

Leopalace21

Leopalace21

Toward an "employee-centered" company

Integrated Report 2025

For fiscal year ended March 31, 2025



Establishment of a new corporate philosophy system

From regaining trust to revitalization, and then to growth. An “employee-centered” company— the launch of new Leoplace21.

To regain trust lost due to the construction defects problem and become a company once again needed by society.

Aiming to become an “employee-centered” company, the employees themselves took the initiative to formulate new Mission, Vision, Values, and Credo with awareness and responsibility.

We will instill this philosophy throughout the Company and, with the mission of “To create new value and *imagineer* joyful living,” realize long-term enhancement of corporate value.

Mission

**To create new value and
imagineer^{*1} joyful living**

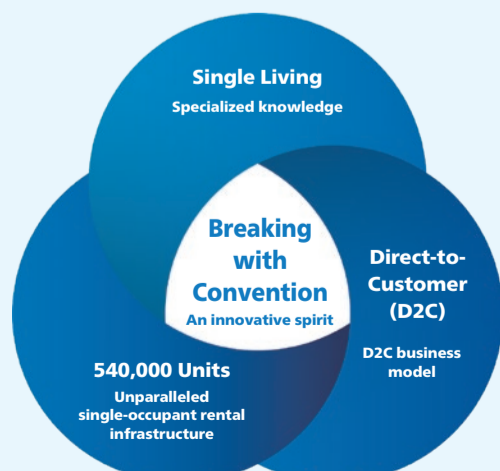
*1 *Imagineer* is a coined word that combines the meanings of “imagine” and “engineer.” Our Mission is to provide tenants, owners, corporate customers, and other stakeholders with tangible value by creating new products, services and businesses, thereby *imagineering* a world of joyful living.

Vision

**To shape the future of “Single Living” by connecting
with people, companies, and communities to make
everyone’s lives brighter through the concept of
“Living Freely and Confidently”^{*2}**

*2 “Living Freely and Confidently” expresses the freedom and flexibility created by unleashing the full potential of Leoplace21’s unique asset of “Home Infrastructure” (especially our nationwide single-occupant rental housing).

Core Values (Universal DNA)



Credo (Code of Conduct)

- 1** We don’t wait for someone else’s instructions. We think and act for ourselves.
- 2** We don’t just do our jobs. We pursue who we want to be with passion.
- 3** We are not bound only by the Company’s perspective. We fully engage with customers to resolve issues.
- 4** We are not limited by the Company’s conventional wisdom. We constantly evolve based on our understanding of changes in society and the market.
- 5** We never underestimate the value of information. We fully utilize information for the benefit of everyone involved and for society as a whole.
- 6** We don’t leave things undone. We continuously assess our actions and work to improve.
- 7** The Company is a team. We respect others’ positions, express gratitude, cooperate, and help each other improve.
- 8** We are fair and upright. We are proud to stand up for what is right.

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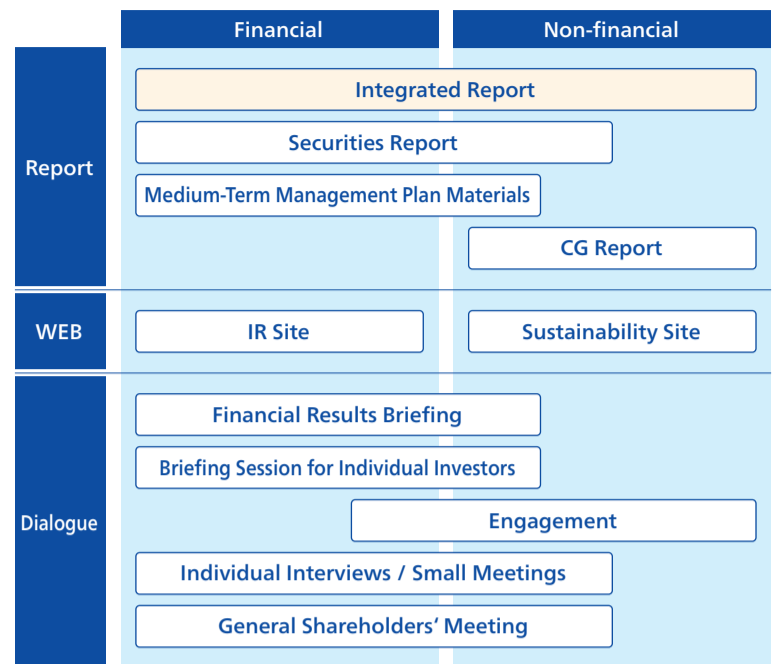
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Cautionary Notes on Forward-looking Statements

The current plans, strategies, and performance forecasts of the Company described in this report, as well as any content that is not based on existing facts, are forward-looking statements and include risks and uncertainties. Factors that may cause actual results to differ from these statements include, but not limited to, economic conditions surrounding our business domains, demand trends for our products and services in the market, downward pressure on prices due to intensified competition, our ability to continue providing products and services accepted by customers in a highly competitive market, and fluctuations in exchange rates.

Positioning of this Report



Editorial Policy

This report is published as an integrated report. This report aims to report to our stakeholders on management strategies, key initiatives, and business overviews, as well as to promote understanding of our sustainability initiatives. The reporting period is fiscal year 2024 (April 1, 2024 – March 31, 2025). The reporting scope covers Leopalace21 and its domestic and overseas consolidated subsidiaries. In addition, this report includes the latest information available at the time of publication to the extent possible, as well as data collections showing macroeconomic data and historical trends related to our business to help facilitate readers' understanding. This report strives to provide clear explanations so that it serves as our communication tool with stakeholders.

Guidelines Referenced

- VRF International Integrated Reporting Framework
- ISO26000
- GRI Standards



section1

Value Creation Story

Since its establishment in 1973, our company has provided various values to society through businesses related to housing. This section explains our value creation story to remain a company needed by society.

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We will carry out structural and corporate culture reforms to regain trust and status as a company needed by society



President and CEO



Reforms with survival at stake, and effects on the restoration of trust

Companies always face demands to change with their external environment. Our company, with its very survival at stake following the construction defects problem, further had to face up to transformation in every aspect, including our internal organizations and ways of doing business. Since announcing our implementation of structural reforms in June 2020, we have worked to review our business strategy as well as radically improve our financial soundness to enhance our corporate value.

To restore trust in our company, we have no choice but to face up to the mistakes we have made and march steadily forward. On this point, I feel some positive outcomes. I believe that these have been recognized by society, which in turn

opens up new actions for us. These include the ability to borrow from financial institutions and carry out refinancing.

Aiming to be an “employee-centered” company

Leopalace21, built by a founder who exerted strong leadership, was managed in a top-down style from its headquarters for many years, without developing a culture by which employees think and act on their own. I believe that this form of organization was one cause behind the construction defects problem.

Our business, which has properties nationwide and deals with tenants, property owners, cleaning companies, and other business partners in every region, cannot be conducted solely within headquarters. Accordingly, I believe we need to respect regionality and the judgment of sites in the field. Because of this, I have felt uncomfortable with our company’s top-down

management style ever since I joined. As I am not the type to lead the organization through strong-arm methods, I decided to make this a bottom-up company in which employees think and act on their own. We are currently undertaking a transformation aimed at becoming an “employee-centered” company.

The concept of an “employee-centered” company was proposed by a team in response to a call for management proposals. Rather than simply implementing the decisions of upper management, employees consider the direction of the Company and take action themselves. This concept of seeking transformation of our corporate culture aligned with my own thinking, so I made it a cornerstone underlying our promotion of reforms aimed at a new Leopalace21.

With rebranding for the purpose of rebirth as our aim, we gave the concept concrete form through the formulation of our employee-led MVVC (Mission, Vision, Value, Credo). The team that proposed the Company’s concept of “employee-centered” formed the secretariat for the project. We called for volunteer candidates, from which we selected 11 persons of differing departments, ages, job positions, and other attributes. With this team in place, we began discussions. The employees themselves shaped the philosophy, with no involvement by executives. I think that the process, something akin to an indirect democracy in which representatives working in the field hold discussions and report outcomes back to their departments, was meaningful to the employees as an experience in management participation.

Through this bottom-up project, we created our mission of “To create new value and *imagineer* joyful living” and our vision of “To shape the future of ‘Single Living’ by connecting with people, companies, and communities to make everyone’s lives brighter through the concept of ‘Living Freely and Confidently.’” From here on out, I believe that we need to spread this philosophy throughout the organization, and must get all employees to understand its values and connect those to their own actions.

We will cut off the negative spiral to open up a future.

The key to this is employees thinking and acting on their own.





Dialogues with work sites as the starting point for transformation

Among the reasons for aiming at an “employee-centered” company, one was that, following the construction defects problem, employees had lost confidence and pride in working for Leopalace21. Under such conditions, there was no hope for business performance to improve. I viewed our employees as the sole driving force that could cut off this negative spiral and open up a future for our company.

To engage in face-to-face dialogues with employees, we

held town hall meetings in which executives visited remote branches across the country. These focused on sharing information concerning financial results, management policy, work progress, achievements, and other topics. I believe that recovery in employees’ confidence was greatly aided by their realization that our company was steadily carrying out business divisions’ policies and that results were becoming apparent. From the employees, we heard requests regarding in-house programs and frank opinions on front-line issues unseen by headquarters. In many cases, this feedback has led to reviews of programs and effective measures.

Progress status of our structural reforms

Our company’s brand message is “People never forget the room where it all began.” This message expresses the mixed hopes and anxieties that we all feel when undertaking that new step of “Single Living.” This thought is a driving force behind our support for society. Our company, which manages over 540,000 rooms across Japan and provides a starting place for people, recognizes that we are truly a part of social infrastructure.

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In 2019, when my inauguration as President and CEO was announced during a difficult period, I said, “I have an awareness of our company as shouldering social infrastructure. That is why I want to make a new start for our company, as one needed by society.” I hold that same wish even now. It is no exaggeration to say that our company, which provides rooms fully equipped with furniture and appliances to enable an immediate start from a single piece of luggage, is a part of the infrastructure needed by society.

Holding this awareness, we have sincerely faced up to the construction defects problem and have worked to regain trust. In the structural reforms we announced in 2020, we decided to place our focus on restructuring our core Leasing Business. The business initially faced a sharp drop in occupancy rate and suffered losses. In fiscal year 2024, however, the Leasing Business’s operating profit recovered to exceed JPY 35 billion. While not all of the issues faced by the Leasing Business have been resolved, its business performance is undergoing a smooth recovery.

At the same time, to focus on addressing the construction defects problem, we all but suspended the Development Business in terms of providing new properties and renovating properties of renewal age. This created an ongoing situation in which a major pillar of our company was lost. We are resuming the Development Business in earnest from fiscal year 2025 as we take a step toward a truly Comprehensive Leasing Management Services Provider.

We are undertaking operational reforms in our Elderly Care Business, which remains unprofitable at present. In Other Businesses, we will make improvements to operating income and expenditures in the Leopalace Guam Corporation Resort business as we carry out our policy of transfer and withdrawal.

Looking back on fiscal year 2024

In fiscal year 2024, our company recorded net sales of JPY 431.8 billion and operating profit of JPY 29.2 billion. The Leasing Business accounted for about 96% of net sales. Although occupancy rate declines slightly from the previous year, average unit rent increased under our price-focused strategy, with the result that net sales increased to 102% the level of the previous year.

In Japan, where deflation has continued, rents remain at levels lower than the rapidly rising rents of major overseas cities. This has led foreign investors to note a need to raise rents. However, as doing so would unquestionably lower our occupancy rate, we believe that we should avoid simple rent hikes that fail to consider this balance. Against this backdrop, we have adopted a price-focused strategy of setting appropriate prices matched to needs and have further focused on expanding corporate use, for which pricing carries a lower priority than in individual use. The success of this approach can be seen in the increase in our top line.

The provision of housing for foreign human resources was another driving force behind our recovery of profitability. Japan, which faces a declining population and shortages of labor, is forced to rely on foreign workers in its labor force. Despite this, foreigners in Japan often face refusal to rent rooms, thwarting companies’ recruitment efforts. Our company, which wields the ability to conclude master lease contracts with apartment building owners and decide on tenants as the lessor, is able to provide rooms to foreign nationals in a form by which we bear all responsibilities, including for delinquent rent. Currently, about 50,000 tenants, representing 11% of the total number of units in use by our company, are foreign nationals. We see considerable room for expansion in this area.

Accordingly, we have entered into cooperative relationships with prefectures including Osaka, Kumamoto, and Kochi to provide housing for foreign human resources. Through the provision of housing, we will continue working to resolve regional issues such as labor shortages and contribute to the realization of a society in which diverse people live together peacefully.

Business strategy under the Medium-Term Management Plan

Our Medium-Term Management Plan sets a policy of enhancing profitability and further increasing occupancy rate in the Leasing Business, with a focus on corporate use. We aim to establish a position as the brains behind the company-leased housing strategy, grounded in support for companies’ human capital strategies. We aim to increase the share of the corporate use from 64.6% in fiscal year 2024 to 70% in fiscal year 2029.

In individual use, where recovery in tenant numbers is lagging, our policy is to again focus on students. Our properties with furniture and home appliances suit the needs of students as they embark on Single Living. We will work to rebuild the individual use business in conjunction with university student associations and other partners.

While single households will steadily increase, there is excess supply of apartment units and overall vacancies are not expected to decrease. What is demanded in such a situation is quality of service. In addition to our traditional offerings of rooms equipped with furniture, home appliances, and Internet access, we provide new services that increase convenience for tenants, such as smart locks and online contract signing.

With regard to the resumption of the Development Business, we will maintain a number of managed units and lower properties’ average age to strengthen profitability. At the core of development will be the rebuilding of apartment buildings that were constructed by their owners 20 to 30 years ago and that have been rented and managed by our company. Rebuilding is an adventure for owners, some of whom naturally consider it unnecessary. However, we propose rebuilding as a solution. Our role is rewarding those owners who have put trust in our company and who have managed their apartment buildings together with us. As the Chief of the Development Business Headquarters, I plan to set up opportunities to explain rebuilding to these owners.



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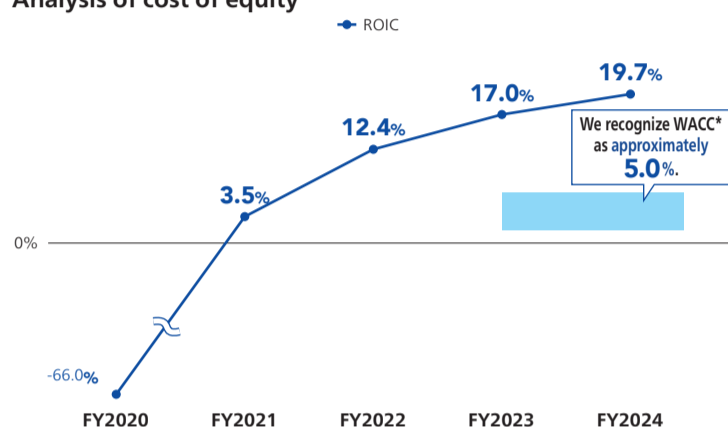
Management that is conscious of capital costs

To enhance our medium- to long-term corporate value, our company undertakes management that considers the capital costs and our share prices. To achieve sustainable growth, enhance our corporate value, and meet the expectations of stakeholders, we are transforming our business structure with an emphasis on optimal allocation of management resources and improvement of capital efficiency.

In working to enhance our corporate value, we employ management indicators including ROIC, WACC, and PBR in our management decisions. We recognize our WACC to be about 5.0%. Our business performance entered a stable phase in fiscal year 2023, and our ROIC has since maintained a level far above WACC. In our Medium-Term Management Plans, too, we will continue striving for the maximization of corporate value through efficient and strategic growth investments.

With regard to PBR, we are working to efficiently enhance our corporate value by breaking down PBR into ROE and PER

Analysis of cost of equity



and sorting out the factors that improve each of these. In working to enhance our corporate value, we are advancing measures to raise ROE and PER under the themes of increasing EBITDA, optimizing ownership equity, enhancement of expected growth rate, and reduction in the cost of equity capital.

With regard to shareholder returns, we are aiming for a dividend payout ratio of 30% in the final fiscal year of our Medium-Term Management Plan. Because we implemented a TOB of treasury stock following the announcement of our Medium-Term Management Plan, I believe that reconsideration of this ratio is in order. However, we ultimately aim to achieve a ratio of 30%.

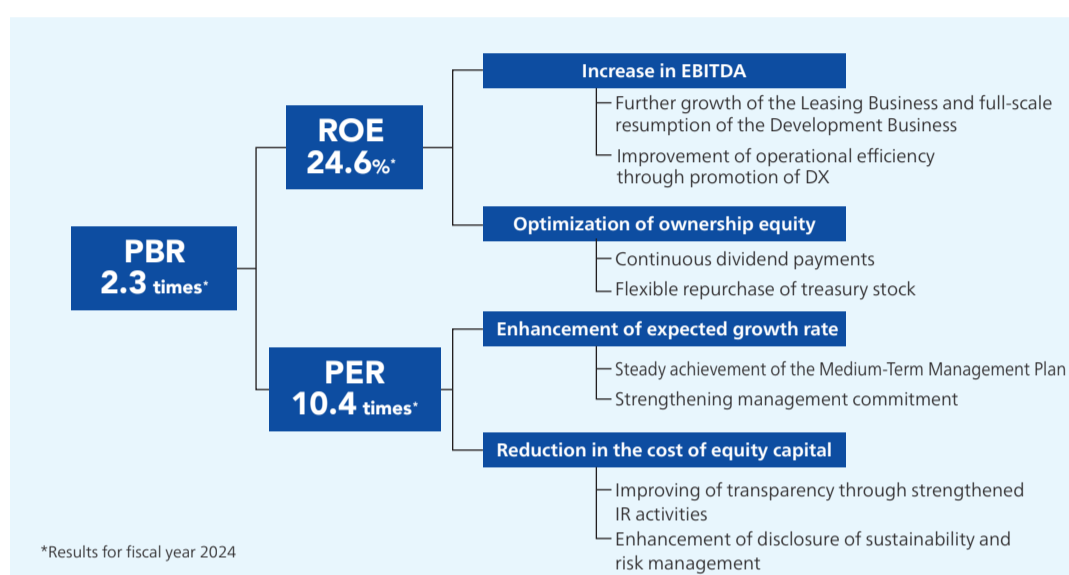
The background to our treasury stocks TOB

In November 2020, we raised funds through the Fortress Investment Group. We did so via a number of means, including a capital increase through third party allocation of common stocks, borrowing of JPY 30 billion, and issuance of

stock acquisition rights. The deadline for the borrowing and the stock acquisition rights is November 2, 2025, requiring that we repay the amount borrowed and exercise the stock acquisition rights by the said date.

With regard to the borrowing, in March 2025 we switched from a secured to an unsecured loan through refinancing with Mizuho Bank, thereby improving the soundness of our financial structure. With regard to the stock acquisition rights, the exercise of the rights by investors within the term is assumed to be nearly certain. This would cause an addition of about 160 million shares, equivalent to about 1.5 times the number of shares outstanding, with the share dilution theoretically triggering a roughly 25% decline in share price.

As a countermeasure, we decided to conduct a takeover bid (TOB) of treasury stock to settle the stock acquisition rights and avoid the dilution. Through this, we were able to achieve both stabilization of our capital structure and preservation of shareholder value.



Transition to a regional branch structure and human capital management

We are now preparing a transition to a regional branch structure that will let us flexibly respond to region-specific market environments and customer needs. I believe that holding responsibility and authority for a specific area will enable these offices to provide value more closely aligned with customers. To grow our company under the regional branch structure, it is vital that every employee hold an awareness of our “employee-centered” approach and engage in the region’s business from a managerial perspective. The challenge for us will be to raise the level of employees’ managerial mindset as they undertake trial-and-error-based work that lets them feel how their own actions impact profitability.

Toward that end, we will also focus on our training programs as a component of our human capital management. In addition to our ongoing sales training, we will introduce programs that nurture a managerial perspective and programs related to team building.

Sustainability strategy

We believe that the wellspring of corporate value lies in achieving both economic value and social value. To do so, we are advancing sustainability management that integrates the environment, society, and governance (ESG).

Environmental initiatives

Led by Leopalace Green Energy Corporation, we are working to leverage the merits of virtually zero CO₂ emissions to reduce the CO₂ emissions of our managed properties. For fiscal year 2030, we have set a goal of cutting Scope 1 and 2 greenhouse gas emissions by 46% from the level of fiscal year 2016.

In the area of gas supply, the setting of prices by existing propane gas businesses involves opaque practices as well as issues surrounding convenience and the burden on tenants. In response, we partnered with a major player in the gas business to establish a new gas supply company. Through this, we will reduce the burden placed on tenants.

Social and governance initiatives

With a grounding in the concept of human resources as the wellspring of competitiveness, we are accelerating our investment in human capital and are working to acquire diverse human resources, reform work styles, and promote well-being management.

Governance, too, is a foundation of sustainability management. We are taking action to engage in dialogue with stakeholders, assure effectiveness in our corporate governance, and strengthen our compliance.

Promotion of DX

By moving viewings of units and contract-signing online and by introducing means such as smart locks to eliminate the need for tenants to visit our sales offices, we are increasing convenience for tenants while reducing sales office operating costs and optimizing staffing. Through measures including the

partial replacement of 24-hour, 365-day telephone service with chatbot in apartment building management work, we are actively tackling efficiency and automation in our internal operations.

In closing

In leading the new Leopalace21, I want to build a company that again earns the trust of all and continues to grow. We will continue marching forward with integrity and the recognition that we form a part of social infrastructure, creating new value by focusing the strength of every employee to connect people, companies, and regions through the provision of housing. To all of our stakeholders who have supported the progress of our rebirth, I ask for your continued support.



Long-Term Vision

We have positioned the fiscal year 2025 as the first year of New Leopalace21, and have made a fresh start of business as a Comprehensive Leasing Management Services Provider that comprehensively handles construction, leasing, and management.

Under our newly established mission, "To create new value and *imagineer* joyful living," we will strive to further enhance corporate value, solve issues related to people and housing, and aim to become a company needed by society, by strengthening our business foundation centered on the Leasing Business and Development Business and promoting strategies to achieve both economic and social value.

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

New Growth 2028

Highly Stable and Sustainable Business Activities

FY2028 -

Strengthening Business Foundation for Regional Branch Structure

FY2027

Start of regional branch structure

- Independent organization
- Make contribution to regional revitalization

FY2026

Pre-launch of regional branch structure

- Dynamic pricing strategy
- Expansion of solution-based sales
- Development of idle land owned by companies

Sustainability Management

- Initiatives for environmental consideration
- Promotion of human capital management

Building Organization for Revenue Expansion

- Introduction of the regional branch structure
- Maintenance of appropriate costs

Strengthening Financial Base

- Improvement of occupancy rate
- Improvement of average unit rent for all occupied units

Formulation of Appropriate Number of Managed Units and Rent

- Resumption of the Development Business
- Introduction of AI rent assessment

Performance Recovery Phase Toward Normalization (FY2019 -)

- Optimization of personnel and cost rationalization
- Strengthening of profitability in the Leasing Business
- Resolution of obvious construction defects problem uncovered in 2018

FY2025

Comprehensive Leasing Management Services Provider

— Launch of New Leopalace21 —

- Strengthening of leasing sales
- Pursuit of challenges as a Leasing Management Services Provider
- Strengthening of owner relationships

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Business Overview

Our businesses are classified into three categories: "Leasing Business," "Elderly Care Business," and "Other Businesses."

The Leasing Business, specialized in providing rental housing for single households, is our core business, accounting for over 90% of our sales.

Leasing Business



Net sales
JPY 416.9 billion

We mainly lease and manage rental properties through master leasing of apartments contracted for construction, and also provide apartment repair work services, rental related services, and broadband services.

