

FOR IMMEDIATE RELEASE

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Notice Concerning Q & A at Ordinary General Shareholders' Meeting on June 26, 2025

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") announced the overview of the questions which the shareholders asked prior to and during the 52nd Ordinary General Shareholders' Meeting and respective answers that were provided during the Meeting which was held on June 26, 2025.

<Questions asked prior to the Meeting>

1. Shareholder Benefit Plan

Q: Would the Company consider reopening the shareholder benefit program?

A: In the fiscal year ended March 2022, we made the decision to discontinue the shareholder benefit program following a comprehensive cost reduction, the optimal allocation of management resources, and fair shareholder returns to all shareholders. Going forward we intend to focus on shareholder returns primarily through capital policies, including dividends. While the resumption of the shareholder benefit program is not currently under consideration, we will continue to take to shareholder feedback, and we may consider moving forward with further evaluation based on it.

<Questions from the Floor>

1. The performance for the previous term

Q: Despite sales remaining nearly flat, operating profit increased significantly by 25%. Could you explain the measures taken to improve profitability.

A: Sales for the previous fiscal year amounted to JPY 431.8 billion, and sales for the fiscal year before the previous year JPY 422.6 billion. An increase in sales of JPY 9.2 billion led to a JPY 5.9 billion increases in operating profit. Specifically, approximately 97% of our sales come from the Leasing Business, profitability improved as we tried to increase the occupancy rate, and we continued the price-forced strategy.

2. Regarding the Regional Branch Structure

Q : In the medium-term management plan, it was announced that a Regional Branch Structure will be implemented. How will this affect the relationship between owners and the company?

A : We currently manage over 540,000 units across 47 prefectures in Japan. Conventionally, we have implemented nationwide uniform sales measures for our Leasing Business. However, as

demand trends, rent trends and economic conditions vary by region, a uniform nationwide sales strategy does not fit demand in every region. Against this background, we will introduce the Regional Branch Structure to establish an agile sales organization equipped with sensible management skills in each area. With a strong understanding of local conditions in each region, thereby utilizing this approach for our growth strategy. In this regard, we aim to grow together with stakeholders, including owners in each region.

3. Articles of The Weekly Magazine SPA!

Q: In February of this year, a scandal involving your company was reported in the weekly magazine *SPA!* published by a Sankei Group publishing company. According to the article, the Chief Financial Officer engaged in power harassment, which led to the resignation of a talented employee, is it true? Furthermore, I understand that rules of Board of Directors have been revised and the CFO attends Board of Directors meetings, is it possible for governance to function effectively?

A: It is true that the article was published. We consider some parts of its content may differ from the facts; however, it is true that certain employee resigned. Following this, we took disciplinary actions. Moving forward, the entire company will ensure thorough management and supervision in order to prevent recurrence.

Meanwhile, about the recent revision of the rules of Board of Directors, the company's management has expressed its intention to have not only directors and auditors, but also the executive officer in charge of finance (CFO) attend board meetings. This is based on the view that participation and reporting by the finance executive(CFO) who is involved in one of the company's most critical management areas will significantly enhance the quality of deliberations at board meetings. From a governance perspective, we believe this revision represents improvement and progress.

4. The organization called LP Owners Association

Q: I have observed that the company's scandals continue to be frequently reported in the media. I believe this may be related to the existence of the LP Owners Association. Therefore, we kindly request that you sever any ties with this organization.

A: At the outset, regarding the construction defects problem, we acknowledge that it was our fault; therefore, we are not in a position to respond directly to the media on this matter. Meanwhile, we are taking appropriate measures, including legal action, against the LP Owners Association due to their activities that undermine our company's credibility. Specifically, they had distributed defamatory flyers indiscriminately to our important stakeholders, the owners. In response, we have issued a formal warning and initiated legal proceedings against them.

As a result, in this matter, under the court's supervision, the LP Owners Association has agreed to issue an apology to our company, refrain from any similar defamatory actions or activities. While such matters normally include a nondisclosure clause, considering the significant impact on our stakeholders, the clause prohibiting disclosure has been removed regarding explanations made by our company to our owners, shareholders, and business partners. This agreement was formalized through a mediation settlement. We will continue to address this matter firmly going forward.

5. An Article of Diamond Online

Q: An article concerning issues surrounding smart locks was recently published on Diamond Online.

Among the various points raised, one particularly significant issue involves the intervention of Fortress Investment Group concerning Bitkey Inc., which cannot be overlooked. I would like to ask to what extent the management is aware of the matter, and how will you intend to respond.

A: To begin with, regarding the contract negotiations with Bitkey, it was our company that first initiated contact with Bitkey. We engaged in discussions with several smart lock companies and carefully considered the options before entering into an agreement. Therefore, it is false that the contract was introduced or directed by Fortress, no such involvement or judgment on their part occurred. As such, the claim in the article suggesting that the lengthy negotiation process was due to Fortress's intervention is entirely inaccurate and a serious factual error.

