



Leopalace21 Corporation

Investor Meeting Presentation

for the Nine Months Ended December 31, 2021

February 2022

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.

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1. About Leoplace21



1-1: Corporate Profile

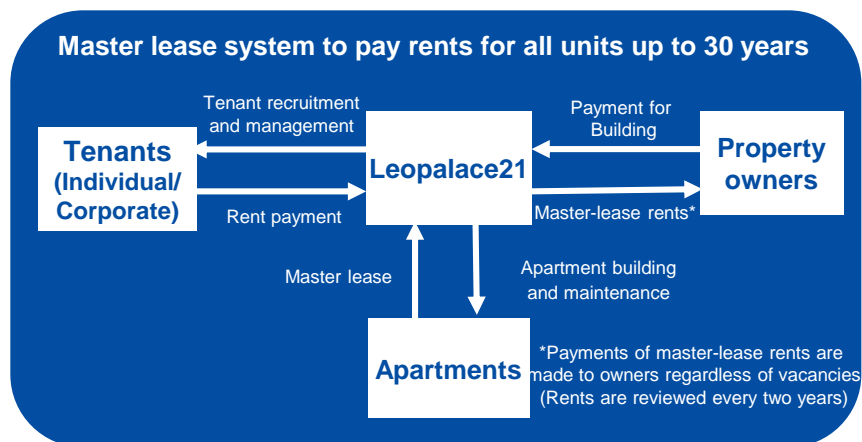
Corporate Data (as of December 31, 2021)

Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	4,462 (consolidated), 3,688 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	329,389,515 shares (not including 159,748,700 dilutive shares)
Shareholders	51,690 (as of September 30, 2021)

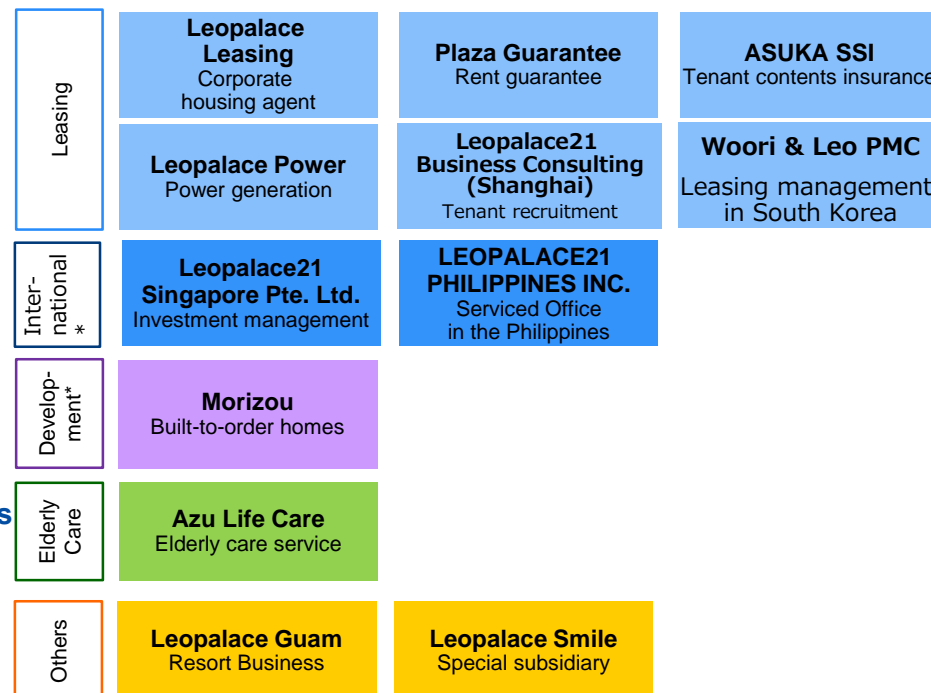
Business Model

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 January 31, 2022)

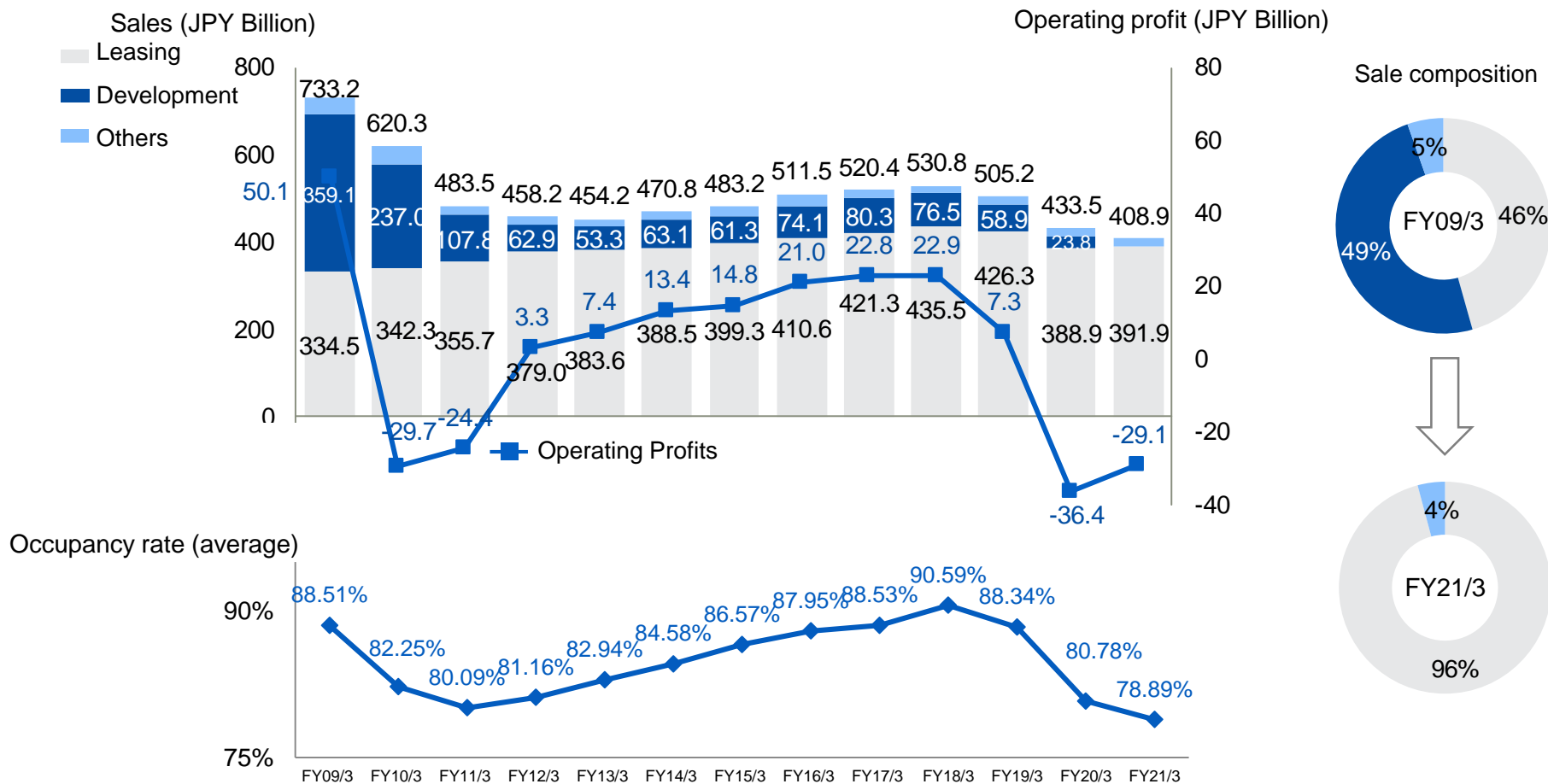


- Results of the International Business and the Development Business are reported under the Leasing Business segment

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. Q3 FY22/3 Results, Full-year Plan



Q3 results were ahead of revised plan in cost of sales, SGAE and net income, which compensated the decrease in sales due to slower recovery in occupancy improvement affected by the re-expansion of COVID-19 pandemic. The Company disclosed the revision of earnings forecasts on February 4, 2022 for full fiscal year ending March 2022.

Highlights of Results

(JPY million)	Q3 FY21/3 Actual	Q3 FY22/3 Revised Plan	Q3 FY22/3 Actual	Factors contributing to changes		
				YoY	Compared with Plan	
Sales	308,326	299,300	297,470	(10,856)	(1,829)	Reduction in sales of construction subcontracting was the major reason behind negative growth YoY.
Cost of Sales	287,110	264,800	262,264	(24,846)	(2,535)	
Gross profit	21,215	34,500	35,206	+13,990	+706	Reversal of provision for apartment vacancy loss of JPY 5.0 billion (Q1: JPY 1.2 billion, Q2: JPY 1.3 billion, and Q3 JPY 2.5 billion) and major reduction in cost of sales contributed to increased gross profit against the plan and the result for Q3 FY21/3 result.
%	6.9%	11.5%	11.8%	+5.0p	+0.3p	
SGAE	37,801	32,700	30,930	(6,870)	(1,769)	Reduction in SGAE centered on personnel expenses contributed to the recording of operating profit.
Operating profit	(16,585)	1,800	4,275	+20,860	+2,475	
%	(5.4%)	0.6%	1.4%	+6.8p	+0.8p	Interest expenses of JPY 3.3 billion decreased the margin of recurring profit.
Recurring profit	(20,562)	(1,200)	1,444	+22,006	+2,644	
%	(6.7%)	(0.4%)	0.5%	+7.2p	+0.9p	Recorded reversal of provision for losses related to repairs of JPY 6.1 billion (Q1: JPY 1.9 billion, Q2: JPY 1.4 billion, and Q3 JPY 2.8 billion)
Net income*	(25,003)	700	5,865	+30,868	+5,165	

