English Translation of Original Japanese

This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

Although the consolidated and non-consolidated financial statements in Japanese were audited, their English translation was not audited.

To Our Shareholders

I would like to express my sincere gratitude to all our shareholders for your continued support.
In delivering the notice of the 52nd Ordinary General Shareholders' Meeting, I would like to take a moment to say a few words.
As we move forward with rebranding to rebuild our brand which was damaged by the issue of construction defects, we have established a new corporate philosophical framework consisting of Mission, Vision, Value, and Credo.
With renewed determination, the new Leopalace21 will continue to strive to enhance its corporate value. I ask all our shareholders for your continued and further support and encouragement.

June 2025

Bunya Miyao
Representative Director, President and CEO

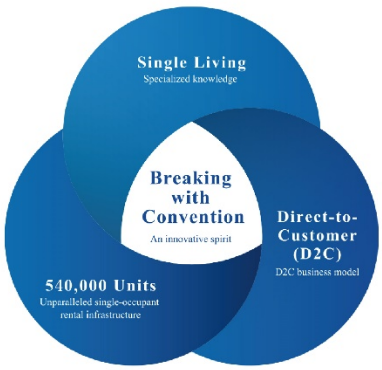
Mission

To create new value
and *imagineer* joyful living

Vision

To shape the future of "Single Living" by connecting with people, companies, and communities to make everyone's lives brighter through the concept of "Living Freely and Confidently"

Core Values (Universal DNA)



Credo (Code of conduct)

1 We don't wait for someone else's instructions.
We think and act for ourselves.

2 We don't just do our jobs.
We pursue who we want to be with passion.

3 We are not bound only by the company's perspective.
We fully engage with customers to resolve issues.

4 We are not limited by the company's conventional wisdom.
We constantly evolve based on our understanding of changes in society and the market.

5 We never underestimate the value of informaition.
We fully utilize information for the benefit of everyone involved and for society as a whole.

6 We don't leave things undone.
We continuously assess our actions and work to improve.

7 The company is a team.
We respect others' positions, express gratitude, cooperate, and help each other improve.

8 We are fair and upright.
We are proud to stand up for what is right.

Securities Code No. 8848
June 11, 2025
(Commencement date of measures for electronic provision: June 4, 2025)

To Our Shareholders

Bunya Miyao
Representative Director, President and CEO
Leopalace21 Corporation
2-54-11 Honcho, Nakano-ku, Tokyo

Notice of the 52nd Ordinary General Shareholders' Meeting

We are pleased to announce that the 52nd Ordinary General Shareholders' Meeting of Leopalace21 Corporation ("the Company") will be held as described below.
In convening this General Shareholders' Meeting, the Company has taken measures for electronic provision and has posted matters subject to measures for electronic provision in the form of "Notice of the 52nd Ordinary General Shareholders' Meeting" on the following Internet websites.

The Company website
https://eg.leopalace21.co.jp/ir/stock/meeting/index.html
In addition to the above, the Company has also posted on the following Internet websites.

Tokyo Stock Exchange website
https://www2.jpx.co.jp/tseHpFront/JJK020030Action.do
(Please access the above TSE website, enter "Leopalace" in the "Issue name (company name)" or our securities code "8848" in "Code" and click on the "Search" button, select "Basic information" then "Documents for public inspection/PR information," and refer to the "Notice of General Shareholders Meeting/Information Materials for a General Shareholders Meeting" under "Filed information available for public inspection.")

The Portal of Shareholders' Meeting website (in Japanese)
https://www.soukai-portal.net

If you will not be attending the meeting in person, you can still exercise your voting rights by either of the following methods. Please exercise your voting rights beforehand by either of the following methods no later than 6:00 p.m. on Wednesday, June 25, 2025.

[Exercising your voting rights in writing]

Please refer to the Reference Materials for the General Shareholders' Meeting on pages 6 to 27, which are listed in the matters subject to the measures for electronic provision, indicate "for" or "against" for each proposal shown on the enclosed Voting Rights Exercise Form and return it in time for delivery by the deadline mentioned above.

In the event that no indication of "for" or "against" has been made, this shall be treated as the intent of approval.

[Exercising your voting rights via the Internet]

Please access the Voting Rights Exercise Site, which is designated by the Company. Examine the Reference Materials for the General Shareholders' Meeting on pages 6 to 27, which are listed in the matters subject to the measures for electronic provision or the reference materials posted on the Company website, which will be accessible via the Voting Rights Exercise Site, follow the instructions on the screen, and indicate "for" or "against" for each proposal.

In addition, if you exercise your voting rights both by the Voting Rights Exercise Form and via the Internet, the voting via the Internet shall prevail.

If you exercise your voting rights multiple times via the Internet, the voting exercised last shall prevail.

Details

1. **Date and Time:** June 26, 2025 (Thursday), 10:00 a.m. (Reception will open at 9:00 a.m.)

2. **Place:** Conference room, Head Office, Leopalace21 Corporation
   2-54-11 Honcho, Nakano-ku, Tokyo

3. **Agenda for the Meeting**

   Matters to be reported:

   1. Report on the Business Report, Consolidated Financial Statements, and Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 52nd Fiscal Term (from April 1, 2024 to March 31, 2025)
   2. Report on Non-consolidated Financial Statements for the 52nd Fiscal Term (from April 1, 2024 to March 31, 2025)

   Matters to be resolved:

   Proposal No. 1: Reduction of the Amount of Common Stock and Capital Reserve
   Proposal No. 2: Appropriation of Surplus
   Proposal No. 3: Election of Ten (10) Directors
   Proposal No. 4: Election of One (1) Audit & Supervisory Board Member
   Proposal No. 5: Election of One (1) Substitute Audit & Supervisory Board Member
   Proposal No. 6: Determination of the Amount and Nature of Performance-Linked Share-Based Remuneration for Executive Directors

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Note: For those attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk.

The paper-based documents sent to shareholders who have requested to receive them exclude the "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements and the "Notes to Non-Consolidated Financial Statements" of the Non-Consolidated Financial Statements in accordance with laws and regulations and Article 14 of the Articles of Incorporation of the Company. Therefore, such documents are a part of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing their respective audit reports.

Should any amendments be made to the matters subject to the measures for electronic provision, such amendments will be posted on the respective websites where they are posted.

If you wish your proxy to attend the meeting, the proxy shall be limited to one other shareholder who has the voting right of the Company. In this case, you should submit the letter of attorney and your own Voting Rights Exercise Form evidencing the proxy's authority to represent. Please note that anyone other than a shareholder (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed to attend the meeting.

Trust banks and other nominee shareholders (including standing proxies) who have applied in advance to use the electronic voting platform operated by ICJ, Inc. (a joint-venture company established by Tokyo Stock Exchange, Inc. and others) may use this platform other than voting via the Internet to electronically exercise voting rights for the Company's General Shareholders' Meeting.

https://eg.leopalace21.co.jp/ir/stock/meeting/index.html

On the day of the General Shareholders’ Meeting, we invite all shareholders to dress casually.

Please be advised in advance that no gifts will be distributed to attending shareholders, and no social function will be held after the conclusion of the General Shareholders’ Meeting.

Reference Materials for the General Shareholders' Meeting

Proposal No. 1: Reduction of the Amount of Common Stock and Capital Reserve

1. Purpose of Reduction of the Amount of Common Stock and Capital Reserve
   The Company intends to realize flexibility and agility of a capital policy going forward by reduction of the amount of capital stock and capital reserve.

2. Details of Reduction of the Amount of Common Stock
   Subject to the increase in the amount of common stock of JPY 9,617,129,216 by the exercise of the 5th series stock acquisition rights issued by the Company, the amount of common stock will be reduced by JPY 9,617,129,216 and the same amount will be transferred to other capital surplus and the amount of common stock after the reduction will be JPY 100,000,000, in accordance with Article 447, paragraph (1) of the Companies Act.

3. Details of Reduction of the Amount of Capital Reserve
   Subject to the increase in the amount of capital reserve of JPY 9,617,129,215 by the exercise of the 5th series stock acquisition rights issued by the Company, the amount of capital reserve will be reduced by JPY 9,617,129,215 and the same amount will be transferred to other capital surplus and the amount of capital reserve after the reduction will be JPY 10,000,000,000, in accordance with Article 448, paragraph (1) of the Companies Act.

4. Effective Date of Reduction of the Amount of Common Stock and Capital Reserve
   July 31, 2025

Proposal No. 2: Appropriation of Surplus

In addition to increasing corporate value over the medium- to long-term, the Company positions the return of profits to shareholders as one of its key management issues, and has made it a policy to pay continuous and stable dividends by comprehensively considering performance trends, financial conditions, and other factors.

Based on the above policy, the Company proposes the following year-end dividend, taking into account business performance in the fiscal year ended March 31, 2025 and future business development, etc.

Matters concerning the year-end dividend

(1) Type of dividend property
Cash

(2) Allotment of dividend property and the total amount
JPY 5 per share of common stock of the Company
Total amount of dividends: JPY 1,619,287,970

(3) Effective date of dividend of surplus
June 27, 2025

Proposal No. 3: Election of Ten (10) Directors

The term of office of all ten (10) Directors will expire at the conclusion of this Ordinary General Shareholders' Meeting. In that regard, it is proposed that ten (10) Directors (of which four (4) will be Outside Directors) be elected. The candidates for Director are as follows:

[Reference] Structure of the Board of Directors After the General Shareholders' Meeting

If all candidates are elected as Directors, the Board of Directors will consist of ten (10) Directors: six (6) Internal Directors (of which, four (4) will be Executive Directors and two (2) will be non-executive Directors) and four (4) independent Outside Directors with the latter comprising at least one-third of the Directors.

Skillset Matrix of the Board of Directors

	Name	Title	Execution of business	Independency	Skills particularly required by Leopalace21					
					Corporate management	Structural reforms	Sales and marketing	Compliance and risk management	Quality management	Finance
1	Bunya Miyao	Representative Director, President and CEO Chairman of the Board of Directors	Executive		○	○		○		○
2	Mayumi Hayashima	Director and Managing Executive Officer	Executive			○	○	○		
3	Naomichi Mochida	Director and Managing Executive Officer	Executive			○	○			
4	Shinji Takekura	Director and Executive Officer	Executive				○	○		○
5	Akio Yamashita	Director	Non-executive		○	○				○
6	Jin Ryu	Director	Non-executive			○	○			○
7	Akira Watanabe	Director	Non-executive	Independent Outside	○	○		○		
8	Yutaka Nakamura	Director	Non-executive	Independent Outside				○	○	
9	Takumi Shibata	Director	Non-executive	Independent Outside		○		○		○
10	Kan Ishii	Director	Non-executive	Independent Outside	○	○				○

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="16">1</td><td rowspan="15">Re-election

Bunya Miyao
(April 14, 1960)

Attendance at the Board of Directors meetings:
17/17

Term of office:
9 years</td><td>April 1983</td><td>Joined Nakamichi Leasing Co., Ltd.</td><td rowspan="15">11,788 shares</td></tr>
<tr><td>June 1990</td><td>Joined Leopalace21 Corporation</td></tr>
<tr><td>September 2000</td><td>Deputy Manager of the Financial Department, Leopalace21 Corporation</td></tr>
<tr><td>July 2008</td><td>General Manager of the Resort Business Headquarters, Leopalace21 Corporation</td></tr>
<tr><td>July 2010</td><td>General Manager of the Management Planning Department, Leopalace21 Corporation</td></tr>
<tr><td>July 2012</td><td>Administrative Officer, Leopalace21 Corporation</td></tr>
<tr><td>April 2013</td><td>Executive Officer, Leopalace21 Corporation</td></tr>
<tr><td>June 2016</td><td>Director and Executive Officer, Leopalace21 Corporation</td></tr>
<tr><td>May 2017</td><td>Representative in charge of the Management Planning Department, the Public Relations Department, Leopalace21 Corporation</td></tr>
<tr><td>April 2018</td><td>Director and Managing Executive Officer, Leopalace21 Corporation
Representative in charge of Management Planning and Investor Relations, Leopalace21 Corporation</td></tr>
<tr><td>May 2019</td><td>Representative Director, President and CEO, Leopalace21 Corporation (incumbent)</td></tr>
<tr><td>June 2019</td><td>Chief of the Business Operation Headquarters, Leopalace21 Corporation</td></tr>
<tr><td>May 2022</td><td>Chief of the Construction Defects Response Headquarters, Leopalace21 Corporation</td></tr>
<tr><td>April 2025</td><td>Chief of the Development Business Headquarters, Leopalace21 Corporation (incumbent)</td></tr>
<tr></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Director
Mr. Bunya Miyao has a background in overseeing all of the Company's group businesses, and has extensive experience in leading the management, as well as strong leadership and decisiveness. As Representative Director, he has appropriately made important decisions and supervised business execution, and worked on stabilizing earnings structure and financial base, promoting structural reforms and DX, and resolving construction defects problem. Furthermore, last fiscal year, the Company achieved its highest profit since the financial crisis of 2008 by maintaining an increase in the average unit rent for new contracts in the leasing business. We expect that he will continue to lead the Company's growth and development, and so the Company has nominated him again as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="13">2</td><td rowspan="12">Re-election

Mayumi Hayashima
(April 26, 1973)

Attendance at the Board of Directors meetings:
17/17

Term of office:
6 years</td><td>April 1996</td><td>Joined Leopalace21 Corporation</td><td rowspan="12">5,551 shares</td></tr>
<tr><td>April 2009</td><td>Deputy General Manager of the Eastern Japan Corporate Sales Department, Leasing Sales Section 3, Leasing Business Division, Leopalace21 Corporation</td></tr>
<tr><td>July 2010</td><td>General Manager of the Corporate Sales Department, Eastern Japan Section 2, Leasing Business Division, Leopalace21 Corporation</td></tr>
<tr><td>April 2014</td><td>General Manager of the Corporate Business Promotion Department, Leopalace21 Corporation</td></tr>
<tr><td>April 2015</td><td>Administrative Officer, Leopalace21 Corporation</td></tr>
<tr><td>April 2018</td><td>Executive Officer, Leopalace21 Corporation</td></tr>
<tr><td>June 2019</td><td>Director and Executive Officer, Leopalace21 Corporation
Chief of the Compliance Management Headquarters, Chief Legal Officer (CLO), Leopalace21 Corporation</td></tr>
<tr><td>June 2020</td><td>Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO), Leopalace21 Corporation</td></tr>
<tr><td>July 2020</td><td>Chief of the Management Headquarters, Leopalace21 Corporation</td></tr>
<tr><td>May 2021</td><td>Deputy Chief of the Corporate Management Headquarters, Leopalace21 Corporation</td></tr>
<tr><td>May 2022</td><td>Director and Managing Executive Officer, Leopalace21 Corporation (incumbent)
Chief of the Leasing Business Headquarters, Leopalace21 Corporation</td></tr>
<tr><td>November 2024</td><td>Chief of the Leasing Business Promotion Headquarters, Leopalace21 Corporation (incumbent)</td></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Director
Ms. Mayumi Hayashima has leveraged her diverse experience in the leasing business division, as well as extensive knowledge and a track record in overseeing the legal compliance department and implementing cross-departmental measures, to fulfill an important role as Director in taking important management decisions and supervising business execution and contribute to improving profitability. It is judged that her profound knowledge and experience are essential to the Company’s management, and so the Company has nominated her again as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="15">3</td><td rowspan="14">Re-election

Naomichi Mochida
(September 4, 1962)

Attendance at the Board of Directors meetings:
17/17

Term of office:
3 years</td><td>April 1985</td><td>Joined The Mitsui Bank, Limited (now Sumitomo Mitsui Banking Corporation)</td><td rowspan="14">42,700 shares</td></tr>
<tr><td>June 2007</td><td>Joined Leopalace21 Corporation
Director, General Manager of the Management Planning Department, Leopalace21 Corporation</td></tr>
<tr><td>April 2009</td><td>Director and Executive Officer, Leopalace21 Corporation
Department Manager of the 3rd Sales Department, Leasing Business Division, Leopalace21 Corporation
Department Manager of the Broadband Service Promotion Department, Leopalace21 Corporation</td></tr>
<tr><td>April 2010</td><td>Head of the Related Businesses Controlling Division, Leopalace21 Corporation</td></tr>
<tr><td>June 2010</td><td>Executive Officer of Leopalace21 Corporation</td></tr>
<tr><td>May 2011</td><td>Head of the Corporate Sales Management Division, Leopalace21 Corporation</td></tr>
<tr><td>April 2013</td><td>Deputy General Manager of the Leasing Business Division, Leopalace21 Corporation</td></tr>
<tr><td>April 2014</td><td>Managing Executive Officer, Leopalace21 Corporation</td></tr>
<tr><td>July 2015</td><td>Deputy General Manager of Contracted Construction Business Division, Leopalace21 Corporation</td></tr>
<tr><td>June 2020</td><td>Representative Director of Leopalace Leasing Corporation</td></tr>
<tr><td>May 2021</td><td>Administrative Officer and Department Manager of the Corporate Sales Planning Department, Leopalace21 Corporation</td></tr>
<tr><td>May 2022</td><td>Executive Officer, Leopalace21 Corporation
Deputy Chief of the Leasing Business Headquarters, Leopalace21 Corporation
General Manager of the Corporate Sales Division, Leopalace21 Corporation</td></tr>
<tr><td>June 2022</td><td>Director and Executive Officer, Leopalace21 Corporation</td></tr>
<tr><td>November 2024</td><td>Director and Managing Executive Officer, Leopalace21 Corporation (incumbent)
Chief of the Leasing Business Sales Headquarters, Leopalace21 Corporation (incumbent)</td></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Director
Mr. Naomichi Mochida has abundant experience in corporate sales, as well as insight he has gained as Representative Director of an affiliated subsidiary that provides corporate housing agency services. Last fiscal year, as Chief of the Leasing Business Sales Headquarters, he supervised all aspects of the leasing business sales and led the improvement of leasing business performance. As a Director, his knowledge and experience are essential to the Company’s ability to provide high value-added services, and so the Company has nominated him again as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="2">4</td><td>Re-election

Shinji Takekura
(May 9, 1972)

Attendance at the Board of Directors meetings:
17/17

Term of office:
3 years</td><td>April 1996
April 2014

May 2018

June 2020

October 2020

April 2021
May 2022

June 2022

April 2025</td><td>Joined Leopalace21 Corporation
Department Manager of the 1st Contracted Construction Business Department, West Japan Region, Leopalace21 Corporation
Department Manager of the 3rd Contracted Construction Business Department, East Japan Region, Leopalace21 Corporation
Department Manager of the 2nd Wealth Management Department, East Japan Region, and Responsible for the Emergency Response Project for Construction Defects Problem, Leopalace21 Corporation
Senior Department Manager of the Management Planning Department, Leopalace21 Corporation
Executive Officer, Leopalace21 Corporation
Chief of the Corporate Management Headquarters, Leopalace21 Corporation (incumbent)
Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO), Leopalace21 Corporation
Director and Executive Officer, Leopalace21 Corporation (incumbent)
Deputy Chief of the Development Business Headquarters, Leopalace21 Corporation (incumbent)

Significant concurrent positions
President and CEO, Leopalace Power Corporation</td><td>20,471 shares</td></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Director
Mr. Shinji Takekura has extensive business experience and a track record in the contracted construction business, as well as a wide range of knowledge from his experience overseeing the Corporate Management Headquarters and Compliance Promotion Headquarters. As a Director, he has appropriately made important management decisions and supervised business execution, contributing to the recovery of profitability, strengthening of the financial base, and the establishment of medium- to long-term growth strategies. In addition, as the chairman of the Sustainability Committee and IT Committee, he has led the promotion of ESG strategies and DX. It is judged that his abundant experience and knowledge are essential to the Company’s growth strategy, and so the Company has nominated him again as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="2">5</td><td>Re-election

Akio Yamashita
(October 23, 1961)

Attendance at the Board of Directors meetings:
17/17

Term of office:
4 years</td><td>April 1984

January 2006

June 2008

March 2013

June 2021
January 2022

June 2022
September 2023
February 2025

April 2025</td><td>Joined Japan Development Bank (now Development Bank of Japan Inc.)
Joined Morgan Stanley Securities Co., Ltd. (now Morgan Stanley MUFG Securities Co., Ltd.)
Joined Fortress Investment Group (Japan) GK, Managing Director (incumbent)
Representative in Japan, Fortress Investment Group (Japan) GK
Outside Director, Leopalace21 Corporation
Director, PJC Investments (now Accordia Golf Holdings Co., Ltd.)
Director, Accordia Golf co., Ltd.
Director, Leopalace21 Corporation (incumbent)
Director, Sogo & Seibu Co., Ltd. (incumbent)
Representative in Japan, Fortress Investment Group (Japan) GK, (incumbent)
Chairperson, Phoenix Resort Co., Ltd. (incumbent)
Director, Joban Kosan Co., Ltd. (incumbent)</td><td rowspan="1">0 shares</td></tr>
<tr><td colspan="4"></td></tr>
</table>

Significant concurrent positions (Candidate 5):
Representative in Japan and Managing Director, Fortress Investment Group (Japan) GK
Director, Sogo & Seibu Co., Ltd.
Director, Joban Kosan Co., Ltd.
Chairperson, Phoenix Resort Co., Ltd.

