

KEIAI

デザインのケイアイ

FY3/2021 Financial Results

KI-STAR REAL ESTATE CO., LTD.



Tokyo Stock Exchange, First
Section/3465

Management Philosophy, Mission, and Vision

Management Philosophy

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

Mission

House ownership for everyone

Vision

The most adored company in Japan

FY3/21 Highlights

- Achieved record-high net sales of ¥155,753 million and ordinary profit of ¥12,781 million.
- Consistent growth was supported by accelerating our expansion of “fourth choice” semi custom-built detached houses based on our unique business model based on the KEIAI technology platform. Profitability is improving as demand for detached houses increases, and the shift to detached houses is now firmly established in the new normal. We are driving DX in the real estate industry by innovating the detached house through the proactive use of technology.
- Forecast another year of record-high sales and earnings in FY3/22: net sales of ¥185,000 million, an ordinary profit of ¥15,200 million and profit attributable to owners of parent of ¥10,000 million.
- In line with the highest performance , forecast of record-high dividend in FY3/22 to ¥200 per share.

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1. FY3/21 Financial Summary

FY3/21 Financial Summary

- Consistent growth resulting from the steady implementation of a growth strategy for the ready-built house business
- Record-high net sales of ¥ 155,753 million.
- Record-high operating profit of ¥12,781 million (up 102.3% YoY).
- Combination of the KEIAI technology platform, a core strength, and compact ready-built house development operations backed by data and technologies resulted in faster growth fueled by the semi custom-built detached house category.
- Forecast another year of record-high sales and earnings in FY3/22: net sales of ¥185,000 million (up 18.8% YoY), ordinary profit of ¥15,200 million (up 18.9% YoY), and profit attributable to owners of parent of ¥10,000 million (up 31.3% YoY).

Consolidated Statement of Income

Net sales ¥155,753 million (up 29.0% YoY), a new record. gross profit ¥27,745 million, gross profit margin 17.8%, operating profit ¥12,561 million (up 95.5% YoY), ordinary profit ¥12,781 million (up 102.3% YoY), achieved record profit for the full-year.

(Millions of yen)

	FY3/20		FY3/21		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	120,710	100.0%	155,753	100.0%	+29.0%
Gross profit	17,760	14.7%	27,745	17.8%	+56.2%
SG&A expenses	11,334	9.4%	15,183	9.8%	+34.0%
Operation profit	6,425	5.3%	12,561	8.1%	+95.5%
Ordinary profit	6,317	5.2%	12,781	8.2%	+102.3%
Profit attributable to owners of parent	3,584	3.0%	7,616	4.9%	+112.5%

Consolidated Statement of Income (4Q)

In the fourth quarter (January-March), net sales ¥45,949 million (up 36.5% YoY), ordinary profit ¥4,561 million (up 101.1% YoY), profit attributable to owners of parent ¥2,754 million (up 155.4% YoY).

(Million of yen)

	4Q (Jan-Mar) of FY3/20		4Q (Jan-Mar) of FY3/21		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	33,654	100.0%	45,949	100.0%	+36.5%
Gross profit	5,217	15.5%	9,049	19.7%	+73.5%
SG&A expenses	3,049	9.1%	4,691	10.2%	+53.9%
Operation profit	2,167	6.4%	4,357	9.5%	+101.0%
Ordinary profit	2,268	6.7%	4,561	9.9%	+101.1%
Profit attributable to owners of parent	1,078	3.2%	2,754	6.0%	+155.5%

