Corporation Information

Corporate Data (As of March 31, 2009)

Company Name : Leopalace21 Corporation
Head Office : 2-54-11 Honcho, Nakano-ku, Tokyo
TEL: +81-3-5350-0001 (Main Line)
President and CEO : Yoshiteru Kitagawa
Established : August 17, 1973
Common Stock : ¥ 55,640.66 million
Number of Shares Outstanding : 159.54 million shares
Operations : Construction, leasing, and sales of apartments, condominiums, and residential housing; development and operation of resort facilities; hotel business; broadband business; Silver business, etc.
Number of Employees : 9,926 (Consolidated basis) 9,017 (Non-consolidated basis)
Building lots and buildings transaction business license :
Minister of Land, Infrastructure and Transport Permit (9) No. 2846
Construction business permit :
Minister of Land, Infrastructure and Transport Permit (Special-20) No. 11502
Registration of Class-1 architect office : Tokyo Governor Registration 36122
Loan business registration : Kanto Finance Bureau Chief Registration (8) No. 00581
Memberships: Japan Association of Home Suppliers
Japan Financial Services Association
Japan Prefabricated Construction and Manufacturers Association

Members of Board of Directors
(As of June 29, 2009)

President and CEO	Yoshiteru Kitagawa
Senior Managing Director	Eisei Miyama
Executive Director of Management	Tadahiro Miyama
Director	Hiroyuki Miyata
Director	Yoshikazu Miike
Director	Kou Kimura
Director	Yousuke Kitagawa
Director	Satoshi Abe
Director	Hiroshi Takeda
Director	Naomichi Mochida
Standing Auditor	Yoshinori Uehara
Standing Auditor	Shinya Watanabe
Auditor	Masami Matsushita
Auditor	Koichi Fujiwara

Corporate Structure (As of March 31, 2009)

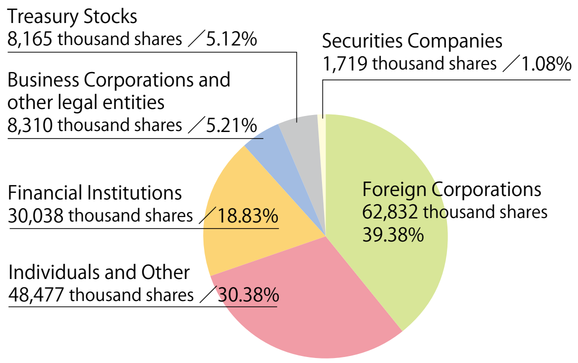
Leopalace21 Corporation

- **Apartment Construction Subcontracting Division**
  - Toyo Miyama Kogyo Co., Ltd. (Manufacturing and Sales of Housing Materials) (50%)
- **Leasing Division**
  - Leopalace Leasing Corporation (Company housing agency and real estate agency) (100%)
- **Hotel and Resort Division**
  - LEOPALACE GUAM CORPORATION (Hotel/resort operations in Guam) (100%)
  - Leopalace Travel, Ltd. (Travel Agency) (100%)
- **Other Business**
  - Leopalace Finance Co., Ltd. (Financial Business) (100%)
  - Leopalace Insurance Co., Ltd. (100%)

Domestic Consolidated Subsidiary
Foreign Consolidated Subsidiary
Equity-method affiliates

Note 1: Numbers within parentheses represent equity stakes held by Leopalace21.
Note 2: Apart from the companies listed above, there are two companies (100% owned indirectly by Leopalace21) with operational permits

Shareholder Composition (As of March 31, 2009)



Major Shareholders (Top 10) (As of March 31, 2009)

Name of shareholder	No. of shares	% of outstanding shares
Yusuke Miyama	21,251,774	13.32%
Leopalace21 Corporation	8,165,714	5.12%
Japan Trustee Service Bank, Ltd. (for trust 4G)	7,228,400	4.53%
Japan Trustee Service Bank, Ltd. (for trust)	6,245,800	3.91%
State Street Bank and Trust Company 505223 Standing Proxy, Mizuho Corporate Bank, Ltd.	6,157,793	3.86%
The Master Trust of Japan, Ltd. (Trust Account)	6,105,200	3.83%
Toyo Kanetsu K.K.	2,745,900	1.72%
The Chase Manhattan Bank, N.A. London SL Omnibus Account Standing Proxy, Mizuho Corporate Bank, Ltd.	2,437,395	1.53%
MDI Corporation	2,350,000	1.47%
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension Standing Proxy, Mizuho Corporate Bank, Ltd.	1,952,349	1.22%

Leopalace21 Corporation
2-54-11 Honcho, Nakano-ku, Tokyo 164-8622
TEL: +81-3-5350-0001 (Main Line) FAX: +81-3-5350-0058

Change for NEXT
Leopalace21

Investors Guide
For the year ended March 2009





Leopalace21 Corporation
Code No. 8848
http://www.leopalace21.co.jp

The selection and concentration of our business operations have been clarified and our "New Medium-term Management Plan: Change for NEXT" has been established to cope with the current global economic recession.

President and CEO
Yoshiteru Kitagawa

In December 2006, we at Leopalace21 announced our "Medium-term Management Plan: United Spirit" with a prospective outlook for the following five years. We were, however, greatly impacted by the trends arising from the global economic downturn that was triggered by the collapse of Lehman Brothers in the United States during September of last year. In order to deal with the changing situation, we needed to drastically review our "Medium-term Management Plan: United Spirit" as we approach the March 2010 fiscal year (our 37th term), and therefore we have formulated a new plan, the "New Medium-term Management Plan: Change for NEXT". Quantitative agendas targeted by the previous medium-term management plan were converted into qualitative agendas. Furthermore, the apartment business, our core enterprise, was once again designated as the business operation for which effort must be concentrated. We intend to focus our management resources into the apartment business in order to accelerate its sustained growth. Furthermore, our critical agenda will continue to be "to participate in society as a Corporate Citizen", as well as "to sustain the growth of our business through support obtained from society", as cited in our Corporate Vision, or, in other words, to be evaluated favorably as a business that fulfills social responsibilities (CSR management).

Obviously, attaining the targets set by our newly established management plan, the "New Medium-term Management Plan: Change for NEXT", is a matter of course, but more specifically we recognize our corporate philosophy of "Creation of New Values" as the social responsibility (CSR management) of our business, as we strive to fulfill our agendas in this current global economic crisis. Therefore, we believe that it is quite important to shape up the foundation of our business and to work proactively towards broadening the range of our business dealings. The newly formulated corporate slogan, "Change for NEXT" was established as our expression of this objective.

As a representative officer of Leopalace21, it is my intention to overcome the global economic crisis by following our corporate philosophy and our new corporate slogan in the pursuit of our "Creation of New Values", always staying a step ahead of the times and promoting our CSR management to create a "Corporate Quality" and "Corporate Brand" that can respond to our "Corporate Social Responsibility" (CSR) as a "Corporate Citizen", as indicated by our corporate vision statement.

We would like to ask all our stakeholders for their continued support and patronage.

Corporate Philosophy

We aim to create new value through housing

Basic Policies

1. We view the apartment business as a social undertaking, which realizes the effective use of land and supply of high-quality housing (CSR management).
2. We believe that successful leasing operations are our top priority in the apartment business.
3. We develop and introduce unique products based on a pioneering spirit.
4. We pursue client-first marketing approaches as well as prompt and systematic proactive operations.

Corporate Slogan

Change for NEXT

Leopalace21 is currently transitioning into its next stage. In order to respond to a year of drastic changes and turmoil, we aim to establish a framework for a robust business structure that does not rely on market conditions, while we concentrate our efforts into the apartment construction subcontracting and leasing businesses, which are our starting points. We will unite all our capabilities to respond to the needs of each and every one of our customers and to raise our corporate value.

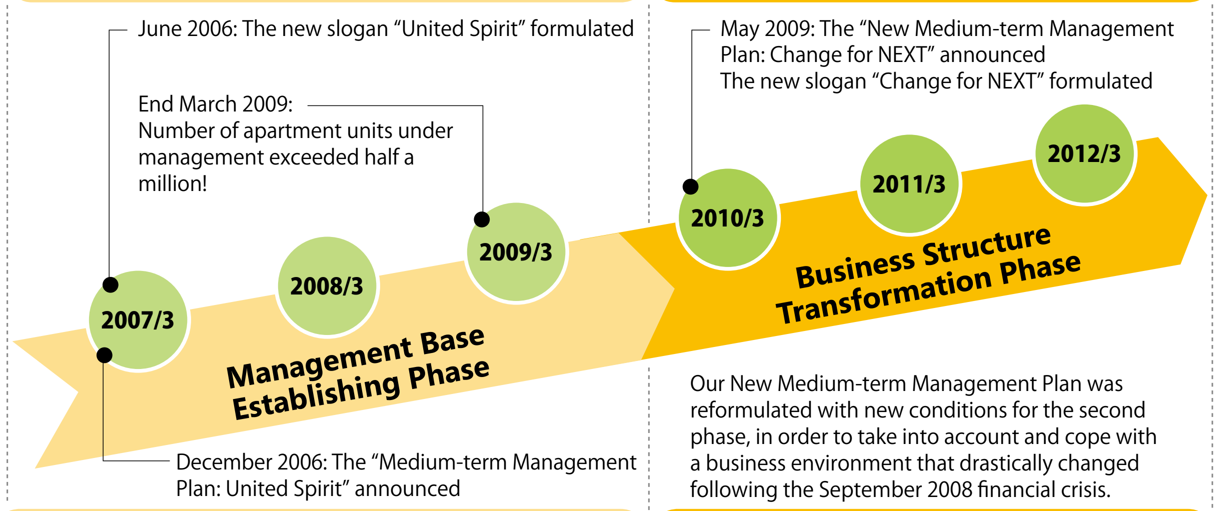
Corporate Vision

1. We strive to become a Total Support Enterprise, providing a diverse range of products and services in accordance with solutions relating to "Effective Use of Land" and "High Quality Housing," as well as market needs.
2. We will make work operations and financial content those of a market leader, form a "Corporate Quality" that responds to the social responsibility of the Company as a "Corporate Citizen" and build a "Corporate Brand" deserving of trust and appreciation.

Course of Action for the Medium-term Management Plan

Previous Medium-term Management Plan
(fiscal year ending March 2007 to March 2009/First Phase)

New Medium-term Management Plan
(fiscal year ending March 2010 to March 2012)



In our previous Medium-term Management Plan (First Phase) we set as our primary target the establishment of our management base, in order to seek the transformation of our business into a "Stock-Emphasized Business Model". Quantitative increases and qualitative improvements were promoted for apartment units under our management (our stocks).

Our management resources are concentrated into our core businesses according to our new Medium-term Management Plan, in order to accelerate the transformation of our business structure into a full-scale "Stock-Emphasized Business Model".

Medium-term Management Strategy

1. In terms of management, organizational reforms and further enhancement of governance are required, as is a drastic review of cost structure, in order to promote our return to the starting point of a "*Motazaru keiei*"* financial structure. In business terms, we aim to realize "Unified Management for Construction Subcontracting and Leasing Businesses".
2. Management resources will be concentrated into our core businesses, while the priorities of related businesses are clarified according to the relevance to (synergy with) the core businesses, and their continuous monitoring will be enhanced.
3. For overall strategies for the core businesses, we intend to establish a new profit structure by inducing the flow of new tenants away from studios into large studios and family units, through the implementation of new proposals that serve as our "One-stop Strategy".
   - ■ Apartment construction subcontracting business: We intend to expand the areas in which properties are supplied.
   - ■ Leasing business: We intend to expand the scope of our prospective tenants.

* The Company's core businesses' model is based on construction of apartments on behalf of property owners and entering master-lease agreements with these apartment owners. We then lease apartments to individual tenants. This model enables us to continue growing our business and earnings without requiring the Company to own the underlying assets or take on debt. We call this model "*Motazaru keiei*" in Japanese.

【Overall Image of Medium-term Management Plan】

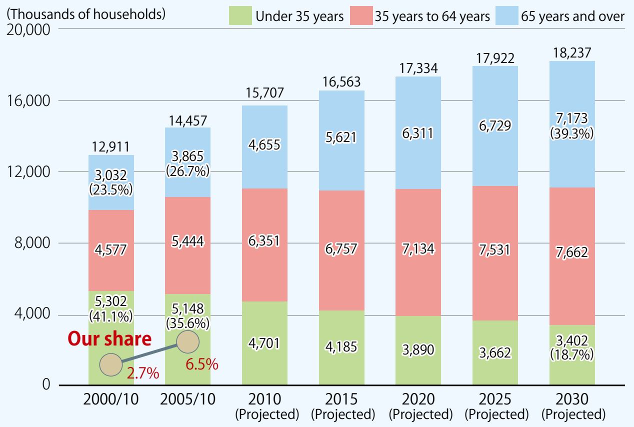
As with our previous Medium-term Management Plan, the "New Medium-term Management Plan: Change for NEXT" enables strategies with a superior sense of orientation over the medium term through the incorporation of "Demographic Dynamics" and "Demographic Shifts" into the background of the plan's formulation.

The market strategies for the "New Medium-term Management Plan: Change for NEXT" have been formulated with "Household Dynamics" and "Demographic Shifts" in the same way as the previous Medium-term Management Plan. The "Household Dynamics" and "Demographic Shifts" are indices that do not cause significant variations in short-term forecasts or in medium-term forecasts. Use of such indicators to formulate fundamental business strategies is a crucial concept for ensuring that deviations do not occur with regard to a sense of orientation and paths to be taken for business tactics and strategies over the short to medium term.

Strategies based on "Demographic Dynamics"

The "Demographic Dynamics" mentioned indicate significant trends for "Declining Birth Rates" and the "Aging Population". In the midst of such movements the index data relating to "housing", in which we must focus, is the "Number of Single-Person Households". Our future estimates indicate that the number of single-person households will continue to grow at the current rate and the figure is expected to exceed 15 million households by the year 2010.

● Estimates for single person households in the future



Note: Excerpted from the National Census from Ministry of Public Management, Home Affairs, Posts and Telecommunications for fiscal 2005 and the Number of Households and Future Estimates of fiscal 2008 from the Institute of Population Problems.

The number of single-person households comprising persons under the age of 35 is expected to decrease due to "Declining Birth Rates", though we will see the emergence of new demand from single men and women aged 35 or older. Furthermore, the number of single-person households comprising persons aged 65 or older is on the rise due to the "Aging Population".

Our new Medium-term Management Plan takes this rapidly changing business environment into account and promotes the implementation of strategies that incorporate the intake of new groups such as the following:

- **The flow of tenants is induced away from studio units to large studios and family units based on the "One-stop Strategy" and the acquisition of new demand from the 35 and older group is promoted in the core business segment, where management resources are concentrated.**
- **Provisions for expanding the Silver Business and Real Estate Business are frozen for the time being in consideration of the business environment. Our focus is concentrated on improving the profit structures of related businesses for which monitoring will be enhanced, even though demand for these businesses is expected to recover and expand over the medium term.**

Strategies based on "Demographic Shifts"

For many years the "Demographic Shift" in Japan has been concentrated in urban areas, and this trend has been strengthening in recent years. As shown in the table, the demographic shift in the year 2008 indicated that the top nine regions with increases are in the Kanto, Kinki, and Chubu blocks, with the tenth region a location in the Kita-Kyushu block, which has the fourth-largest population concentration in Japan.

