Leopalace21 Corporation

Q3 Financial Results Briefing for the Fiscal Year Ending March 2026

February 13, 2026

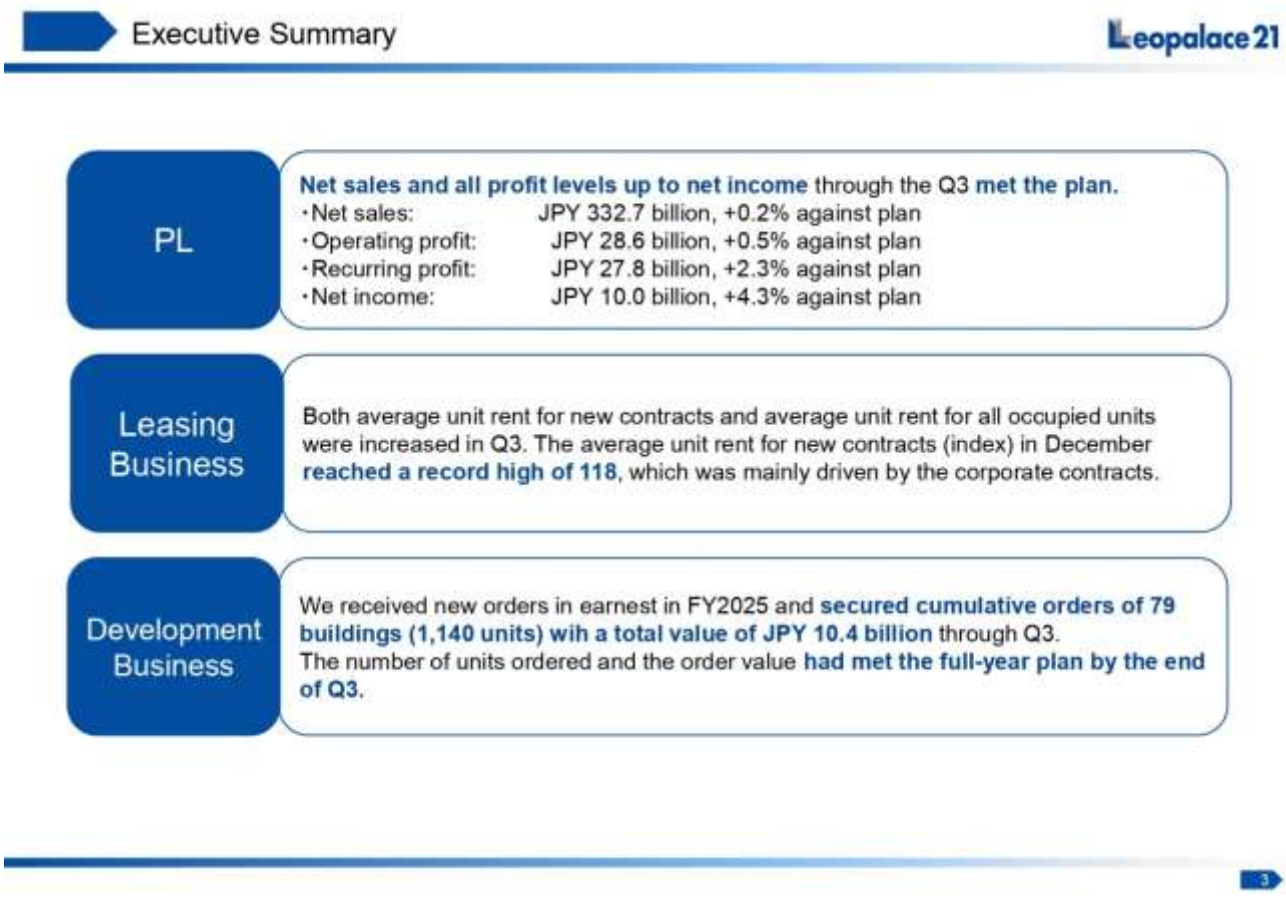
Presentation

Sakamoto: Thank you very much for taking time out of your busy schedule to participate in the financial results briefing of Leopalace21 Corporation for Q3 of the fiscal year ending March 2026 today. I am Sakamoto, and I will serve as the moderator. Thank you.

At today's briefing, Bunya Miyao, Representative Director, President and CEO, will provide an overview of the financial results and business conditions. In the question-and-answer session that follows, in addition to Mr. Miyao, Shinji Takekura, Director, Chief of the Corporate Management Headquarters, will answer questions.

Questions will be accepted in text format from Q&A. Please submit only one question in a format. If you have multiple questions, please send us each question separately. The chat function is not available, so please let us know in the Q&A if you have any problems. The event is scheduled to end 6:00 PM.

Mr. Miyao, President and CEO, will give you an explanation.

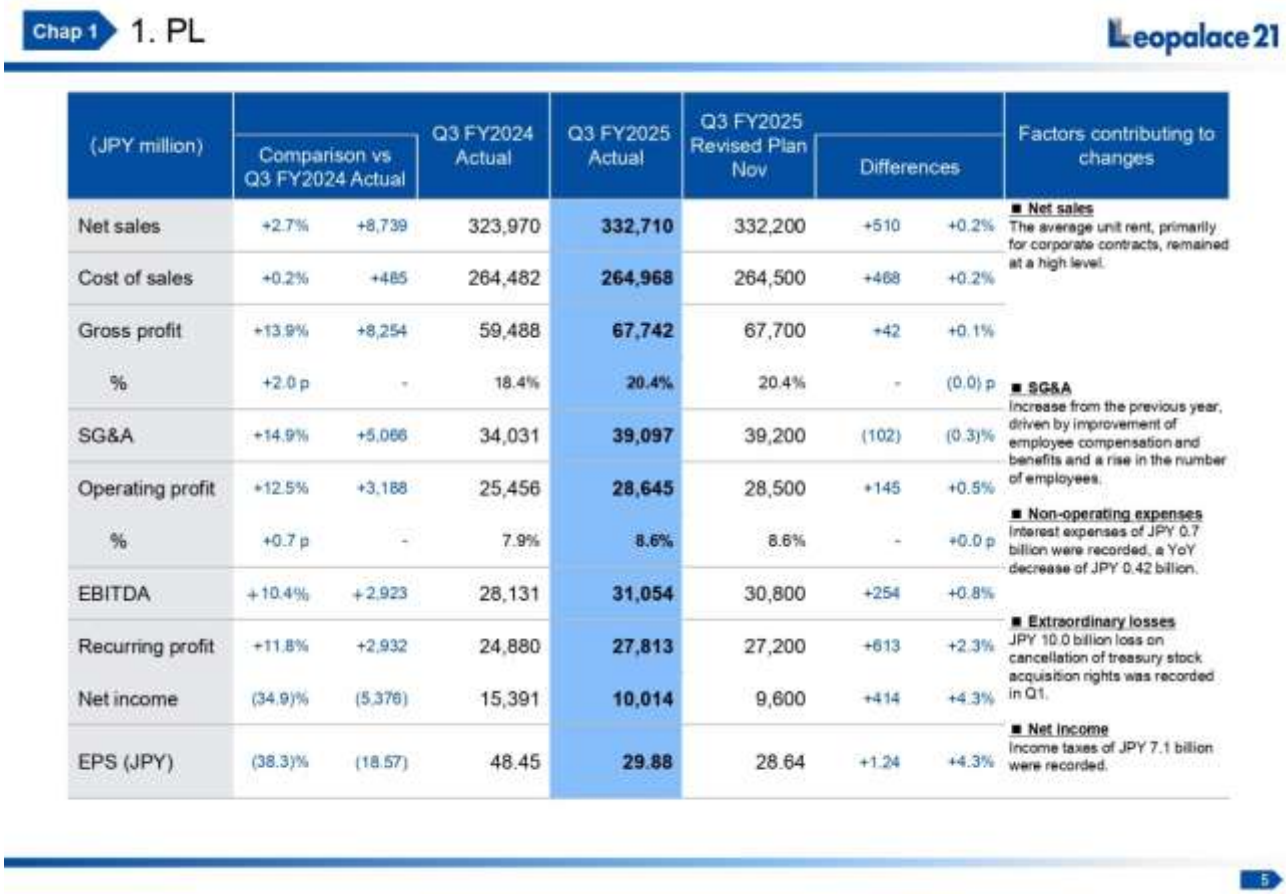


Miyao: Thank you very much for taking time out of your busy schedule to join us today. I am Miyao, President and CEO. I would like to present our financial results of Q3 of the fiscal year ending March 31, 2026, and the status of the Leasing Business and Development Business.

