

Explanatory Session for the Results of the Fiscal Year Ended March 2011

May 2011

Leopalace21 Corporation

This document and reference materials may contain forward-looking statements, but please understand that actual results may differ significantly from these forecasts due to various factors.

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We express deep condolences for victims and their families of the Great East Japan Earthquake on March 11, 2011, and sincerely hope for swift recovery of the people and areas affected by the disaster.

Leopalace21 Corporation

Overview of Core Businesses during the Fiscal Year Ended March 2011



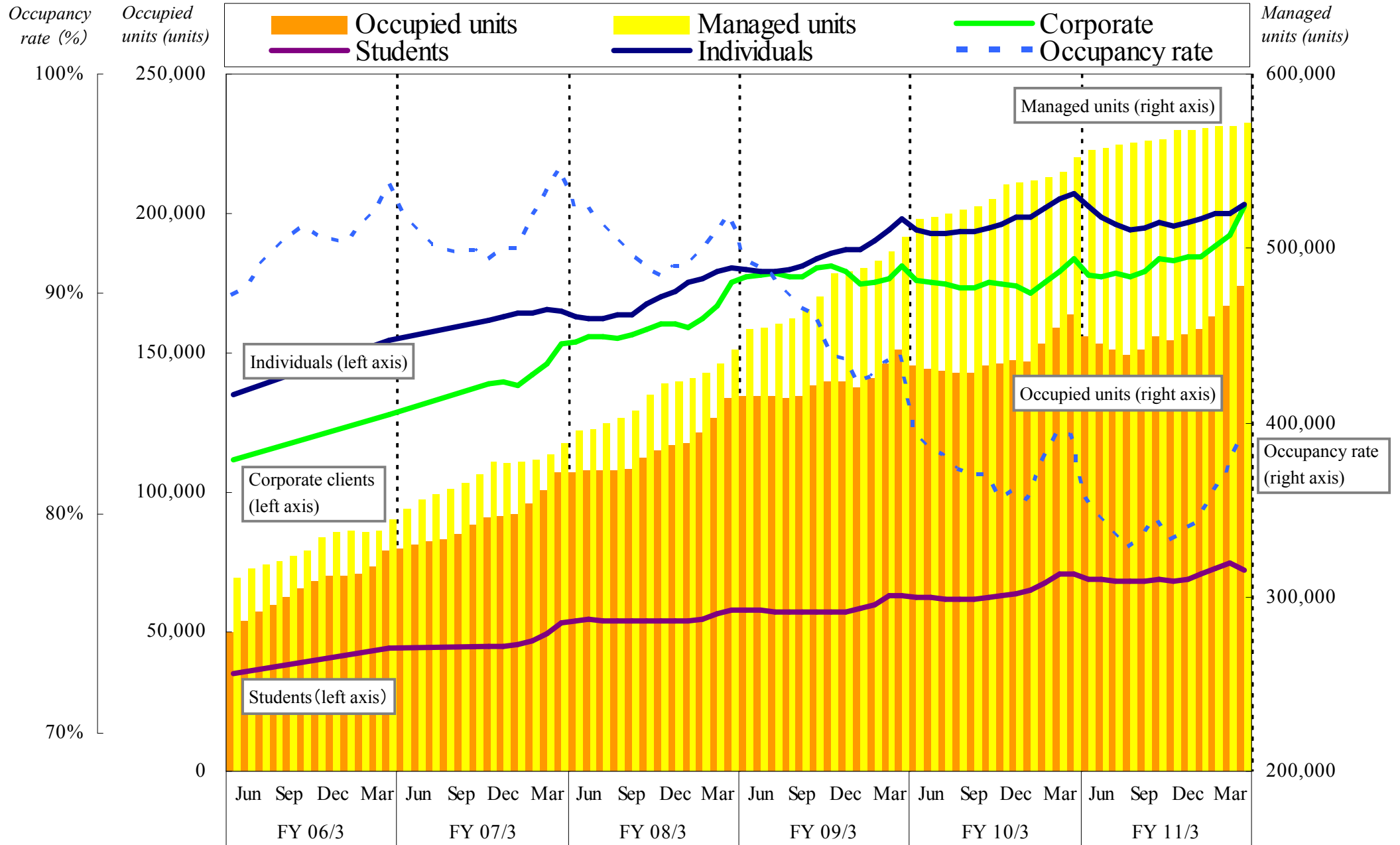
Leasing Business -1-



	FY 2008/3	FY 2009/3	FY 2010/3					FY 2011/3					FY 2012/3
	Full-year	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	Full-year Plan
Total no. of leases signed during period (1,000 leases)	374	384	83	90	87	131	391	71	86	90	127	374	408
Of which, by realtor-brokers (1,000 leases)	15	27	5	7	7	15	33	4	7	10	16	36	88
Total no. of leases terminated during period (1,000 leases)	330	361	96	86	82	106	370	87	77	81	103	349	366
Units under management (units)	442,025	506,742	519,743	528,785	539,109	551,773	—	559,241	562,923	568,829	571,656	—	576,649
Occupied units (units)	413,529	442,325	429,688	432,594	434,779	461,473	—	442,292	449,085	453,411	478,438	—	512,296
Occupancy rate	92.4%	88.5%	83.1%	81.9%	80.8%	83.2%	82.3%	79.9%	79.0%	79.2%	82.2%	80.1%	82.1%
Of which, units occupied by corporate tenants (units)	175,075	181,191	174,983	175,388	171,341	183,743	—	178,259	183,786	184,415	202,584	—	—
Corporate tenants occupancy (Occupied units/Managed units)	39.6%	35.8%	33.7%	33.2%	31.8%	33.3%	—	31.9%	32.6%	32.4%	35.4%	—	—
Of which, units occupied by personnel dispatch/outsourcing lessee tenants (units)	—	18,057	14,565	14,100	14,413	15,093	—	15,313	17,019	18,021	19,638	—	—
Personnel dispatch occupancy (Occupied units/Managed units)	—	3.6%	2.8%	2.7%	2.7%	2.7%	—	2.7%	3.0%	3.2%	3.4%	—	—

1. The occupancy rate is the average value for each period (full year or quarter).
2. Figures for units under management, corporate tenants, and personnel dispatch & outsourcing lease tenants are as of the end of the final month for the relevant period.
3. Total number of leases signed is the combined total of leasing system contracts and monthly-system-use units.
4. Total number of leases by realtor-brokers includes those from Leopalace Partners and subsidiary Leopalace Leasing.

Leasing Business -2- Occupancy Conditions by Group



* Figures are as of the end of the month.

Provision for Apartment Vacancy Loss

■ Balance of Provision for Apartment Vacancy Loss

(Unit: 100 million yen)

		FY 2010/3	FY 2011/3					Compa -red to Mar '10
		4Q	1Q	2Q	3Q	4Q		
By building age	Before Mar '07	165	156	138	117	151	(13)	
	After Mar '07	152	161	178	204	174	22	
	Total	317	317	317	322	326	8	
By area	Hokkaido	9	9	9	8	14	5	
	Tohoku	8	9	8	10	9	1	
	North Kanto	37	37	36	31	31	(5)	
	Tokyo Metropolitan	29	32	41	43	24	(4)	
	Hokuriku	10	10	10	10	8	(2)	
	Koshinetsu	24	24	23	18	14	(9)	
	Chubu	105	104	99	116	134	29	
	Kinki	49	47	47	41	54	5	
	Chugoku	14	14	12	12	11	(2)	
	Shikoku	13	12	11	10	6	(6)	
	Kyushu	18	18	20	19	14	(2)	
	Okinawa	1	1	1	2	0	0	
	Total	317	317	317	322	326	8	

■ Occupancy status by area

(Units: rooms)

FY 2010/3		FY 2011/3			
Full-year		Full-year		Compared to Mar '10	
Managed units	Occupan -cy rate	Managed units	Occupan -cy rate	Managed units	Occupan -cy rate
14,327	82%	14,627	80%	300	-2%
33,796	85%	34,634	87%	838	2%
42,497	79%	43,472	78%	975	-1%
152,629	89%	160,868	87%	8,239	-2%
16,150	83%	16,334	86%	184	3%
24,002	82%	24,895	83%	893	1%
91,416	75%	93,699	77%	2,283	2%
77,922	84%	81,075	85%	3,153	1%
37,289	86%	37,877	86%	588	0%
14,384	79%	14,549	79%	165	0%
42,869	84%	44,520	85%	1,651	1%
4,492	90%	5,106	89%	614	-1%
551,773	84%	571,656	84%	19,883	0%

Apartment Construction Subcontracting Business

(Unit: 100 million yen)	FY 2008/3	FY 2009/3	FY 2010/3					FY 2011/3					FY 2012/3
	Full-year	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	Full-year Plan
Total orders received	4,630	3,378	632	636	535	380	2,183	258	220	181	142	803	537
Total orders cancelled	415	687	184	115	109	98	506	88	71	84	115	360	240
Cancellation rate	9.0%	20.3%	29.3%	18.1%	20.4%	25.8%	23.2%	34.4%	32.3%	46.7%	80.9%	44.9%	44.7%
Net orders received	4,215	2,691	447	520	427	281	1,677	169	149	96	27	442	297
Orders received outstanding	3,426	2,528	2,638	2,291	2,425	1,836	1,836	1,788	1,479	1,451	1,202	1,202	942

Orders received in the Apartment Construction Subcontracting segment during FY 2011/3 decreased drastically compared to the previous fiscal year, as target areas were narrowed down according to the “market-out strategy” of the Medium-term Management Plan.

