

KEIAI

デザインのケイアイ

FY3/24 Financial Results

KI-STAR REAL ESTATE CO., LTD.



Our Purpose and Vision

Our Purpose

We are a “YU TA KA” creation company that delivers “fulfilling, enjoyable and pleasant” lifestyles in the world.

Our Vision

House ownership for everyone

FY3/24 Financial Summary

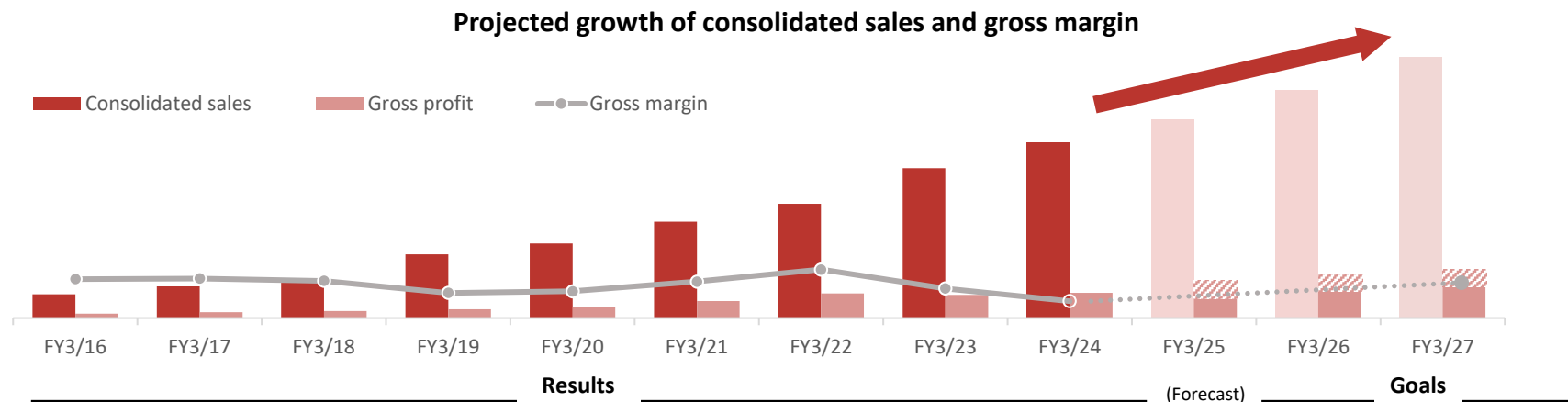
- Sales increased 17% to 283.0 billion JPY and the number of houses sold increased to a record-high of 8,202 even as KEIAI reduced inventories of finished houses.
- Pursuing quick inventory turnover business model due to two core KEIAI strengths: expertise for compact ready-built house development and the KEIAI Platform.

| | | <u>FY3/24 Results</u> | <u>YoY change</u> |
|----------------|---|-----------------------|-------------------|
| FY3/24 Results | Net sales | ¥283.0 billion | 17.0% |
| | Operating profit | ¥11.3 billion | -40.8% |
| | Profit attributable to owners of parent | ¥6.8 billion | -42.1% |

FY3/25 Forecast Summary

- Forecast net sales of 320.0 billion JPY and 7.3 billion JPY of profit attributable to owners of parent.
- Forecast a slow increase in the gross profit margin as the balance between the supply and demand for finished houses improves.
- Plan to continue purchasing land for development, backed by an optimized sales office network, and to raise productivity by reexamining construction methods to cut costs and taking other steps.

| FY3/25 Forecast | | FY Forecast | YoY change |
|-----------------|---|-----------------------|------------|
| | Nes sales | ¥320.0 billion | 13.0% |
| | Operating profit | ¥14.5 billion | 27.6% |
| | Profit attributable to owners of parent | ¥7.3 billion | 6.5% |



FY3/24 Financial Summary

Consolidated Statement of Income

Many sales activities during FY3/24, including price reductions, due to the large number of inventories of finished houses.

Net sales increased 17.0% YoY to 283.08 billion JPY, which is a record high, ordinary profit decreased 45.1% to 10.13 billion JPY and profit attributable to owners of parent decreased 42.1% to 6.85 billion JPY.

(JPY mil.)

| | FY3/23 | | FY3/24 | | YoY change |
|---|---------|------------|---------|------------|------------|
| | Amount | Proportion | Amount | Proportion | |
| Net sales | 241,879 | 100.0% | 283,084 | 100.0% | 17.0% |
| Gross profit | 37,659 | 15.6% | 32,576 | 11.5% | -13.5% |
| SG&A expenses | 18,470 | 7.6% | 21,214 | 7.5% | 14.9% |
| Operating profit | 19,189 | 7.9% | 11,362 | 4.0% | -40.8% |
| Ordinary profit | 18,467 | 7.6% | 10,130 | 3.6% | -45.1% |
| Profit attributable to owners of parent | 11,845 | 4.9% | 6,856 | 2.4% | -42.1% |

Consolidated Statement of Income (4Q)

In the fourth quarter of FY3/24, net sales increased 4.6% YoY to 85.46 billion JPY. Ordinary profit decreased 27.5% to 3.10 billion JPY and profit attributable to owners of parent decreased 25.4% to 2.08 billion JPY.

(JPY mil.)

| | 4Q (Jan– Mar) FY3/23 | | 4Q (Jan– Mar) FY3/24 | | YoY change |
|---|----------------------|------------|----------------------|------------|------------|
| | Amount | Proportion | Amount | Proportion | |
| Net sales | 81,669 | 100.0% | 85,461 | 100.0% | 4.6% |
| Gross profit | 9,852 | 12.1% | 9,056 | 10.6% | -8.1% |
| SG&A expenses | 5,346 | 6.5% | 5,579 | 6.5% | 4.4% |
| Operating profit | 4,505 | 5.5% | 3,476 | 4.1% | -22.8% |
| Ordinary profit | 4,284 | 5.2% | 3,106 | 3.6% | -27.5% |
| Profit attributable to owners of parent | 2,790 | 3.4% | 2,080 | 2.4% | -25.4% |

Performance of Main Reportable Segments

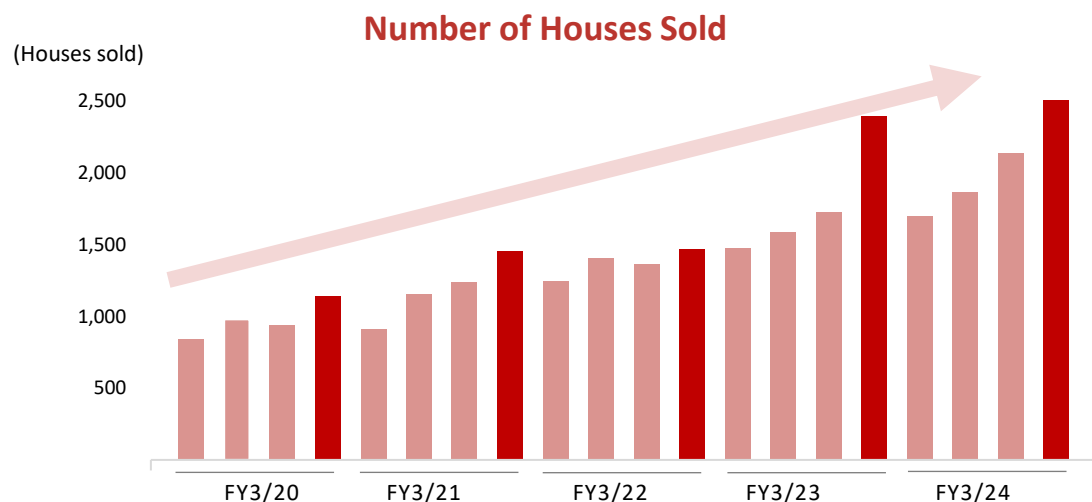
Sales and the number of houses sold steadily increased in the homebuilding and sales segment even as inventories of finished houses in the market reduced.

Profit in the custom-built housing segment increased significantly.

