

FOR IMMEDIATE RELEASE

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Company Name: **Leopalace21 Corporation**
Representative: Bunya Miyao, President and CEO
Code Number: 8848 (Tokyo Stock Exchange, Prime Market)
Contact: Shinji Takekura, Director, Chief of the Corporate Management Headquarters
Tel: +81-50-2016-2907
E-mail: ir@leopalace21.com

Notice Concerning Occupancy Rate Which Leopalace21 Publishes

Leopalace21 (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the “Company”) announced on October 20, 2022 in its disclosure of “Comments on Certain Media Report about Leopalace21” on the article of Shukan Shincho, a weekly magazine, issued on October 20, 2022 that the occupancy rate is calculated mechanically and is structured in a way that it cannot be artificially manipulated. The Company announced further on October 24, 2022 the method of handling move-outs and contract terminations in order to calculate the occupancy rate.

The Company has been regularly posting on its website since fiscal year ended March 31, 2011 the occupancy rate at the end of the previous month as one of the KPI indicators in the management plan.

1. Handling of move-outs on the last day of the month

The Company receives the rent up to the last day of the month from the tenants who leave the apartment rooms on the last day of the month. The Company views that it is appropriate to include those rooms as part of rooms under contract in the subject month, and as vacant for the following month.

2. Handling of move-outs other than on the last day of the month

For the individual customers, the Company runs a general rule of sending its staff to do move-out inspection with the tenant when they move out, and processing the contract termination on the same day. However, for the tenant's own reasons, the Company may agree to do move-out inspection with the tenant a few days after the actual move-out. In light of the said rule of processing the termination on the day of performing move-out inspection, processing the termination is carried over to the following month in case that the move-out inspection takes place in the following month.

For the corporate customers, the Company in most of the cases does not perform move-out inspection with the tenants, and processes the termination a few days later. In case that the move-out inspection takes place in the following month, processing the termination is carried over to the following month.

The results of monthly carry-over are shown in the below table.

Number of carried-over contract terminations from March to April in the past five years

	Occupancy rate at the end of March	No. of carried-over contract terminations	Impact on occupancy rate
Mar 2018 to Apr 2018	93.72%	546	0.10%
Mar 2019 to Apr 2019	84.33%	376	0.07%
Mar 2020 to Apr 2020	83.07%	628	0.11%
Mar 2021 to Apr 2021	81.72%	397	0.07%
Mar 2022 to Apr 2022	85.10%	433	0.08%

As stated above, there were discrepancies due to the carry-over of the termination process, but the impact for the full year is negligible. It is not the case that the Company published the manipulated occupancy rate. Although the occupancy rate is one of the KPIs, it does not have direct impact on the financial statements and therefore no factual basis for the window dressing. The Company has received an unqualified opinion on its consolidated financial statements from the auditing firm.

In the interest of continuity of disclosure to all stakeholders, including shareholders and investors, the Company will continue to use the same definition of calculation and disclose proper occupancy rates.

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