Breakdown of the factors contributing to the year-on-year decline: ¥113.6 billion due to the decrease in the number of orders, and ¥9.7 billion due to the decrease in average value per order.

(Unit: Billion Yen)

Decline due to decrease in number of orders	(113.6)	① × ②
Decline due to lowering of unit price	(9.7)	③ × ④



	FY 2010/3	FY 2011/3	Difference	% change
Total order value	¥ 167.7 billion	¥ 44.2 billion	¥ (123.5) billion	-73.6 %
No. of orders	2,513	④ 810	② (1,703)	-67.8 %
Average value per order	① ¥ 66.7 million	¥ 54.6 million	③ ¥ (12.0) million	-18.1 %

Outline of Cumulative Results of the Fiscal Year ended March 2011



Highlights of FY Results and Plans (Consolidated)



(Unit: Million yen)	FY 2010/3 Full-year	FY 2011/3 Full-year	FY 2011/3 Full-year		FY 2012/3 Full-year Plan	FY 2012/3 Full-year Plan		Major factors of improvement (billion yen)
			Difference	% change		Difference	% change	
Net sales	620,376	484,390	(135,985)	-21.9%	499,900	15,510	3.2%	Leasing + 75.5 Subcontracting (56.0)
Gross profit	49,626	35,998	(13,628)	-27.5%	51,500	15,502	43.1%	Leasing + 36.9 Subcontracting (21.8)
(%)	8.0%	7.4%	-0.6 p	—	10.3%	+ 2.9 p	—	
SG&A	79,354	59,605	(19,749)	-24.9%	48,300	(11,305)	-19.0%	Leasing + 3.0 Subcontracting (14.2)
Operating income (loss)	(29,727)	(23,607)	6,120	—	3,200	26,807	—	Leasing + 33.8 Subcontracting (7.6)
(%)	-4.8%	-4.9%	-0.1 p	—	0.6%	+ 5.5 p	—	
Recurring income (loss)	(33,831)	(31,808)	2,022	—	1,800	33,608	—	No foreign exchange loss factored in (FX loss ¥5.6 bil for FY 11/3)
(%)	-5.5%	-6.6%	-1.1 p	—	0.4%	+ 6.9 p	—	
Net income (loss)	(79,075)	(40,889)	38,186	—	3,000	43,889	—	Extraordinary income + 2.4

Highlights of FY Results for Parent & Major Subsidiaries (Consolidated, cumulative)



(Unit: Million yen)		FY 2010/3	FY 2011/3			FY 2010/3 DA expenses	FY 2011/3 DA expenses
				Difference	% change		
Leopalace21	Net sales	615,368	478,109	(137,259)	-22.3%	4,771	5,015
	Recurring income (loss)	(32,825)	(30,596)	2,228	—		
Leopalace Guam	Net sales	6,418	5,753	(663)	-10.4%	1,485	1,387
	Recurring income (loss)	(2,152)	(5,218)	(3,066)	—		
	Foreign exchange gain (loss)	(2,253)	(4,604)	(2,351)	—		
Others & Exclusion	Net sales	(1,409)	527	1,936	—	38	49
	Recurring income (loss)	1,146	4,006	2,860	249.6%		
Consolidated total	Net sales	620,376	484,390	(135,985)	-21.9%	6,295	6,451
	Recurring income (loss)	(33,831)	(31,808)	2,022	—		
	Foreign exchange gain (loss)	(2,468)	(5,561)	(3,092)	—		

Balance Sheet (Consolidated)



(Unit: Million yen)		FY 2010/3	FY 2011/3	Difference	(Unit: Million yen)		FY 2010/3	FY 2011/3	Difference
Assets	Current assets	146,416	94,219	(52,196)	Liabilities	Current liabilities	208,410	173,719	(34,690)
	Cash & cash equivalents	72,431	40,674	(31,757)		Short-term borrowings	30,000	34,502	4,501
	Trade/account receivables for completed projects	12,916	8,377	(4,539)		Advances received	98,543	97,154	(1,389)
	Operating loans	5,482	4,311	(1,171)		Long-term liabilities	117,121	91,513	(25,608)
	Real estate for sale	3,955	118	(3,837)		Long-term borrowings	22,761	2,227	(20,533)
	Payout for construction in progress	1,184	586	(597)		Provision for apartment vacancy loss	31,728	32,605	877
	Prepaid expenses	27,894	23,878	(4,016)		Lease/guarantee deposits received	46,104	26,035	(20,068)
	Fixed assets	250,006	203,979	(46,027)		Long-term advances received	—	14,830	14,830
	Buildings & structures	63,437	59,191	(4,246)		Total liabilities	325,532	265,233	(60,299)
	Land	96,293	84,851	(11,442)		Net assets	Common stock	55,640	56,562
	Construction in progress	3,367	66	(3,300)	Capital surplus		33,894	34,334	440
	Long-term prepaid expenses	51,242	34,222	(17,020)	Retained earnings		(5,663)	(46,552)	(40,889)
	Deferred tax assets	7,482	2,269	(5,213)	Total net assets		70,979	33,040	(37,938)
Total assets	396,511	298,274	(98,237)	Shareholders' equity ratio	17.9%	11.1%	-6.8%		

Cash Flow (Consolidated)



(Unit: Million yen)	FY 2010/3	FY 2011/3	Difference
Cash flows from operating activities	(12,990)	(28,337)	(15,346)
Net income (loss) before taxes & adjustments	(77,526)	(33,117)	44,409
Depreciation expenses	6,295	6,451	155
Increase (decrease) in provision for apartment vacancy loss	27,108	877	(26,230)
Foreign exchange loss (gain)	2,468	5,561	3,092
Impairment loss	3,237	2,227	(1,009)
Disaster loss	—	1,262	1,262
Expenses for switch to terrestrial digital broadcasts	—	1,528	1,528
Business structure reform expenses	29,855	—	(29,855)
Decrease (increase) in accounts receivable	(991)	7,820	8,812
Decrease (increase) in real estate for sale	24,221	3,837	(20,383)
Decrease (increase) in work in process	3,537	550	(2,986)
Decrease (increase) in long-term prepaid expenses	9,348	20,253	10,905
Increase (decrease) in advances received	621	13,440	12,819
Increase (decrease) in lease/guarantee deposits received	(4,869)	(19,691)	(14,822)
Increase (decrease) in accounts payable	(15,357)	(31,706)	(16,348)
Income taxes paid	(14,386)	(1,629)	12,757

(Unit: Million yen)	FY 2010/3	FY 2011/3	Difference
Cash flows from investing activities	(8,889)	13,143	22,033
Payout for purchase & proceeds from sale of property, plant and equipment	(4,198)	11,388	15,586
Payout for purchase & proceeds from sale of investment activities	(710)	973	1,683
Cash flows from financial activities	15,281	(15,890)	(31,172)
Proceeds from & repayment of short-term debt	9,719	12,970	3,250
Proceeds from & repayment of long-term debt	2,652	(29,003)	(31,655)
Proceeds from issuance of shares	—	1,741	1,741
Net increase (decrease) in cash & cash equivalents	(6,344)	(31,539)	(25,195)
Cash & cash equivalents at end of period	72,031	40,492	(31,539)

Profit/Loss for Major Segments (Consolidated)



(Unit: Million yen)	FY 2010/3		FY 2011/3				FY 2012/3 Full-year Plan	
					Difference	% change		
Leasing Division								
Net sales	342,713		357,057		14,343	+ 4.2%	432,600	
Gross profit	(10,659)	-3.1%	(72)	0.0%	10,587	—	36,900	8.5%
Operating income (loss)	(47,875)	-14.0%	(30,094)	-8.4%	17,781	—	3,800	0.9%
Construction Division								
*Effect in switching to % of completion method: Sales - ¥ 3.8 billion, gross profit - ¥ 0.8 billion.								
Net sales	237,062		107,821		(129,241)	- 54.5%	51,800	
Gross profit	63,833	26.9%	36,395	33.8%	(27,437)	- 43.0%	14,500	28.0%
Operating income (loss)	29,744	12.5%	11,971	11.1%	(17,773)	- 59.8%	4,300	8.3%
Hotel Resort Division								
Net sales	9,706		8,187		(1,518)	- 15.6%	8,100	
Gross profit	2,066	21.3%	1,123	13.7%	(943)	- 45.6%	1,600	19.8%
Operating income (loss)	(1,324)	-13.6%	(1,974)	-24.1%	(650)	—	(1,200)	-14.8%
Other Division (including Real estate)								
Net sales	34,299		13,507		(20,791)	- 60.6%	9,400	
Gross profit	(2,298)	-6.7%	696	5.2%	2,994	—	400	4.3%
Operating income (loss)	(6,776)	-19.8%	(1,222)	-9.0%	5,554	—	(1,300)	-13.8%

*Segments have been changed since the FY ending March 2010. Please see page 15 for results of segment operations.

