

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 Views

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 and 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] Updated

[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 7%. We will continue with efforts to educate employees toward this goal.

One non-Japanese employee was appointed Section Manager this fiscal year, and a specified skilled trainee was appointed Manager to provide guidance and education to trainees.

We have been hiring highly skilled personnel since this fiscal year and will actively promote appropriate personnel to management positions.

As a mid- to long-term human resource strategy, the "KI Academy," a two-week 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 300 mid-career employees every year to further expand the scale of our business.

[Principle 2-6: Functioning as asset owner of corporate pension plan]

At our Company, we do not have a corporate pension plan and do not plan to establish one at this point, but if it is deemed necessary in the future, we will establish a system for us to fulfill the asset owner function.

[Principle 3-1: Ensuring appropriate disclosure and transparency] Supplementary Principle-3

Our Group actively addresses all social issues in Japan and overseas, and contributes to the creation of a sustainable and prosperous society through the creation of a living environment where people can live happily. In June 2021, the Sustainability Promotion Office was established, and in May 2022, the Sustainability Committee was set up to improve internal governance, solve social issues in Japan and overseas, address environmental issues, human rights issues, and issues and measures to maintain and improve compliance. The committee reports to management on measures to be taken, and promotes sustainability measures through each business unit and organization. The TCFD or a similar framework will be addressed in the future, based on consideration by the Sustainability Committee. In addition, our corporate Sustainability Policy, Materiality, etc. are posted on our website.

(<https://ki-group.co.jp/company/sustainability/>)

[Principle 4-1: Roles and responsibilities of the Board of Directors-1] Supplementary Principle-2

Although we do not currently have a Medium-term Management Plan, our vision and the concept of the process leading to that vision are published in the "IR Information" section of our corporate website that is considered to be our management strategy and plan.

[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

Our Company has three independent outside Directors and two independent outside Audit and Supervisory Board Members. Although the number of independent outside Directors is less than one-third of its total number, we believe that the monitoring and supervision of management is functioning adequately. The composition of the Board of Directors will continue to be considered in the future.

[Principle 4-13: Information acquisition and support system] Supplementary Principle-3

The Internal Audit Office reports to the Board of Directors on the internal audit plan at the beginning of period, and is considering reporting on the preliminary audit results and the status of follow-up audits in the future. In addition, in order to strengthen cooperation between outside Directors, outside Audit and Supervisory Board Members and the Internal Audit Office, we will consider improving the attendance of the General Manager of the Internal Audit Office at the Audit and Supervisory Board and the independent outside Officers' meetings, etc.

[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 1-4: Strategic shareholding policy]

Our Company's policy is to maintain and strengthen medium- to long-term business strategies and relationships. In addition, quantitative holding effects are confirmed by the amount of financial transactions (continuation, maintenance, etc.).

[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 and 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 and Supervisory Board Members, the Company requests in writing in April of each year information 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 2-4: Ensure diversity within the company, including the promotion of women] Supplementary Principle-1

As stated in the above [Reasons for Non-compliance with the Principles of Corporate Governance Code].

[Principle 2-6: Functioning as asset owner of corporate pension plan]

As stated in the above [Reasons for Non-compliance with the Principles of Corporate Governance Code].

[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 and Supervisory Board Members are selected with the consent of the Audit and 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

For Directors elected this fiscal year, the reasons for their appointment are stated in the Reference Document for the General Shareholders Meeting. As the next General Shareholders Meeting will decide the election of all Directors and Audit and Supervisory Board Members, the reasons for their election are planned to be included in the Reference Document for the General Shareholders Meetings.

[Principle 3-1: Enhancement of information disclosure] Supplementary Principle-3

Our Group actively addresses all social issues in Japan and overseas, and contributes to the creation of a sustainable and prosperous society through the creation of a living environment where people can live happily. In June 2021, the Sustainability Promotion Office was established, and in May 2022, the Sustainability Committee was set up to improve internal governance, solve social issues in Japan and overseas, address environmental issues, human rights issues, and resolve issues and measures to maintain and improve compliance. The committee reports to management on measures to be taken, and promotes sustainability measures through each business unit and organization. Our corporate Sustainability Policy, Materiality, etc. are posted on our website. (<https://ki-group.co.jp/company/sustainability/>)

[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 and 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 and Supervisory Board] Supplementary Principle-1

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 and Supervisory Board of their annual schedule, while promptly distributing materials (in principle, three days prior to the meeting) to promote active discussions at the Board of Directors meetings. Furthermore, the status of concurrent positions is disclosed annually in the Convocation Notice of the General Shareholders Meeting.

