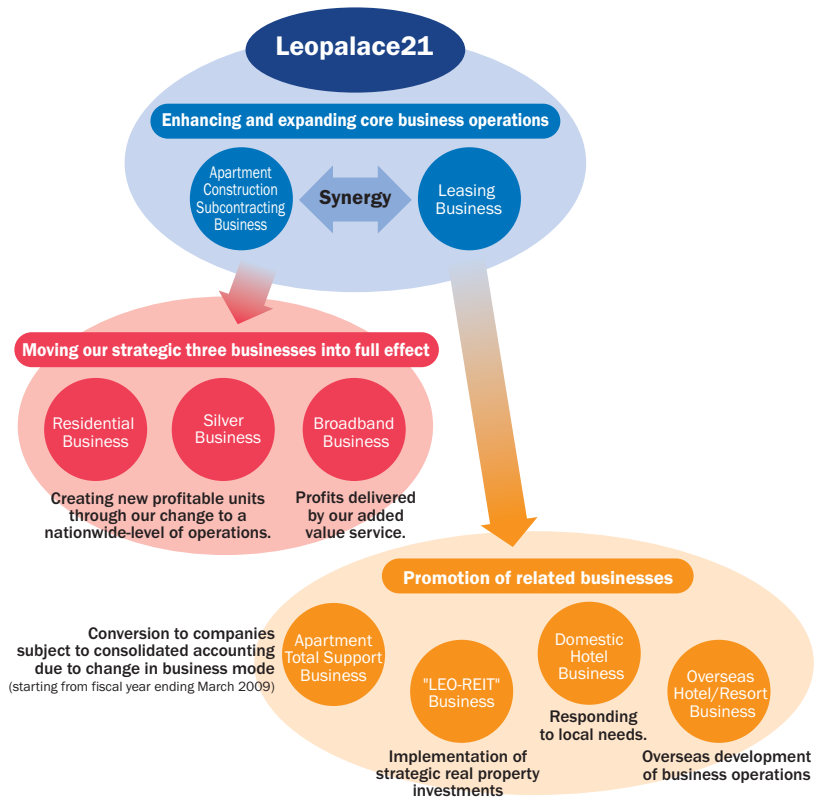
Leopalace Resort

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



Status of Business Expansion

We consider Apartment Construction Subcontracting and Leasing Businesses, relating to apartment management, as our two core businesses, providing comprehensive support for managing apartment units and enhancing implementation of the strategic three businesses, as well as related business, in order to make a significant leap towards becoming a total support enterprise for housing for our customers.



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.

Moving our strategic three businesses into full effect

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. These businesses were off to a good start as new businesses in 2005 and we are currently developing into three full-scale strategic divisions.

Promotion of related businesses

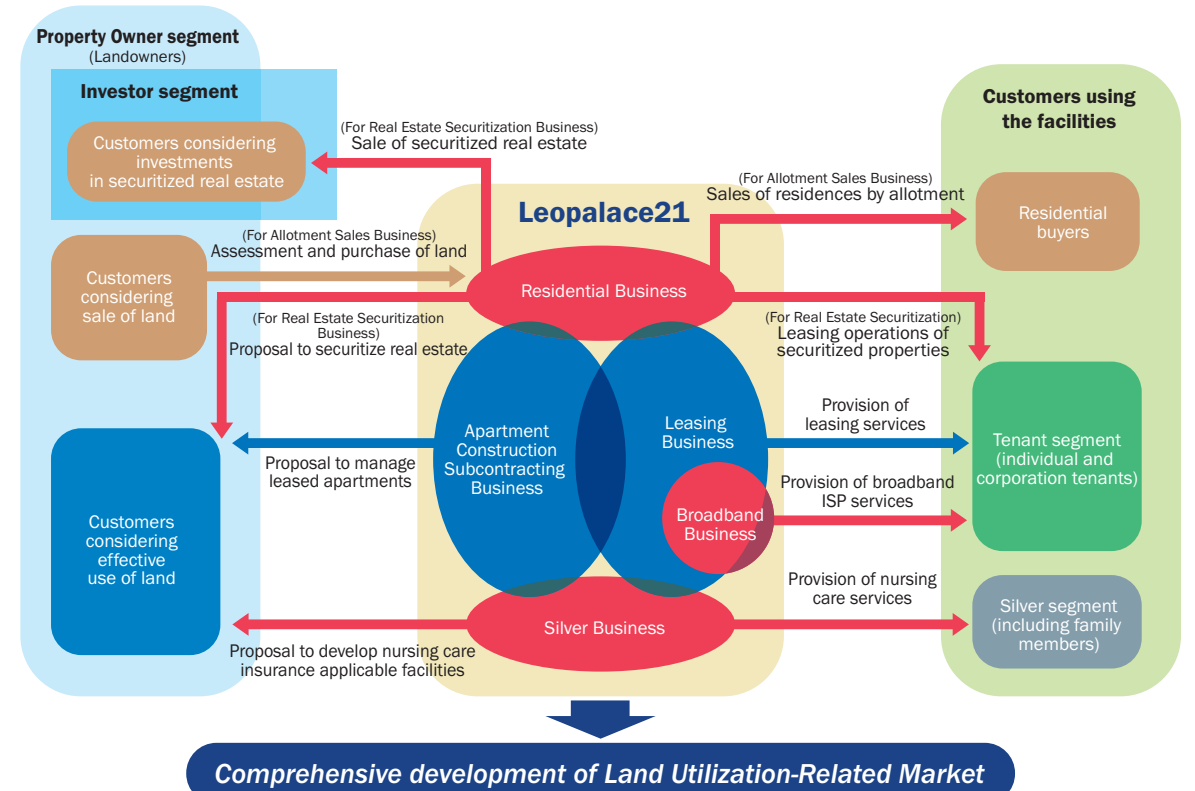
We are promoting our "Domestic Hotel Business" and "Overseas Hotel/Resort Business" as related businesses that can be implemented using our management resources. These play the role of fillers for gaps that exist among the core business and between our strategic three businesses, with the drawing of new customers and complementing functions for the core business. In addition, preparations are currently being made to launch the "Apartment Total Support Business" and the "LEO-REIT Business".

Summary of Operations

Apartment Construction Subcontracting Business	We provide products with strong overall features offering high performance functions that are required of leased residential properties, such as low cost, energy saving and high durability, as well as sophisticated designs and user-friendly functionality to complement a unique total-support system, which provides powerful support for the management of residential leasing properties and ultimately their owners.
Leasing Business	We are leasing residential properties based on our Leopalace21 Leasing System which offers features, such as no security deposit and no key money payments, as well as the Monthly Leopalace Flat that provides furnished rooms with furniture and consumer appliances on a weekly and monthly basis. We are responding to a wide range of prospective tenant needs to secure an extremely high rate of tenancy.
Broadband Business	Our Broadband ISP service business, Leopalace B.B., includes digital rental video services, satellite television broadcasting services, internet access services and IP telephone services for the tenants of leased apartments that we manage throughout the country.
Silver Business	We will respond to the full-scale onset of an aging society and provide community-based Group Homes and Day Services and offer various nursing care facilities and services, such as planning, developing, administering and managing Private Nursing Homes and Short Stay Services (specified short-term nursing home care).
Residential Business	We will continue to conduct our Residential Housing Allotment Sales business, Condominium Units Sales business and Leopalace Flat business that deal with urban-type medium to high rise studio units, through our Real Estate Development business.
Apartment Total Support Business	"Leopalace Owners' Mutual Insurance System" currently operating as a cooperative program to ensure maintenance and administration of apartment units as a part of our support strategy for apartment owners, will be redefined as a new Apartment Total Support Business and conversion into a business operation is expected (scheduled date for business conversion: Fiscal year ending March 2009).
"LEO-REIT" Business	Various facilities which will be created with strategic large-scale real estate investments for the future will be aggressively converted into real estate securities as needed (business operations are expected to be launched officially following the conversion of the first property into real estate security during the period covered by the Medium-term Management Plan).
Domestic Hotel Business	We are operating hotel businesses in major cities around the country, aiming to manage hotels that are accessible to our customers by providing new services that are in line with the times and by setting reasonable prices.
Overseas Hotel/Resort Business	We are engaged in major resort business operations at two locations in Guam, one in the central district and the other in the northwestern section of the island, through our wholly owned subsidiary, MDI Guam.

Overall Image of Business Operations (excluding overseas operations)

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".



Comprehensive development of Land Utilization-Related Market

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.

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 Leopalace 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

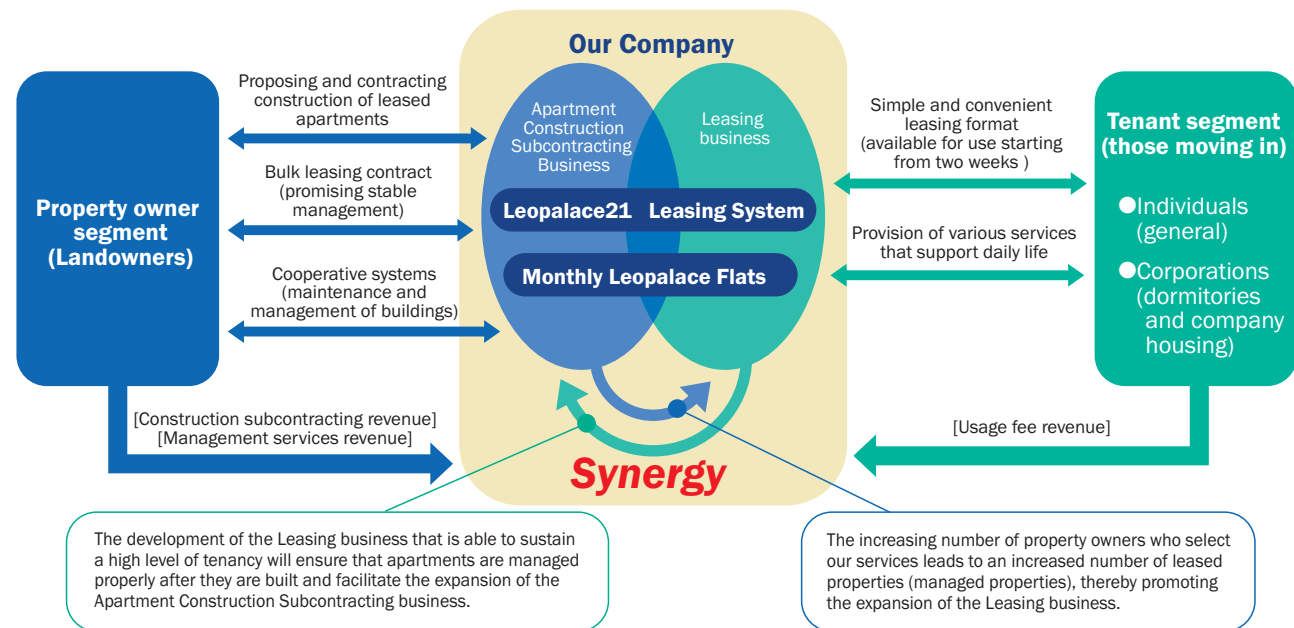
Approaches employed to aid users are conducted by four business operations, including the Leasing business, which is a core operation, along with the Broadband business, Residential business and Silver business.

