



Leopalace21 Corporation

Investor Meeting Presentation

for the Six Months Ended September 30, 2021

November 2021

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.

*Reportable segments were changed in FY18/3 and FY21/3.

| | |
|----------------------------------------------------------|------|
| 1. About Leoplace21 | p.2 |
| 2. 1H FY22/3 Results, Full-year Plan | p.5 |
| 3. Structural Reforms and Occupancy Improvement Measures | p.14 |
| 4. Data Related to Leasing Business | p.21 |
| Appendix | p.27 |

1. About Leoplace21



1-1: Corporate Profile

Corporate Data (as of September 30, 2021)

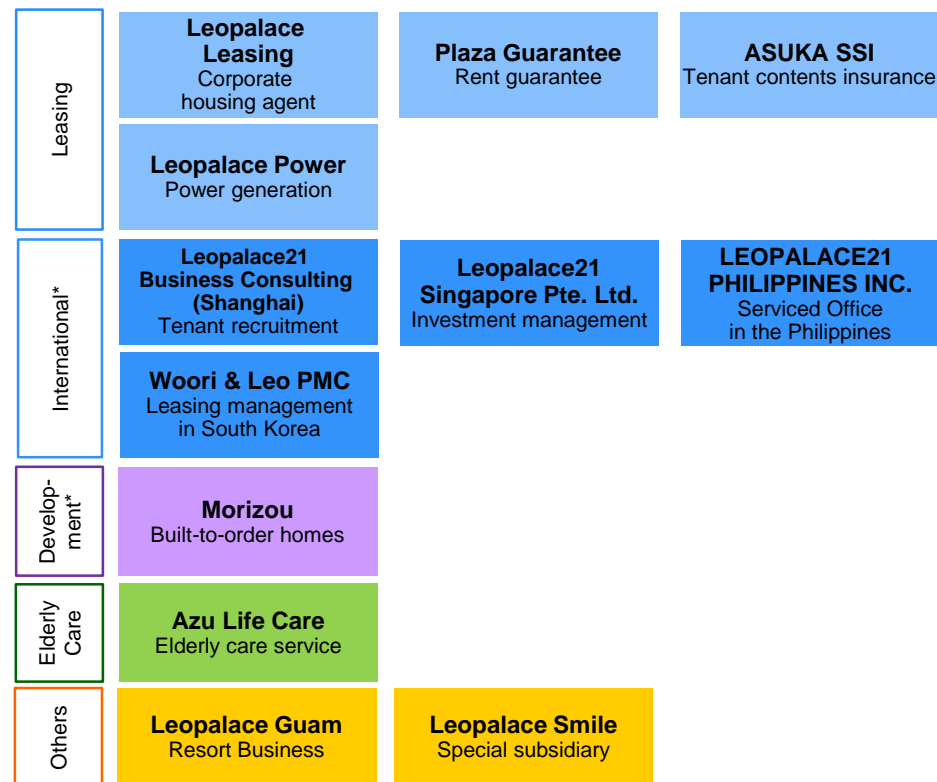
| | |
|-------------------------|-------------------------------------------------------------------|
| Established | August 17, 1973 |
| Paid-in Capital | JPY 100 million |
| Representative Director | Bunya Miyao, President and CEO |
| Employees | 4,645 (consolidated), 3,810 (non-consolidated) |
| Authorized Shares | 750,000,000 |
| Outstanding Shares | 329,389,515 shares (not including 159,748,700 dilutive shares) |
| Shareholders | 51,690 |

Business Model

Offer 570,000 studio-type units equipped with furniture and home appliances
 approx. 80% of listed companies have used Leopalace21's services



Group Companies (as of October 31, 2021)

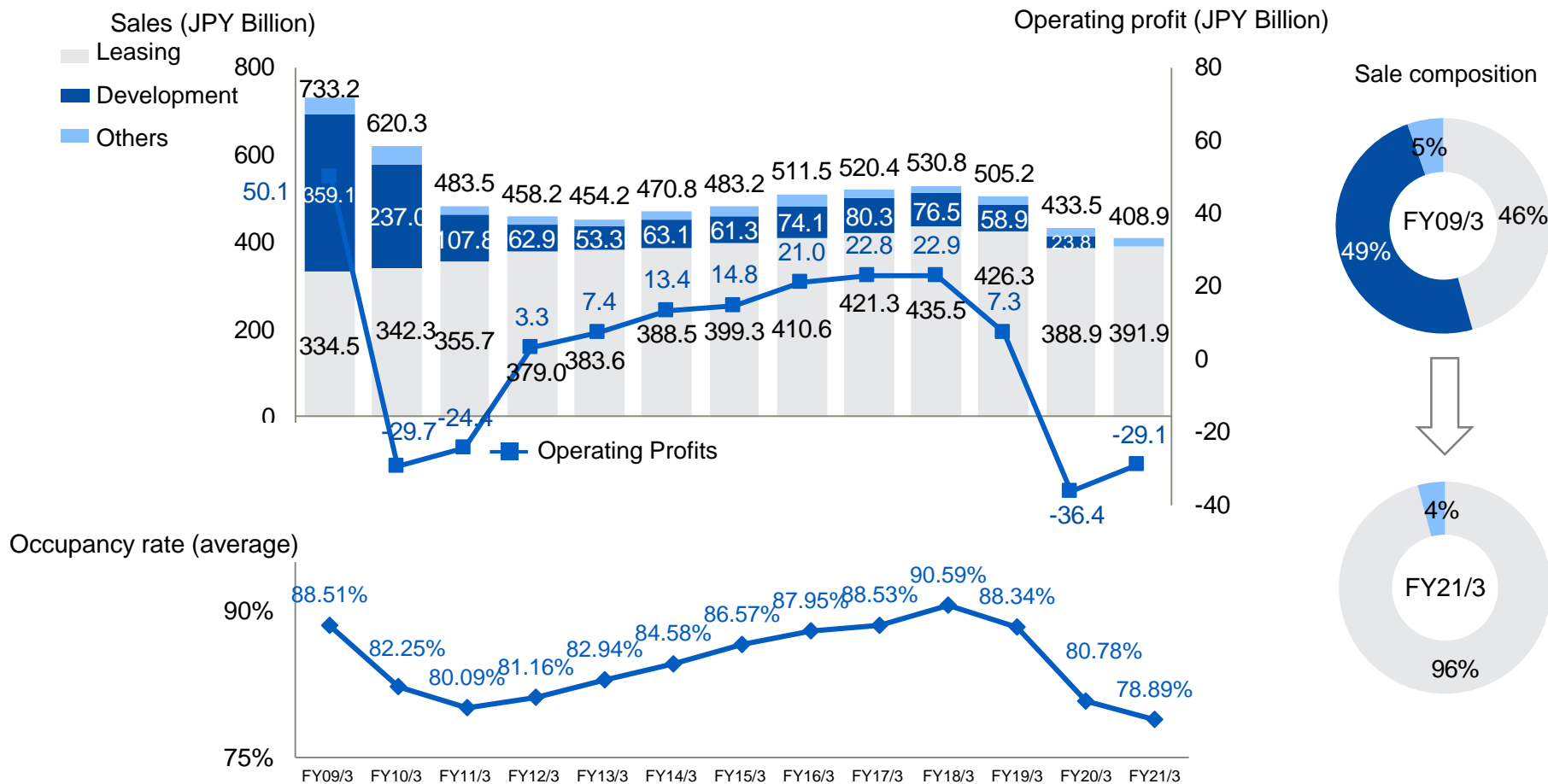


- Results of the International Business and the Development Business are reported under the Leasing Business segment

1-2: Results Trend

Decrease in occupancy rates and rent, as well as stringent loan screening caused by the Lehman Collapse led to a decrease in apartment construction, and Leoplace21 reported operating losses for two consecutive years. As a result, the Company shifted the business model to center on the Leasing Business in order to target a stable earnings structure for the mid to long term. Huge operating losses were recorded caused by construction defects problem during FY20/3. The Company recorded operating losses for the two consecutive years hit by COVID-19 impact despite its effort to be profitable by implementing structural reforms.

Results Trend



2. 1H FY22/3 Results, Full-year Plan



1H results were ahead of original plan from sales to net income due mainly to good results from occupancy improvement measures, reduction in cost of sales and SGAE, and reversal of provision. The Company successfully recorded operating profit and net income and disclosed the revision of earnings forecasts on November 8, 2021 for 1H and full fiscal year ending March 2022.

Highlights of Results

| (JPY million) | 1H FY21/3 Actual | 1H FY22/3 Original Plan | 1H FY22/3 Actual | Factors contributing to changes | | |
|-------------------------|---------------------|-------------------------------|---------------------|---------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | YoY | Compared with Plan | |
| Sales | 208,647 | 198,000 | 199,550 | (9,096) | +1,550 | <p>Reduction in sales of construction subcontracting were the major reasons behind negative growth YoY. Reversal of provision for apartment vacancy loss of JPY 2.5 billion (Q1: JPY 1.1 billion, Q2: JPY 1.3 billion) and reduction in cost of sales contributed to increased gross profit against original plan and the result for 1H FY21/3 result.</p> <p>Reduction in SGAE centered on personnel expenses contributed to the recording of operating profit.</p> <p>Interest expenses made recurring loss despite the fact that deficit margin was reduced.</p> <p>Recorded reversal of provision for losses related to repairs of JPY 3.3 billion (Q1: JPY 1.9 billion, Q2: JPY 1.4 billion)</p> |
| Cost of Sales | 194,662 | 180,700 | 177,603 | (17,059) | (3,096) | |
| Gross profit | 13,984 | 17,300 | 21,946 | +7,962 | +4,646 | |
| % | 6.7% | 8.7% | 11.0% | +4.3p | +2.3p | |
| SGAE | 26,600 | 24,700 | 21,136 | (5,463) | (3,563) | |
| Operating profit | (12,616) | (7,400) | 809 | +13,425 | +8,209 | |
| % | (6.0%) | (3.7%) | 0.4% | +6.5p | +4.1p | |
| Recurring profit | (12,854) | (9,700) | (1,332) | +11,521 | +8,367 | |
| % | (6.2%) | (4.9%) | (0.7%) | +5.5p | +4.2p | |
| Net income* | (17,571) | (11,500) | 647 | +18,218 | +12,147 | |

* Net income refers to net income attributable to shareholders of the parent.

2-2: PL-Quarter Comparison

Quarter Comparison

| (JPY million) | Q1 Apr-Jun | | Q2 Jul-Sep | | Q3 Oct-Dec | | Q4 Jan-Mar | |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------|---------------------------|
| | FY21/3 Actual | FY22/3 Actual | FY21/3 Actual | FY22/3 Actual | FY21/3 Actual | FY22/3 Revised Plan | FY21/3 Actual | FY21/3 Revised Plan |
| Sales | 103,986 | 100,244 | 104,660 | 99,305 | 99,679 | 99,700 | 100,632 | 101,300 |
| Cost of sales | 97,016 | 90,472 | 97,646 | 87,131 | 92,447 | 87,100 | 100,762 | 88,600 |
| Gross profit | 6,969 | 9,771 | 7,014 | 12,174 | 7,231 | 12,600 | (129) | 12,700 |
| SGAE | 13,797 | 11,059 | 12,802 | 10,076 | 11,201 | 11,600 | 12,467 | 12,500 |
| Operating profit | (6,827) | (1,287) | (5,788) | 2,097 | (3,969) | 1,000 | (12,597) | 200 |
| Recurring profit | (6,848) | (2,241) | (6,005) | 909 | (7,707) | 100 | (13,607) | (1,700) |
| Net income (loss)* | (14,123) | (957) | (3,447) | 1,605 | (7,432) | 100 | 1,322 | (2,200) |
| Key contributing factors | The occupancy rates were ahead of the plan. Cost-cutting measures and reversal of provision for losses related repairs contributed to a recording of profit for Q2 (Jul - Sep) on a non-consolidated basis. | | | | Sales remains flat due to the reduction in unit rent and disappointing sales at subsidiaries despite the increasing occupancy rates. Management cost for leasing and SGAE are going to increase because of Q4 being the busiest season, hence resulting in net loss.. | | | |

* Net income refers to net income attributable to shareholders of the parent.