First, here is an executive summary of the current financial results. For the first nine months of the fiscal year ending March 31, 2026, the Company's performance exceeded its plan from sales to net income, with net sales of JPY332.7 billion, operating profit of JPY28.6 billion, recurring profit of JPY27.8 billion, and net income of JPY10.0 billion.

In the Leasing Business, average unit rent continued to rise, driven by corporate demand, which remained unchanged in Q3. The index for the average unit rent for new contracts in December reached a record high of 118.

In the Development Business, orders amounted to 79 buildings and 1,140 units in the cumulative Q3. The order value totaled JPY10.4 billion. The number of units ordered met the target set in the medium-term management plan, and the number of buildings ordered nearly reached the plan's target as well.



Chap 1 1. PL

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(JPY million)	Comparison vs Q3 FY2024 Actual		Q3 FY2024 Actual	Q3 FY2025 Actual	Q3 FY2025 Revised Plan Nov	Differences		Factors contributing to changes
Net sales	+2.7%	+8,739	323,970	**332,710**	332,200	+510	+0.2%	■ Net sales The average unit rent, primarily for corporate contracts, remained at a high level.
Cost of sales	+0.2%	+485	264,482	**264,968**	264,500	+468	+0.2%	
Gross profit	+13.9%	+8,254	59,488	**67,742**	67,700	+42	+0.1%	
%	+2.0 p	-	18.4%	**20.4%**	20.4%	-	(0.0) p	■ SG&A Increase from the previous year, driven by improvement of employee compensation and benefits and a rise in the number of employees.
SG&A	+14.9%	+5,066	34,031	**39,097**	39,200	(102)	(0.3)%	
Operating profit	+12.5%	+3,188	25,456	**28,645**	28,500	+145	+0.5%	■ Non-operating expenses Interest expenses of JPY 0.7 billion were recorded, a YoY decrease of JPY 0.42 billion.
%	+0.7 p	-	7.9%	**8.6%**	8.6%	-	+0.0 p	
EBITDA	+10.4%	+2,923	28,131	**31,054**	30,800	+254	+0.8%	
Recurring profit	+11.8%	+2,932	24,880	**27,813**	27,200	+613	+2.3%	■ Extraordinary losses JPY 10.0 billion loss on cancellation of treasury stock acquisition rights was recorded in Q1.
Net income	(34.9)%	(5,376)	15,391	**10,014**	9,600	+414	+4.3%	■ Net income Income taxes of JPY 7.1 billion were recorded.
EPS (JPY)	(38.3)%	(18.57)	48.45	**29.88**	28.64	+1.24	+4.3%	

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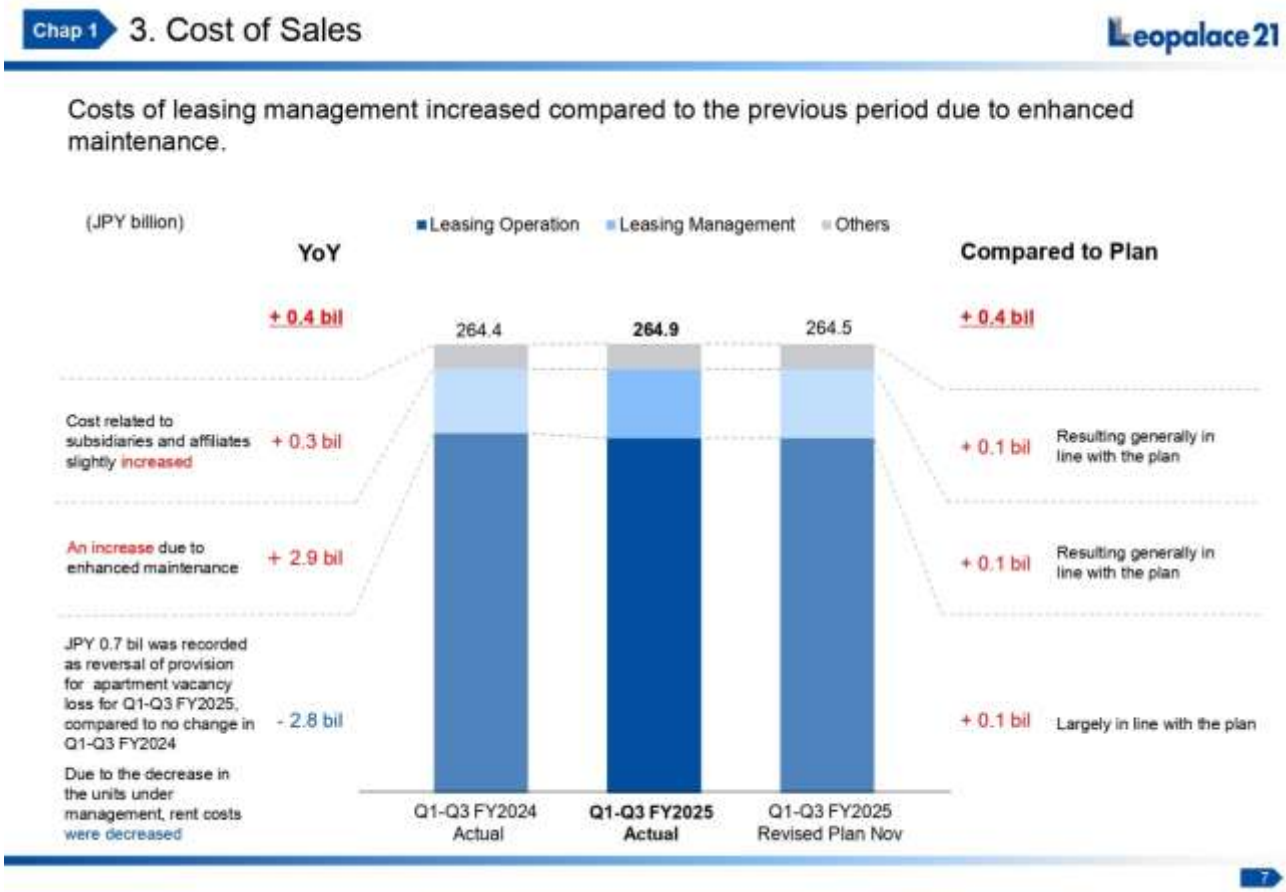
Next, I will explain the financial results up to Q3 of the fiscal year ending March 2026. Please move on to page five.

From net sales to net income, we achieved positive results compared to the plan. On a YoY basis, net income decreased due to an extraordinary loss of JPY10.0 billion on cancellation of treasury stock acquisition rights in Q1, but from net sales to recurring profit, the Company yielded positive YoY results.

