





Section2

Growth Strategy

We explain the progress of the Medium-Term Management Plan "New Growth 2028," which started in fiscal year 2025, as well as the progress of strategies relating to the Leasing Business and Development Business that will drive the Group's growth, human capital management, and the promotion of DX, together with the challenges facing us ahead.

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New Growth 2028: Progress of the Medium-Term Management Plan

Under the "New Growth 2028" Medium-Term Management Plan, 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.

First-year results and progress: A start ahead of plan

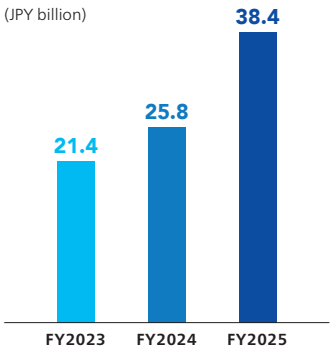
In fiscal year 2025, the Leasing Business benefited from firm corporate demand, and average unit rent for new contracts remained at a high level, enabling us to achieve our targets for all items from net sales through net income. In addition, cash flows from operating activities was positive JPY 38.4 billion, primarily due to the enhanced earnings power of the Leasing Business. Improvements in the occupancy rate and stable rent levels steadily strengthened our cash-generating capacity. Cash flows from investing activities was negative JPY 0.8 billion, while cash flows from financing activities resulted in a cash outflow of JPY 68.7 billion due to the implementation of various capital measures, including the tender offer for treasury stock and the repurchase of treasury stock acquisition rights announced in May 2025.

In fiscal year 2025, we strengthened the foundation for sustainable growth by steadily enhancing the cash-generating capacity of our core business while flexibly implementing capital measures.

(JPY million)

	Revised FY2025 plan	FY2025 results	Difference from plan
Net sales	444,100	444,820	+0.2%
Costs	354,900	355,611	+0.2%
Gross profit	89,200	89,208	+0.0%
%	20.1%	20.1%	-0.0p
SG&A expenses	54,400	53,242	-2.1%
Operating profit	34,800	35,966	+3.4%
%	7.8%	8.1%	+0.3p
Recurring profit	33,000	34,842	+5.6%
Net income	13,000	14,933	+14.9%

Cash flows from operating activities



Implementation of capital measures

The first year represented an important milestone in Leopalace21's capital policy. In May 2025, we announced the implementation of a tender offer for treasury stock and the repurchase and cancellation of treasury stock acquisition rights, and completed the series of procedures during that same year. In September of the same year, we also canceled essentially all of the treasury stock acquired through the tender offer.

These measures were intended to address concerns over dilution resulting from the exercise of stock acquisition rights that were issued in connection with financing from Fortress Investment Group in November 2020. With the expiration date of the stock acquisition rights approaching November 2, 2025, the risk of significant dilution had become increasingly apparent. However, through the implementation of a series of measures, we succeeded in both stabilizing our capital structure and preserving shareholder value. At the same time, we steadily strengthened the financial foundation which will support our future sustainable growth.

Nov 2020: Issuance of stock acquisition rights in connection with loan
Approx. JPY 30.2 billion

[Stock acquisition rights]
- Total number of stock acquisition rights 159,748,700 shares
- Number of dilutive shares 163,196,513 shares*

[Loan]
- Amount borrowed JPY 30.0 billion
- **Refinanced with Mizuho Bank in March 2025**

May 2025: Tender offer for treasury stock
Total acquisition amount: Approx. JPY 71.6 billion

- Tender offer price: JPY 522
- Number of shares acquired: 137,072,803 (Number acquired (1): Equivalent to 134,176,899 stock acquisition rights)

September 2025
Cancellation of 132,046,640 shares of treasury stock

May 2025: Repurchase of treasury stock acquisition rights
Total acquisition amount: Approx. JPY 10.0 billion

- Acquisition price: JPY 383
- Number of dilutive shares: 26,123,710* (Number acquired (2): 25,571,801 stock acquisition rights)

June 2025
Cancellation of all acquired treasury stock acquisition rights

*After having taken into account the number of additional shares to be issued for the stock acquisition rights pursuant to the terms and conditions of the Fifth Series of Stock Acquisition Rights.

New Growth 2028: Update to the Medium-Term Management Plan

In May 2026, after completing the first year of the Medium-Term Management Plan, we updated the outlook for the second and third years of the "New Growth 2028" Medium-Term Management Plan based on our business performance in fiscal year 2025.

Leasing Business: Upward revision to the outlook for average unit rent for new contracts (Index)

There has been no change to our policy of improving the occupancy rate while maintaining high rent levels, and the occupancy rate forecast was adjusted based on the results as of the end of fiscal year 2025. Meanwhile, reflecting recent market conditions and our performance through March 2026, we revised the index for average unit rent for new contracts upward from 109 to 116 for both the second and third years.

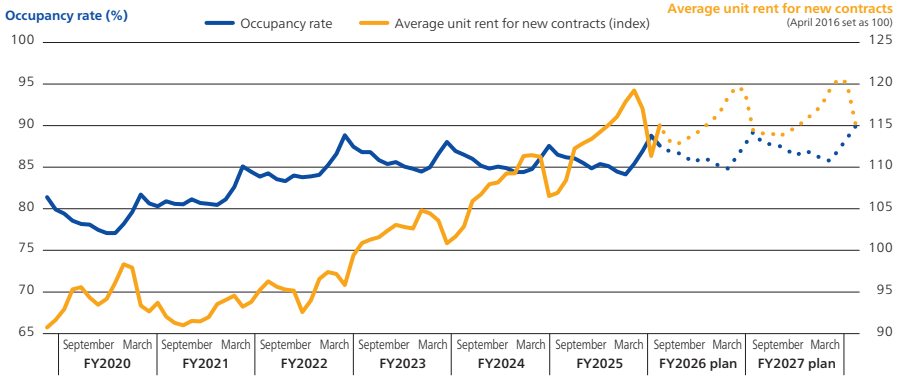
Occupancy rate

	FY2024	FY2025	FY2026 plan	FY2027 plan
Average for fiscal year	85.56%	85.78%	86.49%	87.30%
End of fiscal year	87.57%	88.78%	89.24%	89.88%

Average unit rent for new contracts (index)

FY2024	FY2025	FY2026 plan	FY2027 plan
108	114	116	116

Trends in the occupancy rate and average unit rent for new contracts (index)



Development Business: Adjustment to the plan for the number of managed units

Reflecting stronger-than-planned order intake in fiscal year 2025, we revised the forecast number of managed units for fiscal year 2027 upward by 1,000 units to 534,000 units. Note that there is currently no change to the order plan.

Earnings outlook: Upward revision reflecting higher rent levels and growth in orders received

We revised our net sales forecasts for fiscal years 2026 and 2027 in light of higher rent levels in the Leasing Business and stronger-than-planned order intake in the Development Business in fiscal year 2025. On the cost side, we have incorporated the impact of inflation, including increases in maintenance expenses within cost of sales and personnel expenses within selling, general, and administrative expenses. Nevertheless, due to the increase in net sales, operating profit is expected to rise in fiscal years 2026 and 2027. In addition, reflecting the benefits of refinancing, recurring profit and net income in fiscal years 2026 and 2027 are both expected to exceed the levels originally projected.

Outlook for profitability

(JPY million)	Previous Plan FY2026	Previous Plan FY2027	New Plan FY2026	New Plan FY2027	Change FY2026	Change FY2027
Net sales	456,300	468,000	465,000	477,800	+8,700	+9,800
Costs	362,100	368,900	368,200	374,600	+6,100	+5,700
Gross profit	94,200	99,100	96,800	103,200	+2,600	+4,100
%	20.6%	21.2%	20.8%	21.6%	+0.2p	+0.4p
SG&A expenses	55,700	57,800	58,300	60,100	+2,600	+2,300
Operating profit	38,500	41,300	38,500	43,100	+0	+1,800
%	8.4%	8.8%	8.3%	9.0%	-0.1p	+0.2p
Recurring profit	37,300	40,100	38,100	42,700	+800	+2,600
Net income	22,100	23,900	22,200	25,000	+100	+1,100

Note: The outlook do not reflect the impact of the new lease accounting standard scheduled to be adopted in fiscal year 2027.

Shareholder returns: Dividend increase in FY2026

The annual dividend for fiscal year 2025 was JPY 10 per share, with a payout ratio of 22.2%. For fiscal year 2026, we plan to increase the annual dividend to JPY 15 per share, comprising an interim dividend of JPY 5 and a year-end dividend of JPY 10. We aim to achieve a payout ratio of 30% in fiscal year 2027.