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 (Leopalace 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 a 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 2007 was approximately 19,160 (an increase by 31.2% over the same period of the previous year), showing a favorable increase. Furthermore, starting in April 2007 corporate sales locations increased by about 40 locations, resulting in a 67-location corporate organization, further improving the potential for 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

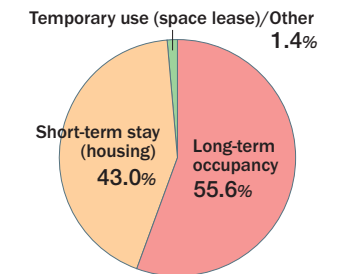
The Leasing Division offers products designed for long-term occupancy and short-term stays. The former responds to the long-term occupancy through the Leopalace21 Leasing System that does not require lease deposits and key money, while the latter is Monthly Leopalace Flat, which is provided with furniture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

Breakdown of Monthly Leopalace Flat tenants (for fiscal year ended March 2007)



● Security Installations

- Intercom equipped with monitor
- Card key
- Security windows (first floor only)



● Facility with pet accommodating specifications (some available)

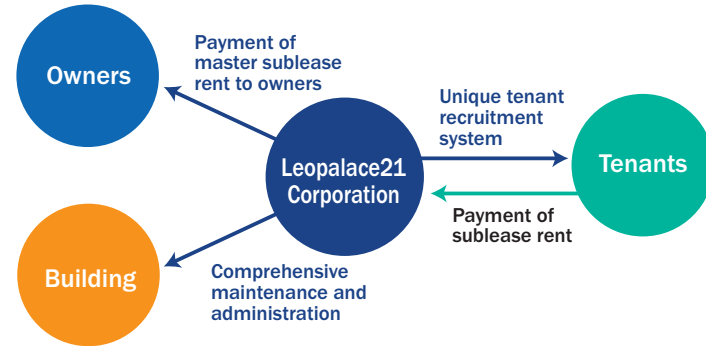
- Leash hook
- Western door with pet access

*Includes currently unfinished properties

Characteristics and Competitiveness 1 Master sublease system and owners' mutual insurance

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 1,051 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 Leopalace owners' mutual insurance system, which guarantees apartment building maintenance and administration, represents our key support systems for apartment owners.



system ensure 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 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. By maintaining the asset value of buildings at high levels through consistent maintenance efforts, we endeavor to secure stable apartment operations. Furthermore, building maintenance, which is long-term in nature, is guaranteed by the Leopalace Owners' Mutual Insurance System, which protects owner lifestyles from unforeseeable situations.

*The "Leopalace Cooperative Society" is currently preparing for a business conversion to become an "Apartment Total Support Business" in the fiscal year ending March 2009.

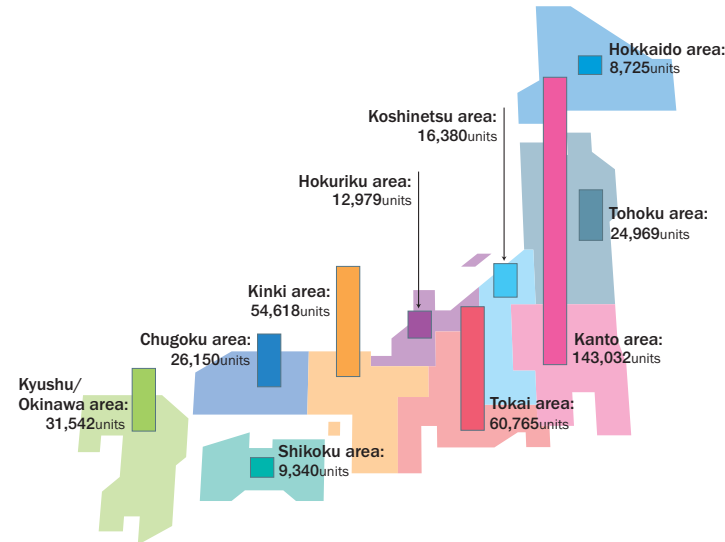
Characteristics and Competitiveness 2 Nationwide studio apartment network, supported by

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 388 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.

●Number of apartments managed by area (at end-March 2007)

Total number of units in Japan 388,500



online search capabilities

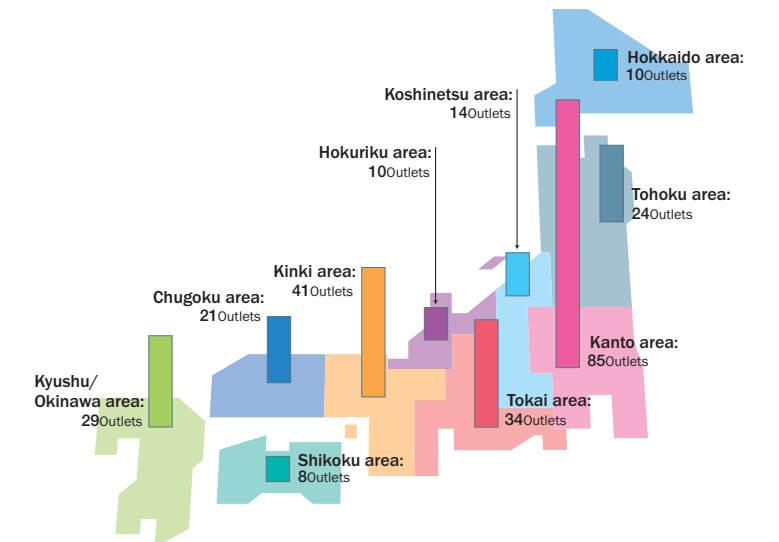
Domestic network of 276 Leopalace Centers

Visitors to Leopalace Centers at 276 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.

●Number of Leopalace Centers by area (at end-March 2007)

Total number of outlets in Japan 276

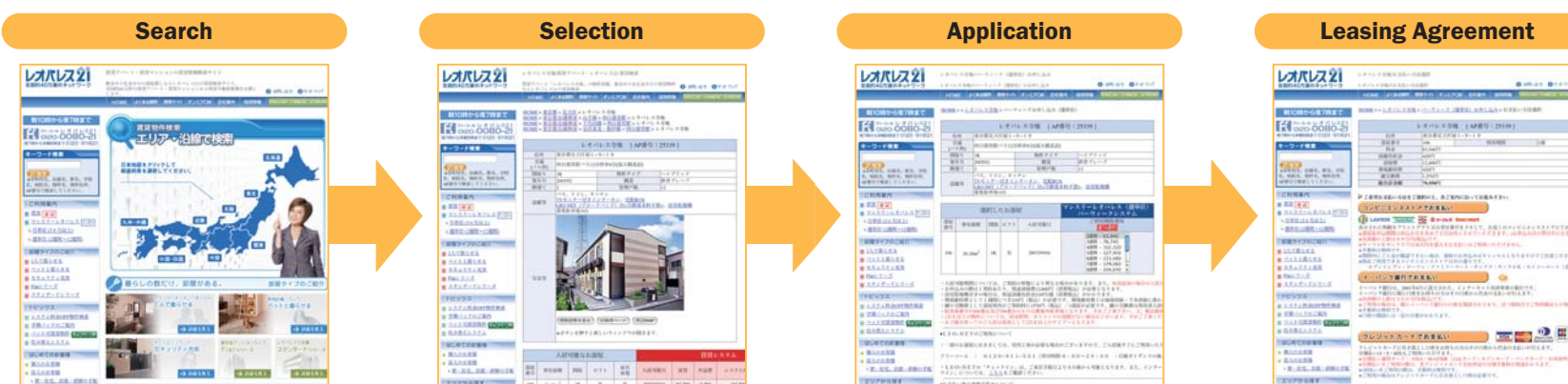
*In addition to a further four overseas outlets.



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 388 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.