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

2-2: PL - Quarterly Comparison

Quarterly 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 Actual	FY21/3 Actual	FY22/3 Revised Plan Feb
Sales	103,986	100,244	104,660	99,305	99,679	97,920	100,632	101,900
Cost of sales	97,016	90,472	97,646	87,131	92,447	84,660	100,762	90,900
Gross profit	6,969	9,771	7,014	12,174	7,231	13,259	(129)	11,000
SGAE	13,797	11,059	12,802	10,076	11,201	9,794	12,467	12,700
Operating profit	(6,827)	(1,287)	(5,788)	2,097	(3,969)	3,465	(12,597)	(1,700)
Recurring profit	(6,848)	(2,241)	(6,005)	909	(7,707)	2,777	(13,607)	(3,200)
Net income	(14,123)	(957)	(3,447)	1,605	(7,432)	5,217	1,322	(4,100)
Key contributing factors	<p>The occupancy rates were ahead of the plan for Q1 and Q2. 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.</p>				<p>Reversal of provision for apartment vacancy loss is not expected for Q4 and management cost for Leasing Business and SGAE will be rising to reflect the busiest season despite the increase of sales by an affiliated company. Hence resulting in operating loss, recurring loss and net loss.</p>			

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

Balance Sheet - main items only

(JPY million)	FY21/3	Q2 FY22/3	Q3 FY22/3
Cash and deposits	54,863	43,852	44,130
Total assets	161,708	145,255	143,137
Interest-bearing debt*	35,409	33,951	33,351
Provision for loss related to repairs	33,509	28,505	25,103
Provision for apartment vacancy loss	12,262	9,749	7,249
Total liabilities	158,431	144,624	138,927
Common stock	81,282	100	100
Capital surplus	55,174	136,346	136,345
Retained earnings	(142,586)	(146,903)	(141,685)
Total shareholders' equity (A)	(6,474)	(10,759)	(5,542)
Total accumulated other comprehensive income (B)	(2,019)	(314)	(91)
Ownership equity (A)+(B)	(8,494)	(11,074)	(5,634)
Share subscription rights	388	357	357
Non-controlling interests	11,383	11,347	9,486
Total net assets	3,277	630	4,209
Total liabilities and total net assets	161,708	145,255	143,137

Factors contributing to changes
(compared against end of FY21/3)■ **Cash and deposits**

Decreased by JPY 10.7 billion due to expenditure for operation funds and payment for repairs of construction defects, but increased QoQ due to recording of net income for Q3.

■ **Provision for losses related repairs** (current: JPY 1.8 billion and non-current: JPY 23.2 billion)

Writing-off the provision for JPY 2.3 billion due to progress of repairs and reversal of provision for JPY 6.1 billion due to streamlined process (Q1: JPY 1.9 billion, Q2: JPY 1.4 billion and Q3 JPY 2.8 billion) totaled to reduction of JPY 8.4 billion.

■ **Provision for apartment vacancy loss** (current: JPY 4.2 billion and non-current: JPY 2.9 billion)

Total reversal of JPY 5.0 billion (Q1: JPY 1.2 billion, Q2: JPY 1.3 billion, and Q3 JPY 2.5 billion)

■ **Common stock and capital surplus**

Transferred common stock of JPY 81.1 billion to capital surplus as of August 10, an effective date..

■ **Retained earnings**

Recorded net income of JPY 5.8 billion (Q1 for JPY - 0.9 billion, Q2 for JPY 1.6 billion, and Q3 JPY 5.2 billion) despite applying Accounting Standard for Revenue Recognition pushed down the retained earnings by JPY 4.9 billion

■ **Non-controlling interests**

Reduced by JPY 1.8 billion because of dividend payment to a non-controlling shareholder by Leopalace Power Corporation and its purchasing treasury stock although it recorded net income.

■ **Net assets**

Recorded JPY 4.2 million after turning to positive at the end of Q2, whereas deficit was recorded at the end of Q1

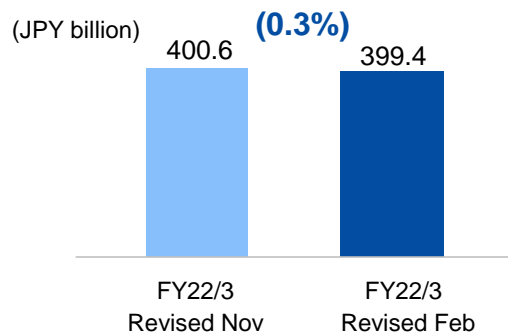
* Interest-bearing debt = borrowings + lease obligations

2-4: Revision of Full-year Plan in FY22/3

1H FY22/3 and full-year plan were disclosed on November 8, 2021 in the Notice Concerning Revision of Earnings Forecasts and Recording an Extraordinary Income.

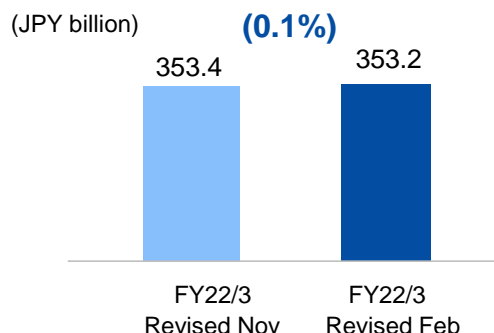
Notice Concerning Revision of Earnings Forecasts, Additional Recording of Extraordinary Income, and Consolidated Subsidiary's Completion of Pro Rata Reinsurance Contracts was released on February 4, 2022.

Sales



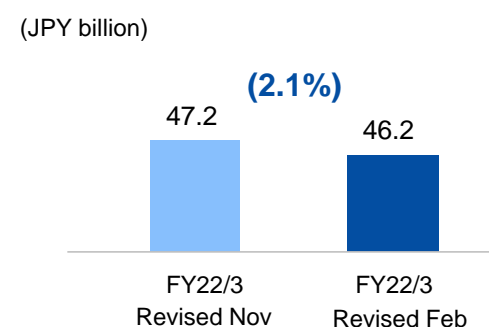
- Increased number of leavers and reduced unit rent revenue despite increased earnings of affiliates.

Cost of sales



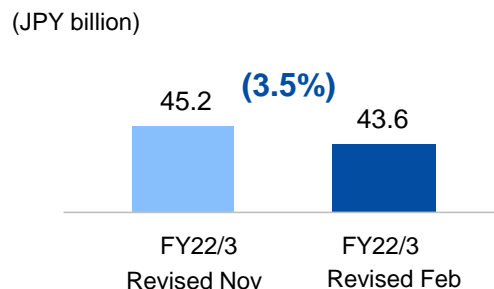
- Reversal of provision for apartment vacancy loss

Gross profit



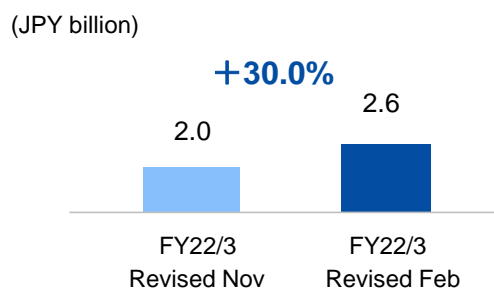
- Decrease in cost of sales was offset by declined sales

SGAE



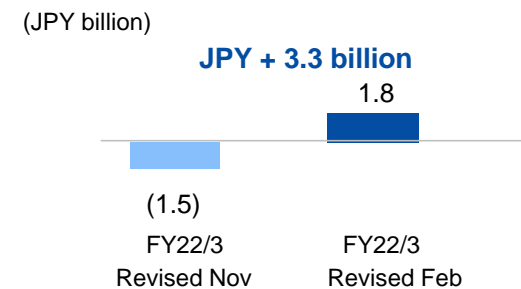
- Reduced number of employees
- Reduced taxes and public charges as a result of reduced common stock

Operating profit



- Cost of sales and SGAE decreased while decrease in sales

Net income



- Reversal of provision for losses related to repairs

2-5: Roadmap

The Company disclosed revision of earnings forecasts on February 4, 2022 for full year of FY22/3. Revised plan confirmed operating profit and net income. The recording of net income was the first time in four fiscal years.

Although total net assets will be negative, they will turn to be positive as well as ownership equity + share subscription rights.

Plan

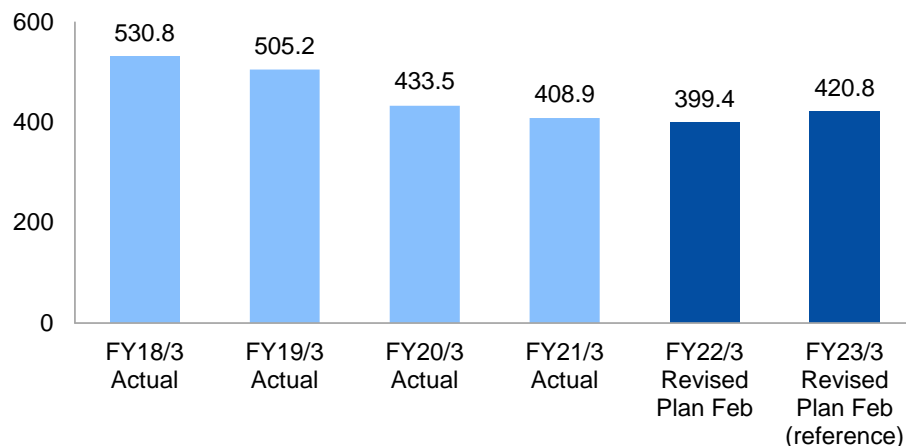
(JPY million)	FY18/3 Actual	FY19/3 Actual	FY20/3 Actual	FY21/3 Actual	FY22/3 Revised Plan Feb	FY23/3 Revised Plan Feb(reference)
Sales	530,840	505,223	433,553	408,959	399,400	420,800
Cost of sales	434,762	428,988	408,112	387,872	353,200	351,700
Gross profit	96,077	76,235	25,441	21,086	46,200	69,100
%	18.1%	15.1%	5.9%	5.2%	11.6%	16.4%
SGAE	73,147	68,844	61,915	50,269	43,600	48,600
Operating profit	22,930	7,390	(36,473)	(29,182)	2,600	20,500
%	4.3%	1.5%	(8.4%)	(7.1%)	0.7%	4.9%
Recurring profit	22,354	7,063	(36,341)	(34,170)	(1,800)	15,300
Net income *	14,819	(68,662)	(80,224)	(23,680)	1,800	13,500
Average occupancy rate	90.59%	88.34%	80.78%	78.89%	81.24%	85.86%
Ownership equity	159,044	80,915	1,303	(8,494)	(12,000)	3,400
Ownership equity + Share subscription rights	159,328	81,320	1,572	(8,105)	(11,600)	3,800
Total net assets	159,438	81,338	1,589	3,277	(900)	12,800