Dividend per share

	Interim dividend	Year-end dividend	Total	Dividend payout ratio (consolidated)
FY2024	JPY 5.00	JPY 5.00	JPY 10.00	17.8%
FY2025	JPY 5.00	JPY 5.00	JPY 10.00	22.2%
FY2026 (Forecast)	JPY 5.00	JPY 10.00	JPY 15.00	21.5%

Message from the Chief of the Corporate Management Headquarters

Evolving into a social infrastructure company and creating new value



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

Looking back on fiscal year 2025

Last fiscal year, against a backdrop of rising rents, especially in the Tokyo metropolitan area, and growing demand for housing among foreign nationals, we delivered results ahead of targets in the "New Growth 2028" Medium-Term Management Plan. The indicator I regard as more significant, though, is that profit grew at a rate well above revenue. Net sales were JPY 444.8 billion, up 3% year on year, while operating profit was JPY 35.9 billion, up 23% year on year. This shows, I believe, not simply that revenue grew, but that the earnings structure of the business as a whole has improved and that we are steadily approaching a sustainable business model that creates added value while delivering profit growth.

By segment, the Leasing Business, which accounts for most of our revenue, recorded net sales of JPY 429.6 billion, up about 3% year on year. The year-end occupancy rate fell slightly short of target but was up on the previous year, and we improved average unit rent, particularly in the Kanto region. I attribute this to several factors working together: better occupancy management, enhanced solution-based sales to corporate customers and a quality-focused sales strategy, supported by a favorable market environment.

Net income was down year on year, but this was due to an extraordinary loss arising from the cancellation of treasury stock acquisition rights, not to the earnings power of our core business.

Overview of business results for the fiscal year 2025

(JPY million)

	FY2024	FY2025
Net sales	431,831	444,820
Cost of sales	354,537	355,611
Gross profit (Gross profit ratio)	77,293 (17.9%)	89,208 (20.1%)
Selling, general and administrative expenses	48,062	53,242
Operating profit (Operating profit ratio)	29,231 (6.8%)	35,966 (8.1%)
EBITDA (Operating profit + depreciation and amortization expenses)	32,734	39,211
Recurring profit	26,936	34,842
Profit attributable to shareholders of the parent	17,861	14,933

Restarting the Development Business and optimizing the capital structure

The most significant achievement on the business strategy front in fiscal year 2025 was restarting the Development Business for the first time in six years since the construction defects problem came to light. Over the past six years, we have worked diligently to address the construction defects problem, with a focus on implementing our quality control framework. This period was not only one in which we worked to rebuild trust with our business partners and apartment owners who stood with us in overcoming this longstanding challenge, but also one in which we redefined governance and compliance and fostered a culture of ethics and self-discipline across the organization. Having gone through this process, we believe that our ability to make the proactive decision to fully resume the Development Business carries significance that extends well beyond the numerical results alone. From a financial perspective, we successfully achieved capital structure optimization through a tender offer for treasury stock and repurchase of treasury stock acquisition rights.



We currently face three challenges: restoring the equity ratio, sustaining the expansion of the Development Business, and improving the Elderly Care Business. The equity ratio fell from 37.5% to 23.0% due to the tender offer for treasury stock and the cancellation of treasury stock acquisition rights. Our policy is to rebuild it in stages by steadily accumulating profit and cash flows from operating activities. The Development Business plays an important part in maintaining and increasing the number of units under management. Through it, we will stabilize the earnings base by pursuing sales measures grounded on an accurate understanding of corporate demand and carry that through to sustainable growth. In the Elderly Care Business, where operating losses are widening, we will clarify the management issues by separating the business into a subsidiary and work to resolve them quickly.

Delivering New Growth 2028

The results for fiscal year 2025 exceeded the plan, marking a solid start to the first year of New Growth 2028. It is, however, no more than a waypoint on the road to sustainable growth. Having revised our plans for fiscal years 2026 and 2027 upward, I believe what matters now is shifting to a structure that earns stably regardless of market conditions.

To achieve this, we will strengthen corporate sales, expand the Development Business, and enhance cost management discipline. We were rigorous about cost control throughout the restructuring. However, one consequence was that investments aimed at creating added value, including investments in human capital, were at times constrained. Going forward, while maintaining disciplined cost management, we intend to restore an appropriate balance between cost control and growth investment in order to accelerate growth. With this approach, we will devote our full efforts to achieving the targets set forth in New Growth 2028.

As for the share price, we believe it is important that, over the medium to long term, we achieve a valuation that appropriately reflects our corporate value. By steadily delivering on our performance targets and shareholder return policy, while communicating the progress and achievements of our growth strategy to deepen understanding of our Company, we aim to improve our market valuation.

Three growth priorities: Corporate Solutions, Development, and DX

There are three main areas of focus for our future growth.

The first is advancing solution-based sales to corporate customers. We will expand the services that address the challenges mainly faced by companies—support for company housing strategy, housing solutions for foreign nationals, help with workforce-related management issues, business continuity planning support, etc.—and evolve into a Co-Creation Solutions Provider.

The second is the selective expansion of the Development Business with a focus on profitability. In building new apartments, we will carefully select locations and expand supply while maintaining a strong commitment to quality. In addition, by closely assessing regional supply-demand dynamics and market pricing, we will pursue a developer model under which we acquire and develop land ourselves. Through these initiatives, we aim to maintain and increase the number of units under management.

The third priority is the utilization of DX and AI. We possess data on approximately 540,000 units accumulated over many years of operations. Vast amounts of information that we had not been able to fully leverage in the past can now be analyzed and structured using AI, increasing the potential to transform these data assets into a source of competitive advantage. We believe this will contribute to the creation of new added values over the long term.

We are currently developing an AI-powered rent assessment system. By leveraging technology in the



rent-setting process, we will be able to determine optimal rents based on an apartment's characteristics, including its location, layout, age, sunlight exposure, and local supply-demand dynamics. We believe this will help reduce vacancy periods and maximize long-term rental revenue. By automating routine tasks, employees will be able to focus on higher-value activities. We will accelerate the shift from labor-intensive operations to knowledge-intensive work, enhancing productivity and improving ROE.

Working toward a stable financial base

Our basic policy on financial strategy is to strengthen our financial base while investing for growth. We do not anticipate raising additional capital in response to the temporary fall in the equity ratio in fiscal year 2025. By generating stable earnings from the Leasing Business and accumulating cash flows from operating activities, we will strengthen our equity base and aim to gradually restore the equity ratio to 30% by fiscal year 2027 under the current accounting standards. The decline in cash and equivalents is also temporary, and a steady recovery is expected. Therefore, we do not view this as a major issue at this time.

Regarding the balance sheet, we will review our asset portfolio and shift toward income-producing assets. As part of these efforts, we will undertake land acquisition and development in-house, focusing on the three major metropolitan areas where strong demand is expected over the medium to long term. The Development Sales Division and the Finance and Accounting Department will work closely together in making investment decisions, taking into account opportunity costs and profitability.

Cash flow-related indicators

	FY2021	FY2022	FY2023	FY2024	FY2025
Equity ratio (%)	0.7	14.5	31.2	37.5	23.0
Equity ratio (%) on a market value basis	45.7	70.5	80.1	85.6	114.3
Ratio of interest-bearing debt to cash flows (years)	–	3.0	1.4	1.2	0.8
Interest coverage ratio	–	2.4	5.2	14.9	42.7

Prioritizing profitability and capital efficiency

On capital allocation, rather than viewing a stable financial base, growth investment, and shareholder returns as separate matters, we see them as interlinked and will begin by stabilizing the financial base. Our first priority is to strengthen the financial base. As the financial base becomes stronger, we will be able to pursue growth investments, and if those investments lead to earnings growth, they will in turn enable greater shareholder returns. We therefore place emphasis on capital allocation that supports and sustains this virtuous cycle.

For greater capital efficiency and higher market valuation, we believe steady EPS growth is the key. We will achieve sustainable EPS growth by improving occupancy rates and increasing rental income, expanding revenue through the monetization of the Development Business, and enhancing profitability through AI-driven operational efficiency and disciplined cost management.

We are also in the process of shifting to a management approach that prioritizes capital efficiency. Since a fund became involved in our management in fiscal year 2020, discussions from perspectives we did not have before have become much more active. These include, for instance, evaluating the profitability of the assets we hold against the cost of capital. We will continue to treat maintaining ROIC above WACC as one of our key management indicators and will assess whether invested capital is generating adequate returns, drawing on insights from our shareholders and investors as we do so. Through this work, we will achieve both profitability and capital efficiency, and pursue sustained improvement in corporate value.

Communication with stakeholders

We provide appropriate opportunities for stakeholder dialogue and disclose information quarterly. Going further, we will strengthen our ability to address the fundamental questions investors have and the issues of greatest interest to the market through our business activities, while also increasing the occasions on which we explain the outlook for the businesses that will drive our growth. We take the opinions and questions we receive seriously, as direct feedback to management, and will incorporate them into our management decisions and efforts to enhance our disclosures.



Toward becoming a Co-Creation Solutions Provider

The construction defects problem, which significantly undermined public trust in our Company, remains at the core of our management today, and we will never forget the seriousness of what occurred. Guided by the lessons learned from this experience, we will continue to uphold sincere and responsible management and business operations, striving to restore trust and enhance corporate value.

To achieve medium- to long-term growth, we aim to further enhance our Leasing Business with a focus on company housing contracts and strengthen our role as strategic infrastructure supporting corporate human capital. Even as demographic trends and work styles continue to evolve, demand for housing among single-person households and foreign nationals is expected to remain resilient. By continuing to meet these societal needs, we will establish ourselves as a social infrastructure provider in the rental housing market.