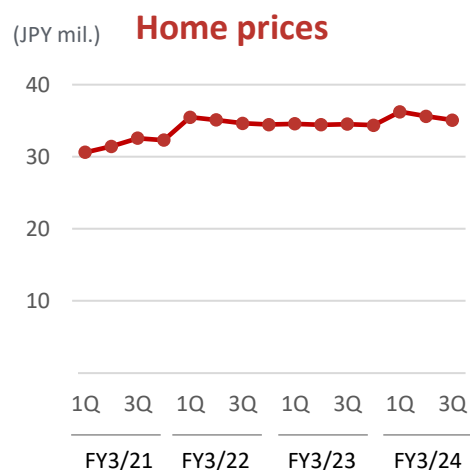
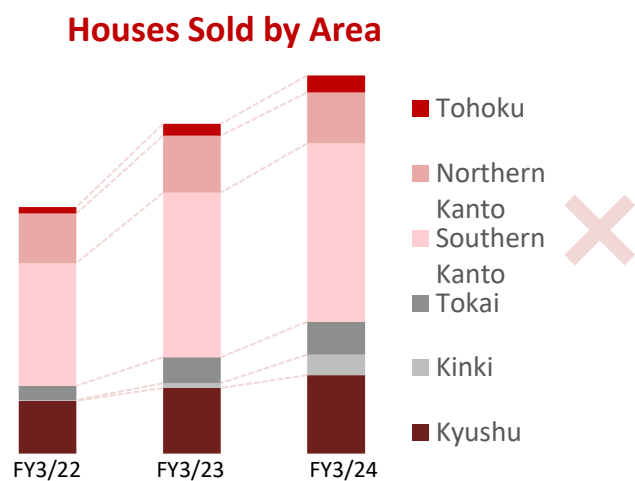
(Unit of sales and profit: JPY mil.)

| | | FY3/23 | FY3/24 | YoY change |
|--|------------------|---------|---------|------------|
| Homebuilding and sales (including land) | Houses sold | 6,767 | 7,842 | +15.9% |
| | Sales | 232,327 | 273,091 | +17.5% |
| | Operating profit | 21,592 | 14,418 | -33.2% |
| Custom-built housing | Houses sold | 410 | 360 | -12.2% |
| | Sales | 6,841 | 5,479 | -19.9% |
| | Operating profit | 272 | 796 | +192.1% |

Houses Sold by Area



- KEIAI has a balanced and diverse portfolio covering many areas of Japan with no excessive reliance on a single region. This is the result of years of sales office expansion nationwide and acquisitions of companies.
 - Currently, purchase and sales activities are increasing in the Southern Kanto and Tokai areas, where demand is strong, resulting in keeping home prices high even after the pandemic.



- Aim to gain a stable market share in regions where KEIAI operates and continue to increase the number of houses sold in the next fiscal year onward through a sales office opening strategy that matches market conditions.

SG&A expenses

The SG&A to sales ratio was unchanged at 7.5%

(JPY mil.)

| | FY3/23 | | FY3/24 | | YoY change |
|-------------------------|--------|------------|--------|------------|------------|
| | Amount | Proportion | Amount | Proportion | |
| SG&A expenses | 18,470 | 7.6% | 21,214 | 7.5% | 14.9% |
| Sales commission | 5,242 | 2.2% | 6,320 | 2.2% | 20.6% |
| Advertising expenses | 662 | 0.3% | 782 | 0.3% | 18.1% |
| Salaries and allowances | 4,531 | 1.9% | 5,031 | 1.8% | 11.0% |
| Provision for bonuses | 498 | 0.2% | 279 | 0.1% | -44.0% |
| Other | 7,535 | 3.1% | 8,800 | 3.1% | 16.8% |

Consolidated Balance Sheet

Total assets were 246.05 billion JPY and net assets were 61.13 billion JPY.

(JPY mil.)

| | March 31, 2023 | March 31, 2024 | Increase/decrease |
|----------------------------------|----------------|----------------|-------------------|
| Current assets | 191,516 | 235,041 | 43,525 |
| Non-current assets | 7,944 | 11,009 | 3,064 |
| Total assets | 199,461 | 246,050 | 46,589 |
| Current liabilities | 118,643 | 139,801 | 21,158 |
| Non-current liabilities | 24,289 | 45,111 | 20,822 |
| Total liabilities | 142,932 | 184,913 | 41,980 |
| Net assets | 56,528 | 61,137 | 4,608 |
| Total liabilities and net assets | 199,461 | 246,050 | 46,589 |

Inventories

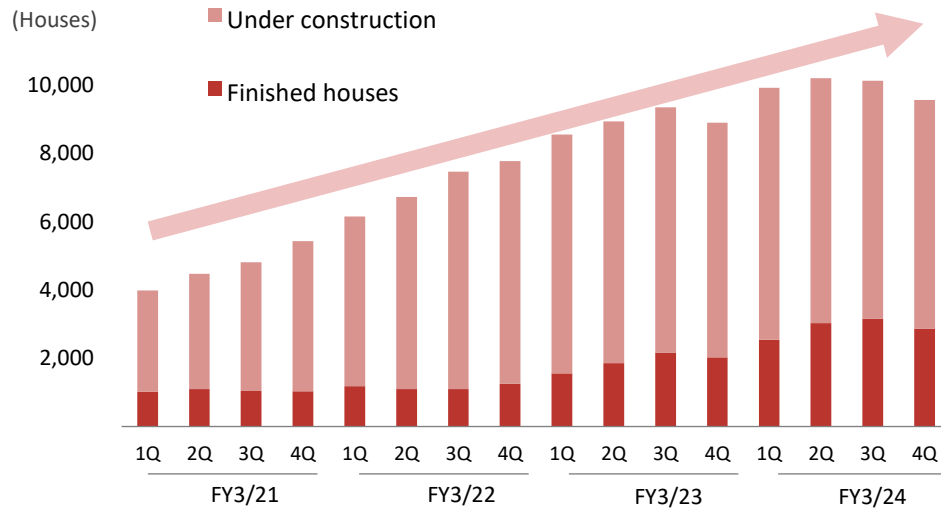
Inventories steadily increased by 33.71 billion JPY from the end of March 2023, including about 10,000 finished houses for sale.

(JPY mil.)

| | FY3/23 | FY3/24 | YoY change |
|---|---------|---------|------------|
| Inventories | 136,815 | 170,533 | 33,718 |
| Costs on uncompleted construction contracts | 4,126 | 4,423 | 296 |
| Real estate for sale | 58,464 | 89,317 | 30,852 |
| Real estate for sale in process | 74,224 | 76,792 | 2,568 |

Inventory and Inventory Turnover

Inventory



Days of Inventory Turnover *1



*1 Average turnover from purchase of land to closing of home sale (Group average excluding L Housing)

- Total inventory of approximately 10,000 properties for further growth in FY3/25 and onward.
- Inventories remain sound due to the ability to maintain a high turnover ratio.
 - As the total inventories increase, there are constant sales and replacements due to the consistently high turnover.



- The goal is to maintain a business framework that keeps a suitable balance between sales growth and earnings as the KEIAI Platform is used to keep inventory turnover high.

Business Policy/Forecast

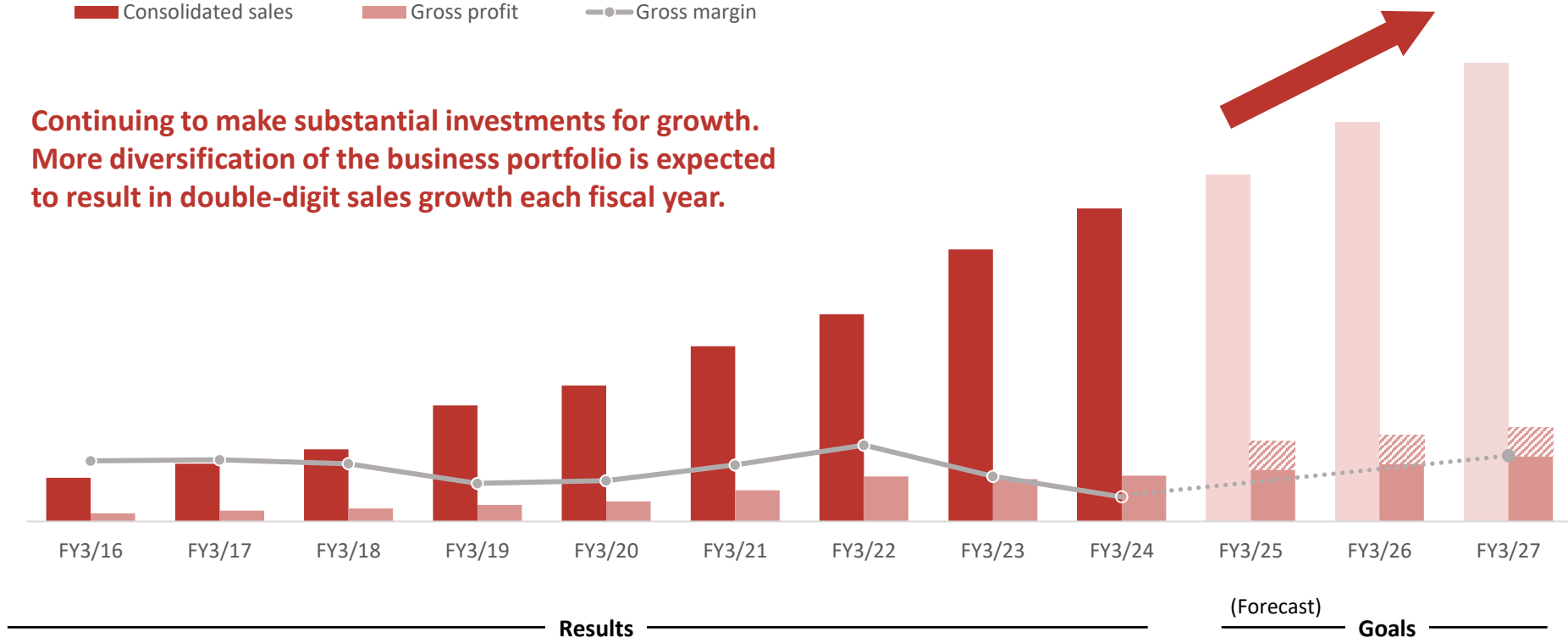
Projected Business Growth

Steady growth of the homebuilding and sales business supported by the strategic addition of sales offices and purchases of land and measures to increase homebuilding capacity. Growth is also backed by large investments for expanding business operations, including expenditures for custom-built houses and other operations, M&A and other activities.