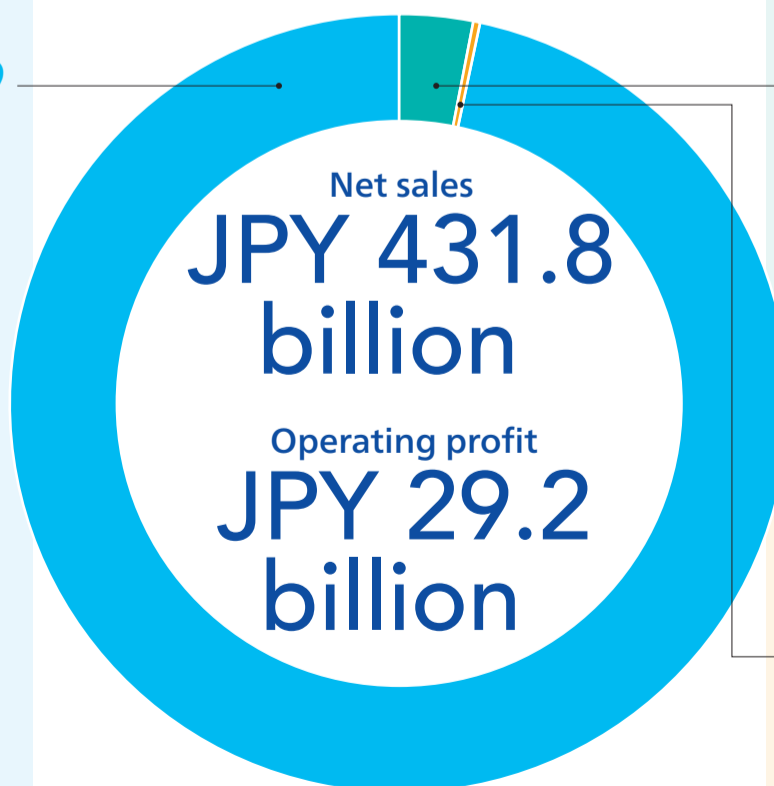
Development Business

In addition to constructing apartments on land owned by individual landlords, we also engage in real estate development in urban areas. In fiscal year 2025, we will establish the Development Business Headquarters and work toward the full-scale resumption of the Development Business.



* From fiscal year 2020, the Development Business has been integrated into the Leasing Business.

Consolidated Results



FY2024

Elderly Care Business

Net sales
JPY 13.7 billion



In the super-aged society, we operate 85 facilities closely connected to local communities, offering day service, short stay, nursing care and residential-type fee-based homes for the elderly, and group homes, as well as provide services such as home-visit care, regular patrol and on-demand home-visit care and nursing, and in-home care support.

Other Businesses

Net sales
JPY 1.1 billion



Leopalace Resort Guam operates golf courses and hotels on the island of Guam. We aim to sell this business unit soon based on our policy of transferring or withdrawing from non-core and unprofitable businesses.

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History of Value Creation

Since its establishment in 1973, Leopalace21 has created many industry firsts and addressed various housing-related issues and needs.

Events in society		Leopalace21 events (management/products & services)	
February	Foreign exchange (Japanese yen) shifted to the floating exchange rate system	1973	August: Established Miyama Co., Ltd.
September	Plaza Accord (Era of strong yen)	1985	April: Introduced <i>Leopalace21</i> urban-style apartment
December	The bubble economy started	1986	April: Established Leasing Business Division
		1988	January: Established Miyama Guam, Inc. (now Leopalace Guam Corporation)
January	Heisei era began	1989	February: Registered stock with the Japan Securities Dealers Association
April	Introduced 3% consumption tax		October: Changed the Company name to MDI Co., Ltd.
February	The bubble economy ended, started land price decline	1991	March: Completed construction of new headquarters building
		1993	July: Opened <i>Leopalace Resort Manenggon Hills, Guam</i>
January	Great Hanshin-Awaji Earthquake	1995	
April	Consumption tax raised to 5%	1997	
		1998	March: Number of managed units reached 100,000
	Zero interest rate policy	1999	October: Launched <i>Monthly Leopalace</i> , short-term rental service with furnished rooms
September	September 11 attacks in the United States	2001	
		2004	March: Listed on the First Section of the Tokyo Stock Exchange
		2005	January: Established Elderly Care Business Division
		2006	June: Changed the Company name to Leopalace21 Corporation
September	Global Financial Crisis	2008	
		2009	January: Launched new brand <i>Leo NEXT</i>
			March: Number of managed units exceeded 500,000
March	Great East Japan Earthquake	2011	April: Launched sale of solar power generation systems
			May: Launched 40th anniversary model <i>DUAL-L</i>
		2012	November: Established Leopalace Power Corporation (solar power generation subsidiary)
			December: Launched 40th anniversary model <i>Arma-L</i>
		2013	February: Expanded the roof lease solar power generation business nationwide
April	Consumption tax raised to 8%	2014	
July	Promulgated the "Overview of the Act on the Improvement of Energy Consumption Performance of Buildings"	2015	May: Launched new rental housing brands <i>MIRANDA</i> and <i>CLEINO</i>
			November: Industry-first introduction of electronic contract management system for ordinary lease contracts
		2018	April: Construction defects problem uncovered
		2019	
May	Reiwa era began		
October	Consumption tax raised to 10%, introduced reduced tax rate		
January	First case of COVID-19 in Japan		June: Announced implementing structural reforms
			● Transfer and withdrawal from non-core and unprofitable businesses
			● Call for voluntary retirement
			● Clarified management responsibility and implemented governance reforms
			September: Online contract signing for leasing, nationwide online support by staff at directly managed sales offices
	Global surge in lumber prices	2021	
			April: Selected Prime Market in new market segments of the Tokyo Stock Exchange
		2022	June: Introduced smart lock
			September: Launched the <i>Leopalace Green Energy</i> project
January	Noto Peninsula Earthquake	2024	
		2025	January: New Leopalace21 started



1991 Completed construction of new headquarters building



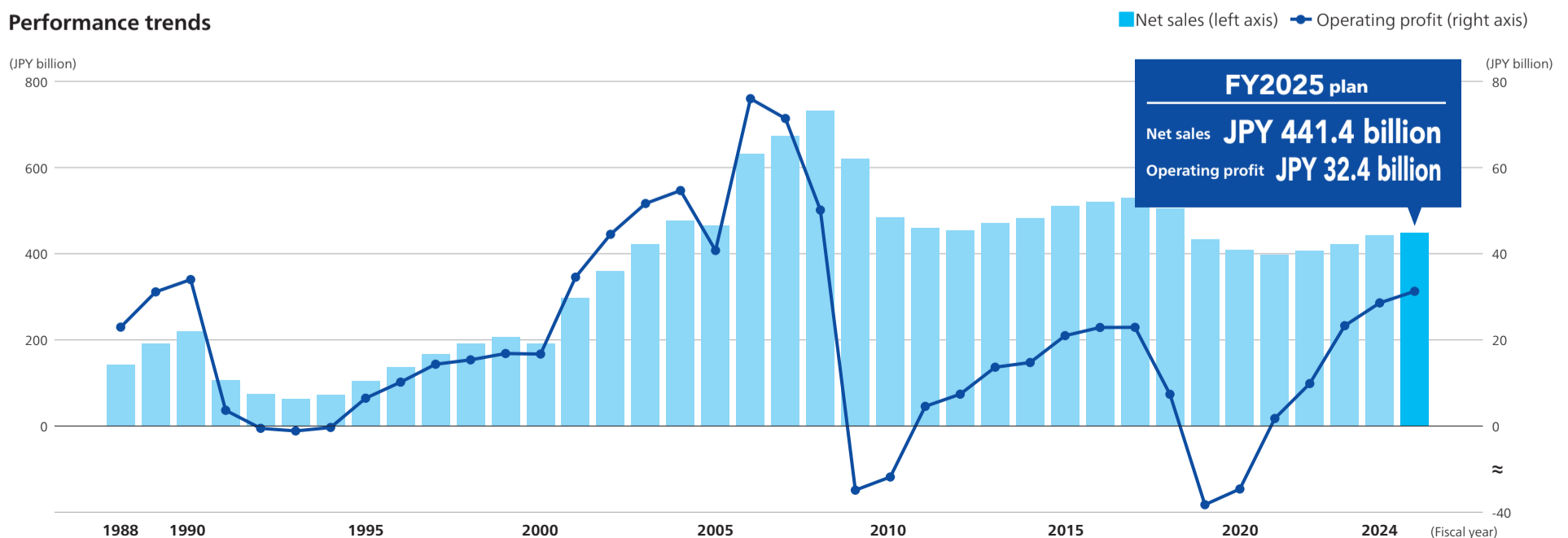
2004 Listed on the First Section of Tokyo Stock Exchange



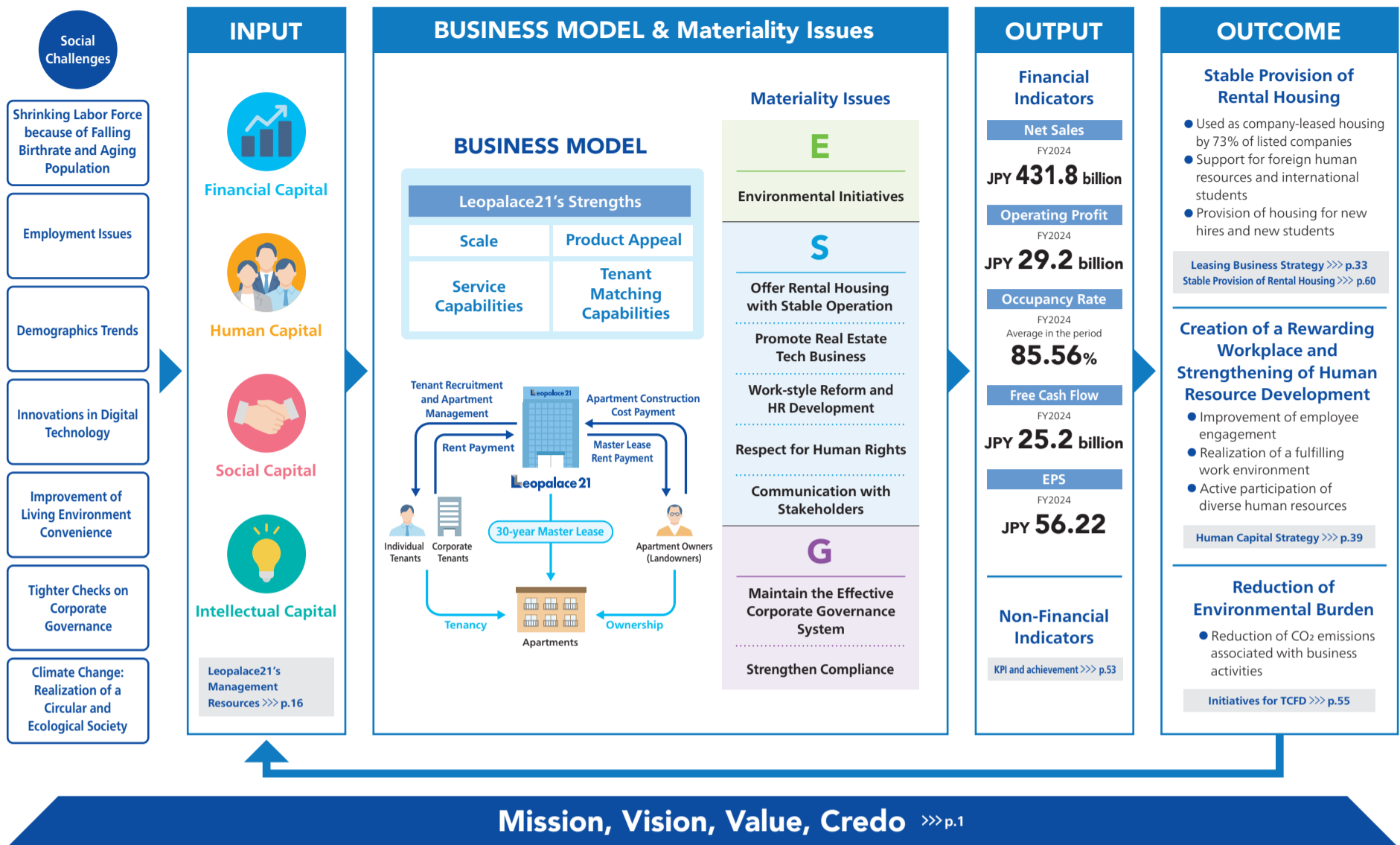
2009 Number of managed units exceeded 500,000

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Performance trends



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Leopalace21's Management Resources

Under our mission "To create new value and *imagineer* joyful living," we utilize management resources to aim for sustainable enhancement of corporate value. The four main management resources shown below are the cores supporting our value creation process, and through effective utilization and strengthening of each resource, we realize solutions for social challenges and sustainable growth.

(As of March 31, 2025)



At a Glance

(As of March 31, 2025)

About Leopalace21

 Founded

51st Anniversary

 Number of Managed Units

Approx.
550,000

 Usage Ratio by Listed Companies

73%

 Occupancy Rate


Average in the period **85.56%**
End of period **87.57%**

 Number of Owners

Approx.
26,600

 Shares of Occupied Units by Customer Segment

Corporate
64.6%

 Number of Units with Smart Locks

Approx.
310,000

 Number of Business Partners

Approx.
1,600 companies

Individual
28.8%

Student
6.6%

 Ratio of Units Used by Foreign Nationals

11.4%

Non-financial Information

 Number of Employees

Consolidated **3,909**
Non-consolidated **2,723**

 Ratio of Paid Leave Usage^{*1}

82.0%

 Ratio of Employees with Disabilities^{*2}


2.8%

 Composition of Directors

Internal **6**
Outside **4**

 Ratio of Male Employees Taking Childcare Leave^{*3}

69.7%

 CO₂ Emission Reduction^{*4} (Scope 1, 2)

-13.7%

*1 Non-consolidated; *2 Parent company + special subsidiary, average in the period; *3 Non-consolidated, calculated with April as the starting month; *4 Compared to FY2016

Financial Information

 Net Sales

JPY **431.8** billion

 Operating Profit

JPY **29.2** billion

 Net Income

JPY **17.8** billion

 EBITDA

JPY **32.7** billion

 EPS

JPY **56.22**

 Equity Ratio

37.5%

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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.

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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 of 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.

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



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.



Tomonori Kamochi

Joined the Company in 2009. Assistant Manager, Tokyo Branch, Wealth Management Department. Serves as point of contact for property owners in contract renewal and negotiation. Has achieved the No. 1 sales performance position nationwide.

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.

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

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.

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

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.



Mai Shibata

Joined the Company in 2015. Senior Staff, Web Marketing Section, Property Management Sales Promotion Department. Achievements include renewal of the leasing website, identification and improvement of issues related to risk of opportunity loss in the leasing domain, and proposal of measures to enhance customer satisfaction.

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.



Masaya Saito

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.



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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 MVEC 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.

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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	<ul style="list-style-type: none"> Improvement of profitability of contracts through the execution of price-focused strategy Top-level sales to existing corporate customers Streamlining operations through IT Implementation of voluntary retirement for 1,067 employees Transfer of or withdrawal from non-core and unprofitable businesses
	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	
	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.

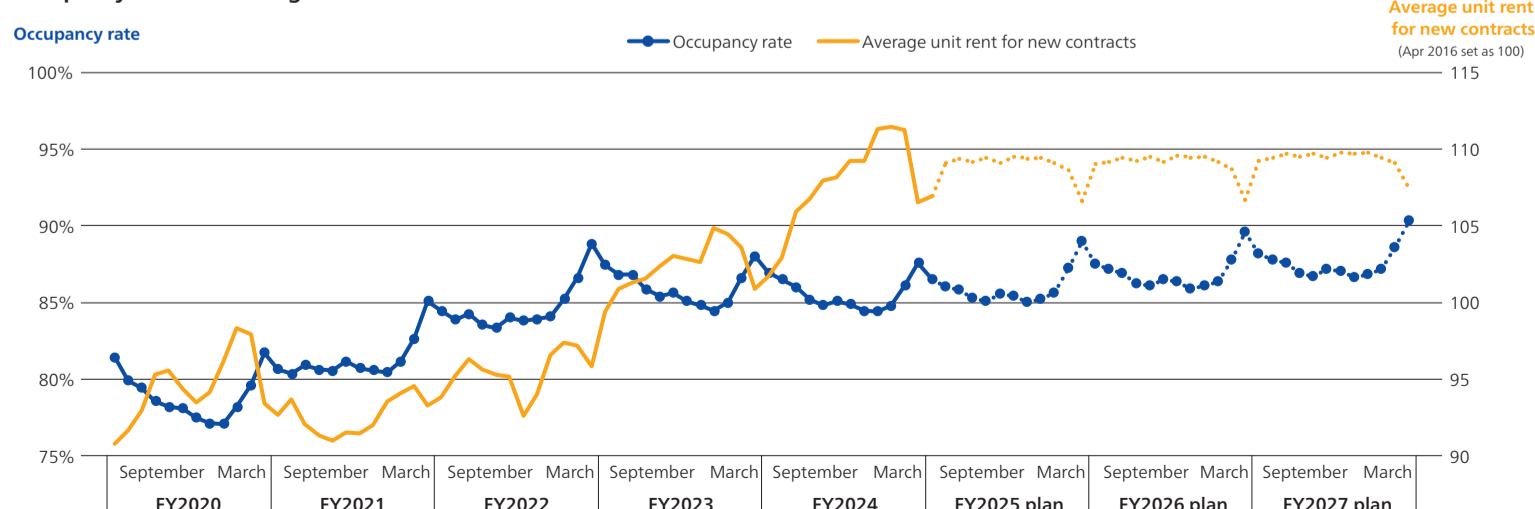
Occupancy rate

	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



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.

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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.

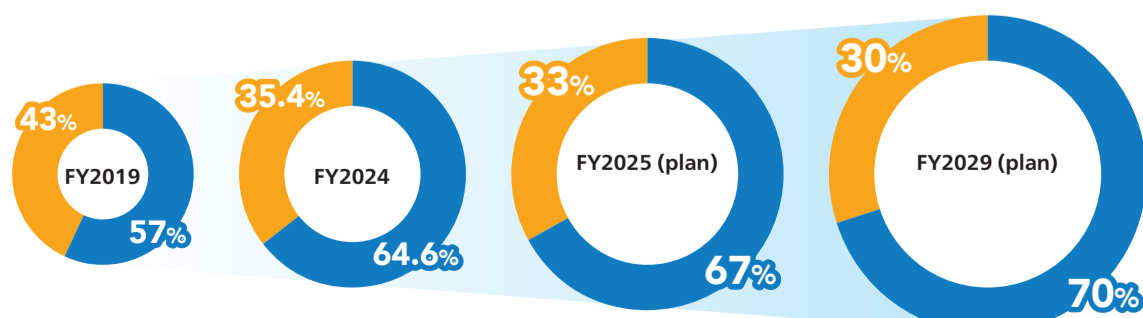
Enhancing our quality of maintenance and strengthening cooperation with owners

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.

Corporate customers use rate

■ Individuals ■ Companies



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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.

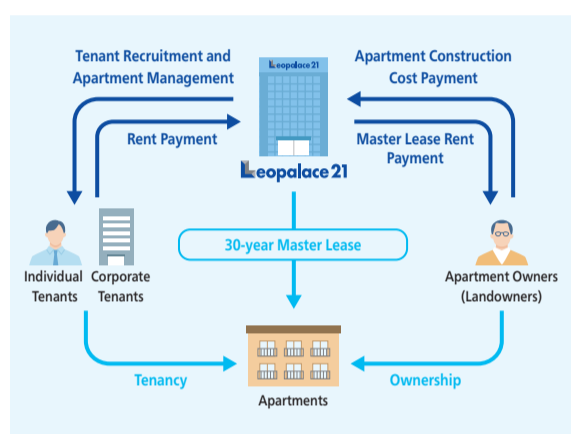
Business model

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.

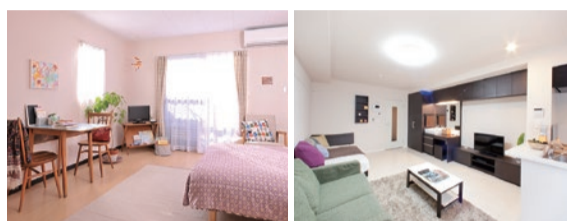
In addition, we are continuously refining our unique business model by focusing on improving customer convenience and operational efficiency through DX promotion, as well as promoting occupancy among the increasing number of foreign national customers.



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.

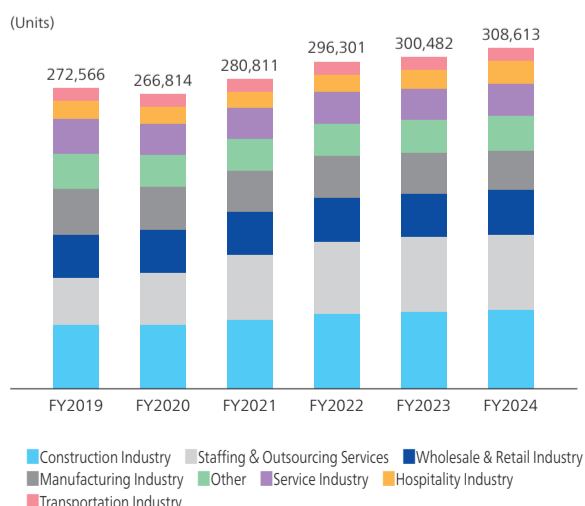
Expansion of corporate use

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.

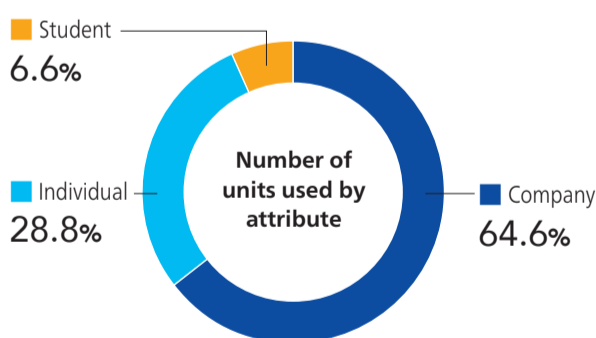
Among these, by industry, the hospitality sector has seen a significant increase, driven by active recruitment of foreign personnel.

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

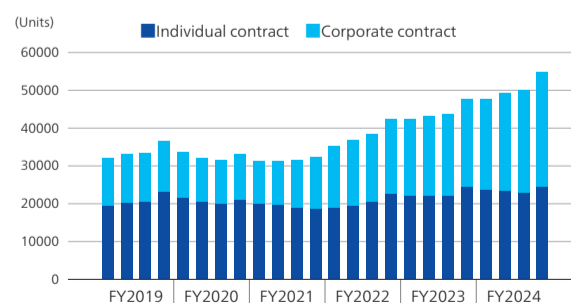
We classify our customer base into three categories: companies, individuals, and students. Among these, we have focused on acquiring corporate contracts due to the expectation of stable usage. Currently, through a strategy aimed at establishing ourselves as the brains behind the company-leased housing 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



*IFC: Abbreviation for International Front Center

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

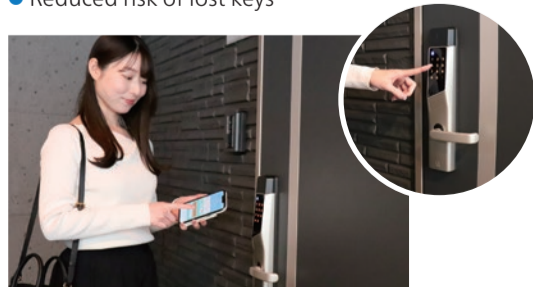
Since June 2022, to improve tenant convenience and reduce work hours through promotion of real estate technologies, we have been rolling out smart locks, which allow entrance doors to be unlocked with a smartphone or similar device without carrying a key.