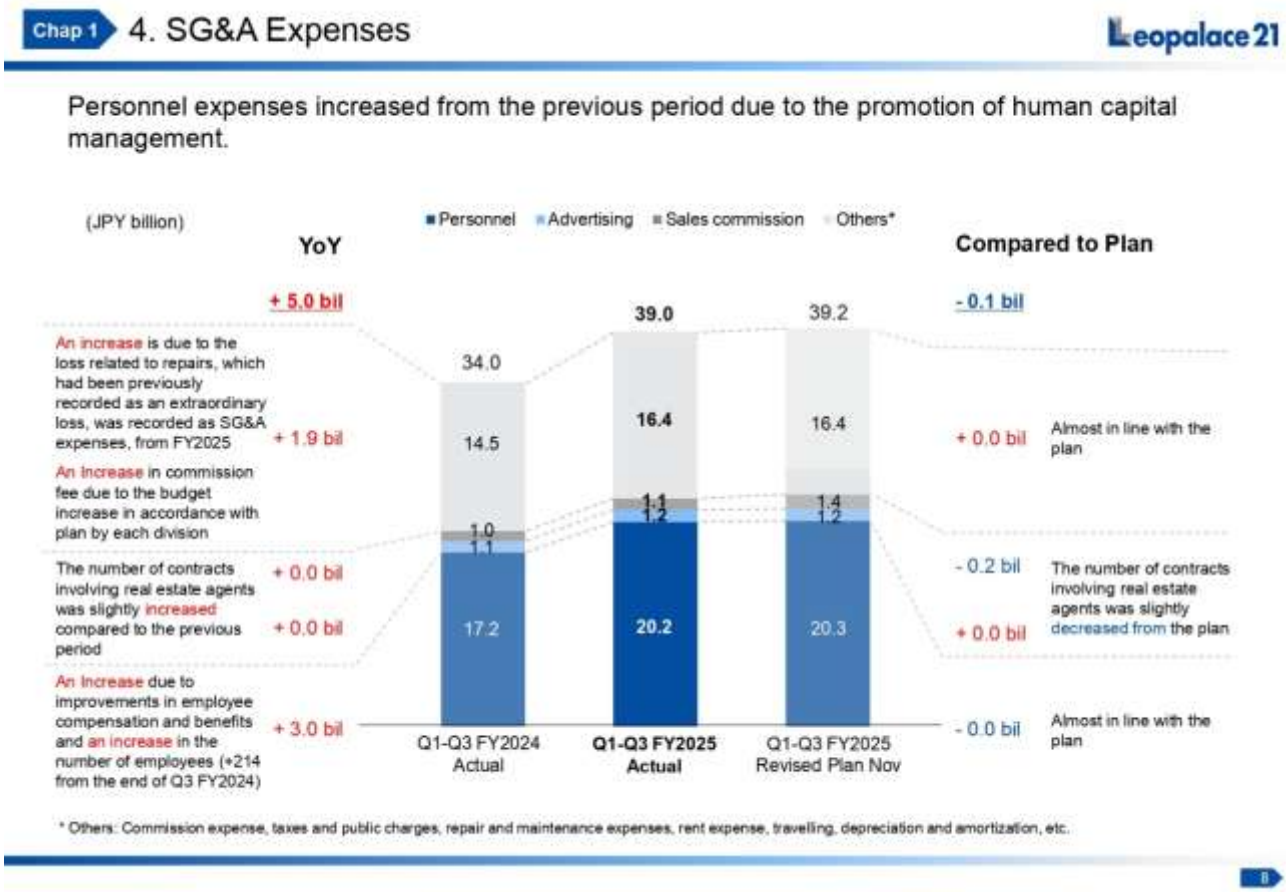
First, net sales were JPY332.7 billion. The average occupancy rate was on par with the previous fiscal year, but the continued upward trend in the average unit rent resulted in a 2.7% increase YoY and a 0.2% increase over the plan. Cost of sales was up JPY0.4 billion from both the previous fiscal year and the plan due to enhanced property maintenance, but the rate of change was both plus 0.2%, which we view as largely in line with the plan.

On the other hand, SG&A expenses were almost in line with the plan, but due to an increase in personnel expenses, they were up 14.9% YoY. As a result, operating profit was JPY28.6 billion, up 12.5% YoY and up 0.5% from the plan. Although non-operating expenses increased slightly YoY due to the posting of funding costs, interest expenses decreased by JPY0.4 billion due to refinancing last March, resulting in recurring profit of

JPY27.8 billion. Net income was JPY10.0 billion, down YoY due to the cancellation of treasury stock acquisition rights in Q1, but up 4.3% from the plan.



Pages seven and eight show the cost situation. Cost of sales was almost in line with the plan, although maintenance and other costs were slightly higher than planned. Although property maintenance costs significantly increased YoY, the total amount remained nearly unchanged from the previous fiscal year because the number of units under management decreased and the provision for apartment vacancy loss was reversed.



SG&A expenses were almost in line with the plan, a decrease of JPY0.1 billion against the plan. Compared to the previous fiscal year, the trend through Q2 remained unchanged, with a significant increase in personnel expenses due to an increase in the number of employees and improvements in compensation and benefits, including the implementation of a share-based remuneration program. Other SG&A expenses, such as commission fee and loss related repairs, increased.

Chap 1 5. BS

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(JPY million)	End of FY2024	End of Q2 FY2025	End of Q3 FY2025	From the end of last quarter	Factors contributing to changes
Cash and deposits	88,408	41,100	**46,515**	+5,414	■ Cash and deposits Revenue and other income from the Leasing Business increased by JPY 5.4 billion from the end of the previous quarter.
Trade receivables	7,913	7,133	**6,815**	(318)	
Total assets	216,625	160,748	**164,147**	+3,399	
Interest-bearing debt*	31,630	31,437	**31,829**	+391	
Provision for compensation for completed construction	7,177	6,968	**6,593**	(375)	
Provision for apartment vacancy loss	4,337	3,651	**3,561**	(90)	■ Provision for apartment vacancy loss (current: JPY 2.7 billion; non-current: JPY 0.77 billion) Due to the improvement in earnings of properties, a decrease of JPY 90 million was recorded from the end of the previous quarter.
Total liabilities	128,356	124,602	**124,799**	+197	
Common stock	100	100	**100**	±0	
Capital surplus	30,120	15,015	**15,015**	(0)	
Retained earnings	47,490	17,729	**21,430**	+3,701	■ Retained earnings Increased by JPY 3.7 billion from the end of the previous quarter due to the recognition of quarterly net income.
Treasury stock	(4,359)	(8,753)	**(8,749)**	+4	
Total shareholders' equity (A)	73,350	24,091	**27,796**	+3,705	
Total accumulated other comprehensive income (B)	7,918	5,739	**6,043**	+303	
Ownership equity (A) + (B)	81,269	29,830	**33,839**	+4,009	
Equity ratio	37.5%	18.6%	**20.6%**	+2.0 p	
Share subscription rights	391	26	**22**	(3)	
Non-controlling interests	6,607	6,289	**5,485**	(803)	
Total net assets	88,268	36,145	**39,347**	+3,201	

* Interest-bearing debt = borrowings + lease obligations

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Next, this is the balance sheet. Until Q2, shareholders' equity fluctuated significantly due to the implementation of capital policies, such as tender offers for treasury stock and the cancellation of treasury stock acquisition rights, but there were no major movements in Q3.

Cash and deposits increased to JPY46.5 billion due to operating cash flows. Retained earnings also increased due to the recognition of net income. As a result, ownership equity amounted to JPY33.8 billion and the equity ratio exceeded 20% at 20.6%. Although the equity ratio declined temporarily due to the capital policy implemented in H1, it improved steadily toward the end of the fiscal year due to income recognition in H2.

Based on this financial situation, we are in the process of internally sorting out the future financial and capital structure of the Company, and we will announce the details of our deliberations as they become available.

