Last update: June 23, 2025

KI-STAR REAL ESTATE CO., LTD.
Keiji Hanawa, President and Representative Director
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Securities Code: 3465
https://ki-group.co.jp/

Our Company's corporate governance is reported as follows.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic View

Our Management Philosophy is to be a "Yu-Ta-Ka Creation Company" that delivers fulfilling, enjoyable, and pleasant lifestyles in the world (the meaning of the phrase Yu-Ta-Ka), and as a company that provides "high-quality but low-cost design housing," we aim to fulfill our social responsibility and earn the trust of all our stakeholders, including customers, shareholders, business partners, local communities, and employees. To this end, we have positioned the enhancement of corporate governance as the most important management issue. We have established a system to strengthen the management supervision function by the Board of Directors, Audit & Supervisory Board, etc. The Corporate Code of Conduct and Basic Compliance Policy stipulate that the Company shall not only comply with laws and regulations, but also act in accordance with internal rules, social norms, and ethical standards, thereby realizing compliance management and ensuring sound and transparent management through prompt and accurate decision-making.

[Reasons for Non-compliance with the Principles of Corporate Governance Code]

[Principle 4-1: Roles and responsibilities of the Board of Directors-1] Supplementary Principle-3
Currently, our Company does not have a specific succession plan for the CEO and others, but is considering the formulation of a plan and a mechanism for its supervision in the future.
[Principle 4-10: Use of optional mechanisms] Supplementary Principle-1
The Company has established a Compensation Advisory Committee, a majority of whose members are independent outside directors, but has not established a voluntary committee equivalent to the Nomination Committee. The establishment and composition of the Committee will continue to be discussed.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

Matters to be disclosed under the Corporate Governance Code are being properly performed as follows.

[Principle 2-4: Ensure diversity within the company, including the promotion of women] Supplementary Principle-1
At our Company, we have traditionally worked to promote people to managerial positions by emphasizing ability and performance regardless of gender or nationality, and have promoted many women and mid-career hires to management positions. In particular, we are actively striving to achieve the set target (15%) for the number of women in management positions, but currently the percentage remains at the 10% level. We will continue with efforts to educate employees toward this goal.
We are also making efforts to actively appoint non-Japanese managers, and specified skilled workers are appointed as section manager to provide guidance and education to trainees.
We will continue to actively promote appropriate non-Japanese personnel to management positions.
As a mid- to long-term human resource strategy, the "KI Academy," a two-day training program for mid-career hires, is conducted to ensure legal compliance and to create a training environment that will enable them to become an immediate workforce. It is our aim to hire 500 mid-career employees this fiscal year to further expand the scale of our business.
[Principle 1-4: Strategic shareholding policy]
Our Company's policy is to maintain and strengthen medium- to long-term business strategies and relationships. Regarding the exercise of voting rights, the Company will make a comprehensive judgment as to whether or not the exercise of voting rights will lead to the sustainable growth of the issuing company and the enhancement of its corporate value over the medium to long term. We believe that this will lead to the improvement of the Company's corporate value and the medium- to long-term interests of our shareholders. In addition, quantitative holding effects are confirmed by the status of transactions.
[Principle 1-7: Transactions with related parties]
At our Company, conflict of interest and competitive transactions by Directors are resolved by the Board of Directors. With regard to transactions between related parties, each time such transactions are likely to occur, our Company will consider whether the transaction will not damage the soundness of our management, the common interests of shareholders will not be harmed, it is valid in light of rational judgment, the transaction terms are appropriate in comparison with other external transactions, etc. Then, the President's Office and General Affairs Department consult with each other, obtaining opinions from Audit & Supervisory Board Members and the Internal Audit Office as necessary. In addition, our Company complies with the Subsidiary Management Regulations, which stipulate that transactions within our Group shall not mutually cause any disadvantage. With regard to Directors and Audit & Supervisory Board Members, the Company requests information in writing in April of each year on any transactions with them and their related parties, as well as the details, amount, etc. of such transactions. The Company also comprehensively confirms any transactions by searching accounting data and other sources.
[Principle 3-1: Enhancement of information disclosure]
(1) Management Philosophy, etc.
Our Company has established the Management Philosophy, Basic Compliance Policy, etc., as described in the "Basic Views" section of this report, and has posted them on the corporate website.
(2) Basic views and policy on Corporate Governance
The concept of Corporate Governance is as described in the "Basic Views" in this Report. A basic policy on Corporate Governance is organized and determined after all principles of the Corporate Governance Code are specifically considered.
(3) Policies and procedures for determining Directors' Remuneration
They are described in the "Directors' Remuneration" section of this Report.