Reasons for nomination as a candidate for Director

Mr. Akio Yamashita has extensive business experience and a wide range of knowledge as an officer and employee of financial institutions. As a representative of an investment fund, he has a track record in a wide variety of projects, including real estate-related business, real estate finance, urban redevelopment funds, management buyouts, and corporate rehabilitation projects. At the Board of Directors meetings, he has proactively expressed his opinions from a fair perspective and appropriately supervised business execution of the Company. It is judged that his abundant experience and knowledge are essential for the Company’s growth strategy, and so the Company has nominated him again as a candidate for Director.

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td>6</td><td>Re-election

Jin Ryu
(June 10, 1984)

Attendance at the Board of Directors meetings:
16/17

Term of office:
4 years</td><td>April 2010
April 2011
May 2012
April 2020
December 2020

June 2021
January 2022

June 2022
September 2023</td><td>Joined Morgan Stanley MUFG Securities Co., Ltd.
Joined RBS Securities Japan Ltd.
Joined Fortress Investment Group (Japan) GK
Director, FHK Company (incumbent)
Managing Director, Fortress Investment Group (Japan) GK (incumbent)
Outside Director, Leopalace21 Corporation
Director, PJC Investments (now Accordia Golf Holdings Co., Ltd.)
Director, Accordia Golf co., Ltd.
Director, Leopalace21 Corporation (incumbent)
Representative Director, Sogo & Seibu Co., Ltd. (incumbent)</td><td>0 shares</td></tr>
</table>

Significant concurrent positions (Candidate 6):
Managing Director, Fortress Investment Group (Japan) GK
Director, FHK Company
Representative Director, Sogo & Seibu Co., Ltd.

Reasons for nomination as a candidate for Director

Mr. Jin Ryu has extensive business experience and a wide range of knowledge as an officer and employee of an investment fund, and he has a great track record of investing in and rehabilitating real estate-related businesses and companies. At the Board of Directors meetings, he has proactively expressed his opinions from a fair perspective and appropriately supervised business execution of the Company. It is judged that his abundant experience and knowledge can be leveraged for the Company’s growth strategy, and so the Company has nominated him again as a candidate for Director.

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="13">7</td><td rowspan="12">Re-election
Outside
Independent

Akira Watanabe
(February 16, 1947)

Attendance at the Board of Directors meetings:
17/17

Term of office:
4 years and 11 months</td><td>April 1973</td><td>Registered as an attorney at law</td><td rowspan="12">10,484 shares</td></tr>
<tr><td>November 2006</td><td>External Statutory Auditor, FAST RETAILING CO., LTD.</td></tr>
<tr><td>June 2007</td><td>Outside Director, MAEDA CORPORATION</td></tr>
<tr><td>June 2007</td><td>Outside Audit & Supervisory Board Member, KADOKAWA GROUP HOLDINGS, INC. (now KADOKAWA CORPORATION)</td></tr>
<tr><td>April 2010</td><td>Outside Director, MS&AD Insurance Group Holdings, Inc.</td></tr>
<tr><td>March 2013</td><td>Outside Director, DUNLOP SPORTS CO., LTD.</td></tr>
<tr><td>October 2015</td><td>Director, ASIA PILE HOLDINGS CORPORATION (incumbent)</td></tr>
<tr><td>September 2018</td><td>Partner, Comm & Path Law Office (incumbent)</td></tr>
<tr><td>June 2019</td><td>Outside Director, Maeda Road Construction Co., Ltd. (incumbent)</td></tr>
<tr><td>July 2020</td><td>Outside Director, Leopalace21 Corporation (incumbent)</td></tr>
<tr><td>June 2022</td><td>Outside Director, KADOKAWA CORPORATION</td></tr>
<tr><td colspan="2">Significant concurrent positions
Director, ASIA PILE HOLDINGS CORPORATION
Outside Director, Maeda Road Construction Co., Ltd.
Partner, Comm & Path Law Office</td></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Outside Director and overview of expected roles
Mr. Akira Watanabe possesses expertise as an attorney at law and, through his experience as an outside director at other companies, he has developed deep knowledge of corporate management. As lead Outside Director of the Company, he has appropriately supervised business execution of the Company from an independent and fair perspective. Moreover, as the chairman of the Compliance Committee, he has contributed to strengthening and enhancing the Company’s compliance system. His high level of expertise in legal affairs and compliance is essential to strengthening the functions of the Company’s Board of Directors and improving corporate governance, and so the Company has nominated him again as a candidate for Outside Director.</td></tr>
<tr><td rowspan="9">8</td><td rowspan="8">Re-election
Outside
Independent

Yutaka Nakamura
(September 28, 1958)

Attendance at the Board of Directors meetings:
17/17

Term of office:
5 years and 4 months</td><td>April 1981</td><td>Joined National Housing Materials Co., Ltd. (now Panasonic Homes Co., Ltd.)</td><td rowspan="8">4,187 shares</td></tr>
<tr><td>October 2002</td><td>Manager of Quality & Environmental Promotion Department, Panasonic Homes Co., Ltd.</td></tr>
<tr><td>October 2006</td><td>Manager of Quality, Environment & IT Department, Panasonic Homes Co., Ltd.</td></tr>
<tr><td>April 2011</td><td>Councilor and Manager of Corporate Quality & Environmental Division, Panasonic Homes Co., Ltd.</td></tr>
<tr><td>April 2012</td><td>Senior Councilor and Manager of Corporate Quality & Environmental Division, Panasonic Homes Co., Ltd.</td></tr>
<tr><td>April 2018</td><td>Senior Principal for Quality & Customer Satisfaction, Panasonic Homes Co., Ltd.</td></tr>
<tr><td>March 2019</td><td>Retired from Panasonic Homes Co., Ltd.</td></tr>
<tr><td>February 2020</td><td>Outside Director, Leopalace21 Corporation (incumbent)</td></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Outside Director and overview of expected roles
Mr. Yutaka Nakamura has been involved in quality management and environmental management in the housing industry for many years, and held key positions in several organizations. Based on his abundant track record and deep knowledge, as an Outside Director of the Company, he has appropriately supervised business execution from an independent and fair perspective. Moreover, as the chairman of the Nomination and Compensation Committee, he has increased the transparency and objectivity of officer nomination and remuneration decision procedures. His expertise and experience in construction technologies are essential to supervising and providing advice on the Company’s business execution, and so Company has nominated him again as a candidate for Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="17">9</td><td rowspan="16">Re-election
Outside
Independent

Takumi Shibata
(January 8, 1953)

Attendance at the Board of Directors meetings:
17/17

Term of office:
3 years</td><td>April 1976</td><td>Joined Nomura Securities Co., Ltd.</td><td rowspan="16">21,334 shares</td></tr>
<tr><td>July 1997</td><td>Managing Director, Nomura International plc</td></tr>
<tr><td>July 1998</td><td>Director, Nomura Securities Co., Ltd.</td></tr>
<tr><td>April 2000</td><td>Managing Director, Nomura Europe Holdings plc</td></tr>
<tr><td>April 2005</td><td>President and CEO, Nomura Asset Management Co., Ltd.</td></tr>
<tr><td>July 2007</td><td>Deputy President and COO, Nomura Holdings, Inc.</td></tr>
<tr><td>July 2013</td><td>Executive Chairman, Nikko Asset Management Co., Ltd.</td></tr>
<tr><td>January 2014</td><td>President and COO, Nikko Asset Management Co., Ltd.</td></tr>
<tr><td>June 2020</td><td>Representative Director, Fiducia, Inc. (incumbent)</td></tr>
<tr><td>April 2022</td><td>Representative Director, Terra Foods Corporation (incumbent)</td></tr>
<tr><td>June 2022</td><td>Outside Director, Leopalace21 Corporation (incumbent)</td></tr>
<tr><td>July 2022</td><td>Outside Director, Nano Summit Co., Ltd. (incumbent)</td></tr>
<tr><td>May 2023</td><td>Outside Director, Seeds Co., Ltd. (incumbent)</td></tr>
<tr><td>June 2023</td><td>Outside Director, PJC Investments (now Accordia Golf Holdings Co., Ltd.)
Outside Director, Accordia Golf co., Ltd.</td></tr>
<tr><td>March 2025</td><td>Executive Director, Sound Wave Innovation Co., Ltd. (incumbent)</td></tr>
<tr><td colspan="2">Significant concurrent positions
Representative Director, Fiducia, Inc.
Representative Director, Terra Foods Corporation
Outside Director, Nano Summit Co., Ltd.
Outside Director, Seeds Co., Ltd.
Executive Director, Sound Wave Innovation Co., Ltd.</td></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Outside Director and overview of expected roles
Mr. Takumi Shibata has accumulated broad insight as a corporate manager and deep knowledge in asset management and finance through his career, which includes important positions at securities and asset management companies. As an Outside Director of the Company, he has appropriately supervised the business execution from an independent and fair perspective. His high level of expertise is essential to realizing the structural reforms that the Company aims for and to strengthening the functions of the Board of Directors, and so the Company has nominated him again as a candidate for Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and positions and duties in the Company
(Significant concurrent positions)</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="2">10</td><td>Re-election
Outside
Independent

Kan Ishii
(February 11, 1954)

Attendance at the Board of Directors meetings:
17/17

Term of office:
3 years</td><td>April 1977
October 2008
January 2010
August 2011
June 2017
April 2018
June 2018
April 2019
June 2021
June 2022</td><td>Joined Japan Development Bank (now Development Bank of Japan Inc.)
Managing Executive Officer, Development Bank of Japan Inc.
Trustee Representative, Japan Airlines Co., Ltd.
Representative Director President, FUKUOKA JISHO CO., LTD.
Outside Director, NIPPON PISTON RING CO., LTD.
Visiting Professor, The Graduate School of Project Design
Director, The Nishinippon Shimbun
Specially Appointed Professor, The Graduate School of Project Design (incumbent)
Advisor, TERRACE MILE, Inc. (incumbent)
Outside Director, Leopalace21 Corporation (incumbent)
Representative Director, PJC Investments (now Accordia Golf Holdings Co., Ltd.)
Representative Director, President and CEO, Accordia Golf co., Ltd.

Significant concurrent positions
Specially Appointed Professor, The Graduate School of Project Design
Advisor, TERRACE MILE, Inc.</td><td>0 shares</td></tr>
<tr><td colspan="4">Reasons for nomination as a candidate for Outside Director and overview of expected roles
Mr. Kan Ishii possesses broad knowledge and experience concerning corporate rehabilitation accumulated through his career, which includes important positions at an investment bank and serving as Trustee Representative of Japan Airlines. He also fulfills an appropriate role as Outside Director in supervising the business execution of the Company from an independent and fair perspective. It is judged that his high level of expertise is essential to realizing the structural reforms that the Company aims for and strengthening the functions of the Board of Directors, and so the Company has nominated him again as a candidate for Outside Director.</td></tr>
</table>

Notes:
1. There is no particular interest between any of the candidates and the Company.
2. Mr. Akira Watanabe, Mr. Yutaka Nakamura, Mr. Takumi Shibata and Mr. Kan Ishii are candidates for Outside Director. These four candidates for Outside Director are candidates for independent officer as stipulated in Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. As the candidates also satisfy the independence criteria set forth by the Company, the Company deems that the independence of the candidates is assured. In addition, the Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Akira Watanabe, Mr. Yutaka Nakamura, Mr. Takumi Shibata and Mr. Kan Ishii as independent officers.
3. Fortress Investment Group (Japan) GK, where Mr. Akio Yamashita and Mr. Jin Ryu both serve as a Managing Director, is a business entity with ties to Chidori Godo Kaisha, a major shareholder of the Company.
4. Mr. Akira Watanabe has held a position at Maeda Road Construction Co., Ltd. as Outside Director. Although there is a business relationship between the said company and the Company, the transaction amount is negligible (accounts for less than 2% of the said company's and the Company's consolidated net sales in the most recent fiscal year), and, therefore, the Company deems that this does not affect his independence.
5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into limited liability agreements with Mr. Akio Yamashita, Mr. Jin Ryu, Mr. Akira Watanabe, Mr. Yutaka Nakamura, Mr. Takumi Shibata and Mr. Kan Ishii, limiting their liability for damages under Article 423, paragraph (1) of the Companies Act, to the minimum limit amount prescribed by laws and regulations. The Company will continue these agreements if their re-election is approved.
6. The Company has entered into a directors and officers liability insurance policy pursuant to Article 430-3, paragraph (1) of the Companies Act with an insurance company, under which all of the Directors are the insureds. The policy details are described in "3. Outline of directors and officers liability insurance policy" under "Items Regarding Directors/Audit & Supervisory Board Members of the Company" of the Business Report. Furthermore, if each candidate assumes the office of Director, they will be insureds under the policy, and the Company intends to renew the policy during their terms of office.
7. Ms. Mayumi Hayashima's name on her family register is Mayumi Tsuboi.

8. The number of shares shown for “Number of the Company’s shares held” for each candidate includes shares held in the relevant stockholding association.
9. From September to October 2022, officers and employees of KADOKAWA CORPORATION, for which Mr. Akira Watanabe served as an Outside Director until June 2023, were arrested and indicted on suspicion of bribery in connection with the selection of sponsors for the Tokyo 2020 Olympic and Paralympic Games. Although Mr. Akira Watanabe was an Audit & Supervisory Board Member in 2020 when the alleged incident occurred, he was unaware of the incident until it came to light. After the incident occurred, he investigated the facts from the perspective of governance and compliance, determined the cause, and provided advice to prevent its recurrence.

Proposal No. 4: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Jiro Yoshino will expire at the conclusion of this Ordinary General Shareholders' Meeting. Therefore, it is proposed that one (1) Audit & Supervisory Board Member be elected.
The Audit & Supervisory Board has given its consent to this proposal.
The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and positions in the Company (Significant concurrent positions)		Number of the Company's shares held
Re-election Outside Independent Jiro Yoshino (August 24, 1954) Attendance at the Audit & Supervisory Board meetings: 14/14 Attendance at the Board of Directors meetings: 17/17 Term of office: 8 years	April 1978	Joined Dai-Tokyo Fire and Marine Insurance Co., Ltd. (now Aioi Nissay Dowa Insurance Co., Ltd.)	12,407 shares
	April 2011	Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd. (commissioned as General Manager of Chiba Division)	
	April 2012	Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd. (commissioned as General Manager of Regional Sales Promotion Division)	
		Executive Officer, MS&AD Insurance Group Holdings, Inc.	
	June 2013	Full-time Audit & Supervisory Board Member, MS&AD Insurance Group Holdings, Inc.	
	June 2017	Full-time Audit & Supervisory Board Member, MS&AD Insurance Group Holdings, Inc. (retired from office)	
	June 2017	Audit & Supervisory Board Member, Leopalace21 Corporation (incumbent)	
Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member Mr. Jiro Yoshino has held key positions at Aioi Nissay Dowa Insurance Co., Ltd. and possesses deep insight and abundant experience accumulated as a business manager of a listed company. Moreover, he has served as a full-time Audit & Supervisory Board Member at MS&AD Insurance Group Holdings, Inc., and has abundant knowledge and experience as an Audit & Supervisory Board Member. It is judged that he will be best to appropriately audit the execution of duties by the Company's Directors, and the Company has therefore nominated him again as a candidate for Outside Audit &Supervisory Board Member.			

Notes: 1. There is no particular interest between Mr. Jiro Yoshino and the Company.
2. Mr. Jiro Yoshino is a candidate for Outside Audit & Supervisory Board Member. He is a candidate for independent officer as stipulated in Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. As the candidate also satisfies the independence criteria set forth by the Company, the Company deems that the independence of the candidate is assured. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Jiro Yoshino as an independent officer.
3. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into a limited liability agreement with Mr. Jiro Yoshino limiting his liability for damages under Article 423, paragraph (1) of the Companies Act, to the minimum limit amount prescribed by laws and regulations. The Company will continue this agreement if his re-election is approved.
4. The Company has entered into a directors and officers liability insurance policy pursuant to Article 430-3, paragraph (1) of the Companies Act with an insurance company, under which all of the Audit & Supervisory Board Members are the insureds. The policy details are described in "3. Outline of directors and officers liability insurance policy" under "Items Regarding Directors/Audit & Supervisory Board Members of the Company" of the Business Report. Furthermore, if the candidate assumes the office of Audit & Supervisory Board Member, he will be an insured under the policy, and the Company intends to renew the policy during his term of office.

Proposal No. 5: Election of One (1) Substitute Audit & Supervisory Board Member

The Company requests approval for the election of one (1) substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Outside Audit & Supervisory Board Members fall below the number required by laws and regulations.
The Audit & Supervisory Board has given its consent to this proposal.
The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and positions in the Company (Significant concurrent positions)		Number of the Company's shares held
Outside Independent Takashi Saito (November 27, 1955) Attendance at the Audit & Supervisory Board meetings: - / - Attendance at the Board of Directors meetings: - / -	October 1980 October 1985 October 2000 February 2011 August 2013 August 2024	Joined Nishiyama Certified Public Accountant and Tax Accountant Office Joined ChuoAoyama Audit Corporation Joined Ouyu Joint Office Established Seiyo Audit Corporation, Representative Partner Chairperson, Seiyo Audit Corporation Saito Accounting and Tax Office (incumbent)	0 shares
Reasons for nomination as a candidate for substitute Outside Audit & Supervisory Board Member Mr. Takashi Saito has extensive business experience as a certified public accountant and tax accountant and a track record in the management of auditing firms. Despite the lack of his past involvement in the corporate management except as an Outside Director or an Outside Audit & Supervisory Board Member, it is judged that his deep knowledge and experience will be extremely valuable in appropriately executing his duties as an Audit & Supervisory Board Member. Therefore, to strengthen the Company's audit system, the Company has nominated him as a candidate for substitute Audit & Supervisory Board Member.			

Notes: 1. There is no particular interest between Mr. Takashi Saito and the Company.
2. Mr. Takashi Saito is a candidate for substitute Outside Audit & Supervisory Board Member. He is a candidate for independent officer as stipulated in Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. As the candidate also satisfies the independence criteria set forth by the Company, the Company deems that the independence of the candidate is assured.
3. If Mr. Takashi Saito assumes the office of Outside Audit & Supervisory Board Member, the Company will notify Tokyo Stock Exchange, Inc. of his designation as an independent officer.
4. If Mr. Takashi Saito assumes the office of Outside Audit & Supervisory Board Member, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company plans to enter into a limited liability agreement with him limiting his liability for damages under Article 423, paragraph (1) of the Companies Act, to the minimum limit amount prescribed by laws and regulations.
5. The Company has entered into a directors and officers liability insurance policy pursuant to Article 430-3, paragraph (1) of the Companies Act with an insurance company, under which all of the Audit & Supervisory Board Members are the insureds. The policy details are described in "3. Outline of directors and officers liability insurance policy" under "Items Regarding Directors/Audit & Supervisory Board Members of the Company" of the Business Report. Furthermore, if the candidate assumes the office of Audit & Supervisory Board Member, he will be an insured under the policy, and the Company intends to renew the policy during his term of office.

[Reference]
Independence Criteria for the Company's Outside Officers
(Directors and Audit & Supervisory Board Members)

When electing Outside Directors or Outside Audit & Supervisory Board Members of the Company, in order for a nominee to be recognized as independent, the nominee must not fall under any of the criteria set forth below.