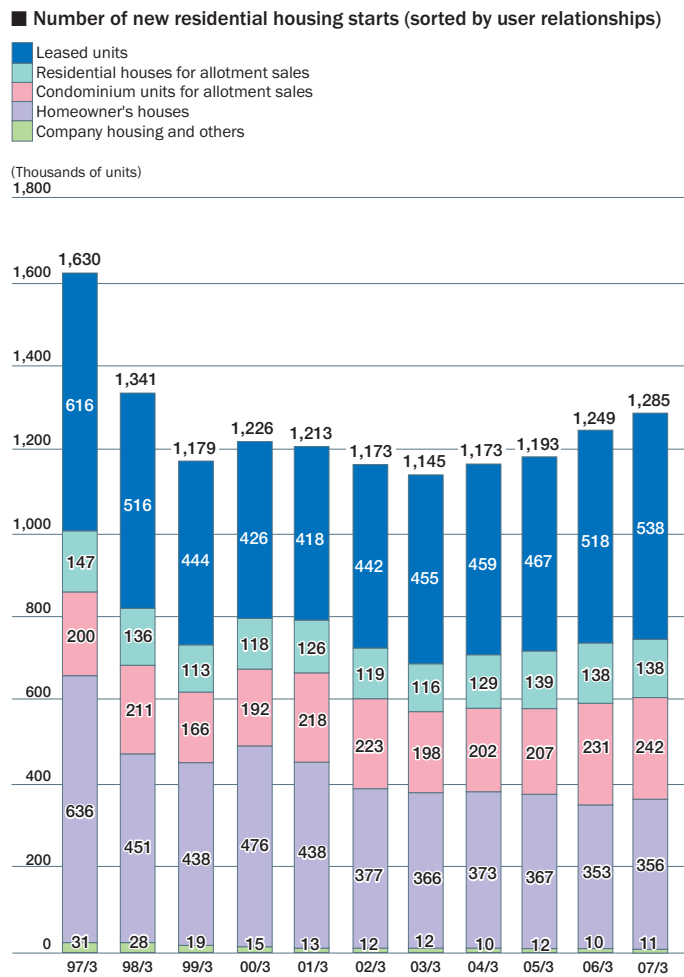


Real-time search on our mobile Internet site

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.

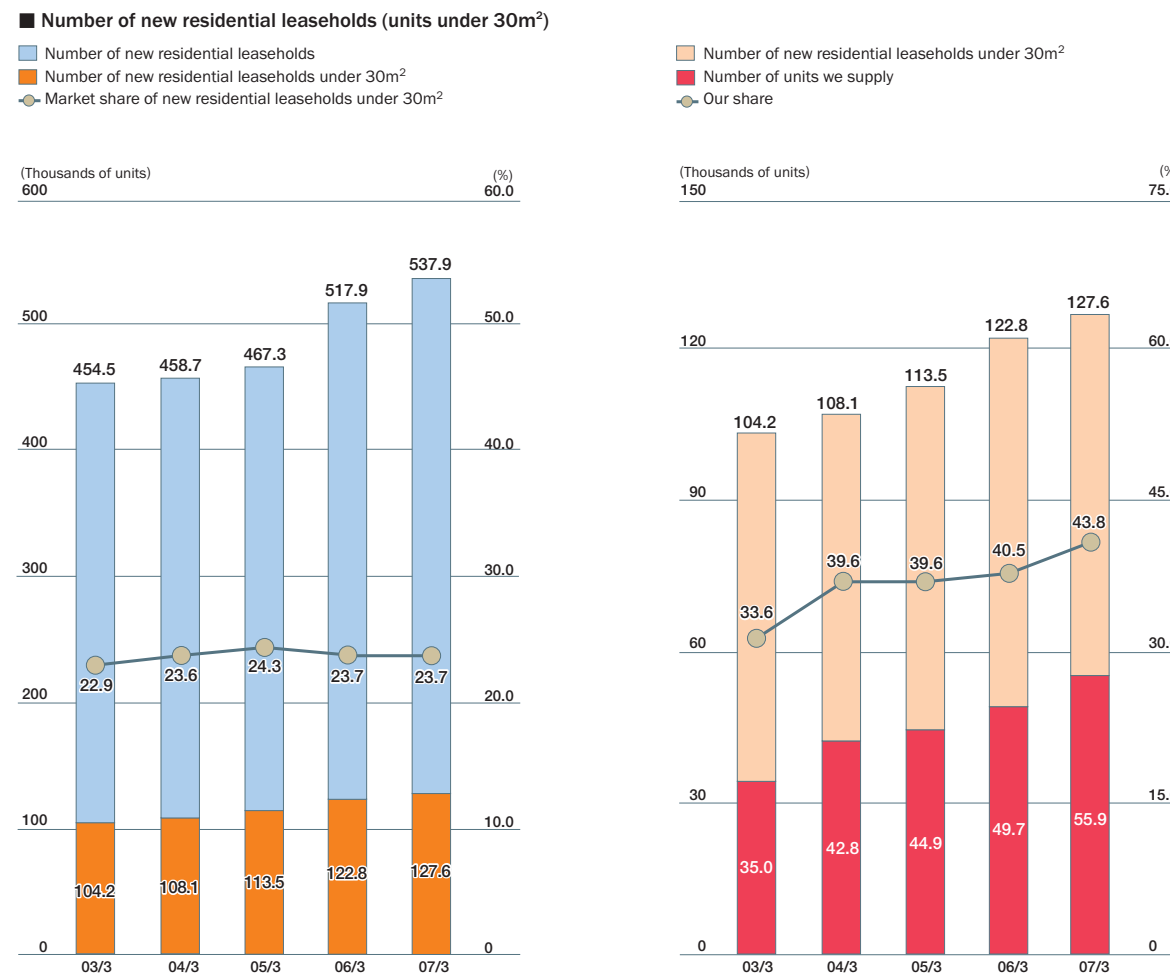


Demands (Residential Construction Market)



Note: Excerpted from Residential Housing Construction Work Commencement Statistics for fiscal 2006 of the Ministry of Land, Infrastructure and Transport.

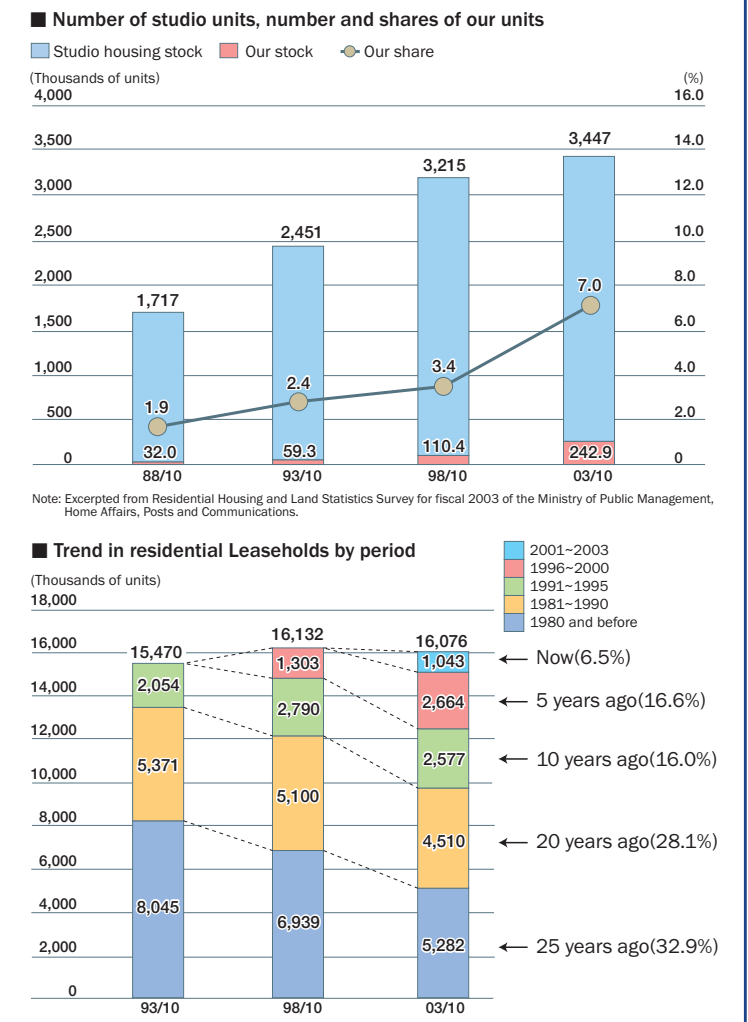
Supply (Residential Leasehold Construction Market)



Note 1: Excerpted from Residential Housing Construction Work Commencement Statistics for fiscal 2006 of the Ministry of Land, Infrastructure and Transport.
 Note 2: All figures are based on fiscal year periods.

Note: As of March 2007, the total number of units supplied by our company is taken as the actual number of units supplied.

Stock and Rebuilding (Residential Leasehold Construction Market)



Note: Excerpted from Residential Housing and Land Statistics Survey for fiscal 2003 of the Ministry of Public Management, Home Affairs, Posts and Communications.

Residential housing supply status has been recovering slowly over the past four years while undergoing changes in terms of market share makeup

According to the Residential Housing Construction Work Commencement Statistics of the Ministry of Land, Infrastructure and Transport, the number of newly built residential housing units peaked in fiscal 1996 (ending March 1997) with 1,630 thousand units, while the figures changed to 1,179 thousand in fiscal 1998 (ending March 1999) and thereafter continued to hover around 1,200 thousand units. In the past four years the trend has been showing a slow recovery.

In the meantime, homeowner's houses recovered somewhat, but was still declining, while leased units and residential houses for allotment sales increased in number, resulting in a dramatic shift in the market share makeup.

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.

Construction of leased units less than 30m² are steadily recovering

Leased units under 30m² comprise our core field and have shown a rapid increase in recent years. The number of construction work commencing in fiscal 1999 (ending March 2000), for leased units under 30m², bottomed 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, although the proportion of residential units less than 30m² among the overall total number of leased units being constructed had increased in fiscal 2004 (ending March 2005), in the most recent two years units over 30m² showed an increase over the units less than 30m², which displayed a slight decrease. Both units had similar shares of almost one quarter of the total figure (23.7%).

Our share of supply for studio apartments is 43.8%

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.