● Top ten regions with highest demographic shift in 2008

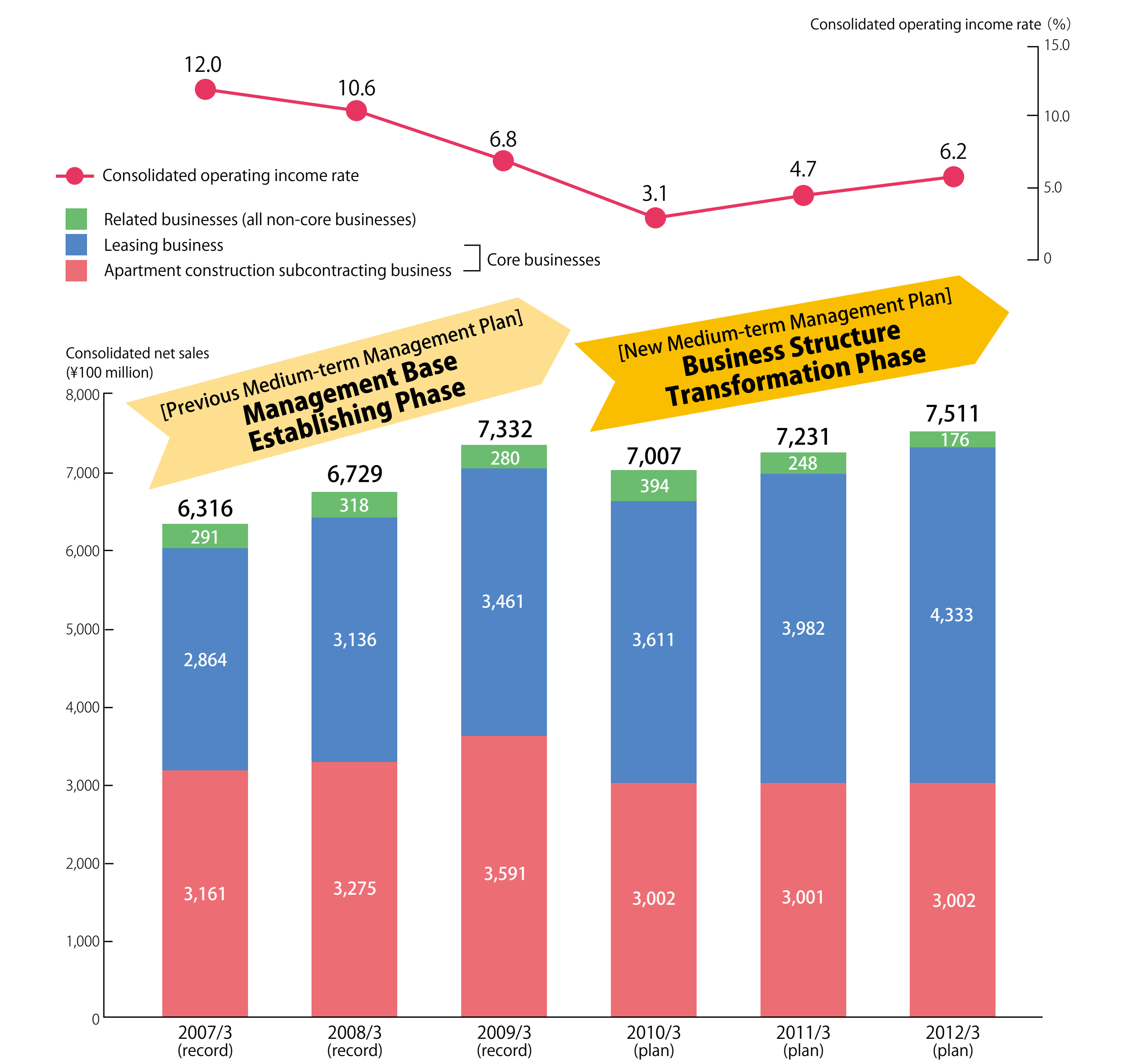
	Region	Total number of migrants	City name	Total number of migrants	%
1	Tokyo Block	1,835,554	Urban areas of Tokyo Block	1,218,807	66.4
2	Tokyo Metropolis	768,322	Special wards of Tokyo Metropolis	644,146	83.8
3	Osaka Block	696,367	Osaka City & Sakai City	237,160	34.1
4	Kanagawa Prefecture	437,586	Yokohama City & Kawasaki City	398,815	91.1
5	Nagoya Block	370,689	Nagoya City	163,058	44.0
6	Osaka Prefecture	326,746	Osaka City	186,742	57.2
7	Saitama Prefecture	320,376	Saitama City	98,664	30.8
8	Chiba Prefecture	309,270	Chiba City	77,182	25.0
9	Aichi Prefecture	242,355	Nagoya City	163,058	67.3
10	Fukuoka Prefecture	211,242	Fukuoka City	141,683	67.1

Source: "Report on Migratory Movements Based on Basic Resident Register" of the Ministry of Public Management, Home Affairs, Posts and Telecommunications (issued January 30, 2009).

The demand for "Housing" is more concentrated in regions where an influx of a large number of residents occurs, causing a population concentration in the region. The basic characteristic of such regions is that more people reside on the outskirts of cities and towns, rather than in the cities and towns themselves. We are promoting the following activities intended to expand our areas of business:

- **Large studios and family units are to be aggressively supplied in the core business to expand serviced areas from existing urban areas to suburbs (such as commuter neighborhoods and regional cities and towns).**
- **Discovery of new demand in urban areas is also promoted through proposals for residences with attached rental units.**
- **Business operations by Leopalace Leasing Corporation and Leopalace Insurance Co., Ltd., which are strongly relevant to core business operations, are linked up with core business operations to expand synergic effects.**

Transition of net sales and operating income rate for the "New Medium-term Management Plan: Change for NEXT" by business division (planned)



The new Medium-term Management Plan was formulated under new conditions that incorporate a business environment that changed rapidly following the occurrence of the financial crisis in September 2008.

Basis of figures calculated for plans in apartment construction subcontracting business

- Sales coverage areas are expanded through the enhancement of product lines, while the framework for expanding sales is enhanced to cope with the current severe business environment and to sustain the level of orders received at ¥300 billion.
- Sales capabilities are enhanced according to regional strategies, and the locations of sales offices are reviewed while sales administrative expenses are reduced.

Basis of figures calculated for leasing business

- Increases in sales are calculated according to the volume of newly supplied properties (planned) in the apartment construction subcontracting business.
- Allowances for vacancy losses arising from a more conservative review are incorporated into accounting, and a drastic reduction in the administrative expenses of sales is implemented (to be completed in March 2010).

【Overall Strategy】

Create a robust business foundation using our core businesses as the backbone and with a meticulous selection of business domains, with management resources concentrated in these segments.

At Leopalace21 we are aiming to complete our new business model according to the "New Medium-term Management Plan: Change for NEXT" through a meticulous "selection" of business domains and a "concentration" in management resources. We intend to implement reforms in our core businesses to transform the framework of our business into one that can sustain continued growth and provide stable earnings. At the same time, the relevance with core businesses is emphasized for all other businesses not considered to be core businesses, their priorities are clarified to re-establish our "Business Portfolio", and strategies will be implemented to synergize business divisions, including the core businesses. All business divisions of all business units will be striving to enhance the synergic effects of their regional strategies, product strategies, and leasing service strategies, with synergic effects between the core businesses and individual related businesses as the pivotal force.

Core Businesses

Our core businesses are redefined as "businesses for generating earnings with our apartment stock as the foundation", where the "apartment construction subcontracting business" and the "leasing business" are considered to be our two core businesses.

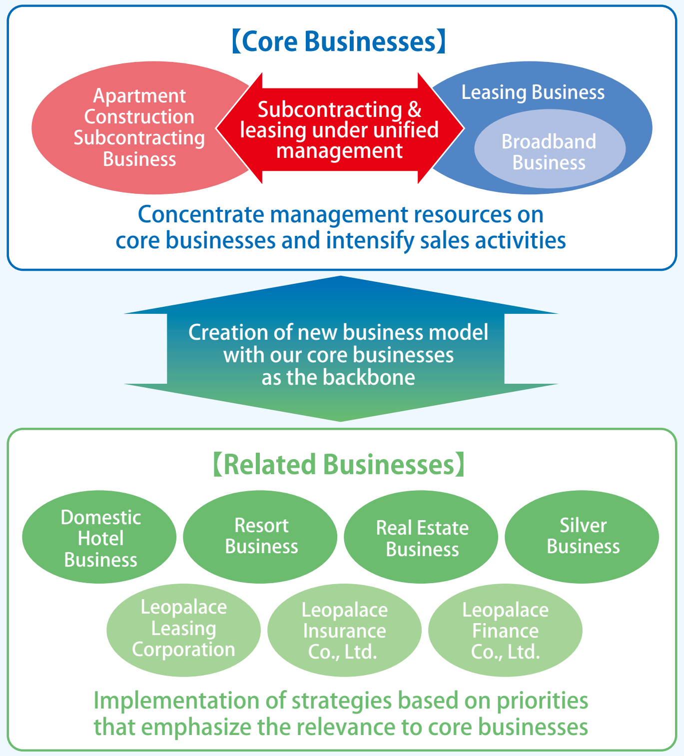
Our broadband business draws from a primary market of apartment units under our management, which fall under the category of our leasing business. We incorporated the broadband business into our leasing business, as we determined that management, operation, and extension, as a single business, would lead to a more efficient business expansion.

Related Businesses

In order to further clarify the management policy for the selection of core businesses and concentration of management resources, all non-core businesses are initially lumped together as "Related Businesses", for which continuous monitoring is enhanced and reforms based on profitability are to be implemented.

We aim to promote strategies that have the priority of these businesses clarified with an emphasis on their relevance to the core businesses at the same time.

We have also integrated our residential business and strategic real estate development business into our real estate business, as well as integrated our domestic hotel business with our overseas resort business as our hotel and resort business to improve management efficiency.



【Change of Business Segments (beginning in the fiscal year ending March 2010)】

The "New Medium-term Management Plan: Change for NEXT" concentrates management resources in the two core businesses (the apartment construction subcontracting business and the leasing business), while the relevance with the core businesses are emphasized in clarifying the priorities of businesses categorized as related businesses (non-core businesses; includes businesses that involve subsidiaries).

For the purpose of information disclosure, we therefore decided to change our business segments to be in line with the concept of our New Medium-term Management Plan so that we can disclose information in a more accurate manner, starting from the fiscal year ending March 2010.

Changes pertaining to the core businesses include the incorporation of the broadband business into the leasing business, since the broadband business is an extension of the leasing business. The domestic hotel business, on the other hand, which used to be a part of the leasing business segment until the fiscal year ending March 2009, was removed from the leasing business segment and combined with the resort business, which shares a similar management mode, to create a new business hotel and resort business segment.

Segment name	Corresponding businesses	
	Fiscal year ending March 2009	From fiscal year ending March 2010
Construction subcontracting business segment	Construction Subcontracting Division	Construction Subcontracting Division
Leasing business segment	Leasing Division	Leasing Division
	Domestic Hotel Division	Broadband Division
Hotel and resort business segment	Leopalace Guam Division	Leopalace Guam Division
		Hotel Sales Department (organizational name change)
Other businesses segment	Residential Business Division	Real Estate Division (organizational name change)
	Silver Business Division	Silver Business Division
	Broadband Business Division	Leopalace Leasing Corporation
	Leopalace Leasing Corporation	Leopalace Insurance Co., Ltd.
	Leopalace Insurance Co., Ltd.	Leopalace Finance Co., Ltd.
	Leopalace Finance Co., Ltd.	

Build a cornerstone for the foundation of our business model within three years, fortifying our organization for management operations

ACTION PLAN — First Year (Ending March 2010)

Transform business structure to make it capable of responding to rapid changes in business environment

1 Organizational reform
- Start "Unified Management for Construction Subcontracting and Leasing Businesses"
- Enhance management organizations for related businesses; installation of review committees for individual management issues

Objective (effect): Enhance governance

2 Core businesses: Implementation of aggressive sales
- Substantiate stock variations through sale of studio, large studio and family units
- Review "Organizational Structure" and "Earnings Structure" in leasing business

Objective (effect): Secure adequate amount of orders for construction subcontracting projects; Improve balance of revenue and expenditure for leasing business

3 Related businesses: Enhancement of monitoring
- Ascertain businesses for prioritized implementation of endeavors to consider redistribution of invested management resources

Objective (effect): Concentrate implementation of management resources into core businesses

4 Promotion of management rationalization
- Reduce "operating expenses" and "fixed expenses"

Objective (effect): Drastically review cost structure

During the first year of the New Medium-term Management Plan, we aim to build a new business structure by pursuing two major themes: the implementation of responsive strategies for the business environment that has been experiencing cataclysmic changes since the latter part of last year (2008) and the implementation of strategies to match the status of our business model as it goes through its evolution. We will proactively implement new action, with the former theme involving a concentration of management resources in the core businesses; implementation of emergency strategies, such as special discounts (see page 8); and the promotion of management rationalization. The latter theme entails the pursuit of a new business model that is built around a full line of products in the core businesses.

ACTION PLAN — Second Year (Ending March 2011)

Improve profitability in implementing various individual business strategies

1 Core businesses
- Supply wide range of products by making full line of offerings available and secure new tenants

Objective (effect): Improve profitability for leasing business

2 Related businesses
- Implement strategies for utilizing external resources through business collaborations and subcontract to external entities

Objective (effect): Narrow down related businesses

During the second year, we will promote improvement strategies that focus on the "profitability" of each individual business. We will enhance activities intended to break early from habitual deficit conditions, particularly in the leasing business. Our earnings performance will also be increased in the related businesses by focusing on businesses in which we want to concentrate our efforts.

ACTION PLAN — Third Year (Ending March 2012)

Next growth stage through completion of building business structure

1 Core businesses
- Sustain and accelerate "Unified Management for Construction Subcontracting and Leasing Businesses"

Objective (effect): Restore profitable leasing business

During the third year we intend to raise the level of completion for our business structure, with increased profitability for each individual business and with attention already on our next growth stage. We will accelerate even further "Unified Management for Construction Subcontracting and Leasing Businesses" in our efforts to enhance our business structure built around our core businesses.

【Strategies for Core Businesses】

Build new business structure for core businesses based on our endeavors in "Unified Management for Construction Subcontracting and Leasing Businesses"

Apartment Construction Subcontracting Business 1 Product strategies and regional strategies

From specializing in studios to offering full product line

レオパレス21
Our conventional studio units
Leopalace21 series
「Con Grazia」
(19.87 to 23.18 square meters)

(Living area: 7.5 mats*)
*1mat=3.3 square meters

LEO NEXT NEW
Residences with attached rental units
LEO NEXT series
「Lavo cerna」
(21.65 to 56.04 square meters)

(Living area total: 20 mats)

LEO NEXT NEW
Large studio units
LEO NEXT series
「LEPIDO」
(26.08 to 37.26 square meters)

(Living area: 12.2 mats)

LEO NEXT NEW
Family type units
LEO NEXT series
「Lavo vita」
(67.49 to 77.77 square meters)

(Living area total: 31.5 mats)

Central region (urban areas, commercial districts) — Suburbs (commuter neighborhoods, regional cities and towns)

Enhancement of supply to areas with high demand | Upgraded studio units | Family use

Expansion of targeted tenants by incorporating new stocks

In the past we implemented products by targeting primarily younger people, living on their own, in studio units in urban areas. In the future, however, it will be possible for us to offer a one-stop acquisition of new customer groups, such as adults in general, DINKs (double income, no kids), and families, through our efforts in the acquisition of demand arising from the change in lifestyle that results from tenants moving out of studio units, and implementing larger studio units and family-type units as well as residences with attached rental units (responding to the need to rebuild in urban areas). Through this "One-stop Strategy", we are aiming to secure orders and expand serviced areas (urban and suburban areas) in the apartment construction subcontracting business, by promoting the unified management of the apartment construction subcontracting business and leasing business.

Apartment Construction Subcontracting Business 2 Orders and sales strategies

Enhancement of new order taking

It will become possible to acquire new owner groups from customers in the suburbs through the enhancement of our order-taking capabilities for large studio units and family-type units, while taking in new owners in urban areas by enhancing our proposals for residences with attached rental units. We will also be holding various seminars in a proactive manner to accelerate the acquisition of these new apartment owner groups.

Enhancement of linkups with apartment unit owners

We aim to acquire repeat customers among the existing apartment unit owners, as well as new customers through introductions, and to enhance our linkups with apartment unit owners. We will implement a variety of meticulous strategies to build a relationship with customers based on trust through such efforts as substantiating offerings of the "Class-L" membership services for apartment unit owners and sponsor peer gatherings, while continuing with our follow-up services.

Stabilization of loan acquisitions

We will implement strategies with considerations that include even fund acquisition concerns for apartment unit owners in order to secure stable sales. We will aggressively utilize such means as using public financing services such as the "Japan Housing Finance Agency" or "Affiliated Loans", for example, or limiting the amount of investments by reducing the scale of the properties (thereby stabilizing the loan executions) to stabilize loan acquisitions.