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.

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

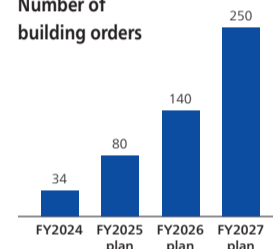
that makes use of companies' idle land holdings.

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.

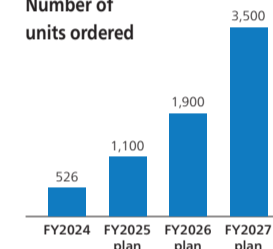
Number of units under management

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.

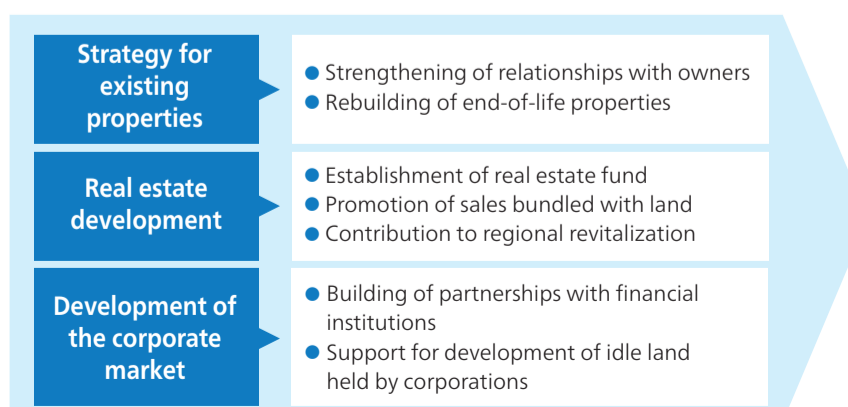
We have built long-term relationships of trust with owners, mutually supporting each other as we safeguard owners' valuable assets. In this sense, I want to view owners as business partners of the Company as well as good friends with whom we can share long relationships. Always staying close by owners' 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.

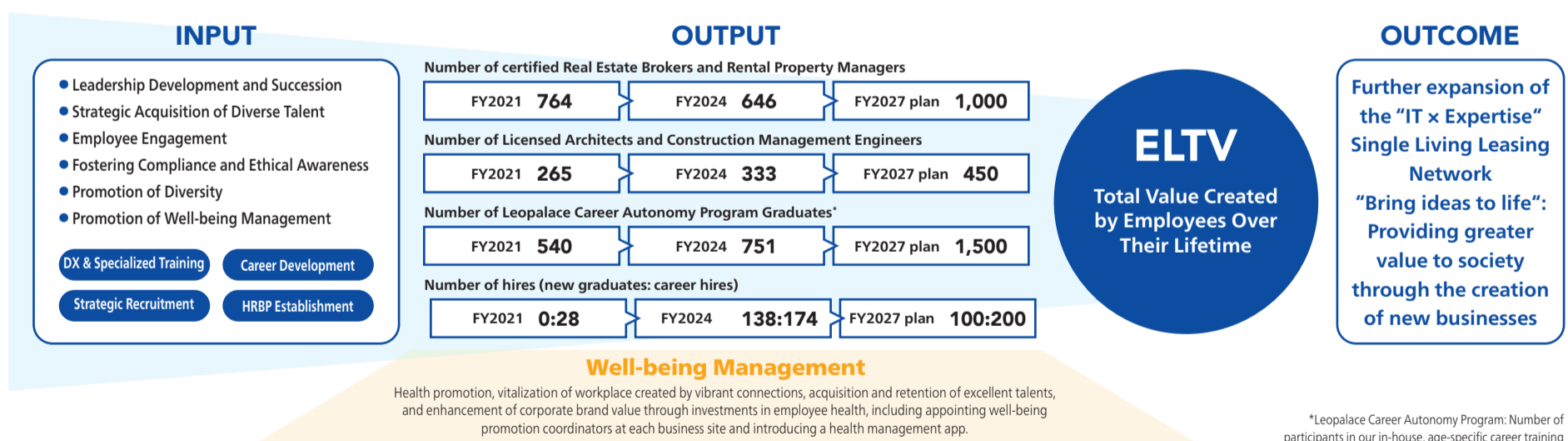


We have formulated a new corporate philosophy system, MVVC (Mission, Vision, Value, and Credo), to rebuild the Leopalace21 brand and move forward as the new Leopalace21. We have clearly defined in our Credo (Code of Conduct) what our employees should value and how they should act. The underlying message 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.



*Leopalace Career Autonomy Program: Number of participants in our in-house, age-specific career training

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.



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.



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 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.



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.

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.

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.

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.

Shibata 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.

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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.

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.

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



Facilitator
Ryunosuke Gogun
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



Kanami Shibata
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.

*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.

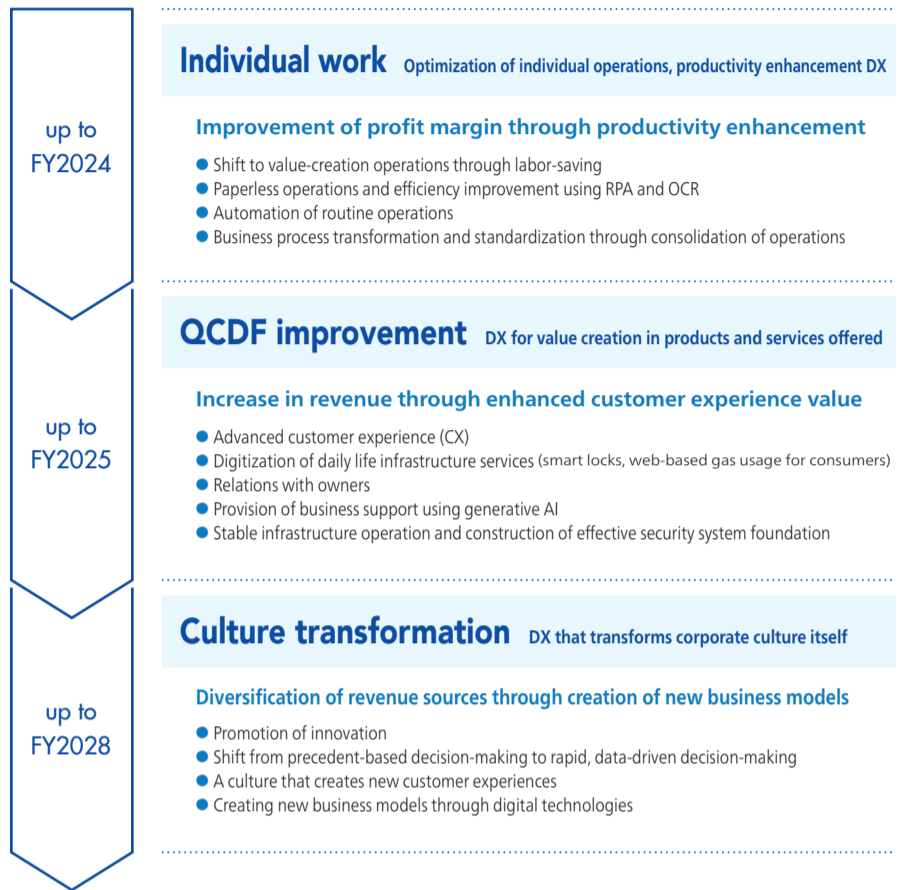
DX Vision and Strategy

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

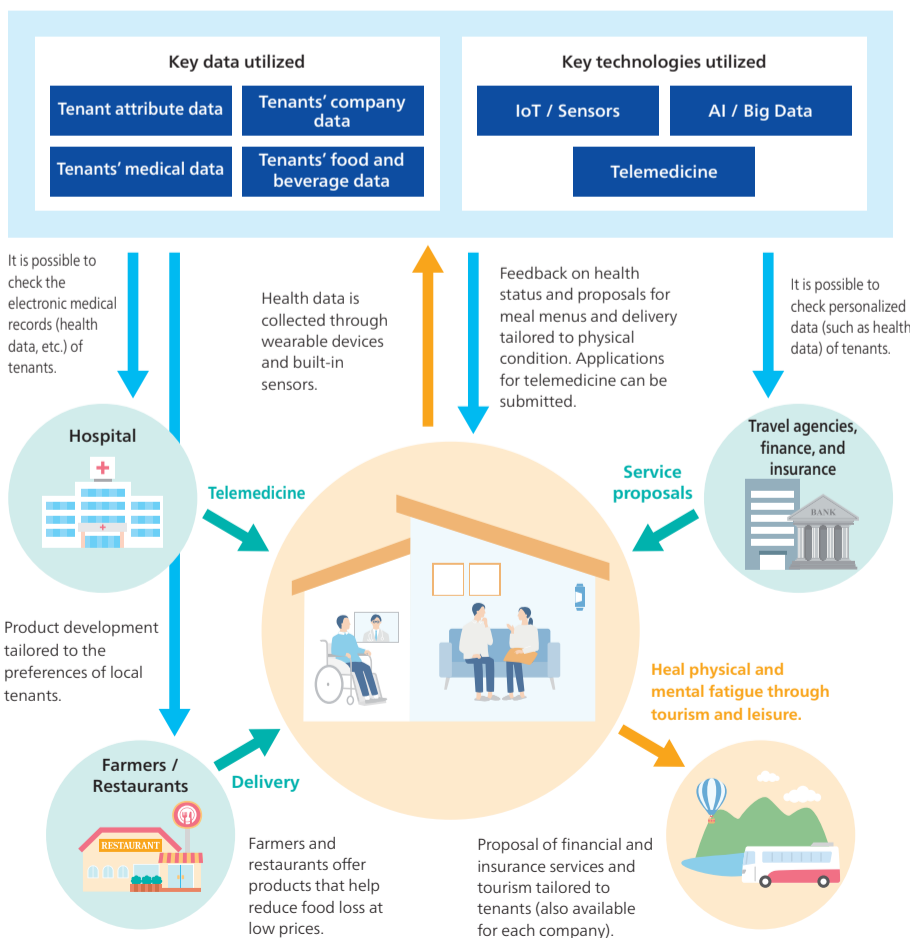
In Business Transformation DX, our goal is to evolve into Leasing Business that continues to be chosen by customers, and we are working on data-driven management, ensuring product quality and enhancing added value, as well as strengthening relationships with business partners.



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.

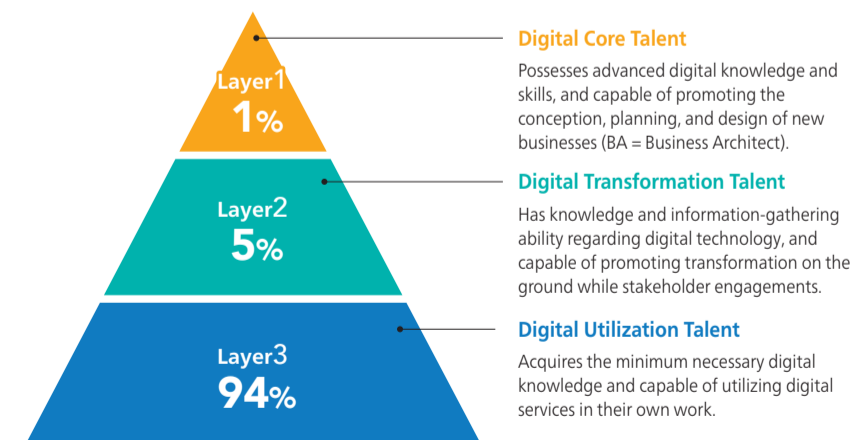
Providing an environment where tenants can live safely and comfortably not only strengthens our competitiveness, but also accelerates consideration for expanding our business outside the Company.



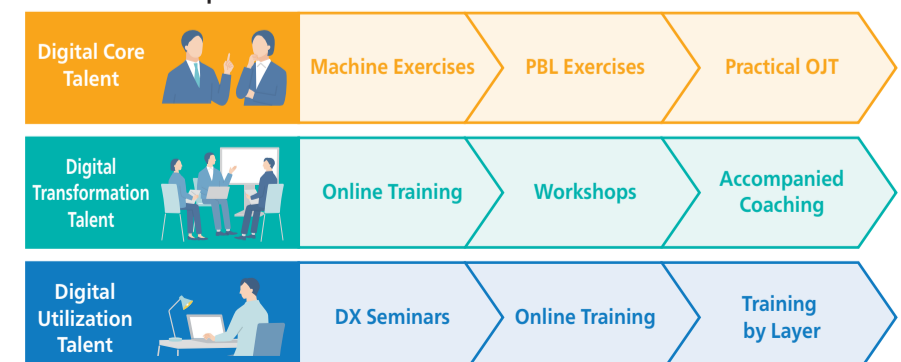
Theme 3: DX for Human Resources and Organization

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

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section 3

Sustainability Management

This section explains our sustainability management, which enhances the sustainability of our business through initiatives addressing environmental issues, respect for human rights, coexistence with business partners, as well as the Corporate Governance system that supports these efforts.

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Sustainability Management

Basic policies on sustainability

We have developed a basic sustainability policy and established the following five basic activity policies to further develop sustainability activities through our business, and will steadily implement these initiatives.

1. Providing high quality services and supporting affluent living

Leopalace21 continues to offer the tenants comfortable and convenient living space through new lifestyle proposals in response to the changing needs for rental housing amid the social diversification.

2. Contributing to local communities

To keep everyone live with peace of mind, Leopalace21 as a housing supplier is working with the members of the local communities.

3. Creating pleasant work environments and developing diverse human resources

Leopalace21 regards human resources as critical asset to create new value and *imagineer* joyful living and aims to build pleasant work environment.

4. Creating an environmentally friendly society

Leopalace21 recognizes the environmental burden of its operations and aims to realize its housing business as friendly as possible to the environment through overall reduction of burdens.

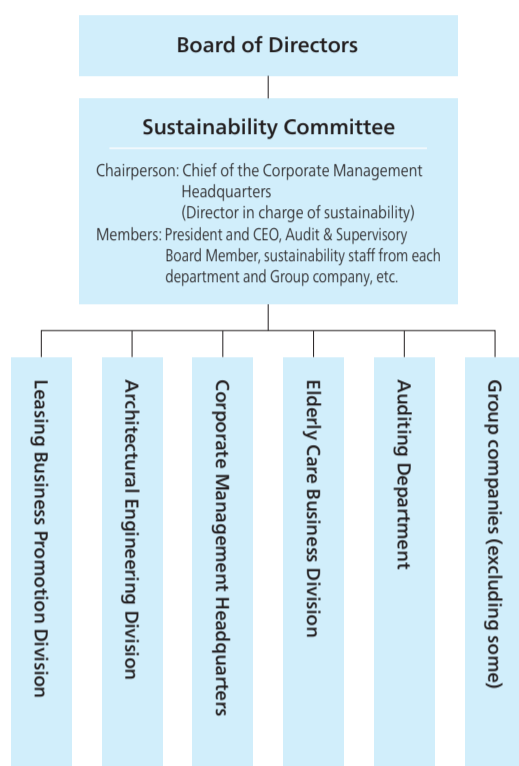
5. Engaging in sound, constructive communication with stakeholders

Leopalace21 is building sound and constructive partnership with all the stakeholders in the operations through active disclosure attitude and engagement discussions.



Sustainability promotion system

In our Group, a Sustainability Committee has been set up under the Board of Directors, and the Committee holds a meeting every three months to promote sustainability management initiatives as part of our business based on consultation by the Board. This committee, chaired by the executive officer in charge and composed of representatives from each department, monitors the progress of initiatives according to the Basic Policies on Sustainability, discusses future direction, and undertakes initiatives for promoting sustainability.



Roles within the promotion system

Board of Directors

The Board of Directors is the body that decides basic management strategies and plans. Regarding responses to climate change, the Board decides policies based on deliberations of the Sustainability Committee and Risk Management Committee. The Board of Directors supervises the committees and receives reports on the committees' activities.

Director in charge of sustainability

When determining environmental policies, including those related to climate issues, at the Board of Directors, the executive in charge leads the discussion and plays a central role in consultations with the Sustainability Committee.

Sustainability Committee

Committee members, representing relevant internal departments and each Group company, report on the status of activities related to each materiality issue in the areas of environment, society, and governance within their respective business activities, and share the status of sustainability promotion across the Group. The Committee sets numerical targets for environmental activities, including initiatives for climate change, manages their achievement, and reports important matters to the Board of Directors. For climate-related risks, the Committee submits recommendations to the Board in collaboration with the Risk Management Committee.

Leopalace21's Materiality Issues

Together with society, we have identified eight materiality issues that are essential for the Company's sustainable growth. Our materiality issues have been identified with 2030 in mind, but annual KPIs are also set for each materiality issue to quantitatively monitor and manage progress of countermeasures.

Materiality Issues	Relevant SDGs	KPI (FY2024)
Environmental initiatives E	9, 11, 13, 15	<ul style="list-style-type: none"> Scope 1 and 2 CO₂ emission reduction (46% reduction compared to FY2016 by FY2030) Reduction of CO₂ emissions through the <i>Leopalace Green Energy Project</i>
Offer rental housing with stable operation S	4, 8, 11, 12, 16	<ul style="list-style-type: none"> Implementation of measures to improve occupancy rate (End of period: 88.15%, Average during period: 85.64%) Acquisition of foreign tenants
Promote real estate tech business S	9, 11	<ul style="list-style-type: none"> Installation of smart locks (310,000 units by March 2025)
Work-style reform and human resource development S	4, 5, 8, 10, 17	<ul style="list-style-type: none"> Leadership development and succession Strategic acquisition of diverse talent Improvement of employee engagement Promotion of diversity (D&I) Promotion of well-being management
Respect for human rights S	10, 17	<ul style="list-style-type: none"> Providing training for foreign care giving staff (12 sessions/once per month) Maintaining employee retention rate by special subsidiary (79.54%)
Communication with stakeholders S G	11, 16, 17	<ul style="list-style-type: none"> Dialogue with institutional investors (100 companies) Dialogue with financial institutions (200 times) Owner briefing sessions held (120 times) Public relations strategies to increase corporate value (24 press releases distributed) Distribution of in-house newsletters (60 times) Implementation of customer satisfaction surveys (Group companies)
Maintain the effective corporate governance system G	9, 10, 16	<ul style="list-style-type: none"> Dialogue between Directors and employees (24 times) Resolution of obvious defects by the end of 2024
Strengthen compliance G	9, 10, 17	<ul style="list-style-type: none"> Compliance training Fostering compliance and ethical awareness

Identification process of materiality issues

As a framework for identifying materiality issues, we first extracted social issues related to our company, and then determined whether these issues represent "opportunities" or "risks" for us. The materiality issues are organized according to ESG categories. Regarding "construction defects response", we had set it as our own materiality. However, to ensure steady implementation of the disclosed construction defects repair plan and prevent recurrence of similar problems, we set KPIs related to two materiality issues under governance, and addressed them as key issues.



Environmental initiatives

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Reduction of CO ₂ emissions in Scopes 1 and 2	46% reduction compared to FY2016. CO ₂ emissions in Scopes 1 and 2: 20,084t-CO ₂ (FY2016 actual results)	-43.50%	-41.50%	-13.7%	-	-
Leopalace Green Energy Project	CO ₂ reduction amount FY2023: 40,000t-CO ₂ FY2024 Plan yet to be determined	-	3,238t-CO ₂	54,199t-CO ₂	-	Adopted as a KPI from FY2023

Stable provision of rental housing

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
End-of-period occupancy rate and average occupancy rate in the period	Occupancy rate targets: End of period/Average during period FY2022: 88.44%/85.05% FY2023: 90.40%/86.56% FY2024: 88.15%/85.64%	End of period: 88.83% Average during period: 84.66%	End of period: 88.03% Average during period: 85.99%	Fiscal year-end: 87.57% Average during period: 85.56%	A	-
Number of contracts with foreign national tenants	Number of individual contracts FY2022: 13,000 cases FY2023: 12,154 cases FY2024: 12,204 cases	12,011 cases	12,201 cases	10,914 cases	B	-

Promotion of real estate tech

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Number of Smart Lock installations	End of March 2023: 109,000 units End of March 2024: 240,000 units End of March 2025: 310,000 units	Approx. 70,000 units	Approx. 240,000 units	Approx. 310,000 units	A	-

Work style reform and human resource development

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Leadership development and succession	Next-generation leader development program FY2023: Held 4 times a year / FY2024: Held 12 times a year	-	12 times	12 times	A	Adopted as a KPI from FY2023
	Management skills enhancement training FY2023: Held 3 times a year / FY2024: Held 15 times a year	-	9 times	15 times	A	Same as above
	Executive training program FY2023: Held once a year / FY2024: Held twice a year	-	1 time	2 times	A	Same as above
	Employee participation hours in training FY2023: 9,000 hours / FY2024: 12,906 hours	-	8,159 hours	18,816 hours	A	Same as above
Strategic acquisition of diverse talent	New graduate hires in 2024: 50 / New graduate hires in 2025: 100	-	67	138	A	Same as above
	Career hires FY2023: 146 / Career hires FY2024: 150	54	105	174	A	Same as above
Improvement of employee engagement	Turnover rate: 5%–10%	11.1%	9.0%	7.9%	A	-
	Female manager ratio (non-consolidated basis): 5.5%	5.5%	5.4%	5.1%	B	-
Promotion of diversity (D&I)	Parental leave acquisition rate for male employees (non-consolidated basis): 80%	-	71.4%	69.7%	B	Adopted as a KPI from FY2023
	Gender pay gap Regular employees: 70.0% Non-regular employees: 50.0% Total: 55.0%	Regular employees: 69.1% Non-regular employees: 63.6% Total: 55.4%	Regular employees: 68.3% Non-regular employees: 45.0% Total: 50.1%	Regular employees: 69.0% Non-regular employees: 47.6% Total: 50.7%	B	Same as above
Promotion of well-being management	Proportion of high-stress individuals: Less than 10%	-	-	7.6%	A	Adopted as a KPI from FY2024
	Comprehensive medical examination participation rate: 80% or more	27.1%	74.8%	85.3%	A	-
	Mental health measures Pulse survey (introduced August 2023) Response rate: 100%	-	93.8%	100%	A	Adopted as a KPI from FY2023

Respect for human rights

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Conducted training for foreign care staff (number of times implemented)	12 times per year (once a month)	12 times	12 times	12 times	A	-
Employment of persons with disabilities by special subsidiary	Employment rate: 2.7%	2.8%	2.7%	2.8%	A	-
	Retention rate: Maintained at 79.54%	-	84.09%	79.54%	A	Adopted as a KPI from FY2023

Communication with stakeholders

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Owner briefing sessions held	FY2022: 90 times FY2023: 180 times FY2024: 120 times	88 times	169 times	141 times	A	-
Dialogue with financial institutions	200 times	143 times	147 times	179 times	B	-
Customer satisfaction surveys (group companies)	Leopalace Leasing: Conducted once a year and follow-up for issue extraction	1 time	1 time	1 time	A	-
	Plaza Leasing Management Guarantee: Conducted once a year	1 time	1 time	-	-	No implementation in FY2024
	Asuka Small Amount Short-Term Insurance: Satisfaction rate 90% or higher	-	92%	91%	A	-
Public relations strategies to increase corporate value	Press releases: 24 cases	-	30 cases	32 cases	A	Adopted as a KPI from FY2023
Dialogue with institutional investors	Number of company interviews: 100 companies	122 companies	97 companies	116 companies	A	-
Distribution of in-house newsletters	60 times	68 times	101 times	92 times	A	-

Ensuring effectiveness of Corporate Governance

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Dialogue between Directors and employees	FY2022: 12 times; FY2023: 24 times; FY2024: 24 times	15 times	59 times	19 times	B	-

Strengthen compliance

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Compliance training	Training and material requests from each business unit: 4 cases / Number of cases from incident response results: 1 case / Other announcement articles: 3 cases	-	9 times	8 times	A	Adopted as a KPI from FY2023
Fostering compliance and ethical awareness	Number of long-term position holders (over 10 years in the same department/position, Senior Staff or above, excluding Head Office and Elderly Care Business Division) FY2024: 12 FY2025: 11 FY2026: 10	-	-	18	C	Adopted as a KPI from FY2024

Environmental Management

Preserving the global environment is a universal challenge for humanity, and our Group makes continuous improvements using the PDCA cycle in order to reduce the environmental impact of our business activities, products, and services. With the aim of creating a sustainable future where we can both provide comfortable and convenient housing and minimize environmental impact, we have established the following environmental policy:

Leopalace21 Group Environmental Policy

For a sustainable future, we take action

Our company sets the mission, "To create new value and *imagineer* joyful living," at the center of our corporate activities, providing rental housing that supports the lives of single-household tenants. With significant responsibility for the preservation of the global environment, we support the Paris Agreement. Under the following itemized basic policy, we roll out our business activities not only to provide comfortable and convenient housings, but also to minimize environmental impact and realize a sustainable future. With promotion of sustainability in our Group based on this environmental policy, the Board of Directors approves and supervises the Group's sustainability policies, strategies, and related business promotions, under the decision of the Chief of the Corporate Management Headquarters as the chairperson of the Sustainability Committee.