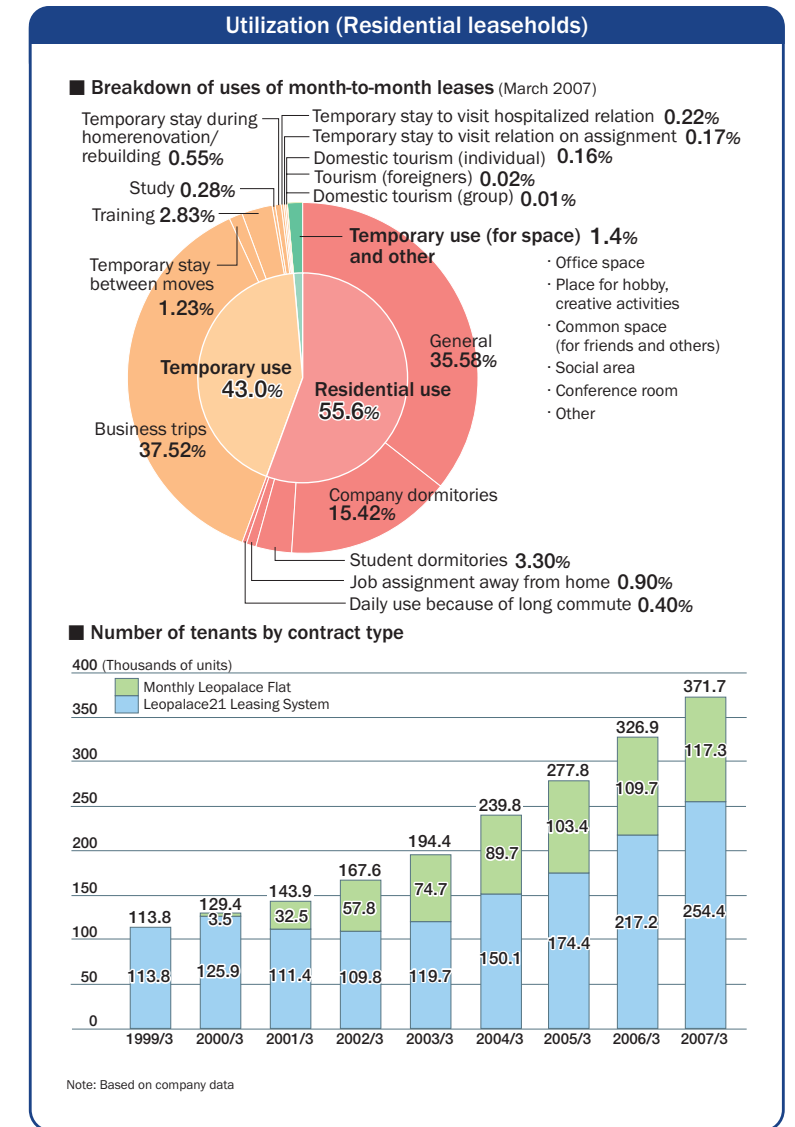
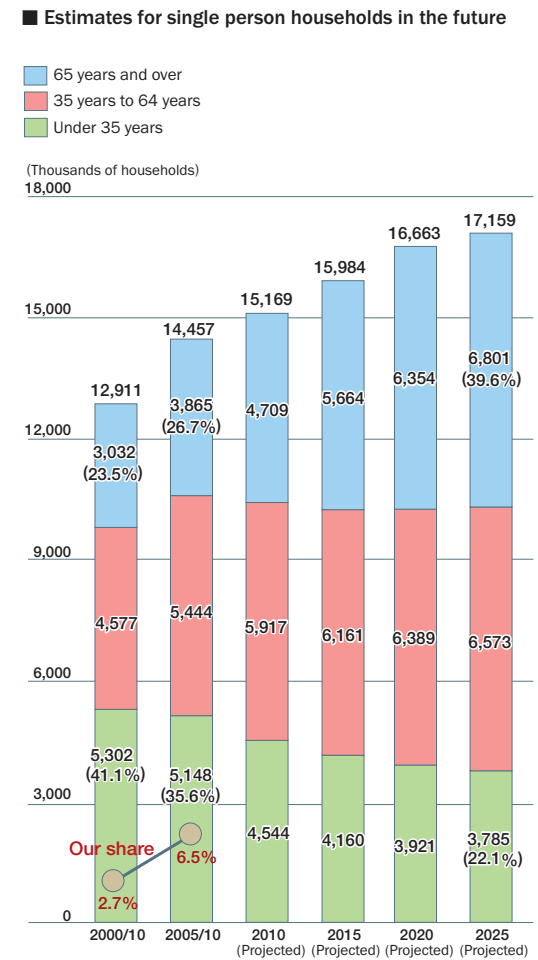
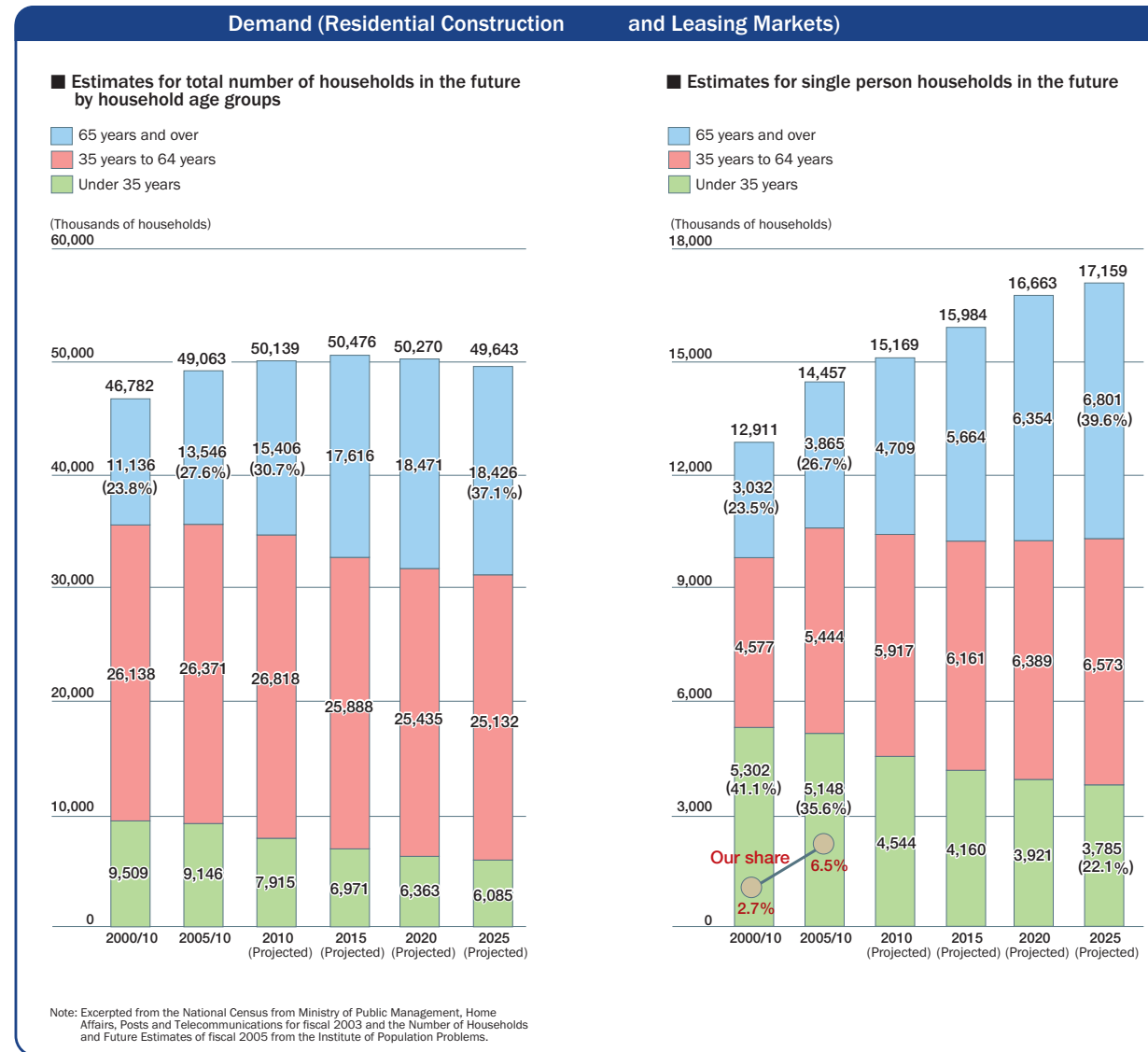
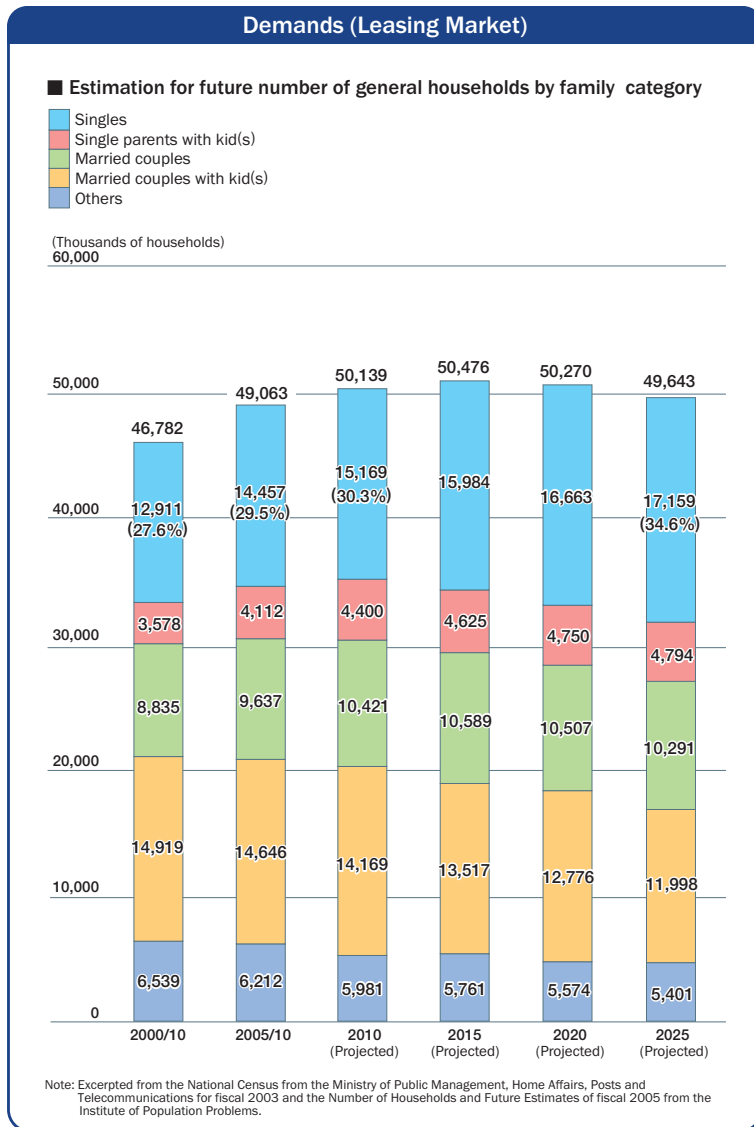
Furthermore, the graph shown above represents the number of new units supplied by our studio apartment operations (Apartment Construction Subcontracting Business) for the construction of leased units under 30m². In fiscal 2006 (ending March 2007) we were able to maintain or improve on our high market 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.