Leasing Business 1 Sales strategies (tenancy securing measures)

Assortment of managed properties, as well as strategies for maximizing rental revenue from leasing properties and securing tenants

Average rent for studio units: Approx. ¥50,000

Average rent for larger studio units: Approx. ¥60,000

Average rent for family-type units: Approx. ¥70,000

Existing properties (primarily studio units)

〔Regional towns〕
Maximize rental revenue from leasing by optimizing leasing prices.

〔Urban areas〕
Sequential review of leasing prices in areas with high demand

Supply of new properties from March 2010 onwards

Studio units | Large studio units | Family-type units

〔Ordinance designated cities〕

〔Nationwide〕
Improvements to revenue due to rise in leasing price range

Enhance utilization of real estate agents

Increase corporate customers

Tenancies can be secured with relative ease

Supply of studio units to be terminated in all areas other than ordinance designated cities

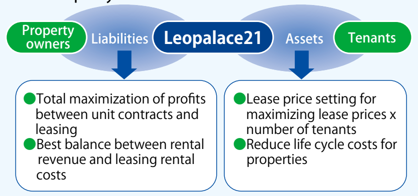
Potential demand of corporate customers/Relocation of existing studio unit tenants

In the leasing business, we will secure more tenants by proactively responding to the demand to relocate for our existing studio unit tenants, and to the potential demand of corporate customers, by supplying larger studio units, family-type units, and residences with attached rental units as new lease properties in addition to our existing studio units, through the "One-stop Strategy". Furthermore, improvements will be made in terms of profits through the rise in the price range of leasing and renting rates.

Leasing Business 2 Strategies for improving sales and earnings generating capacity

Leasing ALM system

The creation of the "Leasing ALM System", promoted by the previous Medium-term Management Plan as a means to optimize operations of expanding property assets (apartment unit stocks), is scheduled to begin operating from fiscal 2010. The operation of this system will provide a mechanism for maximizing the profits of property owners and our company.



Enhancement of linkups with real estate agents

We have been striving to expand our own sales offices (Leopalace Centers) as our primary locations for recruiting tenants. In the future, however, we will enhance our linkups with real estate agents, which number in excess of 300,000, to increase the number of tenancy contracts signed through this channel and reduce the burden on our own sales offices, thereby allowing us to significantly integrate, discontinue, and merge to reduce administrative expenses.

Web site dedicated to real estate agents

Further increases to corporate customers

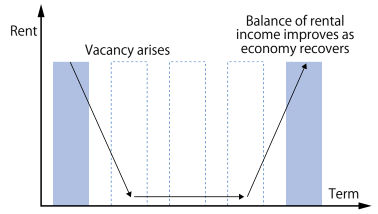
The acquisition of corporate demand, which we passed up in the past, will become possible by offering a full line of properties, including family-type units. For this purpose, we will increase our direct contracts with corporations in the future. Sales organizations that were established at individual sales offices in the past will be transformed, and a unified corporate sales organization will be established at our head office, thereby enhancing its sales capabilities.

Web site dedicated to corporate customers

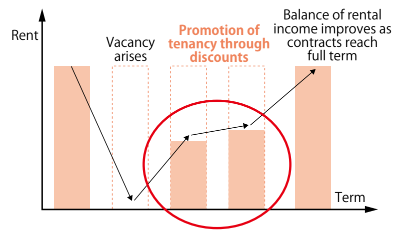
Implementation of special discounts

As an emergency strategy to deal with the rapid drop in demand, we will implement discounts to the rent of leased properties for periodic leasing contracts. This has already been employed since January 2009, with evidence of tenancy promotion effects. It is therefore our policy to implement special discounts in a flexible manner during the fiscal year ending March 2010 as well. This is of course a strategy that can be employed for sub-leased properties. Furthermore, special discounts are terminated at the end of tenancy terms in order to sequentially improve rental revenue.

● Image of ordinary rental revenue



● Image of rental revenue with special discounts



【Strategies for Related Businesses】

Concentration of management resources in core businesses is prioritized, while monitoring is enhanced for related businesses

Strengthening our corporate value for the future, by building a robust business structure capable of securing profits even in a rapidly deteriorating business environment, is the chief objective of the New Medium-term Management Plan. We have therefore made the decision to prioritize the creation of a robust business structure foundation by once again concentrating our management resources into our core businesses. With regard to related businesses, we will enhance continuous monitoring and establish business domains for concentrating efforts based on the priorities assigned according to their relevance to core businesses.

Business name	Status analysis	Future strategies
Leopalace Leasing Corporation	Primary properties comprise studio units and there is no differentiation from other companies with regard to properties presented to family groups.	Efforts will be made to start offering properties intended for families and a foundation for acquiring corporate customers will be established.
Leopalace Insurance Co., Ltd.	It will be possible to expand the business base linked with the leasing business and to secure a stable cash flow.	The current condition is sustained with regard to sales organization, with the aim of increasing profitability at the earliest possible time.
Silver Business	The operating rate of facilities is low, with the profitability of the operating business unit in decline.	Orders for the construction of new facilities have been terminated to increase the operating rates of existing facilities.
Resort Business	The number of people visiting Guam has dropped since October 2008 due to the economic downturn.	Our sales capabilities are enhanced through the utilization of comprehensive resort facilities and implementation of cost reductions.
Domestic Hotel Business	The business environment for the overall hotel industry has deteriorated, due to the economic downturn and decreased corporate demand.	Efforts are being made to improve operating rates and to reduce costs.
Real Estate Business	Land prices are in a correction phase but demand is expected to remain sluggish for the foreseeable future, although government economic stimulus strategies can be expected.	Sales inventories are to be disposed of and the acquisition of new land will be discontinued.
Leopalace Finance Co., Ltd.	Bad debts are on the rise due to deterioration in the market environment for secured loans provided to real estate agents.	Credit management has been thoroughly implemented with a rigorous evaluation of collateral and the implementation of "Bridging Loans" for the construction of apartment buildings.

Broadband Business

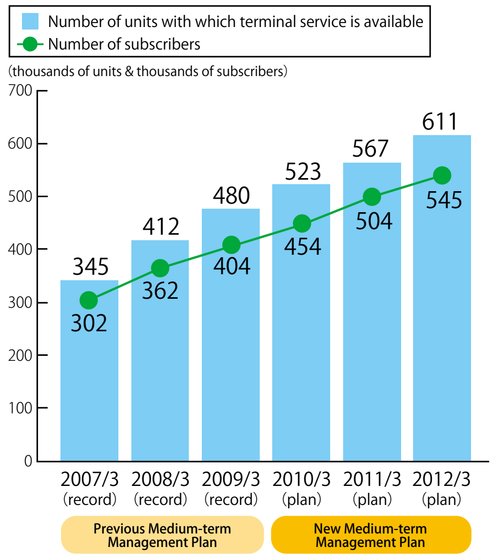
Expansion of business is promoted based on new positioning as core business

The broadband business has been redefined as a core business because of its utilization of apartment stocks, which are created through the apartment construction subcontracting and leasing businesses, and because it is a "business that creates revenue with the apartment stock as a base".

We have been promoting the installation of STB units (LEO-NET terminals) for our unique broadband service (Leopalace BB), which we have been providing to tenants who reside primarily in apartment units under our management. We will further expand the scale of this business as the number of units under our management increases and installation rates of STB units improve. Furthermore, we intend to introduce the service to our silver business facilities and to offer the system to external facilities such as hotels and hospitals.

Set Top Box (STB)

● Transition in number of units with which terminal service is available and number of subscribers (planned)



Real Estate Business

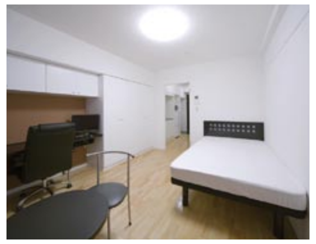
We will concentrate on the disposal of sales inventory for the time being and place the utmost priority on improving profit structure

Our core target for the sale of residential buildings, in terms of demographic dynamics, is the "Baby-boomer Junior" generation (born between 1971 and 1975), as over 60% of this population is concentrated in the three major metropolitan areas. The target areas for the real estate business for the time being, therefore, will remain these three major metropolitan areas.

In terms of the market situation, however, the real estate market started to show some sluggishness in the second half of 2007, and with deterioration driving the market in 2008 and with the financial crisis occurring in September 2008, the situation is becoming increasingly worse.

The current real estate market has deteriorated significantly and demand is expected to remain sluggish for the foreseeable future. The stocking of new properties, therefore, is suspended and efforts are concentrated on disposing of existing sales stock as priority is placed on improving the environment for the restoration of profit structure for the real estate business unit.

Furthermore, with the existing "Strategic Real Estate Development Business", our ongoing real estate investments, with an outlook of improving and expanding business infrastructures, are also suspended for the time being in order to concentrate management resources into the core businesses.



Living space (B-type)

Flat Kumamoto

Leopalace Residential Center

Owners Salon

Silver Business

Efforts are concentrated on improving operating rate of existing facilities and priority placed on improving profitability in operating business unit

The increasing trend in the number of people in the "Silver Generation" (age 65 or older) is continuing as the aging of Japanese society progresses. Just under 60% of this population is concentrated in the three major metropolitan areas, and the target areas for the Silver Business for the time being will therefore remain in these areas.

Since no significant solutions have been found for the qualitative and quantitative issues of nursing care personnel, which is on the agenda for our entire industry, the environment is still too severe to secure profitability in the business.

Orders for the construction of new facilities have been suspended amidst this economic downturn, which was triggered, among other factors, by the financial crisis, and it is our policy to concentrate our efforts on improving the operating rates of existing facilities to prioritize the improvement of profitability in the operating business unit.

We believe that by dedicating effort to the operating business unit, we will be able to raise the level of know-how for the operation of facilities, including strategies for securing tenants, which will lead to the creation of a robust business base to transition to the next stage of growth.

La Terrace Ichihara

Azumi En Tokiwadaira

【Strategies for Related Businesses】

Domestic Hotel Business

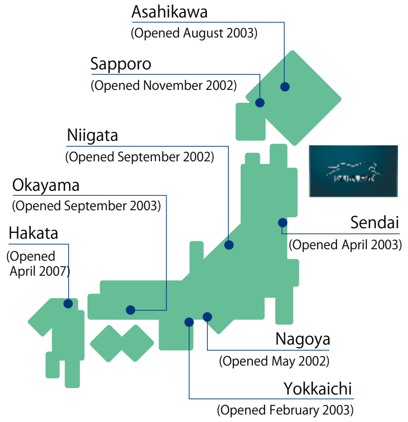
Improve operating rate, while striving to reduce costs

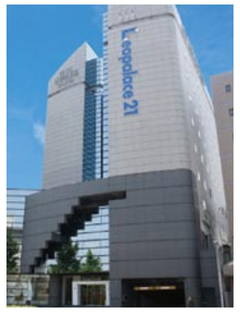
Domestic hotel business services, with "Hotel Leopalace", are provided at eight locations nationwide. These are primarily in major cities, from Asahikawa (Hokkaido) in the north to Hakata (Kyushu) in the south. These provide not only ordinary hotel stays but our core business sales offices are also located at these hotels, playing a role in the sales locations for these areas.

Individual private customers as well as corporate customers declined in number with the drastic economic downturn, and the business environment for the entire hotel industry is deteriorating. Hotels under our management are no exception, with reductions in the operating rate starting to become more apparent.

Marketing and sales activities suitable for the characteristics of each area, where our eight hotels are located nationwide, are carried out with the utmost priority placed on improving the operating rate through multifaceted action to stir up short-term, long-term, and corporate demand. Concentrated efforts are also being made to reduce costs at each location to push down the break-even point and to strive for improvements in profitability.

Hotel Leopalace Hakata





Hotel Leopalace Nagoya

Resort Business

Aggressively implement sales activities that take full advantage of our strength in providing comprehensive resort services

Comprehensive resort facilities equipped with sports and other facilities are being offered under two brands, "Leopalace Resort" and "Westin Resort", through LEOPALACE GUAM CORPORATION, our wholly owned subsidiary.

A series of infrastructure improvements were completed and various customer drawing facilities were implemented in recent years as the business started to get back on track. Due to the impact of the simultaneous global downturn, however, the number of people visiting the island of Guam has been declining since October 2008.

Although we find ourselves in a severe environment, our resort business has the major strength of providing a "comprehensive resort facility" and we intend to restore its operating rate by implementing sales activities that maximize the benefits of this strength. In addition, we will strive to reduce costs and attain improvements to profitability.

Leopalace Resort

Track and soccer field

Westin Resort

Competition-sized pool

【CSR Strategies】

Promote CSR management to contribute as corporate citizen, creating sustainable society

Leopalace21 considers contributions towards the creation of a sustainable society a critical management mission, in response to the expectations of all of our stakeholders through action taken based on our corporate philosophy of "New Value Creation" and by being aware of our status as a corporate citizen.

In order for us to pursue this mission, we are promoting aggressive CSR management according to the following four policies:

- Various plans that suit lifestyles
- Around-the-clock reception for apartment unit management

A product line that meets a diverse range of tenants' needs is being offered in terms of products and effort made for the development of products that cater to the needs of a wide range of land owners from the perspective of CSR management through actual business activities. We are also operating around-the-clock phone support to provide a comfortable lifestyle for our tenants. In December 2008, our head office and all branch offices were simultaneously certified in the ISO 9001 quality standard (latest version issued in 2008).

- Charitable contributions and relief fund-raising activities
- Creation of vigorous work environments
- Clean Campaign
- Promotion of sports
- Kids Emergency Number (Kids Dial 110)
- Collaborative action for blood donations

We are proactively involved in contributing to local societies through such activities as charitable contributions and relief fund-raising activities for disaster-stricken areas both inside and outside Japan, clean-up activities sponsored in collaboration with apartment unit owners at local communities, and the registration of Leopalace Centers nationwide in the "Kids Emergency Number" program, offering our cooperation in providing safety and peace of mind to local communities. We are also endeavoring to create favorable work environments through the implementation of support for child birth and child rearing, as well as proactive employment for physically disabled persons and seniors.

- Aggressive investor relations activities
- Establishment of compliance structure

We are thoroughly and strictly observing laws and regulations, as well as social ethics, though the establishment of the "Charter of Corporate Ethics" in our business implementation processes. We established our Compliance Hotline and distributed our Compliance Manual to all personnel throughout the company, and we continuously implement training seminars to thoroughly instill compliance. Furthermore, in order to secure transparency of the company and to disclose information in a timely manner, we issue various investor-relations tools, convene various IR events, and maintain an IR web site on our aggressive IR activities.