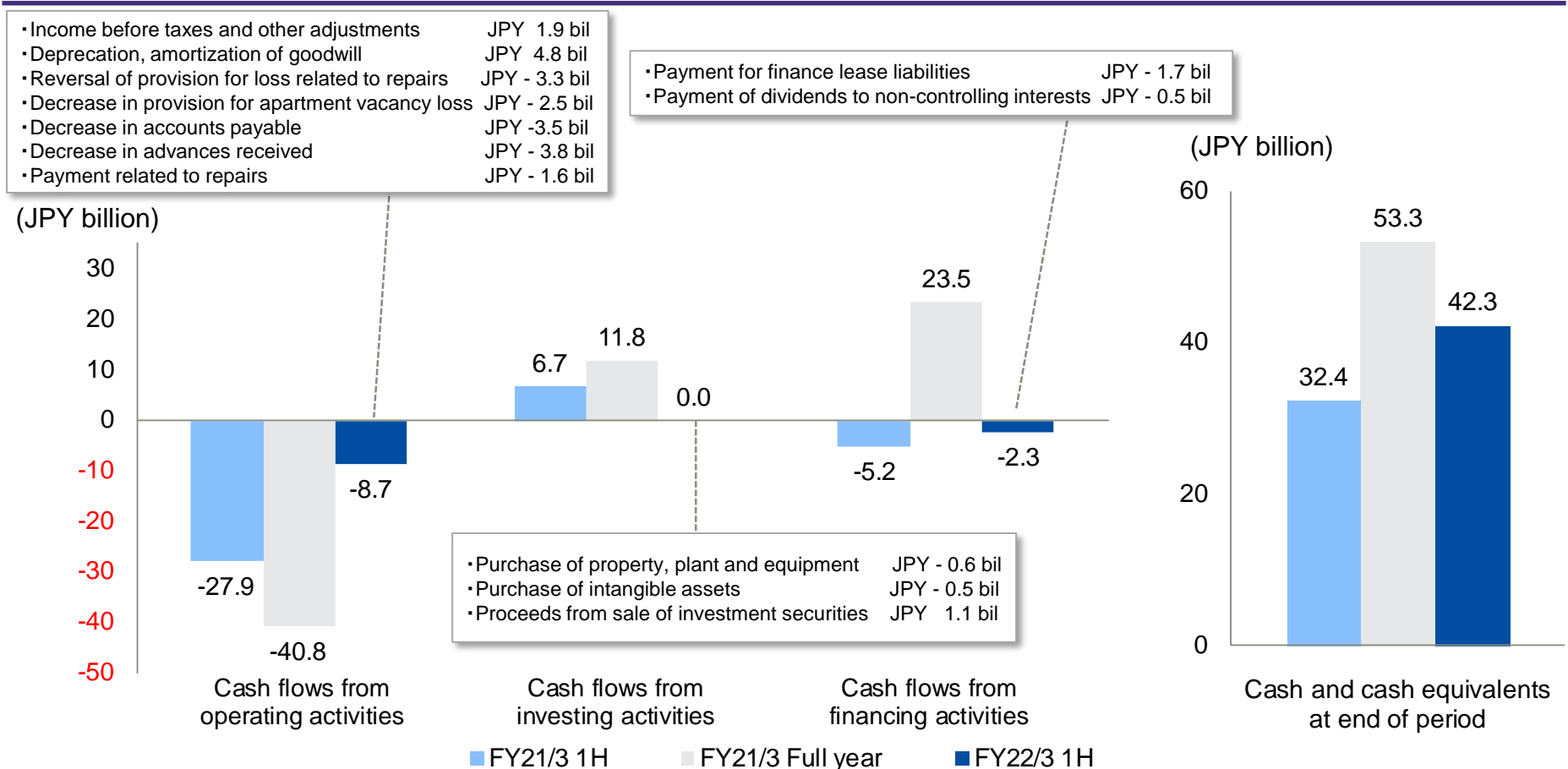
Balance Sheet - main items only

| (JPY million) | FY21/3 | Q1 FY22/3 | 1H FY22/3 | Factors contributing to changes (compared against end of FY21/3) |
|--------------------------------------------------|-----------|-----------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash and deposits | 54,863 | 45,774 | 43,852 | <ul style="list-style-type: none"> ■ Cash and deposits Decreased by JPY 11 billion due to expenditure for operation funds and payment related to repairs of construction defects |
| Total assets | 161,708 | 150,332 | 145,255 | |
| Interest-bearing debt* | 35,409 | 34,496 | 33,951 | <ul style="list-style-type: none"> ■ Provision for loss related repairs (current: JPY 1.2 billion, non-current: JPY 27.2 billion) Writing-off the provision for JPY 1.6 billion due to progress of repairs and reversal of provision for JPY 3.3 billion due to streamlined process (Q1: JPY 1.9 billion, Q2: JPY 1.4 billion) totaled to JPY 5.0 billion. ■ Provision for apartment vacancy loss (current: JPY 6.7 billion, non-current: JPY 2.9 billion) Total reversal of JPY 2.5 billion (Q1: JPY 1.1 billion, Q2: JPY 1.3 billion) |
| Provision for loss related to repairs | 33,509 | 30,373 | 28,505 | |
| Provision for apartment vacancy loss | 12,262 | 11,067 | 9,749 | |
| Total liabilities | 158,431 | 151,590 | 144,624 | |
| Common stock | 81,282 | 81,282 | 100 | <ul style="list-style-type: none"> ■ Common stock and capital surplus Transferred common stock of JPY 81.1 billion to capital surplus as of August 10, an effective date.. |
| Capital surplus | 55,174 | 55,174 | 136,346 | |
| Retained earnings | (142,586) | (148,518) | (146,903) | <ul style="list-style-type: none"> ■ Retained earnings Recorded net income for 1H of JPY 0.6 billion (Q1 for JPY 0.9 billion, Q2 for JPY 1.6 billion) despite applying Accounting Standard for Revenue Recognition pushed down the retained earnings by JPY 4.9 billion |
| Total shareholders' equity (A) | (6,474) | (12,364) | (10,759) | |
| Total accumulated other comprehensive income (B) | (2,019) | (359) | (314) | |
| Ownership equity (A)+(B) | (8,494) | (12,723) | (11,074) | <ul style="list-style-type: none"> ■ Non-controlling interests Became flat due to Leopalace Power Corporation's dividend payment and reduction of overseas subsidiaries' accumulated profit despite the recording of Leopalace Power Corporation's recording of net income |
| Share subscription rights | 388 | 357 | 357 | |
| Non-controlling interests | 11,383 | 11,108 | 11,347 | <ul style="list-style-type: none"> ■ Net assets Turned to positive at the end of 1H, which was JPY 0.6 billion, whereas deficit was recorded at the end of Q1 |
| Total net assets | 3,277 | (1,257) | 630 | |
| Total liabilities and total net assets | 161,708 | 150,332 | 145,255 | |

* Interest-bearing debt = borrowings + lease obligations

1H of FY22/3 resulted in net outflow from operating activities of JPY 8.7 billion, net inflow from investing activities of JPY 6 billion, and net outflow from financing activities of JPY 2.3 billion, which resulted in net outflow of JPY 11.1 billion, an improvement of JPY 15.2 billion compared with 1H FY21/3.

Cash Flows



2-5: Roadmap

The Company disclosed revision of earnings forecasts on November 8, 2021 for 1H and full year of FY22/3. Revised plan confirmed operating profit due to continued effect of occupancy improvement measures and cost-cutting measures. FY23/3 will see net income expecting the effect of continued respective measures, along with both positive numbers for ownership equity + share subscription rights and for total net assets.

Plan

| (JPY Million) | FY18/3 Actual | FY19/3 Actual | FY20/3 Actual | FY21/3 Actual | FY22/3 Revised Plan | FY23/3 Revised Plan (reference) |
|-----------------------------------------------------|------------------|------------------|------------------|------------------|------------------------|---------------------------------------|
| Sales | 530,840 | 505,223 | 433,553 | 408,959 | 400,600 | 421,200 |
| Cost of sales | 434,762 | 428,988 | 408,112 | 387,872 | 353,400 | 349,300 |
| Gross profit | 96,077 | 76,235 | 25,441 | 21,086 | 47,200 | 71,900 |
| % | 18.1% | 15.1% | 5.9% | 5.2% | 11.8% | 17.1% |
| SGAE | 73,147 | 68,844 | 61,915 | 50,269 | 45,200 | 49,500 |
| Operating profit | 22,930 | 7,390 | (36,473) | (29,182) | 2,000 | 22,400 |
| % | 4.3% | 1.5% | (8.4%) | (7.1%) | 0.5% | 5.3% |
| Recurring profit | 22,354 | 7,063 | (36,341) | (34,170) | (2,900) | 17,200 |
| Net income * | 14,819 | (68,662) | (80,224) | (23,680) | (1,500) | 15,400 |
| Average occupancy rate | 90.59% | 88.34% | 80.78% | 78.89% | 81.62% | 86.62% |
| Ownership equity | 159,044 | 80,915 | 1,303 | (8,494) | (16,300) | (200) |
| Ownership equity + Share subscription rights | 159,328 | 81,320 | 1,572 | (8,105) | (15,900) | 200 |
| Total net assets | 159,438 | 81,338 | 1,589 | 3,277 | (2,700) | 12,900 |

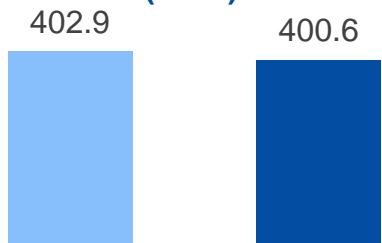
* Net income refers to net income attributable to shareholder's of the parent.

