FOR IMMEDIATE RELEASE

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Notice Concerning Partial Revision of Basic Policy for Establishing the Internal Control System

Pursuant to a resolution at the meeting of the Board of Directors held on June 21, 2024, Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") announced that the Company has decided on partially revising the basic policy for establishing the internal control system. The major changes are underlined.

Basic Policy for Establishing the Internal Control System

1. Systems for Execution of Duties by Directors and Employees of the Company as well as Its Subsidiaries to Ensure Compliance with Laws and Regulations and the Articles of Incorporation

(1) The Company and its subsidiaries ("the Group") shall conduct business based on its corporate philosophy of "creating new value." As part of that process, the Company created a Corporate Ethics Charter. The Company shall be determined to establish legal and social compliance be most important policy (compliance-first) in the business execution and as the cornerstone of all of its corporate activities. This is exemplified by the President and CEO of the Company and the Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO), whose role is to continuously share the spirit of this charter with all officers and employees of the Group.

(2) The Company's Board of Directors, of which independent Outside Directors should consist of at least one third, develops the control environment including compliance system and enhances the function for overseeing the legality of the decision-making and the execution of business of the Board of Directors to ensure the transparency and fairness of management.

(3) The Company established the Compliance Committee as an advisory body to the Board of Directors and ensured a system related to compliance. The Committee is composed of one of the Outside Directors as the chairman and members including the external experts such as attorneys at law. The Compliance Committee as a part of the Group's efforts of strengthening governance, plans and implements the measures regarding Group's compliance framework including reinforcing the training and information management system, and monitors the corporate activities in accordance with the compliance regulations to identify the issues for improvement. In cases of suspected violations of laws and regulations, the Compliance Committee will have the authority to suspend operations.

(4) The Company established the Compliance Promotion Headquarters headed by the Chief of the

Compliance Promotion Headquarters, Chief Legal Officer (CLO), who manages all the matters related to the legal compliance. The Compliance Promotion Headquarters is responsible for planning and implementing measures to promote the Group's compliance as well as improving issues to develop the autonomous corporate culture.

(5) The Company created, under the Compliance Promotion Headquarters, the Compliance Promotion Department, which is responsible for the planning and drafting functions related to compliance promotion within the Group, as well as for the function of checking the legal compliance, which is separated from business departments, particularly for verifying the products such as buildings comply with related laws and regulations. The department is also responsible for the functions of supporting, progress management and monitoring of the compliance-related operations conducted by business departments, as well as legal functions such as confirming contracts and handling lawsuits.

(6) As a system which the Group proactively implements compliance-related measures, the Group appoint a Compliance Manager and Person in charge of compliance and assign them to each business site. In addition, as a system that the Group does not overlook compliance concerns, in the event that a violation or potential violation of compliance discovered, the Compliance Manager and the Person in charge of compliance shall take the initiative and take the necessary actions in response to the incident.

(7) The internal reporting system has been established and a whistle-blowing hotline has been set up both inside and outside the Company. The Company instruct officers and employees of the Group to immediately consult about or report any compliance violations. The Group organizes surveys regularly on the employees' awareness with a view to grasp risks at an early stage and to gauge the degree of compliance awareness. The Group prohibit treating the whistleblowers unfavorably by the reason of recognizing an act, etc., which is doubtful based on laws and regulations and the Articles of Incorporation, consultation or whistleblowing. The Group also provides a clause about the protection of whistleblowers to the Internal Report Regulations.

(8) The Auditing Department, which oversees the internal control function and the internal audit function, shall be established as a department under the direct supervision of the Company's President and CEO. The Auditing Department shall examine the business audit items and implementation methods. In addition, to perform monitoring and risk management of business activities in the Group, as well as to implement governance strengthening and promote creation of the appropriate financial statements and compliance with regulations, enabling the Group to conserve assets and efficiently carry out its business activities. The Company holds Auditing Council to increase the effectiveness of the auditing system.

(9) The Company works continuously to develop the compliance regulations, related individual regulations, guidelines, manuals, etc. and to periodically organize the compliance-centered training programs in light of hierarchical positions and jobs so that the Company can enhance the compliance awareness by officers and employees in the Group. In addition, in order to instill the concept that promoting compliance enhances corporate value, the performance appraisal system introduce the measurement in terms of proactively demonstrating compliance behavior and multi-directional feedback, which implemented regularly.