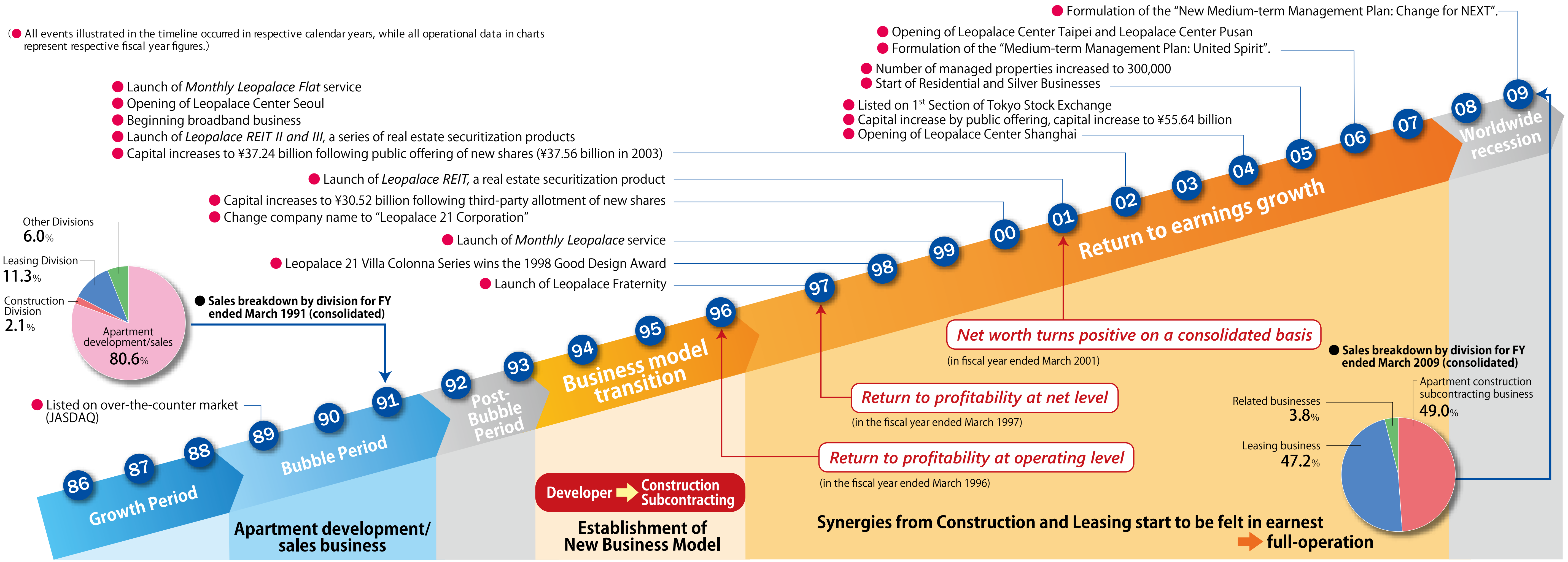
- Participation in the "Team Minus 6% " program
- Participation in the Eco Cap program
- Implementation of tests on solar power generation panels on our model buildings and condominium buildings

We take part in the "Team Minus 6% " program, a national project intended to reduce greenhouse gases, and we carry out six activities including regulation of temperature and putting into effect proper methods for the consumption of water supplied by the water service. Among these efforts is the installation of a device that automatically shuts off power to air conditioners, installed in apartment units under our management, after three hours of operation, as well as calling on our customers to save energy.

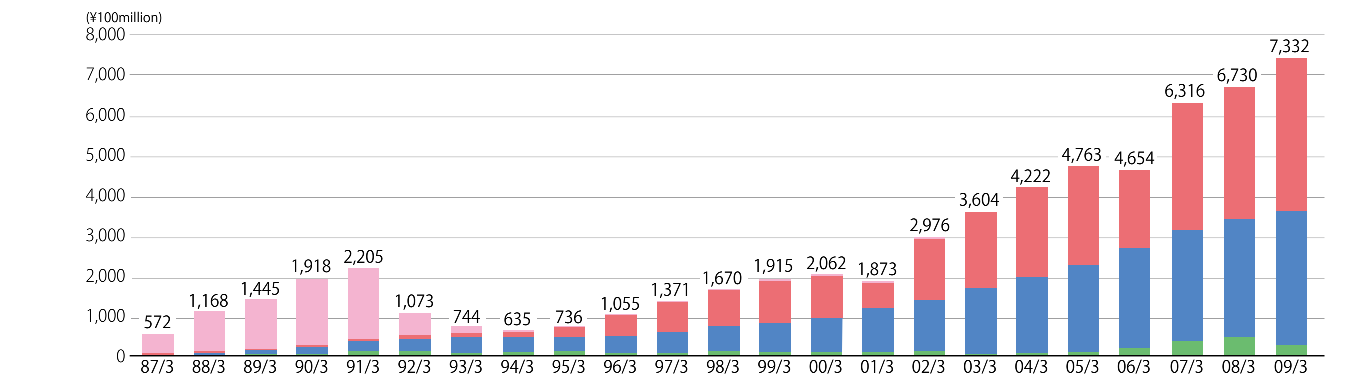
Other than these, we are spreading the range of our activities through such efforts as our participation in the Eco Cap program, and with the installation of solar power generation panels on our model buildings and condominium buildings on a trial basis.

Outline-1: Company History

(● All events illustrated in the timeline occurred in respective calendar years, while all operational data in charts represent respective fiscal year figures.)



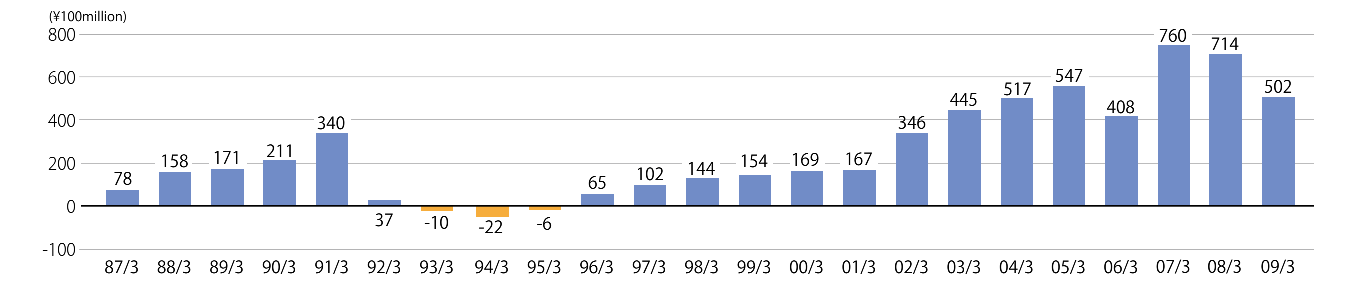
Net Sales by Division (consolidated)



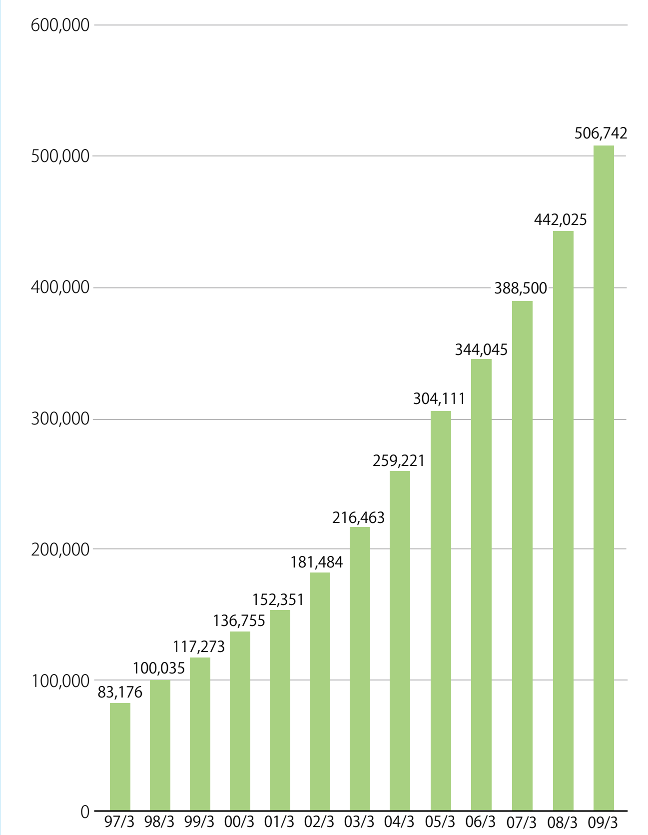
	87/3	88/3	89/3	90/3	91/3	92/3	93/3	94/3	95/3	96/3	97/3	98/3	99/3	00/3	01/3	02/3	03/3	04/3	05/3	06/3	07/3	08/3	09/3
Real Estate	497	1,049	1,265	1,632	1,777	537	183	26	18	5	1	12	27	44	37	17	0	0	0	0	0	0	0
Construction	54	54	34	45	46	78	85	137	224	531	760	915	1,040	1,073	637	1,544	1,902	2,250	2,480	1,952	3,161	3,275	3,592
Leasing	19	47	109	180	250	349	390	364	377	431	519	618	728	841	1,082	1,268	1,628	1,889	2,166	2,497	2,772	3,027	3,346
Other	3	17	37	61	132	110	85	108	116	88	91	125	120	104	118	147	74	83	116	205	383	427	395

* The sales figures of the Real Estate Division from March 2003 onwards are included in the "Other" category.

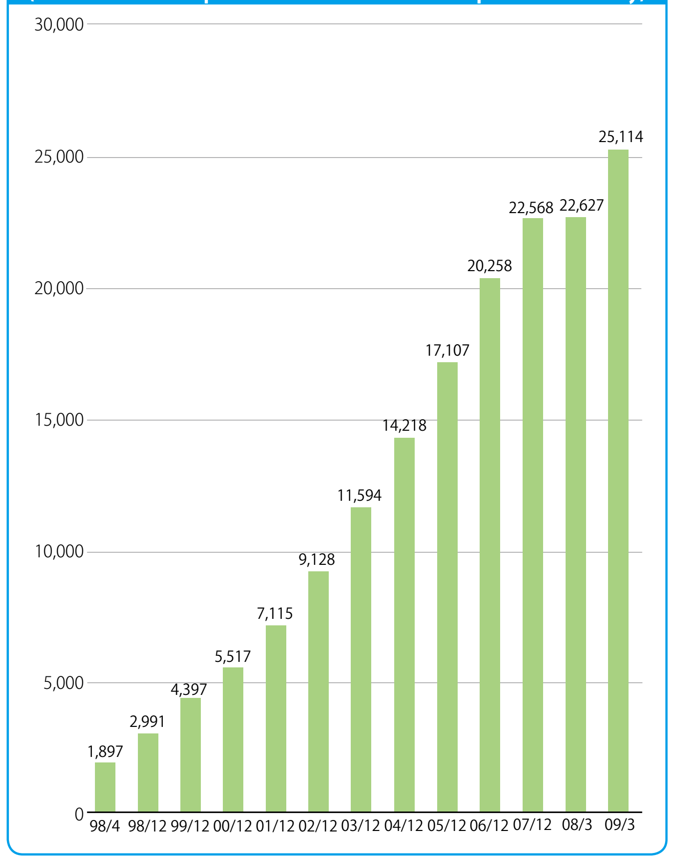
Recurring Profit (consolidated)



Number of Apartment Units under Management



Transition in Number of Owners (or Number of People Who are Members of Leopalace Fraternity)

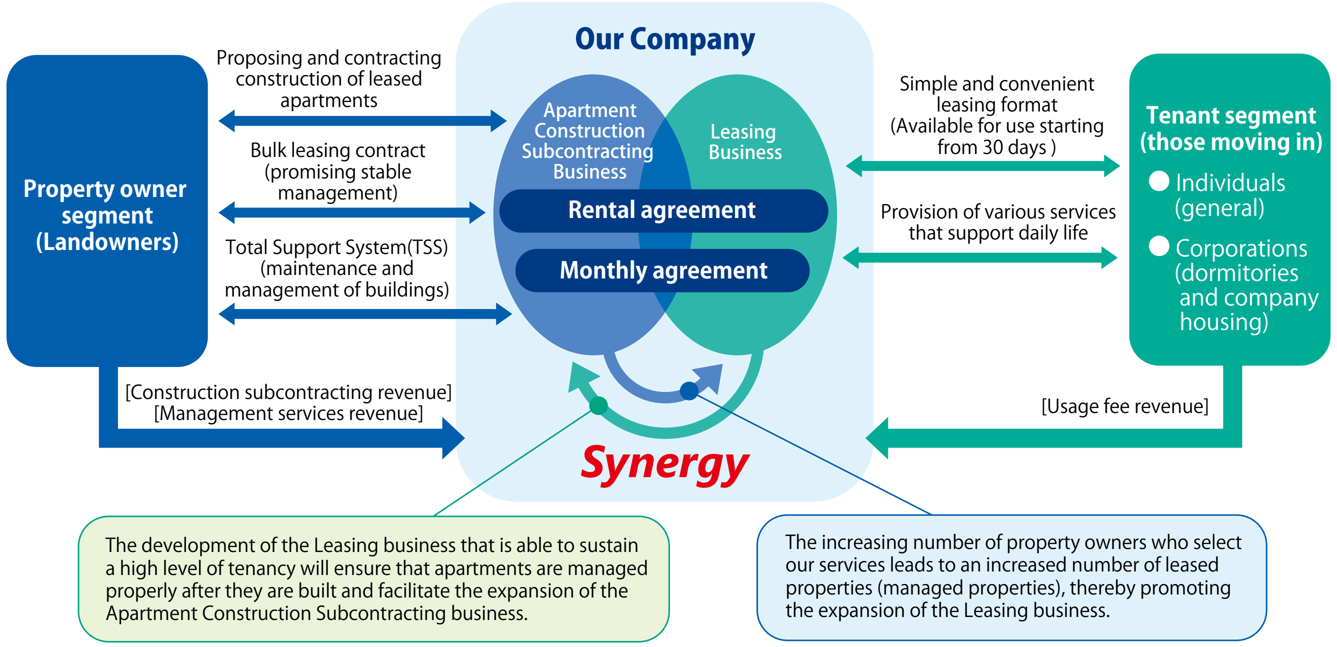


*Figures from March 2008 onwards represent the number of owners (figures obtained from the end of fiscal year calculations), whereas those up to and including December 2007 represent the number of people who are members of the Leopalace Fraternity (figures obtained from the end of year calculations). (The Leopalace Fraternity has been transferred into Class-L as of the end of December 2007.)

【Core Business Model】

Further evolution of our basic strength, "Model of Synergies between Construction and Leasing".

The "Model of Synergies between Construction and Leasing" development, which was intended for the organic consolidation of real property utilities, has after a twenty-year history been converted into "High Revenue Generating Asset Management" and transformed our business model into one that can maximize the benefits from the scale of our stock business.



Building a unique business model with the fusion of construction business and leasing business based on the concept that "apartment management exists only because of leasing"

We are building our business based on the basic policy that states "Apartment Management Exists Only Because of Leasing" and with our belief that apartment building construction and leased property management are inseparable businesses. From the perspective of property owners, the biggest concern regarding their decision to build an apartment building is "whether it would be possible to continue securing an adequate number of tenants throughout the years". Consequently, we provide a "Bulk Leasing System" to the property owners by conducting the Leasing business on our own and by building an organization that can sustain a high rate of tenancy. We resolve the concerns regarding apartment building management for property owners and provide them with a mechanism that makes it possible to commission us with the construction of an apartment building by realizing a "Model of Synergies between Construction and Leasing".

By owning such a unique synergy between Construction and Leasing, we are able to realize extremely high stability in our business operations.

Exhibiting an extremely strong competitiveness in the industry by facilitating compatibility between benefits for property owners and benefits for tenants

Our customers are from both the property owner base, owners of the real property, as well as tenants, who wish to move into leased properties. The strength of the "Model of Synergies between Construction and Leasing" is born out of various mechanisms that maximize the benefits for both parties.

We established a "Total System for Apartment Operations" that not only offers the members of the property owner base recruitment and management of tenants, through a bulk property leasing system and cooperative system, but also includes maintenance and management of the buildings through the provision of comprehensive support.

Furthermore, to the members of the tenant base, we provide not only the development and provision of leased properties that feature superior designs and functionality, but also units furnished with consumer electronics by providing leasing formats (such as Rental agreement and Monthly agreement) to respond to the diverse life styles of modern times.

Our business model that offers significant benefits to both parties exhibits an extremely strong competitiveness.

Expansion of student's rental market through business collaboration; improved occupancy rates through improved corporate sales

By actively developing expansion for new demand, we have been successful in further improving our occupancy rates in this particular sector.

With the original intention of retaining existing student tenants from 2005 we concluded an agreement with companies that have a large number of students in their correspondence study businesses. We also established a new payment option that allows for monthly payments for the use of Monthly agreement, providing the possibility of making payments necessary to move into the leased properties as if they were being paid as rent on a monthly basis through a business alliance with credit card companies. This has expanded demand and developed a structure that eases the burden on students starting a new life.

We also intend to expand corporate trading even further, by utilizing as leverage our extended product lineup that incorporates larger studio units and family-type units. What used to be regional corporate sales business units located at individual sales offices were integrated into a single corporate sales organization based at our head office in April 2009. This office will be directing sales to the head office functions of other corporate groups.

【Construction/Leasing Synergies】

Studios (less than 30m²): Construction Division's main product

In the apartment business, accurately assessing the changing needs of specific customer groups over the next 20-30 years is essential. In this context, we have developed products primarily targeting single individuals, who account for the majority of apartment tenants. Thus, we offer studio units (single room with kitchen, less than 30 square meters) as our main product.
In addition, we are offering a new lineup that includes larger studio units and family-type units, as well as residences with attached rental units to target new tenants to improve occupancy rates and to create new demand.
Indeed, proposals we submit to owners are for the construction of apartment buildings located in areas where we expect large lease demand based on detailed analysis of the market.

