



section2

Medium- to Long-Term Value Creation Strategy

This section outlines the **Medium-Term Management Plan: New Growth 2028**, formulated in May 2025, as well as strategies for our core **Leasing Business** and **Development Business**, promotion of human capital management and DX, and the roadmap for Leopalace21's medium- to long-term value creation.

"Employee-Centered" Roundtable	19
Message from the Chief of the Corporate Management Headquarters	23
Summary of Management Reforms	27
Medium-Term Management Plan:	
New Growth 2028	28
Message from the Chief of the Leasing Business Sales Headquarters.....	31
Leasing Business Strategy	33
Message from the Head of the Development Sales Division	37
Human Capital Strategy	39
Women's Empowerment Promotion Roundtable	43
DX Vision and Strategy	47
Message from an Apartment Owner	49

“Employee-Centered” Roundtable

We are changing the Company.

“Unless we change, we cannot survive.” That thought spurred our employees into action. Four employees who embody our “employee-centered” concept talk about the Leopalace21 of the future.



Changing the Company and ourselves following the discovery of construction defects problem

Shibata I have the impression of our company as a vibrant one before construction defects problem was discovered in 2018. When the discovery came to light, around a thousand employees chose voluntary retirement. Colleagues I was close to and senior employees I respected all left. A number of ongoing initiatives suddenly evaporated, and planning work also was reduced due to cost reduction. There was a heavy atmosphere hanging over the Company.

Kamochi I was in a supporting sales role, involved in progress management for design and construction and rebuilding proposals for apartment building owners. However, trust in the Company dropped following discovery of the construction defects problem. Owners began directing harsh feedback to us, and a number of contracts went canceled. With the

subsequent suspension of construction contracting business, employees' motivation declined even more and an atmosphere of distrust of our company spread wider.

Shibata In my third year after joining Leopalace21, I enjoyed my job and my workplace too. Yet I always felt unease over whether I should continue to trust and work for our company. I was torn between the desire to stay and the thought that I'd be better off making a move.

Saito I joined Leopalace21 in 2020. After joining the Company, my initial impression was that a lot of employees hung their heads out of poor motivation. Although I of course knew about the construction defects problem, it seemed to cast an even greater shadow within the Company than I'd thought. Having joined in search of a more rewarding information systems job, I felt quite a gap between our company and myself.

Kamochi I don't think that things were all bad, though. When

the construction defects problem came to light, that also generated momentum for reforming existing problems. The Company undertook reforms of its compliance system and enacted anti-harassment measures. It also conducted regular questionnaire surveys to raise awareness among employees, and employees across the Company began tackling work in compliance with laws and regulations. All of which is natural, of course. The atmosphere within the Company seems to have begun gradually changing around that time.

Shibata To be sure, talk focused on nothing but numbers has faded away. I think that a movement to transform our company's culture came about naturally in response to the problem. I myself started to think about things from a number of angles, including what the work I engage in means to our company, and how cost-effective it is.

Kamochi The way that every employee tackles work has changed, and awareness of work styles has also

heightened. I myself realized that I'd been acting with only improvement of my sales results in mind, rather than improvement of our company, and I felt that I couldn't go on like that.

Maruyama I joined the Company out of university in 2024, and so don't know what conditions were like at the time the problem was uncovered. However, the way that the management team sincerely explained the construction defects problem in briefings and interviews, without hiding things, made a positive impression on me. That was a major factor behind my decision to join the Company.

The start of "employee-centered" set everyone in a positive direction

Kamochi Last year, the Company made a shift in focus from "company-centered" to "employee-centered." What sort of impression did that make on you?

Maruyama I was glad that the president shared those words.

Saito The Company is making serious efforts to change. That is, it has to change. I could feel that resolution and strong intent. I began to see our company's stance of valuing employees, and I can now feel it all the more.



Tae Maruyama

Joined the Company in 2024. Engages in office counter work and telephone service at the Funabashi No. 2 Branch of the Property Management Department. Studied English and cross-cultural communication at university.

Kamochi I, too, felt that the "employee-centered" focus that Mr. Saito spoke of carries a meaning of valuing employees.

Shibata The Company's HR system and salary structure have undergone changes, and employee benefit programs have been enhanced. In that sense, I feel that our company is working to make changes.

Kamochi "Employee-centered" delivers a very strong message, doesn't it. Just doing what you're told does not satisfy the conditions of "employee-centered" mindset. It requires employees to think and take action on their own to set the ball rolling. If each of over 3,000 employees share the same mindset, it will surely improve the Company. That's what I thought.

Saito As a part of the rebranding project to repair relationships with owners, tenants, business partners, shareholders, and other stakeholders who were affected by the construction defects problem and to make changes to the Company, there was a call for members of the project to formulate the Company's new Mission, Vision, Values, and Credo (MVVC).

Kamochi When I heard about that, I volunteered right away. I was convinced that if I took the lead in participating and communicated the project's activities and ideas to my colleagues, things around me would improve.

Shibata As a part of the marketing team, the possibility to be involved in rebranding appealed strongly to me. I was busy with regular work, though, so I initially thought it would be hard to join in. But then I imagined the outcome of not doing so. When I later saw MVVC, I would end up treating it like someone else's problem. I wanted to be involved, including in how the new MVVC would be incorporated, so that those who weren't able to participate could understand MVVC and make it a part of their own.

Saito The Company is trying to cheer up the employees and make their chin up. I volunteered myself as a candidate in the thought that I needed to take the helm myself. Since the call for participants was cross-departmental,

I also thought that the opportunity to connect with people I don't have contact with in work would be a big positive point for me. I was busy with work as well, but thought I'd give it a try. I have a strong drive to take on challenges, haha.

Maruyama I usually deal with customers at the sales office counter and by phone. I wanted to gain a deeper understanding of the Company, not only of my own work, so I offered myself as a project member.

Kamochi When the project started, I remember a lot of employees reported they were excited about rebuilding the Company by themselves. I joined Leopalace21 because the philosophy that the Company put up made me excited. I was able to remember that feeling I had back then, of being enthusiastic about doing my best to make the Company better.

Shibata I had that enthusiasm, too. We, too, can finally embark on the next step. I felt a hope for the future.

A path toward changing the awareness of all employees has emerged

Kamochi Changing the Company requires that people first need to take ownership for the things. As is the case for any job, people have to think on their own about what to do, and move forward from there. "Employee-centered" means that each one of us undertakes responsible action.

Maruyama My thinking is the same. Having employees in the center of the Company activities doesn't mean that they can do whatever they like. Rather it entails great responsibility. I think employees will have to be ready to take on that responsibility.

Kamochi It's important that they have an awareness that you are regarded as representing the Company.

Shibata In my regular work, too, I'm conscious of communicating my opinions without ignoring questions or concerns that I have. If you let things



go without comment in the belief that someone will notice what you're thinking, that will just come around to bite you. It may be difficult to speak up when you're not confident in your own opinion, but it's best to consult with supervisors, senior employees, or other people early on. Relying on such people leads to better relationships and a higher level of work. Over time, this builds personal confidence, I believe.

Maruyama I agree. In any work, connecting with people and actively communicating are vital things. I want to engage in work that gives wholehearted support to employees, but I still have my hands full with my own matters. From here on out, I hope to tackle areas like that.

Shibata As discussions moved forward in the project, I noticed that my thinking tends to skew toward the Leasing Business in which I work. The ideas of people who frequently interact with property owners reflected perspectives different from my own, which seemed really fresh to me. Taking that realization as my starting point, I think I was able to take part in formulating MVVC from a broader point of view.

Kamochi Listening to people's thoughts invites a lot of insights, so I think participating in the project was really a good experience.

Shibata Another good thing is that my involvement increased the number of people I know in the Company. This makes it easier to discuss things with others, and I've also received a lot of requests to talk about things. The project offered a good opportunity to broaden my scope of communication within the Company, I think. From here on out, I'd like to take the project beyond its framework and make it an opportunity for Company-wide communication.

Saito Right. In order to make this a project that changes people's awareness, we have to expand the circle of communication. Without goals, motivation won't grow and even "employee-centered" can be a difficult thing to envision. With this project, however, a path has been developed. When members then go back to their departments, communicate information about MVVC, and make an effort of getting others involved, people's awareness will change. Also important, I think, is that we continually provide updates in order to share our current status and share where each of us is right now.

Building our own future through discussions without holding back

Kamochi Every other week, over a dozen members from different departments and positions gathered for discussions on what actions we should take to arrive at the Company's ideal state. Everyone took part while also performing their normal jobs, so managing time was difficult.

Shibata In addition to three-hour-long meetings every time, there were assignments that required time to consider and organize the thoughts. Every day I worried about the progress of my job and of the project.

Saito The assignments included difficult matters that required a lot of research. They took a long time to finish.

Maruyama I also had a lot of things to learn for work, so there were times when I worried over the difficulty of balancing the two. While participating in the project, though, I felt like I was in a different world, which motivated me on the job every day. It provided me an opportunity to appreciate the Company all over again, so I'm glad I volunteered to take part.

Shibata It was the same with me. In thinking about the Company's future in terms of MVVC, I had feelings of anxiety over whether my opinions would be reflected, as well as a sense of expectation. I think people found a lot of joy in the process of all members giving shape to things little by little.

Saito Not holding back out of deference to others was the rule in meetings. At times opinions clashed, while at other times things went smoothly. I was able to take in all kinds of opinions that I think I'll be able to put to use in work.



- Shibata** Exchanging ideas while respecting each other's opinions boosted camaraderie during the project and made it a valuable forum for discussion, I think. I didn't want to regret a failure to speak up at moments when I should have, so I stated my opinions without holding back.
- Kamochi** I think that every member, like Ms. Shibata, undertook the project seriously.
- Maruyama** I really appreciated that every opinion, even from employees like me who came to join the Company just recently, were respectfully taken up and considered in the group.
- Shibata** All of the members shared the understanding that Leopalace21 is a company that emphasizes the creation of new value and takes on new challenges. In the task of determining MVVC, I could see that everyone was aligned in the same direction.
- Saito** I haven't been with our company long, so the opportunity to learn about its strengths was a major gain for me. What I felt great was the way that, even when opinions clashed in the creation of MVVC, in the end we completed something that everyone could agree on.
- Kamochi** With our new Mission, Vision, Values, and Credo finally in place, there's a great sense of accomplishment in having completed the task.

Making Leopalace21 a company that employees can proudly call great

- Saito** We've set out a path for the newly reborn Leopalace21, but we're only now starting down that path. To instill it throughout the Company, the project members have to first return to their departments and get people there involved. To spread the concepts, the members will themselves create examples of MVVC and get their colleagues including their junior and senior employees to take up the challenge. We should

also create opportunities to operate the MVVC cycle among business units and throughout the Company. I think we bear a heavy responsibility.

- Maruyama** In my first year after graduating from university, the project offered me a great experience in communicating with people I would not normally be involved with, and in seeing Leopalace21 from a vantage point different from my everyday work. When I learned that there are people who are filled with enthusiasm and who like the Company so much, I knew that I also wanted to do my best work here. I'll be transferred to a new department in April, but I look forward to sincerely addressing owners, tenants, and all stakeholders and to enjoying my work. Senior employees, fellow new hires and fresh graduate hires will be joining, so I intend to value communication with my colleagues.

- Shibata** By taking part in the project and seeing my opinions reflected in the Company's goals, I believe that my awareness and sense of responsibility as a member of our company have grown all the more. I hope to

expand such opportunities to colleagues and junior employees who are in a position like mine. I first want to create opportunities to realize the goals of "employee-centered" and "employees will create the new Leopalace21," always striving to serve as a model for others.

- Kamochi** Marcus Aurelius Antoninus, the 16th emperor of Rome, said, "For the stone which has been thrown up it is no evil to come down, nor indeed any good to have been carried up." The meaning is that, whether you go up or go down, what is important is facing up to the challenges at hand and taking responsible action. Since the time that I joined the Company, it has repeatedly risen and fallen, and is now rising again. In this rising state, it's vital that people think and act on their own, not merely do their jobs. In particular, if every employee acts with Code of Conduct indicated in our Credo at heart, Leopalace21 should become a great company. Although we're only at the starting point now, the day will surely come when we can all say that Leopalace21 is a great company. Let's first stand at the forefront in taking responsible action.



Joined the Company in 2020. Senior Staff, Information Systems Department. In charge of report output in the Elderly Care Business, development and maintenance of solar energy management systems, etc. Obtained qualifications including asbestos specialist and surveyor while engaged in parting wall support work.

Employees' departments and positions are current as of March 31, 2025.