[Principle 4-11: Prerequisites for ensuring effectiveness of the Board of Directors and Audit and 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 and Supervisory Board of their annual schedule, while promptly distributing materials (in principle, three days prior to the meeting) to promote active discussions at the Board of Directors meetings. Furthermore, the status of concurrent positions is disclosed annually in the Convocation Notice of the General Shareholders Meeting.

[Principle 4-11: Prerequisites for ensuring effectiveness of the Board of Directors and Audit and 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 and Supervisory Board Members. The Board of Directors will further enhance its effectiveness through consultation at the Board of Directors considering this analysis and assessment.

[Principle 4-14: Training for Director and Audit and Supervisory Board Members] Supplementary Principle-2

In addition to sharing basic information (management strategy, financial strategy, etc.) within our Company, Directors and Audit and 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 Accounting & Finance Division, 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.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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[Status of Major Shareholders] Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Keiji Hanawa	3,669,000	23.13
Flowering Co., Ltd.	3,426,000	21.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,205,600	7.60
Custody Bank of Japan, Ltd. (Trust Account)	656,700	4.14
J. P. MORGAN CHASE BANK 385632	528,356	3.33
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	214,514	1.35
The Ashikaga Bank, Ltd.	206,000	1.29
THE BANK OF NEW YORK MELLON 14044	174,800	1.10
Saitama Resona Bank, Limited	128,000	0.80
The Gunma Bank, Ltd.	128,000	0.80

Name of Controlling Shareholder, if applicable (excluding Parent Company)	_____
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Name of Parent Company, if applicable	_____
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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 Updated	Tokyo Stock Exchange Prime Market
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Fiscal Year-End	March
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Business Sector	Real Estate
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Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
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Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
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Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50
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4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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

// 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 and Supervisory Board
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[Directors]

Number of Directors Stipulated in Articles of Incorporation	15
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Directors' Term of Office Stipulated in Articles of Incorporation	2 years
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Chairperson of the Board	President
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Number of Directors Updated	11
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Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroshi Matsuzawa	From another company											
Takeshi Hanai	From another company											
Sayaka Eguro	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 and 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) **Updated**

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hiroshi Matsuzawa	○	Not applicable.	With expertise in housing marketing, he has been elected as outside Director to utilize his knowledge in the management of our Company. 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.
Takeshi 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.
Sayaka Eguro	○	Not applicable.	With a high degree of expertise and knowledge in corporate legal affairs as an attorney at law, and considerable experience and knowledge in a company's legal affairs and compliance, etc., 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, she is nominated as independent Director.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Not Established
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[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members	3

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

Audit and 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 and Supervisory Board Members cooperate with the Internal Audit Office by accompanying 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 and Supervisory Board Members and the Internal Audit Office are located in the same office, allowing them to exchange information as needed. Audit and 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 and Supervisory Board Members	Elected
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Michinaga Tsukakoshi	From another company													
Shinji Sato	Certified public accountant													

- * 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 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 and 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 and 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
Michinaga Tsukakoshi	○	Not applicable.	He has been elected as outside Audit and 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.
Shinji Sato	○	Not applicable.	He has been elected as outside Audit and Supervisory Board Member to apply his expertise in finance and accounting to the Company's audits, as a certified public accountant. 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 and Supervisory Board Members]

Number of Independent Directors and Independent Audit and Supervisory Board Members	5
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Other Matters Concerning Independent Directors and Independent Audit and 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
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Supplementary Explanation for Applicable Items

The introduction of a performance-linked stock compensation plan for Directors was approved at the Annual General Meeting of Shareholders in June 2017, and the plan has been in effect since August 2017.

(1) Overview of the plan

This is a performance-linked stock compensation plan under which our shares are acquired through the trust ("Trust" hereinafter for any trust to be established under this Plan) with their financial sources contributed by our Company. They are then transferred to Directors according to the degree of their achievement and contribution to the Company's performance pursuant to the Share Benefit Regulations for Officers' Remuneration set forth by our Company (the "Share Benefit Regulations" hereinafter). In principle, the time when Directors will receive our Company shares will be at the time of their retirement.

(2) Eligible persons

Directors of our Company (excluding outside Directors)

(3) Applicable period

The period shall be for each of the three fiscal years from the year ended March 31, 2018 to the year ended March 31, 2020, and the three fiscal years beginning after the end of those three years.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

[Directors' Remuneration]

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

No individual disclosure is made as there is no one paid 100 million yen or more.