Our roughly 540,000 units under management, our nationwide network of owners, and our corporate customer base built up over many years are intangible assets unique to us and a considerable strength that competitors cannot easily match. By making the most of them and working to create new services for owners and new business opportunities in collaboration with corporate customers, we will further strengthen our competitiveness.

Looking ahead, we aspire to move beyond the traditional real estate leasing business and evolve into a Co-Creation Solutions Provider. Building on our housing services, we will leverage the wealth of data and technological expertise accumulated over many years to deliver new value to our customers. As we seek to support our corporate customers in addressing their business challenges and fulfill our responsibilities as an indispensable social infrastructure company, we will steadily achieve our short-term performance targets while building a strong management foundation that supports sustainable growth from a long-term perspective.

Consolidated earnings forecast for fiscal year 2026 (April 1, 2026 to March 31, 2027)

(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		Operating profit		Recurring profit		Net income attributable to shareholders of the parent		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Quarter 2 (cumulative)	231,900	4.5	21,400	6.7	21,200	11.4	12,300	162.9	38.72
Full year	465,000	4.5	38,500	7.0	38,100	9.3	22,200	48.7	69.88

Message from the Chief of the Leasing Business Headquarters

Creating new value as a Comprehensive Leasing Management Provider



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

Strengthening our business foundation by raising occupancy rates and customer satisfaction

Fiscal year 2025 was the first year of our Medium-Term Management Plan. Under the business policy of "embarking as a Comprehensive Leasing Management Provider," we set three basic policies—strengthening leasing sales activities for renewed growth, pursuing key issues in the property management business, and reinforcing relationships with apartment owners—and worked to strengthen our business base by improving occupancy rates and customer satisfaction. As a result, our leasing sales activities delivered tangible results toward establishing a stable business base, and I believe we also advanced steadily in property management and in strengthening our relationships with apartment owners.

In leasing sales activities, we transitioned from a recovery phase, where restoring occupancy rates was the highest priority, to a growth phase focused on establishing a stable revenue base. We advanced a property-led sales strategy based on detailed profitability analysis at the building and unit levels. The occupancy rate, which had fallen after the construction defects problem came to light, has improved substantially, recovering to the high-90% range in Tokyo and three surrounding prefectures. To address regional disparities in occupancy rates, we set prices flexibly in line with local supply and demand and stepped up outreach to nearby local businesses, universities, Japanese language schools, and others, working to uncover new demand from both individual and corporate customers. This produced steady improvement, with the occupancy rate in Mie Prefecture, for example, rising by eight percentage points, and the overall occupancy rate stood at 88.78% as of March 31, 2026.

Corporate customers account for 85% of our annual contracts. In response, we have focused on meeting their needs accurately and facilitating prompt contract execution. We have also leveraged our expertise to support companies in addressing common challenges related to talent acquisition and employee retention, including through the hosting of forums and study sessions. As a result of these efforts, we have grown into a company that is increasingly chosen and trusted by corporate customers. Because tenants' first impressions of an apartment are a key driver of customer satisfaction, we have prioritized improvements in management quality, including rigorous interior cleaning conducted in collaboration with our contracted business partners. These efforts contributed to a customer satisfaction rate of 84.1%. We will continue to focus on enhancing tenant satisfaction and remain committed to achieving our target of 90% by the final year of the Medium-Term Management Plan.

On relationships with owners, we worked to maintain and enhance apartment building value by carrying out maintenance and beautification work on older apartment buildings. Our Leasing Business exists because owners entrust us with their valuable assets. Our mission is to strive to enhance asset value over the long term by ensuring stable earnings and securing a budget for apartment building repairs and related work. Rebuilding the trust of our stakeholders still has some way to go, but the fact that every employee is coming to think and act on their own initiative in a client-first spirit is, I believe, a major change and a real achievement of the past fiscal year.

Strengthening our revenue base by serving foreign nationals and advancing DX

Throughout the rest of the Medium-Term Management Plan, it is essential that we maintain a stable revenue base through our recurring-revenue business model. Alongside improving profitability through a price-focused strategy centered on urban areas, we will expand our services to meet the diverse needs of customers across Japan.

Labor shortages are currently driving companies to hire more foreign nationals, and securing housing for them has become a significant challenge. Beyond housing, we support tenants from move-in to move-out through multilingual call center and chatbot services, helping them enjoy worry-free living in Japan. We are exploring a variety of new services to support the daily lives of all tenants, not only those from overseas.

In the Leasing Business, DX is one of the key themes of the Medium-Term Management Plan. Smart locks have made life more convenient for tenants and improved operational efficiency across the organization. To address challenges such as a shortage and aging workforce to carry out property management work, we will apply DX technologies to our operations, building an efficient and sustainable property management model.



Building an integrated three-pillar framework to solidify our position as a Comprehensive Leasing Management Provider

For fiscal year 2026, we have set a business policy to establish a firm position as a Comprehensive Leasing Management Provider, and we will bring our strengths fully to bear by running leasing, property management, and wealth management as a single, three-way integrated operation.

In leasing, we will create demand through a property-led approach to secure stable revenues. In property management, we aim for 90% customer satisfaction by listening to customer feedback from a customer-first perspective and continuously improving our services. In wealth management, we will build long-term trust with apartment owners and strengthen relationships with the next generation through tailored solutions.

As we enter the next growth phase, success will depend on region-specific strategies considering differing market conditions and needs of each region together with swift decision-making rather than uniform sales measures directed from headquarters. To achieve this, we will work on building a management structure with a view to implementing a regional branch system. Across our seven regional Property Management Departments in place, we are strengthening the integration of leasing, property management, and wealth management, so that sales activities can reflect the characteristics of each region. By empowering employees to make autonomous decisions based on a deep understanding of local stakeholders, we aim to strengthen community-based businesses and contribute to regional revitalization.



Creating new value, becoming a company trusted and needed by society

Looking ahead, we will work to create new value that extends beyond the provision of housing. We aim to provide added value that contributes to comfortable, secure and fulfilling lifestyles, including services that support the health and well-being of tenants living alone.

For our corporate customers, we also aspire to evolve from the brains behind the company housing strategy into a Co-Creation Solutions Provider. By collaborating with each company to create new forms of social value and by delivering solutions to challenges such as talent acquisition and employee engagement, we will build strong and lasting strategic partnerships.

We aim to be an "employee-centered" company where each employee takes initiative, embraces challenges, and creates value with creativity and ingenuity in their work. By working together across departments and responding to the expectations of our stakeholders, we can continue to be a company that is valued and needed by society, we can continue to be a company that is valued and needed by society. We believe that sustainable growth lies beyond that achievement. As a Comprehensive Leasing Management Provider, we will continue to foster a culture that encourages innovation, collaboration, and a willingness to take on new challenges.

Leasing Business Strategy

With real estate expertise and know-how as our core competency, we have developed a unique business model that seamlessly integrates apartment development, leasing, and property management. Through this integrated approach, we have established a Comprehensive Leasing Management Model. In terms of the number of single-occupant rental units under management, we are among the largest providers in Japan.

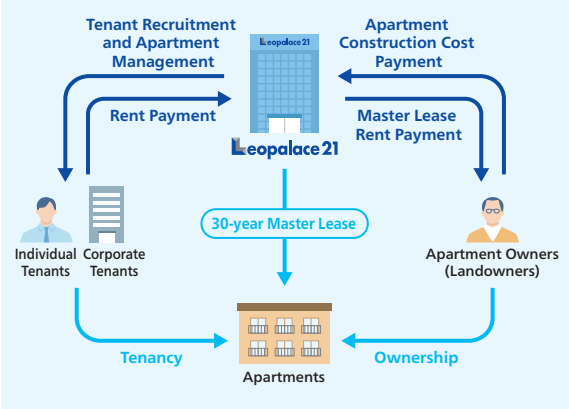
Business model

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, while in fiscal year 2025, we introduced dynamic pricing that flexibly adjusts rents in line with demand, thereby improving the occupancy rate.

We are also strengthening our efforts to meet company housing needs, with 66.5% 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 initiatives, as well as promoting occupancy among the increasing number of foreign nationals employed by companies.



Strengths and advantages

We build apartments with standard layouts planned by the 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 occupants, 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 are furnished and equipped with appliances, and internet accessibility. Tenants can move in with minimal belongings, making it easy to start a new life, while also reducing the costs and hassle associated with moving out. These advantages make our apartments particularly attractive to tenants seeking housing for a fixed period, such as those relocating for work or pursuing higher education.

Seventy-two percent of listed companies in Japan have used our services

As companies have phased out company housing for employees as part of efforts to reduce non-core assets, we have expanded our corporate leasing business by serving as an alternative housing solution. Today, our corporate clients span a wide range of industries, including construction, staffing and outsourcing services, wholesale and retail, food service and hospitality, and manufacturing. Seventy-two percent of Japan's listed companies have a track record of using our properties.