Full-Year Forecasts for Apartment Construction Subcontracting Business Costs



(Unit: 100 million yen) (Completed contract basis)	FY 2010/3		FY 2011/3								FY 2012/3	
	Actual		Plan		Actual		Compared to plan		Compared to previous		Plan*	
	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%
Construction sales	2,304	100%	1,226	100%	1,114	100%	(112)	—	(1,189)	—	509	100%
Cost	1,684	73.1%	816	66.5%	744	66.8%	(72)	+ 0.3%	(940)	- 6.3%	363	71.3%
Direct expenses	1,467	63.7%	760	62.0%	671	60.2%	(89)	- 1.8%	(795)	- 3.4%	314	61.9%
Construction GP	837	36.3%	466	38.0%	443	39.8%	(23)	+ 1.8%	(393)	+ 3.4%	194	38.1%
Indirect expenses	217	9.4%	56	4.6%	72	6.5%	16	+ 1.9%	(144)	- 2.9%	48	9.5%
Gross profit	620	26.9%	410	33.5%	370	33.2%	(40)	- 0.3%	(249)	+ 6.3%	145	28.7%

This chart shows the breakdown of the cost of sales in the Apartment Construction Subcontracting Business during FY 2011/3. The results reflect delays in implementing the plan to curb indirect expenses, stemming from the acute decline in sales.

For FY 2012/3, we expect that since there will be a further decline in the number of construction projects, as a proportion of sales the amount of indirect expenses (fixed costs) will decline, but the ratio will increase.

▪ Breakdown of indirect expenses:

(Unit: 100 million yen)	FY 2009/3 Full-year		FY 2010/3 Full-year		FY 2011/3 Full-year		FY 2012/3 Full-year	
Indirect expenses	232	6.5%	217	9.4%	72	6.5%	48	9.5%
(of which, labor expenses)	178	5.0%	181	7.9%	51	4.6%	28	5.6%

* The estimates shown above for the Plan ending March 2012 do not reflect the impact of disaster reconstruction, which is expected to boost sales by approximately 1.6 billion yen.

Results of Other Business Operations (Cumulative)

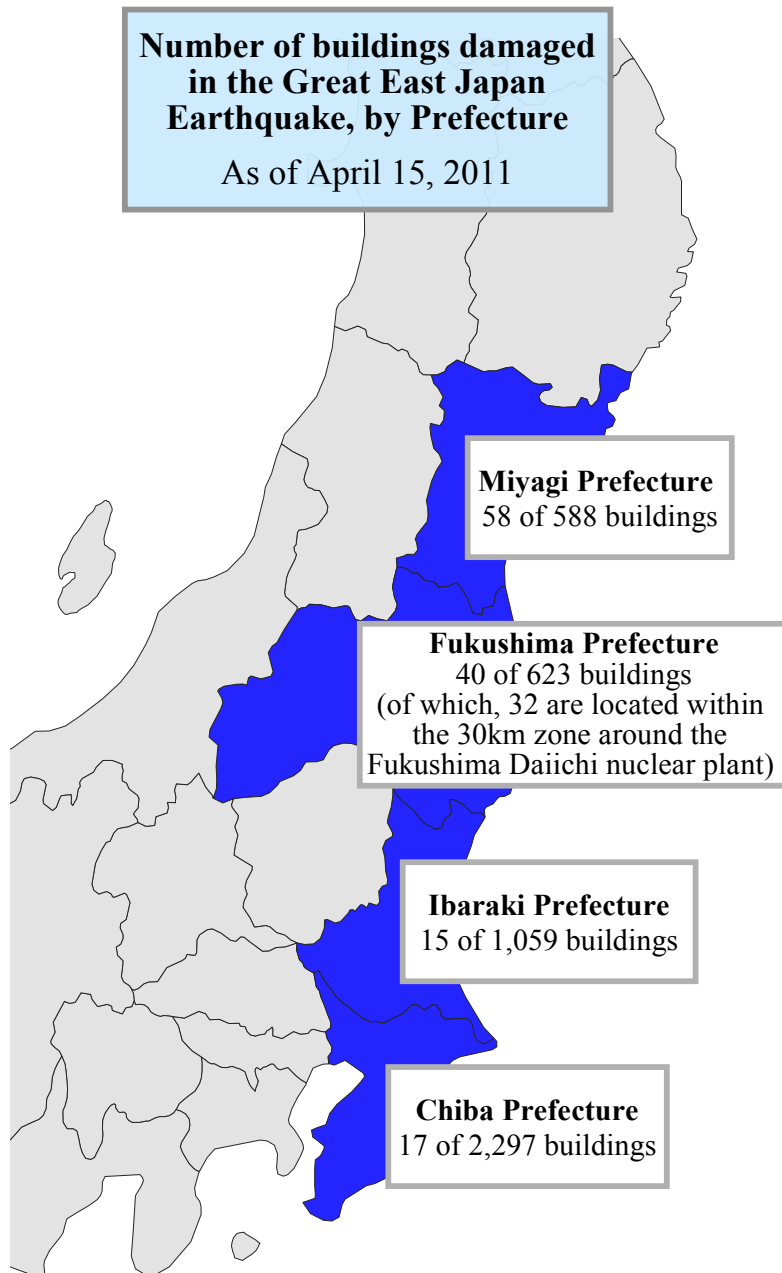


(Unit: Million yen)		FY 2010/3 Full-year	FY 2011/3 Full-year			FY 2012/3 Full-year Plan
				Difference	% change	
Real Estate Business (New segment)	Net sales	24,643	4,688	(19,955)	- 81.0%	0
	Gross profit (loss)	(2,047)	433	2,481	—	0
	Operating income (loss)	(3,356)	219	3,576	—	0
Silver Business (Other Business)	Net sales	8,812	7,785	(1,026)	- 11.7%	8,100
	Gross profit (loss)	(1,002)	(731)	271	—	(700)
	Operating income (loss)	(1,994)	(1,509)	484	—	(1,400)
Domestic Hotel Business (Hotel Resort Business)	Net sales	2,218	1,971	(246)	- 11.1%	2,000
	Gross profit (loss)	1,115	817	(298)	- 26.8%	800
	Operating income (loss)	(205)	(330)	(125)	—	(200)
Broadband Business (Leasing Business)	Net sales	14,552	16,507	1,954	13.4%	21,000
	Gross profit (loss)	3,595	5,979	2,384	66.3%	9,700
	Operating income (loss)	2,800	5,025	2,224	79.4%	8,800

Leopalace Resort	(Unit: 1,000 USD)	Jan-Dec 2009	Jan-Dec 2010			Forecasts for Jan-Dec 2011
				Difference	% change	
	Net sales	68,537	65,541	(2,996)	- 4.4%	71,600
	Operating income	757	(7,257)	(8,015)	—	1,200
	Depreciation expenses	15,942	15,878	(64)	- 0.4%	15,700
	Operating rate (Leopalace Resort)	51.0%	51.6%	+ 0.6 p	—	83.8%
	Operating rate (Westin)	55.0%	74.8%	+ 19.8 p	—	71.9%

Impact from the Great East Japan Earthquake





1. Damage to apartment buildings

- Number of buildings damaged: 130 buildings, 2,268 units (includes 32 structures located within the 30 km evacuation zone near the damaged nuclear power plants)
- No buildings collapsed in the earthquake or were swept away by the tsunami

2. Damage to branch offices

- No major damages

3. Extraordinary losses: ¥1,262 million

- Furniture and appliances, repairs to Company-owned apartment buildings (30 structures), etc.

