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**Notice Concerning Formulation of
New Medium-term Management Plan “New Growth 2028”**

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the “Company”) has created a new three-year Medium-term Management Plan “New Growth 2028,” starting with the fiscal year ending March 2026.

Through the provision of approximately 550,000 rental housing units for singles nationwide, the Company aims to address various social issues related to housing and achieve sustainable growth.

Under the Medium-term Management Plan “New Growth 2028” , the Company will strengthen its business foundation, centered on the leasing and development businesses, by clarifying its vision of what the Company should be, with an eye on the future business environment. In addition, the Company will strive to further enhance its corporate value by promoting strategies aimed at achieving both economic value and social value.

1. Basic Policy**■ Fundamental Strategies**

- Implementing regional strategy (Improving occupancy rates and operating unit rental prices)
- Establishing a sustainable organizational structure through the promotion of Digital Transformation (DX) and human capital management

■ Growth Strategies

- Full-scale resumption of development business (Optimization of managed property portfolio)
- Contribution to a decarbonized society through the supply of ZEH (Net Zero Energy House) properties

2. Numerical Target

(JPY million)	FY2024 (Actual)	FY2025 (Plan)	FY2026 (Plan)	FY2027 (Plan)
Net sales	431,831	441,400	456,300	468,000
Operating profit	29,231	32,400	38,500	41,300
Net income attributable to shareholders of the parent	17,861	18,100	22,100	23,900

For further details, please refer to the attached document.

END

Medium-term Management Plan

- New Growth 2028 -

Leopalace21 Corporation
(Code : 8848)

Leopalace 21

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Chapter 1

Mission, Vision, Value and Credo

Mission

To create new value
and *imagineer** joyful living

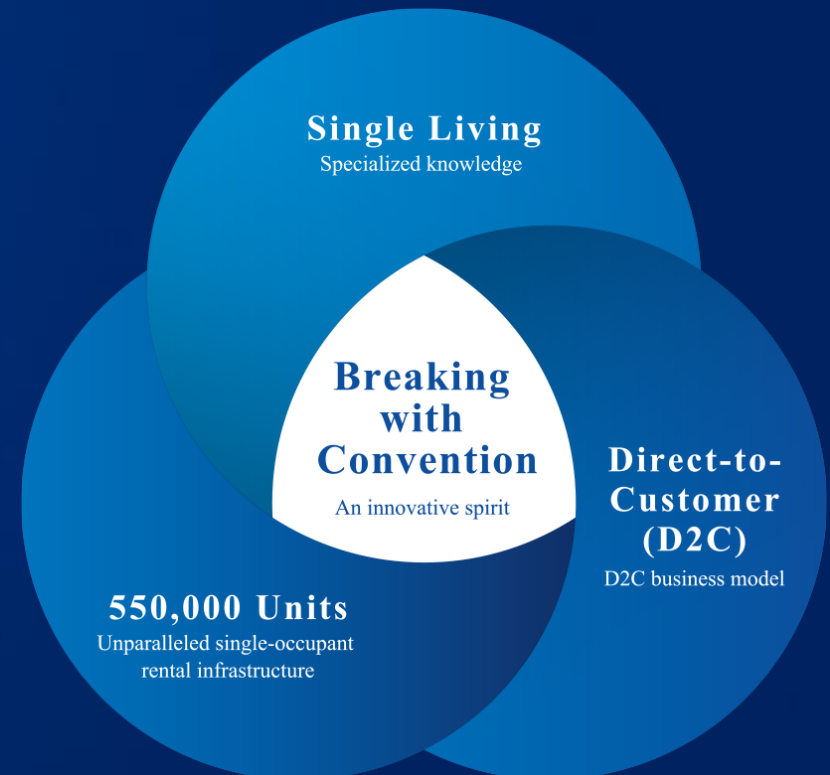
*1 *Imagineer* is a coined word that combines the meanings of “imagine” and “engineer.” Our Mission is to provide tenants, owners, corporate customers, and other stakeholders with tangible value by creating new products, services and businesses, thereby *imagineering* a world of joyful living.

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 “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-Value (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.



Chapter 2

Primary Assumptions in Medium-term Management Plan

Review of Management Reforms 2020 – 2025

- Strengthen the profitability in Leasing Business through price-focused strategy and top-level sales efforts.
- Streamline the business by transferring or withdrawing from non-core and unprofitable businesses, including optimizing the workforce and rationalizing costs.

	Major KPI	FY2019	FY2024	Delta	Factors
Leasing Business	Average Occupancy Rate	80.78%	85.56%	+4.78p	
	Average Unit Rent for New Contracts(Index)	97	107	+10	• Priority treatment for contracts focusing on profitability by execution of price-focused strategy
	No. of Units Used by Corporate Customers at FY-end	272,566	308,613	+36,047	
	Composition by Corporate Customers at FY-end	57.0%	64.6%	+7.6p	• Top-level sales to existing corporate customers
Constructual Reform	Operating Profit Ratio	(8.4%)	6.8%	+15.2p	• Efficient operations through IT • Implement a voluntary retirement program for 1,067 employees
	No. of employees (consolidated basis)	7,043	3,909	(3,134)	
	Cost of sales (JPY million)	408,112	354,537	(53,574)	• Withdraw from/sell non-core/unprofitable businesses
	SG & A (JPY million)	61,915	48,062	(13,852)	
	Equity ratio	0.7%	37.5%	+36.8p	

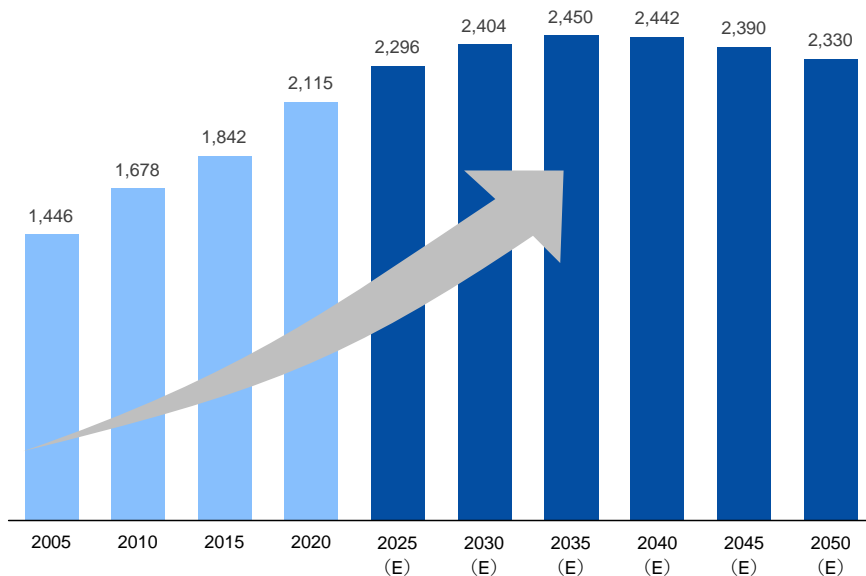
* April 2016 set as 100

The number of single households, our primary target, is expected to continue to rise, and the external environment will remain unchanged for sustainable growth of the Leasing Business.

Number of single-person households*1

The number of single-person households is expected to rise until 2035, after which it is expected to decline slightly.

(Unit: 10,000)



Percentage of single-person households by prefecture (2050) *2

The percentage of single-person households is estimated to increase in all prefectures in 2050 compared to 2020.

	2020	2050		2020	2050		2020	2050
Hokkaido	40.5%	45.7%	Ishikawa	34.7%	40.2%	Okayama	35.6%	41.4%
Aomori	33.1%	39.9%	Fukui	29.7%	35.5%	Hiroshima	37.3%	42.6%
Iwate	33.3%	39.9%	Yamanashi	32.6%	39.7%	Yamaguchi	36.5%	42.6%
Miyagi	36.9%	43.1%	Nagano	31.0%	37.3%	Tokushima	35.6%	42.9%
Akita	30.6%	37.8%	Gifu	29.4%	36.2%	Kagawa	34.4%	41.1%
Yamagata	28.4%	34.5%	Shizuoka	31.9%	37.7%	Ehime	37.5%	44.4%
Fukushima	33.1%	40.5%	Aichi	36.3%	42.0%	Kochi	39.1%	44.7%
Ibaraki	32.6%	40.4%	Mie	33.0%	39.5%	Fukuoka	40.7%	46.4%
Tochigi	32.9%	39.4%	Shiga	31.9%	38.7%	Saga	30.3%	36.9%
Gunma	32.4%	39.3%	Kyoto	41.2%	47.0%	Nagasaki	34.4%	41.4%
Saitama	34.0%	41.2%	Osaka	41.8%	47.4%	Kumamoto	33.9%	40.8%
Chiba	36.3%	43.0%	Hyogo	35.9%	43.1%	Oita	36.0%	42.1%
Tokyo	50.2%	54.1%	Nara	29.3%	37.7%	Miyazaki	35.8%	42.3%
Kanagawa	39.2%	45.6%	Wakayama	32.5%	39.3%	Kagoshima	38.9%	45.4%
Niigata	30.9%	37.2%	Tottori	32.2%	38.4%	Okinawa	37.4%	44.9%
Toyama	29.7%	35.5%	Shimane	33.2%	39.0%	Average *	38.0%	44.3%

(*National average is calculated using weighted average method.)

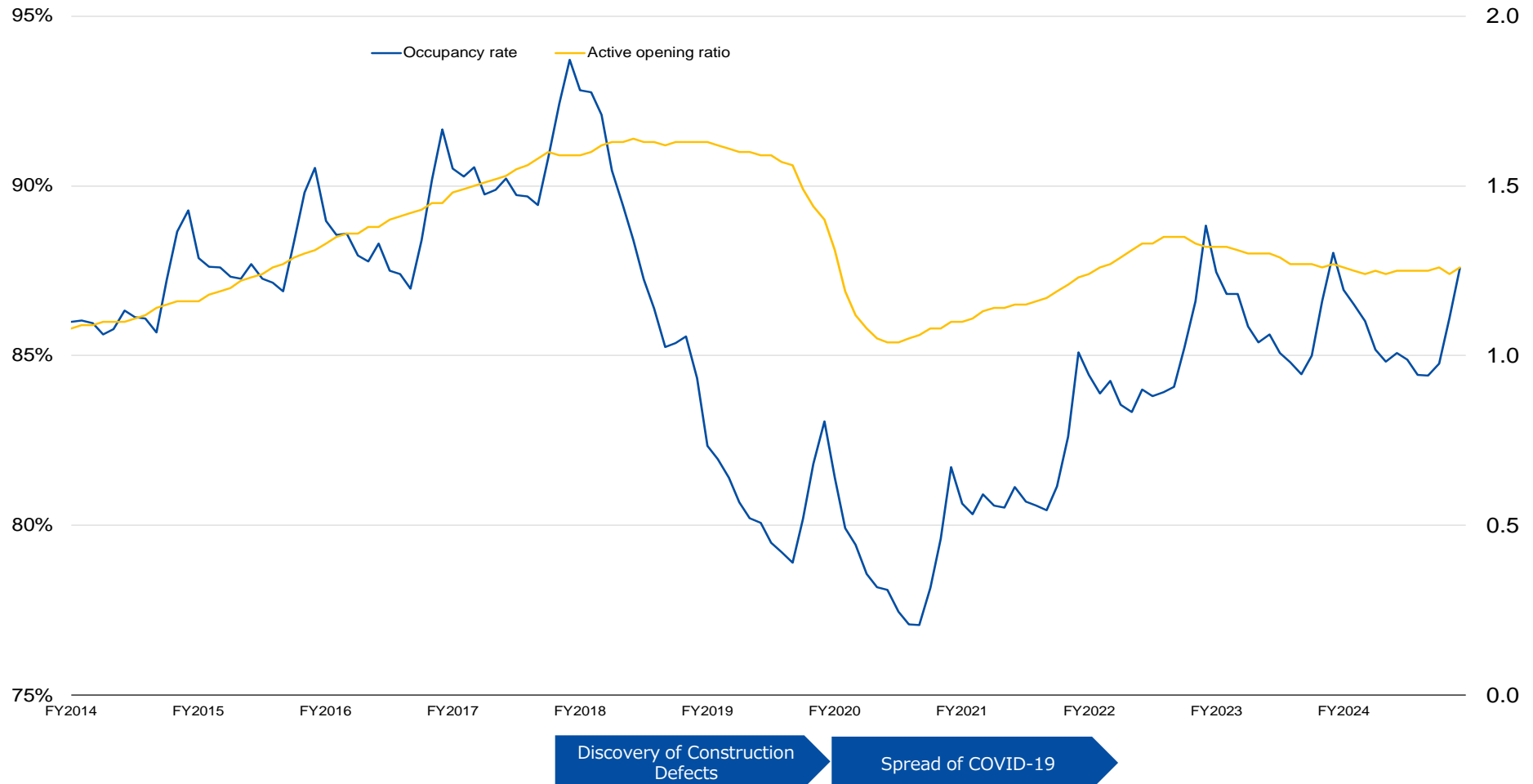
*1 Source: National projection of the number of households in Japan for 2024 by National Institute of Population and Social Security Research <https://www.ipss.go.jp/pp-ajsetai/j/HPRJ2024/t-page.asp>

*2 Source: Projections of the number of households in Japan by prefecture, 2024 by National Institute of Population and Social Security Research <https://www.ipss.go.jp/pp-pjsetai/j/hpjp2024/t-page.asp>

This material is processed and prepared by Leopalace21 based on the said data and is not prepared by the National Institute.