Toward a new stage of growth grounded in the achievements of structural reforms



Shinji Takekura

Director and Executive Officer
Chief of the Corporate Management Headquarters

Deputy Chief of the Development Business Headquarters (Concurrent post)

Joined Leopalace21 Corporation in 1996. Has served as the Department Manager of the 1st Construction Contracting Business Department, West Japan Region; Department Manager of the 3rd Construction Contracting Business Department, East Japan Region; Department Manager of the 2nd Wealth Management Department, East Japan Region, and responsible for the Emergency Response Project for Construction Defects Problem; and Senior Department Manager of the Corporate Planning Department. After serving as Executive Officer and Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO), assumed current position.

Looking back on fiscal year 2024

In fiscal year 2024, our business performance and handling of the construction defects problem proceeded according to plan. Looking back, however, I believe that even more than these, a number of events that were viewed positively by society made fiscal year 2024 an important turning point for our corporate reforms.

First, we changed our auditor to Ernst & Young ShinNihon LLC. To prepare for the firm's rigorous audits, we made thorough efforts throughout the year to improve our internal controls. Going beyond a financial perspective, we asked a consulting law firm to review our governance and compliance structure and worked to reinforce necessary elements.

The refinancing that we carried out in December 2023 relied on non-bank borrowing. Following the conclusion of repairs to obvious defects in December 2024, we executed full-scale refinancing through unsecured and non-guaranteed loans from Mizuho Bank in March 2025. Our contact at Mizuho Bank told us that they will make their judgment by looking at what the

business contributes to society. Our company was recognized as a pillar supporting regional employment and revitalization by providing rooms for use as corporate-leased housing.

This series of events in fiscal year 2024 also represents the

realization of progress in our governance and compliance, and I believe is of great significance to the building of a foundation to support our company's future.

Overview of business results for the fiscal year

(JPY million)

	Previous consolidated fiscal year (FY2023)	Consolidated fiscal year (FY2024)	Change	Change (%)
Net sales	422,671	431,831	+9,159	+2.2%
Cost of sales	353,836	354,537	+700	+0.2%
Gross profit (Gross profit ratio)	68,835 (16.3%)	77,293 (17.9%)	+8,458	+12.3% (+1.6 p)
Selling, general and administrative expenses	45,521	48,062	+2,541	+5.6%
Operating profit (Operating profit ratio)	23,313 (5.5%)	29,231 (6.8%)	+5,917	+25.4% (+1.3 p)
EBITDA (Operating profit + depreciation and amortization expenses)	27,974	32,734	+4,759	+17.0%
Recurring profit	19,476	26,936	+7,459	+38.3%
Net income	42,062	17,861	-24,200	-57.5%

Shareholder returns and dividend payout

Shareholder returns

Shareholder returns are a top priority for our management. Our Medium-Term Management Plan aims for a dividend payout ratio of 30% in fiscal year 2027, close to double the current payout ratio of 17.8%. Although the dividend yield is approximately 1.7%, which is not particularly high, we are committed to steadily increasing the dividend payout ratio to 30% or higher within a specified period.

The treasury stock TOB that we carried out in May 2025 was aimed at avoiding large-scale future dilution, as a responsibility to our shareholders. Our refinancing was also predicated on this TOB. At that time, there were opinions that we had sufficient funds on hand to repay our loan with no need for refinancing. However, it was expected that refinancing would yield the maximum amount possible under financial funding constraints and an amount aligned with capital on hand, and the refinancing was determined to be essential.

Dividend payout and stock price

Because of the large amount of capital spent on the prevention of dilution during the fiscal year, the dividend was set to JPY 10. In the future, we will move step by step toward our target of a 30% dividend payout ratio for fiscal year 2027.

Our share price remained strong in fiscal year 2024, without the great fluctuations seen in fiscal year 2023. We will continue enhancing our corporate value to raise our share price valuation.



Fiscal year 2024 cash flow

EBITDA was JPY 32.7 billion, exceeding our forecast of over JPY 30 billion at the beginning of the fiscal year. In the Leasing Business, we grew sales through our price-focused strategy and created a base for the generation of a stable cash flow. We will channel these funds into shareholder returns, of course, as well as into the Development Business that holds a key to the Company's regrowth. We will also move forward with reviewing our capital structure.

As we refrained from investments for several years, our

depreciation and amortization expenses have also been reduced and our financial structure can be characterized as lean and mean. Looking ahead, while further enhancing our risk sensitivity in terms of compliance and governance, we intend to undertake appropriate investments and generate the circulation of funds. We have finally entered a stage in which we can consider liquid investments, including in new businesses. In that sense, I believe that fiscal year 2024 was a year in which we laid a foundation for new growth.

Cash flow-related indicators

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity ratio (%)	-5.3	0.7	14.5	31.2	37.5
Equity ratio (%) on a market value basis	31.1	45.7	70.5	80.1	85.6
Ratio of interest-bearing debt to cash flow (years)	—	—	3.0	1.4	1.2
Interest coverage ratio	—	—	2.4	5.2	14.9

Key management issues

Construction defects problem

As of the end of 2024, 98% of obvious construction defects have been eliminated. We are addressing the remainder in coordination with specified administrative agencies, apartment owners, and tenants.

Financial position

As noted above, we made the decision to prevent large-scale stock dilution through a TOB, while also undertaking the rebuilding of our financial position. We believe that over the coming year and a half, our capital structure will recover to a level close to that just before the TOB.

Promotion of DX

Another issue for our management is optimizing the allocation of people, things, and money through DX. Our Leasing Business will soon arrive at a time when everything from searching through all properties to find a room to signing a contract can be completed via smartphone. We are constructing a system to bring this about as soon as possible, but currently have about 600 staff members working at counters in the Leasing Department. The promotion of DX will allow us to shift these human resources to higher added value domains.

The Leasing Management Department, which needs to conduct dealings locally, is a highly labor-intensive domain. To strengthen building security, we have installed security cameras and other equipment in our managed properties. We will also make use of these to carry out remote verification in some areas and will promote DX, particularly in area of customer dealings, to enhance work efficiency.

In setting prices under our price-focused strategy, too, we plan to construct mechanisms that leverage AI for further labor-saving and greater precision in price-setting.

Through such initiatives, we intend to enhance productivity and raise our operating profit per person from the current level of approximately JPY 7.5 million to the JPY 10 million level as early as possible.

Full-scale resumption of the Development Business

In fiscal year 2025, we changed the name of the Contracting Business Division to the Development Business Division and resumed the Development Business in earnest, with a focus on the rebuilding of existing apartment buildings. With an eye toward changes in demand structure 10 to 15 years ahead, we will tackle the restructuring of our managed properties portfolio.

One factor behind our decision to fully resume the business, despite some internal opinions that view the move as premature, is strong demand from owners. As a pioneer of subleasing through master leasing, we have provided numerous properties since around 1995. Because of our early start, a considerable number of these properties have reached the appropriate period for rebuilding. We perform maintenance on buildings for which materials and structures remain in good condition and work to maintain the property value. However, some owners desire early rebuilding for reasons of inheritance or other circumstances. Although the construction defects problem resulted in concerns among owners, our master lease contract won positive recognition and we have received many requests for rebuilding.

While we had generally contracted rebuilding work, in our relaunch of the business, we will adopt a new method by which, when contracting is difficult due to complex rights-related issues, we will acquire the land, perform development, and then sell the property. We have determined that this form of in-house development is also necessary for securing rooms to supply in high-demand areas and for optimizing our portfolio. As our Leasing Business faces exceedingly strong demand for newly built properties, engaging in rebuilding will help to strengthen the business.

For the first fiscal year, we plan to rebuild about 80 buildings with an order value of about JPY 10 billion. We consider our in-house systems for construction management and for collaboration with builders to be of utmost importance. While strengthening the systems, we plan to expand our rebuilding to about 250 buildings with an order value on the scale of JPY 32.0

billion in fiscal year 2027. Five years after that, we plan to again achieve our 2018 order value of about JPY 50.0 billion.

We have also laid out a system of multi-layered checking by our Architectural Engineering Department and the Construction Legal Team within the Compliance Promotion Department, and further undergo checks by external auditing bodies. Through this, we enforce thorough quality control and legal and regulatory compliance in our construction.



Outlook for management indices and growth scenarios

In the Leasing Business, the aging of properties is unavoidable. To achieve sustainable growth in the business, it is important that we construct a business model that maximizes profit in line with the Development Business.

There was a period during which we aimed for a high profit margin in the Development Business, but profit margins like those of the past will be difficult to attain in the future. However, our company is able to consider not only short-term gain from construction but also long-term profit from newly supplied properties in the Leasing Business. While conducting simulations of the effects of three-way integration among development, leasing, and management, we will build a structure that enables total and appropriate cycling of these.

We aim to achieve sales of approximately JPY 441.4 billion in fiscal year 2025 as well as sales of JPY 468.0 billion and EBITDA of JPY 43.3 billion in fiscal year 2027, the final year of our Medium-Term Management Plan.



Consolidated business performance forecast for fiscal year 2025

(For full fiscal years, percentages indicate increases or decreases from the previous fiscal year; for quarters, percentages indicate increases or decreases from the same quarter in the previous fiscal year.)

	Net sales		Recurring profit		Net income (loss)		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY
2nd quarter (cumulative)	219,500	1.5	17,100	2.2	3,400	-67.9	9.89
Full year	441,400	2.2	30,900	14.7	11,600	-35.1	35.06

Two rebrandings

Our rebranding rests upon two pillars. One of these pillars is our in-house branding that began with the concept of “employee-centered.” Our employees themselves formulated our MVVC and are currently working to instill new values within the Company. “Employee-centered” means more than simply placing the spotlight on employees. The concept calls for rigorous behavior under the idea of “everyone is a manager,” with every employee acting autonomously and bearing responsibility for outcomes.

Achieving this requires that we hone the skills of our human resources. As we make improvements in terms of compliance and governance, we believe it is important that we continue to rigorously practice decision-making based on what is right, not on who is right, and that we engage in business impartially. Providing young people with opportunities directly connects to the sustainability of our company. We will prepare positions for human resources who are motivated and who are young but capable, fostering opportunities for them to take on personal challenges.

The other pillar is reestablishing and strengthening the Leopalace21 brand outside of the Company.

“People never forget the room where it all began.”

As conveyed in this message of our company, people retain a strong impression of the room where they began living alone, away from parents. Days spent in that room are filled with hopes. As a company, we provide spaces that support the start of such hope-filled lives. Looking ahead, we will serve as a cornerstone of regional employment through leased housing for many companies, and will more powerfully communicate internally and externally our presence as a company that supports regional revitalization and shoulders social infrastructure.

Our company, which had caused concerns to people, will survive as a result of these actions. I believe that we have arrived at our current situation, in which we are replenishing our economic capital, precisely because the societal role of our company has won recognition. By further building this societal recognition and continuing within society as a valuable company, I believe that we can attain even greater growth.

Summary of Management Reforms

The management reforms that we have undertaken since fiscal year 2019 came to an end in fiscal 2024. By the end of 2024, we completed all investigation, repair, and other work on obvious defects addressed with the cooperation of tenants and building owners. We are also making progress toward reform of our corporate climate. Continuous efforts toward structural reforms with strengthened profitability and a stabilized financial base as our top priorities have led to improvements in both occupancy rate and average unit rent, along with recovery in business performance and improved financial position.

Handling of properties with construction defects

After the construction defects problem came to light in 2018, we have worked to prevent recurrence throughout the Company and have forged ahead with repairs to properties with construction defects. As of the end of 2024, we have completed investigation, repair, and other work on all obvious defects addressed with the cooperation of tenants and building owners. We will continue to earnestly address properties for which investigation or repair is pending to eliminate defects as early as possible.

To prevent recurrence of the issue, together with the review of our performance management system and reorganization we earnestly committed ourselves to 1) reforming our corporate culture, 2) restructuring our compliance and risks management system, and 3) revising the construction business framework. We completed each of these measures by 2022. Our transition to a corporate culture in which every employee plays a leading role in full swing, and we believe that our compliance-first policy has taken root.

Strengthening the profitability of the Leasing Business through price-focused strategy and top-level sales

In the area of business, we have made strengthening profitability in the Leasing Business a top priority while also advancing structural reforms.

To address occupancy rate, which fell significantly following the discovery of the construction defects problem, we worked toward recovery through a focus on growing corporate demand. In-depth exploration of demand, particularly through top-level sales to existing corporate customers, helped us increase occupancy rate and number of units in corporate use and in turn achieve higher profit. Corporate sales increased from 57.0% of sales in fiscal year 2019 to 64.6%, becoming the cornerstone of the Leasing Business. By executing a price-focused strategy that adopts flexible price-setting matched to area-specific supply and demand and by improving the profitability of contracts, we increased both average unit rent for new contracts and for all occupied units.