FY3/22 Consolidated Forecast

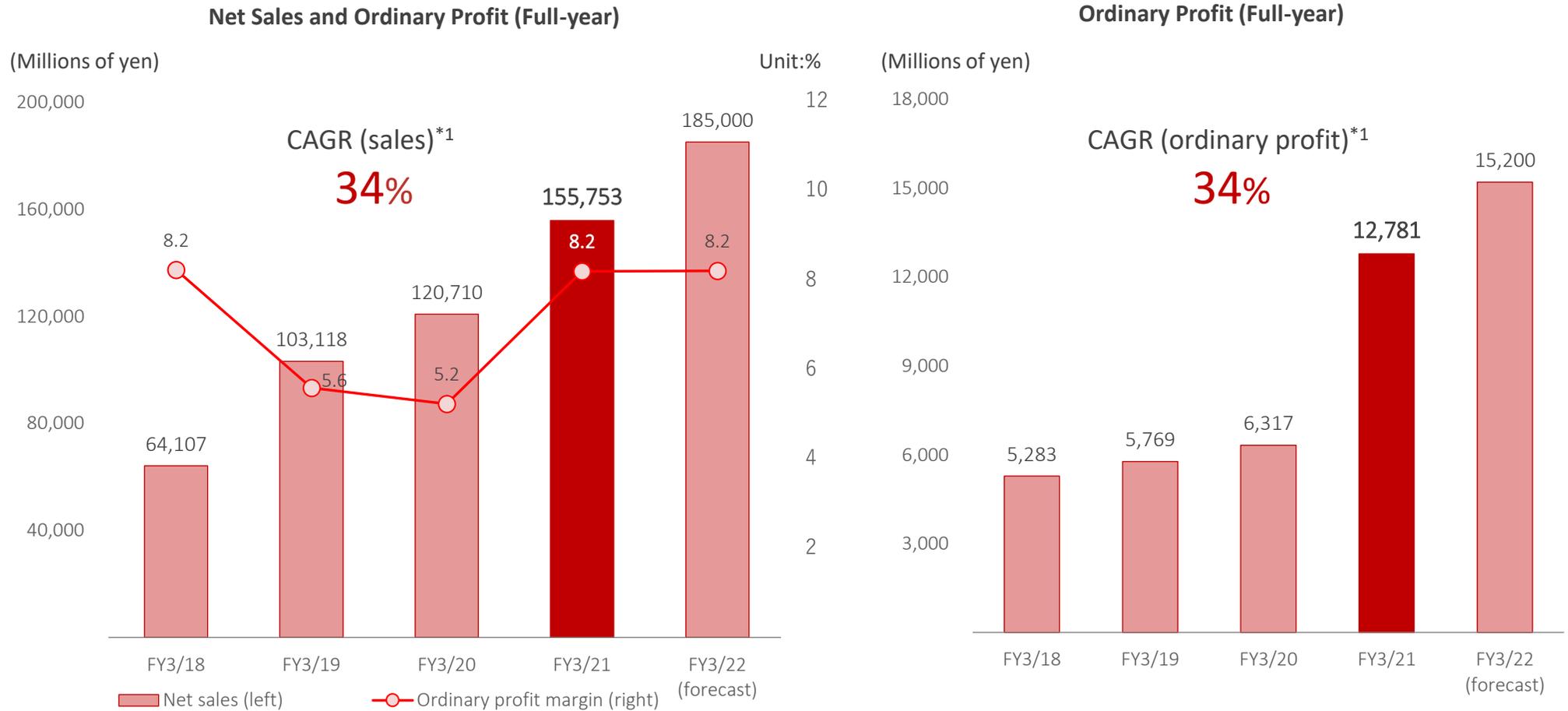
Combination of the KEIAI Platform, a core strength, and compact ready-built house development operations backed by data and technologies resulted in faster growth fueled by the semi custom-built detached house category. Our full-year forecast for FY3/22 is net sales of ¥185,000 million (up 18.8% YoY), ordinary profit of ¥15,200 million (up 18.9% YoY), and profit attributable to owners of parent of ¥10,000 million (up 31.3% YoY). Forecasting record-high performance in all stages of profit.

(Millions of yen)

	Full-year of FY3/21			Full-year of FY3/22	
	Previous forecast	Results	Forecast vs. Results	Current forecast	YoY change
Net sales	148,000	155,753	105.2%	185,000	+18.8%
Operating profit	11,800	12,561	106.4%	15,400	+22.6%
Ordinary profit	11,600	12,781	110.2%	15,200	+18.9%
Profit attributable to owners of parent	7,000	7,616	108.8%	10,000	+31.3%

Consistent Growth in Consolidated Sales and Earnings

Sales and earnings continue to achieve record high performance due to steady progress with the growth strategy for the core compact ready-built house business.