Operating Environment: Occupancy Rate and Active Job Opening to Applicant Ratio

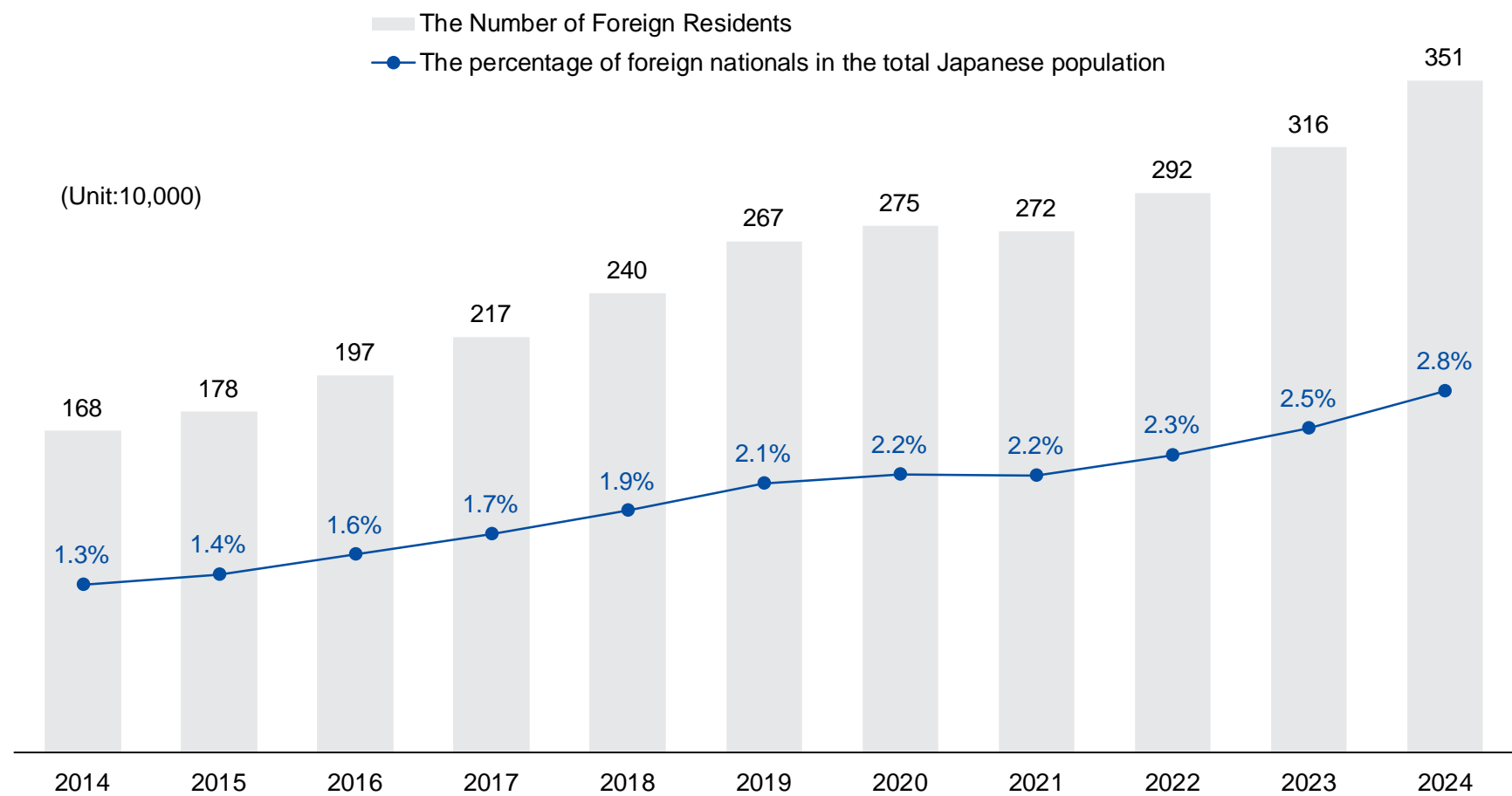
Demand for Leopalace21 apartments is growing as corporate hiring becomes more active. The recruitment market is booming after COVID-19 pandemic, and demand for our apartments, many of which are used as company-leased housing, is expected to grow further.



*Source: General Employment Placement Situation (Employment Security Service Statistics), (e-Stat)(<https://www.e-stat.go.jp/en>)

This material is processed and prepared by Leopalace21 based on the said data and is not prepared by the ministry or agency.

While the working-age Japanese population continues to decline, the number of foreign residents is on the rise. The percentage of foreign residents in the total Japanese population is expected to reach 10% by 2070.



*1 Source: Population Estimates as of October 1, 2024, National total: by age and gender; Prefectural breakdown: by age group and gender by the Statistics Bureau, Ministry of Internal Affairs and Communications <https://www.e-stat.go.jp/en>

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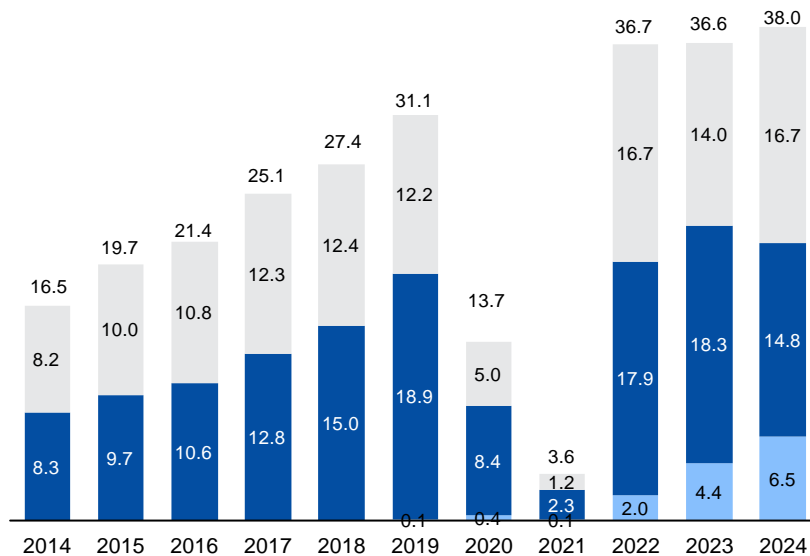
Operating Environment: Changes in the Number of Foreign National Workers and International Students

Fulfilling the labor shortages and an increasing number of international students have led to the highest number of foreign residents.

Approximately 10% of our managed apartments are used by foreign residents, and the tail-wind market conditions are expected to continue.

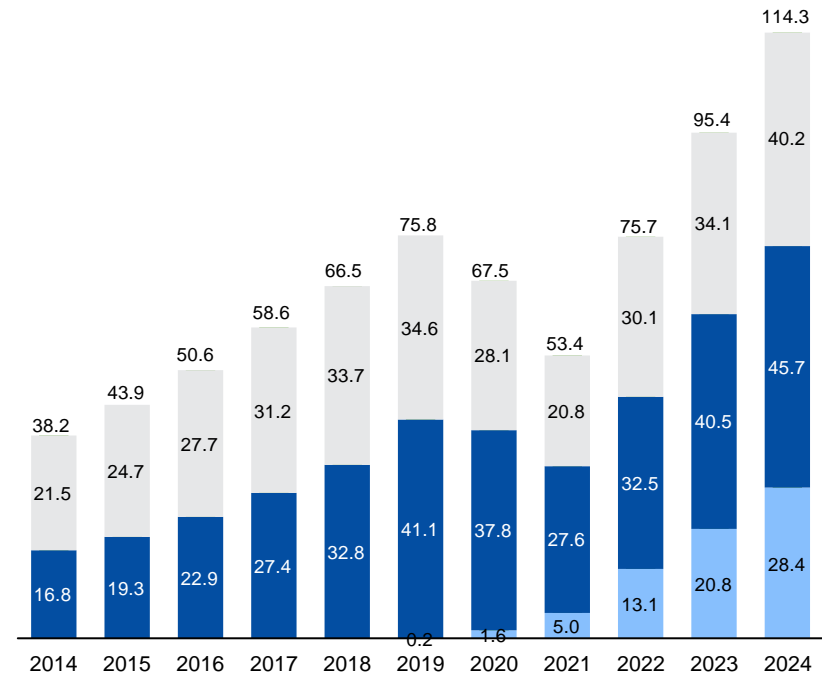
Number of new foreign entrants*1

■ Specified Skilled Worker ■ Technical Intern Training ■ Study abroad



Changes in the number of foreign residents*2

■ Specified Skilled Worker ■ Technical Intern Training ■ Study abroad



*1 Source: Number of foreign entrants and Japanese departing from Japan in 2024 (preliminary figures) by Immigration Services Agency https://www.moj.go.jp/isa/publications/press/13_00050.html?hl=en
e-Stat(Immigration Statistics) <https://www.e-stat.go.jp/dbview?sid=0003288049>(Japanese)

*2 Source: Number of foreign residents as of the end of 2024 by Immigration Services Agency https://www.moj.go.jp/isa/publications/press/13_00052.html?hl=en
e-Stat(Number of foreign residents at the end of 2024) <https://www.e-stat.go.jp/dbview?sid=0004019020>(Japanese)

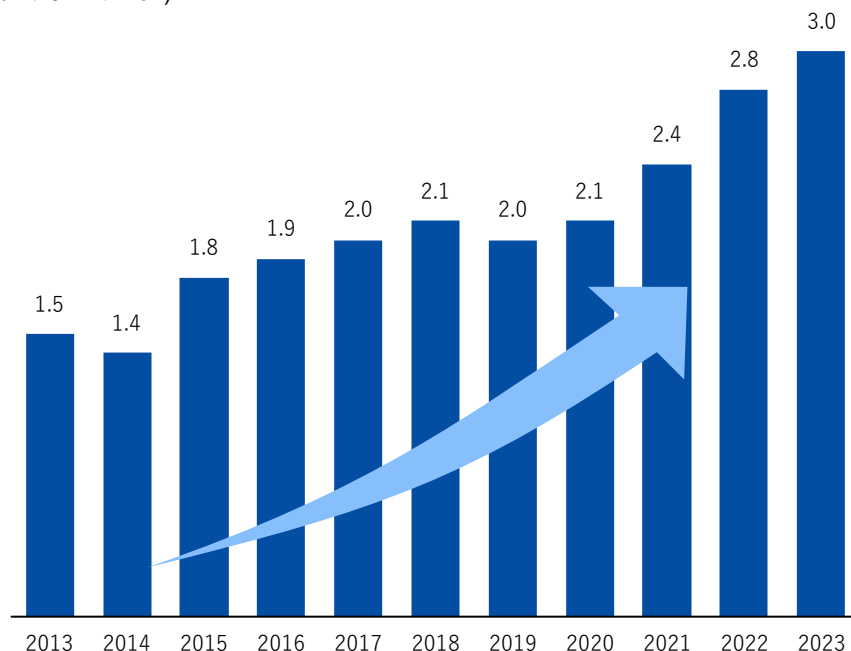
This material is processed and prepared by Leopalace21 based on the said data and is not prepared by the ministry or agency.

The amount of inheritance tax and the number of cases subject to inheritance tax are increasing every year amid tax system reforms and an aging population.

Demand for land utilization is also on the rise due to the increasing importance of measures for the inheritance tax.

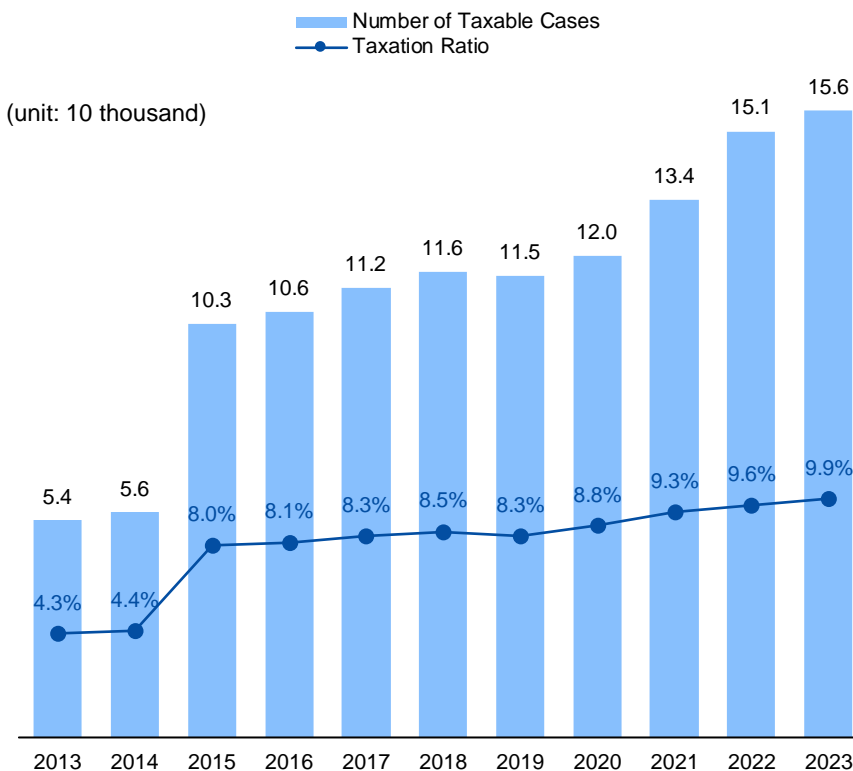
Inheritance tax amount

(unit: JPY trillion)



Number of taxable cases and taxation ratio

(unit: 10 thousand)



Source: Materials on inheritance tax and gift tax by National Tax Agency https://www.mof.go.jp/tax_policy/summary/property/e07.htm (Japanese)
 Direct taxes for FY2024 by National Tax Agency <https://www.nta.go.jp/publication/statistics/kokuzeicho/sozoku2023/sozoku.htm> (Japanese)
 Summary of inheritance tax returns by National Tax Agency https://www.nta.go.jp/information/release/kokuzeicho/2024/sozoku_shinkoku/index.htm (Japanese)

This material is processed and prepared by Leopalace21 based on the said data and is not prepared by the Agency.



Chapter 3

Fundamental Policies of Medium-term Management Plan

Period of performance recovery toward normalization

External Environment

- ◆ Spread of COVID-19
- ◆ Sublease business controlled in line with relevant laws and regulations
- ◆ Rising prices due to global inflation

- Workforce Optimization and Cost Rationalization
- Strengthening Profitability in Leasing Business
- Elimination of obvious defects which were discovered in 2018

Strengthen business foundation toward realizing regional branch structure

External Environment

- ◆ Widespread use of AI
- ◆ Increased hiring of foreign nationals
- ◆ Revision of the specified skilled workers program

- Develop an appropriate number of units to manage and unit rent
 - Resumption of Development Business
 - Introduction of AI-generated rent assessment
- Strengthen Financial base
 - Improvement of occupancy rate
 - Improvement of overall unit rent being occupied

Highly stable, sustainable business activities

- ◆ Increased number of single-person households
- ◆ Inheritance tax issues
- ◆ Application of new lease accounting standards

- Building an Organization for Revenue Expansion
 - Introduction of regional branch structure
 - Maintaining appropriate cost
- Sustainability Management
 - Initiatives for Environmental Sustainability
 - Promotion of Human Capital Management



What Leopalace21 continues to do for a sustainable society

We will continue to provide innovative and sustainable services through the value creation in the area of housing centering on rental housing, and will continue to be a company that is needed by society.

Economic Value

Fundamental Strategy

Implement Regional Strategy
(Improve Occupancy Rates and Overall Unit Rent Being Occupied)

Growth Strategy

Resume Full-scale Development Business
(Optimize Managed Property Portfolio)

Social Value

Fundamental Strategy

Establish a Sustainable Organizational Structure through **Promotion of DX and Human Capital Management**

Growth Strategy

Contribute to a Decarbonized Society through **supply of ZEH (Net Zero Energy House) Properties**



Chapter 4

Business Strategies

Provide apartments with standardized floor plans across the country. 73% of the listed companies use our apartments for the company-leased housing.