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

2-6: Road Map – PL (Graph)

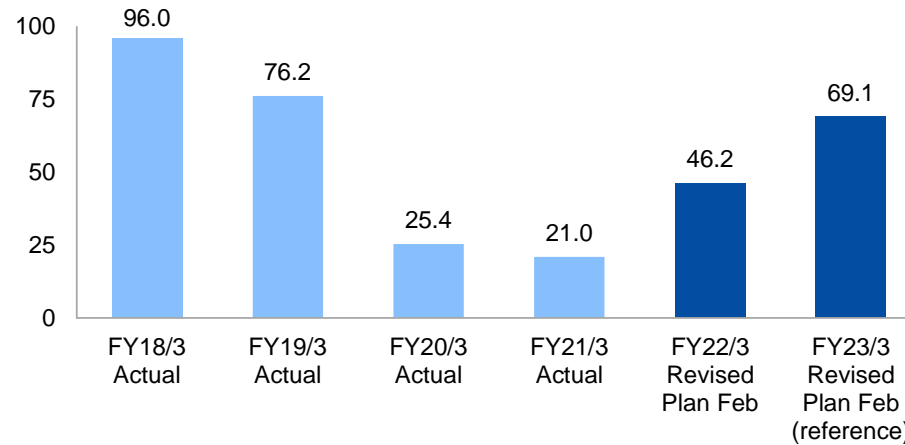
Sales

(JPY billion)



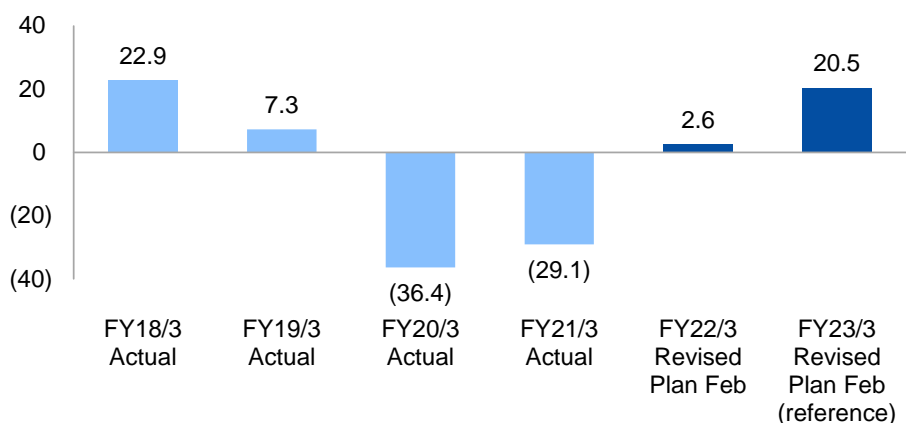
Gross profit

(JPY billion)



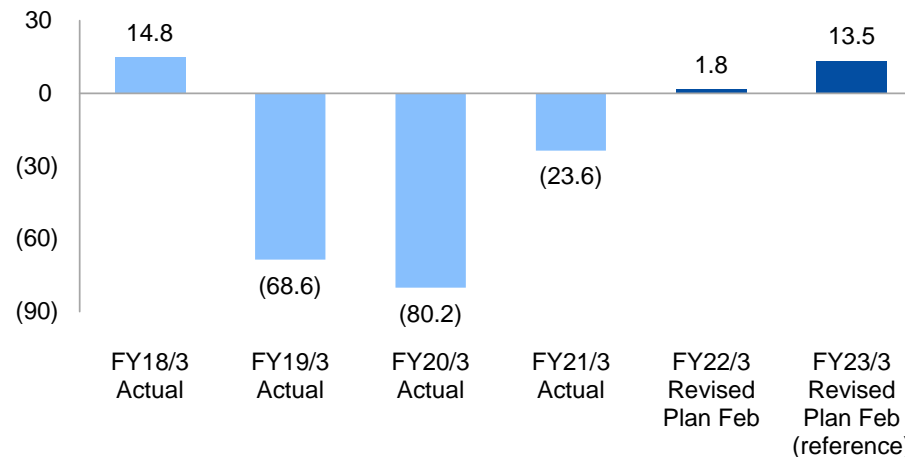
Operating profit

(JPY billion)



Net income*

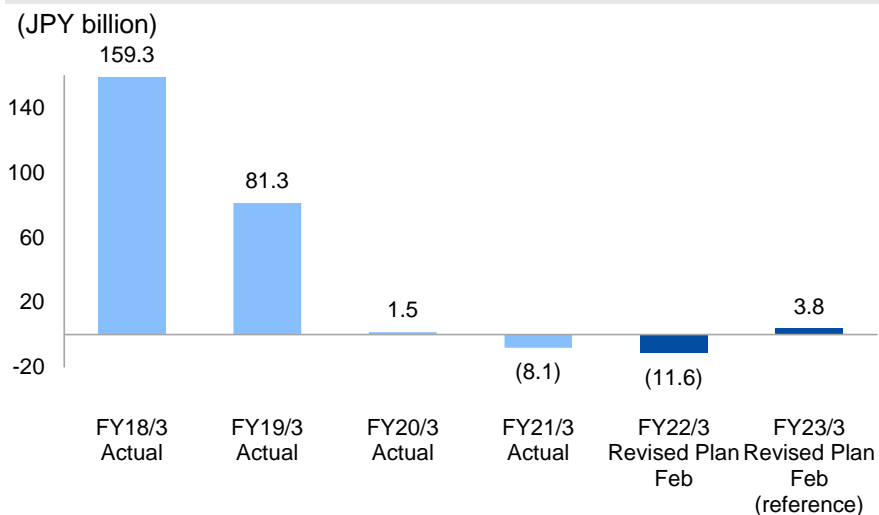
(JPY billion)



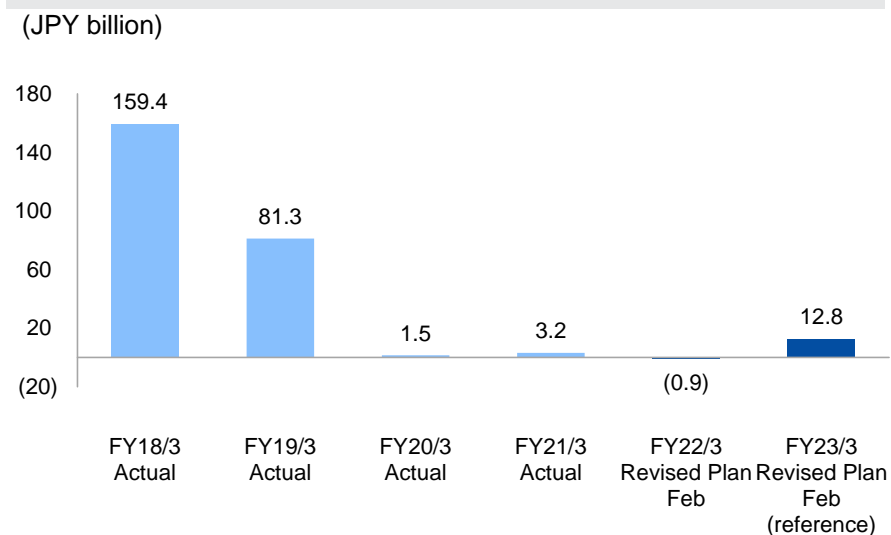
* Net income refers to net income attributable to shareholder's of the parent

2-7: Road Map – BS (Graph)

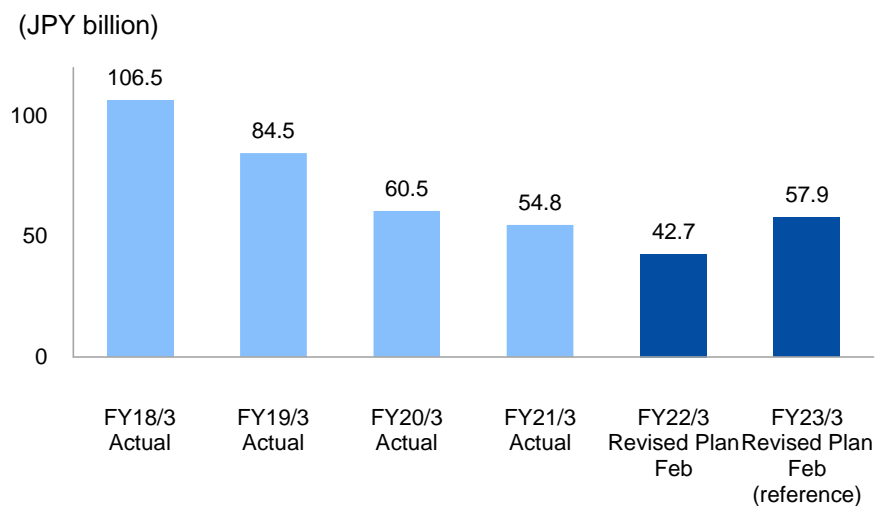
Ownership equity + Share subscription rights