(4) Policies and procedures for nominating candidates for Directors and Audit & Supervisory Board Members
Candidates for Directors of our Company are selected by the Board of Directors in accordance with the Director Selection Criteria established by our Company. In addition, Audit & Supervisory Board Members are selected with the consent of the Audit & Supervisory Board, on condition that the candidates have sufficient knowledge of business management and accounting and are expected to conduct appropriate audits.
(5) Explanation of individual cases of appointment/dismissal and nomination when nominating candidates for Directors and Audit & Supervisory Board Members
The reasons for nominating candidates for Directors and Audit & Supervisory Board Members shall be stated in the reference materials for the General Meeting of Shareholders for all officers, including internal officers.
[Principle 4-1: Roles and responsibilities of the Board of Directors-1] Supplementary Principle-1
Matters to be resolved are decided by the resolution of the Board of Directors with specific standards for submission and reporting based on their degree of importance. In addition, a system has been established whereby the authorities and division of duties related to business execution are clarified by internal rules and are reviewed in accordance with organizational changes, etc.
[Principle 4-9: Criteria and qualities for determining the independence of independent outside Directors]
Our Company has established independence criteria for outside officers (outside Directors and outside Audit & Supervisory Board Members) with reference to the Guidelines for Listing Controls, Etc. established by the Tokyo Stock Exchange. As for qualifications, as candidates to be appointed as outside Directors we select people who are able to offer their opinions from a professional viewpoint and independent of the execution of business based on their knowledge of corporate law and practice or broad insight based on their experience as management, etc.
[Principle 4-10: Use of optional mechanisms] Supplementary Principle-1
As stated in the above [Reasons for Non-compliance with the Principles of Corporate Governance Code].
[Principle 4-11: Prerequisites for ensuring effectiveness of the Board of Directors and Audit & Supervisory Board] Supplementary Principle-1
The Company's selection criteria for both Directors and Audit & Supervisory Board Members are as follows: they must have excellent personality, insight and business management skills, respect the Company's "Management Philosophy," comply with the "Basic Compliance Policy" and the "Corporate Code of Conduct," and have a strong awareness of compliance with various laws and regulations. In particular, outside Directors and outside Audit & Supervisory Board Members are appointed on condition that they have a high level of knowledge in management, risk management, law, accounting, and other areas. The Skill Matrix listing the knowledge, experience, and abilities of each Director has been prepared and shown on the last page of this Report.
[Principle 4-11: Prerequisites for ensuring effectiveness of the Board of Directors and Audit & Supervisory Board] Supplementary Principle-2
In order to ensure that each Director, regardless of holding concurrent positions, can properly fulfill their roles and responsibilities, our Company makes early decisions and notifies the Board of Directors and Audit & Supervisory Board of their annual schedule, while distributing materials in advance to promote active discussions at the Board of Directors meetings. Furthermore, the status of concurrent positions is disclosed annually in the Notice of the Annual General Meeting of Shareholders.
[Principle 4-11: Prerequisites for ensuring effectiveness of the Board of Directors and Audit & Supervisory Board] Supplementary Principle-3
At the beginning of each fiscal year, our Company conducts a self-assessment of the effectiveness of the Board of Directors by all Directors and Audit & Supervisory Board Members. Based on the analysis and assessment results, effectiveness of the Board of Directors will be further enhanced.
a. Method of assessing effectiveness of the Board of Directors
In order to further demonstrate the functions of the Board of Directors, we have started to assess the effectiveness of the Board of Directors from this fiscal year. Specifically, in order to ensure that the assessment reflects the opinions of all participants in the Board of Directors meetings, all Directors and Audit & Supervisory Board Members are asked to complete a questionnaire regarding the operation of the Board of Directors and the extent to which it is fulfilling its functions, and the results are reported to the Board of Directors.
b. Results of assessing effectiveness of the Board of Directors
At the Board of Directors meetings, Directors and Audit & Supervisory Board Members speak actively and engage in free, vigorous, and constructive discussions, and the Board of Directors is generally rated as sufficient in the fulfillment of its functions. On the other hand, there are some opinions for future improvement, which we are considering addressing individually. Major opinions and initiatives are as follows.

<Opinion>	It is preferable to have the resolutions and reports at the Board meetings shared as early as possible. Although the introduction of cloud services, which was proposed for consideration, has improved the speed of sharing information on materials, early sharing of material continues to be requested as there is still not enough time for sufficient consideration.
<Action>	Although the risk of information management has been reduced with the start of sharing materials through cloud services, we recognize that there is still room for improvement in the early sharing of resolutions and reports. We will continue with efforts to share materials as early as possible.

[Principle 4-14: Training for Director and Audit & Supervisory Board Members] Supplementary Principle-2
In addition to sharing basic information (management strategy, financial strategy, etc.) within our Company, Directors and Audit & Supervisory Board Members share knowledge and information necessary to perform their duties through active discussions and information exchange at the Management Meetings and Group Management Meetings, and by attending external seminars.
[Principle 5-1: Policy on constructive dialogue with shareholders]
Our Company’s dialogue with shareholders is conducted by the Financial Strategy & IR Department, which takes the lead in exchanging information with the relevant divisions as appropriate. Material information necessary for investment decisions is disclosed in a timely and proper manner in accordance with the timely disclosure rules of the Tokyo Stock Exchange, and is promptly posted on our corporate website after the timely disclosure.
[Actions to realize management conscious of cost of capital and stock price]
We are maintaining high capital efficiency with an ROE of 15.5% for FY2025/3. Looking to realize management that is conscious of the cost of capital and stock price, we will improve capital efficiency while ensuring financial security, and enhance disclosure of situation analysis and specific initiatives, etc.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

[Status of Major Shareholders] Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Flowering Co., Ltd.	5,426,000	34.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,244,900	7.91
Keiji Hanawa	1,180,700	7.51
Custody Bank of Japan, Ltd. (Trust Account)	821,344	5.22
NOMURA PB NOMINEES LIMITED OMNIBUS－MARGIN（CASHPB）	436,428	2.77
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	355,923	2.26
MSIP CLIENT SECURITIES	208,828	1.32
The Ashikaga Bank, Ltd.	206,000	1.31
BNY GCM CLIENT ACCOUNT JPRD AC ISG（FE－AC）	171,001	1.08
KI-STAR REAL ESTATE Employee Shareholding Association	166,500	1.05

Name of Controlling Shareholder, if applicable (excluding Parent Company)	―――

Name of Parent Company, if applicable	Non

Supplementary Explanation

Keiji Hanawa, President and Representative Director of our Company, corresponds to the "owner" and is a shareholder of Flowering Co., Ltd. and assumes the office of President and Representative Director.