(1) Person who executes business* of the Leopalace21 Group (*person who executes business of a corporation or other organization such as director (excluding outside director), corporate executive (*shikkoyaku*), executive officer, business-executing employee, administrative officer, or other officers or employees)

(2) Major shareholder* of the Company (*shareholder who directly or indirectly holds 10% or more of the total voting rights) or a person who executes business thereof

(3) Person who executes business of a corporation of which the Company is a major investor* (*entity who directly or indirectly holds 10% or more of the total voting rights)

(4) Person for whom the Company is a major transaction counterparty* (*a transaction counterparty who provides the Company with goods or services and whose total amount of transactions to the Company in the most recent fiscal year is at least 2% of the total amount of that party's net sales or gross income) or a person who executes business thereof

(5) Major transaction counterparty of the Company* (*a transaction counterparty to whom the Company provides goods or services and whose total amount of transactions with the Company in the most recent fiscal year is at least 2% of the total amount of the Company's net sales) or a person who executes business thereof

(6) Person who executes business of a major financing institution of the Company* (*financing institution from which the Company makes borrowings of an amount in the most recent fiscal year of at least 2% of the total assets of the Company)

(7) Person who belongs to the audit firm that performs the statutory auditing of the Company

(8) Accounting specialist such as a certified public accountant, tax specialist such as a certified tax accountant, legal specialist such as an attorney at law or other consultant (hereinafter, collectively, "consultant and the like.") that receives remuneration other than officer remuneration from the Company of an amount in the most recent fiscal year that is at least JPY 10 million or 2% of the total net sales or gross income for that person, whichever is higher, or a person who belongs to such entity in the cases where the consultant and the like is an entity such as a corporation or partnership

(9) Person who executes business at a company at which a person who executes business of the Company presently serves or within the past three years had served as an outside officer

(10) In the case of a person/entity who has received a donation from the Company in the most recent fiscal year that is at least JPY 10 million or 2% of the total net sales or gross income for that person/entity, whichever is higher, that person or a person who executes business thereof

(11) Person who fell under any of the above criteria (1) to (10) within the past three years

(12) Person who is a relative within the second degree of kinship of or who shares living expenses with a person who falls under any of the above criteria (1) to (10) (provided, however, that such "person who executes business" is limited to persons who execute important business, such as directors (excluding outside directors), corporate executives (*shikkoyaku*), executive officers, business-executing employees, administrative officers and chief division officers for the above criteria (2) to (6), (9) and (10) and such "person who belongs" to an entity is limited to a person possessing the specialist qualifications, such as a certified public accountant or attorney at law for the above criteria (7) and (8))

(13) Other person who can reasonably be judged as having equivalent conflict of interest with shareholders as the persons who fall under the above criteria (1) to (12)

Proposal No. 6: Determination of the Amount and Nature of Performance-Linked Share-Based Remuneration for Executive Directors

1. Reason for the proposal and reasons why the proposal is appropriate

   The remuneration of Executive Directors of the Company has consisted of "performance-linked remuneration" and "incentive bonuses" paid in cash and "Stock Compensation-Type Stock Options". Going forward, regarding the stock compensation, the Company intends to replace the "Stock Compensation-Type Stock Options" with "long-term incentive (performance-linked share-based remuneration)" using a trust.
   This proposal requests approval for the introduction of "long-term incentive (performance-linked share-based remuneration)" using a trust (hereinafter referred to as the "Plan").
   The Plan aims to promote the sharing of profits between Directors and shareholders, to make remuneration function as an incentive to increase corporate value over the medium to long term, and to increase the transparency of remuneration from shareholders and the rationality of remuneration for the performance of duties.
   The remuneration scheme under this proposal is separate from the limit on remuneration for the Directors (including Outside Directors; JPY 800 million per year with the amount for Outside Directors capped at JPY 100 million per year), which was approved at the 44th Ordinary General Shareholders' Meeting held on June 29, 2017. The eligible recipients are the Company's Executive Directors (hereinafter referred to as "Directors").
   The Company requests that the details of the remuneration scheme be delegated to the Board of Directors within the framework outlined in 2. below.
   The details of the cash remuneration under this proposal will continue to be determined by the Board of Directors within the above limits. However, we plan to replace "performance-linked remuneration" and "incentive bonuses" with "fixed remuneration" and "short-term incentive (cash bonus)," respectively.
   Subject to the approval of this proposal as originally proposed, the remuneration limit for "Stock Compensation-Type Stock Options" (not exceeding JPY 300 million and 5,000 stock acquisition rights (500,000 common shares of the Company) per financial year), approved at the 44th Ordinary General Shareholders' Meeting held on June 29, 2017, will be abolished. Furthermore, the Company will no longer grant stock acquisition rights as "Stock Compensation-Type Stock Options."
   In addition, the Company will establish a transitional measure from the "Stock Compensation-Type Stock Options" to this Plan as follows: The stock acquisition rights already granted as "Stock Compensation-Type Stock Options" to the eligible Directors but not yet exercised (Note that the stock acquisition rights include the portion that was scheduled to be granted as for the previous fiscal year. The same applies hereafter.) will be waived and extinguished by the relevant Directors, who in exchange will receive the Company's common shares (hereinafter referred to as "Company Shares") under the Plan, subject to the approval of this proposal as originally proposed and the commencement of the operation of the Plan.
   The purpose of introducing this Plan is as described above. An outline of the details of the policy for determining the content of individual remuneration and others for Directors at the Company is as described in the Business Report under "Items Regarding Directors/Audit & Supervisory Board Members of the Company, 4. Directors' and Audit & Supervisory Board Members' remuneration and others (1) Things including the policy for determining the content of board members' remuneration and others." The Plan is in line with the above stated policy, and the contents of this proposal are necessary and reasonable for providing remuneration, etc. in accordance with the policy.
   Furthermore, to ensure the objectivity and transparency of procedures, this proposal has been deliberated by the Nomination and Compensation Committee, the majority of whose members are independent Outside Directors, and is being submitted based on the results of such deliberation. Based on the above, the Company believes that the details in this proposal are appropriate.
   If "Proposal No. 3: Election of Ten (10) Directors" is approved as originally proposed, four (4) Directors will be eligible under the Plan.
   Furthermore, subject to the approval of this proposal, the Company plans to introduce a share-based remuneration plan for executive officers who have entered into a service

agreement with the Company (hereinafter referred to as “Executive Officers”), similar to the plan for Directors. In this case, Executive Officers will be beneficiaries of the trust established by the Company for the operation of the Plan, in the same way as Directors. In addition, the Company will also trust the funds for the acquisition of shares to be delivered to the Executive Officers to the trustee of the trust (the Trust in 2 (1) below).

2. The Amount and nature of remuneration under the Plan

(1) Outline of the Plan
The Plan is a share-based remuneration system in which a trust (hereinafter referred to as “the Trust”), established with money contributed by the Company, will acquire the Company Shares and deliver to Directors either Company Shares or cash equivalent of such shares, corresponding to the number of points granted by the Company to each Director.

1)Persons eligible for the Plan	Executive Directors of the Company
2)Target period	Up to five consecutive fiscal years as determined by the Board of Directors (the initial target period shall be from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028)
3)Upper limit on the total amount of money to be contributed by the Company as funds to acquire the Company Shares necessary for delivery to the persons eligible in 1) during the target period in 2) (as described in (2) below)	The amount by multiplying the number of fiscal years during the target period in 2) by JPY 300 million However, during the initial target period, in addition to the amount of money up to the aforementioned amount, the Company will establish a transitional measure from the “Stock Compensation-Type Stock Options” to entrust up to JPY 600 million as a source of funds for acquiring the Company Shares in proportion to the points to be granted to Directors.
4)Maximum total number of points to be granted to persons eligible in 1) (as described in (3) below)	750,000 points per fiscal year However, during the fiscal year ending March 31, 2026, as a transitional measure from the “Stock Compensation-Type Stock Options”, the Company shall, separate to the above-mentioned maximum number of points, grant up to a total of 814,900 points.
5)Method of acquisition of Company Shares by the trustee of the Trust (as described in (2) below)	To be acquired from the stock market (including off-floor trading) or from the Company (disposal of treasury stock) The percentage of the number of shares corresponding to the maximum total number of points (750,000 points per fiscal year) to the total number of issued shares (329,389,515 shares as of March 31, 2025) is approximately 0.22%. Furthermore, the percentage of the number of shares corresponding to the maximum number of points (814,900 points) for the transitional measures from “Stock Compensation-Type Stock Options” to the total number of issued shares (329,389,515 shares as of March 31, 2025) is approximately 0.24%
6)Criteria for granting points (as described in (3) below)	Points will be granted based on position and the degree of achievement of performance targets
7)Timing of delivery of Company Shares to persons eligible in 1) (as described in (5) below)	Upon retirement or at a specified time during the trust period (In principle, after three years have passed since the points were granted; however, if a Director retires before that period has passed, points shall be granted at the time of the retirement)

(2) Upper limit on trust money that may be contributed to the Trust as funds

The Company will establish the Trust with the Directors who will acquire beneficial interests as described in (5) below as beneficiaries (the trust period will be approximately three (3) years but may be extended as described below).

Then, the Company shall, by a resolution of the Board of Directors, set five consecutive fiscal years or less as the target period of the Plan, and during such target period, the Company shall pay up to JPY 300 million multiplied by the number of fiscal years during the target period as funds to acquire the Company Shares necessary for the delivery of the Company Shares to Directors under the Plan. The initial target period shall be the three (3) fiscal years from the fiscal year ending March 31, 2026, to the fiscal year ending March 31, 2028. However, as described in (3) below, the Company will establish a transitional measure from the “Stock Compensation Type Stock Options” to this Plan, so that during the initial target period, in addition to the amount of money up to JPY 300 million multiplied by the number of fiscal years (3) (i.e., JPY 900 million); the Company will entrust the Trust with up to JPY 600 million as a source of funds to acquire the Company Shares in proportion to the points to be granted to Directors.

The Trust shall use the money entrusted by the Company as the source of funds to acquire the Company Shares on the stock exchange (including off-floor trading) or at the disposal of the Company’s treasury stock.

N.B.: The amount of money actually entrusted by the Company to the Trust will be the total of the above-mentioned funds for acquisition of the Company Shares and the estimated amount of necessary expenses such as trustee fees and trust administrator fees. In addition, in the event that a stock remuneration plan similar to this Plan is introduced for Executive Officers as described above, the funds necessary for the acquisition of the Company Shares to be delivered to Executive Officers based on such plan will also be placed in trust.

If, upon the decision of the Board of Directors of the Company, a new target period is established after the expiration of the initial target period, the trust period of the Trust shall be extended accordingly (including effectively extending the trust agreement by transferring the trust assets of the Trust to a trust with the same purpose as the Trust established by the Company. The same shall apply hereinafter.) and the Plan will be continued. In this case, during such new target period, the Company will additionally trust money within the abovementioned maximum amount to the Trust as funds for additional acquisition of the Company Shares necessary to be delivered to Directors under the Plan, and the Company will also continue the point grant described in (3) below and the delivery of the Company Shares described in (4) below.

In addition, even if no new target period is set as described above and the Plan is discontinued, if there are Directors who have already been granted points but have not yet received the Company Shares corresponding to such points at the expiration of the trust period, the trust period of the Trust may be extended until the delivery of the Company Shares to the relevant Directors is completed.

(3) Method of granting points to Directors

In accordance with the Share Delivery Regulations determined by the Board of Directors of the Company, the Company shall grant points to each Director on the point grant date during the trust period stipulated in the Share Delivery Regulations (in principle, every fiscal year).

Such points shall be granted by multiplying the number of points determined in accordance with the position, etc., by the performance-linked coefficient that changes in accordance with the actual performance of the performance-linked indicators. However, the total number of points to be granted to Directors by the Company shall not exceed 750,000 points per fiscal year. (*)

The range of such performance-linked index and performance-linked coefficient shall be determined by the Board of Directors of the Company, but the performance-linked indicators for the initial target period are planned to be “ROE,” “TSR,” “employee engagement,” etc., and the range of the performance-linked coefficient will be 0% to 200%.

* As a transitional measure from the “Stock Compensation-Type Stock Options” to the Plan, the Company will take the following measures.
In the event that unexercised stock acquisition rights already granted as “Stock Compensation-Type Stock Options” are granted to directors, during the fiscal year ending March 31, 2026, the Company shall grant points equivalent to the number of shares to be issued upon exercise of such stock acquisition rights, in addition to the above maximum number of points (but up to a total of 814,900 points).

(4) Company Shares to be delivered to Directors
The number of Company Shares to be delivered to Directors under the Plan shall be one (1) share for each point granted in (3) above. However, in the event of a stock split, reverse stock split, or other event in which it is deemed reasonable to adjust the number of Company Shares to be delivered, the number of Company Shares per point shall be adjusted in accordance with such split or reverse stock split ratio.

(5) Method and timing of delivery of the Company Shares to Directors
Each Director shall acquire the beneficiary right of the Trust by following the prescribed procedures at the time of his/her retirement (excluding the case of death) or at a specified time during the trust period (in principle, after three years have elapsed from the grant of points; or at the time of retirement, if a Director retires before the expiration of the said period). He/she shall then receive the Company Shares as described in (4) above from the Trust as a beneficiary of the Trust.
However, a certain percentage of the Company Shares may be sold and converted into cash by the Trust for the purpose of the Company withholding funds for tax withholding, etc., and delivered in cash in place of the Company Shares. In addition, in the event that the Company Shares in the Trust are converted into cash, such as when the Company Shares in the Trust are tendered to a tender offer and settled, the shares may be delivered in cash in lieu of the Company Shares.
In the event that a Director dies while in office, all of the Company Shares corresponding to the accumulated points granted and remaining at that time shall, in principle, be converted into cash within the Trust, and the heirs of such Director shall receive a cash payment equivalent to the amount of such conversion.

(6) Exercise of voting rights
Based on the instructions of the trust administrator, who will be independent of the Company and its officers, none of the voting rights of the Company Shares held in the Trust may be exercised. The purpose of this is to ensure the neutrality of the Trust from the Company’s management regarding the exercise of voting rights in the Company Shares held in the Trust.

(7) Handling of dividends
Dividends on the Company Shares held in the Trust will be received by the Trust, and will be applied to the acquisition price of Company Shares, as well as trust fees payable to the trustee in connection with the Trust, etc.

(8) Handling of Company Shares and money at the time of termination of the Trust
It is planned that Company Shares that are residual assets of the Trust at the time of the Trust’s termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors.
Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust’s termination will be donated to a specified public interest promotion corporation, with which the Directors have no relationship of interest.

(9) Other Details of the Plan
Other details regarding the Plan shall be determined by the Board of Directors each time the Trust is established, the Trust Agreement is amended, or additional contributions are made to the Trust.

[Reference] Overview of Officer Remuneration System After This General Shareholders' Meetings

The following is an overview of the officer remuneration system if Proposal No. 6 is approved as originally proposed at this Ordinary General Shareholders' Meeting.

1. Basic Policy

   The remuneration for Directors who are driving the realization of the corporate philosophy and the Medium-term Management Plan is determined based on the following rationale:

   (1) The level of remuneration should be competitive and commensurate with the Company's profitability

   (2) The level of remuneration should correspond to the officer's assigned responsibilities, and it should function as compensation for the expected roles

   (3) The Plan must reflect an emphasis on sharing profit with shareholders

   (4) The Plan should function as healthy incentive for enhancing corporate value over the medium to long term

   (5) The Plan must be fair and just and encourage the utmost efforts regarding compliance

   (6) The Plan and its determination process should ensure both transparency and reasonableness

2. Details of the Remuneration System

   (1) Remuneration levels

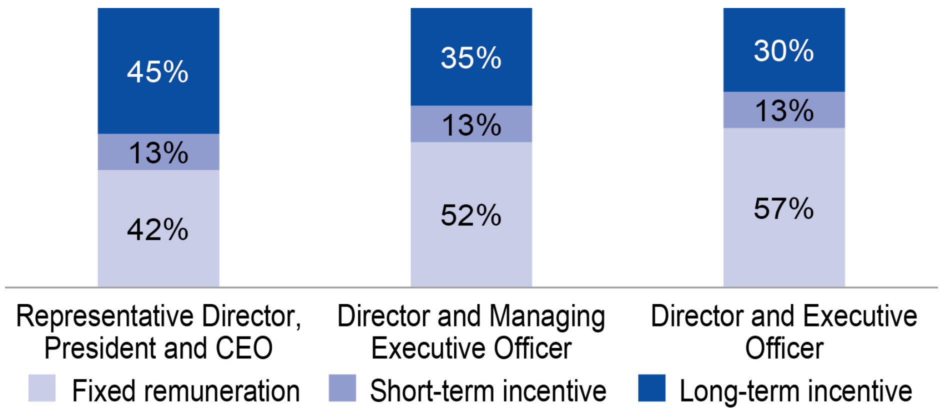
   The remuneration levels of Directors are set at a suitable level by referencing remuneration survey data objectively prepared by external professional organizations, while taking into account the size of the Company's earnings.

   The benchmark for remuneration is set at a suitable level, taking the size of the Company's earnings into account.

   (2) Remuneration system and remuneration composition ratio

   The Figure 1 below shows the composition ratio of Executive Officer remuneration by Director position.

   Figure 1: Executive Officer Remuneration Composition Ratio by Director Position



(3) Short-term incentive (cash bonus)
Short-term incentive (cash bonus) is remuneration designed to provide motivation for both target achievement and financial performance. It is a scheme with a high correlation to earnings results while incorporating evaluations from the perspectives of consolidated financial indicators, non-financial indicators on a consolidated basis, business division targets, and individual targets.

(4) Long-term incentive (performance-linked share-based remuneration)
As described in this proposal, the current “Stock Compensation-Type Stock Options” will be abolished and a new performance-linked share-based remuneration plan will be introduced. Long-term incentive (performance-linked share-based remuneration) is remuneration provided for the purpose of medium- to long-term corporate growth. To begin with, it will be provided via a share delivery trust that is linked to the financial performance, etc. over the period of three fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028.

3. Maximum Amount of Remuneration
Concerning the maximum amount of remuneration, etc. for the Company’s Directors and Audit & Supervisory Board Members, if the related proposal is approved and adopted at the 52nd Ordinary General Shareholders’ Meeting, the following will take effect.

<table>
<tr><th>Eligible officer</th><th>Type of remuneration</th><th>Remuneration limit amount</th><th>Date of shareholder meeting</th><th>No. of officers as of share-holders’ meeting</th><th>Remarks</th></tr>
<tr><td rowspan="2">Directors</td><td>Monetary remuneration</td><td>Within JPY 800 million per year (including an amount of up to JPY 100 million for Outside Directors) (not including employee salaries paid to Directors who serve concurrently as employees)</td><td>June 29, 2017</td><td>11</td><td></td></tr>
<tr><td>Share delivery trust</td><td>Total: JPY 900 million (for three fiscal years)
* JPY 300 million (per fiscal year)
Total points awarded to eligible persons during the trust period: 2,250,000 points (for three fiscal years)
* 750,000 points (per fiscal year)</td><td>June 26, 2025</td><td>4</td><td>Scheduled to be added at 52nd meeting</td></tr>
<tr><td>Audit & Supervisory Board Members</td><td>Basic remuneration</td><td>Within JPY 60 million per year</td><td>June 29, 2004</td><td>4</td><td></td></tr>
</table>

4. Malus and Clawback Provision
   As a deterrence against excessive risk-taking or misconduct by Executive Directors or Executive Officers, the Company has established a malus and clawback provision that enables the Company to take action to reduce, freeze, demand return of share-based remuneration when either of the following cases apply: (i) fraudulent preparation of financial statements or erroneous entry or altering of records, or (ii) if it is found that a grave violation of laws and regulations, misconduct, or violation of internal rules or the corporate code of ethics has occurred. The remuneration that may be subject to the malus and clawback provision is all or part of the share-based remuneration paid or granted during the Company's fiscal year in which the event occurred and the three preceding fiscal years.

BUSINESS REPORT (from April 1, 2024 to March 31, 2025)

Items Regarding Status of Group Operations

Overview of Operations

Although there were concerns about the impact of continuingly rising prices on personal consumption and the risk of downward pressure on the Japanese economy due to stagnation in China's real estate market, U.S. trade policies and other factors, the economy during the fiscal year ended March 31, 2025 continued on a path of gradual recovery, supported by improvements in employment and income conditions.

In the rental housing market, the number of new housing starts for the rental market increased by 4.8% year on year, but the number of vacant houses continues to increase due to the declining population, falling birthrate, and aging population.

Under these circumstances, in order to ensure a stable occupancy rate, the Leopalace21 group (the "Group") has proceeded with sales strategies that match regional and customer characteristics, keeping and enhancing property values through appropriate maintenance, promoting the digital transformation (DX) to provide highly convenient services to customers and improve productivity, and other measures, mainly targeting single-person households, which are expected to continue to increase,

Net sales for the fiscal year ended March 31, 2025 amounted to JPY 431,831 million, up 2.2% year on year, due to an upward trend in the average unit rent. Operating profit was JPY 29,231 million, up 25.4% year on year, as improved profitability absorbed an increase in cost of sales due to enhanced preventive maintenance, as well as higher SG&A expenses resulting from improved treatment of employees and budget expansions associated with stabilization of financial base. Recurring profit was JPY 26,936 million, up 38.3% year on year, mainly due to reduced interest expenses through refinancing.

Net income attributable to shareholders of the parent was JPY 17,861 million, down 57.5% year on year, mainly due to the recording of JPY 8,744 million in income taxes-deferred resulting from a partial reversal of deferred tax assets, despite recording JPY 1,394 million in a reversal of provision for losses related to repairs.

EBITDA for the fiscal year ended March 31, 2025 was JPY 32,734 million, an increase of 17.0% year on year.

Leasing Business

In Leasing Business, the Company has worked to secure stable occupancy rates and enhance profitability through various measures, which included increasing the use of web-based contract signing, expanding the installation of smart locks, deepening corporate demand through top-level sales activities, and implementing detailed pricing strategies tailored to the specific characteristics and needs of each customer and region.

For the fiscal year ended March 31, 2025, the occupancy rate at the end of the period was 87.57%, down 0.46 points from the end of the previous fiscal year, with an average occupancy rate of 85.56%, down 0.43 points year on year.

The main factors behind the decline in the overall occupancy rate from the previous fiscal year were the implementation of pricing strategies aimed at improving profitability and the curbing of low-margin short-term contracts with a lump sum payment. However, the occupancy rate for long-term contracts with monthly payment showed a year-on-year increase.

The index of average unit rent for new contracts (the index in April 2016 deemed to be 100) at the end of the period was 107, up 6 points year on year. Profit per unit under management improved to its highest level on record.

Consequently, net sales for the fiscal year ended March 31, 2025 increased by 2.3% year on year to JPY 416,918 million. Operating profit was JPY 38,059 million, a growth of 25.3% year on year, mainly due to improved profitability offsetting increases in maintenance costs for managed properties and personnel costs.