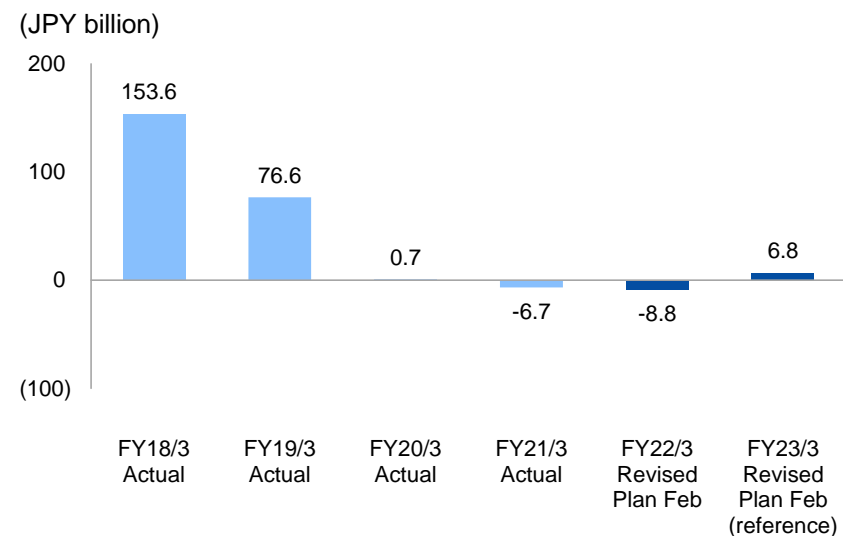
Total net assets



Cash and deposits



Total net assets (non-consolidated)



3. Structural Reforms and Occupancy Improvement Measures



3-1: Progress Status for Excessive Liabilities Elimination

◆ Continue Drastic Structural Reforms

- Made stable progress in transferring or withdrawing from non-core and unprofitable business since the previous fiscal year such as completed sale of non-current asset of a Cambodian subsidiary, started the liquidation proceedings of the subsidiaries in Thailand, Cambodia and Indonesia.
- Cost-cutting measures continued in curtailed operation cost and management cost in cost of sales, as well as lowering fixed cost through abolishing or merging leasing sales offices, and the reversal of provision for apartment vacancy loss.
- Cost of sales was JPY 262,264 million for Q3 FY22/3, a reduction of JPY 2,535 million compared with the plan. SGAE was JPY 30,930 million, ahead of the planned reduction by JPY 1,769 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 solutions promotion 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.
Number of web-based contracts increased to 17,045, a 319.4% increase YoY
Number of contracts through real estate agents network increased to 21,902, a 50.1% increase YoY
- The average occupancy rate during Q3 FY22/3 was 80.65%, which was behind the plan by 0.08p, due to increased leavers of international students because of Omicron variant pandemic. The result was yet 2.07p higher than the result of Q3 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.

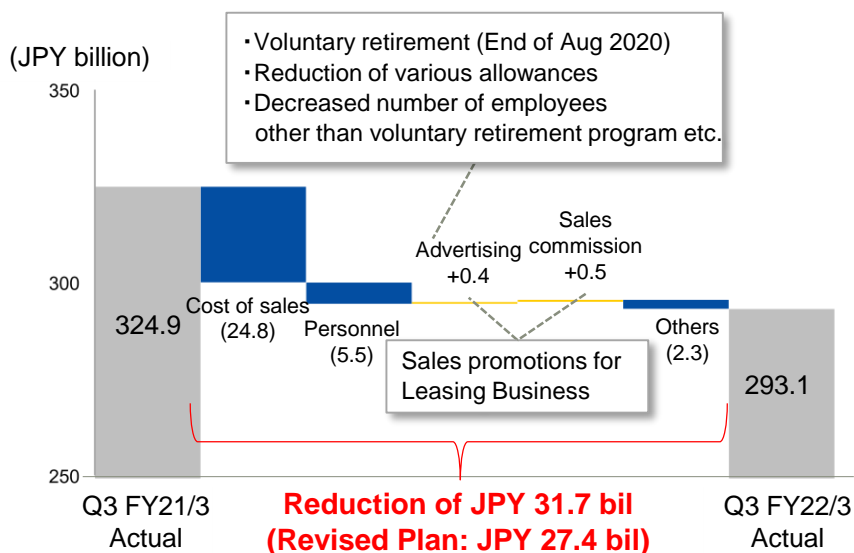
3-2: Reduction in Cost of Sales and SGAE

Reduction in cost of sales and SGAE continued in Q3 FY22/3, overachieved the plan. Revised full-year plan dated February 4, 2022 showed further reduction due to reversal of provision for apartment vacancy loss for Q3 and declined personnel cost, taxes and public charges which offset delayed contractual adjustment of master-lease rent.

Q3 Result

◆ Decrease in Cost of Sales – main items

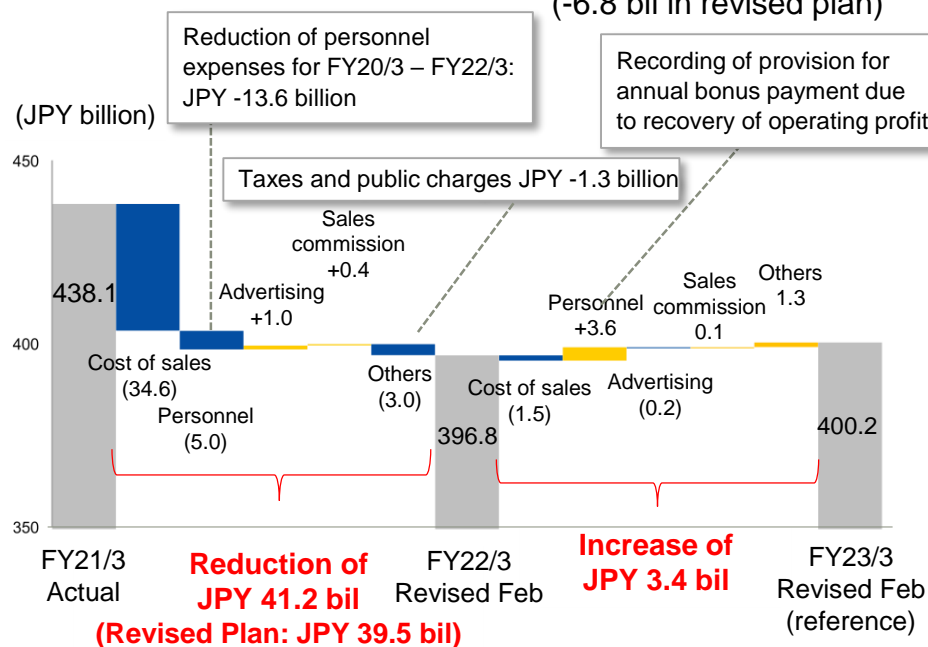
- Leasing operation: about JPY -7.1 bil
(-4.7 bil in revised plan)
- Construction and real estate: about JPY -8.0 bil
(-8.0 bil in revised plan)
- Leasing management: about JPY -6.7 bil
(-7.0 bil in revised plan)



FY22/3 Revised Plan (Feb)

◆ Decrease in Cost of Sales – main items

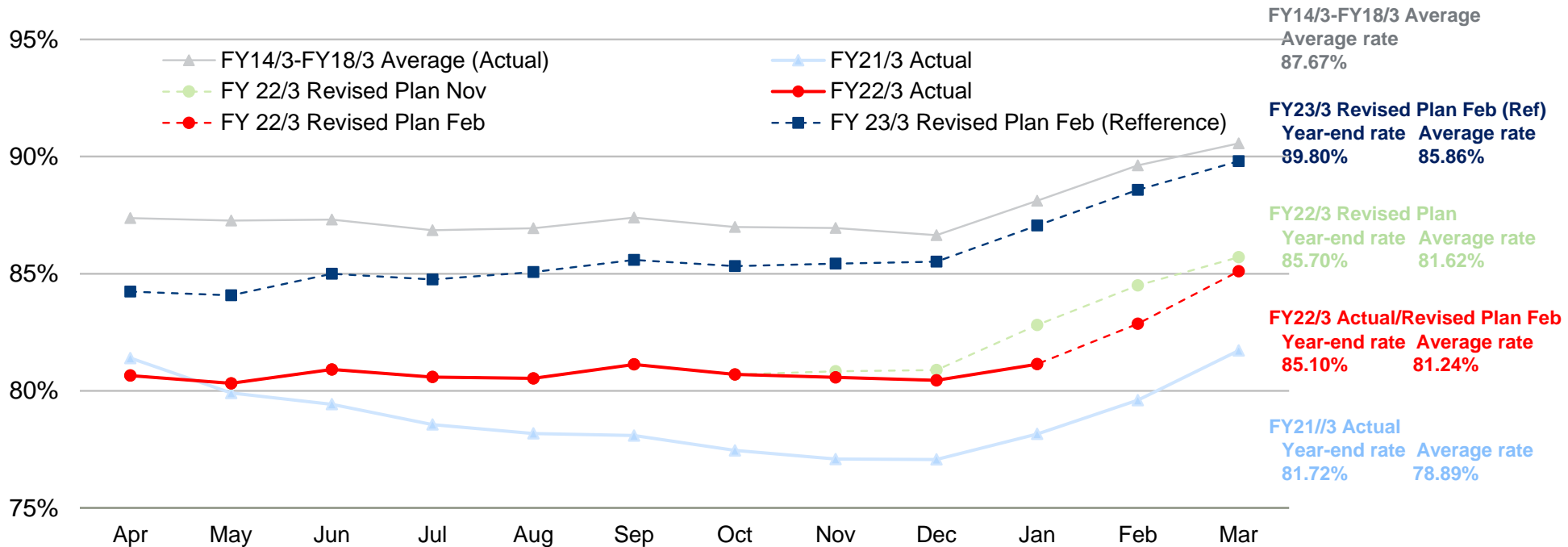
- Leasing operation: about JPY -12.2 bil
(-11.8 bil in revised plan)
- Construction and real estate: about JPY -10.9 bil
(-10.9 bil in revised plan)
- Leasing management: about JPY -6.5 bil
(-6.8 bil in revised plan)



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

Occupancy improvement plan was re-adjusted downward based on slower space of recovery since November 2021 affected by Omicron variant of COVID-19. The target rate at the end of FY22/3 is 85.10%, down 0.6p against revised plan; and average for FY22/3 is 81.24%, down 0.38p against revised plan.