Projected growth of consolidated sales and gross margin

Consolidated sales Gross profit Gross margin

Continuing to make substantial investments for growth. More diversification of the business portfolio is expected to result in double-digit sales growth each fiscal year.



FY3/25 Consolidated Forecast

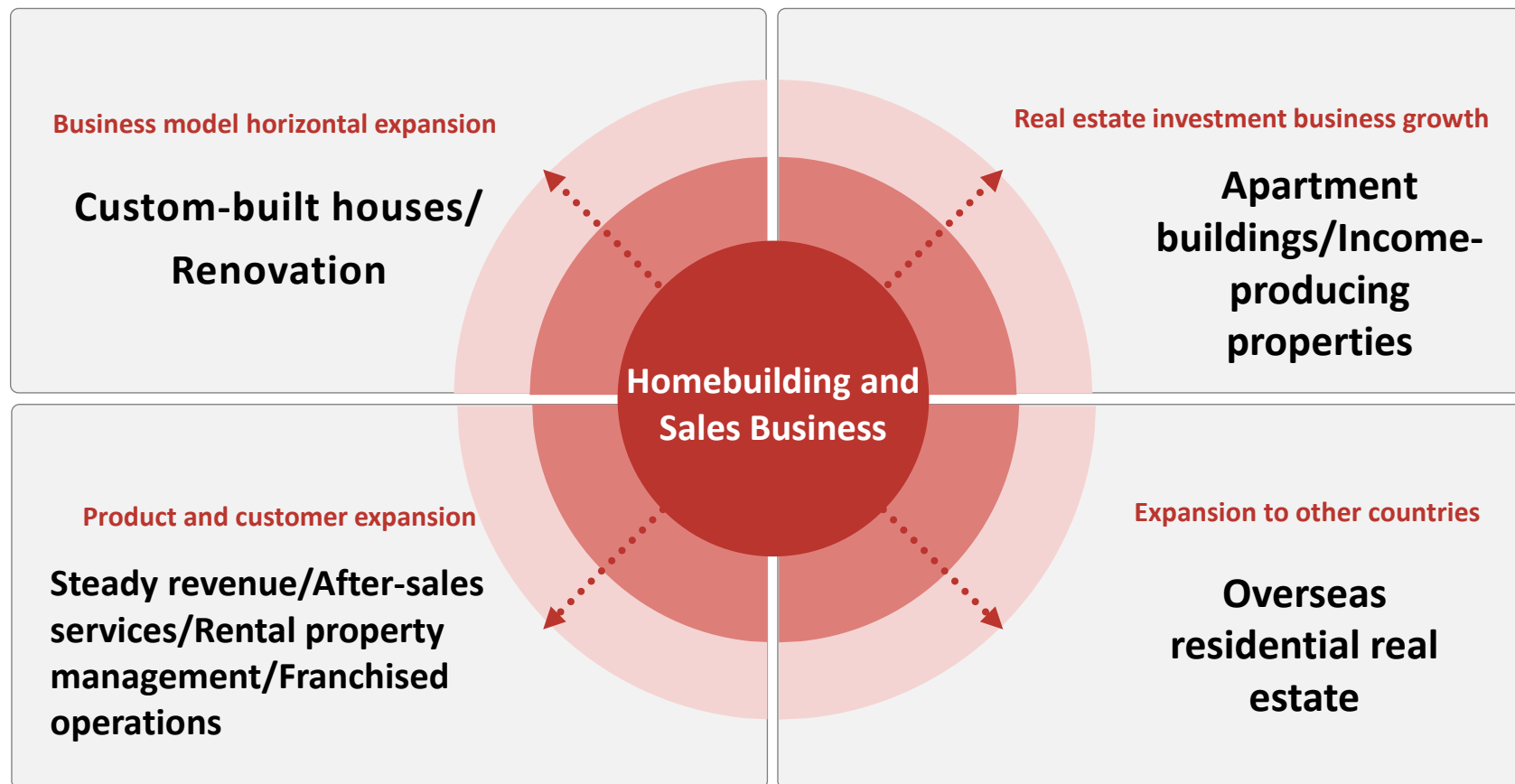
The main goals for FY3/25 are making the KEIAI Platform more powerful, increasing the KEIAI Group's market share through the strategic addition of sales offices, and raising productivity per sales office. By taking these actions along with measures for progress in the custom-built house, renovation, income-producing real estate, overseas operations and other business sectors, KEIAI is aiming for consistent growth.

(JPY mil.)

| | Full-year of FY3/24 | Full-year of FY3/25 | |
|---|---------------------|---------------------|------------|
| | Results | Forecast | YoY change |
| Net sales | 283,084 | 320,000 | 13.0% |
| Operating profit | 11,388 | 14,500 | 27.6% |
| Ordinary profit | 10,157 | 12,000 | 18.5% |
| Profit attributable to owners of parent | 6,883 | 7,300 | 6.5% |

Business Portfolio Expansion

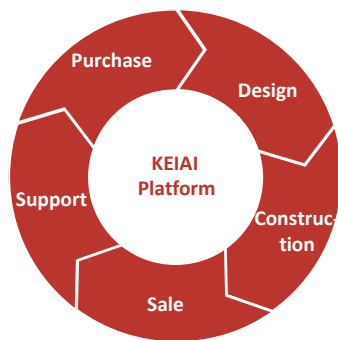
Expand operations to new categories of the housing business by utilizing the strengths of the KEIAI Group, including synergies created by KEIAI Group management and the DX backed by the KEIAI Platform in the core homebuilding and sales business. KEIAI is aiming for double-digit growth every fiscal year.



Business Portfolio Expansion: Custom-built Housing

KEIAI Custom-built Housing

- ✓ Differentiation from competitors by using KEIAI's expertise involving home designs, property purchases and construction acquired over many years in the homebuilding and sales business
- ✓ Acquired Shinyamagata Hometech in January 2024 and plan to continue adding companies throughout Japan to the KEIAI Group



- Synergies spanning the KEIAI Group and prominent local custom-built housing companies
- Aiming to increase the KEIAI Group's share of Japan's custom-built housing market too

IKI Single-Story Houses

- ✓ Compact, one-story houses are supplied efficiently by using the digital transformation as much as possible. For example, an IKI app is used for marketing and robots provide customers with information.
- ✓ Houses have many sustainability features. For example, all lumber is from trees grown in Japan and all houses have solar power systems.



Business Portfolio Expansion: Custom-built Housing

In April 2024, KEIAI acquired a majority equity stake in Shinyamagata Hometech, which operates the custom-built house business mainly in Yamagata prefecture. This acquisition enlarges KEIAI's coverage of the custom-built house market and is expected to contribute to market share growth.



Consistent growth of the homebuilding and sales business in Japan



Equity alliances with homebuilders that have strong positions in the regions they serve

- Business model horizontal expansion
- Use M&A for growth and expansion to more business sectors
- Synergies from operating both homebuilding and sales and custom-built house operations

Business Portfolio Expansion: Overseas (Australia)

Strong development and sales operations in Australia

- KEIAI Group company in Australia
KI-Star Real Estate Australia Pty Ltd
 - New company owned with an Australian business partner
Established MunCorp Pty Ltd (Ratio of shares owned by KEIAI: 49%)
- There are currently seven projects underway, including investment projects, with a total of more than 200 home sites.
- Aiming for land acquisitions in FY3/25 to raise cumulative home sites to more than 600 with operations mainly in the Melbourne area but also in other regions.

Artist's rendering of a development with KEIAI's participation that is under way in the state of Victoria



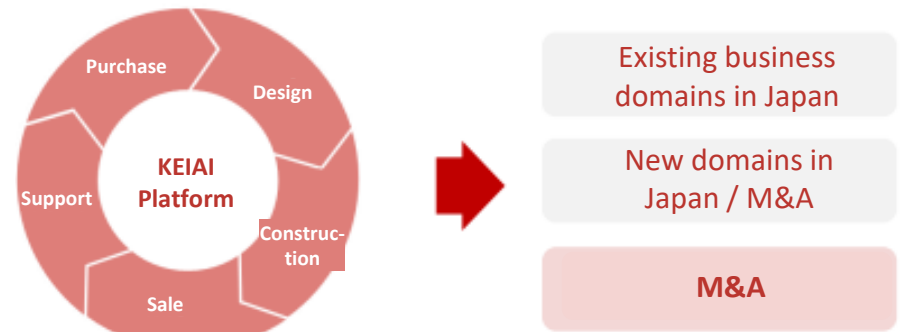
KEIAI press release: https://ki-group.co.jp/wp/wp-content/uploads/2024/02/2024.02.27_kaigaijigyo_koutyo.pdf

Business Portfolio Expansion: Overseas (U.S.)

Established KI-Star Real Estate America, Inc. in December 2023. The KEIAI Group now has bases of operations in Australia and the United States. The new company will perform studies for starting operations in the United States and explore opportunities for alliances with U.S. companies as well as for investments and acquisitions.