Chap 2 1. Changes in Average Unit Rent for New Contracts

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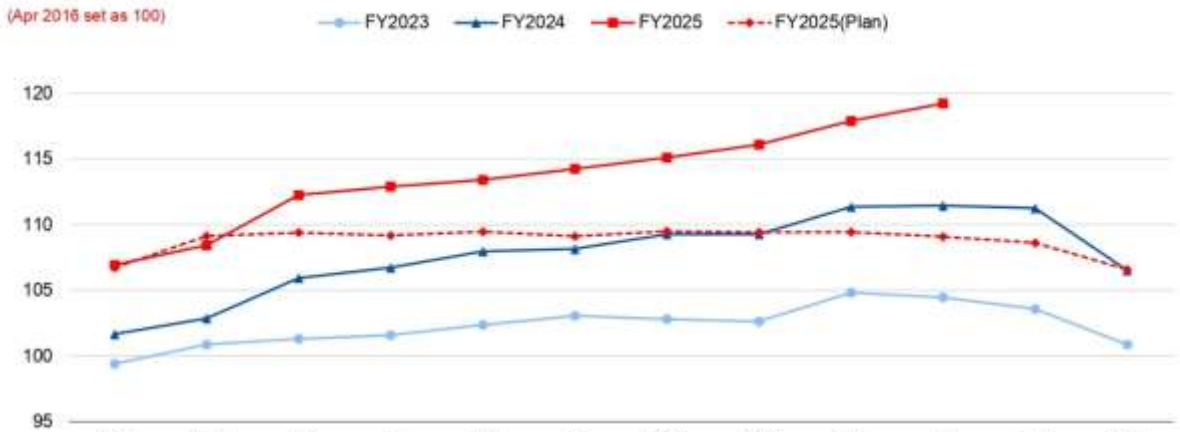
The average unit rent (index) for new contracts maintained high levels driven by corporate contracts, which led to achieving the index of all-time high 118 in the last month of Q3.



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
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	-	-	-

Monthly Data : https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html

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Next, I will explain the Leasing Business. First, here is the changes in average unit rent for new contracts. The upward trend continued in Q3, with the index reaching a record high of 118 in December, the end of the quarter. During the busy season, we are considering flexible responses based on demand trends for each property in order to eliminate long-term vacancies. The index for the most recent January was 119, which indicates that we have been able to both improve occupancy rates and increase average unit rent, and we recognize that solid demand is continuing.

Chap 2 2. Movements in Occupancy Rate

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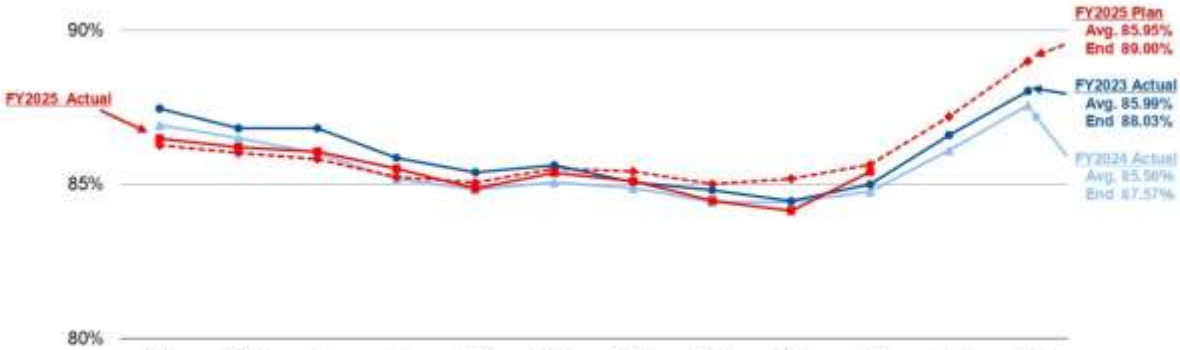
The occupancy rate for Q3 cumulative maintained the same level as the one recorded in the same period of the previous year. This is because the corporate contracts remained steady, while the individual contracts declined.



	Apr	May	Jun	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average	Oct	Nov	Dec	Oct-Dec Average	Q3 cumulative Ave.	Jan	Feb	Mar	FY Average
FY2023	87.46%	86.82%	86.82%	87.03%	85.86%	85.39%	85.62%	85.62%	85.07%	84.81%	84.46%	84.78%	85.61%	85.00%	86.60%	88.03%	85.99%
FY2024	86.93%	86.50%	86.01%	86.48%	85.18%	84.83%	85.07%	85.03%	84.88%	84.43%	84.42%	84.58%	85.36%	84.77%	86.11%	87.57%	85.56%
FY2025	86.49%	86.20%	86.06%	86.25%	85.51%	84.87%	85.38%	85.25%	85.11%	84.47%	84.14%	84.57%	85.38%	85.41%	-	-	-

Monthly Data : https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html

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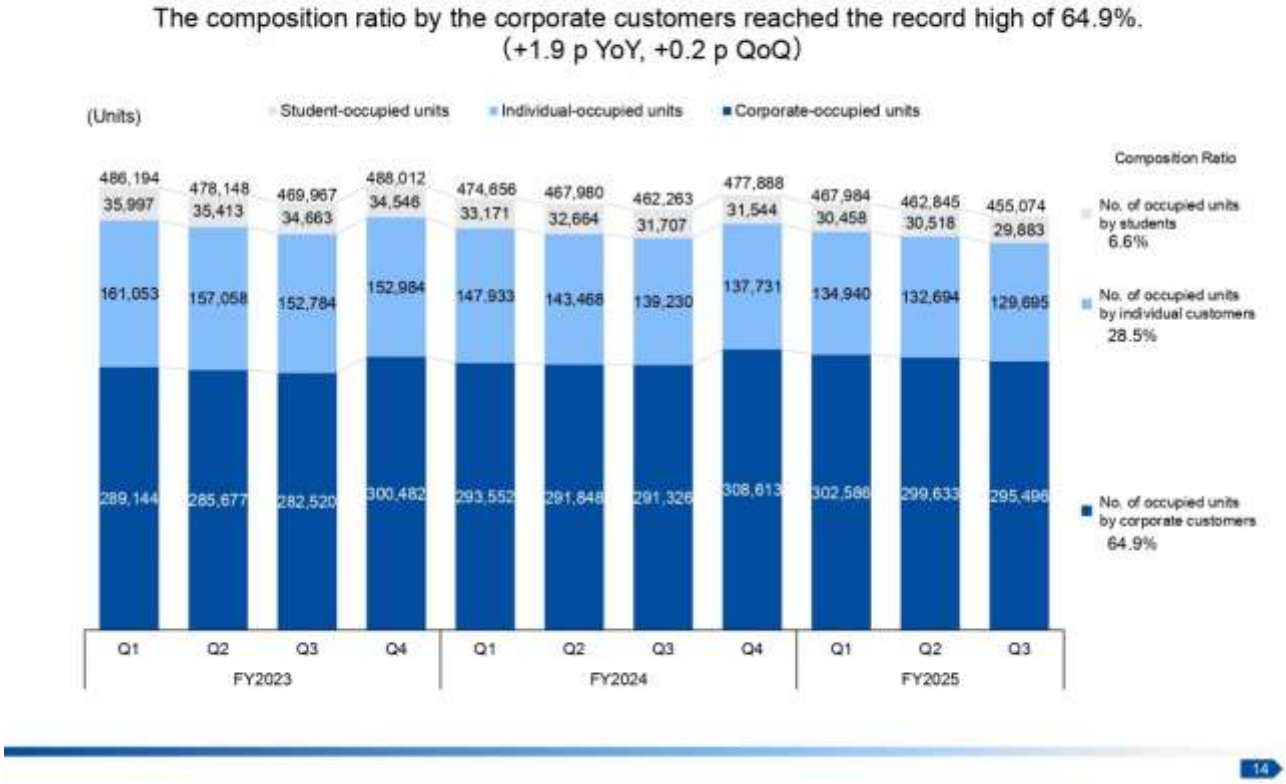
Next is movements in occupancy rate. The average occupancy rate for the nine months ended December 31 was flat YoY due to the impact of the coinciding completion of construction projects in the Tohoku and Kyushu regions, resulting in a lower occupancy rate in December than in the same month of the previous year. This was largely due to the timing of project completion rather than a decline in demand.