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

The Articles of Incorporation stipulate that the total amount of remuneration, etc. of Directors and Audit and Supervisory Board Members shall be resolved by the General Shareholders Meeting.

The Board of Directors and Audit and Supervisory Board determine the remuneration, etc. of Directors and Audit and Supervisory Board Members based on their positions, experience, abilities, and performance.

Remuneration of Directors and Audit and Supervisory Board Members for the fiscal year ended March 31, 2022

- Total amount of remuneration, etc. for 10 Directors: 227,364,000 yen
- Total amount of remuneration, etc. for 3 Audit and Supervisory Board Members: 13,200,000 yen
- Of the above, total amount of remuneration, etc. for 4 outside officers: 27,600,000 yen

The total amount of Directors' remuneration is limited to 500 million yen per year, and the total amount of Audit and Supervisory Board Members' remuneration is limited to 30 million yen per year, according to the resolution of the General Shareholders Meeting.

[Support System for Outside Directors and/or Outside Audit and 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 11 Directors (including 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. Three Audit and Supervisory Board Members (including two outside Audit and 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.

In order to expedite business execution, our Company has introduced an executive officer system, and executive officers report to the Board of Directors once a quarter on the status of business execution.

[Audit & Supervisory Board]

The Audit and Supervisory Board of our Company consists of 3 Members (including 2 outside Audit and Supervisory Board members). In accordance with the Audit and Supervisory Board Regulations, Audit and Supervisory Board members meet immediately after the close of the General Shareholders Meeting and at the regular Audit and Supervisory Board meetings held monthly. Extraordinary Audit and Supervisory Board meetings are held as needed. In addition, Audit and 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 and Supervisory Board Members prepare and submit audit reports on identified problems to the Audit and 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 and Supervisory Board, and audits by the Audit and 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, 2022 is as follows.

- Name of certified public accountant who performed the audit
Hiroyasu Sakai, Designated Limited Partner, Executive Member
Norihiko Asai, Designated Limited Partner, Executive Member

- Audit assistant members

Six certified public accountants, two staff who passed the accountant examination, and two 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 **Updated**

Our Company is one with an Audit and Supervisory Board, consisting of a Board of Directors with 11 Directors and an Audit and Supervisory Board with 3 members. By appointing three outside Directors and two outside Audit and Supervisory Board Members, our Company believes that the management supervision from an outside perspective is functioning effectively, and has adopted the system.

///.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 one week prior to the statutory deadline.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Annual General Meeting of Shareholders for 2022 was held on June 27 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	Financial results briefings are held every fiscal year after the summary of full-year and second-quarter financial results are announced. In the announcement of financial results for the fiscal year ended March 31, 2022, safety and security of the participants and related parties are given first priority in light of the expansion of COVID-19, and the presentation of financial results were conducted via virtual delivery from the second quarter of the fiscal year ended March 31, 2022 (for institutional investors and analysts).	Held
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	Yuichi Takiguchi, Information Controller, Director and Senior Managing Executive Officer In September 2020, established IR Division of Corporate Planning/Overseas Business Promotion Office dedicated to IR for the division in charge	

3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	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 and one as a new Director in June 2022; in June 2018, one woman was appointed as Executive Officer.

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 and Supervisory Board Members shall strive to enhance audits of the Directors' performance of their duties, including the status of the internal control system.
- e. The Internal Audit division, which reports directly to the President, will audit the status of the internal control system, prevent fraud and errors, and improve and guide business operations.

(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 and 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 shall, in case of emergency, respond promptly and appropriately in accordance with the Crisis Management Regulations.
- c. The Internal Audit Office shall determine audit items for each audited department and conduct risk management audits.

(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. Our Company will clarify decision authorities under the Administrative Authority Regulations, and delegate authorities to lower positions accordingly.
- c. The executive officer system is adopted to improve efficiency of Directors' execution of their duties.

(5) Structure to ensure proper operations in our Group

- a. Our Company will dispatch Directors or Audit and 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 Accounting & Finance Division, President's Office, Internal Audit Office, and General Affairs Department shall monitor the compliance and risk management systems of subsidiaries, and at the same time, audit the status of internal control systems and provide guidance on their development and operation. Audit and Supervisory Board Members shall audit while considering the results of these audits.
- d. Our Company will endeavor to ensure proper business operations by establishing the Internal Reporting Desk for subsidiaries within our Company.