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 15,169 thousand by 2010 and comprise over 30.3% of the market share. Furthermore, an estimate for 2025 shows the number of households will reach approximately 17,159 thousand, with 34.6% 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 for the future number of general households by family category, as viewed in terms of age group. The so-called silver population, comprised of people aged 65 and over, will exceed the 30% share of the makeup in 2010 and their share of the makeup will reach 37.1% by 2025. This means that a gigantic silver business market, comprised of one out of every three 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 19, 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 in shorter segments, responding appropriately to the changing needs of the market. The number of units for this service increased to 117.3 thousand units by the fiscal year ending in March 2007.

Consolidated



Non-Consolidated

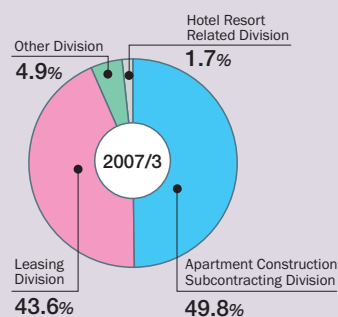


	2003/3	2004/3	2005/3	2006/3	2007/3
Net sales	360,368	422,224	476,266	465,386	631,608
Operating profit	44,525	51,670	54,682	40,775	76,007
Recurring profit	36,345	41,299	53,265	44,151	73,002
Net income	20,464	20,960	33,262	-16,582	37,358
Total assets	410,340	421,163	453,434	412,803	454,819
Net assets	68,308	81,419	149,798	133,622	185,784
Common stock	37,500	37,500	55,640	55,640	55,640
Net assets per share (¥)	492.06	585.82	941.06	839.44	1,054.99
Net income per share (¥)	160.56	150.91	220.79	-104.17	234.68

	2003/3	2004/3	2005/3	2006/3	2007/3
Net sales	354,647	416,590	469,181	457,135	624,553
Operating profit	44,892	51,783	54,879	39,534	74,745
Recurring profit	40,419	47,104	51,817	38,752	74,183
Net income	25,416	27,843	28,750	-33,346	39,597
Total assets	401,708	432,552	469,467	409,721	444,020
Net assets	79,447	105,568	168,457	133,106	167,796
Common stock	37,500	37,500	55,640	55,640	55,640
Shares outstanding (thousand shares)	139,543	139,543	159,543	159,543	159,543
Net assets per share (¥)	569.87	757.39	1,056.95	835.15	1,052.81
Net income per share (¥)	198.46	199.74	190.47	-209.23	248.45
Dividends per share (¥)	15.00	15.00	15.00	15.00	50.00

Segment information

■ Sales breakdown (Consolidated)



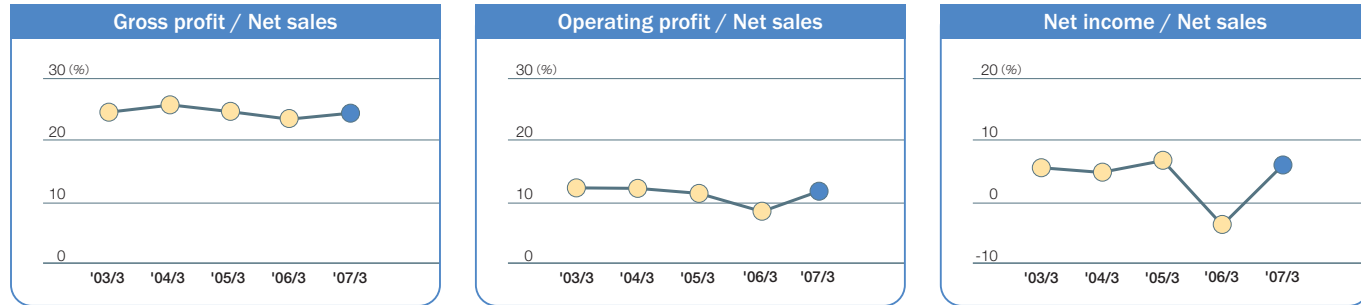
	2003/3	2004/3	2005/3	2006/3	2007/3
Apartment Construction Subcontracting Division	190,216	225,011	248,032	195,202	316,117
Leasing Division	162,769	188,866	216,593	249,699	277,166
Hotel Resort Related Division	6,688	7,056	9,561	10,869	10,842
Other Division	1,458	2,590	4,361	12,149	31,187
Eliminations/Unallocated	(764)	(1,300)	(2,282)	(2,532)	(3,704)
Total	360,368	422,224	476,266	465,386	631,608

■ Operating profit (Consolidated)

	2003/3	2004/3	2005/3	2006/3	2007/3
Apartment Construction Subcontracting Division	41,484	54,153	57,051	39,452	74,614
Leasing Division	9,404	7,428	7,243	8,079	7,031
Hotel Resort Related Division	-2,736	-3,849	-3,928	-2,667	-2,628
Other Division	-1,235	-3,516	-2,640	-393	1,091
Eliminations/Unallocated	(2,391)	(2,545)	(3,043)	(3,695)	(4,101)
Total	44,525	51,670	54,682	40,775	76,007

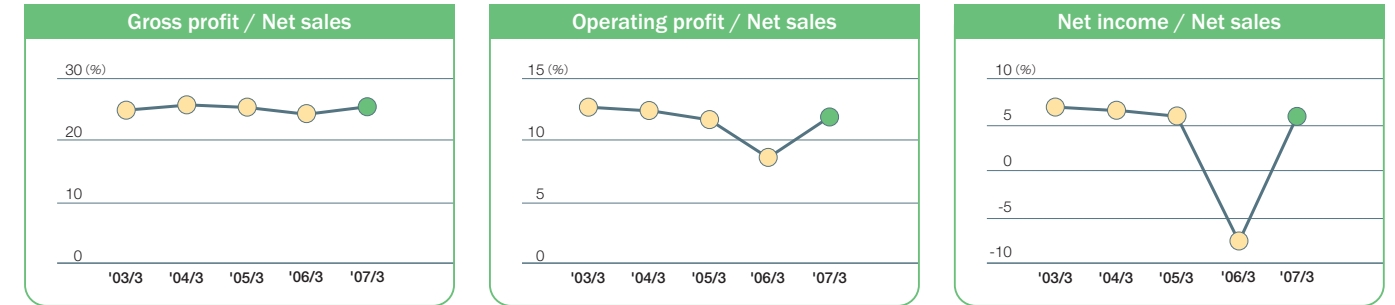
Consolidated

Profitability



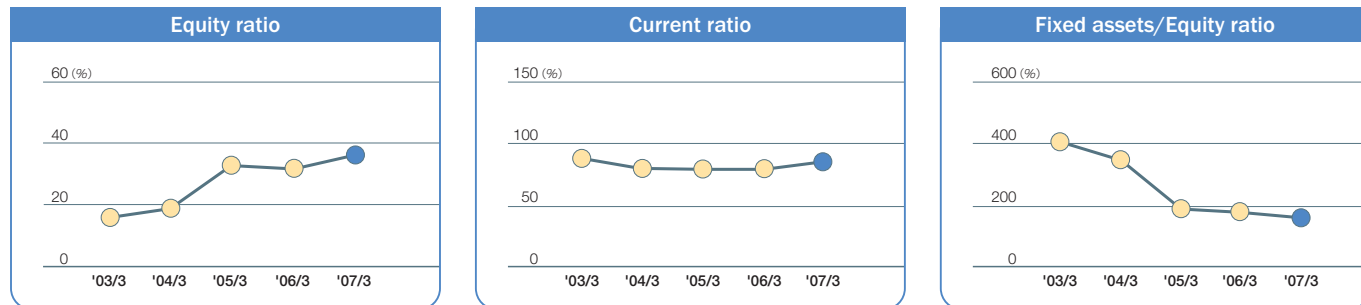
	2003/3	2004/3	2005/3	2006/3	2007/3
Gross profit / Net sales (%)	25.39	25.84	24.92	23.94	24.84
Operating profit / Net sales (%)	12.35	12.23	11.48	8.76	12.03
Net income / Net sales (%)	5.67	4.96	6.98	-3.56	5.91

Non-Consolidated

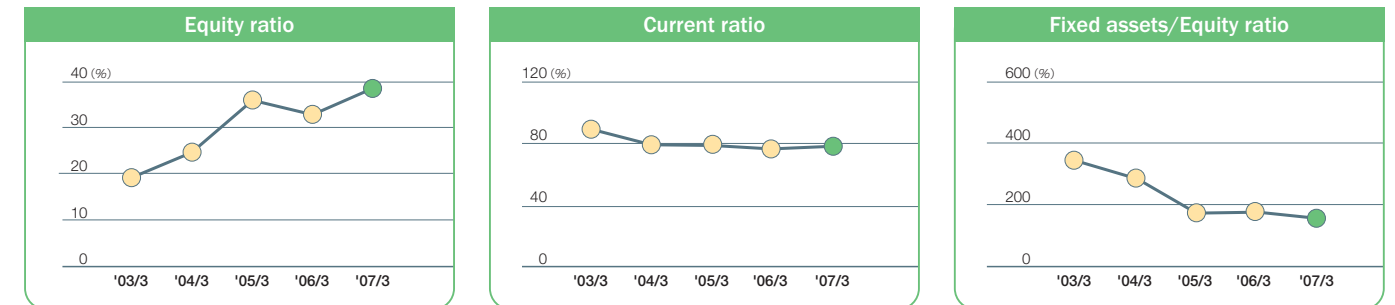


	2003/3	2004/3	2005/3	2006/3	2007/3
Gross profit / Net sales (%)	25.54	25.89	25.64	24.46	25.34
Operating profit / Net sales (%)	12.65	12.43	11.69	8.64	11.96
Net income / Net sales (%)	7.16	6.68	6.12	-7.29	6.34