(10) The Company promotes the active dialogues between the management team and all the stakeholders so that it leads to develop the customer-oriented corporate culture by increasing the transparency of management and fostering the mutual understanding.

(11) Through the establishment of these systems, the Group put as basis development of a firm sense of compliance in the organization, and having in combination the structure that ensures legal compliance in an organizational manner spearheaded by the Compliance Promotion Headquarters and the structure that does not overlook the illegality assisted by the Auditing Department's audits and internal reporting system, the Group can pursue the concept of "compliance-first."

2. Systems for Retention and Management of Information on Execution of Duties by Directors

The President and CEO of the Company shall appoint the Chief of the Corporate Management Headquarters of the Company as the person generally responsible for the retention and management of information on the execution of the duties of Directors. As to the retention and management of information on the execution of duties of Directors, the information, which is recorded in documents or electromagnetic record media, shall be organized and retained based on Document Handling Regulations and Information Management Regulations. The Company conducts education and training with the aim of strengthening the information management system and strictly manages information.

3. Regulations and Systems Concerning Management of Risk of Loss by the Company as well as Its Subsidiaries

(1) The Company shall establish a Risk Management Committee as an advisory organ of its Board of Directors to comprehensively identify and manage the Group's various risk. The Risk Management Committee is composed of the Company's President and CEO as the chairman and members including outside experts, such as attorneys at law.

(2) The Risk Management Committee shall confirm the development and operational status of the Risk Management Regulations, related individual regulations, guidelines, manuals, etc. for the risk management of the Group, and conduct trainings for officers and employees of the Group. The Company's Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO) shall submit quarterly reports on risk management of the Group to the Company's Board of Directors.

(3) The Company's Auditing Department shall audit the conditions for the execution of business for each department of the Group. If an act with a risk of loss was found in business operations, the Auditing Department shall immediately notify the Company's President and CEO, as well as the department in charge of its details of the degree of loss to be thereby incurred.

4. Systems to Ensure the Efficient Fulfillment of Duties by Directors

(1) The Company shall set up the Board of Directors to enhance business performance through appropriate and rapid decision-making, responding flexibly to changes in the business and management environment. The Board of Directors shall be composed of a fair and appropriate number of members with diverse background, considers important management functions and hold regular meetings once a month, while extraordinary meetings can be called at any time as required, in order for decisions to be made on critical management matters as well as to monitor the status of business performance.

(2) As a prior deliberative organ of the Board of Directors, regular meetings of the Corporate Management Council shall be held to discuss business operation policies and its implementation and to consider measures to be taken.

(3) The Company shall set up a Medium-term Management Plan for the Group, and determine the priority objective and budgetary allocation of the whole group every fiscal year to materialize the relevant plan.

(4) The progress of income and expenditure plans and other important business plans of each department and subsidiary shall be reviewed monthly or appropriately by the Board of Directors and other bodies, where problems will be extracted and counter measures will be executed.

5. Systems for Reporting of Matters Concerning Execution of Duties of Directors of the Company's Subsidiaries, and Other Systems to Ensure Appropriate Business Operations in the Group

(1) The Affiliated Companies Management Regulations shall be applied to subsidiaries of the Company. Each subsidiary shall obtain approval of the Board of Directors or the officers of the Company in charge of the respective subsidiary for important matters of corporate management in accordance with the decision-making standards of the Company and ensure the appropriateness of business operations.

(2) The management of subsidiaries of the Company shall be supervised by the Chief of the Corporate Management Headquarters. The Company's Chief of the Corporate Management Headquarters shall periodically hold a meeting with the affiliated companies liaison committee to smoothly exchange information and promote group activities, and mutually receive reports between the Company and its subsidiaries as necessary.

(3) The chief of the responsible department shall supervise and manage business conducted by subsidiaries to establish a compliance system, and a risk management system in line with measures based on Management Plans and efficient business execution while respecting the independency of subsidiaries. The chief of the responsible department shall make periodic reports on the condition of progress in the management of subsidiaries by exchanging information in regular and timely manners with the subsidiary to the Board of Directors and the Corporate Management Council.

(4) The Company's Auditing Department and Audit & Supervisory Board Members shall conduct a regular or special audit of each subsidiary while cooperating with Audit & Supervisory Board Members of subsidiaries and then report to the Company's President and CEO and the Auditing Council.