Rental agreement for long-term occupancy and Monthly agreement for short-term stays: the Leasing Division's two main products

The Leasing Division offers products designed for long-term occupancy and short-term stays. The former responds to a long-term occupancy through a "Rental Agreement" with monthly payments and without agent fees, whereas the latter is suitable for a temporary tenancy as it offers a "Monthly Agreement" that includes furniture, consumer electronics, and utility expenses, and requires an advanced payment in a single lump sum.

Monthly Leopalace Flat has multiple functions

In recent years, Monthly Leopalace Flat has been employed by a diverse group of tenants. Simply put, long-term occupancy tenants account for some 60% of Monthly Leopalace Flat tenants and short-term tenants make up the remaining 40% . Long-term occupancy functions include ordinary residential use, company and school dormitories, and housing for job transferees away from families. Meanwhile, reasons for short-term stays include business trips (mainstay), job training, entrance examinations and lectures, temporary housing during moves and home renovation, and sightseeing. As mentioned earlier, the success of the Monthly Leopalace Flat service owes to our accurate response to diverse customer needs.


"Leopalace21 Series" exterior view


"Leopalace21 Series" Interior view

Facility with Pet Accommodating Specifications (some available)


Leash hook


Western door with pet access

Security Installations


Automatically locking gate


Intercom equipped with monitor


Card key

Security windows (first floor only)



Unit bath comes equipped with convenient bathroom dryer features
Microwave oven
Kitchen with an electrical cooking facility
Refrigerator
Bed
Television also offers broadband services
Table and chair (table is collapsible)
Air-conditioner

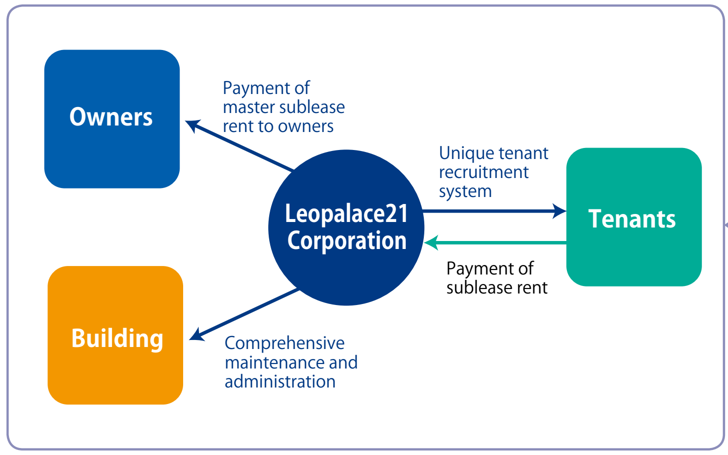
*Includes currently unfurnished/ uninstalled properties

Outline-3: Characteristics and Competitiveness of Core Business

Characteristics and Competitiveness-1 Master sublease system and Total Support System ensure smooth maintenance and administration

With our unique supply plan, we promise 30 years of stable management

Based on our belief that successful leasing operations are the key to the apartment business, we introduced a master sublease system which guarantees 30 years of stable apartment operations, ahead of industry rivals. Under the system, we first draft apartment supply plans based on our research on market potential and tenant needs in each of the about 1,130 segmented areas across the country. Based on these plans, we make proposals to prospective apartment owners, offering comprehensive support for the apartment business from construction to maintenance and administration. The master sublease system, which ensures stable rent income over the maximum 30-year period, and Total Support System (TSS), which guarantees apartment building maintenance and administration, represents our key support systems for apartment owners.



Three unique points that support the master-lease system

Multiple tenant recruitment channels

Without successful tenant recruitment, the apartment business would not run smoothly. Our thorough research in local markets' potential backed by our nationwide marketing activities enables tenant recruitment independently as well as through approximately 316,000 real estate agents nationwide. We employ various recruitment media, including our nationwide office network, web sites, apartment rental publications, and TV commercials to ensure efficient tenant recruitment. Meanwhile, prospective tenants are able to search for housing units, anytime, anywhere from all over Japan.

Innovative leasing systems

Our products cover short-term stays as well as conventional long-term housing needs, aided by our unique systems. Moreover, we have introduced innovative business practices that do not require any utility expenses; however, furniture and consumer electronics are included. Thus, we have successfully recruited a broad range of tenant groups unrivaled by competitors, meeting multiple needs of both individuals and corporations.

Reliable proxy maintenance and administration

On behalf of apartment owners, we carry out operations from building maintenance to tenant administration. Furthermore, the asset value of buildings are maintained at a high level and the current Total Support System (TSS) has been implemented since April 2007 to protect the life savings of owners against unforeseen incidents, replacing the apartment maintenance, which was systematically conducted by the "Leopalace Owners' Mutual Insurance System" in the past.

＊ Total Support System (TSS) : a planned maintenance program for apartment buildings.

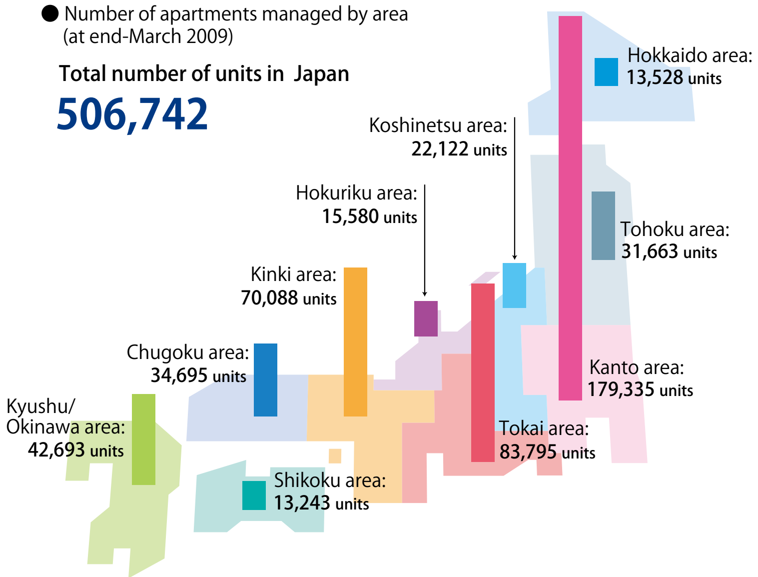
Characteristics and Competitiveness-2 Nationwide studio apartment network, supported by online search capabilities

Apartment buildings under master sublease contracts with Leopalace21 are available nationwide

Studios for which we have subcontracted construction and have carried out maintenance and administration are located all over Japan, totaling some 506 thousand units. These studios were built in areas where we estimated reasonable potential demand based on thorough market research, in order to meet needs of prospective tenants. We are the only industry player with this many studios nationwide.


Lavo cerna

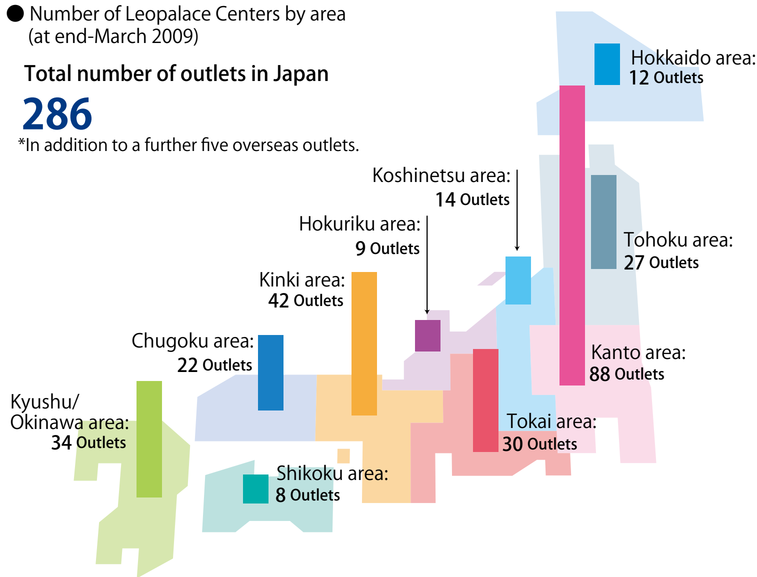

Lavo familia



Domestic network of 286 Leopalace Centers

Visitors to Leopalace Centers at 286 locations nationwide can search real-time for studios using our online network. For example, a person who lives in Tokyo can look for the most up-to-date information about studios for lease available in other areas such as Hokkaido and Kyushu, apply for the apartment, and sign the contract on the spot. The nationwide sales center network combined with our online network guarantees our ability to meet a variety of needs among prospective corporate and individual tenants.

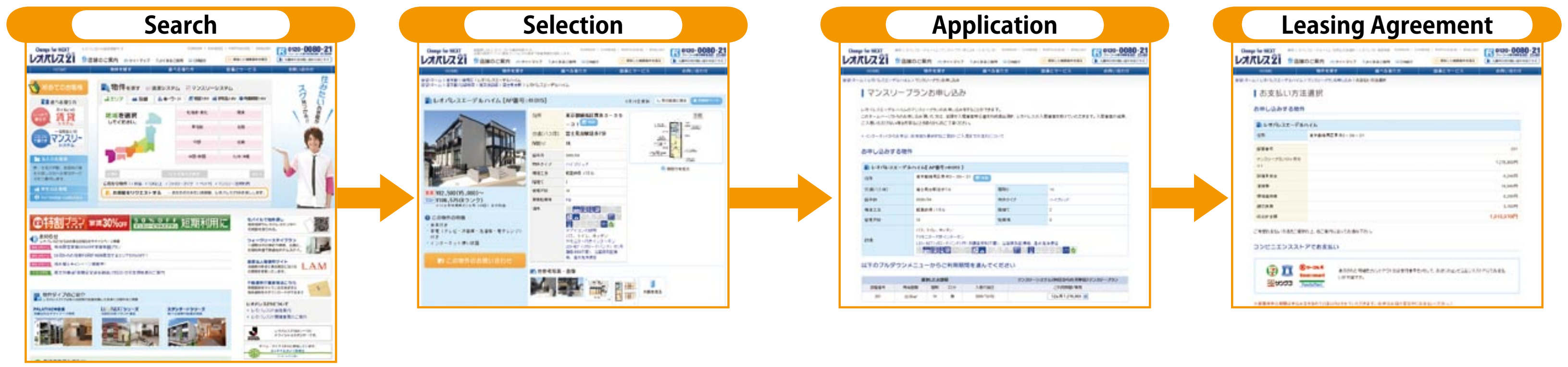
Enhancement of linkups with real estate agents has been promoted from the second half of 2008. In coordination with this substantiation of a collaborative linkup framework, we have started to integrate our own domestic sales offices. As a result, the number of locations nationwide was reduced from 306 as of March 2008 to 286 by the end of March 2009. This number is scheduled to be further reduced to 187 by the end of March 2010. As a result, we also expect to see a reduction in our administrative expenses (fixed costs) that are expected to exceed ¥6 billion in comparison with the previous fiscal year, thereby enhancing our business framework for profitability.



Characteristics and Competitiveness-3 Real-time web search possible anywhere, anytime

Powerful web research based on nationwide network

Visitors to our web sites can search real-time for the most up-to-date information on studios available across the country, and apply for the apartment and sign a contract on the spot. With some 506 thousand studios managed nationwide, we are the only industry player that can provide prospective tenants with real-time search capabilities of studios available nationwide even using our mobile Internet site.



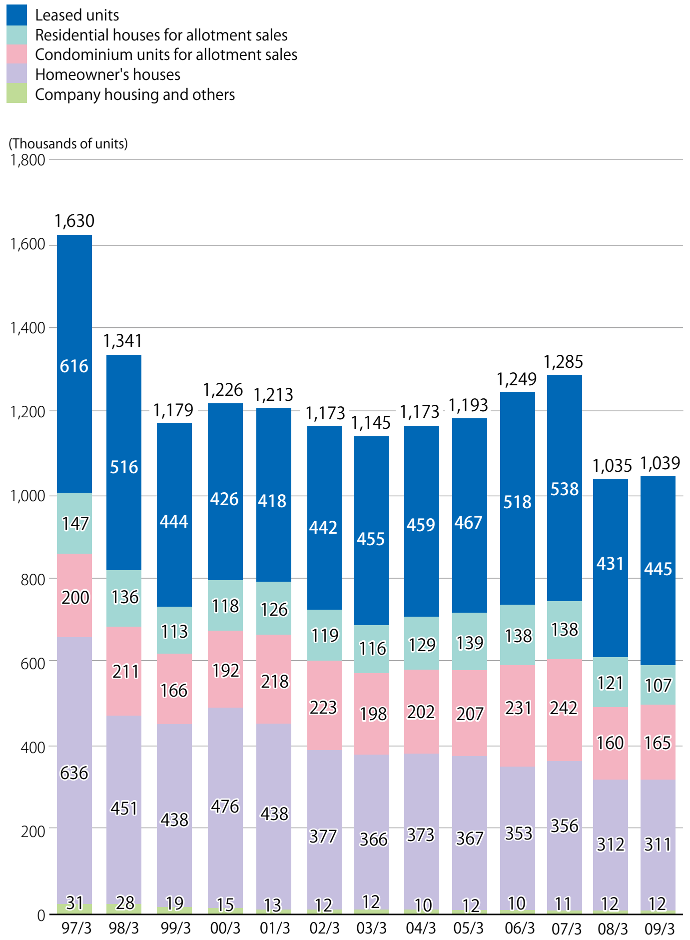
Real-time search on our mobile Internet site

Real-time search of our rental studios can also be performed on our mobile Internet. Similar to accessing our main home page, visitors to the wireless site can gather information regarding rental studios, view floor plans, and make payments by credit card.

Market Trend-1

Demands (Residential Construction Market)

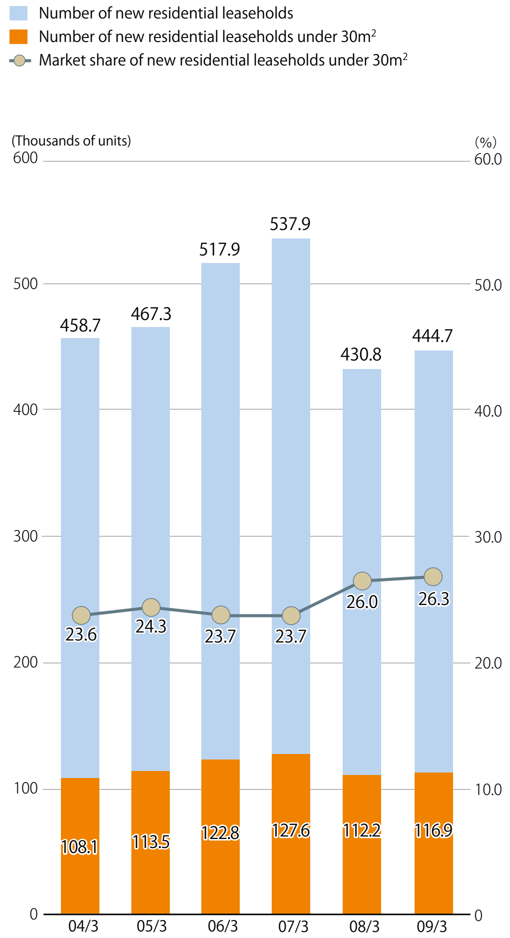
■ Number of new residential housing starts(sorted by user relationships)



Note : Excerpted from Residential Housing Construction Work Commencement Statistics for fiscal 2008 of the Ministry of Land, Infrastructure and Transport.