- Thorough compliance with laws and environmental management**
We comply with environmental laws and regulations in the countries and regions where we operate business, and ensure rigorous management of greenhouse gas emissions and climate change-related risks and opportunities.
- Minimization of environmental impact**
We strive to reduce CO₂ emissions throughout the entire life cycle of apartment houses by actively introducing renewable energy, improving insulation and airtight functionalities, and standardizing high-efficiency equipment.
- Promotion of a recycling-oriented society**
Through thorough implementation of leasing, collection, and reuse cycles of furniture and home appliances, we are working to make effective use of resources and reduce waste as part of our corporate activities.
- Ensuring transparency and continuous improvement**
Through regular monitoring and external evaluation by third parties with expert knowledge, we enhance the transparency of environmental management to reduce our environmental burden.
- Environmental training**
To deepen understanding of the environmental impact of our Group's business activities, we provide environmental training for our officers and employees.
- Collaboration with stakeholders**
We collaborate with all stakeholders involved in the value chain, including property owners, client companies, and suppliers, to co-create environmental values.

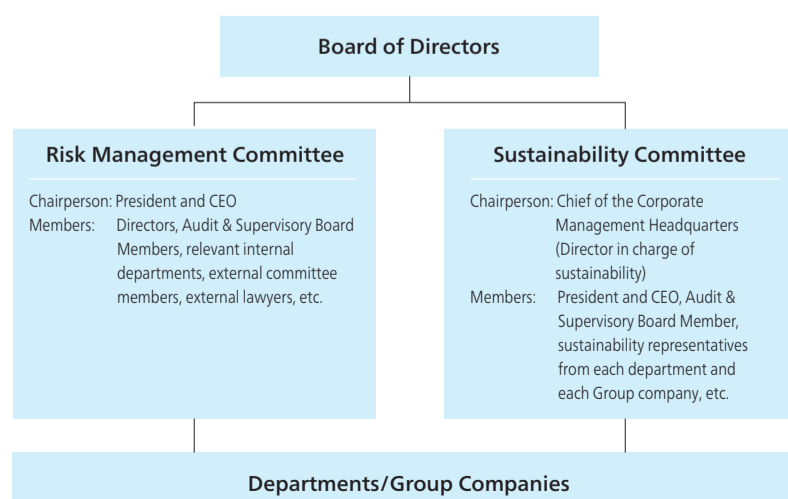
Enacted August 29, 2025

Environmental management system

In our group, a Sustainability Committee has been set up under the Board of Directors to promote sustainability management initiatives as a part of our business, based on inquiries from the Board. The Board of Directors supervises climate-related issues, important subjects of sustainability management, by discussing and consulting on these matters. In August 2025, the Board approved environmental policy, summarizing the concepts that have underpinned our actions. The Sustainability Committee, chaired by the Director in charge of sustainability and composed of sustainability staff from each department, discusses and considers measures to promote "environmental initiatives," one of our materiality issues.

For countermeasures for climate change-related risks, the Sustainability Committee and Risk Management Committee take initiatives to discuss, develop, and implement them in cooperation with relevant departments. Monitoring, including effect verification, is conducted by relevant departments as appropriate. The results are reported to the Sustainability Committee and the Risk Management Committee, and then shared with the Board of Directors.

Environmental management system



Initiatives for TCFD

Our Group recognizes climate change as one of the important issues affecting the environment, and in October 2021, expressed support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and, in the same month, joined the TCFD Consortium for information gathering purposes.



Governance

Please refer to the sustainability promotion system shown on p.51.

Strategy

We conduct scenario analysis in accordance with the steps below, with the aim of evaluating the financial impact and business impact under different scenarios (see the table below), examining the resilience of and response measures for our company's strategy to climate change risks and opportunities, and linking this to future business strategies.

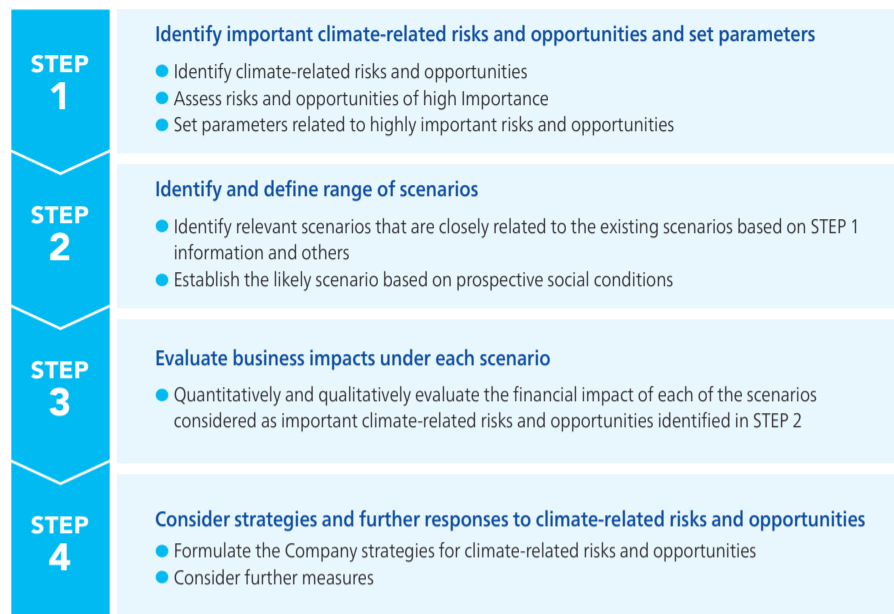
As the Leasing Business accounts for over 90% of our sales, the scope of the scenario analysis is limited to the Leasing Business segment (apartment construction, leasing, and management). In addition, as our company has identified and disclosed materiality issues for 2030 in accordance with the SDGs, the time frame for the scenario analysis was also assumed to be 2030.

Reference scenario

Category	Scenario overview	Main reference scenarios
1.5°C to 2°C	A scenario in which policies and regulations aimed at achieving a decarbonized society are implemented, limiting the global temperature increase compared to before the industrial revolution to between 1.5°C and 2°C. While the transition risk is high, physical risks are reduced compared to the 4°C scenario.	<ul style="list-style-type: none"> IEA World Energy Outlook 2021 Net Zero Emissions by 2050 Scenario IPCC RCP2.6, SSP1-1.9
4°C	No new policies or regulations are introduced, and global CO ₂ emissions continue to increase. The transition risk is low, but physical risk is high.	<ul style="list-style-type: none"> IEA World Energy Outlook 2021 Stated Policies Scenario IPCC RCP8.5, SSP5-8.5

(Note) Prepared based on in-house scenario analysis with reference to IEA World Energy Outlook 2021 and IPCC 5th and 6th Assessment Reports

Scenario analysis steps



We identified risks and opportunities through scenario analysis, as shown on the next page. We have already started initiatives to address cost increases caused by carbon taxes, such as setting Scope 1 and 2 reduction targets. We will further deliberate and respond appropriately to each risk and opportunity, such as fully launching development of ZEH apartments.

Identified risks, opportunities, and their business/financial impact

Category	Classification	Details	Business/Financial Impact		
			1.5°C to 2°C	4°C	
Risks	Transition risks	Policy / Regulation	Increase in operating costs due to strengthened regulations such as carbon tax	Medium	Medium
		Technology	Increase in construction costs for new properties	Large	Large
		Market	Low ratings from investors as a company with inadequate response to climate change	Large	Large
		Reputation	Avoidance of transactions by corporate clients due to delay in environmental response	Medium	Medium
	Physical risks	Acute	Decrease in sales due to occurrence of weather disasters	Small	Small
	Chronic	Increase in costs due to longer construction periods caused by an increase in extremely hot days	Medium	Medium	
Opportunities	Products and services	Increase in sales due to increased demand for environmentally friendly apartments (Construction)	Small	Small	
		Increase in sales through providing environmentally friendly apartments (Leasing)	Small	Small	
		Increase in sales due to the new production sites established for corporations engaged in environmentally conscious businesses (Leasing)	Small	Small	
	Resilience	Restoration demand at the time of water and flood disasters (Construction)	Medium	Medium	

[Impact level]

<Large>

Impact amount on net sales of JPY 5 billion or more / Major impact on business operations

<Medium>

Impact amount on net sales of JPY 500 million or more but less than JPY 5 billion / Mid-level impact business operations

<Small>

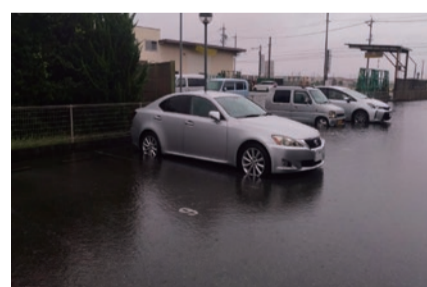
Impact amount on net sales of less than JPY 500 million / Minor impact on business operations

Risk management

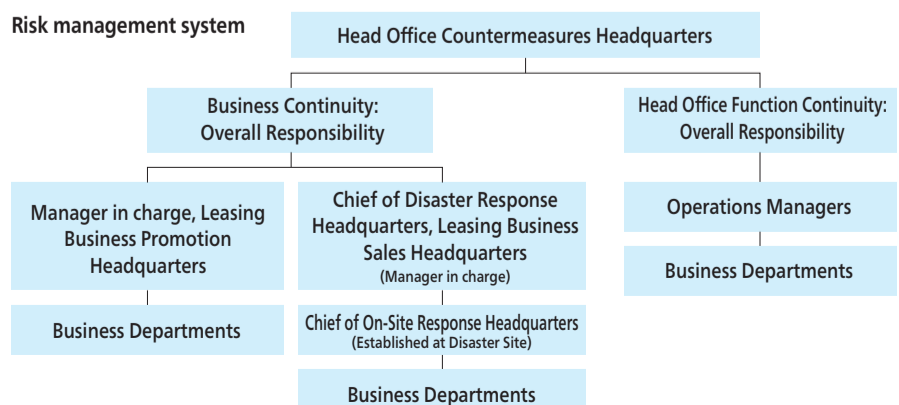
In our company's risk classification, climate change-related risks are positioned as external factor risks. Climate change-related risks identified or regularly reviewed by the Sustainability Committee are communicated as appropriate to the Risk Management Committee and are shared across the organization as company-wide risks. Countermeasures for climate change-related risks are considered, formulated, and implemented primarily by the Sustainability Committee and the Risk Management Committee, in collaboration with relevant departments. Monitoring, including effect verification, is conducted by relevant departments as appropriate. The results are reported to the Sustainability Committee and the Risk Management Committee, and then shared with the Board of Directors.

Unforeseen events such as disasters like earthquakes, typhoons, torrential rains, large-scale demonstrations, conflicts, and civil unrest due to terrorism or political instability, as well as infectious diseases, both domestically and internationally, could potentially cause significant damage or losses to our company's business. To prepare for these risks, we develop and regularly review our BCP (Business Continuity Plan), and plan to conduct training based on large-scale disaster scenarios in the future.

Our company has set certain standards for launching Disaster Response Headquarters for each disaster, and when Typhoons No. 7 (Ampil) and No. 10 (Shanshan) and the Southern Miyazaki Earthquake occurred in August 2024, we established Disaster Response Headquarters, quickly shared the damage status in the affected areas, and responded accordingly. In order to prevent the interruption of important business, or to restore it quickly if interrupted, we strive to promptly grasp internal damage and operation damage and take appropriate responses to recovery activities and to suppress the expansion of damages, thereby working to mitigate risks.



Risk management system



Indicators and targets

Since FY2016, our Group has started aggregating and disclosing CO₂ emissions generated through our business activities. The compiled results for each fiscal year have been disclosed on our website and integrated reports.

For CO₂ emissions from our facilities, we set a target, in 2020, to reduce emissions corresponding to Scope 1 and 2 (emission from gas, gasoline, and electricity used by the company) by 26% in FY2030 in comparison to FY2016. As of the end of FY2021, we had already achieved this target.

Integration of leasing sales offices as well as withdrawal from non-core and unprofitable business as a result of promoting business restructuring and streamlining, turned into one of major factors contributing to the significant reduction in CO₂ emissions. From FY2022 onward, we have revised the reduction target for Scope 1 and 2 emissions to a 46% reduction compared to FY2016.

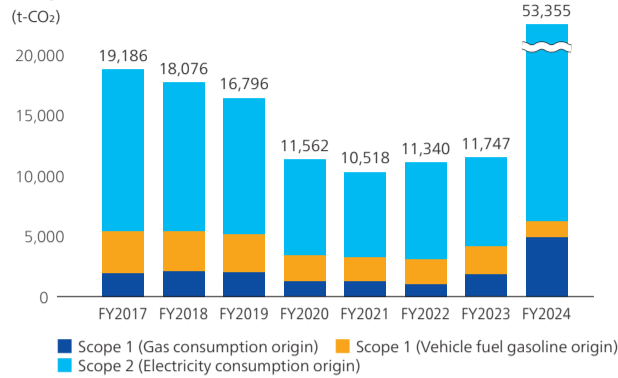
We obtained the third-party assurance for CO₂ emissions for FY2024. In the attempt of doing so, we enhanced calculation accuracy and expanded the calculation scope to reflect actual emissions. As a result, the CO₂ emissions increased significantly compared to the previous year. Specifically, the inclusion of electricity and gas usage in the apartment's common areas increased Scope 1 and 2 emissions. Consequently, Scope 3 Category 3 emissions (fuel and energy activities not covered by Scope 1 or 2) also increased. Furthermore, Scope 3 Category 1 emissions (purchased materials) rose as a result of expanding the calculation scope to include office supplies and advertising purchases, in addition to apartment construction materials.

Meanwhile, we are actively advancing energy-saving and decarbonization initiatives, such as converting lighting fixtures in managed properties to LED and developing/selling ZEH apartments, to reduce emissions. While expanding our calculation scope, we continue our efforts to achieve long-term reduction targets.

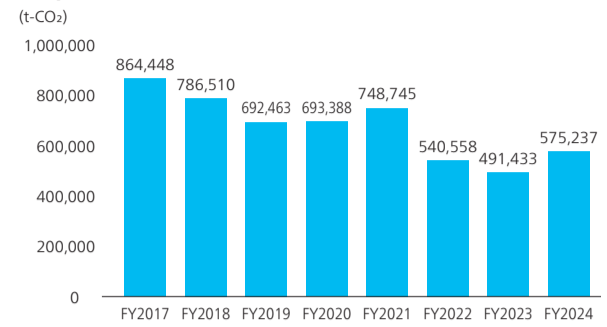
Scope 1, 2, and 3 results

Item	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1	5,467	5,518	5,218	3,473	3,285	3,134	4,289	6,390
Scope 2	13,719	12,558	11,578	8,089	7,233	8,206	7,458	46,966
Scope 3	864,448	786,510	692,463	693,388	748,745	540,558	491,433	575,237

Scope 1, 2



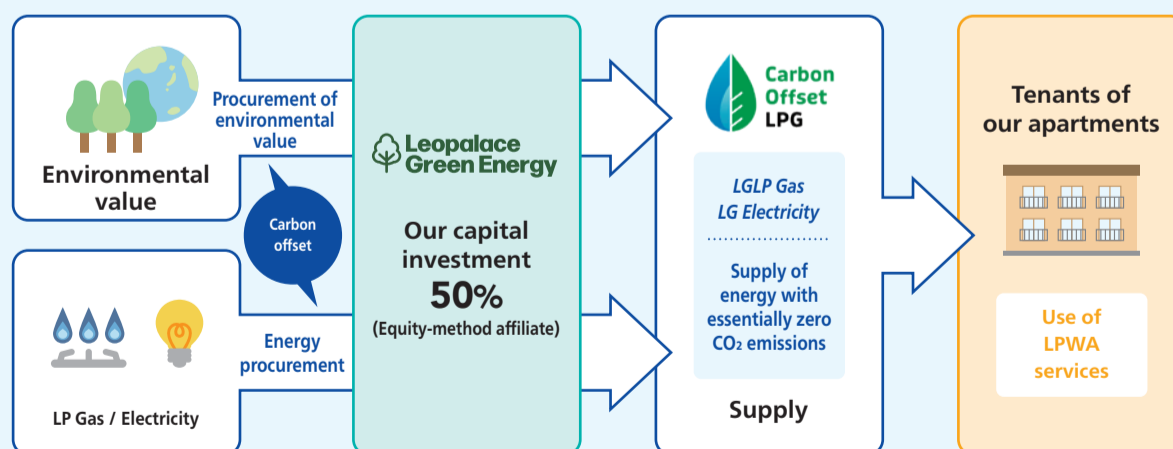
Scope 3



Countermeasure 1 | Leopalace Green Energy Project

To reduce CO₂ emissions from business activities, the electricity and gas used by tenants of approximately 540,000 managed units nationwide will be sequentially switched to electricity and gas with essentially zero CO₂ emissions. This may contribute to Scope 3 reductions for corporate customers using our managed apartments.

With the provision of LGLP Gas and LG Electricity, it is possible to achieve essentially zero CO₂ emissions in rental housing management.



Leopalace Green LP Gas (LGLP Gas)

In January 2023, we began providing Leopalace Green LP Gas. Through introduction of LPWA^{*1} services, we have improved both the safety and convenience of tenants, and streamlined the gas suppliers' operations.

Leopalace Green Electricity (LG Electricity)

From June 2024, provision of LG Electricity started. LG Electricity, supplied by Astomos Energy Corporation, will be offered to customers with a short-term contract with a lump sum payment and customers using the utilities-inclusive plan.

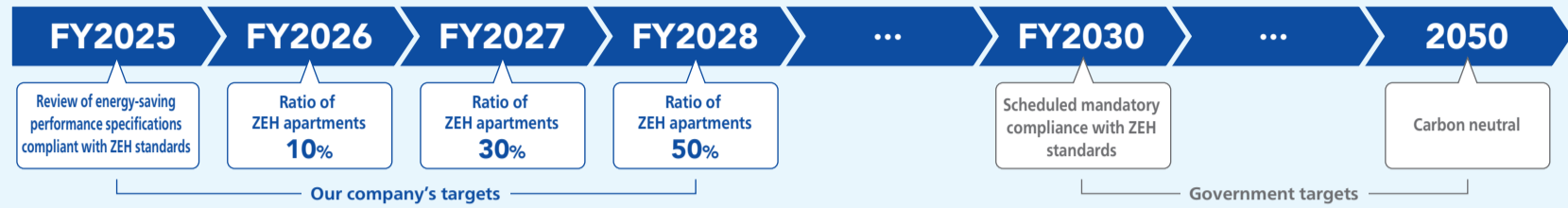
Actual results (Up to FY2024)	Number of units provided (in terms of gas and electricity supplies)	155,931
	Amount of CO ₂ emission reduction	53,864t
Plan	Planned number of units (in terms of gas and electricity supplies)	600,000 ^{*2}

^{*1} LPWA: Low Power Wide Area ^{*2} Planned number of units: total of 400,000 LGLP Gas units and 200,000 LG Electricity units

ZEH (Net Zero Energy House) refers to housing that aims to achieve a net zero energy balance by improving the building's thermal insulation performance, implementing energy-saving through the introduction of highly efficient equipment, and adopting renewable energy sources such as solar power. Our company will complete the review of energy-saving specifications at the ZEH level by fiscal year 2025, and by fiscal year 2028, achieve a ZEH ratio of 50%^{*1} in contracted construction as our target.

In addition to current measures for environmental consideration (reducing CO₂ emissions, energy conservation, reducing waste material), we are also promoting ZEH apartments.

Roadmap toward a decarbonized society



Current initiatives

Structural load-bearing panels

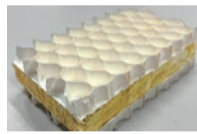
Structural wall panels primarily made from waste and unused timber were adopted.

CO₂ emissions when waste wood^{*2} is incinerated
1.81t

CO₂ emissions when waste wood^{*2} is recycled
0.32t

Insulated fittings

Insulated entrance doors and double-glazed windows are used at openings.

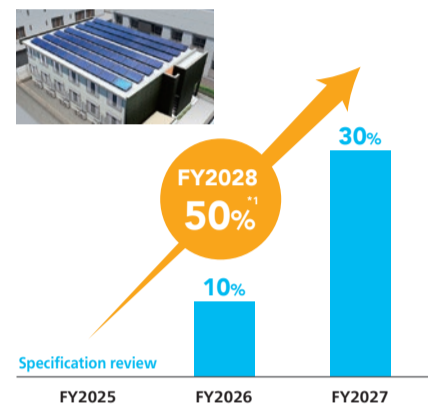


Prefabricated ducts

Adoption of factory-processed duct materials. Contributes to the reduction of waste materials.



Target ratio for ZEH apartments (orders received)



*1 Includes ZEH Oriented. *2 Amount used as raw material for one apartment of recycled wood board.

Stable Provision of Rental Housing

Our company regards the Leasing Business as providing rental housing as social infrastructure. By operating approximately 540,000 rental housing units nationwide, we fulfill our role as a provider of company housing for corporations, and also offer housing to disaster recovery workers and those affected by disasters. In addition, we are focusing on improving living environments to accommodate foreign personnel and international students, contributing to the realization of a society where diverse people can live securely and comfortably.

Concluded a partnership with YOLO JAPAN CORPORATION to resolve housing issues and provide living support for foreign personnel

We have signed a business partnership with YOLO JAPAN CORPORATION, which operates a platform connecting businesses with foreigners, to resolve housing issues and provide living support for foreign personnel. About 80,000 of our company's managed units, available for foreign tenants, are listed on YOLO JAPAN's foreigner-targeted real estate site *YOLO HOME*. This makes it possible for foreign customers to search for apartments throughout Japan, regardless of the area in which they work.



Started collaboration with Tryt Inc. to support healthcare and welfare workers through housing

Tryt Inc., which provides multi-faceted support to essential workers, and our company have started collaboration to support healthcare and welfare workers through housing. As support for issues such as labor shortages and harsh working conditions in the healthcare and welfare industry, since February 28, 2025, we have been offering the following benefits to healthcare and welfare workers: (1) no key money and (2) a JPY 20,000 reduction in initial costs upon contract.



Signed an agreement with Osaka Prefecture on cooperation and collaboration to promote the acceptance of foreign national human resources

On January 29, 2025, we signed an agreement with Osaka Prefecture regarding cooperation and collaboration to promote the acceptance of foreign national human resources. The purpose of this agreement is to promote and facilitate the acceptance and retention of foreign personnel in Osaka Prefecture through initiatives such as the Osaka Prefecture x Leopalace21 Joint Campaign and cooperation in efforts led by the prefecture to promote the acceptance of foreign workforce.