In January, we were able to steadily capture demand for new graduates, and the occupancy rate was significantly higher than in the same month of the previous year, while increasing the average unit rent. As for demand for new graduates, it tends to be most concentrated in February every year, and we will strive to further improve the occupancy rate by capturing this demand without fail.



By customer segment, corporate customers accounted for 64.9% of the total, a record high. It was up 1.9 points YoY and up 0.2 points QoQ. In addition to corporate demand remaining stable at an elevated level, this was due to a relative decline in the composition of the individual and student segments, which are more susceptible to pricing.

The hospitality industry saw remained robust growth YoY due to increased hiring of foreign national talents.

The staffing and outsourcing showed marginal growth QoQ which usually sees decline in line with its quarterly trends.



Next, this page shows occupancy by industry. The employment environment in Japan continues to be characterized by a shortage of labor, and demand for company housing in connection with the demand for human resources and the securing of human resources in various industries has remained firm.

First, the hospitality industry maintained a significant positive YoY growth on the back of expanded hiring of foreign nationals. This is due to the ongoing demand for foreign nationals to fill the chronic shortage of labor. Even in Q3, which is on a negative trend, the staffing and outsourcing industry showed a QoQ growth. On the other hand, the construction industry weakened in Q3. As I mentioned earlier, although there was the impact of the completion of some large-scale construction projects, mainly in the Kyushu region, we are aware that the number of units in use in January was steadily increasing, and that demand is firm.

Chap 2 6. No. of Units Used by Foreign Nationals

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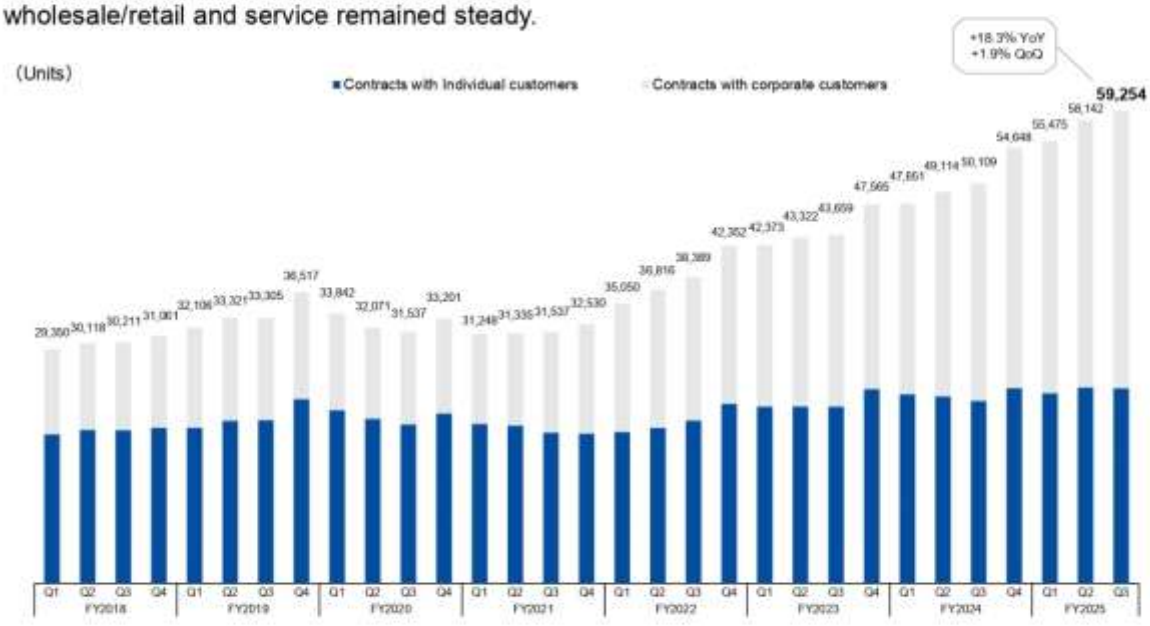
The number of units used by foreign national tenants reached a record high of 59,254 representing 13.0% of the total.
The number of foreign national tenants in corporate contracts, particularly in the industry of hospitality, wholesale/retail and service remained steady.



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The next page shows the number of units used by foreign nationals. The situation remained steady, with 59,254 units used by foreign nationals. This accounted for 13% of the total, setting a new record for both the number of units used and the composition ratio. We recognize that the expansion in use by foreign nationals is largely due to structural factors against the backdrop of a declining domestic workforce, rather than short-term economic factors, and we believe that this trend will continue.

7. Units and Occupancy Rates by Prefecture

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Tokyo and the three neighboring prefectures saw positive growth both YoY and QoQ, driven by solid corporate demand. Occupancy rates declined in the Tohoku and Kyushu regions due to vacancies resulting from the completion of various construction projects.

