#### FOR IMMEDIATE RELEASE

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Company Name: Leopalace21 Corporation

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#### **Notice Concerning Formulating DX Strategy**

Leopalace21 (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") announced that the Company has resolved to adopt its DX strategy at the Board of Directors meeting held on August 5. Please refer to Leopalace21 DX Strategy which is attached as supplementary information.

The Company has introduced various DX solutions such as electronic contract service, smart locks and web-based rental agreement service. The Company promotes DX solution offerings as a part of the management policy of promoting sustainability for the fiscal year ending March 2023. In order to respond to drastic changes in the business climate including advancement of digital technology and decline in working population, the Company adopted the DX strategy in order to further advance the DX solutions, improve productivity and enhance competitiveness.

The Company strives to materialize its vision of creating new value by offering advanced solutions for meeting people needs and expectations through DX.

**END** 



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2022.08

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The appendix reflects the latest conditions as of August 2022 and subject to change

#### 01 DX vision

Utilizing data and digital technology, Leopalace21 strives to contribute to the creation of society for better future through enhanced connection with all stakeholders and revive ourselves to a company as a new value creator.



Create new value by offering advanced solutions for meeting people needs and expectations through DX

**Tenants** 



Client Customers

**Business Partners** 



**Apartment Owners** 





Long-term vision

Ensure competitive advantage in our business, with the provision of rental housing as social infrastructure at its core, and achieve sustainable growth along with stakeholders





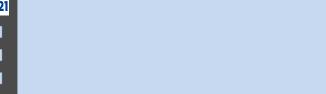






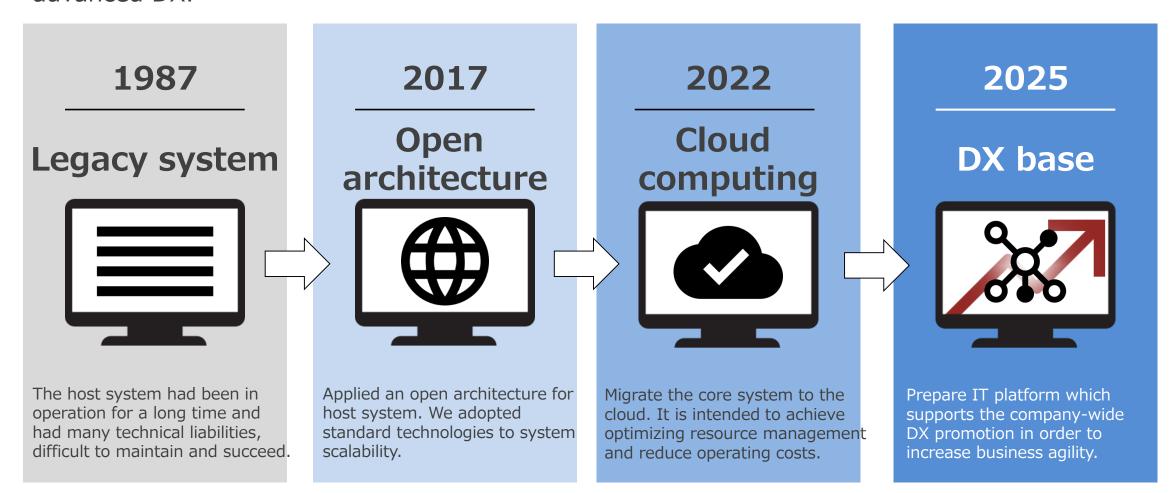
Employees

Re-connected by real estate tech



## **02** DX environment improvement

We shifted from 30-year-old legacy system in 2017 and introduced a new core system to be operated in public clouds in 2022. Based on the clouds foundation, we move further to realize advanced DX.



## 03 DX base construction and strategies

We will build a resilient digital environment that responds quickly to customer needs and changes in the social conditions by linking people and processes, with a focus on the development of a data utilization environment.

#### **DX** strategy themes

Strengthen customer viewpoint

**Advance offered value** 

Advanced decision-making

Create new revenue model

#### **Digitalize processes**



- Expand the scope of agile development using low code development tools, to segregate it from core systems and to increase development productivity.
- Promote RPA further, including automation of processing at the contract administration centers, which consolidate contracting work previously done at sales offices across the country.

## Centralized data management and visualization



- Centralize management of data which are siloed in various types of data sources to ensure data freshness and accuracy.
- Promote standardization and visualization of data to enable crosscompany data understanding and multifaceted analysis.