Occupancy Rates Development



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Apr-Dec Average	Jan	Feb	Mar	Full-year Ave.
FY22/3	80.65	80.32	80.91	80.59	80.53	81.13	80.70	80.58	80.45	80.65	81.14			80.70

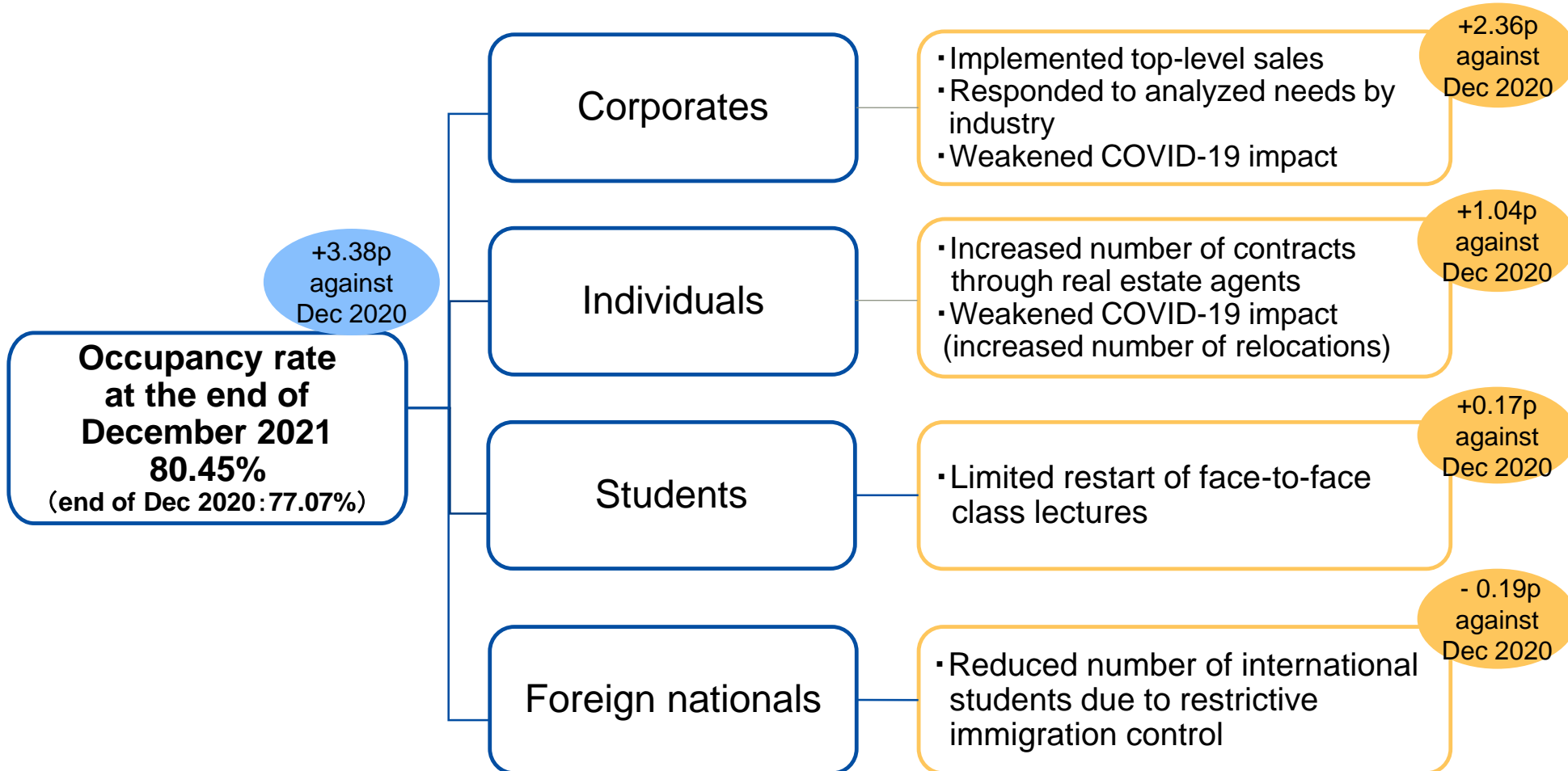
*Monthly Data : <http://eg.leopalace21.com/ir/finance/getsuji.html>

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

3-4: Occupancy Rate Gap Analysis

Occupancy improvement measures by customer segment produced the improved results for Q3 FY22/3 in comparison to Q3 FY21/3. 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 Dec 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.19 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.
- ◆ Q3 FY22/3 Result
Number of contracts through real estate agents: 21,902
(increased by +50.1% yoy)

4. Data Related to Leasing Business

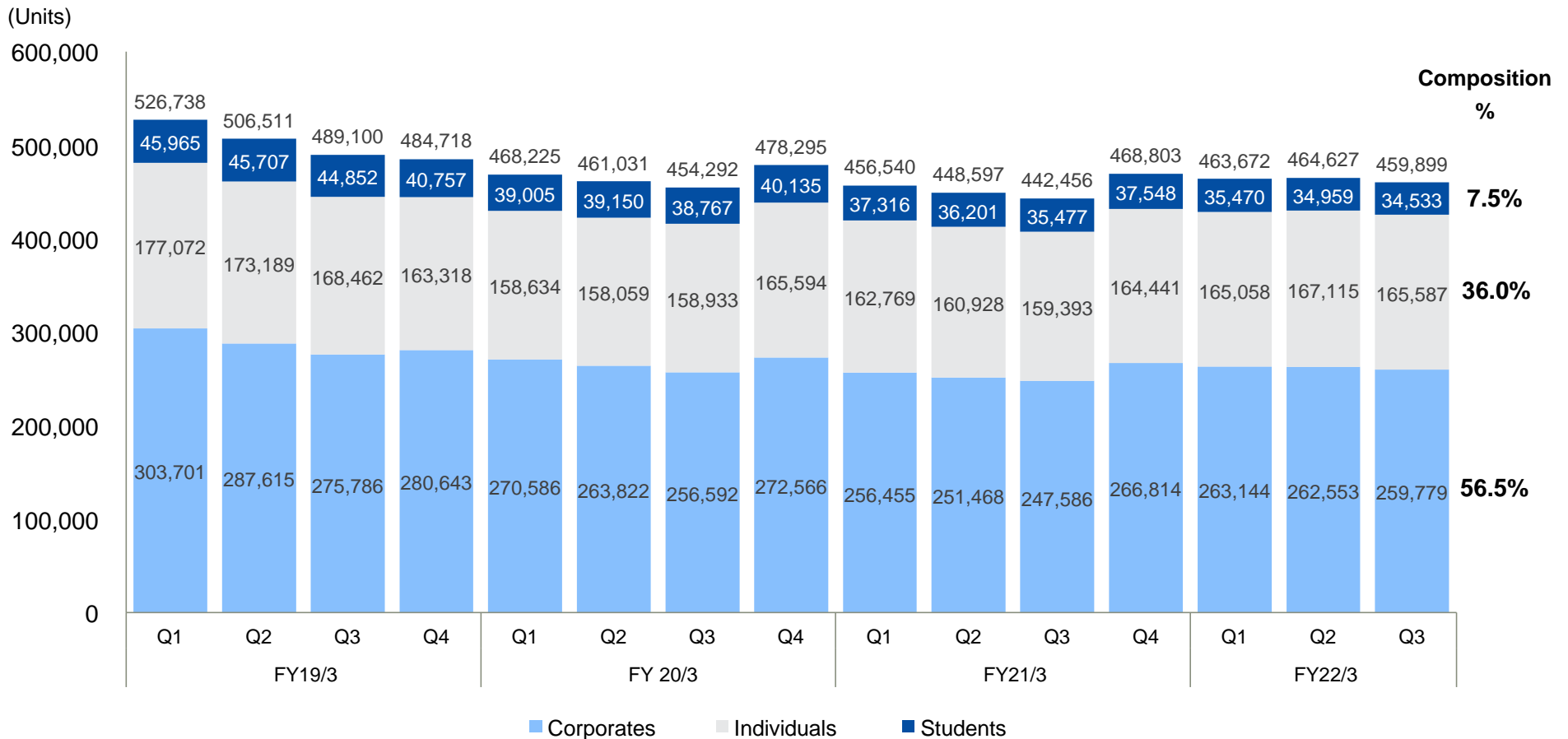


4-1: Shares of Occupied Units by Customer Segment

Overall trends during Q3 FY22/3 lacked buoyancy QoQ.

The number of units occupied by corporate customers and individuals showed growth against Q3 FY21/3 result because of reduced spread of COVID-19 pandemic and successful result of occupancy improvement measures.