3. Corporate Attributes

Stock Exchange and Market Segment Listed On	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Business Sector	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances That May Have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board Members

[Directors]

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Ken Hanai	From another company											
Hiroyuki Sakai	From another company											
Megumi Kaneko	From another company											

* **Categories for "Relationship with the Company."**
* **Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past**
* **Use "●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the director fell under the category in the past**

a Person who executes business of the Company or a subsidiary
b Person who executes business or a non-executive director of a parent company
c Person who executes business of a fellow subsidiary
d Person/entity for which the Company is a major client or a person who executes business for such person/entity
e Major client of the Company or a person who executes business for such client
f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member compensation from the Company
g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
i Person who executes business for another company that has a relationship of mutual appointment of outside officers with the Company (applies to self only)
j Person who executes business for an entity receiving contributions from the Company (applies to self only)
k Other

Relationship with the Company (2) Update

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Ken Hanai	○	Not applicable.	With a wealth of experience and knowledge in management, finance, and corporate governance, he has been elected as outside Director to strengthen supervision of business execution by utilizing his experience. In addition, as there is no special interest relationship with our Company and no risk of conflict of interest with general shareholders, he is nominated as independent Director.
Hiroyuki Sakai	○	Not applicable.	He is a certified public accountant and has extensive experience and knowledge in management and accounting, and has been elected as outside Director to strengthen supervision of business execution by utilizing his experience. In addition, as there is no special interest relationship with our Company and no risk of conflict of interest with general shareholders, he is nominated as independent Director.
Megumi Kaneko	○	Not applicable.	With a wealth of experience and knowledge in information technology, women's empowerment, and regional revitalization, she has been elected as outside Director to objectively assess and guide our Company's sustainability management by leveraging her experience. In addition, as there is no special interest relationship with our Company and no risk of conflict of interest with general shareholders, she is nominated as independent Director.

Establishment of Voluntary Committee(s) equivalent to Nomination Committee or Compensation Committee	Established

Establishment of voluntary committees, composition of members, and attributes of the Committee Chair (Chairperson)

	Name of Committee	All Members (Per.)	Full-time Committee Member (Pers.)	Internal Directors (Pers.)	Outside Directors (Pers.)	Outside Experts (Pers.)	Other (Pers.)	Committee Chair (Chairperson)
Voluntary Committee(s) equivalent to Nomination Committee	—	—	—	—	—	—	—	—
Voluntary Committee(s) equivalent to Compensation Committee	Compensation Advisory Committee	3	0	1	2	0	0	Outside Directors

Supplementary Explanation

・Two (2) Committee members are selected from among outside Directors who have knowledge of corporate management and business strategy, and the Committee Chairperson is selected from outside Directors through consultation. In addition, internal Directors select Representative Director(s).

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and the Internal Audit Division

Audit & Supervisory Board Members, the Accounting Auditor, and the Internal Audit Office conduct rigorous audits in their respective areas of responsibility, and also cooperate with each other by exchanging opinions on audit plans and results as needed to further improve audit quality. Audit & Supervisory Board Members cooperate with the Internal Audit Office by accompanying the audits conducted by the Internal Audit Office on each business site and providing advice and guidance, and upon receiving internal audit reports submitted by the Internal Audit Office to the President, confirming and advising on the status of improvement.
Audit & Supervisory Board Members and the Internal Audit Office are located in the same office, allowing them to exchange information as needed. Audit & Supervisory Board Members cooperate with the Accounting Auditor, Deloitte Touche Tohmatsu LLC, by receiving explanations and reports on the audit plan, the progress of audit procedures during the term, and audit results, while including the Internal Audit Office in the parties for consultation as needed.

Election of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	l	M
Kenji Hirooka	Lawyer													
Midori Kakiuchi	From another company													
Hirotaka Ezoe	From another company													

* Categories for “Relationship with the Company.”
* Use “O” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past
* Use “●” when a close relative of the director presently falls or has recently fallen under the category; “▲” when a close relative of the director fell under the category in the past

a Person who executes business of the Company or a subsidiary
b A non-executive director or an accounting advisor of the Company or its subsidiaries
c Person who executes business or a non-executive director of a parent company
d An Audit & Supervisory Board Member of a parent company of the Company
e Person who executes business of a fellow subsidiary
f Person/entity for which the Company is a major client or a person who executes business for such person/entity
g Major client of the Company or a person who executes business for such client
h Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member compensation from the Company
i Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
j Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
k Person who executes business for another company that has a relationship of mutual appointment of outside officers with the Company (applies to self only)
l Person who executes business for an entity receiving contributions from the Company (applies to self only)
m Other

Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Kenji Hirooka	○	Not applicable.	He has been elected as outside Audit & Supervisory Board Member to apply his expertise in finance and accounting to the Company's audits, as a lawyer. In addition, as there is no special interest relationship with our Company and no risk of conflict of interest with general shareholders, he is nominated as independent Director.
Midori Kakiuchi	○	Not applicable.	He has been elected as outside Audit & Supervisory Board Member to apply his extensive experience and expertise in management and finance to the Company's audits. In addition, as there is no special interest relationship with our Company and no risk of conflict of interest with general shareholders, he is nominated as independent Director.
Hirotaka Ezoe	○	Although he is a former employee of Resona Bank, the Company's main lender, he retired from the bank's business execution as of March 31, 2015. In addition, he was appointed Audit & Supervisory Board member of Resona Bank, but resigned as of March 31, 2019, and the Company believes that this will not affect his independence.	He has been elected as outside Audit & Supervisory Board Member to apply his extensive experience and expertise in management and finance to the Company's audits. In addition, as there is no special interest relationship with our Company and no risk of conflict of interest with general shareholders, he is nominated as independent Director.

[Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members]

Number of Independent Directors and Independent Audit & Supervisory Board Members	6

Other Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

All outside officers who meet the qualifications for independent officer are designated as independent officers.

[Incentives]

Implementation Status of Measures Related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

The Company has introduced performance-linked cash and stock compensations for Directors (excluding outside Directors) in addition to the basic (fixed) remuneration. For details, see "Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" under [Directors' Remuneration].

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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[Directors' Remuneration]

Status of Disclosure of Individual Directors' Remuneration	Partial disclosure of specific information

Supplementary Explanation for Applicable Items

For directors whose total consolidated compensation exceeds 100 million yen, the amount of their compensation is disclosed in the Securities Report.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

At its meeting held on May 23, 2024, the Board of Directors of the Company approved the following amendments to the "Policy for Determining the Details of Individual Director Compensation," which became effective on June 24, 2024.