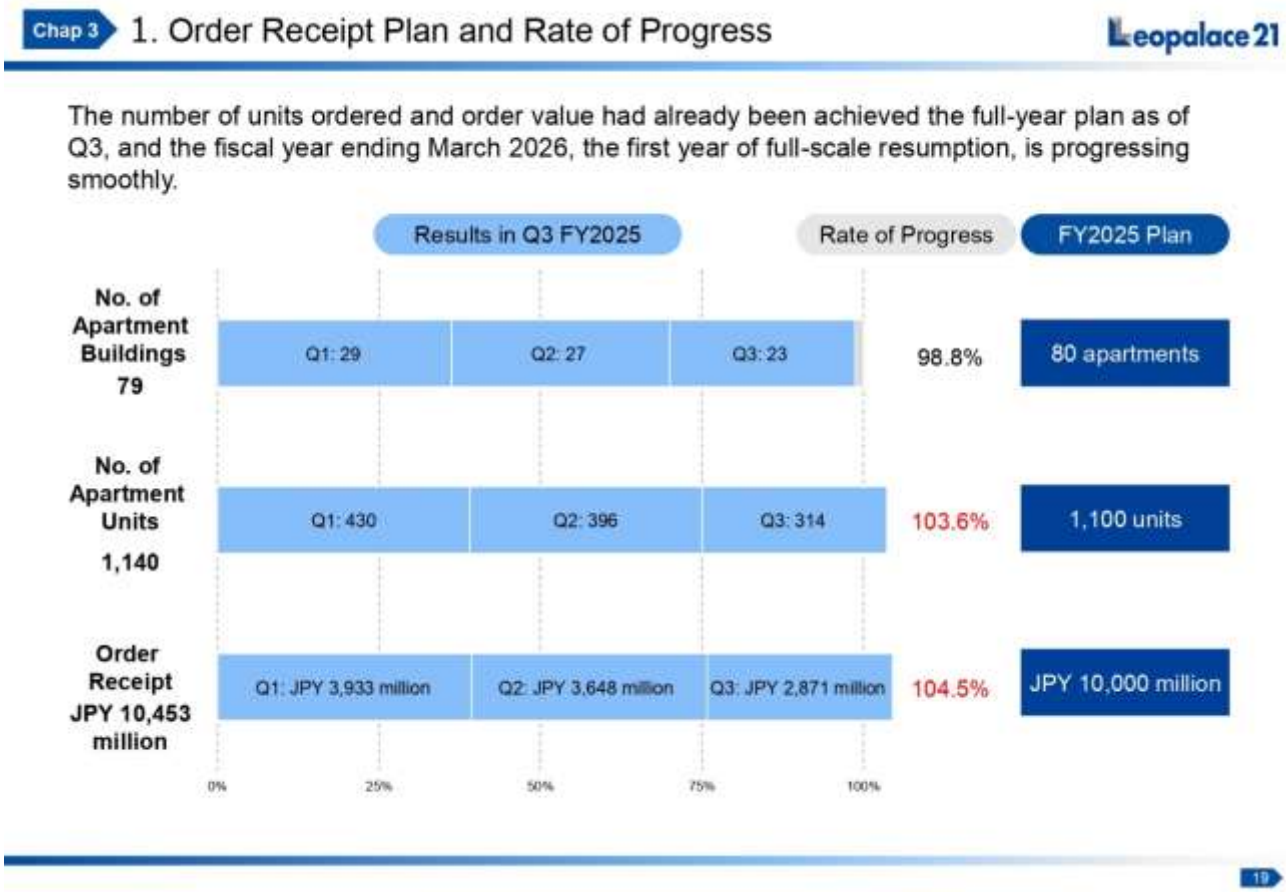
End of Q3 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Hokkaido	13	81%	−3 p	−6 p
Aomori	3	76%	+7 p	−7 p
Iwate	3	83%	+0 p	−4 p
Miyagi	9	76%	−2 p	−1 p
Akita	2	82%	+7 p	−7 p
Yamagata	3	75%	−5 p	−5 p
Fukushima	9	79%	−4 p	−2 p
Ibaraki	15	87%	+0 p	+2 p
Tochigi	11	78%	−2 p	+0 p
Gunma	11	79%	−2 p	−0 p
Saitama	44	90%	+3 p	+0 p
Chiba	32	91%	+4 p	+1 p
Tokyo	42	95%	+4 p	+0 p
Kanagawa	39	90%	+1 p	+0 p
Niigata	8	74%	−5 p	−7 p
Toyama	5	79%	−0 p	−7 p

End of Q3 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Ishikawa	5	86%	+4 p	−5 p
Fukui	4	78%	−6 p	−9 p
Yamanashi	4	91%	−2 p	−3 p
Nagano	10	84%	−3 p	−5 p
Gifu	7	79%	−3 p	−1 p
Shizuoka	23	77%	−1 p	−0 p
Aichi	40	85%	−1 p	−2 p
Mie	11	70%	+1 p	+1 p
Shiga	8	86%	−2 p	−3 p
Kyoto	8	89%	+0 p	−2 p
Osaka	29	85%	+1 p	−2 p
Hyogo	21	84%	−2 p	−1 p
Nara	3	84%	+1 p	+2 p
Wakayama	3	72%	−0 p	+1 p
Tottori	2	79%	+2 p	−3 p
Shimane	2	93%	+7 p	−2 p

End of Q3 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	79%	−1 p	+0 p
Hiroshima	13	82%	−1 p	−1 p
Yamaguchi	7	75%	−11 p	−2 p
Tokushima	2	72%	−1 p	−0 p
Kagawa	4	76%	−0 p	−2 p
Ehime	4	70%	−10 p	−2 p
Kochi	2	84%	+5 p	+3 p
Fukuoka	19	85%	−1 p	−0 p
Saga	3	72%	−9 p	+1 p
Nagasaki	2	76%	+2 p	−3 p
Kumamoto	7	73%	−15 p	−6 p
Oita	4	79%	−2 p	−1 p
Miyazaki	2	74%	−14 p	−9 p
Kagoshima	3	78%	+0 p	−2 p
Okinawa	5	98%	−1 p	+0 p
Total	540	84%	−0 p	−1 p

This page shows occupancy rates by prefecture. As explained earlier, occupancy rates in the Tohoku and Kyushu regions have declined due to the impact of vacancies caused by the completion of construction projects. There were also impacts from some winter construction interruptions in Hokkaido, Aomori, and Akita, but this is the usual trend.

On the other hand, in Kochi Prefecture, contracts for foreign nationals increased both YoY and QoQ, partly due to an agreement signed in June last year. Furthermore, the occupancy rates in Tokyo and the three neighboring prefectures also maintained elevated levels, with both YoY and QoQ gains, backed by solid corporate demand.

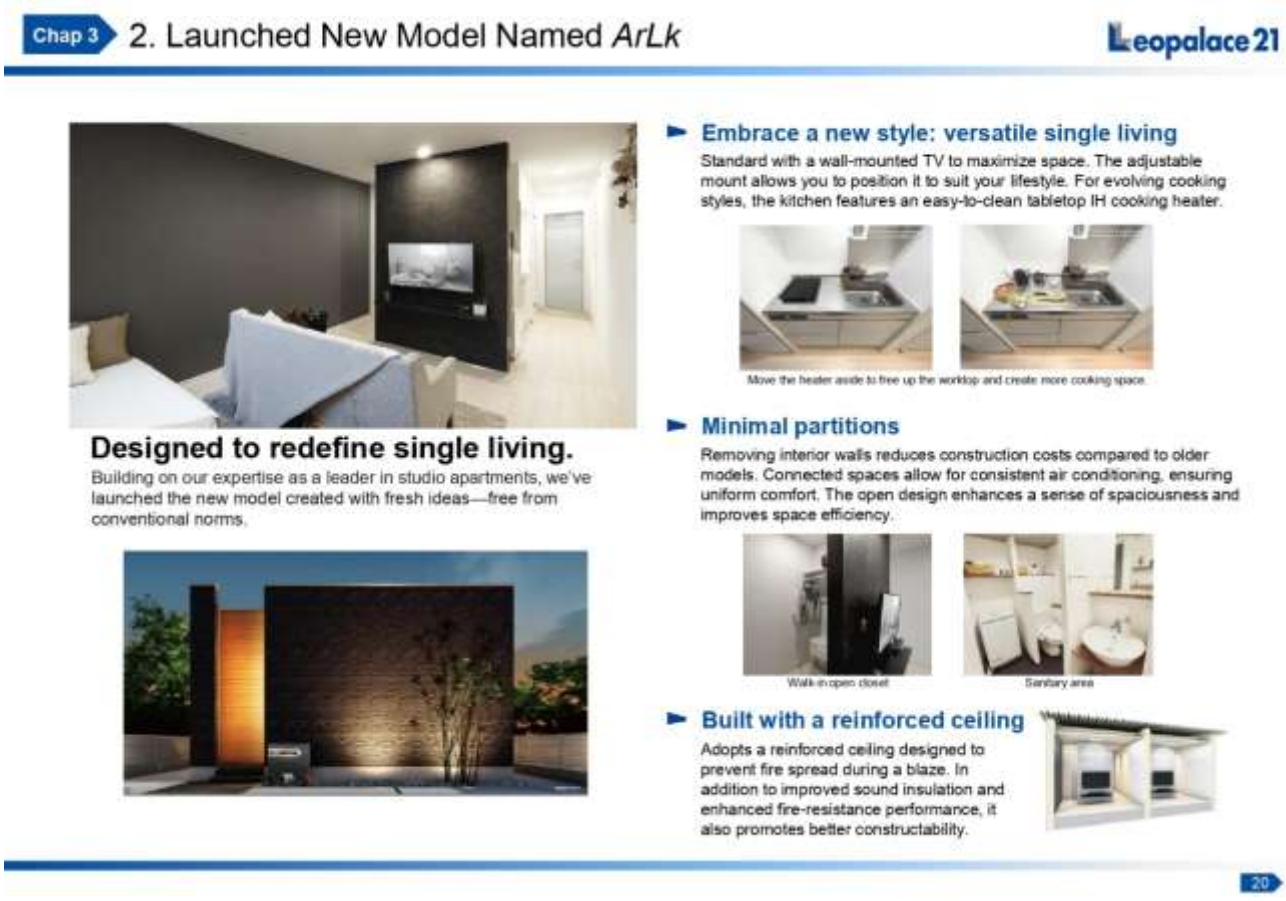


Starting on page 19, I will explain the conditions of the Development Business. The number of apartment buildings ordered totaled 79, with a progress rate of 98.8%. The number of apartment units ordered totaled 1,140, with a progress rate of 103.6%. Order receipt totaled approximately JPY10.4 billion, with a progress rate of 104.5%. The number of units ordered, and order value achieved the full-year plan as of Q3. In Q4, we will continue to steadily accumulate orders, while balancing leasing demand and construction management systems.