2-6: Revision of Full-year Plan in FY22/3

Sales

(JPY billion)

(0.6%)



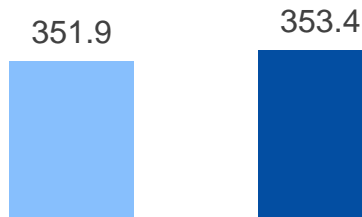
FY22/3 Original Plan FY22/3 Revised Plan

- Reduced unit rent revenue
- Disappointing earnings by subsidiaries

Cost of sales

(JPY billion)

+0.4%



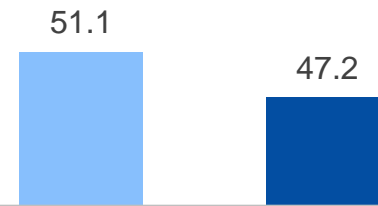
FY22/3 Original Plan FY22/3 Revised Plan

- Delay in reduction of operation cost for the Leasing Business

Gross profit

(JPY billion)

(7.6%)



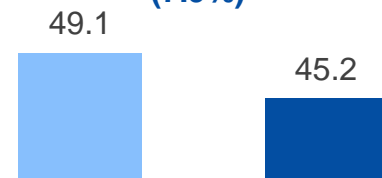
FY22/3 Original Plan FY22/3 Revised Plan

- Declined sales and increase in cost of sales

SGAE

(JPY billion)

(7.9%)



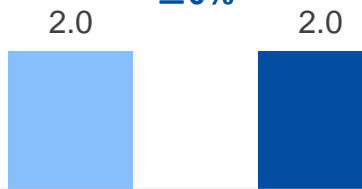
FY22/3 Original Plan FY22/3 Revised Plan

- Reduced number of employees
- Reduced taxes and public charges as a result of reduced common stock

Operating profit

(JPY billion)

±0%



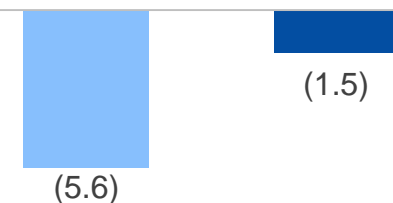
FY22/3 Original Plan FY22/3 Revised Plan

- SGAE reduction offset the reduction of gross profit

Net income

(JPY billion)

JPY +4.1 billion

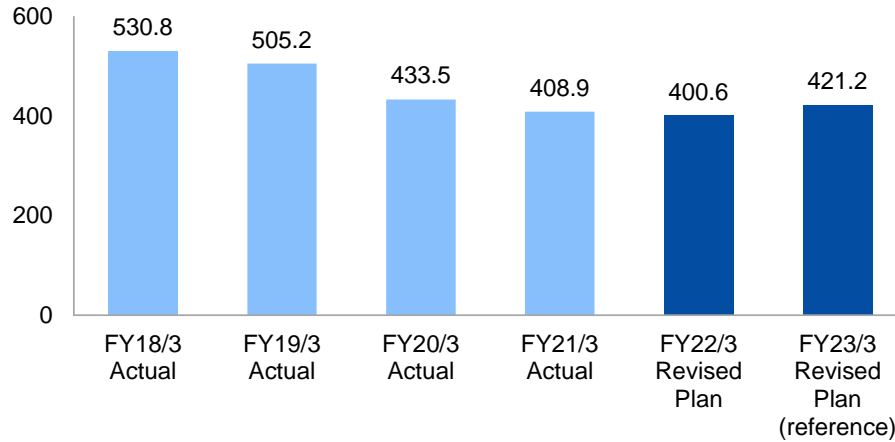


- Reversal of provision for losses related to repairs
- Restrained costs for transferring or withdrawing from the overseas businesses

2-7: Road Map – PL (Graph)

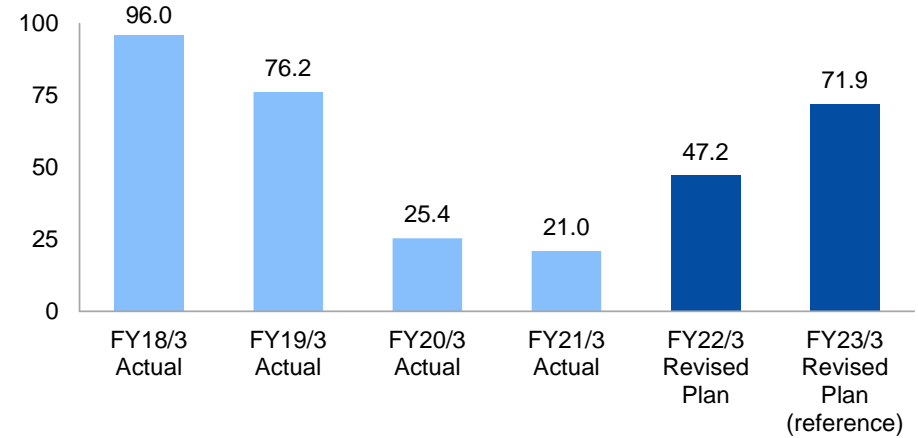
Sales

(JPY billion)



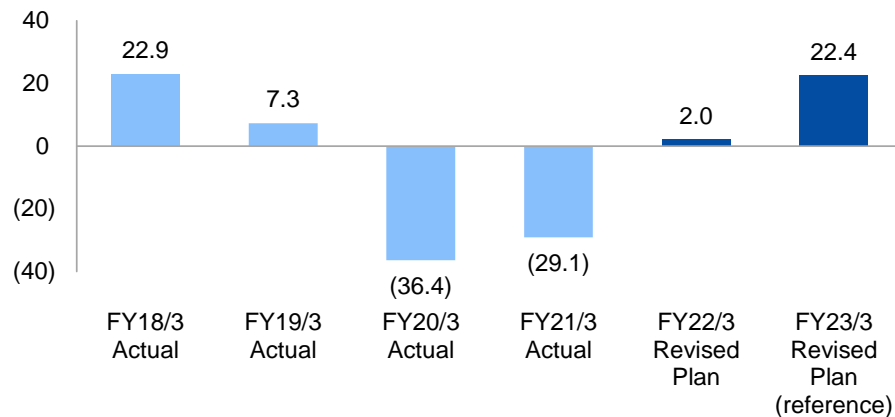
Gross profit

(JPY billion)



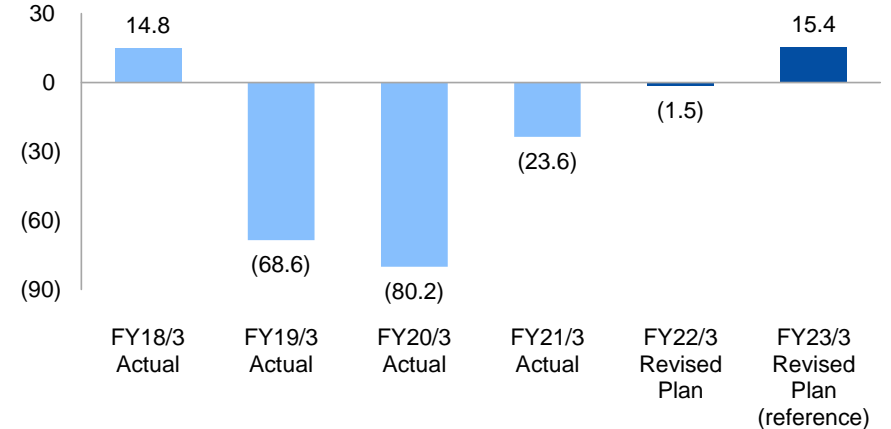
Operating profit

(JPY billion)



Net income*

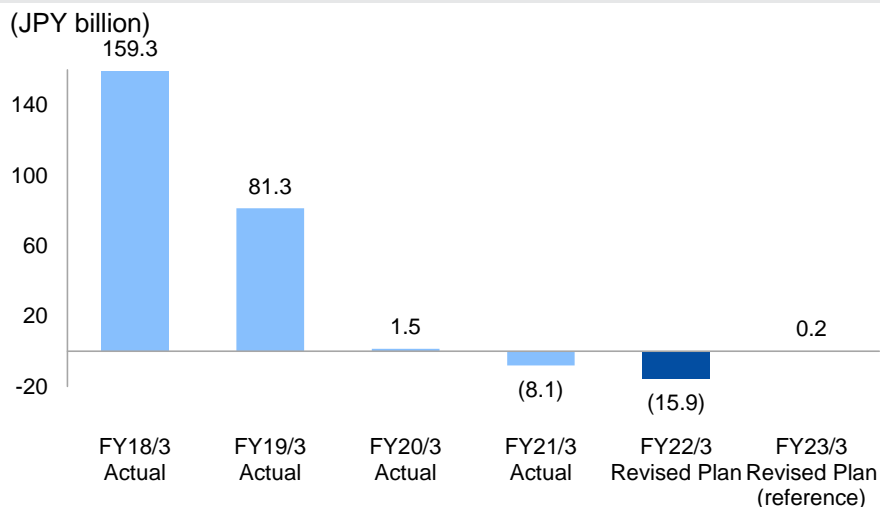
(JPY billion)



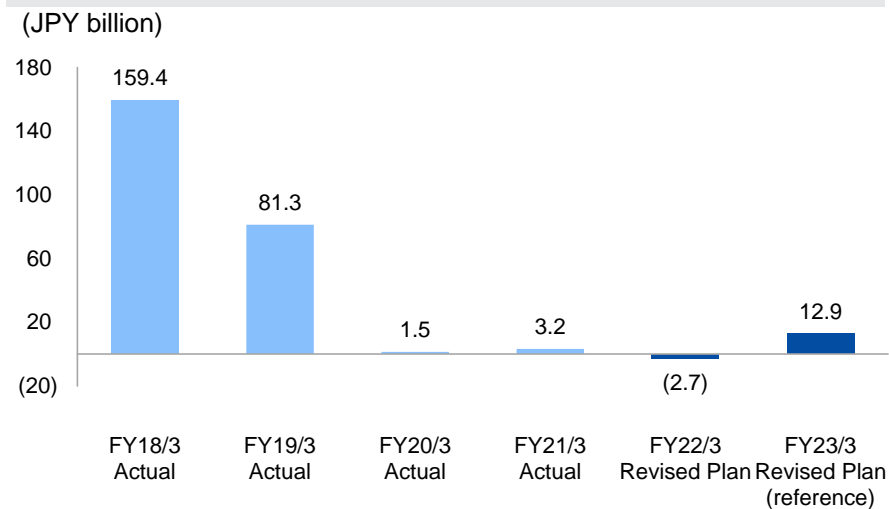
* Net income refers to net income attributable to shareholder's of the parent

2-8: Road Map – BS (Graph)

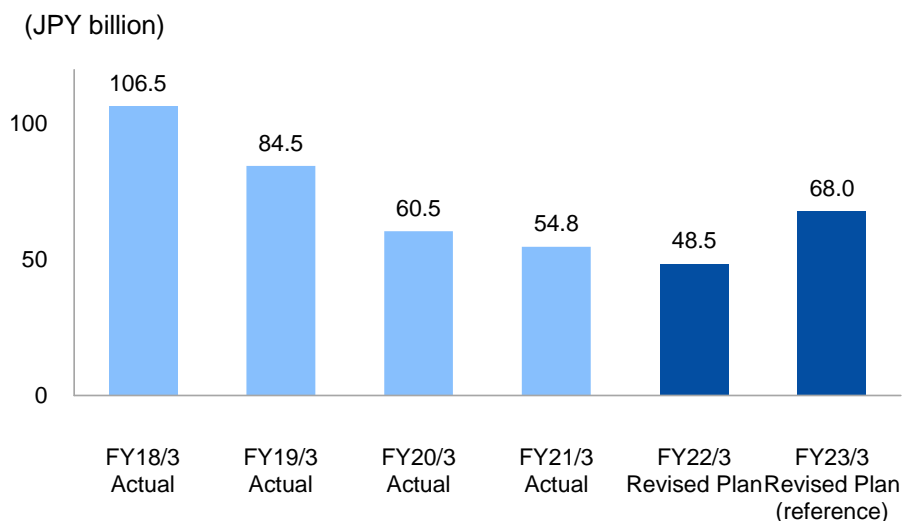
Ownership equity + Share subscription rights



