FOR IMMEDIATE RELEASE

February 12, 2021

Company Name: **Leopalace21 Corporation**
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Notice Concerning Revision of Earnings Forecasts

Pursuant to a resolution at the Board of Directors Meeting held on February 12, 2021, Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the “Company”) regrets to announce the following revision of earnings forecasts which was previously announced on June 5, 2020.

1. Revision of Earnings Forecasts

[Consolidated]

Revision to earnings forecasts for the fiscal year ending March 31, 2021

(April 1, 2020 through March 31, 2021) (Million yen)

	Net sales	Operating profit	Recurring profit	Net income attributable to shareholders of the parent	Net income per share (yen)
Previous forecast (A)	431,100	(9,800)	(10,200)	(8,000)	(32.78)
Revised forecast (B)	408,900	(34,600)	(39,800)	(44,400)	(169.02)
Amount change (B – A)	(22,200)	(24,800)	(29,600)	(36,400)	
Percentage change	(5.1%)	—	—	—	
(Reference) Results for the fiscal year ended March 31, 2020	433,553	(36,473)	(36,341)	(80,224)	(328.77)

[Non-consolidated]

Revision to earnings forecasts for the fiscal year ending March 31, 2021

(April 1, 2020 through March 31, 2021) (Million yen)

	Net sales	Recurring profit	Net income	Net income per share (yen)
Previous forecast (A)	413,900	(9,600)	(7,100)	(29.09)
Revised forecast (B)	392,100	(35,000)	(39,200)	(149.22)
Amount change (B – A)	(21,800)	(25,400)	(32,100)	
Percentage change	(5.3%)	—	—	
(Reference) Results for the fiscal year ended March 31, 2020	413,844	(36,589)	(35,189)	(313.99)

2. Reasons for Revision of Earnings Forecasts for FY21/3

The Leasing Business has suffered from reduced revenue because of disappointing Q1-Q3 average occupancy rate of 78.58 percent, a reduction of 1.89 percentage points year on year, due to declined tenancy demand as a result of COVID-19 pandemic. We are afraid that the conditions of Leasing Business will remain unchanged for the rest of the current consolidated fiscal year and decided to revise the earnings forecasts which we announced on June 5, 2020; net sales of Leasing Business will decrease by about 21.9 billion yen and operating profit will decrease by about 28.3 billion yen which will result in decrease in the Company consolidated operating profit by about 24.8 billion yen despite the efforts of cutting down the operating expenses.

We expect that non-operating expenses will be increased as a result of recording of 2.3 billion yen in funding costs and 1.7 billion yen of increased interest expenses related to the fundraising sourced from Fortress Investment Group LLC. It will lead to the deviation from the earnings forecasts that we announced on June 5, 2020.

We expected about 5.9 billion yen of income taxes adjustment (profit) at the time of the earnings forecasts dated June 5, 2020 considering planned recovery in the Company performance during fiscal year ending March 31, 2022. In the light of accounting conservatism for the recoverability of deferred tax assets due to the reasons as described above, we made the revision of earnings forecasts.

3. Reduction of remuneration for officers

The Company has reduced remunerations for the directors and officers since February 2019. We considered the revised earnings forecast seriously and determined to continue the reduction in remunerations for the directors and officers to fulfill their management responsibility as follows.

Period:	April 2021 to March 2022	
Target positions:	Directors, Audit & Supervisory Board members, and Executive Officers	
Reduction ratios:	President and CEO	60%
	Other Internal Directors	40% – 45%
	Full-time Audit & Supervisory Board members	35%
	Executive Officers	35% – 40%

(Note) The above forecasts are based on the information available as of the date of publishing this document. Please note that actual results may differ from these forecasts for a number of reasons which may arise in the coming months.

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