

Basic Concept

We believe in the importance of improving management efficiency and integrity through establishing a transparent and fair management organization, speeding up the decision-making for important matters on the management, and strengthening the supervisory function of business execution, all of which contribute to improving corporate value.

We are well aware that it is the duty of the Company’s directors and employees to put these ideas into practice, as well as complying with all laws and regulations and maintaining discipline, with consideration towards environmental and social issues to conduct a fair, transparent and appropriate business in an atmosphere of free competition. In this way, we show our stakeholders, including our shareholders, customers, business partners, employees, and local communities, that we value the trust that they place in us.

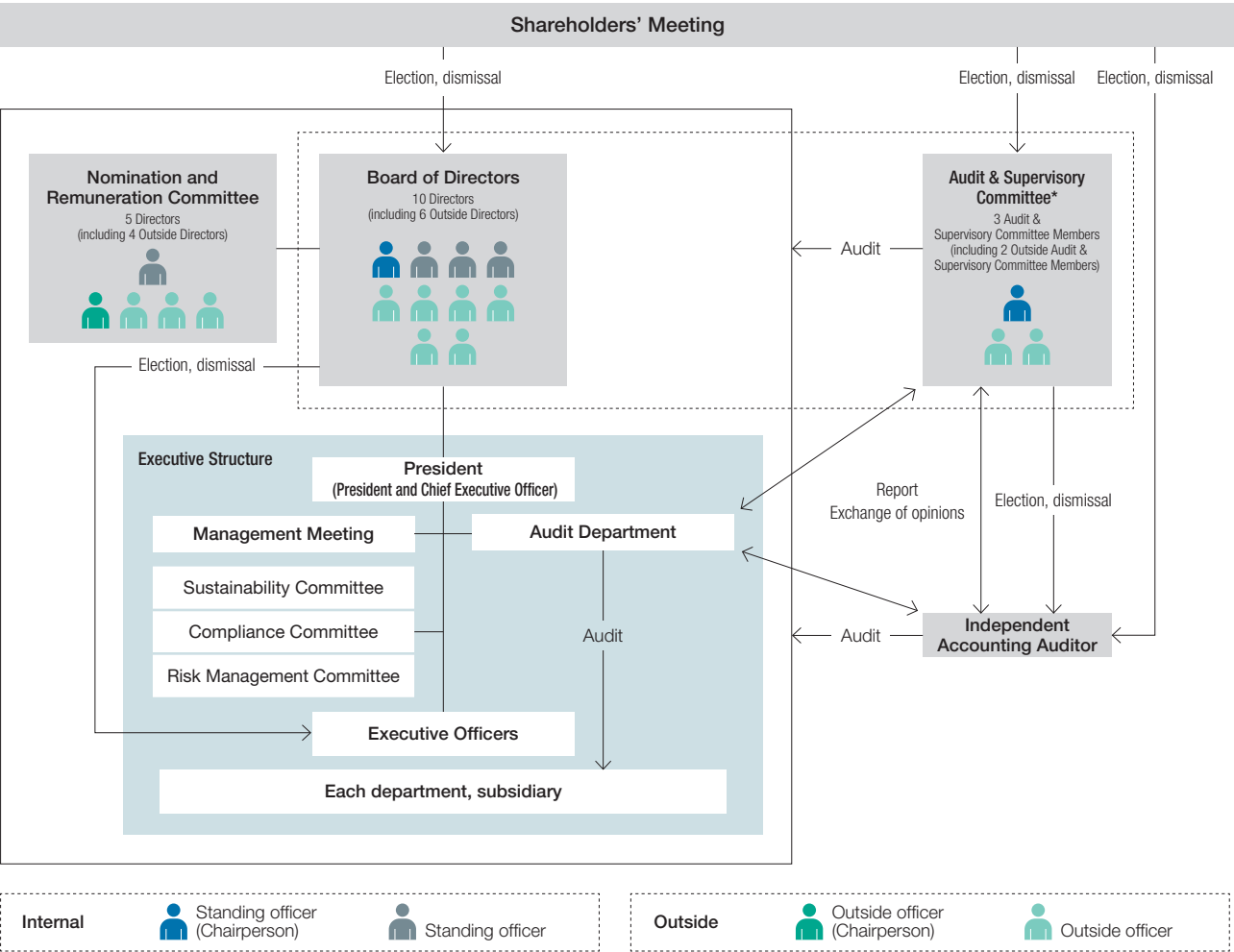
Our Company’s officers and employees are small in number, allowing for uncomplicated information gathering and operations management when compared to a large-scale corporation with many staff members. Our corporate organization reflects this feature. We also appropriately arrange our human resources and strive to maintain a sense of balance between each department and committee to fully exert the functions of our organization.

