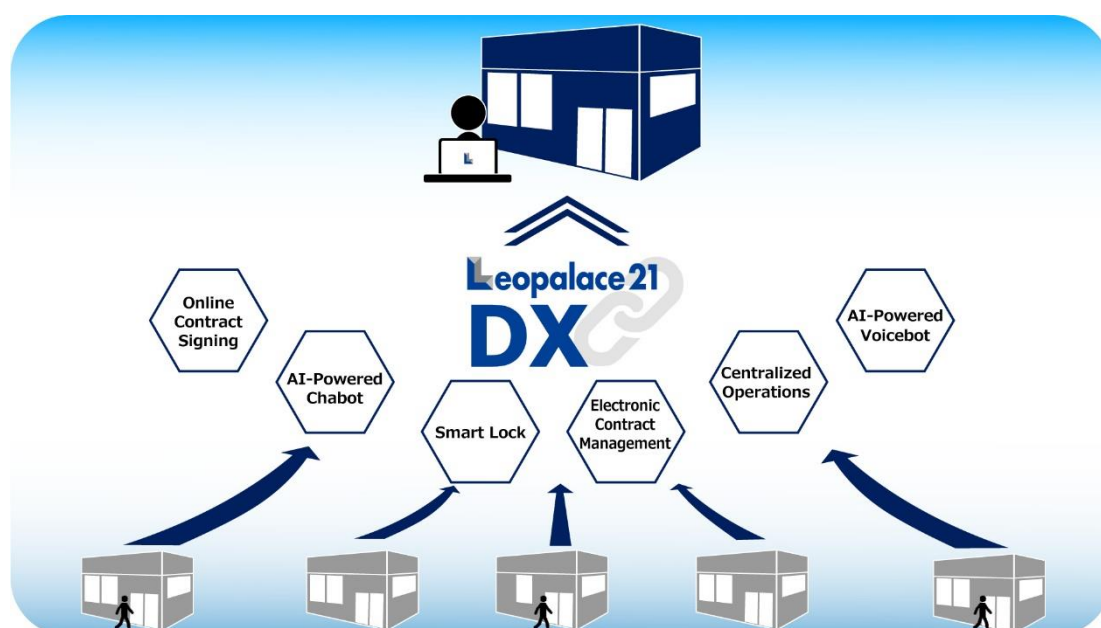


Notice Concerning Integrating Leasing Sales Offices as Part of DX Promotion



Leopalace21 Corporation (Nakano-ku, Tokyo; President: Bunya Miyao; "the Company") has been implementing various measures to promote operational efficiencies, such as centralization of business operations, as well as promoting the introduction of digital technologies such as smart locks, under the DX strategy announced in August 2022. In the past, the Company considered the convenience of the customers and kept multiple leasing sales offices in areas with a lot of apartments under management. However, the increase in the number of apartments with smart locks and the promotion of non-face-to-face service through web-based customer service and web-based room viewing have reduced the necessity for the customers to visit sales offices to receive the keys and other things. Consequently both of those initiatives enabled the Company to integrate sales offices.

As a result of the introduction of digital technology and increased operational efficiency, the Company announced that 37 of the total 109 directly managed leasing offices (36 in Japan and 1 overseas) have been integrated into existing offices. The streamlined 72 sales office structure is now ready, and the Company remains committed to further improve its capital efficiency.



■ Leasing Sales Offices Before and After Integration

The Company will integrate the said sales offices on November 1, 2023 as follows.

Before Integration 103 offices in Japan, 6 offices outside Japan, totaling 109

After Integration 67 offices in Japan, 5 offices outside Japan, totaling 72

Please refer to the list of leasing sales offices after integration for details.

■ Objectives of Office Integration

This office integration is intended to increase the number of personnel assigned to each leasing sales office and to shift the role of the offices from a customer service counter that mainly handles customer visits to a sales office that actively engages in sales activities.

