Leopalace21

Toward an “employee-centered” company

Integrated Report 2026

For fiscal year ended March 31, 2026



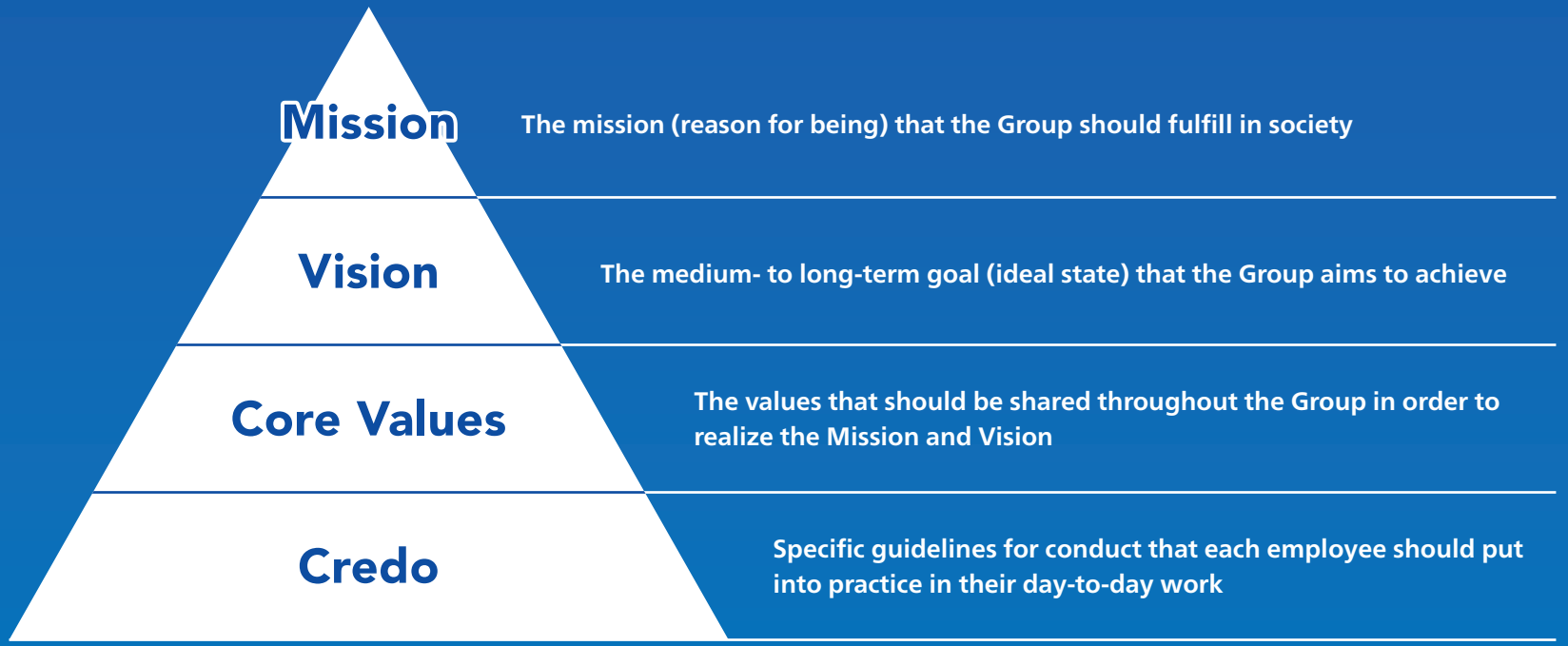






Leopalace21's Corporate Philosophy System

Leopalace21's corporate philosophy is systematized as MVVC, comprising Mission, Vision, Value, and Credo, with the Mission, "To create new value and *imagineer* joyful living," at its apex as an enduring principle that guides the Company's continued existence and sustainable growth.



Leopalace21 aims to become an "employee-centered" company where employees think for themselves and act with strong sense of ownership and responsibility; last year, employees took the initiative in establishing MVVC as a guidepost for the path forward of the new Leopalace21.

Mission

To create new value and *Imagineer*[*1] joyful living

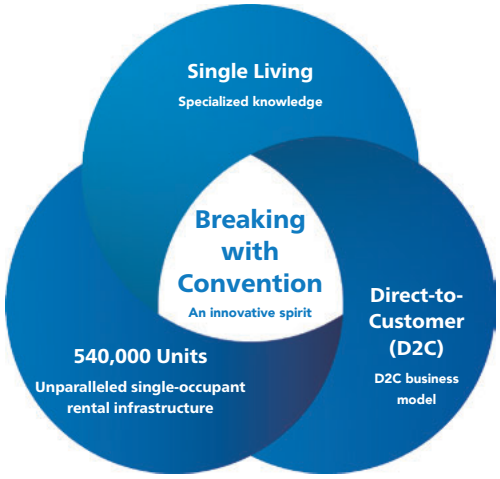
*1 *Imagineer* is a coined word that combines the meanings of "imagine" and "engineer." Our Mission is to provide tenants, owners, corporate customers, and other stakeholders with tangible value by creating new products, services and businesses, thereby imagineering a world of joyful living.

Vision

To shape the future of "Single Living" by connecting with people, companies, and communities to make everyone's lives brighter through the concept of "Living Freely and Confidently"[*2]

*2 "Living Freely and Confidently" expresses the freedom and flexibility created by unleashing the full potential of Leopalace21's unique asset of "Home Infrastructure" (especially our nationwide single-occupant rental housing).

Core Values (Universal DNA)



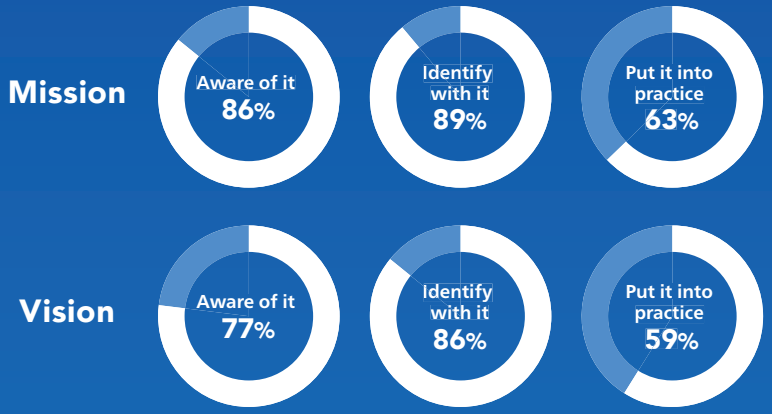
Credo (Code of Conduct)

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

One Year Since the Establishment of MVVC. How Have Employees Changed?

One year has passed since employees took the initiative in creating and establishing MVVC. Here, we will introduce some of the changes that have taken place in employees' mindset and actions since then. We will continue working to foster understanding of and firmly establish MVVC as we transform Leopalace21 into a truly "employee-centered" company.

[Changes in Recognition, Empathy, and Mindset]



A survey conducted one year after the establishment of MVVC showed that a certain level of acceptance of MVVC itself had developed, however, this had not yet translated into changes in behavior.

Note: Results of the corporate culture survey conducted in May 2026

[Do You Think You Have Changed?]



In the two surveys conducted to date that asked employees whether or not they themselves had changed as a result of the establishment of MVVC, the percentage responding, "I can confidently say that I have changed," was found to be steadily increasing. Meanwhile, approximately 60% responded, "I have not changed enough yet," citing reasons such as "I am too busy with my day-to-day work to focus on anything beyond my immediate responsibilities," "I prioritize achieving numerical targets," and "My actions are not recognized," indicating that challenges remain in firmly establishing MVVC.

Note: Based on the results of the regular MVVC surveys. The first survey was conducted in December 2025, six months after the establishment of MVVC, and the second was conducted in May 2026, one year after its establishment.

[Changes in Actions]

The following are examples of employees incorporating the Credo, which serves as the code of conduct, into their daily work in order to achieve the Mission and Vision.



Tomonori Kamochi
Tokyo Metropolitan Development Sales Department 1

Case 1

Keeping a printed copy of the Credo on my desk as a daily reminder

Having it somewhere I can see it allows me to think in my day-to-day work, "This corresponds to this particular Credo item." Whenever I contact someone inside or outside the Company from my desk, my attention is naturally drawn to the Credo, and I consider whether not only my own actions but also those of the other person are consistent with it.



Harunobu Taguchi
Tokyo Metropolitan Property Management Department 2

Case 2

Setting aside time in order to introduce the Credo at branch meetings

In a nod to Kawagoe, where our branch is located, and its nickname "Koedo (Little Edo)," we have created a Credo introduction segment entitled "Today's COEDO." By unexpectedly calling on participants and sharing what everyone has noticed, this has become an opportunity for employees to engage naturally with the Credo.

[Initiatives to Promote Understanding]

- Distribution of messages about MVVC from the President to all employees
- Launch of a dedicated MVVC website (for internal use only)
- Publication of "My Favorite Credo" in the online internal newsletter
- Display of MVVC in paths used by owners and business partners
- Regular MVVC surveys
- Corporate culture surveys

Looking to the future, we are planning measures to firmly establish MVVC as a standard for each employee's day-to-day decision-making, rather than it being merely a philosophy that the Company proclaims.





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Cautionary Notes on Forward-looking Statements

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

Highlights of Leopalace21 Integrated Report 2026

Based on feedback received from investors and other stakeholders concerning last year's integrated report, as well as insights obtained through our ongoing engagement activities, we prepared this year's report with a focus on the following three points.

1. Providing greater clarity on the path toward sustainable growth

The "Message from the President" and "Message from the Chief of the Corporate Management Headquarters" provide detailed explanations of the progress of the "New Growth 2028" Medium-Term Management Plan; Leopalace21's strengths; its core Leasing Business; and a review of the resumed Development Business, together with its future direction and strategies.

2. Advancing sustainability management

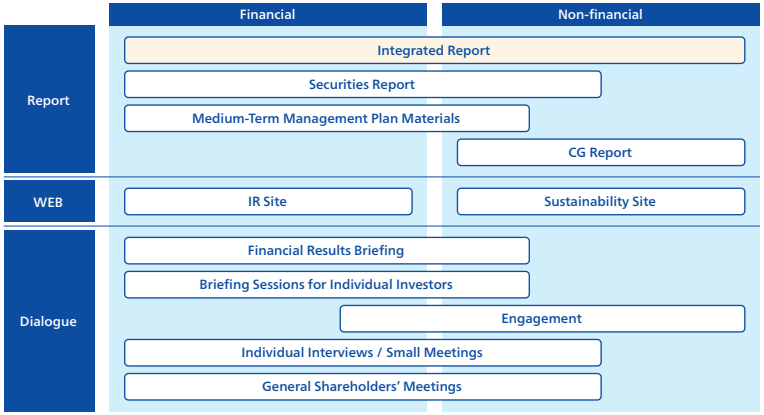
We reorganized the Vision that we established last year from the perspectives of "economic value" and "social value," and reviewed and identified our materiality issues. The report also describes initiatives for addressing climate change, sustainable procurement, and quality improvement, as well as enhanced governance effectiveness.

3. Initiatives to strengthen governance

In Message from an Outside Director, one of the Company's Independent Outside Directors discusses the progress of corporate governance reforms, efforts to strengthen quality management systems and foster a culture of compliance, and the effectiveness of measures implemented to prevent recurrence. He also shares his view on the challenges and outlook for achieving sustainable growth.

Reporting Period	Fiscal year 2025 (April 1, 2025 to March 31, 2026) *Certain information from outside the above period has also been included.
Reporting Scope	Leopalace21 Corporation and its consolidated subsidiaries in Japan and overseas
Guidelines Referenced	● VRF International Integrated Reporting Framework ● ISO 26000 ● GRI Standards

Positioning of this Report









Section1

Leopalace21's Value Creation

Since its founding, the Group has addressed various issues concerning people and housing by offering rental housing with stable operations. This section explains how the Group creates value in order to continue to be a company that is needed by society.

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MESSAGE FROM THE PRESIDENT



Achieving sustainable growth and delivering value to society

President and CEO

Our corporate culture is steadily changing toward an "employee-centered" company

This Company was built by a founder with strong leadership, and for many years, it was run top-down, so a culture in which employees think and act on their own initiative never took hold. When the construction defects problem came to light, the same underlying corporate character was identified as one of the reasons it was not picked up and corrected sooner. A company's underlying character does not change the moment its leadership does. Even after I became Representative Director in 2019, it could not be said that a culture of employees acting on their own initiative and their own judgment had taken root.

Wanting to change that and build an "employee-centered" culture in which each person thinks and acts of their own accord, in fiscal year 2024, we established our MVVC—Mission, Vision, Values, and Credo—as the basis for moving forward as the new Leopalace21. The drafting process itself, led by employees, was part of what set this in motion. It is now widely understood that the Company wants its employees to take the initiative, and employees are actively putting proposals forward. Managers across our departments use the MVVC as a way into a conversation, and dialogue grounded in shared values is increasing. There is still some way to go, but a readiness to speak up and to act is steadily beginning to take root.

Our role as social infrastructure supporting people's lives and businesses

Through the rental housing we provide for people living alone, we support our tenants as they embark on new beginnings in their lives—starting university, starting a job, relocating for work, etc. Our business meets the need to live alone at various stages of life and provides a living environment where people can feel at ease. It is a piece of social infrastructure, and that, I believe, is precisely where our reason for being lies.

That role is also evident in the widespread use of our services by corporate customers. When a company transfers staff or opens a new site, it has to secure housing for its employees quickly, in the area where it is needed. At the same time, companies are increasingly reviewing their ownership of company housing and turning to rented housing instead. Against that background, our nationwide network of properties and a consistent standard of living environment, with furniture and appliances included, lightens corporate customers' burden of arranging housing and supports the smooth placement of their staff.

And as housing costs rise, employer-sponsored housing support matters not only as a benefit but increasingly as a means of attracting and retaining people and of building a foundation on which employees can work with peace of mind. We meet the needs of both companies and employees.

We have a duty to owners: to protect their valuable assets, to maintain their value into the future, and to help pass them smoothly to the next generation. Properly maintaining and managing those assets and putting them to use as homes for people living alone delivers value to owners and tenants alike.

Meeting local rental demand, moreover, depends on having the right properties in the places where it is needed, kept in good condition. By building, operating, and managing properties in line with local demand, we help underpin the daily lives of the people who work there and contribute to local economic activity.

Our management criteria: profitability and a forward-looking view

In management decisions, we take profitability as a given and, alongside it, value a forward-looking view that leads to future value creation and sustainable growth. Raising corporate value depends on reconciling economic value—profitability and growth potential—with the social value our business generates. We therefore place weight on clearly defining the social value we should create and on translating the measures needed to achieve it into concrete business activities.

One such area is raising the sophistication of how we operate and manage housing for people living alone. Digital transformation (DX) is a key priority in providing tenants with a safe environment where they can live with peace of mind while also raising the productivity of our property management business. In apartments without a resident caretaker, for example, the initial response when something goes wrong is a weak point. By applying digital technology here to make our management function more sophisticated, so that problems are identified early and dealt with quickly, I believe we can build a more efficient management structure.

Looking back on fiscal year 2025

Business progressed well in fiscal year 2025, and we finished with results ahead of the targets set in the "New Growth 2028" Medium-Term Management Plan. In the Leasing Business, the occupancy rate fell slightly short of plan but broadly tracked our expectations. I believe what strengthened our earnings power and raised productivity above all was accurately reading changes in the business environment, particularly inflation, and attracting tenants while maintaining rent levels.

The Development Business, restarted in earnest to maintain and grow the number of units under

management in the years ahead, also came in well above plan in its first year. Almost all the orders came from owners of existing properties, which I take as a sign that we responded well to their needs in managing the assets they hold, including planning for inheritance tax. We expect that demand to continue for the time being.

In both the Leasing Business and the Development Business, first-year progress was broadly in line with plan or ahead of it. On the strength of those results, we have revised the second- and third-year targets of the Medium-Term Management Plan upward from the original figures. We will hold to our basic policy of growing both revenue and profit as we work to deliver the revised plan.

We regard New Growth 2028 as a turnaround plan that secures the business recovery achieved so far and lays the management foundation for the Company to move on to the next stage of growth. Now that we have navigated the construction defects problem and our results are recovering, what matters is making both our business and management foundations unshakeable. The first year's results give me a real sense that these foundations are steadily taking shape.

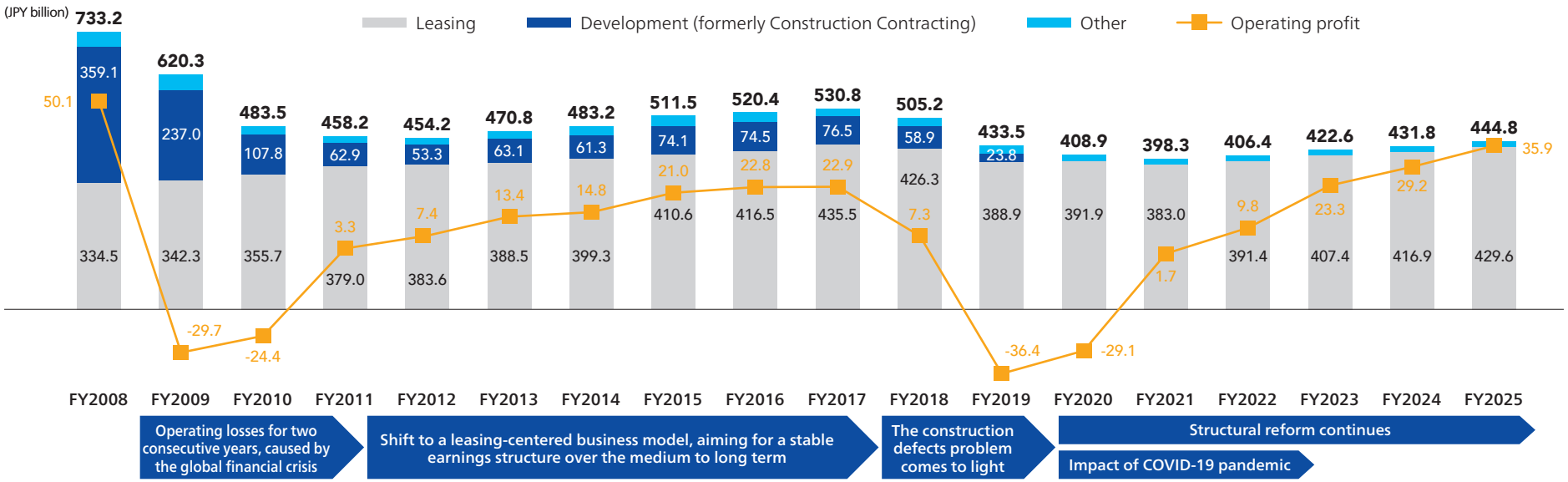
This fiscal year's outlook and business strategy

As for this year's business environment, there is uncertainty around tariff policy and exchange rate movements, but the effect on our operations is likely to be limited. We will therefore essentially continue last year's approach and pursue steady growth. Responding to inflation, on the other hand, is a significant challenge for management going forward. We need to handle cost increases appropriately while bringing rents to appropriate levels and improving productivity and operational efficiency, so as to maintain and strengthen our earnings power.

In the Leasing Business, we continue to expect corporate demand from graduate recruitment, staff transfers, and the expansion of business sites, as well as the need to secure housing for foreign nationals. With the recruitment market continuing to favor candidates and with companies securing company housing as part of their benefit packages, we forecast that demand for housing for people living alone will remain firm. This fiscal year, we will again work to expand our corporate customer base while, on the individual customer segment, focusing on expanding adoption among foreign nationals and university students.

In the Development Business, inflation may affect owners' appetite for investment to some degree, but with asset values shifting and inheritance to plan for, the need to protect wealth through real estate should persist. Gauging that environment accurately, we will put forward proposals matched to owners' needs in building and passing on their assets.

Performance trends





Advancing the Leasing Business and strengthening our people and organizational capability to support sustainable growth

For the past several years, restoring our financial base has been the top management priority. I believe we have now put in place at least the minimum foundation for sustainable growth. To make that foundation firmer, we will now focus on advancing the Leasing Business and strengthening our people and organizational capability.

A great deal of work in the Leasing Business requires people, such as handling problems, performing maintenance, and communicating with owners. It is important, then, to value the work people should be doing while clearly allocating roles between people and digital technology, so as to raise both service quality and productivity. In particular, we will actively apply DX to build systems that remotely identify and manage problems within an apartment and the condition of its equipment. We aim to build a more efficient management structure by making good use of existing infrastructure, such as LEONET, the proprietary communications line installed in our properties.

However far digital technology and AI advance, though, it is still people who run a business and build trust with customers. Achieving sustainable growth depends on creating an organization where each person understands the direction the Company is heading and can make decisions and act independently. By embedding the MVVC, we will continue to enhance the human capability of our employees and build a stronger, fitter organization.

When I speak of human capability, I weigh frontline capability most heavily. Frontline capability might be described as the knowledge and experience built up through the work, plus the ability to imagine the other person's position and the consequences of one's own decisions, and to act accordingly. Developing that capability requires accumulating practical experience, deepening what one learns through reflection and feedback from others, and carrying it into what one does next. We will therefore continue to review the content of our training and development programs in line with the business environment and issues arising on the ground.

It is also essential to regard our stakeholders as customers—not only tenants and owners, but also business partners and contractor partners—and to respect each of their positions. Building better working relationships with our stakeholders is ultimately what raises the value we deliver to the people who use our services.

To turn that human strength into higher corporate value, we are also investing effort in human capital management and well-being management. What these come down to is improving employees' physical and mental health and the ease with which they can work, and connecting each person's motivation and ability to results for the organization. In fiscal year 2025, we were selected as a Health & Productivity Stock for the first time and were certified as a Top 500 Outstanding Health & Productivity Management Organization for the first time in six years. I take this as recognition of the measures we have taken and of the organization's changes. Encouraged by that recognition, we will continue building an environment where employees take pride in their work and in the Company and can perform to their fullest.