Use of the KEIAI Platform to supply affordable, high-quality houses with outstanding designs in other countries

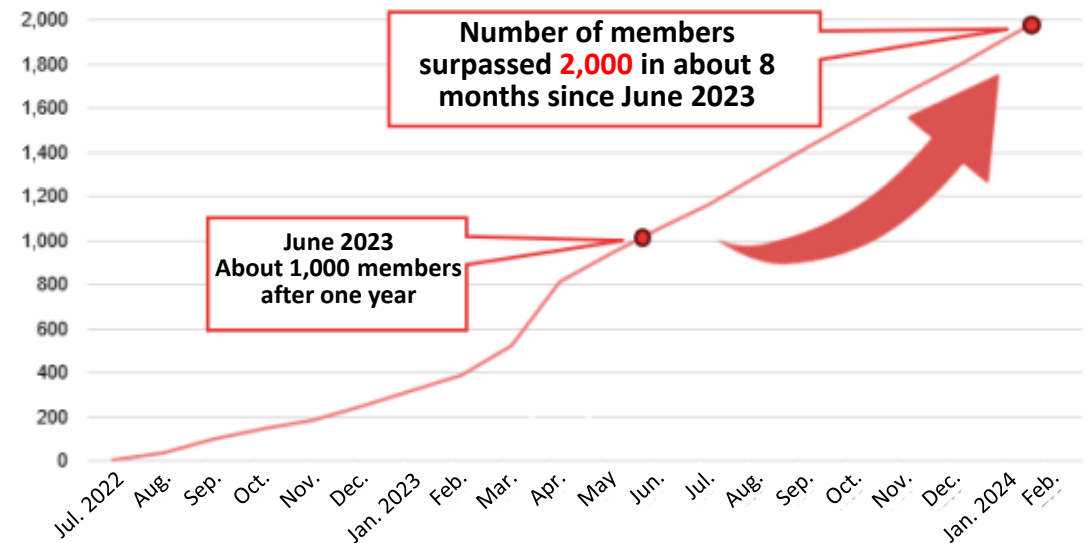


Business Portfolio Expansion: Steady-Revenue Business

KEIAI Concierge is a 24-hour service to deal with an emergency involving a house or other structure. Customers who have purchased a KEIAI Group home or used the KEIAI Group to build a home are eligible to become KEIAI Concierge members. KEIAI House Support is service for thorough home inspections and other examinations. The number of fee-paying members of these two services is more than 2,000 only 20 months after the launch of the services.



Number of registered the KEIAI House Support paying members



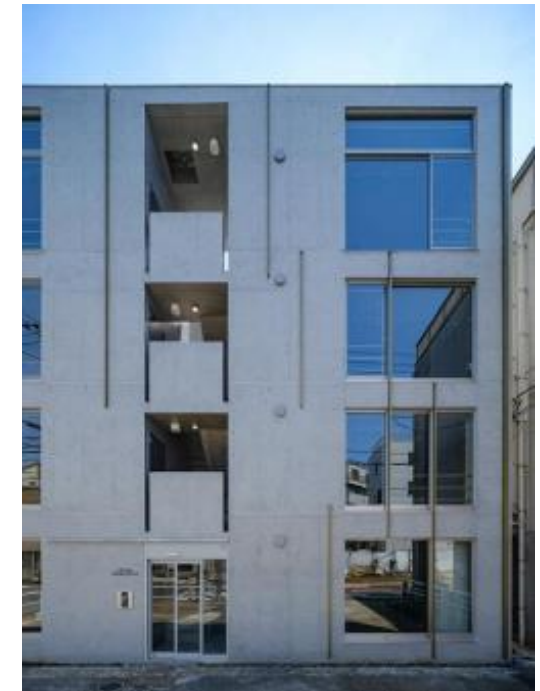
KEIAI House Support Service: <https://owners.ki-group.jp/uchisapo/>

* Calculated from the KEIAI House Support service start date.

Business Portfolio Expansion: Investment Properties Business

As investments in apartment buildings in Japan remain strong, KEIAI started an investment property business in January 2024 to meet the increasing demand among investors for properties that are larger and are more valuable as assets. This business will purchase and sell high-return reinforced concrete apartment buildings and other properties that are in urban locations and near a railway station.

< Example of investment properties acquired by KEIAI >



Shareholder Returns

Dividends and Shareholder Benefits

Dividend (Started to pay an interim dividend in FY3/18)

| | FY3/23 results (consolidated) | FY3/24 results (consolidated) | FY3/25 forecast (consolidated) |
|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Net income per share (yen) | 750.77 | 434.89 | 462.82 |
| Dividend per share (yen) | 230.00 | 180.00 | 130.00 |
| Interim dividend per share (yen) | 140.00 | 118.00 | 65.00 |
| Payout ratio (%) | 30.6% | 41.4% | 28.1% |

Shareholder Benefits

| Number of shares held as of the record date | Gift |
|---|----------------------|
| 100 shares to 499 shares | Quo card (1,000 yen) |
| 500 shares and more | Quo card (3,000 yen) |

Business Model

A Fully Integrated “Real x Technology” Platform

A “Real x Technology” supply model that revolutionizes the detached housing supply chain in Japan.

KEIAI has developed an integrated technology platform extending from purchasing land, designing, constructing and selling houses, to support services.

● The “Real x Technology” KEIAI Platform

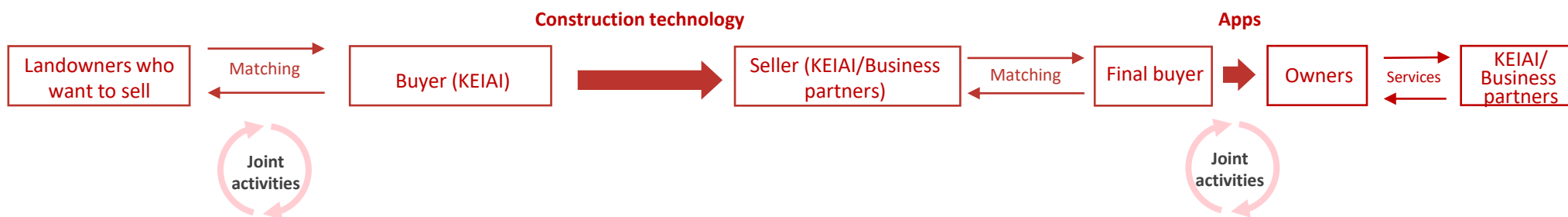


Land purchasing platform

AI/IT x Construction workers

Sales platform

App service



Information from many transactions for building KEIAI's own database

Centralized management/analysis of customer data, construction knowhow, purchasing/sales activities, and customer activity records

Advantages of Land Purchase through the Development of Compact Ready-built Houses

The development of KEIAI's distinctive compact ready-built houses makes it possible to accumulate a large volume of data quickly.

Conventional ready-built houses

Four to 10 houses for sale are constructed at once, resulting in similar houses
 = Small number of house models on big development sites



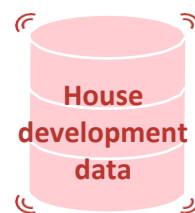
Compact ready-built houses

This business model targets sites for one or two houses, where conventional developers seeking larger sites normally do not operate, and supplies a large number of compact houses with outstanding designs.
 = Large number of house models on small development sites

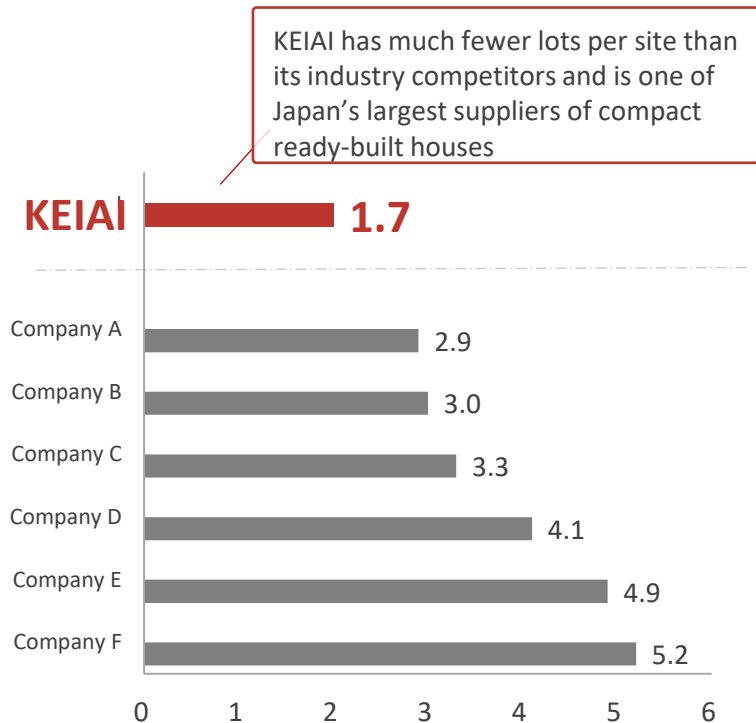


Increase in the number of land data entries

- Allows accumulating a large volume of information about experiences and other items about housing developments within a short time
- Data are stored in the KEIAI Platform for increasing the accuracy of land purchases and sales and marketing activities