(6) If Audit and 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 and Supervisory Board Members may appoint assistants from among the employees of our Company as necessary.
- b. If Audit and Supervisory Board Members assign assistants, the authority to direct and order such assistants shall be delegated to Audit and 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 and Supervisory Board Members in the performance of their duties shall require prior consultation with the Audit and Supervisory Board.

(7) Reporting systems to Audit and Supervisory Board Members by Directors and employees, etc.

- a. Audit and 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 and 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 and 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 and 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 and Supervisory Board Members and other policies concerning treatment of expenses or liabilities incurred in the performance of such duties
When Audit and 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 and 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

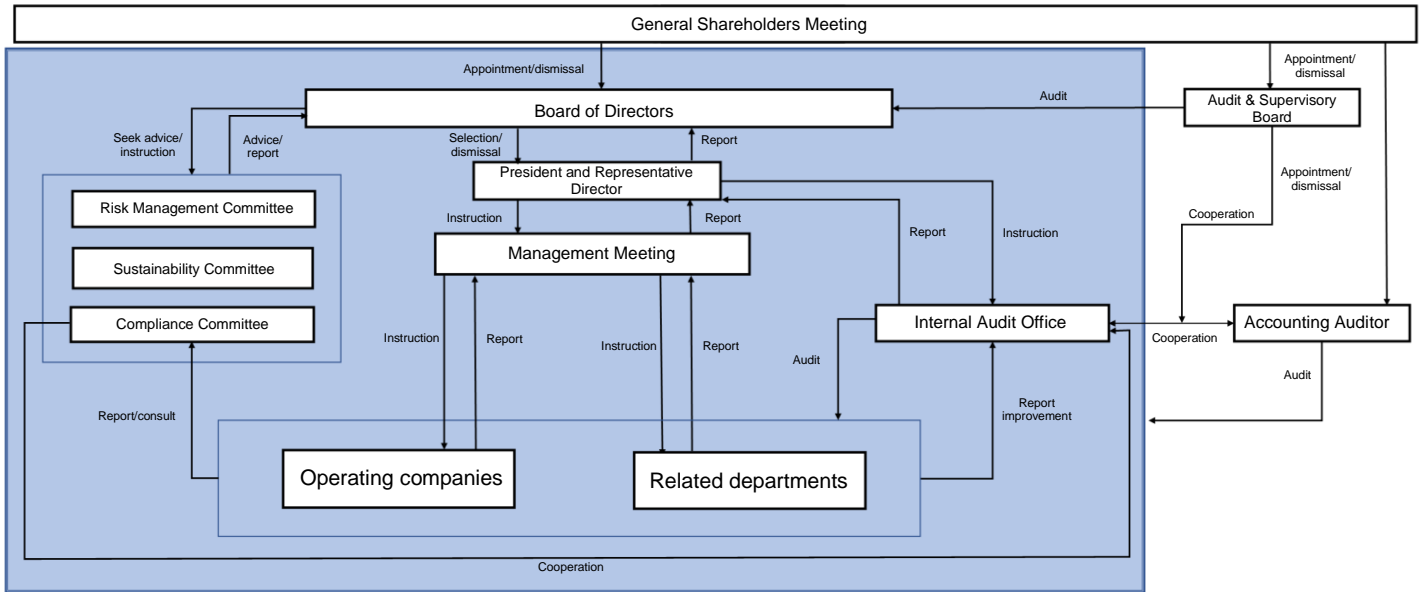
Adoption of Anti-Takeover Measures

Not Adopted

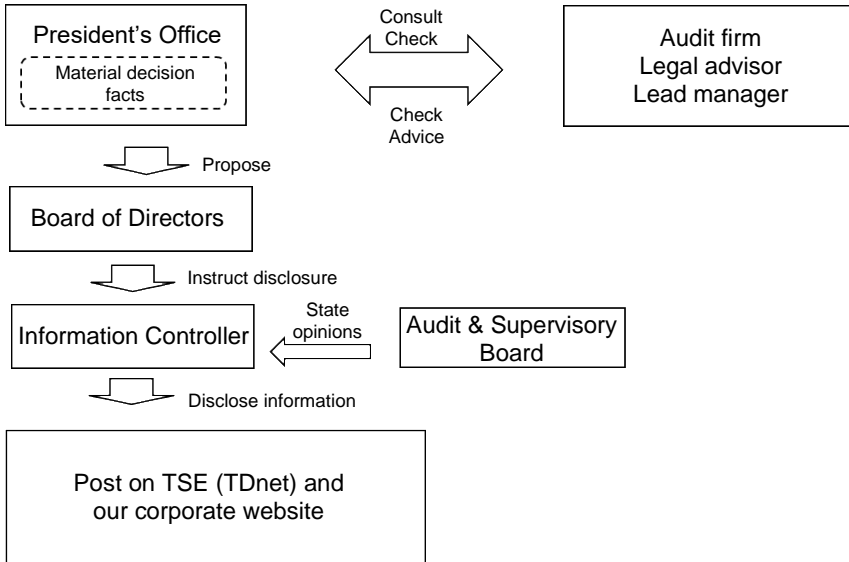
Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