Moving to the regional branch structure to emerge as a self-directed organization

One concrete step toward an organization where every employee can make decisions and act on their own initiative, with a client-first outlook, is the regional branch structure, which we plan to transition to fully in fiscal year 2027. Changes in economic activity and in what each region needs cannot be adequately grasped from the Tokyo head office alone. We are delegating authority to the regions in stages so that people on the ground, who know local conditions, can think for themselves, make quick decisions, and implement the right measures.

Going forward, each region will set its own targets and budget, and act on the issues specific to it, thereby enabling self-directed operations to take root. The earnings data for each location is already in place. We will shift to a structure in which employees on the ground use that data to determine how to raise productivity and which initiatives to pursue, and they will carry the responsibility for it.

Creating new value out of social issues

The sustainability management we aim for means not treating environmental and social issues as separate from our business but rather generating both social and economic value through our day-to-day operations. Results here do not appear quickly, so we believe the important thing is to keep at it with a medium- to long-term view. We are starting in areas closely connected to our own business, such as the *Leopalace Green Energy* Project and the promotion of ZEH-M. Efforts of this kind do more than reduce environmental impact; they also prompt us to rethink our existing businesses and established ways of working, and to move toward creating new value. By starting from environmental and social issues and rethinking the value we offer customers, we will develop services that support more efficient ways of working and create new businesses.

Supporting local communities

If we are to remain needed by society and local communities, it is important that we use our housing and management base to continuously address local issues. A thriving region is good for our business too, so we need to think about what support we can offer.

One part of this is providing housing to foreign nationals in partnership with local government bodies. Labor shortages mean more and more organizations need to hire foreign nationals, yet securing housing and settling into life locally present a range of difficulties. The daily-living support services we provide help foster acceptance of foreign nationals and make government workforce policy more effective in practice. By working with government bodies, companies, and those involved in Japanese language education to create an environment where foreign nationals can live with peace of mind, we will also help local businesses secure staff and help local economies thrive.

Providing temporary housing during disasters is another role I believe we should play. We have done so before, offering temporary accommodation after disasters and taking in evacuees from Ukraine. These do not translate into direct economic value, but putting our housing to use in supporting people's lives in local communities carries, I believe, significant social value.

How discussion at the Board of Directors has developed

Over the past year, I have noticed that discussion at the Board of Directors has become considerably more active. When the Company was in crisis, discussion centered on immediate problems, cash flow above all. Now there are more occasions to consider sustainable growth and how to raise corporate value from a medium- to long-term perspective, including where the business should go in five and ten years. In discussions of this kind, the views of our Non-Executive Directors are extremely valuable. I find it particularly significant that we can debate capital efficiency and capital allocation—subjects on which discussion inside an operating company tends not to go deep—from a range of perspectives.

Most recently, how to use AI to improve operational efficiency and productivity has become a key topic, and we are sharing examples from other companies alongside our own work as we discuss both the possibilities and the risks of using AI. What matters, I recognize, is how the perspectives gained at the Board of Directors are reflected in how the Company is actually run.

To remain a company needed by society, we will leverage our housing and management bases to continuously address the issues facing local communities.



The role governance plays in raising corporate value

The importance of governance lies, I believe, in properly managing business risk while also taking on the risks that future growth requires and backing people who take on new challenges. The same thinking applies not only at the management level but to decision-making and delegation within each division. As we delegate authority to the front line, it is important to reconcile risk management through proper oversight with self-directed operation.

Regarding the effectiveness of the Board of Directors, we survey Directors annually to assess it, and we have a structure in place to identify issues from the results and feed them into continuous improvement.

Moving forward, the Board of Directors will need the participation of people with a still wider range of experience and backgrounds. Preventing thinking and perspectives from becoming fixed, drawing out the views of Directors whose experience lies in other fields, and putting those views to work in management decisions—that, I believe, is what the Board of Directors should be.



To our stakeholders

We have, for now, completed the recovery stage, including on the financial side. We are now strengthening our business foundation for new growth and preparing for what comes next. With the property management business at our core, we will continue to raise the sophistication of our operations and management while expanding the business's possibilities into adjacent areas.

What the new Leopalace21 is aiming to be is a company that grows sustainably while fulfilling its role as social infrastructure. My own role in achieving that, as I see it, is to strengthen the business foundation and to put in place an organizational foundation on which every employee can perform to their fullest.

On that foundation, the individual employees will carry the Company forward and shape what it becomes. I will create an environment where employees generate new ideas, take on one challenge after another, and turn those initiatives into business growth. I also want to expand our possibilities by increasing the diversity of our people and by converting specialist knowledge and insight from other industries and fields into organizational strength.

There is still a great deal of room for us to grow. Building on the foundation we have laid, we will pursue sustained improvement in corporate value. I hope you will look forward to our next stage.

Business Overview

The Group's businesses are classified into three categories: "Leasing Business," "Elderly Care Business," and "Other Businesses." The Leasing Business, specialized in providing rental housing for single households, is our core business, accounting for over 90% of our sales.

Business Activities

Leasing Business



Net sales
JPY 429.6 billion

We undertake the master leasing of entire apartment buildings that we have constructed under contract, and then rent out and manage the individual units. We provide rental housing for single-person households nationwide, furnished with appliances and equipped with internet access as standard.

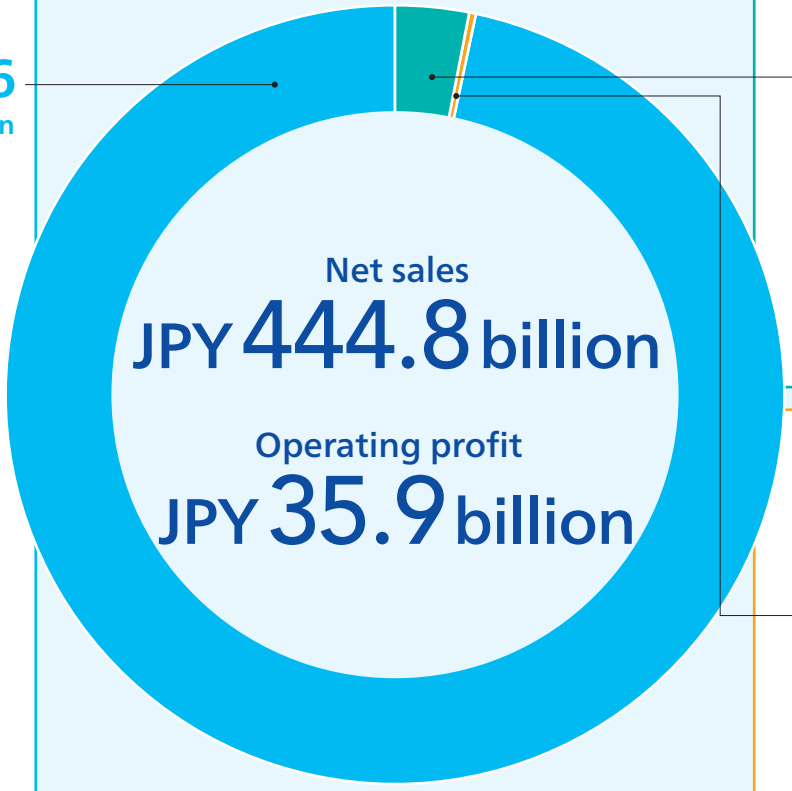
Development Business

In addition to constructing apartments on land owned by individual landlords, we also engage in real estate development in urban areas. We fully resumed the Development Business in fiscal year 2025, expand the areas covered from fiscal year 2026, and pursue further growth.



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

Consolidated Results



FY2025

Elderly Care Business

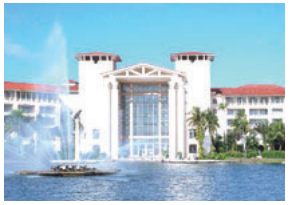
Net sales
JPY 13.6 billion



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

Other Businesses

Net sales
JPY 1.5 billion



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

History of Value Creation

Since its establishment in 1973, we have addressed various housing-related issues and needs.

Issues/Needs: Manage rental apartments with peace of mind

Value Provided: Establishment and launch of the 30-year master lease system

We offer a master lease system under which we construct apartment buildings under contract for landowners with idle land and then lease the completed buildings in their entirety. We handle tenant recruitment and all management operations, providing seamless support from construction through to operation. This allows apartment owners to utilize their land without the burden of management whilst still retaining ownership, allowing them to manage their assets stably over the long term.



1995

Move with ease or use housing as employee dormitories or company housing

Value Provided: Launch of *Monthly Leopalace*, short-term rental service with furnished rooms including appliances

Conventionally, rental housing has mainly been offered under medium-term contracts based on a contract period of approximately two years. However, there were also short-term housing needs, including corporate demand for accommodation for employees on extended business trips or unaccompanied assignments and for company houses for employees, as well as individual demand for temporary accommodation when moving home or for stays of limited duration. We launched *Monthly Leopalace*, which is available for short-term stays, to meet these needs.



1999

Value Provided: Number of managed units exceeded 500,000 Providing rental housing nationwide

We have long managed and provided rental housing across Japan, responding to housing needs in each region. In 2009, the number of managed units exceeded 500,000, and by leveraging our nationwide apartment network, and through to the present, we have continued to respond reliably and flexibly to increasingly diverse housing needs, including employee transfers and short-term stays.

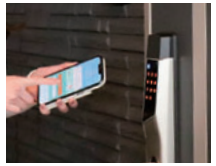


2009

Live in a more convenient home

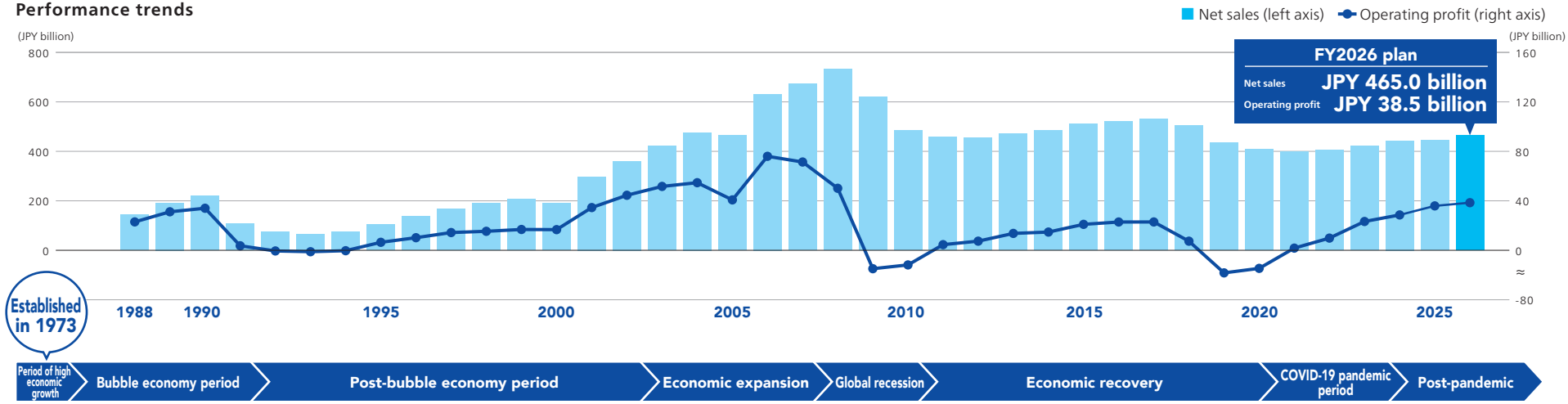
Value Provided: Introduction of smart locks

Anticipating the digital transformation of society, we have promoted the introduction of "real estate tech," which combines real estate business and IT. In addition to digitizing rental contract procedures, in 2022, we introduced "smart locks" that can be locked and unlocked with a smartphone or similar device, making almost all procedures available online. We will continue to utilize these advanced DX initiatives across all aspects of our operations, including contracting and management.



2022

Performance trends



At a Glance (As of March 31, 2026)

About Leopalace21

Number of Managed Units
Approx. 540,000 units

Founded
1973

Ratio of Listed Companies that Have Used Our Services*
72%

Occupancy Rate
Average during period: 85.78%
End of period: 88.78%

Number of Apartment Owners
Approx. 26,000

Number of Units with Smart Locks
Approx. 360,000 units

Shares of Occupied Units by Customer Segment
Corporate 66.5%
Individual 33.5%

Ratio of Units Used by Foreign Nationals
13.7%

* The ratio of Japan's 4,019 listed companies that have used properties managed by the Company.

Non-financial Information

Number of Employees
Consolidated 4,150
Non-consolidated 2,952

Ratio of Paid Leave Usage*1
81.6%

Ratio of Employees with Disabilities*2
2.5%

Composition of Directors*3
Internal: 5
Outside: 4

Ratio of Male Employees Taking Childcare Leave*4
66.7%

CO_2 Emission Reduction*5
Scope 1 5,673 t-CO_2
Scope 2 62,411 t-CO_2
Scope 3 529,040 t-CO_2

*1 Non-consolidated; *2 Parent company + special subsidiary, average in the period; *3 As of June 25, 2026; *4 Non-consolidated, calculated with April as the starting month; *5 Consolidated (excluding Guam)

Financial Information

Net sales
JPY 444.8 billion

Operating profit
JPY 35.9 billion

Net income
JPY 14.9 billion

EBITDA
JPY 39.2 billion

EPS
JPY 45.14

Equity ratio
23.0%

Long-Term Vision

We have positioned the fiscal year 2025 as the first year of New Leopalace21, and have made a fresh start as a Comprehensive Leasing Management Provider that comprehensively handles construction, leasing, and management. Under our newly established mission, "To create new value and *imagineer* joyful living," we will strengthen our business foundation centered on the Leasing Business and Development Business. Going forward, by implementing strategies that achieve both economic and social value, we will seek to enhance corporate value, address various issues related to people and housing, and become a company needed by society.

Vision

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

New Growth 2028

Recovering Performance toward Normalization

(FY2019-FY2024)

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

FY2025 Embarking on a New Chapter as a Comprehensive Leasing Management Provider

Building a New Leopalace21

- **Announcement of the new MVVC corporate philosophy system**
- **FY2025 consolidated results**
  - Net sales: JPY 444.8 billion
  - Operating profit: JPY 35.9 billion
  - Net income: JPY 14.9 billion
- **Strengthening of profitability in the Leasing Business**
  - Average unit rent for new contracts (index): 114 (+6 pts YoY)
  - Average occupancy rate: 85.78% (+0.22 pp YoY)
- **Full-scale resumption of the Development Business**
  - Number of buildings ordered: 107
  - Number of units ordered: 1,524
  - Value of orders received: JPY 14.1 billion
- **Implementation of capital measures**
  - Tender offer for treasury stock and partial cancellation
  - Repurchase and cancellation of treasury stock acquisition rights
  - Refinancing with Mizuho Bank

FY2026 Solidifying Our Position as a Comprehensive Leasing Management Provider

FY2027 Strengthening Regional Strategies

Further Strengthening Our Business Foundation

- **Upward revision of the Medium-Term Management Plan**

Based on FY2025 performance, in May 2026, we updated the outlook for the second and third years of the "New Growth 2028" Medium-Term Management Plan.

New Growth 2028: Progress of the Medium-Term Management Plan >>> p.19

- **Further growth of the Leasing Business and Development Business**

Through coordination among leasing, development, and property management, we will seek to improve occupancy rates and customer satisfaction and expand our apartment owner base, while establishing our position as a Comprehensive Leasing Management Provider and strengthening our area strategy.

Message from the Chief of the Leasing Business Headquarters >>> p.25
Message from the General Manager of the Development Sales Division >>> p.32

- **Revision of materiality**

Based on changes in the external environment, we revised our materiality.
We identified a total of nine material issues across the environmental, social, and governance areas.

Materiality >>> p.46

FY2028 The Next Medium-Term Management Plan Begins

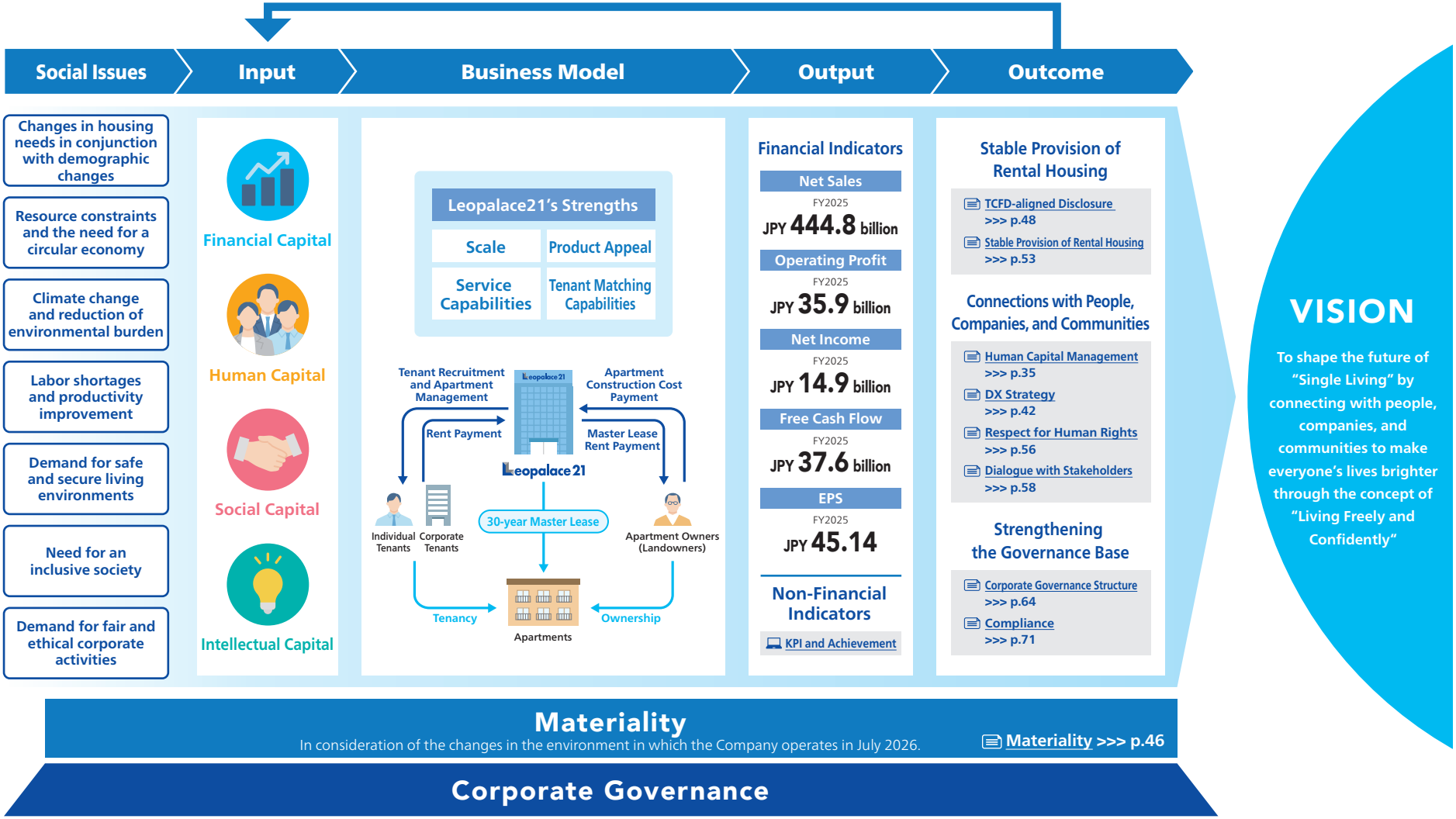
Operating a Highly Stable and Sustainable Business

- Deepening sustainability management
- Promotion of human capital management
- Further strengthening of the financial base

2025 | 2026 | 2027 | 2028 | 2029

Leopalace21's Value Creation Process

In the housing domain, which is centered on rental housing, we accurately identify changes in society and diversifying needs and work to resolve social issues through the provision of innovative services. Through these efforts, we aim to achieve sustainable value creation at Leopalace21 by creating new value and sharing value with stakeholders.



Leopalace21's Management Capitals

The four key capitals shown below form the foundation supporting our value creation and will serve as the principal drivers of our medium- to long-term growth.
By maximizing the strengths of each capital and utilizing them in strategic combination, we aim to sustainably enhance corporate value and contribute to the realization of a sustainable society.