[Basic Policy]
The Company's basic policy is that the remuneration, etc. of Directors shall be linked to shareholders' profits so as to fully function as an incentive to continuously increase corporate value, and that the remuneration, etc. of individual Directors shall be determined at an appropriate level based on their respective responsibilities. Specifically, the remuneration, etc. of Directors shall consist of basic remuneration (fixed monetary remuneration), and performance-linked cash and stock compensations. In addition, Outside Directors receive only base compensation in consideration of their duties.
[Policy for Determining the Amount of Basic Remuneration for Individuals]
The basic remuneration, etc., of Directors shall be monthly fixed remuneration, etc., comprehensively determined based on the level at other companies, the Company's business performance and the level of employee salaries, in accordance with their position, responsibilities and years of service.
[Policy on Determining the Details and Calculation Method of the Amount or Number of Performance-Linked and Non-monetary Remuneration, etc.]
The performance-linked cash compensation shall be paid at a certain time each fiscal year depending on the degree of achievement of performance indicators, etc. for a single fiscal year for each position and area of responsibility, and shall be equivalent to 0 to 3 months of the basic remuneration. Financial and non-financial measures that can be objectively and reasonably calculated, such as publicly announced performance forecasts and internal budgets, shall be used as performance indicators for a single fiscal year, etc. Performance-linked stock compensation is the number of shares of restricted stock equivalent to 0 to 12 months of base remuneration that will be delivered at a certain time each fiscal year in accordance with the degree of achievement of medium- to long-term performance indicators, etc., set for each position and area of responsibility. The Board of Directors shall determine the method of calculating the number of shares, and the medium- to long-term performance indicators, etc. used for the calculation shall be financial and non-financial figures that can be objectively and reasonably calculated, such as medium- to long-term business plans and numerical targets related to materiality. The restrictions on transfer shall be lifted upon the retirement or resignation of a director, executive officer or employee. In addition, if a serious event such as misconduct or violation of laws and regulations is discovered during the term of office, the Company shall acquire the shares without compensation or require the return of the shares. However, the shares corresponding to the points granted under the rules for performance-linked stock compensation established prior to the current system shall be delivered in accordance with such rules.
[Policy for Determining the Ratio of the Amount of Basic Remuneration, Performance-Linked Compensation or Non-monetary Remuneration in Remuneration, etc., for Individual Directors]
The amount of performance-linked compensation for achieving a certain index should be 0.5 to 1.0 times the amount of basic remuneration, and the higher the position, the higher the ratio of stock compensation, so as to serve as an incentive to continuously improve corporate value.
[Determination of Individual Remuneration, etc. of Directors]
The amount of remuneration, etc. of individual Directors shall be determined by the President and Representative Director based on a resolution of the Board of Directors, and the details of such authority shall include the amount of base remuneration for each Director and performance indicators related to performance-linked remuneration. The President and Representative Director shall consult with, and make decisions based on the recommendations of, the Compensation Advisory Committee to ensure the transparency and fairness of the decision-making process and the appropriate exercise of delegated authority.

[Support System for Outside Directors and/or Outside Audit & Supervisory Board Members]

Dates of regular Board of Directors meetings are set in the annual schedule, and important meeting dates are announced at the beginning of each month. Relevant materials on Board of Directors' agenda items are sent in advance, and individual explanations are provided to ensure that the Board of Directors can fully consider the items. For other important matters, materials are sent and information is provided in a timely manner to create an environment in which the supervisory function can be performed effectively.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

[Board of Directors]
The Board of Directors of our Company consists of nine (9) Directors (including three (3) outside Directors). In accordance with the Board of Directors Regulations, Directors meet immediately after the close of the General Shareholders Meeting and at the regular Board of Directors meetings held monthly, and extraordinary meetings of the Board of Directors are held as necessary. Four Audit & Supervisory Board Members (including three outside Audit & Supervisory Board Members) attend the meeting to engage in constructive discussions. In addition, each Director reports to the Board of Directors on the status of execution of their duties.
[Audit & Supervisory Board]
The Audit & Supervisory Board of our Company consists of four (4) Members (including three (3) outside Audit & Supervisory Board members). In accordance with the Audit & Supervisory Board Regulations, Audit & Supervisory Board members meet immediately after the close of the General Shareholders Meeting and at the regular Audit & Supervisory Board meetings held monthly. Extraordinary Audit & Supervisory Board meetings are held as needed. In addition, Audit & Supervisory Board Members attend important meetings in accordance with their pre-determined duties.
[Audit by Audit & Supervisory Board Members]
In accordance with the audit policy and audit plan established at the beginning of the fiscal year, the status of Directors' performance of their duties, property management, operation and management of stores and offices, etc. are audited for the period. Audit & Supervisory Board Members prepare and submit audit reports on identified problems to the Audit & Supervisory Board or to the President and Representative Director as necessary.
The year-end audit focuses on the financial statements, supplementary schedules, and other items submitted to the General Shareholders Meeting, the results are reported to the Audit & Supervisory Board, and audits by the Audit & Supervisory Board are reported to the President and Representative Director.
[Internal Audit]
The Internal Audit Office, which reports directly to the President, is established and conducts on-site audits of all business bases in accordance with a basic internal audit plan formulated at the beginning of each fiscal year. After the completion of the audit, the Internal Audit Report is prepared for each base, approval of the President is obtained, and general comments are reported to the Board of Directors.
[Accounting Audit]
Striving for proper accounting treatment, our Company has elected, concluded audit contracts with, and received regular audits by Deloitte Touche Tohmatsu LLC as Accounting Auditor.