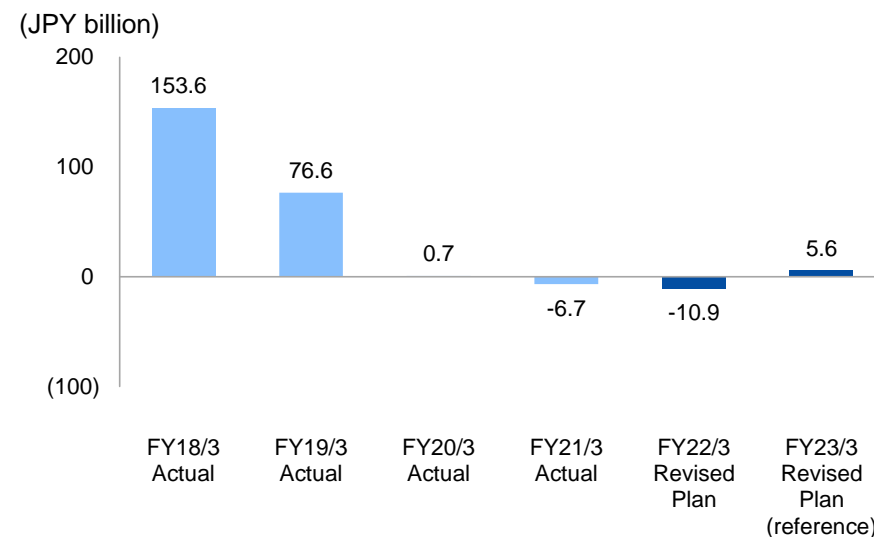
Total net assets



Cash and deposits



Total net assets (non-consolidated)



3. Structural Reforms and Occupancy Improvement Measures



◆ Continue Drastic Structural Reforms

- Cost reduction across the board has been showing effect as a result of having implemented measures for drastic structural reforms such as transferring or withdrawing from non-core and unprofitable businesses, reviewing personnel structure, curtailing operation cost and management cost in the Leasing Business, as well as lowering fixed cost through consolidating leasing sales offices.
- 1H FY22/3 has seen the recording of operating profit of JPY 809 million, which overachieved the 1H plan.
- 1H FY22/3 has seen the recording of cost of sales of JPY 177,603 million, which is an improvement of JPY 3,096 million compared with the plan. SGAE was JPY 21,136 million, which was ahead of the plan by JPY 3,563 million.

◆ Improve Occupancy Rates

- Implemented the sales strategies such as prioritized allocation of management resources into the Leasing Business, introduction of area intensive approach, DX solution promotions such as web-based customer services, apartment viewing and rental contract signing, as well as longer reach of customers through the strengthened tie with real estate agents network.
- The average occupancy rate during 1H FY22/3 was 80.69%, which was ahead of plan by 0.21 point and 1.43 point higher than the result of 1H FY21/3.

- The delisting grace period has been extended from one year to two years to March 31, 2023 for the Company because its excessive liabilities was judged to be caused by the impact of COVID-19 pandemic.
- The Company disclosed on the website the notice of its efforts in excessive liabilities elimination dated May 14, 2021 and the notice of its entry into grace period pertaining to delisting caused by excessive liabilities dated June 29, 2021.

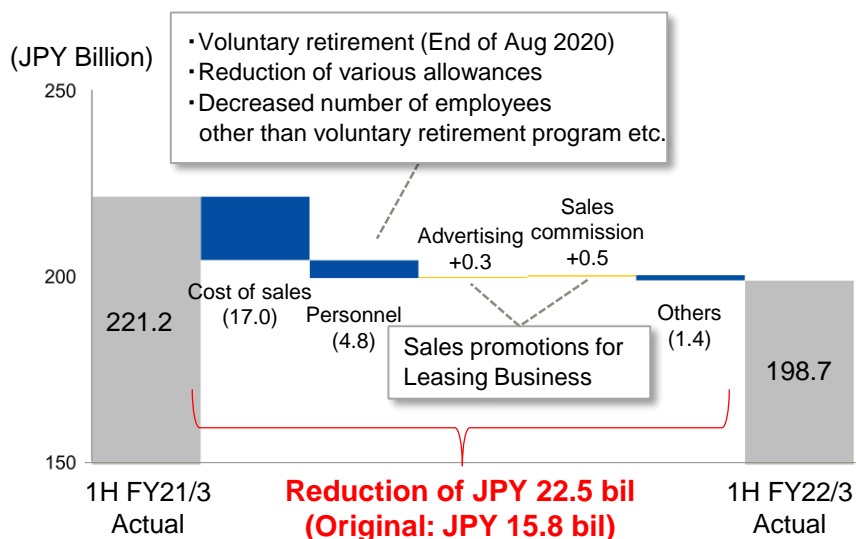
3-2: Reduction in Cost of Sales and SGAE

The Company has reduced cost of sales and SGAE for 1H FY22/3. Full year revised plan showed increased reduction of personnel expenses (JPY -2.6 billion in original) and other SGAE (JPY -0.8 billion in original) despite delay in reduction of operation cost for the Leasing Business.

1H Result

◆ Decrease in Cost of Sales – main items

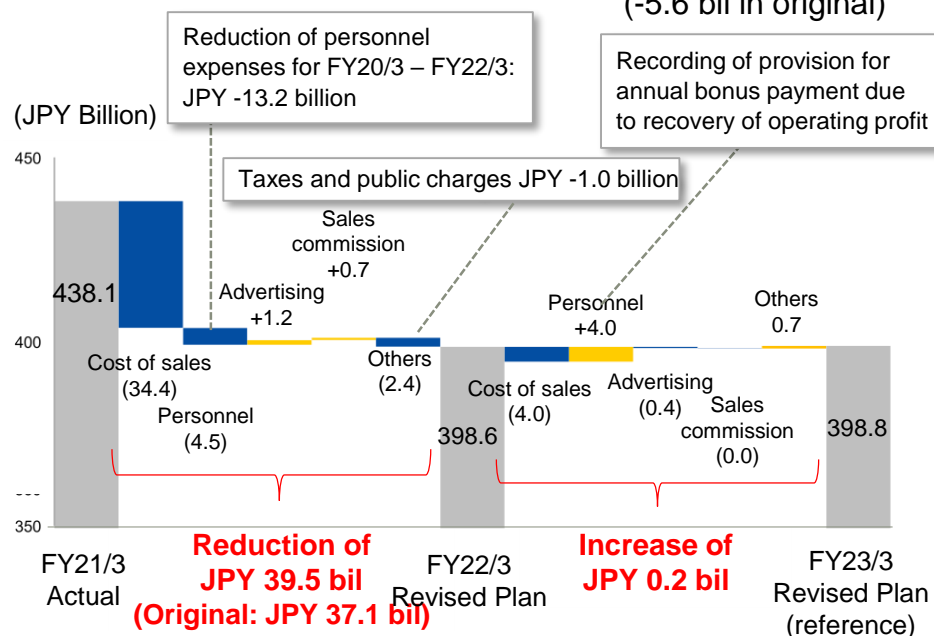
- Leasing operation: about JPY -3.0 bil
(-0.8 bil in original)
- Construction and real estate: about JPY -6.1 bil
(-6.2 bil in original)
- Leasing management: about JPY -5.9 bil
(-4.3 bil in original)



FY22/3 Revised Plan

◆ Decrease in Cost of Sales – main items

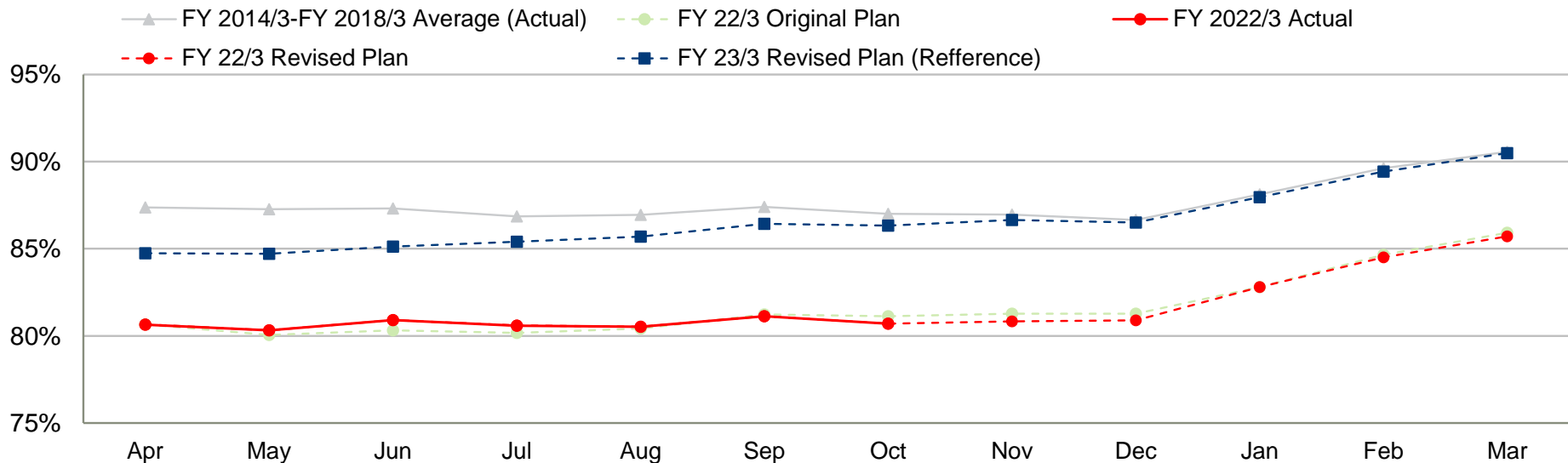
- Leasing operation: about JPY -11.8 bil
(-13.6 bil in original)
- Construction and real estate: about JPY -10.9 bil
(-11.0 bil in original)
- Leasing management: about JPY -6.8 bil
(-5.6 bil in original)



3-3: Occupancy Rates Development for Past, Present and Future

Occupancy improvement measures and slowdown impact of COVID-19 pandemic helped the 1H results remained ahead of the plan. Considering the dip in October, the Company revised the average rate downward. The target rate at the end of FY22/3 is 85.70%, down 0.22p against original plan; and average for FY22/3 is 81.62%, down 0.03p against original plan.