4. Relief/support activities

- ① Disaster-related contract provisions
(50% discount on short-term plans; waiving of initial costs for long-term plans)
- ② Helping local governmental bodies to meet demand for temporary housing facilities, under the auspices of the Japan Prefabricated Construction Suppliers and Manufacturers Association
- ③ Charitable donations, mid-career hiring program, reducing lighting in common areas of properties under management

5. Disaster-related demand

- ① Relocation from disaster areas
- ② Restoration (corporations, local governments)
- ③ Construction of temporary housing

Business Plan for the Fiscal Year ending March 2012



< Basic Policy for FY 2011/3 >
“Shift to a stable earnings structure with earnings balanced between the Apartment Construction Subcontracting Business and the Leasing Business”

Basic Policies	Specific Measures		Issues for Consideration
<p>Enable the Leasing Business to show a profit as soon as possible</p>	<p>Strengthen customer-focused marketing</p>	<p>Improve the occupancy rate</p>	<ul style="list-style-type: none"> • Strengthen and maintain corporate sales • Accelerate development of Leopalace Partners program • Enhance competitiveness of properties • Cost reductions provided a certain benefit, but ongoing measures are important • Deterioration in business climate for orders greater than expected • Reaching target figures in Medium-term Management Plan ahead of schedule
	<p>Reduce leasing costs and improve services</p>	<p>Newly establish maintenance contracts for broadband operations, and general maintenance service for furnishings and appliances</p> <p>Revise regular maintenance to reduce costs</p> <p>Adjust master lease rents in line with market prices</p>	
	<p>Limit apartment construction to properties that are able to provide stable earnings for the Leasing Business</p>	<p>Improve and stabilize occupancy rate by narrowing area focus</p>	

Basic Policies for FY 2012/3

- In FY 2012/3 we will focus on “**enhancing earnings from managed unit stock.**”
- We will achieve our business plan by steadily pursuing the three pillars of “Fully implement measures to enhance property value,” “Reduce leasing costs and improve services” and “Strengthen ability to find customers.” The organizational restructuring in May 2011 has further strengthened our ability to implement this plan.
- We will strengthen and thoroughly implement current measures regarding SG&A expenses.

Three Pillars

Overview

Measures to enhance property value

- By proposing the following services for suitable properties, we will aim to increase short-term earnings, and raise revenues over the long term by improving occupancy rates and contract lease rates.
 - Solar power systems
 - Home security systems

Reduce leasing costs and improve services

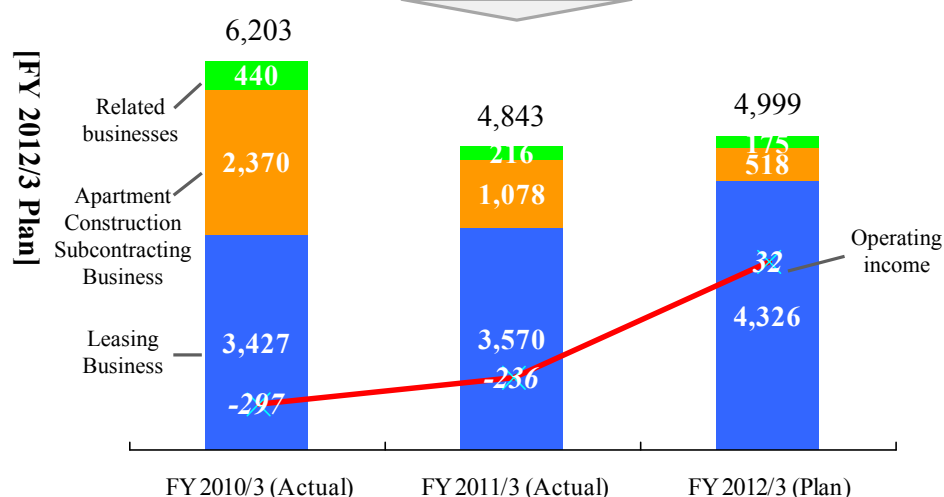
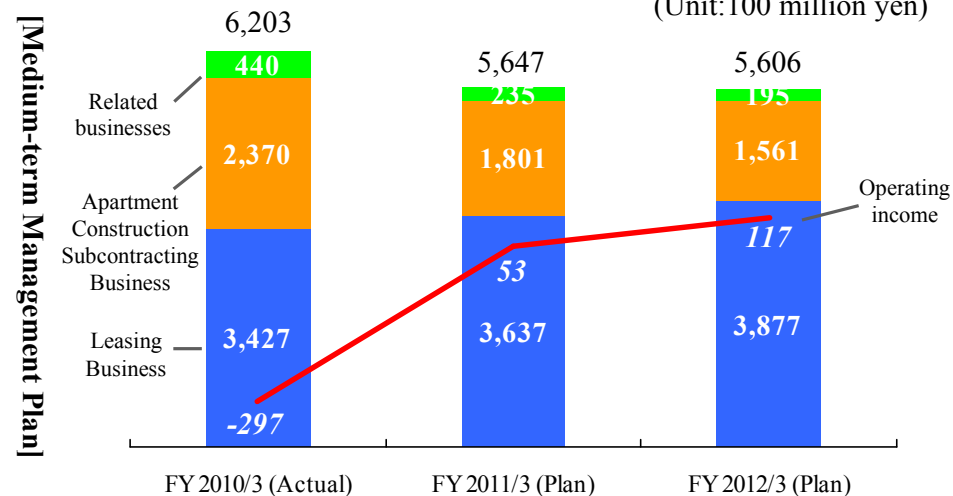
- Further expanding and revising the regular maintenance program will lead to cost reductions.

Strengthen ability to find customers

- By implementing the following measures, we will aim to increase the number of leasing contracts
 - Increase the number of franchise partner offices, and the number of contracts per location
 - Increase the number of corporate contracts
 - Increase the number of contracts by lightening the load on directly-managed offices

<Sales and Operating Income by Business Segment (Consolidated)>

(Unit: 100 million yen)

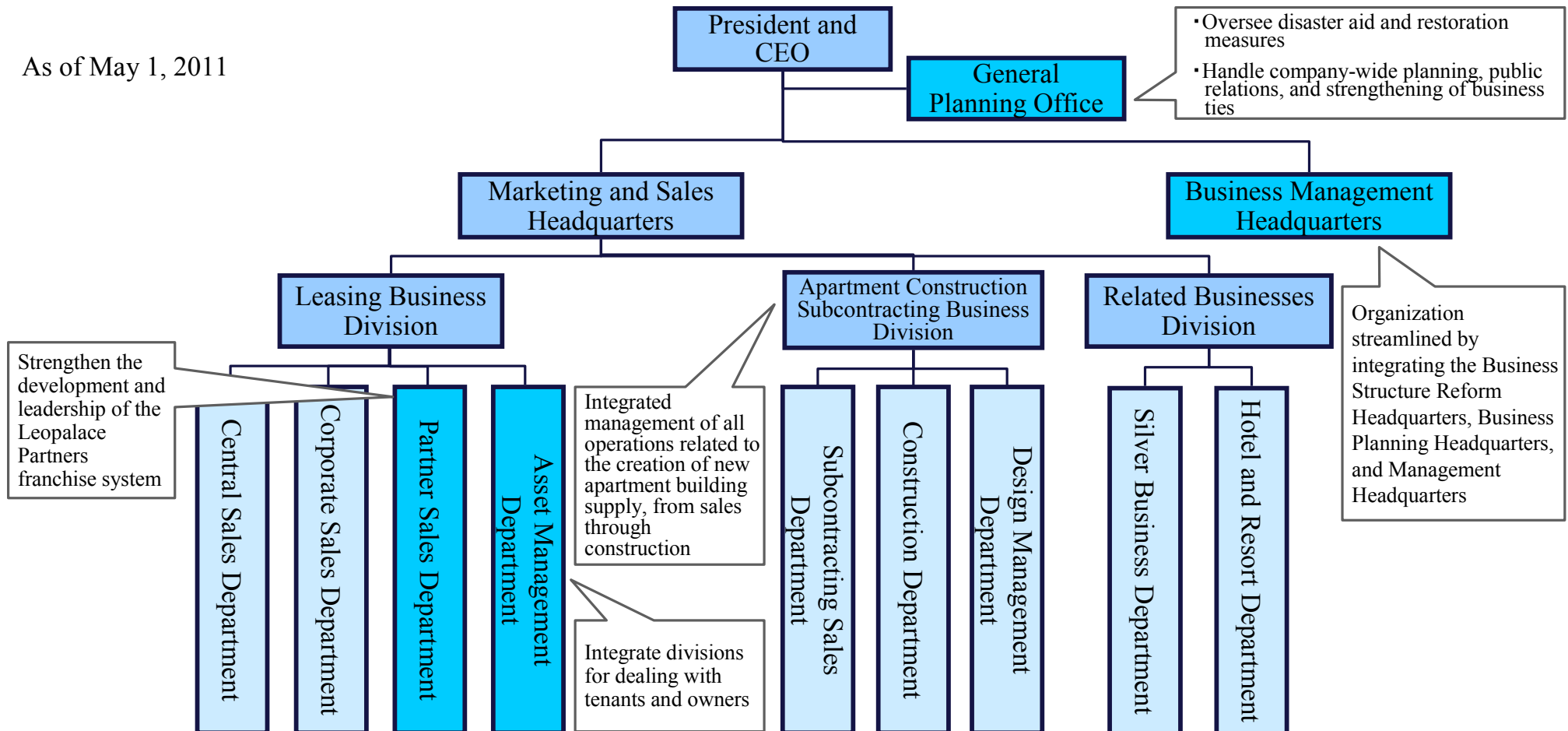


New Organizational Structure

Change in organizational structure—Shift to a dual headquarters structure centered on the Marketing and Sales Headquarters and the Business Management Headquarters

- The former Business Structure Reform Headquarters, Business Planning Headquarters, and Management Headquarters have been consolidated into a newly established Business Management Headquarters to enhance operational efficiency.
- The General Planning Office was newly established as an organization directly managed by the President, and the Restoration Support Group was newly established to coordinate the response to the Great East Japan Earthquake.
- The Asset Management Department was newly established to address the respective needs of tenants and owners.
- The Partner Sales Department was newly established to strengthen franchise development.
- We have established a Project Management Department within the Construction Business Division to integrate all operations related to the creation of new apartment building supply, from sales and marketing through construction.