Among our structural reforms, we tackled business streamlining that included transfer of or withdrawal from non-core and unprofitable businesses and optimization of personnel and costs. While making full use of IT to improve the efficiency of operations, we significantly reduced SG&A expenses through the voluntary retirement of 1,067 employees and the consolidation of leasing sales offices.

Strengthening of our financial position

In November 2020, we accepted investment from the US-based investment fund Fortress Investment Group LLC in response to business difficulties stemming from the construction defects problem, with the aim of rebuilding our financial base. The means of funding consisted of (1) a capital increase through third party allocation (approximately JPY 12 billion), (2) a loan with stock acquisition rights (approximately JPY 30.2 billion), and (3) issuance of preferred shares by a consolidated subsidiary (JPY 15.0 billion). The amount raised totaled approximately JPY 57.2 billion (approximately JPY 54.0 billion after deduction of various expenses).

Subsequently, against the background of progress in management reforms and recovery in business performance, in March 2025 we carried out unsecured and non-guaranteed refinancing through Mizuho Bank Co., Ltd. for the loan portion of the loan with stock acquisition rights, thereby strengthening our financial base. In May 2025, we announced a tender offer for treasury stock and the acquisition of rights to the purchase of treasury stock for the stock acquisition rights held by Fortress Investment Group, to address the risk of future stock dilution.

Through these initiatives, we have steadily strengthened our financial position. We will continue striving for sustainable enhancement of our corporate value, achieving both financial soundness and capital efficiency.

A look back at management reforms, FY2019–FY2024

	Main KPIs	FY2019	FY2024	Change	Factor
Strengthening of profitability	Average occupancy rate for the fiscal year	80.78%	85.56%	+4.78 p	- Improvement of profitability of contracts through the execution of price-focused strategy - Top-level sales to existing corporate customers - Streamlining operations through IT
	Average unit rent for new contracts (index) ^{*1}	97	108	+11	
	Number of units in corporate use ^{*2}	272,566	308,613	+36,047	
	Corporate customers composition ratio ^{*2}	57.0%	64.6%	+7.6 p	
Structural reforms	Operating profit ratio	-8.4%	6.8%	+15.2 p	- Implementation of voluntary retirement for 1,067 employees - Transfer of or withdrawal from non-core and unprofitable businesses
	Consolidated number of employees ^{*2}	7,043	3,909	-3,134	
	Cost of sales (JPY million)	408,112	354,537	-53,574	
	SG&A expenses (JPY million)	61,915	48,062	-13,852	
	Equity ratio	0.7%	37.5%	+36.8 p	

^{*1} Index with Apr 2016 set as 100 ^{*2} As the end of each fiscal year from FY2019 to FY2024

Medium-Term Management Plan: New Growth 2028

Under the Medium-Term Management Plan: New Growth 2028, we seek to clarify our ideal state under the envisioned future business environment and to strengthen our business base with a focus on the Leasing Business and Development Business. We will also advance strategies aimed at achieving both economic value and social value as we strive to further enhance our corporate value.

What Leopalace21 will continue for the benefit of a sustainable society

Through the value creation of Leopalace21, we will continue to provide innovative, sustainable services in the housing domain with a focus on rental housing, to remain a company that is needed by society.

Economic value

Fundamental strategy

Execution of area strategy

(Improvement of occupancy rate and average unit rent for all occupied units)

In business with companies, we provide solutions that support human capital strategies, working as the brains behind the company-leased housing strategy. In business with individuals, we will contribute to the regional revitalization in cooperation with local communities by developing the market for students and solving housing issues for foreign human resources. We will also work to raise occupancy rates and optimize rents through the introduction of dynamic pricing. We will further strengthen the structure of our Leasing Business and draw a path toward the establishment and re-growth of our Comprehensive Leasing Management Services Business.

Growth strategy

Full-scale relaunch of the Development Business

(Managed property portfolio optimization)

While maintaining our system for addressing construction defects, from fiscal year 2025 we are relaunching the Development Business in earnest atop the three pillars of existing property strategy, real estate development, and corporate market development. In addition to rebuilding existing properties, we will actively undertake the supply of new properties through the creation of a real estate fund, promotion of sales bundled with land, and support for the development of idle land owned by companies. Through these and other actions, we will lower the average age of properties, secure profitable properties, and optimize our managed property portfolio.

Social value

Fundamental strategy

Development of a sustainable organizational structure through the promotion of DX and human capital management

We will use the power of digital technology to expand the creation of value for customers and to create an employee-centered organization. With business transformation as our aim, we will construct a foundation for data-driven management that supports rapid decision-making and achieve optimization of individual operations, enhancement of productivity, creation of new service value, and transformation of our corporate culture itself.

We will also categorize our digital human resources into three levels, train and place people according to level, and advance the development of a sustainable organizational structure.

Growth strategy

Contribution to a decarbonized society through the supply of ZEH properties

In addition to our ongoing environmentally friendly initiatives including CO₂ emissions reduction, energy conservation, and waste reduction, we will also focus on the promotion of ZEH (Net Zero Energy Houses) to further generate environmental value. During fiscal year 2025, we will complete our study of energy-saving performance specifications under ZEH standards. To achieve the mandatory ZEH standards compliance scheduled for 2030, we will work to achieve a ZEH standards ratio of 50%* in construction contracts by fiscal year 2028. Through this, we will contribute to achieving Japan's goal of carbon neutrality in 2050.

* Including ZEH Oriented

Medium-Term Management Plan: New Growth 2028

Basic policy of our financial strategy

The basic policy of our financial strategy rests upon two pillars: sustainable increases in revenue and profit and a stable return to shareholders.

Against the backdrop of innovation in AI technologies, increased hiring of foreign human resources under Japan's revised Specified Skilled Worker program, a growing number of single households, inheritance tax issues associated with Japan's aging population, and other changing facets of society, we will make growth investments in human capital and DX promotion as we aim for sustainable increases in revenue and profit.

Outlook for profitability

We will change from a reactive to a proactive stance in management and will enhance productivity through growth investments centered on human capital and the DX promotion.

We will work toward a high average unit rent for all occupied units and an improved occupancy rate, aiming for sustainable increases in revenue and profit over the next three years. Through these actions, we plan to raise operating profit from JPY 29.2 billion in fiscal year 2024 to JPY 41.3 billion in fiscal year 2027.

Utilizing cash generated by growth in the Leasing Business, we aim to continue paying stable dividends while maintaining an appropriate balance between growth investments and shareholder returns. We will work to strengthen shareholder returns, with the aim of a dividend payout ratio of 30% in fiscal year 2027.

New Medium-Term Management Plan						
(JPY million)	FY2024 results	FY2025 plan	FY2026 plan	FY2027 plan	3-year change (%) (FY2024→FY2027)	CAGR (average growth rate)
Net sales	431,831	441,400	456,300	468,000	+8.4%	+2.7%
Costs	354,537	355,300	362,100	368,900	+4.1%	—
Gross profit	77,293	86,100	94,200	99,100	+28.2%	+8.6%
%	17.9%	19.5%	20.6%	21.2%	+3.3 p	—
SG&A expenses	48,062	53,700	55,700	57,800	+20.3%	—
Operating profit	29,231	32,400	38,500	41,300	+41.3%	+12.2%
%	6.8%	7.3%	8.4%	8.8%	+2.0 p	—
Recurring profit	26,936	30,900	37,300	40,100	+48.9%	+14.2%
Net income	17,861	18,100	22,100	23,900	+33.8%	+10.2%

*1 New leasing accounting standards scheduled for application from fiscal year 2027 are not considered.

*2 A revision of the net income forecast for fiscal year 2025 to JPY 11,600 million was announced on May 27, 2025.

Outlook for management indices

For the three years of fiscal year 2025 to fiscal year 2027, all indices related to efficiency, profitability, and safety are expected to remain at high levels.

Efficiency (ROE, ROIC)

By working to steadily expand our revenue base primarily in the Leasing Business and by achieving recovery in business performance, we reached a high ROE of 24.6% for fiscal year 2024. We will continue focusing on the maximization of profitability and will maintain a stable ROE of around 20%.

By promoting business efficiency through means including DX promotion and concentration on our core businesses, we also achieved a high ROIC of 19.7% in fiscal year 2024. We expect to maintain a high level of 18-19% over the coming three years.

Profitability (EPS, EBITDA)

Earnings per share (EPS) was JPY 56.22 for fiscal year 2024. Heading toward fiscal year 2027, we will maintain profitability, increase our profit margin, and maintain a stable shareholder return.

EBITDA, which combines operating profit and depreciation and amortization expenses, was negative in fiscal years 2019 and 2020 but returned to positive in fiscal year 2021 due to factors including a return to positive operating profit. EBITDA has continued to improve since. We expect to achieve JPY 43.3 billion for fiscal year 2027 through strategic growth investments and greater management efficiency.

Safety (DEBT/EBITDA ratio)

DEBT/EBITDA ratio, an indicator of financial safety, maintained a favorable level of 0.97 in fiscal year 2024. By increasing profitability and strengthening our cash generation capabilities, we aim to lower the ratio to 0.7 over the next three years and further reinforce our financial base.

		FY2024 results	FY2025 plan	FY2026 plan	FY2027 plan
Efficiency	ROE	24.6%	21%	21%	20%
	ROIC	19.7%	19%	19%	18%
Profitability	EPS	JPY 56.22	JPY 56.97	JPY 69.56	JPY 75.23
	EBITDA (JPY million)	32,734	35,400	41,000	43,300
Safety	DEBT/EBITDA ratio	x0.97	x0.9	x0.8	x0.7

*ROE = net income (loss) ÷ average ownership equity during fiscal year

*ROIC = NOPAT (net operating profit after taxes) ÷ average invested capital during fiscal year (interest-bearing debt ÷ shareholder equity)

*EPS = net income (loss) ÷ number of outstanding shares (average during fiscal year)

*EBITDA = Operating profit (loss) + depreciation and amortization expenses

*DEBT/EBITDA ratio = interest-bearing debt at end of fiscal year ÷ EBITDA

*New leasing accounting standards scheduled for application from fiscal year 2027 are not considered.

Leasing Business: Numerical targets

In the Leasing Business, occupancy rate recovered to the mid-80% range in fiscal year 2022 and has continued to rise moderately since. Average unit rent for new contracts rose considerably in fiscal year 2023 and reached an even higher level in fiscal year 2024.

We will continue working to maximize profit per unit through price-focused strategy and thorough cost optimization. Specifically, we will carry out step-by-step improvements to occupancy rate every fiscal year, with the aims of an average 87.56% occupancy rate during fiscal year 2027 and 90.35% at

the end of that year. In average unit rent for new contracts, we plan to maintain a level of 109 from fiscal year 2025 onward. Average unit rent for new contracts is expected to remain flat over the next three years. Due to the increased use of dynamic pricing matched to property location and to supply and demand trends. Under our management policy that places emphasis on profitability, we will ensure a balance between occupancy rate and average unit rent and will achieve stable cash flow and a medium- to long-term increase in our corporate value.

We will maximize profit per unit through price-focused strategy and cost optimization.
Our goals for fiscal year 2027 are an average occupancy rate of 87.56% for the fiscal year and an occupancy rate of 90.35% at the end of the fiscal year.