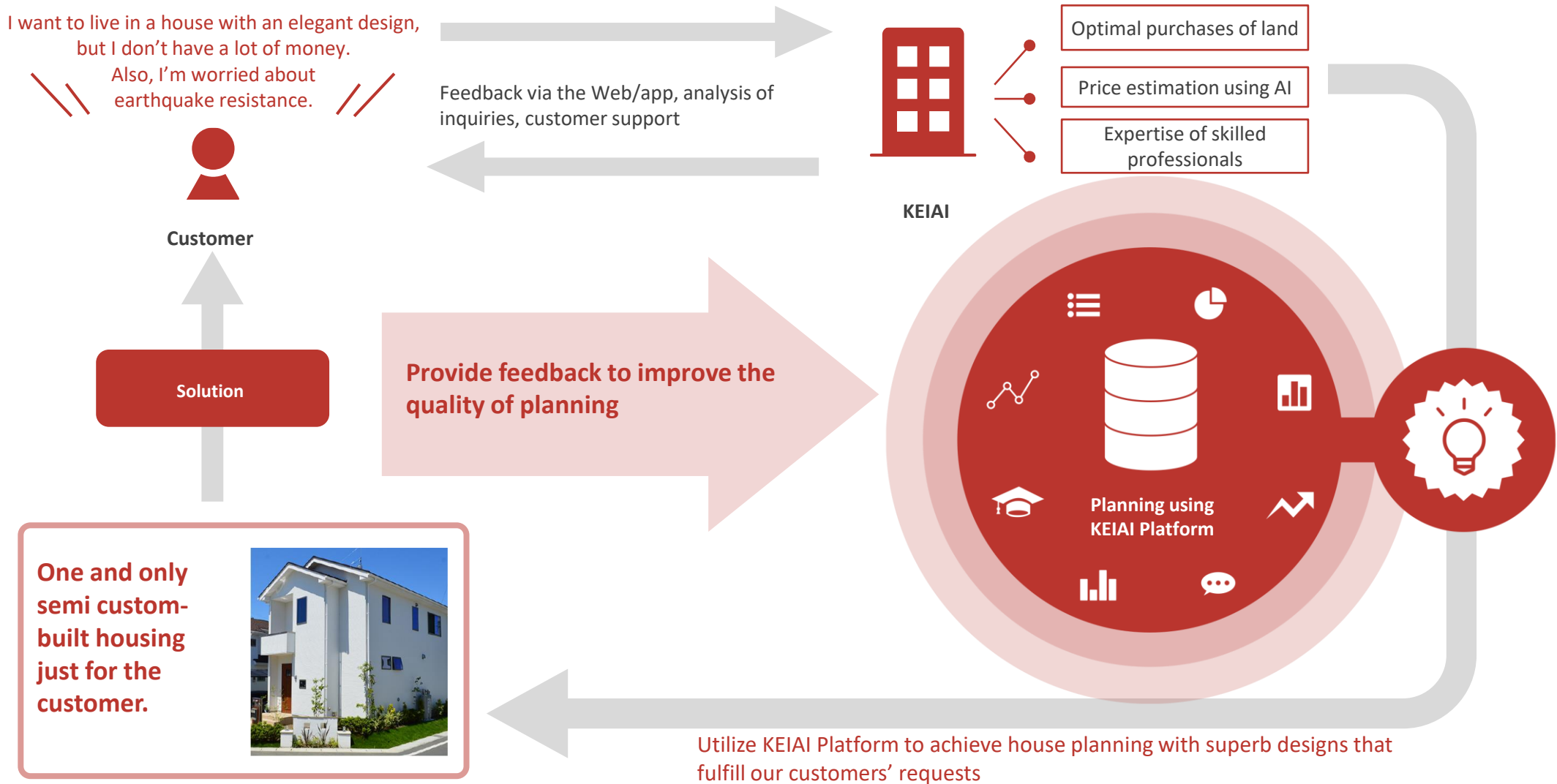
Avg. number of lots*1 in housing developments



KEIAI has much fewer lots per site than its industry competitors and is one of Japan's largest suppliers of compact ready-built houses

*1: KEIAI estimates (FY3/23 results) based on housing developments of KEIAI and other companies as of December 2020

Semi Custom-built Housing Using Compact Ready-built House Development



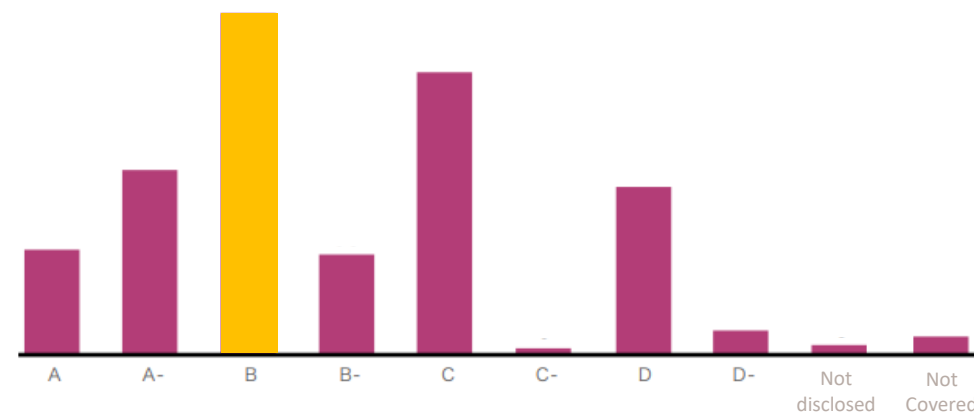
ESG/SDGs Initiatives

Sustainability Activities and Accomplishments

- Score of “B” in Climate Change Report 2023 of the CDP, an international environmental NGO
 - “B” is the third highest score of eight rankings. This score recognizes KEIAI’s awareness of environmental risk and the effects of risk factors involving business operations and commitment to taking actions concerning these issues.
- The KEIAI Greenhouse Gas Emission Report 2023 received third-party certification.
- KEIAI posts climate information based on the TCFD framework on its website.
- KEIAI uses sustainable financing in order to help create a sustainable society.



CDP Scores for TSE Prime Market Listed Companies



CDP Climate Change Report 2023, Japan edition, page 14, partially edited

Establishment of the Sustainability Committee

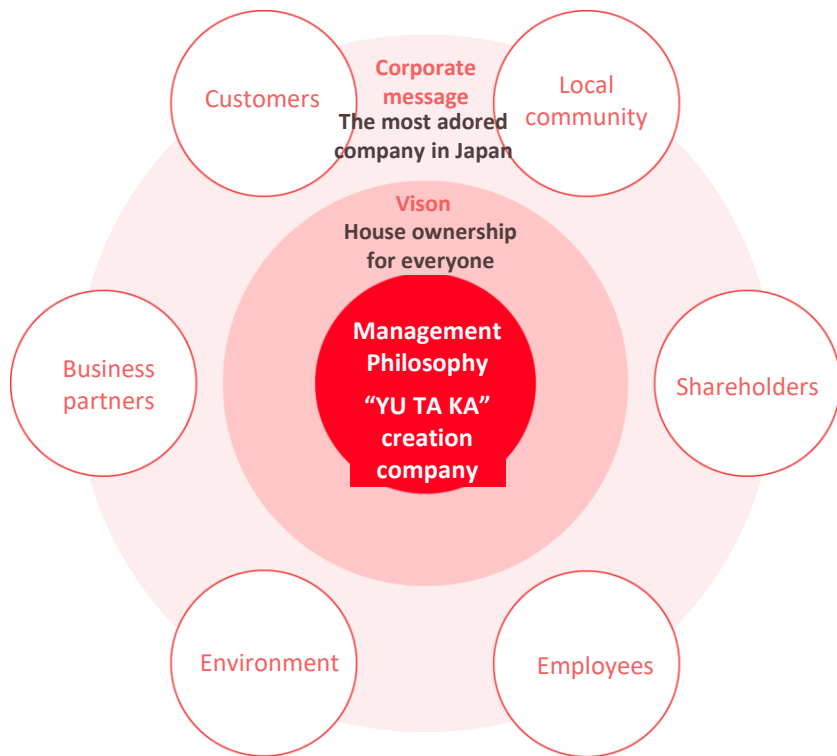
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the growth of our corporate value. One part of these activities is the Sustainability Committee, which is an important component of corporate governance. This committee conduct activities concerning social issues in Japan and other countries, protect the environment, ensure respect for human rights, and the maintenance and enhancement of rigorous compliance programs.



Sustainability Policy and Determination of ESG Materiality

The company is dedicated to elevating its corporate value by nurturing the growth of individuals, organizations, and business models rooted in its management philosophy of "YU TA KA" creation.

Striving forward with KEIAI's sustainable supply chain partnerships involving multiple stakeholders.



Determination of ESG Materiality

Considerations

KEIAI actions



Environment

- Environmental programs



Society

- Supply of design houses with outstanding quality at low prices
- Striving forward with KEIAI's sustainable supply chain and partnerships involving multiple stakeholders
- Fostering diversity and inclusion initiatives
- Skill development for craftspeople and technicians



Governance

- Strengthen governance

Sustainability Materiality (1)

E Environment



Environmental programs

- KEIAI participated in the establishment of the Japan Wood-Housing Association, which promotes the use of lumber grown in Japan and the protection of Japan's forests and the environment.
- Started a plan for buyers of KEIAI's IKI one-story unitized house that allows installing with no initial payment for a solar power system, which is source of renewable energy and helps reduce CO2 emissions.
- Started selling built-for-sale houses that use entirely lumber grown in Japan and have solar power systems.