Provide 550 thousand of studio-type room with furniture and home appliances



TV set



Double Curtains



Microwave oven



Washing machine



Low table



Air conditioner



Refrigerator



Internet connectivity

Compelling reasons for choosing Leopalace21

Single point of contact

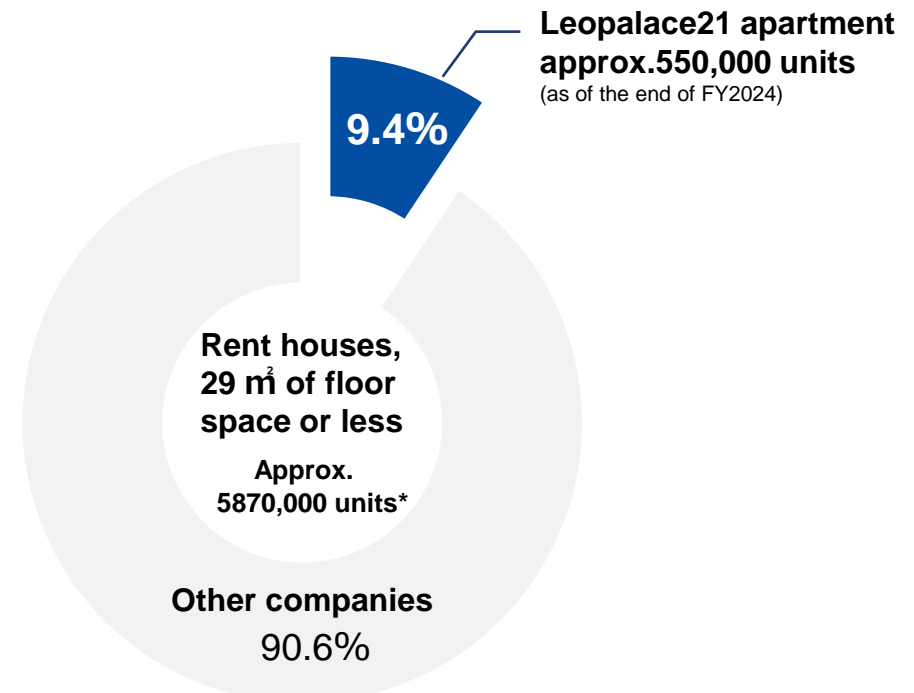
Standardized apartment grade and floor plan

Reduced expenses

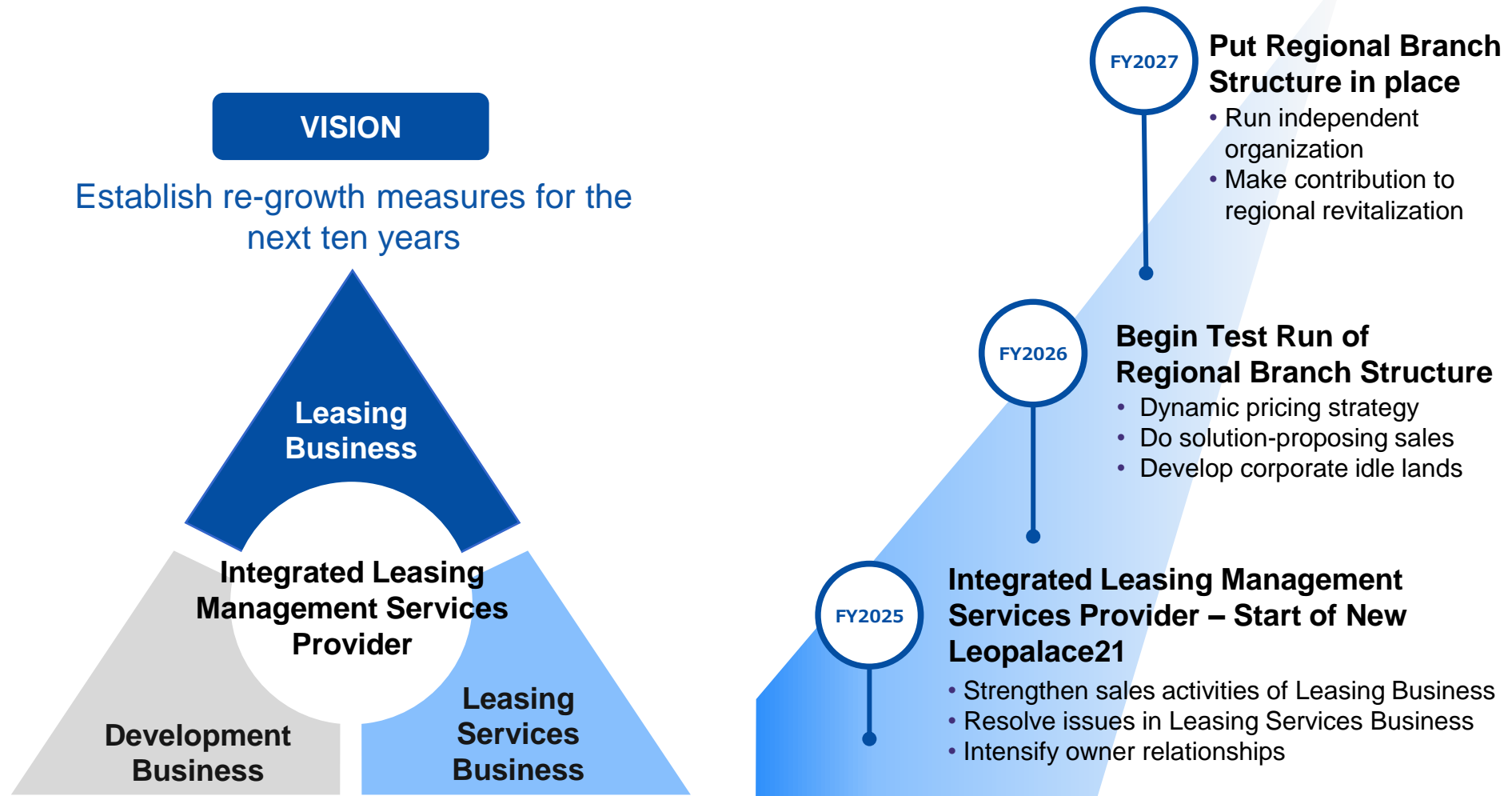
Usage by as many as 73% of the listed companies

Market share

There are approx. 5.8 million rental units of 29 square meters or less*, which is about the same size as our apartments. We manage approx. 550,000 units, and therefore the main products have a market share of 9.4% in the apartment industry for the single household market.



We aim to establish ourselves as an integrated leasing management services provider. We will ensure to regrow by restructuring the foundation of the Leasing Services Business and by solidifying the foundation of the Leasing Business.



We promote to establish ourselves as the brains for the company-leased housing strategy by way of helping the customers realize human capital strategies.

We plan to achieve 70% by the end of FY2029.

Establish a position as the brains for company-leased housing

1

Make full use of top-level sales

Conduct top-level sales activities led by CEO and Directors. Implement individual company-specific strategies to increase the number of contracts.

2

Reinforce sales force

Transfer of personnel from the Corporate Sales to the Sales in each region. Adopt a new regional structure to increase sales capabilities.

3

Strengthen relationships with local companies

Strengthen relationships with local companies for higher use of company-leased housing through the chamber of commerce and industry and local governments.

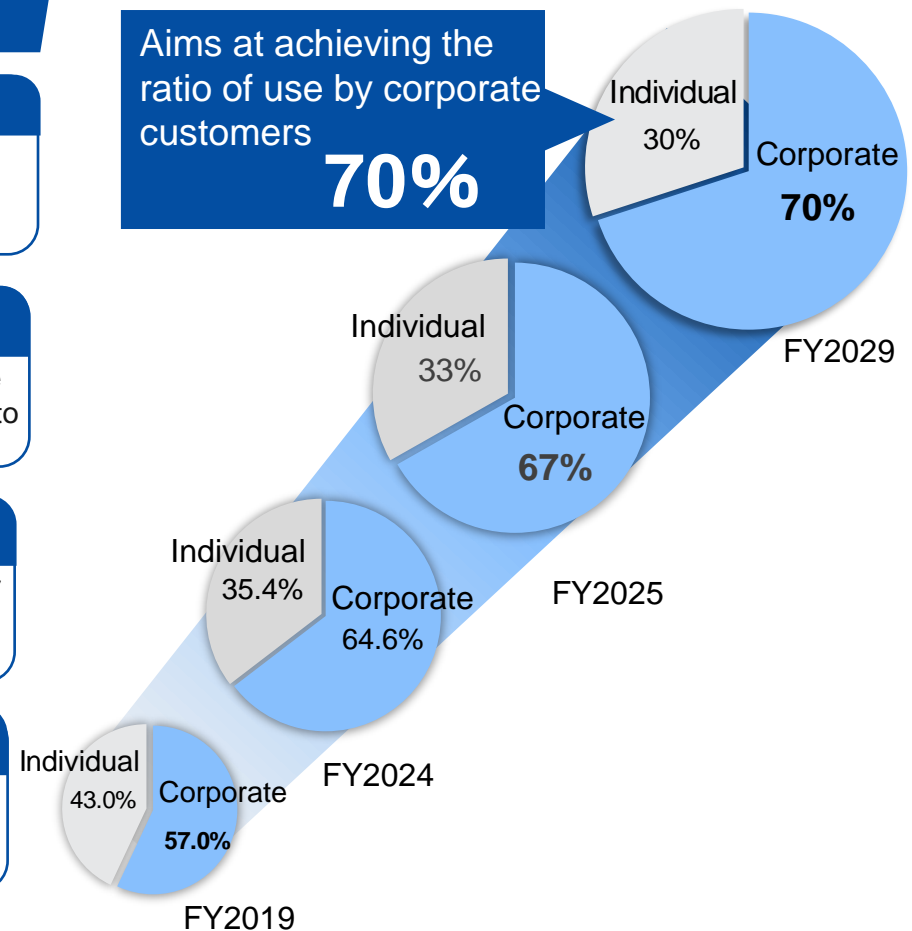
4

Proactively acquire foreign national customers

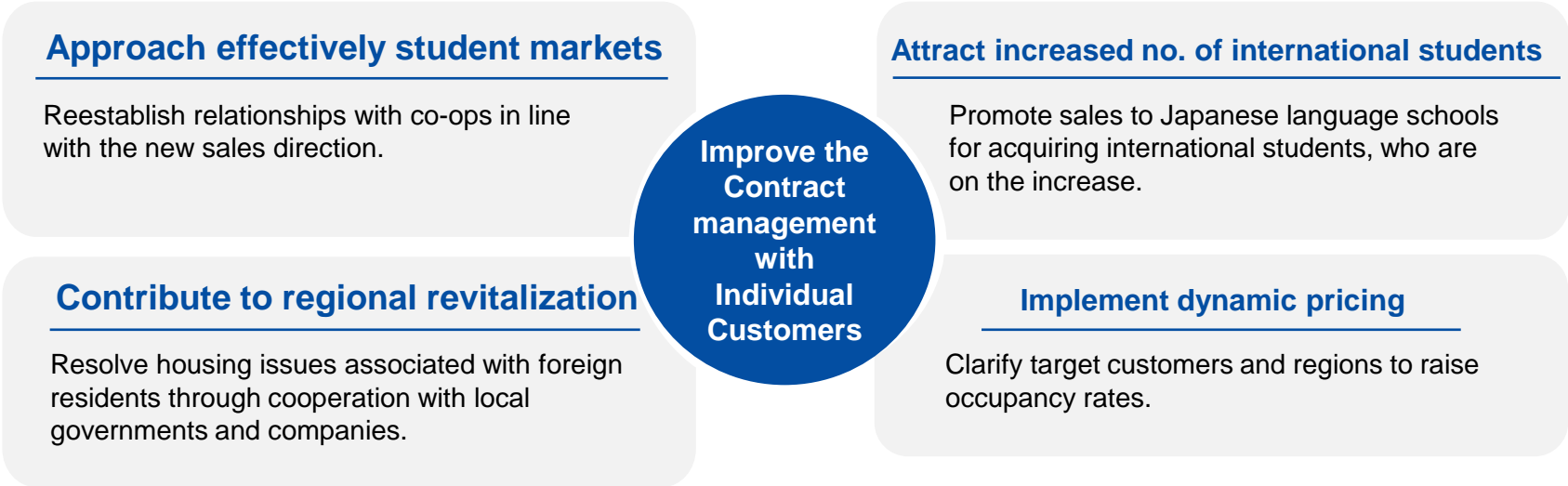
Make relationships stronger with customers who are focusing on acquiring foreign national workforce.

Aims at achieving the ratio of use by corporate customers

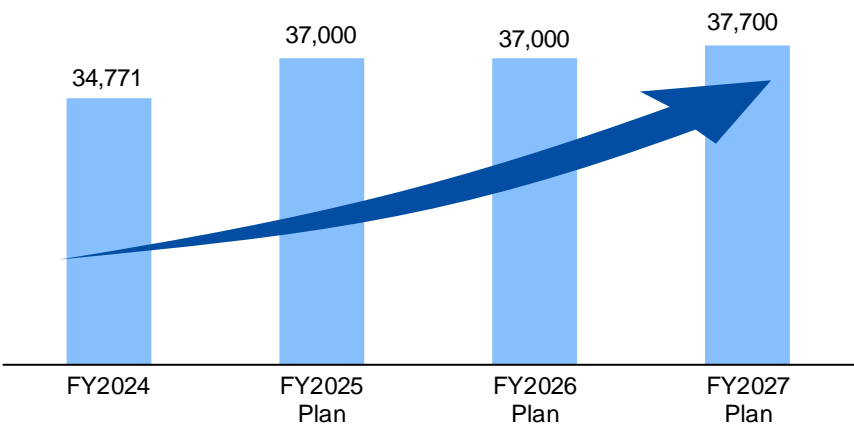
70%



Increase the number of contracts with Individual customers through cooperating with the local governments and effectively approaching the student markets.



► Changes in the number of new contracts



► Collaborative initiatives with companies

Renxa

Collaborated with Renxa to reduce the burden and improve the convenience of utilities service handing at the time of removal.

TRYT

Extend support to the workers through collaboration with TRYT in healthcare and welfare industry, who suffer from hard work conditions caused by labor shortages.

We will leverage our strengths and know-how to attract foreign residents through collaboration with local governments and companies amid the growing demand for foreign nationals and international students.

Do solution-proposing sales

Leopalace21 promotes its unique solution-proposing sales approach to corporate customers' human capital strategies, SDGs, and other issues

Offer rental housing with stable operation

We established a complete support system, including the set up of IFCs dedicated to foreign residents and multilingual room search website and inquiry response.

Enhance the companies' well-being through housing

Not just providing housing, but also value-added services such as support for the retention of foreign nationals.

**Attract
increased no.
of foreign
national
customers**

Implement partnership strategy

Resolve issues for foreign residents through housing by working with educational institutions and support organizations.