Occupancy rate

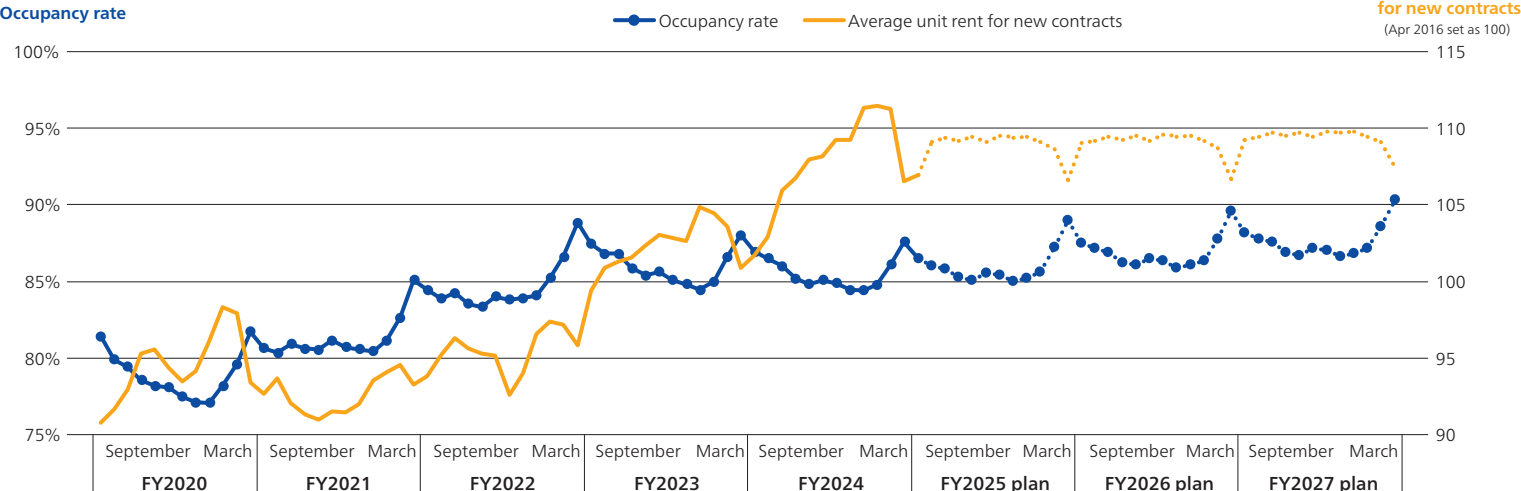
	FY2024	FY2025 plan	FY2026 plan	FY2027 plan
Average for fiscal year	85.56%	85.95%	86.87%	87.56%
End of fiscal year	87.57%	89.00%	89.60%	90.35%

Average unit rent for new contracts (index)

	FY2024	FY2025 plan	FY2026 plan	FY2027 plan
	108	109	109	109

Occupancy rate and average unit rent for new contracts

Occupancy rate



Stepping onto a new stage aimed at a truly Comprehensive Leasing Management Services Provider



Naomichi Mochida
Director and Managing Executive Officer
Chief of the Leasing Business Sales Headquarters

Joined the Mitsui Bank, Limited (now Sumitomo Mitsui Banking Corporation) in 1985. Joined Leopalace21 Corporation in 2007 and appointed Director and Chief of the Corporate Planning Department Headquarters. After serving as President and CEO of Leopalace Leasing Corporation, Department Manager of the Corporate Sales Department, assumed current position.

Business policy: Making a new start as a Comprehensive Leasing Management Services Provider

In fiscal year 2025, Leopalace21's Leasing Business put forth a policy of making a new start as a Comprehensive Leasing Management Services Provider. With regard to the construction defects problem, we successfully met certain goals for the end of December 2024. As we advance onto a new stage as the new Leopalace21, we want to differentiate ourselves from competitors as a Comprehensive Leasing Management Services Provider.

Of rental housing for singles nationwide, our company provides about 10%, or about 540,000 units. Our subleasing business, backed by our 30-year master lease agreements, is a recurring revenue business that begins with the construction of buildings and entry by tenants. In long-term business, we need to cooperate with owners and fulfill building management aspects. Over the past few years, however, our focus has been on the recovery of occupancy rate, making it difficult to allocate personnel to management. In the current fiscal year, we will reset the balance between apartment construction, leasing, and management, and will work to achieve a true three-way integration of these by realizing a Comprehensive Leasing Management Services Provider. Amid the ongoing harsh business environment of population decline and oversupply of leased properties, we will make maximum use of our know-how to ensure that the Leasing Business is sustainable.

Expansion of corporate sales and creation of new individual use

Heading into our new start, we have put forward three basic policies for the current fiscal year: Thoroughly strengthen leasing sales activities to achieve regrowth; Pursue key issues in the Leasing Services Business; and Reinforce relationships with owners.

Occupancy rate, which fell significantly following the discovery of the construction defects problem seven years ago, has recovered considerably over the past four years. The driving force behind this has been strengthened corporate sales. Under our basic policy of thoroughly strengthening leasing sales to achieve regrowth, we will focus on corporate sales with a target of increasing our corporate ratio of 64.6% at the end of fiscal year 2024 to 70%, and will work to efficiently improve occupancy rate. The balance between our individual and corporate business is important to the optimization of our portfolio. We first want to expand corporate use to create a nucleus for business performance, and while doing so, build a structure for recovery in individual use and restore our occupancy rate overall to above 90%.

As a component of our strategy for achieving this, we reorganized our Corporate Sales Department from a nine-department to a five-department structure. We further assigned human resources with a record of leading corporate sales to seven regions nationwide. Our purpose is to put the know-how of such proven corporate sales leaders to work throughout the country. These staff members are now active in

every region.

We call this concept at the core of corporate sales as the brains behind the company-leased housing strategy. In a manner similar to a main bank in banking, our company aims to serve as the central core of companies' leased housing strategies to provide all kinds of solutions. At a time when securing and retaining workers has become a vital issue, we see this initiative as contributing to companies' human capital strategies.

To achieve recovery in individual use, over the three-year period of the Medium-Term Management Plan we plan to create new sales models that include cooperation with university student associations and collaboration with local governments in securing

Establishment of the brains behind the company-leased housing strategy

Promote top-level sales	We will conduct top-level sales primarily through the president and officers. We will formulate company-specific strategies and work to increase our number of contracts.
Strengthen sales capabilities	We will migrate customers and personnel from the Corporate Sales Department to specific regions. We will adopt a new regional branch structure to strengthen our sales capabilities.
Reinforce relationships with locally-rooted companies	We will strengthen our relationships with regional companies through cooperation with Chambers of Commerce and local governments. We aim to increase the use as the company-leased housing.
Energize acquisition of foreign national customers	We will strengthen relationships with client companies that are focused on hiring foreign human resources.



Enhancing our quality of maintenance and strengthening cooperation with owners

Under the second point in our basic policy of pursuing key issues in the Leasing Services Business, we seek to enhance satisfaction of the tenants and owners by increasing staffing in our administrative teams for enhanced quality of maintenance. We believe that this is the key to achieving true three-way integration.

The third point in our basic policy is reinforcing relationships with owners. Over the past several years, we have caused anxiety and distrust among owners. We will steadily work to regain that trust and to again make owners happy to have done business with Leopalace21. We want to grow this market by rebuilding relationships with owners as partners in the development of business, while also proposing rebuilding for properties that have passed 30 years of age.

Leopalace21's advantageous position and evolving DX strategy

Most of Leopalace21's properties are equipped with furniture and home appliances, and feature low initial expenses and suitability even to short-term use. For use as company-leased housing in particular, our properties offer numerous advantages that include the ability for companies to offer housing of a consistent level nationwide, business efficiency achieved through a single point of contact, and reduction of costs such as brokerage fees through contracts for a large number of rooms. At present, 73% of Japan's listed companies make use of our properties. Looking ahead, we plan to offer even more proposals from the standpoint of our human capital strategy, including the establishment of new company housing on idle land held by companies. In doing so, we will leverage the connections we have made with companies under our brains behind the company-leased housing strategy.

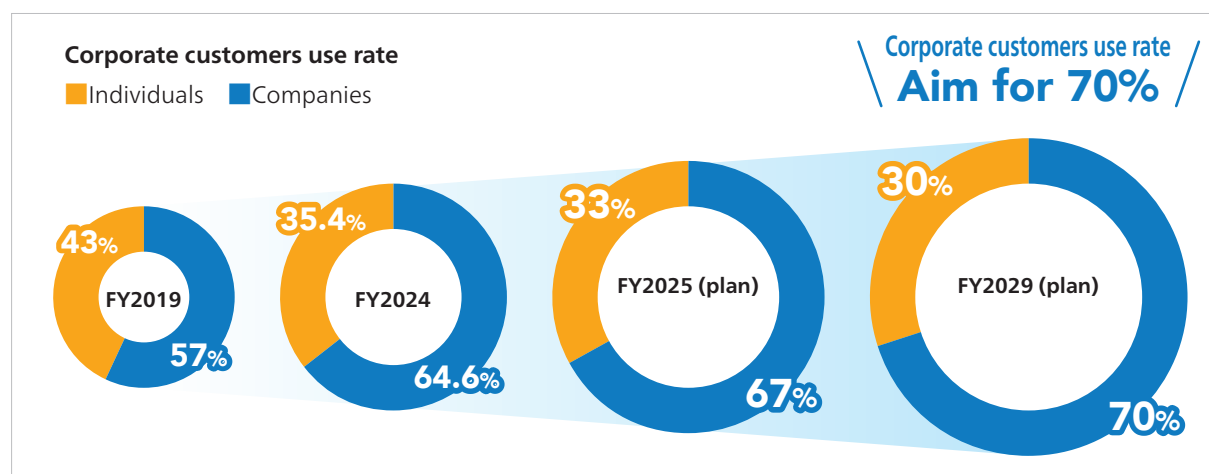
Our DX efforts, including full Internet connectivity, smart locks, and online customer service, room viewings, and contract signing, have also contributed to our advantageous position. We will continue actively incorporating cutting-edge technologies to enhance convenience for tenants, increase business efficiency, and create differentiation from competitors.

Transition to a regional branch structure and future prospects

In fiscal year 2027, we will fully launch our regional branch structure. This change is aimed at the creation of a structure allowing quick and independent action matched to the characteristics and needs of regions. Within this, we hope to collaborate with local governments and take on the challenge of dynamic pricing.

In fiscal year 2025, we are undertaking the expansion of corporate use and recovery in individual use, under our increasingly important human capital strategy and in accordance with policies described above. We will also study the creation of a new business model that will help solve companies' human resource shortages.

Our company is currently undertaking transformation aimed at becoming an "employee-centered" company. While the transition to a regional branch structure forms a component of this, we are already preparing an environment in which individual employees can move proactively. People's awareness is changing, too, as we steadily draw closer to our vision for the Company. During the current fiscal year, we will complete diverse endeavors one after another, verify the reasons behind our successes and failures to inform our next actions, and evolve into a truly Comprehensive Leasing Management Services Provider.



Leasing Business Strategy

With real estate expertise and methodologies as our core competence, we have developed a unique business model that integrates apartment construction, leasing, and management, and are expanding as a Comprehensive Leasing Management Services Provider. The number of properties for single household managed by our company is the largest in Japan. We also provide consistent support for the increasing number of foreign national customers, from apartment search to post-move-in support.

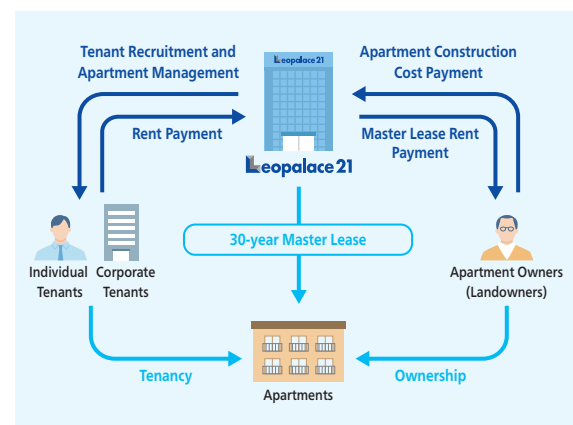
Business model

Our business model is driven by both the Development Business and the Leasing Business. We master lease apartments constructed under contract from landowners with idle land, and provide integrated operations from tenant recruitment to property management.

In the Leasing Business, we focus on regional strategies targeting regions such as Kanto, Kansai, and Chukyo, where there are many single tenants and a high number of people moving in due to economic growth. From the fiscal year 2025, we aim to fully implement a regional branch structure and strengthen initiatives that emphasize profitability by region.

We are also strengthening our efforts to meet corporate housing needs, with 64.6% of tenants under corporate contracts.

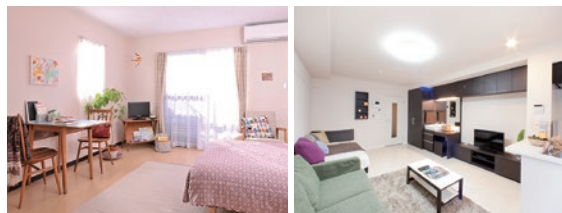
In addition, we are continuously refining our unique business model by focusing on improving customer convenience and operational efficiency through DX promotion, as well as promoting occupancy among the increasing number of foreign national customers.



Strengths and advantages

We build apartments with standard layouts planned by our company on land owned by landowners, and manage those apartments.

Most of the approximately 540,000 properties managed nationwide are studio-type units for single tenants, with standardized room specifications. As a result, companies with offices nationwide can provide employees with an equal living environment without regional disparities, which is considered an important aspect of employee benefits.



In addition, these properties come standard with furniture, appliances, and internet access. When starting a new life stage, tenants can move in with just a single bag. When moving out, they can minimize various moving costs, making our properties advantageous for tenants seeking limited-time residence due to transfers or school enrollment.

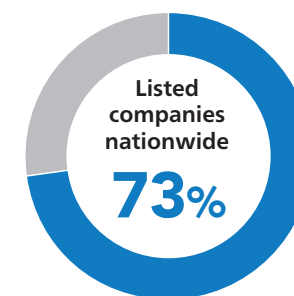


73% of listed companies use our apartment housing service

As part of asset reduction measures for assets not directly related to business, companies have been abolishing company housing, and as a result, we have expanded our corporate contracts as one of the solutions. Currently, companies contracting with us span construction, staffing & outsourcing services, retail, manufacturing, and other industries, with about 73% of listed companies nationwide using our properties.