Stability

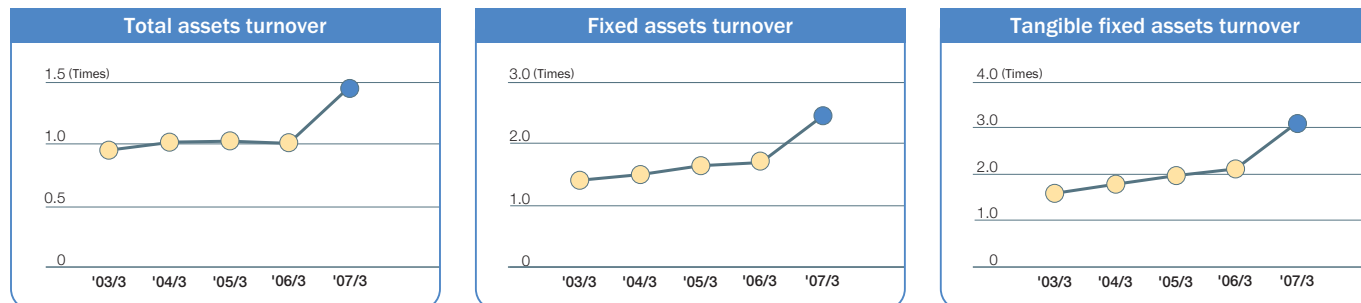


	2003/3	2004/3	2005/3	2006/3	2007/3
Equity ratio (%)	16.64	19.33	33.03	32.36	36.96
Current ratio (%)	88.08	80.09	80.25	79.50	86.00
Fixed assets/Equity ratio (%)	407.66	348.97	197.84	186.44	159.50



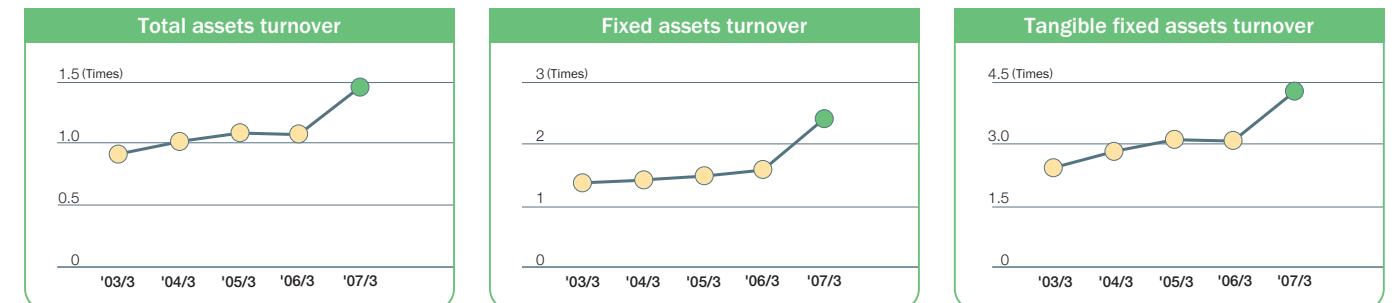
	2003/3	2004/3	2005/3	2006/3	2007/3
Equity ratio (%)	19.77	24.40	35.88	32.48	37.79
Current ratio (%)	88.47	79.79	79.04	78.30	79.53
Fixed assets/Equity ratio (%)	343.28	283.19	187.75	188.05	160.54

Efficiency



	2003/3	2004/3	2005/3	2006/3	2007/3
Total assets turnover (times)	0.91	1.01	1.08	1.07	1.45
Fixed assets turnover (times)	1.40	1.50	1.64	1.70	2.44
Tangible fixed assets turnover (times)	1.60	1.75	1.97	2.11	3.12

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.

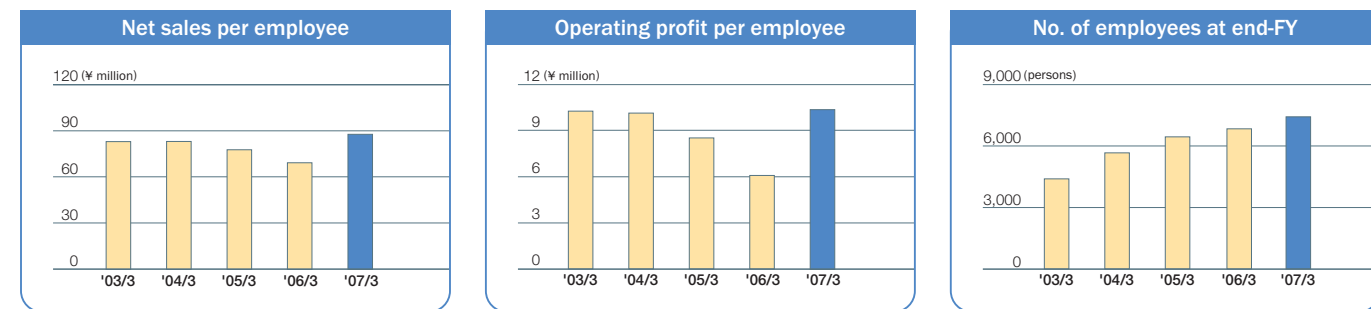


	2003/3	2004/3	2005/3	2006/3	2007/3
Total assets turnover (times)	0.95	0.99	1.04	1.03	1.46
Fixed assets turnover (times)	1.40	1.45	1.52	1.61	2.40
Tangible fixed assets turnover (times)	2.60	2.86	3.13	3.13	4.23

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.

Consolidated

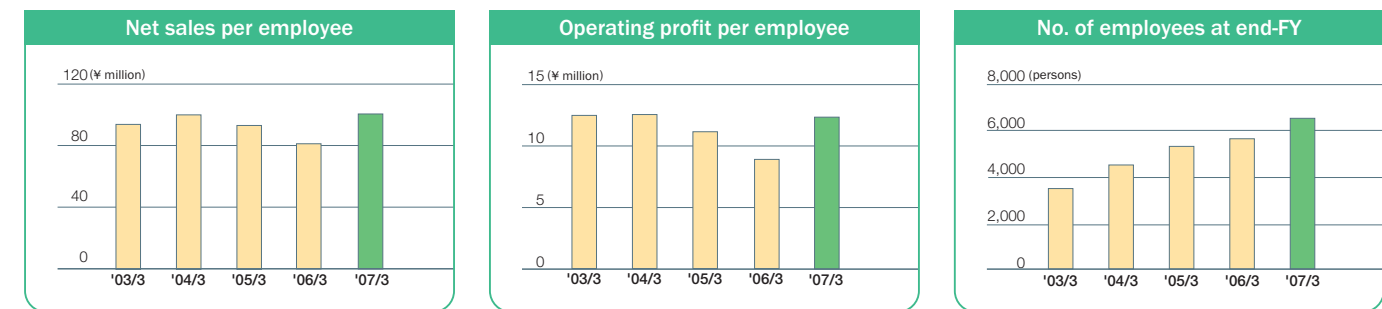
Productivity



	2003/3	2004/3	2005/3	2006/3	2007/3
Net sales per employee (¥ million)	83.68	83.71	78.33	69.85	88.47
Operating profit per employee (¥ million)	10.33	10.24	8.99	6.12	10.64
No. of employees at end-FY (persons)	4,385	5,702	6,457	6,868	7,409

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

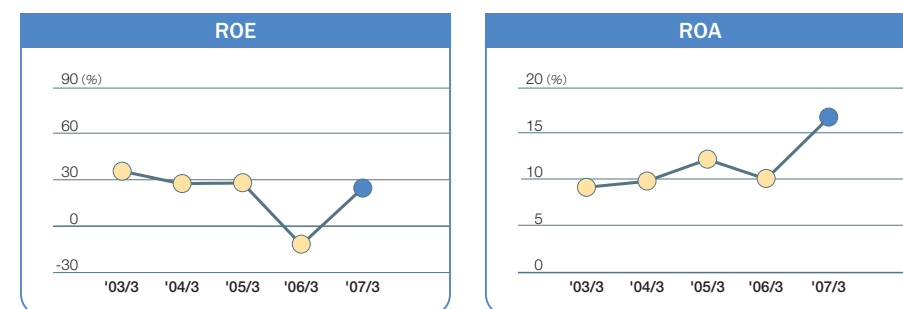
Non-Consolidated



	2003/3	2004/3	2005/3	2006/3	2007/3
Net sales per employee (¥ million)	98.77	101.20	94.65	82.74	102.41
Operating profit per employee (¥ million)	12.50	12.57	11.07	7.15	12.25
No. of employees at end-FY (persons)	3,661	4,572	5,341	5,708	6,489

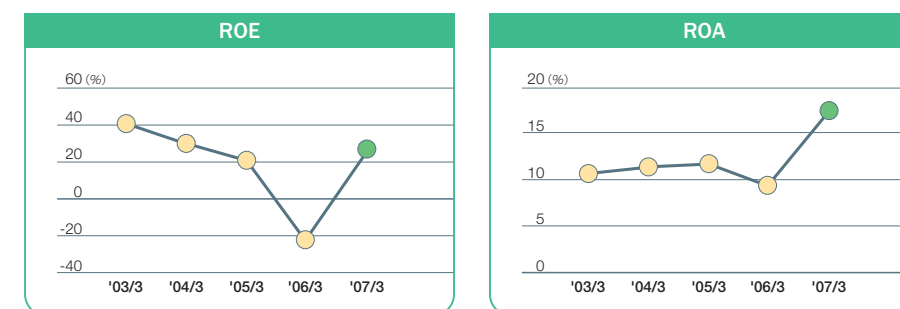
Note: Net sales per employee and operating income per employee are calculated using the average number of employees during the year.