Occupancy Rates Development



(Occupancy rate = Number of contracted rooms / Total number of rooms under management %)

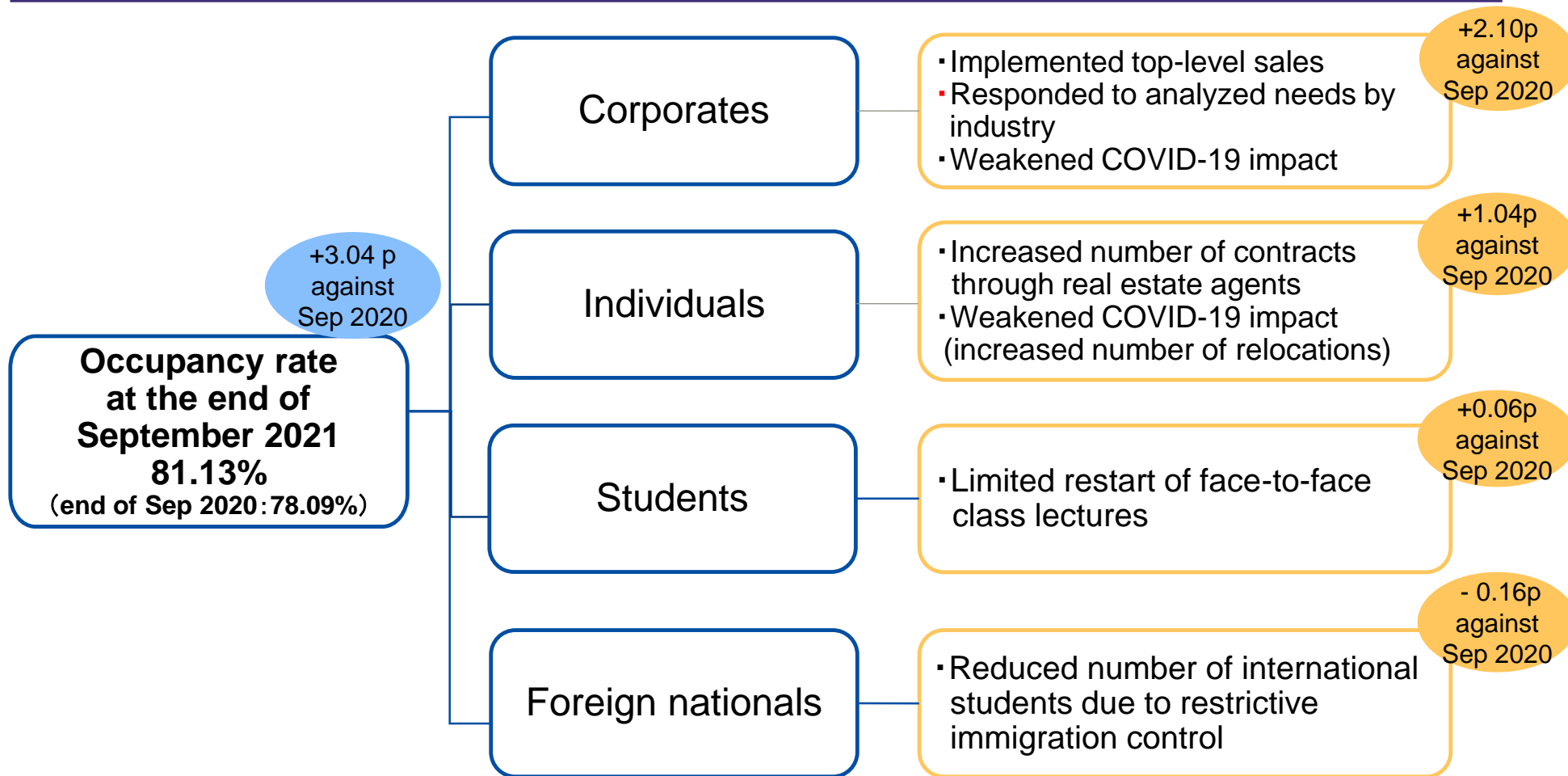
| | Apr | May | Jun | Jul | Aug | Sep | 1H Ave. | Oct | Nov | Dec | Jan | Feb | Mar | Full-year Ave. |
|-----------------|-------|-------|-------|-------|-------|-------|---------|-------|-------|-------|-------|-------|-------|----------------|
| FY14/3 - FY18/3 | 87.37 | 87.26 | 87.31 | 86.86 | 86.94 | 87.40 | 87.19 | 87.00 | 86.96 | 86.65 | 88.12 | 89.62 | 90.56 | 87.67 |
| FY22/3 | 80.65 | 80.32 | 80.91 | 80.59 | 80.53 | 81.13 | 80.69 | 80.70 | | | | | | 80.69 |

*Monthly Data: <http://eg.leopalace21.com/ir/finance/getsuji.html>

3-4: Occupancy Rate Gap Analysis

Occupancy improvement measures by customer segment produced the results for 1H broadly in line with the plan, same as Q1 FY22/3. The demand for apartment rooms is recovering especially for corporate customers despite the demand by foreign nationals remained weak due to COVID-19 impact.

Gap Analysis Against the End of Sep 2020



3-5: Improve Occupancy Rates - 1

Leopalace21 has implemented area intensive strategy in which the national market is divided into 7 areas and respective managers have responsibilities for sales, cost and profit. Tailor the strategy to satisfy different customer requirements according to the customer segment.

Measures

| Customer segment | Measure Mix | |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Corporates | Implement area intensive strategies* | Recover the number of occupied rooms* |
| Individuals/Students | | Strengthen tie with real estate agents* |
| Foreign nationals | Reach new entrants into Japan for their use of apartment rooms (Total number of foreign nationals expected to come to Japan: approx. 370 thousand) | Provide service in five languages in the website for a room search |

*Please refer to p.20 for the details.

▶ 3-6: Improve Occupancy Rates - 2

Leopalace21 especially focuses on the following three strategies; Implement area intensive strategy; Recover the number of occupied rooms by corporate tenants; and Strengthen tie with real estate agents for individual customers, aiming for increasing both the number of contracts and the number of occupied rooms.

Implement area intensive strategy

- ◆ Divide national market into **7 areas** and appoint managers as *Area CEO* in each area.
- ◆ Aim to realize **optimal performance** by implementing area intensive strategy in each area, which are **not the uniform strategy** that Leopalace21 used to adopt.
- ◆ **Manage sales, cost, and profit** in each area and improve occupancy rates in order to increase sales and profit.

Recover the number of occupied rooms (corporates)

- ◆ **Implement top-level sales**
Aim to be recognized as an expert for company housing strategies.
- ◆ **Promote individual strategies for each corporate customer**
Formulate and promote individual strategies in order to expand the respective market share
- ◆ **Strengthen tie with company housing agencies**
Change the strategies to put company housing agencies as a partner to pursue mutual benefits.

Strengthen tie with real estate agents (individuals)

- ◆ Strengthen the sales activities to work with the real estate agents **with the help of Village House Management Co., Ltd.** which is affiliated with Fortress Investment Group.
- ◆ 1H FY22/3 Result
Number of contracts through real estate agents: 15,152
(increased by 56.3% yoy)

4. Data Related to Leasing Business

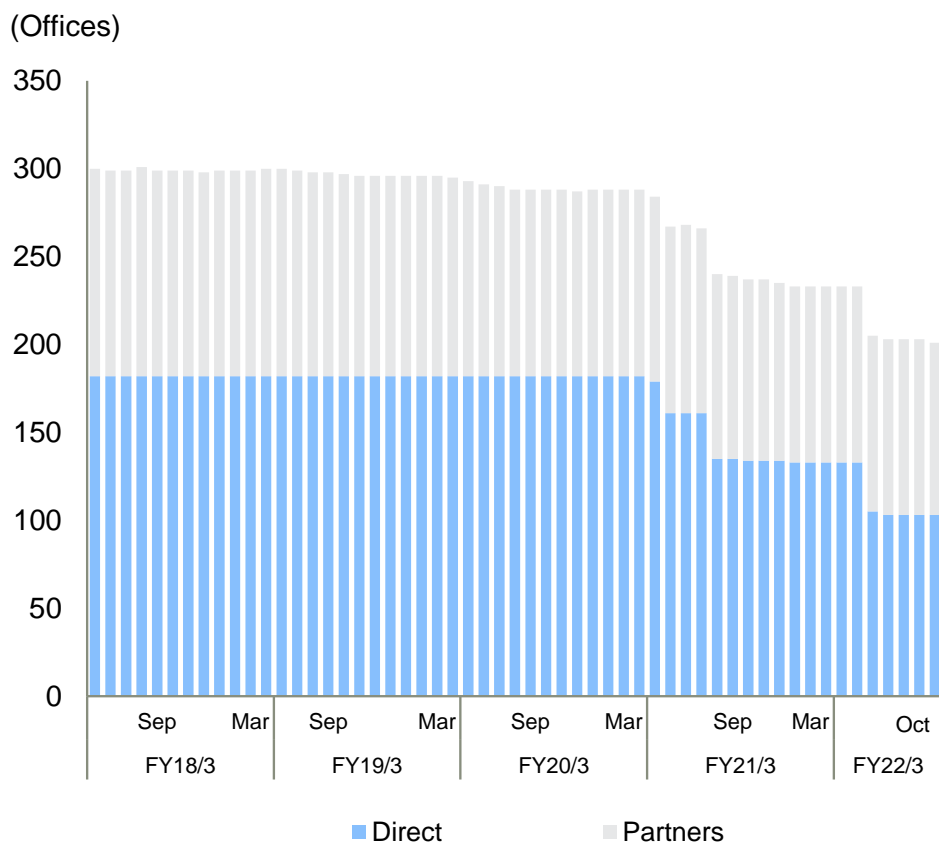


4-1: Leasing Offices

Leopalace21 closed 49 direct leasing sales offices and shifted their responsibilities to the ones in vicinity areas during FY21/3, which resulted in 133 offices in total as of end of Mar 2021.

In addition, the Company consolidated 28 offices in June and 2 offices in July 2021 to further improve sales efficiency and increase productivity.

Leasing Offices



| | 1H FY21/3 Actual | FY21/3 Actual | 1H FY22/3 Actual |
|-----------------------------------------------|---------------------|------------------|---------------------|
| Total number of offices | 246 | 239 | 209 |
| of which, direct offices (domestic) | 135 | 133 | 103 |
| of which, direct offices (overseas) | 7 | 6 | 6 |
| of which, Partners offices | 104 | 100 | 100 |
| Number of corporate sales sections | 51 | 51 | 48 |
| Number of employees (non-consolidated) | 2,771 | 2,547 | 2,469 |
| of which, sales employees | 1,126 | 1,047 | 1,403 |

4-2: Units and Occupancy Rates by Area

Implementing occupancy improvement measures and weakened spread of COVID-19 impact helped all areas to experience growth in occupancy rate against the 1H FY21/3 results. The national market has been divided into 7 areas in which sales, cost and profit are individually managed.