As of May 1, 2011



Leasing Business Overview of Reform Measures



	Measures	Details	Boost to Operating Income
Increase Sales	Improve occupancy rate	Expand and strengthen Leopalace Partners offices (P23), and strengthen corporate sales (P24)	¥23.6 billion
	Increase property values	Install home security and solar power systems (P25)	
	Other	Internet service provider survey fees, increased revenues from insurance, expansion of broadband services (Leopoint sales, VOD, etc.)	
Reduce Costs	Reduce property management costs	Reduce costs in such areas as propane gas, regularly scheduled cleaning, voluntary garbage collection, septic tank services, etc.	¥10.3 billion
	Optimize master lease rents	Adjust lease fees based on current market prices.	
	Cut sales costs	Fundamentally revise the Leopalace Partners program with the establishment of the Partner Sales Department.	
			¥33.8 billion

Specific Measures 1: Strengthen the Leopalace Partners Program

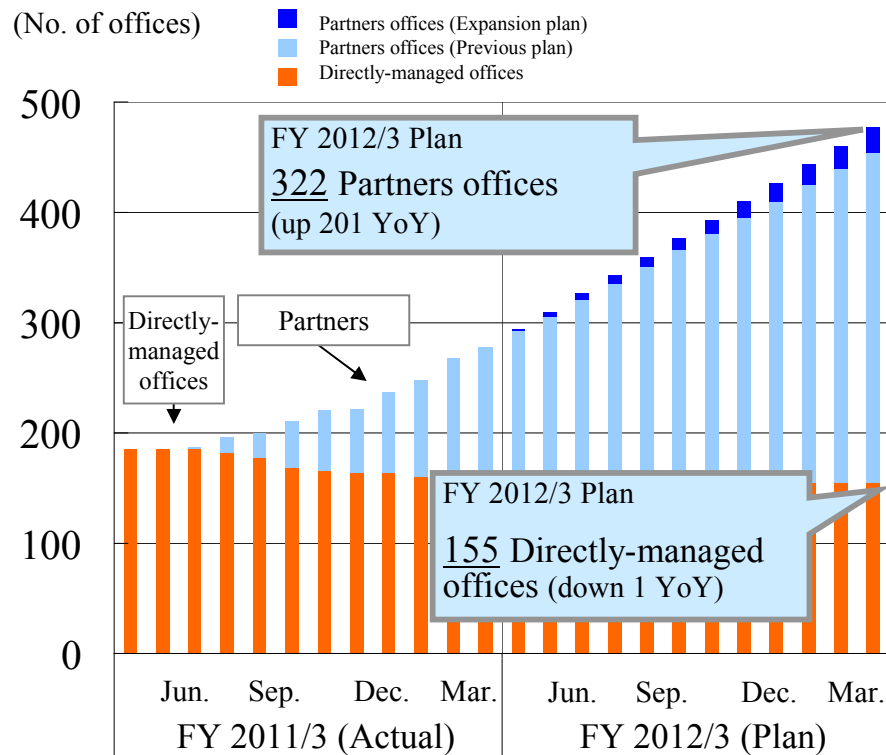
Expand and strengthen the Leopalace Partners offices

Advantages of expanding Leopalace Partners business alliance system:

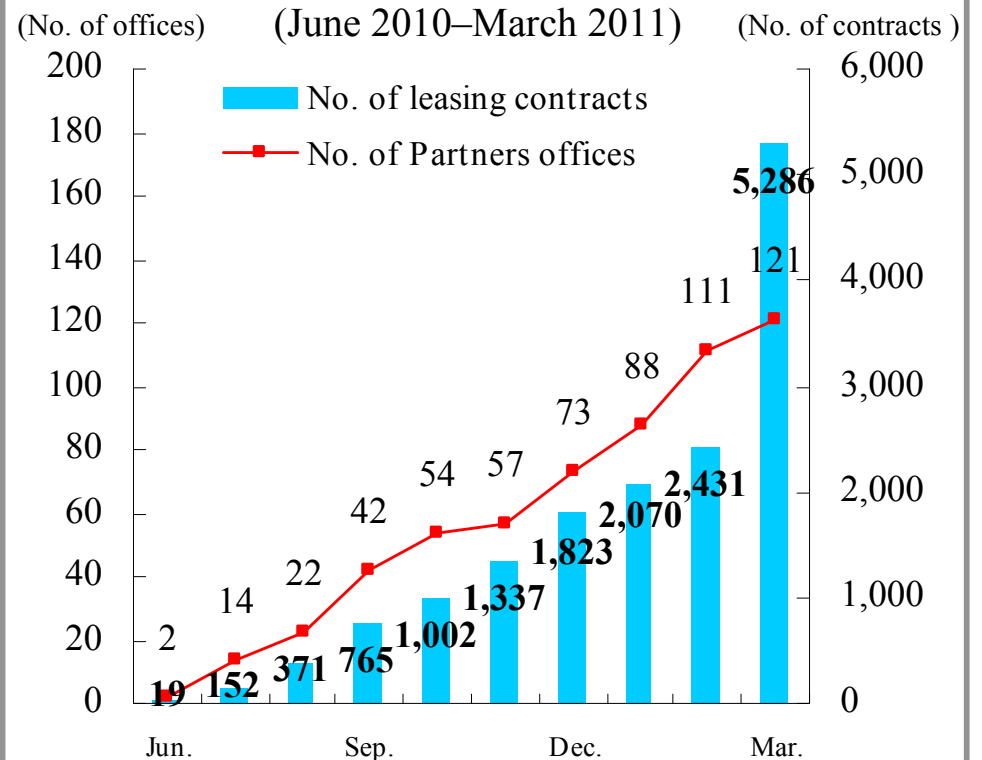
- More channels for attracting customers improves occupancy rate and provides greater stability
- Switch from fixed to variable cost structure reduces SG&A expenses

During FY 2012/3, we plan to increase the number of Partners offices to 322 (up 201 offices from 121 in FY 2011/3) by end of FY 2012/3. We will maintain the number of directly-managed offices at 155 locations in order to prevent any decline in our ability to find customers. The Partner Sales Department has been established to promote development of new Leopalace Partners.

Leasing Offices Development Plan



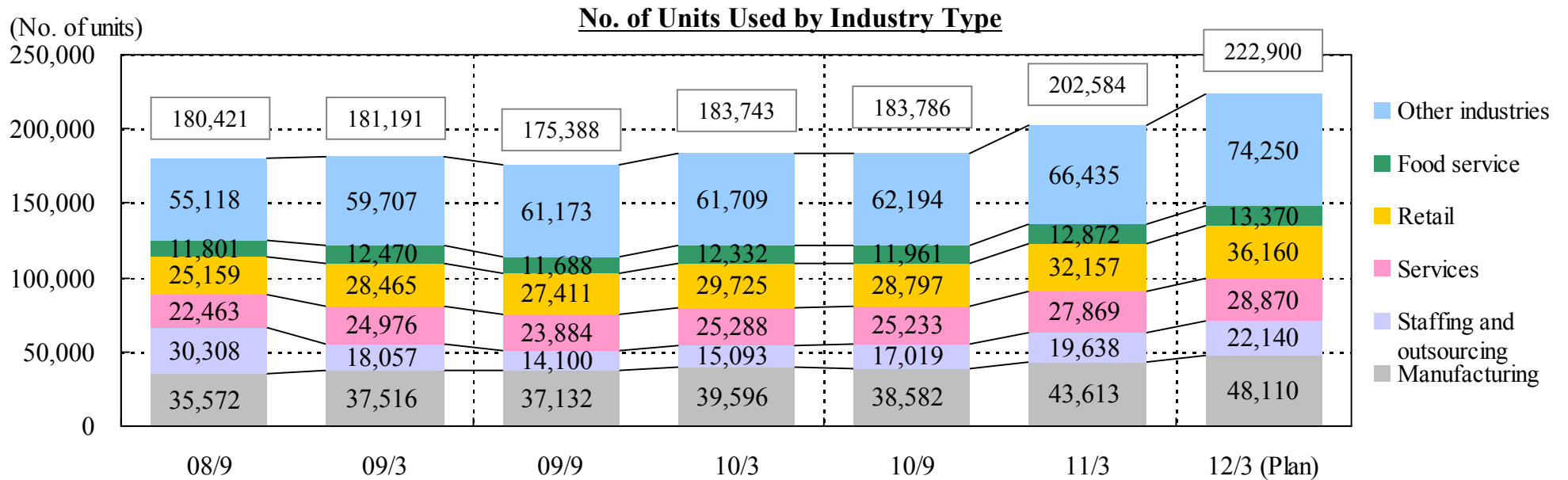
No. of Contracts by Leopalace Partners



Specific Measures 2: Strengthen Corporate Sales

Corporate Sales

- 1) Strict risk management through analysis of growth industries and demand, and decentralization by industry type
- 2) Strengthen company housing services by utilizing subsidiary firm Leopalace Leasing Corporation



No. of units under corporate contracts was 180,000 at the time of the Lehman collapse, and increased to a record level of 202,000 units as of the end of March 2011.