We believe that our properties are widely used by listed companies because they offer several significant advantages to corporate customers, including the ability to provide housing anywhere in Japan through a single point of contact, standardized quality, layouts, and key amenities nationwide, and cost savings through reduced brokerage fees.

In addition, our customer base is well diversified and not dependent on any particular company or industry. As a result, we are able to maintain a stable number of contracts without being significantly affected by fluctuations in the performance of particular industries or companies.

Leasing Business Indicators

Reasons Corporate Clients Choose Us

1. Centralized contact point

Because we can provide housing anywhere in Japan, client companies can centralize their contact point with us, which helps reduce the burden on personnel responsible for company housing.

2. Uniform standards nationwide

By maintaining the same standards for the grade, layout, and key amenities 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

As the Company is the lessor, corporate customers are not required to pay the brokerage fees generally incurred in intermediary transactions, helping them reduce expenses.

Leasing Business Strategy

With customer satisfaction as the foundation of everything we do, we aim to establish a solid Comprehensive Leasing Management Model through unrivaled quality of service. We will demonstrate the unique strengths that set the Company apart, by integrating leasing, property management, and wealth management, which previously operated as separate functions.

Establishing a Comprehensive Leasing Management Model through the integration of leasing, property management, and wealth management

The Company's subleasing business, centered on the 30-year master lease system, is a recurring-revenue business model that creates value by constructing buildings, ensuring that they are chosen by tenants, and continuing to provide stable management over the long term. The sustainable growth of this business model requires an integrated approach that encompasses not only the supply of apartments, but also improvements in tenant satisfaction, the maintenance and enhancement of owners' asset value, as well as responses to demand for rental housing in each region. Based on this approach, the Company is evolving into a Comprehensive Leasing Management Provider, integrating the three functions of leasing, property management, and wealth management to create value.

Leasing area

In the leasing area, we are strengthening sales activities that capture demand from both corporate and individual customers in order to maintain and improve stable occupancy rates. We will build a robust business foundation that supports growth by advancing four strategies: strengthening relationships with major corporate users through sales activities led by senior management; developing customers such as local companies and local governments that will contribute to stabilizing the apartment portfolio in each region; securing ongoing and stable contracts through a standardized sales approach; and steadily securing individual contracts by approaching brokerage companies and the student market.

Property management area

In the property management area, we will fundamentally review our operations and establish a business structure that supports stable growth over the medium to long term. We will enhance service quality by restructuring property management operations, strengthening cost controls, and further improving customer satisfaction. At the same time, we will reduce compliance risks through rigorous legal compliance and a robust employee training framework. We will create rental housing that is competitive in the market by improving the quality of both building management and customer service.

Wealth management area

In the wealth management area, our key mission is to enhance owner satisfaction while preserving and increasing the value of owners' assets. We focus on optimizing the apartment portfolio that underpins our business by providing proposals for owners' assets, renewing master lease rents, supporting asset succession to the next generation, handling contract-related procedures, and carrying out building maintenance. By providing these services, we support owners in apartment management and asset management.

We aim to establish a sustainable Comprehensive Leasing Management Model by integrating these three functions and enhancing the satisfaction of both tenants and owners. Our ability to provide seamless support from building planning and construction through long-term management, while helping maintain and enhance the value of owners' assets, is a unique strength of our Company. We will maximize these comprehensive capabilities and deliver unique value that sets us apart from our competitors.





Customer Dialogue **Alpen Co., Ltd. × Leopalace21 Corporation**

Trust deepened by coming through the construction defects problem

Toward becoming strategic partners

We have built a relationship of trust with Alpen, the sporting goods retail chain, over more than 20 years of providing company housing.
There was also a period, however, when the construction defects problem that came to light in 2018 prompted Alpen to consider reviewing its business relationship with us.
How has the relationship between the two companies changed since then?
In this dialogue, the two speakers look back on how far they have come and discuss where they are heading.

Junji Kojima
Executive Officer
General Manager, Property Management Division - West Japan
Leopalace21 Corporation

Naoki Shimizu
Operation Officer and Head of Administration
Alpen Co., Ltd.

Supplying company housing without regional disparities — essential to a nationwide store network

Kojima: It was in 2004, wasn't it, that Alpen first began using apartments under our management as company housing? Today, you use more than 1,000 units, and I understand that before that, several employees would share a single unit in a company housing.

Shimizu: That's how it used to be. If you were lucky, you had a 3LDK unit — three rooms plus a living-dining-kitchen area — to yourself. If you weren't, three of you shared it. That was quite a gap. I started out in a dormitory myself, with no private space at all, so when I was able to move into a Leopalace21 apartment leased as company housing, it felt like heaven on earth. Having private space, even in company housing, matters enormously, and we want to keep it a priority.

Kojima: At the time, were many of your employees beginning to say the same thing: that they would rather not live in a dormitory?

Shimizu: It was less that they disliked dormitories as such, and more that we had real issues to address around privacy and security. Between roughly 2004 and 2007, we gradually shifted over to leased company housing from Leopalace21. Speaking from my own experience, moving into company housing changed my daily life completely. I could finally relax at home and, as a result, concentrate on work better than before.

Kojima: We've put a lot of effort into making the living area, the tenant's private space, feel as spacious as possible. When you made the switch to company housing, what conditions were you looking for?

Shimizu: First, safety and peace of mind. That is an absolutely indispensable condition. Second,

standardized size and specifications, so that we could offer an equal living environment without regional disparities. Since we operate stores nationwide, that point is essential for us as well. When we assessed the options against those criteria, Leopalace21's apartments met all our conditions, so we decided to use them extensively.
We also have sudden transfers to other stores, so it helps us greatly that the units come with furniture and appliances. An employee can move in with nothing but their personal belongings. You provide the volume we need nationwide, and because Leopalace21 covers all of Japan, we regard you as an important partner in reliably securing company housing.

Kojima: What kind of feedback do you hear from employees actually living in our apartments?



Shimizu: Recently, the smart locks that let you unlock the front door with a smartphone have been extremely well received.

Kojima: Thank you. Smart locks are not only convenient but also enhance security, allowing tenants to live safely and with peace of mind. We have also worked hard on layout design, so that tenants can live as comfortably as possible in units of around 20 square meters. We've long promoted the loft as one of our strengths.

Shimizu: I lived in a room with a loft myself, and it also had a small storage unit, which was very convenient. Our employees tend to own a lot of gear — golf clubs, skis, snow tires — so we want to keep looking at rooms with lofts and storage units. We also hear requests for a separate washbasin unit and for better-equipped kitchens. For employees who care about such things, more room choices would further raise satisfaction.

Kojima: We have been gradually increasing the number of units with a separate washbasin. As for kitchen facilities, some apartments now come with a portable tabletop induction cooktop so that tenants can enjoy hot pots and similar dishes at home. We are expanding the options to match tenants' lifestyles.

Shimizu: Our new graduate intake is now roughly half men and half women, so we expect requests around kitchen and bathroom facilities to grow. Thinking about future recruitment and retention, better kitchen and bathroom facilities, and further improvements to security are all themes we would like you to consider.

The construction defects problem and the effort to restore trust

Kojima: When our construction defects problem came to light in 2018, we caused Alpen enormous worry and inconvenience.

Shimizu: It was a deeply disappointing matter. To be honest, voices inside the company asked, "Is it really safe to leave our company housing with Leopalace21?" and there was a move to consider switching to another provider. But I heard from the person handling it at the time that your sales representative responded with genuine sincerity and integrity, speaking honestly with us about the problem. I think that strong impression — that here was someone we could trust — is what led to the relationship we still have today. And of course, it was not only at that time. You have made great efforts on our behalf since then as well, so in terms of trust, I would say you have more than recovered it. Your business performance has improved, too, so we do business with you with complete confidence.

Kojima: Your department manager at the time, and everyone else, listened to our explanations and checked the situation with us in detail. And when I later learned that they had gone around the company making the case that Leopalace21 could be trusted, I felt a sense of gratitude I could never fully express. I am truly grateful, and it has stayed with me.

Shimizu: It was the trust built up over more than 10 years before that which made it possible, and today we regard you as a partner unlike any other.

Toward collaboration that supports each other's business, unconstrained by conventional boundaries

Shimizu: Nationwide store expansion is our growth driver, and securing company housing is a precondition for it. You already supply us with apartments across the country, but rather than simply finding apartments for us, you bring us all sorts of proposals on employee benefits, which is why I see you as a strategic partner. That is what I mean by a partner unlike any other. Going forward, I hope we can collaborate in many ways so that Leopalace21 and Alpen both come out ahead… In fact, I'm confident we will.

Kojima: Alpen is very active in contributing to local communities, including by supporting sports promotion. We supply housing infrastructure to roughly 540,000 households nationwide, and every unit comes with an internet connection as standard, giving access to our LEONET video streaming service. It is a tool that connects our tenants, so we would like to use it to help draw people to your local events by, for instance, announcing them. I believe I heard that, as part of your health and productivity management, Alpen has been encouraging employees at locations across the country to take on a full marathon.