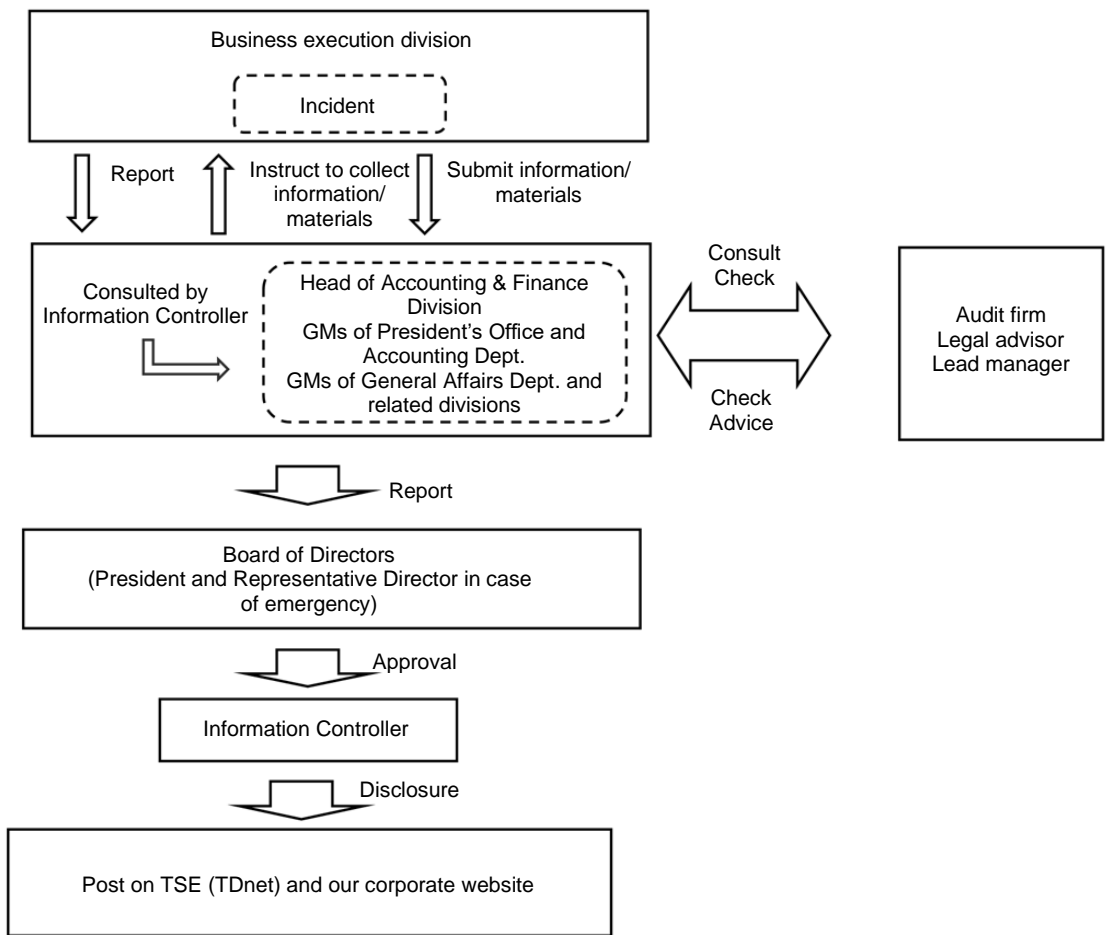
Overview of Corporate Governance Structure