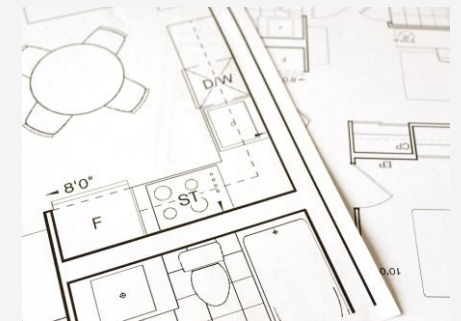


S Society



Supply of design houses with outstanding quality at low prices

- Based on our mission of "house ownership for everyone," we build houses in suburban areas that are affordable for first-time buyers.
- We use advanced technologies wherever possible to build high-quality, low-cost houses. Expertise for the use of sites with space for only one or two houses is a core strength of ours. Our skills are also ideal for replacing outdated and unoccupied residences with new houses. We were certified as a DX business operator by Ministry of Economy, Trade and Industry of Japan in October 2021.



Sustainability Materiality (2)

S Society



Striving forward with KEIAI's sustainable supply chain and partnerships involving multiple stakeholders.

- We have close ties with partners across our entire supply chain in order to thoroughly manage cost, quality, volume, construction schedules and other aspects of our operations.
- We build long-term relationships with our business partners and have the goal of seeking equitable earnings for everyone rather than aiming for short-term profits for KEIAI alone.



S Society



Fostering diversity and inclusion initiatives

- Diversity management to allow many types of people to realize their full potential centered on (1) programs for empowering women, (2) working style reforms and (3) workplaces that are pleasant and rewarding.
- A strong commitment to diversity at KEIAI Group companies has resulted in the receipt of a White Company Award (for companies with outstanding human resource systems and initiatives), three-star Eruboshi Certification (for supporting the participation and advancement of women in the workplace), and other recognition.
- Provide places where people with disabilities can perform fulfilling and enjoyable jobs. Use of the KEIAI Farm to provide a workplace environment where many types of people can do a variety of jobs.
- Support for para-athletics by providing jobs for people with disabilities.



Won many awards including New Diversity Management Selection 100



Sustainability Materiality (3)

S Society



Skill development for craftspeople and technicians

- Since FY3/14, we have established a system to hire craftspeople as employees and actively promote their recruitment and training.
- We recruit and train young talent, including women, and facilitate career advancement and skill transfer for young craftspeople.



G Governance



Strengthen governance

- We have a basic policy for compliance and use job-specific training programs, the KEIAI Academy and training for new employees to ensure that everyone fully understands the importance of compliance.
- The basic policy for compliance and standards of conduct include a resolute commitment to respect for human rights.



News Topics

KEIAI Receives iF DESIGN AWARD 2024, One of the World's Big Three

- Project awarded: Komichi no Komachi
- Features
 - ◇ Design linked to the culture of traditional Japanese row houses
 - ◇ A new type of neighborhood atmosphere with adjacent houses linked by narrow passages for bringing people together



Komichi no Komachi website: <https://ki-group.jp/komichinokomachi/>

KEIAI +CHORD Customized Design House Wins W Award



+CHORD website: <https://ki-group.jp/chord/>

+CHORD

- Small communities of two adjacent built-for sales houses
- Two-story houses with customized floor plans
- Designs enable two houses to create a single, unified appearance
- A pleasant surrounding and feeling of openness

- Won Nichiha award at the 40th NICHIHA SIDING AWARD 2023
- Also won Outstanding Design Award in the Home Exterior Category at the Takasho Garden & Exterior Design Contest Volume 31

Sustainable Finance to Help Achieve a Sustainable Society

In February 2024, KEIAI executed a Sustainability Link Loan based on the SLL framework with THE SHIGA BANK, LTD. as one of our efforts to realize a sustainable society. KEIAI also signed in March a Positive Impact Finance loan with Aozora Bank, Ltd. KEIAI will continue to reinforce its commitment to ESG and the SDGs in order to play a role in solving environmental and social issues.



Information about Ashikaga Bank Positive Impact Finance:

https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_ashikagaginkou.pdf

Information about Saitama Resona Bank Sustainability Link Loan:

https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_saitamarisona.pdf

Information about SHIGA BANK Sustainability Link Loan:

https://ki-group.co.jp/wp/wp-content/uploads/2024/02/2024.2.29_sigabank_SSL.pdf



Information about Chiba Bank Sustainability Link Loan:

https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_chibaginkou.pdf

Information about Kagawa Bank Sustainability Link Loan:

https://ki-group.co.jp/wp/wp-content/uploads/2023/11/2023.11.30_kagawabank_SSL.pdf

Information about Aozora Bank Sustainability Link Loan:

https://ki-group.co.jp/wp/wp-content/uploads/2024/03/2024.3.25_aozorabank_PIF.pdf

The KEIAI Challenged Athlete Team

Women's World Deaf Futsal Champions

The KEIAI women's team won the championship for the first time and received the Fair Play Award. In addition, Yoshiki Yamamoto received the Outstanding Manager Award.

- Name: 5th World Deaf Futsal Championships (Deaf Futsal World Cup 2023)
- Dates: November 9 to November 18, 2023
- Venue: Brazil
- KEIAI challenged athlete team members
**Ai Iwabuchi / Nana Kawabata / Airi Sakai
Kana Nakai / Coach: Yoshiki Yamamoto**



(From left to right)
Ms. Nakai
Ms. Sakai
Mr. Yamamoto
Ms. Iwabuchi
Ms. Kawabata

Winner of the 2nd World Deaf Judo Championships

After placing second at the first deaf judo championships, the KEIAI team took first place at this year's competition.

- Name: The 2nd World Deaf Judo Championships
- Dates: April 10 to April 15, 2024
- Venue: Kazakhstan
- KEIAI challenged athlete team **Masaki Sato**



KEIAI Challenged Athlete Team website : <https://www.athlete.ki-group.co.jp/>

Appendix

Japan's Market for Houses Built for Sale and KEIAI's Market Share

The goal is a steady increase in market share by expanding to more areas of Japan in the core homebuilding and sales business, while fully utilizing strengths involving technologies and compact ready-built houses.

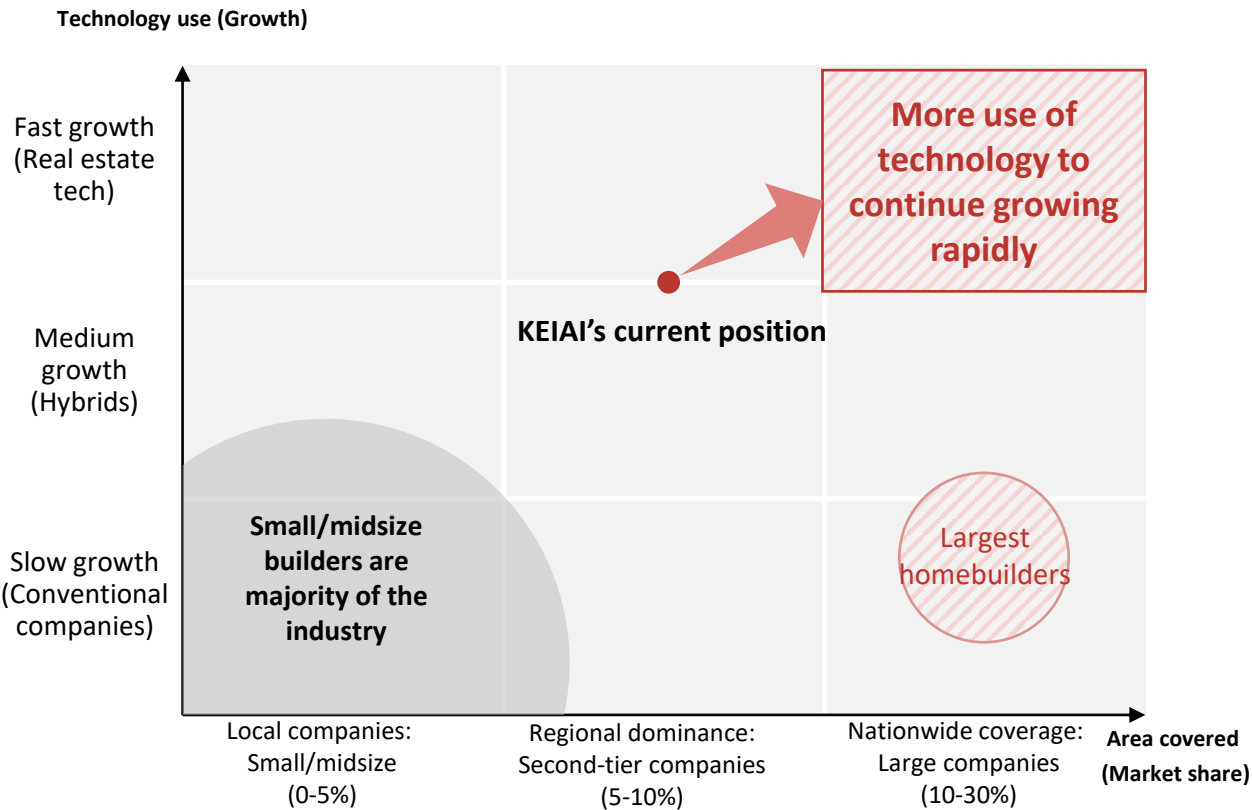


*1: KEIAI estimates based on the number of new built-for sale wooden detached houses that have been constructed according to the Ministry of Land, Infrastructure, Transport and Tourism's "Housing Construction Statistics" through March 2024.