Capital	Description of Each Capital	Key Indicators (FY2025)	Related Pages
Financial Capital	**Sustainable growth utilizing cash generated by the Leasing Business** We appropriately allocate the cash generated from the growth of the Leasing Business to investments for sustainable growth and shareholder returns. By utilizing the cash we generate ourselves without excessive reliance on financing, we strive to achieve both management flexibility and growth. We will continue to strive for the sustainable enhancement of corporate value through strategic capital allocation while maintaining financial soundness.	■ Ownership equity: JPY 40.6 billion ■ Interest-bearing debt: JPY 32.6 billion ■ Operating cash flow: JPY 38.4 billion	Update to the Medium-Term Management Plan >>> p.20 Message from the Chief of the Corporate Management Headquarters >>> p.21
Human Capital	**Employee Lifetime Value (ELTV)—the total value generated by employees over their careers** Based on the concept of ELTV (Employee Lifetime Value), we focus on investment in human capital. Through proactive recruitment and retention initiatives, we have increased the number of employees who can contribute for the long term, strengthening our organizational capabilities. We will continue to enhance our training and development programs and promote the creation of a rewarding workplace, leading to employee growth and greater corporate competitiveness.	■ Consolidated number of employees: 4,150 ■ Non-consolidated number of employees: 2,952 ■ Average years of service: 13 years and 2 months ■ Number of qualified employees: 1,157*1 ■ Engagement score[eNPS℠]*2: -54 (+8p YoY)*3 *1 Total number of real estate transaction specialists, rental property management specialists, licensed architects, and construction management engineers *2 eNPS℠ is a service mark of Bain & Company, Fred Reichheld, and NICE Systems, Inc. *3 Survey results by Geppo survey tool (eNPS: Employee satisfaction index. Average for companies using Geppo is -54)	Human Capital Management >>> p.35
Social Capital	**A nationwide rental housing platform and trusted relationships with diverse stakeholders** We operate nationwide based on relationships of trust with a diverse range of stakeholders, including approximately 26,000 apartment owners and approximately 480,000 tenants. Our rental housing platform for single-person households, comprising approximately 540,000 managed units, is one of the largest in Japan, and we have constructed a sustainable and stable operating framework through coordination and collaboration with local communities.	■ Number of apartment owners: Approx. 26,000 ■ Number of managed units: Approx. 540,000 ■ Number of tenants: Approx. 480,000 ■ Number of corporate clients: Approx. 39,800 ■ Number of apartment owner briefing sessions held: 139	Message from the Chief of the Leasing Business Headquarters >>> p.25 Stable Provision of Rental Housing >>> p.53 Dialogue with Stakeholders >>> p.58
Intellectual Capital	**Unique leasing methods and use of advanced technology** Through our housing service, including the master lease system, furnished apartments and equipped with appliances and internet accessibility, we have built unique leasing management methods. In recent years, we have introduced digital technologies such as smart locks, online consultations and contracts, achieving greater convenience and management efficiency. We will continue to proactively incorporate advanced technologies such as AI and IoT and work to provide comfortable, high-value-added living environments that respond to changes in society and lifestyles.	■ Master lease system ■ Apartment management methods ■ Number of units with smart locks: Approx. 360,000 units	DX Strategy >>> p.42 Stable Provision of Rental Housing >>> p.53







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

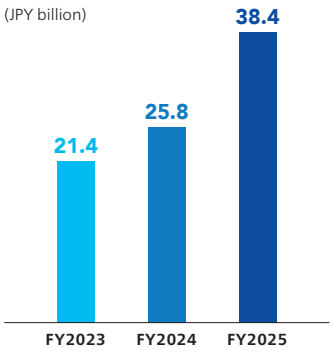
In fiscal year 2025, the Leasing Business benefited from firm corporate demand, and average unit rent for new contracts remained at a high level, enabling us to achieve our targets for all items from net sales through net income. In addition, cash flows from operating activities was positive JPY 38.4 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.

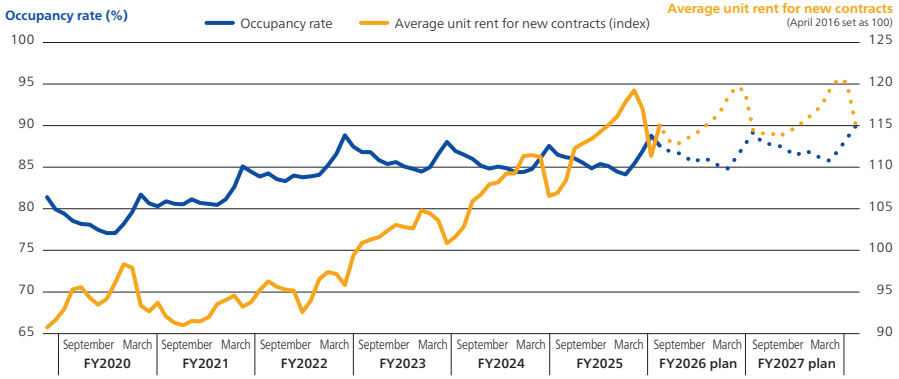
Occupancy rate

	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.

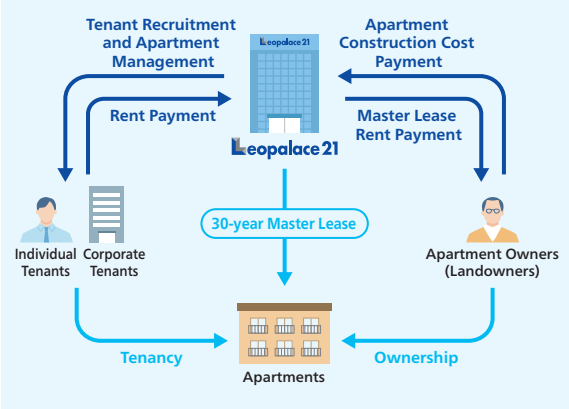
Business model

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.

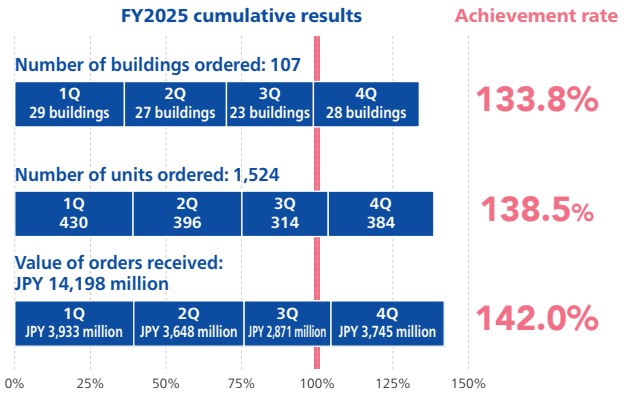
What I emphasize in running the division is that, guided by the idea of an "employee-centered" company, we become an organization where each person thinks for themselves, acts responsibly, and is fairly recognized for what they achieve. On a foundation of pay-for-performance, dialogue beyond organizational 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.

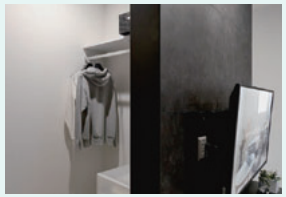
Quality and performance supporting long-term asset value

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

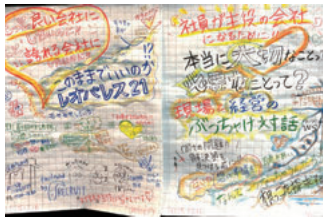
Participation in the Forum for Promoting Women's Empowerment

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.

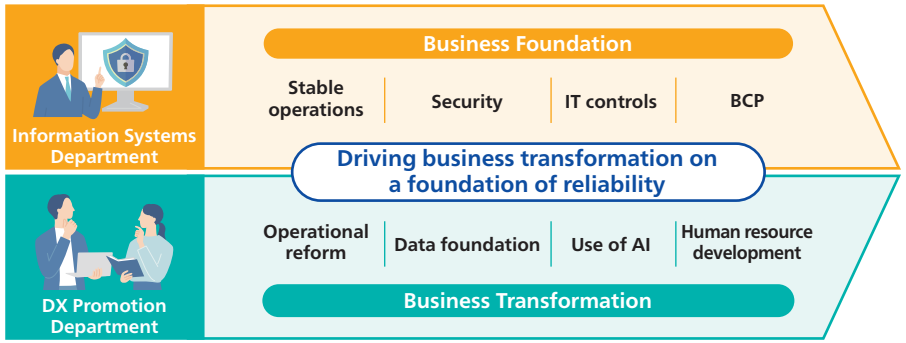
While the existing Information Systems Department is responsible for the digital "business foundation," the DX Promotion Department drives "business transformation." The DX Promotion Department serves as the driving force for using DX in order to improve the quality of customer touchpoints, redesign 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.









Section 3

Management Foundation

In light of changes in the business environment and societal demands, we organized our considerations from two perspectives, using our Vision as a starting point, and identified new materiality issues. In addition, in this report's "Message from an Outside Director," one of our Outside Directors candidly shares his thoughts on the results of our governance reforms as well as on the topic of achieving further growth.

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Sustainability Management

Basic Policies on Sustainability

Our Group has developed the Basic Policies on Sustainability and established the following five basic activity policies to further develop sustainability activities through our business, and will steadily implement these initiatives.

1. Providing high quality services and supporting affluent living

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

2. Contributing to local communities

Leopalace21 as a housing supplier is working with the members of the local communities so that everyone can live with peace of mind.

3. Creating pleasant work environments and developing diverse human resources

We aim to create a comfortable and inclusive work environment where each employee can fully demonstrate their unique strengths and abilities.

4. Creating an environmentally friendly society

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

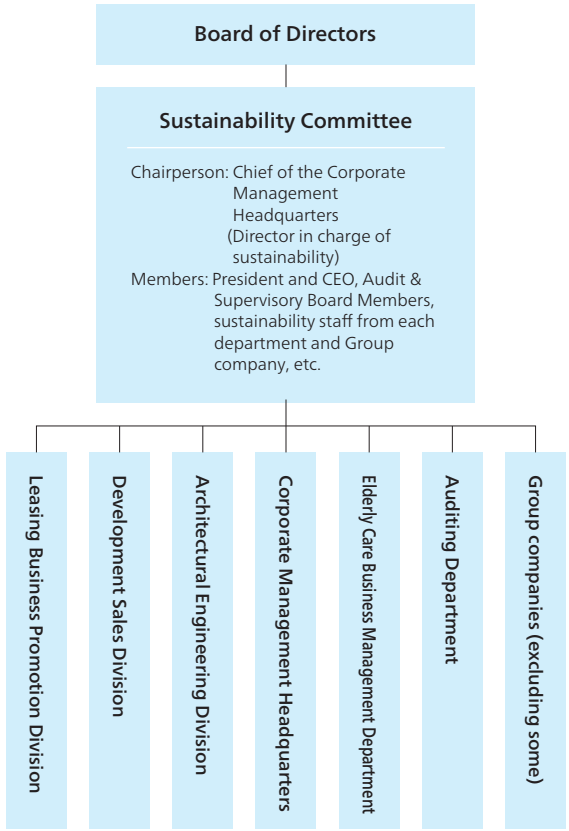
5. Engaging in sound, constructive communication with stakeholders

Leopalace21 is building sound and constructive partnership with all the stakeholders in the operations through a proactive disclosure stance and dialogue.



Sustainability promotion system

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



Roles within the promotion system

Board of Directors

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

Director in charge of sustainability

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

Sustainability Committee

Sustainability staff, representing relevant internal departments and each Group company, report on the status of activities related to each materiality issue in the areas of environment, society, and governance within their respective business activities, and share the status of sustainability promotion across the Group.

The Committee sets numerical targets for environmental activities, including initiatives for climate change, manages their achievement, and reports important matters to the Board of Directors. For climate-related risks, the Sustainability Committee and the Risk Management Committee, in collaboration with their relevant departments, consider, formulate, and implement countermeasures, and report their content to the Board.

Materiality Issues

In light of changes in the external environment, our Group has reassessed key social issues from two perspectives, using our Vision as a starting point. As a result, we identified a total of nine materiality issues across the areas of environment, society, and governance.

Background and the identification and review process

Since our Group adopted CSR management in 2009 and formulated a basic CSR policy, we have continuously identified and reviewed our materiality issues in light of changes in the business environment and societal demands.

In revising our materiality issues for 2026, we reaffirmed our purpose as a company that will continue to be needed by society, and based our deliberations on the Vision we established in 2025: To shape the future of "Single Living" by connecting with people, companies, and communities to make everyone's lives brighter through the concept of "Living Freely and Confidently."

Based on this, we identified key issues from the perspectives of economic value (offering rental housing with stable operation) and social value (building connections with people, businesses, and local communities) for our Group's business. Further, taking into account both short-term and medium- to long-term time horizons, we identified a total of nine materiality issues across the areas of environment, society, and governance.

When assessing importance levels, we conducted both qualitative and quantitative evaluations based on the degree of influence on our Group's corporate value creation and the impact on society, thereby identifying the issues that should be addressed with the highest priority.

Specifically, in terms of creating environmental value through our business, we placed a high priority on strengthening the circular economy through the provision of fully furnished rental housing, maintaining and extending the lifespan of our managed properties through regular maintenance, and addressing climate change. Furthermore, from the perspective of our growth strategy, we focused on providing comfortable housing services through the advancement of our real estate tech, and promoting human capital management that prioritizes well-being.

Additionally, in identifying materiality issues in the area of governance, we positioned structural issues specific to our Group arising from construction defects as key management challenges and sought to enhance objectivity and transparency by actively incorporating the insights of external experts.

The Sustainability Committee reviewed the course outlined above and confirmed that initiatives in these areas would contribute to enhancing corporate value over the medium to long term by improving economic value, enhancing social value, and strengthening our management foundation.

Subsequently, KPIs were established for each materiality issue following consultations with the relevant departments. The candidate materiality issues were then discussed again by the Sustainability Committee and finally approved by the Board of Directors.

Going forward, we will continue to closely align these materiality issues with our management strategy, establish specific measures and metrics, and monitor progress. At the same time, we will enhance their effectiveness through regular reviews, aiming to achieve both the sustainable enhancement of corporate value and the resolution of social issues.

STEP 1 | **Review of current materiality issues**

STEP 2 | **Reorganization of our materiality issues from two perspectives using our Vision as a starting point**

Using our Vision as a starting point, we reorganized our materiality issues from the perspectives of economic value (offering rental housing with stable operation) and social value (building connections with people, businesses, and local communities).

STEP 3 | **Identification of potential key issues**

We identified potential key issues based on ESG themes (such as the circular economy, climate change response, human capital, human rights, and governance effectiveness).

STEP 4 | **Importance assessment and prioritization**

We assessed importance levels and prioritized issues on the expectations and requests of stakeholders (such as shareholders, investors, property owners, tenants, employees, and local communities) and the extent to which they impact our business.

STEP 5 | **Internal approval**

The Sustainability Committee discussed the final candidate materiality issues. The final materiality issues were then approved by the Board of Directors.

New Materiality Issues Based on Key Themes

Key themes		Materiality issues		Recipients of value: Tenants and owners	Employees	Business partners	Shareholders and Investors	Local Communities	Local environments	FY2026 targets (KPIs)
Enhancement of corporate value	Enhancement of economic value: Stable provision of rental housing	Strengthen the circular economy by providing fully furnished rental housing	E S	◎		○	○		◎	● Home appliance reuse rate: 30%
		Maintain managed properties	S	◎		○	○		○	● Number of buildings inspected: 34,000 ● Number of employees holding four key qualifications (non-consolidated basis) Real estate transaction specialists or rental property management specialists: 1,000 by the end of March 2028 Licensed architects or construction management engineers: 450 by the end of March 2028 ● Tenant satisfaction survey by end of March 2027: 87%
		Address climate change	E	○			◎		◎	● Reduction in Scope 1 and 2 CO_2 emissions by 46% compared to FY2016 by FY2030 ● Number of households using *Leopalace Green Energy* and CO_2 emissions reduced: 256,000 households; carbon offset: 121,874 t- CO_2 ● Ratio of ZEH-M units among new orders: 10%
		Provide comfortable housing services through the promotion of real estate tech	S	◎	○	○	○			● Number of units with smart locks installed: 403,000
	Enhancement of social value: Build connections with people, companies, and local communities	Promote human capital management that prioritizes well-being	S		◎	○	◎			● Percentage of female managers (non-consolidated basis): 10.1% ● Gender pay gap (non-consolidated basis): regular employees: 66.8%, non-regular employees: 45.9%, total: 57.5% ● Investment in education and training per employee: JPY 61,150 (provisional figure) ● Engagement score: eNPS -53 ● Work engagement: 3.2 ● Presenteeism: 65 ● Turnover rate: Less than 10%
		Contribute to the resolution of social issues for community coexistence	S		○			◎		● Number of foreign national tenancies: corporations: 47,000; individuals: 30,000 ● Holding of forums for specified skilled workers (foreign national human resources): twice (September and February) ● Planning and implementation of collaborative measures with local governments, educational institutions, and other organizations: 2 projects
		Respect human rights	S	○	◎	◎	○			● Maintaining the employment rate for people with disabilities: Statutory employment rate of 2.70% ● Publication of guidelines, manuals, and case studies for establishing a system to address customer harassment: August 2026
	Strengthening the management foundation: Strengthen the governance foundation	Strengthen governance and ensure its effectiveness	G		○	○	◎			● Conducting an effectiveness evaluation of the Board of Directors: Once a year
		Engage in thorough compliance and risk management	G	○	◎	◎	○			● Raising awareness of information security E-learning participation rate: 80% (non-consolidated; excluding Elderly Care businesses) E-learning correct answer rate: 90% (non-consolidated; excluding Elderly Care businesses) ● Training sessions held: 22 (compliance training: 6, construction law training: 15, information management training: 1) ● Conducting compliance awareness surveys, harassment fact-finding surveys, and hotline surveys: Once a year, with a 90% response rate ● Number of process audits completed for new properties: 44 ● Number of new building product checks: 8

TCFD-aligned Disclosure

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

Governance

Please refer to the sustainability promotion system shown on p.45. Sustainability promotion system>>> p.45

Strategy

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

As the Leasing Business accounts for over 90% of our sales, the scope of the scenario analysis is limited to the Leasing Business segment (apartment construction, leasing, and management). In addition, taking into account the nature of our business and the medium- to long-term business environment, we conducted a scenario analysis looking ahead to 2030.

Reference scenario

Category	Scenario overview	Main reference scenarios
1.5°C to 2°C	A scenario in which policies and regulations aimed at achieving a decarbonized society are implemented, limiting the global temperature increase compared to before the industrial revolution to between 1.5°C and 2°C. While the transition risk is high, physical risks are reduced compared to the 4°C scenario.	● IEA World Energy Outlook 2021 Net Zero Emissions by 2050 Scenario ● IPCC RCP2.6, SSP1-1.9
4°C	No new policies or regulations are introduced, and global CO_2 emissions continue to increase. The transition risk is low, but physical risk is high.	● IEA World Energy Outlook 2021 Stated Policies Scenario ● IPCC RCP8.5, SSP5-8.5

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

Scenario analysis steps

STEP 1

Identify important climate-related risks and opportunities and set parameters

- Identify climate-related risks and opportunities
- Assess risks and opportunities of high importance
- Set parameters related to highly important risks and opportunities

STEP 2

Identify and define the range of scenarios

- Identify relevant scenarios that are closely related to the existing scenarios based on STEP 1 information and others
- Establish the likely scenario based on prospective social conditions

STEP 3

Evaluate financial impacts under each scenario

- Quantitatively and qualitatively evaluate the financial impact of each of the scenarios considered as important climate-related risks and opportunities identified in STEP 2

STEP 4

Consider strategies and further responses to climate-related risks and opportunities

- Formulate the Company strategies for climate-related risks and opportunities
- Consider further measures

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

Identified risks, opportunities, and their business/financial impact

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

[Impact level]

<Large>

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

<Medium>

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

<Small>

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

Risk management

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

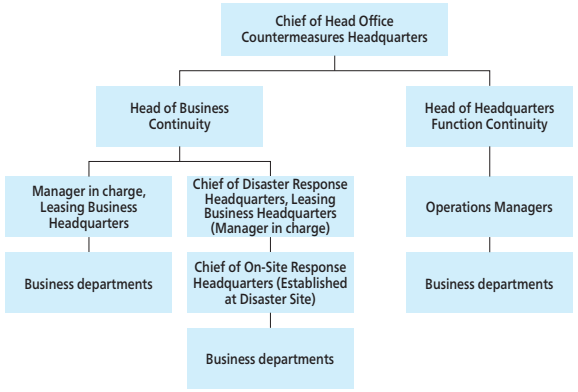
Unforeseen events such as earthquakes, typhoons, torrential rains, large-scale demonstrations, conflicts, and civil unrest due to terrorism or political instability, as well as infectious diseases, both domestically and internationally, could potentially cause significant damage or losses to our company's business. To prepare for these risks, we develop and regularly review our BCP (Business Continuity Plan), and in August 2025, we conducted training based on a large-scale disaster scenario for employees at our head office. Going forward, we plan to expand such training to include employees beyond the head office and gradually roll out similar training sessions.

Our company has set certain standards for launching Disaster Response Headquarters for each disaster, and when a linear rainband struck the Fukuoka and Kitakyushu regions in August 2025 and when Typhoon No. 15 (Peipah) occurred in September of the same year, we established Disaster Response Headquarters, quickly shared the damage status in the affected areas, and responded accordingly. In addition to checking on the safety of property owners and tenants via phone calls and text messages, we worked to provide timely and appropriate information by disseminating disaster prevention updates through our apps. In order to prevent the interruption of important business, or to restore it quickly if interrupted, we strive to promptly grasp internal damage and operation damage and take appropriate responses to recovery activities and to suppress the expansion of damages, thereby working to mitigate risks.





Disaster Response Headquarters organizational chart



Indicators and targets

Since FY2016, our Group has aggregated and disclosed CO_2 emissions generated through our business activities. The compiled results for each fiscal year have been disclosed on our website and in our integrated reports.

For CO_2 emissions from our facilities, we set a target, in 2020, to reduce emissions corresponding to Scope 1 and 2 (emission from gas, gasoline, and electricity used by the company) by 26% in FY2030 in comparison to FY2016. As of the end of FY2021, we had already achieved this target.

Integration of leasing sales offices as well as divestiture of and withdrawal from non-core and unprofitable business as a result of promoting business restructuring and streamlining, turned into one of the major factors contributing to the significant reduction in CO_2 emissions. From FY2022 onward, we have revised the reduction target for Scope 1 and 2 emissions to a 46% reduction compared to FY2016.