The status of accounting audits performed during the fiscal year ended March 31, 2025 is as follows.
・ Name of certified public accountant who performed the audit
Designated Limited Liability Partner and Executive Member Hiroyasu Sakai
Designated Limited Liability Partner and Executive Member Norihiko Asai
・ Audit assistant members
Eleven (11) certified public accountants, three (3) staff members who passed the accountant examination, and nine (9) others
[Compliance Initiatives]
Our Company recognizes that raising compliance awareness and thoroughly implementing a compliance system are indispensable for improving corporate value and has established the Basic Compliance Policy and Corporate Code of Conduct. All officers and employees practice their code of conduct, "KI CREDO." In addition, the Internal Reporting Desk has been established in accordance with the Internal Reporting Regulations to secure a system in place for reporting any violation of laws, regulations, or internal rules.
[Establishment of Risk Management System]
The General Affairs Department is responsible for identifying and centrally managing risks that may have a significant impact on the management of our Company in accordance with the Risk Management Regulations and promoting risk management in cooperation with each unit and office. In addition, in the event of unforeseen circumstances, a system is in place to respond promptly and appropriately in accordance with the Crisis Management Regulations.
[Contracts for Limitation of Liability]
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company, and outside Directors and outside Audit & Supervisory Board Members have entered into an agreement to limit their liability for damages as provided for in Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under the said agreement shall be the minimum liability amount stipulated by laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

Our Company is one with an Audit & Supervisory Board, consisting of a Board of Directors with nine (9) Directors and an Audit & Supervisory Board with four (4) members. By appointing three (3) outside Directors and three (3) outside Audit & Supervisory Board Members, our Company believes that management supervision from an outside perspective is functioning effectively, and has adopted the system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Shareholders Meetings and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	In order to ensure sufficient time to review for the exercise of voting rights, the convocation notice is dispatched three weeks prior to the statutory deadline.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Annual General Meeting of Shareholders for 2025 was held on June 23 of the same year.
Electronic Exercise of Voting Rights	For the convenience of our shareholders, we have established an environment that enables shareholders to exercise their voting rights via the Internet from PCs, smartphones, etc.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We participate in the Electronic Voting Platform.

2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by Representative
Formulation and Publication of Disclosure Policies	A dedicated page is set for posting the Policy on our corporate website.	
Regular Investor Briefings held for Analysts and Institutional Investors	Each fiscal year, a financial results briefing is held following the announcement of full-year and second-quarter financial results. For the FY2025/3 financial results announcement, the Company used a virtual webcast to increase the number of participants.	Established
Online Disclosure of IR Information	A dedicated page is set for posting the Policy on our corporate website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Kazuhiko Abe, Director, Managing Executive Officer and CFO Established the IR Office in April 2025 as a department dedicated to IR (independent as a specialized organization)	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Our Company has formulated and disseminated to all officers and employees the Corporate Code of Conduct to establish corporate ethics and earn the trust of society. In addition, we have established the Basic Compliance Policy and it is posted at the storefronts of each of our business sites.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Our Company stipulates in its Basic Compliance Policy and Corporate Code of Conduct that it will proactively engage in environmental and social contribution activities, and posts the details of these activities on the corporate website.
Formulation of Policies, etc. on Provision of Information to Stakeholders	Our Company stipulates in its Corporate Code of Conduct that it will provide corporate information to stakeholders in a timely and appropriate manner. It is our policy to disclose information in a timely manner via TDnet and press releases as necessary. In addition, information will be posted on our corporate website promptly after the timely disclosure.
Other	Our Company actively promotes women employees: one employee was appointed as Director in June 2017. In June 2023, one new Director and one new Audit & Supervisory Board Member were appointed, bringing the total number of Directors and Audit & Supervisory Board Member to two and one, respectively. In addition, one person was appointed as an executive officer in June 2018.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development Updated

Our Board of Directors has decided on the following Basic Policy regarding the internal control system, and is working diligently to establish and further strengthen the system to meet the expectations of all stakeholders.

(1) A structure to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
a. The Board of Directors shall decide on policies and plans for the development of internal control systems, including a compliance system with laws and regulations, and shall receive periodic status reports.
b. Our Company shall clarify the Code of Ethics, including the Corporate Code of Conduct and Compliance Regulations, to ensure that all officers and employees practice compliance and maintain and improve their awareness of compliance.
c. Our Company shall establish the Internal Reporting Desk in and outside the Company for early detection of any violation or potential violation of laws and regulations.
d. Audit & Supervisory Board Members shall strive to enhance audits of the Directors' performance of their duties, including the status of the internal control system.
e. To ensure the independence and impartiality of the Internal Audit Division, the Internal Audit Office, which reports directly to the President, audits the status of compliance with laws, regulations, and internal rules, as well as the effectiveness and appropriateness of operations.
f. The Compensation Advisory Committee is chaired by an outside Director of the Company and consists of a majority of outside Directors. The Board of Directors is consulted on the basic policy and amount of remuneration for Directors and executive officers, and results of the deliberation is reported to the Board of Directors.
g. The Compliance & Governance Committee ischaired by the Company's outside Audit & Supervisory Board member and consist of officers and employees appointed by the Chairperson. In cooperation with the Internal Audit Office, The Committee disseminates information and provides guidance on compliance with laws, regulations, and rules, investigates compliance violations, and deliberates on measures to prevent recurrence, reporting the deliberations to the Board of Directors as necessary.

(2) Structure for storage and management of information related to the execution of duties by Directors
a. Our Company shall properly prepare, store, and manage documents and electromagnetic records containing important matters related to the execution of Directors' duties, in accordance with the Document Storage and Management Rules and other related rules and regulations.
b. Directors and Audit & Supervisory Board Members shall have access to these documents as appropriate.

(3) Regulations and other systems for loss risks in our Group
a. Our Company shall, in order to ensure the continuity and stable development of our business, practice risk management in accordance with the Risk Management Regulations, and strive to identify and avoid risks to minimize losses.
b. The Company has established a Risk Management Committee as an advisory body to the Board of Directors for the purpose of early detection of risks and appropriate risk responses without excess or deficiency. The Committee is chaired by an outside Director and consist of Directors and Audit & Supervisory Board Members.
c. Risk identification, risk assessment, and consideration of risk response policies are conducted mainly by the Group Risk Management Committee for each department of the Group, and results are discussed by the Risk Management Committee.
d. Sustainability-related risks, including climate change, shall be discussed by the Sustainability Committee and shared with the Risk Management Committee.
e. The Company shall, in case of emergency, respond promptly and appropriately in accordance with the Crisis Management Regulations.