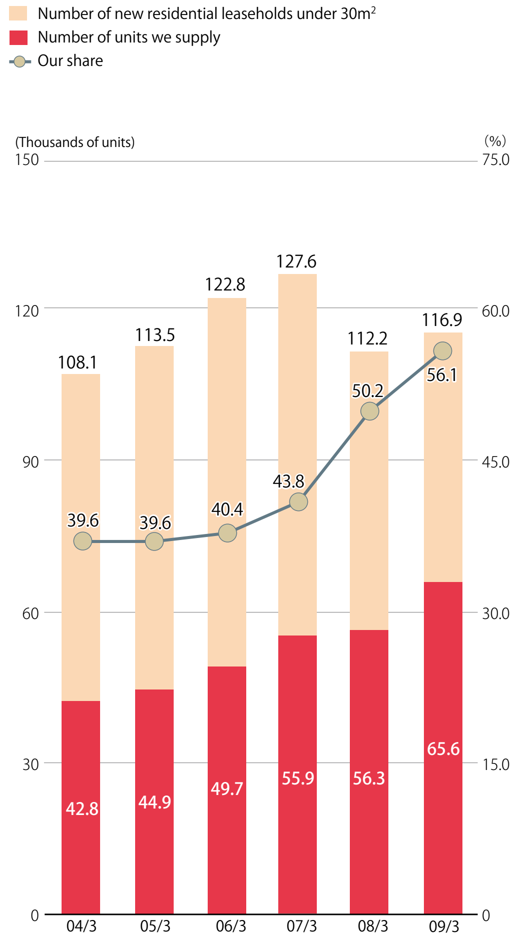
Supply (Residential Leasehold Construction Market)

■ Number of new residential leaseholds(units under 30m²)



Note 1 : Excerpted from Residential Housing Construction Work Commencement Statistics for fiscal 2008 of the Ministry of Land, Infrastructure and Transport.

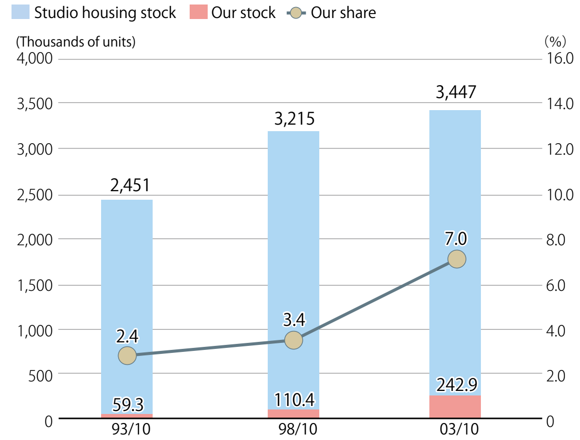
Note 2: All figures are based on fiscal year periods.



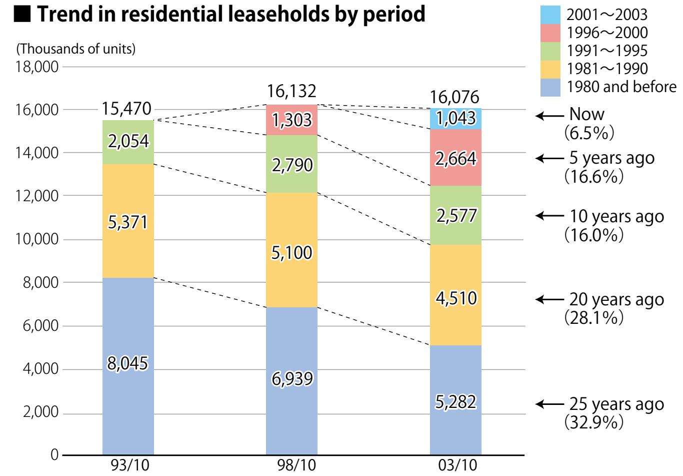
Note : The total number of units supplied by our company is taken as the actual number of units supplied.

Stock and Rebuilding (Residential Leasehold Construction Market)

■ Number of studio units, number and shares of our units



■ Trend in residential leaseholds by period



Note (for both graphs above): Excerpted from Residential Housing and Land statistics survey for fiscal 2003 of the Ministry of Public Management, Home Affairs, Posts and Communications (results from the survey for fiscal 2008 are expected to be released in the summer of 2009).

Residential housing supply status (commencement of construction for new residential housing) has reached the lowest level in over a decade

According to the Residential Housing Construction Work Commencement Statistics of the Ministry of Land, Infrastructure and Transport, the overall status of the supply for residential housing and the number of newly built residential housing units for the past ten years peaked in fiscal 1996 (ending March 1997) with 1,630 thousand units and thereafter the number continued to hover around 1,200 thousand units during the nine subsequent years, which indicated some slow recovery.

The condition of the real estate market significantly deteriorated in fiscal 2007 (ending March 2008) due to the impact of the Revised Building Standard Law, which came into effect in June 2007, and then again in fiscal 2008 (ending March 2009), from the impact of the global financial crisis. The number of construction commencements of new residential housing has declined to a level of about one million units.

Leased residential housing taking up greater proportion of housing

A look at the trends for commencing new residential housing in recent years in terms of user relationships indicates that leased housing and owned houses have had a relatively slow rate of depression even as the market deteriorates, and comprise an increasing proportion in the makeup of overall housing. Leased residential housing is our core market among these, which recorded 445 thousand construction commencements for new residential housing and dominated the makeup of the total number of construction commencements of new residential buildings, attaining the highest share by reaching as high as 42.8% . Residential housing for allotment sales (individual houses and condominiums), on the other hand, has been experiencing the impact of reluctance on the part of consumers to make purchases due to the drastic economic downturn.

Construction of leased units less than 30m² increasing at steady pace

Leased units under 30m² constitute our core field and have shown a rapid increase in recent years. The amount of construction work commencing in fiscal 1999 (ending March 2000) for leased units under 30m² bottomed out at 73 thousand units but showed a recovery by reaching 100 thousand units by fiscal 2002 (ending March 2003). In fiscal 2006 (ending March 2007) this figure increased further to 127.6 thousand units. The figure, however, dropped to the level seen in fiscal 2004 (ending March 2005) in fiscal 2007 (ending March 2008) and fiscal 2008 (ending March 2009), due to the impact of the Revised Building Standard Law and the financial crisis.

Furthermore, the proportion of residential units less than 30m² among the overall total number of leased units being constructed has been sustained at a high level since fiscal 2004 (ending March 2005), dominating with a share that amounts to about a quarter of the market.

Our share of supply for studio apartments is 56.1%

The reason behind this increase in leased units under 30m² is the increase in the number of young and single households in urban areas seeking a new lifestyle, along with the birth of a new demand, such as the outsourcing of corporate dormitories and company housing.

Furthermore, the graph shown above represents the number of new units supplied by our studio apartment operations (Apartment Construction Subcontracting Business) for the construction of leased units under 30m² . In fiscal 2006 (ending March 2007) we were able to maintain or improve on our high market share of 43.8% of all supplied units in the market. It is clear that we are in possession of a formidable market share in this field. Moving onto fiscal 2007 (ending March 2008), the market was impacted by the Revised Building Standard Law during the fiscal year, and in fiscal 2008 (ending March 2009), the market was affected by the financial crisis, which led to the decline in the number of construction commencements for new leased residential housing, dropping to undercut the level of fiscal 2006 (ending March 2007) by about 10% . Amidst this situation, however, we were still able to increase the number of units we supply, backed by our ability to consistently capture orders. Our market share reached 56.1% .

Increasing studio stocks

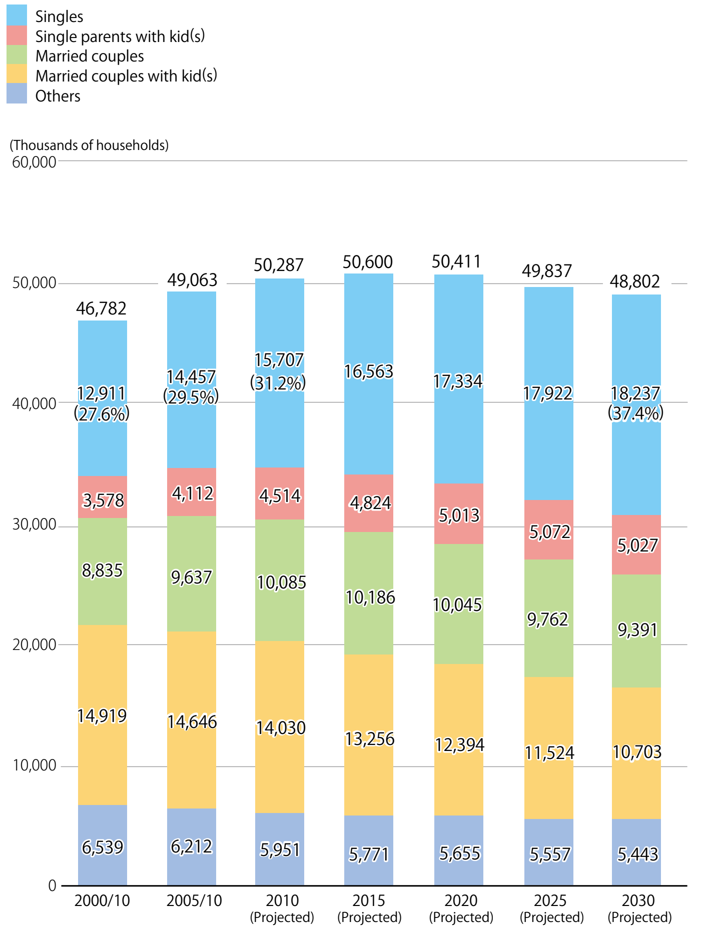
On the other hand, the stocks of studios are in a steadily increasing trend. According to the Residential Housing Construction and Land Statistics Survey, conducted every five years by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, the number of studio units as of October 2003 was 3,447 thousand units. This is an increase of 996 thousand units above figures taken ten years ago, with a growth rate of 40.6% , showing an outstanding performance in comparison with the growth rate for the residential housing stock for the same period (17.6%). Furthermore, our market share of stocks has also increased by 7.0% .

Market for rebuilding residential leaseholds has gigantic potential for residential leasehold construction

The graph shown above represents the data of trends for the overall residential leaseholds sorted by construction period. Figures have remained stable for the past five years; while during those five years 2,460 thousand units of residential leaseholds constructed in 1995 and earlier (ten years ago) were lost, with approximately 2,400 thousand new units built to replace them. This indicates that this is a market with a gigantic demand for rebuilding in the future.

Demands (Leasing Market)

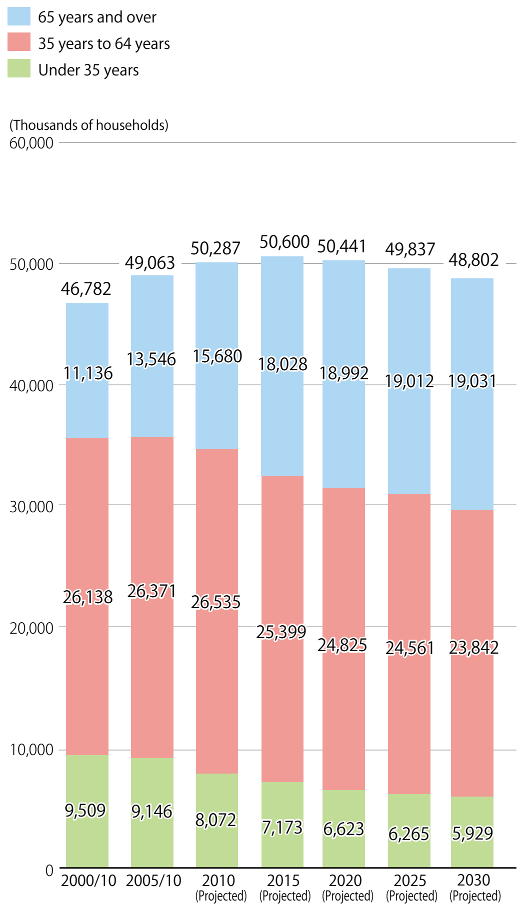
■ Estimation for future number of general households by family category



Note : Excerpted from the National Census from the Ministry of Public Management, Home Affairs, Posts and Telecommunications for fiscal 2005 and the Number of Households and Future Estimates of fiscal 2008 from the Institute of Population Problems.

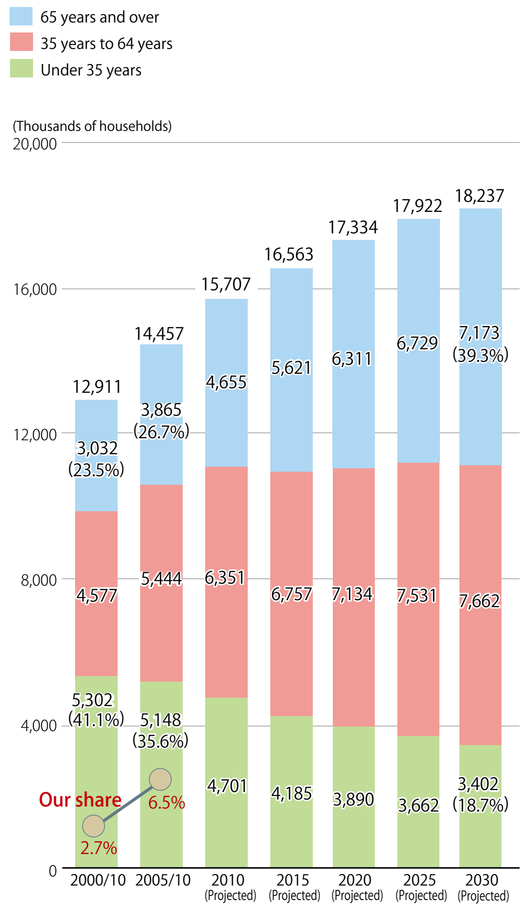
Demand (Residential Construction and Leasing Markets)

■ Estimates for total number of households in the future by household age groups



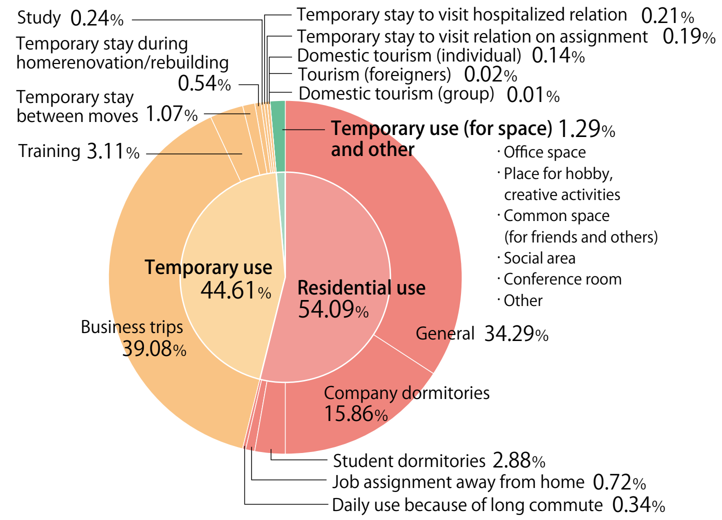
Note : Excerpted from the National Census from Ministry of Public Management, Home Affairs, Posts and Telecommunications for fiscal 2005 and the Number of Households and Future Estimates of fiscal 2008 from the Institute of Population Problems.

■ Estimates for single person households in the future

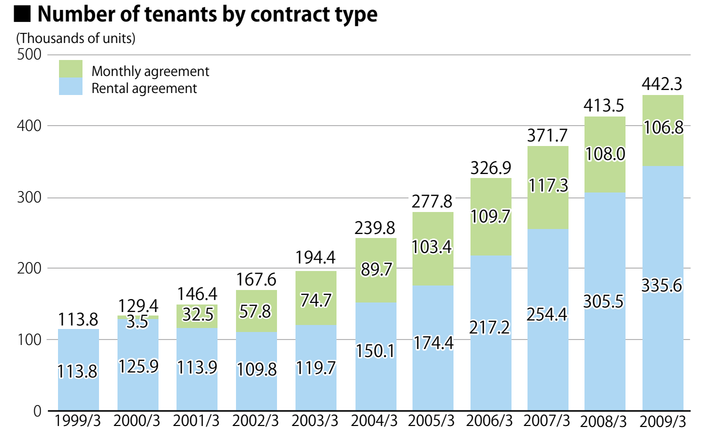


Utilization (Residential leaseholds)

■ Breakdown of uses of month-to-month leases (March 2009)



■ Number of tenants by contract type



Note : Based on company data

Large market needs exist for studios that will be sustained over a long period

With declining birth rates and an aging society, the population problem in Japan is an issue that needs to be considered. In terms of family categories, singles consisted of 14,457 thousand in 2005, which comprised 29.5% share of the market. It is anticipated that this will increase to 15,707 thousand by 2010 and comprise over 31.2% of the market share. Furthermore, an estimate for 2030 shows the number of households will reach approximately 18,237 thousand, with 37.4% of the market share, a rapid increase in this period. This indicates that the household makeup in Japan will be moving toward the formation of a gigantic single person household base very rapidly.