Shares of Occupied Units by Group*

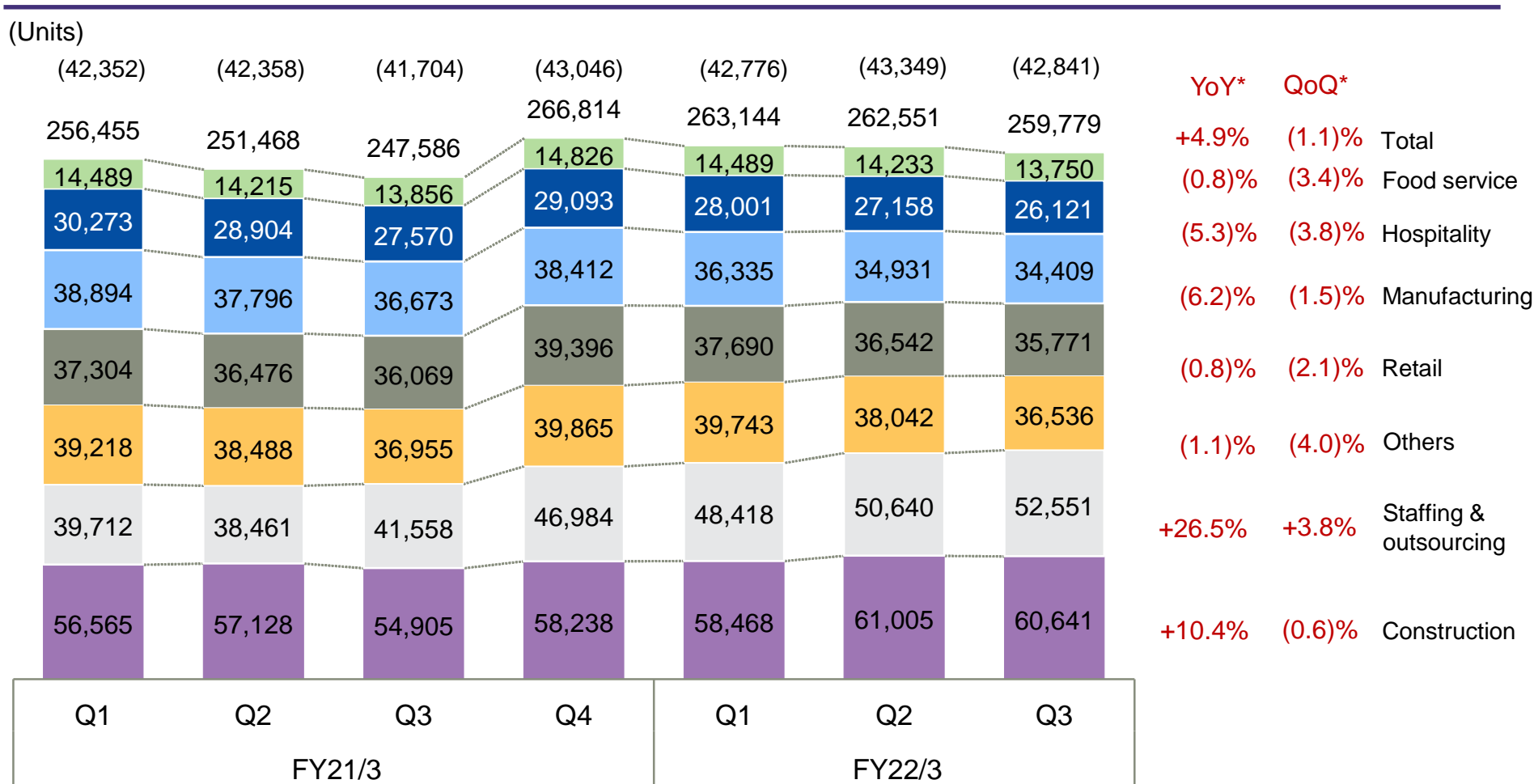


* Figures are as of the end of each quarter

4-2: Occupied Units by Industry

Approximately 80% of listed companies in Japan have used Leopalace21 services. In gradual slowdown impact of COVID-19 and the corporate customers' completion of seasonal personnel changes and increased leavers because of completion of training, the strong demand remained only in staffing and outsourcing industry in Q3 FY22/3.

Number of Occupied Units by Industry



* YoY: compared with Q3 FY21/3, QoQ: compared with Q2 FY22/3

4-3: 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 Q3 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

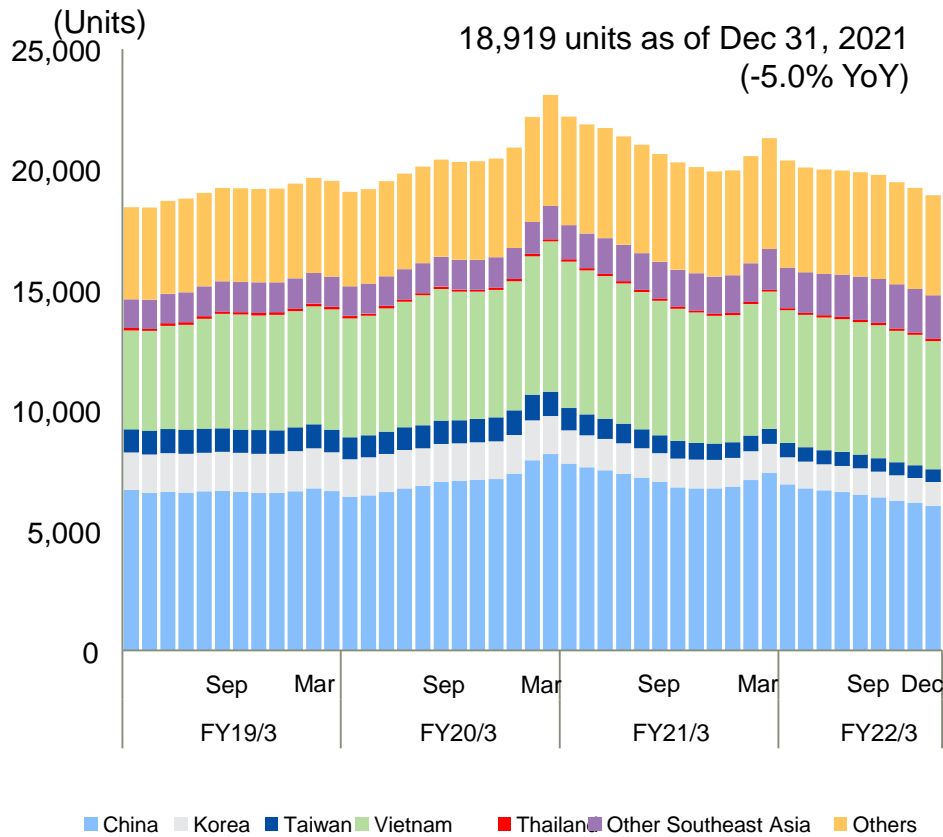
7 areas	(Managed unit: in thousands, Occupancy:%)	FY20/3		FY21/3		FY22/3							
		Q3		Q3		Q1		Q2		Q3			
		Managed units	Occupancy rate	Managed units	Occupancy rate	Managed units	Occupancy rate	Managed units	Occupancy rate	Managed units	Occupancy rate	YoY*	QoQ*
①	Hokkaido	14	70%	14	73%	14	73%	13	77%	13	72%	+5p	(5p)
	Touhoku	36	80%	35	80%	35	83%	35	84%	35	81%	+3p	(3p)
②	Kita-kanto	41	74%	40	73%	40	77%	40	78%	40	79%	+6p	+1p
	Tokyo metro	171	81%	171	77%	170	81%	170	80%	170	80%	+3p	±0p
③	Hokuriku & Koshinetsu	40	74%	40	78%	40	80%	40	81%	40	80%	+4p	(1p)
④	Chubu	88	78%	88	77%	88	80%	88	81%	87	81%	+5p	±0p
⑤	Kinki	81	77%	81	78%	81	81%	81	81%	81	81%	+4p	±0p
⑥	Chugoku	39	83%	39	84%	39	85%	39	84%	39	83%	+2p	(1p)
	Shikoku	15	79%	15	80%	15	82%	15	82%	15	81%	+2p	(1p)
⑦	Kyushu & Okinawa	52	83%	51	83%	51	85%	51	84%	51	84%	+2p	±0p
	Total	576	79%	574	78%	573	81%	573	81%	572	80%	+3p	(1p)

* YoY: compared with Q3 FY21/3, QoQ: compared with Q2 FY22/3

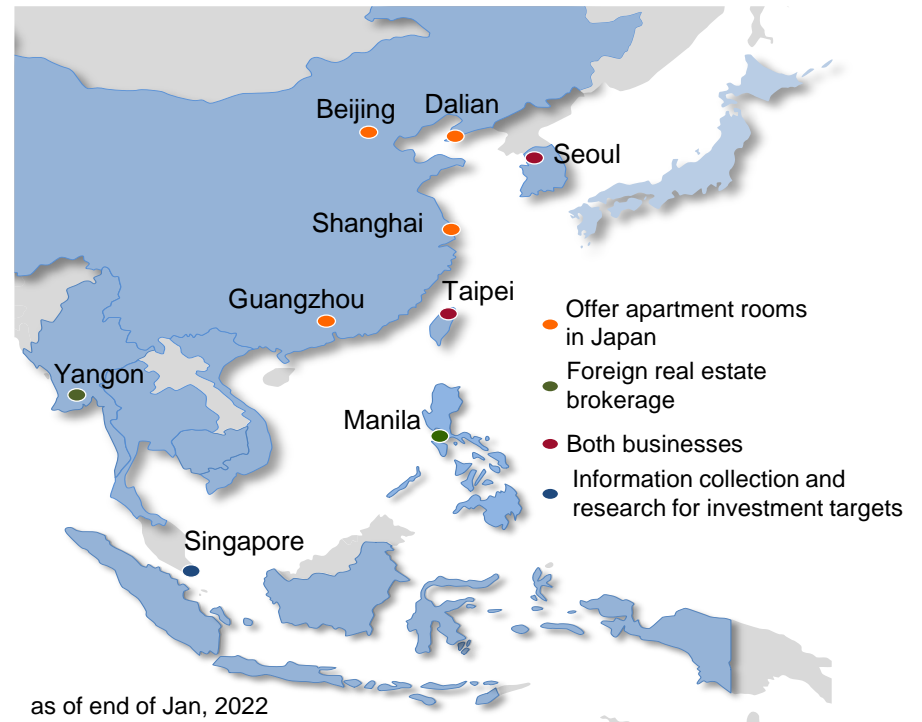
4-4: Foreign National Tenants

By adding 13 thousand units contracted by corporate customers for their foreign national employees, totally about 32 thousand units are used by foreign national tenants, making up 7.0% of the total occupied units. (YoY: -0.6p, QoQ: -0.1p)