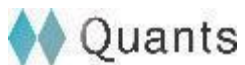
Collaborative initiatives with companies and local government



We collaborate with ZIPLUS, which provides exchanging support service of driver's license for foreign residents, to enhance corporate welfare and support their human resource retention.



We signed cooperation agreement with Osaka prefectural government in promoting the acceptance of foreign human resources.



We formed business alliance with Quants to provide solutions to issues faced by the educational institutions which accept international students so that the institutions can offer housing to the students.



We formed alliance with Nankai Electric Railway in order to solve issues related to foreign human resources when the companies accept foreign national workers for their stable life.

We aim to maintain property values and improve customer satisfaction by promoting cooperation with business partners for improved quality.

Restructure foundation of Leasing Services Business

Strengthen cooperation with partners

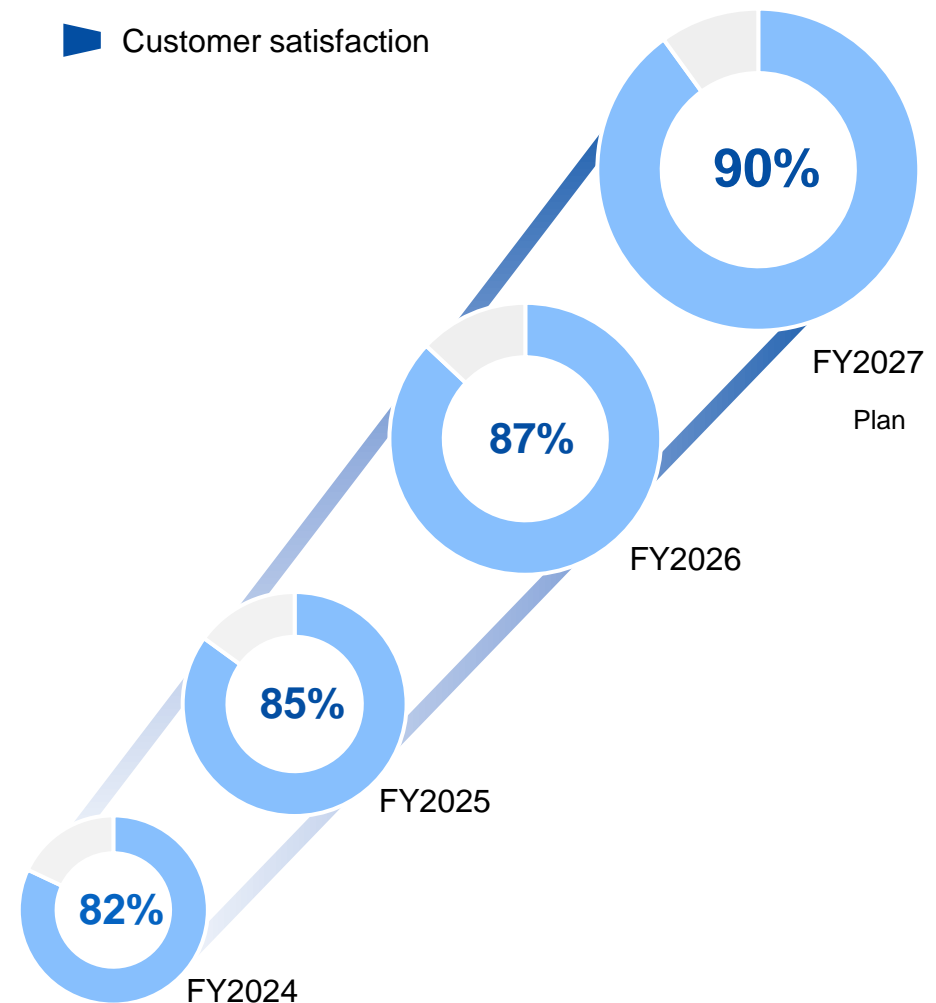
Cooperate with business partners and work together to maintain and improve the quality of the apartments.

Improve customer satisfaction

We aim to provide comfortable living space by implementing comprehensive inspections prior to tenant move-in and offering good customer support. Carry out customer surveys for improved operations.

Intensify relationships with the owners

We provide support for the owners' building their asset going forward through appropriate building maintenance and management operations.



We will maximize profit per unit by thoroughly implementing price-focused strategies and cost optimization. We aim to achieve an average of 87.56% during the period, and 90.35% at the end of FY2027.

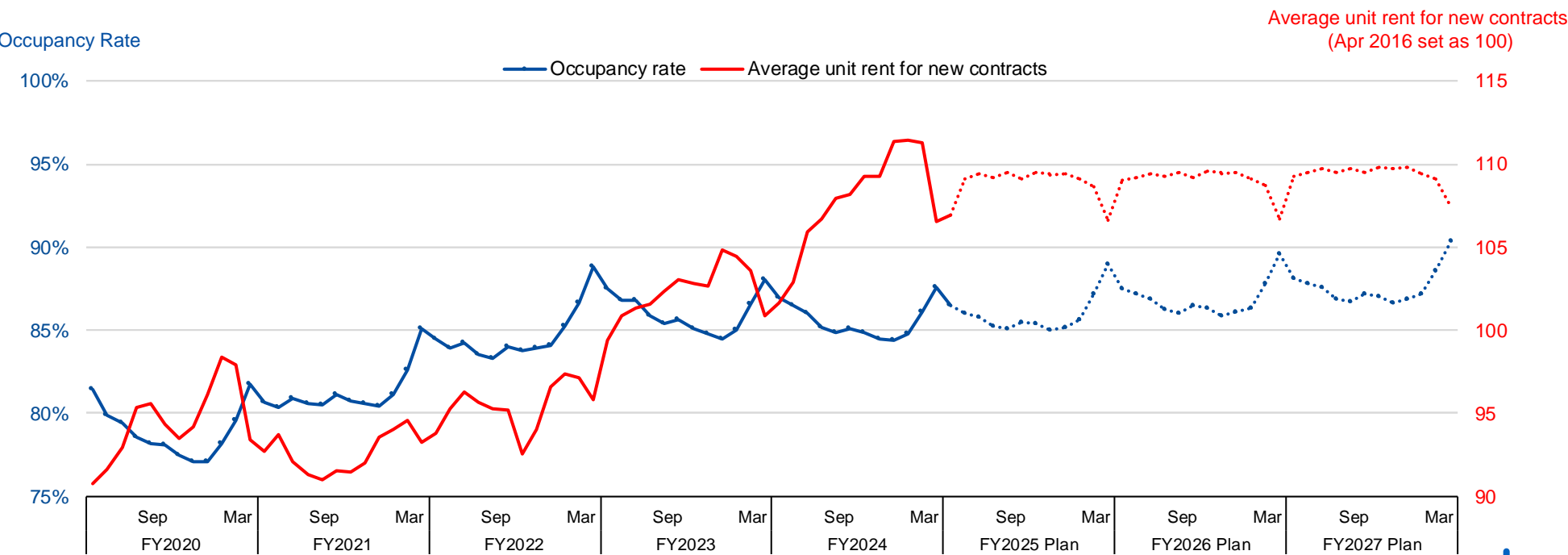
Occupancy rate

	FY2024	FY2025 Plan	FY2026 Plan	FY2027 Plan
Average occupancy rate	85.56%	85.95%	86.87%	87.56%
Year-end occupancy rate	87.57%	89.00%	89.60%	90.35%

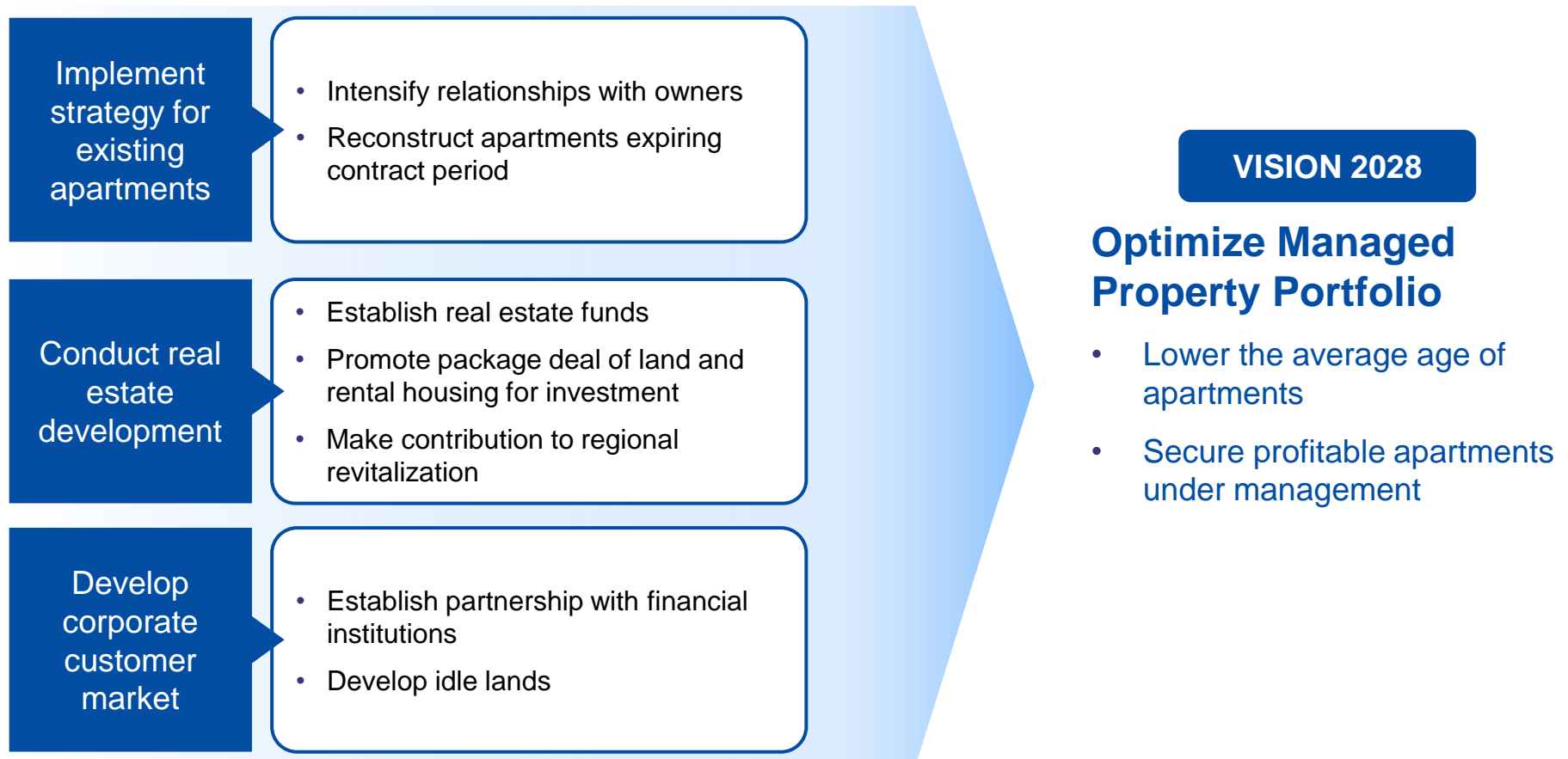
Average unit rent for new contracts(index)

FY2024	FY2025 Plan	FY2026 Plan	FY2027 Plan
108	109	109	109

Changes in Occupancy Rate and Average Unit Rent for New Contracts



We will resume Development Business on a full-scale in the fiscal year 2025. In addition to rebuilding existing apartments that are aging, we will actively work to supply new apartments through real estate development and corporate market while committing ourselves to respond to construction defects.

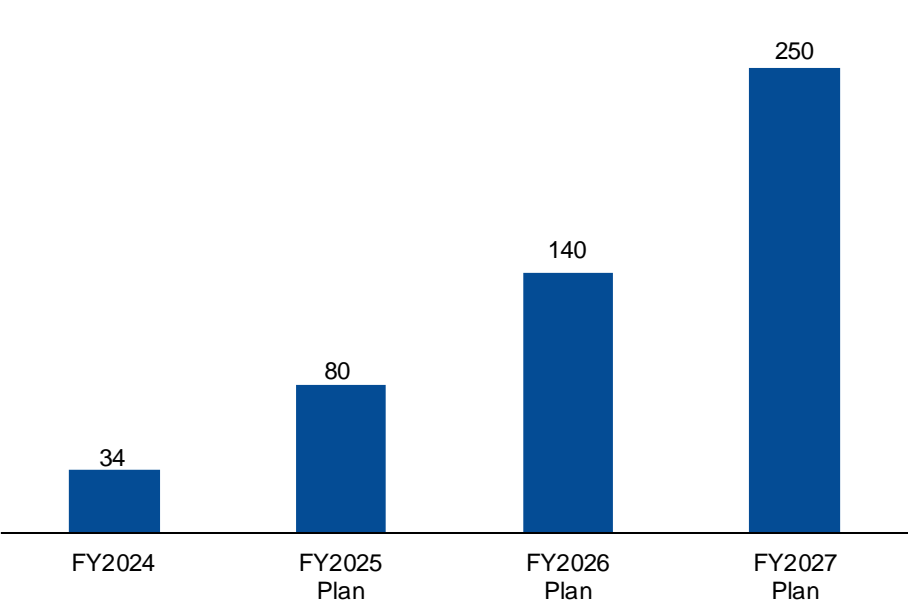


We aim to receive orders for 250 buildings for FY2027 by rebuilding and selling in a package deal of land and rental building. We aim to slow the decline in the number of units under management and lower the average age of the apartments.

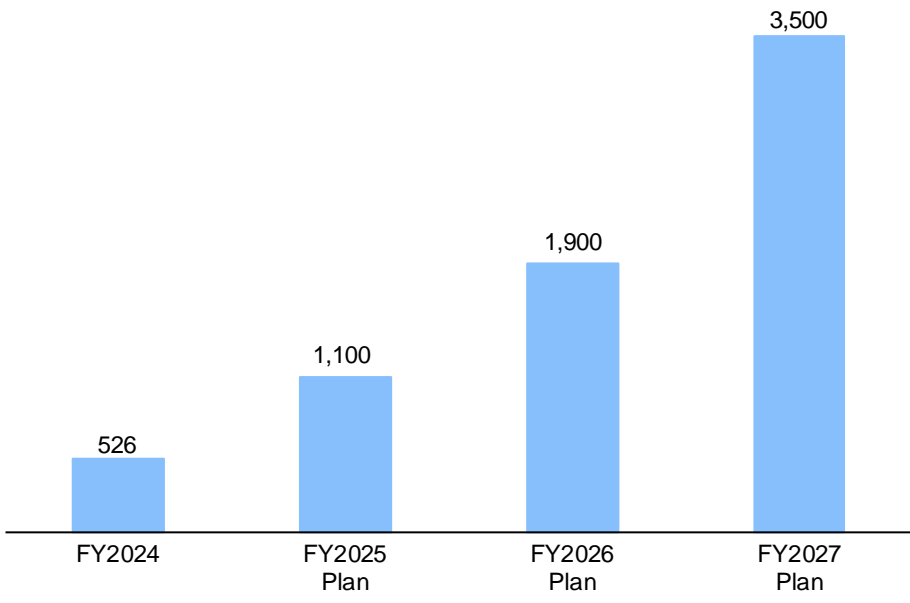
► Changes in the number of apartment units under management



► Number of order receipts for apartment buildings



► Number of order receipts in terms of apartment units

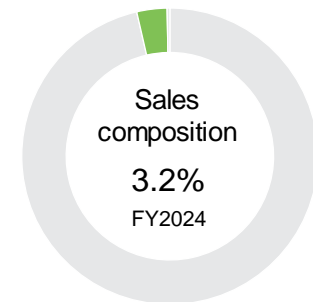


► Elderly Care Business

The company operates 85 community-based group homes, day care services, short stays, and private-pay nursing homes for the elderly with nursing care and residential care. Also provide home-visit nursing care, in-home nursing care support, etc.