Shimizu: Our purpose is to bring sports closer to everyone. Realizing it depends, above all, on cultivating a culture in which every one of our own employees enjoys sports. That is the thinking behind our 1,000-Person Full Marathon Project. Getting about 40% of all employees to take part was a considerable undertaking, but a running culture has visibly taken root. I can feel it. Promoting sports through alliances — with companies, of course, but also with local governments and communities — is a key strategic pillar for us going forward, so linking that with your housing network could be really exciting.

Kojima: Health and productivity management is a topic of broad social interest, and it sits very naturally alongside sports. My understanding is that Alpen positions its nationwide stores as places that offer services which raise lifetime value (LTV) beyond products. We too want to work with you actively, without being confined to the conventional boundaries of simply providing housing.

Shimizu: For example, it would be valuable if you could act as a hub connecting the companies you do business with. If you gave us opportunities to build closer ties between companies, I think we'd learn a great deal from it.

Kojima: We have taken part in and helped run a forum on promoting women's empowerment, which brought together around 70 women in management positions. Participants exchanged views energetically on how to develop more people who can thrive both inside and outside their organizations.

Shimizu: I see. If you have that kind of track record, all the more reason to ask: could you also create a forum for the people who handle employee benefits in HR and general affairs? I think we'd find that really stimulating. Administrative departments like ours know very little about what goes on outside our own company. I would love to exchange views on how people in HR and general affairs at other companies approach their work, how they operate, and what occupies their thinking day to day. Health checkups, for instance. We have no real picture of what other companies actually do — which employees are screened for what. If a network of HR and general affairs departments could be formed, I think it would lead to productive discussions.

Kojima: Within the same industry, it is one thing, but across different industries, you just don't have the connections, and it is hard to know what others are really doing. Because we deal in company housing, we are fortunate to have points of contact with customers across a wide range of industries. Building communities on a regional basis, for example, would work well. We'd be delighted to organize a forum where different industries can exchange views.

Shimizu: I hope we can deepen our relationship with Leopalace21 further, through the reliable supply of company housing, of course, but also through ties with local communities and company-to-company collaboration. I look forward to continuing to work with you.

Kojima: Reliably providing safe, secure company housing is a mission we take as a matter of course. But having met that responsibility, we want to put into practice forms of collaboration that support Alpen's store expansion and help strengthen its product appeal. Thank you for taking the time from your busy schedule to share such valuable thoughts with us today.



Message from the General Manager of the Development Sales Division

Making the restarted Development Business a new engine of growth



Takeru Sato
Executive Officer
General Manager,
Development
Sales Division

Making the Development Business a new pillar of our growth strategy

The Development Business, restarted during our recovery from the construction defects problem, enters its second year. The Leasing Business is the pillar of our earnings at present, but sustainable growth depends on establishing the Development Business into the core of our growth strategy. Taking this business to its next stage of growth is, I believe, my mission.

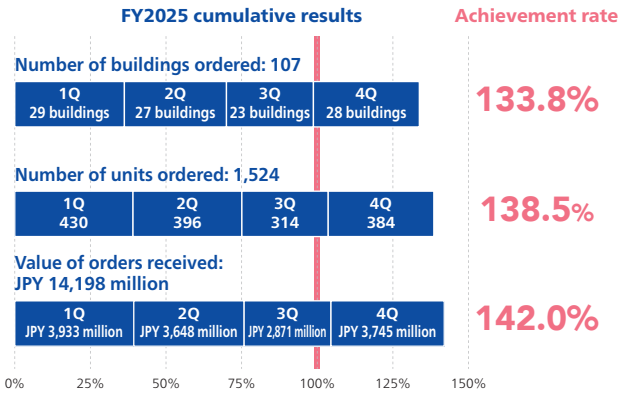
What I emphasize in running the division is that, guided by the idea of an "employee-centered" company, we become an organization where each person thinks for themselves, acts responsibly, and is fairly recognized for what they achieve. On a foundation of pay-for-performance, dialogue beyond organizational boundaries, and judgments anchored in both the present and the future, we will build self-directed teams and make them the engine of growth for the Development Business.

Strong momentum in the first year after resumption

In fiscal year 2025, when the Development Business restarted in earnest, we took orders for 107 buildings and 1,524 units, worth JPY 14.1 billion, meeting the targets set in the "New Growth 2028" Medium-Term Management Plan on all three measures. In particular, the favorable response to our construction contracting from property owners and its steady acceptance in the market were major achievements, giving us greater confidence in our future growth prospects. The foundation for our next leap forward is steadily taking shape, and we have revised upward our plan for units under management in fiscal year 2027.

On the other hand, in newer business models, such as land-and-apartment sales, it is essential to build a system that can move projects quickly and reliably from land acquisition through apartment completion to sale. By establishing a repeatable template for the work, we will increase both the pace of growth and profitability.

Progress against the full-year order plan



Expanding revenue opportunities through land-and-apartment sales

The Development Sales Division engages in three types of transactions: contracting construction, land-and-apartment sales, and property acquisition and resale. In land-and-apartment sales, we acquire the land, construct the building, and sell it as an income-producing rental property. For the customer, the convenience is being able to entrust the entire process to us in one package, from finding the land through construction to ongoing operation. By handling everything from site selection through to operation, we will raise the quality of these properties as income-producing assets.

The three types of transactions each meet a different customer need, and each generates new synergies for the others. Contracting construction meets emerging needs among customers who already own land, while land-and-apartment sales and property acquisition and resale open up points of contact with prospective real estate investors. By connecting the points of contact each business creates to the next opportunity, we will expand our customer base and build a portfolio that is resilient to changes in the market environment.

Regarding the revenue model, alongside our mainstay sublease arrangement, which guarantees a stable rent over a long period, we also offer a pass-through type that reflects prevailing market rents. By combining the two to meet each customer's needs, we will strengthen our portfolio.



We will also use real estate funds as an exit vehicle for development assets and put in place a mechanism that recycles the recovered capital into future development projects thereby accelerating the turnover of land-and-apartment sales and improving capital efficiency. Furthermore, we plan to gradually expand our geographic footprint while carefully evaluating market demand and profitability.

Creating a new cycle in the corporate market

The corporate market is an important channel that reaches across both the Development Business and the Leasing Business. On the supply side, leveraging idle land owned by corporate customers, we propose either construction projects with the company as the owner or land-and-apartment sales projects in which we acquire the site ourselves. On the demand side, we capture demand for completed apartments from company housing and employee welfare programs, as well as from real estate investors. Drawing on the relationships we have built up through our company housing strategy, we can create a cycle that sources opportunities from corporate customers and delivers value back to them. This is one of our key strengths.

This fiscal year, our priority is to build a sales model leveraging our existing corporate customer base. Targeting companies with substantial company housing needs, companies seeking investment opportunities for surplus capital, companies planning for business succession and companies with operations in regional areas, we will propose not only corporate housing solutions but also asset reallocation and business succession strategies. I want us to build successful cases that develop from these existing points of contact and refine them into a repeatable template.

We will also strengthen collaboration with external partners. We will cooperate with financial institutions on funding and work with local governments on regional revitalization initiatives. We will work with tax accountants and other licensed professionals to support customers with asset succession.

Leveraging our customer base to build a change-resilient organization

Our greatest strength lies in the leasing and property management capabilities built across roughly 540,000 units nationwide, as well as our proposal capabilities built on extensive customer insights. Offering development, leasing, and management on a one-stop basis and our ability to anticipate and resolve customers' issues underpin the competitiveness of our Development Business.

A large customer base of some 26,000 owners is another important management asset that sets us apart from competitors. The average age of the properties we manage has reached 19 years, so opportunities for rebuilding and for value enhancement will increase. By proposing portfolio strategies tailored to each owner's needs and supporting them through to exit, we will generate new business opportunities from our customer base.

Under New Growth 2028, we aim to secure orders for 250 buildings and 3,500 units in fiscal year 2027. To achieve this, we will expand land-and-apartment sales offer proposals combining sublease and pass-through arrangements, and leverage real estate funds, thereby driving the growth of the Development Business.

What will support all of this is an organization that can deliver repeatable results. Rather than depending too heavily on individual experience and personal judgment, we will share best practices and build a structure in which every employee can take pride in their work. Showing through our daily conduct what we mean by shaping the future of valuable assets together, and contributing to the future of our customers' assets, we believe we can fulfill both our role and purpose.

TOPICS

ArLk: Rental Housing Designed for New Styles of Single Living

Drawing on the expertise we have developed as a leader in studio apartments, we created *ArLk* rental housing based on ideas unconstrained by conventional assumptions. By responding to changing needs among single occupants and pursuing the value required for the next generation of rental housing, we have achieved both greater comfort for tenants and enhanced asset value for owners.



A new standard for studio apartments proposed by *ArLk*

ArLk is a new product that has been developed in response to changes in the lifestyles and values of today's single occupants, with the aim of creating a home that elevates everyday living. We reconsidered conventional assumptions about studio apartments and pursued homes in which each tenant can live comfortably in their own way, even within a limited space.