Investment Indices



	2003/3	2004/3	2005/3	2006/3	2007/3
ROE (%)	35.78	27.99	28.77	-11.70	24.75
ROA (%)	9.26	9.93	12.18	10.19	16.82

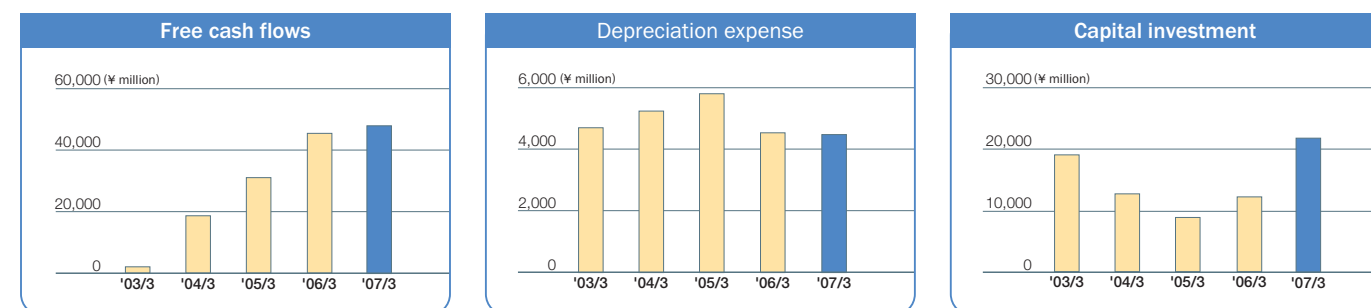
Note: Total assets, fixed assets, and tangible fixed assets are expressed as an average of the relevant numbers at the beginning and end of each fiscal year, respectively.



	2003/3	2004/3	2005/3	2006/3	2007/3
ROE (%)	40.71	30.09	20.98	-22.11	26.31
ROA (%)	10.87	11.29	11.48	8.81	17.37

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.

Cash Flows

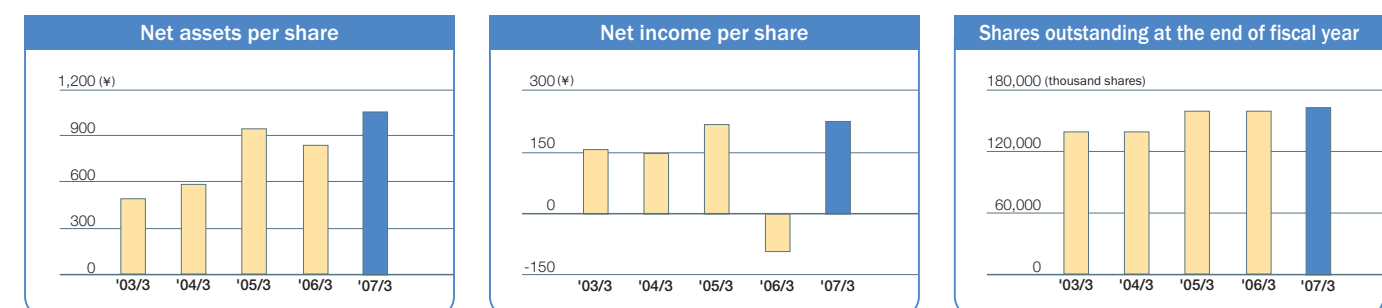


	2003/3	2004/3	2005/3	2006/3	2007/3
Cash flows (¥ million)					
Cash flows from operating activities	23,347	31,492	40,348	56,971	63,308
Cash flows from investing activities	-21,011	-12,532	-8,978	-11,266	-15,930
Cash flows from financing activities	-1,010	-30,129	-20,959	-47,946	-17,018
Depreciation expense (¥ million)	4,707	5,251	5,855	4,565	4,559
Capital investment (¥ million)	19,023	12,715	8,919	13,193	21,830

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

Consolidated

Per Share Data



	2003/3	2004/3	2005/3	2006/3	2007/3
Net assets per share (¥)	492.06	585.82	941.06	839.44	1,054.99
Net income per share (¥)	160.56	150.91	220.79	-104.17	234.68
Shares outstanding at the end of fiscal year (thousand shares)	138,821	138,984	159,180	159,180	159,379

	Consolidated			Non-Consolidated		
	2005/3	2006/3	2007/3	2005/3	2006/3	2007/3
(Unit : ¥ million)						
Assets						
Current assets	156,847	163,518	186,555	152,984	159,258	174,558
Cash and cash equivalents	46,852	44,612	75,166	44,086	41,769	59,872
Trade receivables and accounts receivable for completed projects	41,588	8,114	9,594	40,654	7,222	8,865
Operating loans	13,142	10,426	8,501	13,142	10,426	8,501
Marketable securities	151	155	29	151	13	29
Real estate for sale	477	7,524	27,765	—	1,955	8,974
Property inventories	—	—	—	477	5,568	18,791
Payment for construction in progress	3,248	35,249	8,818	3,248	35,249	8,818
Supplies	—	—	—	261	350	544
Other inventories	455	638	722	—	—	—
Prepaid expenses	—	—	21,819	16,032	18,984	22,024
Deferred tax assets	2,796	10,827	5,076	2,796	10,827	5,076
Accrued income	—	—	—	90	47	25
Other accounts receivable	29,415	22,564	22,075	29,412	22,561	22,068
Deposits payable	—	—	—	—	—	5,288
Other	19,894	24,893	8,273	3,793	5,762	6,964
Allowance for doubtful accounts	-1,175	-1,487	-1,289	-1,163	-1,481	-1,289
Fixed assets	296,366	249,128	268,190	316,286	250,316	269,388
Tangible fixed assets	243,010	196,512	207,112	151,427	140,663	154,103
Buildings and structures	117,004	83,666	80,626	42,971	39,613	38,805
Land	109,740	107,216	118,255	105,927	97,862	108,929
Construction in progress	12,697	1,964	4,397	719	1,555	4,331
Other	3,568	3,665	3,832	1,808	1,629	2,035
Intangible fixed assets	579	579	569	564	565	565
Investments and other assets	52,776	52,035	60,509	164,294	109,087	114,718
Investment securities	9,815	11,046	7,934	5,401	6,185	5,713
Shares of subsidiaries and affiliates	—	—	—	64,293	5,755	2,980
Corporate bonds issued by subsidiaries and affiliates	—	—	—	1,200	1,200	—
Long-term loans receivable	4,315	2,930	2,281	938	1,877	1,781
Long-term loans to employees	—	—	—	1	0	—
Long-term loans to executives	—	—	—	1,700	—	—
Long-term loans to subsidiaries and affiliates	—	—	—	56,673	56,242	53,923
Long-term trade receivables	10,979	2,835	2,125	10,979	2,835	2,125
Long-term prepaid expenses	32,826	33,035	42,727	29,062	33,618	43,068
Deferred tax assets	2,174	1,901	3,074	2,174	1,893	2,834
Other	3,341	3,349	4,942	3,354	3,349	5,001
Allowance for doubtful accounts	-10,676	-3,064	-2,575	-11,485	-3,871	-2,709
Deferred assets	220	156	73	196	146	73
Organization costs	24	9	—	—	—	—
Bond issuance costs	196	146	73	196	146	73
Total assets	453,434	412,803	454,819	469,467	409,721	444,020

	Consolidated			Non-Consolidated		
	2005/3	2006/3	2007/3	2005/3	2006/3	2007/3
(Unit : ¥ million)						
Liabilities						
Current liabilities	195,427	205,674	216,914	193,548	203,376	219,475
Accounts payable including payables for completed projects	91,046	81,231	77,392	90,805	80,846	77,330
Short-term borrowings	30,098	20,348	16,518	14,857	2,042	3,778
Long-term borrowings due within one year	—	—	—	14,941	18,005	12,740
Long-term borrowings from affiliates due within one year	—	—	—	—	—	4,199
Bonds due within one year	1,435	1,435	1,126	1,435	1,435	1,126
Unpaid expenses	10,517	9,503	13,287	9,709	8,508	12,755
Accrued expenses	48	23	30	40	17	23
Accrued income taxes	16,367	4,423	27,021	16,363	4,419	27,008
Advances received	28,274	37,626	46,744	28,215	37,510	46,603
Customer advances for projects in progress	8,732	42,061	23,529	8,732	42,061	23,529
Deposits payable	—	—	—	4,390	5,457	6,950
Allowance for employees' bonuses	2,224	2,487	2,798	2,224	2,487	2,798
Other	6,683	6,534	8,465	1,831	585	627
Long-term liabilities	90,555	55,855	52,120	107,461	73,238	56,747
Bonds	12,762	11,327	8,194	12,762	11,327	8,194
Directors' long-term borrowings	64,489	31,402	27,320	59,464	26,752	27,320
Long-term borrowings	—	—	—	22,126	22,126	4,645
Retirement benefit reserves	2,556	3,246	4,111	2,541	3,229	4,091
Directors' accrued severance indemnities	—	—	2,986	—	—	2,986
Provision of reserve for rental income	—	—	533	—	—	533
Lease/guarantee deposits received	10,566	9,801	8,974	10,566	9,801	8,974
Other	179	76	—	—	—	—
Total liabilities	285,982	261,530	269,035	301,010	276,615	276,223
Minority interests						
Minority interests	17,653	17,651	—	—	—	—
Shareholders' equity						
Share capital	55,640	55,640	—	55,640	55,640	—
Capital surplus	33,759	33,759	—	33,495	33,495	—
Retained earnings	72,096	53,123	—	79,146	43,409	—
Net unrealized gains on 'other securities'	258	714	—	266	654	—
Translation adjustments	-11,761	-9,418	—	—	—	—
Treasury stock	-195	-197	—	-91	-93	—
Total shareholders' equity	149,798	133,622	—	168,457	133,106	—
Total liability, minority interest and shareholders' equity	453,434	412,803	—	469,467	409,721	—
Net assets						
Shareholders' equity	—	—	175,348	—	—	167,264
Share capital	—	—	55,640	—	—	55,640
Capital surplus	—	—	34,104	—	—	33,495
Retained earnings	—	—	85,700	—	—	78,225
Treasury stock	—	—	-96	—	—	-96
Effect of evaluation and exchange rate difference	—	—	-7,205	—	—	532
Net unrealized gains on other securities	—	—	532	—	—	532
Translation adjustments	—	—	-7,737	—	—	—
Minority interests	—	—	17,641	—	—	—
Total net assets	—	—	185,784	—	—	167,796
Liabilities and net assets	—	—	454,819	—	—	444,020