The market needs for studios provided by us is large and will be sustained over a long period in the future, as indicated by this data on future estimates.

Our next target will be the over-35 group, but over the long term our focus will be on the gigantic silver business market

The graph shown above is made up of data at the upper right and an estimation of the future number of general households by family category, as viewed in terms of age group. The market share of the population comprising individuals aged 35 and younger, currently our main target, will be the smallest group with only 16.1% in 2010. This figure is expected to drop further in the future. The group including those between 35 and 64, however, dominates the market with the largest share. The so-called silver population, comprising people aged 65 and over, will exceed a 30% share of the makeup in 2010 and their share of the makeup will reach 39.0% by 2030. This means that a gigantic silver business market, comprising nearly two out of every five households, will emerge.

Strategically, our next target for the time being will be the new group that consists of individuals aged 35 and older, for which we will cater to by providing for the need to relocate out of studio units and also to corporate demand. In the long term, however, we will be including the silver population in our perspective.

In terms of single person households categorized by age group, the silver population base emerges together with the under 35s as the target populations for our core business

Furthermore, the graph, shown above, represents data prepared by categorizing the extracted information regarding single person households obtained from the estimation for the future number of general households by family category, shown on page 21, by age group. Targets comprised of the under 35 population base of corporate users and the silver business market, comprised of persons 65 and over, for whom there are increasing needs in terms of hobby and nursing care, are emerging.

Our share in the market of the single person households for under 35s was 2.7% in 2000, although it reached a level of 6.5% in 2005.

Pioneering new markets through monthly leasing

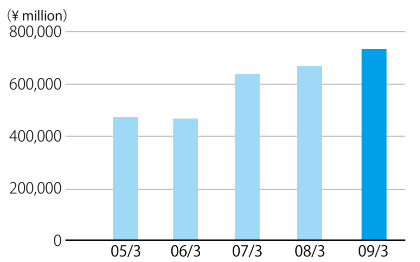
We are pioneering into new markets outside the existing leasing markets by implementing Monthly agreement, which is available for short or long-term leasing, along with Rental agreement intended for long-term tenants. The purposes for using the monthly leasing service can be categorized into "residential use" and "temporary use." In terms of the residential use, the purposes for using the service are expanding, such as "dormitory (for employees and students)," "job assignment away from home," "daily use because of long commute," besides the "general use of rooms." Furthermore, as for "temporary use," the purposes vary, including "business trips," which is the most often cited purpose, as well as accommodation during moving, taking seminars, taking exams and tourism.

Steady increase of a user base for monthly leasing responding to various needs

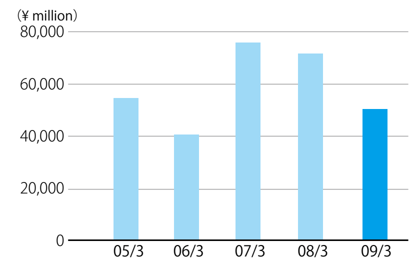
The trend for number of tenants by contract type indicates that since Monthly Leopalace provides furniture, consumer electronics and utility expenses, launched in March 2000, the number of transactions for monthly leasing increased rapidly, which indicates the service matched the needs of the market. Furthermore, Monthly Leopalace Flats was launched in March 2002, offering tenancy periods for shorter segments, responding appropriately to the changing needs of the market. The number of units for this service has been sustained at a high level exceeding 100 thousand units since March 2005.

Financial Highlights

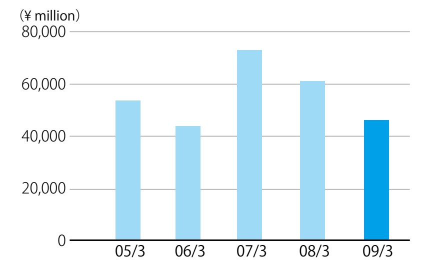
Consolidated net sales



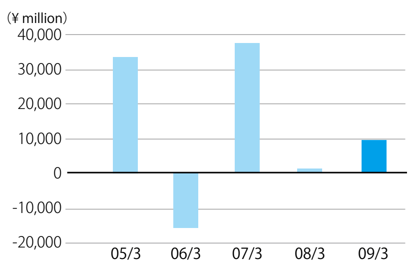
Consolidated operating income



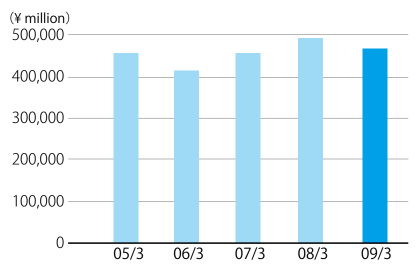
Consolidated recurring profit



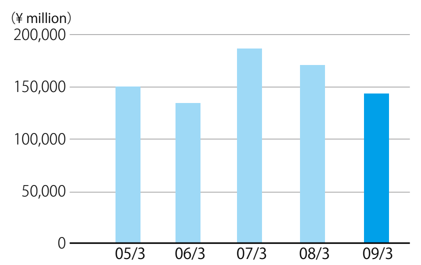
Consolidated net income



Consolidated total assets



Consolidated net assets



Consolidated

(¥ million)

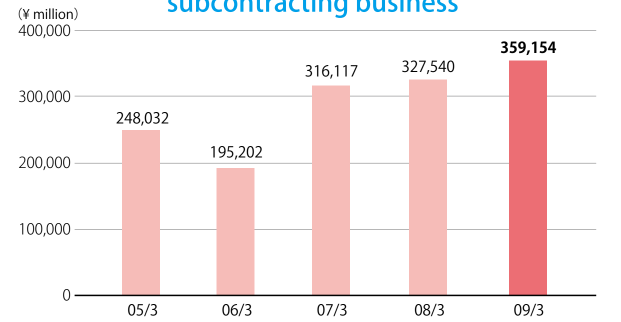
	2005/3	2006/3	2007/3	2008/3	2009/3
Net sales	476,266	465,386	631,608	672,973	**733,235**
Operating income	54,682	40,775	76,007	71,402	**50,156**
Recurring profit	53,265	44,151	73,002	60,847	**46,785**
Net income	33,262	−16,582	37,358	342	**9,951**
Total assets	453,434	412,803	454,819	493,956	**467,300**
Net assets	149,798	133,622	185,784	170,155	**146,442**
Common stock	55,640	55,640	55,640	55,640	**55,640**
Net assets per share (¥)	941.06	839.44	1,054.99	1,036.43	**967.40**
Net income per share (¥)	220.79	−104.17	234.68	2.15	**63.54**

Non-Consolidated

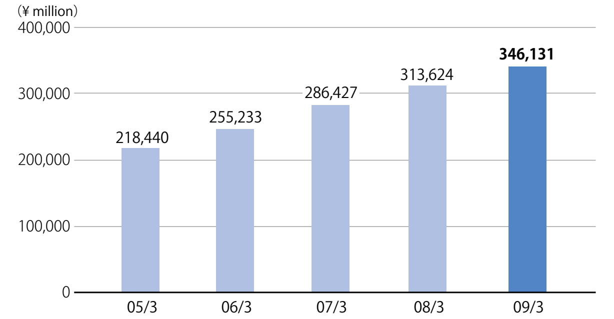
	2005/3	2006/3	2007/3	2008/3	2009/3
Shares outstanding (thousand shares)	159,543	159,543	159,543	159,543	**159,543**
Net assets per share (¥)	1,056.95	835.15	1,052.81	1,005.07	**991.25**
Net income per share (¥)	190.47	−209.23	248.45	19.85	**58.21**
Dividends per share (¥)	15.00	15.00	50.00	80.00	**30.00**
Payout ratio (%)	7.88	—	20.12	403.02	**51.54**

Consolidated Segment Information

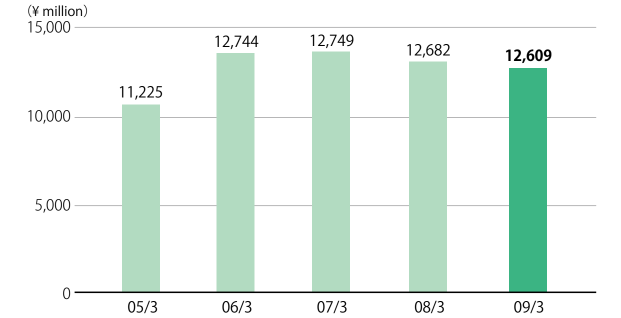
Consolidated sales for apartment construction subcontracting business



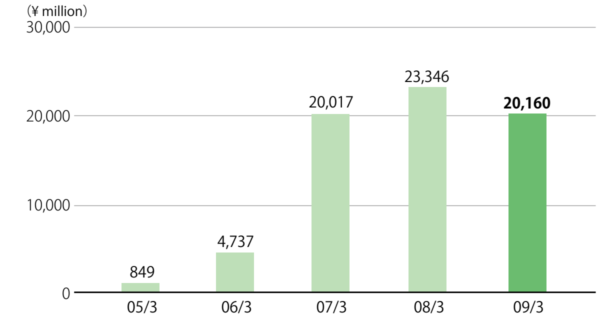
Consolidated sales for leasing business*



Consolidated sales for hotel and resort business



Consolidated sales for other businesses



＊ The consolidated sales amounts for the "Leasing Business" shown in the graphs above represent figures that include the sales figures of the "Broadband Business"

■ Consolidated Sales Breakdown

(¥ million)

	2005/3	2006/3	2007/3	2008/3	2009/3
Apartment Construction Subcontracting Business	248,032	195,202	316,117	327,540	**359,154**
Leasing Business	218,440	255,233	286,427	313,624	**346,131**
Hotel and Resort Business	11,225	12,744	12,749	12,682	**12,609**
Other Businesses	849	4,737	20,017	23,346	**20,160**
(Eliminations/Unallocated)	(2,282)	(2,532)	(3,704)	(4,222)	**(4,821)**
Total	476,266	465,386	631,608	672,973	**733,235**

■ Consolidated Operating Income Breakdown

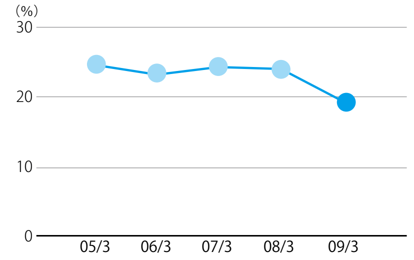
(¥ million)

	2005/3	2006/3	2007/3	2008/3	2009/3
Apartment Construction Subcontracting Business	57,051	39,452	74,614	73,267	**70,112**
Leasing Business	4,365	7,531	6,918	3,396	**−977**
Hotel and Resort Business	−3,689	−2,313	−2,339	−793	**−472**
Other Businesses	−1	−199	915	−38	**−13,724**
(Eliminations/Unallocated)	(3,043)	(3,695)	(4,101)	(4,430)	**(4,782)**
Total	54,682	40,775	76,007	71,402	**50,156**

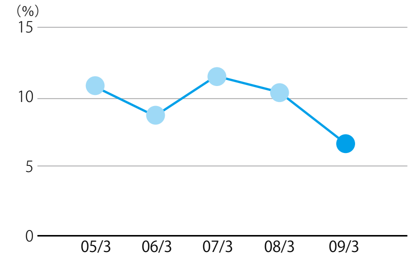
Consolidated Financial Indicators

Profitability

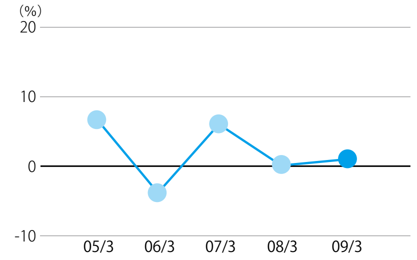
Gross profit / Net sales



Operating income / Net sales



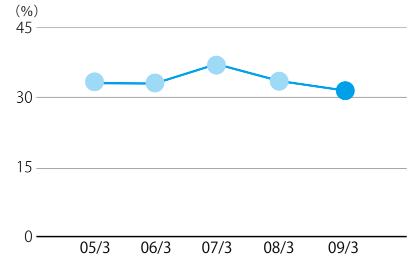
Net income / Net sales



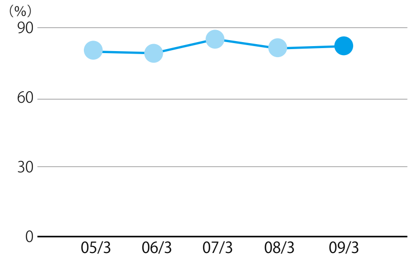
	2005/3	2006/3	2007/3	2008/3	**2009/3**
Gross profit / Net sales (%)	24.92	23.94	24.84	24.06	**19.55**
Operating income / Net sales (%)	11.48	8.76	12.03	10.60	**6.84**
Net income / Net sales (%)	6.98	−3.56	5.91	0.05	**1.35**

Stability

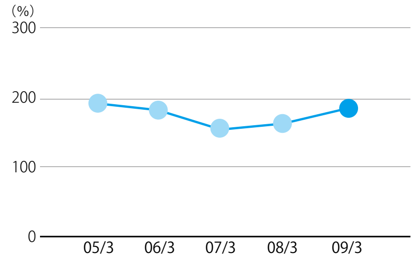
Equity ratio



Current ratio



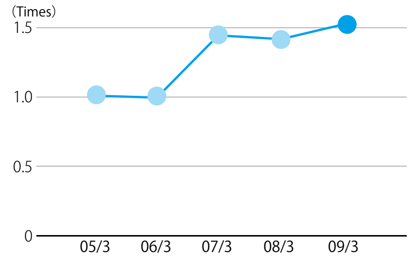
Fixed assets/Equity ratio



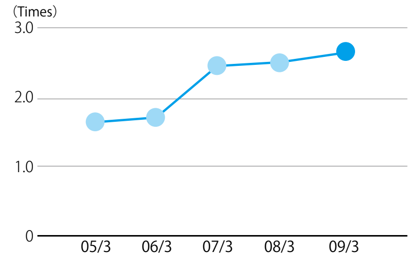
	2005/3	2006/3	2007/3	2008/3	**2009/3**
Equity ratio (%)	33.03	32.36	36.96	33.44	**31.33**
Current ratio (%)	80.25	79.50	86.00	81.40	**82.96**
Fixed assets/Equity ratio (%)	197.84	186.44	159.50	166.64	**187.97**

Efficiency

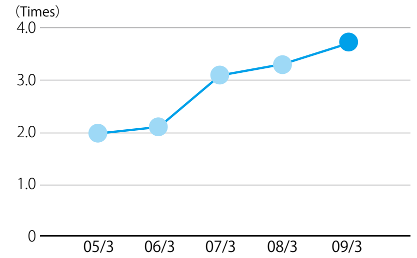
Total assets turnover



Fixed assets turnover



Property, plant and equipment turnover

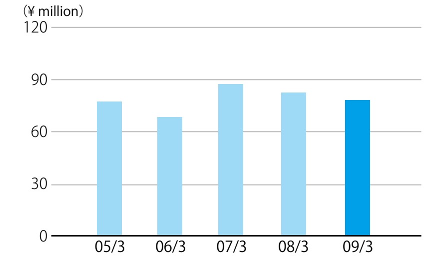


	2005/3	2006/3	2007/3	2008/3	**2009/3**
Total assets turnover (times)	1.08	1.07	1.45	1.41	**1.52**
Fixed assets turnover (times)	1.64	1.70	2.44	2.47	**2.66**
Property, plant and equipment turnover (times)	1.97	2.11	3.12	3.31	**3.75**

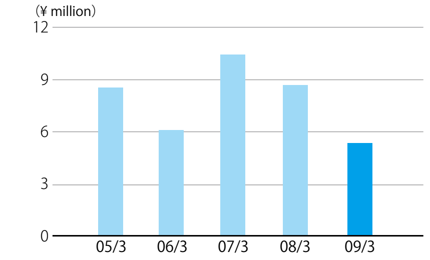
Note : Total assets, fixed assets, and property, plant and equipment are expressed as an average of the relevant numbers at the beginning and end of each fiscal year, respectively.