Leased Units by Foreign Nationals (Excluding Corporate Contracts)



Leasing Business Overseas (9 locations)



as of end of Jan, 2022

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

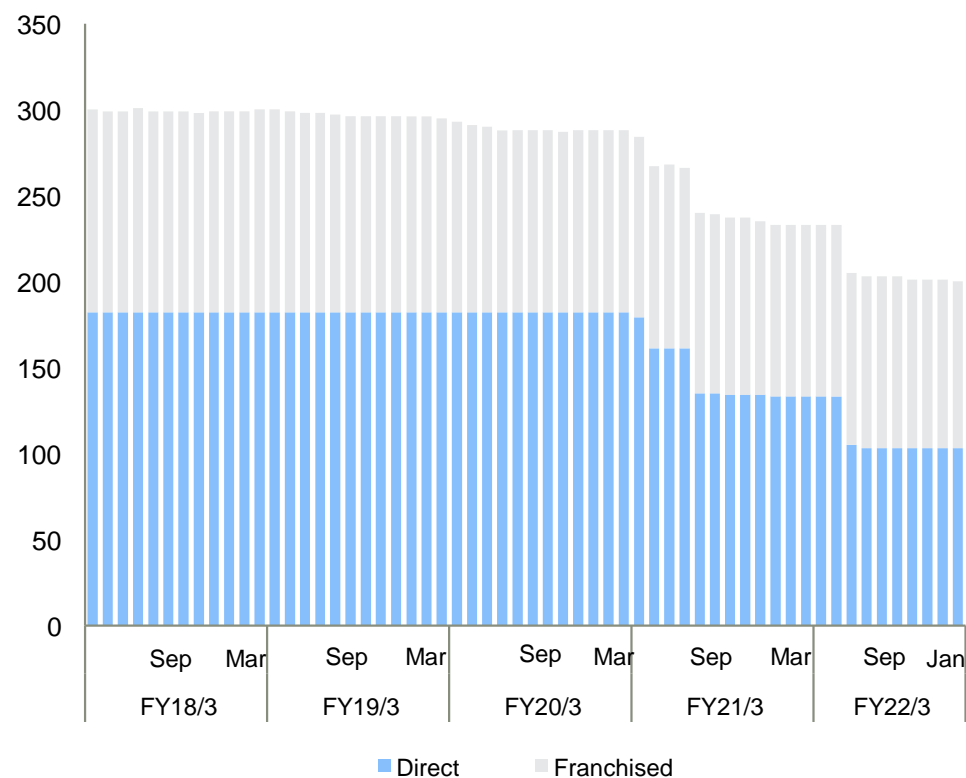
4-5: Leasing Sales Offices

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 and further improved sales efficiency and productivity.

Leasing Sales Offices

(Number of offices)



	Q3 FY21/3 Actual	FY21/3 Actual	Q3 FY22/3 Actual
Total number of offices	242	239	207
of which, direct offices (domestic)	135	133	103
of which, direct offices (overseas)	6	6	6
of which, franchised offices	101	100	98
Number of corporate sales sections	51	51	48
Number of employees (non-consolidated)	2,630	2,547	2,372
of which, sales employees	1,075	1,047	1,081

4-6: Promote DX Solutions

2022

● Install **smart locks** in approx. 440,000 units in steps starting from June 2022

- Increase tenant convenience and enhance value of leased properties through promoting Real Estate Tech.
- Customers can view rooms or simply move into the room after concluding the rental contract, **without taking the time to visit the leasing sales office just to receive the key**. On top of **saving time and effort**, it enables **non-face-to-face key handover procedure as a protective measure against infectious diseases**.



2021

- Introduced the industry's first **eKYC**, an authentication procedure for parking lot contracts.

2020

- Started **non-face-to-face key handover**
- Rolled out **web-based customer** services in all leasing sales offices.
- Formalized launch of **web-based room viewing** via video call.



2019

- Introduced the industry's first nationwide **web-based contract signing service**.

2017

- Started installation of **LeoLock, a smart lock system**, for newly-built apartments.



2016

- Introduced the industry's first **cloud-type security camera system**.
- Installed **Leo Remocon, an IoT device** for newly-built apartments.

2015

- Introduced **Leo-sign, an electronic contract management system for corporate customers**.
- Launched the industry's first use of a tablet device for **electronic contract conclusion for individual customers**.

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 January 31, 2022)

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	7,768	121,985	92,645	44,901
Other Series Total	23,802	4,730	73,624	62,791	5,210
Grand Total	39,085	12,498	195,609	155,436	50,111

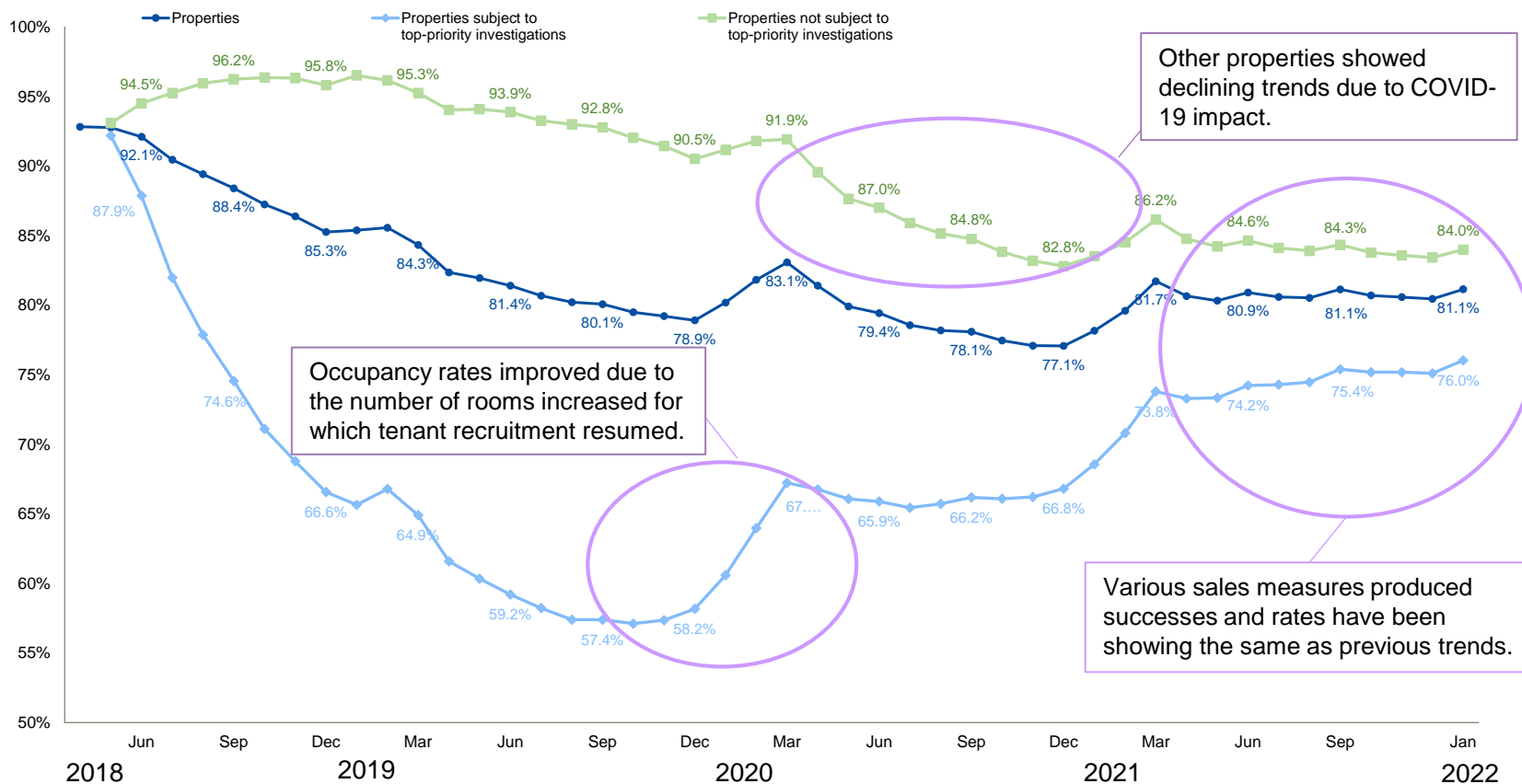
* The number of rooms requiring repairs includes the rooms for which investigations are not complete.

* 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 November 2021)

	Completed	In practice	Started	Total
1. Fundamental Reform of the Corporate Culture	16	0	0	16
2. Restructuring of the System for Compliance and Risk Management	11	1	0	12
3. Revision of the Construction Business Framework	22	0	0	22
Total	49	1	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.

◆ Remaining one item in practice

Improve the operation of Compliance Committee

- The Company defined in June 2019 the Committee has the highest authority in terms of compliance and reviewed the membership so that it enables active discussion based on expert ideas on compliance issues.
- The Committee is headed by an outside Director elected through mutual election for the Committee to have outside objective views for operation.
- The Company informed all employees of the decisions and discussions being made at the Committee according to a disclosure policy in November 2019.
- The above actions are in place and the Company involved affiliated companies to operate in the same framework to strengthen the Company group governance..