1) Conduct our own surveys of demand trends among corporate clients

Industry in which demand is projected to increase:
Services, retail, food services, manufacturing

Increase marketing to industries in which demand is projected to increase

2) Strengthen ties with Leopalace Leasing for company housing services

Providing company housing services...

- Increases convenience and retains corporate customers
- Gains customers looking for family-type units

Enhance marketing capabilities through ties between the Corporate Sales Department and company housing services

Specific Measures 3:

Strategies to Enhance Property Values and Other Measures **Leopalace21**

Home Security

- Provide a secure leased housing system by installing home security system for both new buildings and buildings managed nationwide in alliance with two major security firms, under the slogan of “safety and security 24 hours a day, 365 days a year”
- Standard installation of three types of security systems—theft protection, fire alarms, and emergency alerts
- Offer optional services to provide security for elderly persons living alone



SECOM AS



Condominium
TAKURUS II

Solar Power Systems

- Install solar power system on both new buildings and buildings managed nationwide under the slogan of “a safe and secure global environment”
- Contribute the common global goal of reducing CO₂ emissions
- Electricity generated will be used in common areas of apartment building, with surplus sold to power companies and profits given to owners



Other Measures to Increase Sales

- Internet environment inspection fees
- Increased revenues from insurance
- Expansion of broadband services (Leopoint sales, VOD, etc.)

Cost Reduction Measures

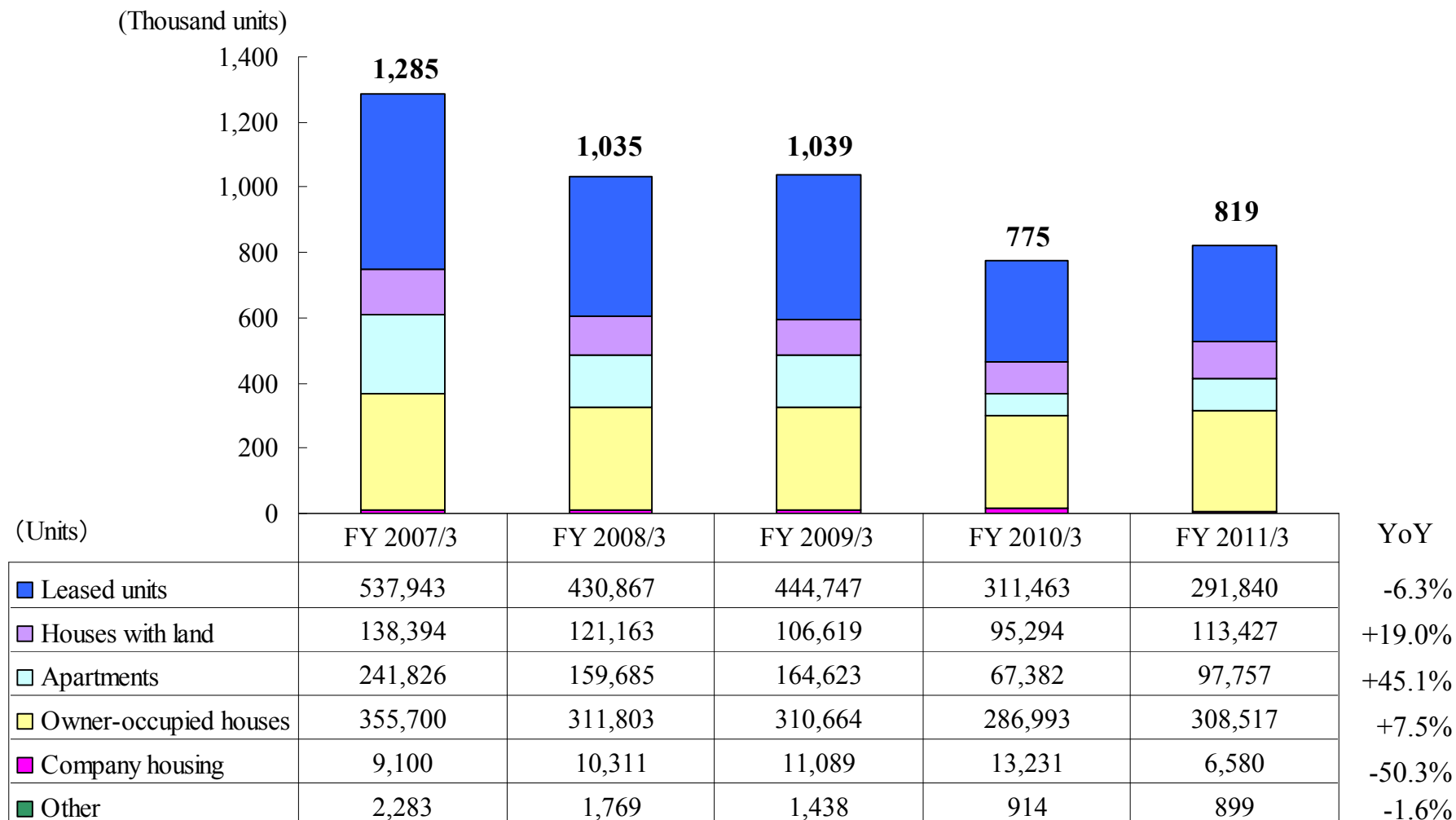
Reductions including:

- Propane gas charges
- Regularly scheduled cleaning
- Septic tank services
- Voluntary garbage collection

Appendix

 **Leopalace21**

New Housing Starts (No. of use breakdown)

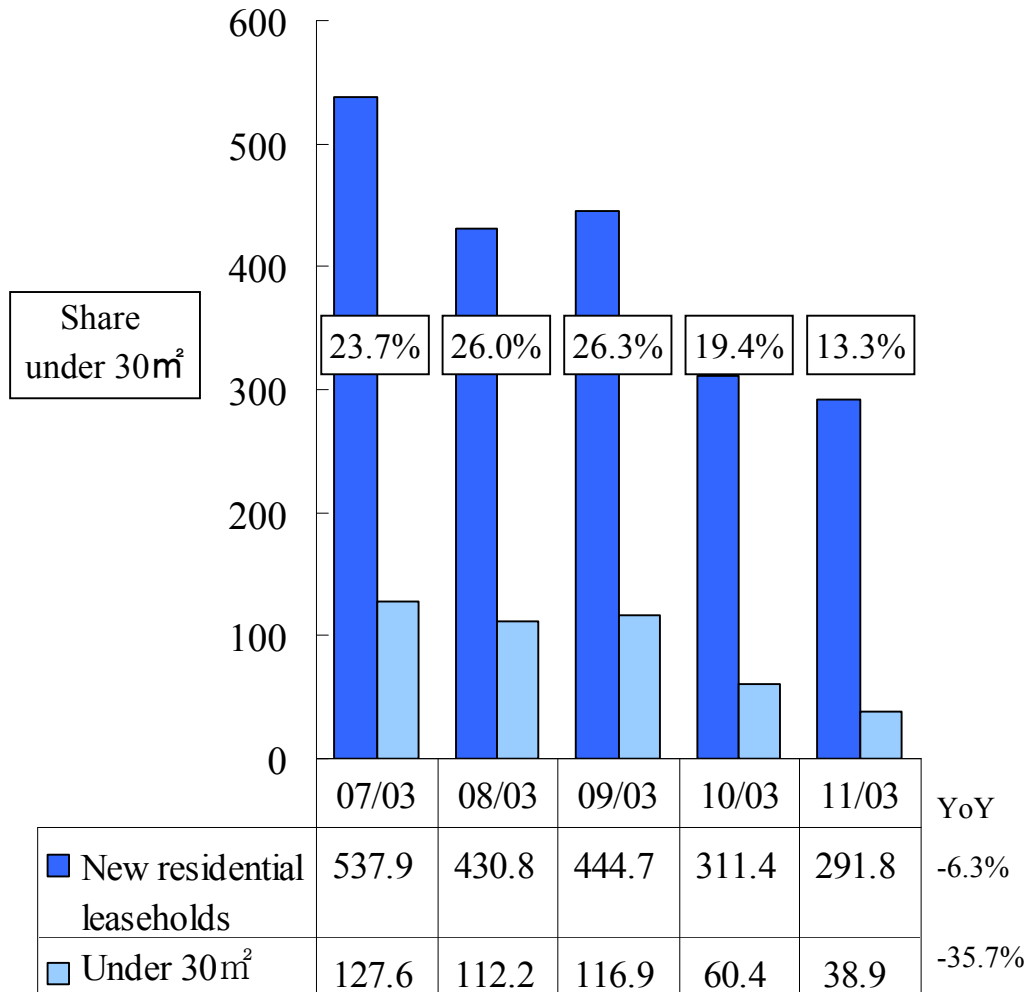


(Based on housing start statistics, Ministry of Land, Infrastructure & Transport)