Transition to a company with an Audit & Supervisory Committee

With the approval at the 102nd Annual General Meeting of Shareholders held on June 20, 2025, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee with a view to further strengthening corporate governance. In the past, Audit & Supervisory Board Members attended the Board of Directors meetings and engaged in frank discussions with Directors. However, as a result of this transition, Audit & Supervisory Committee Members who are responsible for auditing the execution of duties by Directors and other functions have become members of the Board of Directors, bringing the system more in line with actual conditions.

Going forward, we will continue to strengthen and enhance the supervisory function and transparency of the Board of Directors and work to further improve our corporate value.

Corporate Governance Structure (After June 20, 2025)



*Composed of Directors who are Audit & Supervisory Committee Members

Summary of Boards, Meetings, and Committees

Name	Chairperson	Summary	Number of meetings held (FYE March 2025)
Board of Directors	President and Chief Executive Officer	As a general rule, the board holds a meeting once a month to determine important matters on the management and supervise the status of execution of duties.	11 times
Audit & Supervisory Committee	Audit & Supervisory Committee Member (Standing)	The committee audits the Directors' execution of duties and the Company's internal control system, and receives reports from the Independent Accounting Auditor on matters including the quarterly financial results and the year-end audit report.	12 times
Management Meeting	President	The standing officers and general managers in charge of each department attend this meeting to report and review the status and plans of such operation under the basic policy determined by the Board of Directors.	11 times
Nomination and Remuneration Committee	Outside Director	The committee deliberates on personnel matters, including the election and dismissal of the management team. Matters such as compensation for the management team are also deliberated. The chairperson and the majority of the committee members are Independent Outside Directors.	4 times
Sustainability Committee	President and Chief Executive Officer	The committee, which is chaired by the President, consists of members of the Sustainability Promotion Group and members appointed by each department. It convenes regularly and reports on its activities to the Management Meeting and the Board of Directors if necessary.	5 times
Compliance Committee	Executive Officer in Charge	The committee, which is an organization under the direct control of the President, consists of a chairperson and several members selected from various departments. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary.	4 times
Risk Management Committee	Executive Officer in Charge	The committee, which is an organization under the direct control of the President, consists of a chairperson and several members selected from various departments. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary.	5 times

*The number of meetings of the Audit & Supervisory Committee is the number of meetings of the Audit & Supervisory Board held before the transition.
*In addition to the number of meetings of the Board of Directors listed above, there was one written resolution that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.
*In addition to the number of meetings of the Nomination and Remuneration Committee listed above, there was one written resolution.

Members of the Boards (skill matrix and meeting attendance)

Candidates for Directors of the Company are selected through comprehensive evaluations of their character, knowledge, capabilities, experience, and potential to contribute to the Company. In particular, the Company focuses on the perspective of enhancement of the supervisory function by utilizing licensed lawyers, tax accountants, and accountants with highly specialized expertise as well as persons with experience in corporate management, as outside officers. Furthermore, from the perspective of ensuring diversity, the Company has set a goal related to materiality of achieving a proportion of female officers of 30% by FYE March 2031, and will continue to secure human resources toward achieving this goal.