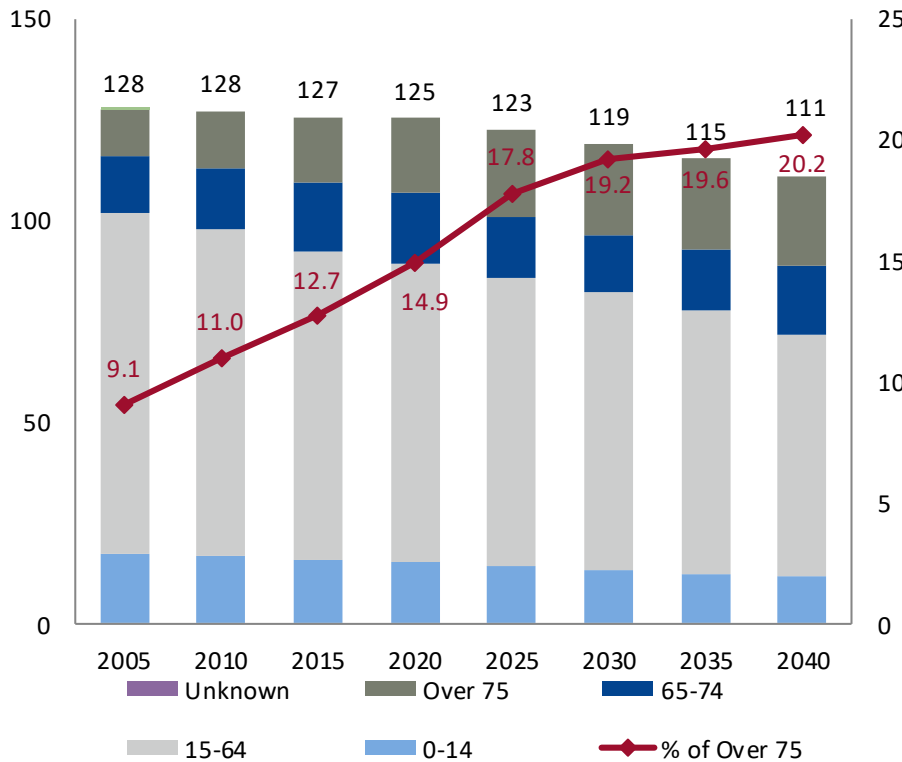
Please visit following URL for detailed actions. <https://www.leopalace21.co.jp/info/en/approach.html>

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.

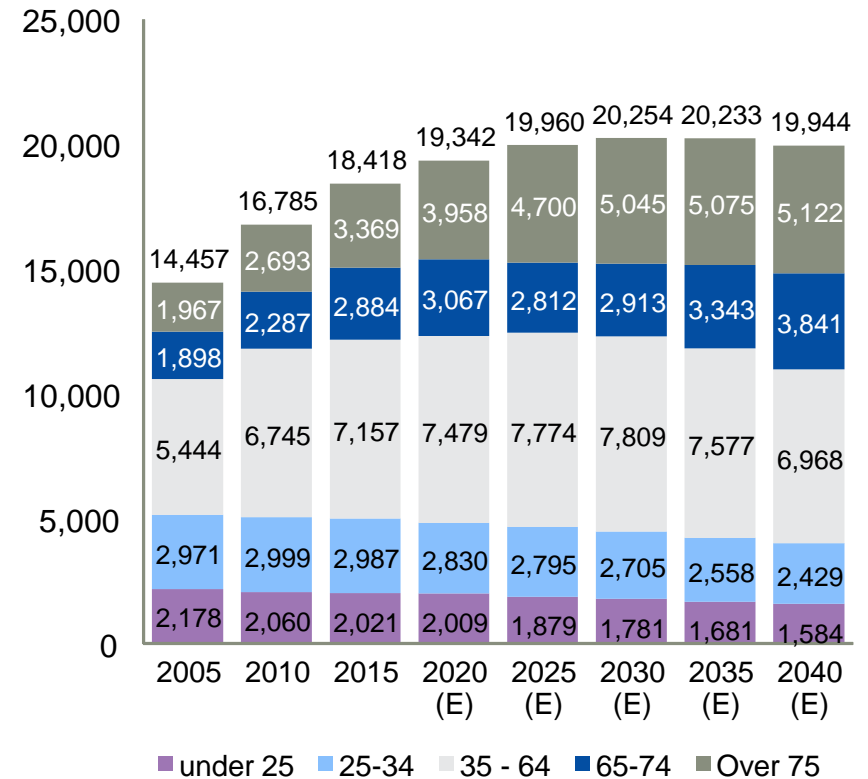
Number of General Households by Category

(Millions of people)



Number of Single-person Households by Age

(Thousands of households)



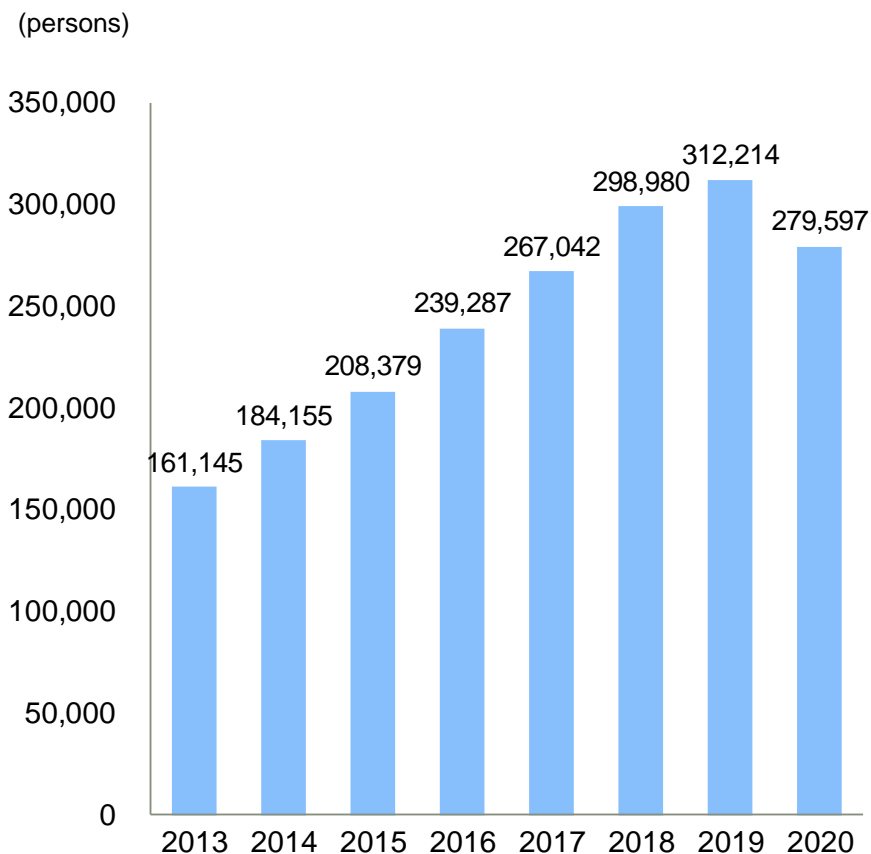
Source: White Paper on the Ageing Society prepared by Cabinet Office

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

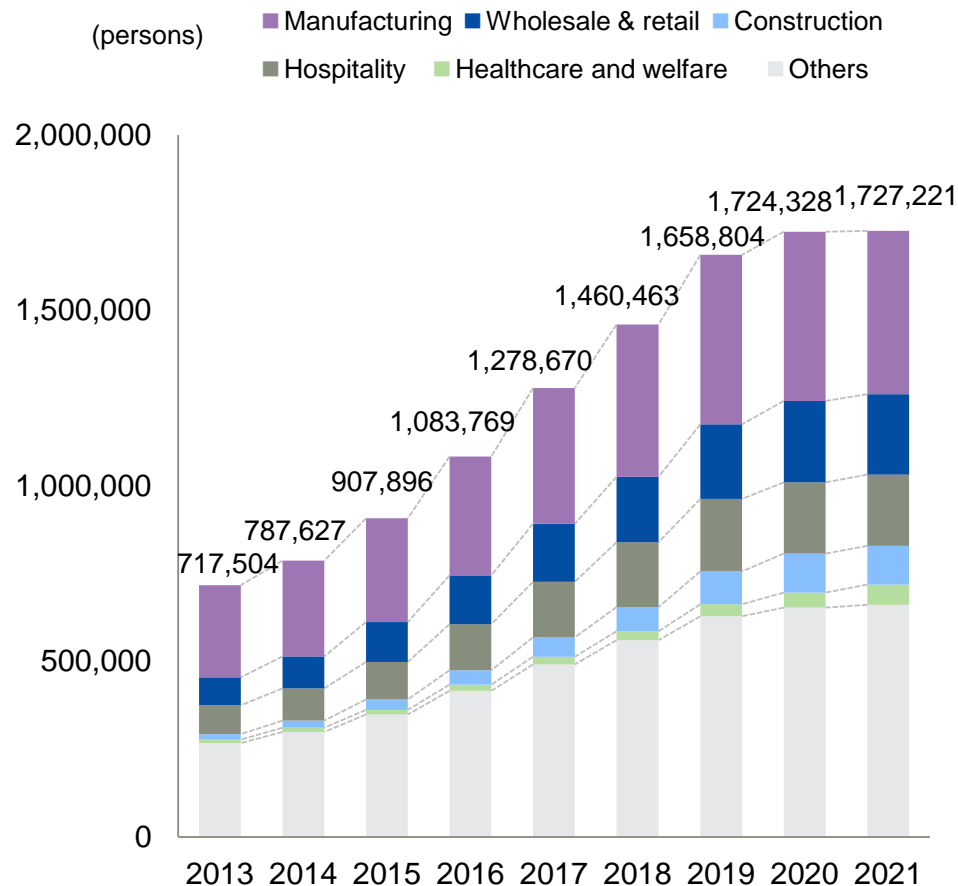
The number of foreign students and foreign workers increased over the years; the former took a downward turn affected by the government's tight immigration policy due to COVID-19 while the latter's growth flattened.

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 2021 (Ministry of Health, Labor, and Welfare)