*1: Average annual growth rate of sales/ordinary profit (CAGR) from FY3/18 to FY3/21

Segment Performance (1)

Growth continues by accelerating and strengthening the shift to the compact ready-built house business throughout the Group.

(Unit of Sales and profit: millions of yen)

		FY3/20	FY3/21	YoY change	Remarks
Homebuilding and sales (including land)	Houses sold	2,700	3,179		Growth due to growth strategy progress
	Sales	77,411	101,348	+30.9%	
	Operating profit	6,855	12,249	+78.7%	
Custom-built housing	Houses sold	109	176		Accelerating the shift to the homebuilding and sales business
	Sales	1,218	1,461	+19.9%	
	Operating profit	254	245	-3.6%	
Pre-owned home sales	Houses sold	304	91		Accelerating the shift to the homebuilding and sales business
	Sales	4,272	1,825	-57.3%	
	Operating profit	86	29	-65.8%	
Yokatown	Houses sold	Built-for-sale houses (including land): 553 Custom-built houses: 134	Built-for-sale houses (including land): 742 Custom-built houses: 85		Higher sales due to measures to strengthen the homebuilding and sales business
	Sales	15,818	20,248	+28.0%	
	Operating profit	1,039	1,716	+65.1%	

Segment Performance (2)

Growth continues by accelerating and strengthening the shift to the compact ready-built house business throughout the Group.

(Unit of Sales and profit: millions of yen)

		FY3/20	FY3/21	YoY change	Remarks
Asahi Housing	Houses sold	Built-for-sale houses (including land): 175	Built-for-sale houses (including land): 213		Higher sales due to measures to strengthen the homebuilding and sales business
	Sales	6,533	8,480	+29.8%	
	Operating profit	238	730	+206.8%	
Fresco	Houses sold	Built-for-sale houses (including land): 163 Custom-built houses: 97	Built-for-sale houses (including land): 206 Custom-built houses: 45		
	Sales	6,166	7,271	+17.9%	
	Operating profit	215	516	+140.2%	
Kensin	Houses sold	Built-for-sale houses (including land): 150 Custom-built houses: 72	Built-for-sale houses (including land): 230 Custom-built houses: 124		Higher sales due to measures to strengthen the homebuilding and sales business
	Sales	7,923	11,268	+42.2%	
	Operating profit	221	418	+89.1%	
Tokyo Big House	Houses sold	-	Built-for-sale houses (including land): 27 Custom-built houses: 27		Consolidated in April 2020
	Sales	-	2,096	-	
	Operating profit	-	(81)	-	
Keiai Presto	Houses sold	-	Built-for-sale houses (including land): - Custom-built houses: 18		Consolidated in January 2021
	Sales	-	198	-	
	Operating profit	-	(16)	-	

Consolidated Balance Sheet

Total assets were ¥110,127 million and net assets were ¥29,218 million (up ¥9,370 million YoY)

(Millions of yen)