Managed Units and Occupancy Rates by Area

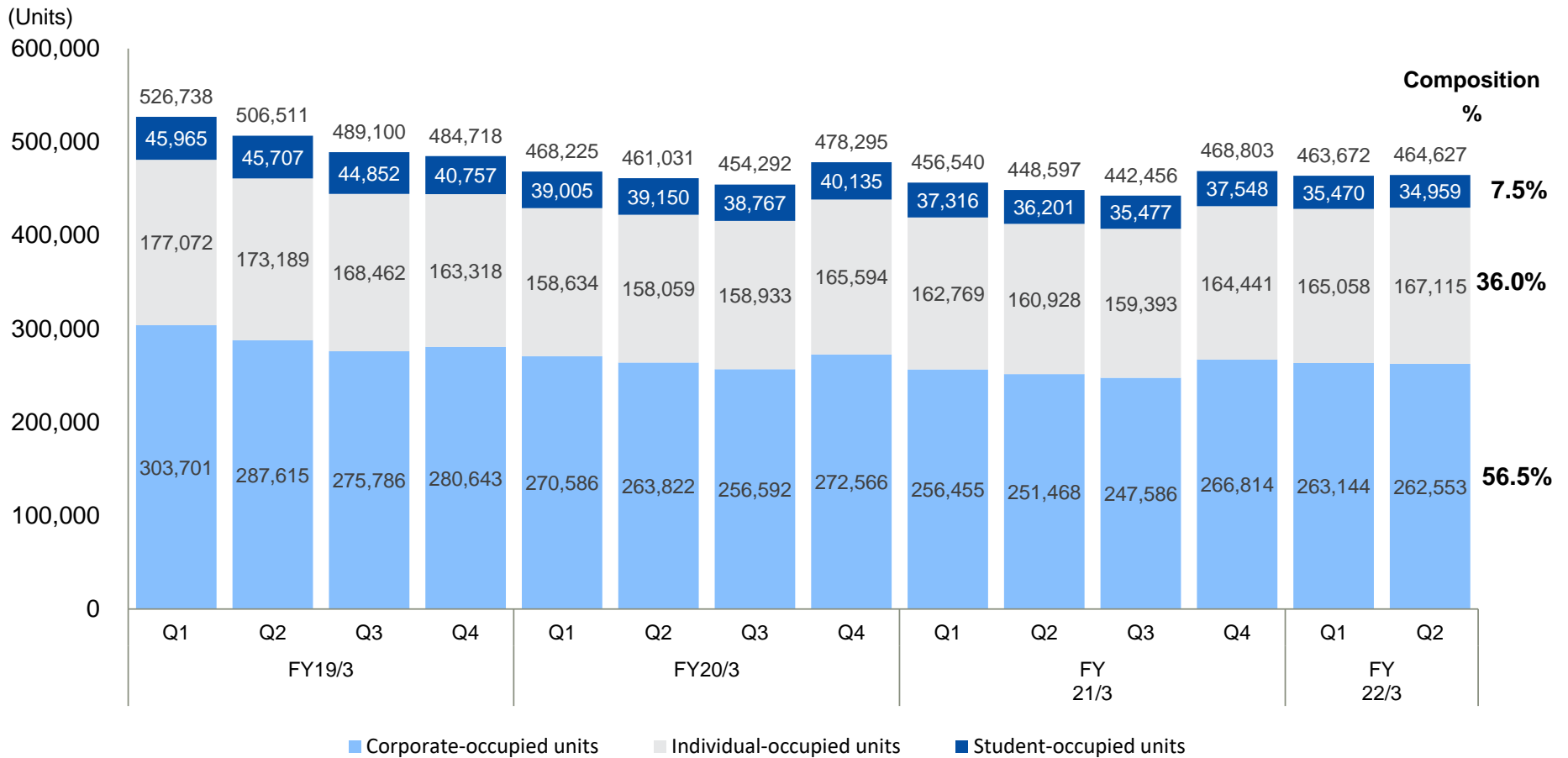
| 7 areas | (Managed unit: in thousands, Occupancy:%) | FY20/3 | | FY21/3 | | FY22/3 | | | | | |
|---------|-------------------------------------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|------|------|
| | | Q2 | | Q2 | | Q1 | | Q2 | | | |
| | | Managed units | Occupancy rate | Managed units | Occupancy rate | Managed units | Occupancy rate | Managed units | Occupancy rate | YoY* | QoQ* |
| ① | Hokkaido | 14 | 72% | 14 | 73% | 14 | 73% | 13 | 77% | +4p | +4p |
| | Touhoku | 36 | 82% | 35 | 80% | 35 | 83% | 35 | 84% | +4p | +1p |
| ② | Kita-kanto | 41 | 76% | 40 | 73% | 40 | 77% | 40 | 78% | +5p | +1p |
| | Tokyo metro | 171 | 81% | 171 | 77% | 170 | 81% | 170 | 80% | +3p | (1p) |
| ③ | Hokuriku & Koshinetsu | 40 | 75% | 40 | 78% | 40 | 80% | 40 | 81% | +3p | +1p |
| ④ | Chubu | 88 | 80% | 88 | 77% | 88 | 80% | 88 | 81% | +4p | +1p |
| ⑤ | Kinki | 81 | 78% | 81 | 78% | 81 | 81% | 81 | 81% | +3p | +0p |
| ⑥ | Chugoku | 39 | 85% | 39 | 84% | 39 | 85% | 39 | 84% | +0p | (1p) |
| | Shikoku | 15 | 81% | 15 | 80% | 15 | 82% | 15 | 82% | +2p | +0p |
| ⑦ | Kyushu & Okinawa | 52 | 85% | 51 | 83% | 51 | 85% | 51 | 84% | +1p | (1p) |
| | Total | 576 | 80% | 575 | 78% | 573 | 81% | 573 | 81% | +3p | +0p |

* YoY: compared with Q2 FY21/3, QoQ: compared with Q1 FY22/3

4-3: Shares of Occupied Units by Customer Segment

Weakened spread of COVID-19 impact and results from occupancy improvement measures during Q2 FY22/3 contributed to the growth in corporate and individual customers in comparison to Q2 FY21/3. The number of units occupied by students showed decline against Q2 FY21/3 result because of reduction in international students and prevailed online class lectures.

Shares of Occupied Units by Group*

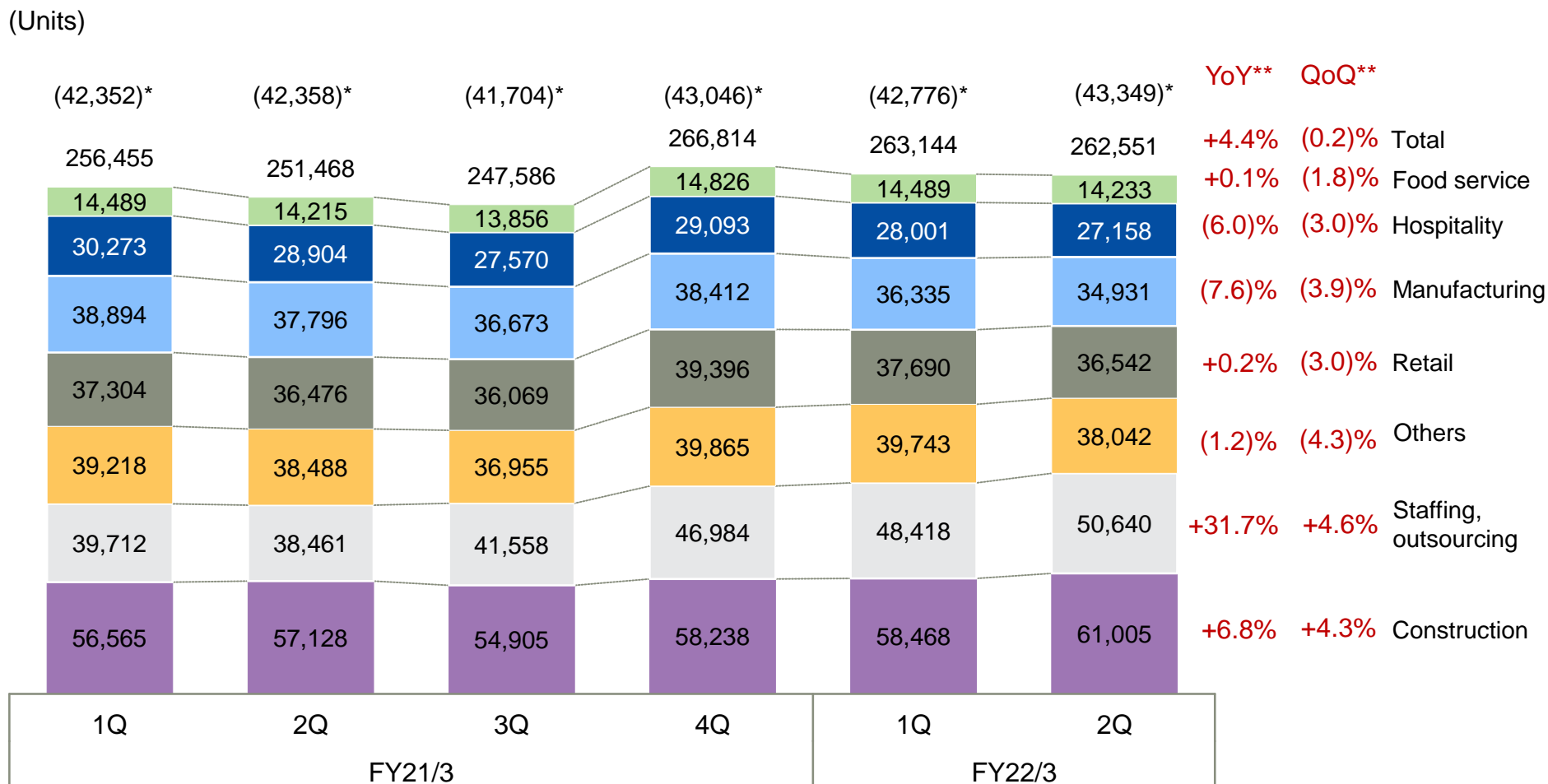


* Figures are as of the end of each quarter

4-4: Occupied Units by Industry

Approximately 80% of listed companies* in Japan have used Leopalace21 services.
 Gradual slowdown impact of COVID-19 and the strong demand in staffing and outsourcing industry as well as construction industry produced significant growth during 1H FY22/3

Number of Occupied Units by Industry



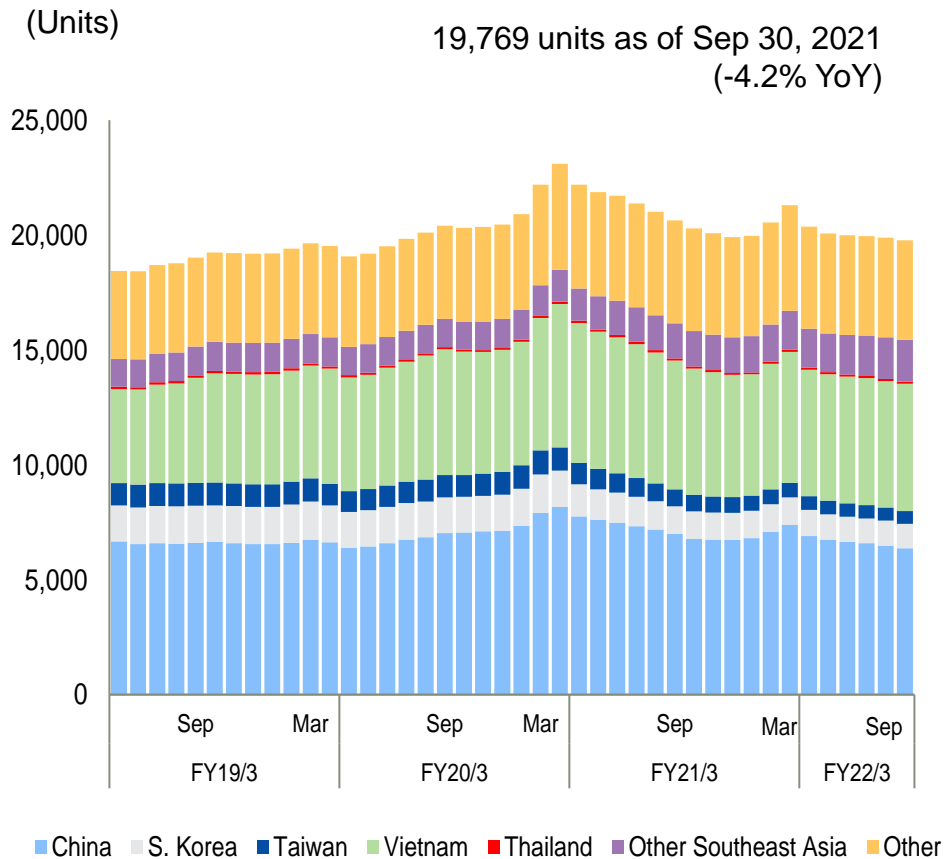
* No of companies in parentheses.