Policy

We aim to return to profitability as soon as possible by improving occupancy rates and stabilizing operations.

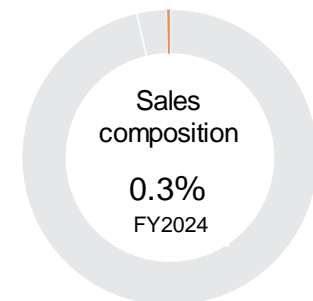


► Other Businesses

Leopalace Resort Guam operates golf courses and hotels on the island of Guam.

Policy

We will sell non-core and unprofitable businesses in accordance with the policy of transferring or withdrawing from such businesses.





Chapter 5

Financial Strategies (Three-Year Plan)

Sustained sales and profit growth through a shift to aggressive sales activities

We will invest in growth, focusing on human capital and DX promotion in the aggressive mode of management.
We aim to increase revenue and profit over the three-year period by further improving occupancy rate and overall unit rent being occupied.

Target for operating profit for FY2027

JPY 41.3 billion

Achieve stable shareholder returns through growth in the Leasing Business

We will keep stable shareholder returns by utilizing cash generated from growth in the Leasing Business.
We aim to maintain stable dividends while balancing investment in growth and shareholder returns.

Target for divided payout for FY2027

30%

We expect to increase revenues and profits throughout the three-year period due to an improvement in occupancy rates and overall unit rent being occupied.

		Medium-term Management Plan					Elements behind the changes
(JPY million)	FY2014 Actual	FY2025 Plan	FY2026 Plan	FY2027 Plan	Growth (2025→2027)	CAGR	
Net sales	431,831	441,400	456,300	468,000	+8.4%	+2.7%	Sales: Trend of increase due to rise in occupancy rate and overall unit rent being occupied
Cost of sales	354,537	355,300	362,100	368,900	+4.1%	-	Cost of sales: Maintain and improve property values and further enhance preventive maintenance
Gross profit	77,293	86,100	94,200	99,100	+28.2%	+8.6%	SG&A: Personnel expenses increased due to an increase in the no. of personnel in leasing sales and expansion of personnel in connection with the resumption of the development business
%	17.9%	19.5%	20.6%	21.2%	+3.3 p		
SG&A	48,062	53,700	55,700	57,800	+20.3%	-	Non-operating expenses: Interest expense reduced following refinancing in March 2025
Operating profit	29,231	32,400	38,500	41,300	41.3%	+12.2%	
%	6.8%	7.3%	8.4%	8.8%	+2.0 p	-	Net income: Tax is expected to be minor until FY2027 due to utilization of net operating loss carryforwards, while income tax adjustment is expected to be recorded due to reversal of deferred tax assets.
Non-recurring profit	26,936	30,900	37,300	40,100	+48.9%	+14.2%	
Net income	17,861	18,100	22,100	23,900	+33.8%	+10.2%	

N.B. New lease accounting standard which is applicable for FY2027 onward is not considered in the above Plan.

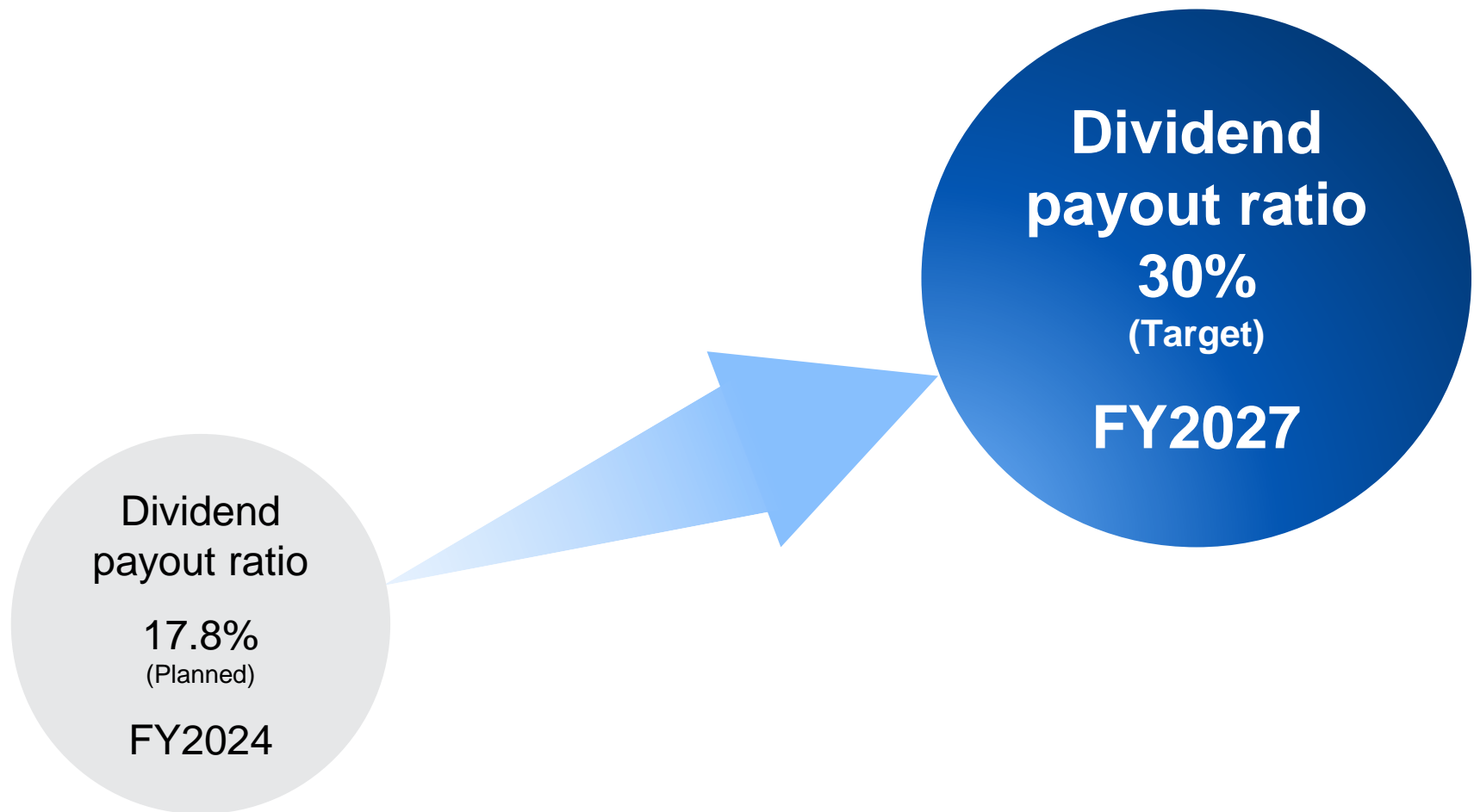
Indicators of Efficiency, profitability, and safety are expected to remain at high levels.

		FY2024 Act	FY2025 Plan	FY2026 Plan	FY2027 Plan
Efficiency	ROE	24.6%	21%	21%	20%
	ROIC	19.7%	19%	19%	18%
Profitability	EPS	JPY 56.22	JPY 56.97	JPY 69.56	JPY 75.23
	EBITDA (JPY million)	32,734	35,400	41,000	43,300
Safety	DEBT / EBITDA Ratio	0.97 times	0.9 times	0.8 times	0.7 times

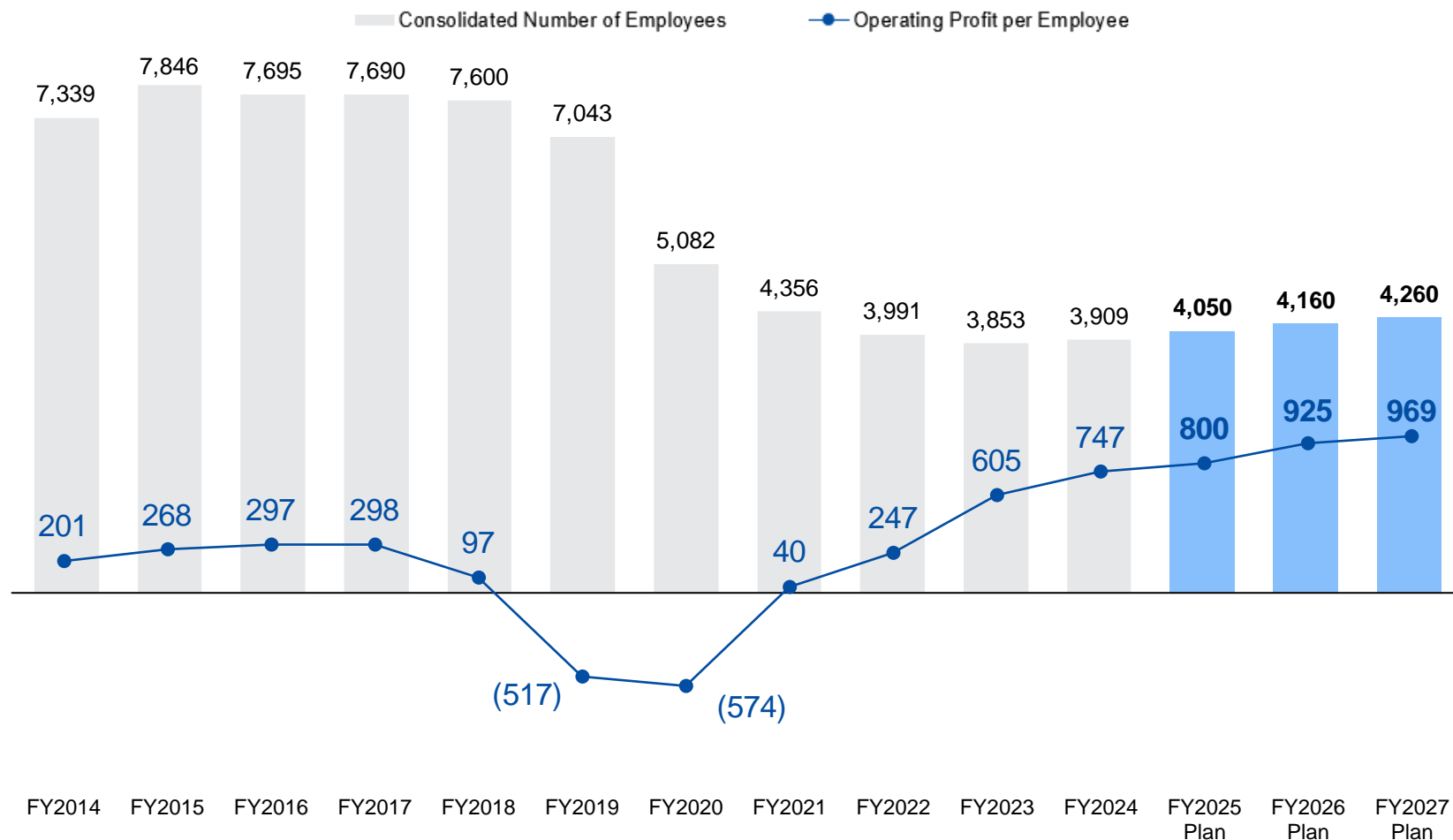
N.B.
 ROE=Net income / Equity (average for the period)
 ROIC=NOPAT (Net operating profit after tax) / Invested capital average for the period (interest-bearing debt + shareholders' equity)
 EPS=Net income / Total no. of shares issued
 EBITDA=Operating profit + Depreciation
 DEBT / EBITDA Ratio = Interest-bearing / EBITDA

New lease accounting standard which is applicable for FY2027 onward is not considered in the above Plan.

We will provide continuous and stable dividends, taking account of performance trends, financial conditions, and other factors. We aim to increase shareholder returns by setting a target dividend payout ratio of **30%** for FY2027.



Productivity has much increased through structural reforms and DX promotion, although the number of employees has decreased by half over the past 10 years.



* Operating profit by employee = Operating profit / No. of employees (on a consolidated basis)



Chapter 6

Non-Financial Strategies (Sustainability Management)

Materiality

Initiatives

➤ Environmental Initiatives

E

- Reduce Scope1 and 2 CO₂ emissions by 46% by FY2030 from FY2016 levels.
- Reduce CO₂ emissions through the Leopalace Green Energy Project (planned: service 600,000 units)
- Promote environmentally friendly properties

- Offer Rental Housing with Stable Operation
- Promote Real Estate Tech Business
- Work-Style Reform and HR Development
- Respect for Human Rights
- Communication with Stakeholders

S

- Acquire diverse talents and prepare work environment (New graduate hire: 100, Experienced workers: 200) (Leopalace career development program: 1,500)
- Develop compliance attitude and business ethics
- Promote well-being management

- Communication with Stakeholders
- Maintain the Effective Corporate Governance System
- Strengthen Compliance

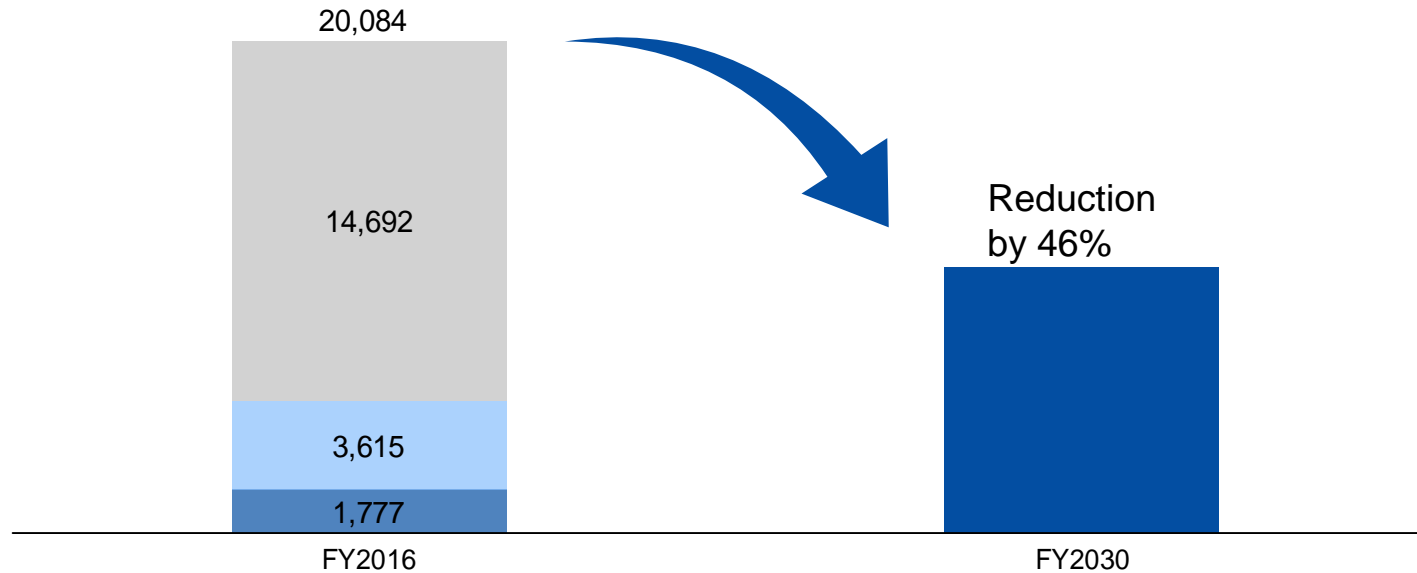
G

- Conduct customer satisfaction survey
- Implement succession planning
- Evaluate the effectiveness of the Board of Directors

Reduce Scope1 and 2 CO₂ emissions by 46% in FY2030 from FY2016 levels.