Officers after the 102nd Annual General Meeting of Shareholders held on June 20, 2025

Name	Audit & Supervisory Committee	Nomination and Remuneration Committee	Gender	Attendance at the Board of Directors' Meetings in FYE March 2025	Term of Office	Expertise (◎ A field for which Outside Officers are particularly expected)							Sustainability Area of Expertise
						Corporate Management	Finance & Accounting	Legal Affairs & Risk Management	Industrial Expertise	Overseas Expertise			
Tsuneo Wakabayashi	Standing		Male	11/11	4 years	●	●	●	●	●	●	●	General
Junichi Tada	(newly appointed) Standing		Male	—	—	●	●	●	●		●	●	General
Yoshikazu Asakusa	Standing		Male	9/9	1 year			●	●		●	●	Energy; Life cycle management
Masao Nomura	Outside Independent	●	Male	11/11	6 years	◎	●	●		●	●	●	Energy; Human capital
Chiho Takeda	Outside Independent	●	Female	11/11	3 years			◎			●	●	D&I; Human rights
Atsushi Miyanoya	Outside Independent	●	Male	9/9	1 year		●	●	◎		●	●	Social contribution; Local economies
Hideyuki Kamijo	(newly appointed) Outside Independent	●	Male	11/11	—	●	◎	●	◎	●	●	●	Governance
Shigeru Nishida	(newly appointed) Standing	●	Male	11/11	—		●	●		●	●	●	Governance
Hideharu Nagasawa	(newly appointed) Outside Independent	●	Male	11/11	—	◎	●	●		●	●	●	Governance; Human capital
Chiharu Odagiri	(newly appointed) Outside Independent	●	Female	—	—		◎	●			●	●	D&I; Compliance

Officers that retired at the 102nd Annual General Meeting of Shareholders held on June 20, 2025

Koichi Minami	(retired) Standing		Male	11/11	9 years	●	●	●	●		●	●	General
Takashi Yoshida	(retired) Outside Independent		Male	11/11	8 years		◎	●			●	●	Compliance

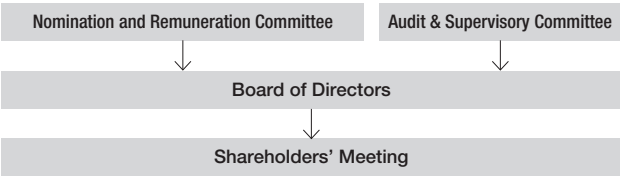
*In addition to the number of meetings of the Board of Directors listed above, there was one written resolution that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.
*The above table does not present a complete list of the expertise and experience possessed by each Officer.
*Mr. Tsuneo Wakabayashi served as Outside Director of the Company for one year, followed by his serving as President of the Company for three years.
*Mr. Junichi Tada previously served as Director of the Company for two years.
*Ms. Chiho Takeda served as Outside Audit & Supervisory Board Member of the Company for three years before taking office as Director.
*Mr. Hideyuki Kamijo served as Outside Audit & Supervisory Board Member of the Company for three years before taking office as Director.
*Mr. Shigeru Nishida served as Audit & Supervisory Board Member of the Company for six years and as Director of the Company for four years before taking office as Director who is an Audit & Supervisory Committee Member.
*Mr. Hideharu Nagasawa served as Outside Audit & Supervisory Board Member of the Company for four years before taking office as Director who is an Audit & Supervisory Committee Member.

Appointment Process for Directors

The President prepares a list of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members), and the Board of Directors deliberates and makes decisions in light of reports on the results of deliberations in the Nomination and Remuneration Committee.

The President prepares a list of candidates for Directors who are Audit & Supervisory Committee Members and gains the consent of the Audit & Supervisory Committee in accordance with the provisions of the Companies Act, after which the Board of Directors deliberates and makes decisions.

Appointment or dismissal of the Chairman and the President will be deliberated and decided at the Board of Directors based on the deliberations in the Nomination and Remuneration Committee. With regard to the dismissal of the Chairman or the President, if deemed necessary by the Nomination and Remuneration Committee, the Nomination and Remuneration Committee may exclude Internal Directors from its composition and report to the Board of Directors after seeking opinions of Outside Directors.