Spatial design that elevates everyday living

In order to maximize the value of limited living space and to achieve a sense of openness and comfort, we minimized interior doors and partitions to streamline movement throughout the home. We also incorporated features that make effective use of limited living space, including an open closet behind the accent wall and a wall-mounted television as standard, while seamlessly integrating the wet areas so as to create a hotel-like living environment. In terms of equipment, we adopted smart locks and stick-type smart TV devices, as well as a countertop induction cooktop that can be stored away when not in use, allowing the kitchen space to be more flexible.

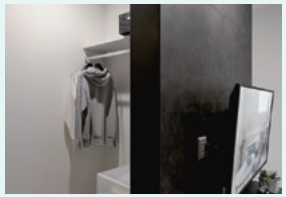
Quality and performance supporting long-term asset value

In addition, *ArLk* emphasizes not only tenant comfort but also maintaining owners' asset value over the long term. Each building undergoes structural calculations and achieves Deterioration Countermeasures Grade 3, the highest level under the rating system. In addition to adopting the high-sound-insulation Non-Sound System and reinforced ceilings that have enhanced performance in terms of limiting the spread of fire, we also comply with next-generation energy-efficiency standards and continue to enhance safety, security, and environmental performance.









Creating new housing value to meet the changing needs of single occupants

Fuminori Kataoka
Product Development Group, Design Department, Architectural Engineering Division

Building on the knowledge and track record we have built up through nearly half a century of specialization in the one-room rental housing business, we have pursued the question of what kind of housing will be needed for single living in the coming years, while also anticipating changes in social structure and increasingly diverse lifestyles.

The result of these efforts is *ArLk* Based on the concept of designing a new dimension in single living, *ArLk* was developed by rethinking the concepts of comfort, functionality, and livability without being constrained by the conventional framework of one-room rental housing.

In developing *ArLk*, we placed our focus on achieving both an enriched lifestyle for tenants and stable rental property management for owners over the long term. We will also contribute to maintaining and enhancing asset value by ensuring a product appeal that is capable of continuing to meet changing needs. We will propose *ArLk* as a new standard for rental housing for single occupants and will continue to provide sustainable value to society as well as to all of our stakeholders.

Human Capital Management

ELTV (Employee Lifetime Value) refers to the aggregate of three components: human value contribution, average years of service, and number of employees. The concept is that as the value employees provide to the Company increases, the value the Company provides to society (roughly equivalent to long-term profit) also increases accordingly. The Group has established an "Employee-centered" Company as its vision for human capital management and is promoting initiatives in order to maximize ELTV.

An "Employee-centered" Company

ELTV
Total value created by employees over their lifetime

	Promotion of well-being management	Promotion of DE&I	Realization of a diverse workforce portfolio	Leadership development and succession	Improvement of employee engagement	Compliance promotion
Future	■ Establish an organizational foundation that enables diverse employees to continue contributing proactively over the long term ■ Achieve sustainable growth and enhanced corporate value originating from human capital		■ Secure a human capital advantage within the industry through the contributions of professionals in each field ■ Create new corporate value by developing and promoting younger employees		■ Establish an organizational foundation that enables employees to continue contributing proactively over the long term ■ Develop an environment in which employees can work with peace of mind	
Output * FY2025	**Employee engagement** Engagement score [eNPS]: -54 (Previous fiscal year: -62) **Number of employees on sick leave** Employees on sick leave (mental health): 0.4%	**Percentage of female managers** 5.9% **Rate of male employees taking childcare leave** Rate of leave taken for childcare purposes: 66.7%	**Number of new graduate/mid-career hires** New graduate employees joining in April 2026: 111 Mid-career hires: 264 **Number of qualified employees** Licensed architects (first class / second class): 203 Construction management engineers (first class / second class): 184 Real estate transaction specialists: 523 Rental property management specialists: 247 **Establishment of the DX Promotion Department**	**Job posting applicants** Number of applicants: 27 **Next-generation leader selection and development program** Number of participants: 116 **"Leo: Revo fast-track leadership program"** Number of applicants: 25 *A program for strategically developing, selecting, and appointing next-generation leaders, diverse talent, and career professionals.	**Longer employee tenure** Average years of service for regular employees: 13 years and 2 months **Lower employee turnover** Turnover rate: 7.1% (-0.8 p YoY) Number of employees who left: 203 employees (-17 YoY) **Hataraku Yell** Certified as an employee welfare promotion organization	**E-Learning** (Prevention of sexual harassment) Participation rate: 95.1% **Group training** Number of sessions held For new graduate employees: 1 By business division: 4 **Internal whistleblowing** Number of cases reported: 67 (Previous fiscal year: 94)
Input	■ Support employee well-being ■ Enable flexible work ■ Cultivate a corporate culture ■ Gather employee feedback	■ Formulation of measures and KPIs through the DE&I Promotion Committee ■ Unconscious bias training ■ Training for management candidates ■ Networking	■ Recruitment linked to management strategy ■ Measures to increase the number of employees holding qualifications directly related to the business	■ Active promotion of younger employees ■ Next-generation leader development	■ Conducting surveys ■ Direct communication with management ■ Introduction of employee benefit programs to improve the working environment	■ Implementation of internal awareness-raising activities ■ Designation of contact personnel in each department

Human Capital Strategy: Promotion of Well-being Management

The Group promotes well-being management, which seeks to enhance the well-being of individuals, organizations, and society as a whole by maintaining and improving employees' physical and mental health, revitalizing the workplace through vibrant connections among employees, and fostering positive mutual relationships with all stakeholders, including customers, business partners, and shareholders.

Promotion framework

The President and CEO serves as the chief officer, positioning the Human Resources Department as the well-being management driving force and implementing various measures in cooperation with each business site and the Health Committee. Since fiscal year 2016, we have been continuously certified as an Outstanding Health & Productivity Management Organization in the Large Enterprise Category, and in fiscal year 2025, we were certified as a Top 500 Outstanding Health & Productivity Management Organization and selected as a Health & Productivity Stock.

Well-being Management

Health issues and key progress indicators

Initiatives to reduce the smoking rate

When we conducted our first internal survey of smoking rates in fiscal year 2016, we found that the Company's smoking rate was more than twice the national average. In response, we strengthened our initiatives to create a smoke-free workplace following the amendmend to the Health Promotion Act in 2020, declared the workplace smoke-free and launched a four-year smoking cessation promotion plan in 2021, and announced the "Workplace Smoke-free Policy Declaration" in May 2024. As a result of developing rules through educational and awareness-raising activities as well as internal meetings that included employees who smoke, the smoking rate declined by 13.3 percentage points compared with fiscal year 2016, reaching 26.3% in fiscal year 2025. We will continue to promote the development of a workplace environment that supports employee health.

Secondary examination participation rate after health checkups

In order to reduce health risks, since fiscal year 2023, we have shared information on employees who have not undergone required secondary examinations with line managers, who also encourage those employees to attend. All reported results are reviewed by public health nurses, and the secondary examination reporting rate was 90.6% in fiscal year 2025. To further strengthen these efforts, we revised our employment regulations in fiscal year 2026 to make attendance at secondary examinations mandatory.

External recognition

Health & Productivity Stock 2026 and Top 500 Outstanding Health & Productivity Management Organization 2026

We regard employees' physical and mental health as being an important foundation of management and have promoted well-being management. In recognition of these initiatives, we were selected as a Health & Productivity Stock for the first time and certified as a Top 500 Outstanding Health & Productivity Management Organization for the first time in six years.

We regard this recognition as the result of our continued efforts to establish systems that support employees' proactive health improvement, to implement mental health measures, and to create a comfortable working environment. Going forward, we will seek to sustainably enhance corporate value by creating an environment in which every employee can work energetically and demonstrate their abilities to the fullest.

Hataraku Yell

We regard the establishment of fair and equitable employee benefit programs, regardless of employees' personal attributes, as a key priority in our human capital management. In recognition of these initiatives, we were certified as an employee welfare promotion organization at "Hataraku Yell 2026" for the fourth consecutive year. In fiscal year 2025, we introduced an employee benefits points system, establishing a flexible framework that enables each employee to select benefits according to their own needs, including professional qualifications, healthcare, childcare, and nursing care. We also reflect employee feedback collected through town hall meetings and workshops in improvements to our programs while promoting health initiatives that include both employees and their families. Through these initiatives, we seek to improve employee engagement and develop a workplace environment in which employees can work with peace of mind.

Activities and Achievements

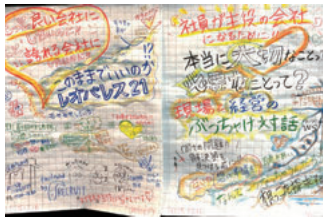
Participation in the Forum for Promoting Women's Empowerment

In order to achieve a percentage of female managers of 20% by the end of March 2030, we regard the promotion of women's advancement and the development of next-generation leaders as important management issues. As part of these efforts, we participated in the Forum for Promoting Women's Empowerment. Centered on the Japanese government's Intensive Policy for Gender Equality and the Empowerment of Women, the forum brings together female executives from various companies to share issues, successful examples, and experiences relating to human capital management. On the day of the forum, participants held group discussions on the bottlenecks women face in seeking management and leadership positions and discussed specific measures from the perspectives of replicability, organizational structures, and implementation. We will apply the insights gained through exchanges with other companies to the future design of our systems and reform of our organizational culture.



