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**FOR IMMEDIATE RELEASE**

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**New Medium-Term Management Plan ~Change for NEXT~**

Leopalace21 Corporation, due to the achievements from the fiscal year ending March 2009, have created a “New Medium-Term Management Plan ~Change for NEXT~” launching this fiscal year.

During the previous consolidated fiscal year, the financial crisis brought by the subprime mortgage crisis and the deterioration in Japan’s real estate market caused changes in the business environment that were far larger than we could imagine.

In correspondence to these drastic changes, we have made the establishment of a stronger management base our top priority, consisting of a fundamental reexamination of business operations through selection and concentration. Our New Medium-Term Management Plan will set our core business, Apartment Construction Subcontracting Business and Leasing Business, as the fundamental base of our management.

Due to these changes, we will be shifting to a new management system, pursuing in the improvement of work operations, profitability, financial content, business efficiency, and return to stockholders.

《 Outline of the New Medium-term Management Plan ~Change for NEXT~ 》

1. 【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.

2. 【Corporate Slogan】

# Change for NEXT

Leopalace21 will now, revolutionize to the next stage.  
In order to correspond to the drastic changes in this time of chaos,  
we will aim for the construction of a strong business structure  
independent from the market,  
and concentrate on the origin of our business,  
Apartment Construction Subcontracting Business and Leasing Business.  
We will unite our efforts to maximize Corporate Value  
to meet the needs of every one of our customers.

3. 【Plan Period】

We will set the plan period for three years, from April 2009 to March 2012.

4. 【Plan Goal, Financial Indicators】

We will settle on a plan considering the changes in business environments and evolutions in our business model, and reconstruct our management base to make medium- to long-term revenue growth possible.

Fiscal Year ending March 2012 (Consolidated)	
Net Sales	750,000 million yen
Net Income	24,000 million yen
Equity Ratio	38%
Payout Ratio	30%

< Numerical Plan — Consolidated — >

(Million Yen)

	2009/3 Achieved	2010/3 Plan	2011/3 Plan	2012/3 Plan
Net sales	7,332	7,007	7,231	7,511
Operating profit	501	217	341	467
%	6.8%	3.1%	4.7%	6.2%
Current profit	467	199	323	449
%	6.4%	2.8%	4.5%	6.0%
Net income	99	87	163	240
%	1.4%	1.2%	2.3%	3.2%
Total Assets	4,673	4,490	4,661	4,897
Net Assets	1,464	1,543	1,664	1,843
ROE	6.4%	5.8%	10.2%	13.7%
EPS (Yen)	63.54	57.47	107.68	158.54
Depreciation expense	57	58	64	65
EBITDA (*1)	559	276	405	533
EBITDA margin	7.6%	3.9%	5.6%	7.1%
Amount of orders	2,691	3,000	3,000	3,000
Balance of orders (*2)	2,528	2,528	2,528	2,528
Apartment units under management (units)	506,742	553,000	597,500	642,000
Average rate of tenancy	88.5%	85.1%	87.2%	87.5%

(\*1) EBITDA = Operating profit + Depreciation expense

(\*2) Amount of orders and balance of orders from Apartment Construction Subcontracting Business only  
(Silver Business excluded)

5. 【Basic Strategy】

- ① Structure reform, strengthening of governance
- ② Fundamental reexamination of cost structure
- ③ Concentration of management resources to core businesses
- ④ Recurrence to origin of “Non-possessing Management”
- ⑤ Expansion of areas supplying apartment units by introducing new products
- ⑥ Supplying apartment units which will contribute to profit growth in the Leasing Business
- ⑦ Expansion of channels to secure tenants and improvement of corporate sales
- ⑧ ”One-stop Strategy” (Flow of tenants: studio to family)

## 6. 【Business Strategy】

### ① Core Business

Construction of a structure towards management unification of Apartment Construction Subcontracting and Leasing, and a shift to a stock-type business model.

Apartment Construction Subcontracting Business ~Policies to secure amount of orders~

- Introduction of houses with attached rental units, large-sized studio apartments, and family-oriented apartments
- Closer cooperation with apartment owners
- Proposal of apartment plans which consider practicable financing

Leasing Business ~Fundamental improvements on "Business Structure", "Revenue Structure"~

- Maximization of leasing revenue
- Closer cooperation with other real estate companies
- Expansion of corporate clients
- Securing new tenants
- Reexamination of business and revenue structure

### ② Related Business, Consolidated Subsidiaries

Make concentration of management resources to the core business our highest priority, strengthen monitoring on related businesses, and clarify order of priorities.

Leopalace Leasing Co.	Enclosing of corporate clients through synergy between Leasing Business
Leopalace Insurance Co., Ltd.	Association with Leasing Business for early return to profitability
Silver Business	Suspending order of construction of new facilities, improvement of net working rates of existing facilities
Resort Business	Improving tour plan businesses by utilizing our synthetic resort facility and execution of cost reduction
Domestic Hotel Business	Improvement of net working rates, reducing of costs
Residential Business	Early disposal of sales inventory, cancellation of new purchases
Leopalace Finance Co., Ltd.	Strengthening of credit management, execution of a relief loan (emergency loan) of apartment construction

## 7. 【Financial Strategy】

- ① Restraint expansion of our balance sheet by restraining capital investment
- ② ROA over 5% mark, equity ratio over 38%
- ③ Payout ratio over 30%

《 Promoting Corporate Social Responsibility Management 》

~ Contribution to the construction of a sustainable society as a “Corporate Citizen” ~

### 4 Basic Policies

- ① Provide high quality service and affluent lifestyles
- ② Highly transparent business activity
- ③ Contribution to local communities, satisfactory working environments
- ④ Fulfilling a society good for the global environment