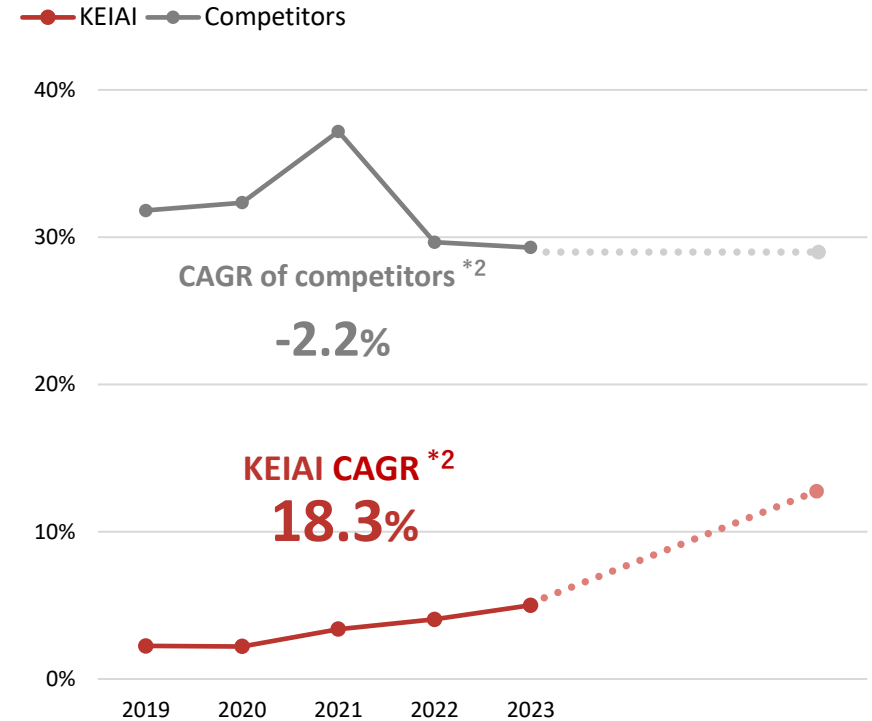
The Built-for Sale House Industry and KEIAI's Position

Japan has a large number of small companies that build houses for homebuyers. However, very few of these companies are skilled at using advanced technologies. KEIAI has the goal of continuing to increase its market share while growing rapidly by increasing its use of various technologies.

Market share and Growth Potential in the Built-for-Sale Housing Market Industry



Market Shares of Large Companies and KEIAI *1



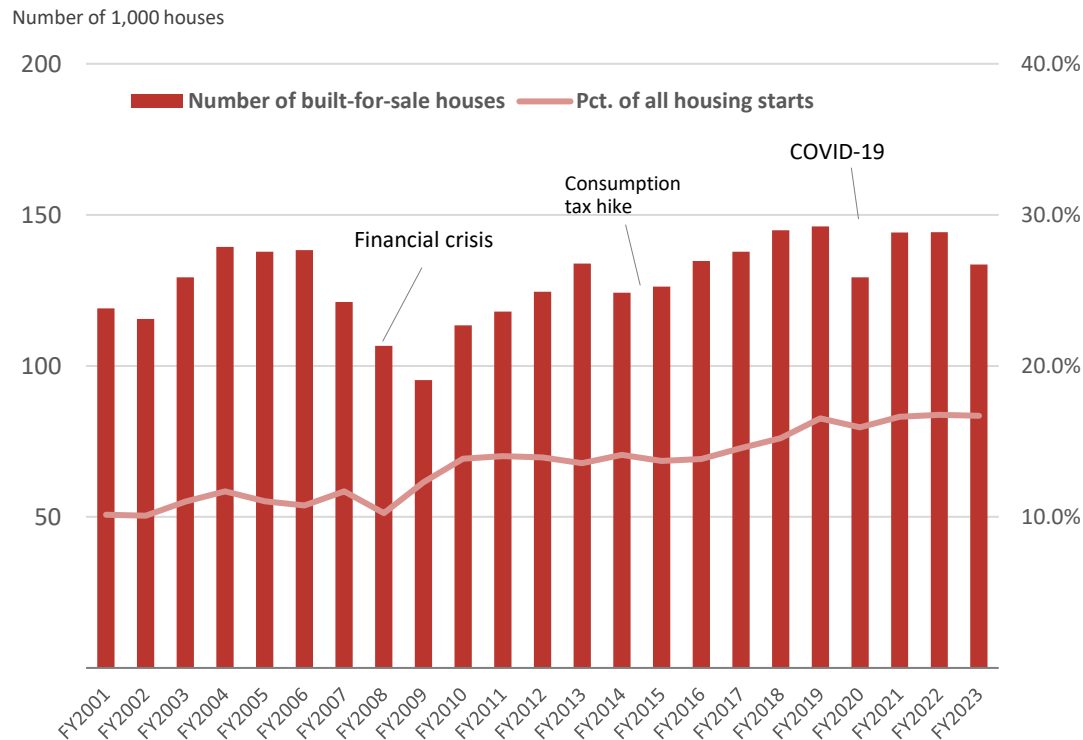
*1 Comparison of sales growth of largest companies and KEIAI

*2 CAGR : Compound Annual Growth Rate

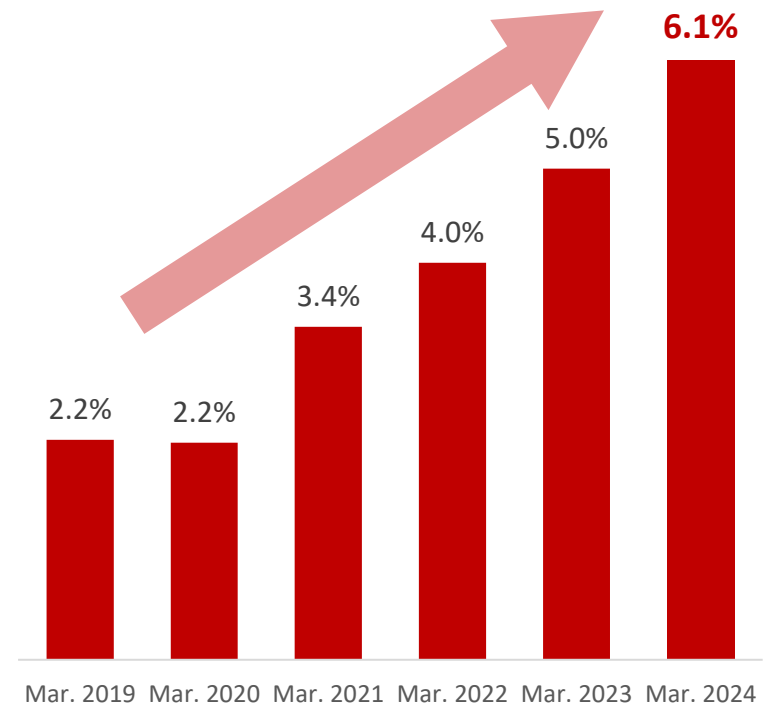
KEIAI's Market – Built-for-Sale Houses

Japan's market for built-for-sale houses has been steady for many years, other than brief downturns because of the pandemic and other one-time events. KEIAI's share of Japan's enormous market for detached houses has been rising rapidly in recent years.