Concluded a business partnership with Quants Co., Ltd. aimed at supporting the acceptance of international students by educational institutions

Quants Co., Ltd., which provides rent and security deposit guarantee services, and our company entered into a business partnership with the aim of resolving issues related to the acceptance of international students faced by educational institutions. In recent years, with the increasing number of international students in Japan, the number of educational institutions expanding their acceptance of international students is also on the rise. Through this agreement, when educational institutions offer general rental housing as dormitories, we contribute to establishing an environment where international students can reside with peace of mind.



Signed a business partnership with Nankai Electric Railway Co., Ltd. to resolve issues faced by foreign personnel

On February 1, 2024, Nankai Electric Railway Co., Ltd., which promotes coexistence with foreign human resources, and our company signed a business partnership aimed at addressing the issues faced by foreign personnel. Nankai Electric Railway Co., Ltd. provides support for the acceptance of foreign workforce and introduces them to companies through its overseas IT personnel introduction service *Japal*, and our company offers managed properties as company housing for foreign personnel.



Support for Noto Peninsula Earthquake victims through partnership with Daiichi Koutsu Sangyo Co., Ltd.

In order to support victims of the Noto Peninsula Earthquake that occurred on January 1, 2024, we partnered with Daiichi Koutsu Sangyo Co., Ltd., which operates a taxi business. Through this collaboration, Daiichi Koutsu Sangyo Co., Ltd. supports disaster victims in rebuilding their lives, mainly by creating employment opportunities for taxi drivers, while Leopalace21 contributes by providing rental housing.



Providing apartments as group homes for people with disabilities for IRIS Co., Ltd.

We provided one of our managed properties to IRIS Co., Ltd., which operates group homes for people with disabilities, and began providing the first property in Osaka City in December 2023. Going forward, we will consider expanding the number of properties provided in line with IRIS's needs. Our company aims to contribute to the community by stable provision of rental housing, and by offering managed properties like this, we are helping to resolve the shortage of group homes.



Signed an agreement with Obayashi Corporation on property provision during disasters

We have signed an agreement with Obayashi Corporation, a major general contractor in Japan, on the rental of properties in the event of a disaster. Through collaboration with Obayashi Corporation, which undertakes restoration activities in affected areas during disasters, and our company, which provides rental housing nationwide, is strengthening BCP functions. By providing managed properties, our company supports those involved in restoration and recovery activities by securing their living infrastructure and facilitating smooth and swift operations.



Stable Provision of Rental Housing

We have established an original scholarship program aiming to address social issues such as recent trends of rising tuition fees and the long-term repayment burden of scholarships. Also, we conduct regular annual building inspections for the rental housing we manage, providing owners and tenants with peace of mind and comfort.

Leopalace21 Scholarship Program for students



Advancing to universities and vocational schools is a new step in life for students. Due to rising tuition fees and a prolonged economic downturn in recent years, however, the financial hurdle to higher education continues to increase. As a result, not only have students become more dependent on

scholarships, but long-term repayment burdens after graduation have increasingly become a major societal issue, as these present considerable challenges in their everyday life. As the economic situation surrounding students becomes increasingly severe, we have established a scholarship program for second-year high school students who wish to enter universities, junior colleges, or vocational schools, in order to support bright students who will lead the future and to address social issues.

This program allows recipients to choose either (1) free rental of our properties or (2) benefit-type scholarship. The first round of applications started in October 2023, following scholarship provision beginning in April 2025. For FY2026 as well, scholarship is to be provided, and eligible third-year high school students start submitting their applications in April 2025.

	① Free loan of our company's properties	② Provision of benefit-type scholarships
Support details	Free rental of properties up to a maximum of JPY 1.2 million/year	JPY 360,000/year (JPY 30,000 per month)
Support period	Number of years enrolled (up to six years)	
Eligible applicants	New students at universities, junior colleges, and vocational schools in Japan	

Enhancing property inspection standards

In principle, our managed properties undergo regular annual building inspections, aiming to provide owners and tenants with peace of mind and comfort. For these building inspections, starting in April 2021, the inspection checklist consisting of 50 check items was revised and more detailed inspection with 100 checkpoints are now conducted. The vast amount of data obtained from inspection results can be utilized to perform more detailed analyses of the given inspection areas. We focus not only on early detection of building problems and prompt awareness of deterioration, but also on promoting preventative maintenance of managed properties for the future by leveraging the accumulated inspection data over the years.

For building maintenance, we have owners have Building Maintenance (BM) Contracts to standardize repair and renovation costs. By carrying out building maintenance work at the most appropriate timing and method, which put the safety and security of tenants first, we focus on maintaining and enhancing property value, ensuring that older properties can be lived in safely and comfortably.



Respect for Human Rights

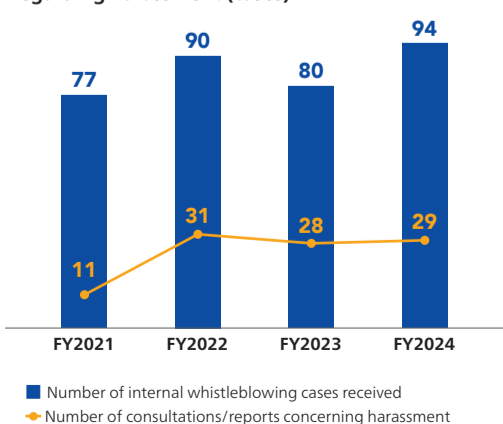
Our Group upholds the mission of "To create new value and *imagineer* joyful living" and, as part of its daily business activities, acts with respect for the human rights of all people. This section introduces initiatives based on the Leopalace21 Group Human Rights Policy.

[Leopalace21 Group Human Rights Policy >>> https://www.leopalace21.co.jp/english/sustainability/esg/humanrights/policy/index.html](https://www.leopalace21.co.jp/english/sustainability/esg/humanrights/policy/index.html)

Initiatives to eliminate harassment

In April 2020, we established a basic policy and announced the Declaration to Eliminate Harassment to maintain a healthy workplace environment, strengthen workplace trust, and create a vibrant and comfortable company. In accordance with this declaration, we continuously conduct training sessions in compliance-related training for the purpose of preventing harassment. Furthermore, in periodic fact-finding surveys conducted for all employees, we verify if any types of harassment is present, and have employees describe specific incidents to help develop measures to eliminate harassment. Through awareness-raising activities regarding harassment, employee awareness toward harassment has increased. Since fiscal year 2022, the number of internal consultations and reports regarding harassment has remained around 30 cases, but consultations and reports regarding suspected harassment have increased, contributing to prevention before escalation. It has also been confirmed in the harassment fact-finding surveys that responses indicating their experience of sexual harassment and power harassment, or workplace bullying, have decreased compared to three years ago.

Number of consultations and reports regarding harassment (cases)



Initiatives against customer harassment

As measures to protect an environment in which employees can work with peace of mind, we conduct customer harassment training and established the Guidelines on Customer Abuse of Employees in June 2023, which was published internally and externally. Furthermore, in January 2025, we prepared and distributed a countermeasure card and poster containing the Code of Conduct to employees.

Guidelines on Customer Abuse of Employees

To realize Customer First and continue providing trusted services, our company sincerely engages with customers and responds wholeheartedly. In case where customers negatively affect our employees' performance is found, we respond in accordance with the Code of Conduct.

[Relevant cases]

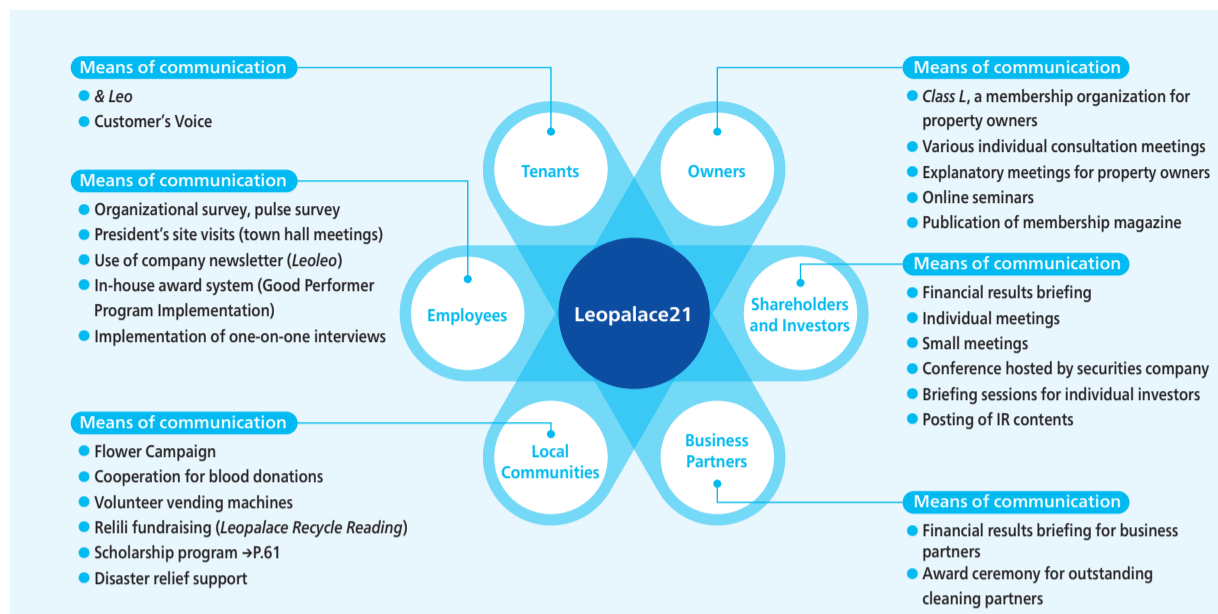
- Acts of violence
- Unnecessary physical contact
- Threats, intimidation, other extremely overbearing behavior, extremely violent acts
- Loitering prolonged detention and confinement without reasonable cause for extended periods
- Insults, words and actions that deny one's character
- Discriminatory or sexual remarks or behavior
- Requests for support beyond the scope of compensation, demands for services that are excessive by social standards



Customer harassment countermeasures poster
Source: Ministry of Health, Labour and Welfare, Cheerful Workplace Support Group

Dialogue with Stakeholders

Our basic idea for corporate activities is to strive for efficient, fair, and highly transparent management to realize greater corporate value for all stakeholders. Based on this idea, we define ideal relationships with stakeholders, such as customers, business partners, shareholders, investors, and employees, and we work to enhance corporate value through ongoing dialogues.



Relationship with business partners

Financial results briefing for business partners

Once a year, we hold a financial results briefing for our business partners, with the President and CEO as the speaker explaining our company's performance and holding Business Partners Association meetings to thoroughly share policies and issues.

Award ceremony for outstanding cleaning partners

In response to property owners' wishes to maintain their properties in good condition for a long time and tenants' needs to live in clean properties, our company has introduced an

evaluation system for cleaning companies and is working to improve cleaning quality.

Within each item of the evaluation system, we have implemented the user evaluation, in which tenants rate cleaning quality at move-in on a four-level scale, cleaning companies with outstanding performance in these items and contributing to improved customer satisfaction are given our appreciation through the Outstanding Indoor Cleaning Vendor Award Ceremony every year.

Dialogue with shareholders and investors

Dialogue policy

In order to achieve sustainable growth and increase medium- to long-term corporate value, our Group has established a dedicated section, led by the IR officer, to promote constructive dialogues (meetings) with shareholders and investors. Specifically, in addition to individual meetings with domestic and overseas institutional investors, we hold financial results briefings and other events to clearly communicate management policies and other matters to stakeholders, including shareholders.

Main topics and areas of interest

- Trends in corporate demand
- Trends in demand from foreign nationals
- Status of resumption of the Development Business
- Business models and strengths
- Factors driving profit growth
- Future cash allocation and stock acquisition rights

Feedback to management

Opinions from our shareholders and investors are compiled by the IR section, regularly reported to the management team to reflect market voices in management. In addition, we share this information with relevant internal departments as needed.

We compile feedback from investors after individual meetings with domestic and international institutional investors and securities analysts following the financial results announcement as well as briefings for individual investors, and report on IR activities for each quarter along with an analysis of stock price trends. Summaries of analyst reports and individual opinions from investors are shared promptly with management via chat tools.

Status of dialogue (FY2024)

Activity	Number of times	Details	Person in charge
Financial results briefing	4	Each quarter, financial results presentations are held for analysts and institutional investors via WEB on the day of announcement. Materials and transcripts are disclosed on our company's IR website.	President and CEO IR officer in charge
Individual meetings	73	We conduct individual interviews with domestic and overseas institutional investors and securities analysts.	President and CEO Outside Director IR officer in charge IR section in charge
Small meetings	8	We respond to small meetings held by sell-side analysts covering our company.	President and CEO IR officer in charge
Conference hosted by securities company	1	We attend investor conferences hosted by securities companies and hold individual meetings with overseas institutional investors.	IR officer in charge IR section in charge
Briefings for individual investors	2	Participate in IR events for individual investors and hold briefings	President and CEO IR officer in charge IR section in charge
Posting of IR contents	-	Various IR-related materials are posted on our company's website.	—

Dialogue with owners

Explanatory meetings for property owners

We hold the explanatory meetings for property owners on a regular basis to facilitate communication with our owners. While meetings were previously held face to face, recently we have incorporated WEB conference, which enable to connect venues across the country via Web, allowing more owners to participate to the briefing sessions for our financial results and community initiatives.

Explanatory meetings for property owners status (FY2024 actual)	
141 Venues	4,222 Number of participants (including family members)

Asset Management & Operation App "WealthPark Business"

With the introduction of "WealthPark Business," owners can easily check monthly and annual income and expenses and various reports of their rental properties on their smartphones or website, and also centrally manage properties including those which are managed by other companies tied up with WealthPark.

In addition to traditional methods, including physical visits, telephone, and direct mails, using the chat function of the app now allows timely communication with owners.



>>> P49 Also see Message from an Apartment Owner

Communication with tenants

Internal distribution of Customer's Voice

The Company shares customer feedback collected monthly through surveys conducted at its leasing sales offices (in-person consultations and online consultation) and contact centers (online consultations). By sharing not only positive comments but also negative feedback as valuable insights, the Company aims to identify issues and improve.

Websites and apps exclusive to tenants: & Leo

With & Leo, we provide a variety of information to support tenants' daily lives, including housing-related questions and inquiries, local garbage collection information, disaster prevention information, and more.

In addition, we conduct tenant surveys on a regular basis and use the results to improve Leoplace21's services, helping better communication with tenants.



Involvement with local communities

Flower increasing campaign

Azumi En nursing care facilities, operated by the Elderly Care Business Division, build closer relationship with their local communities through looking at and enjoying flowers, participants of the day care service grow as part of their recreation activities. In areas where Azumi En facilities are operated, approximately 500 events were held in fiscal year 2024.

For details on activities, click here
<https://www.leopalace21.co.jp/english/sustainability/esg/contribution/index.html>



Initiatives for Coexistence with Business Partners

Our Group established the CSR Procurement Guidelines in 2019, and in 2022, to fulfill our purpose and social mission as a part of the social infrastructure, we strengthened our purchasing functions to rigorously apply procurement of products and services and business partner selection based on these guidelines. After the establishment of these guidelines, we prioritized strengthening our own internal systems. While there was a need for changes in awareness and structure for our business partners to comply with the guidelines, we have failed to conduct follow-up activities, such as confirming the presence of practical issues. To enhance the effectiveness of these guidelines by promoting stronger relationships with our business partners, we conducted a survey targeting major business partners in July 2024.

Business partner survey overview

This survey is to be conducted on a regular basis with the aim of strengthening the system. The initial survey was outsourced to an external research firm to accurately grasp the actual situation and analyze the results effectively. The survey questions are divided into the following two major categories, and to encourage candid responses, an anonymous format was used.

Survey details
<ul style="list-style-type: none"> Evaluation and impressions of our staff in business dealings Business partners' efforts for human rights, labor, environment, and quality
Survey period
July 2024 - August 2024
Survey target
Our business partners' representatives
Survey method
Responses via Web *Valid Responses (318 respondents)
Response rate
<p>71.1% (318 business partners / 447 respondents)</p> 

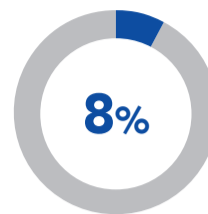
Issues identified in the survey

Evaluation and impressions of our staff in business dealings

Excessively demanding specification or response requests from certain representatives

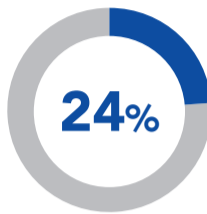


Concerns over risks in the selection and outsourcing practices with some business partners

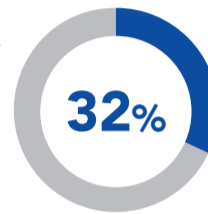


Business partners' efforts for human rights, labor, environment, and quality

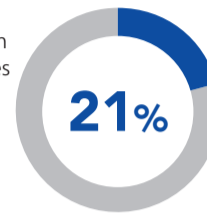
CSR Procurement Guidelines are not observed by business partners



Low willingness to use the dedicated hotline desk for business partners



Implementation of BCP measures at business partners remains incomplete



Measures for improvement of issues

Details	Target persons	Implementation Period
Implementation of E-learning to improve purchasing literacy	All employees	FY2025 Some themes implemented in Q1, further implementation scheduled for Q3
Mandatory reporting when being requested to review prices	Purchasing controllers in relevant departments	FY2025 Implemented to transactions from April
Revising the system for business partners evaluation and selection standards	Entire company	FY2025 Operation scheduled to begin from Q3
Development of guidelines and manuals for price negotiation procedures	All employees	FY2025 Operation scheduled to begin from Q3
Initiatives to promote awareness of the CSR Procurement Guidelines and dedicated hotline desk for business partners	Business partners	FY2025 Implemented in Q2
Formulating our Group's BCP (Business Continuity Plan) policy and sharing it with business partners	Business partners	FY2025 Implementation scheduled



Message from an Outside Director

What is the practice of governance?

— Consider the origin and the essence, and take action

Akira Watanabe
Outside Director

Transforming corporate culture is a never-ending endeavor

The construction defects problem and governance

Over the past several years, Leopalace21 has worked to improve its governance and to enforce compliance.

At the time I became an outside director in 2020, the era of management under the Company's founder still exerted inescapable influence over the Board of Directors, and I was unable to sense a profound effort to tackle governance. If the Company had not been negligent in the fundamentals of responsibly completing the work contracted by building owners and of providing comfortable, pleasant housing to tenants, the construction defects problem would not have occurred.

In short, I think that fault may have originated in a predisposition

to follow the opinions of the upper management of the Company. Governance here refers to "Corporate Governance," or mechanism for monitoring whether a joint-stock company is being managed impartially in a manner that serves the interests of shareholders. If a company does not have a good mechanism for this, deviations can easily occur. The construction defects problem clearly originated in a failure of governance to function.

Transformation will not move forward unless governance properly works. In principle, outside directors bear the role of monitoring the appropriate use of management resources. Out of concern over lack of change in the Board of Directors, I began putting forth opinions that ventured into the area of management execution, including how governance could be enhanced. While the Company has since been taking steps forward, I do not yet see these as sufficient. Transformation of a company's culture takes a long time. Without effort and reflection

on everyday actions, good habits will not take root. Top management must also change itself, and the Company must not only make changes to its systems but also continuously put the changes into practice.

This continuous practice requires that the Company avoid superficial debate that fails to understand the essence of the words. All information and systems of the Company should be organized from their fundamental starting points. Moreover, to understand the true significance of the mechanism of governance, the Company must look back to the origin of the joint-stock company.

The Dutch East India Company

The origin of the joint-stock company lies in the Dutch East India Company, founded in the Netherlands in 1602. As the national power of the Netherlands grew dramatically in the early 17th

century, at one point, dozens of Dutch companies engaged in East India-related trade. Upon the entry of Britain and France into the trade, the Netherlands consolidated Dutch companies into the Dutch East India company. A framework for division of labor among providers of funds, providers of ships, captains, and crew was employed. The mechanism of shares was invented as a means of distributing profit according to individuals' share of investment. However, improprieties in the distribution of profit were not unusual in the early days, with outcomes that included ship crew mutiny. The need for schemes to monitor and control the organization was recognized, resulting in the creation of mechanism that have led to the corporate governance of today. In other words, because a joint-stock company represents an aggregation of capital, the lack of governance may result in serious improprieties. Accordingly, the mechanism for monitoring such improprieties has existed since the time joint-stock companies were created.

Governance is the pursuit of happiness

The essence of governance can also be understood from shareholders' reasons for investing. Shareholders invest in the expectation of share price increases and high-yield dividends. The anticipation of price increases is grounded in the desire to profit and become rich. Why do investors seek wealth? In the end, they do so because it makes their families happy. If investment is performed for the sake of family happiness, it is preferable for shareholders to receive dividends over the medium to long term rather than receive transient profit. This requires that the existence of companies is accepted over the medium to long term, and naturally makes compliance with laws and regulations a high priority. Earning recognition as a good company and a good citizen is likewise important. When we break down "governance," it refers to the mechanism for monitoring improprieties and maximizing shareholder values.

Actually, the words "governance" and "compliance" do not appear in Japan's laws governing joint-stock companies. Throughout Japan, not only within the Company, these matters have long been discussed without an essential understanding of

them. As I recall, one reason why the term "governance" became widely known in Japan involved statements concerning the collapse of Japan's bubble economy made by Hirotaka Takeuchi, an honorary professor at Hitotsubashi University. The governance introduced by Professor Takeuchi, who had taught at Harvard Business School, was American-style governance that seeks to maximize shareholder profits. Naturally, maximizing shareholder profits is not wrong. In his 1979 work *Wakon wasai no susume* (*Japanese spirit combined with Japanese learning*), the late Western historian Shosaburo Kimura advocated the importance to Japan of making use of Western technology with a Japanese spirit. In *Rongo to soroban* (1916), Eiichi Shibusawa placed value on morality and the public interest. In the same way, I would like the Company to forge ahead with debate grounded in spirituality and ethics, without being satisfied by superficial discussion. I believe the key to regaining society's trust can also be found in this approach.



Governance is pride in work

Governance is human life itself

Corporate governance is actually linked to employees' everyday lives and their lifetimes. Many shareholders today are banks, securities companies, and other institutional investors. The largest of these investors are pension funds. This means that the source of investment funds is in fact society as a whole, including individual employees. The failure of a pension fund to earn gains through its management has an impact on the future lives of employees. Universities and research institutes, too, invest donated funds to enable their greater use in research and educational activities. Seen from those perspectives, it should be clear that the issue of governance as maximization of shareholder profits directly relates to yourselves and to everyone

in society. Governance is human life itself.

A sense of personal ownership is the foundation underlying a company's governance. Although the Company is moving forward with reforms to its corporate culture with "employee-centered" as its aim, as I see it, there is no collective mindset yet in the organization as to how the employees see things from their perspectives. That mindset means thinking on one's own, taking action to achieve goals, and shouldering responsibility for outcomes. As an example, calling for steady growth in a medium- and long-term plan is easy to do. By contrast, what matters when reflecting on the essence of governance is a perspective of how to create and execute responses when the plan appears to be foundering. The key is to actually implement it. The Company is preparing for the introduction of a regional branch structure and delegation of authority to regional leaders, but creating this structure alone will not produce results. We must not forget that capabilities for execution, verification, and the leadership to support these will be needed.

Pride in work

In promoting autonomous conduct, human resource development is vital. While human resource development may not yield immediate efficacy, I think its effects are gradually beginning to appear. However, attracting talented human resources is not easy for a company that has been involved in major misconduct. That is why the Company must create an environment that lets employees take pride in working here.