(t-CO₂)

■ Scope1(emissions from the use of gas) ■ Scope1(emissions from vehicle gasoline) ■ Scope2(emissions from the use of electricity)

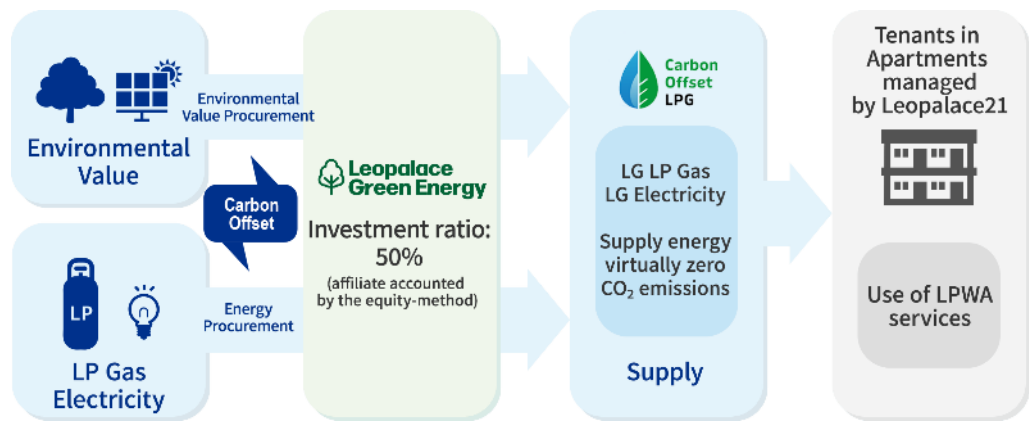


Scope 1 +2 and Scope 3 Actual

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022*	FY2023
Scope 1+2 (t-CO ₂)	20,084	19,186	18,075	16,796	11,564	10,518	11,341	11,747
Scope 1+2 vs FY2016	-	(4.5%)	(10.0%)	(16.4%)	(42.4%)	(47.6%)	(43.5%)	(41.5%)
Scope 3 (t-CO ₂)	873,167	864,448	786,510	692,463	693,388	748,745	540,558	491,433

* Scope 2 is calculated by market-based approach for FY2022 onward.
Scope 1 + 2 are being calculated for FY2024.

We are committed to operating rental housing with virtually zero CO₂ emissions through provision of LGLP Gas and LG Electricity.



Leoplace Green LP Gap (LGLP Gas)

We began to provide rental housing in January 2023. We introduced LPWA^{*1} service that improve the convenience and safety of energy usage for tenants as well as efficient operation of gas suppliers.

^{*1} LPWA: Low Power Wide Area.

Leoplace Green Electricity (LG Electricity)

We began to provide LG electricity in June, 2024. Astomos Energy Corporation’s LG electricity is available for both monthly contracts and utilities inclusive plans.

Actual
(up to FY2024)

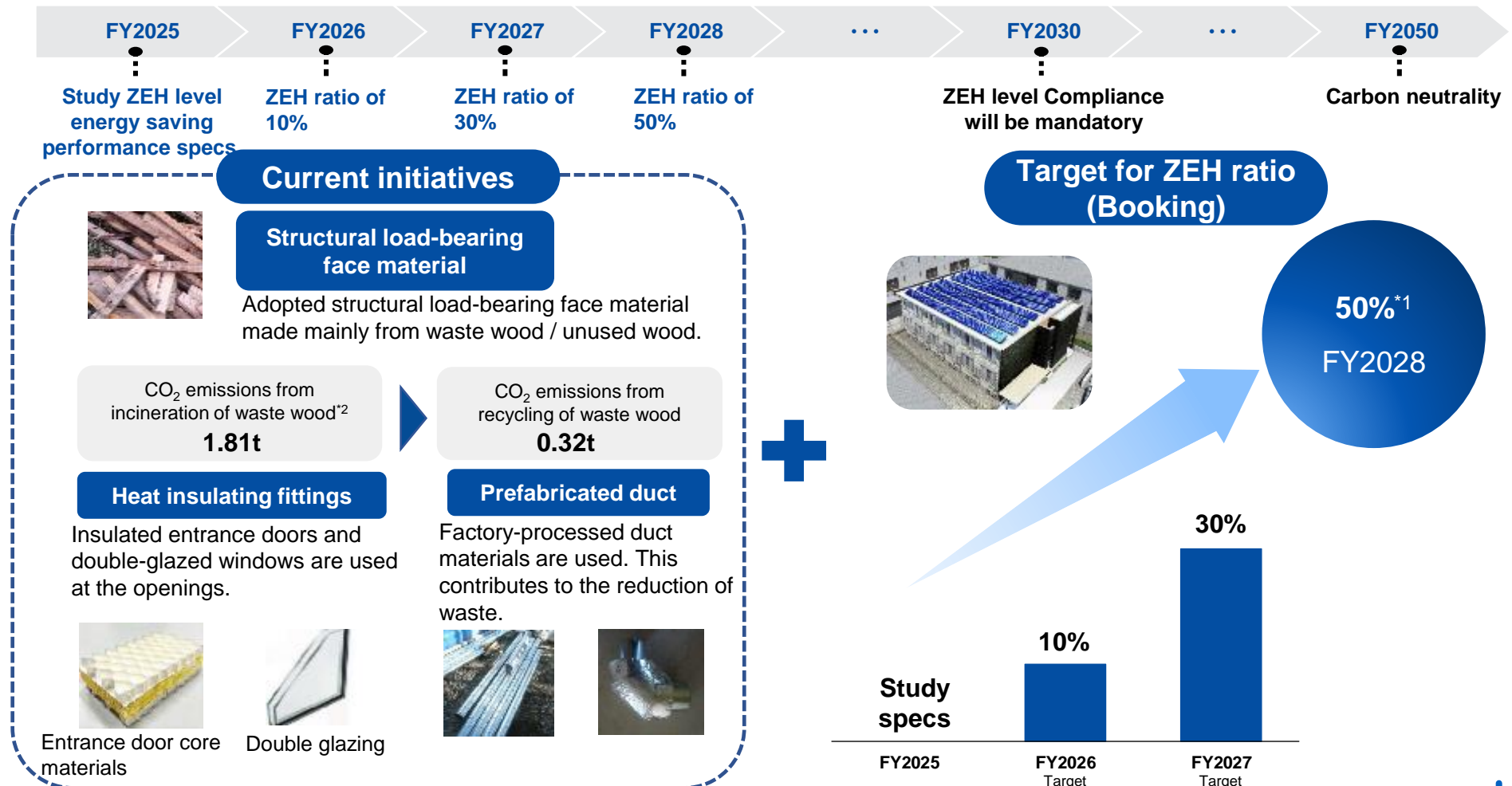
No. of units being serviced: 155,931 (LGLP Gas + LG Electricity)
CO₂ reduction: 53,864 t-CO₂

Plan

No. of units to be serviced: 600,000 ^{*2}(LGLP Gas + LG Electricity)

^{*2} Number consists of 400,000 LGLP Gas and 200,000 LG Electricity.

We will promote ZEH in addition to current efforts for environmental friendliness: reduction of CO₂ emissions, energy-saving considerations, and reduction of waste materials. We will complete our study of ZEH-level energy-saving performance specifications by the end of FY2025 and aims to achieve a ZEH ratio of 50%*1 in construction contracts for FY2028.



*1 ZEH Oriented included

*2 Amount used as raw material of recycled wood board for one apartment building.



Use digital technology to expand value creation for customers and realize a company in which employees play a leading role.

Initiatives for Business Transformation

The goal is to build a foundation that enables data-driven management for rapid decision making, which is necessary to transform business to change the corporate culture itself.

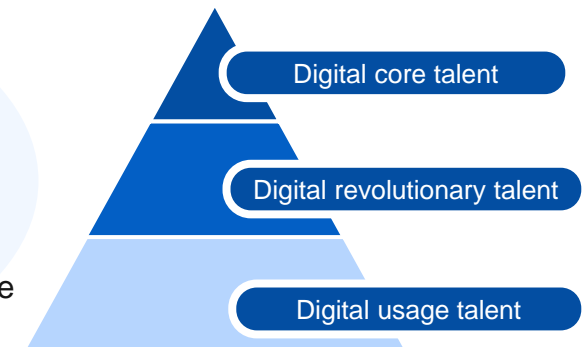
Developing Digital Human Resources

We define three levels of digital human resources and implement training for each, as well as place personnel in the appropriate places.



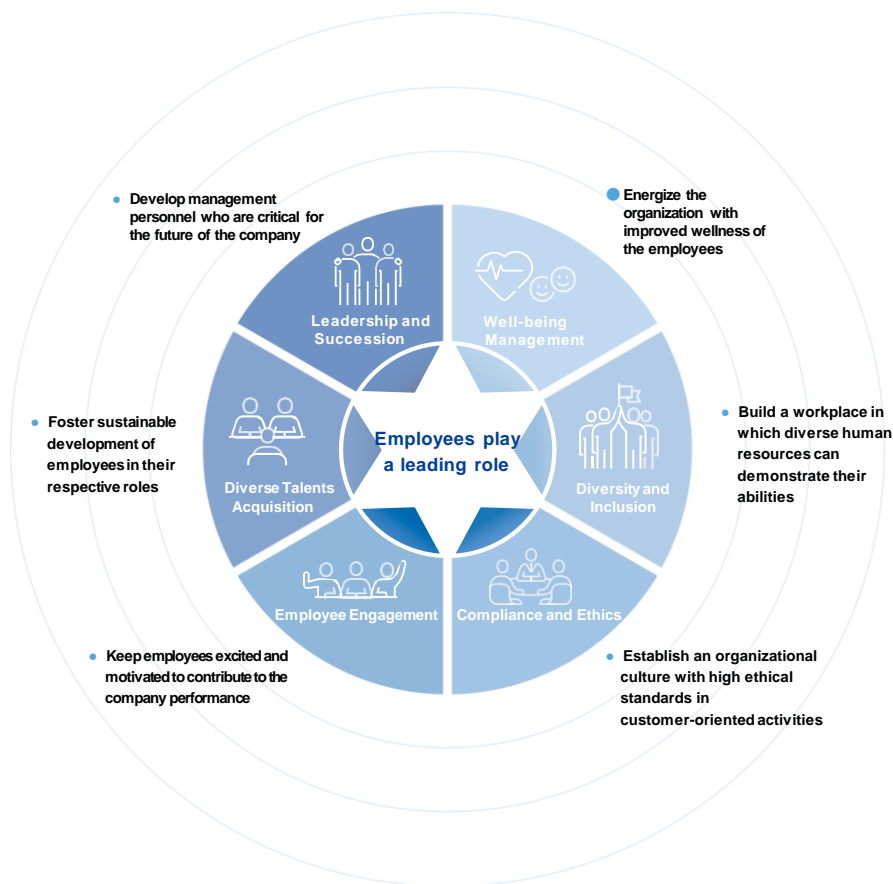
We aim to be data-driven by aggregating and analyzing all the data we have.