Along with order-taking activities, the Company will strengthen its sales structure to expand into new areas in the next fiscal year and beyond. It will also rebuild its owners' association and update its service offerings to further deepen relationships with apartment owners.

To further evolve the owners' association, which we call Class L, as a platform for co-existence in mutual prosperity, we are planning to provide various programs and contents involving assets, health, and hobbies, and to strengthen ties using DX.

As part of this effort, we plan to offer many opportunities for all related generations to participate in special experiences that will be remembered for a lifetime. In addition, we will propose ideas and opportunities at convenient locations, where owners can experience new discoveries and find new connections. By doing so, we will strengthen the organization into one that protects and nurtures the owners' assets, as well as enhances corporate value.



The next slide is about the new model named *ArLk*. This model is basically used for new ordered this fiscal year.

As explained at the previous financial results briefing, this new model incorporates hotel-inspired exterior and interior design. To improve space efficiency, the TV is a movable wall-mounted type, and a tabletop IH cooking heater is used in the kitchen. This allows the specifications to be freely laid out according to the intended use. In addition, by reducing the number of interior fixtures and incorporating open closets and integrated bathroom design, a sense of openness and reduced construction costs were achieved.

In November last year, a tour of the completed property was held for institutional investors and analysts in Odawara City, Kanagawa Prefecture, and a similar tour is scheduled to be held on March 13, in Kunitachi City, Tokyo. If anyone is interested in attending, please contact our IR section.



Lastly, I would like to discuss the refinancing announced today in the timely disclosure. The lender is Mizuho Bank, as is the case with the existing loan.

The existing loan was drawn down in March 2025, and it provides a one-year commitment line with an option to switch to a three-year term loan from the second year. As we will complete the first year next month, it will also be the timing to switch to the term loan. This refinancing is, however, proved to reduce interest expenses for the next fiscal year by approximately JPY700 million. The term of the agreement is three years for both the existing and new loans and this refinancing is expected to result in a cumulative interest decrease of approximately JPY2.1 billion over the three-year period.

We recognize that this refinancing is the result of the Company's credit recovery being steadily recognized in the financial markets. Other conditions, such as repayment methods and collateral, and guarantees, remain unchanged.

That is all from me. We have less than two months left in this fiscal year. February and March are the busiest months for the Leasing Business, and the entire company will work together to overachieve the plan. Thank you for your attention.

Question & Answer

Sakamoto [M]: We will now move on to the question-and-answer session. This is a question from Mr. Ozawa from SBI SECURITIES.

Ozawa [Q]: Orders in the Development Business are going well with the resumption of its full-scale operations. Please update us in terms of order profitability, who placed orders, whether they are new apartment owners or existing owners.

Miyao [A]: There is basically no change from what we explained at the previous financial results briefing.

To be more specific about the orders, as stated here, we have received orders for 79 buildings, and approximately 65% of these are for the reconstruction of existing Leopalace21 properties. The remaining 35% is to rebuild apartments owned by the existing owners, managed by other companies, or to build on vacant land, such as parking lots. Incidentally, all 79 buildings are repeat orders from existing apartment owners.

In terms of motivation, apartment construction leading to inheritance tax reduction accounts for more than 50%, and the remainder is due to the aging of the property or to improve profitability, as well as the effective use of land.

Sakamoto [M]: Next, this is a question from Mr. Ozawa from SBI SECURITIES.

Ozawa [Q]: Average unit rent for new contracts is rising steadily. Is there any difference in the rate of increase among corporate sectors, foreign nationals, individuals, and other factors?

Takekura [A]: In terms of the average unit rent for new contracts, arranged in descending order, the order is corporate customers, foreign nationals, and individuals. In particular, 58% of the 60,000 rooms are actually occupied by foreign nationals in corporate contracts, so the average unit rent has been rising here as well.

There is a difference between individuals and corporate customers, and when I accompanied corporate sales staff to visit, I felt the customer highly appreciated the convenience of the rooms we offer. For example, the fact that 100 rooms can be quickly secured at their designated locations at their designated times of the year is, from the perspective of the HR and general affairs departments on the customer side, very convenient. The average unit rent for corporate customers is increasing as they are prepared to pay considering such useful value. The difference is between JPY6,000 and JPY8,000, depending on the area, and that is the premium they pay for the convenience often driven by the robust demand in the corporate customers concentration, which is compared to the area where the individuals demand is strong.

Sakamoto [M]: Next, this is a question from Mr. Tazawa from SMBC Nikko Securities.

Tazawa [Q]: The rent index rose further to 119 in January. What do you think about further growth from here?

Miyao [A]: Currently, we are pursuing aggressive pricing for so-called asking rent.

As you can see on page 11, there is a slight weakening from January to February and March, as a past trend. We are currently working on resisting this trend this year.

One of the reasons for the slight drop in February and March is that rooms used by students become available as they graduate and new students enroll, but the prices for rooms offered to students tend to be a little lower

taking account of the neighboring rent levels. Individual customers are susceptible to prices, so the past trend is like that, which is why we are now working to reverse this trend.

Sakamoto [M]: Next, this is a question from Mr. Tazawa from SMBC Nikko Securities.

Tazawa [Q]: The number of buildings ordered is favorable relative to plan. On the other hand, the order value is JPY132 million per building, which seems quite low compared to your competitors. Are you able to secure margins?

Takekura [A]: As for orders, we have been working on the back office or the enhancement of our construction management system from the beginning of the fiscal year, and we have achieved our target of about JPY10 billion.

As you mentioned, a competitor's order value per building is around JPY140 million, and our order value per building itself is around 132 million, so I understand that there is not that large difference between the two with considering the area's element.

In our case, while the equipment for water section costs relatively high with apartments for single use compared to the ones for family use, the rent income measured by unit size surpass the family type, which is why we are moving forward with this pricing.

As I have mentioned before, the margin, or the gross profit margin is being gradually modified within the 15% to 10% range.

We are seriously promoting management with a focus on Leasing Business, and there are many areas where it is very difficult to enjoy high enough rents, so we are currently working to build properties that can contribute to the Leasing Business, by leveraging the apartment unit availability across the country as a selling point for corporate customers.

Sakamoto [M]: Next, this is a question from Mr. Tazawa from SMBC Nikko Securities.

Tazawa [Q]: The financial position is improving, and I would like to know the idea for increasing dividends on a full scale. Can you accelerate your initiatives toward a payout ratio of 30% toward the fiscal year ending March 2028?

Miyao [A]: The equity ratio has fallen considerably as a result of the Company's capital policy this fiscal year and is now recovering to enable a 30% dividend payout ratio. We are aware that the results are coming out as we intended.

