

Time & Date: November 14 (Thu.), 2024 11:00 – 12:00 (JST)

Attendees:

In-Person: *Representative Director, President, Managing Officer*
ITO Yuji (Head of LIFULL HOME'S Business Department)

Representative Director, Chairperson
INOUE Takashi

Director
SHISHIDO Kiyoshi (CEO of LIFULL CONNECT S.L.U.)

Managing Officer
FUKUZAWA Hidekazu (Head of Group Company Business Development Department)

Online : *Director*
SHIMIZU Tetsuro (Representative Director, President of LIFULL Financial Co., Ltd.)

Director, Managing Officer
YAMADA Takashi (Head of Group Data Department)

Managing Officer
HADA Yukihiro (Head of Human Resources Department)

Managing Officer
KAWASAKI Kohei (Head of Creative Department)

Managing Officer
NAGASAWA Tsubasa (Head of Technology Department)

***We apologize for the technical issues for online participants during the Earnings Presentation.**

Q1) LIFULL HOME'S is on a recovery trend, and your market report also announced that prices for listed homes have reached a record high. In terms of market conditions, I think the greater Tokyo area is doing well, but how do you see the current situation for all of Japan?

A1: ITO) As you may have seen in the media, property prices are soaring, particularly in urban areas, and there are even condominiums priced over ¥100 million. Our analysis of listing prices also indicates a general increase. New-build condominiums are priced high, resulting in limited supply and a prevalence of properties with larger floor space. Our site, LIFULL HOME'S, has the advantage of offering various options to users. We have listings for new condominiums, and there is also an increase in active listings of resale condominiums which are also increasing in price due to the high prices of new builds. Families who cannot afford to buy new or existing properties are turning to family-oriented rentals, and we are also expanding our lineup in that area as well. We aim to grow our business by offering a variety of different options to provide for the needs of each individual.

Q2) For the first half of 2024, I've heard a lot of talk that property prices are rising and the market is active, especially in larger metropolitan areas. Looking at figures from REINS (Real Estate

Information Network System) and other sources, I can see that changes are happening, which makes me feel like a turning point is approaching. I would like to know the scenarios that have been factored in for the outlook for the second half of the year, considering interest rate trends and the presidential election in the United States.

A2: ITO) Interest rate trends are difficult to predict both in and outside of Japan, but our strength lies in having a variety of options, not only in properties for sale but also rentals both in urban and rural areas and even investment real estate. Even if interest rates rise and purchasing slows down, we do not believe that the demand for properties will decrease. We aim to continue to grow our businesses by anticipating market trends in different areas and markets as well as offering a wide range of content to our users.

Q3) LIFULL HOME'S seems to be recovering overall, but when looking at other companies' results during this earnings season, there are companies that are performing even better in brokerage activities, and in comparison, the recovery for LIFULL appears to be sluggish. Considering the varying degrees of recovery across different areas, how do you view the current situation?

A3: ITO) Demand for our appraisal-related services and resale properties are continuing to grow – and our results are reflecting that. Our recovery may appear weaker compared to other companies, these areas as weaker, I believe there is a time lag between the market and our results, and we intend to expand these areas steadily in the future. We are also focusing on other promising markets, such as custom-built homes. Before, if you searched for custom-built houses in the suburbs, it was hard to find much information, and there were not a lot of choices. Now, with the normalization of the internet, smartphones and AI, it has gotten much easier to search various media or talk to someone at a consultation counter. This represents an enormous market, so we want to keep working for growth here.

Q4) When you acquired the investment real estate website, Kenbiya, it was already a reasonably sized company. I expected it to continue to grow after joining forces with LIFULL HOME'S, but recent growth seems modest. Can you give us more information on the current situation?

A4: ITO) We are attempting to expand revenue by integrating Kenbiya and the investment real estate portion of LIFULL HOME'S, the second and third largest investment real estate sites in the industry. We see the past year or two as a preparatory phase. As a result of the integration of the databases, once a property is listed on one site, it now appears on both, increasing the number of properties and significantly enhancing the media power of both sites. By coordinating sales efforts, we aim to increase the number of properties and improve prices per listing and hope to meet your expectations in the near future.

Q5) This year, the Japanese government has introduced a few different initiatives, such as the Housing Safety Net System and Promotion and Utilization Program for Abandoned Houses (Akiya). In terms of these housing policies, we are seeing changes not just in strengthening areas that are

already strong, but also in new developments. Your company recently published a report on properties priced under ¥8 million and is offering services like “Friendly Door.” How are you perceiving these changes this year? What kind of developments do you anticipate in the future?

A5: ITO) The *Akiya* issue arising from population decline and rural depopulation is a social challenge that we have been working for many years to find solutions for through our business efforts. Recently, there have been a number of initiatives, including those by the government with the revision of sales commissions, which we regard as positive. However, transaction volumes have not yet reached a level where they would increase dramatically, so we believe additional measures are still necessary.

At LIFULL, we also offer an online database of *Akiya* with the support of the Ministry of Land, Infrastructure, Transport and Tourism. As the government is also introducing policies like dual residency, we plan to work on effectively repurposing *Akiya* even in a scenario where the population does not increase. We envision a world where one person might have two or three homes, aiming to increase the relevant population not only in Tokyo metropolitan areas but also in more rural parts of Japan. We want to bring more of these *Akiya* to the forefront and make them available for people to use in the future. Chairperson Inoue, who is in charge of Regional Revitalization, will provide further details.

A5: INOUE) Properties for sale in urban areas are becoming increasingly more expensive. In more rural areas of Japan, on the other hand, there was a bill to promote dual-area residence which was enacted this May and will be implemented from November. In relation to this, the Ministry of Land, Infrastructure, Transport and Tourism already supports our *Akiya* Bank. Furthermore, although Japan’s population is decreasing, the number of non-Japanese residents continues to increase, so we want to develop places where international residents can comfortably reside. Another important topic is how to promote dual-area or multi-area residence. With the inauguration of the new Prime Minister Ishiba, there are talks of increasing the budget in this area, making it a focal point to continue concentrating efforts on this initiative that has been in place for several years.