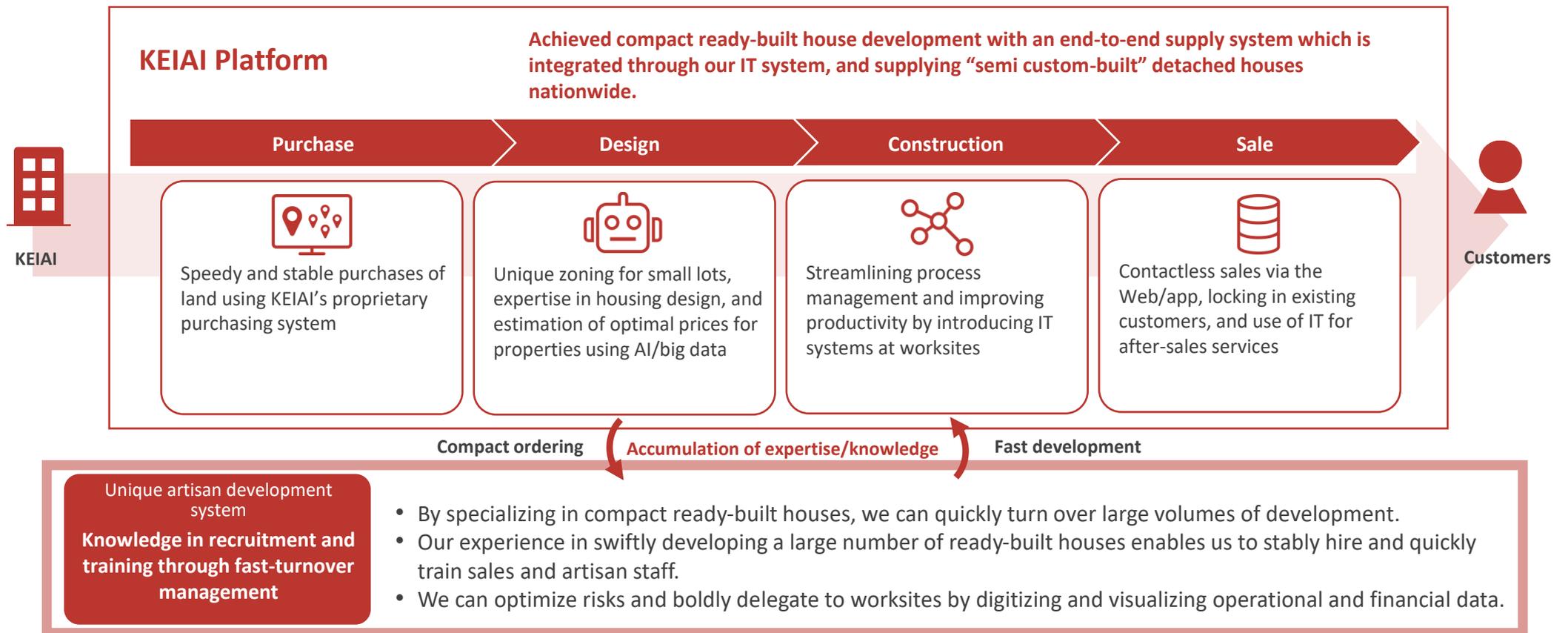
	March 31, 2020	March 31, 2021	Increase/decrease
Current assets	82,743	102,015	19,272
(of which Inventories)	(65,667)	(68,221)	(2,554)
Non-current assets	7,192	8,111	918
Total assets	89,936	110,127	20,191
Current liabilities	63,509	67,495	3,985
Non-current liabilities	6,577	13,412	6,843
Total liabilities	70,087	80,908	10,820
(of which short-term and long-term borrowings and bonds payable)	(55,524)	(60,551)	(5,027)
Net assets	19,848	29,218	9,370
Total liabilities and net assets	89,936	110,127	20,191

2. KEIAI Growth Strategy

Innovation in Detached Houses through KEIAI Technology Platform

- Growth in the ready-built house business with high efficiency/quality and low prices by introducing IT into every stage of the detached house supply chain
- The KEIAI PLATFORM optimizes the business end-to-end, from purchases to sales. It enables speedy coordination within the Group.
- KEIAI is one of the largest players in Japan in compact ready-built house development. We offer “**semi custom-built housing***” as a fourth choice for detached houses.

*Newly built detached houses with unique designs where no two houses are the same, combining the quality and design features of custom-built houses with the low price of ready-built houses



Using the KEIAI Platform for the Digital Transformation of the Homebuilding and Sales Industry



ミツカル Pro
MITSUKARU Pro

Use of AI for purchasing, design and construction

新築戸建
ミツカル
New House MITSUKARU



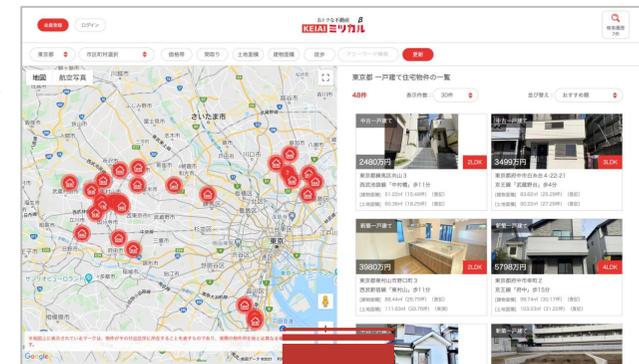
Land companies



Design – Construction

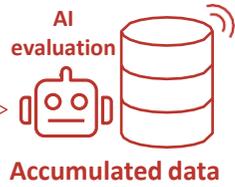
Kizuku PRO

- Increases productivity 20%
- Rapid turnover allows developing skills of workers faster



