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**Notice Concerning Formulation of the  
 New Medium-Term Management Plan “EXPANDING VALUE”**

This fiscal year is the final year of the Medium-term Management Plan “Creating Future” announced in May 2012. However, current economic trends and the business environment surrounding Leopalace21 Corporation (“the Company”) has changed since the time of the announcement. Accordingly, we have created a three-year New Medium-Term Management Plan “EXPANDING VALUE” launching April 2014.

**1. Basic Policy of the New Medium-Term Management Plan “EXPANDING VALUE”**

*“Focusing on core businesses and challenging itself with new business fields”*

Corporate slogan

**EXPANDING VALUE**

**2. Plan Period**

We have set the plan period for three years, from April 2014 to March 2017.

**3. Numerical Target Figures (Consolidated)**

(Million yen)	FY 2014/3 (Actual)	Plan period (FY 2015/3 – FY 2017/3)		
		FY 2015/3 (Plan)	FY 2016/3 (Plan)	FY 2017/3 (Plan)
Net sales	471,000	493,500	525,000	540,000
Operating income	13,600	14,500	19,500	22,000
Recurring income	11,500	13,000	18,000	21,000
Net income	15,200	12,000	16,000	19,000
Net assets	104,800	117,000	133,000	152,000
Equity ratio	36.5%	41.0%	45.0%	48.0%
ROE	18.7%	10.0%	12.0%	12.3%
EPS (Yen)	67.2	45.5	61.9	71.7
ROA	5.5%	4.2%	5.5%	6.0%

#### **4. Business Strategies**

##### *(1) Leasing Business*

- i. Expand corporate clients (industrial corporations, educational institutions, medical corporations)
- ii. Implement business measures in accordance with client needs (such as “*Room Customize*”)
- iii. Recruiting of inbound-occupants such as foreign students
- iv. Develop leasing outlets including franchises in accordance with a channel strategy
- v. Reduce costs such as maintenance

##### *(2) Construction Business*

- i. Supply new apartments based on an area strategy
- ii. Introduce strategic products that are of high quality and ahead of its time
- iii. Promote non-residential buildings and built-to-order houses to expand construction variation
- iv. Increase profitability by revising construction methods

##### *(3) Elderly Care Business, Hotel Resort Business, and Other Businesses*

- i. Position the elderly care business as a growth strategy area, promoting the opening of care facilities through collaboration with the construction business
- ii. Maximize profitability and efficiency by strengthening group liaison

#### **5. Financial Strategies**

##### *(1) Focus on cash flow management*

##### *(2) Enhance soundness of the financial position*

- i. Equity ratio over 48.0%, ROA over 6.0%
- ii. Further decrease of interest-bearing debt

##### *(3) Environmental arrangement of dividend resumption*

- i. Put non-consolidated retained earnings (-23,300 million yen as of March 2014) into the black during the plan period by stacking up profits

#### **6. Promotion of CSR Management**

Leopalace21 Group promotes to “contribute as a corporate citizen to the realization of a sustainable society.”

Note: Revised business forecasts are calculated based on information available to the Company as of this announcement. Actual results may differ from these forecasts for a variety of reasons.

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