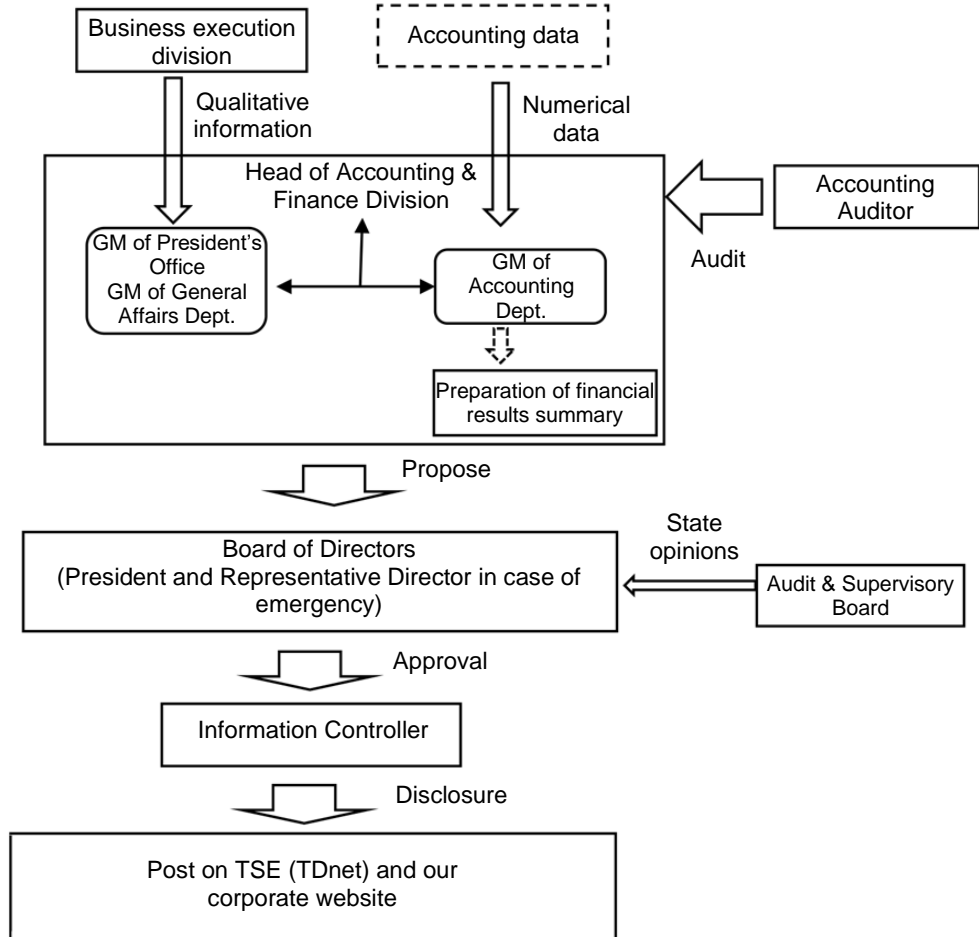
Workflow for Timely Disclosure of Information on Decision Facts



Workflow for Timely Disclosure of Information on Incidents



Workflow for Timely Disclosure of Information on Financial Results



Expertise & Experience of Officers of Ki-Star Real Estate Co., Ltd. (Skill Matrix)

2022/6/27

No.	Name	Gender	Job Title	Outside Officer	Expertise & Experience								
					Corporate/ Management Strategies	Sales/ Marketing	International Business/ Overseas Knowledge	Residential Construction/ Products/ Technology Development	Finance/ Accounting/ M&A	Personnel/ Labor/HR Development/ Diversity	Legal/ Compliance/ Governance	IT/DX/ Innovation	SDGS/ESG
1	Keiji Hanawa	Male	Representative Director		○	○		○	○	○	○	○	○
2	Yuichi Takiguchi	Male	Director and Senior Managing Executive Officer		○	○		○	○	○	○		○
3	Mamoru Sonobe	Male	Director and Managing Executive Officer		○	○		○		○			
4	Makoto Matsukura	Male	Director and Managing Executive Officer		○	○		○					
5	Masanori Asami	Male	Director and Managing Executive Officer		○	○		○					
6	Yoichi Tsuchiya	Male	Director and Executive Officer		○	○		○					
7	Emi Masugi	Female	Director and Executive Officer		○	○		○		○		○	
8	Kazuhiko Abe	Male	Director		○		○		○	○	○	○	○
9	Hiroshi Matsuzawa	Male	Director	○	○	○		○	○			○	
10	Takeshi Hanai	Male	Director	○	○	○		○			○	○	○
11	Sayaka Eguro	Female	Director	○			○		○	○	○	○	○
12	Miyoji Tsutsumi	Male	Audit & Supervisory Board Member						○	○	○		
13	Michinaga Tsukakoshi	Male	Audit & Supervisory Board Member	○	○				○		○		○
14	Shinji Sato	Male	Audit & Supervisory Board Member	○	○				○ *		○	○	