1. Improve accuracy of strategic decision making and create business opportunities
2. Improve operational efficiency and cost optimization
3. Improve customer satisfaction and increase sales



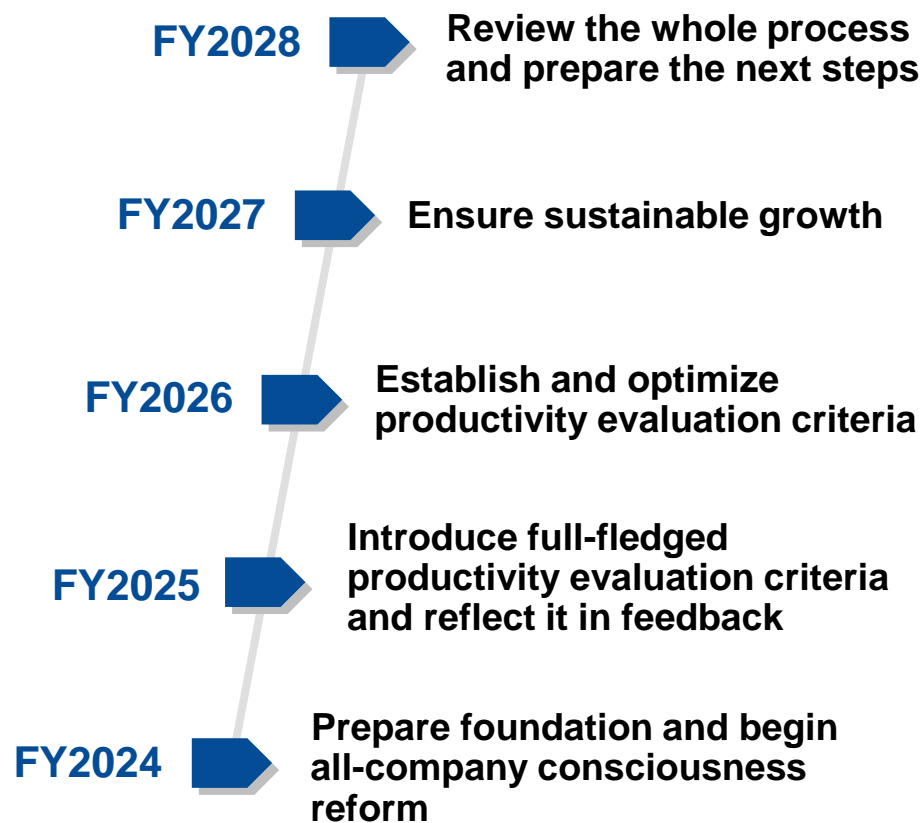
Human Resources Development Policy

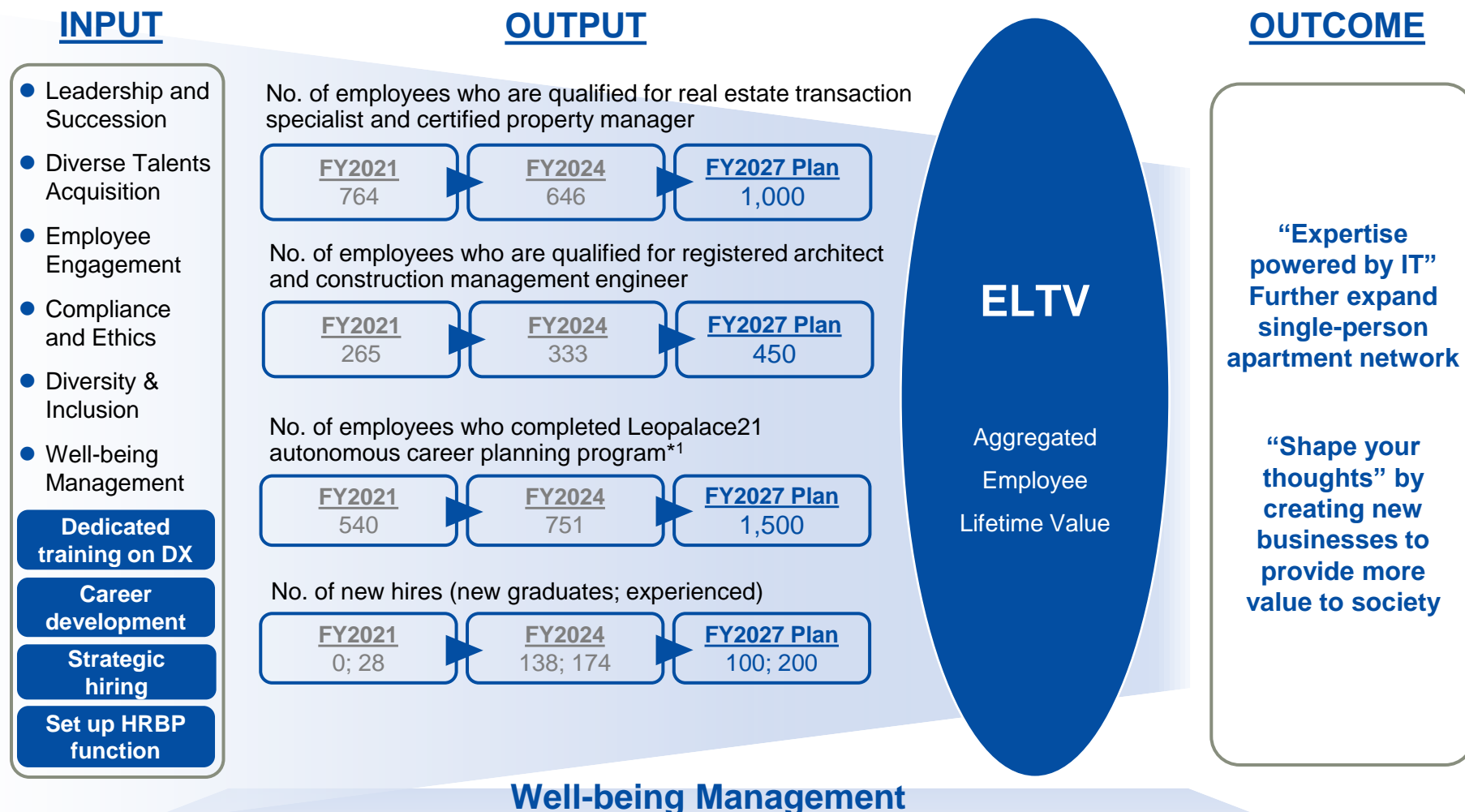
The President himself is leading the way in promoting human capital management and wellbeing management, aiming for further individual growth and the establishment of a corporate culture based on a vision of human resources and six themes.



Roadmap for Organizational Culture Change

Strive to increase sales and profits by transforming the organizational culture to achieve sustainable growth, promote diversity, and promote women's activities.





Improve health conditions through investments in employee health, such as assigning a well-being promotion officer for each business location and the introduction of health management apps.

Enhance corporate brand value, revitalized workplaces, and attract and retain talent through vibrant employee connections.

*¹ Leopalace21 autonomous career planning program: Owned program targeted for employees grouped by age group



Chapter 7

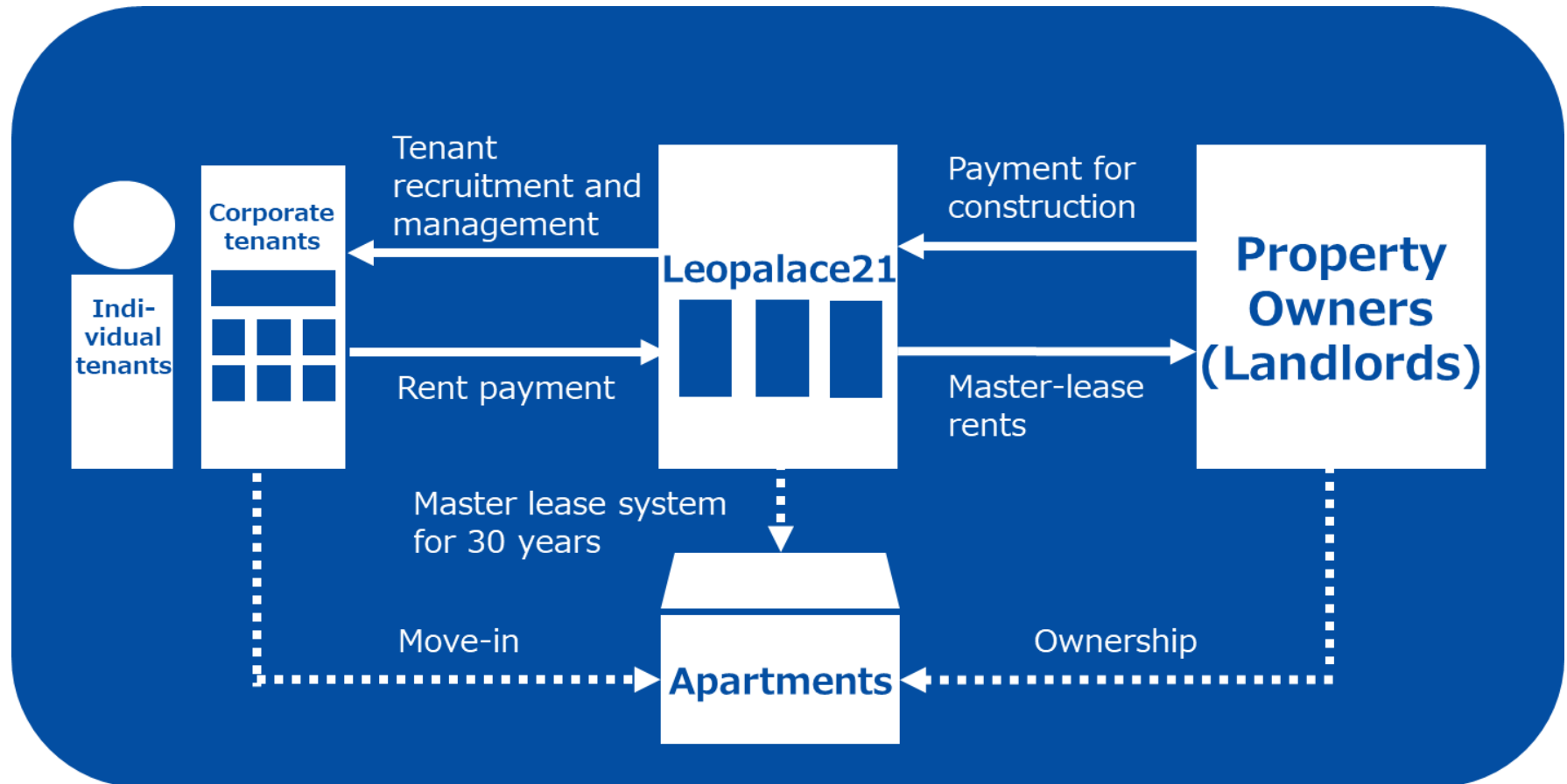
Appendix

(As of March 31, 2025)

Established	August 17, 1973
Capital	JPY 100 million
President and CEO	Bunya Miyao
Number of Employees	3,909 (consolidated basis) 2,723 (non-consolidated basis)
Number of Shares Authorized	750,000,000
Number of Shares Outstanding	329,389,515(No. of dilutive shares: 159,748,700)
Number of Shareholders	36,860



Our business model consists of a Development Business to build apartments on landowners' idle land, and a Leasing Business to lease the constructed apartments on a lump-sum basis for 30 years, recruit tenants, and provide management service to the apartments. We will resume full-scale order intake in FY2025 for which we suspended since the discovery of construction defects in FY2018.



Leoplace21 has completed the repairs etc. of all obvious defects for which it obtained the cooperation of the tenants and building owners.

The Company has investigated 175,282 units out of a total of 176,240 units for an investigation completion rate of 99.5%.
The Company completed repairs and other measures for 77,638 units out of the 79,171 units with obvious defects identified because of the investigations, for a response completion rate of 98.1%.

(As of March 31, 2025)

	Nº of Buildings containing obvious defects	(a) Nº of all units which corresponds to Nº of buildings containing obvious defects	(b) Nº of units of which investigation completed	(c) Nº of units requiring investigations ((a)-(b))	(d) Nº of units containing obvious defects	(e) Nº of units with repairs completed and equivalent	(f) Nº of units requiring repairs ((d)-(e))
Apartments managed by Leoplace21*1	8,389	140,877	140,838 (99.9%)	39	59,364	58,811 (99.1%)	553
Apartments managed by the companies other than Leoplace21*2	2,882	35,363	34,444 (97.4%)	919	19,807	18,827 (95.1%)	980
Grand Total	11,271	176,240	175,282 (99.5%)	958	79,171	77,638 (98.1%)	1,533

*1 Apartments that were constructed by Leoplace21 and are managed by Leoplace21 itself, from tenant recruitment to building management.

*2 Apartments that were constructed by Leoplace21 and are managed by the companies other than Leoplace21, from tenant recruitment to building management.

For units where the other defects have not been resolved, the Company will continue to be prepared for responding to the requests of tenants and building owners and, in consultation with the specified administrative agencies, it will carefully consider their individual circumstances and proceed with repairs and other measures based on a response plan tailored to the circumstances of each apartment.

Eleven-Year Consolidated Financial Data (P/L)

JPY million	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Sales	483,247	511,513	520,488	530,840	505,223	433,553	408,959	398,366	406,449	422,671	431,831
Cost of sales	407,433	422,604	427,820	434,762	428,988	408,112	387,872	352,289	353,163	353,836	354,537
Gross profit	75,814	88,909	92,668	96,077	76,235	25,441	21,086	46,077	53,285	68,835	77,293
%	15.7%	17.4%	17.8%	18.1%	15.1%	5.9%	5.2%	11.6%	13.1%	16.3%	17.9%
SG & A	60,992	67,823	69,769	73,147	68,844	61,915	50,269	44,302	43,406	45,521	48,062
Operating profit (loss)	14,822	21,085	22,898	22,930	7,390	(36,473)	(29,182)	1,774	9,879	23,313	29,231
%	3.1%	4.1%	4.4%	4.3%	1.5%	(8.4)%	(7.1)%	0.4%	2.4%	5.5%	6.8%
Recurring profit (loss)	13,483	19,909	22,355	22,354	7,063	(36,341)	(34,170)	(2,151)	6,526	19,476	26,936
Net income (loss)	15,175	19,631	20,401	14,819	(68,662)	(80,224)	(23,680)	11,854	19,810	42,062	17,861

* Due to a change in accounting policy at a subsidiary in the fiscal year ended March 31, 2017, figures for prior periods are presented reflecting retroactive adjustments.

Eleven-Year Consolidated Financial Data (P/L by Segment)

JPY Million	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Sales	483,247	511,513	520,488	530,840	505,223	433,553	408,959	398,366	406,449	422,671	431,831
Leasing Business	399,375	410,641	416,594	435,537	426,388	388,939	391,964	383,043	391,438	407,489	416,918
Development Business	61,312	74,160	74,566	76,587	58,992	23,806	-	-	-	-	-
Elderly Care Business	10,608	10,798	11,536	12,807	13,922	14,620	14,524	14,258	13,941	14,007	13,726
Other Businesses	11,950	15,913	17,791	5,908	5,919	6,186	2,469	1,064	1,069	1,175	1,186
Operating Profit (loss)	14,822	21,085	22,898	22,930	7,390	(36,473)	(29,182)	1,774	9,879	23,313	29,231
Leasing Business	20,590	22,848	22,459	26,062	14,987	(20,828)	(19,385)	7,719	16,887	30,386	38,059
Development Business	211	3,340	5,051	3,663	(995)	(5,181)	-	-	-	-	-
Elderly Care Business	(606)	(1,354)	(1,650)	(1,596)	(846)	(559)	(720)	(789)	(1,208)	(621)	(803)
Other Businesses	(1,257)	(360)	664	(846)	(1,346)	(1,000)	(1,551)	(1,668)	(2,706)	(2,391)	(2,608)

* Due to a change in accounting policy at a subsidiary in the fiscal year ended March 31, 2017, figures for prior periods are presented reflecting retroactive adjustments.

* Merged the Hotel, Resort Business with the Other Businesses in the fiscal year ended March 31, 2018. The figures for the fiscal years ended March 31, 2014 through March 31, 2016 show the sum of the Hotel, Resort and Other Businesses.

* Effective from the fiscal year ended March 31, 2021, the Development Business and the Leasing Business have been merged, and the Hotel, Resort and Other Businesses has been renamed the Other Businesses.