(4) Structure to ensure efficient execution of Directors' duties
a. Directors shall make decisions and report on the status of business execution at the Board of Directors meetings, which are held on a regular or ad-hoc basis. In addition, prior to making decisions on important matters, the Board of Directors will hold the Management Meeting chaired by the President and consisting of Directors and other members to discuss such matters.
b. The Management Meeting, consisting of executive directors and executive officers, deliberates in advance on proposals to be submitted to the Board of Directors, and also deliberates, reports, and decides on certain matters related to business execution in order to enhance the agility in management decision-making.
c. Our Company will clarify decision authorities under the Administrative Authority Regulations, and delegate authorities to lower positions accordingly.

(5) Structure to ensure proper operations in our Group
a. Our Company will dispatch Directors or Audit & Supervisory Board Members to monitor, supervise, or audit the execution of duties by the Directors of subsidiaries and the legality and efficiency of their management.
b. In accordance with the Subsidiary Management Regulations, our Company shall have prior consultation on material matters, while respecting the autonomy of subsidiaries' management. In addition, the Company shall request periodic reports from subsidiaries on the progress of their performance management plans and the execution of their business operations, as well as any important event at such subsidiaries as appropriate.
c. The Group Management Meeting, consisting of directors and executive officers of our Group, reports and deliberates on business strategies and important matters, and exercises general control over Group management.
d. The Group Management Promotion Office and Internal Audit Office shall monitor the compliance systems of subsidiaries, and at the same time, audit the status of internal control systems and provide guidance on their development and operation. Audit & Supervisory Board Members shall audit while considering the results of these audits.
e. Our Company will endeavor to ensure proper business operations by establishing the Internal Reporting Desk for subsidiaries within our Company.

(6) If Audit & Supervisory Board Members request appointment of employees to assist the Members, matters concerning such employees, their independence from Directors, and the securing of effectiveness of instructions to such employees
a. Audit & Supervisory Board Members may appoint assistants from among the employees of our Company as necessary.
b. If Audit & Supervisory Board Members assign assistants, the authority to direct and order such assistants shall be delegated to Audit & Supervisory Board Members, during which time Directors and other employees shall have no authority to direct or order such assistants.
c. Any decision or change in the personnel of employees who assist Audit & Supervisory Board Members in the performance of their duties shall require prior consultation with the Audit & Supervisory Board.

(7) Reporting systems to Audit & Supervisory Board Members by Directors and employees, etc.
a. Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important meetings to receive reports from Directors and employees on the execution status of their duties.
b. Directors and employees of our Group shall promptly report to Audit & Supervisory Board Members if they find any important risk information, any matter that may cause significant damage or disadvantage to our Group, or any act that violates laws, the Articles of Incorporation, or various regulations, etc.
c. The Internal Audit Office shall regularly report the internal audit results to Audit & Supervisory Board Members.

(8) Structure to ensure that informants to Audit & Supervisory Board Members are not treated disadvantageously for the reason of reporting
Our Company shall prohibit any person who reported to Audit & Supervisory Board Members from being treated disadvantageously for the reason of such report, and ensure that all Directors and employees of the Company and our Group are fully aware of this. The Company also prohibits the disadvantageous treatment of persons who made internal reporting, or whistleblowers.

(9) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the performance of duties by Audit & Supervisory Board Members and other policies concerning treatment of expenses or liabilities incurred in the performance of such duties
When Audit & Supervisory Board Members make a request for prepayment of expenses for their execution of duties, our Company shall promptly pay such expenses unless such expenses or liabilities are deemed not necessary for the execution of such duties by Audit & Supervisory Board Members.

(10) Other structures to ensure effective audits conducted by Audit & Supervisory Board Members
a. Audit & Supervisory Board Members may request reports from Directors and employees at any time regarding matters deemed necessary for the performance of their duties. b. Audit & Supervisory Board Members hold regular meetings with Representative Director(s).
c. Audit & Supervisory Board Members work together, such as by exchanging opinions and information, with the Internal Audit Office and Accounting Auditor. In addition, advice from outside experts may be received as needed.

2. Basic Views on Measures for Eliminating Antisocial Forces and Status of Development

(1) Basic views on elimination of antisocial forces
a. Considering our corporate social responsibility, our Group shall not have any relationship with antisocial forces, and furthermore, the entire Group shall work together to eliminate antisocial forces.
b. Our Group shall never engage in backroom deals or provide funding to antisocial forces for any reason whatsoever.
c. Our Group shall take legal action, both civil and criminal, against any unreasonable demands from antisocial forces, and shall never comply with such demands, regardless of the reason thereof.
d. Our Group shall place the highest priority on the safety of all officers and employees involved in dealing with antisocial forces, and take a resolute Group-wide stance in this regard.
e. Our Group shall work closely with the police, lawyers, and other outside professional organizations, and cooperate with measures conducted by the government and local authorities to eliminate organized crime groups.