The reasons why our apartments are widely used by many listed companies include the ability to provide housing anywhere in Japan with a single point of contact, the standardized grade, layout, and major facilities of the apartments nationwide, and cost reductions such as lower brokerage fees - all of which are highly valued by our client companies.

The industries of companies using our apartments are diverse and not concentrated in any particular company, which ensures environment for client companies with peace of mind and allows us to maintain a stable number of contracts without being affected by the performance of specific industries or companies.



*As of the end of the fiscal year 2024

Leasing Business Strategy

Our company is focusing on corporate contracts, which are expected to provide stable usage, through a strategy aimed at establishing ourselves as the brains behind the company-leased housing strategy.

Currently, with the expansion of corporate contracts, we serve as a solution for many listed companies that have abolished their company housing.

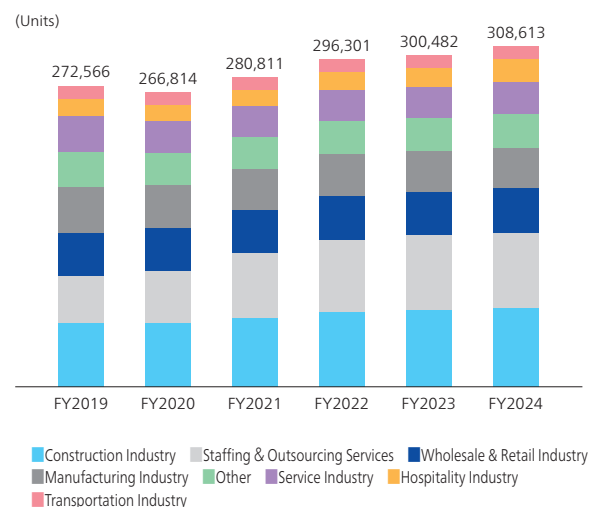
Expansion of corporate use

Our company aims to establish a position of the brains behind the company-leased housing strategy for client companies, and through these efforts, we have increased both the number and proportion of units used under corporate contracts. As of the end of the fiscal year 2024, the number of units used under corporate contracts reached a record high of 41,305 companies and 308,613 units.

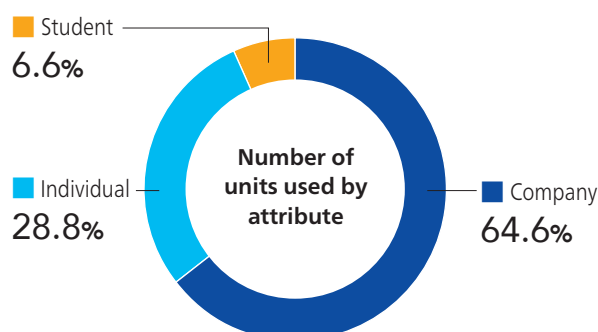
Among these, by industry, the hospitality sector has seen a significant increase, driven by active recruitment of foreign personnel.

For industries with a high ratio, such as construction and staffing & outsourcing, growth has slowed but remains steady.

Number of units used by corporate industry type



64.6% of our apartments are used by companies



*As of the end of the fiscal year 2024

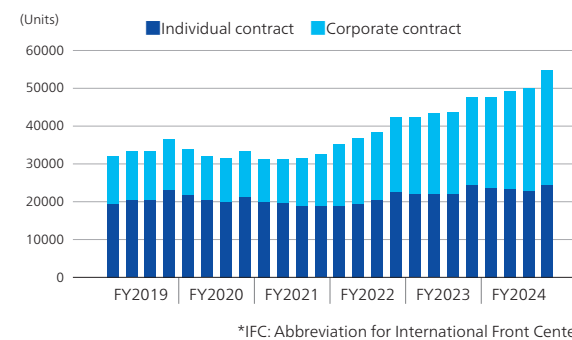
We classify our customer base into three categories: companies, individuals, and students. Among these, we have focused on acquiring corporate contracts due to the expectation of stable usage. Currently, through a strategy aimed at establishing ourselves as the brains behind the company-leased housing strategy, we are strengthening sales to specific industries facing severe labor shortages, such as transportation and construction, and thoroughly implementing individual company strategies. As of the end of the fiscal year 2024, corporate usage accounted for 64.6% of the total, making it our largest customer segment.

Energizing acquisition of foreign national customers

To support foreign national customers, we offer a multilingual apartment search website and have five dedicated IFC* sales offices for foreign customers nationwide to offer multilingual support.

As of the end of fiscal year 2024, the number of units occupied by foreign customers accounted for 11.4% of 54,648 units under both individual and corporate contracts. We will continue to focus on acquiring foreign customers, as demand is expected to increase.

Trends in the number of units used by foreign nationalities



Reasons why our company is chosen

1. Centralized contact point

Because we can provide housing anywhere in Japan, client companies can centralize their contact point with us, which helps reduce their burden.

2. Uniform standards nationwide

By maintaining the same standards for the grade, layout, and major facilities of the apartments we provide in each region, we can reduce feelings of unfairness among employees of the client companies regarding company housing.

3. Cost reduction

Because our company alone can meet large demand, we can reduce various expenses for client companies, such as brokerage fees.

Leasing Business Strategy

We aim to establish our position as a partner that solves issues related to company housing for client companies and as the brains behind the company-leased housing strategy that receives all first calls regarding corporate housing. In addition, for the fiscal year 2025, we aim to fully implement a regional branch structure and strengthen horizontal collaboration among departments within each region.

Achieving Comprehensive Leasing Management Services Provider with three-way integration: Leasing Business, Development Business, and Leasing Services Business

Our basic policy for the fiscal year 2025 is to thoroughly strengthen leasing sales activities to achieve regrowth; pursuing key issues in the Leasing Services Business; and reinforcing relationships with owners. We will establish our position as a Comprehensive Leasing Management Services Provider by integrating the Leasing Business, Development Business, and Leasing Services Business.

To thoroughly strengthen leasing sales activities to achieve regrowth, we will focus on corporate contracts to further improve occupancy rates, while also aiming to increase individual contracts by collaborating with local governments and developing the student market. Especially for corporate contracts, in order to function as the brains behind the company-leased housing strategy that comprehensively solves all issues related to corporate housing—much like a main bank for companies—we have assigned personnel who have led the Corporate Sales Department to seven regions nationwide.

Regarding pursuing key issues in the Leasing Services Business, we will strengthen building maintenance and quality control by increasing the number of staff in the Leasing Services Department, forming business alliances and providing guidance and training to various partner companies, and conducting on-site inspections of building and room cleanliness, thereby improving satisfaction for both tenants and owners.

For reinforcing relationships with owners, we will not only provide accurate information as a partner to grow the business together, but also collaborate with the Development Sales Division to propose rebuilding, renovations, and other ways to create new building value.



Leasing Business Strategy

We are expanding the installation of smart locks, which allow entrance doors to be unlocked with a smartphone or similar device without carrying a key. This will improve tenant convenience and reduce work hours related to locks and keys, thereby increasing our productivity.

Expansion of smart lock installations

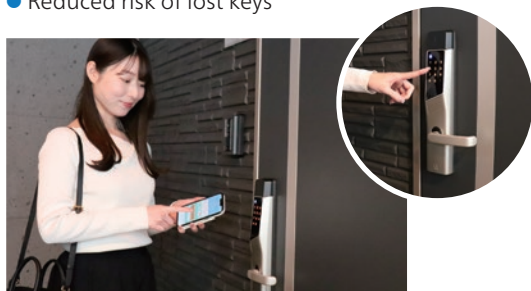
Since June 2022, to improve tenant convenience and reduce work hours through promotion of real estate technologies, we have been rolling out smart locks, which allow entrance doors to be unlocked with a smartphone or similar device without carrying a key.

With the introduction of smart locks, there is no longer a need to visit the sales office to receive keys when visiting a room for preview or after signing a lease agreement. By the end of fiscal year 2024, smart locks had been installed in over 310,000 of our managed properties, reducing annual work hours related to locks and keys by approximately 170,000 hours.

In addition, tenants are freed from the hassle of their key management, and security measures are enhanced through features such as self-locking door.

Improved customer convenience

- Start a new life without visiting a sales office
- Unlockable with smartphone app, IC card, or keypad operation
- Enhanced security with self-locking function
- Reduced risk of lost keys



Feedback from Companies Using Properties with Smart Locks

With smart locks, there is no need to hand over keys, making tenants' move-in smoother. Since tenants can register their information in a self-service manner and automatically receive a move-in guide, there is no longer a need for individual guidance. There is no need to worry about spare keys or lock picking, security is improved, and records of locking and unlocking are kept for peace of mind. This allows the staff to allocate more time to confirming tenants' utility procedures and other important tasks.

Mr. Yoshinori Hattori
Corporate Management Department,
Manufacturer BPO Headquarters,
AGEKKE GROUP CORP.



By moving into rooms equipped with smart locks, we were able to reduce company housing-related operations by about 21%. We have found great value in "user-first" features that meet our needs, such as being able to set passcodes in advance. Additionally, foreign employees, for whom move-in explanations are difficult, have been able to move in smoothly. We ask for your continued cooperation so that our important employees can continue to use company housing with peace of mind, both physically and mentally.

Mr. Takahiro Nitta
Executive Officer,
Dandadan Co., Ltd.



Since the installation of smart locks, it is no longer necessary to receive the keys at the sales office, reducing the burden on tenants and improving operational efficiency. The risk of lost keys has also been reduced, and we see benefits from a security perspective as well. Even if there is a change in the move-in date, we can respond flexibly without worrying about regular holidays.

Mr. Kazuya Tomizawa
Deputy Department Manager,
General Affairs Department,
Administration Division,
Fujita Corporation



Previously, it sometimes took over an hour to go to the sales office to pick up the key on the move-in day, but after the introduction of smart locks, which is no longer necessary, resulting in time savings. The hassle of managing spare keys at each location has also been eliminated, leading to greater operational efficiency. In addition, since it can be easily unlocked with a smartphone or keypad, concerns about potential problems such as lost keys have been reduced, and it can be used with peace of mind from a security perspective.

Mr. Takashi Yoshimura
Senior Managing Director
Smart Driver School Shoei Co., Ltd.



Message from the Head of the Development Sales Division

Making the fully-relaunched Development Business a new pillar of our growth strategy



Eigo Matsunaga

Executive Officer, Chief of the Development Sales Division
Chief of the Real Estate Development Sales Department (concurrent)

Joined Leopalace21 Corporation in 1998. In the Corporate Sales Department, served as the Department Manager of the 2nd Sales Department, West Japan Region; Head of the Corporate Sales Management Division; and Executive Officer of Extended Corporate Sales Department 1. Appointed Executive Officer of the Leasing Business Property Management Department and Executive Officer of the Real Estate Sales Department (current).

Resumption of the Development Business as a first step toward rebirth

Since its discovery, we have tackled the construction defects problem across the Company with resolution a top priority. As a result, the Leasing Business has become our current cornerstone of profit. Under these circumstances, we have positioned the full-scale resumption of the Development Business from fiscal year 2025 as the chief pillar of our growth strategy in launching the new Leopalace21. We now need to nurture the Development Business into a new pillar of profit, drawing on our accumulated know-how and client data.

In terms of specific sales strategy, we will work to optimize our managed property portfolio atop the three pillars of existing property strategy, real estate development, and corporate market development. Toward this end, we will go beyond our existing BtoC-focused contracting businesses to also actively address the BtoB and BtoG domains, providing real estate services that meet diverse needs through solution-oriented proposals.

Launching new business rather than resuming existing business

At the time the construction defects problem came to light, I explained the situation to many client companies from my position in the Corporate Sales Department. While these companies offered a number of harsh comments, some client companies also noted that their leased housing strategies were untenable without Leopalace21, and expressed hopes that the matter would be resolved as quickly as possible. This feedback made me aware that our business model itself had not collapsed. That, in turn, meant that we could clear a path toward rebirth, even if a difficult one. I've kept that in mind down to today.

I've now been put in charge of the Development Sales Division. Although I feel a tremendous pressure, I intend to tackle the challenge with a spirit of not only restarting an existing business but also of launching a new business.

Specifically, while rebuilding existing properties that are aging, we will tackle new real estate development by establishing a real estate fund and promoting sales bundled with land. In the corporate market, we want to support companies' human capital strategies through the development of company-leased housing

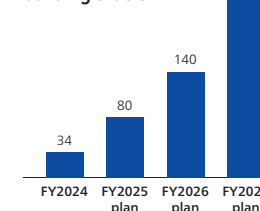
that makes use of companies' idle land holdings.