Eleven-Year Consolidated Financial Data (B/S, Cash Flows)

JPY million	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Cash and deposit balance	75,221	88,043	104,432	106,543	84,536	60,501	54,863	45,523	53,560	68,627	88,408
Total assets	308,882	327,609	337,828	337,257	291,790	196,953	161,708	145,430	166,548	205,000	216,625
Interest-bearing debt*	44,487	50,824	49,918	53,829	48,047	36,137	35,409	33,045	31,849	30,879	31,630
Equity	124,910	144,827	158,713	159,044	80,915	1,303	(8,494)	1,068	24,115	63,904	81,269
Net assets	124,928	144,865	158,870	159,438	81,338	1,589	3,277	11,034	32,922	71,679	88,268
CF from operating activities	15,715	22,104	27,504	27,338	(7,212)	(51,639)	(40,816)	(4,460)	10,545	21,422	25,899
CF from investing activities	(17,550)	(11,087)	(8,653)	(2,336)	7,379	39,533	11,829	886	906	851	(604)
CF from financing activities	1,747	1,374	(14,048)	(18,354)	(15,181)	(12,048)	23,571	(5,886)	(2,819)	(7,119)	(6,404)
FCF	(1,834)	11,017	18,850	25,001	167	(12,106)	(28,986)	(3,574)	11,452	22,273	25,295

* Interest-bearing debt = Debt + Lease obligations

* Due to a change in accounting policy at a subsidiary in the fiscal year ended March 31, 2017, figures for prior periods are presented reflecting retroactive adjustments.

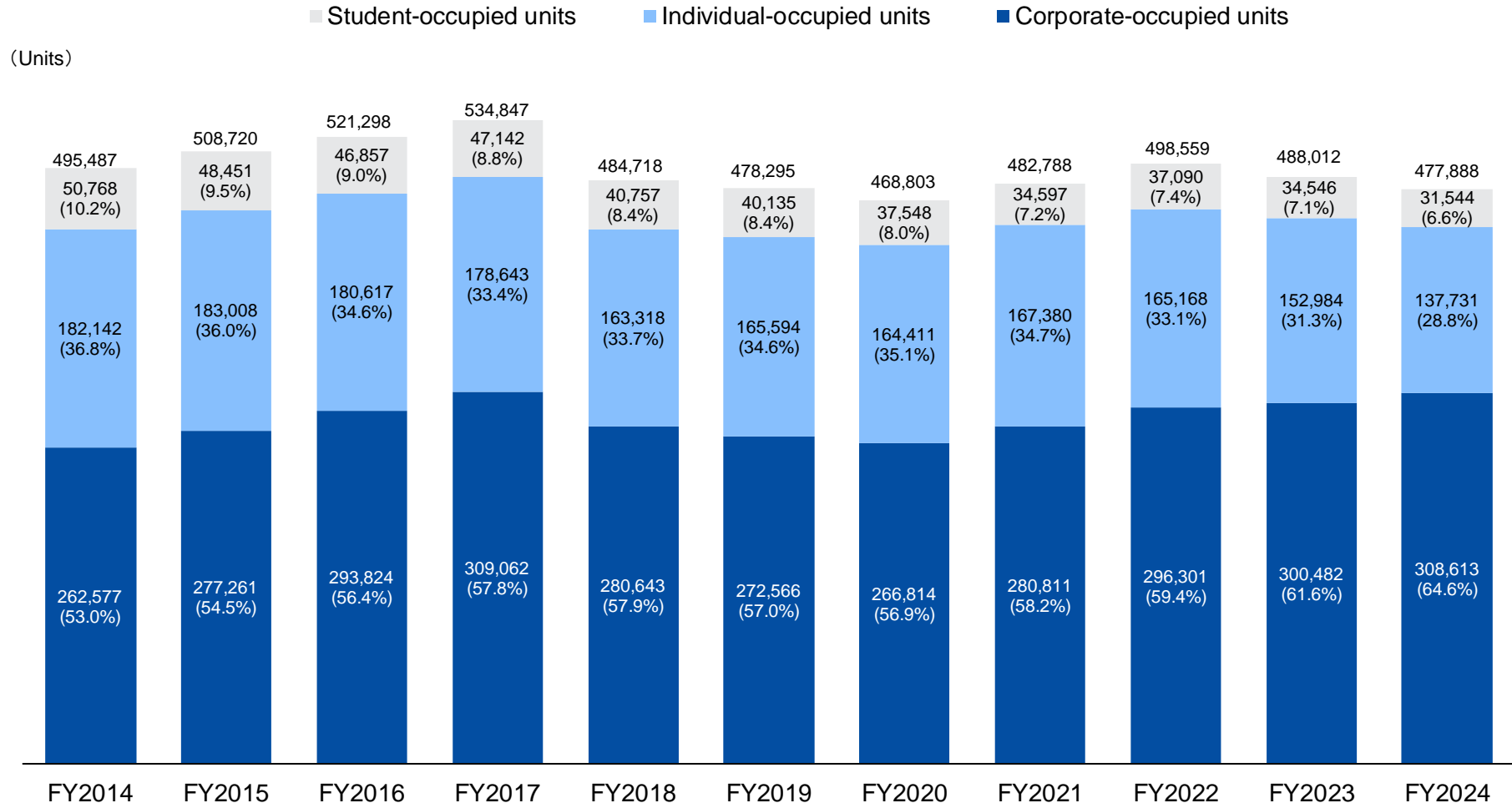
Eleven-Year Consolidated Financial Data (Management Indicators)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
EBITDA (JPY million)	22,558	30,700	32,235	34,656	20,336	(24,316)	(18,766)	11,127	16,449	27,974	32,734
EPS (JPY)	57.73	74.68	77.61	58.02	(278.58)	(328.77)	(84.88)	36.04	60.22	130.91	56.22
ROE (%)	13.3	14.6	13.4	9.3	(57.2)	(195.1)	-	-	157.3	95.6	24.6
ROIC (%)	5.8	7.1	7.2	7.1	3.7	(64.1)	(66.0)	3.5	12.4	17.0	19.7
Equity ratio (%)	40.4	44.2	47.0	47.2	27.7	0.7	(5.3)	0.7	14.5	31.2	37.5
PBR (Times)	1.3	1.2	1.0	1.4	0.7	49.8	(5.9)	62.2	4.9	2.6	2.3
Dividend per share (JPY)	-	10.00	22.00	22.00	-	-	-	-	-	5.00	10.0 (Planned)
Dividend payout ratio (%)	-	13.4	28.3	37.9	-	-	-	-	-	3.8	17.8 (Planned)
Dividend yield (%)	0.0	1.5	3.8	2.5	0.0	0.0	0.0	0.0	0.0	1.0	1.7 (Planned)

* Due to a change in accounting policy at a subsidiary in the fiscal year ended March 31, 2017, figures for prior periods are presented reflecting retroactive adjustments.

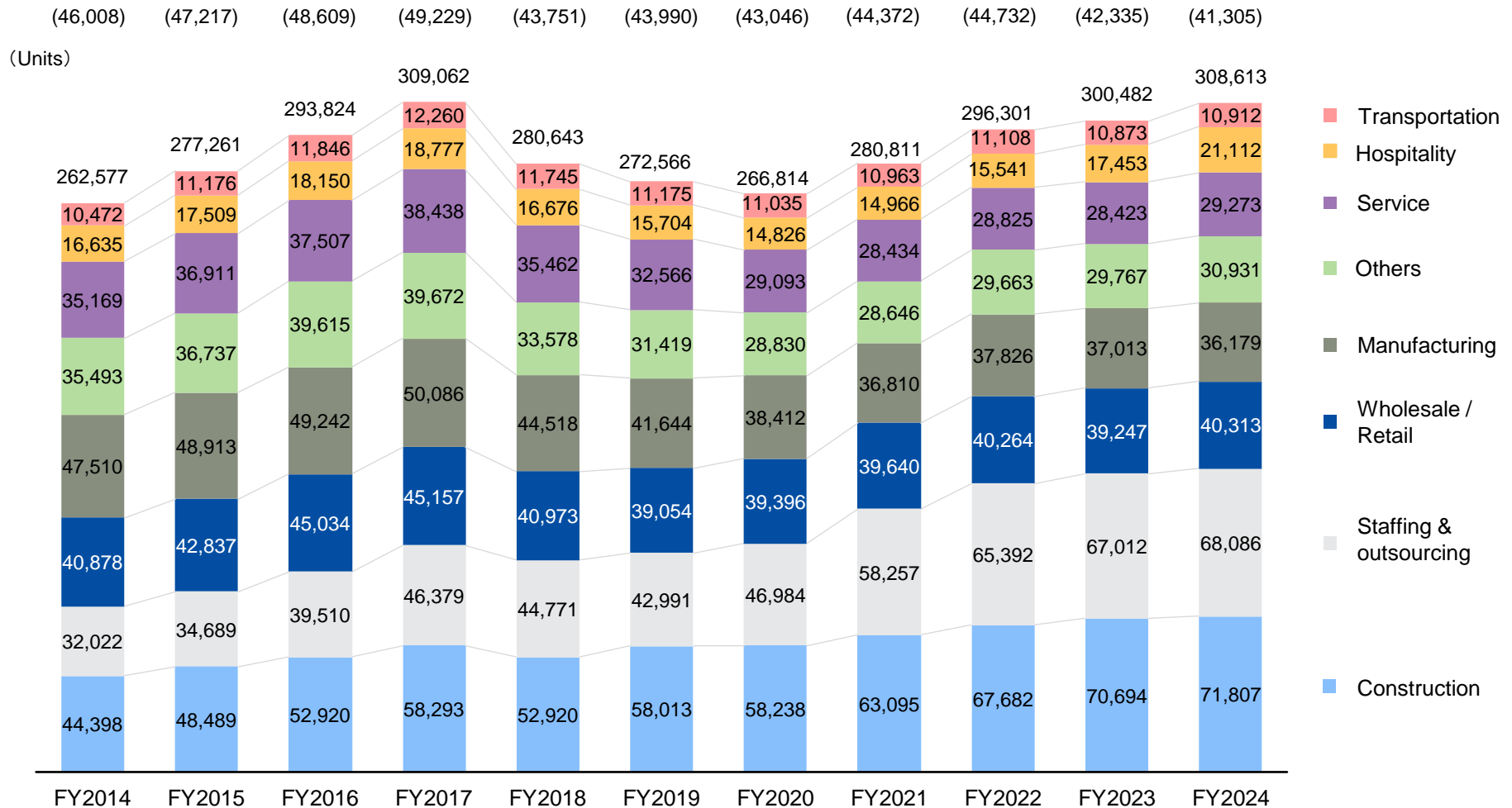
Number of Apartment Units Used by Tenant Category

The ratio of corporate contracts is on the rise, and is expected to further increase in the future as companies increase their hiring activities.

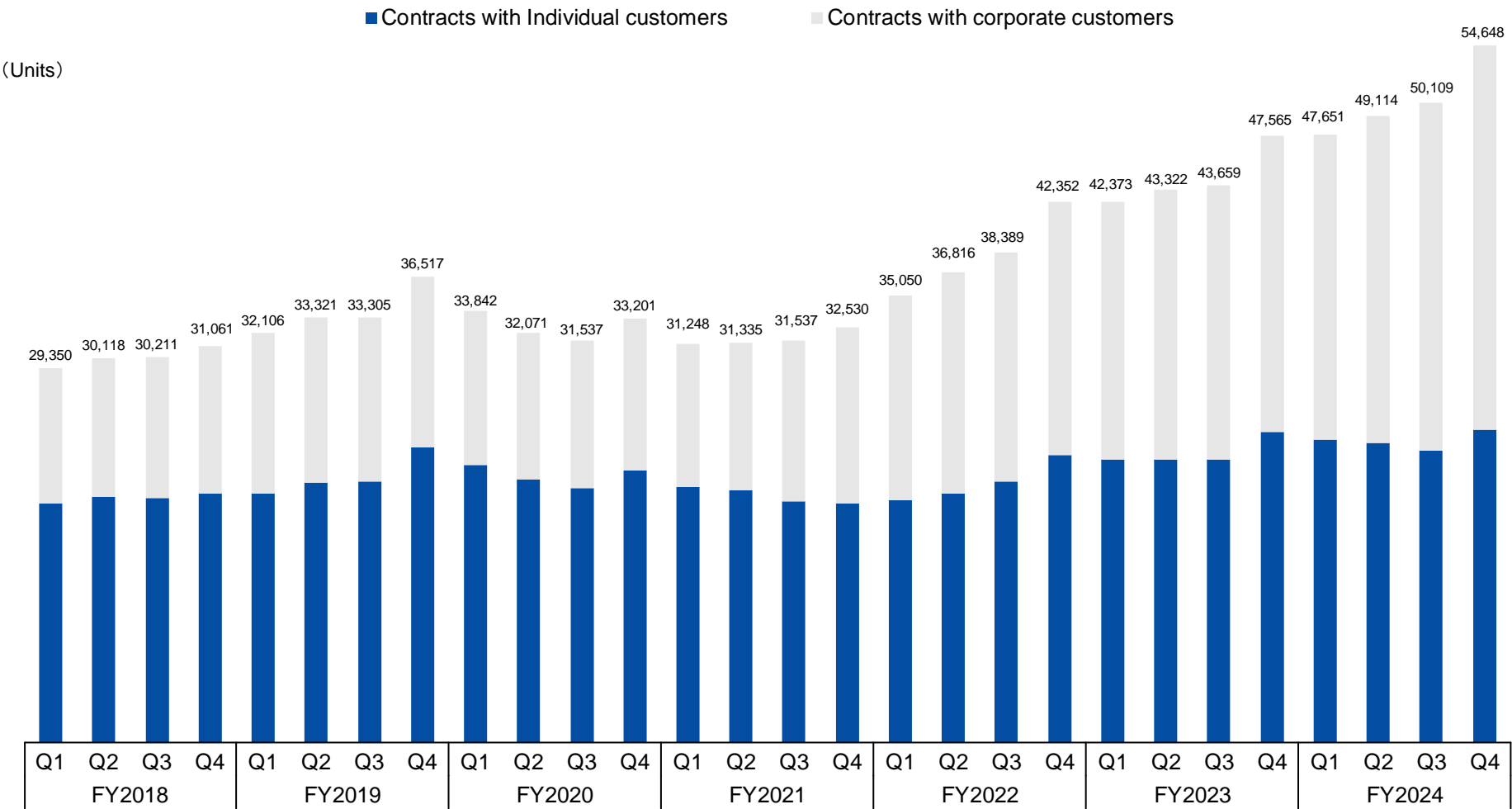


Number of Apartment Units Used by Industry

We have been conducting sales activities since the global financial crisis by steadily capturing demand from booming industries while maintaining a policy of not relying on specific industries.



The number of units used by foreign residents is on the rise, with a marked increase in corporate contracts as the labor shortage accelerates the hiring of foreign workers.



**For inquiries regarding investor information and sustainability,
please contact us here.**

PR and IR Section, Corporate Planning Department,

Leopalace21 Corporation

E-mail : ir@leopalace21.com

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