Interactive workshop MOYAWAKU: Turning uncertainty into excitement connecting management and employees

To realize an "Employee-centered" Company, we conduct "MOYAWAKU" as an initiative through which employees engage in open dialogue with officers based on their honest views and work together to envision the future of the organization. MOYAWAKU is a workshop in which employees candidly share the doubts and concerns they experience in their daily work and transform these feelings of uncertainty, or "moyamoya," into excitement, or "wakuwaku," about the organization's desired future through dialogue with one another and with management. Assistant managers and senior staff recruited and selected from throughout Japan participate, ultimately creating opportunities to work together to envision the future of Leopalace21 through dialog with the President and other officers.





Mental wellness through the Mental Health Management Certification

To promote the acquisition, application, and practice of knowledge related to mental health, we fully subsidize the cost of obtaining Mental Health Management Certification. By acquiring not only basic knowledge of mental health but also the knowledge and skills required in order to prevent mental health problems in the workplace and to provide appropriate responses and support, we are helping create a workplace where everyone, regardless of rank or position, can feel safe, supported, and empowered to do their best work.

Employee awareness and engagement

To embed a culture of well-being throughout the organization, we are strengthening the framework for planning, implementing, and promoting health initiatives.

By appointing the health and safety managers and coordinators assigned to all business sites as well-being management promoters, we support the proactive implementation of health initiatives at each site. We have also established a DE&I Promotion Committee that is made up of officers and frontline employees in order to create a foundation on which diverse employees can continue to take on challenges with confidence. The human resources function and business divisions are working together to firmly establish human capital management throughout the organization.

Health Forum & Family Day to improve health and job satisfaction

As part of our human capital management initiatives, we hold the Health Forum and Family Day in order to improve employees' physical and mental health and job satisfaction. In July 2025, 10 companies and organizations exhibited at the Health Forum, which was attended by approximately 400 people. Through health checks and various seminars, we provided employees with opportunities to proactively consider and manage their health. Family Day, which was attended by approximately 100 people, gave employees' families a deeper understanding of the workplace and the work performed by employees.





Well-being Roundtable

Turning individual initiative into organizational strength



Leopalace21 pursues well-being management with the aim of becoming an organization where every employee can perform at their best and offers a broad range of programs that widen individual potential and support employees in taking on new challenges.
Here, in employees' own words, we explore what an organization built on well-being should look like.

Creating an organization where initiative becomes strength

Murakami: We are advancing well-being management with the aim of becoming an organization where every employee can perform at their best. In your current roles, when do you feel you are performing at your best?

Hoshikawa: When I think something through myself, act on it, and it produces results, and my manager or the customer recognizes the decisions I made and the approach I took, that is when I feel I have performed well. Especially, being recognized for my decisions and the process behind them gives me confidence to take on the next challenge. One experience that stands out involved a property proposal to a corporate customer had stalled. Over several conversations, I realized we had not clearly explained why we were recommending that particular property. So, I talked it through with my manager and explained it again, breaking down the technical terms. The customer was satisfied, and I felt that the decisions I made and the process I had followed would prove valuable the next time as well.

Suyama: I joined mid-career, and when I deal with customers or put materials together, I draw on my previous job experience and adapt things in my own way. When I can put that experience to use, I feel I am contributing here, too. And when a junior colleague asks, "Can I do it the way you did?," it simply makes me happy. It is also a great encouragement that my managers recognize those small innovations.

Momosaki: My work is maintaining and repairing the exterior walls of older properties. It brings together a lot of people in very different positions, including tenants, owners,



Hikaru Murakami

Joined the Company in 2013. Transferred last year from the Corporate Sales Department to the Human Resources Department; currently responsible for promoting well-being management.

construction contractors, and our own Quality Management Section. When I can make decisions that hold to our standards and shape an outcome that is accepted among all stakeholders involved, that is when the work feels worthwhile and I get a real sense of having achieved something.

Brako: Backing employees when they say "I want to try this" is one of the good things about our culture, and it has been there ever since I was a young employee here. On the other hand, in the past, we may not always have done enough to reflect on the process and outcomes and turn that into learning for next time. Now, the importance of putting into words what made something succeed and sharing it as organizational knowledge is recognized, and this has become an established part of the management role. As a result, I think our successes are becoming more repeatable. I very much hope all of you will pass that good cycle on to the next generation.

Murakami: It's that kind of repeatable learning that makes an organization stronger. However many capable employees you have, if experience stays locked inside individuals, then nothing gets handed on, and the burden on the front line grows. That is exactly why I believe it matters to share individual experience as organizational knowledge and channel it into the next stage of growth.



Joined the Company in 1996. Has worked across many departments, including leasing, contracting, corporate sales, and general affairs and human resources. After serving as a branch manager and in other roles, became an Executive Officer in 2022; currently General Manager, Property Management Division - East Japan.

Support programs and peer encouragement foster initiative

Murakami: Ms. Suyama, could you tell us what prompted you to use the job posting system?

Suyama: I myself live in one of the company's apartment buildings, and actually living there, I came to appreciate how comfortable our apartments are, such as the sound insulation and how thoroughly they are cleaned. What prompted me was wanting to spread that appeal more widely. That was when I learned about the job posting system, and I applied to move to the Development Sales Division. We have a good range of programs, job posting among them, that let employees put their hand up and take on new challenges, and I feel there is an environment here that backs each person's motivation.

Murakami: When speaking up actually changes something, it becomes easier to take the next step. I feel that initiative leads to results when the organization embraces employees' initiative and turns it into real opportunities to contribute.

Hoshikawa: I took on the promotion examination myself. I had watched a female manager at work, and it had made me want to try it too if the chance ever came. Then my manager and our division head gave me a push — "You should go for it," "We're expecting good things from you" — and that settled it. What mattered was not just having the support programs in place, but being in an environment that encouraged me to take on new challenges. It is precisely because that support exists that each person's initiative turns into organizational strength.

Momosaki: For me, the biggest challenge was taking childcare leave just a few months after joining the Company. When our first child was born, I was at my previous employer, where taking leave was not realistic, and I left the childcare entirely to my wife. I wanted to be properly involved when our second child arrived. My manager and the people in my department told me, "The program is there, so you should use it," and they arranged staffing so work wouldn't stall while I was away. That let me take childcare leave without working about work. Since then, we have added more people, and the workload per person has eased, so I feel the structure itself is supporting me in combining work and parenting.

Murakami: So, behind your being able to use these programs and take something on, it was not simply that the Company's programs were good; the people around you made a big difference. I imagine there are people who want to use a program but cannot bring themselves to say so. Is there anything you would say to them from your own experience?

Momosaki: Taking the leave earned me a great deal of gratitude from my wife. Even for a short while, being on hand to watch my child grow was an irreplaceable experience. I would encourage male employees to take at least two or three months of childcare leave. It is obviously good for family relationships, but also for your own

experience and motivation.

Suyama: If you are clear about what you want to do, I think it is worth women actively going for transfers and promotions. Because the Company began laying the groundwork early, we now have a workplace that is easy to work in and where it is easy to take on new challenges. Next, it is my turn; I need to become someone who can support younger colleagues in their own challenges.

Brako: From the management side, we want motivated, capable people to step into management roles and to have the desire to aim higher still. I also believe we must not have a society in which women, who are half of it, plan their careers on the assumption that they will have to give something up. Men taking childcare leave should become entirely ordinary. And when women go through periods where they have no choice but to ease back, what matters is that they can still perform and keep working rather than leaving. Company programs should not only enable employees to take leave or continue working without worry, but also encourage those who want to take on new challenges and support them as they pursue their goals.

Turning a supportive work environment into growth and productivity

Murakami: Having a wide range of programs helps create a supportive workplace, but that alone will not make the Company grow. The Company grows when the fulfillment you find in your work translates into higher productivity. Tell us how ease of working, fulfillment at work, and the challenges you have taken on so far have fed into your own growth and results.



Joined the Company in 2018. Inspired by a female manager in the Corporate Sales Department, set her sights on a management role, becoming an Area Manager in the Corporate Sales Department in 2026.

Hoshikawa: There used to be things I'd think — "if only it worked like this, it would be so much easier" — and since becoming a manager, I can decide some of them at my own discretion, which I feel has improved not just the speed of my decisions but their quality.

Suyama: Because I put my hand up and earned the chance to work in Development Sales, I feel a corresponding responsibility for the results. Having made the move, I want to get as many buildings built as possible.

Momosaki: Since taking childcare leave, the way I think about time and productivity has changed enormously. I feel more strongly that I want to work hard for my family, and I have developed a real urge to get home even a second sooner to do the housework and look after my children. And in day-to-day work too, I am far more conscious of improving productivity and deliver good results within regular hours.

Individual Initiative drives organizational strength

Murakami: How have those individual changes spread through the organization, and what have they changed?