Customers

Exclusive design skills for developments of only a few houses and the use of AI/big data for optimization and speed of acquiring land

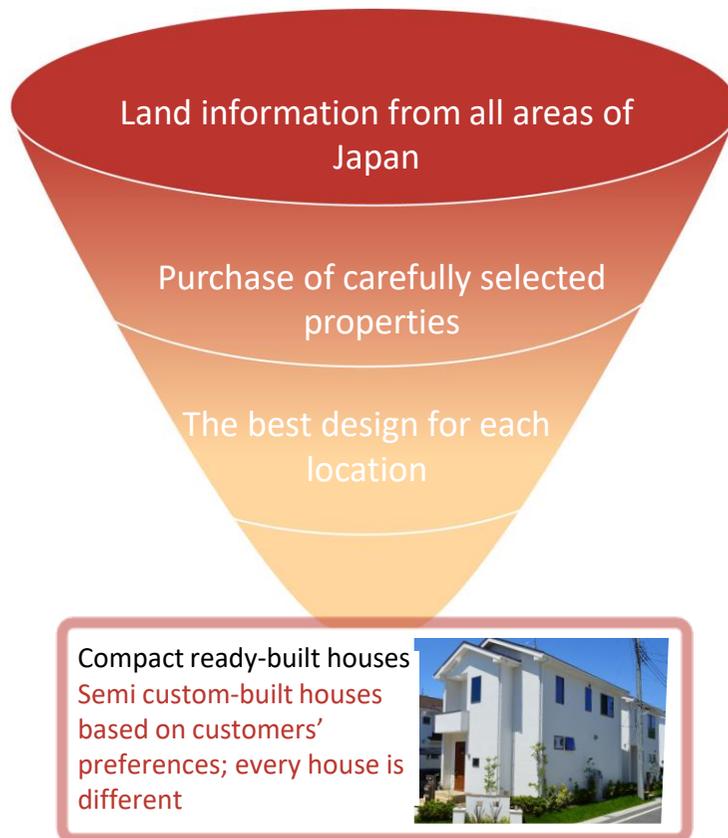


Accumulation and use of customer data
→ Marketing and sales data

Enhancing Capabilities of Land Purchasing System MITSUKARU Pro

The previous land purchasing system has been upgraded to MITSUKARU Pro, which has more advanced capabilities. The use of big data and AI makes it possible to further optimize and speed up the land acquisition process.

Land purchasing system with AI



ミツカルPro
MITSUKARU Pro

- Uses AI to determine a suitable price
- Optimizes and speeds up the acquisition of land
- Rapidly analyzes large volumes of data about land