As a component of this, I proposed a scholarship program that utilizes housing for singles, a management resource of the Company. I hear that the program has garnered a great response from inside and outside the Company since its launch in April 2025. The fact that the Company has programs of significant public benefit leads to affirmation of self-worth and enhances self-regard in employees. I plan to also propose the establishment of in-house clubs, including those for sports, music, and haiku poems. Holding shared goals cultivates a sense of solidarity, while festival-like venues foster a sense of belonging, respect for people, and understanding of diversity. I believe that such things, too, will lead to a corporate culture that enhances governance.

Restoration of trust, never-ending reform

Starting from less than zero

While the construction defects problem has been settled to a degree, the Company is making its restart not from zero but from less than zero. Taking the obvious for granted will not lead to the restoration of lost trust. The Company has to soberly consider how it can regain trust and take action accordingly, without straying from that path.

Reforms have no endpoint and demand never-ending effort. In order for employees to put governance reforms into practice in their everyday work, it is also important that they abandon uniform, stock ideas about people and society and instead engage in deep insight. I would like to see employees set aside their smartphones a bit and become familiar with books, especially the classics, to think about human existence.

For the world and for people

Living as a human means, first and foremost, living for the world and for others. Divisions of labor exist for the purpose of increasing overall happiness in society, by having people shoulder the work that they can do well. This means that the presence of companies that are not of use to society is unacceptable. People failing to engage in everyday work with the recognition that their expertise is connected to somebody's happiness is unacceptable.

I hope that what I've said here will not be heard in passing but will be taken to heart, considered, and linked to action. Even bringing up a problem with supervisors may not yield the answers you expect. Even so, I want you to believe that the actions of every one of you will change the Company and nurture governance, and to resolve that there is no choice but to keep on tackling challenges.



Management Team

Internal Director (As of June 26, 2025)



Executive

Bunya Miyao
Representative Director
President and CEO
Chief of the Development
Business Headquarters

- Apr 1983 Joined Nakamichi Leasing Co., Ltd.
- Jun 1990 Joined Leopalace21 Corporation
- Sep 2000 Deputy Manager of the Financial Department
- Jul 2008 General Manager of the Resort Business Headquarters
- Jul 2010 General Manager of the Corporate Planning Department
- Jul 2012 Administrative Officer
- Apr 2013 Executive Officer
- Jun 2016 Director and Executive Officer
- May 2017 Representative in charge of the Corporate Planning Department and Public Relations Department
- Apr 2018 Director and Managing Executive Officer
- Representative in charge of Corporate Planning and Investor Relations
- May 2019 Representative Director (current)
- President and CEO (current)
- Jun 2019 Chief of the Business Operation Headquarters
- May 2022 Chief of the Construction Defects Response Headquarters
- Apr 2025 Chief of the Development Business Headquarters (current)



Executive

Mayumi Hayashima
Director and Managing
Executive Officer
Chief of the Leasing Business
Promotion Headquarters

- Apr 1996 Joined Leopalace21 Corporation
- Apr 2009 Deputy Department Manager of the Eastern Japan Corporate Sales Department Leasing Sales Section 3, Leasing Business Division
- Jul 2010 Department Manager of the Corporate Sales Department, Eastern Japan Section 2, Leasing Business Division
- Apr 2014 Department Manager of the Corporate Business Promotion Department
- Apr 2015 Administrative Officer
- Apr 2018 Executive Officer
- Jun 2019 Director and Executive Officer
- Chief of the Compliance Management Headquarters, Chief Legal Officer (CLO)
- Jun 2020 Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO)
- Jul 2020 Chief of the Management Headquarters
- May 2021 Deputy Chief of the Corporate Management Headquarters
- Apr 2022 Director and Managing Executive Officer (current)
- Chief of the Leasing Business Headquarters
- Nov 2024 Chief of the Leasing Business Promotion Headquarters (current)



Executive

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

- Apr 1985 Joined The Mitsui Bank, Limited (now Sumitomo Mitsui Banking Corporation)
- Jun 2007 Joined Leopalace21 Corporation
- Director, General Manager of the Corporate Planning Department
- Apr 2009 Director and Executive Officer, Department Manager of the 3rd Sales Department, Leasing Business Division, Department Manager of the Broadband Service Promotion Department
- Apr 2010 Head of the Related Businesses Controlling Division
- Jun 2010 Executive Officer
- May 2011 Head of the Corporate Sales Management Division
- Apr 2013 Deputy General Manager of the Leasing Business Division
- Apr 2014 Managing Executive Officer
- Jul 2015 Deputy General Manager of the Construction Contracting Business Division
- Jun 2020 Representative Director, Leopalace Leasing Corporation
- May 2021 Administrative Officer, Department Manager of the Corporate Sales Planning Department
- May 2022 Executive Officer, Deputy Chief of the Leasing Business Headquarters, General Manager of the Corporate Sales Division
- Jun 2022 Director and Executive Officer
- Nov 2024 Director and Managing Executive Officer (current), Chief of the Leasing Business Sales Headquarters (current)



Executive

Shinji Takekura
Director and Executive Officer
Chief of the Corporate
Management Headquarters
Deputy Chief of the
Development Business
Headquarters

- Apr 1996 Joined Leopalace21 Corporation
- Apr 2014 Department Manager of the 1st Construction Contracting Business Department, West Japan Region
- May 2018 Department Manager of the 3rd Construction Contracting Business Department, East Japan Region
- Jun 2020 Department Manager of the 2nd Wealth Management Department, East Japan Region, and responsible for the Emergency Response Project for Construction Defects Problem
- Oct 2020 Senior Department Manager of the Corporate Planning Department
- Apr 2021 Executive Officer
- May 2022 Chief of the Corporate Management Headquarters (current), Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO)
- Jun 2022 Director and Executive Officer (current)
- Apr 2025 Deputy Chief of the Development Business Headquarters (current)



Non-executive

Akio Yamashita
Director

- Apr 1984 Joined Japan Development Bank (now Development Bank of Japan Inc.)
- Jan 2006 Joined Morgan Stanley Securities Co., Ltd. (now Morgan Stanley MUFG Securities Co., Ltd.)
- Jun 2008 Joined Fortress Investment Group (Japan) GK
- Managing Director (current)
- Mar 2013 Representative in Japan, Fortress Investment Group (Japan) GK (current)
- Jun 2021 Outside Director, Leopalace21 Corporation
- Jan 2022 Director PJC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)
- Director, Accordia Golf Co., Ltd.
- Jun 2022 Director, Leopalace21 Corporation (current)
- Sep 2023 Director, Sogo & Seibu Co., Ltd. (current)
- Feb 2025 Chairman, Phoenix Resort Co., Ltd. (current)
- Apr 2025 Director, Joban Kosan Co., Ltd. (current)



Non-executive

Jin Ryu
Director

- Apr 2010 Joined Morgan Stanley MUFG Securities Co., Ltd.
- Apr 2011 Joined RBS Securities Japan Ltd.
- May 2012 Joined Fortress Investment Group (Japan) GK
- Apr 2020 Director, FHK Company (current)
- Dec 2020 Managing Director, Fortress Investment Group (Japan) GK (current)
- Jun 2021 Outside Director, Leopalace21 Corporation
- Jan 2022 Director PJC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)
- Director, Accordia Golf Co., Ltd.
- Jun 2022 Director, Leopalace21 Corporation (current)
- Sep 2023 Representative Director, Sogo & Seibu Co., Ltd. (current)

Outside Director (As of June 26, 2025)



Non-executive

Akira Watanabe
Outside Director

- Apr 1973 Registered as an attorney at law
- Nov 2006 External Statutory Auditor, FAST RETAILING CO., LTD.
- Jun 2007 Outside Director, MAEDA CORPORATION
- Outside Audit & Supervisory Board Member, KADOKAWA GROUP HOLDINGS, INC. (now KADOKAWA CORPORATION)
- Apr 2010 Outside Director, MS&AD Insurance Group Holdings, Inc.
- Mar 2013 Outside Director, DUNLOP SPORTS CO., LTD.
- Oct 2015 Director, ASIA PILE HOLDINGS CORPORATION (current)
- Sep 2018 Partner, Comm & Path Law Office (current)
- Jun 2019 Outside Director, Maeda Road Construction Co., Ltd. (current)
- Jul 2020 Outside Director, Leopalace21 Corporation (current)
- Jun 2022 Outside Director, KADOKAWA CORPORATION



Non-executive

Yutaka Nakamura
Outside Director

- Apr 1981 Joined National Housing Materials Co., Ltd. (now Panasonic Homes Co., Ltd.)
- Oct 2002 Manager of Quality & Environmental Promotion Department, Panasonic Homes Co., Ltd.
- Oct 2006 Manager of Quality, Environment & IT Department, Panasonic Homes Co., Ltd.
- Apr 2011 Counselor, Manager of Corporate Quality & Environmental Division, Panasonic Homes Co., Ltd.
- Apr 2012 Senior Counselor, Manager of Corporate Quality & Environmental Division, Panasonic Homes Co., Ltd.
- Apr 2018 Senior Principal for Quality & Customer Satisfaction, Panasonic Homes Co., Ltd.
- Mar 2019 Retired from Panasonic Homes Co., Ltd.
- Feb 2020 Outside Director, Leopalace21 Corporation (current)



Non-executive

Takumi Shibata
Outside Director

- Apr 1976 Joined Nomura Securities Co., Ltd.
- Jul 1997 Managing Director, Nomura International plc (London)
- Jul 1998 President, Nomura Securities Co., Ltd.
- Apr 2000 Managing Director, Nomura Europe Holdings plc.
- Apr 2005 President and CEO, Nomura Asset Management Co., Ltd.
- Jul 2007 Deputy President and COO, Nomura Holdings, Inc.
- Jul 2013 Executive Chairman, Nikko Asset Management Co., Ltd.
- Jan 2014 President and COO, Nikko Asset Management Co., Ltd.
- Jun 2020 Representative Director, Fiducia, Inc. (current)
- Apr 2022 Representative Director, Terra Foods Corporation (current)
- Jun 2022 Outside Director, Leopalace21 Corporation (current)
- Jul 2022 Outside Director, Nano Summit Co., Ltd. (current)
- May 2023 Outside Director, Seeds Co., Ltd. (current)
- Jun 2023 Outside Director, PJC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)
- Outside Director, Accordia Golf Co., Ltd.
- Mar 2025 Executive Director, Sound Wave Innovation Co., Ltd. (current)



Non-executive

Kan Ishii
Outside Director

- Apr 1977 Joined Japan Development Bank (now Development Bank of Japan Inc.)
- Oct 2008 Managing Executive Officer, Development Bank of Japan Inc.
- Jan 2010 Trustee Representative, Japan Airlines Co., Ltd.
- Aug 2011 Representative Director President, FUKUOKA JISHO CO., LTD.
- Jun 2017 Outside Director, NIPPON PISTON RING CO., LTD.
- Apr 2018 Visiting Professor, The Graduate School of Project Design
- Jun 2018 Director, The Nishinippon Shimbusu
- Apr 2019 Specially Appointed Professor, The Graduate School of Project Design (current)
- Jun 2021 Advisor, TERRACE MILE, Inc. (current)
- Jun 2022 Outside Director, Leopalace21 Corporation (current)
- Representative Director, PJC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)
- Representative Director, President and CEO, Accordia Golf Co., Ltd.

Audit & Supervisory Board Member (As of June 26, 2025)



Jiro Yoshino
Full-time Audit & Supervisory
Board Member (Outside)

- Apr 1978 Joined Dai-Tokyo Fire & Marine Insurance (now Aioi Nissay Dowa Insurance Co., Ltd.)
- Apr 2011 Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.
- Apr 2012 Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.
- Executive Officer, MS&AD Insurance Group Holdings, Inc.
- Jun 2013 Full-time Audit & Supervisory Board Member, MS&AD Insurance Group Holdings, Inc.
- Jun 2017 Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Kenichiro Samejima
Full-time Audit & Supervisory
Board Member

- Apr 1984 Joined Nikkei House Co., Ltd.
- Feb 1986 Joined Leopalace21 Corporation
- Apr 1999 Department Manager of the Store Management Department, Leopalace World Shinjuku, Leasing Business Division
- Oct 1999 Department Manager of the Planning Department, Head Office, Leasing Business Division
- Apr 2009 Executive Officer and Department Manager of the Operations Department, Leasing Business
- Feb 2010 Department Manager of the Planning and Operations Department, Leasing Business Division
- Apr 2012 Department Manager of the Information Systems Department
- Jul 2012 Administrative Officer
- Apr 2014 Executive Officer
- Jul 2019 Management Headquarters of the in charge of Information Systems
- Jun 2020 Administrative Officer and Head of Audit & Supervisory Board Members Office
- Jul 2020 Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Yoshitaka Murakami
Part-time Audit & Supervisory
Board Member

- Apr 1972 Joined Ministry of Finance
- Jul 1993 Assistant Regional Commissioner (Management and Coordination), Tokyo Regional Taxation Bureau
- Jul 1998 Deputy Commissioner (Large Enterprise Examination and Criminal Investigation), National Tax Agency
- Jun 2000 Deputy Commissioner (Taxation), National Tax Agency
- Jun 2003 First Deputy Commissioner, National Tax Agency
- Oct 2005 Senior Executive Officer, East Nippon Expressway Company Limited
- Jun 2011 Full-time Audit & Supervisory Board Member, Credit Saison Co., Ltd.
- Jun 2019 Outside Director, Leopalace21 Corporation
- Jul 2020 Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Kazutaka Shimohigoshi
Part-time Audit & Supervisory
Board Member (Outside)

- Oct 1979 Joined Asahi Auditing Firm (now KPMG AZSA LLC)
- Aug 1983 Registered as a Certified Public Accountant
- Jul 1985 Joined Nihon Keieiikaku Co., Ltd. (now Alma Co., Ltd.)
- Sep 1992 Managing Director, Pencil Management Institute (current), Head of Shimohigoshi Certified Public Accountant Office (current)
- Jun 1993 Registered as a Certified Public Tax Accountant
- Jun 2009 Auditor, Fourteenforty Research Institute, Inc. (now FFRI Security, Inc.)
- Aug 2015 Representative Director, JP Consultants Group Co., Ltd. (current)
- Jun 2016 Director and Audit Committee Member, FFRI, Inc. (now FFRI Security, Inc.)
- Mar 2017 President & CEO, Pencil Capital Management Co., Ltd. (current)
- Dec 2017 Partner tax accountant, Pencil Certified Public Tax Accountant Firm (current)
- Jun 2023 Audit & Supervisory Board Member, Leopalace21 Corporation (current)

Corporate Governance Structure

Basic concept of corporate governance

We consider developing and strengthening corporate governance to be a key management issue. By strengthening corporate governance, we are aiming to achieve the management plan in line with our company's mission. Enhance the corporate value over the medium to long term, and achieve sustainable growth. In addition, to realize higher corporate value for stakeholders, we consider aiming for efficient, fair, and highly transparent management to be the basic approach underpinning our corporate activities.

Based on this approach, we are working to develop management structures, organizations, and systems that will allow us to engage in appropriate and speedy decision making, strengthen the supervisory functions governing the decisions made, establish compliance systems, improve and reinforce internal control systems, and build healthy relationships with stakeholders.

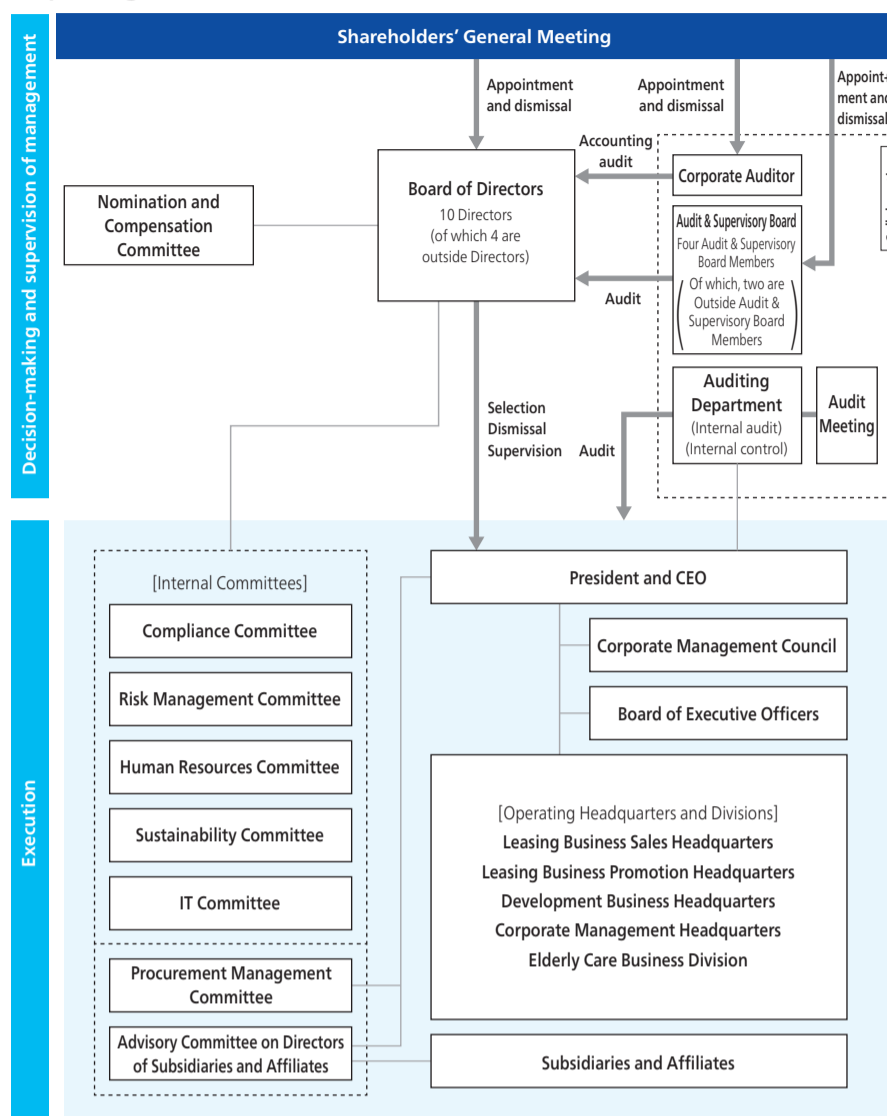
To achieve even faster decision making and smoother business execution, the Board of Directors has established the Corporate Management Council, which convenes to discuss important matters related to overall business execution prior to Board of Directors meetings. In addition, in October 2023, we introduced a preliminary review process before submitting proposals to the Corporate Management Council to improve the accuracy of the proposals. The Board of Directors has also established the Board of Executive Officers, which shares information about Company management with the aim of strengthening collaboration so that business Corporate Governance System execution proceeds smoothly.

The Board of Directors has also established a number of committees to discuss key management issues for which the Board of Directors consults, and these committees offer the recommendations to the Board of Directors so the Board can thoroughly examine them.

Specifically, the Board of Directors established the Nomination and Compensation Committee to confer about the selection and remuneration of directors, the Compliance Committee to develop and manage the legal compliance systems, the Risk Management Committee to manage risks in the business operation, the Human Resources Committee to confer about human resources utilization, the Sustainability Committee to promote sustainability initiatives, and the IT Committee to maintain the IT environment.

Additionally, we have established the Procurement Management Committee and the Advisory Committee on Directors of Subsidiaries and Affiliates, both chaired by the President and CEO. The Procurement Management Committee deliberates and decides on important matters related to procurement. The Advisory Committee on Directors of Subsidiaries and Affiliates deliberates on the appropriateness of matters concerning the nomination and compensation decisions for officers of subsidiary and affiliated companies, as well as disciplinary actions related to illegal acts.

Corporate governance structure (As of June 26, 2025)



Strengthening Management System

Progress toward enhanced governance

To apply external points of view to our management, we have been appointing outside Audit & Supervisory Board members for over 25 years, and outside directors since immediately after the global financial crisis, which had a major effect on the management of the Company.

Thereafter, in order to further strengthen management's supervision functions, we increased the number of outside directors, and currently have four independent outside directors, constituting more than one-third of the directors. Reflecting on the construction defects problem, we have also reviewed the executive directors and streamlined the number from eight seven years ago to four. Additionally the Board of Directors has set up various committees to address the key management issues and conduct consultations as necessary.

Composition of each established body

(as of June 26, 2025)

Title	Name	Board of Directors	Corporate Management Council	Board of Executive Officers	Nomination and Compensation Committee	Compliance Committee	Risk Management Committee	Human Resources Committee	Sustainability Committee	IT Committee	Procurement Management Committee	Advisory Committee on Directors of Subsidiaries and Affiliates
President and CEO	Bunya Miyao	◎	◎	◎	○		◎	◎	○	○	◎	◎
Director	Mayumi Hayashima	○	○	○			○	○		○	○	
Director	Naomichi Mochida	○	○	○			○	○		○	○	
Director	Shinji Takekura	○	○	○		○	○	○	◎	◎	○	○
Director	Akio Yamashita	○		○								○
Director	Jin Ryu	○		○								○
Outside Director	Akira Watanabe	○	○		○	◎	○					○
Outside Director	Yutaka Nakamura	○			◎	○	○					○
Outside Director	Takumi Shibata	○			○	○	○					○
Outside Director	Kan Ishii	○			○	○	○					○
Audit & Supervisory Board Member	Kenichiro Samejima	(Note 2)	○	○		○	○	○		○		
Audit & Supervisory Board Member	Yoshitaka Murakami	(Note 2)	○	○								
Outside Audit & Supervisory Board Member	Jiro Yoshino	(Note 2)	○	○		○	○	○		○		
Outside Audit & Supervisory Board Member	Kazutaka Shimohigoshi	(Note 2)	○									
Executive Officer	—	1	1	5		3	5	5	3	1	2	
Employee	—			1		5	5	5	8	7	4	
Subsidiaries and Affiliates	—						4		4			
Outside expert and others	—					2	2					

(Note) 1. ◎ Indicates Chairperson or Committee Chair, ○ Indicates member. 2. All Audit & Supervisory Board Members attend the Board of Directors meetings and oversee Directors' business execution.

Key actions for corporate governance

	From FY2000	From FY2010	From FY2020
Organizational Structure	FY2006 Establishment of Compliance Committee FY2008 Establishment of Risk Management Committee FY2008 Establishment of Sustainability Committee (formerly CSR Committee) FY2009 Establishment of Human Resources Committee	FY2010 Establishment of IT Committee FY2015 Establishment of Nomination and Compensation Committee	FY2021 Establishment of Advisory Committee on Directors of Subsidiaries and Affiliates FY2021 Establishment of Procurement Management Committee
Director		FY2019 Half of all Directors are Independent Outside Directors	FY2020 Majority of Directors are Independent Outside Directors FY2022 Appointment of Internal Non-executive Director
Effectiveness Evaluation		FY2015 Commencement of Board of Directors Effectiveness Evaluation	FY2023 Introduction of Questionnaire by External Organization
Nomination and Compensation	FY2009 Reform of Directors' Remuneration System (Abolition of retirement benefit system and introduction of Stock Compensation-Type Stock Options)	FY2019 Reduction of Directors' Remuneration (May 2019 – June 2025)	FY2025 Revision of Directors' Remuneration System (Introduction of performance-linked share-based remuneration system and malus and clawback provision)
Other	FY2002 Change of Corporate Auditor FY2007 Change of Corporate Auditor	FY2020 Disclosure of Skill Matrix	FY2020 Abolition of Advisor/Consultant System FY2024 Change of Corporate Auditor

Directors' Skills

Our Board of Directors aims to strengthen the governance system and respond to challenges in an agile and swift manner. We review the skill set of the Board of Directors as needed in light of the business environment and other factors. Since June 29, 2022, the total number of Directors has been set at ten, with four independent outside directors, ensuring that more than one-third are independent outside directors.