Construction Starts for Built-for-Sale Detached Houses



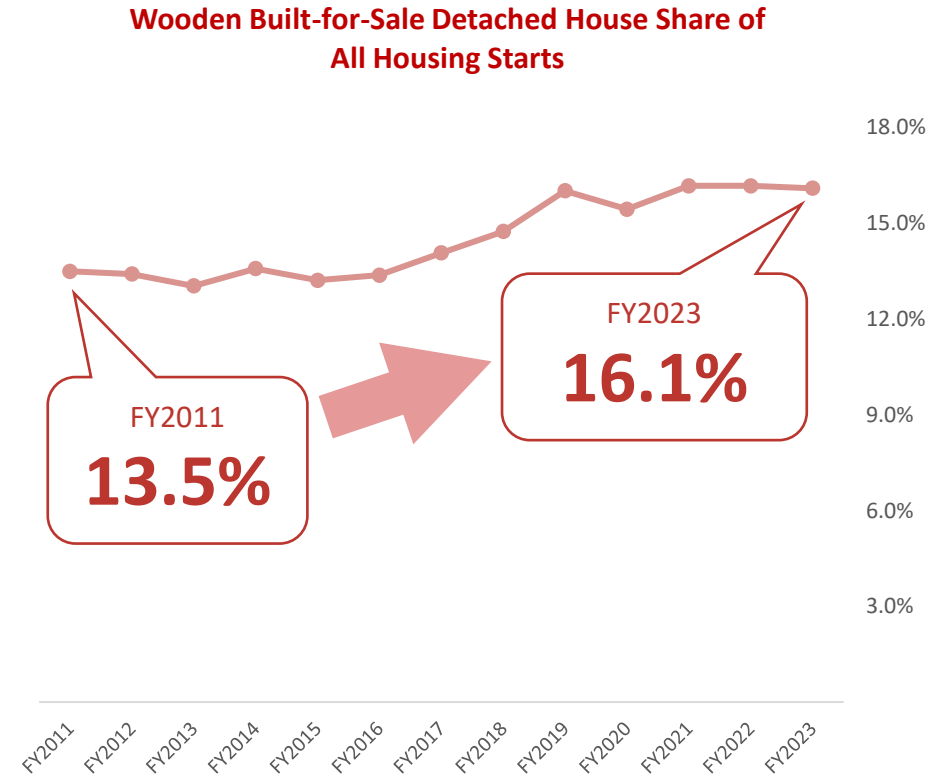
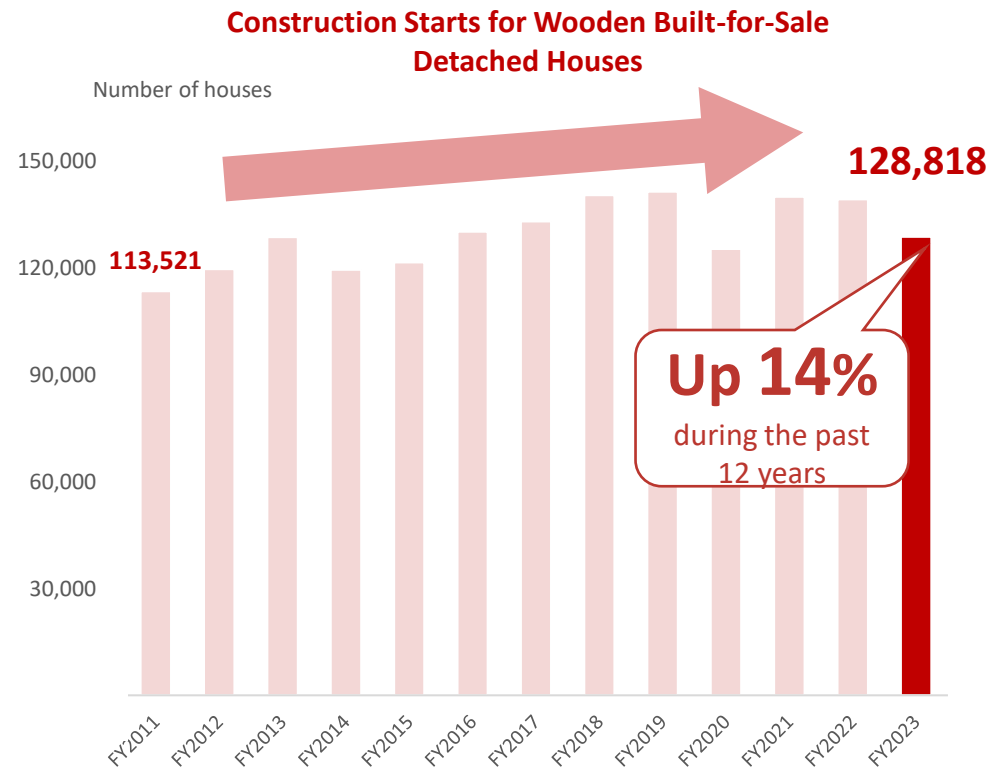
KEIAI Group's Nationwide Market Share



Source: Housing Start Statistics, Ministry of Land, Infrastructure, Transport and Tourism

Market Growth: The Steady Increase of the Popularity of Built-for-Sale Detached Houses

The number of construction starts for built-for-sale detached houses has been increasing steadily during the past decade. Furthermore, these houses are climbing as a percentage of all housing starts.



Source) Ministry of Land, Infrastructure, Transport and Tourism "Housing Construction Statistics"

Benefits of KEIAI's Semi Custom-Built Housing

Offers a “fourth choice” for detached houses combining the benefits of both built-for-sale and custom-built houses

| Features / property type | Built-for-sale houses | Custom-built houses | Remodeled houses | Semi custom-built houses |
|------------------------------|---|--|---|--|
| Price | Low to mid price | High price | Low price (Partial remodeling) | Low price |
| Purchasing of land | Generally, 7 houses lots or more | A single house | Existing house | Possible from 1 house lot |
| Design | Uniform design | Entire house is fully customized | Only part of a house is remodeled | Superb design by semi custom-building each entire house |
| Earthquake resistance | Complies with new earthquake resistance standards | Complies with new earthquake resistance standards | Includes old earthquake resistance standards | Complies with new earthquake resistance standards |
| Time until move-in | Short | Long | Short | Short |
| Asset value | Low to mid value (Suburban locations, uniform designs) | Low to high value (Influenced by owner preferences) | Low to mid value (Structure remains old) | High value (Good location selected using KEIAI's proprietary database, superb design) |
| Sustainability | High (Latest materials and fixtures, easy to repair due to using standard materials) | Low to mid (Maintenance cost is high because it is custom-made) | Low to mid (In some cases, another remodeling or rebuilding may be required) | High (Latest materials and fixtures, easy to repair due to using standard materials) |

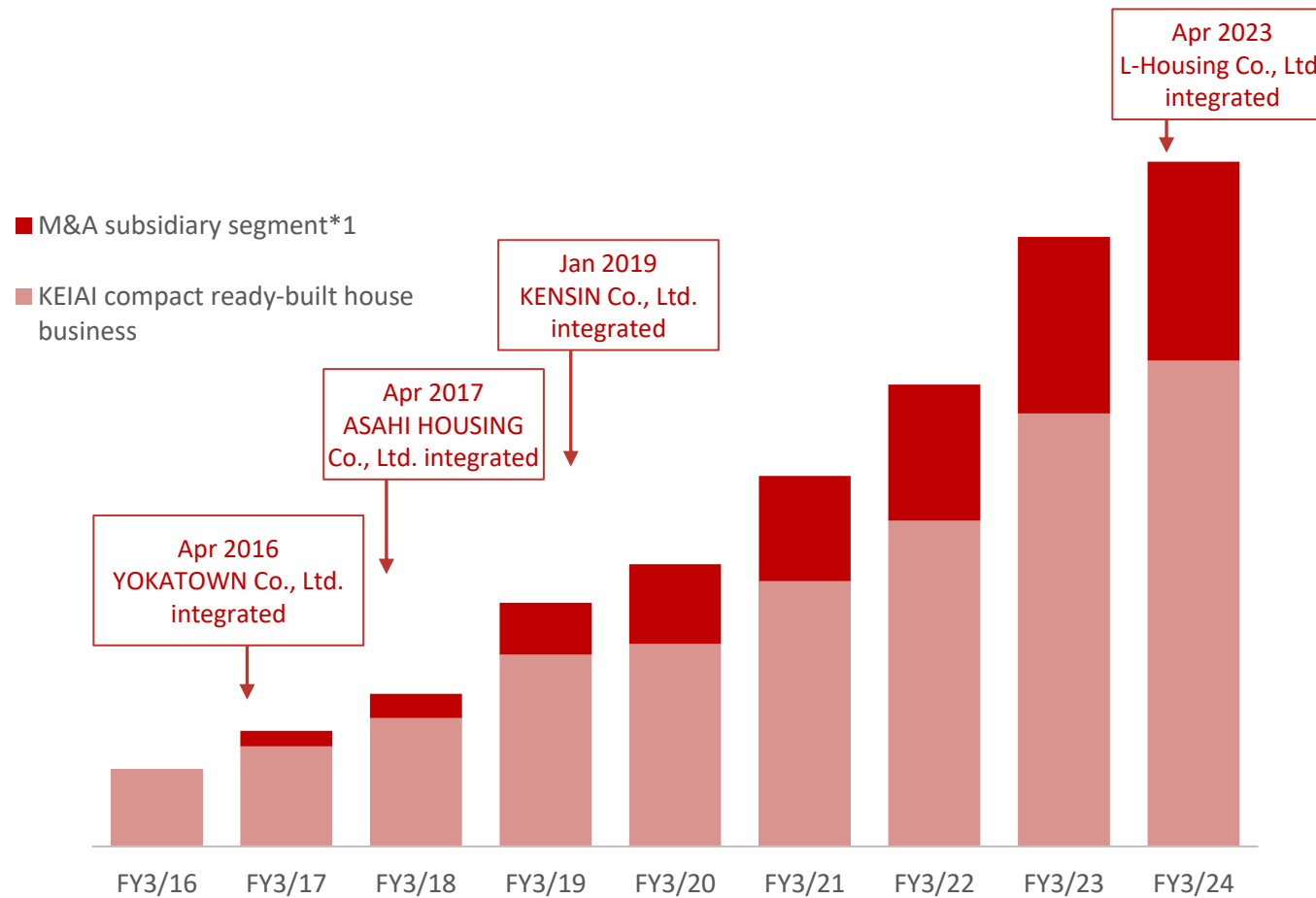
Six Strengths Backing the KEIAI Group's Growth



M&A –Sales of a Subsidiary after the Acquisition

Subsidiaries have achieved high sales growth after M&A, resulting in boosting group’s total sales expansion.

Results of the KEIAI Compact Ready-built House Business and M&A Group Companies



*1: Results of M&A subsidiary segment includes YOKATOWN, ASAHI HOUSING, KENSIN and L-Housing.

Forward-looking Statements

This presentation includes information about future performance and other items that are not historical facts. This information was prepared by using certain assumptions at the time that this presentation was prepared. Actual performance may differ significantly from forward-looking statements due to a variety of uncertainties.

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