** YoY: compared with Q2 FY21/3, QoQ: compared with Q1 FY22/3

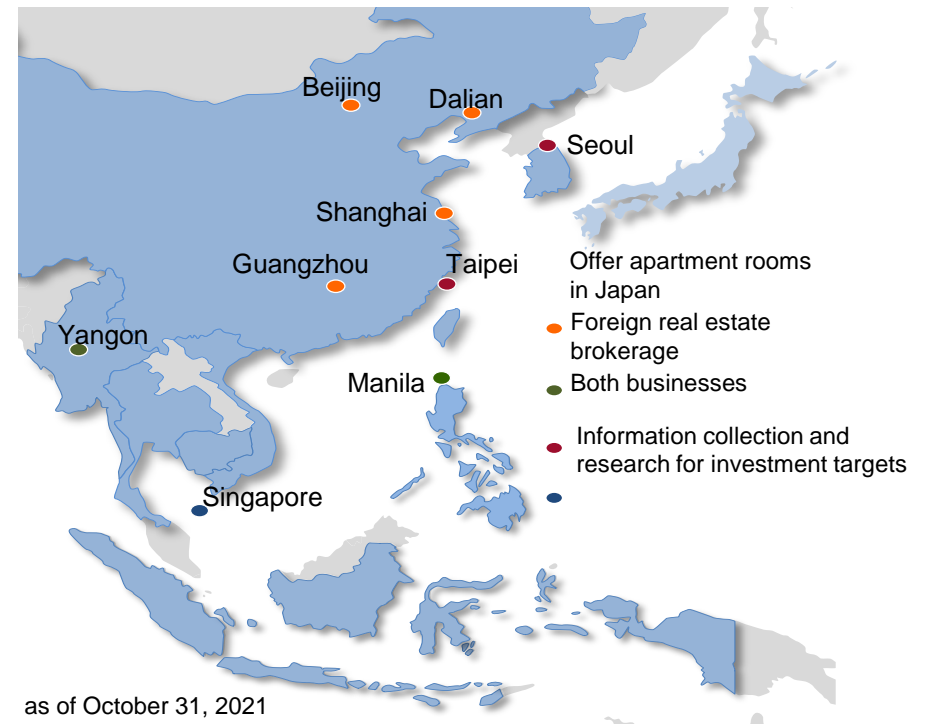
4-5: Foreign National Tenants

By adding 13 thousand units contracted by corporate customers for their foreign national employees, totally about 33 thousand units are used by foreign national tenants, making up 7.1% of the total occupied units, which compared with 7.6% at the end of September 2020 and 7.2% at the end of June 2021.

Leased Units by Foreign Nationals (Excluding Corporate Contracts)



Leasing Business Overseas (9 locations)



| | |
|--------------------|-------------------------------------------------------------|
| Serviced Apartment | Myanmar (Yangon) |
| Serviced Offices | Philippines (Manila), Myanmar (Yangon), South Korea (Seoul) |

Appendix



▶ 1: Repair Works on Properties Constructed by Leoplace21

Goal: Complete the repair for all obvious defects by the end of 2024

Progress of repairs

- Repair target for Sep - Dec 2020: about 2,000 rooms Repair result: 2,183 rooms
- Repair target for Jan – Jun 2021: about 6,000 rooms Repair result: 6,002 rooms
- Plan for Jul 2021 onward remains unchanged: complete the repair for all obvious defects by the end of 2024 and carry out the measures to tackle construction defects problem.

(as of October 31, 2021)

| Apartment Series | No of Buildings | No of buildings containing obvious defects | No of all rooms which corresponds to No of buildings containing obvious defects | No of rooms | |
|--------------------------------|-----------------|--------------------------------------------|---------------------------------------------------------------------------------|--------------------|------------------------|
| | | | | requiring repairs* | with repairs completed |
| Nail Series / Six Series Total | 15,283 | 7,761 | 121,877 | 94,495 | 44,468 |
| Other Series Total | 23,802 | 4,872 | 76,065 | 67,344 | 4,893 |
| Grand Total | 39,085 | 12,633 | 197,942 | 161,839 | 49,361 |

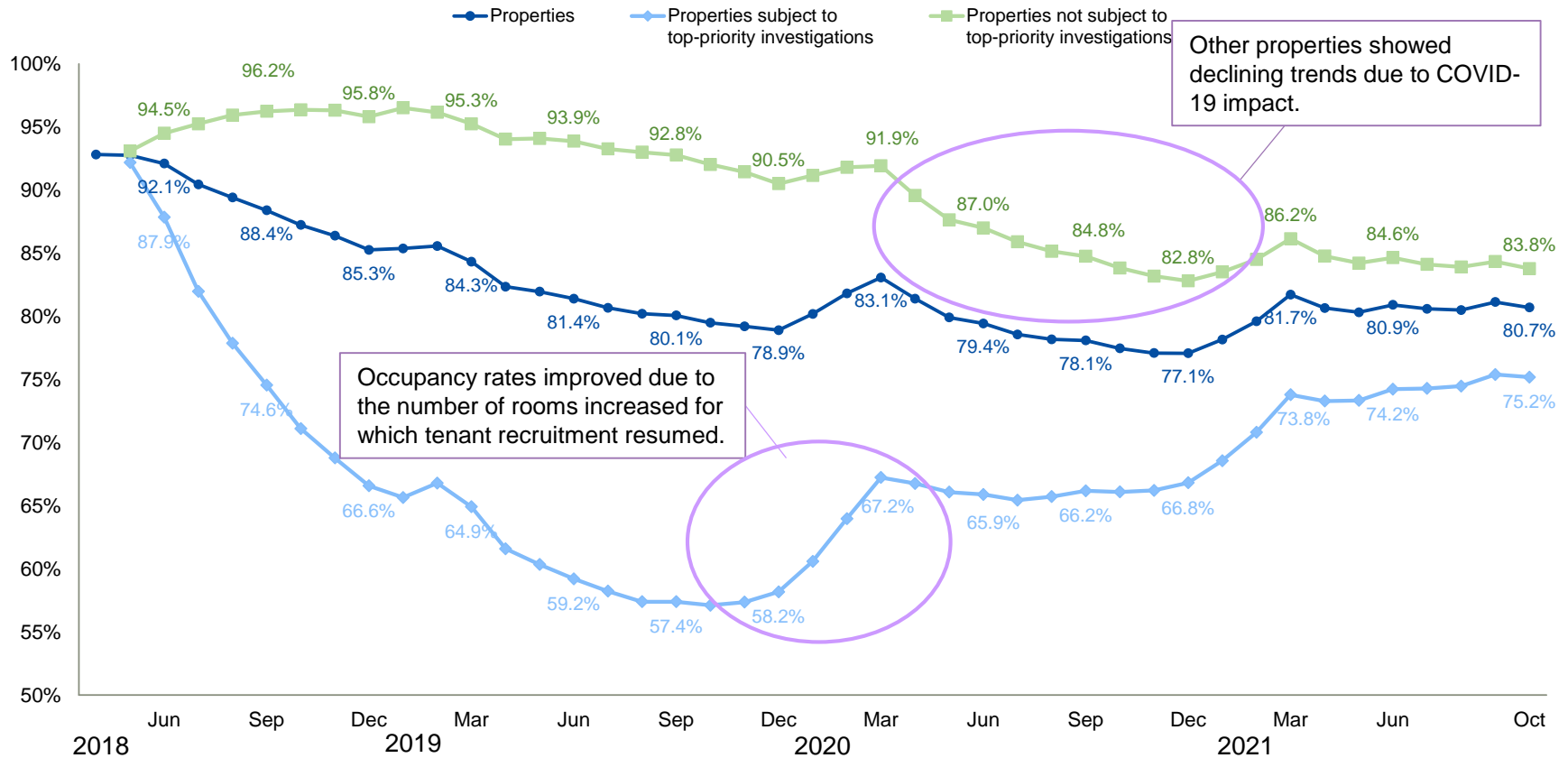
* The number of rooms requiring repairs includes the rooms for which investigations are not complete.

* Progress of repair work: <https://www.leopalace21.co.jp/info/en/news/progress.html>

2: Occupancy Rates after Announcement of Construction Defects

The occupancy rates for apartment series subject to priority investigation, which had been declining due to suspension of tenant recruitment after announcement of the construction defects, recovered to 60% level in Jan 2020 owing to the progress of repair works and resumption of tenant recruitment. The rates for apartment series not subject to priority investigation have shown downward trends since Apr 2020 due to the spread of COVID-19 impact. Occupancy rates for properties both subject / not subject to priority investigations gradually increase from January 2021 because of implementing sales measures for the Leasing Business.

Occupancy Rates by Apartment Types

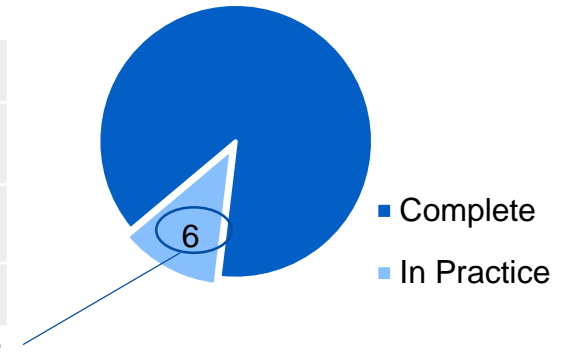


3: Preventive Measures for Construction Defects and Progress

Progress status of preventive measures (as of end of May 2021)

<https://www.leopalace21.co.jp/info/en/approach.html>

| | Completed | In practice | Started | Total |
|-------------------------------------------------------------------|-----------|-------------|---------|-------|
| 1. Fundamental Reform of the Corporate Culture | 13 | 3 | 0 | 16 |
| 2. Restructuring of the System for Compliance and Risk Management | 9 | 3 | 0 | 12 |
| 3. Revision of the Construction Business Framework | 22 | 0 | 0 | 22 |
| Total | 44 | 6 | 0 | 50 |



◆ Compliance and Risk Management

Compliance Committee

- Held every month, 12 times per year
- Headed by an outside Director elected through mutual election and includes external experts such as lawyers.
- Responsible for planning measures for trainings and information management systems in order to strengthen corporate governance; monitoring the state of compliance for issue identification and improvement.

Risk Management Committee

- Held every month, 12 times per year
- Headed by President & CEO and includes external experts such as lawyers.
- Responsible for reviewing risk management status, planning trainings to lower identified risk levels and avoid them to become incidents.