As the expertise, experience, and knowledge required of our directors are extremely wide-ranging, we appoint many directors who satisfy multiple criteria. In particular, regarding outside directors, we prioritize expertise in corporate management, structural reform, quality control, and compliance and risk management. By leveraging these skills, we expect that these directors will significantly contribute to our company's continued structural reforms, performance recovery, and restoration of trust.

Skills matrix

		Attribute					Skills especially required by Leopalace21					
Name	Position	Executive of business	Outside perspective	Age	Gender	Corporate management	Structural reforms	Sales and marketing	Compliance and risk management	Quality control	Finance	
1	Bunya Miyao	Representative Director President and CEO Chairperson of the Board of Directors	Executive		65	Male	○	○		○		○
2	Mayumi Hayashima	Director and Managing Executive Officer	Executive		52	Female		○	○	○		
3	Naomichi Mochida	Director and Managing Executive Officer	Executive		62	Male		○	○			
4	Shinji Takekura	Director and Executive Officer	Executive		53	Male			○	○		○
5	Akio Yamashita	Director	Non-executive		63	Male	○	○				○
6	Jin Ryu	Director	Non-executive		41	Male		○	○			○
7	Akira Watanabe	Director	Non-executive	Independent Outside	78	Male	○	○		○		
8	Yutaka Nakamura	Director	Non-executive	Independent Outside	66	Male				○	○	
9	Takumi Shibata	Director	Non-executive	Independent Outside	72	Male		○		○		○
10	Kan Ishii	Director	Non-executive	Independent Outside	71	Male	○	○				○

(Note) The ages of each Director are as of June 26, 2025

About the nomination and compensation committee

For the nomination and remuneration of directors and other senior management, we believe in the need to particularly strengthen independence, objectivity, and accountability. Accordingly, we have established a Nomination and Compensation Committee chaired by an independent outside Director, from which appropriate involvement and advice are provided.

The Nomination and Compensation Committee is composed of four independent outside directors, two non-executive directors, and the President and CEO, with independent outside directors forming the majority to enhance independence and objectivity.

Members
Chairperson: Independent outside director Members: Three independent outside directors, President and CEO, two non-executive directors
Purpose
To ensure the validity of director nomination and remuneration decisions
Role
We deliberate objectively, taking into account the Company's performance and other evaluations, on the appointment of President and CEO, Directors, Audit & Supervisory Board Members, and Executive Officers, and on the remuneration structure and levels for President and CEO, Directors, and Executive Officers. We then report the results to the Board of Directors.
Number of meetings in FY2024
9 times
Main agenda items

We held discussions regarding the appointment of Directors, Executive Officers, and Audit & Supervisory Board Members, and deliberated on revisions to the personnel, compensation, and evaluation systems for Directors, Audit & Supervisory Board Members, and Executive Officers.

For the evaluation of Directors and Executive Officers, we have adopted a process in which each individual self-reports their evaluation content, which is then discussed at the Nomination and Compensation Committee and finalized, so there are cases where the final evaluation results differ from what was self-reported. Additionally, to further clarify the link between performance and evaluation, evaluations are conducted semi-annually, with promotions and demotions deliberated as needed.

Officer remuneration

With the aim of further enhancing corporate value and sharing benefits with shareholders, the Board of Directors resolved to introduce a new remuneration system for executives at its meeting held in April 2025. Following approval at the General Shareholders' Meeting in June of the same year, the system was implemented.

Basic policy

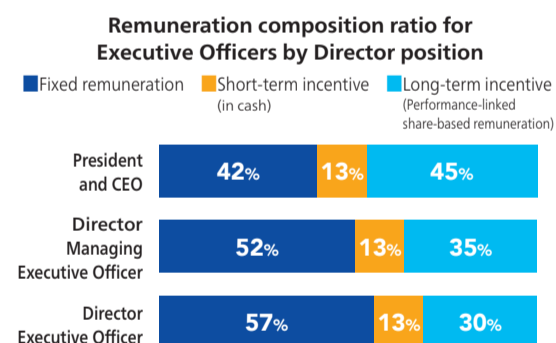
In order to realize our corporate philosophy and medium-term management plan, we have established the following basic policies regarding the remuneration for directors:

- The level of remuneration should be competitive and commensurate with the Company's profitability
- The level of remuneration should be commensurate with each officer's responsibilities and expected role, and function as legitimate compensation
- The Plan* must be a remuneration system that promotes profit sharing with shareholders
- The Plan* should function as healthy incentive for enhancing corporate value over the medium to long term
- The Plan* must be fair and just and encourage the utmost efforts regarding compliance
- The Plan* and its determination process should ensure both transparency and reasonableness

* The Plan is a performance-linked share-based remuneration
* A long-term incentive using a trust.

Remuneration system

The remuneration system for executive directors consists of three categories: "fixed remuneration" reflecting position and previous year evaluation, "short-term incentive bonus (in cash)" based on the achievement against targets and results, and "long-term incentive: performance-linked share-based remuneration" which emphasizes sustainable growth of the company and linkage with capital markets. In particular, regarding the long-term incentive, with a view to promoting sustainable growth and maximizing corporate value, we have raised the ratio of share-based remuneration to the industry's top level, thereby further strengthening the linkage between management remuneration and shareholder interests. The incentive scheme is designed to be highly effective, encouraging officers to always be conscious of the sustained enhancement of corporate and shareholder value and to make management decisions from a medium- to long-term perspective.



Governance on remuneration

Decision process

Regarding the individual remuneration for directors, the President and CEO evaluates the executive directors based on overall company and relevant business performance, and remuneration is determined according to the evaluation results and the remuneration benchmark for each position.

The Nomination and Compensation Committee, established as an advisory body to the Board of Directors, objectively evaluates the validity of the officer remuneration system and the decision-making process of the President and CEO, submitting recommendations to the Board of Directors to ensure the appropriateness, objectivity, and transparency of individual evaluations and remuneration amounts. Remuneration for executive directors and executive officers is decided by the Board of Directors after consultation with the Committee.

Establishment of Malus & Clawback clauses

In the event of a serious violation of laws or fraudulent acts by executive directors or executive officers, our company has established Malus & Clawback clauses to seek all or part (reduction, forfeiture, or return of stock-based compensation granted) during the business year in question and the previous three business years.

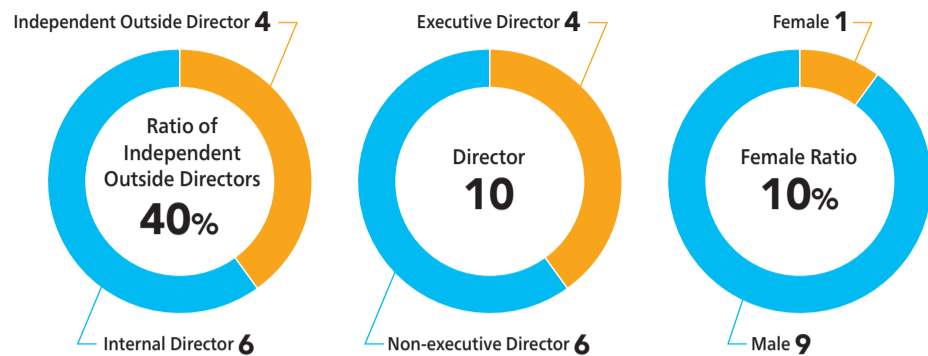
Initiatives to Improve Effectiveness

About the Board of Directors

With the focus on both the agility of management and supervisory functions, the Board of Directors is composed of ten members (one of whom is female), including four independent outside directors. Of these, six are non-executive directors, and four are executive directors.

With this structure, recognizing that the appropriate selection of directors is vital to enhancing corporate value, we have incorporated discussions by the Nomination and Compensation Committee into the selection process alongside decisions on remuneration.

The Board of Directors meets regularly once a month and additionally as needed, making decisions on important management matters and by monitoring business execution and supervising the director's duties, achieves highly effective governance.



Board of Directors effectiveness evaluation

At our company, in order to enhance the functions of the Board of Directors and improve medium- to long-term corporate value, we conduct an effectiveness evaluation of the Board of Directors after the end of each fiscal year. To ensure transparency and objectivity in the evaluation, an external organization designs, collects, and tabulates the survey, and based on advice from the external organization, the Board of Directors' Secretariat compiles and analyzes the results and reports to the Board of Directors.

For fiscal year 2024, we conducted the effectiveness evaluation using the same method as in fiscal year 2023. Based on the results of the survey, the analysis, discussion, and evaluation were conducted at the regular Board of Directors meeting held in June 2025, and it was concluded that the Board of Directors as a whole maintains an adequate level of effectiveness.

Major points in the effectiveness evaluation for fiscal year 2024



Key Issues for fiscal year 2025



Risk Management

Risk classification and reporting system

Our Group identifies potential risks that may cause physical, economic, or credit losses or disadvantages, and implements measures and manages these risks systematically in order to reduce and prevent risks before they turn into incidents. Risks are broadly classified into six categories, which are further subdivided into a total of 16 types. To prevent risks from materializing, each business division appoints its risk management managers and risk management coordinators, clearly defining their roles and responsibilities to carry out risk management. The president of each affiliated company serves as a risk management officer and is responsible for reporting risk information from the affiliated company to our company.

Risk management system

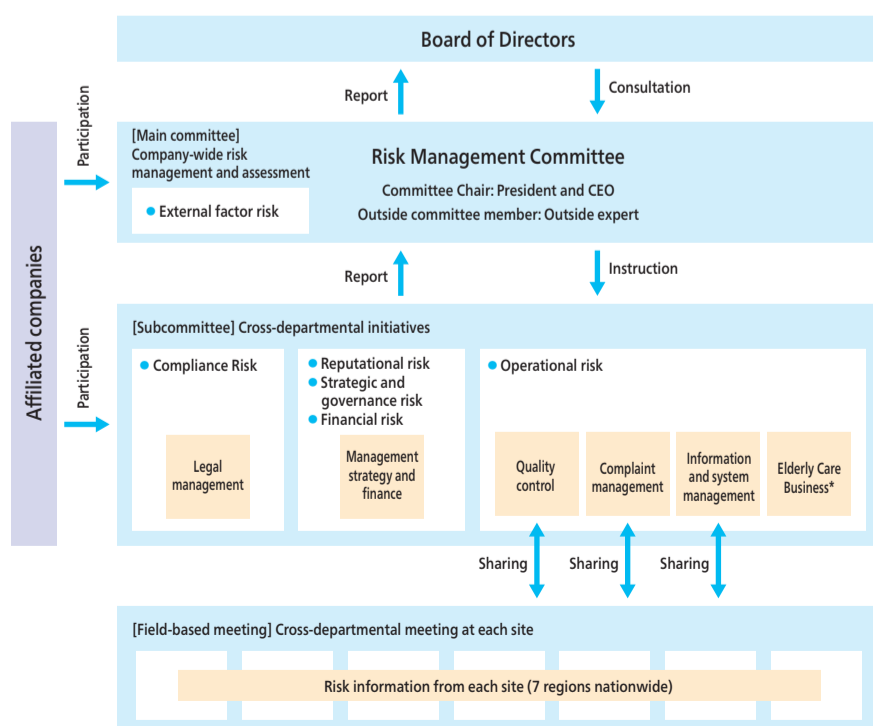
In order to comprehensively identify and manage company-wide risks, our Group has established a Risk Management Committee as an advisory body to the Board of Directors. The Risk Management Committee is chaired by the President and CEO and includes external members with specialized knowledge such as attorneys. The Committee meets once a month to evaluate risks, reporting on the status of risk management to the Board of Directors every quarter.

Given the increasing trend of risks arising due to recent changes in the external environment, we have strengthened and expanded our risk management framework to incorporate preventive measures before occurrence and initiatives to prepare responses when materialized for potential risks. We have newly established six subcommittees under the Risk Management Committee, defining specific risks for each subcommittee, and conduct discussions from a specialized perspective on risk assessment and materialized incidents.

Furthermore, we have newly established field-based cross-departmental committees for each of seven regions nationwide, to share information about high-risk events (accidents/incidents) and complaint information with the subcommittees to quickly roll out information across the Company. The countermeasures discussed in the subcommittees based on this information are shared with the field committees in all areas.

Risk management system

External factors	1. Risk of changes in external environment 2. Country risk 3. Disaster risk	Compliance	1. Legal violation/litigation risk 2. Compliance risk
Strategy / Governance	1. Strategic risk 2. Management risk 3. Outsourcing and subsidiary management risk	Operation	1. Business risk 2. Information management risk 3. Human resource risk 4. System risk
Finance	1. Market risk 2. Liquidity risk 3. Default risk	Reputation	Risk of loss due to media reports, reputation, rumors, etc.



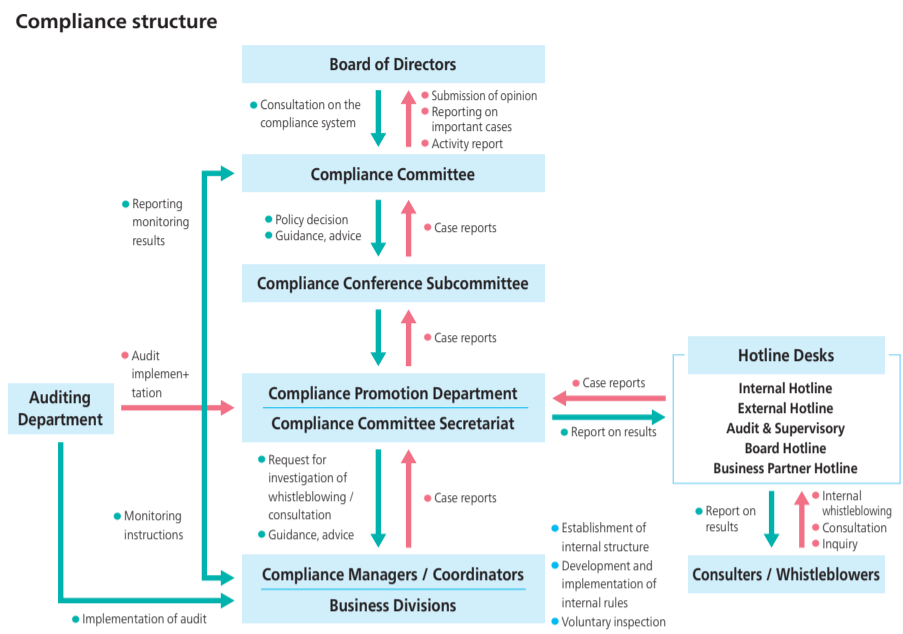
* Composed of headquarters employees and staff from each facility, discussions are held on systems, procedures, complaint information, etc. for the entire Elderly Care Business from both the headquarters and on-site perspectives

Compliance

Our Group sets legal compliance and adherence to social ethics as the most important policy (Compliance First) in conducting business, and regards this as the foundation of our corporate activities, committing to continuously instilling compliance awareness and advancing compliance.

Compliance promotion system

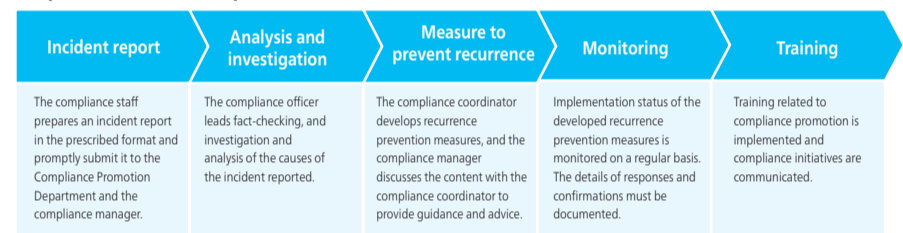
We have established the Compliance Committee, chaired by an outside director, as an advisory body to the Board of Directors. As part of measures to strengthen governance, we plan and propose initiatives related to our Group's compliance, such as enhancing training and information management systems, while reinforcing our monitoring system based on compliance regulations and striving to identify and improve issues. From October 2024, to strengthen the functions of the Compliance Committee and efficiently handle compliance-related issues, the frequency of Compliance Committee meetings was changed to once per quarter, and for important cases and matters requiring discussion, the Compliance Conference Subcommittee was established as a subordinate organization. As the body promoting everyday compliance, the Compliance Promotion Department has been established to plan and propose compliance initiatives, as well as to verify the legal conformity of new businesses, services, and products within our Group. Furthermore, compliance managers and coordinators are appointed at each division and subsidiaries and affiliates, building a system to actively execute compliance initiatives at the operational level, aiming to realize autonomous promotion of compliance.



Autonomous promotion of compliance at each department and affiliated company

Compliance measures are proactively carried out by the compliance managers and coordinators at each division. When violations occur, they respond promptly. Response includes evidence collection, customer verification, facts confirmation with violating employees, and report to administrative authorities. Response status shall be documented in the Compliance Violation Report and reported to the Compliance Promotion Department. Compliance managers ensure thorough adherence to rules, establish an environment for immediate reporting upon discovering violations, and strictly prohibit any unfavorable treatment of employees who report or consult.

Response flow for compliance incidents



Compliance training

To promote awareness and strengthen knowledge acquisition for each and every officer and employee, we regularly conduct compliance training through group training and E-learning, tailored to the characteristics of each job level and role, focusing on understanding the basic concepts of compliance as well as timely themes such as harassment prevention and the handling of personal information, to address contemporary needs. We also further enhance compliance and ethical awareness in a regular and continuous manner by communicating information as appropriate in response to law amendments and relevant changes.

Furthermore, to instill the idea that promoting compliance increases corporate value, we have made efforts to foster compliance awareness among all officers and employees by implementing mechanisms to evaluate compliance promotion initiatives and actions in our appraisal system, and by regularly providing multifaceted feedback. In July 2019, a message from the President and CEO announcing the adoption of "Compliance First" as a management policy was distributed. In the annual awareness survey, 98% of officers and employees responded that they are conscious of compliance in February 2025. This confirms that many officers and employees recognize the importance of compliance and are engaged in their work accordingly.

Awareness survey results



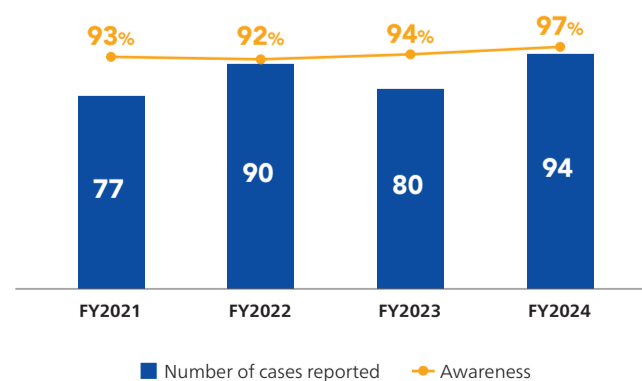
Compliance-related training and awareness activities

Details	Target	Number of times
E-learning for understanding the basics and importance of compliance, and Compliance First	Career hires	Any time
Compliance First and our company's compliance structure	New graduate hires	Once
Declaration of intent to prevent deterioration of the workplace environment	Management level and above	Once
Recurrence prevention survey	All officers and employees	Once
Harassment prevention training	Executives and officers	Once
Business division-specific compliance training	Relevant business division employees	Twice
Compliance awareness survey	All officers and employees	Twice
Harassment fact-finding survey	All officers and employees	Twice
Hotline-related survey	All officers and employees	Twice

Compliance hotline desk

For officers and employees who discover legal violations or misconduct, we have established three types of compliance hotlines for consultation and whistleblowing: internal (Compliance Promotion Headquarters), external (law firm), and at the Audit & Supervisory Board members (Audit & Supervisory Board). We have also set up a business partner hotline for our business partners with whom we have ongoing transactions. The internal hotline accepts reports via phone, email, letter, and in-person; the external hotline accepts phone, email, and letter; the Audit & Supervisory Board hotline accepts email and letter; and the business partner hotline accepts reports via reception form. All hotlines accept notifications via email or reception form for 24/7, enabling whistleblowers to make reports at any time. The President and CEO has distributed a message, notifying the internal whistleblowing system and use of the hotline. An annual survey targeting all employees found awareness of the compliance hotlines at 97% (previous fiscal year: 94%). The number of internal whistleblowing cases received in fiscal year 2024 was 94 (previous fiscal year: 80). We respond promptly by conducting fact-check investigations and quickly rectifying clear compliance violations.

Number of Internal whistleblowing cases / Awareness



Strengthening Construction Quality Management System

In 2018, we disclosed that construction defects were found in some of the buildings constructed by our company.

Since then, we vowed never to repeat the same mistakes, fully committed to company-wide recurrence prevention measures, and have strengthened the construction management system.

Recurrence prevention

As measures aimed to prevent recurrence of construction defects problem, the Company has committed itself to the following initiatives: 1. Fundamental Reform of the Corporate Culture, 2. Restructuring of the System for Compliance and Risk Management, and 3. Revision of the Construction Business Framework. The initiatives listed below had been completed by February 2022, and their content has been updated as necessary since then.

1 Fundamental reform of corporate culture

- Develop customer-oriented corporate culture
- Establish compliance-first policy
- Realize corporate culture reform through dialogue with stakeholders
- Develop a system for reporting the violations of laws and regulations, among other things
- Carry out training for corporate culture reform
- Revise the performance management system (implement the institutional job rotation)

2 Restructuring of the system for compliance and risk management

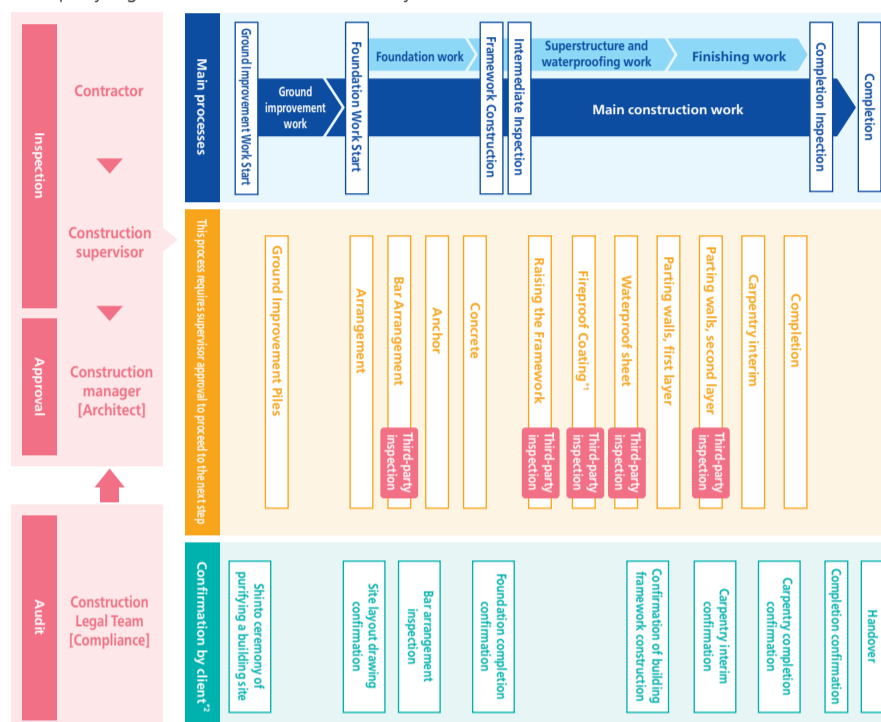
- Establish the Compliance Promotion Department
- Establish the Construction Legal Team in the Compliance Promotion Department to examine and inspect compliance for new products and other matters outside the business divisions
- Improve the operation of the Compliance Committee
- Improve the risk management method
- Verify compliance with applicable laws and regulations at the time of starting new businesses and of changing business content
- Review the system of assigning persons in charge of compliance
- Revise the method of response to cases where non-compliance is suspected
- Build a system of collecting and examining risk information
- Clarify storage and management rules for important documents

3 Revision of the construction business framework

- Improve processes for developing new products, and others.
- Review check mechanism at the preparation stage of drawings for confirmation application
- Implement proper construction supervision by reviewing the construction supervision system
- Assure construction quality by implementing proper construction management
- Implement inspections by Construction Legal Team in Compliance Promotion Department
- Implement training by Construction Legal Team in Compliance Promotion Department

Inspection system

The construction quality control system was restructured under the supervision of a third-party organization introduced by the External Investigation Committee. The entire processes from product development to building completion were reviewed, and new Construction Quality Standards Guidelines were established. In addition, design drawing and construction site check were enhanced, the appropriate processes were reestablished. Regarding the inspection system, the key point of the new construction quality standard, a three-step, in-house inspection (inspection by the contractor, the construction supervisor in charge of the site, and confirmation by the architect) were implemented at 12 major processes. The project cannot proceed to the next step without an approval by the architect (construction supervisor). Furthermore, the Construction Legal Team checks whether the inspection system is functioning properly from an audit perspective. For important processes, inspections by third-party organizations and confirmations by the client are also conducted.



section4

Leopalace21 Data

Indicating consolidated financial data for the last 11 years and ESG data, as well as performance by accounting segment.