Consolidated

Non-Consolidated

(Unit : ¥ million)

	2005/3	2006/3	2007/3	2005/3	2006/3	2007/3
Ordinary income and loss						
Net sales	476,266	465,386	631,608	469,181	457,135	624,553
Sales from Contracting Division	248,032	195,202	316,117	248,032	195,202	316,117
Sales from Leasing Division	216,590	249,695	277,163	216,599	249,702	277,168
Sales from Other Division	11,643	20,488	38,328	4,550	12,230	31,267
Cost of sales	357,546	353,928	474,713	348,882	345,319	466,251
Cost of Contracting Division	163,176	129,397	209,395	163,176	129,397	209,395
Cost of Leasing Division	177,671	203,664	228,119	179,507	205,480	230,065
Cost of Other Division	16,698	20,866	37,197	6,198	10,441	26,790
Gross profit	118,720	111,458	156,895	120,299	111,816	158,301
Selling, general and administrative expenses	64,038	70,683	80,887	65,419	72,281	83,556
Advertising expense	7,889	8,265	8,564	7,867	8,245	8,548
Selling fees	2,401	2,909	3,429	5,124	5,565	6,693
Provisions for allowance for doubtful accounts	387	1,653	1,035	387	1,653	1,035
Director compensation	364	425	547	353	414	543
Salaries and bonuses	23,161	25,714	30,218	22,711	25,249	29,791
Provisions for allowance for employees' bonuses	1,518	1,752	1,983	1,518	1,752	1,983
Provisions for retirement benefit reserves	590	861	999	589	859	996
Provision of reserve for directors' retirement benefits	—	—	196	—	—	196
Welfare expenses	—	—	—	4,616	5,982	7,173
Fees paid	—	—	—	4,194	3,763	4,770
Rents paid	3,928	4,101	4,580	3,947	4,112	4,593
Depreciation expense	1,585	1,293	1,246	1,584	1,292	1,245
Taxes and public charges	2,135	2,391	3,455	1,735	1,909	2,974
Other	20,075	21,314	24,628	10,787	11,479	13,008
Operating profit	54,682	40,775	76,007	54,879	39,534	74,745
Non-operating profit and loss						
Non-operating profit	3,308	6,493	1,497	1,239	2,156	1,584
Interest income	62	53	50	64	55	47
Dividend income	—	—	—	261	429	411
Gain on sale of investment securities	100	125	166	100	125	166
Equity method income	1,481	512	—	—	—	—
Income from cancellation of resort memberships	28	11	19	28	11	19
Income from cancellation of construction contracts	293	174	70	293	174	70
Unrealized gains on interest rate swaps	52	233	122	52	233	122
Foreign currency translation gain	915	4,780	501	192	903	281
Other	374	601	566	245	222	465
Non-operating expenses	4,725	3,116	4,502	4,301	2,938	2,146
Interest expense	3,902	2,300	1,332	3,352	2,051	1,121
All other financing costs	—	—	606	—	—	606
Equity method investment loss	—	—	2,320	—	—	—
Bond interest expense	—	—	—	155	96	58
Amortization of bond issuance costs	—	—	—	196	269	73
Other	822	815	242	598	521	286
Recurring profit	53,265	44,151	73,002	51,817	38,752	74,183
Extraordinary income and losses						
Extraordinary income	1,011	68	3,725	1,678	39	4,121
Gain on sales of fixed assets	7	13	7	6	7	1
Gain on sale of affiliates' stocks	—	31	2,514	—	31	549
Gain on sale of affiliates' bonds	—	—	1,119	—	—	1,680
Reversal of allowance for doubtful accounts	4	24	83	671	—	932
Gain from forgiveness of debt	1,000	—	—	1,000	—	—
Gain on redemption of affiliates' loans	—	—	—	—	—	958
Extraordinary losses	1,662	66,963	7,397	6,279	79,173	7,386
Loss on sales of fixed assets	6	10	16	6	10	16
Write-offs of fixed assets	373	453	215	335	452	215
Impairment losses	—	65,480	3,009	—	18,348	3,009
Markdown on investment securities	—	—	210	—	—	210
Loss on devaluation of affiliates' stocks	—	—	—	5,768	59,342	—
Provision for allowance for doubtful accounts	1,109	831	710	—	831	700
Amortization of transition obligation	157	—	—	157	—	—
Provision of reserve for directors' retirement benefits	—	—	2,789	—	—	2,789
Provision of reserve for rental income	—	—	446	—	—	446
Other	15	187	—	11	187	—
Net income before taxes and adjustments (loss)	52,615	-22,743	69,329	47,217	-40,381	70,917
Corporate, residential, and enterprise taxes	12,282	261	26,437	12,269	251	26,425
Income tax rehabilitation	—	729	—	—	729	—
Income tax adjustments	6,197	-8,023	4,662	6,197	-8,016	4,894
Minority interest	873	871	871	—	—	—
Net income (loss)	33,262	-16,582	37,358	28,750	-33,346	39,597
Retained earnings brought forward	—	—	—	50,396	76,756	—
Unappropriated retained earnings (loss)	—	—	—	79,146	43,409	—

Consolidated

(Unit : ¥ million)

	2005/3	2006/3	2007/3
Cash flows from operating activities			
Net income before taxes and adjustments (Decrease)	52,615	-22,743	69,329
Depreciation expense	5,855	4,565	4,559
Increase (Decrease) in allowance for doubtful accounts	1,454	1,737	159
Increase in directors' accrued severance indemnities	—	—	2,986
Interest and dividends income	-99	-256	-136
Interest expense	4,268	2,518	1,332
Gain from forgiveness of debt	-1,000	—	—
Foreign exchange loss (gain)	-915	-4,780	-501
Equity method loss (income)	-1,481	-512	2,320
Loss on sale of tangible fixed assets	6	10	16
Write-offs of tangible fixed assets	373	453	215
Impairment losses	—	65,480	3,009
Gain on sale of affiliates' stocks	—	-31	-2,514
Gain on sale of affiliates' bonds	—	—	-1,119
Gain on sale of investment securities	-100	-125	-166
Markdown on investment securities	—	—	210
Decrease (Increase) in accounts receivable	-12,841	42,237	914
Decrease (Increase) in inventories	452	-39,212	—
Increase in real estate for sale (Increase)	—	—	-18,554
Increase in payment for construction in progress	—	—	26,430
Increase in long-term prepaid expenses (Increase)	-8,794	-7,345	-12,366
Increase (Decrease) in accounts payable	19,949	-10,208	-2,571
Increase (Decrease) or decrease in amount received for uncompleted works	-1,685	33,328	-18,531
Increase in advances received	6,558	9,294	9,093
Decrease in guarantee deposits received (Decrease)	-1,855	-1,761	-780
Increase (Decrease) in accrued consumption tax	-705	-1,166	2,923
Other	-893	699	2,769
Subtotal	61,160	72,181	69,028
Interest and dividends received	81	228	129
Interest paid	-3,992	-2,356	-1,290
Income taxes paid	-16,900	-13,081	-4,559
Net cash provided by operating activities	40,348	56,971	63,308
Cash flows from investing activities			
Payment for purchase of tangible fixed assets	-8,919	-13,193	-21,830
Proceeds from sale of tangible fixed assets	45	914	8
Commissions paid on sale and disposal of tangible fixed assets	-16	-34	-119
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	-1,743	-2,827	-792
Proceeds from sale of investment securities	952	2,835	1,000
Payment for loans made	-1,020	-1,381	-1,378
Proceeds from collection of loans	2,414	2,843	3,646
Other	-690	-422	-2,355
Net cash provided by (used in) investing activities	-8,978	-11,266	-15,930
Cash flows from financing activities			
Proceeds from short-term debt	39,405	17,750	34,190
Repayment of short-term debt	-46,434	-28,564	-32,454
Proceeds from long-term debt	10,000	10,680	13,000
Repayment of long-term debt	-54,346	-42,703	-22,655
Payment for accounts payable for long-term projects	-1,436	—	—
Proceeds from shares issued	36,260	—	—
Proceeds from issuance of privately placed bonds	—	13,259	—
Payment for retirement of privately placed bonds	—	-13,667	-2,006
Payment for redemptions of privately placed bonds	-1,435	-1,435	-1,435
Dividends paid to minority shareholders	-875	-873	-873
Payment for purchase of treasury stock	-6	-1	-2
Dividend paid for shareholders	-2,090	-2,390	-4,781
Net cash (used in) provided by financing activities	-20,959	-47,946	-17,018
Effect of exchange rate changes on cash and cash equivalents	-154	0	195
Net increase in cash and cash equivalents (Decrease)	10,256	-2,240	30,554
Cash and cash equivalents at beginning of year	36,596	46,852	44,612
Cash and cash equivalents at end of year	46,852	44,612	75,166