New Housing Starts (Units under 30 square meters)

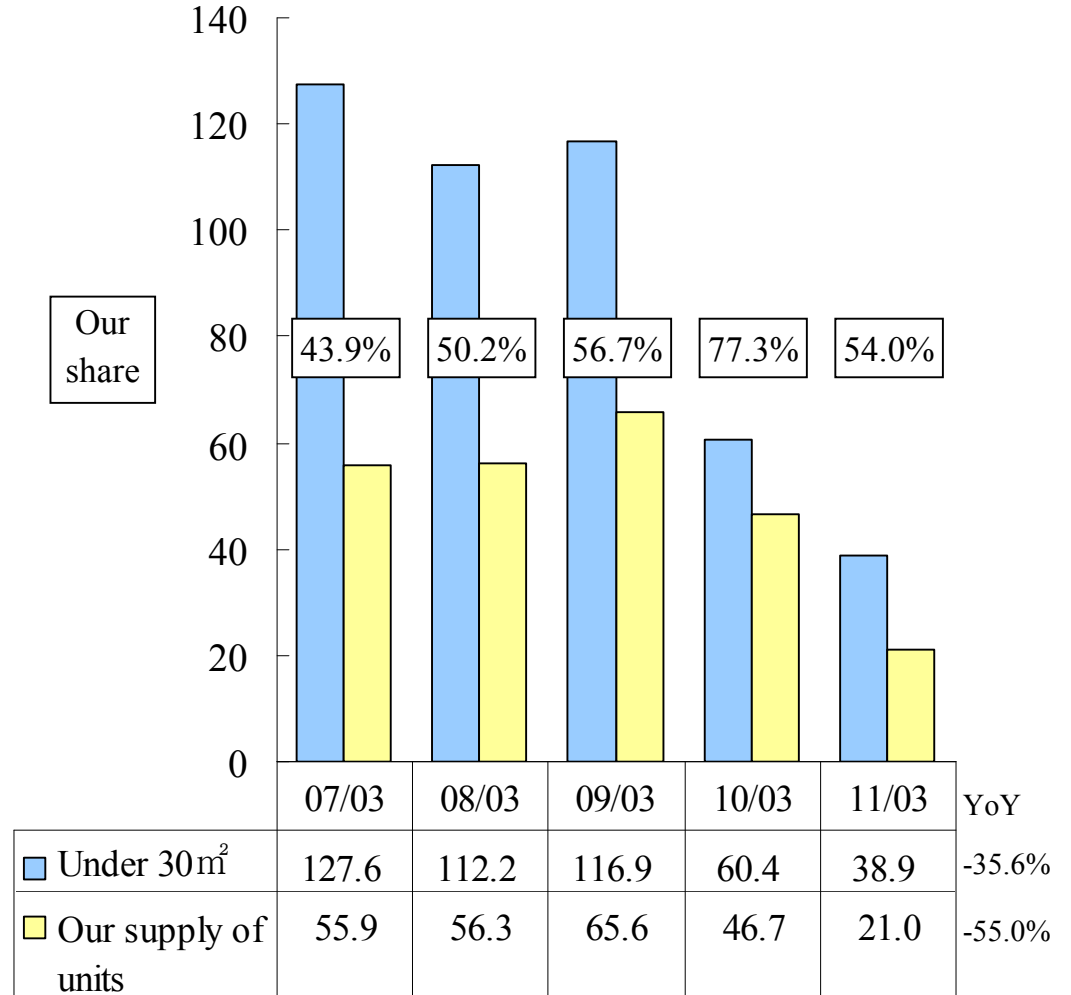
Trend in No. of New Residential Leaseholds Overall & Market Share for Units under 30 square meters

(Thousand units)



Trend in No. of New Residential Leaseholds under 30 square meters and Our Market Share

(Thousand units)

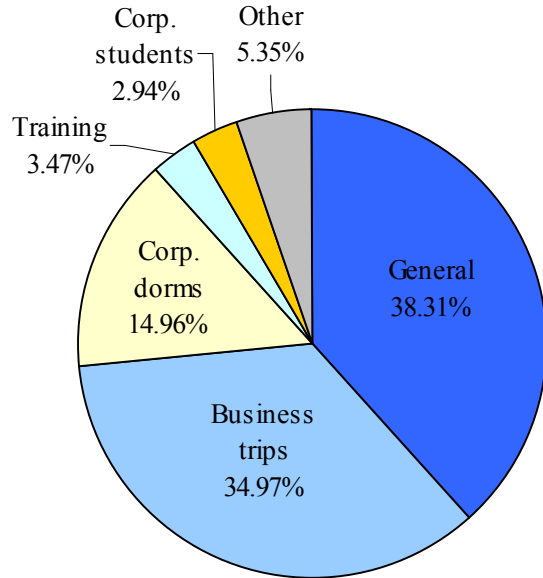


(Based on housing start statistics, Ministry of Land, Infrastructure & Transport)

Usage Pattern for Leopalace21's One-Room Units and Contract Type



Breakdown of Users of Month-to-Month Leases (as of March 2011)

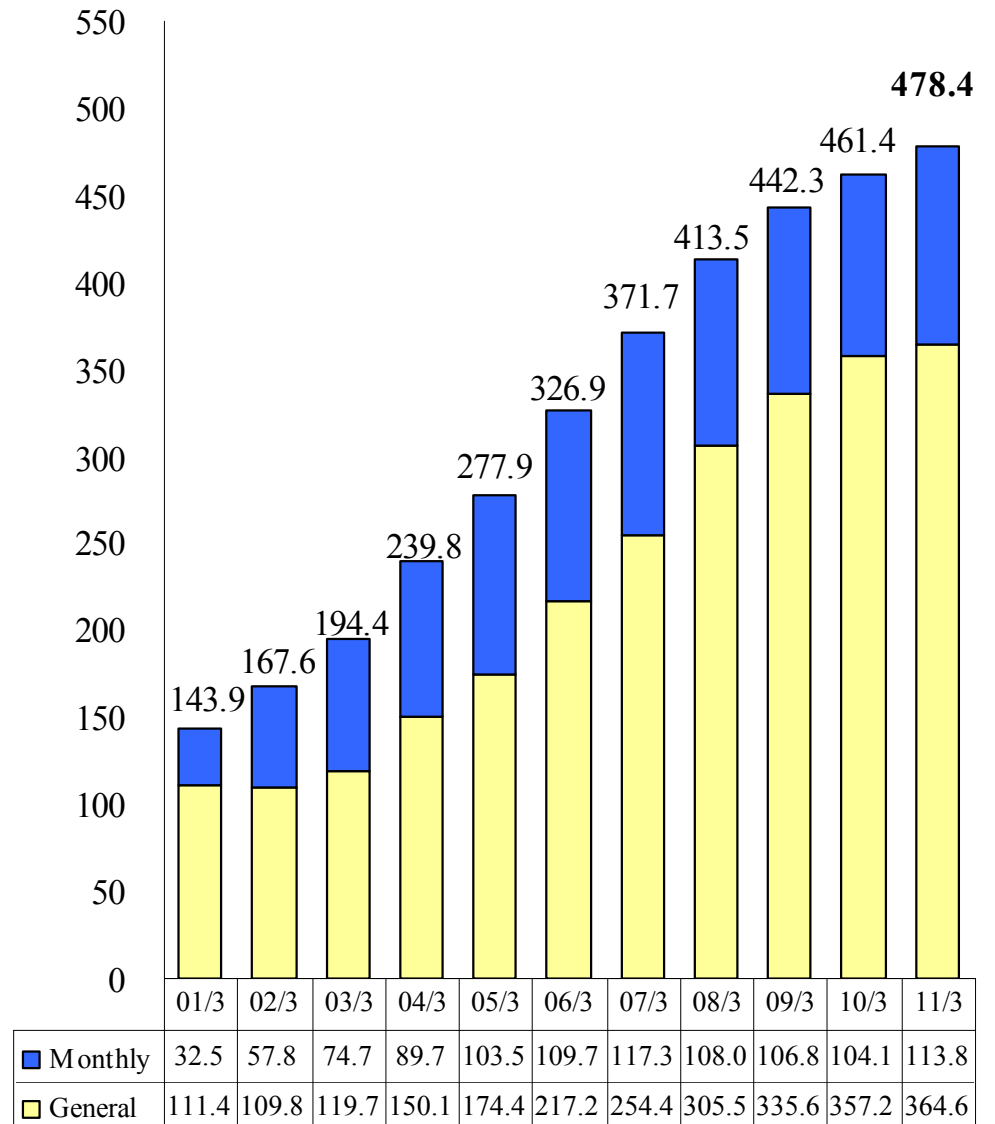


Breakdown of "Other":