◆ Six items in practice

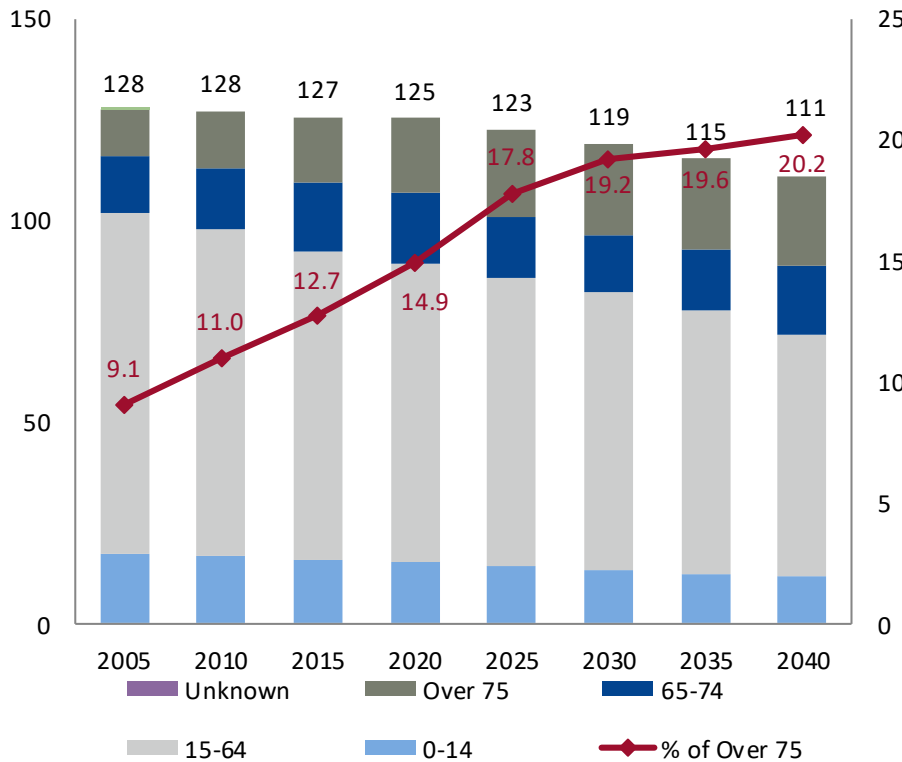
1. **Develop customer-oriented corporate culture**
Continue to hold *Regional Small Meetings* as a vehicle for view exchanges between the management and employees.
2. **Develop the persons in charge of handling whistleblowing**
Sent employees for seminars and encourage them getting compliance licenses to increase readiness.
3. **Acquire certification for whistleblowing system**
Make last preparations for being accredited for Aug 2021.
4. **Improve the operation of Compliance Committee**
Continue to review optimal membership and rule for information dissemination. Implement measures to strengthen the Company group governance.
5. **Review the system of assigning persons in charge of compliance**
Place compliance officers and examine to establish internal criteria for compliance roles in all over the Company group.
6. **Prepare a complaint handling guide**
PDCA cycle is being prepared so that all the complains reported to the the Risk Management Committee are evaluated, analyzed, actioned and monitored.

4: Market Data - 1 Estimated Future Population and Single-person Households

Total population will decrease to 110.92 million in 2040, accelerating the aging society in Japan. On the other hand, single-person households, which is our main target, will continue to increase.

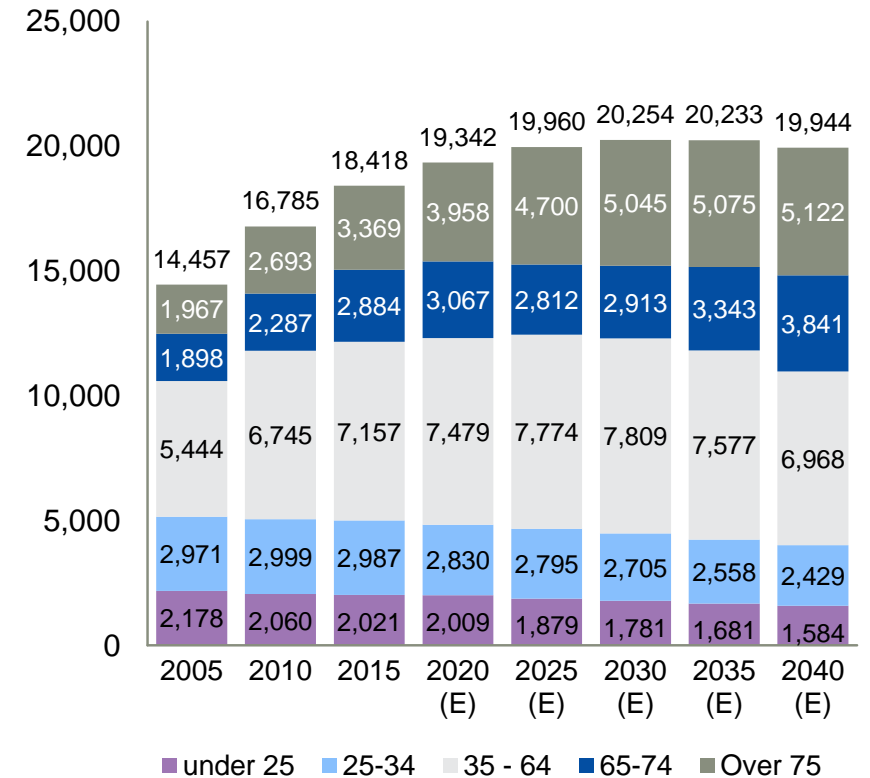
Number of General Households by Category

(Millions of people)



Number of Single-person Households by Age

(Thousands of households)



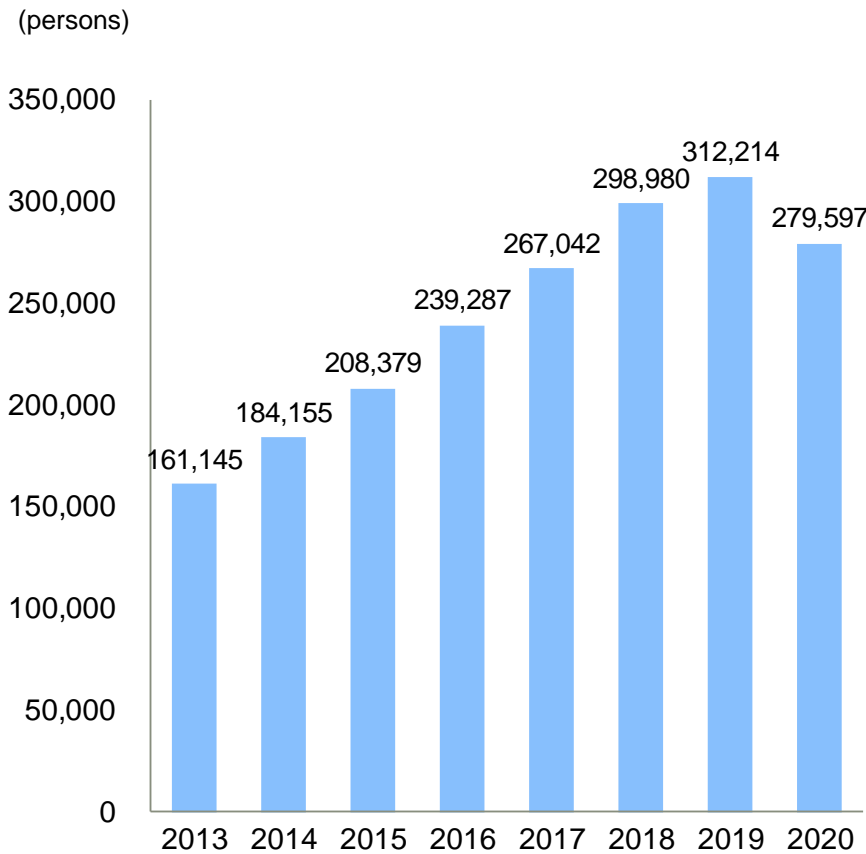
Source: White Paper on the Ageing Society prepared by Cabinet Office

Excerpted from "Future Estimates of Households in Japan" (2018, National Institute of Population and Social Security Research)

5: Market Data - 2 Demand Generated by Foreign Nationals

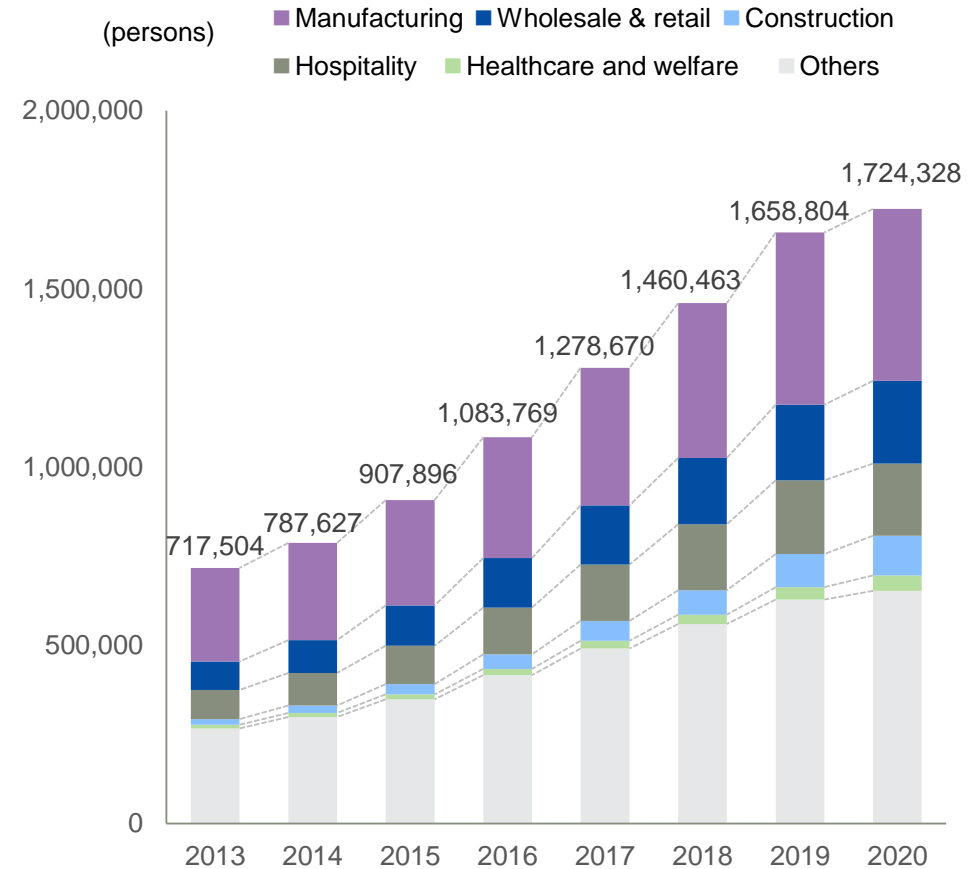
Foreign students in Japan are increasing year by year: +11.6% in 2017, +12.0% in 2018, and +4.4% in 2019. Thus the demands for apartment rooms by corporate clients and foreign nationals are firm. Corporate clients are shifting to rental housing from their own company housing for the employees to save increasing management and maintenance costs.

Foreign Students in Japan



Source: Excerpt from “Result of an Annual survey of International Students in Japan 2020” (Japan Student Services Organization)

Foreign Workers in Japan



Source: Excerpt from “Employment status of foreign workers in Japan” as of end of Oct 2020 (Ministry of Health, Labor, and Welfare)