Elderly Care Business

In Elderly Care Business, despite efforts of various revenue boosting measures and continued cost control, net sales decreased by 2.0% year on year to JPY 13,726 million and operating loss amounted to JPY 803 million, an increase of loss by JPY 182 million year on year.

The number of facilities at the end of the fiscal year ended March 31, 2025 was 85, unchanged from the end of the previous fiscal year.

Other Businesses

Other Businesses segment, which includes the operation of Guam resort facilities, reported net sales of JPY 1,186 million, up 0.9% year on year, and operating loss of JPY 2,608 million, an increase of loss by JPY 217 million year on year. The result was caused by the continued sluggish occupancy rate of Guam resort facilities amid the reduced number of visitors to Guam, which has yet to return to the level prior to the COVID-19 pandemic.

Issues to Be Addressed

The Company has formulated a Medium-term Management Plan, “New Growth 2028,” covering the three-year period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028.

The Medium-term Management Plan clarifies our vision of what the Company should be in light of the future business environment. Under this plan, we aim to strengthen our business foundation, with a focus on the leasing business and the development business, while also striving to further enhance our corporate value by promoting four strategies aimed at achieving both economic value and social value.

Economic Value	Social Value
Fundamental Strategy	Fundamental Strategy
Implement Regional Strategy (Improve Occupancy Rates and Overall Unit Rent Being Occupied)	Establish a Sustainable Organizational Structure through **Promotion of DX and Human Capital Management**
Growth Strategy	Growth Strategy
Resume Full-Scale Development Business (Optimize Managed Property Portfolio)	Contribute to a Decarbonized Society through **supply of ZEH(Net Zero Energy House) Properties**

Numerical targets

(JPY million, unless otherwise specified)

	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2028
Net sales	441,400	456,300	468,000
Operating profit	32,400	38,500	41,300
Recurring profit	30,900	37,300	40,100
Net income attributable to shareholders of the parent	18,100	22,100	23,900
Net income per share (EPS)	56.97 yen	69.56 yen	75.23 yen

With regard to repair works on properties constructed by the Company, we have completed investigations and repairs of all obvious defects for which we obtained the cooperation of the tenants and building owners.

We will continue to be prepared for responding to the requests of tenants and building owners and, in consultation with Designated Administrative Agencies, will carefully consider their individual circumstances and proceed with repairs and other measures based on a response plan tailored to the circumstances of each property.

We aim to strengthen our business foundation and further enhance our corporate value by steadily implementing the above measures. We ask shareholders for your continued understanding and support of these endeavors.

Financing Activities

The Group raised JPY 30,000 million from Mizuho Bank, Ltd. as of March 14, 2025 for the purpose of refinancing loans from Biwa Godo Kaisha, an affiliated entity of Fortress Investment Group LLC.

The Company made early repayment of JPY 29,225 million of loan from Biwa Godo Kaisha on March 14, 2025.

Capital Investment

The total amount of capital investment carried out in the fiscal year ended March 31, 2025 was JPY 489 million. The main components of this were JPY 159 million for renovation work on equipment at the Head Office, JPY 168 million for capital investment in the Guam resort facilities, and JPY 147 million for investment in information systems related to Leasing Business.

Major Subsidiaries (as of March 31, 2025)

Company Name	Capital	Voting Rights Ratio	Major Areas of Operation
Leopalace Leasing Corporation	JPY 400 million	100.0%	Corporate Housing Management Business Real Estate Brokerage Business
Plaza Guarantee Co., Ltd.	JPY 100 million	100.0%	Rent Obligation Guarantee Business
Leopalace Power Corporation	JPY 80 million	73.2%	Solar Power Generation Business
ASUKA SSI	JPY 1,000 million	100.0%	Small-Amount, Short-Term Insurance Business
Leopalace21 Business Consulting (Shanghai) Co., Ltd.	RMB 5,359 thousand	100.0%	Consulting Business
Leopalace21 Singapore Pte. Ltd.	USD 12,539 thousand	100.0%	Investment Consulting Business
Azu Life Care Co., Ltd.	JPY 100 million	100.0%	Elderly Care Business
Leopalace Guam Corporation	USD 26,000 thousand	100.0%	Resort Business
Leopalace Smile Co., Ltd.	JPY 10 million	100.0%	Clerical Work Outsourcing Service Business

Note: There was no specified wholly-owned subsidiary as of the end of the fiscal year ended March 31, 2025.

Major Areas of Operation (as of March 31, 2025)

Segment	Areas of Operation
Leasing Business	Leasing and management of apartments, repair work, broadband service, rent obligation guarantee business, corporate housing management business, solar power generation business, small-amount, short-term insurance business, real estate brokerage business, contracted construction work for apartments, etc.
Elderly Care Business	Operation of elderly care facilities
Other Businesses	Operation of resort facilities, finance business, clerical work outsourcing service business, etc.

Major Business Locations of the Group (as of March 31, 2025)

The Company

Head Office	Nakano-ku, Tokyo
Regional Headquarters	47 prefectures nationwide (Directly managed leasing sales offices: 64 offices) Overseas (Directly managed leasing sales offices: 5 offices [People's Republic of China: 4 offices; the Republic of Korea: 1 office])
Care Facilities	22 facilities nationwide (Tokyo Prefecture: 2 facilities; Chiba Prefecture: 7 facilities; Saitama Prefecture: 4 facilities; Kanagawa Prefecture: 2 facilities; Ibaraki Prefecture: 2 facilities; Tochigi Prefecture: 4 facilities; Gunma Prefecture: 1 facility)

Major Subsidiaries

Leopalace Leasing Corporation	Nakano-ku, Tokyo
Plaza Guarantee Co., Ltd.	Nakano-ku, Tokyo
Leopalace Power Corporation	Nakano-ku, Tokyo
ASUKA SSI	Nakano-ku, Tokyo
Leopalace21 Business Consulting (Shanghai) Co., Ltd.	The People's Republic of China
Leopalace21 Singapore Pte. Ltd.	The Republic of Singapore
Azu Life Care Co., Ltd.	Nakano-ku, Tokyo
Leopalace Guam Corporation	Guam (a territory of the U.S.A.)
Leopalace Smile Co., Ltd.	Nakano-ku, Tokyo

Employees of the Group (as of March 31, 2025)

1. Employees of the Group

Segment	Number of Employees	
Leasing Business	2,254	[837]
Elderly Care Business	1,073	[909]
Other Businesses	179	[37]
All companies (common)	403	[39]
Total	3,909	[1,822]

Notes: 1. The number of employees indicates the number of full-time employees. The average annual number of temporary employees (part-time workers and dispatched workers) is indicated separately in square brackets.

2. The number of employees indicated as all companies (common) is the number of those working in administrative departments.

2. Employees of the Company

Number of Employees		Change Since Previous FY-End	Average Age	Average Years of Service
2,723	[1,034]	+33	41 years and 7 months	13 years and 10 months

Note: The number of employees indicates the number of full-time employees. The average annual number of temporary employees (part-time workers and dispatched workers) is indicated separately in square brackets.

Major Lenders (as of March 31, 2025)

Lender	Loan Balance at End of the Fiscal Year 2024 (JPY million)
Mizuho Bank, Ltd.	30,000

Items Regarding Shares of the Company (as of March 31, 2025)

- **Number of shares authorized** 750,000,000 shares
- **Number of shares outstanding** 329,389,515 shares
- **Number of shareholders** 36,860
- **Major shareholders (top 10 shareholders)**

Shareholder Name	Number of Shares Held (thousands of shares)	Percentage of Outstanding Shares (%)
Chidori Godo Kaisha	84,507	26.09
UH Partners 2, Inc.	50,581	15.61
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,190	6.54
MSIP CLIENT SECURITIES	12,146	3.75
Custody Bank of Japan, Ltd. (Trust Account)	11,787	3.63
HIKARI TSUSHIN, INC.	8,606	2.65
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	7,554	2.33
Stockholding Association for Leopalace21's Apartment Owners	7,020	2.16
Stockholding Association for Leopalace21's Business Connection	5,543	1.71
JP MORGAN CHASE BANK 385781	3,233	0.99

Notes: 1. Of the shares held above, those held in trust accounts as part of trust bank operations are as follows.
The Master Trust Bank of Japan, Ltd. (Trust Account): 9,563 thousand shares (of which, 9,370 thousand shares are established in investment trusts and 193 thousand shares are established in pension trusts)
Custody Bank of Japan, Ltd. (Trust Account): 3,517 thousand shares (of which, 3,243 thousand shares are established in investment trusts and 273 thousand shares are established in pension trusts)
2. The above percentage of outstanding shares is calculated excluding treasury stock.
Treasury stock does not include Company stock owned by the stock grant trust for the employees.

- **Shareholder composition**

Financial institutions	10.79%	(35,545 thousand shares)
Foreign corporations	20.85%	(68,674 thousand shares)
Treasury stock	1.68%	(5,531 thousand shares)
Individuals and other	19.35%	(63,737 thousand shares)
Business corporations and other legal entities	45.37%	(149,445 thousand shares)
Financial instruments business operators	1.96%	(6,455 thousand shares)

Share Subscription Rights and Others

1. **Share subscription rights delivered as consideration for execution of duties and held by officers of the Company as of the final day of the fiscal year ended March 31, 2025**

			2nd series share subscription rights	3rd series share subscription rights	4th series share subscription rights	6th series share subscription rights
Issuance resolution date			July 28, 2016	August 28, 2017	August 28, 2018	July 30, 2024
Amount paid in for share subscription rights			Payment not required	Payment not required	Payment not required	Payment not required
Value of property to be contributed upon exercise of share subscription rights			JPY 100 per 1 share subscription right (JPY 1 per share)	JPY 100 per 1 share subscription right (JPY 1 per share)	JPY 100 per 1 share subscription right (JPY 1 per share)	JPY 100 per 1 share subscription right (JPY 1 per share)
Issue price of shares and amount incorporated into capital in case of issuance due to exercise of share subscription rights			Issue price: JPY 548; amount incorporated into capital: JPY 274	Issue price: JPY 529; amount incorporated into capital: JPY 265	Issue price: JPY 333; amount incorporated into capital: JPY 167	Issue price: JPY 419; amount incorporated into capital: JPY 210
Exercise period			From August 19, 2016 through August 18, 2046	From September 15, 2017 through September 14, 2047	From September 15, 2018 through September 14, 2048	From August 20, 2024 through August 19, 2054
Status of officers' holdings	Directors (excluding Outside Directors)	Number of share subscription rights	115 units	108 units	118 units	2,125 units
		Number of underlying shares	11,500 shares of common stock	10,800 shares of common stock	11,800 shares of common stock	212,500 shares of common stock
		Number of holders	1 person	1 person	2 persons	4 persons
	Audit & Supervisory Board Members	Number of share subscription rights	–	–	–	–
		Number of underlying shares	–	–	–	–
		Number of holders	–	–	–	–

2. Share subscription rights delivered as consideration for execution of duties to employees of the Company and others during the fiscal year ended March 31, 2025

Category	Issue	Number of share subscription rights	Number of underlying shares	Number of recipients
Executive Officers of the Company	6th series share subscription rights	1,228 units	122,800 shares of common stock	7 persons
Employees of the Company	6th series share subscription rights	141 units	14,100 shares of common stock	2 persons
Directors of subsidiaries of the Company	6th series share subscription rights	88 units	8,800 shares of common stock	1 person
Total		1,457 units	145,700 shares of common stock	10 persons

3. Other share subscription rights

Share subscription rights issued for a loan with share subscription rights in accordance with the resolution of the Board of Directors on September 30, 2020

Aggregate number of share subscription rights	159,748,700 units
Class and number of shares underlying share subscription rights	163,196,513 shares of common stock
Amount paid in for share subscription rights	JPY 1.35 per share subscription right
Date of payment of share subscription rights	November 2, 2020
Value of property to be contributed upon exercise of share subscription rights	JPY 139 per share
Exercise period of share subscription rights	From November 2, 2020 through November 2, 2025
Common stock and capital reserve to be increased in case of issuance of shares due to exercise of share subscription rights	The amount of common stock to be increased in the event of the issuance of shares upon the exercise of these share subscription rights shall be half of the maximum amount of increase in common stock, etc. calculated in accordance with the provisions of Article 17, paragraph (1) of the Corporate Accounting Rules (any fraction of less than one yen resulting from the calculation shall be rounded up). The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of stated common stock to be increased from the maximum amount of increase in common stock, etc.
Conditions for exercise of share subscription rights	No share subscription rights may be exercised in part.
Allotment method and scheduled allottee	All issued share subscription rights were allotted to Chidori Godo Kaisha, a related business entity of Fortress Investment Group LLC, through third-party allotment.
Balance of loan with share subscription rights	–

Note: The full amount of the loan with stock acquisition rights was repaid in the fiscal year ended March 31, 2025, as stated in “Financing Activities.”

Items Regarding Directors/Audit & Supervisory Board Members of the Company

1. Directors and Audit & Supervisory Board Members (as of March 31, 2025)

Name	Title	Duties in the Company and Significant Concurrent Positions
Bunya Miyao	Representative Director, President and CEO	President and CEO / Chief of the Construction Defects Response Headquarters
Mayumi Hayashima	Director	Managing Executive Officer / Chief of the Leasing Business Promotion Headquarters
Naomichi Mochida	Director	Managing Executive Officer / Chief of the Leasing Business Sales Headquarters / General Manager of the Corporate Sales Division
Shinji Takekura	Director	Executive Officer / Chief of the Corporate Management Headquarters / Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO) President and CEO, Leopalace Power Corporation
Akio Yamashita	Director	Representative in Japan and Managing Director, Fortress Investment Group (Japan) GK Director, Sogo & Seibu Co., Ltd. Chairperson, Phoenix Resort Co., Ltd.
Jin Ryu	Director	Managing Director, Fortress Investment Group (Japan) GK Director, FHK Company Representative Director, Sogo & Seibu Co., Ltd.
Akira Watanabe	Director	Director, ASIA PILE HOLDINGS CORPORATION Outside Director, Maeda Road Construction Co., Ltd. Partner, Comm & Path Law Office
Yutaka Nakamura	Director	
Takumi Shibata	Director	Representative Director, Fiducia, Inc. Representative Director, Terra Foods Corporation Outside Director, Nano Summit Co., Ltd. Outside Director, Seeds Co., Ltd. Executive Director, Sound Wave Innovation Co., Ltd.
Kan Ishii	Director	Specially Appointed Professor, The Graduate School of Project Design Advisor, TERRACE MILE, Inc.
Jiro Yoshino	Full-time Audit & Supervisory Board Member	
Kenichiro Samejima	Full-time Audit & Supervisory Board Member	
Yoshitaka Murakami	Audit & Supervisory Board Member	
Kazutaka Shimohigoshi	Audit & Supervisory Board Member	Head, Shimohigoshi Accounting Office Representative Director, Pendel Management Institution Inc. Representative Director, JP Consultant Group Representative Director, Pendel Capital Management, Inc. Partner Certified Public Tax Accountant, Pendel Certified Public Tax Accountant Firm

Notes: 1. Mr. Akira Watanabe, Mr. Yutaka Nakamura, Mr. Takumi Shibata and Mr. Kan Ishii serve as Outside Directors of the Company.
2. Mr. Jiro Yoshino and Mr. Kazutaka Shimohigoshi serve as Outside Audit & Supervisory Board Members of the Company.
3. Mr. Akio Yamashita was appointed as a Director of Joban Kosan Co., Ltd. on April 1, after the end of the fiscal

year ended March 31, 2025.
4. Mr. Akira Watanabe is a qualified lawyer.
5. Audit & Supervisory Board Member Mr. Yoshitaka Murakami has experience including First Deputy Commissioner of the National Tax Agency and audit & supervisory board member of a listed company, and Audit & Supervisory Board Member Mr. Kazutaka Shimohigoshi is qualified as a certified public accountant and certified public tax accountant. Thus, they have considerable knowledge of finance and accounting.
6. The Company has designated Outside Directors Mr. Akira Watanabe, Mr. Yutaka Nakamura, Mr. Takumi Shibata and Mr. Kan Ishii, and Outside Audit & Supervisory Board Members Mr. Jiro Yoshino and Mr. Kazutaka Shimohigoshi as independent officers stipulated by Tokyo Stock Exchange, Inc. and has registered with the Stock Exchange accordingly.
7. Changes in positions and duties of Directors after the end of the fiscal year ended March 31, 2025 are as follows.

Name	New positions and duties	Previous positions and duties	Date of change
Bunya Miyao	Representative Director, President and CEO Chief of the Development Business Headquarters	Representative Director, President and CEO Chief of the Construction Defects Response Headquarters	April 1, 2025
Naomichi Mochida	Director and Managing Executive Officer Chief of the Leasing Business Sales Headquarters	Director and Managing Executive Officer Chief of the Leasing Business Sales Headquarters General Manager of the Corporate Sales Division (concurrent)	April 1, 2025
Shinji Takekura	Director and Executive Officer Chief of the Corporate Management Headquarters Deputy Chief of the Development Business Headquarters (concurrent)	Director and Executive Officer Chief of the Corporate Management Headquarters Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO) (concurrent)	April 1, 2025

2. Outline of limited liability agreement

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into limited liability agreements with Directors (excluding Directors who are Executive Directors) and Audit & Supervisory Board Members to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The limit of the liabilities under such agreements shall be the minimum limit amount prescribed by laws and regulations.

3. Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy pursuant to Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of insureds includes Directors, Audit & Supervisory Board Members, Executive Officers, and significant employees under the Companies Act, and the insurance premiums are not borne by the insureds.

The insurance policy covers the cost of damages payment, legal expenses, etc. to be borne by the insured arising from claims for damages from shareholders, third parties, etc.

However, to ensure that the properness of performance of duties by the insureds is not impaired, the insurance policy does not cover losses in cases where claims for damages arise from criminal acts and others of the insureds.

4. Directors' and Audit & Supervisory Board Members' remuneration and others

(1) Things including the policy for determining the content of board members' remuneration and others

The Company adopted a resolution on the policy for determining the content of individual remuneration for Directors and others at the Board of Directors meeting held on July 30, 2024. In this resolution of the Board of Directors, the Board of Director consulted with the Nomination and Compensation Committee in advance on the content to be resolved, and received a report from the Committee.

Furthermore, as for individual remuneration and others for Directors for the fiscal year ended March 31, 2025, the Board of Directors has confirmed that the method for determining the content of remuneration and others and the determined content of remuneration and others are consistent with the determination policy resolved by the Board of Directors and the report from the Nomination and Compensation Committee is respected, and judged that the content reflects the policy.

Details of the policy for determining the content of individual remuneration and others for Directors are as follows:

(a) Basic policy

The Company' s basic policy is to have a remuneration system for Directors – specifically regarding decisions on the amount of remuneration and others for Directors or the method of calculating it – that will contribute to enhancing the Company's business performance and corporate value over a diverse range.

The remuneration for Executive Directors has two components: annual performance-based remuneration, which varies according to the percentage of achievement of single fiscal year management targets, and incentive remuneration, which is paid only when dividends are distributed to shareholders. Incentive remuneration may be paid in the form of monetary or non-monetary remuneration.

To non-executive Directors, only the basic remuneration shall be paid as a fixed remuneration, in light of their duties.

In the development of the remuneration system, the Company creates a remuneration table in light of each Director's duties and related risk, taking into account other companies' remuneration level, the Company's business performance and employees' salary level, and determines the system based on this table.

(b) Policy for determining the amount of monetary remuneration (annual performance-based remuneration and incentive remuneration)

The amount of annual performance-based remuneration is determined based on a remuneration table which is developed in light of duties and related risk for each position, following an evaluation that comprehensively takes into account consolidated net sales, consolidated net income, and the degree of contribution of each Director.

The amount of incentive remuneration is determined based on a remuneration table which is developed in light of duties and related risk for each position, following an evaluation that comprehensively takes into account consolidated net sales, consolidated net income, and a degree of contribution of each Director. Incentive remuneration shall be paid only when the Company distributes dividends to shareholders during the fiscal year.

(c) Policy for determining the content and amount or the method for numerical calculation of non-monetary remuneration and others (incentive remuneration)

Upon distribution of stock options as stock-based remuneration that fall under non-monetary remuneration and others, whether or not the stock options are granted, and the number of units granted are determined based on the evaluation table, which is developed in light of duties and related risk for each position, following an evaluation that comprehensively takes into account consolidated net sales, consolidated net income, and a degree of contribution of each Director.

(d) Policy for determining the ratio to the amount of each individual remuneration

The individual remuneration amount by type for Executive Directors shall be determined by the remuneration table by type of remuneration based on a board members' remuneration system determined by the Board of Directors and the evaluation table.

The Company shall strive to limit the proportion of non-monetary remuneration to no more than approximately 40% of total remuneration for Executive Directors in adequate performance ratings.

(e) Policy for determining the timing or conditions for providing remuneration and others to Directors

For the annual performance-based remuneration, the annual amount shall be determined and this remuneration amount shall be prorated by the number of months in office and paid as monthly remuneration.

Upon the payment of incentive remuneration, the annual amount shall be determined and this remuneration amount shall be paid at a certain timing.