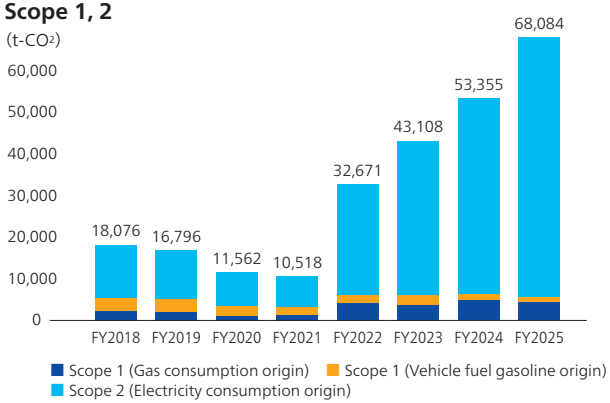
To obtain third-party assurance for our CO_2 emissions, starting with fiscal year 2024, we have improved the accuracy of our CO_2 emissions calculations and expanded the scope of those calculations to better reflect actual conditions. In addition, from the perspective of promoting consistency, we recalculated our CO_2 emissions retroactive to fiscal year 2022. Due to this expansion of our calculation scope, electricity and gas consumption in the common areas of properties was included, resulting in an increase in Scope 1 and 2 emissions and, consequently, Scope 3 Category 3 emissions also increased approximately fivefold. Furthermore, Scope 3 Category 1 emissions rose by about 42-fold as a result of expanding the calculation scope to include office supplies and advertising purchases, in addition to apartment construction materials.

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

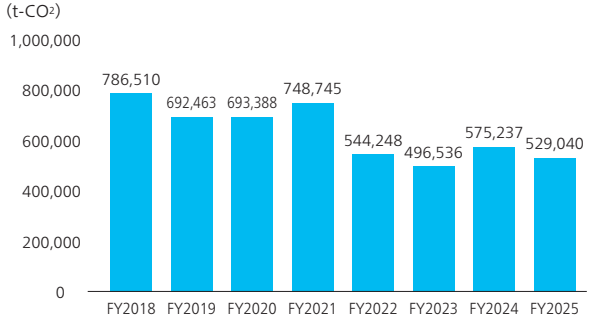
Scope 1, 2, and 3 results

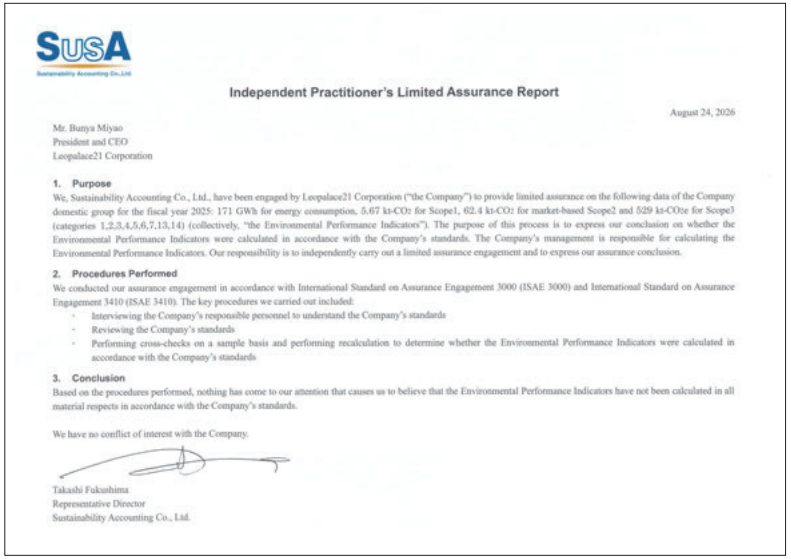
Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1	5,518	5,218	3,473	3,285	6,182	6,247	6,390	5,673
Scope 2	12,558	11,578	8,089	7,233	26,489	36,862	46,966	62,411
Scope 3	786,510	692,463	693,388	748,745	544,248	496,536	575,237	529,040

Scope 1, 2



Scope 3





SusA

Independent Practitioner's Limited Assurance Report

August 24, 2026

Mr. Bunya Miyao
President and CEO
Leopalace21 Corporation

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Leopalace21 Corporation ("the Company") to provide limited assurance on the following data of the Company domestic group for the fiscal year 2025: 171 GWh for energy consumption, 5.67 kt-CO2 for Scope1, 62.4 kt-CO2 for market-based Scope2 and 529 kt-COze for Scope3 (categories 1,2,3,4,5,6,7,13,14) (collectively, "the Environmental Performance Indicators"). The purpose of this process is to express our conclusion on whether the Environmental Performance Indicators were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the Environmental Performance Indicators. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing recalculation to determine whether the Environmental Performance Indicators were calculated in accordance with the Company's standards

3. Conclusion

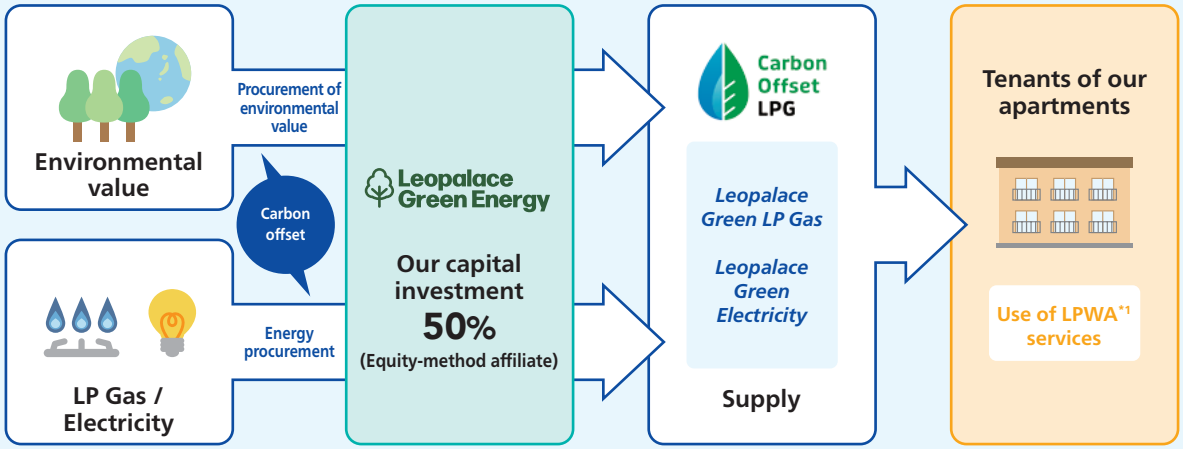
Based on the procedures performed, nothing has come to our attention that causes us to believe that the Environmental Performance Indicators have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

Countermeasure 1 *Leopalace Green Energy* Project

Through the *Leopalace Green Energy Project*, we are working on an ongoing basis to provide environmentally conscious properties. The project involves switching properties to *Leopalace Green Electricity* and *Leopalace Green LP Gas*. *Leopalace Green Electricity* achieves effectively carbon-neutral electricity and LP gas usage in our managed properties by bundling them with non-fossil certificates (certificates that represent the value of carbon dioxide not emitted during power generation). *Leopalace Green LP Gas* offsets greenhouse gas emissions generated throughout the LP gas lifecycle using carbon credits earned through various domestic and international projects that reduce or absorb such emissions.



Leopalace Green LP Gas

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

Leopalace Green Electricity

From June 2024, provision of *LG Electricity* started. *LG Electricity*, supplied by Astomos Energy Corporation, is provided to properties eligible for *Leopalace Green LP Gas* based on applications submitted by tenants.

Actual results (Up to FY2025)

Number of units provided (in terms of gas and electricity supplies) **247,806**

Carbon offset amount **146,440t-CO_2**

Plan

Planned number of units (in terms of gas and electricity supplies) **600,000***2

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

Countermeasure 2 Environmental Consideration and Promotion of ZEH-M

With the goal of accelerating energy conservation in the housing industry, in September 2025, Japan's Ministry of Economy, Trade and Industry (METI) announced and established the GX ZEH-M (Green Transformation Net Zero Energy House—Mansion) standards, which are based on energy-saving performance standards that exceed those of the conventional ZEH-M*1 (Net Zero Energy House—Mansion) standards. Aiming for a 50%*2 ZEH-M standard ratio in our construction contracts for fiscal year 2028, we will also take the GX ZEH-M standard into account as we advance the review and implementation of energy-saving performance specifications.

Roadmap toward a decarbonized society

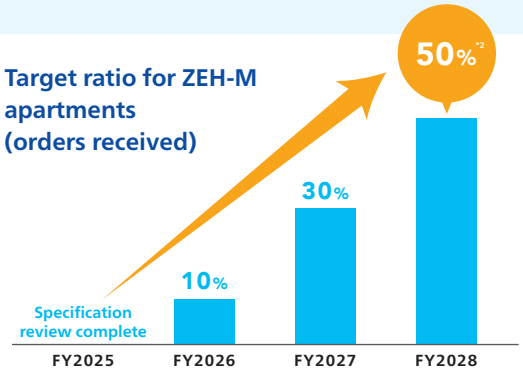


ZEH developer
ZM2025-00283-DC

Registered as a ZEH Developer in October 2025 (Leopalace21's ZEH Developer Mark)



Rendering of a ZEH-M-compliant building



*1 ZEH-M (Net Zero Energy House—Mansion) refers to a multi-unit residential building that aims to achieve a net zero energy balance by improving the building's thermal insulation performance, implementing energy-saving through the introduction of highly efficient equipment, and adopting renewable energy sources such as solar power.
*2 Including ZEH-M Oriented and GX ZEH-M Oriented

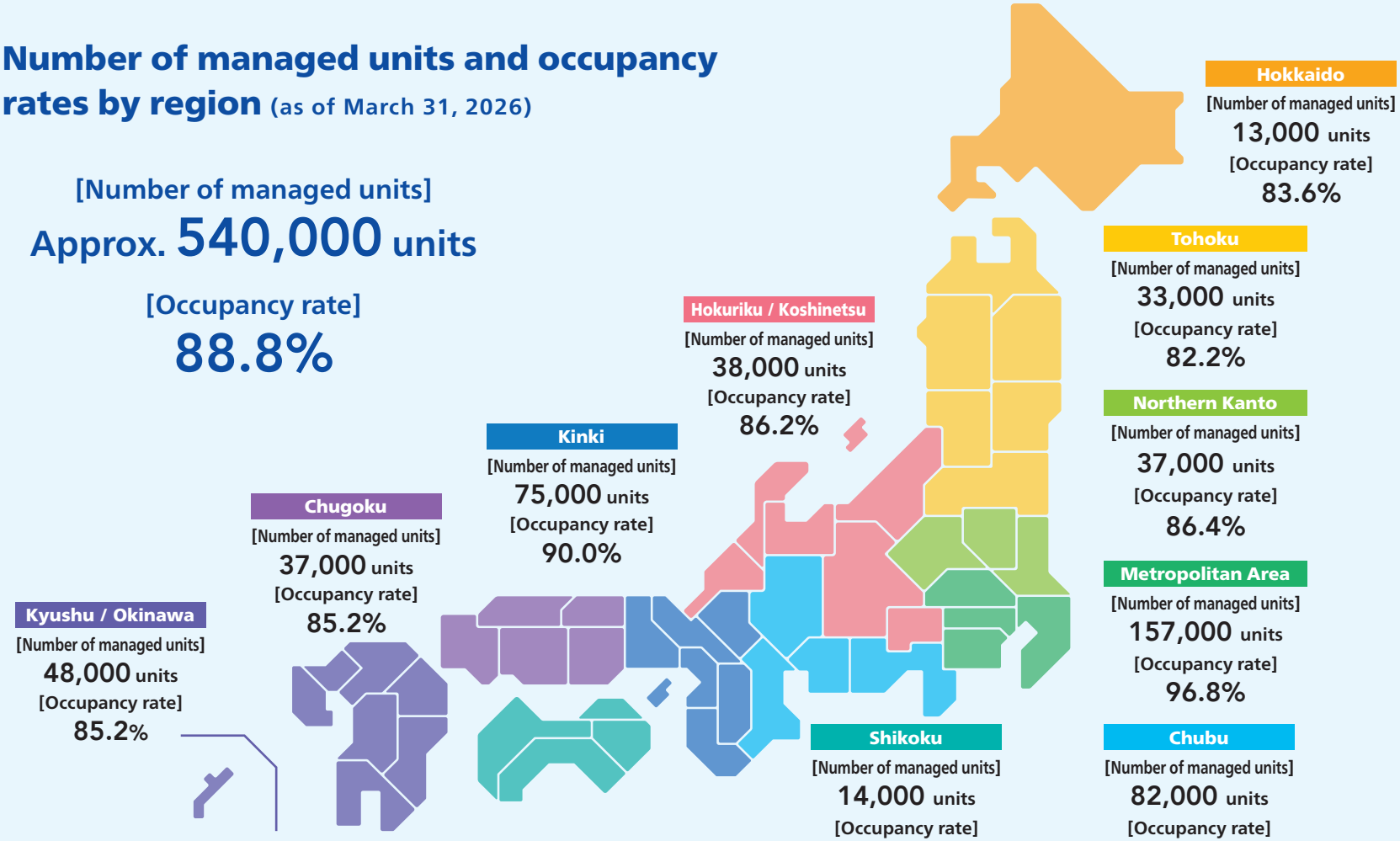
Stable Provision of Rental Housing

Our Company provides housing that balances convenience with environmental consideration through a nationwide stable supply system and a system for the circular use of furniture and home appliances.
While supporting diversifying lifestyles and the increased mobility of people, we are contributing to the resolution of social issues and the creation of a sustainable society.

Number of managed units and occupancy rates by region (as of March 31, 2026)

[Number of managed units]
Approx. 540,000 units

[Occupancy rate]
88.8%



Hokkaido
[Number of managed units]
13,000 units
[Occupancy rate]
83.6%

Tohoku
[Number of managed units]
33,000 units
[Occupancy rate]
82.2%

Northern Kanto
[Number of managed units]
37,000 units
[Occupancy rate]
86.4%

Metropolitan Area
[Number of managed units]
157,000 units
[Occupancy rate]
96.8%

Chubu
[Number of managed units]
82,000 units
[Occupancy rate]
84.0%

Hokuriku / Koshinetsu
[Number of managed units]
38,000 units
[Occupancy rate]
86.2%

Kinki
[Number of managed units]
75,000 units
[Occupancy rate]
90.0%

Chugoku
[Number of managed units]
37,000 units
[Occupancy rate]
85.2%

Kyushu / Okinawa
[Number of managed units]
48,000 units
[Occupancy rate]
85.2%

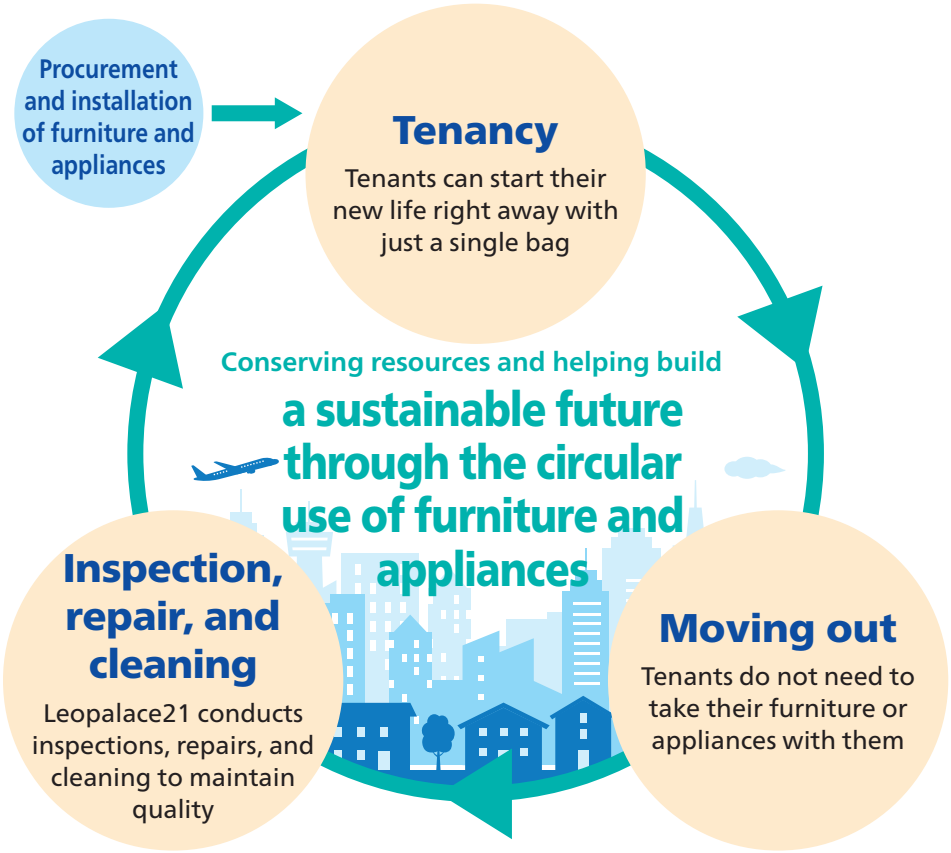
Shikoku
[Number of managed units]
14,000 units
[Occupancy rate]
76.2%

Realizing a circular economy through the supply of fully furnished rental housing

By promoting the circular use of furniture and appliances, our business model reduces environmental impact throughout their life cycle and contributes to improving resource efficiency. At the same time, by reducing tenants' initial costs and increasing their flexibility in moving, we provide living environments where people can reside with peace of mind broadly. By creating these environmental (E) and social (S) values through our core business, we are contributing to the building of a sustainable society and the realization of a circular economy.

The advantages of apartments

Our rental housing also offers environmental benefits. Typically, when a person first starts living on their own, they purchase a full set of furniture and appliances needed for daily life. However, with our properties, there is no need to buy furniture or appliances, nor is it necessary to dispose of them when moving out, which in turn reduces the volume of belongings that need to be transported when moving.



Three values created by circular use

Environmental value

- Waste reduction
- CO_2 emissions reduction

Value to society and customers

- Effective use of resources
- Reduction of initial moving costs
- Ability to start a new life immediately

Economic value

- Streamlining of procurement and repairs
- Effective use of assets

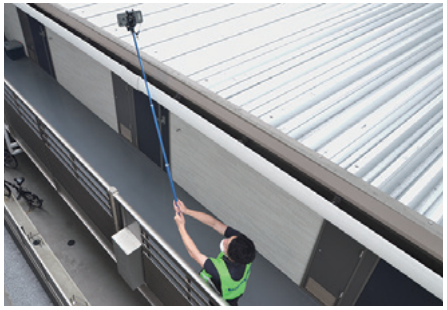
Maintenance of managed properties

Our Company relaunched its Development Business in earnest in April 2025. We recognize that, in order to ensure a stable supply as part of the housing infrastructure, it is important that we work to secure both housing supply quantity and quality in an integrated manner. For new building projects, we are working to develop and rigorously enforce our construction quality management system, while for existing properties, we are striving to maintain and enhance safety and asset value by strengthening our inspection and maintenance.

Promoting preventive maintenance for managed properties

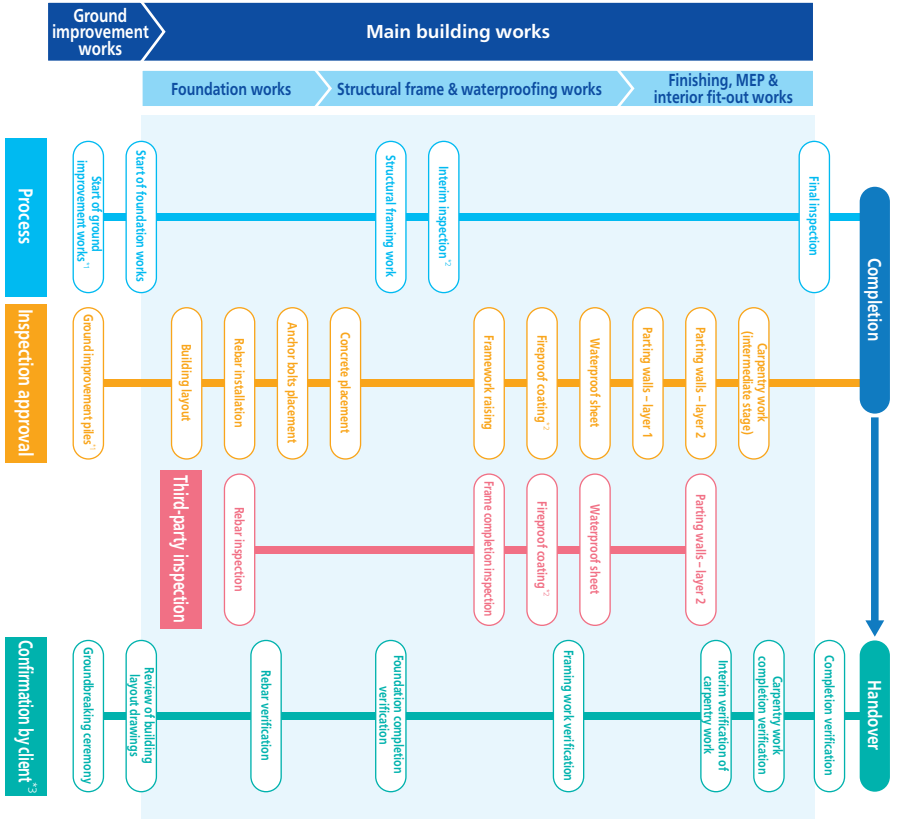
In principle, our managed properties undergo regular annual building inspections, with the aim of providing owners and tenants with peace of mind and comfort. For these building inspections, starting in April 2021, the inspection checklist consisting of 50 check items was revised, and more detailed inspections with 100 checkpoints are now conducted. The vast amount of data obtained from inspection results can be utilized to perform more detailed analyses of the given inspection areas. We focus not only on early detection of building problems and prompt identification of deterioration, but also on promoting preventive maintenance of managed properties for the future by leveraging the accumulated inspection data over the years. By carrying out building maintenance work at the most appropriate timing and with the most appropriate method, which puts the safety and security of tenants first, we focus on maintaining and enhancing property value, ensuring that older apartment buildings can continue to be lived in with comfort.