The housing that we provide has become a part of Japan's social infrastructure. Looking ahead, we want to further strengthen alliances and collaborations with companies and local governments and build an infrastructure platform for real estate.

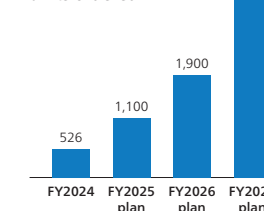
Number of units under management

FY2024	FY2025 plan	FY2026 plan	FY2027 plan
546,000 units	540,000 units	537,000 units	533,000 units

Number of building orders



Number of units ordered



Nationwide one-stop solutions as a strength

Our company offers approximately 540,000 leased studio-type units in Japan, drawing on the strength of our master lease system for apartment en bloc for 30 years. In addition to leasing capabilities and management capabilities that allow us to provide one-stop services at this scale, our ability to offer apartment management backed by leasing and management capabilities are advantages of our company. In recent years, we have achieved realistic and concrete proposals that particularly suit the needs of companies. In our solution sales that leverage client information obtained through our one-stop services, we have generated success stories. In an example involving a company seeking to dispose of a corporate housing, matching with another company led to a transaction and resolution of the issue, a result made possible by the rapid sharing of information within our company.

In the past, we have relied on footwork and manpower for information collection. While such action is of course vital, in the future we will advance the adoption of IT tools and the integration and organization of client data to achieve more efficient sales activities. We believe that doing so will enable an efficient infrastructure driven by information and will help realize an innovative real estate platform. Breaking from the conventional view equating more people with greater results, we are aiming to transform into an organization that emphasizes profitability.

Through such endeavors, we plan to achieve orders for 250 buildings and 3,500 units in fiscal year 2027. We will also constrain the pace of decline in number of managed units and reduce the average age of properties. With regard to building equipment, we are currently undertaking a roof lease solar power generation business as we continue to explore and actively introduce new technologies.

To move toward the future together with owners

The greatest value that we can provide to owners is stable apartment building management as a Comprehensive Leasing Management Services Provider. From a long-term perspective, I believe that we can aim for even greater provision of value, while also advancing platform creation as an infrastructure company in the real estate domain and strengthening cooperation with companies and local governments that are in need of leased housing.

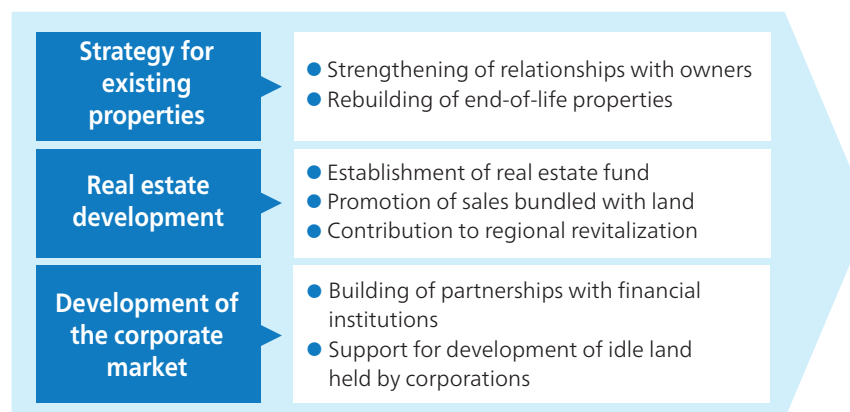
We have built long-term relationships of trust with owners, mutually supporting each another as we safeguard owners' valuable assets. In this sense, I want to view owners as business partners of the Company as well as good friends with whom we can share long relationships. Always staying close by owners' sides, sometimes exchanging frank thoughts, walking together toward a better future. We will continue nurturing relationships of trust and cooperation like this.

In order to do so, we have to seriously consider what is truly best for owners and turn that into concrete action. For the next



generation of owners in particular, I believe it is important that we create opportunities for jointly exploring optimal ways to pass down and manage valuable properties. In recent years, we have continually held events for owners nationwide and have developed and rolled out smartphone apps exclusively for owners. We will continue using a variety of means to promote understanding across generations and build stronger relationships so that we can communicate our company's value and reason for being to future stakeholders.

Sales strategy map and targets for the Development Business



2028 VISION

Managed property portfolio optimization

- Reduction of the average age of buildings
- Securing of profitable managed properties

Human Capital Strategy Human Capital Management Vision

Our human capital management vision is to be an “Employee-centered” Company. Employees with initiative and autonomy take on challenges with passion to achieve mission-driven goals, inspire those around them with their enthusiasm, and move closer to their envisioned future. We will work toward achieving this vision by striving to become such a company.

By drawing out the enthusiasm of each employee and enabling diverse individuals to thrive, the total value created by employees leads to the enhancement of the Leopalace21 brand value.



Talent Acquisition Strategy Talent Development Strategy Organizational Development Strategy

Formulate strategies to draw out employee enthusiasm and foster a culture where employees think and act by themselves



Human Capital Management Vision: An “Employee-Centered” Company

Realize a company that grows and evolves through the enthusiasm of each employee



Maximizing ELTV

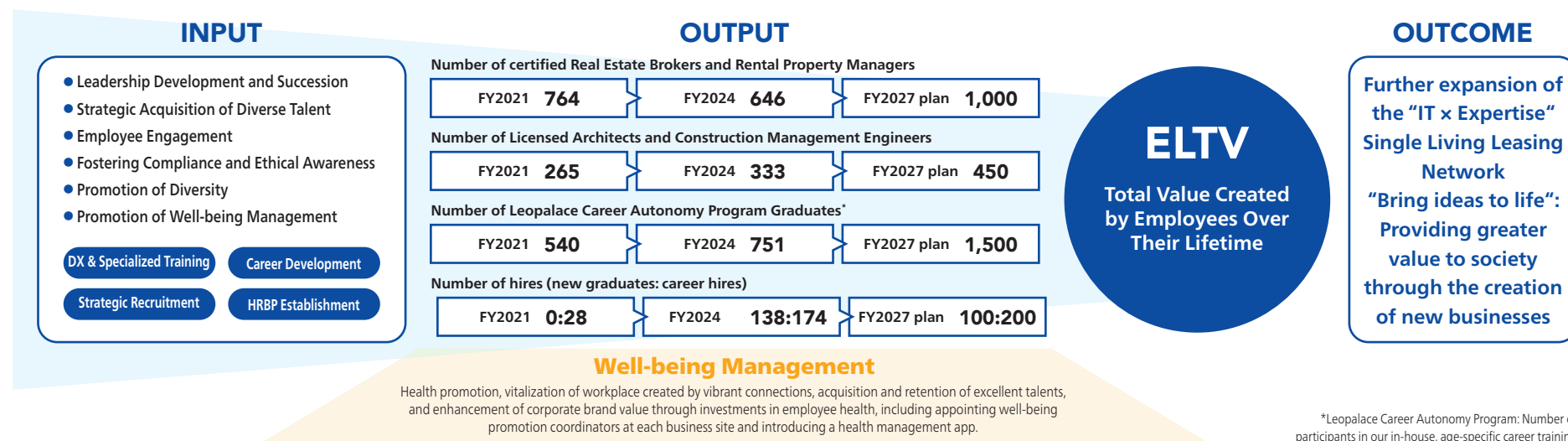
By having employees who empathize with our company culture and join with passion play active roles both “early on” and “long-term,” we aim to maximize ELTV.

We have formulated a new corporate philosophy system, MVVC (Mission, Vision, Value, and Credo), to rebuild the Leopalace21 brand and move forward as the new Leopalace21. We have clearly defined in our Credo (Code of Conduct) what our employees should value and how they should act. The underlying message of the Credo is that employees with initiative and autonomy will play active roles and drive efforts based on our mission. We have set forth a human capital management vision aligned with this message.

The ideal image of an “Employee-centered” Company is one in which employees work autonomously with creativity and ingenuity, taking responsibility and ownership of their actions. To realize this vision, it is essential to draw out the passion of each and every employee. By promising support and rewards to employees who work with passion, we will build a relationship in which the Company and employees mutually influence and grow together. Furthermore, to maximize the total value created by our employees, it is important that each passionate employee plays an active role at our company both early on and over the long term.

Human Capital Strategy Improvement of ELTV (Employee Lifetime Value)

The ELTV concept is to increase the values employees provide to the Company by improving human value contribution, average length of service, and number of employees, and the sum of this value becomes the value the Company provides to society (semi-equivalent to a long-term profit). We will actively invest in human capital, creating an environment where employees can work autonomously and create and deliver new value to society.



Initiatives to improve ELTV

Increase in qualified personnel

As we enter a phase of business re-expansion, resuming land development and new construction projects, increasing the total number of employees with real estate-related qualifications is essential to achieving our business goals. We aim to improve customer satisfaction by supporting certificate acquisition and promoting the hiring of certified personnel to reliably meet customer needs.

Development of DX talent

We have introduced training programs to improve digital skills, with a target of 800 participants by the fiscal year 2027.

By developing DX talent, we aim to increase the number of employees who lead transformative actions and thereby enhance human value contribution in ELTV.

Career development support

To create an environment where each employee can take ownership of their career and voluntarily engage in career development, we are implementing various measures such as career training by age group and establishing career consultation desks. By enhancing career ownership and increasing the number of employees who play active roles over the long term at our company, we will improve the average length of service in ELTV.

Building a talent portfolio linked to business strategy

In the fiscal year 2024, we hired 138 new graduates and 174 career hires. We will strengthen recruitment of regionally oriented talent and candidates for management positions among new graduates.

For career hires, in addition to strengthening the recruitment of professionals to drive our growth strategy, we will continue to focus on hiring personnel capable of hitting the ground running to reinforce the foundation of our core business.

Human Capital Strategy Career Development Initiatives

We believe it is important for employees to take ownership of their own careers and aggressively engage in career development. We have positioned as our talent development strategy: results-oriented selective training; career development that leads to increased autonomy; and providing opportunities for new challenges that create new possibilities, and are working on various initiatives.

Next-generation leader selection and development program

This program selects high performers expected to become future executives, allowing them to learn about general business models and value chains from other companies' case studies, and gain insights through group discussions on what can be done in our company.

In parallel, the purpose is to monitor and analyze one's own actions and motivations, leading to a transformation in awareness as a next-generation leader. In fiscal year 2024, 89 participants participated in the program.



Support for Obtaining Qualifications

As our company enters a phase of renewed business expansion, it is essential to increase the number of employees with real estate-related certificates in order to provide added value to customers and enhance our business advantage. We aim to increase the number of employees holding the Real Estate Broker and Rental Property Manager certificates to 1,000, about 1.5 times the number in fiscal year 2024, by fiscal year 2027.

By introducing online learning tools to expand learning opportunities and broadening the range of qualifications eligible for bonuses upon obtaining certificates, we are working on measures to enhance motivation by strengthening rewards for employees who achieve results.

Career counseling sessions

We have established an in-house career counseling desk so that employees can consult individually about career-related concerns and issues regarding their family environment and life plans. Unlike career consultants who are their supervisors or from external organizations, the Human Resources Department personnel with career consulting qualifications serves as the contact point, enabling consultations from a position with knowledge of our HR system, internal circumstances, and organizational structure, as well as expertise in overall career matters.



Career design workshop

To address changing attitudes toward careers at different life stages, we are also focusing on career design training programs tailored to each age group.

In fiscal year 2024, we conducted a career design workshop for employees in their 50s, aimed at clarifying their strengths and values developed so far, and setting goals and action plans for career autonomy.

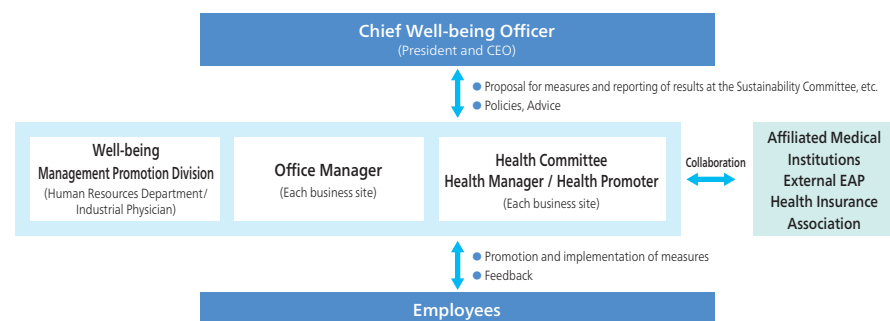


Human Capital Strategy Promotion of Well-being Management

Our company believes that the physical and mental health of employees is important as the foundation for realizing our mission of “To create new value and *imagineer* joyful living,” and has been working on health management since 2017. Since 2023, in addition to maintaining and promoting health, we have been aiming for well-being management to revitalize the workplace through vibrant connections among employees and to realize good mutual relationships with all stakeholders, including customers, business partners, and shareholders.