(f) Matters regarding determination of the content of individual remuneration for Directors and others

For the amount of individual remuneration, determination of the specific content shall be delegated to Representative Director, President and CEO based on resolution of the Board of Directors.

The content of delegated authority shall be determination of assessment based on the performance of the business of which the Executive Director is in charge, and each remuneration amount shall be determined based on the remuneration table by type of remuneration or the evaluation table in accordance with the outcome of assessment.

To ensure that the authority is appropriately exercised by Representative Director, President and CEO, the Board of Directors shall make the Nomination and Compensation Committee deliberate the specific content of individual remuneration that is prepared by Representative Director, President and CEO, and receive a report from the Committee. The above delegated Representative Director, President and CEO must make the determination based on the content of the report.

The Nomination and Compensation Committee has been set up as an advisory organization for the Board of Directors in order to ensure appropriateness of the amount of individual remuneration. The Nomination and Compensation Committee shall be operated in accordance with the provisions of the Nomination and Compensation Committee Rules.

The Nomination and Compensation Committee assesses reasonableness of the board members' remuneration system and submits a report to the Board of Directors. In addition, the committee objectively assesses the examination process for determination of individual remuneration by Representative Director, President and CEO to which authority for the individual remuneration amount was delegated based on a resolution of the Board of Directors, and submits a report to the Board of Directors. This way the Company ensures reasonableness, objectivity and transparency of individual assessment and remuneration amount for board members.

(2) Total amount of remuneration and others in the fiscal year ended March 31, 2025

Category	Total amount of remuneration and others (JPY million)	Total amount of remuneration and others by type (JPY million)			Number of eligible board members (persons)
		Basic remuneration	Performance-linked remuneration and others	Non-monetary remuneration and others	
Directors (of which, Outside Directors)	257 (48)	169 (48)	– (–)	88 (–)	10 (4)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	43 (21)	43 (21)	– (–)	– (–)	4 (2)
Total (of which, Outside Directors and Audit & Supervisory Board Members)	300 (70)	212 (70)	– (–)	88 (–)	14 (6)

Notes:
1. The date of resolution at the General Shareholders' Meeting on remuneration for Directors of the Company and others is June 29, 2017. It was resolved that the amount of monetary remuneration for Directors is JPY 800 million or less per year (of which the amount of remuneration for Outside Directors is JPY 100 million or less per year, and which does not include employee salaries for Directors concurrently serving as employees), the amount of non-monetary remuneration (amount of stock options as stock-based remuneration) for Directors (excluding Outside Directors) is JPY 300 million or less per year (not including employee salaries for Directors concurrently serving as employees), and the individual remuneration amount is left to the discretion of the Board of Directors. The number of Directors related to the resolution as at the conclusion of the General Shareholders' Meeting was 11 (including three Outside Directors).
2. It was resolved at the Ordinary General Shareholders' Meeting held on June 29, 2004, that the amount of monetary remuneration for the Company's Audit & Supervisory Board Members is JPY 60 million or less per year. The number of Audit & Supervisory Board Members related to the resolution as at the conclusion of the General Shareholders' Meeting was four.
3. Directors' remuneration has been determined by Bunya Miyao, Representative Director, President and CEO in accordance with the policies, etc. described in (1) (f) above.

Items Regarding Outside Officers

1. Significant Concurrent Positions of Outside Officers and Their Relationships with the Company

Title	Name	Significant Concurrent Positions	Relationships with the Company
Director	Akira Watanabe	Director, ASIA PILE HOLDINGS CORPORATION Outside Director, Maeda Road Construction Co., Ltd. Partner, Comm & Path Law Office	There are business transaction relationships between Maeda Road Construction Co., Ltd. and the Company, however, the transactions are conducted under the same conditions as with other general companies. There are no particular relationships with the Company requiring specific mention. In addition, there are no other relationships requiring specific mention between the Company and the other entities at which concurrent positions are held.
Director	Takumi Shibata	Representative Director, Fiducia, Inc. Representative Director, Terra Foods Corporation Outside Director, Nano Summit Co., Ltd. Outside Director, Seeds Co., Ltd. Executive Director, Sound Wave Innovation Co., Ltd.	There are no particular relationships with the Company requiring specific mention.
Director	Kan Ishii	Specially Appointed Professor, The Graduate School of Project Design Advisor, TERRACE MILE, Inc.	There are no particular relationships with the Company requiring specific mention.
Audit & Supervisory Board Member	Kazutaka Shimohigoshi	Head, Shimohigoshi Accounting Office Representative Director, Pendel Management Institution Inc. Representative Director, JP Consultant Group Representative Director, Pendel Capital Management, Inc. Partner Certified Public Tax Accountant, Pendel Certified Public Tax Accountant Firm	There are no particular relationships with the Company requiring specific mention.

2. Key activities in the fiscal year ended March 31, 2025

Title	Name	Attendance of the Board of Directors Meetings	Attendance of the Audit & Supervisory Board Meetings	Key Activities and Overview of Duties in Relation to the Role Expected of Outside Directors
Director	Akira Watanabe	17/17	–	Mr. Watanabe used his specialized knowledge as an attorney at law and deep knowledge and experience in corporate management as an outside director at other companies to provide advice on the overall management of the Company and to make comments in order to ensure the reasonableness and appropriateness of decision-making by the Board of Directors as lead Outside Director. He also served as the chairman of the Compliance Committee and promoted the strengthening and enhancement of the Company's compliance system.
Director	Yutaka Nakamura	17/17	–	Mr. Nakamura expressed his opinions on the overall management based on his deep experience and knowledge in the housing industry. He has fulfilled an appropriate role to ensure the reasonableness and appropriateness of decision-making by the Board of Directors particularly by providing supervision, advice, etc. on quality management and environmental management in construction work from a specialist standpoint. In addition, as the chairman of the Nomination and Compensation Committee, he served the supervisory function in processes of nominating candidates for the Company's officer and determining board members' remuneration from an objective and neutral viewpoint.
Director	Takumi Shibata	17/17	–	Mr. Shibata expressed his opinions on the overall management based on his experience in key positions at securities companies and asset management companies. He has fulfilled an appropriate role to ensure the reasonableness and appropriateness of decision-making by the Board of Directors particularly by providing advice, etc. on finance from a specialist standpoint. In addition, as a member of the Nomination and Compensation Committee, he served the supervisory function in processes of nominating candidates for the Company's officer and determining board members' remuneration from an objective and neutral viewpoint.

Title	Name	Attendance of the Board of Directors Meetings	Attendance of the Audit & Supervisory Board Meetings	Key Activities and Overview of Duties in Relation to the Role Expected of Outside Directors
Director	Kan Ishii	17/17	–	Mr. Ishii expressed his opinions on the overall management based on his experience in important positions at an investment bank and an operating company, and as a Trustee Representative of Japan Airlines. He has fulfilled an appropriate role to ensure the reasonableness and appropriateness of decision-making by the Board of Directors particularly by providing advice, etc. on corporate rehabilitation from a specialist standpoint. In addition, as a member of the Nomination and Compensation Committee, he served the supervisory function in processes of nominating candidates for the Company's officer and determining board members' remuneration from an objective and neutral viewpoint.
Audit & Supervisory Board Member	Jiro Yoshino	17/17	14/14	Mr. Yoshino has abundant experience and expert knowledge as an executive officer and audit & supervisory board member of a listed company. He has objectively conducted proper supervision of the management of the Company.
Audit & Supervisory Board Member	Kazutaka Shimohigoshi	17/17	14/14	Mr. Shimohigoshi has abundant experience as head of a certified public accountant office and partner of a certified public tax accountant firm, as well as expert knowledge in finance, accounting and taxation. He has objectively conducted proper supervision of the management of the Company.

Status of Accounting Auditor

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(Note): At the 51st Ordinary General Shareholders' Meeting held on June 27, 2024, Ernst & Young ShinNihon LLC was newly appointed as the Company's Accounting Auditor. As a result, Grant Thornton Taiyo LLC, the previous Accounting Auditor, retired upon the expiration of its term.

2. Amount of Remuneration and others

Segment	Amount Paid
Amount of Accounting Auditor remuneration and others in the fiscal year ended March 31, 2025	JPY 289 million
Total amount owed to Accounting Auditor by the Company and its subsidiaries in the form of cash or other financial benefit	JPY 325 million

Notes:
1. In the audit agreement between the Company and the Accounting Auditor, the auditor remuneration pursuant to the Companies Act and the amount of auditor remuneration pursuant to the Financial Instruments and Exchange Act are not clearly separated, and because essentially the two cannot be separated, the above amount of Accounting Auditor remuneration and others in the fiscal year ended March 31, 2025 is the total of the two.
2. The Company has engaged the Accounting Auditor to provide support and advisory services related to the lease accounting standard scheduled for future implementation, as non-audit services under Article 2, paragraph (1) of the Certified Public Accountants Act.
3. The Audit & Supervisory Board, taking into consideration the "Practical Guidelines for Cooperation with Financial Auditors" released by the Japan Audit & Supervisory Board Members Association, carried out an investigation into the appropriateness of the audit schedule and the remuneration amount for the fiscal year ended March 31, 2025 after comparing the auditing plan of the previous fiscal year with the actual audits conducted and confirming the trends of the auditing time and the remuneration amount. As a result, the Audit & Supervisory Board gave their consent to the amount of remuneration for the Accounting Auditor in accordance with Article 399, paragraph (1) of the Companies Act.
4. Of the Company's major subsidiaries, Leopalace Guam Corporation uses accounting audit services of a member firm of Ernst & Young, which belongs to the same network as that of the Company's Accounting Auditor.

3. Policy Regarding Discharge or Non-reappointment of Accounting Auditor

If the Company's Audit & Supervisory Board determines that any of the provisions of Article 340, paragraph (1) of the Companies Act applies with respect to the Accounting Auditor, it shall dismiss the Accounting Auditor with the unanimous approval of the Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board shall present a report stating the purport of the dismissal of the Accounting Auditor and the reasons therefor at the first general shareholders' meeting convened after the dismissal.

Where the Audit & Supervisory Board deems there are problems with the suitability, independence, reliability, etc., of the Accounting Auditor, it will determine the content of a proposal to be proposed at a general shareholders' meeting concerning the dismissal or non-reappointment of the Accounting Auditor.

Corporate Structure and Policies

1. Systems to Ensure Appropriate Business Operations

(1) Systems for Execution of Duties by Directors and Employees of the Company as well as Its Subsidiaries to Ensure Compliance with Laws and Regulations and the Articles of Incorporation

(a) The Company and its subsidiaries (hereinafter referred to as “the Group”) shall conduct business based on its corporate philosophy of “creating new value.” As part of that process, the Company created a Corporate Ethics Charter. The Company shall be determined to establish legal and social compliance as its most important policy (compliance-first) in the business execution and as the cornerstone of all of its corporate activities. This is exemplified by the President and CEO of the Company and the Chief of the Compliance Promotion Headquarters, and concurrently serving as the Chief Legal Officer (CLO), whose role is to continuously share the spirit of this charter with all officers and employees of the Group.

(b) The Company’s Board of Directors, of which independent Outside Directors should consist of at least one-third, develops the control environment including compliance system and enhances the function for overseeing the legality of the decision-making and the execution of business of the Board of Directors to ensure the transparency and fairness of management.

(c) The Company established the Compliance Committee as an advisory body to the Board of Directors to ensure a system related to compliance. The Committee is composed of one of the Outside Directors as the chairman and members including external experts such as attorneys at law. The Compliance Committee, as part of the Group’s efforts of strengthening governance, plans and implements the measures regarding the Group’s compliance framework, including reinforcing training and the information management system, and monitors the corporate activities in accordance with the compliance regulations to identify the issues for improvement. In cases of suspected violations of laws and regulations, the Compliance Committee will have the authority to suspend operations.

(d) The Company established the Compliance Promotion Headquarters headed by the Chief of the Compliance Promotion Headquarters, and concurrently serving as the Chief Legal Officer (CLO), who manages all the matters related to the legal compliance. The Compliance Promotion Headquarters is responsible for planning and implementing measures to promote the Group’s compliance as well as making improvements to develop the autonomous corporate culture.

(e) The Company created, under the Compliance Promotion Headquarters, the Compliance Promotion Department, which is responsible for the planning and drafting functions related to compliance promotion within the Group, as well as for the function of checking the legal compliance, which is separated from business departments, particularly for verifying the products, such as buildings, comply with related laws and regulations.

The department is also responsible for the support, progress management and monitoring functions of the compliance-related operations conducted by business departments, as well as legal functions such as confirming contracts and handling lawsuits.

(f) For the system that proactively implements compliance-related measures, the Group appoints compliance managers and coordinators and assigns them to business sites.

For the system that ensures compliance concerns are not overlooked, in the event that a violation of Group compliance or the possibility of such a violation is discovered, the compliance managers and coordinators are to take the initiative and implement necessary measures.

(g) The internal reporting system has been established, and whistle-blowing hotlines have been set up both inside and outside the Company to instruct officers and employees of the Group to immediately consult about or report any compliance violations.

The Group conducts periodic surveys on the employees' awareness with a view to grasp risks at an early stage and to gauge the degree of compliance awareness.

The Group provides a clause about the protection of whistleblowers in the Internal Report Regulations to the effect that, if its officers and employees recognized an act and others, which is questionable based on laws and regulations and the Articles of Incorporation, the Company shall prohibit treating that whistleblower unfavorably on the grounds of consulting about or reporting the violation.

(h) The Auditing Department, which oversees the internal control function and the internal audit function, shall be established as a department under the direct supervision of the Company's President and CEO. The Auditing Department shall examine the business audit items and implementation methods. In addition, the Auditing Department shall perform monitoring and risk management of business activities in the Group, as well as implement governance strengthening and promote creation of the appropriate financial statements and compliance with regulations, enabling the Group to conserve assets and efficiently carry out its business activities.

The Company holds Auditing Council meetings to increase the effectiveness of the auditing system.

(i) The Company works continuously to develop the compliance regulations, related individual regulations, guidelines, manuals, etc. and to periodically organize the compliance-centered training programs according to job level and job duties so that the Company can enhance the compliance awareness by officers and employees in the Group.

In addition, in order to instill the concept that promoting compliance enhances corporate value, the Company evaluates compliance-promoting initiatives and gives multi-directional feedback on a regular basis within the framework of the performance appraisal system.

(j) The Company promotes active dialogue between the management team and all the stakeholders so that it leads to the development of a customer-oriented corporate culture by increasing the transparency of management and fostering mutual understanding.

(k) Through the establishment of these systems, the Group has positioned at its core the development of a corporate culture that respects the importance of compliance. The Group pursues the concept of “compliance-first” by mutually integrating a structure that ensures systematic compliance with laws and regulations spearheaded by the Compliance Promotion Headquarters and a structure that uses the Auditing Department’s audits and internal reporting system to ensure that illegalities are not overlooked.

(2) Systems for Retention and Management of Information on Execution of Duties by Directors

The President and CEO of the Company shall appoint the Chief of the Corporate Management Headquarters of the Company as the person generally responsible for the retention and management of information on the execution of the duties of Directors. As to the retention and management of information on the execution of duties of Directors, the information, which is recorded in documents or electromagnetic record media, shall be organized and retained based on Document Handling Regulations and Information Management Regulations.

The Company conducts training with the aim of strengthening the information management system and strictly manages information.

(3) Regulations and Systems Concerning Management of Risk of Loss by the Company as well as Its Subsidiaries

(a) The Company shall establish a Risk Management Committee as an advisory organ of its Board of Directors to comprehensively identify and manage the Group’s various risks. The Risk Management Committee is composed of the Company’s President and CEO as the chairman and members including outside experts, such as attorneys at law.

(b) The Risk Management Committee shall confirm the development and operational status of the Risk Management Regulations, related individual regulations, guidelines, manuals, etc. for the risk management of the Group, and conduct training for officers and employees of the Group. The Company’s Chief of the Compliance Promotion Headquarters, and concurrently serving as the Chief Legal Officer (CLO), shall submit quarterly reports on risk management of the Group to the Company’s Board of Directors.

(c) The Company’s Auditing Department shall audit the conditions for the execution of business for each department of the Group. If an act with a risk of loss is found in business operations, the Auditing Department shall immediately notify the Company’s President and CEO, as well as the department in charge, of the details of the risk and the level of loss that could be incurred.

(4) Systems to Ensure the Efficient Fulfillment of Duties by Directors

(a) The Company shall set up the Board of Directors to enhance business performance through appropriate and rapid decision-making, responding flexibly to changes in the business and management environment. The Board of Directors shall be composed of members with diverse backgrounds, and composed of an appropriate number of members and consider the enhancement of monitoring functions. The Board of Directors shall hold regular meetings once a month, while extraordinary meetings can be called at any time as required, in order to make decisions on critical management matters as well as to monitor the status of business performance.

(b) As a prior deliberative organ of the Board of Directors, the Corporate Management Council shall meet regularly to discuss business operation policies and their implementation and to consider measures to be taken.

(c) The Company shall formulate a Medium-term Management Plan for the Group, and determine the priority objectives and budgetary allocation of the whole group every fiscal year to materialize the relevant plan.

(d) The progress of income and expenditure plans and other important business plans of each department and subsidiary shall be reviewed monthly or appropriately by the Board of Directors and other bodies, where problems will be identified and countermeasures will be executed.

(5) Systems for Reporting of Matters Concerning Execution of Duties of Directors of the Company's Subsidiaries, and Other Systems to Ensure Appropriate Business Operations in the Group

(a) The Affiliated Companies Management Regulations shall be applied to subsidiaries of the Company. Each subsidiary shall obtain approval of the Board of Directors or the officers of the Company in charge of the respective subsidiary for important matters of corporate management in accordance with the decision-making standards of the Company and ensure the appropriateness of business operations.

(b) The Chief of the Corporate Management Headquarters shall supervise the management of subsidiaries of the Company. The Company's Chief of the Corporate Management Headquarters shall periodically hold a meeting with the affiliated companies liaison committee to smoothly exchange information and promote group activities, and mutually exchange reports between the Company and its subsidiaries as necessary.

(c) The chief of the responsible department shall supervise and manage business conducted by subsidiaries to establish a compliance system and a risk management system in line with measures based on management plans and efficient business execution while respecting the independency of subsidiaries. The chief of the responsible department shall exchange information with subsidiaries on a regular basis and as needed and make regular reports on the progress in the management of subsidiaries to the Board of Directors and the Corporate Management Council.

(d) The Company's Auditing Department and Audit & Supervisory Board Members shall conduct a regular or special audit of each subsidiary while cooperating with Audit & Supervisory Board Members of subsidiaries and then report to the Company's President and CEO and the Auditing Council.

(6) Matters Concerning Employees when Audit & Supervisory Board Members Request the Secondment of Employees to Assist with Duties, Matters Concerning the Independence of Those Employees from Directors and Matters for Securing Effective Direction of Audit & Supervisory Board Members

(a) When an Audit & Supervisory Board Member of the Company requests to have an employee assigned to assist with the duties of the Audit & Supervisory Board Member, the Company's Board of Directors shall designate an employee to assist the Audit & Supervisory Board Member from the members of the Company's Auditing Department after consultation with the Audit & Supervisory Board

Member.

(b) In regards to the assistance in the duties of Audit & Supervisory Board Members of the Company, the right of command over the designated employee shall be transferred to the Company's Audit & Supervisory Board Members to ensure independence from the Company's Board of Directors. The designated employee shall submit to the orders of the Audit & Supervisory Board Members when supporting their duties. The Company's Audit & Supervisory Board shall conduct a performance evaluation of the designated employee on their support work of Audit & Supervisory Board Members' duties. The Company's Audit & Supervisory Board Members and the General Manager of the Human Resources Department shall confer about personnel changes and treatment.

(7) Systems for Directors and Employees, as well as Directors, Audit & Supervisory Board Members, Employees and others of Subsidiaries to Report to Audit & Supervisory Board Members, Other Systems of Reporting to Audit & Supervisory Board Members, and Other Systems to Secure Effective Audits by Audit & Supervisory Board Members

(a) Officers and employees of the Group shall make reports on matters possibly causing serious damage and losses to the Group, illegal acts and other necessary important matters to the Company's Audit & Supervisory Board Members as necessary based on laws and regulations, and internal regulations such as the Audit & Supervisory Board Regulations and the Auditing Standards for the Audit & Supervisory Board Members. In order to ensure thorough reporting to the Audit & Supervisory Board Members, officers and employees shall be made aware of the relevant system and reminded on a regular basis. The Company's Audit & Supervisory Board Members may also require officers and employees to report at any time as necessary.

(b) The Company's Audit & Supervisory Board Members shall attend the meetings of important committees such as the Board of Directors, the Corporate Management Council, the Compliance Committee, the Risk Management Committee, and affiliated companies liaison committee to understand the process of important decision-making and the conditions of the execution of the duties by Directors of the Group, and may peruse important documents about the fulfillment of such duties, such as circular memos for approval. The Company's Audit & Supervisory Board Members shall periodically exchange opinions with the Company's President and CEO, and carry out monitoring and inspections through periodic interviews and on-site audits of each department of the Group and Audit & Supervisory Board Members of subsidiaries.