Overview and Activity Status of Nomination and Remuneration Committee

With an aim to ensure objectivity and transparency in matters related to the personnel and remuneration of the management team, we have established a Nomination and Remuneration Committee. The majority of the committee members, including the chairperson, are Independent Outside Directors. The Nomination and Remuneration Committee deliberates on the following matters in advance of the Board of Directors, and reports the results of these deliberations to the Board of Directors.

The Board of Directors makes final decisions on matters deliberated by the Nomination and Remuneration Committee, but we believe that independence and authority of the committee are fully secured because the majority members of the Board of Directors are Independent Outside Directors concurrently serving as the Nomination and Remuneration Committee members.

Name of the committee	Total committee members	Subtotal by type of remuneration		Chairperson	Number of meetings held (FYE March 2025)
		Base remuneration	Performance-linked remuneration		
Nomination and Remuneration Committee	5 persons (6 persons)	1 person (2 persons)	4 persons (4 persons)	Outside Director	4 times

*The figures in parentheses indicate the composition (number of members) of the Nomination and Remuneration Committee up through the 102nd Annual General Meeting of Shareholders held on June 20, 2025.
*In addition to the number of meetings of the Nomination and Remuneration Committee listed above, there was one written resolution.

Personnel matters for management executives	Proposals for the Shareholders' Meeting regarding the appointment of candidate Directors and dismissal of Directors
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the appointment of Directors
	Appointment and dismissal of the President and the Chairman of the Board
	Succession of the President and Chief Executive Officer
	Appointment and dismissal of Executive Officers
	Other matters recognized as necessary by the Nomination and Remuneration Committee
Matters concerning remuneration of management executives	Details of remuneration of individual Directors and Executive Officers
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the remuneration of Directors and Executive Officers
	Other matters recognized as necessary by the Nomination and Remuneration Committee

Succession Planning

The Nomination and Remuneration Committee believes that members of the top management of the Company need to possess the six qualities presented below in order to execute the Long-Term Business Plan and enhance corporate value, in addition to the basic qualities of “A person trusted by others,” “A person capable to seek innovation and efficiency,” and “A person with a high level of expertise,” which are derived from the Company’s corporate philosophy.

Succession planning of top management is an important management issue. At a time of great change in the environment surrounding the Company when it is transforming its structure away from that of a company specializing in the leasing industry, the importance of the Company’s top management and its succession plan is increasing. With regard to candidates for Directors, a long list is prepared based on introductions from Directors and staffing agencies, and the Nomination and Remuneration Committee deliberates based on said list.

Qualities required of top management	Comprehensive experience and capabilities related to overall management	Leadership
	Knowledge of the real estate industry	Empathy with employees
	Ability to respond to changes in the market environment, determination, and courage	Human networks in the business community

Remuneration to Officers

Remuneration paid to officers in FYE March 2025 (thousand yen)

Classification	Number of members paid	Subtotal by type of remuneration			Total amount of remuneration
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors	9 persons	114,900	14,280	36,315	165,495
Outside Directors	5 persons	33,600			33,600
Audit & Supervisory Board Members	3 persons	40,800			40,800
Outside Audit & Supervisory Board Members	2 persons	15,600			15,600

*The total amount of remuneration includes the amount paid to two Directors who retired due to expiration of the term of office at the conclusion of the 101st Annual General Meeting of Shareholders held on June 21, 2024.
*In addition to the above, employee salaries of 21,238 thousand yen were paid to Directors who concurrently serve as employees.
*Officer remuneration shown for the FYE March 2025 is the remuneration for Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members in a company with an Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee.

Policy for determining Directors’ remuneration (FYE March 2025)

We determine remuneration for Directors in line with the shareholders’ interests so that it will serve as an appropriate incentive program leading to a sustainable increase in the shareholder value. As a basic policy, we aim to secure appropriate levels of remuneration for Director, corresponding to the degree of their responsibilities.