Strengthening Construction Quality Management System

We are working to strengthen our construction quality management system in order to provide safe and comfortable living environments. Throughout the 12 major processes from groundbreaking to completion, we implement three-step, in-house inspections involving the construction contractor, the construction engineer, and the construction supervisor, and strictly enforce a system that prohibits proceeding to the next process without the licensed architect's approval. Further, we are striving to enhance on-site transparency and ensure quality. In addition to audit-based confirmations performed by our legal division, we commission third party organizations to conduct inspections, and have the client take part in on-site confirmation as part of the major processes.



*1 Depending on ground conditions and other factors, this may not be implemented.
*2 Depending on the size and structure of the property, this may not apply.
*3 On-site confirmation by the client may not be implemented depending on their circumstances.

Respect for Human Rights

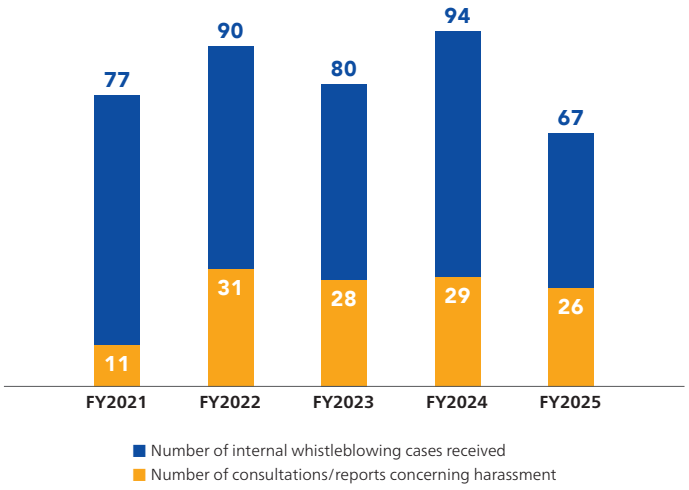
Our Group upholds the mission of "To create new value and *imagineer* joyful living" and, as part of its daily business activities, acts with respect for the human rights of all people.

Leopalace21 Group Human Rights Policy

Initiatives to eliminate harassment

In April 2020, we established a basic policy and issued the Declaration to Eliminate Harassment to maintain a healthy workplace environment, strengthen workplace trust, and create a vibrant and comfortable company. In accordance with this declaration, we continuously conduct compliance training sessions for the purpose of preventing harassment. Through awareness-raising activities regarding harassment, employee awareness of harassment has increased. Since fiscal year 2022, the number of consultations and reports regarding harassment has remained around 30 cases annually, but consultations and reports regarding suspected harassment have increased, contributing to prevention before escalation.

Number of consultations and reports regarding harassment (cases)



Initiatives against customer harassment

In light of the fact that, effective October 1, 2026, employers will be required to take necessary measures in their employment management to prevent customer harassment, we will review our company policies, develop an internal manual to standardize on-site response, and provide education and training to employees.

Guidelines on Customer Abuse of Employees

Guided by our Customer First policy, our Group aims to provide services that our customers can always trust. We seek to address customer requests and feedback to the best of our ability and, in turn, to work toward resolving relevant challenges. However, we have confirmed instances where certain customers' words and actions toward our employees have exceeded what is considered socially acceptable, preventing normal business operations from being conducted and adversely affecting the service provided to other customers. Therefore, if such behavior is observed, we will respond in accordance with our guidelines. The following examples are provided for illustrative purposes only and are not exhaustive.

[Relevant cases]

- Acts of violence
- Unwanted physical contact
- Threats, intimidation, other extremely overbearing behavior, extremely violent acts
- Prolonged loitering, detention, and confinement without reasonable cause
- Insults, words or actions that demean an individual
- Discriminatory or sexual remarks or behavior
- Requests for support beyond the scope of compensation, demands for services that are excessive by social standards
- Demands to our Company for apologies, monetary compensation, or other forms of compensation, or demands for disciplinary action against employees or other personnel, made in a manner or for reasons that lack a reasonable basis



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

Note: The content of the above Guidelines on Customer Abuse is as of the date of this integrated report was compiled.

Supply Chain Management

Our Group believes that the cooperation of the business partners who make up our supply chain is essential for us to conduct business activities as an enterprise that contributes to society. Based on fair and transparent business relationships, we emphasize legal compliance and corporate ethics, and aim to achieve sustainable business operations and create social value by building partnerships founded on mutual trust.

Structure

Based on our CSR Procurement Guidelines, our Group has established a Procurement Management Committee to ensure the proper procurement of goods and services and the selection of business partners.

Chaired by the President and CEO and composed of coordinators from relevant divisions, this committee deliberates on and decides important matters related to procurement. It also works to strengthen risk management and enhance transparency throughout the entire supply chain, thereby establishing a framework to ensure fair and transparent transactions as well as appropriate quality.

In addition, we have established a dedicated hotline desk where business partners who have ongoing dealings with our Group can feel confident in consulting with us or reporting any violations of laws and regulations or our corporate ethics (Corporate Ethics Charter) within our Group, or any suspected violations thereof.

Results of initiatives for fiscal year 2025

Our Group is promoting the creation of a sustainable supply chain through fair and equitable transactions with our business partners. For fiscal year 2025, we positioned the establishment of fair business practices and the strengthening of corporate governance as key issues, and worked to improve systems, advance digitalization, and raise compliance awareness. To promote the fair passing on of price increases, we have made it mandatory to report internally whenever we receive a request for a price review from a business partner, and have established a system to ensure a prompt and appropriate response. To promote responsible procurement, we raised awareness of our CSR Procurement Guidelines, encouraged the use of our business partner hotline, and worked with business partners to ensure thorough compliance.

We also publicized the purpose of our Partnership Building Declaration both internally and externally to promote mutual understanding and foster relationships of trust. In addition, we continued to operate an award system for construction contractors and cleaning companies, and during fiscal year 2025, we recognized partner companies that contributed to quality improvement and continuous improvement. We conducted E-learning on the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators, and worked to foster a fair trading environment by raising each employee's awareness of legal compliance. Through these initiatives, we aimed to strengthen the sound partnerships we have with our business partners while enhancing the sustainability and resilience of the entire supply chain.

パートナーシップ構築宣言



Award ceremony for cleaning partners

Implementation of a new procurement management system

We are promoting the implementation of a new procurement management system with the aim of ensuring proper transactions and strengthening governance.

The introduction of this system is expected to promote the shift toward paperless and online operations among our business partners, leading to benefits such as improved operational efficiency and reduced administrative workload. The system is scheduled to go live in December 2026.

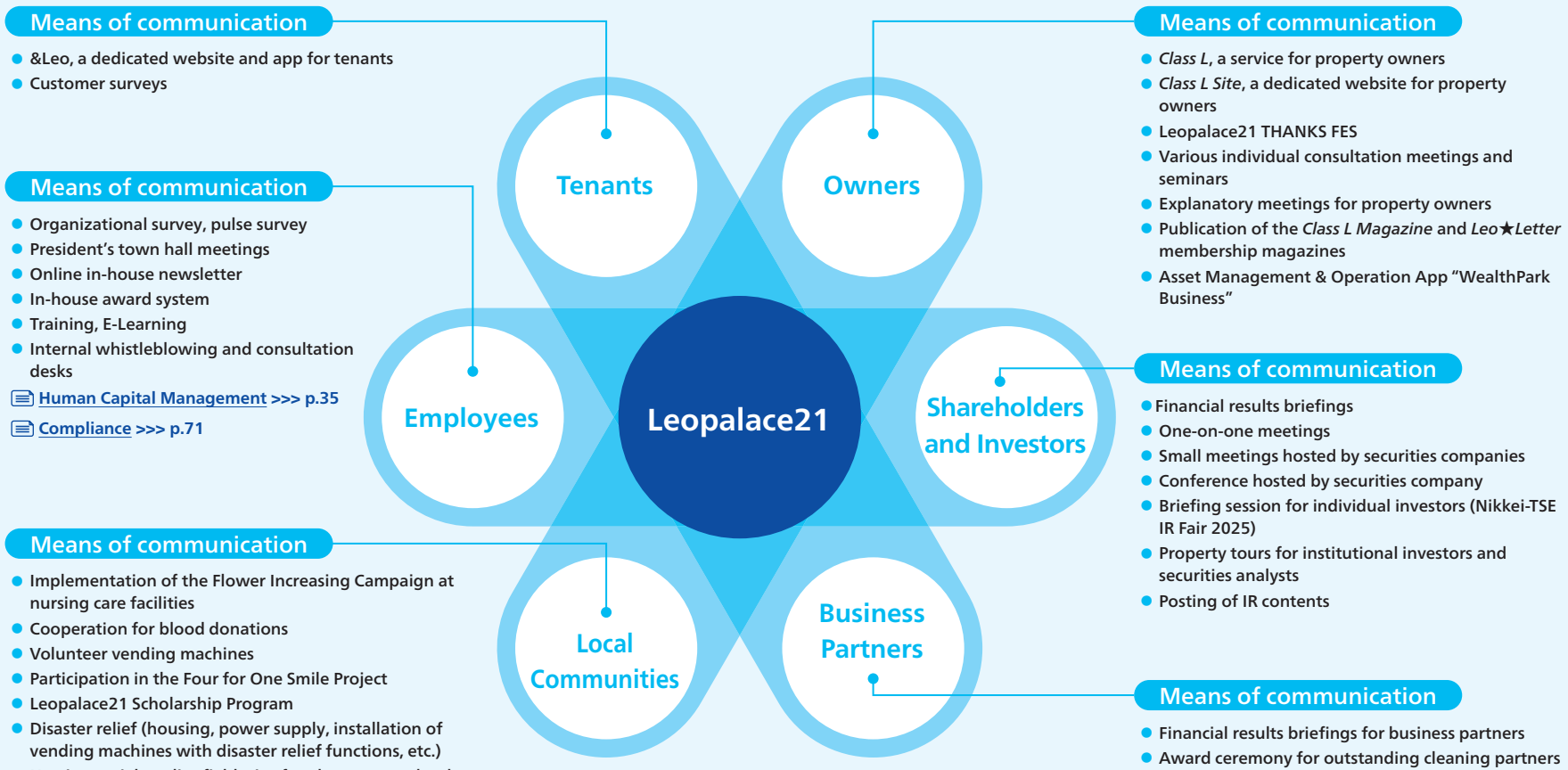
Future initiatives

To strengthen our supply chain management, alongside our existing CSR Procurement Guidelines, we established the Price Pass-Through Guidelines in July 2026. Going forward, through the implementation of these guidelines, we will strive to comply with relevant laws and regulations and maintain fair and positive business relationships with our business partners, and aim to build a sustainable supply chain.

In addition, as part of our ongoing monitoring of the business partner survey conducted in July 2024, we conducted a second survey from July through mid-August 2026. As part of the survey, in a section we call "VOS" (Voices of Suppliers), we collected feedback from business partners with transaction amounts of JPY 10 million or more in fiscal year 2025, and conducted a CSR assessment covering topics such as quality, compliance, information security, and business continuity planning, thereby promoting the development of a sustainable supply chain.

Dialogue with Stakeholders

To realize higher corporate value for customers, business partners, shareholders, and all stakeholders, we have established efficient, fair, and highly transparent management as the basis of our corporate activities. Based on this approach, we define ideal relationships with stakeholders and work to enhance corporate value through ongoing dialogues.



Means of communication

- &Leo, a dedicated website and app for tenants
- Customer surveys

Means of communication

- Organizational survey, pulse survey
- President's town hall meetings
- Online in-house newsletter
- In-house award system
- Training, E-Learning
- Internal whistleblowing and consultation desks

Human Capital Management >>> p.35
Compliance >>> p.71

Means of communication

- Implementation of the Flower Increasing Campaign at nursing care facilities
- Cooperation for blood donations
- Volunteer vending machines
- Participation in the Four for One Smile Project
- Leopalace21 Scholarship Program
- Disaster relief (housing, power supply, installation of vending machines with disaster relief functions, etc.)
- Hosting social studies field trips for elementary school students

Means of communication

- *Class L*, a service for property owners
- *Class L Site*, a dedicated website for property owners
- Leopalace21 THANKS FES
- Various individual consultation meetings and seminars
- Explanatory meetings for property owners
- Publication of the *Class L Magazine* and *Leo★Letter* membership magazines
- Asset Management & Operation App "WealthPark Business"

Means of communication

- Financial results briefings
- One-on-one meetings
- Small meetings hosted by securities companies
- Conference hosted by securities company
- Briefing session for individual investors (Nikkei-TSE IR Fair 2025)
- Property tours for institutional investors and securities analysts
- Posting of IR contents

Means of communication

- Financial results briefings for business partners
- Award ceremony for outstanding cleaning partners

Supply Chain Management >>> p.57

Dialogue with shareholders and investors

We have established a dedicated investor relations section led by the Executive in Charge of IR, and we engage in ongoing dialogue through means such as financial results briefings, one-on-one meetings, small meetings, and conferences. The IR section compiles the feedback received through these dialogues and reports it to management on a quarterly basis. Important matters are also shared promptly and incorporated into improvements to our capital policy and disclosure practices. In addition, in fiscal year 2025, we held property tours to help promote understanding of the quality and competitiveness of our new products.

Status of dialogue (FY2025)

Activity	Number of times	Details	Person in charge
Financial results briefings	4	Quarterly financial results briefings for analysts and institutional investors held online on the day of earnings announcements. Materials and transcripts are disclosed on our company's IR website.	President and CEO Executive in Charge of IR
One-on-one meetings	87	One-on-one meetings with domestic and overseas institutional investors and securities analysts.	President and CEO Executive in Charge of IR / IR Section
Small meetings	11	Participation in small meetings hosted by sell-side analysts covering the Company.	President and CEO Executive in Charge of IR
Conference hosted by securities company	1	Participation in an investor conference hosted by a securities company and one-on-one meetings with overseas institutional investors.	IR section
Briefings for individual investors	1	Participation in an IR event and a briefing session for individual investors.	President and CEO Executive in Charge of IR / IR Section
Posting of IR contents	—	Publication of IR materials on the Company's website.	—

Main dialogue topics and areas of interest

Medium-Term Management Plan: New Growth 2028, shareholder return policy, occupancy rates and average unit rent, status of repairs to properties with construction defects, progress of the Development Business, quarterly performance trends, major shareholder ownership trends, cash allocation, etc.

Dialogue with individual investors

As part of our efforts to create opportunities for constructive dialogue with individual investors, we exhibited at Nikkei-TSE IR Fair 2025 and held a company briefing session to explain our business strategy and sustainability initiatives.



Property tours for institutional investors and securities analysts

We held property tours for institutional investors and securities analysts in Odawara City, Kanagawa Prefecture, in November 2025, and in Kunitachi City, Tokyo, in March 2026. These tours provided an opportunity for attendees to gain a deeper understanding of our Company by enabling us to convey our business policies and commitment to quality, such as our construction management system; and the design and functionality offered by our new product, *ArLk*, which launched in fiscal year 2025.



Involvement with local communities

As a member of the local communities in which we operate, our Group continues to undertake initiatives that contribute to solving regional issues through our business activities. As a company deeply rooted in these communities, we will contribute to the realization of a sustainable society through dialogue and collaboration with our diverse stakeholders.

Conducting social studies field trips

We held social studies field trips for local elementary school students at our head office. By giving students a glimpse into our business and how our employees work, we promoted learning that extends beyond the classroom and provided an opportunity to directly experience our connection with the local community.



Participation in Riko Higashio's Four for One Smile Project

The Four for One Smile Project supports the creation of an environment where women can feel comfortable and secure by providing sanitary napkins that employees can use for free in the women's restrooms of companies. Our Company supports this project and has placed sanitary napkins in the women's restrooms at our head office.

In addition, the program is structured so that donations are made to schools based on the usage of the sanitary napkins, and through this initiative, we are working to both improve the workplace environment for women and support the education of the next generation. We will continue to contribute to the realization of a society that respects health and diversity.



Strengthening community disaster prevention

We began installing vending machines equipped with disaster relief functions in 2025. These vending machines monitor the area using security cameras during normal times and, during disasters, switch to emergency power to provide free beverages.

In addition, we have entered into an agreement with Asaka City to provide power during disasters. In the event of a power outage, we will utilize the solar power generation systems at participating properties to supply electricity by making these buildings available as charging stations during daylight hours when the sun is out and power generation is possible.

Through these initiatives, we aim to further strengthen our disaster prevention systems in collaboration with local communities, while also contributing to ensuring the safety and peace of mind of area residents during emergencies.





Message from an Outside Director

Governance that supports Leopalace21's quality and credibility

Defining quality clearly and driving continuous improvement



Yutaka Nakamura
Outside Director

Steadily improved corporate culture and governance

Let me begin with a word about my own career. I studied industrial engineering at university, and after graduating, I joined National Housing Materials Co., Ltd. (now Panasonic Homes Co., Ltd.), where I spent many years in housing quality control. I later headed the company's quality control, environmental, and CS (customer satisfaction) functions while also participating in industry-wide activities. As Chair of the CS Quality Committee at the Japan Prefabricated Construction Suppliers and Manufacturers Association, among other roles, I worked with government agencies and other companies in the sector to raise quality control and customer satisfaction standards across the housing industry. It was on the strength of that experience that I became an Outside Director of Leopalace21 in 2020. Since then, I have supported the Company's reform, principally from a quality control perspective.

Since the construction defects problem came to light in 2018, the Company has committed itself as a whole to inspecting and repairing existing buildings. By the end of December 2024, inspection and remedial work had been completed on every obvious defect where the cooperation of tenants and building owners could be obtained. I think very highly of the fact that, under real business constraints, including the suspension of new construction contracting, the Company faced the negative legacy of the past head-on and saw a difficult task through to the end.

Through that process, the character of the Company itself has steadily changed. When I took up my role, a strongly top-down culture was still much in evidence and employees could be seen waiting for instructions. In working through the problem, the organization has been changing into one where each employee thinks for themselves and acts on their own initiative. I also sense the beginnings of a culture in which management and employees can debate frankly, regardless of rank. On quality and compliance, too, the principle that what must be observed will be observed has spread throughout the organization, and internal standards are set at an extremely high level. That an insistence on doing things properly has taken root in the culture can fairly be called an achievement of governance reform.

The strengthening of the talent base is also progressing steadily. Thanks to active support for employees seeking qualifications and to mid-career recruitment of qualified people, the shortage of qualified engineers that emerged as an issue after the construction defects problem came to light is gradually being resolved, and front-line technical capability has improved markedly.

Redefining quality and elevating quality management to the next level

The Company's underlying character is improving, then, but the reform still has some way to go. I go out myself to the sites that underpin quality control and make opportunities to talk directly with employees, and I still sense a lingering assumption that in the end, somebody else will make the decision for them. The same is true of management. Only when that assumption is cleared away will this become an organization that can truly run under its own power.

The other important task ahead is to redefine what quality means for Leopalace21. Because of the construction defects problem, quality has tended to be viewed primarily in terms of building design and construction quality. But the core of the Company's business is leasing, and we need to recognize that the living space and the services we provide to tenants are equally part of what quality means.

In my view, there are three kinds of quality that the Company should hold clear. First, quality seen through the tenant's eyes: a comfortable interior and a standard of upkeep that makes someone think, "I want to live in this apartment." Second, the quality of the physical building: quality built into new construction, and the maintenance and renovation of existing buildings. Third, the quality of every point of contact with the client, from winning the order for a new building through design, construction, and after-sales service. It is important to define clearly what each of these should look like and to raise the standard of each.

There are encouraging signs in all three areas. The Leasing Business Headquarters is working with the Architectural Engineering Division to step up the beautification of buildings inside and out, through maintenance of existing buildings and cleaning by partner contractors. Last fiscal year, the Quality Promotion Department was also established within the Architectural Engineering Division. However, because that department sits inside the Architectural



Engineering Division, it can address the physical quality of new construction and maintenance, but it is not structured to cover quality as the tenant sees it. The accelerator and the brake — driving the business forward and controlling its quality — sit within the same organization, so the check function may not work as it should. I therefore believe the Company will need a body that oversees quality across the business as a whole from an independent position. If a structure can be put in place that does not merely point out quality problems but proposes practical improvements grounded in the constraints the front line actually faces, the Company's quality will advance further still.

The real test of reform will come as the Development Business gets underway in earnest

Whether the reform has genuinely taken root will, I think, become clear once the supply of new apartments is fully underway. At present, small faults and errors arising on new-build projects are shared at meetings, and everyone involved discusses how to put them right. But as the number of construction starts rises and the business grows in scale, will the Company hold to that same discipline? Only when the Company can maintain and continue raising the quality control standards it has set for itself, even as the business expands, will the reform truly have taken hold. It is also important to accurately assess which processes carry the greatest risk and the competence of each partner construction contractor, to manage them in order of priority, and to continually verify that the inspections being carried out are actually effective.

Translating reform into further growth

To further advance reform and translate it into sustainable growth, I look to management for the following.

First, actively communicate the new Leopalace21 to the outside world. Last fiscal year, for example, the Company launched *ArLk*, a new product strong in both concept and design, yet its appeal has not been conveyed to the market nearly enough. Proclaiming a "new Leopalace21" internally will not change how the Company is judged or perceived from outside. Management may still feel the weight of the construction defects problem not being fully resolved, but the Company has already entered a new stage and should show society, with confidence, that it is moving forward.

Quality and customer satisfaction cannot be discussed without understanding the frontline. Rather than simply receiving reports at meetings, I would like management to go out to the frontline sites themselves, check quality from the tenant's perspective, and talk repeatedly with the employees and partner contractors working there. Monitoring the frontline continuously and keeping communication with it open are also how the early signs of a problem are picked up and the problem is prevented before it arises.