6. Matters Concerning Employees when Audit & Supervisory Board Members Request the Secondment of Employees to Assist with Duties, Matters Concerning the Independence of Those Employees from Directors and Matters for Securing Effective Direction of Audit & Supervisory Board Members

(1) When the Company's Audit & Supervisory Board Member requests to assign an employee to assist with the duties of the Audit & Supervisory Board Member, the Company's Board of Directors shall nominate an employee assisting Audit & Supervisory Board Member from the members of the Company's Auditing Department after consultation with the Company's Audit & Supervisory Board Member.

(2) In assisting the duties of Audit & Supervisory Board Members of the Company, the right of command over the nominated employee shall be transferred to the Company's Audit & Supervisory Board Members to ensure independence from the Company's Board of Directors.

The appointed employee shall submit to the orders of the Audit & Supervisory Board Members when supporting their duties. An evaluation of the support work of Audit & Supervisory Board Member's duties shall be conducted by the Company's Audit & Supervisory Board. The Company's Audit & Supervisory Board Member and the Senior Department Manager in charge of the Human Resources Department shall confer about personnel changes and treatment.

7. Systems for Directors and Employees, as well as Directors, Audit & Supervisory Board Members, Employees, etc. of Subsidiaries to Report to Audit & Supervisory Board Members, Other Systems of Reporting to Audit & Supervisory Board Members, and Other Systems to Secure Effective Conduct of Audits by Audit & Supervisory Board Members

(1) Officers and employees of the Group shall make reports on matters possibly causing serious damage and losses to the Group, illegal acts and other necessary important matters to the Company's Audit & Supervisory Board Members as necessary based on laws and regulations, and internal regulations such as the Audit & Supervisory Board Rules and the Auditing Standards for the Audit & Supervisory Board Members. In order to ensure thorough reporting to the Audit & Supervisory Board Members, the relevant system shall be regularly communicated to officers and employees. The Company's Audit & Supervisory Board Members may always require officers and employees to report as necessary.

(2) The Company's Audit & Supervisory Board Members shall attend the meetings of important committees such as the Board of Directors, the Corporate Management Council, the Compliance Committee, the Risk Management Committee, and affiliated companies liaison committee to understand the process of important decision-making and the conditions of the execution of the duties by Directors of the Group, and may peruse important documents about the fulfillment of such duties, such as circular memos for approval. The Company's Audit & Supervisory Board Members shall periodically exchange opinions with the Company's President and CEO, and monitor and inspect each department of the Group and Audit & Supervisory Board Members of subsidiaries through periodic hearings and on-the-spot audits.

(3) The Company's Audit & Supervisory Board Members, by the independence and authority based on the Audit & Supervisory Board Rules and the Auditing Standards for the Audit & Supervisory Board Members, shall ensure the effectiveness of the audit, and maintain close cooperation with the Auditing Department and the Accounting Auditors to promote the achievement of their outcomes by receiving reports of audit situation of each group section from the Auditing Department.

(4) The Group shall prohibit unfavorable treatment of officers and employees of the Group who have reported to the Company's Audit & Supervisory Board Members on the grounds of having made the report, and fully enforce this rule.

(5) In the case where an Audit & Supervisory Board Member demands payments in advance or redemptions of expenses incurred for duties executed, the subject expenses or liabilities shall immediately be paid or reimbursed, excluding the case where such expenses or the liabilities are not necessary for the execution of the duties of the Company's Audit & Supervisory Board Member.

8. Systems to Ensure Reliable Financial Reporting

For the purpose of securing reliable financial reporting of the Company and effective and proper submission of internal control reports by the Company as provided in the Financial Instruments and Exchange Act, the Group shall set up a structure to establish and apply a proper internal control system under the command of the Company's President and CEO, continue to evaluate whether or not the structure will function properly, make necessary corrections, and ensure conformity with the Financial Instruments and Exchange Act and other applicable laws and regulations.

9. Systems Development to Exclude All Antisocial Forces

(1) The Group's Corporate Ethics Charter shall clearly set out the Group's determination to "oppose all antisocial forces." The Group is committed to eliminating all ties, and dealing resolutely, with any antisocial forces or organizations posing a threat to public order or safety.

(2) The Group shall enact detailed regulations for opposing antisocial forces and establish a system that will not yield to unlawful demands from antisocial forces by appointing a person responsible for preventing unlawful demands in all offices and places of business. General Affairs and Purchasing Department and Compliance Promotion Headquarters of the Company shall be generally responsible for establishing the system, and the system shall be established by consulting with the Compliance Committee, the Risk Management Committee, related departments and external professional organizations.

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