Regarding Fortress's acquisition of shares in Bitkey Inc., our company was not involved in any way and has no knowledge of the matter. Accordingly, we must refrain from making any comments. Furthermore, it should be noted that the journalist did submit questions to us in advance regarding the article. We responded to each of them, clearly indicating where the claims were factually incorrect. Despite that, the article was published as it was. As this matter concerns our company's credibility and also affects our shareholders, we intend to take appropriate measures once again.

6. Mastery-lease rent

Q: Following the discovery of construction defects, owner rental income was reduced through rent adjustments to reflect appropriate market levels. We understand that your company have initiated a new development business from this fiscal year, with a policy to increase the number of properties. In light of current economic conditions and your overall business strategy, we would like to inquire about your future plans, including the possibility of raising rental income. Additionally, considering the ongoing population decline, we believe that increasing the number of properties entails certain risks. We would appreciate it if you could also share your perspective on this point

A: Regarding the master lease agreement between our company and the property owners, our company leases all units of the apartment built by the owner and pays a fixed rent for a specified period regardless of vacancy. Although the contract provides for a rent review every two years, any such review is conducted in accordance with relevant laws, including the Act on Land and Building Leases and the Act on Proper Management of Rental Housing, and is carefully considered based on comparisons with the market rent of nearby properties. Currently, the effects of inflation are becoming apparent, and some reports indicate rising rents, particularly noticeable in newer properties located in the Tokyo metropolitan area. However, on a nationwide scale, there remain many regions where rent increases have not yet progressed. Under the sublease agreement, our company handles all aspects of property management on behalf of the owners and provides 24/7 support, enabling owners to manage their apartments smoothly over the medium to long term without undue burden. Regarding apartment development amid population decline, concerns about oversupply have been raised, so we have no plans to recklessly increase the number of properties. On the other hand, our medium-term management plan analyzes the current situation, indicating that single-person households are expected to

increase for the foreseeable future in Japan. To capture this market share effectively, we intend to offer new services and initiatives.

For example, the introduction of smart locks is financed as a business expense by our company rather than being a burden on the owners. We intend to approach our business with a spirit of mutual prosperity and coexistence. Furthermore, regarding the renewal and reconstruction of existing properties, we aim to respond firmly based on the experience we have cultivated over time.

7. Contracts of Owners

Q: I accepted the rent revision following the discovery of construction defects. Moving forward, I kindly request that any further matters be advanced with mutual understanding and agreement from both parties.

A: As the transaction is only based on an agreement with each owner, we will spare no time to make sure that we can proceed with mutual understanding and agreement. We look forward to working with you in the future.

8. Strategy and Commitment

Q: I would like to kindly invite Ms. Hayashima, Mr. Mochida, and Mr. Takekura, candidates for the third proposal, to present their future policies and commitments concerning the departments that they oversee.

A: Responses from the three Executive Directors (Ms. Hayashima, Mr. Mochida, and Mr. Takekura)

9. The response after repair

Q: Mr. Miyao, I found that the report which I received following the repairs was insufficient, as there were no photos provided. Are you aware of this issue?

A: We sincerely apologize for the insufficient reporting, including photos after repairs, and for the inadequate response from the person in charge. Regarding the photographing during repairs, due to our lack of management, the instructions were not thoroughly enforced. Currently, we have established a system to take photos before and after repairs and present them to the owners. We understand that there are some tasks where taking photos is difficult, and we ask for your understanding in this regard. We apologize once again for this matter.

10. The tenants' trash disposal manners

Q: The tenants' trash disposal manners have been poor, resulting in the city's collection service refusing to pick up the trash repeatedly. Although the company desires to promote renting to foreign national tenants, we kindly ask for your cooperation in providing proper guidance on this matter.

A: Regarding the trash issue, different policies have been issued by each local government. However, this cannot be used as an excuse, and I believe it ultimately comes down to how well we can explain the situation to our tenants. We intend to address this matter thoroughly moving forward.

Additionally, for foreign national tenants, we make efforts to provide explanations by preparing flyers and other materials in their respective native languages and distributing them directly to their units. With the advancement of technologies such as generative AI, translation has

become much easier compared to the past. As you mentioned, we intend to handle each task diligently without cutting corners. While issues like garbage disposal may seem minor externally as a company-wide problem, we believe they can ultimately impact our stock valuation. Therefore, we consider this matter significant and will ensure our staff responds appropriately. For our company to continue growing, it is important not only to achieve financial growth but also to gain further social trust. To that end, we are committed to sound management to enhance the company's value. Thank you very much.

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