Putting the customer's voice to work in improving management is also important. Since the last fiscal year,

the Company has used NPS® (Net Promoter Score)*, a survey method for measuring customer satisfaction and loyalty. What matters is not the score itself but what is drawn from it and what improvements follow. I would like to see a mechanism built that clearly defines the underlying quality, links NPS® measurements to improvements in that quality, and carries both forward into continuous improvement.

Sharing a picture of the Company's future with employees is also extremely important. Many of our employees are conscientious and have a strong sense of responsibility, so if management sets out a clear vision of the company it is aiming to become, I think each of them will be able to advance the reform with greater autonomy.

* NPS® is a registered trademark of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.

Deepening discussion of long-term growth themes

Now that the response to the construction defects problem is broadly in sight, I want the Board to go deeper still in its discussion of long-term growth strategy. Building a management foundation that can absorb market changes and unforeseen events to achieve sustainable growth will also require consideration of various options, including diversifying the business portfolio.

The Company manages some 540,000 units across Japan. Rather than simply leasing them, it should use that network and customer base to ask what services it could offer and where it might collaborate with corporate customers, and then try. And it should do so not by rolling out uniform measures nationwide from the headquarters, but by letting each region take the lead and act on its own local characteristics. That is precisely what the regional branch structure now being built is for, and I expect it to develop people and become an engine of the Company's growth.

It is also important to carve out activities such as cleaning and maintenance, which are often treated as costs, and turn them into businesses that generate revenue. That in turn calls for developing people who can run a business with profitability in mind. Drawing actively on the knowledge of Outside Directors from a range of specialties, I would like the Company to take a step beyond leasing apartments, widen its business opportunities, and create new value.

Putting expertise to work, toward governance that is effective in practice

The role of an Outside Director is to oversee management and to prevent problems before they arise. I hope that specialists from a wider range of fields relevant to the Company's business will join the Board, so that its discussions become more multifaceted and more effective. For my part, I intend to keep raising the issues I identify by going and seeing the frontline and, in that way, to contribute to governance that is effective in practice.

In recent years, Outside Directors, too, have been expected to engage actively in dialogue with stakeholders. When Outside Directors with different specialties each communicate the Company's initiatives and thinking from their own perspective, understanding of the Company and trust in it will deepen.

At the same time, I recognize that an important part of the role is not merely to receive reports from the executive side but to grasp the situation firsthand and exercise the check function before a problem surfaces.

Toward medium- to long-term value creation

Our housing is home to people of many different backgrounds, each with their own needs and priorities. The Company already offers multilingual support at its call center and a watch-over service, and there is room to consider such things as women-only properties designed with safety and security in mind. Services that deliver new value to address the challenges facing tenants and local communities still offer room to grow. It will not be easy, but if the Company can work with government bodies and other companies rather than alone and build businesses that help resolve social issues region by region, its standing as a piece of social infrastructure will become firmer still.

Now that the Company has at last reached the starting line for new growth, securing that growth will demand a clear definition of what quality is and a commitment to improving it from many angles. I would like every department to work on improving quality within its own area of expertise and responsibility, and for the organization as a whole to build a structure that underpins it. On that foundation, I hope the Company will achieve sustainable growth and become an employee-centered company, where every employee works with pride and realize their full potential.



Management Team

Management Team

Internal Directors (As of June 25, 2026)



Executive

Bunya Miyao

Representative Director
President and CEO
Chief of the Development Business Headquarters

■ Shareholdings (thousand shares): 12

Jun 1990 Joined Leopalace21 Corporation
May 2019 Representative Director (current) President and CEO (current)
Apr 2025 Chief of the Development Business Headquarters (current)



Executive

Mayumi Hayashima

Director and Managing Executive Officer
Chief of the Leasing Business Headquarters

■ Shareholdings (thousand shares): 5

Apr 1996 Joined Leopalace21 Corporation
May 2022 Director and Managing Executive Officer (current)
Apr 2026 Chief of the Leasing Business Headquarters (current)



Executive

Shinji Takekura

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

■ Shareholdings (thousand shares): 24

Apr 1996 Joined Leopalace21 Corporation
May 2022 Chief of the Corporate Management Headquarters (current)
Jun 2022 Director and Executive Officer (current)
Apr 2025 Deputy Chief of the Development Business Headquarters (current)



Non-executive

Akio Yamashita

Director

■ Shareholdings (thousand shares): 0

Jun 2021 Outside Director, Leopalace21 Corporation
Jun 2022 Director, Leopalace21 Corporation (current)



Non-executive

Jin Ryu

Director

■ Shareholdings (thousand shares): 0

Jun 2021 Outside Director, Leopalace21 Corporation
Jun 2022 Director, Leopalace21 Corporation (current)

Outside Directors (As of June 25, 2026)



Non-executive

Akira Watanabe

Outside Director

■ Shareholdings (thousand shares): 11

Jul 2020 Outside Director, Leopalace21 Corporation (current)



Non-executive

Yutaka Nakamura

Outside Director

■ Shareholdings (thousand shares): 4

Feb 2020 Outside Director, Leopalace21 Corporation (current)



Non-executive

Takumi Shibata

Outside Director

■ Shareholdings (thousand shares): 26

Jun 2022 Outside Director, Leopalace21 Corporation (current)



Non-executive

Kan Ishii

Outside Director

■ Shareholdings (thousand shares): 0

Jun 2022 Outside Director, Leopalace21 Corporation (current)

Audit & Supervisory Board Members (As of June 25, 2026)



Jiro Yoshino

Full-time Audit & Supervisory Board Member (Outside)

■ Shareholdings (thousand shares): 12

Jun 2017 Outside Full-time Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Kenichiro Samejima

Full-time Audit & Supervisory Board Member

■ Shareholdings (thousand shares): 34

Feb 1986 Joined Leopalace21 Corporation
Jul 2020 Full-time Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Yoshitaka Murakami

Part-time Audit & Supervisory Board Member

■ Shareholdings (thousand shares): 0

Jun 2019 Outside Director, Leopalace21 Corporation
Jul 2020 Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Kazutaka Shimohigoshi

Part-time Audit & Supervisory Board Member (Outside)

■ Shareholdings (thousand shares): 6

Jun 2023 Outside Audit & Supervisory Board Member, Leopalace21 Corporation (current)

* "Shareholdings (thousand shares)" is as of March 31, 2026.

Corporate Governance Structure

Basic concept of corporate governance

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

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

To achieve even faster decision-making and smoother business execution, the Board of Directors has established the Corporate Management Council. At its meetings, the Corporate Management Council conducts preliminary deliberations on matters to be resolved by the Board of Directors and makes decisions regarding important business execution. In addition, starting in October 2023, we have been conducting preliminary reviews before submitting agenda items to the Corporate Management Council in an effort to improve the quality of those items. The Board of Directors has also established the Board of Executive Officers, which shares information about company management with the aim of ensuring the smooth execution of business operations and strengthening coordination in the execution of those operations.

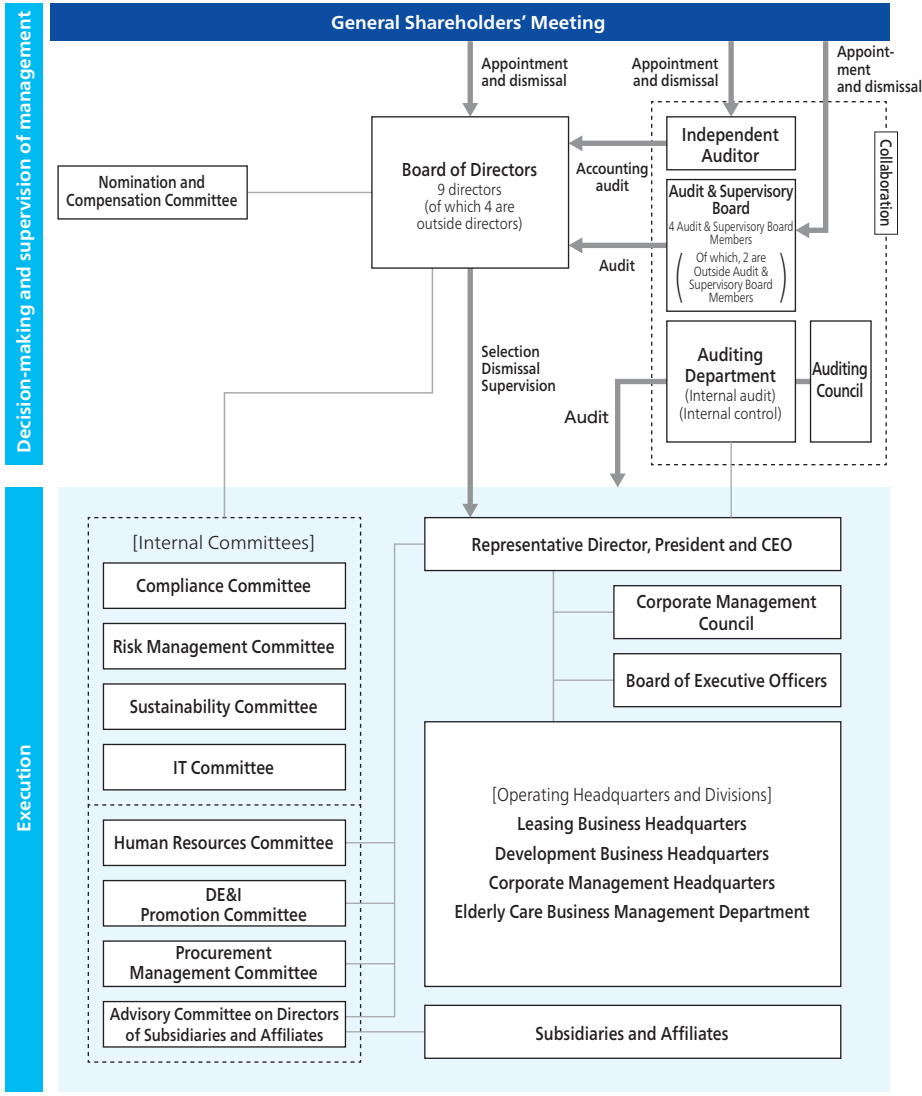
The Board of Directors has also established a number of committees to discuss key management issues for which the Board of Directors consults, and these committees offer their recommendations to the Board of Directors so the Board can thoroughly examine them.

Specifically, the Board of Directors has established the Nomination and Compensation Committee to confer about the selection and remuneration of Directors, the Compliance Committee to develop and manage legal compliance systems, the Risk Management Committee to manage risks in business operations, the Sustainability Committee to promote sustainability initiatives, and the IT Committee to oversee IT investments and DX.

Additionally, we have established the Human Resources Committee, the Procurement Management Committee, and the Advisory Committee on Directors of Subsidiaries and Affiliates, all chaired by the president and CEO; as well as the DE&I Promotion Committee, which serves as an advisory body to the president and CEO. The Human Resources Committee discusses matters related to human resources utilization, while the DE&I Promotion Committee deliberates on matters related to creating a workplace environment where diverse employees can thrive. The Procurement Management Committee deliberates and decides on important matters related to procurement. The Advisory Committee on Directors of Subsidiaries and Affiliates deliberates on the appropriateness of matters concerning the nomination of and compensation for officers of subsidiary and affiliated companies, as well as disciplinary actions related to illegal acts, etc.

Corporate governance structure

(As of June 25, 2026)



Strengthening Management System

Progress toward enhanced governance

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

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

Composition of each established body

Title	Name	Board of Directors	Corporate Management Council	Board of Executive Officers	Nomination and Compensation Committee	Compliance Committee	Risk Management Committee	Sustainability Committee	IT Committee	Human Resources Committee	DE&I Promotion Committee	Procurement Management Committee	Advisory Committee on Directors of Subsidiaries and Affiliates
President and CEO	Bunya Miyao	◎	◎	◎	○		◎	○	○	◎		◎	◎
Director	Mayumi Hayashima	○	○	○			○		○	○	◎	○	
Director	Shinji Takekura	○	○	○		○	○	◎	◎	○		○	○
Director	Akio Yamashita	○			○								○
Director	Jin Ryu	○			○								○
Outside Director	Akira Watanabe	○	○		○	◎							○
Outside Director	Yutaka Nakamura	○			◎								○
Outside Director	Takumi Shibata	○			○								○
Outside Director	Kan Ishii	○			○								○
Audit & Supervisory Board Member	Kenichiro Samejima	(Note 2)	○	○		○	○	○	○	○			
Audit & Supervisory Board Member	Yoshitaka Murakami	(Note 2)	○										
Outside Audit & Supervisory Board Member	Jiro Yoshino	(Note 2)	○	○		○	○	○	○	○			
Outside Audit & Supervisory Board Member	Kazutaka Shimohigoshi	(Note 2)	○										
Executive Officer	–	1	1	8		7	8	5	3	8		4	
Employees	–			1		4	3	6	4	2	9	2	
Affiliated companies	–						3	4					
Outside expert and others	–					2	2						

(Note) ◎ indicates Chairperson or Committee Chair; ○ indicates member. All Audit & Supervisory Board Members attend the Board of Directors meetings and oversee Directors' business execution. (as of June 25, 2026)

Key actions for corporate governance

	From FY2000	From FY2010	From FY2020
Organizational Structure	**FY2006** Establishment of Compliance Committee **FY2008** Establishment of Risk Management Committee **FY2008** Establishment of CSR Committee (now Sustainability Committee) **FY2009** Establishment of Human Resources Committee	**FY2010** Establishment of IT Committee **FY2015** Establishment of Nomination and Compensation Committee	**FY2021** Establishment of Advisory Committee on Directors of Subsidiaries and Affiliates **FY2021** Establishment of Procurement Management Committee **FY2026** Establishment of DE&I Promotion Committee
Directors		**FY2019** Half of all Directors are Independent Outside Directors	**FY2020** Majority of Directors are Independent Outside Directors **FY2022** Appointment of Internal Non-executive Director
Effectiveness Evaluation		**FY2015** Commencement of Board of Directors Effectiveness Evaluation	**FY2023** Introduction of Questionnaire by External Organization
Nomination and Compensation	**FY2009** Reform of Directors' Remuneration System (Abolition of retirement benefit system and introduction of Stock Compensation-Type Stock Options)	**FY2019** Reduction of Directors' Remuneration (May 2019 – June 2025)	**FY2025** Revision of Directors' Remuneration System (Introduction of performance-linked share-based remuneration system and malus and clawback provision)
Other	**FY2002** Change of Independent Auditor **FY2007** Change of Independent Auditor	**FY2020** Disclosure of Skill Matrix	**FY2020** Abolition of Advisor/Consultant System **FY2024** Change of Independent Auditor

Directors' Skills

Our Board of Directors aims to strengthen the governance system and respond to challenges in an agile and swift manner. We review the skill set of the Board of Directors as needed in light of the business environment and other factors. Our Board of Directors consists of a total of nine members: five Internal Directors (three Executive Directors and two Non-Executive Directors) and four independent Outside Directors, with independent Outside Directors comprising at least one-third of the Board.

As the expertise, experience, and knowledge required of our Directors are extremely wide-ranging, we appoint many Directors who satisfy multiple criteria. In particular, regarding Outside Directors, we prioritize expertise in corporate management, structural reform, quality control, and compliance and risk management. By leveraging these skills, we expect that these Directors will significantly contribute to strengthening our business foundation, which is centered on our Leasing Business and Development Business, and further enhancing our corporate value in the future, in accordance with our Medium-Term Management Plan.

Skills matrix

Attribute						Skills especially required by Leopalace21					
Name		Position	Executive of business	Outside perspective	Age	Corporate management	Structural reforms	Sales and marketing	Compliance and risk management	Quality control	Finance
1	Bunya Miyao	Representative Director, President and CEO, Chairperson of the Board of Directors	Executive		66	○	○		○		○
2	Mayumi Hayashima	Director and Managing Executive Officer	Executive		53		○	○	○		
3	Shinji Takekura	Director and Executive Officer	Executive		54			○	○		○
4	Akio Yamashita	Director	Non-executive		64	○	○				○
5	Jin Ryu	Director	Non-executive		42		○	○			○
6	Akira Watanabe	Director	Non-executive	Independent Outside	79	○	○		○		
7	Yutaka Nakamura	Director	Non-executive	Independent Outside	67				○	○	
8	Takumi Shibata	Director	Non-executive	Independent Outside	73		○		○		○
9	Kan Ishii	Director	Non-executive	Independent Outside	72	○	○				○

(Note) The ages of each Director are as of June 25, 2026

About the Nomination and Compensation Committee

For the nomination and remuneration of Directors and other senior management, the Company believes in the need to particularly strengthen independence, objectivity, and accountability. Accordingly, the Company has established a Nomination and Compensation Committee chaired by an Independent Outside Director, from which appropriate involvement and advice are provided. The Nomination and Compensation Committee is composed of four Independent Outside Directors, two Non-Executive Directors, and the President and CEO, with Independent Outside Directors forming the majority to enhance independence and objectivity.

Members

Chairperson: Independent Outside Director
Members: Three Independent Outside Directors, President and CEO, two Non-Executive Directors

Purpose

To ensure the appropriateness of executive nominations and remuneration decisions

Role

The Committee deliberates objectively, taking into account the Company's performance and other evaluations, on the appointment of President and CEO, Directors, Audit & Supervisory Board Members, and Executive Officers, and on the remuneration structure and levels for President and CEO, Directors, and Executive Officers. The Committee then reports the results to the Board of Directors.

Number of meetings in FY2025

5 times

Main agenda items

The Committee held discussions regarding the appointment of Directors, Audit & Supervisory Board Members, and Executive Officers, and deliberated on revisions to the nomination, compensation, and evaluation systems for Directors, Audit & Supervisory Board Members, and Executive Officers.
For the evaluation of Directors and Executive Officers, the Company has adopted a process in which each individual self-reports their evaluation content, which is then discussed at the Nomination and Compensation Committee and finalized, so there are cases where the final evaluation results differ from what was self-reported. Based on these evaluation results, the Company also deliberated on the promotion and demotion of Directors and Executive Officers.

Officer remuneration

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

Basic policy

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

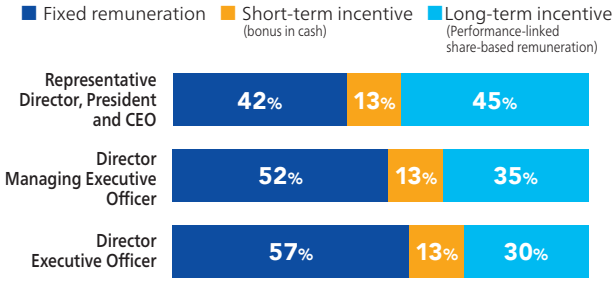
1. **The level of remuneration should be competitive and commensurate with the Company's profitability**
2. **The level of remuneration should be commensurate with each officer's responsibilities and expected role, and function as legitimate compensation**
3. **The Plan* must be a remuneration system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

*The Plan is a performance-linked share-based remuneration.

Remuneration system

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

Remuneration composition ratio for Executive Officers by Director position



Governance on renumeration

Decision process

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

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

Establishment of Malus & Clawback clauses

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

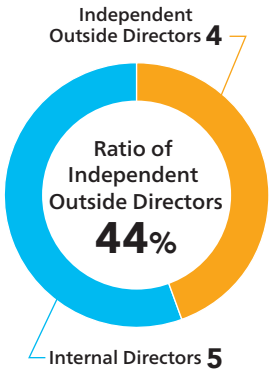
Initiatives to Improve Effectiveness

About the Board of Directors

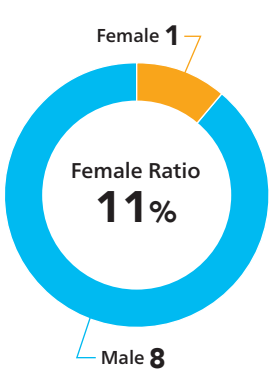
With the focus on both the agility of management and supervisory functions, the Board of Directors is composed of nine members (one of whom is female), including four Independent Outside Directors. Of these, six are Non-Executive Directors, and three are Executive Directors.

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

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







Board of Directors effectiveness evaluation

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

For fiscal year 2025, we conducted the effectiveness evaluation using the same method as in fiscal year 2024. Based on the results of the survey, the analysis, discussion, and evaluation were conducted at the regular Board of Directors meeting held in June 2026, and it was confirmed that the Board of Directors as a whole maintains an adequate level of effectiveness.

Major points in the effectiveness evaluation for fiscal year 2025

Key Issues

- Deepening on discussions on development of executive successor candidates
- Active exchange of opinions on new businesses and Development Business Headquarters newly established in fiscal year 2025
- Further increasing the ratio of discussions on growth strategies for the future

Recognized Initiatives

- Free-flowing and constructive discussions and exchanges of opinions rather than being merely formalities
- Discussions on incentives for Internal Directors
- Proper supervision and approval by the Board of Directors regarding conflicts of interest with executives, controlling shareholders, and other related parties

Areas for Improvement

- Expanding discussions on growth strategies for the future and the creation of corporate value over the medium to long term
- Ensure appropriate oversight of the development of successor candidates for CEO and other key executives by allocating sufficient time and resources in a planned manner.