Productivity

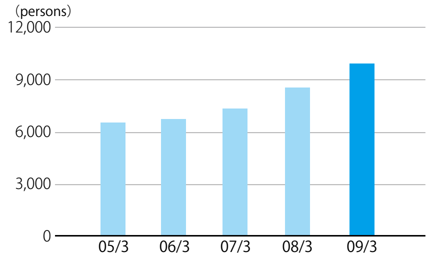
Net sales per employee



Operating income per employee



No. of employees at end-FY

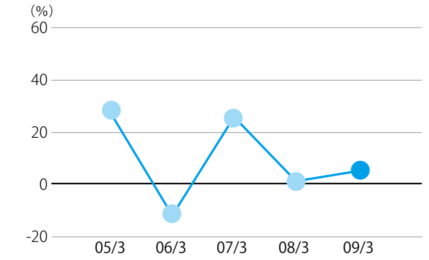


	2005/3	2006/3	2007/3	2008/3	**2009/3**
Net sales per employee (¥ million)	78.33	69.85	88.47	83.66	**78.82**
Operating income per employee (¥ million)	8.99	6.12	10.64	8.87	**5.39**
No. of employees at end-FY (persons)	6,457	6,868	7,409	8,678	**9,926**

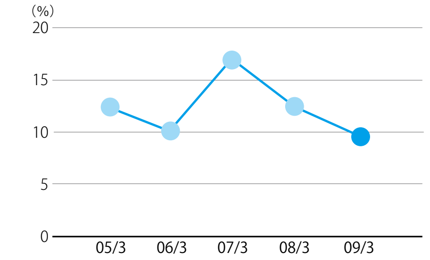
Note: Net sales per employee and operating income per employee are calculated using the average number of employees during the year.

Investment Indices

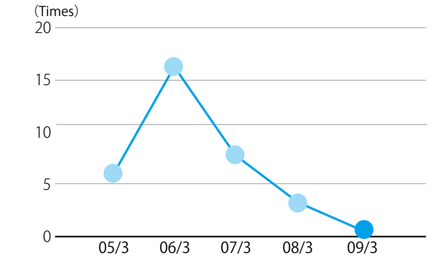
ROE



ROA



EV/EBITDA

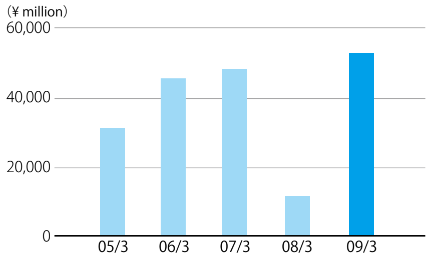


	2005/3	2006/3	2007/3	2008/3	**2009/3**
ROE (%)	28.77	−11.70	24.75	0.20	**6.38**
ROA (%)	12.18	10.19	16.82	12.82	**9.73**
EV (¥ 100million)	3,440	7,250	6,002	2,457	**548**
EV/EVITDA (times)	5.68	15.99	7.45	3.21	**0.98**

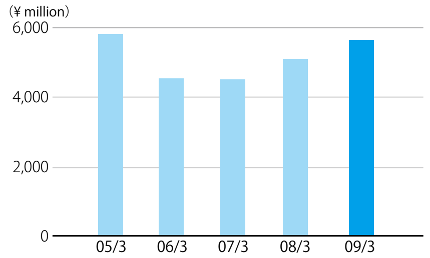
Note1: Total assets, and equity are expressed as an average of the relevant numbers at the beginning and end of each fiscal year, respectively.
Note2: EV = market capitalization + interest-bearing debt - cash and cash equivalents Note3: EBITDA = operating income + depreciation expense

Cash Flows

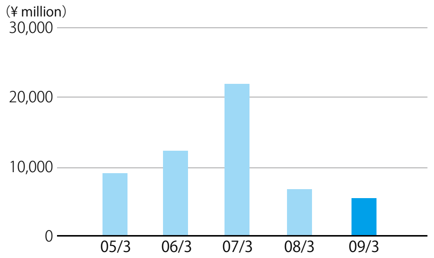
Free cash flows



Depreciation expense



Capital investment



		2005/3	2006/3	2007/3	2008/3	**2009/3**
Cash flows (¥ million)	Cash flows from operating activities	40,348	56,971	63,308	11,745	**62,843**
	Cash flows from investing activities	−8,978	−11,266	−15,930	148	**−10,048**
	Cash flows from financing activities	−20,959	−47,946	−17,018	−26,779	**−33,885**
Depreciation expense (¥ million)		5,855	4,565	4,559	5,163	**5,782**
Capital investment (¥ million)		8,919	13,193	21,830	6,887	**5,374**

Note: Free cash flows = cash flows from operating activities + cash flows from investing activities

Consolidated Balance Sheets

(¥ million)

	2007/3	2008/3	**2009/3**
Assets			
Current assets	186,555	218,684	192,015
Cash and cash equivalents	75,166	60,965	78,375
Trade receivables and accounts receivable for completed projects	9,594	15,159	—
Trade accounts receivable	—	—	6,793
Accounts receivable for completed projects	—	—	2,678
Operating loans	8,501	15,789	10,043
Marketable securities	29	14	153
Real estate for sale	27,765	37,819	7,560
Property inventories	—	—	21,266
Payment for construction in progress	8,818	11,792	14,925
Other inventories	722	750	—
Raw materials and supplies	—	—	597
Prepaid expenses	21,819	24,628	27,671
Deferred tax assets	5,076	12,085	8,046
Other accounts receivable	22,075	28,058	2,596
Other	8,273	13,068	12,778
Allowance for doubtful accounts	−1,289	−1,448	−1,472
Fixed assets	268,190	275,265	275,280
Property, plant and equipment	207,112	199,124	191,343
Buildings and structures	80,626	76,556	66,529
Land	118,255	116,295	114,914
Lease assets	—	—	3,498
Construction in progress	4,397	1,901	2,884
Other	3,832	4,370	3,516
Intangible fixed assets	569	622	3,027
Investments and other assets	60,509	75,519	80,909
Investment securities	7,934	9,082	6,103
Long-term loans receivable	2,281	2,399	995
Bad debt	2,125	4,015	4,563
Long-term prepaid expenses	42,727	53,356	61,132
Deferred tax assets	3,074	3,388	5,474
Other	4,942	5,442	8,123
Allowance for doubtful accounts	−2,575	−2,164	−5,483
Deferred assets	73	6	4
Organization costs	—	6	4
Bond issuance costs	73	—	—
Total assets	454,819	493,956	467,300

(¥ million)

	2007/3	2008/3	**2009/3**
Liabilities			
Current liabilities	216,914	268,621	231,432
Accounts payable including payables for completed projects	77,392	89,523	—
Accounts payable	—	—	3,586
Accounts payables for completed projects	—	—	59,000
Short-term borrowings	16,518	16,221	17,492
Bonds due within one year	1,126	5,094	—
Lease liabilities	—	—	792
Unpaid expenses	13,287	9,635	11,187
Accrued expenses	30	25	19
Accrued income taxes	27,021	14,308	13,258
Advances received	46,744	98,496	97,945
Customer advances for projects in progress	23,529	21,752	14,835
Allowance for employees' bonuses	2,798	3,243	3,759
Allowance for completed construction indemnification	—	1,041	1,123
Other	8,465	9,278	8,429
Long-term liabilities	52,120	55,179	89,425
Bonds	8,194	—	—
Long-term borrowings	27,320	28,395	22,897
Lease liabilities	—	—	3,006
Retirement benefit reserves	4,111	5,064	6,193
Retirement benefit reserves for directors	2,986	1,592	1,281
Provision of reserve for rental income	533	399	—
Reserve for loss on apartment vacancies	—	—	4,620
Long-term lease/guarantee deposits received	8,974	19,727	50,870
Other	—	—	555
Total liabilities	269,035	323,800	320,857
Net assets			
Shareholders' equity	175,348	165,858	156,616
Common stock	55,640	55,640	55,640
Capital surplus	34,104	34,104	34,104
Retained earnings	85,700	76,211	73,412
Treasury stock	−96	−98	−6,541
Effect of evaluation and exchange rate difference	−7,205	−672	−10,173
Net unrealized gains on other securities	532	89	17
Deferred gains or losses on hedges	—	—	−7
Translation adjustments	−7,737	−762	−10,183
Minority interests	17,641	4,970	—
Total net assets	185,784	170,155	146,442
Liabilities and net assets	454,819	493,956	467,300

Consolidated Statements of Income

(¥ million)

	2007/3	2008/3	**2009/3**
Ordinary income and loss			
Net sales	631,608	672,973	733,235
Sales from Contracting Division	316,117	327,540	359,154
Sales from Leasing Division	277,163	302,731	334,560
Sales from Other Division	38,328	42,701	39,519
Cost of sales	474,713	511,053	589,833
Cost of Contracting Division	209,395	217,263	249,563
Cost of Leasing Division	228,119	253,583	290,423
Cost of Other Division	37,197	40,206	49,847
Gross profit	156,895	161,919	143,401
Selling, general and administrative expenses	80,887	90,516	93,244
Advertising expense	8,564	8,153	8,115
Selling fees	3,429	2,998	3,306
Provisions for allowance for doubtful accounts	1,035	835	3,518
Director compensation	547	581	555
Salaries and bonuses	30,218	34,920	35,242
Provisions for allowance for employees' bonuses	1,983	2,219	2,292
Provisions for retirement benefit reserves	999	1,214	1,382
Provision of reserve for directors' retirement benefits	196	164	140
Rents paid	4,580	5,477	5,398
Depreciation expense	1,246	2,018	1,939
Taxes and public charges	3,455	3,915	3,651
Other	24,628	28,016	27,700
Operating income	76,007	71,402	50,156
Non-operating income and loss			
Non-operating income	1,497	1,602	1,269
Interest income	50	246	120
Dividend income	—	—	175
Gain on sale of investment securities	166	4	—
Equity in earnings of affiliates	—	104	324
Income from cancellation of resort memberships	19	7	—
Income from cancellation of construction contracts	70	107	100
Unrealized gains on interest rate swaps	122	19	—
Foreign currency translation gain	501	—	—
Gain on consumption tax	—	255	—
Insurance revenues	—	201	—
Other	566	655	547
Non-operating expenses	4,502	12,157	4,640
Interest expense	1,332	1,462	1,224
All other financing costs	606	851	—
Equity in loss of affiliates	2,320	—	—
Commission paid	—	—	780
Foreign currency translation loss	—	9,533	1,876
Other	242	309	758
Recurring profit	73,002	60,847	46,785
Extraordinary income and losses			
Extraordinary income	3,725	5,170	695
Gain on sales of fixed assets	7	4,465	0
Gain on sale of affiliates' stocks	2,514	—	—
Gain on sale of affiliates' bonds	1,119	560	—
Reversal of allowance for doubtful accounts	83	144	296
Reversal of lease fee reserve	—	—	399
Extraordinary losses	7,397	53,593	14,035
Loss on sales of fixed assets	16	120	0
Write-offs of fixed assets	215	142	162
Loss on valuation of property held for sale	—	—	2,560
Impairment losses	3,009	701	2,807
Markdown on investment securities	210	906	3,405
Provision for allowance for doubtful accounts	710	794	786
Provision of reserve for directors' retirement benefits	2,789	—	—
Provision of reserve for rental income	446	—	—
Adjustment for advances received	—	47,754	—
Prior fiscal year's consumption tax, etc.	—	594	—
Transfer to allowance for completed construction indemnification	—	1,378	—
Reversal of reserve for loss on apartment vacancies	—	—	4,313
Payment of retirement benefits for directors	—	1,200	—
Net income before taxes and adjustments	69,329	12,424	33,446
Corporate, residential, and enterprise taxes	26,437	17,449	21,502
Refund of corporation and other taxes	—	—	−0
Prior fiscal year's corporation and other taxes	—	1,414	−0
Income tax adjustments	4,662	−7,039	1,992
Minority interest	871	257	—
Net income	37,358	342	9,951

Consolidated Statements of Cash Flows

(¥ million)

	2007/3	2008/3	**2009/3**
Cash flows from operating activities			
Net income before taxes and adjustments	69,329	12,424	33,446
Depreciation expense	4,559	5,163	5,782
Increase (Decrease) in allowance for doubtful accounts	159	590	3,637
Increase (Decrease) in retirement benefit reserves for directors	2,986	−1,394	−310
Increase (Decrease) in reserve for loss on apartment vacancies	—	—	4,620
Interest and dividends income	−136	−338	−296
Interest expense	1,332	1,462	1,224
Foreign exchange loss (gain)	−501	9,533	1,876
Equity in losses (earnings) of affiliated companies	2,320	−104	−324
Loss (Gain) on sale of property, plant and equipment	16	−4,345	0
White-offs of property, plant and equipment	215	142	162
Loss on valuation of property held for sale	—	—	2,560
Impairment losses	3,009	701	2,807
Gain on sale of affiliates' stocks	−2,514	—	—
Gain on sale of affiliates' bonds	−1,119	−560	—
Loss (Gain) on sale of investment securities	−166	−4	—
Loss on valuation of investment securities	210	906	3,405
Decrease (Increase) in accounts receivable	914	−21,745	35,868
Decrease (Increase) in real estate for sale	−18,554	−11,237	4,941
Decrease (Increase) in work in process	26,430	−2,973	−3,133
Decrease (Increase) in long-term prepaid expenses	−12,366	−12,456	−10,854
Increase (Decrease) in accounts payable	−2,571	12,225	−26,860
Increase (Decrease) in customer advances for projects in progress	−18,531	−1,777	−6,916
Increase (Decrease) in advances received	9,093	51,804	−505
Increase (Decrease) in guarantee deposits received	−780	10,567	31,180
Increase (Decrease) in accrued consumption tax	2,923	−3,155	1,549
Other	2,769	−725	2,489
Subtotal	69,028	44,695	86,350
Interest and dividends received	129	367	603
Interest paid	−1,290	−1,476	−1,225
Income taxes paid	−4,559	−31,840	−22,884
Net cash provided by operating activities	63,308	11,745	62,843
Cash flows from investing activities			
Payment for purchase of property, plant and equipment	−21,830	−6,887	−5,374
Proceeds from sale of property, plant and equipment	8	12,144	227
Commissions paid on sale and disposal of property, plant and equipment	−119	−179	—
Payment for purchase of intangible fixed assets	—	—	−2,443
Payment for purchase of affiliates' stocks	−1,100	—	—
Income from sale of affiliated companies' stock due to changes in consolidation	4,109	—	—
Proceeds from sale of affiliates' bonds	2,880	—	—
Payment for purchase of investment securities	−792	−3,393	−498
Proceeds from sale of investment securities	1,000	730	79
Payment for loans made	−1,378	−369	−536
Proceeds from collection of loans	3,646	202	301
Other	−2,355	−2,101	−1,803
Net cash used in (provided by) investing activities	−15,930	148	−10,048
Cash flows from financing activities			
Proceeds from short-term debt	34,190	78,610	29,000
Repayment of short-term debt	−32,454	−82,388	−29,000
Proceeds from long-term debt	13,000	22,000	18,000
Repayment of long-term debt	−22,655	−17,454	−22,226
Funds used for repayment of finance lease obligations	—	—	−400
Funds used for purchase and cancellation of bonds	−2,006	−3,100	—
Redemption of bonds	−1,435	−1,126	−5,094
Dividends paid to minority shareholders	−873	−475	—
Funds used for redemption of investments to minority shareholders	—	−12,484	−4,970
Payment for purchase of treasury stock	−2	−1	−6,443
Dividend paid for shareholders	−4,781	−10,359	−12,750
Net cash used in financing activities	−17,018	−26,779	−33,885
Effect of exchange rate changes on cash and cash equivalents	195	−405	−1,498
Net increase (decrease) in cash and cash equivalents	30,554	−15,290	17,410
Cash and cash equivalents at beginning of year	44,612	75,166	60,965
Cash and cash equivalents of newly consolidated subsidiaries	—	1,089	—
Cash and cash equivalents at end of year	75,166	60,965	78,375