■ Our Approaches to Improving Operational Efficiency

Promotion of Real Estate Tech Business, Combining Real Estate Business and IT

- Smart Locks

With the introduction of smart lock, which allows the front door to be locked and unlocked with a smartphone, customers no longer need to visit the Company's leasing sales offices to pick up their keys at the time of room viewing or moving in, making the key delivery a non-face-to-face procedure. The number of units with smart lock installed in the Company's managed apartments exceeded 150,000, which is the largest scale in Japan's rental housing management industry. In September 2023, 84.9% of new tenants moved in the apartment rooms with smart lock facilities.

- Online Contracts

This service allows customers to complete the rental contract procedures, such as filling out an application form and submitting personal identification documents, through the Company's service website, and the explanation of important matters via video calls. No visit to the leasing sales office is required for the contract signing process. By introduction of providing web-based customer service and web-based room viewing, the entire process from room search to contract signing can be done without a face-to-face meeting.

- Electronic Contract Management System

The system enables the full series of procedures for rental contracts exchanged with customers to be conducted electronically and go paperless. Electronic contract management system for corporate clients, called *Leo-sign*, was introduced in January 2015, and approximately 33% of all corporate contracts are now signed electronically. The Company introduced the

industry-first electronic lease contract service for individual customers in November same year. Today, all kinds of individual tenancy contracts can be handled electronically and approximately 80% of all contracts for individual customers are signed electronically.

- AI-Powered Chabot and Voicebot, Text Dialog System and Speech Dialog System for Tenants

These AI-powered tools were introduced in February 2023. Prior to the introduction, the response rate of Company's call center was sometimes less than 70% during busy times because of the imbalance between the upsurge of incoming calls and available operators. However, after the introduction, the response rate has improved to approximately 90%. Prior to the full-scale operation, those tools have been able to respond to about 30% of inquiry categories, but with the full-scale operation from August 1, the tools are able to respond to all categories of inquiries.

Historical Development of the Company's DX		
2015	Jan	Introduced <i>Leo-sign</i> , an electronic contract service for corporate customers
	Nov	Began industry-first online lease contract signing for apartments
2017	Apr	Began industry-first online contract conclusion service for construction subcontracting of apartment buildings
2019	Jun	Introduced an online service for tenant application
2020	Sep	Rolled out the online lease contract signing across Japan
	Oct	Started online customer service and room viewing
2021	Mar	Introduced industry's first eKYC, an IT-based authentication procedure
	Jun	Began application of eKYC for parking space lease contracts
2022	Jun	Began installing smart locks
2023	Feb	Enabled online contract signing utility for lease contracts through brokers
		Introduced AI-powered speech dialog system and chatbot tool with AI
	Apr	Extended online contract signing utility for lease contracts requiring joint guarantor for conclusion

Implementing Centralization of Business Operations

- Contact Center for Room Search

In September 2023, the Company opened a contact center to handle primary inquiries from customers looking for where to live. The team specializing in room search will endeavor to improve customer satisfaction by providing speedy services from room proposal to tenancy application. Full-scale operations are scheduled to begin on November 1, 2023, in accordance with the integration of the leasing sales offices.

- Contract Administration Center for Tenancy Contract

By centralizing contracting operations previously conducted by each leasing sales office and the Corporate Sales Division into this center, the Company will reduce operational workload and

improve uniformity of quality and service through robotic process automation of electronic contracting. The Company promotes operational efficiency by centralizing contracting operations nationwide to this center for both individual and corporate contracts.

- Tenants Support Center

Japanese language support center is available for 24 hours a day to respond to tenants' urgent inquiries. The foreign language support center for foreign national tenants is also available in English, Chinese, Korean, Portuguese, and Vietnamese.

■ **Future Outlook**

The Company remains committed to enhancing its corporate value and the customer convenience by establishing the new sales structure that integrates leasing sales offices and improving operational efficiency through DX promotion and administrative centralization.

■ **Company Information**

Company Name : Leoplace21 Corporation
Established : August 17, 1973
Head Office : 2-54-11 Honcho, Nakano-ku, Tokyo
Representative : Bunya Miyao, President and CEO
Website : <https://www.leoplace21.co.jp/english/>

【For all media inquiries】

Leoplace21 Corporation PR and IR Section
TEL. +81-3-5350-0445 (Office hours:9:00 a.m.-6:00 p.m. on Monday to Friday)
Email: kouhou@leoplace21.com

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