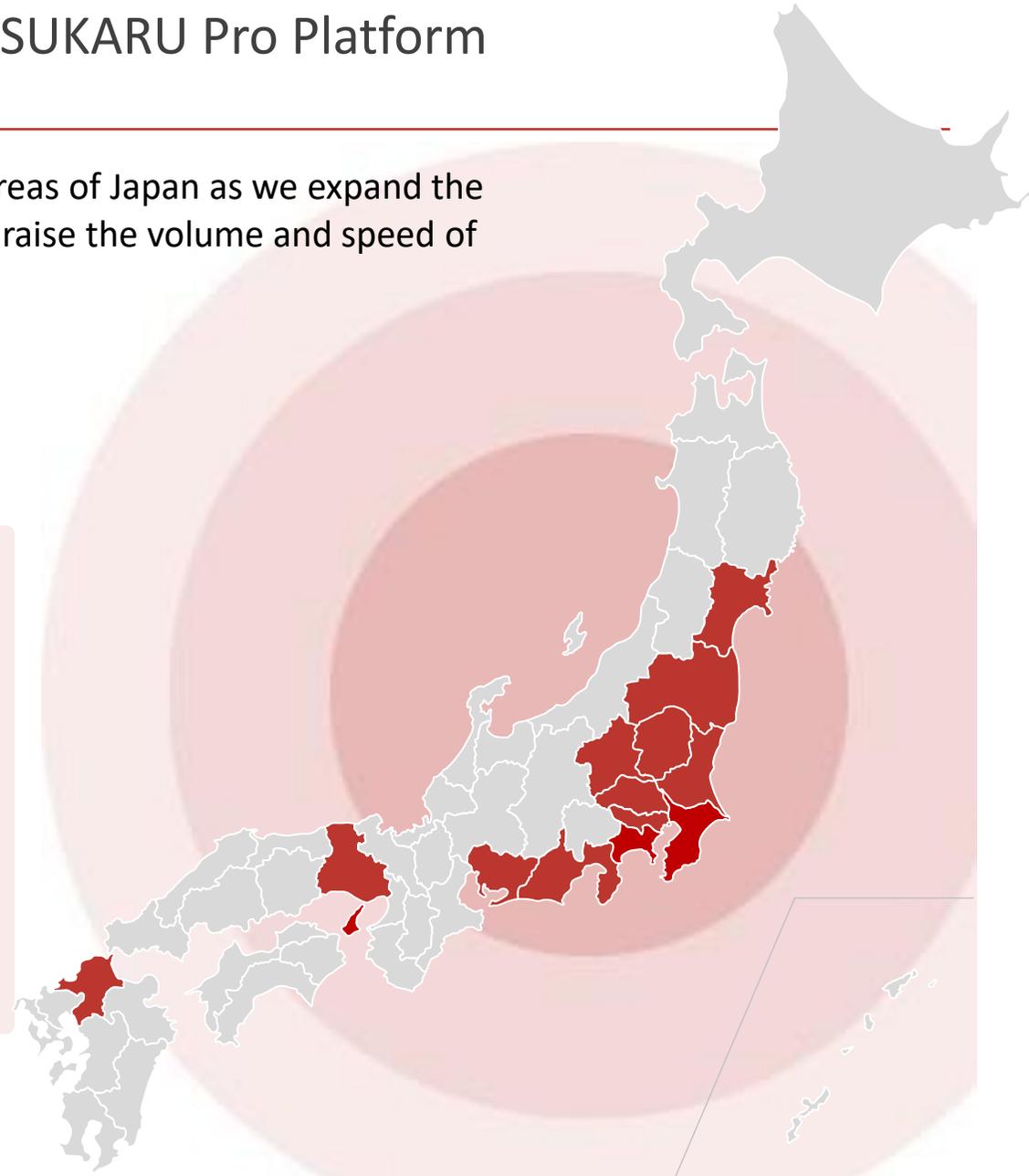
Expansion of Areas Covered by the MITSUKARU Pro Platform

We plan to extend the use of MITSUKARU Pro to more areas of Japan as we expand the network of KEIAI stores. Increasing coverage will further raise the volume and speed of nationwide information collection activities.

Store Network Expansion Plan (by Region)