Structure

The President and CEO serves as the chief officer, positioning the Human Resources Department as the well-being promotion division, implementing various measures in cooperation with each business site and the Health Committee. Since 2017, we have been continuously certified as a “Health and Productivity Management Organization (Large Enterprise Category),” and this year we aim to obtain “White 500” certification.



Employee Awareness

With the aim of engaging with each employee with well-being management activities, we are strengthening the planning, development, and promotion system for health initiatives.

As a specific initiative, we hold opinion exchange meetings at the head office Health Committee, inviting employees from other divisions to promote knowledge sharing and mutual understanding between divisions. Furthermore, by appointing the health managers and health promoters assigned to all business sites as well-being promotion coordinators, we support the proactive implementation of health initiatives at each site.

Through these initiatives, we aim to raise employees' health awareness, improve the workplace environment, and establish well-being management.

Pulse Survey

We have introduced the pulse survey with the aim of promoting personal growth and revitalizing the workplace, by using it for reviewing work and as a communication tool within the organization.

After two years since its launch, the average response rate exceeds 90% every month. In addition, the percentage of employees who answered that “communication has increased” was 20.0% (up 0.2 points from the previous year), showing an overall upward trend.

Mental Health Management Certification & Mental Wellness

To promote the acquisition, application, and practice of knowledge related to mental health, we fully subsidize the cost of the Mental Health Management Certification. Improving basic knowledge of mental health and skills for managing and supporting mental health in the workplace leads to the creation of a work environment where everyone can work comfortably.

Health Forum

With the aim of improving health literacy, promoting health management, and strengthening relationships with business partners, we held a health forum at our head office for the first time in six years.

Eleven corporate exhibitors participated, offering health assessment, special product sales for our employees, experiences, and samples.



 Women's Empowerment Promotion Roundtable

Building an organization where everyone can demonstrate their abilities

— Toward further promotion of women's empowerment

Leopalace21, which upholds an “Employee-centered” Company as its human capital management vision. To realize a company that grows and evolves through the passion of each employee, we explore the systems and mindsets necessary to further promote women's empowerment.

The workplace environment surrounding women has changed significantly in recent years

Gogun Our company aims to be an organization where people can find fulfillment in life through work, regardless of their attributes. Compared to the time when you first joined the Company, do you feel that the workplace environment and career options for women have changed?

Izumi It seems that there are now very few female employees leaving the Company due to life stage changes such as marriage or childbirth. The number of people returning to work on shorter hours after childbirth, or switching back from shorter hours to regular work, is also increasing. In fact, according to female employees with over 16 years of service, many say that “recently, fewer people quit due to marriage or childbirth,” while female employees in their 6th or

7th year did not share the same impression, so I feel that life stage changes and resignations are becoming less and less connected.

Hayashima I joined the Company in 1996, the managers of Leopalace Centers at the time in major cities were women, and I was also entrusted with the Hiroshima branch. Looking back, women were already active even back then. However, everyone was single, and it was taken for granted that they would quit upon marriage or childbirth. Now, with diverse work styles such as telework, nearly 100% of people return to work after childbirth, so I feel that the landscape is completely different from what I used to see. It's become a good era.

Ueshima With the COVID-19 pandemic, telework became readily available, making it easier for women with children to continue working. Personally, I no longer have to take time off work when my child gets a fever.

Shibata

Regarding the work environment, when I joined the Company, in the Contracted Construction Business Division (now the Development Sales Division), men were at the front desk and women worked in the back, with roles divided by gender, but with internal reforms in recent years, that is no longer the case. I just became a manager this April, but when I joined the Company, I didn't have a clear awareness of career development and never imagined I would be a manager. However, my initial assignment to the Corporate Sales Department provided an environment where I could speak freely, and there were many supervisors who supported career advancement, so my mindset gradually changed. It was precisely because of that atmosphere that I became motivated to take on challenges for skill and career development.

The lingering awareness of gender-based role division is a barrier to women's advancement

- Gogun** Do you ever feel there are barriers to women's advancement in the workplace?
- Shibata** The environment for advanced opportunities is available to both men and women, but in reality, more men still take on challenges, so I think many people hesitate to take the first step or feel pressure and can't overcome the barrier.
- Izumi** To change that, it might be effective to present role models of female managers. In the Company newsletter *Leoleo*, the Human Resources Department planned a roundtable called *Leo Palette*, which featured female managers. After reading the article, some said they felt they could also succeed like those women and found it rewarding and encouraging. Men's mindsets are also changing, but if there are supervisors who haven't kept up with the times, I think they become a barrier to women's advancement.



Joined the Company in 2018. From April 2025, Manager of Metropolitan Corporate Sales Department 2-2 Branch. Obtained a scuba diving instructor license during university years and still enjoys surfing.

Ueshima In departments where there are many women in the back office, there may naturally be a tendency for roles to be divided. That kind of mindset also exists outside the Company. For example, when we receive complaint calls from tenants and are told, "I want to speak to a man," it makes me frustrated, wondering, "Are we not good enough?"

Hayashima That really is frustrating, indeed. Nowadays, there is no such thing as a particular department or position being more suitable for men or women. We should break away from old customs, and I think it's fine for women to take the lead and manage operations. In any kind of work, having women involved can often lead to better results, so it would be great to incorporate perspectives from both men and women to achieve the best outcomes. As a future management issue, I would like to work on eliminating the mindset of role division. Also, among the female employees I meet at owner meetings and such, it is not uncommon to find them in the same position for a long time. I hear from them that they would like to try career advancement. Our company offers "Career Training for Women*" and a "Career Consultation Desk," but in terms of raising awareness for career development and human resource development, I still think job rotation is necessary.

Ueshima Speaking of owner meetings, I was impressed by how, at a wonderful venue in Fukuoka, everyone wore matching uniforms and provided great hospitality.

Izumi The idea for the uniforms came from the Group Manager of the Wealth Management Group at the

There are also differences among departments. Some departments have many active women, while others still divide work by gender. Many female employees want to do marketing to owners, so I think it would be good to add women to development marketing as well.



Joined the Company in 2024. In the Human Resources Department's Strategic HR Promotion Section, involved in revising HR systems and creating a comfortable working environment.

time, and a female employee found a stylish venue suitable to the owners who would be attending. It was a great success, and the owners were very pleased.

Hayashima Both the attire and the venue were chosen with intention, and the atmosphere was quite different from other regions. I hope we can roll out such good examples horizontally as well.

Create a system to promote talented people

Gogun What kind of initiatives or changes do you think are necessary for women to play an even greater role in the future?

Shibata One of the reasons I thought I could work at this company for a long time when I first joined was the employee benefits. However, now that I am in a managerial position, as I consider my next life plan, I realize there are many things about the systems I don't understand, and I feel anxious, wondering, "If I get married and take maternity or childcare leave, will I be able to return to my current post?" I think such anxieties could be alleviated if there were initiatives

*This training is conducted to provide female leaders in each department with opportunities to gain career development insights. One of the objectives is to form a community among female leaders.

Hiroyuki Izumi



Joined the Company in 2004. In charge of the Western Japan and Kyushu regions for a long time. After serving as General Manager of the Kyushu Property Management Department, currently General Manager of the Metropolitan Property Management Department 2.

to inform younger employees about the systems related to future life plans and career development. Also, since I strongly feel the need to consult with someone close to me, I think it would be helpful to have manuals or guides to support returning from childcare leave.

Izumi Speaking of systems that support career advancement, the *Leo: Revo** system, which selects young employees through a self-nomination process, is excellent. If I recall correctly, Ms. Shibata also challenged herself to become a manager after being encouraged by her supervisor. There are probably many women who have the ability but lack the confidence to raise their hands, so I think it would be good to have mechanisms or initiatives to support such people.

Ueshima At the Human Resources Department, as an initiative to support those lacking confidence, we would like to offer not only training but also one-on-one career consulting sessions. I believe that reflecting on one's career through dialogue can lead to the realization that there are many things one can do, which in turn builds confidence.

Izumi

I think training is a good method, but ultimately, what builds the most confidence is achieving tangible results in your work. Last year, we implemented the Management Transition Program, and at one branch, a 30-year-old female employee (Senior Staff) served as a pre-manager, acting as a substitute for a manager who was on leave. At first, she said, "There's no way I can handle this," but she helped the branch, which had been underperforming, become the top in the country, and she began to speak more confidently than anyone else at manager meetings. Since there have been similar cases at other branches, I think that if we have employees serve as pre-managers at branches for about two months, they will gain confidence from realizing, "I had this kind of ability," and more people will take the management exam. Since there is less risk of major failure in the leasing business, where there are established customers, it might be interesting to, as an experiment, run a branch staffed only by young employees.

Ueshima

Indeed, changing one's position can be a major opportunity for growth. I also think it is necessary to encourage people who believe "This is all I can do." It may feel comfortable to stay in a place where you don't have to try hard. But it's only when you make an effort to see what's beyond. Thanks to the encouragement of my supervisors, I could see many new perspectives myself. I want more female employees to see those perspectives, and I want to encourage supervisors to support those around them. I've also heard stories of people who were given positions at a young age and grew through their struggles, so perhaps we could consider lowering the age for career shifts.

Shibata

I've heard from people of my generation that even if they grow, it's frustrating that they can't surpass those with longer tenure. If that's the case, they could take

the management exam and advance their careers, but as we discussed earlier, not everyone can take on the challenge without hesitation...

Hayashima

That's true. From what I've seen, there seem to be many women who, despite having the ability, worry, "If I become a manager, can I really handle the responsibility?" Some people are modest, so it's important for supervisors to support capable women and have them experience new roles. Even in sales offices with male managers, it's common for the second-in-command woman to take on various leadership roles, and if they try, they can definitely do it. As Mr. Izumi said, giving people a period to gain confidence by letting them try out the role for a short time as a pre-manager may be quite effective. Offering opportunities is important, isn't it?

Izumi

While managers do have more work, I also think it's a problem to show subordinates too much of the "being a manager is tough" side. It could end up instilling in

Mayumi Hayashima



Joined the Company in 1996. Served as Chief of the Compliance Promotion Headquarters (CLO), Deputy Chief of the Corporate Management Headquarters, Chief of the Leasing Business Headquarters, and currently Director, Managing Executive Officer, and Chief of the Leasing Business Promotion Headquarters. Currently experiencing the challenges of balancing work and childcare.

*A system for strategically developing and promoting next-generation, diverse, and career talent. Its purpose is to actively promote and support the success of "hidden talented personnel" who were not previously picked up.

young employees the idea that “becoming a manager is a hassle.”

Hayashima Even if there are talented young employees, if someone stays in the same position forever, it can prevent others from advancing, so it’s necessary to rotate positions periodically.

Izumi The manager who took leave, whom I mentioned earlier, was also a long-serving employee. The woman selected as pre-manager was close in age to the younger employees, which made it easier for them to share their opinions, and I heard it revitalized the entire branch.

This isn’t limited to women, but creating systems that don’t lower motivation is also important. Since the leasing incentive evaluation is done at the branch level, I’ve heard complaints that no matter how hard you work, everyone gets the same evaluation, which is hard to accept.

Hayashima There is a history of repeatedly switching the incentive system between individual commissions and team-based systems. There were reasons for each change at the time, but since the system is not fixed, I hope we can continue to improve it by reflecting everyone’s opinions.

What I have valued in my work

Gogun Finally, please tell us what you have valued in your career and what you would like to pass on to younger employees.

Shibata I’ve had many opportunities to take on challenges, but the experiences of stumbling and overcoming difficulties, rather than just achieving results, have become the foundation of my current confidence. It can be difficult to overcome any obstacle, but your supervisors and those around you will support you, so I hope you will take on challenges without fear. I myself want to be a supervisor who can help my

team members when they experience failure, and I want to continue to show a willingness to take on challenges.

Gogun As the number of female managers with this kind of mindset increases, they naturally become role models for the next generation.

Ueshima I make a conscious effort not to make assumptions such as “I can’t do it,” “I’m not suited for it” about myself or “That person can’t do it” about my team members. Even if you can’t do something now, you might be able to do it tomorrow. I want to believe that everyone, including myself and everyone I interact with, has unlimited potential.

Izumi What I always keep in mind is honesty and humility. Without honesty, you can’t accept changes in the times, and being in this position now doesn’t mean I’m great—I’m simply fulfilling a role assigned to me within the Company. What matters is having the awareness to fulfill your role properly in order to achieve your goals. To avoid thinking I’m superior, I try to interact as much as possible with people outside the Company, especially those younger than me, to gain new perspectives.