Key Issues for fiscal year 2026

- Expanding discussions on company medium- to long-term strategy and future vision
- Deepening discussions on executive succession planning

Risk Management

Risk classification and reporting system

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

Risk management system

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

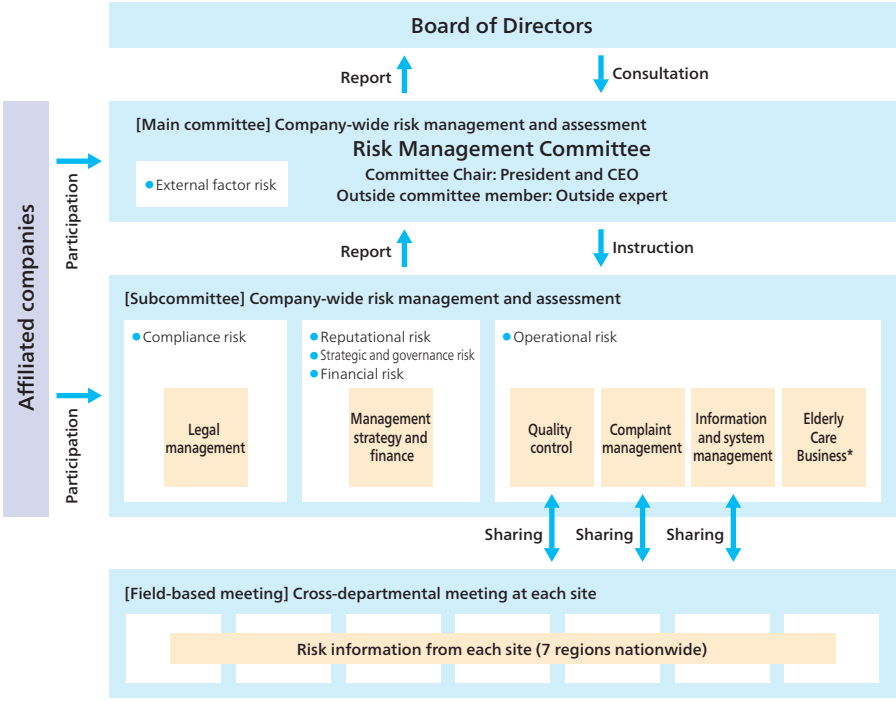
Given the increasing trend of risks arising due to recent changes in the external environment, we are working to strengthen and expand our risk management framework to incorporate preventive measures before occurrence and initiatives to prepare responses when materialized for potential risks. To this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

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

Risk classification table

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

Risk management system



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

Information Security Initiatives

In response to the ever-increasing risks to information security, including cyberattacks and data breaches, we have formulated an information security strategy to promote, across the entire Group, the enhancement of employees' security awareness, the strengthening of our security response capabilities, and the advancement of our processes. Based on this strategy, we will work to provide safer and more secure services.

Raising employee security awareness

The Group regularly conducts information security training for all employees, from executives to contract employees. In fiscal year 2025, we conducted information security training and targeted phishing simulations. Delivering our information security training via e-learning, starting in 2025, we increased the frequency of sessions from once every six months to once a week. We conducted our targeted phishing simulations on an irregular basis with the aim of improving our practical risk response capabilities.

In addition, we continuously update our knowledge of the latest threat cases and phishing tactics through means such as training provided by security vendors.

As a result, employees have more opportunities to be mindful of information security in their daily work, which is helping to instill information security literacy and integrate it into their day-to-day operations.

Information security e-learning participation rate* 82.6%

* Limited to employees who use work-designated computers or smartphones

Strengthening information security risk response capabilities

In the wake of the COVID-19 pandemic, as work styles have diversified—including remote work and hybrid work—the risks of cyberattacks and data breaches have increased.

To address these risks, in addition to traditional perimeter security, we are establishing a security environment that leverages the latest technologies. In 2025, we introduced a system to comprehensively manage threats and enable early response in the event of a breach. In addition, we continuously conduct vulnerability assessments and manage vulnerabilities on servers and devices that are considered susceptible to intrusion or exploitation from an attacker's perspective, thereby identifying and addressing risks. Furthermore, we have established a framework to conduct 24/7 network monitoring, detect unusual activity in real time, and provide prompt response.

Process enhancement

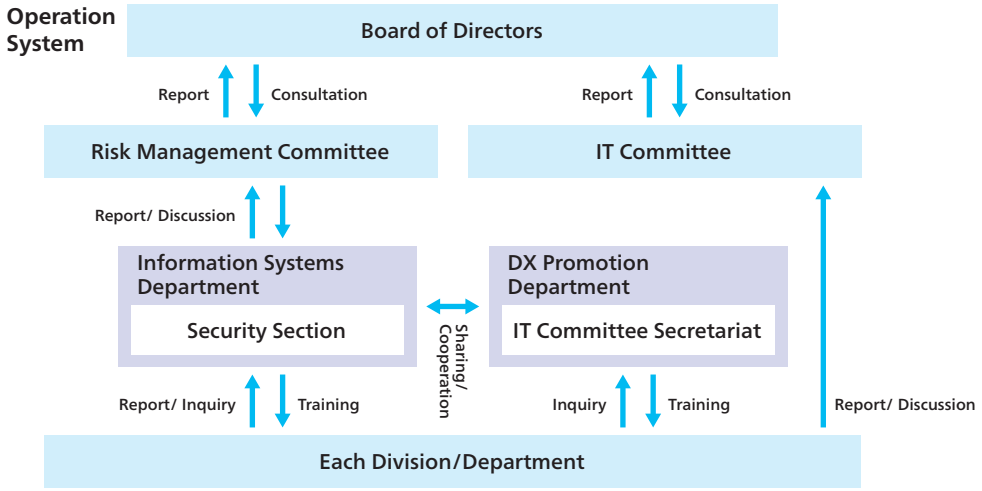


Speaking at an external information security event (2025)

As part of our business continuity planning (BCP) measures, we have established guidelines for emergency response in the event of an incident. The Information Systems Department has obtained ISO/IEC 27001 certification, the international standard for information security management systems, and operates in accordance with its security management standards. We conduct regular reviews and updates of our procedure manuals and regulations to adapt to changes in society and the business environment, as well as amendments to relevant laws and regulations.

In addition, as part of our external activities, we speak at third party information security events to demonstrate transparency regarding our security measure approach and efforts.

Going forward, we will also promote initiatives to enhance supply chain security in order to further strengthen safe and sustainable transactions.



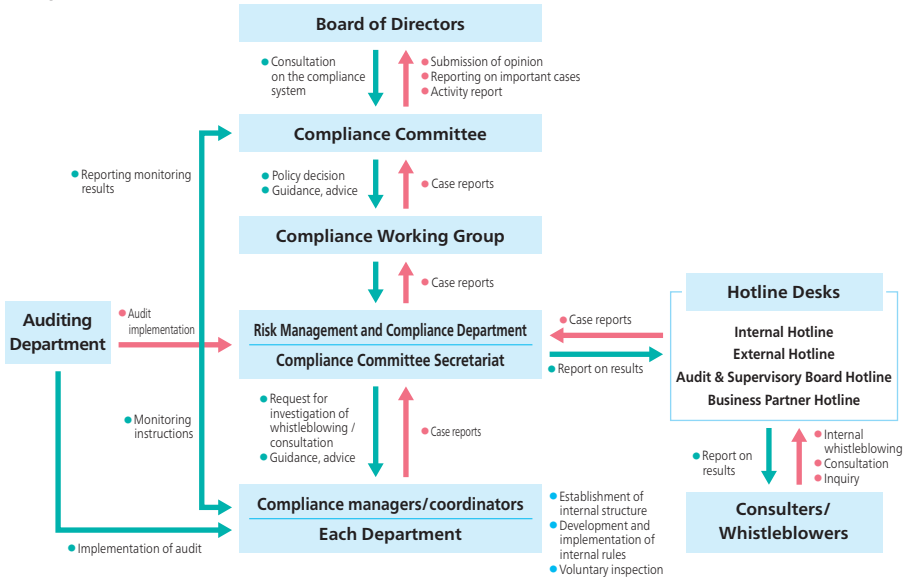
Compliance

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

Compliance promotion system

We have established the Compliance Committee, chaired by an Outside Director, as an advisory body to the Board of Directors. As part of measures to strengthen governance, we plan and propose initiatives related to our Group's compliance, such as enhancing training and information management systems, while reinforcing our monitoring system based on compliance regulations and striving to identify and improve issues. In October 2024, we established the Compliance Working Group as a subsidiary body to strengthen the functions of the Compliance Committee and ensure a swift and efficient response to compliance-related issues. In the event that a clear compliance violation occurs in the Group's operations, or if it is determined that there is a likelihood of such a violation, this subcommittee discusses the identification of issues and corrective measures. Accordingly, the Compliance Committee has decided to focus on reviewing measures from a Group-wide perspective, deliberating on important matters, and enhancing education and training, and has changed the frequency of its meetings from monthly to quarterly. As the body promoting everyday compliance, the Risk Management and Compliance Department has been established to plan and propose compliance initiatives, as well as to verify the legal conformity of new businesses, services, and products, etc., within our Group. Furthermore, compliance managers and coordinators are appointed at each division and subsidiaries and affiliates, building a system to actively execute compliance initiatives at the operational level, aiming to realize autonomous promotion of compliance.

Compliance structure



Autonomous promotion of compliance at each division and affiliated company

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

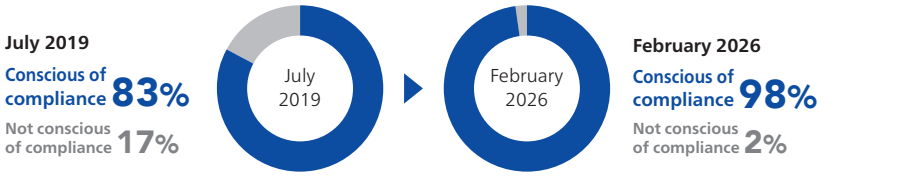
Response flow for compliance incidents

Incident report	Analysis and investigation	Measure to prevent recurrence	Monitoring	Training
The compliance coordinator prepares an incident report in the prescribed format and promptly submits it to the Risk Management and Compliance Department and the compliance manager.	The compliance manager leads fact-checking, and investigation and analysis of the causes of the reported incident.	The compliance coordinator develops recurrence prevention measures, and the compliance manager discusses the content with the compliance coordinator to provide guidance and advice.	Implementation status of the developed recurrence prevention measures is monitored on a regular basis. The details of responses and confirmations must be documented.	Training related to compliance promotion is implemented and compliance initiatives are communicated.

Compliance training

To promote awareness and strengthen knowledge acquisition for each and every officer and employee, we regularly conduct compliance training through group training and e-learning, tailored to the characteristics of each job level and role, focusing on understanding the basic concepts of compliance as well as timely themes such as harassment prevention and the handling of personal information, to address contemporary needs. We also further enhance compliance and ethical awareness in a regular and continuous manner by communicating information as appropriate in response to law amendments and relevant changes. Furthermore, to instill the idea that promoting compliance increases corporate value, we have made efforts to strengthen compliance awareness among all officers and employees by implementing mechanisms to evaluate compliance promotion initiatives and actions in our appraisal system, and by regularly providing multifaceted feedback. In July 2019, a message from the President and CEO announcing the adoption of "Compliance First" as a management policy was distributed. In the annual awareness survey, 98% of officers and employees responded that they are conscious of compliance in February 2026. This survey confirms that many officers and employees recognize the importance of compliance and are engaged in their work accordingly.

Awareness survey results



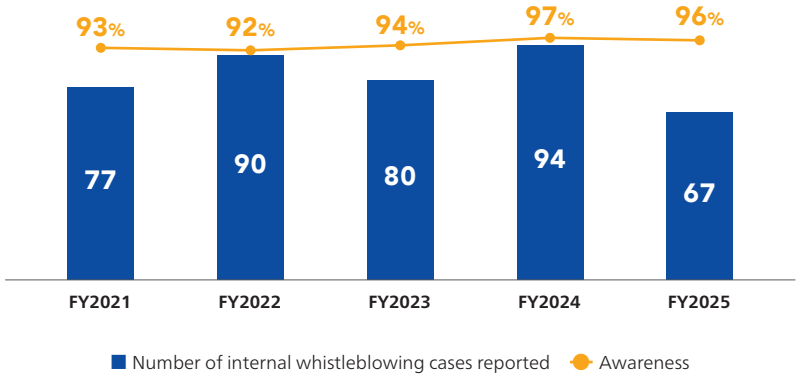
Compliance-related training and awareness activities

Details	Target	Number of times (annually)
E-learning for understanding the basics and importance of compliance, and Compliance First	Career hires	Any time
The basics and importance of compliance, and the Company's compliance structure	New graduate hires	1
Harassment prevention training	New graduate hires	1
Recurrence prevention survey	All officers and employees	1
Video training and e-learning on preventing sexual harassment	All officers and employees	1
Business division-specific compliance training	Relevant business division employees	4
Compliance awareness survey	All officers and employees	2
Harassment fact-finding survey	All officers and employees	2
Hotline-related survey	All officers and employees	2

Compliance hotline

For officers and employees who discover legal violations or misconduct, we have established three types of compliance hotlines for consultation and whistleblowing, with lines available internally (Risk Management and Compliance Department), externally (law firm), and for the Audit & Supervisory Board members (Audit & Supervisory Board). We have also set up a business partner hotline for our business partners with whom we have ongoing transactions. The internal hotline accepts reports via phone, email, letter, and in-person; the external hotline accepts phone, email, and letter; the Audit & Supervisory Board hotline accepts email and letter; and the business partner hotline accepts reports via dedicated reception form. All hotlines accept reports via email or the dedicated reception form without any restrictions on reception hours, enabling whistleblowers to make reports at any time. The President and CEO has distributed a message, notifying the internal whistleblowing system and use of the hotline. An annual survey targeting all employees found awareness of the compliance hotlines at 96% (previous fiscal year: 97%). The number of internal whistleblowing cases received in fiscal year 2025 was 67 (previous fiscal year: 94). We respond promptly by conducting fact-check investigations and quickly rectifying clear compliance violations.

Number of Internal whistleblowing cases / Awareness



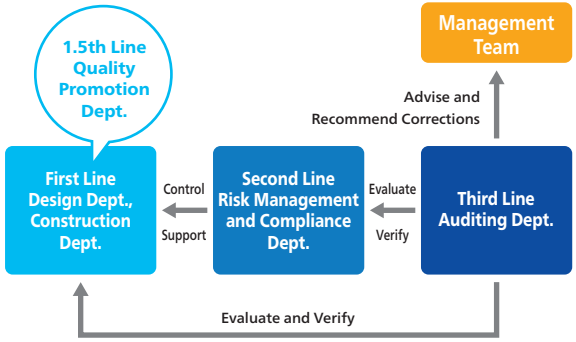
Measures to Prevent Recurrence

The Company has taken the construction defects problem that was uncovered in 2018 very seriously. Building on the lessons learned from that experience, we have formulated a three-pillar plan to prevent recurrence and have been steadily implementing it. Although the measures to prevent recurrence were completed in fiscal year 2022 as originally planned, we now move beyond simply marking them as completed and work to ensure they are continuously implemented as part of each division's daily operations and become deeply ingrained in our organizational culture.

Measures to Prevent Recurrence

Overview of recurrence prevention

We have been advancing a three-pillar approach that involves reforming our governance structure, strengthening our management framework, and restructuring our construction business management framework. Through our company's unique framework of Four Lines of Defense, we have established four tiers of defense—the First Line, 1.5th Line, Second Line, and Third Line—and we aim to achieve both transparent organizational governance underpinned by checks and balances provided by the Quality Promotion Department and the Risk Management and Compliance Department, and sustainable growth of the business. We will also continue to pursue continuous improvement by establishing a system that ensures the PDCA cycle operates seamlessly at every level of the organization.



The three pillars of recurrence prevention

To prevent the recurrence of construction defects problem, the Company is advancing three pillars in an integrated and comprehensive manner: "Governance Reform / Reform of the Corporate Culture," "Restructuring and Strengthening the Compliance and Risk Management Framework," and "Restructuring and Embedding the Quality Management Systems." These are designed not as individual measures, but rather as a mechanism that connects the functions of management, administration, and the front lines across the organization.

1 Governance Reform / Reform of the Corporate Culture

1. We fundamentally reviewed the composition and nomination process of the Board of Directors and carried out a major reshuffle of its members.
2. We established a Nomination and Compensation Committee led by Outside Directors to rebuild a robust governance structure that enhances transparency and independence.
3. Under the new management structure, we hold town hall meetings and engage in two-way communication with property owners to drive reforms in our corporate culture.

2 Restructuring and Strengthening the Compliance and Risk Management Framework

1 Compliance Committee　2 Risk Management Committee

3 Restructuring and Embedding the Quality Management Systems

1. Establishment of Quality Promotion Department (1.5th Line)
2. Operational improvements based on the Quality Control Manual
3. Clarification of quality standards
4. Strengthening inspection and supervision systems
5. Enhancing quality control through digital transformation

Future initiatives

Although we completed the initial phase of our recurrence prevention measures in fiscal year 2022, we do not view completion as the end goal. Rather, we are using this initiative as a starting point to integrate continuous improvement activities into our daily operations and ensure they become firmly established. Furthermore, by ensuring that the PDCA cycle continues to function seamlessly at every level of the organization, we will drive progress on two fronts: improving the quality of our operations and reforming our corporate culture.

1 Governance Reform / Reform of the Corporate Culture

- Strengthen mechanisms to embed MVVC and compliance-first mindset into our daily actions and decision making

2 Restructuring and Strengthening the Compliance and Risk Management Framework

- Strengthen the Group-wide risk management framework
- Continuously identify and rectify issues through the violation reporting system and the whistleblowing system

3 Restructuring and Embedding the Quality Management Systems

- Strengthen our systems to ensure quality, assurance, and reliability
- Promote consistent quality assurance from product development through to maintenance
- The Quality Promotion Department (1.5th Line) and the Risk Management and Compliance Department (Second Line) work together to integrate governance and field support
- Improve customer satisfaction and build up brand value through the use of DX, and ongoing training and audits



Section 4

Leopalace21 Data

This section includes a variety of quantitative data, such as consolidated financial data for the past 11 years, ESG data, and performance results for our Leasing Business.

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Consolidated Financial Data for the Last 11 Years

Fact Sheet

Statements of Income: (JPY million)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales	511,513	520,488	530,840	505,223	433,553	408,959	398,366	406,449	422,671	431,831	**444,820**
Leasing Business	410,641	416,594	435,537	426,388	388,939	391,964	383,043	391,438	407,489	416,918	**429,623**
Development Business	74,160	74,566	76,587	58,992	23,806	–	–	–	–	–	**—**
Elderly Care Business	10,798	11,536	12,807	13,922	14,620	14,524	14,258	13,941	14,007	13,726	**13,652**
Other Businesses	15,913	17,791	5,908	5,919	6,186	2,469	1,064	1,069	1,175	1,186	**1,544**
Cost of sales	422,604	427,820	434,762	428,988	408,112	387,872	352,289	353,163	353,836	354,537	**355,611**
Gross profit	88,909	92,668	96,077	76,235	25,441	21,086	46,077	53,285	68,835	77,293	**89,208**
Gross profit ratio (%)	17.4	17.8	18.1	15.1	5.9	5.2	11.6	13.1	16.3	17.9	**20.1**
Selling, general and administrative expenses	67,823	69,769	73,147	68,844	61,915	50,269	44,302	43,406	45,521	48,062	**53,242**
Operating profit (loss)	21,085	22,898	22,930	7,390	-36,473	-29,182	1,774	9,879	23,313	29,231	**35,966**
Operating profit ratio (%)	4.1	4.4	4.3	1.5	-8.4	-7.1	0.4	2.4	5.5	6.8	**8.1**
Leasing Business	22,848	22,459	26,062	14,987	-20,828	-19,385	7,719	16,887	30,386	38,059	**44,295**
Development Business	3,340	5,051	3,663	-995	-5,181	–	–	–	–	–	**—**
Elderly Care Business	-1,354	-1,650	-1,596	-846	-559	-720	-789	-1,208	-621	- 803	**-1,062**
Other Businesses	-360	664	-846	-1,346	-1,000	-1,551	-1,668	-2,706	-2,391	- 2,608	**-2,677**
Adjustments	-3,388	-3,626	-4,353	-4,407	-8,903	-7,524	-3,486	-3,092	-4,059	-5,416	**-4,589**
EBITDA	30,700	32,235	34,656	20,336	-24,316	-18,766	11,127	16,449	27,974	32,734	**39,211**
Recurring profit (loss)	19,909	22,355	22,354	7,063	-36,341	-34,170	-2,151	6,526	19,476	26,936	**34,842**
Net income (loss)	19,631	20,401	14,819	-68,662	-80,224	-23,680	11,854	19,810	42,062	17,861	**14,933**
Balance Sheet: (JPY million)											
Total assets	327,609	337,828	337,257	291,790	196,953	161,708	145,430	166,548	205,000	216,625	**176,574**
Total net assets	144,865	158,870	159,438	81,338	1,589	3,277	11,034	32,922	71,679	88,268	**46,393**
Cash and deposits	88,043	104,432	106,543	84,536	60,501	54,863	45,523	53,560	68,627	88,408	**57,908**
Interest-bearing debt	50,824	49,918	53,829	48,047	36,137	35,409	33,045	31,849	30,879	31,630	**32,600**

Cash Flow Statement: (JPY million)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Cash flows from operating activities	22,104	27,504	27,338	-7,212	-51,639	-40,816	-4,460	10,545	21,422	25,899	**38,467**
Cash flows from investing activities	-11,087	-8,653	-2,336	7,379	39,533	11,829	886	906	851	- 604	**-815**
Cash flows from financing activities	1,374	-14,048	-18,354	-15,181	-12,048	23,571	-5,886	-2,819	-7,119	- 6,404	**-68,794**
Free cash flows	11,017	18,850	25,001	167	-12,106	-28,986	-3,574	11,452	22,273	25,295	**37,652**
Amounts per share: (JPY)											
Net assets (BPS)	550.94	603.76	630.84	331.87	5.34	-25.83	3.25	73.29	201.15	255.81	**127.98**
Net income (EPS)	74.68	77.61	58.02	-278.58	-328.77	-84.88	36.04	60.22	130.91	56.22	**45.14**
Cash dividend (DPS)	10.00	22.00	22.00	–	–	–	–	–	5.00	10.00	**10.00**
Management index: (%)											
Return on equity (ROE)	14.6	13.4	9.3	-57.2	-195.1	–	–	157.3	95.6	24.6	**24.5**
Return on invested capital (ROIC)	7.1	7.2	7.1	3.7	-64.1	-66.0	3.5	12.4	17.0	19.7	**27.6**
Return on assets (ROA)	6.3	6.7	6.6	2.2	-14.9	-19.1	-1.4	4.2	10.5	12.8	**17.7**
Debt Equity Ratio (Times)	0.4	0.3	0.3	0.6	22.7	10.8	3.0	1.0	0.4	0.4	**0.7**
Equity ratio	44.2	47.0	47.2	27.7	0.7	-5.3	0.7	14.5	31.2	37.5	**23.0**
Dividend payout ratio	13.4	28.3	37.9	–	–	–	–	–	3.8	17.8	**22.2**
Dividend on equity ratio (DOE)	1.9	3.8	3.5	–	–	–	–	–	3.7	4.4	**5.4**
Stock price index											
Market capitalization (JPY million)	181,861	153,780	224,129	54,119	65,138	50,396	66,536	117,592	170,294	192,363	**212,353**
Stock price (JPY)	680	575	887	221	266	153	202	357	517	584	**635**
Price earnings ratio (PER) (Times)	9.1	7.4	15.3	-0.8	-0.8	-1.8	5.6	5.9	3.9	10.4	**14.1**
Price book-value ratio (PBR) (Times)	1.2	1.0	1.4	0.7	49.8	-5.9	62.2	4.9	2.6	2.3	**5.0**
Total number of outstanding shares at term end (including treasury stock)	267,443,915	267,443,915	252,682,515	244,882,515	244,882,515	329,389,515	329,389,515	329,389,515	329,389,515	329,389,515	**334,415,678**
Average number of outstanding shares during the term	262,874,470	262,874,243	255,412,984	246,473,624	244,011,285	279,003,996	328,888,640	328,995,828	321,303,270	317,695,021	**330,842,410**

* Due to a change in accounting policy at a subsidiary in the fiscal year 2016, figures for prior periods are presented reflecting retroactive adjustments.
* Merged the Hotel, Resort Business with the Other Businesses in fiscal year 2017. The figures for fiscal year 2015 show the sum of the Hotel, Resort Business and Other Businesses.
* Effective from fiscal year 2020, the Development Business and the Leasing Business have been merged, and the Hotel, Resort and Other Businesses segment has been renamed the Other Businesses segment.