(2) Status of progress
a. Our Company clearly states in its Corporate Code of Conduct that it eliminates relations with antisocial forces, establishes regulations regarding the exclusion of antisocial forces, and posts the above Basic Policy on its website.
b. Our Company executes contracts with customers and business partners, including the clause regarding elimination of antisocial forces in the contract document or the terms and conditions, etc.
c. Our Company is a member of the Saitama Center for Drug Abuse and Violence Prevention , and receives relevant information and works closely with the police, lawyers, etc. to actively promote the building of safe communities.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

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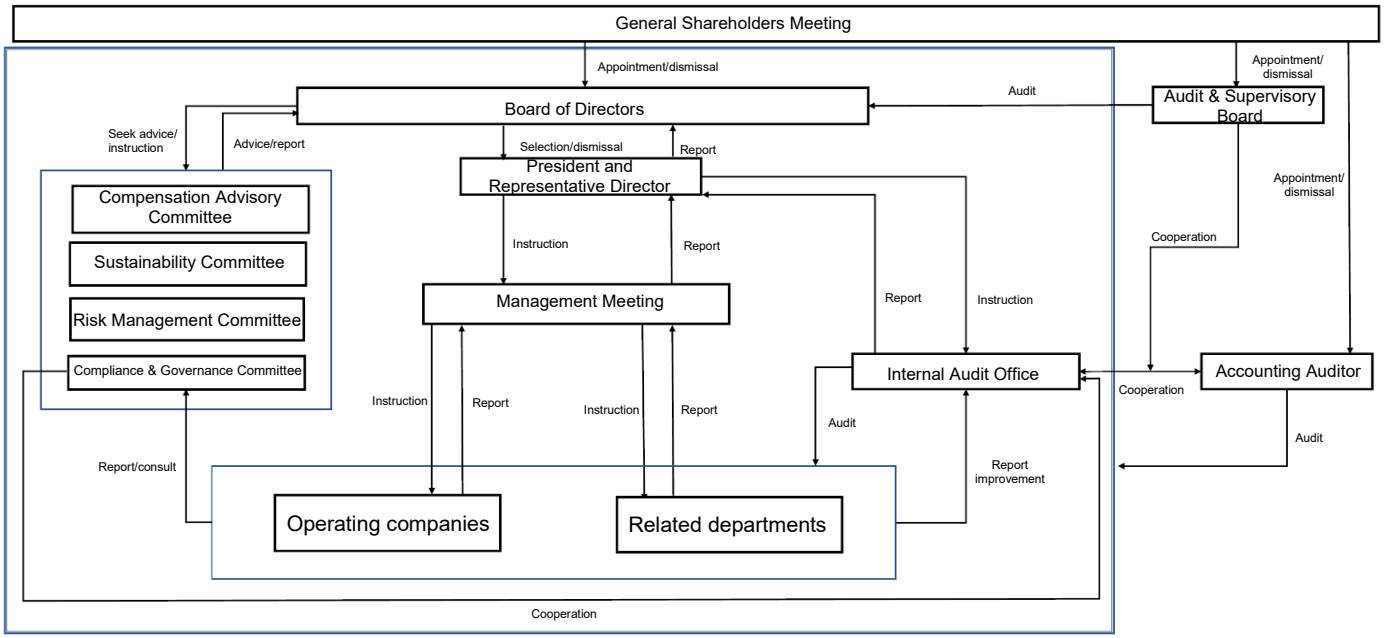
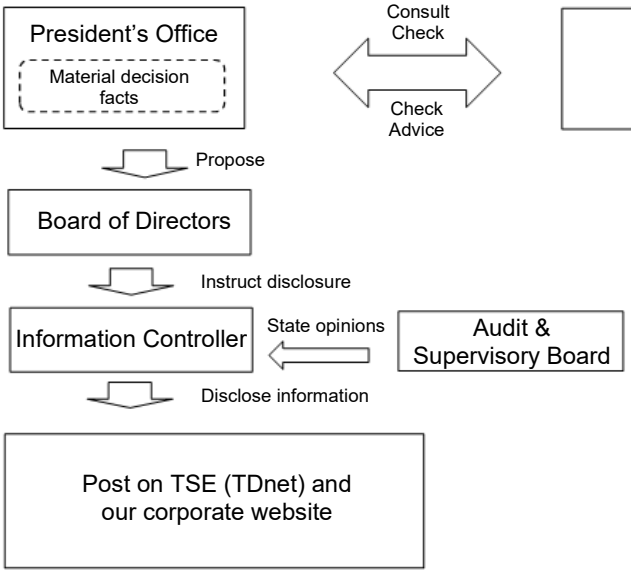
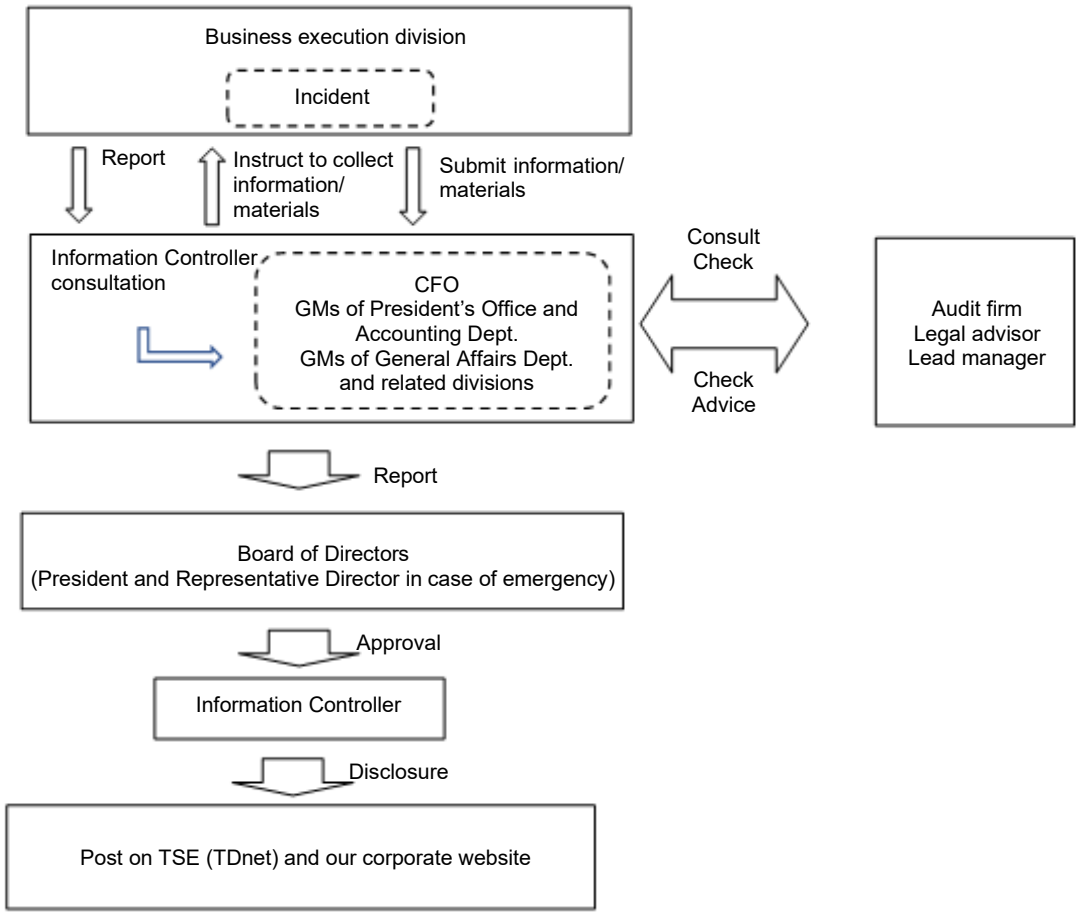
Overview of Corporate Governance Structure