The policy for determining the remuneration and the amount of individual remuneration will be resolved by the Board of Directors through the deliberations in the Nomination and Remuneration Committee, whose majority is composed of Independent Outside Directors.

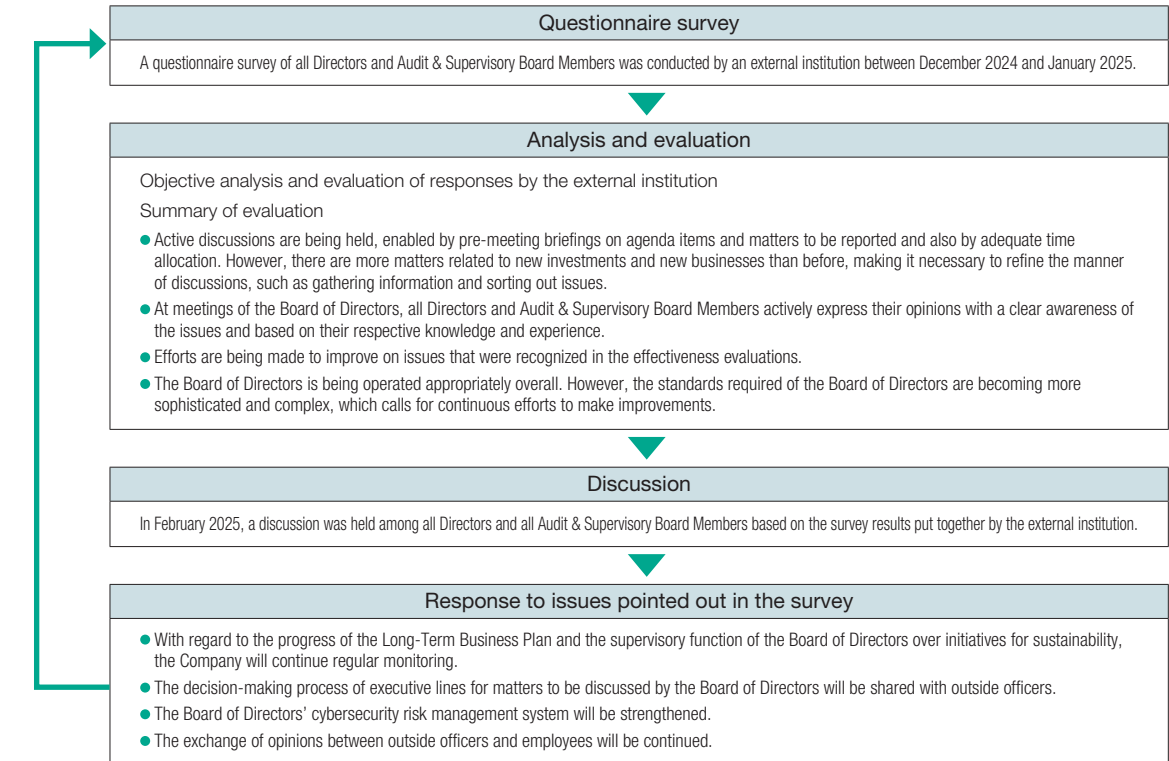
Remuneration system	Executive Directors	The remuneration consists of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, and restricted stock as non-monetary remuneration in line with the shareholders' interest. The Nomination and Remuneration Committee will decide on the ratio of individual remuneration, where the performance-linked remuneration is set higher for the upper ranking positions reflecting the expected roles for achieving the goals of the Long-Term Business Plan.				
	Chairman of the Board	The remuneration consists of the base remuneration as fixed remuneration and restricted stock as non-monetary remuneration as the Chairman will perform the expected role for increasing the shareholder value in the medium to long term, despite being not directly involved in business operations. *The Chairman of the Board retired at the 102nd Annual General Meeting of Shareholders held on June 20, 2025, and a new Chairman has not been appointed.				
	Outside Directors	The Company will pay only the base remuneration to Outside Directors in consideration of their duties.				
	Remuneration composition *In the case of the performance indicators achieved at 100%	President (President and Chief Executive Officer)	60 %	20 %	20 %	<div>■ Base remuneration</div> <div>■ Bonuses (performance-linked remuneration)</div> <div>■ Restricted stock</div>
	Chairman of the Board	60 %	40 %			
	Outside Directors	100 %				
Remuneration amount	Base remuneration	It is provided as fixed remuneration monthly. The amount is determined based on the Company's performance, individual's duties, abilities, and the degree of contribution to the Company's sustainable growth in a comprehensive manner.				
	Bonuses (performance-linked remuneration)	It is provided as cash remuneration reflecting the performance indicators, and is provided at a certain time each year. The indicators used to calculate performance-linked remuneration are the degree of achievement of "business profit before depreciation and amortization" and "initiatives on sustainability," as set forth as targets in the Long-Term Business Plan, and also achievement of "ROE," which has been included beginning in the fiscal year ended March 2025, and these are comprehensively taken into consideration in the calculation, in order to realize sustainable enhancement of corporate value and to expand the scale of the Company and create new profit model through portfolio expansion.				
	Short-term incentive	(Reference) Actual business profit before depreciation and amortization and the target for the final fiscal year of the Long-Term Business Plan (million yen)				
		2023/3	2024/3	2025/3	2033/3 (target)	
		9,194	9,128	9,099	18,000	
	Restricted stock	It is granted in the form of stock compensation linked to the shareholder value. The number of shares given at a certain time each year will be calculated based on the duties and abilities of the Chairman of the Board and Executive Directors, along with their contributions to the Company's sustainable growth in a comprehensive manner.				
	Medium- to long-term incentive					
Determining method	For determining the amount of individual remuneration, the President prepares the remuneration plan, and the Board of Directors reviews and determines the amount, based on the results of deliberations in the Nomination and Remuneration Committee. In addition, the Board of Directors will also determine the number of restricted shares allotted to individual Directors, based on the results of deliberations in the Nomination and Remuneration Committee.					