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Consolidated Financial Data for the Last 11 Years

Statements of Income: (JPY million)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	483,247	511,513	520,488	530,840	505,223	433,553	408,959	398,366	406,449	422,671	431,831
Leasing Business	399,375	410,641	416,594	435,537	426,388	388,939	391,964	383,043	391,438	407,489	416,918
Development Business	61,312	74,160	74,566	76,587	58,992	23,806	-	-	-	-	-
Elderly Care Business	10,608	10,798	11,536	12,807	13,922	14,620	14,524	14,258	13,941	14,007	13,726
Other Businesses	11,950	15,913	17,791	5,908	5,919	6,186	2,469	1,064	1,069	1,175	1,186
Cost of sales	407,433	422,604	427,820	434,762	428,988	408,112	387,872	352,289	353,163	353,836	354,537
Gross profit	75,814	88,909	92,668	96,077	76,235	25,441	21,086	46,077	53,285	68,835	77,293
Gross profit ratio (%)	15.7	17.4	17.8	18.1	15.1	5.9	5.2	11.6	13.1	16.3	17.9
Selling, general and administrative expenses	60,992	67,823	69,769	73,147	68,844	61,915	50,269	44,302	43,406	45,521	48,062
Operating profit (loss)	14,822	21,085	22,898	22,930	7,390	-36,473	-29,182	1,774	9,879	23,313	29,231
Operating profit ratio (%)	3.1	4.1	4.4	4.3	1.5	-8.4	-7.1	0.4	2.4	5.5	6.8
Leasing Business	20,590	22,848	22,459	26,062	14,987	-20,828	-19,385	7,719	16,887	30,386	38,059
Development Business	211	3,340	5,051	3,663	-995	-5,181	-	-	-	-	-
Elderly Care Business	-606	-1,354	-1,650	-1,596	-846	-559	-720	-789	-1,208	-621	-803
Other Businesses	-1,257	-360	664	-846	-1,346	-1,000	-1,551	-1,668	-2,706	-2,391	-2,608
Adjustments	-4,116	-3,388	-3,626	-4,353	-4,407	-8,903	-7,524	-3,486	-3,092	-4,059	-5,416
EBITDA	22,558	30,700	32,235	34,656	20,336	-24,316	-18,766	11,127	16,449	27,974	32,734
Recurring profit (loss)	13,483	19,909	22,355	22,354	7,063	-36,341	-34,170	-2,151	6,526	19,476	26,936
Net income (loss)	15,175	19,631	20,401	14,819	-68,662	-80,224	-23,680	11,854	19,810	42,062	17,861
Balance Sheet: (JPY million)											
Total assets	308,882	327,609	337,828	337,257	291,790	196,953	161,708	145,430	166,548	205,000	216,625
Net assets	124,928	144,865	158,870	159,438	81,338	1,589	3,277	11,034	32,922	71,679	88,268
Cash and deposits balance	75,221	88,043	104,432	106,543	84,536	60,501	54,863	45,523	53,560	68,627	88,408
Interest-bearing debt	44,487	50,824	49,918	53,829	48,047	36,137	35,409	33,045	31,849	30,879	31,630

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Cash Flow Statement: (JPY million)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Cash flows from operating activities	15,715	22,104	27,504	27,338	-7,212	-51,639	-40,816	-4,460	10,545	21,422	25,899
Cash flows from investing activities	-17,550	-11,087	-8,653	-2,336	7,379	39,533	11,829	886	906	851	-604
Cash flows from financing activities	1,747	1,374	-14,048	-18,354	-15,181	-12,048	23,571	-5,886	-2,819	-7,119	-6,404
Free cash flows	-1,834	11,017	18,850	25,001	167	-12,106	-28,986	-3,574	11,452	22,273	25,295
Amounts per share: (JPY)											
Net assets (BPS)	475.17	550.94	603.76	630.84	331.87	5.34	-25.83	3.25	73.29	201.15	255.81
Net income (EPS)	57.73	74.68	77.61	58.02	-278.58	-328.77	-84.88	36.04	60.22	130.91	56.22
Cash dividend (DPS)	-	10.00	22.00	22.00	-	-	-	-	-	5.00	10.00
Management index: (%)											
Return on equity (ROE)	13.3	14.6	13.4	9.3	-57.2	-195.1	-	-	157.3	95.6	24.6
Return on invested capital (ROIC)	5.8	7.1	7.2	7.1	3.7	-64.1	-66.0	3.5	12.4	17.0	19.7
Return on assets (ROA)	4.5	6.3	6.7	6.6	2.2	-14.9	-19.1	-1.4	4.2	10.5	12.8
Debt Equity Ratio	0.4	0.4	0.3	0.3	0.6	22.7	10.8	3.0	1.0	0.4	0.4
Equity ratio	40.4	44.2	47.0	47.2	27.7	0.7	-5.3	0.7	14.5	31.2	37.5
Dividend payout ratio	-	13.4	28.3	37.9	-	-	-	-	-	3.8	17.8
Dividend-yield	0.0	1.5	3.8	2.5	0.0	0.0	0.0	0.0	0.0	1.0	1.7
Dividend on equity ratio (DOE)	0.0	1.9	3.8	3.5	0.0	0.0	-	-	0.0	3.7	4.4
Stock price index											
Market capitalization (JPY million)	168,222	181,861	153,780	224,129	54,119	65,138	50,396	66,536	117,592	170,294	192,363
Stock price (JPY)	629	680	575	887	221	266	153	202	357	517	584
Price earnings ratio (PER) (Times)	10.9	9.1	7.4	15.3	-0.8	-0.8	-1.8	5.6	5.9	3.9	10.4
Price book-value ratio (PBR) (Times)	1.3	1.2	1.0	1.4	0.7	49.8	-5.9	62.2	4.9	2.6	2.3

* Due to a change in accounting policy at a subsidiary in the fiscal year 2016, figures for prior periods are presented reflecting retroactive adjustments.

* Merged the Hotel, Resort Business with the Other Businesses in the fiscal year 2017. The figures for the fiscal years 2014 through 2015 show the sum of the Hotel, Resort Business and Other Businesses.

* Effective from the fiscal year 2020, the Development Business and the Leasing Business have been merged, and the Hotel, Resort and Other Businesses has been renamed to Other Businesses.

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ESG Data

The Company engages in sustainable management initiatives under the leadership of the Sustainability Committee, which is chaired by the Director in charge of sustainability, in collaboration with departments and Group companies. The Sustainability Committee reports on the progress of initiatives in line with the five themes of the Basic Policies on Sustainability based on the quantitative targets set by each department and Group company, and moves initiatives to the next phase of the PDCA cycle. For fiscal year 2021, we updated the materiality issues identified for the previous fiscal year considering the current socioeconomic climate as well as the Company's own business conditions, and set KPIs for each materiality. Key topics and KPIs are reported to the Board of Directors on a quarterly basis, thereby conducting sustainability activities.

Environment

Environmental burden and reduction

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(t-CO ₂)							
Scope 1	5,467	5,518	5,218	3,473	3,285	3,134	4,289	6,390
Scope 2	13,719	12,558	11,578	8,089	7,233	8,206	7,458	46,966
Scope 1 and 2 total	19,186	18,076	16,796	11,562	10,518	11,340	11,747	53,355
Scope 3	864,448	786,510	692,463	693,388	748,745	540,558	491,433	575,237
Category 1 (Purchased materials)	44,810	31,263	10,898	5,850	83	122	61	38,446
Category 2 (Capital goods)	34,127	29,835	12,692	9,621	5,041	2,068	1,203	1,439
Category 3 (Fuel- and energy-related activities not included in Scope 1 or 2)	—	868	1,709	2,063	1,916	2,141	2,362	8,653
Category 4, 9 (Transportation and distribution)	—	—	—	—	—	353	497	807
Category 5 (Waste from business operations)	—	—	—	—	—	784	1,098	1,134
Category 6 (Business travel)	2,230	2,250	2,894	1,665	1,334	1,013	1,390	378
Category 7 (Employee commuting)	1,231	1,220	1,098	1,203	967	1,009	1,056	1,296
Category 8 (Upstream leased assets)	—	—	—	—	—	—	—	—
Category 10 (Processing of sold products)	—	—	—	—	—	—	—	—
Category 11 (Use of sold products)	—	—	—	—	—	—	—	—
Category 12 (Disposal of sold products)	—	—	—	—	—	—	—	—
Category 13 (Rental property electricity and gas usage)	781,102	724,543	663,171	672,987	739,403	533,067	483,766	522,681
Category 14 (Franchises)	—	—	—	—	—	—	—	403
Category 15 (Investments)	—	—	—	—	—	—	—	—
Scope 1, 2, 3 total	883,634	804,586	709,259	704,950	759,263	551,898	503,180	628,593
Scope 1, 2, 3 total YoY (%)	-1.1	-8.9	-11.8	-0.6	+7.7	-27.3	-8.8	+24.9
Scope 1, 2, 3 net sales intensity ratio (t-CO ₂ /JPY billion)	166.5	159.3	163.6	172.4	190.6	135.8	119.0	145.6

* The calculation method was partly changed starting from the results for fiscal year 2022. For FY2024, measurement scope was expanded for Scope 1, 2 and Scope 3 (Category 1, 3) to present more accurate figures.

Industrial waste

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(t)							
Industrial waste	32,739	24,895	15,588	9,004	1,887	2,519	3,442	3,954
Disposal associated with demolition work	19,592	12,068	2,515	1,040	79	0	0	895
Disposal associated with new construction work	13,147	10,330	4,244	1,329	48	16	24	327
Disposal associated with repair work	—	2,497	8,828	6,635	1,760	2,504	3,418	2,732
YoY (%)	-14.6	-24.0	-37.4	-42.2	-79.0	+33.5	+36.0	+14.9

Paper consumption

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(Equivalent A4 sheets in million sheets)							
Paper consumption	113	111	58	44	37	31	40	23
YoY (%)	—	-1.8	-47.7	-24.1	-15.9	-16.2	+29.0	-42.5

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Social

Employee composition (on a non-consolidated basis)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(people)							
No. of employees (consolidated)	7,690	7,600	7,043	5,082	4,356	3,991	3,853	3,909
No. of employees	6,494	6,331	5,820	4,172	3,589	2,804	2,690	2,723
No. of temporary hires (annual average)	1,559	1,544	1,517	1,241	1,233	1,209	1,002	1,034
Average age	36 years and 11 months	37 years and 7 months	38 years and 8 months	39 years and 0 months	40 years and 3 months	40 years and 11 months	41 years and 5 months	41 years and 7 months
Average cumulative years of service	8 years and 11 months	9 years and 7 months	10 years and 6 months	10 years and 6 months	11 years and 6 months	13 years and 4 months	13 years and 10 months	13 years and 10 months
No. of new graduate hires	275	164	18	0	0	0	67	138
No. of mid-career hires	129	104	65	18	28	54	105	174
Ratio of mid-career hires (%)	31.9	38.8	78.3	100.0	100.0	100.0	61.0	55.8
Rate of employee turnover (based on active employees) (%)	8.1	8.6	13.1	30.7	16.0	11.1	9.0	7.9

Work-life balance (on a non-consolidated basis)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(Hours)							
Total working hours	176.7	173.0	166.3	160.3	165.3	166.8	169.2	163.6
Overtime hours	18.2	15.0	13.3	11.4	11.3	13.2	16.4	19.3
No. of employees with reduced working hours	188	199	277	216	228	231	236	218
No. of employees on childcare leave	304	262	298	149	191	117	81	74
Childcare leave acquisition rate (%)	51.3	55.7	55.0	87.3	67.0	79.5	88.0	86.0
Rate of male employees taking childcare leave or other leave for childcare purposes (%)	35.2	31.6	38.0	54.3	34.1	35.7	71.4	69.7
Engagement score	—	—	—	—	—	—	-71	-62
Annual paid leave usage rate (%)	74.1	76.8	84.3	90.5	81.7	81.2	80.5	82.0

* The no. of employees on childcare leave and the childcare leave acquisition rate are calculated using April as the starting month. Survey results using the survey tool Geppo (eNPS: employee satisfaction index, at the time of the survey, the average for general companies was -63)

Well-being management

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(%)							
Rate of smokers	40.0	39.4	38.7	36.4	34.9	31.9	29.3	25.8
Follow-up examination ratio after regular health checkups	—	27.2	23.1	35.1	45.4	27.1	74.8	85.3

Development of next-generation leaders

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(people)							
Time employees spent in training (hours) ¹	20,296	15,581	3,738	9,838	4,265	4,096	8,159	18,816
No. of young leaders produced ²	—	—	—	—	—	—	85	82
No. of managers produced ³	499	578	613	613	638	686	758	842

*1 Total hours of employee participation in hierarchy-based training, selective training, 360-degree feedback training, and career development training. *2 Number of employees who completed the selective development program for young non-managerial employees (introduced from fiscal year 2023).

*3 Number of employees who completed management transition programs.

Training

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	(people)							
No. of participants in career training ¹	—	—	—	213	327	—	92	119
360-degree evaluation	—	—	—	—	621	642	688	675
No. of E-Learning sessions	—	—	—	36	31	33	38	26
Career coaching training ²	—	—	—	427	617	60	59	—

*1 Total number of participants in career training by age group in a single fiscal year (temporarily suspended in fiscal year 2022). *2 The training was completed in fiscal year 2022 for those who were eligible, and further sessions were provided to only those who have not taken the course and newly appointed managers from fiscal year 2023 onwards.

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Diversity (Consolidated, excluding Guam; data for employment of persons with disabilities includes Head Office + special subsidiary)

(people)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
No. of employees with disabilities (average in the period)	140.8	138.0	128.9	107.9	103.1	90.2	92.0	102.3
Ratio of employees with disabilities (average in the period) (%)	2.2	2.2	2.3	2.3	2.7	2.8	2.7	2.8
No. of mandatory retirees that have been rehired	19	26	18	16	15	12	10	13
No. of foreign national employees	207	220	213	171	144	116	118	109
No. of foreign national managers	15	18	18	16	13	11	10	8
Ratio of full-time female employees (%)	30.2	30.8	32.3	37.1	38.0	38.7	39.0	32.7
Ratio of female managers (%)	6.0	6.1	6.4	5.8	6.5	5.5	5.4	5.1

Composition of female leaders and managers (on a non-consolidated basis)

(people)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Assistant Manager	87	129	149	160	146	144	136	138
Manager	91	95	97	55	46	35	36	33
Department Manager	3	2	1	1	1	0	0	0
Director and Executive officer	1	2	2	1	1	2	2	2

Gender pay gap (non-consolidated)

(%)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Regular employee	—	—	—	—	—	69.1	68.3	69.0
Non-regular employee	—	—	—	—	—	63.6	45.0	47.6
Overall	—	—	—	—	—	55.4	50.1	50.7

* Disclosure began in fiscal year 2022 in accordance with the amendment to Japan's Act on Promotion of Women's Participation and Advancement in the Workplace. * The gender pay gap indicates the ratio of women's pay to men's pay. It reflects differences in personnel structure by grade, not differences in pay for equivalent work.

Gender bonus gap (non-consolidated)

(%)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Regular employee	73.8	73.1	99.2	135.6	134.1	86.1	73.1	69.5

* The gender pay gap indicates the ratio of women's pay to men's pay. It reflects differences in personnel structure by grade, not differences in pay for equivalent work.

Data related to social contribution activities

(people)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
No. of blood donors	544	284	124	61	72	77	68	93
Volunteer vendor donation amount (JPY)	1,736,986	1,824,728	1,966,138	1,553,215	1,041,085	699,189	979,693	1,058,554
"Hondering" crime victim support donation amount (JPY)	11,439	1,875	4,635	7,239	7,052	5,289	8,199	8,199

Communication with stakeholders

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
No. of owner briefing sessions held	424	517	381	87	0	88	169	141
Dialogue with institutional investors (institutions)	213	236	204	95	103	122	97	116

Labor safety and health

(cases)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
No. of labor accidents	44	55	56	46	33	36	50	35
Accidents requiring time off work	3	14	21	19	14	15	18	12
Accidents not requiring time off work	41	41	35	27	19	21	32	23

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Key qualified personnel (consolidated)

(people)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Certified public accountant	2	2	2	1	1	1	0	3
Attorney-at-law	2	5	6	4	5	5	6	6
Real estate broker	747	846	899	655	587	567	543	511
Rental property manager*	375	506	537	408	413	89	108	135
Non-life insurance solicitor certification (basic, fire insurance)	632	575	542	525	461	690	1,308	1,495
Architect (first-class, second-class)	446	428	374	244	207	189	181	189
Building construction management engineer (1st grade, 2nd grade)	360	333	296	194	165	148	137	144
Certified skilled worker of financial planning (1st grade, 2nd grade)	224	271	283	204	190	212	207	211
Land surveyor, Assistant land surveyor	35	37	34	23	19	18	16	15
Care worker	556	690	705	720	687	695	654	613
Care support specialist	189	186	178	205	185	148	146	140
Home-visit care worker (1st grade, 2nd grade)	373	398	373	345	308	289	265	240

* Beginning in FY2023, the calculation method was revised to present the number of certified holders at each fiscal year-end, reflecting the introduction of the national qualification.

Governance
Governance-related data

(people)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
No. of directors	11	11	10	9	8	10	10	10
Of which, outside directors (independent outside directors)	3(3)	3(3)	5(4)	6(5)	5(3)	4(4)	4(4)	4(4)
Ratio of independence directors (%)	27.3	27.3	40.0	55.6	37.5	40.0	40.0	40.0
No. of female directors	1	1	2	1	1	1	1	1
No. of foreign national directors	—	—	—	—	1	1	1	1
No. of Audit & Supervisory Board members	4	4	4	4	4	4	4	4
Of which, outside Audit & Supervisory Board members (independent outside Audit & Supervisory Board members)	3(3)	3(3)	3(3)	2(2)	2(2)	2(2)	2(2)	2(2)
Ratio of independence Audit & Supervisory Board members (%)	75.0	75.0	75.0	50.0	50.0	50.0	50.0	50.0

(times)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
No. of Board of Directors meetings	25	24	41	28	26	25	19	17
No. of Nomination and Compensation Committee meetings	4	2	11	7	7	8	6	9

(JPY million)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Directors' compensation	655	595	228	170	162	180	202	300
Directors (excluding outside directors)	563	495	131	56	60	96	112	209
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	19	19	13	16	18	18	20	21
Outside directors	71	80	83	97	82	65	69	70

Compliance-related data

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
No. of Compliance Committee meetings (times)	12	12	12	12	12	12	12	10
No. of incident reports received through the whistleblowing system (cases)	109	124	136	102	77	90	80	94
Rate of whistleblowing cases to the number of employees (%) *	1.4	1.6	1.9	2.0	1.8	2.3	2.1	2.4

* According to the May 9, 2020 edition of the Nihon Keizai Shimbun, "the figure of one whistleblower case per 100 employees per year is becoming established as a guideline for whistleblowing." Furthermore, according to Toyo Keizai Online, which has been collecting data on whistleblowing for its CSR Corporate Directory since 2011, one of the guidelines for a well-functioning whistleblowing compliance management system is that "one out of every 100 employees makes a report in a year" (i.e., 1% of all employees make a report).

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Corporate Profile

Corporate Data (As of March 31, 2025)

Company Name:	Leopalace21 Corporation
Head Office:	2-54-11 Honcho, Nakano-ku, Tokyo 164-8622 TEL: +81-3-5350-0001 (Main phone number)
Established:	August 17, 1973
Capital:	JPY 100 million
Operations:	Construction, leasing and sale of apartments, condominiums, and residential housing; development and operation of resort facilities; broadband business; and elderly care business, etc.
Number of Employees:	3,909 (consolidated basis) 2,723 (non-consolidated basis)



Key Affiliated Companies

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

Corporate Website

<https://www.leopalace21.co.jp/english/index.html>



IR Site

<https://www.leopalace21.co.jp/english/ir/index.html>



External Evaluations Related to ESG

Awarded in "Gomez ESG Site Ranking 2024"

Selected as an Excellent Company in the "ESG Site Ranking 2024" by Broad Band Security Inc. Our company was selected for the first time in this ranking.



External Evaluations Related to IR

Received the "Daiwa Internet IR Award"

Received the Award for Excellence for the fourth consecutive year in the "Daiwa Internet IR Award 2024" by Daiwa Investor Relations Co. Ltd.



Received the "Gomez IR Site Ranking" Award

Received the Silver Award for the eighth consecutive year in the "Gomez IR Site Ranking 2024" by BroadBand Security Inc., which evaluates the usability and comprehensiveness of information on IR sites.



Selected as a AAA Grade Website in the Ranking of All Listed Companies

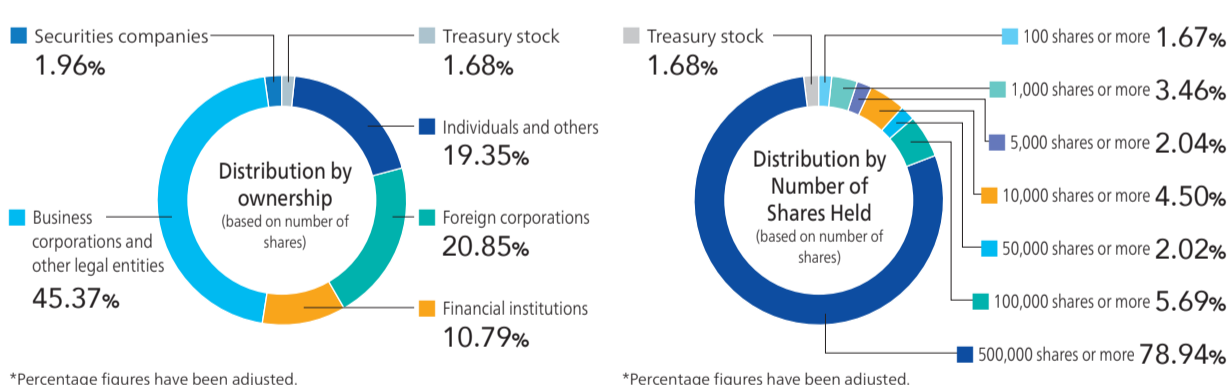
Selected as a AAA Grade Website for the second consecutive year in the ranking of all listed companies in terms of the quality of their websites FY2024 by Nikko Investor Relations Co., Ltd.



Basic Stock information (As of March 31, 2025)

Number of shares authorized:	750,000,000
Number of shares outstanding:	329,389,515
Number of shareholders:	36,860
Listing:	Prime Market of the Tokyo Stock Exchange
Administrator of shareholder registry:	Sumitomo Mitsui Trust Bank, Limited

Shareholder Composition (As of March 31, 2025)



Major Shareholders (Top 10) (As of March 31, 2025)

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

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

Share Price and Trading Volume