Another important thing is to learn from any supervisor. For example, even if you have to work with a supervisor who clearly manages incorrectly, it’s an opportunity to learn from bad examples. As you move up in your career, if you eliminate strange customs, eventually they will disappear. I hope that young employees and female employees will stop bad practices, absorb good ones, and act with an awareness to move in a positive direction.

Hayashima What I focus on every day is the “ability to listen.” Although I am now a Director, regardless of my position, I talk one-on-one with employees and staff and listen carefully. Only then can I draw out what that employee is thinking and what they want to do.

For employees to work autonomously and enjoyably, it’s important for them to be aware of what they want to do. It’s thanks to all the employees that management can take on new challenges, so I want to respect others and approach my work with the ability to listen.

I’ve met many people outside the Company and learned various things. Those connections still help me when I’m in trouble or trying something new. I hope everyone will also look outside the Company and build their own network of contacts.

Gogun Today, we discussed women’s career development and promotion from various perspectives. Based on today’s opinions, I would like to consider new initiatives to promote women’s advancement.



Ayano Ueshima
After working at a human resources service company and an IT company, joined in 2017. Manager of Human Resources Department, Talent Development Section from April 2025. After becoming a manager, feeling the challenges of raising children while working more keenly than ever before.

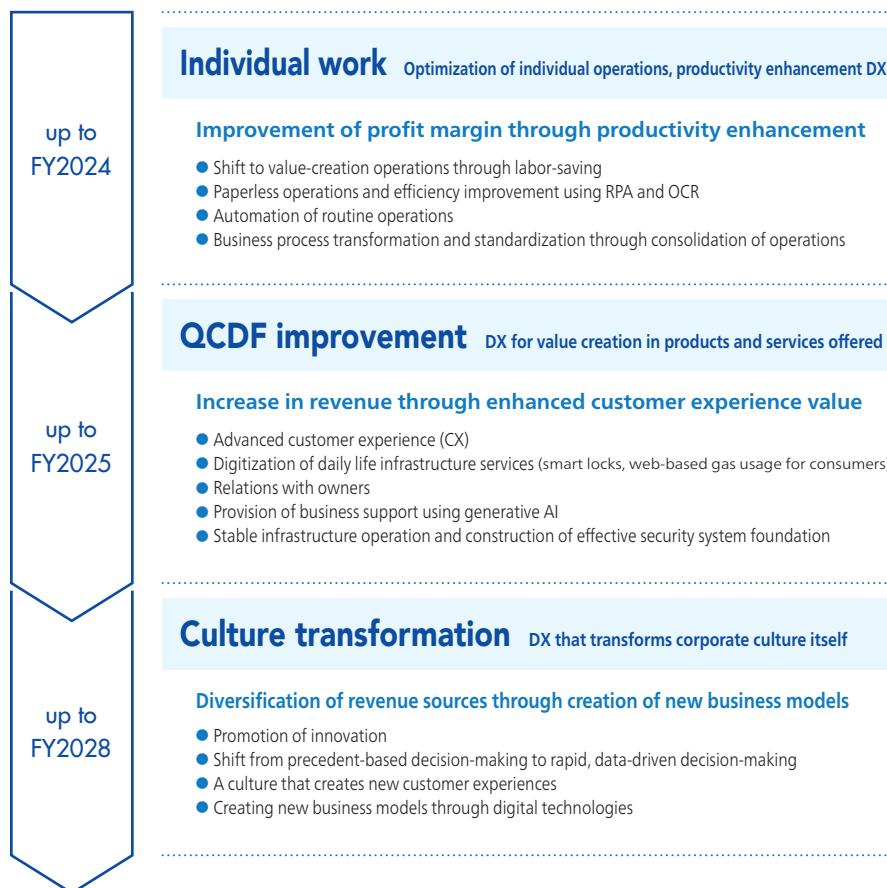
DX Vision and Strategy

We aim to build a sustainable, flexible business foundation by advancing DX and responding swiftly to changes in society. DX is an initiative to leverage digital technology to innovate business processes and enhance competitiveness. We aim to enhance the customer experience, maximize operational efficiency, and create new business models through DX.



Theme 1: DX for Business Transformation

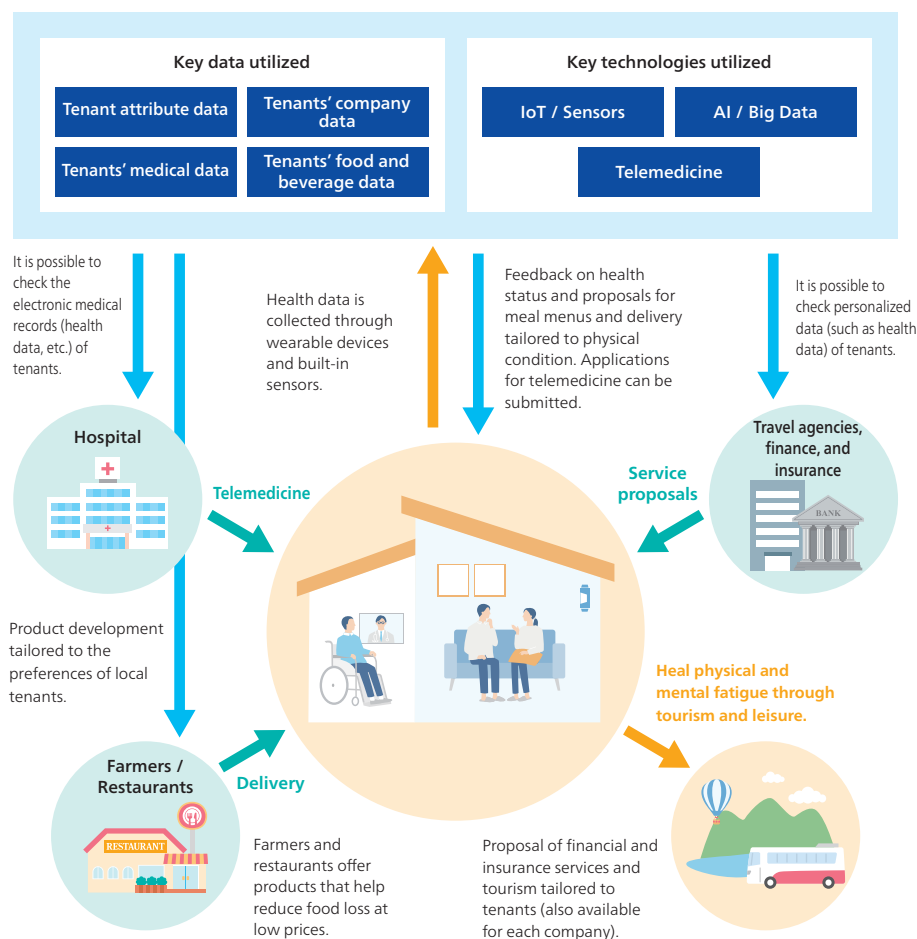
In Business Transformation DX, our goal is to evolve into Leasing Business that continues to be chosen by customers, and we are working on data-driven management, ensuring product quality and enhancing added value, as well as strengthening relationships with business partners.



Theme 2: DX for Value Creation

Based on the existing Leasing Business, Value Creation DX utilizes digital technologies to create new added value as a company and establish a competitive advantage. We will promote the development of new services by utilizing open innovation with external partners and the latest digital technologies.

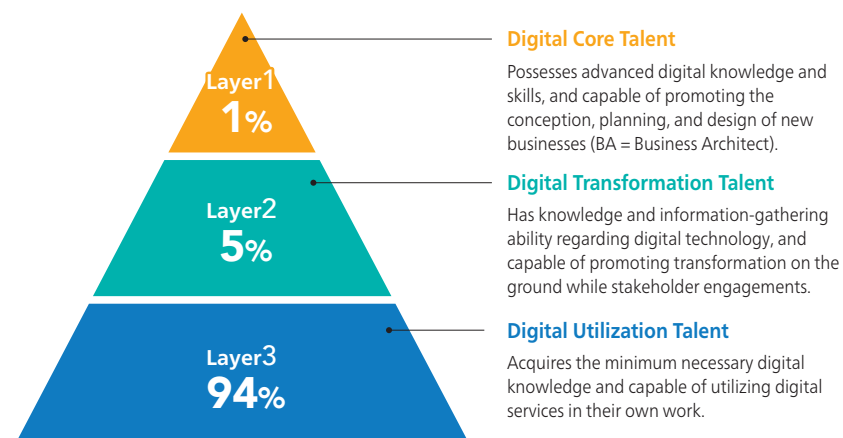
Providing an environment where tenants can live safely and comfortably not only strengthens our competitiveness, but also accelerates consideration for expanding our business outside the Company.



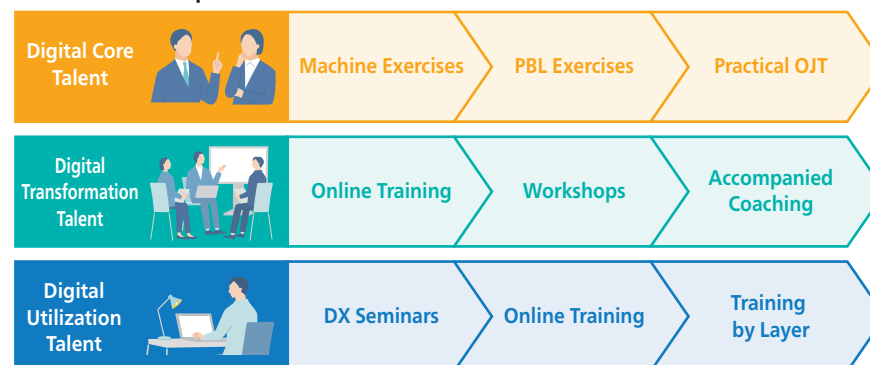
Theme 3: DX for Human Resources and Organization

In promoting DX, our company focuses on building a new organizational structure and developing human resources. As one initiative, we have introduced a DX leader development program to foster the next generation of leaders.

We are also focusing on securing diverse talent and promoting DE&I (Diversity, Equity & Inclusion), actively recruiting outstanding personnel both internally and externally, and creating an environment where members with diverse backgrounds can collaborate. We regularly conduct training and other initiatives aimed at promoting DE&I, fostering a culture in which all employees understand and respect the importance of diversity. By strengthening initiatives to support the success of people with various perspectives, including women and people with disabilities, we will nurture the next generation of digital talent.



DX talent development methods



Message from an Apartment Owner

As an important business partner in rental housing properties and as the best partner to walk through life together, each of our employees sincerely listens to the voices of owners and properly manages the entrusted properties. Through these daily efforts, we believe that we can strengthen our partnerships through their trust.

A property that we ourselves would wish to live in has completed. I am grateful that they helped fulfill my father's and my wishes together.



Mr. Mitsuru Aihara

The recently completed "Maison Lumiere" turned out to be a better building than I had imagined from the blueprint. Actually, it was my father's project during the planning stage, but he suddenly passed away, and I had to take over unexpectedly.

Even so, since the plans were mostly finished, I was unsure how I should handle the project. At that time, the Leopalace21 sales representative said to me, "Your father always said, 'In the end, it's up to Mitsuru to decide.'" He encouraged me by saying, "Let's fulfill your father's wishes together." I knew I had to see it through

to completion. That was when I made up my mind. From then on, I communicated my requests to the sales representative and received advice as we proceeded. By the way, "Lumiere" in the property name means "light" in French. As proof of this property being the last joint work of my father and me, I named it after my father.

After completion, what surprised me most when I first entered the room was the high level of soundproofing. Even if the TV is on at full volume in the next room, you don't hear a sound. Having lived in various rental apartments after leaving my parents' home for work, I considered soundproofing a non-negotiable condition, so I am very satisfied. I also like the layout that makes the room look spacious and many convenient storage spaces. My sister, who came along with me, said, "I wish I could live here myself!"

Our relationship with Leopalace21 goes back to my grandparents' generation, so it spans three generations. My father probably thought of the Leopalace21 sales representative as one of his own employees, or even as a son. He was sometimes strict, but always treated him with affection. Even when the construction defects problem was discovered, he didn't sever ties, but rather wanted to support them.

The sales representative responded to my father's feelings by sincerely addressing each request, and not only looking after the owner, but also making proposals with the tenants' comfort in

mind. At the same time, he treats us as if we were his own family. When my grandmother passed away, he saw her off with us, and this time, he helped fulfill my father's wishes together with us. Above all, when you actually talk to him, you can see his good character. I think I feel empathy with my father to support them. Our relationship will continue, so I would like to cherish the bond we've built and deepen our trust even further.



[Property Name]
Maison Lumiere
[Property Scale]
3 floors, 18 units
[Construction Start]
August 2024
[Completion]
March 2025