Analysis and Evaluation of the Effectiveness of the Board of Directors

With the purpose of ensuring effectiveness in the Board of Directors and enhancing the corporate value, self-assessments have been carried out by the Board of Directors since 2017. In 2025, the Company followed the process shown below to analyze and evaluate the effectiveness of the board, and confirmed that the Board of Directors was being operated appropriately overall.

We will continue to engage in enhancing the function of the Board of Directors by implementing periodic analysis and evaluation of the board’s effectiveness.

Analysis and Evaluation Process



*The term “Audit & Supervisory Board” is used in the analysis and evaluation of the board’s effectiveness for the FYE March 2025 because it was conducted under the system of a company with an Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee.

Response to issues pointed out in the 2024 survey

Sufficient discussions on the progress of the Long-Term Business Plan, management with consciousness of capital costs, and the validity of cross-shareholdings	<ul style="list-style-type: none">● Made regular reports on the progress of the Long-Term Business Plan and held multiple discussions on reviewing the Long-Term Business Plan at meetings of the Board of Directors● Held training sessions on the theme of capital costs, and held multiple discussions on disclosure of capital costs at meetings of the Board of Directors● Examined the validity of cross-shareholdings and held multiple discussions on formulating a plan to reduce cross-shareholdings in conjunction with reviewing the Long-Term Business Plan at meetings of the Board of Directors
Exchange of opinions between outside officers and employees	<ul style="list-style-type: none">● Conducted interviews with Executive Officers outside of the Board of Directors Meetings
Strengthening the supervisory function of the Board concerning initiatives for sustainability	<ul style="list-style-type: none">● Held sustainability training sessions for officers

Main agenda items of the Board of Directors (FYE March 2025)