(c) The Company's Audit & Supervisory Board Members, based on the independence and authority granted according to the Audit & Supervisory Board Regulations and the Auditing Standards for the Audit & Supervisory Board Members, shall ensure the effectiveness of audits, and maintain close cooperation with the Auditing Department and the Accounting Auditors to promote the achievement of their outcomes by receiving audit status reports of each group section from the Auditing Department.

(d) The Group shall prohibit unfavorable treatment of officers and employees of the Group who have reported to the Company's Audit & Supervisory Board Members on the grounds of having made the report, and fully enforce this rule.

(e) In the case where an Audit & Supervisory Board Member demands payments in advance or reimbursement of expenses incurred for duties executed, the subject expenses or liabilities shall immediately be paid or reimbursed, excluding the case where such expenses or the liabilities are not necessary for the execution of the duties of the Audit & Supervisory Board Member.

(8) Systems to Ensure Reliable Financial Reporting

For the purpose of securing reliable financial reporting of the Company and effective and proper submission of internal control reports by the Company as provided in the Financial Instruments and Exchange Act, the Group shall set up a structure to establish and apply a proper internal control system under the command of the Company's President and CEO, continue to evaluate whether or not the structure will function properly, make necessary corrections, and ensure conformity with the Financial Instruments and Exchange Act and other applicable laws and regulations.

(9) Systems Development to Exclude All Antisocial Forces

(a) The Group's Corporate Ethics Charter shall clearly set out the Group's determination to "oppose all antisocial forces." The Group is committed to eliminating any possible ties, and dealing resolutely, with any antisocial forces or organizations posing a threat to public order or safety.

(b) The Group shall enact detailed regulations for opposing antisocial forces and establish a system that will not yield to unlawful demands from antisocial forces by designating a person responsible for preventing unlawful demands in all offices and places of business. The General Affairs and Purchasing Department and the Compliance Promotion Headquarters of the Company shall be generally responsible for establishing the system, and the system shall be established by consulting with the Compliance Committee, the Risk Management Committee, related departments and external professional organizations.

2. Overview of Operation Status of Systems to Ensure Appropriate Business Operations

(1) Systems for Execution of Duties by Directors and Employees of the Company as well as Its Subsidiaries to Ensure Compliance with Laws and Regulations and the Articles of Incorporation

The compliance system has been fully developed with the establishment of the Corporate Ethics Charter, establishment of the Compliance Committee, election of Outside Directors, establishment of the Auditing Department as well as the Compliance Promotion Department, and establishment of the internal reporting system and related regulations.

Furthermore, the Company received an investigation report on the construction defects problem from the External Investigation Committee. Although the Company has completed all the items of the recurrence preventive measures that were established on May 29, 2019, verifying the effectiveness of the measures and implementing the PDCA cycle is an issue.

The Compliance Committee, chaired by an Outside Director, is composed of members including external committee members with specialized expertise. Since October, a Compliance Working Group has been meeting monthly with the aim of strengthening the functions of the Compliance Committee and improving responsiveness to compliance issues. As a result, active discussions have taken place on important matters and those requiring in-depth deliberation, and the Committee can be assessed as sufficiently fulfilling its check-and-balance functions over the executive bodies. The frequency of Compliance Committee meetings was changed in January to once per quarter, and a total of 10 meetings were held during the fiscal year ended March 31, 2025.

Moreover, regarding the transition to a compliance-first, self-driven organization centered on compliance managers and coordinators in charge of promoting compliance at each business site, 74% of employees responded in a compliance awareness survey conducted in February that they had participated in compliance training by compliance managers and coordinators at each business site. Further enhancement of the functions of compliance managers and coordinators remains a future issue.

(2) Systems for Retention and Management of Information on Execution of Duties by Directors

Systems for retaining and managing information have been developed with a Director in charge as the person responsible for the retention and management, to ensure that information management managers and information management staff are assigned to each department and that information management by responsible departments is maintained appropriately, based on the management system stipulated in the Document Handling Regulations, Information Management Regulations, and Detailed Rules of the Information Management Regulations. In addition, a “compliance webpage” has been set up in the top menu of the Company’s internal portal website, allowing easy access for checking manuals and work flows.

During the fiscal year ended March 31, 2025, these existing systems continued to operate, and in order to further strengthen the information management system, the Company has worked to thoroughly inculcate the Information Management Regulations by including questions concerning information management in compliance awareness surveys conducted for all employees in September and February.

(3) Regulations and Systems Concerning Management of Risk of Loss by the Company as well as Its Subsidiaries

As a new risk management system, a subcommittee was established under the Risk Management Committee. To this end, the Company has revised its Risk Management Regulations and is developing a system in accordance with those regulations.

The Risk Management Committee, which includes external members with expert knowledge, reviews risks and held 12 meetings during the fiscal year ended March 31, 2025. In order to strengthen the management system for potential risks, the subcommittee has established clear risk evaluation criteria and a process of confirming and discussing with each business division whether risks are being comprehensively understood and managed. Regarding the structure for collecting and verifying risk information, the Committee has established a system for holding regular discussions in each site in order to promptly disseminate claim information throughout the company.

(4) Systems to Ensure the Efficient Fulfillment of Duties by Directors

Organizational decisions are made after deliberations at the Board of Directors meetings following preliminary deliberations by the Corporate Management Council. In addition, starting from the fiscal year ended March 31, 2025, the Company enhanced the precision of proposals by introducing a preliminary review before the submission of proposals to the Corporate Management Council. On the other hand, to review the progress of business plans, Board of Executive Officers meetings, whose main purpose is reviewing and discussing, and affiliated companies liaison committee meetings have been held, in addition to Board of Directors meetings. As such, systems for ensuring the efficient execution of duties have been fully developed.

Moreover, in May 2024, the Rules of the Board of Directors were revised to strengthen the Group's governance and clearly stipulate the attendance of Chief Financial Officer (CFO) at the Board of Directors meetings. Based on this system, the Company strives to increase the effectiveness of management supervision of execution of duties by Directors, by having pertinent opinions expressed by CFO at various meetings, including the meetings of the Board of Directors.

During the fiscal year ended March 31, 2025, the Company held these meetings on a regular basis, and as needed, and made timely decisions through measures including participation via an online conference system and resolutions in writing to maintain appropriate conditions.

(5) Systems for Reporting of Matters Concerning Execution of Duties of Directors of the Company's Subsidiaries, and Other Systems to Ensure Appropriate Business Operations in the Group

The systems for ensuring appropriate business operations by the Group have been fully developed with a report given to the Board of Directors of the Company in accordance with the Affiliated Companies Management Regulations. In addition, affiliated companies liaison committee meetings have been held periodically to review the progress of business plans and receive the necessary reports from subsidiaries. The Company dispatches Directors to subsidiaries to strengthen monitoring functions and ensure appropriateness of business operations.

Of the systems for ensuring the appropriateness of business operations by each company of the Group, while the Company's Compliance Promotion Department and Corporate Planning Department oversaw the entire Group comprehensively, the department or section responsible for the Company's subsidiaries supervised and managed the compliance system and the risk management system, and the Auditing Department and the Audit & Supervisory Board Members of the Company audited subsidiaries.

(6) Matters Concerning Employees when Audit & Supervisory Board Members Request the Secondment of Employees to Assist with Duties, Matters Concerning the Independence of Those Employees from Directors and Matters for Securing Effective Direction of Audit & Supervisory Board Members

Rules on the right of command and the authority over personnel issues such as employee evaluations have been stipulated in the Audit & Supervisory Board Regulations and the Auditing Standards for employees who assist with the duties of the Audit & Supervisory Board Members.

During the fiscal year ended March 31, 2025, an employee was assigned to assist Audit & Supervisory Board Members in the execution of their duties.

(7) Systems for Directors and Employees, as well as Directors, Audit & Supervisory Board Members, Employees and others of Subsidiaries to Report to Audit & Supervisory Board Members, Other Systems of Reporting to Audit & Supervisory Board Members, and Other Systems to Secure Effective Audits by Audit & Supervisory Board Members

The systems for reporting to Audit & Supervisory Board Members and the systems to secure effective audits by Audit & Supervisory Board Members have been fully developed by stipulating them in the Audit & Supervisory Board Regulations and the Auditing Standards for the Audit & Supervisory Board Members. Audit & Supervisory Board Members cooperate closely with the Auditing Department and the Accounting Auditor.

During the fiscal year ended March 31, 2025, Audit & Supervisory Board Members strengthened the effectiveness of audits by Audit & Supervisory Board Members by exchanging opinions with the President and CEO on issues to be addressed by the Company.

Also, in order to allow the systems for reporting to Audit & Supervisory Board Members to work appropriately, the Audit & Supervisory Board encouraged the Board of Directors to report more promptly.

(8) Systems to Ensure Reliable Financial Reporting

The systems have been constructed to evaluate internal controls by the Auditing Department, and an internal control report for the 51st fiscal term was submitted on June 27, 2024.

During the fiscal year ended March 31, 2025, the Company continued to evaluate the status of the development and operation of its internal control system.

(9) Systems Development to Exclude All Antisocial Forces

Among systems for excluding antisocial forces, the Company has stipulated the rules for excluding antisocial forces in the Corporate Ethics Charter and others, and has developed a system therefor.

During the fiscal year ended March 31, 2025, the Company conducted its corporate activities free from any relationships with antisocial forces.

3. Policy on Determination of Dividends of Surplus and Others

The Company regards the return of profit to its shareholders as one of the most important management issues, and has established a basic policy to pay stable and continuous dividends based on comprehensive consideration of its business performance, financial condition, etc., through the enhancement of sustainable corporate value and the realization of medium- to long-term growth.

In the Medium-term Management Plan “New Growth 2028” announced on May 9, 2025, we have set a target to achieve a dividend payout ratio of 30% by the fiscal year ending March 31, 2028, and we are committed to further enhancing shareholder returns.

In the fiscal year ended March 31, 2024, following steady progress in revising our earnings structure and strengthening our financial base, we took the first step towards regaining trust by resuming dividend payments for the first time in five periods.

As the results of our structural reforms contributed to the stabilization of our performance in the fiscal year ended March 31, 2025, we have already announced that we plan to propose a year-end dividend of JPY 5 per share at the General Shareholders’ Meeting to be held in June 2025.

For the fiscal year ending March 31, 2026, the Company plans to pay an annual dividend of JPY 10 per share, consisting of an interim dividend of JPY 5 per share and a year-end dividend of JPY 5 per share.

This decision reflects a balance between financial soundness and growth investment.

In the coming fiscal periods, we will continue to further enhance our profitability and optimize the use of cash flow, while maintaining stable dividends and expanding total returns through agile acquisition of treasury stock. We are committed to strengthening shareholder returns.

Note: The portions of amounts and number of shares stated in this Business Report less than the display unit are omitted (always rounded down).

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (as of March 31, 2025)

(JPY million)

ASSETS	
Current assets	**103,215**
Cash and deposits	88,408
Trade receivables	7,913
Accounts receivable for completed projects	1,085
Securities	100
Real estate for sale	174
Payment for construction in progress	229
Raw materials and supplies	486
Prepaid expenses	2,198
Other accounts receivable	906
Others	4,844
Allowance for doubtful accounts	(3,129)
Non-current assets	**113,409**
Property, plant and equipment	**58,974**
Buildings and structures	19,456
Machinery, equipment, and vehicles	5,009
Land	32,410
Leased assets	1,358
Construction in progress	269
Others	470
Intangible fixed assets	**1,002**
Others	1,002
Investments and other assets	**53,432**
Investment securities	4,616
Long-term loans	486
Bad debts	261
Long-term prepaid expenses	1,418
Deferred tax assets	42,977
Others	5,965
Allowance for doubtful accounts	(2,292)
Total assets	**216,625**

CONSOLIDATED BALANCE SHEET (as of March 31, 2025) *(Continued)*

(JPY million)

LIABILITIES	
Current liabilities	**95,343**
Accounts payable	8,689
Accounts payable for completed projects	424
Short-term debt	30,000
Lease obligations	398
Accounts payable—other	9,909
Accrued income taxes	401
Advances received	36,493
Customer advances for projects in progress	340
Provision for warranty obligations on completed projects	1,834
Provision for losses on construction contracts	8
Provision for apartment vacancy loss	3,216
Provision for fulfillment of guarantees	759
Others	2,868
Non-current liabilities	**33,013**
Lease obligations	1,232
Long-term advances received	5,021
Lease/guarantee deposits received	6,424
Provision for warranty obligations on completed projects	5,343
Provision for apartment vacancy loss	1,121
Provision for stock benefits	954
Liability for retirement benefit	10,380
Others	2,536
Total liabilities	**128,356**
NET ASSETS	
Shareholders' equity	**73,350**
Common stock	100
Capital surplus	30,120
Retained earnings	47,490
Treasury stock	(4,359)
Accumulated other comprehensive income	**7,918**
Net unrealized gains on other securities	(151)
Foreign currency translation adjustments	8,122
Remeasurements of defined benefit plans	(51)
Share subscription rights	**391**
Non-controlling interests	**6,607**
Total net assets	**88,268**
Total liabilities and net assets	**216,625**

CONSOLIDATED STATEMENT OF INCOME (from April 1, 2024 to March 31, 2025)

(JPY million)

Net sales	**431,831**
Sales from Leasing Business	416,918
Sales from Other Businesses	14,913
Cost of sales	**354,537**
Cost of sales from Leasing Business	338,235
Cost of sales from Other Businesses	16,302
Gross profit	**77,293**
Selling, general and administrative expenses	**48,062**
Operating profit	**29,231**
Non-operating income	**578**
Interest income	65
Dividend income	95
Gains on valuation of investment securities	91
Other	325
Non-operating expenses	**2,873**
Interest expenses	1,489
Foreign exchange losses	167
Funding costs	1,049
Share of loss of entities accounted for using equity method	34
Other	131
Recurring profit	**26,936**
Extraordinary income	**1,459**
Gains on sale of property, plant and equipment	65
Reversal of provision for losses related to repairs	1,394
Extraordinary losses	**318**
Loss on retirement of property, plant and equipment	8
Impairment loss	302
Loss on change in equity	6
Income before taxes and other adjustments	**28,077**
Income taxes	608
Income taxes—deferred	8,744
Net income	**18,725**
Net income attributable to non-controlling interests	864
Net income attributable to shareholders of the parent	**17,861**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(from April 1, 2024 to March 31, 2025)

(JPY million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the previous year-end	100	30,121	32,867	(4,359)	58,729
Change in the fiscal year					
Dividend of surplus			(3,238)		(3,238)
Net income attributable to shareholders of the parent			17,861		17,861
Acquisition of treasury stock				(0)	(0)
Change in share of parent from transactions with non-controlling interests		(1)			(1)
Changes in items other than shareholders' equity (net)					
Total change during period	**–**	**(1)**	**14,622**	**(0)**	**14,621**
Balance at the current year-end	**100**	**30,120**	**47,490**	**(4,359)**	**73,350**

(JPY million)

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total			
Balance at the previous year-end	(85)	5,330	(69)	5,175	242	7,532	71,679
Change in the fiscal year							
Dividend of surplus							(3,238)
Net income attributable to shareholders of the parent							17,861
Acquisition of treasury stock							(0)
Change in share of parent from transactions with non-controlling interests							(1)
Changes in items other than shareholders' equity (net)	(66)	2,791	18	2,743	149	(925)	1,967
Total change during period	**(66)**	**2,791**	**18**	**2,743**	**149**	**(925)**	**16,588**
Balance at the current year-end	**(151)**	**8,122**	**(51)**	**7,918**	**391**	**6,607**	**88,268**

Notes to Consolidated Financial Statements

1. Important Items That Form the Basis of Preparing Consolidated Financial Statements

(1) Scope of consolidation

(a) Number of consolidated subsidiaries and names of principal consolidated subsidiaries of Leopalace21 Corporation (the "Company")

Number of consolidated subsidiaries: 10

Principal consolidated subsidiaries: Leopalace Leasing Corporation
Plaza Guarantee Co., Ltd.
Leopalace Power Corporation
ASUKA SSI
Leopalace21 Business Consulting (Shanghai) Co., Ltd.
Leopalace21 Singapore Pte. Ltd.
Azu Life Care Co., Ltd.
Leopalace Guam Corporation
Leopalace Smile Co., Ltd.

(b) Status of non-consolidated subsidiaries

Number of non-consolidated subsidiaries: 1

Name of the non-consolidated subsidiary: TRUMAN HOLDING LIMITED

Reason for exclusion from scope of consolidation:

The non-consolidated subsidiary is excluded from the scope of consolidation because the total assets, net sales, net income or loss (corresponding to the ownership held by the Company) and retained earnings (corresponding to the ownership held by the Company) of the non-consolidated subsidiary have no material impact on the consolidated financial statements.

(2) Application of equity method

(a) Numbers of non-consolidated subsidiaries and affiliates accounted for by the equity method and names of principal such companies

Number of non-consolidated subsidiaries accounted for by the equity method: 1

Name of non-consolidated subsidiary: TRUMAN HOLDING LIMITED

Number of affiliates accounted for by the equity method: 3

Names of affiliates: Leopalace Green Energy Corporation
Ancora Residential Fund LP
PT TEGUH BINA KARYA

(b) Special note on the application of equity method

With regard to companies whose fiscal year-end is different from the consolidated balance sheets date, the financial statements of the companies as of their fiscal year-end and for their fiscal year are used in the preparation of the Company's consolidated financial statements.

(3) Changes in the scope of consolidation and application of equity method

(a) Changes in the scope of consolidation

Leopalace Energy Corporation, which was a consolidated subsidiary in the previous fiscal year, has been excluded from the scope of consolidation due to being dissolved in an absorption-type merger in which Leopalace Power Corporation was the surviving company.

(b) Changes in the scope of application of equity method

Not applicable.

(4) Fiscal year-ends of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of Leopalace Guam Corporation and three other companies is December 31 of each year. As the difference between the said date and the consolidated balance sheets date is within three months, their financial statements as of the said date are used in the preparation of the Company’s consolidated financial statements. When significant transactions occur at those subsidiaries between their fiscal year-end and the consolidated balance sheets date, these transactions are included in consolidation as necessary.

(5) Summary of accounting policies

(a) Valuation bases and methods for significant assets

Securities

Held-to-maturity debt securities are stated at amortized cost (straight-line method).

Other securities

Securities other than shares, etc. without a market price are stated at fair market value. Unrealized gains and losses are directly included in net assets. The cost of securities sold is determined by the moving-average method.

Shares, etc. without a market price are stated at cost determined by the moving-average method.

Investments in silent partnerships and others are reported using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

Inventories

Real estate for sale and real estate for sale in progress

Primarily stated at cost determined by the specific identification method (figures on the balance sheets are determined based on the method of writing down the book value in accordance with the decline in profitability of assets)

Payment for construction in progress

Primarily stated at cost determined by the specific identification method

Raw materials and supplies

Primarily stated at cost determined by the last purchase cost method (figures on the balance sheets are determined based on the method of writing down the book value in accordance with the decline in profitability of assets)

(b) Depreciation and amortization of significant depreciable and amortizable assets

Rental property, plant and equipment of the Company and consolidated subsidiaries in Japan (except for leased assets):

Depreciated by the straight-line method

Useful lives of major assets are as follows:

Buildings and structures:	22–47 years

Property, plant and equipment other than the above of the Company and consolidated subsidiaries in Japan (except for leased assets):

Depreciated by the declining-balance method

However, buildings (excluding accompanying facilities) obtained on or after April 1, 1998 and facilities accompanying buildings and structures obtained on or after April 1, 2016 are depreciated by the straight-line method.

Useful lives of major assets are as follows:

Buildings and structures:	15–50 years
Machinery, equipment, and vehicles:	17 years
Tools, furniture and fixtures (Others in property, plant and equipment):	5–10 years

Property, plant and equipment of overseas subsidiaries:

Depreciated by the straight-line method based on the local GAAP

Useful lives of major assets are as follows:

Buildings and structures:	20–40 years
Tools, furniture and fixtures (Others in property, plant and equipment):	3–5 years

Intangible fixed assets (except for leased assets):

Amortized by the straight-line method

Useful lives of major assets are as follows:

Software for internal use:	5 years

Leased assets:

Depreciated and amortized by the straight-line method based on the lease term as the useful life and a residual value of zero.

Long-term prepaid expenses:

Evenly amortized mainly over the following period

Nondeductible portion of consumption taxes related to non-current assets:	5 years

(c) Provision of significant allowance and provisions

Allowance for doubtful accounts

The Group maintains an allowance for doubtful accounts to provide for potentially uncollectible receivables such as accounts receivable and loans. An estimated uncollectible amount is provided at the amount estimated by either using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.

Provision for warranty obligations on completed projects

With regard to the Leasing Business, an estimated amount of compensation based on the past execution of warranty obligations and other reasonable factors is recorded for the Company's compensation expenses, etc. regarding its execution of warranty obligations under non-conformance liability in the future pertaining to completed projects.