## Develop human resources for DX promotion

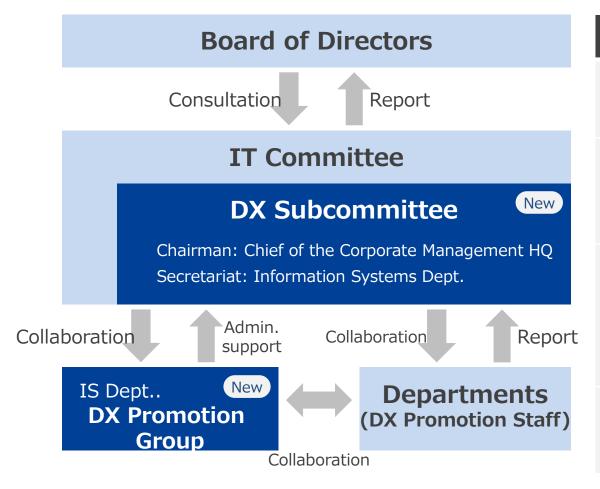


- Provide training for all employees, IT staff and DX promotion staff, to acquire knowledge and skills for their respective roles.
- Expand the scope of in-house development of business systems. Build an organizational structure that is not overly dependent on outside vendors.

Establish security governance that supports safe and secure data utilization

#### **04** DX promotion structure

DX subcommittee was established under IT Committee to discuss digital strategies. DX Promotion Group, newly established in Information Systems Department, will serve as the secretariat to check the progress and verify the effectiveness of DX measures.



Organization	Roles				
IT Committee	<ul><li>Discuss and report DX strategies</li><li>Understand and verify IT investment plans</li></ul>				
DX Subcommittee	<ul> <li>Confirm the progress and verify the effects of DX measures</li> <li>Coordinate and collaborate with the responsible departments</li> </ul>				
IS Department <b>DX promotion Group</b>	<ul> <li>Plan and consolidate DX strategies</li> <li>Develop DX base and DX promotion structure</li> <li>Promote company-wide data utilization</li> <li>Provide technical support for DX measures</li> </ul>				
Departments (DX Promotion Staff)	<ul> <li>Consider DX measures</li> <li>Promote application of DX to the frontline of business</li> </ul>				

# Appendix

#### **01** DX key measures

We will transform the organization and business model to provide new value to our stakeholders by leveraging the vast amount of data and technology accumulated within the company to achieve sustainable growth and increase corporate value.

Strategic themes

Strengthen
customer
contacts

Enhance value proposition

Sophisticate decision-making

Create new revenue models Key measures

## Optimize digital marketing

- > Add new media and start full renewal of the room search website
- > Organize the tracking and properly manage the profitability of each media

#### Promote webbased contracts

- > Digitize all process of rental contract procedures and complete non-face-to-face contract
- Respond to the digitization of rental agreement in line with revisions to the Real Estate Brokerage Act

#### Install smart locks

- ▶ Introduce a new type of smart lock to about 80% of units under management
- No need to visit leasing offices to receive key when previewing or moving in

# Build integrated customer management system

- Introduce CRM. Build and manage customer-oriented business strategies and sales processes
- Aim to improve customer satisfaction through careful handling and good services

## Establish management dashboard

- Extract and visualize information necessary for management from a centralized data base
- Real-time tracking of KPIs improves the accuracy of data-driven management
- Launch AI-powered creditworthiness scoring service
- Score creditworthiness by AI and making full use of data which have been accumulated in the Leasing Business
- Consider the possibility of external sale of data and development of new businesses

#### **02 DX promotion indicators**

As indices of measuring achievement in DX promotion, we set the degree of progress of the plan and quantitative effects caused by strategy promotion. DX subcommittee under IT Committee will regularly evaluate and review the progress of the plan.

Cate- gory	Measure	KPI	Target	Achieved by	Remark
Foundation	Implement automated operations by RPA	Task saving time	73 k hours	FY2025	Total annual hours of work saved
	Promote further use of cloud computing	Number of servers migrated to cloud	180	FY2025	Cumulative number of servers migrated to cloud
	Conduct in-house security training	Comprehension test average score	+10%	FY2024	Training Comprehension test average score (pct. increase from FY2022)
	Reinforce IT systems construction structure	Number of in-house IT engineers	+15	FY2025	No. of staff in Information Systems Dept (increase from FY2022)
Strategy promotion	Optimize digital marketing	Conversion rate from inquiry to lead	+10%	FY2023	Number of inquiries per year (pct. increase from FY2022)
	Promote web-based rental contracts	Number of web-based contracts	39,338	Actual	Cumulative number of web-based contracts (Result at e/o FY2022)
	Install smart locks	Number of rooms with a smart lock installed	440 k units	FY2025	Cumulative no. of rooms with a smart lock (80% of units under management)
	Launch AI creditworthiness scoring service	Number of analyzed data	100 k data	FY2025	Cumulative number of data which are collected and learned by AI