We are also expecting net sales and profits to improve in the next fiscal year and beyond because of the increase in the average unit rent for new contracts in this fiscal year. Also, considering the decrease in interest expenses due to the refinancing from Mizuho Bank, we would like to start a discussion on how to increase the dividend payout ratio.

Sakamoto [M]: Next, this is a question from Mr. Kuni from PANVIEW CAPITAL LIMITED.

Kuni [Q]: Regarding maintenance expenses, will they expand in the future?

Takekura [A]: We have already included our maintenance plan in the medium-term management plan, and there are no drastic changes.

We have included some maintenance work that we have been holding back for a long time due to the construction defects problem, which has caused you some concern. We may accelerate spending for maintenance purposes in some areas, but we will be proceeding along with the plan.

Sakamoto [M]: Next, this is a question from Mr. Tazawa from SMBC Nikko Securities.

Tazawa [Q]: I would like to ask about your policy on the JPY10 billion preferred shares of Leopalace Power. Will the treasury stock acquisition by Leopalace Power continue, or do you want to prioritize this matter over shareholder return?

Miyao [A]: For the time being, we believe that the preferred stock acquisition by Leopalace Power will continue as before.

At this stage, we have no preference between this matter and shareholder return, and we recognize that this is a matter to be considered on a case-by-case basis.

Sakamoto [M]: Next is a question from Mr. Kuni from PANVIEW CAPITAL LIMITED.

Kuni [Q]: What do you see the percentage of land set sales among your orders changing in the future?

Takekura [A]: We are now preparing for this matter, but as you may be aware, land prices in the market have been rising very rapidly, so this fiscal year, we plan to have all orders for construction contracting.

In the next fiscal year or in the second year of the current medium-term management plan, we believe that we will be able to achieve the target by acquiring almost all of the orders we receive from our apartment owners, so we do not include any land set sales in this figure.

In the fiscal year after next or the third year, we have included the land set sales figure, and we would like to set the ratio of the land set sales at around 15%.

However, as I mentioned earlier, land prices are rising in the general market, especially in the three major metropolitan areas where rental needs are high, so we do not intend to deal with difficult matters, and we will monitor how things will be going.

Sakamoto [M]: Next is a question from Mr. Hashimoto from Mizuho Securities.

Hashimoto [Q]: What is the progress of the repairs? How much will it decrease to by the end of March 2026?

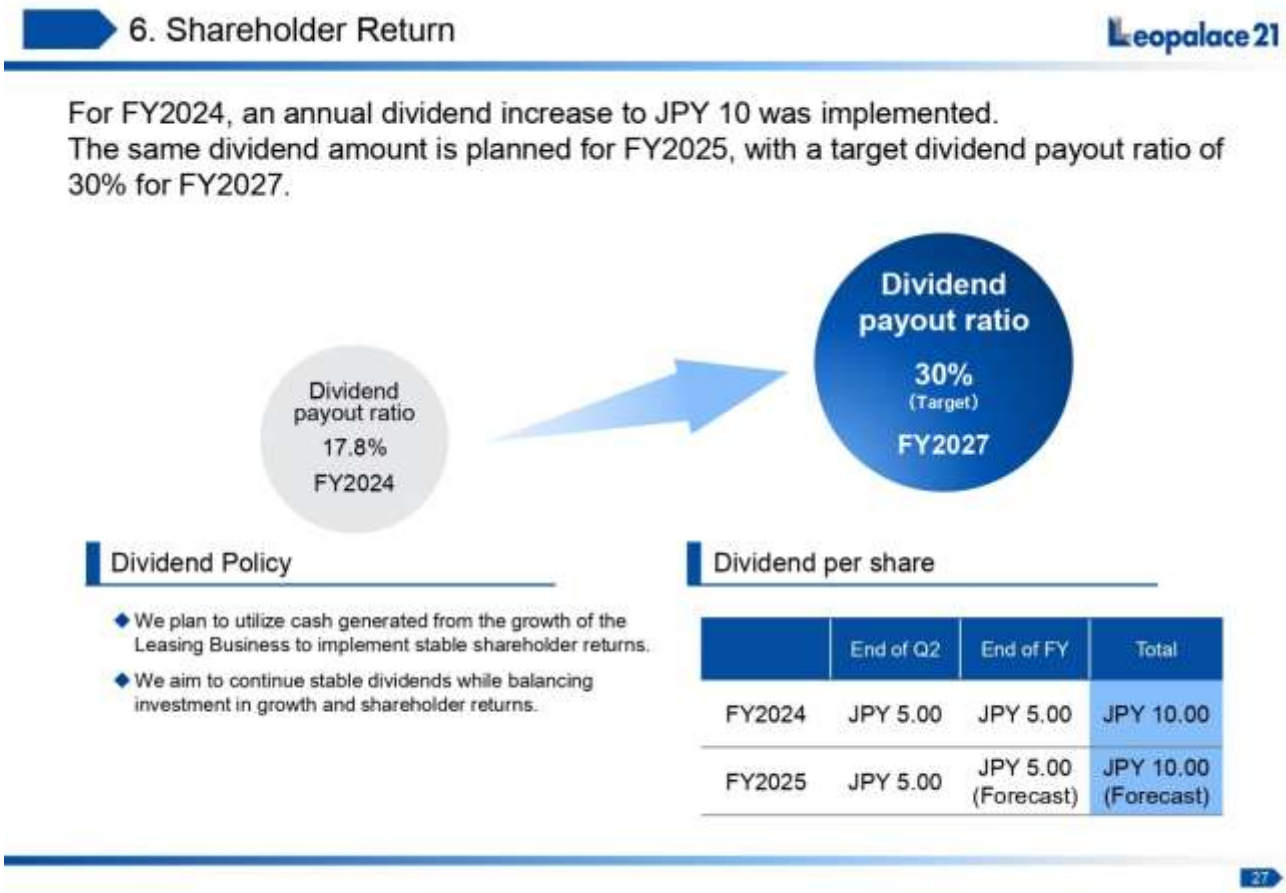
Miyao [A]: The current figure for the remaining repairs of obvious defects was 1,169, announced as of the end of December.

Of these, nearly 1,000 units are not managed by us, but by other companies, and we are currently conducting surveys for properties managed by other companies, each time a unit becomes vacant. We are proceeding with repair work, when necessary, while discussing with the administrative agencies.

As for your question about the number as of the end of March, what we are hoping for is that the number becomes the three digits, namely less than 1,000. February and March will be the season when many units will be vacated, so there is a chance that we conduct surveys or repair work for the properties managed by other companies with the apartment owners' understanding. On the other hand, depending on the length of time between the move-out and move-in, they may not want to cooperate with Leopalace21 in some cases, so we will have to work through each unit one by one.

Sakamoto [M]: Next is a question from Mr. Hashimoto from Mizuho Securities.

Hashimoto [Q]: Effect of refinancing is JPY2.1 billion over three years. While this is positive in terms of profit, I would like to have comments from IR regarding shareholder return for the next fiscal year.



Takekura [A]: As for the dividend payout ratio, it is still 17.8% as of today, as shown on page 27. We have clearly stated our goal of 30% by the fiscal year ending March 31, 2028, and we will proceed accordingly.

We have allocated funds under our capital policy this fiscal year, so we are maintaining the status quo. I cannot comment definitively, but I would like to mention that we will make a step to achieve the 30% target for the next fiscal year.

Sakamoto [M]: Since there seems to be no one else with questions, I will conclude the question-and-answer session although it is before the scheduled end time.

Thank you very much for taking time out of your busy schedule to participate in the financial results briefing of Leopalace21 Corporation for Q3 of the fiscal year ending March 2026.

[END]