(Additional information)

In order to provide for the Company's compensation expenses regarding its execution of warranty obligations under non-conformance liability in the future pertaining to completed projects in the Leasing Business, an estimated amount of compensation based on the percentage of the past execution of warranty obligations on completed projects had previously been recorded as "Provision for warranty obligations on completed projects." In addition, to prepare for the incurrence of repair work expenses and incidental expenses related to construction defects of properties (apartments) constructed by the Company in the Leasing Business, an amount of loss estimated based on the ratio of defects and others had been recorded as "Provision for losses related to repairs." However, starting from the fiscal year ended March 31, 2025, these provisions have been consolidated, and now, for the Company's compensation expenses, etc. regarding its execution of warranty obligations under non-conformance liability in the future pertaining to completed projects in the Leasing Business, an estimated amount of compensation based on the past execution of warranty obligations and other reasonable factors is recorded as "Provision for warranty obligations on completed projects."

This change is for the following reasons. In response to the construction defects released in 2018, the Company has undertaken investigations and repairs. By the end of December 2024, these efforts were largely completed for clearly identified defects for which we obtained the cooperation from tenants and building owners. As a result, the Company has transitioned to addressing such issues through individual adjustments based on consultations with Designated Administrative Agencies and building owners. Consequently, the costs to address the projects with construction defects are now treated in the same manner as compensation expenses under the "Provision for warranty obligations on completed projects." Furthermore, following this policy change, the Company has revised the method for accounting repair work expenses as follows. In addition to updating the ratio of defects, it newly reflects the estimated payment amount based on the past actual compensation payments and other relevant factors (see "Notes to Consolidated Financial Statements, 4. Notes Regarding Accounting Estimates").

Provision for apartment vacancy loss

With regard to the Leasing Business, provision to prepare for the risk of vacancy losses on apartment units managed under master lease agreements is provided according to the projected loss that could occur during a logically predictable period. It is based on estimated losses resulting from current rent to pay as a subleasing company and expected future occupancy rates for each rental property.

Provision for fulfillment of guarantees

In order to provide for losses attributable to its rent payment guarantee business, the Company's consolidated subsidiary, Plaza Guarantee Co., Ltd., records the amount of loss expected based on the rate of past guarantee fulfillments.

Provision for stock benefits

In order to provide for the delivery of the Company shares to employees of the Company in accordance with the stock granting regulations, the estimated amount of stock benefit obligations at the end of the current fiscal year is recorded.

(d) Recognition of significant revenues and costs

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

Details of major performance obligations in major businesses of the Company and its consolidated subsidiaries related to revenue from contracts with customers, and the timing the performance obligations are typically satisfied (when revenue is typically recognized), are as follows.

Leasing Business operations mainly comprise the leasing and management of rental properties through bulk leasing of apartments, etc. contracted for construction, leasing and management of the Company’s own properties, repair work for apartments, etc., various leasing-related services and broadband services, and contracted construction work for apartments, etc. For these transactions, the Company determines that performance obligations are satisfied at the time the contractual conditions are implemented, and revenue is recognized at that point in time.

For key money and reduction of rent, revenue is recognized evenly over a certain period of time using the tenants’ average staying period in the apartment as a period for service provision. For handling charge for monthly rental contracts, etc., revenue is recognized evenly over a certain period of time based on the contract period.

As for *LEONET* viewing fee, because the service providers are third parties and the Company’s performance obligation is to arrange for the service to be provided, the Company has determined that it acts as an agent in the transactions and revenue is recognized at the net amount derived by deducting the amount paid to those parties from the amount of consideration received from customers.

For obligations, etc. primarily related to apartment rentals, revenue is recognized based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007).

The consideration for transactions related to the Leasing Business is received in accordance with the terms of the contract and generally prior to the satisfaction of performance obligations, and the amount of the consideration does not include important financial components.

(e) Foreign currency translation of important foreign currency-denominated assets and liabilities into Japanese yen

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the consolidated balance sheets date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income. The assets and liabilities of overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheets date of overseas subsidiaries, and revenues and expenses are translated into Japanese yen at the average exchange rates of the fiscal year. Foreign exchange gains and losses from translation are included in foreign currency translation adjustments and non-controlling interests as a separate component of net assets.

(f) Amortization and amortization period of goodwill

Goodwill is amortized evenly over the period of the future economic benefits. However, goodwill is amortized in a lump sum when incurred if the amount is minimal.

(g) Other important matters for preparing consolidated financial statements

Accounting method for retirement benefit

- Method of attributing expected retirement benefits to the period

  In the calculation of retirement benefit obligations, the method of attributing expected retirement benefits to the period up to the end of the fiscal year ended March 31, 2025 is on the benefit formula basis.
- Method of amortizing actuarial differences

  Actuarial differences, which are prorated according to the straight-line method over a specified period (5 years) within the average remaining service years of employees at the time of accrual in each fiscal year, are amortized starting in the next fiscal year following the respective accruals.
- Accounting method for unrecognized actuarial differences

  Unrecognized actuarial differences are recorded in remeasurements of defined benefit plans in accumulated other comprehensive income under net assets after adjusting for tax effects.
- Adoption of a simplified accounting method at small enterprises, etc.

  Certain consolidated subsidiaries apply a simplified accounting method in which the calculation of liability for retirement benefit and retirement benefit cost is carried out by using a method in which the retirement benefit obligations are deemed to be the amount of retirement benefits to be paid in cases where all eligible employees retired on a voluntary basis at the fiscal year-end date.

Interest capitalization

Leopalace Guam Corporation capitalized the interest paid on borrowings for real estate development business during the development period into the acquisition cost of property, plant and equipment.

Capitalized interest included in the carrying amount of property, plant and equipment of Leopalace Guam Corporation was JPY 469 million as of March 31, 2025.

2. Changes in Accounting Policies

(Application of the “Accounting Standard for Current Income Taxes,” etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”), etc. from the beginning of the fiscal year ended March 31, 2025.

With regard to the amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Guidance 2022”). This change in accounting policy has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gain or loss on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the fiscal year ended March 31, 2025. This change in accounting policy has no impact on the consolidated financial statements.

3. Changes in Presentation

(Consolidated balance sheet)

For the fiscal year ended March 31, 2025, a portion of trade payables (JPY 5,016 million in the previous fiscal year) that had been included in “Accounts payable - other” in the previous fiscal year has been reclassified and included in “Accounts payable” for more appropriate presentation.

Regarding “Provision for apartment vacancy loss,” the whole amount of which had been presented as a non-current liability in the previous fiscal year, as it is now possible to accurately estimate the amount of the provision expected to be used within one year, that portion has been reclassified and presented as a current liability for the fiscal year ended March 31, 2025 (JPY 3,346 million in the previous fiscal year) for more appropriate presentation reflecting actual conditions.

4. Notes Regarding Accounting Estimates

(1) Deferred tax assets

(a) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

(JPY million)

	As of March 31, 2025
Deferred tax assets	42,977

(b) Information on the content of significant accounting estimates for identified items

Deferred tax assets are recorded for schedulable deductible temporary differences and losses carried forward for tax purposes after determining the recoverability by using the estimated taxable income based on future profitability. For the fiscal year ended March 31, 2025, the deferred tax assets recorded in the consolidated financial statements were JPY 42,977 million, of which JPY 40,466 million was recorded by the Company.

The Company has established a business structure which can ensure stable profits as a result of the progress in the reduction of fixed costs through the improvement of occupancy rate, an increase in the average unit rent, and contractual adjustment of master-lease rent and other measures. As a result, the Company again generated taxable income before losses carried forward in the fiscal year ended March 31, 2025. While the Company generated significant tax losses in the past fiscal years, future taxable income before taxable or deductible temporary differences is expected in a few fiscal years to come, in view of the stabilized profit structure and in consideration of the factors such as the circumstances behind such significant tax losses, the Company's business plans and their progress status in the past fiscal years, trends of taxable income or tax losses in the past fiscal years as well as the fiscal year ended March 31, 2025. As such, the Company recorded deferred tax assets based on the estimated amount of taxable income before taxable or deductible temporary differences for the reasonably estimable future period in accordance with the company classification stipulated by the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

The estimate of taxable income is made in a basis of future business plans, and the significant assumptions used for the estimate include the number of rental agreements and contract unit prices. The estimate is also made based on the assumption that it is possible to maintain certain numbers of contracts and certain unit prices even as the age of the properties supplied increases.

Recoverability of deferred tax assets depends on the estimated future taxable income. As a result, if conditions or assumptions used as the premise of these estimates are changed, the amount of deferred tax assets may vary in the consolidated financial statements for the fiscal year ending March 31, 2026.

(2) Provision for warranty obligations on completed projects

(a) Amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

(JPY million)

	As of March 31, 2025
Provision for warranty obligations on completed projects (Current liabilities)	1,834
Provision for warranty obligations on completed projects (Non-current liabilities)	5,343
Total	7,177

(b) Information on the content of significant accounting estimates for identified items

The Company's provision for warranty obligations on completed projects provides for repair work and other expenses related to properties for which a series of construction defects, such as defects in parting walls in attics released in April 2018, were confirmed, and repair work expenses, etc. based on contractual non-conformance liability for ordinary properties constructed by the Company. The estimated cost for each is calculated and recorded accordingly.

The specific calculation methods of such provisions are as follows:

・ Repair work expenses

The number of properties with defects is estimated by using the actual number of affected properties for those where defects have already been confirmed, and by applying the defect incidence rate based on the defect identification criteria of the Company for those where the existence of defects has not yet been investigated. The estimated number is then multiplied by the actual unit price for each repairing method according to the type of defects, to calculate the expenses.

The criteria for identifying defects beyond clearly apparent ones have also been reviewed and reflected in the defect incidence rate.

・ Compensation expenses

After providing explanation to relevant Designated Administrative Agencies and obtaining understanding from them, the Company estimates the number of properties for which negotiations can be finalized through payment of compensation based on discussions with building owners. This estimate is then multiplied by the unit price set by the Company, to calculate the expenses.

・ Repair work expenses, etc. based on contractual non-conformance liability for properties constructed by the Company

Estimated compensation amount is calculated based on the actual rate of compensation for past completed construction.

Of the provision for warranty obligations on completed projects, the amount corresponding to repair work expenses, etc. related to properties for which a series of construction defects, such as defects in parting walls in attics released in April 2018, were confirmed amounted to JPY 7,001 million for the fiscal year ended March 31, 2025.

As for repair work expenses, the Company strives to make more reasonable and more highly accurate estimates of amounts, taking into account estimates presented by external business operators, changes in estimated unit price due to a decline in the rate of insourcing of repair work, effects of review of construction schedule and others.

If conditions or assumptions used as the premise of these estimates are changed, the amount of provision recorded may vary in the consolidated financial statements for the fiscal year ending March 31, 2026.

5. Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

(a) Assets pledged as collateral

Cash and deposits	JPY 91 million
Others (Current assets)	JPY 266 million
Investment securities	JPY 35 million
Total	JPY 393 million

(b) Secured liabilities

The assets pledged as collateral have been pledged as collateral to customers and other lenders, and there are no secured liabilities.

(c) Investments and other assets which have been deposited with the Legal Affairs Bureau (Others)

Deposit for housing construction warranty	JPY 771 million
Advanced payment certificate in accordance with Payment Services Act	JPY 332 million
Deposit for operation stipulated in Building Lots and Buildings Transaction Business Act	JPY 60 million
Deposit for operation stipulated in Insurance Business Act	JPY 200 million
Deposit for housing defect warranty	JPY 105 million
Others	JPY 2 million

(2) Accumulated depreciation of property, plant and equipment JPY 90,128 million

(3) Reduction entry amount deducted from the acquisition cost of property, plant and equipment

Machinery, equipment, and vehicles	JPY 155 million
Tools, furniture and fixtures (Property, plant and equipment and other)	JPY 44 million

(4) Guarantee obligations

Guarantee obligations for financial institutions for customers who have a housing loan	JPY 125 million

6. Notes to Consolidated Statement of Changes in Equity

(1) Number of issued shares

Class of shares	April 1, 2024	Increase	Decrease	March 31, 2025
Common stock	329,389,515 shares	–	–	329,389,515 shares

(2) Number of shares of treasury stock

Class of shares	April 1, 2024	Increase	Decrease	March 31, 2025
Common stock	11,694,361 shares	260 shares	–	11,694,621 shares

Notes: 1. The increase in the number of shares of treasury stock of common stock comprises an increase of 260 shares due to the purchase of odd-lot shares.
2. The numbers of shares of treasury stock as of April 1, 2024 and as of March 31, 2025 includes 6,162,700 shares held by the stock grant trust for the employees.

(3) Dividends of surplus

(a) Cash dividends paid

Resolution	Class of shares	Source of funds for dividends	Total amount of dividends (JPY million)	Dividend per share (JPY)	Record date	Effective date
June 27, 2024 Ordinary General Shareholders' Meeting	Common stock	Retained earnings	1,619	5	March 31, 2024	June 28, 2024
November 8, 2024 Board of Directors meeting	Common stock	Retained earnings	1,619	5	September 30, 2024	December 9, 2024

Notes: 1. The total amount of dividends based on the resolution at the Ordinary General Shareholders' Meeting on June 27, 2024 includes JPY 30 million dividends for the Company's stock held by the stock grant trust for the employees.
2. The total amount of dividends based on the resolution at the Board of Directors meeting on November 8, 2024 includes JPY 30 million dividends for the Company's stock held by the stock grant trust for the employees.

(b) Dividend payments whose record date is in the fiscal year ended March 31, 2025 but whose effective date is in the following fiscal year

Resolution	Class of shares	Source of funds for dividends	Total amount of dividends (JPY million)	Dividend per share (JPY)	Record date	Effective date
June 26, 2025 Ordinary General Shareholders' Meeting	Common stock	Retained earnings	1,619	5	March 31, 2025	June 27, 2025

Note: The total amount of dividends to be paid based on the resolution at the Ordinary General Shareholders' Meeting on June 26, 2025 includes JPY 30 million dividends for the Company's stock held by the stock grant trust for the employees.

(4) Share subscription rights as of March 31, 2025

Class of shares subject to share subscription rights	Common stock
Number of shares subject to share subscription rights	163,611,413 shares
Unexercised share subscription rights	JPY 391 million

7. Financial Instruments

(1) Status of financial instruments

(a) Policy for financial instruments

The Group's policy is to raise necessary funds mainly through bank borrowings and issuance of corporate bonds in light of its capital investment plan. Temporary excess funds are invested in highly secured financial assets, and short-term working capital is raised by borrowing from the bank.

(b) Nature of financial instruments and risks arising therefrom

Operating receivables and loans outstanding are exposed to credit risks of customers.
Foreign currency denominated debts and credits originated in conjunction with overseas business development are exposed to exchange risk.
Securities and investment securities include mainly held-to-maturity debt securities and shares of the companies with which the Company has a business or capital alliances and others, and they are exposed to risks of fluctuations in market prices and credit risks of the share-issuing organizations.
Almost all accounts payable, accounts payable for completed projects and accounts payable—other which are trade payables are scheduled to be paid within one year.
Borrowings and lease obligations related to finance lease transactions are for the funding mainly for short-term funding needs and investment in facilities, respectively, and the longest repayment date is 5 years and 1 month subsequent to fiscal year-end.
There are no derivatives transaction balances remaining as of the end of the fiscal year ended March 31, 2025.

(c) Risk management for financial instruments

Credit risk management for operating receivables and loans outstanding follows the "Receivables Management Rules." Each business division manages the extension of credit to its customers while striving for early detection and loss reduction of accounts where collection is doubtful due to worsening credit or similar problems.
Regarding securities and investment securities, the Company periodically investigates and understands the share price and the financial condition of the share-issuing organization. In addition, for items other than held-to-maturity debt securities, the Company considers the relationship with the trading partner companies and constantly re-evaluates its holdings.
Trade payables and borrowings are exposed to liquidity risk, but this risk is monitored by various means such as the preparation of a monthly financial plan by each company in the Group.

(d) Supplementary explanations on fair value of financial instruments

Fair value of financial instruments is calculated based on fluctuating factors, and the value might differ if different assumptions are used.

(2) Fair value of financial instruments

The carrying amount on the consolidated balance sheets and fair value of financial instruments as of March 31, 2025 as well as the difference between these values are shown below.

(JPY million)

	Carrying amount	Fair value	Difference
(1) Securities and investment securities (*2)	1,445	1,438	(6)
(2) Long-term loans	486		
Allowance for doubtful accounts (*3)	(110)		
	376	396	20
(3) Bad debts	261		
Allowance for doubtful accounts (*3)	(261)		
	–	–	–
Total assets	1,821	1,835	13
(1) Short-term debt	30,000	29,700	(299)
(2) Lease obligations	1,630	1,581	(49)
Total liabilities	31,630	31,282	(348)

(*1) Information on cash is omitted, and information on deposits, trade receivables, accounts payable, accounts payable for completed projects and accounts payable—other is omitted because the fair value approximates the carrying amount since they are settled within a short period of time.

(*2) Shares, etc. without a market price are not included in "(1) Securities and investment securities." The carrying amount of these financial instruments is as follows:

(JPY million)

Item	As of March 31, 2025
Unlisted shares	1,656
Shares of non-consolidated subsidiaries and affiliates	1,476
Investments in silent partnerships	138
Total	3,271

(*3) Long-term loans and bad debts have deductions of their respective allowance for doubtful accounts, which are recorded separately.

Note 1: Scheduled redemption amount of monetary claims and investment securities with maturity subsequent to fiscal year-end

(JPY million)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	88,408	–	–	–
Trade receivables	7,913	–	–	–
Securities and investment securities				
Held-to-maturity debt securities (government bonds)	100	200	–	–
Other securities with maturities	–	36	–	1,260
Long-term loans	18	32	2	432
Bad debts	–	–	–	261
Total	96,439	268	2	1,954

Note 2: Scheduled repayment amount of loans payable and other interest-bearing debt subsequent to fiscal year-end

(JPY million)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Short-term debt	30,000	–	–	–
Lease obligations	398	1,230	1	–
Total	30,398	1,230	1	–

(3) The breakdown by fair value level of financial instruments, etc.

Fair values of financial instruments are classified into the following three levels depending on the observability and significance of inputs used in the fair value measurement.

Level 1 fair value: Fair value determined based on the quoted price formed in an active market for the asset or liability of which the fair value is determined, among observable inputs for fair value measurement

Level 2 fair value: Fair value determined using inputs related to the measurement of the fair value other than inputs of Level 1, among observable inputs for fair value measurement

Level 3 fair value: Fair value determined using unobservable inputs for fair value measurement

If multiple inputs that have a significant impact on the fair value measurement are used, the fair value is classified to the lowest priority level of fair value measurement to which each input belongs.

(a) Financial instruments recorded at fair value on the consolidated balance sheets

(JPY million)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Other securities				
Government bonds	35	–	–	35
Bonds (corporate bonds)	–	374	–	374
Others	–	735	–	735
Total assets	35	1,109	–	1,144

(b) Financial instruments other than those recorded at fair value on the consolidated balance sheets

(JPY million)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities (government bonds)	293	–	–	293
Long-term loans	–	396	–	396
Total assets	293	396	–	690
Short-term debt	–	29,700	–	29,700
Lease obligations	–	1,581	–	1,581
Total liabilities	–	31,282	–	31,282

Note: Explanation of valuation methods used to determine fair value and inputs related to determining fair value

Securities and investment securities

Government bonds are assessed using the quoted price. Because government bonds are traded in an active market, their fair value is classified as Level 1 fair value. On the other hand, fair value of bonds (corporate bonds) and other (subordinate beneficiary rights) held by the Company is classified as Level 2 fair value since these bonds are traded infrequently in a market and their price is not deemed as a quoted price in an active market.

Long-term loans

Fair value of long-term loans is classified as Level 2 fair value since it is determined using the discounted cash flow method based on the future cash flow and an interest rate equal to an appropriate index, such as the yield of government bonds, plus credit spread, for each loan classified according to a certain period of time and by credit risk category used for credit management.

Short-term debt and lease obligations

Their fair value is classified as Level 2 fair value since it is determined using the discounted cash flow method based on the principal with interest and an interest rate that takes into account the remaining period of respective debts and credit risks.

8. Rental Properties

The Company possesses rental apartments in major cities and regional cities throughout Japan. Also, some consolidated subsidiaries possess rental housing and buildings for rent. For the fiscal year ended March 31, 2025, income arising from these rental properties was JPY 424 million. Also, the changes in the carrying amount on the consolidated balance sheets of rental properties during the fiscal year ended March 31, 2025, and the fair value as of the said date were as follows:

(JPY million)

Carrying amount			Fair value as of March 31, 2025
Balance as of April 1, 2024	Increase/decrease	Balance as of March 31, 2025	
5,098	(119)	4,978	8,332

Notes: 1. The carrying amount on the consolidated balance sheets is the amount after deducting accumulated depreciation and accumulated impairment loss from acquisition cost.

2. The main decrease for the fiscal year ended March 31, 2025 was impairment loss of rental apartments of JPY 64 million.

3. Fair value as of the end of the fiscal year ended March 31, 2025 is calculated by the Company mainly based on the “Real Estate Appraisal Standards.”