Temporary stay between moves	1.11%
Job assignment away from home	0.69%
Temporary stay during home renovations	0.64%
Temporary use (for space)	0.63%
Daily use for long commute	0.35%
Taking care of business bachelors	0.27%
Taking care of hospitalized relations	0.25%
Study	0.24%
Tourism	0.18%
Other	0.98%

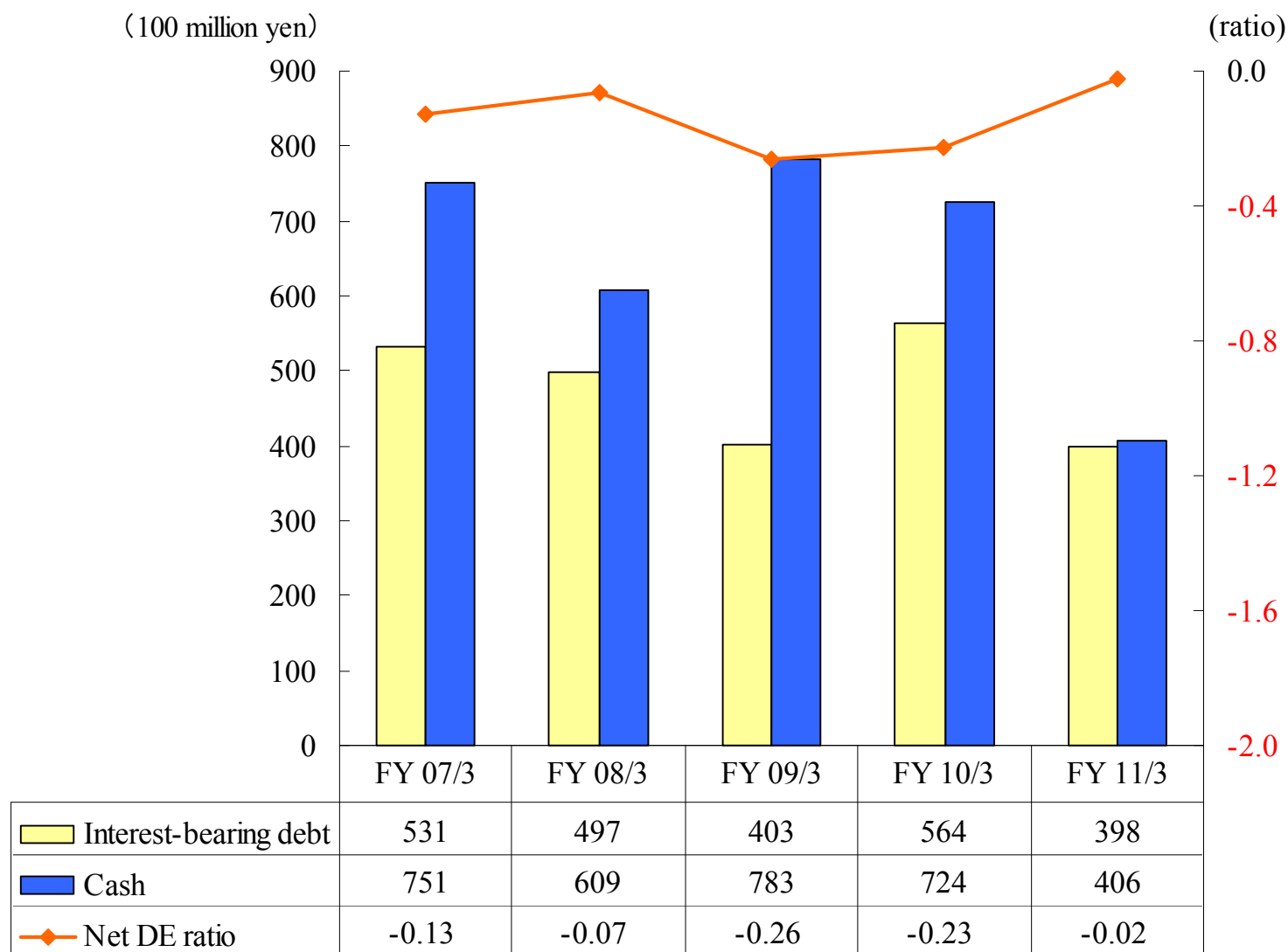
No. of Tenants by Contract Type

(Thousand units)



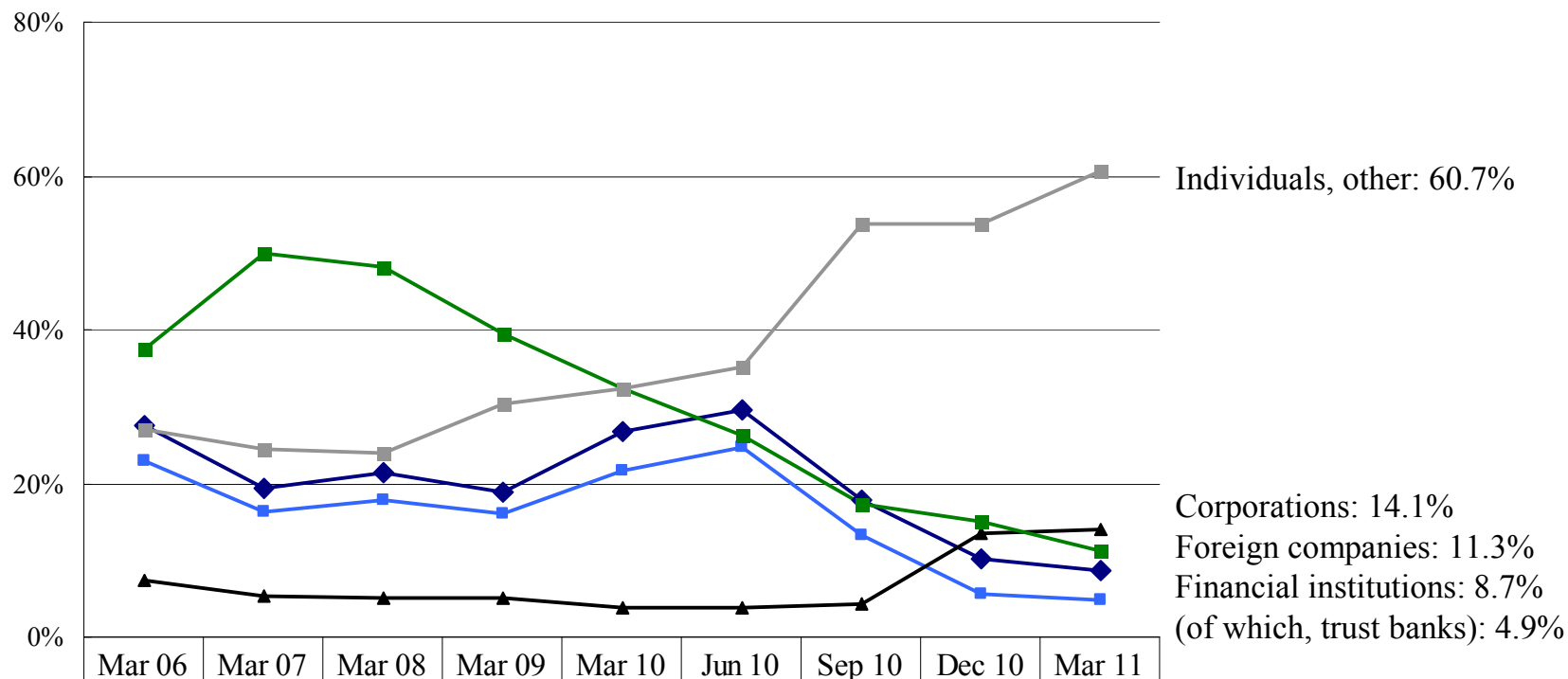
(Based on company data, as of March 2011)

Balance of Cash/Deposits, and Interest-bearing Debt (Consolidated)



Net D/E ratio = (Interest-bearing debt – Cash) / Shareholders' equity

Trend in Shareholders



	Mar 06	Mar 07	Mar 08	Mar 09	Mar 10	Jun 10	Sep 10	Dec 10	Mar 11
Financial institutions	27.6%	19.5%	21.5%	18.8%	26.8%	29.6%	17.9%	10.3%	8.7%
(of which, trust banks)	23.0%	16.4%	17.7%	16.0%	21.7%	24.7%	13.2%	5.6%	4.9%
Corporations	7.4%	5.3%	5.2%	5.2%	3.8%	3.8%	4.4%	13.4%	14.1%
Foreign companies	37.6%	49.9%	48.3%	39.4%	32.4%	26.2%	17.5%	15.1%	11.3%
Individuals, other	26.9%	24.4%	23.9%	30.4%	32.4%	35.1%	53.8%	53.7%	60.7%

*Based on number of shares

*Leopalace21 Corporation issued new shares through a third-party allotment to Jyu-seikatsu Realty Corporation (classified as “Corporation” above) on December 21, 2010.