ESG Data

ESG data

Environment (Consolidated [Excluding Guam])

Efforts to Reduce Environmental Impact

(t-CO_2)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1	5,518	5,218	3,473	3,285	6,182	6,247	6,390	**5,673**
Scope 2	12,558	11,578	8,089	7,233	26,489	36,862	46,966	**62,411**
Scope 1 and 2 total	18,076	16,796	11,562	10,518	32,671	43,108	53,355	**68,084**
Scope 3	786,510	692,463	693,388	748,745	544,248	496,536	575,237	**529,040**
Category 1 (Purchased materials)	31,263	10,898	5,850	83	122	61	38,446	**33,759**
Category 2 (Capital goods)	29,835	12,692	9,621	5,041	2,068	1,203	1,439	**3,482**
Category 3 (Fuel- and energy-related activities not included in Scope 1 or 2)	868	1,709	2,063	1,916	5,832	7,465	8,653	**11,302**
Category 4, 9 (Transportation and distribution)	–	–	–	–	353	497	807	**915**
Category 5 (Waste from business operations)	–	–	–	–	784	1,098	1,134	**882**
Category 6 (Business travel)	2,250	2,894	1,665	1,334	1,013	1,390	378	**453**
Category 7 (Employee commuting)	1,220	1,098	1,203	967	1,009	1,056	1,296	**1,451**
Category 8 (Upstream leased assets)	–	–	–	–	–	–	–	**–**
Category 10 (Processing of sold products)	–	–	–	–	–	–	–	**–**
Category 11 (Use of sold products)	–	–	–	–	–	–	–	**–**
Category 12 (Disposal of sold products)	–	–	–	–	–	–	–	**–**
Category 13 (Rental property electricity and gas usage)	724,543	663,171	672,987	739,403	533,067	483,766	522,681	**476,412**
Category 14 (Franchises)	–	–	–	–	–	–	403	**385**
Category 15 (Investments)	–	–	–	–	–	–	–	**–**
Scope 1, 2, 3 total	804,586	709,259	704,950	759,263	576,919	539,644	628,593	**597,124**
Scope 1, 2, 3 total YoY (%)	-8.9	-11.8	-0.6	+7.7	-24.0	-6.5	+16.5	**-5.0**
Scope 1, 2, 3 intensity ratio (t-CO_2/JPY billion)	15.93	16.36	17.24	19.06	14.19	12.77	14.56	**13.42**

Note: The calculation method was partly changed starting from the results for fiscal year 2022. Starting with fiscal year 2024, we expanded the scope of calculation for Scope 1, 2, and Scope 3 (Category 1, 3) and recalculated the figures retroactively through fiscal year 2022, for which data is available.

Industrial waste

(t)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Industrial waste	24,895	15,588	9,004	1,887	2,519	3,442	3,954	**3,662**
Disposal associated with demolition work	12,068	2,515	1,040	79	0	0	895	**2,218**
Disposal associated with new construction work	10,330	4,244	1,329	48	16	24	327	**660**
Disposal associated with repair work	2,497	8,828	6,635	1,760	2,504	3,418	2,732	**783**
YoY (%)	-24.0	-37.4	-42.2	-79.0	+33.5	+36.0	+14.9	**-7.4**

Paper consumption

(Equivalent A4 sheets in million sheets)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Paper consumption	111	58	44	37	31	40	23	**17**
YoY (%)	-1.8	-47.7	-24.1	-15.9	-16.2	+29.0	-42.5	**-26.6**

Social

Employee composition (non-consolidated)

(people)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of employees (consolidated)	7,600	7,043	5,082	4,356	3,991	3,853	3,909	**4,150**
No. of employees	6,331	5,820	4,172	3,589	2,804	2,690	2,723	**2,952**
Average age	37 years and 7 months	38 years and 8 months	39 years and 0 months	40 years and 3 months	40 years and 11 months	41 years and 5 months	41 years and 7 months	**41 years and 2 months**
Average years of service	9 years and 7 months	10 years and 6 months	10 years and 6 months	11 years and 6 months	13 years and 4 months	13 years and 10 months	13 years and 10 months	**13 years and 2 months**
No. of new graduate hires	164	18	0	0	0	67	138	**111**
No. of mid-career hires	104	65	18	28	54	105	174	**264**
Rate of employee turnover (based on active employees) (%)	8.6	13.1	30.7	16.0	11.1	9.0	7.9	**7.1**

Work-life balance (non-consolidated)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total working hours per month	173.0	166.3	160.3	165.3	166.8	169.2	163.6	**157.7**
Overtime hours per month	15.0	13.3	11.4	11.3	13.2	16.4	19.3	**18.1**
No. of employees with reduced working hours	199	277	216	228	231	236	218	**151**
Rate of male employees taking childcare leave or other leave for childcare purposes (%)*	31.6	38.0	54.3	34.1	35.7	71.4	69.7	**66.7**
Engagement score**	–	–	–	–	–	-71	-62	**-54**
Annual paid leave usage rate (%)	76.8	84.3	90.5	81.7	81.2	80.5	82.0	**81.6**

* The childcare leave acquisition rate is calculated using April as the starting month. ** Survey results using the survey tool Geppo (eNPS: Employee Net Promoter Score. The average score for general companies at the time of the survey was -54.)

Development of next-generation leaders (consolidated)

(hours)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Time employees spent in education and training*	15,581	3,738	9,838	4,265	4,096	8,159	18,816	**35,385**

* Total hours of employee participation in hierarchy-based training, selective training, 360-degree feedback training, and career development training.

Diversity (non-consolidated basis; data on employees with disabilities includes its special subsidiary)

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of employees with disabilities (average in the period)	138.0	128.9	107.9	103.1	90.2	107.0	102.3	**97.9**
Rate of employees with disabilities (average in the period)	2.2	2.3	2.3	2.7	2.8	2.7	2.8	**2.5**
Percentage of full-time female employees	30.8	32.3	37.1	38.0	38.7	39.0	32.7	**31.8**
Percentage of female managers	6.1	6.4	5.8	6.5	5.5	5.4	5.1	**5.9**

Gender pay gap (non-consolidated)

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Regular employees	–	–	–	–	69.1	68.3	69.0	**66.8**
Non-regular employees	–	–	–	–	63.6	45.0	47.6	**45.9**
Overall	–	–	–	–	55.4	50.1	50.7	**57.5**

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

Data related to social contribution activities (non-consolidated)

(JPY)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Volunteer vending machine donation amount	1,824,728	1,966,138	1,553,215	1,041,085	699,189	979,693	1,058,554	**678,565**

Communication with stakeholders (non-consolidated)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of owner briefing sessions held	517	381	87	0	88	169	141	**139**
Dialogue with institutional investors (firms)	236	204	95	103	122	97	116	**138**

Key qualified employees (consolidated)

(people)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Certified public accountant	2	2	1	1	1	0	3	**3**
Attorney-at-law	5	6	4	5	5	6	6	**6**
Real estate transaction specialists	846	899	655	587	567	543	511	**523**
Rental property management specialists	506	537	408	413	89	108	135	**247**
Licensed architects (first class / second class)	428	374	244	207	189	181	189	**203**
Construction management engineers (first class / second class)	333	296	194	165	148	137	144	**184**
Care worker	690	705	720	687	695	654	613	**591**
Care support specialist	186	178	205	185	148	146	140	**112**
Home-visit care worker (first grade, second grade)	398	373	345	308	289	265	240	**210**

Note: Starting with fiscal year 2022, the calculation criteria have been revised to reflect the number of qualified employees as of the end of the fiscal year following national qualification acquisition.

Governance

Governance-related data

(people)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of Directors	11	10	9	8	10	10	10	**10**
Of which, Outside Directors (Independent Outside Directors)	3(3)	5(4)	6(5)	5(3)	4(4)	4(4)	4(4)	**4(4)**
Ratio of Independence Directors (%)	27.3	40.0	55.6	37.5	40.0	40.0	40.0	**40.0**
No. of female Directors	1	2	1	1	1	1	1	**1**
No. of foreign national Directors	–	–	–	1	1	1	1	**1**
No. of Audit & Supervisory Board Members	4	4	4	4	4	4	4	**4**
Of which, Outside Audit & Supervisory Board Members (Independent Outside Audit & Supervisory Board Members)	3(3)	3(3)	2(2)	2(2)	2(2)	2(2)	2(2)	**2(2)**
Ratio of Independent Audit & Supervisory Board Members (%)	75.0	75.0	50.0	50.0	50.0	50.0	50.0	**50.0**

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of Board of Directors Meetings	24	41	28	26	25	19	17	**19**
No. of Nomination and Compensation Committee meetings	2	11	7	7	8	6	9	**5**

(JPY million)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Directors' compensation	595	228	170	162	180	202	300	**529**
Directors (excluding Outside Directors)	495	131	56	60	96	112	209	**418**
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	19	13	16	18	18	20	21	**26**
Outside Directors	80	83	97	82	65	69	70	**84**

Compliance-related data

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of Compliance Committee meetings	12	12	12	12	12	12	10	**4**
Rate of whistleblowing cases to the number of employees (%)*	1.6	1.9	2.0	1.8	2.3	2.1	2.4	**1.4**

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

Leasing Business Data

Fact Sheet

Occupied units by customer segment

	FY2018		FY2019		FY2020		FY2021		FY2022		FY2023		FY2024		FY2025	
	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%
Corporate	280,643	57.9	272,566	57.0	266,814	56.9	280,811	58.2	296,301	59.4	300,482	61.6	308,613	64.6	**318,956**	**66.5**
Individual	163,318	33.7	165,594	34.6	164,441	35.1	167,380	34.7	165,168	33.1	152,984	31.3	137,731	28.8	**130,177**	**27.1**
Student	40,757	8.4	40,135	8.4	37,548	8.0	34,597	7.2	37,090	7.4	34,546	7.1	31,544	6.6	**30,390**	**6.3**
Total	484,718	100	478,295	100	468,803	100	482,788	100	498,559	100	488,012	100	477,888	100	**479,523**	**100**

Average unit rent for new contracts (index)

	April	May	June	July	August	September	October	November	December	January	February	March	Full-year average
FY2018	98	96	98	99	99	100	100	100	101	102	100	100	99
FY2019	100	99	98	97	97	97	98	97	98	98	96	92	97
FY2020	91	92	93	95	96	94	93	94	96	98	98	93	95
FY2021	93	94	92	91	91	92	91	92	94	94	95	93	93
FY2022	94	95	96	96	95	95	93	94	97	97	97	96	96
FY2023	99	101	101	102	102	103	103	103	105	104	104	101	102
FY2024	102	103	106	107	108	108	109	109	111	111	111	107	108
FY2025	**107**	**108**	**112**	**113**	**113**	**114**	**115**	**116**	**118**	**119**	**117**	**111**	**114**

*April 2016 set as 100

Monthly occupancy rates

(%)

	April	May	June	July	August	September	October	November	December	January	February	March	Full-year average
FY2018	92.82	92.76	92.10	90.45	89.41	88.40	87.24	86.38	85.26	85.38	85.57	84.33	88.34
FY2019	82.35	81.95	81.40	80.67	80.21	80.07	79.49	79.21	78.91	80.19	81.82	83.07	80.78
FY2020	81.40	79.91	79.43	78.56	78.18	78.09	77.46	77.09	77.07	78.16	79.60	81.72	78.89
FY2021	80.65	80.32	80.91	80.59	80.53	81.13	80.70	80.58	80.45	81.14	82.62	85.10	81.22
FY2022	84.44	83.88	84.26	83.55	83.33	84.00	83.80	83.91	84.08	85.23	86.61	88.83	84.66
FY2023	87.46	86.82	86.82	85.86	85.39	85.62	85.07	84.81	84.46	85.00	86.60	88.03	85.99
FY2024	86.93	86.50	86.01	85.18	84.83	85.07	84.88	84.43	84.42	84.77	86.11	87.57	85.56
FY2025	**86.49**	**86.20**	**86.06**	**85.51**	**84.87**	**85.38**	**85.11**	**84.47**	**84.14**	**85.41**	**86.94**	**88.78**	**85.78**

Number of units used by corporate industry type

(units)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Construction	52,920	58,013	58,238	63,095	67,682	70,694	71,807	**72,903**
Staffing & outsourcing services	44,771	42,991	46,984	58,257	65,392	67,012	68,086	**69,889**
Wholesale & retail	40,973	39,054	39,396	39,640	40,264	39,247	40,313	**41,705**
Manufacturing	44,518	41,644	38,412	36,810	37,826	37,013	36,179	**35,980**
Service	35,462	32,566	29,093	28,434	28,825	28,423	29,273	**29,630**
Food service and hospitality	16,676	15,704	14,826	14,966	15,541	17,453	21,112	**24,176**
Transportation	11,745	11,175	11,035	10,963	11,108	10,873	10,912	**11,312**
Other	33,578	31,419	28,830	28,646	29,663	29,767	30,931	**33,361**
Total	280,643	272,566	266,814	280,811	296,301	300,482	308,613	**318,956**

Corporate Profile

Corporate Data (As of March 31, 2026)

Company Name:	Leopalace21 Corporation
Head Office:	2-54-11 Honcho, Nakano-ku, Tokyo 164-8622 TEL: +81-3-5350-0001 (Main phone number)
Established:	August 17, 1973
Capital:	JPY 100 million
Operations:	Construction, leasing and sale of apartments and condominiums; development and operation of resort facilities; broadband business; and elderly care business, etc.
Number of Employees:	4,150 (consolidated basis) 2,952 (non-consolidated basis)
Independent Auditor:	Ernst & Young ShinNihon LLC

Basic Stock Information (As of March 31, 2026)

Number of Shares Authorized:	750,000,000
Number of Shares Outstanding:	334,415,678
Number of Shareholders:	32,047
Listing:	Prime Market of the Tokyo Stock Exchange
Administrator of Shareholder Registry:	Sumitomo Mitsui Trust Bank, Limited

Key Affiliated Companies

Leasing Business

- **Leopalace Leasing Corporation**
  Company housing management and real estate brokerage
- **Plaza Guarantee Co., Ltd.**
  Rent payment guarantee
- **Leopalace Power Corporation**
  Solar power generation
- **ASUKA SSI**
  Small-amount and short-term insurance
- **Leopalace Green Energy Corporation**
  Environmental contribution
- **Leopalace21 Business Consulting (Shanghai) Co., Ltd.**
  Consulting

International Business*

- **Leopalace21 Singapore Pte. Ltd.**
  Investment consulting

Elderly Care Business

- **Azu Life Care Co., Ltd.**
- **Azu Residence Co., Ltd.**
  Elderly Care Business

Other Businesses

- **Leopalace Guam Corporation**
  Resort Business
- **Leopalace Smile Co., Ltd.**
  Administrative services (special subsidiary)

*The International Business results are included in the Leasing Business segment.

External Evaluation

Selected as a Health & Productivity Stock

The Health & Productivity Stocks designation is a program that selects from among Tokyo Stock Exchange-listed companies that promote employee health management from a managerial perspective. The Company was selected as a Health & Productivity Stock for the first time in 2026.

Certified as a Top 500 Outstanding Health & Productivity Management Organization

Under the Outstanding Health & Productivity Management Organization Recognition Program, implemented by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, the Company has been recognized as one of the top 500 companies implementing particularly outstanding health management initiatives—for the first time in six years.

Certified as Platinum Kurumin

The special Platinum Kurumin program recognizes companies that are particularly outstanding in their efforts to support work and childcare balance. The Company was certified Platinum Kurumin in October 2017 as a company that has met all the criteria in the action plan and has implemented a higher level of initiatives.

Awarded in Gomez ESG Site Ranking 2025

Selected as an Excellent Company in the "ESG Site Ranking 2025" by Broad Band Security Inc. The Company won the award for the second consecutive year and was ranked 14th in the overall evaluation.

Received the Daiwa Internet IR Award

Received the Award for Excellence for the fifth consecutive year in the "Daiwa Internet IR Award 2025" by Daiwa Investor Relations Co.Ltd.

Received the Gomez IR Site Ranking Award Gold 2025

The Company received its first Gold Award in the Gomez IR Site Ranking 2025 by Broadband Security Inc, which evaluates usability of IR websites and the quality of information they provide.

Selected as an AAA-rated Website in the Ranking of All Listed Companies

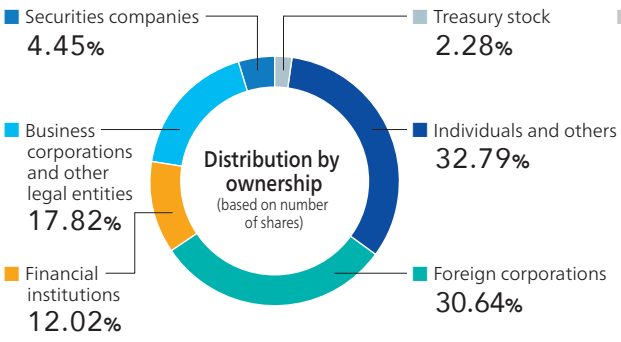
The Company was selected as an AAA-rated Website for the third consecutive year in the 2025 Nikko Investor Relations Co., Ltd. All Markets Ranking in Japan.

Major Shareholders (Top 10) (As of March, 31, 2026)

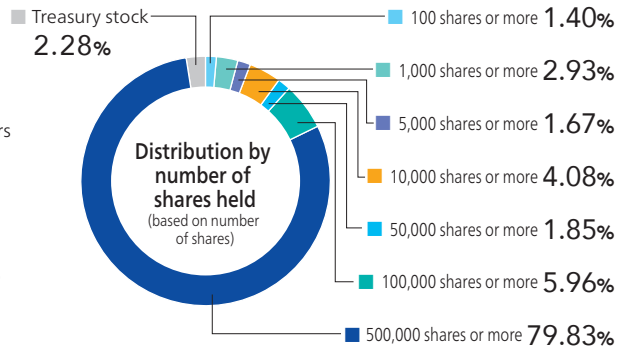
	Shareholder Name	Number of Shares (thousands of shares)	Percentage of Outstanding Shares (%)
1	UH Partners 2 Investment Limited Partnership	50,581	15.47
2	Chidori Godo Kaisha	50,507	15.45
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	20,852	6.38
4	Custody Bank of Japan, Ltd. (Trust Account)	16,022	4.90
5	MSIP CLIENT SECURITIES	14,315	4.38
6	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	9,098	2.78
7	Stockholding Association for Leopalace21's Apartment Owners	6,957	2.12
8	GOLDMAN SACHS INTERNATIONAL	5,840	1.78
9	UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	5,467	1.67
10	Stockholding Association for Leopalace21's Business Connection	5,206	1.59

Note: 1. Of the shares held above, those held in trust accounts as part of trust bank operations are as follows. The Master Trust Bank of Japan, Ltd. (Trust Account) 10,007 thousand shares (including 9,904 thousand shares in investment trusts and 103 thousand shares in pension trusts) Custody Bank of Japan, Ltd. (Trust Account) 5,040 thousand shares (including 4,801 thousand shares in investment trusts and 238 thousand shares in pension trusts)
2. The above percentage of outstanding shares is calculated excluding treasury stock. Treasury stock does not include Company stock owned by the trust for the share-based remuneration system for the Directors or the stock grant trust for the employees.

Shareholder Composition (As of March 31, 2026)



*Percentage figures have been adjusted.



*Percentage figures have been adjusted.

Share Price





Leopalace21 Corporation

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Phone: 03-5350-0001 (main)
https://www.leopalace21.co.jp/english/

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