9. Revenue Recognition

(1) Information on disaggregation of revenues from contracts with customers

(JPY million)

	Reportable segments				Adjustments	Amount stated in consolidated financial statements
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Ancillary service income	29,023	–	–	29,023	–	29,023
Maintenance	36,663	–	–	36,663	–	36,663
Company housing agency fee	1,010	–	–	1,010	–	1,010
Roof lease solar power generation	2,642	–	–	2,642	–	2,642
Contracted construction	1,382	–	–	1,382	–	1,382
Other	–	13,726	967	14,694	–	14,694
Revenue from contracts with customers	70,723	13,726	967	85,417	–	85,417
Rent income	322,958	–	–	322,958	–	322,958
Ancillary service income	17,542	–	–	17,542	–	17,542
Rental guarantee	3,828	–	–	3,828	–	3,828
Furniture insurance	1,865	–	–	1,865	–	1,865
Other	–	–	218	218	–	218
Other revenue	346,194	–	218	346,413	–	346,413
Sales to customers	416,918	13,726	1,186	431,831	–	431,831

(2) Information that forms the basis to understand revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on the five-step approach detailed below.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

Information that forms the basis to understand revenue is as described in “1. Important Items That Form the Basis of Preparing Consolidated Financial Statements, (5) Summary of accounting policies, (d) Recognition of significant revenues and costs.”

(3) Information for understanding amounts of revenue for the fiscal year ended March 31, 2025 and the next fiscal year onward

(a) Balance of contract assets and contract liabilities, etc.

(JPY million)

	As of March 31, 2025
Receivables from contracts with customers (beginning balance)	2,768
Receivables from contracts with customers (ending balance)	4,146
Contract assets (beginning balance)	628
Contract assets (ending balance)	25
Contract liabilities (beginning balance)	9,104
Contract liabilities (ending balance)	8,727

Receivables from contracts with customers are included in "Trade receivables," contract assets are included in "Accounts receivable for completed projects" and contract liabilities are included in "Advances received," "Customer advances for projects in progress," and "Long-term advances received" in the consolidated financial statements.

Contract assets are mainly unclaimed trade receivables of revenue from construction contracts recognized based on the estimated percentage of completion. Contract liabilities are mainly ancillary service fees and maintenance fees for which performance obligations have not been satisfied at the end of the fiscal year.

Revenue recognized in the fiscal year ended March 31, 2025 included in the balance of contract liabilities at the beginning of the fiscal year was JPY 3,235 million.

(b) Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations and timing when revenue is expected to be recognized are as follows:

(JPY million)

	As of March 31, 2025
Within 1 year	28,644
After 1 year	15,298
Total	43,943

Note: This table describes remaining performance obligations for ancillary service income (those related to revenues from contracts with customers) and maintenance from among the classification for disaggregation shown in "(1) Information on disaggregation of revenues from contracts with customers."

10. Per Share Information

Net assets per share	JPY 255.81
Net income per share	JPY 56.22

Note: The number of shares of the Company's stock held by the stock grant trust for the employees is included, for the purpose of calculating net income per share, in the number of shares of treasury stock deducted in the calculation of the average number of outstanding shares during the term. Furthermore, for the purpose of calculating net assets per share, it is included in the number of shares of treasury stock deducted from the total number of outstanding shares at term end.
The number of shares of said treasury stock at term end: 6,162,700 shares
The average number of shares of said treasury stock during the term: 6,162,700 shares

11. Other Notes

(Additional Information)

(Transactions in which shares of the Company's stock are issued to employees, etc. through a trust)

Based on the resolution of the Board of Directors meeting held on February 28, 2024, the Company has introduced the stock grant trust for the employees plan (hereinafter referred to as the "Plan."), an incentive plan for employees, with the aim of enhancing the Company's corporate value over the medium to long term by enhancing investment in human resources and employee engagement through the expansion of the welfare system for the Company's employees (hereinafter referred to as "Employees."), and raising awareness of the Company's business performance and rising stock prices from the same perspective as shareholders and management through employees holding common stock of the Company (hereinafter referred to as "the Company's shares.").

(1) Outline of transactions

This is an incentive plan under which a trust (the "Trust") is established with money contributed by the Company as the source of funds, the Trust acquires the Company's shares, and the Company's shares are delivered through the Trust to Employees who satisfy certain requirements based on points awarded to them. Such points are granted according to the Employees' grade and performance evaluation, etc., in accordance with the stock granting regulations established by the Board of Directors of the Company, and the number of the Company's shares to be delivered to each Employee is determined by the number of points awarded.

The acquisition of the Company's shares by the Trust will be funded entirely by the Company, so there will be no burden on Employees.

(2) Shares of the Company remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value in the trust (excluding the amount of incidental expenses). The book value of such treasury stock for the fiscal year ended March 31, 2025 was JPY 2,649 million and the number of shares was 6,162,700.

(3) Book value of loans recorded under the gross amount method

Not applicable.

12. Subsequent Events

Not applicable.

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEET (as of March 31, 2025)

(JPY million)

ASSETS	
Current assets	**97,196**
Cash and deposits	82,055
Trade receivables	7,063
Accounts receivable for completed projects	1,085
Payment for construction in progress	229
Supplies	400
Prepaid expenses	2,115
Other accounts receivable	528
Deposits paid	2,300
Short-term loans receivable from subsidiaries and affiliates	1,443
Others	543
Allowance for doubtful accounts	(568)
Non-current assets	**108,252**
Property, plant and equipment	**27,903**
Buildings	3,656
Structures	39
Machinery and equipment	0
Vehicles	1
Tools, furniture and fixtures	168
Land	22,405
Leased assets	1,632
Intangible fixed assets	**725**
Software	403
Others	321
Investments and other assets	**79,624**
Investment securities	2,939
Shares in subsidiaries and affiliates	26,411
Long-term loans	486
Long-term loans receivable from subsidiaries and affiliates	4,767
Bad debts	259
Long-term prepaid expenses	1,410
Deferred tax assets	40,466
Others	3,288
Allowance for doubtful accounts	(406)
Total assets	**205,449**

NON-CONSOLIDATED BALANCE SHEET (as of March 31, 2025) *(Continued)*

(JPY million)

LIABILITIES	
Current liabilities	**91,144**
Accounts payable	8,679
Accounts payable for completed projects	424
Short-term debt	30,000
Lease obligations	701
Accounts payable—other	8,344
Accrued income taxes	105
Advances received	34,716
Customer advances for projects in progress	340
Deposits received	2,513
Provision for warranty obligations on completed projects	1,834
Provision for losses on construction contracts	8
Provision for apartment vacancy loss	3,216
Others	260
Non-current liabilities	**30,641**
Lease obligations	1,306
Long-term advances received	5,021
Lease/guarantee deposits received	6,390
Provision for warranty obligations on completed projects	5,343
Provision for apartment vacancy loss	1,121
Provision for stock benefits	954
Liability for retirement benefit	9,318
Others	1,185
Total liabilities	**121,786**
NET ASSETS	
Shareholders' equity	**83,423**
Common stock	100
Capital surplus	25,103
Capital reserve	10,000
Other capital surplus	15,103
Retained earnings	62,579
Other retained earnings	62,579
Retained earnings carried forward	62,579
Treasury stock	(4,359)
Valuation and translation adjustments	**(151)**
Net unrealized gains on other securities	(151)
Share subscription rights	**391**
Total net assets	**83,663**
Total liabilities and net assets	**205,449**

NON-CONSOLIDATED STATEMENT OF INCOME
(from April 1, 2024 to March 31, 2025)

(JPY million)

Net sales	**412,941**
Sales from Leasing Business	409,278
Sales from Other Businesses	3,663
Cost of sales	**339,381**
Cost of sales from Leasing Business	335,761
Cost of sales from Other Businesses	3,619
Gross profit	**73,560**
Selling, general and administrative expenses	**42,847**
Operating profit	**30,712**
Non-operating income	**1,190**
Interest and dividend income	570
Gains on investments in silent partnerships	19
Gains on valuation of investment securities	91
Other	508
Non-operating expenses	**2,843**
Interest expenses	1,550
Foreign exchange losses	162
Funding costs	1,049
Other	81
Recurring profit	**29,059**
Extraordinary income	**1,394**
Gain on sale of property, plant and equipment	0
Reversal of provision for losses related to repairs	1,394
Extraordinary losses	**426**
Loss on retirement of property, plant and equipment	8
Impairment loss	282
Provision of allowance for doubtful accounts	135
Income before income taxes	**30,027**
Income taxes	105
Income taxes—deferred	8,657
Net income	**21,264**

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(from April 1, 2024 to March 31, 2025)

(JPY million)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total share-holders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings carried forward	Total retained earnings		
Balance at the previous year-end	100	10,000	15,103	25,103	44,554	44,554	(4,359)	65,397
Change in the fiscal year								
Dividend of surplus					(3,238)	(3,238)		(3,238)
Net income					21,264	21,264		21,264
Acquisition of treasury stock							(0)	(0)
Changes in items other than shareholders' equity (net)								
Total change during period	**–**	**–**	**–**	**–**	**18,025**	**18,025**	**(0)**	**18,025**
Balance at the current year-end	**100**	**10,000**	**15,103**	**25,103**	**62,579**	**62,579**	**(4,359)**	**83,423**

(JPY million)

	Valuation and translation adjustments		Share subscription rights	Total net assets
	Net unrealized gains on other securities	Total valuation and translation adjustments		
Balance at the previous year-end	(85)	(85)	242	65,555
Change in the fiscal year				
Dividend of surplus				(3,238)
Net income				21,264
Acquisition of treasury stock				(0)
Changes in items other than shareholders' equity (net)	(66)	(66)	149	82
Total change during period	**(66)**	**(66)**	**149**	**18,108**
Balance at the current year-end	**(151)**	**(151)**	**391**	**83,663**

Notes to Non-consolidated Financial Statements

1. Significant Accounting Policies

(1) Valuation bases and methods for assets

Securities

Shares of subsidiaries and affiliates

Stated at cost determined by the moving-average method

Other securities

Securities other than shares, etc. without a market price are stated at fair market value. Unrealized gains and losses are directly included in net assets. The cost of securities sold is determined by the moving-average method.

Shares, etc. without a market price are stated at cost determined by the moving-average method.

Investments such as investments in silent partnerships are reported using the equity method, based on the latest financial statements available.

Inventories

Real estate for sale and real estate for sale in progress

Primarily stated at cost determined by the specific identification method (figures on the balance sheets are determined based on the method of writing down the book value in accordance with the decline in profitability of assets)

Payment for construction in progress

Primarily stated at cost determined by the specific identification method

Supplies

Primarily stated at cost determined by the last purchase cost method (figures on the balance sheets are determined based on the method of writing down the book value in accordance with the decline in profitability of assets)

(2) Depreciation and amortization of non-current assets

Rental property, plant and equipment (except for leased assets):

Depreciated by the straight-line method

Useful lives of major assets are as follows:

Buildings:	22–47 years

Property, plant and equipment other than the above (except for leased assets):

Depreciated by the declining-balance method

However, buildings (excluding accompanying facilities) obtained on or after April 1, 1998 and facilities accompanying buildings and structures obtained on or after April 1, 2016 are depreciated by the straight-line method.

Useful lives of major assets are as follows:

Buildings and structures:	15–50 years
Tools, furniture and fixtures:	5–10 years

Intangible fixed assets (except for leased assets):

Amortized by the straight-line method

Useful lives of major assets are as follows:

Software for internal use:	5 years

Leased assets:

Depreciated and amortized by the straight-line method based on the lease term as the useful life and a residual value of zero.

Long-term prepaid expenses:

Evenly amortized mainly over the following period

Nondeductible portion of consumption taxes related to non-current assets: 5 years

(3) Provision of allowance and provisions

Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts to provide for potentially uncollectible receivables such as accounts receivable and loans. An estimated uncollectible amount is provided at the amount estimated by either using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectability in the case of specific receivables such as highly doubtful receivables.

Provision for warranty obligations on completed projects

With regard to the Leasing Business, an estimated amount of compensation based on the past execution of warranty obligations and other reasonable factors is recorded for the Company's compensation expenses, etc. regarding its execution of warranty obligations under non-conformance liability in the future pertaining to completed projects.

(Additional information)

Additional information regarding the provision for warranty obligations on completed projects is omitted as it is disclosed in "Notes to Consolidated Financial Statements, 1. Important Items That Form the Basis of Preparing Consolidated Financial Statements, (5) Summary of accounting policies, (c) Provision of significant allowance and provisions."

Provision for apartment vacancy loss

With regard to the Leasing Business, provision to prepare for the risk of vacancy losses on apartment units managed under master lease agreements is provided according to the projected loss that could occur during a logically predictable period. It is based on estimated losses resulting from current rent to pay as a subleasing company and expected future occupancy rates for each rental property.

Provision for stock benefits

In order to provide for the delivery of the Company shares to employees of the Company in accordance with the stock granting regulations, the estimated amount of stock benefit obligations at the end of the current fiscal year is recorded.

Liability for retirement benefit

To prepare for employees' retirement benefits, liability for retirement benefit is recorded based on the estimated amount of retirement benefit obligations at the end of the fiscal year ended March 31, 2025.

Actuarial differences, which are prorated according to the straight-line method over a specified period (5 years) within the average remaining service years of employees at the time of accrual in each fiscal year, are amortized starting in the next fiscal year following the respective accruals.

(4) Recognition of revenues and costs

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected

to be received upon exchange of said goods or services.
Details of major performance obligations in major businesses of the Company related to revenue from contracts with customers, and the timing the performance obligations are typically satisfied (when revenue is typically recognized), are as follows.
Leasing Business operations mainly comprise the leasing and management of rental properties through bulk leasing of apartments, etc. contracted for construction, leasing and management of the Company's own properties, repair work for apartments, etc., various leasing-related services and broadband services, and contracted construction work for apartments, etc. For these transactions, the Company determines that performance obligations are satisfied at the time the contractual conditions are implemented, and revenue is recognized at that point in time.
For key money and reduction of rent, revenue is recognized evenly over a certain period of time using the tenants' average staying period in the apartment as a period for service provision. For handling charge for monthly rental contracts, etc., revenue is recognized evenly over a certain period of time based on the contract period.
As for *LEONET* viewing fee, because the service providers are third parties and the Company's performance obligation is to arrange for the service to be provided, the Company has determined that it acts as an agent in the transactions and revenue is recognized at the net amount derived by deducting the amount paid to those parties from the amount of consideration received from customers.
For obligations, etc. primarily related to apartment rentals, revenue is recognized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).
The consideration for transactions related to the Leasing Business is received in accordance with the terms of the contract and generally prior to the satisfaction of performance obligations, and the amount of the consideration does not include important financial components.

(5) Other important matters for preparing non-consolidated financial statements
(a) Foreign currency translation of foreign currency-denominated assets and liabilities into Japanese yen
All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheets date. The foreign exchange gains and losses from translation are recognized in the statement of income.
(b) Accounting method for retirement benefit
The accounting method for unrecognized actuarial differences for retirement benefit differs from the accounting method used in the consolidated financial statements.

2. Changes in Accounting Policies

This description is omitted as it has been provided in "Notes to Consolidated Financial Statements, 2. Changes in Accounting Policies."

3. Changes in Presentation

This description is omitted as it has been provided in "Notes to Consolidated Financial Statements, 3. Changes in Presentation."

4. Notes Regarding Accounting Estimates

(1) Deferred tax assets

(a) Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2025

(JPY million)

	As of March 31, 2025
Deferred tax assets	40,466

(b) Information on the content of significant accounting estimates for identified items

Information on the calculation method for the amount in (a) is omitted as it has been provided in “Notes to Consolidated Financial Statements, 4. Notes Regarding Accounting Estimates, (1).”

(2) Provision for warranty obligations on completed projects

(a) Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2025

(JPY million)

	As of March 31, 2025
Provision for warranty obligations on completed projects (Current liabilities)	1,834
Provision for warranty obligations on completed projects (Non-current liabilities)	5,343
Total	7,177

(b) Information on the content of significant accounting estimates for identified items

Information on the calculation method for the amount in (a) is omitted as it has been provided in “Notes to Consolidated Financial Statements, 4. Notes Regarding Accounting Estimates, (2).”

5. Notes to Non-consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

(a) Assets pledged as collateral

Cash and deposits	JPY 91 million
Deposits paid	JPY 266 million
Investment securities	JPY 35 million
Total	JPY 393 million

(b) Secured liabilities

The assets pledged as collateral have been pledged as collateral to customers and other lenders, and there are no secured liabilities.

(c) Investments and other assets which have been deposited with the Legal Affairs Bureau

Deposit for housing construction warranty	JPY 771 million
Advanced payment certificate in accordance with Payment Services Act	JPY 332 million
Deposit for operation stipulated in Building Lots and Buildings Transaction Business Act	JPY 25 million
Deposit for housing defect warranty	JPY 105 million
Other	JPY 2 million

(2) Accumulated depreciation of property, plant and equipment JPY 33,066 million

(3) Reduction entry amount deducted from the acquisition cost of property, plant and equipment

Tools, furniture and fixtures	JPY 18 million

(4) Guarantee obligation

Guarantee obligation for financial institutions for customers who have a housing loan	JPY 125 million

(5) Monetary claims and liabilities to subsidiaries and affiliates (excluding those classified separately in the Balance Sheets)

Short-term monetary claims	JPY 1,613 million
Short-term monetary liabilities	JPY 1,161 million
Long-term monetary liabilities	JPY 82 million

6. Notes to Non-consolidated Statement of Income

Transactions with subsidiaries and affiliates

Sales to subsidiaries and affiliates	JPY 1,814 million
Purchases from subsidiaries and affiliates	JPY 1,314 million
Non-operating transactions	JPY 613 million

7. Notes to Non-consolidated Statement of Changes in Equity

Number of shares of treasury stock

Class of shares	April 1, 2024	Increase	Decrease	March 31, 2025
Common stock	11,694,361 shares	260 shares	–	11,694,621 shares

Notes: 1. The increase in the number of shares of treasury stock of common stock comprises an increase of 260 shares due to the purchase of odd-lot shares.

2. The numbers of shares of treasury stock as of April 1, 2024 and as of March 31, 2025 includes 6,162,700 shares held by the stock grant trust for the employees.

8. Tax Effect Accounting

Significant components of deferred tax assets and liabilities

	(JPY million)
Deferred tax assets:	
Loss carried forward for tax purposes	32,242
Loss on devaluation of stock of shares of subsidiaries and affiliates	3,582
Retirement benefit reserves	3,297
Provision for warranty obligations on completed projects	2,527
Provision for apartment vacancy loss	1,509
Accrued bonuses	1,274
Impairment loss	1,028
Provision for stock benefits	338
Allowance for doubtful accounts	294
Software	203
Advances received	164
Others	1,187
Sub-total	47,652
Valuation allowance for total deductible temporary difference and others	(7,148)
Sub-total	(7,148)
Total deferred tax assets	40,504
Deferred tax liabilities:	
Fixed asset retirement expenses	(23)
Adjustment of gain/loss on transfer (buildings)	(13)
Others	(1)
Total deferred tax liabilities	(38)
Net deferred tax assets	40,466

9. Revenue Recognition

This description is omitted because the relevant information is described in “Notes to Consolidated Financial Statements, 9. Revenue Recognition.”

10. Related Party Transactions

Companies and others

Attribute	Name	Percentage of share ownership	Relation	Transaction	Transaction amount (JPY million)	Account	Balance as of March 31, 2025 (JPY million)
Subsidiary	Plaza Guarantee Co., Ltd.	Directly owning 100.0%	Guarantee of rental income receivables	Acceptance of subrogated payments	14,190	Trade receivables	1,119
Subsidiary	Azu Life Care Co., Ltd.	Directly owning 100.0%	Financing support	Receipt of interest (Note)1	44	–	–
				Collection of funds (Note)2	2,550		
				Underwriting of capital increase (Note) 2	2,660		
Subsidiary	Leopalace Guam Corporation	Directly owning 100.0%	Financing support	Lending of funds (Note)1	1,957	Long-term loans receivable from subsidiaries and affiliates	4,694
				Receipt of interest (Note)1	255		

Notes:
1. As for lending of funds, we reasonably determine interest rates taking into consideration market interest rates.
2. Of the collection of funds and underwriting of capital increase, JPY 2,550 million was due to the conversion of debt into equity (debt/equity swap).
3. Consumption taxes were not included in the transaction amount above.

11. Per Share Information

Net assets per share	JPY 262.11
Net income per share	JPY 66.93

Note: The number of shares of the Company’s stock held by the stock grant trust for the employees is included, for the purpose of calculating net income per share, in the number of shares of treasury stock deducted in the calculation of the average number of outstanding shares during the term. Furthermore, for the purpose of calculating net assets per share, it is included in the number of shares of treasury stock deducted from the total number of outstanding shares at term end.
The number of shares of said treasury stock at term end: 6,162,700 shares
The average number of shares of said treasury stock during the term: 6,162,700 shares

12. Other Notes

(Additional Information)

(Transactions in which shares of the Company’s stock are issued to employees, etc. through a trust)

Information is omitted because it has been provided in “Notes to Consolidated Financial Statements, 11. Other Notes.”

13. Subsequent Events

Not applicable.

14. Matters Regarding Company Subject to Consolidated Dividend Regulations

Not applicable.