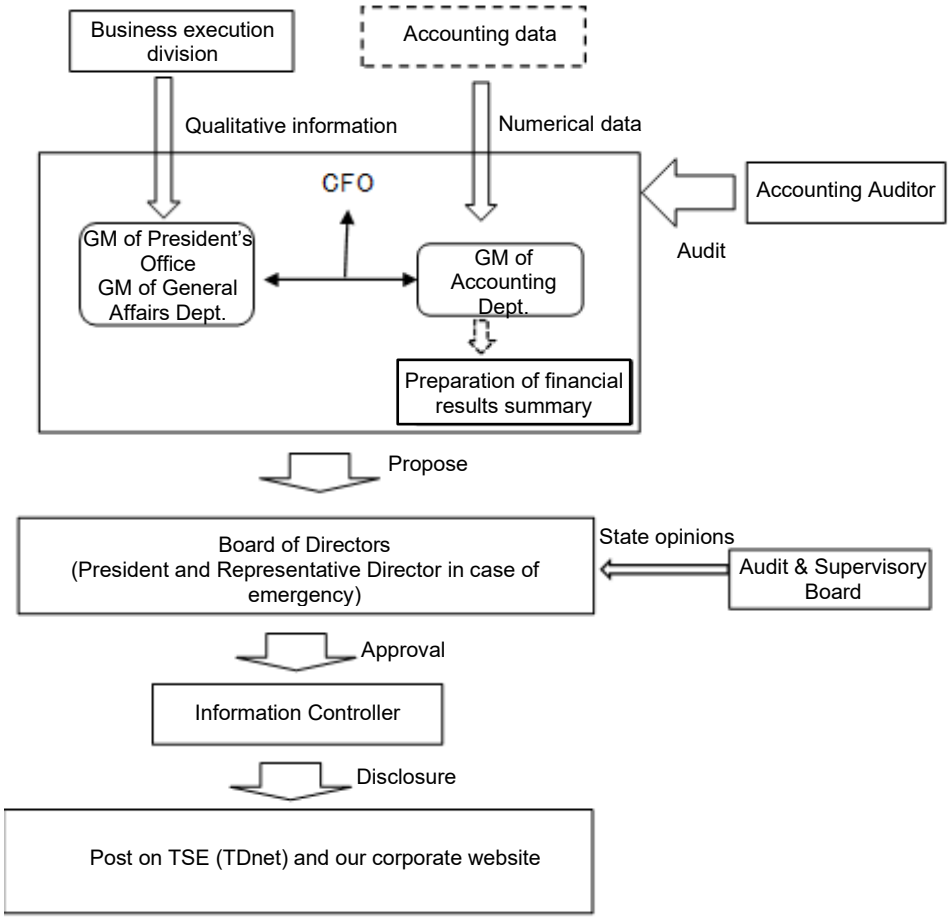
Workflow for Timely Disclosure of Information on Decision Facts



Workflow for Timely Disclosure of Information on Incidents



Workflow for Timely Disclosure of Information on Financial Results



KI-STAR REAL ESTATE CO., LTD. Expertise & Experience of Officers (Skill Matrix) Updated 2025/6/23

No.	Name	Gender	Position	Expertise & Experience									
				Outside Officer	Corporate Management	Sales/ Marketing	Overseas Business	Residential Construction/ Products/ Technology Development	Finance/ Accounting/M&A	Personnel/Labor/ HR Development/ Diversity	Legal/Compliance /Risk Management	IT/DX/Innovation	Sustainability
1	Keiji Hanawa	Male	Representative Director		○	○	○	○	○	○	○	○	○
2	Masanori Asami	Male	Director		○	○		○					
3	Makoto Matsukura	Male	Director		○	○		○					
4	Emi Masugi	Female	Director		○	○		○		○		○	○
5	Kazuhiko Abe	Male	Director		○	○	○		○	○	○	○	○
6	Ken Harada	Male	Director			○		○				○	○
7	Ken Hanai	Male	Director	○	○	○	○		○	○	○	○	○
8	Hiroyuki Sakai	Male	Director	○	○	○	○		○	○	○	○	○
9	Megumi Kaneko	Female	Director	○	○		○			○	○	○	○
10	Miyoji Tsutsumi	Male	Audit & Supervisory Board Member						○	○	○		
11	Kenji Hirooka	Male	Audit & Supervisory Board Member	○			○		○	○	○		○
12	Midori Kakiuchi	Female	Audit & Supervisory Board Member	○			○		○	○	○	○	○
13	Hirotaka Ezoe	Male	Audit & Supervisory Board Member	○		○			○	○	○		