Momosaki: The extra staff brought in when I took childcare leave meant the division of work was tidied up, and the structure now makes it easier to combine the job with parenting and the like. Across the department, people have started thinking about leaving work earlier, and a habit of helping one another has taken root. It is not just more people: with more employees in their twenties, knowledge and skills are being passed from colleagues in their forties and fifties to younger staff, and I feel a foundation for the coming generational handover is taking shape. A property management tool I built to make our work more efficient is also starting to catch on in the department, and I think the department's productivity is up and that it is getting stronger as a unit.

Murakami: That is really impressive: building something good, having it spread, and having it lift productivity.

Hoshikawa: I would like us to build a tool like that in Corporate Sales, too. In our department, the managers do tell employees with young children to go home early, but the volume of work makes it difficult in practice. So, I do feel we need to build the structures around it as well. Since becoming a manager myself, I have become conscious of how easy the whole team finds it to work, and I have started rethinking how we divide roles and how we communicate.

Brako: DX is essential to making our work more efficient. You may feel our DX has not yet

gone far enough, but within the real estate industry, we started early, and the comfortable way of working you have today rests on years of that groundwork. The very fact that you take it for granted may itself be one of our strengths. I want to keep accelerating the efficiency DX delivers, and I would like the time it frees up to go toward gathering information and taking on new challenges, so we can move the Company into its next phase. If we can create time by mastering IT tools, AI included, and accelerate the Company's growth, that would be ideal.

A culture where people can take on challenges creates new value

Murakami: Finally, I would like to ask what culture each of you would most want to preserve as one of the Company's strengths.

Suyama: A culture where your ideas don't get shot down. I want to support younger colleagues by taking each of their views seriously, and I want to grow myself by taking on board what has worked for other people.



Previously handled contract sales at a homebuilder. Joined the Company mid-career in December 2024 and worked in the Corporate Sales Department. Applied for a transfer to Development Sales; currently in the Metropolitan Development Sales Department 1, making proposals to landowners.

Hoshikawa: A culture where people who want to take something on get the opportunity and get a push; a culture that offers plenty of chances. If those challenges continue and lead to greater opportunities and to opportunities suited to people of all kinds, that will feed both individual and organizational growth. Only a limited number of people currently pursue management roles, so it would be better still if we could build something that lowers the barrier to trying for one.

Momosaki: From my own experience, being able to choose how you work is one of the Company's strengths. Alongside childcare leave and shortened working hours, you can take leave to care for a sick or injured child separately from your ordinary paid time off. We have a full set of programs that make this an easier place to work. If people who want to use those programs can still deliver results and go on to get new opportunities while doing so, I think we will become an organization that can keep growing sustainably. Being able to choose how you work must surely help with recruitment and retention as well.

Brako: The Human Resources Department has been redesigning its programs, shifting the emphasis from helping employees continue their careers with confidence toward encouraging and supporting them as they take on new challenges. Listening to you today, I feel that shift is moving forward steadily, step by step. The programs themselves were once not widely known. Now, because people like you have actively used them and taken things on, they are familiar, and using them has come to be taken for granted. I want people to go on using them and to keep that positive cycle turning: when you are better off both personally and professionally, the Company is better off too. Even a transfer that wasn't what you asked for can turn out to be a good experience. That is another of the Company's strengths, and from both of those sides, I want to help turn your experience into value.



Joined the Company mid-career in August 2024; currently in the West Japan Construction Department, mainly handling exterior renovation of older properties. Has also taken about five months of childcare leave.

Murakami: More value is created not only because the programs are in place, but also because we have an environment that enables people to take on challenges. From today's conversation, I feel that all of you embody exactly that. Every one of the experiences and the words you shared today feels like the very embodiment of well-being management at Leopalace21. Building an organization where employees can bring their full abilities to bear leads to the greatest contribution we can make to our customers and to society. Let us hold to that belief and keep walking this road together. Thank you all very much for today.

DX Strategy

To date, we have promoted digital transformation through initiatives such as the introduction of electronic contract services, smart locks, and online contracts. Looking ahead, under the vision of "Using digital technologies and AI to expand the creation of customer value and evolve toward a sustainable business foundation," we will seek to enhance corporate value over the medium to long term by simultaneously advancing the customer experience through digitization and upgrading our operations.

Promotion of DX

Evolution toward a replicable and highly sustainable operating model

The property management business has conventionally relied heavily on individual experience and on-site responses. However, challenges such as labor shortages and an aging workforce in the Property Management Departments, rising costs for on-site responses, and increasingly sophisticated social expectations regarding security and safety monitoring have become more pronounced, making it increasingly difficult to sustainably maintain quality through conventional operations. In consideration of these circumstances, we will systematize decision-making and responses at operational sites to ensure consistent operational quality and stable service delivery, while also seeking to improve customer satisfaction. These initiatives are not intended merely to save labor, but to sustainably enhance the value provided to tenants, corporate customers, and apartment owners.

Operational reform in the property management business

As the first step in this transformation, we are advancing operational reform. Specifically, through the introduction of smart locks, we are promoting the digitization of property management by transitioning from physical keys to digital keys, reducing key handover work, and streamlining property viewings as well as move-in and move-out procedures. This is enabling us to build a foundation for moving away from operations that depend on individuals.

In the future, we will leverage the extensive operational know-how accumulated at sites nationwide, which is one of our strengths, and will roll it out company-wide in a replicable form by codifying and digitizing the knowledge embedded in operations such as move-ins and move-outs, inquiries, inspections, repairs, and contracts. Through these efforts, we aim to achieve operational quality that differentiates us within the industry.



Establishment of the DX Promotion Department creates a "two-pronged framework"

Roles of the Information Systems Department and DX Promotion Department

In order to steadily advance business transformation, we established the new DX Promotion Department in April 2026, creating a two-department structure comprising the Information Systems Department and DX Promotion Department.

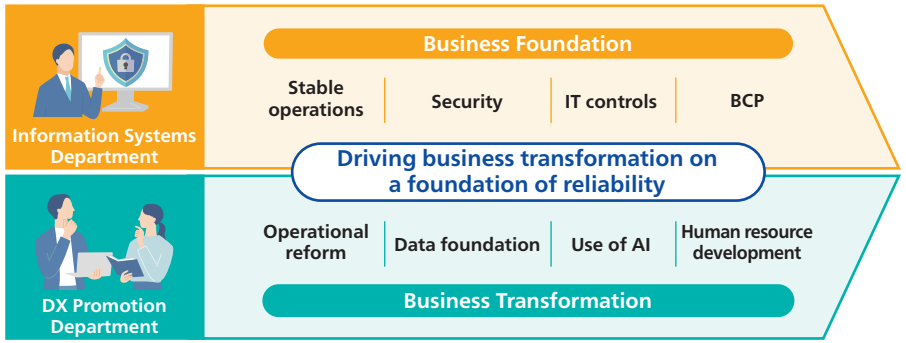
While the existing Information Systems Department is responsible for the digital "business foundation," the DX Promotion Department drives "business transformation." The DX Promotion Department serves as the driving force for using DX in order to improve the quality of customer touchpoints, redesign operations, and roll out knowledge that has been accumulated at business sites across the Company.

On the foundation of safety, stability, and reliability supported by the Information Systems Department, the DX Promotion Department will drive business transformation, and through collaboration between the two departments, we will strengthen the foundation that enables us to respond to a rapidly changing business environment.

In the future, we will build a next-generation business foundation that integrates AI, data, and talent. By converting the know-how accumulated through our leasing business for single-person households into advanced data and utilizing AI, we will achieve both greater operational efficiency and the creation of high-value-added work, thereby building a foundation for moving away from operations that depend on individuals and strengthening our earnings base over the medium to long term.

Information Security Initiatives

Roles of the Information Systems Department and DX Promotion Department



Positioning of DX

DX is not an end in itself, but is positioned as a driving function that supports the enhancement of customer value as well as the evolution of the business foundation.

Comfortable housing services through the promotion of real estate tech

Established a leasing contract process that does not require customers to visit a branch through the introduction of electronic contracts and smart locks, while developing an operational foundation that reduces dependence on individuals

Standardization of electronic contracts and online contract signing

In January 2015, we launched "Leo-sign," an electronic contract service for corporate customers, and have since worked to digitize leasing contracts. We have now established a framework that allows various procedures related to leasing contracts to be handled electronically. In addition, we offer online customer consultations and property viewings, allowing customers to complete all procedures remotely, from searching for a room through to signing the contract.

In fiscal year 2025, the electronic contract usage rate was 98.8% for individual contracts and 82.3% for corporate contracts, demonstrating steady progress toward paperless procedures.

Online Service



Smart locks

Since June 2022, we have introduced smart locks, which allow entrance doors to be locked or unlocked with a smartphone or similar device without carrying a key. As this has eliminated the need to visit a branch to collect a key for a property viewing or move-in, we consolidated offices in 2023, thereby improving capital efficiency.

As of March 31, 2026, smart locks had been installed in more than 360,000 properties managed by the Company, reducing annual work hours related to locks and keys by approximately 170,000 hours.