Matters resolved	Matters reported
<ul style="list-style-type: none">● Review of Long-Term Business Plan● New investments● Important personnel matters (directors, executive officers, and members of the Nomination and Remuneration Committee) and officer remuneration	<ul style="list-style-type: none">● Evaluation of the effectiveness of the Board of Directors● Progress with the Long-Term Business Plan● Reports on business execution by various departments
<ul style="list-style-type: none">● Examination of validity of cross-shareholdings● Examination of business portfolio● Settlement of accounts● Formulation of long-term reduction target for GHG emissions (net zero by FYE March 2051)● Review of KPIs linked to materiality	<ul style="list-style-type: none">● Reports on activities of various committees (Sustainability, Risk Management, Compliance)● Reports on the implementation of internal audits● Disclosure of capital costs

Audit & Supervisory Committee

As a general rule, meetings of the Audit & Supervisory Committee are held once a month. In FYE March 2025, a total of 12 meetings were held under the system of the Audit & Supervisory Board before the transition to the Audit & Supervisory Committee, with an attendance rate of 100%.

In the Audit & Supervisory Committee, a Standing Audit & Supervisory Committee Member plays a central role by providing detailed reports to Outside Audit & Supervisory Committee Members on such matters as the Management Meeting proceedings, the content of meeting proposals of the Board of Directors, the content of audits conducted by the Independent Accounting Auditor and the Audit Department, and the status of improvements, in an effort to form opinions as the Audit & Supervisory Committee. In addition, the Standing Audit & Supervisory Committee Member expresses the opinions of Outside Audit & Supervisory Committee Members at various meetings as appropriate to ensure that they are reflected within the Company.

Status of Coordination between the Audit & Supervisory Committee, Independent Accounting Auditor, and Internal Auditing Division

The Audit & Supervisory Committee regularly receives audit reports from an Independent Accounting Auditor. In addition, the Audit & Supervisory Committee shares information with the Independent Accounting Auditor on changes in accounting standards and policies and other matters that may have a significant impact on the Company’s business results by holding meetings as necessary.

The Standing Audit & Supervisory Committee Member shares information with the Audit Department by holding liaison meetings monthly. In addition, the Audit & Supervisory Committee receives quarterly internal audit reports directly from the Head of the Audit Department.

In this manner, we strive to improve the effectiveness of audits through close coordination between the Audit & Supervisory Committee, the Independent Accounting Auditor, and the internal auditing division.

Policy and Status of Review Regarding Business Portfolio

Based on our distinct leasing business, encompassing diverse facilities including office buildings, datacenter buildings, WINS buildings (off-track betting parlors), commercial buildings, logistics warehouses, and other properties, we aim for sustainable growth from a medium- to long-term perspective. New investments are made with a focus on regional diversification and location in an effort to minimize the risk of loss in the event of economic fluctuations and disasters. Furthermore, we work to prevent profitability decline such as by reshuffling assets and investing to increase their value.

Under our current business strategies, we place a high priority on maximizing cash flows generated by our business in our efforts to enhance corporate value. We also recognize the importance of achieving returns that exceed capital costs on a profit basis, and the Board of Directors annually examines our business portfolio. Specifically, policies for continuous property ownership, rebuilding, and sales are individually examined at the Board of Directors’ meeting from both a quantitative point of view, such as comparison of capital cost and profitability and investment recovery period, and a qualitative point of view, such as compatibility with investment policy in the business plan and growth potential of the area where the property is located.

Based also on the result of the portfolio examination, we recognize that maximizing profit through revolving assets and improving capital efficiency are necessary to continue to achieve returns that exceed capital costs over the medium-to long-term. In the newly formulated Long-Term Business Plan, we aim to improve capital efficiency through the engagement in revolving-type investment business in addition to the real estate leasing business.

Training for Directors

In order to optimize our business strategies through timely and appropriate decision-making by the Board of Directors, the Company provides Directors with opportunities for training related to themes according to the business environment and inspections of the Company’s properties. Especially for newly appointed Directors, the Company provides trainings on issues such as their legal authority and obligations, also utilizing outside institutions. Whether these opportunities are being appropriately provided is also verified during the annual evaluation of the effectiveness of the Board of Directors.

In FYE March 2025, we held four training sessions on the theme of capital costs and the sustainability disclosure standard.



At a training session for officers