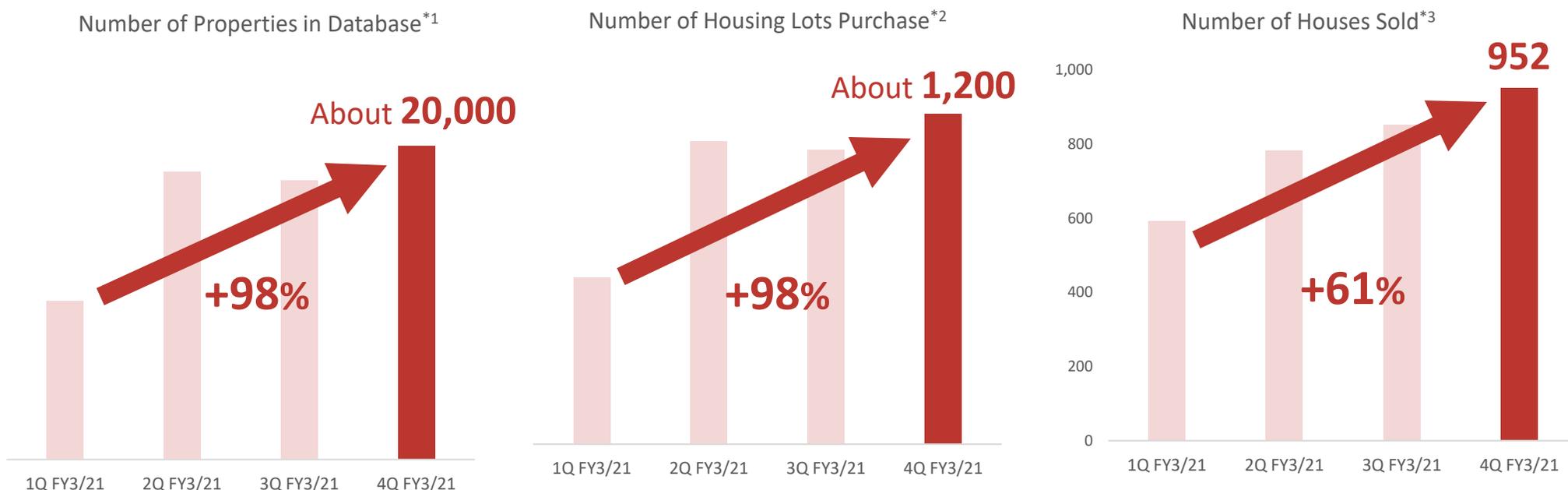
*Numbers in parentheses are increases from FY3/21

- Tokyo: New 7 stores (+50.0%)
- Saitama: New 7 stores (+22.6%)
- Chiba: New 6 stores (+37.5%)
- Aichi: New 3 stores (+75.0%)
- Fukuoka: New 5 stores (+22.7%)
- Hyogo: New 1 store (first in Hyogo prefecture)
- Others: New 12 stores



Data Collected and Used by MITSUKARU Pro (FY3/21)

In the fourth quarter of FY3/21, MITSUKARU Pro already had about data on about 20,000 properties in all areas of Japan and this platform was used for purchasing approximately 1,200 housing lots. The number of properties in the database and number of lots purchased were both 98% higher in the fourth quarter than in the first quarter. Due to increases in all key performance indicators, the number of houses sold was 61% higher in the fourth quarter than in the first quarter. We plan to continue to enlarge and upgrade this land information database.



*1: MITSUKARU Pro database information associated with KEIAI Group companies other than companies that were acquired (Some estimates are included.)

*2: Purchases in each quarter that are recorded by the MITSUKARU Pro system

*3: Houses sold in the homebuilding and sales business segment

The MITSUKARU Platform for Matching Buyers and Properties

The beta version of “Economical Real Estate, KEIAI MITSUKARU” has been made public as one element of the KEIAI Platform. This version has many functions for greater ease of use. Highlights include an interface that produces a larger map, a display of school districts of interest to home buyers, and the distribution of property information to registered members. These features facilitate the collection of customer data. Information is used to strengthen marketing and sales activities.

新築戸建 ミツカル New House MITSUKARU

This platform has the approximately 1,000 brokerage listings of stores of the KEIAI Group and its franchised stores. Information also includes useful information about areas where listings are located and general knowledge about real estate.

The screenshot displays the KEIAI MITSUKARU website interface. At the top, there are navigation buttons for '会員登録' (Member Registration) and 'ログイン' (Login). The main header includes the KEIAI MITSUKARU logo and a search bar. Below the header, there are filters for '東京都' (Tokyo), '市区町村選択' (Municipality Selection), '価格帯' (Price Range), '間取り' (Floor Plan), '土地面積' (Land Area), '建物面積' (Building Area), and '徒歩' (Walking Distance). A search bar with 'フリーワード検索' (Free Word Search) and '更新' (Refresh) buttons is also present.

The main content area is divided into two sections. On the left is a map of the Greater Tokyo Area with red house icons indicating property listings. On the right is a list of property details. The list is titled '東京都一戸建て住宅物件の一覧' (List of Single-Family Homes in Tokyo) and shows 48 items. The first two items are '中古一戸建て' (Used Single-Family Home) listings:

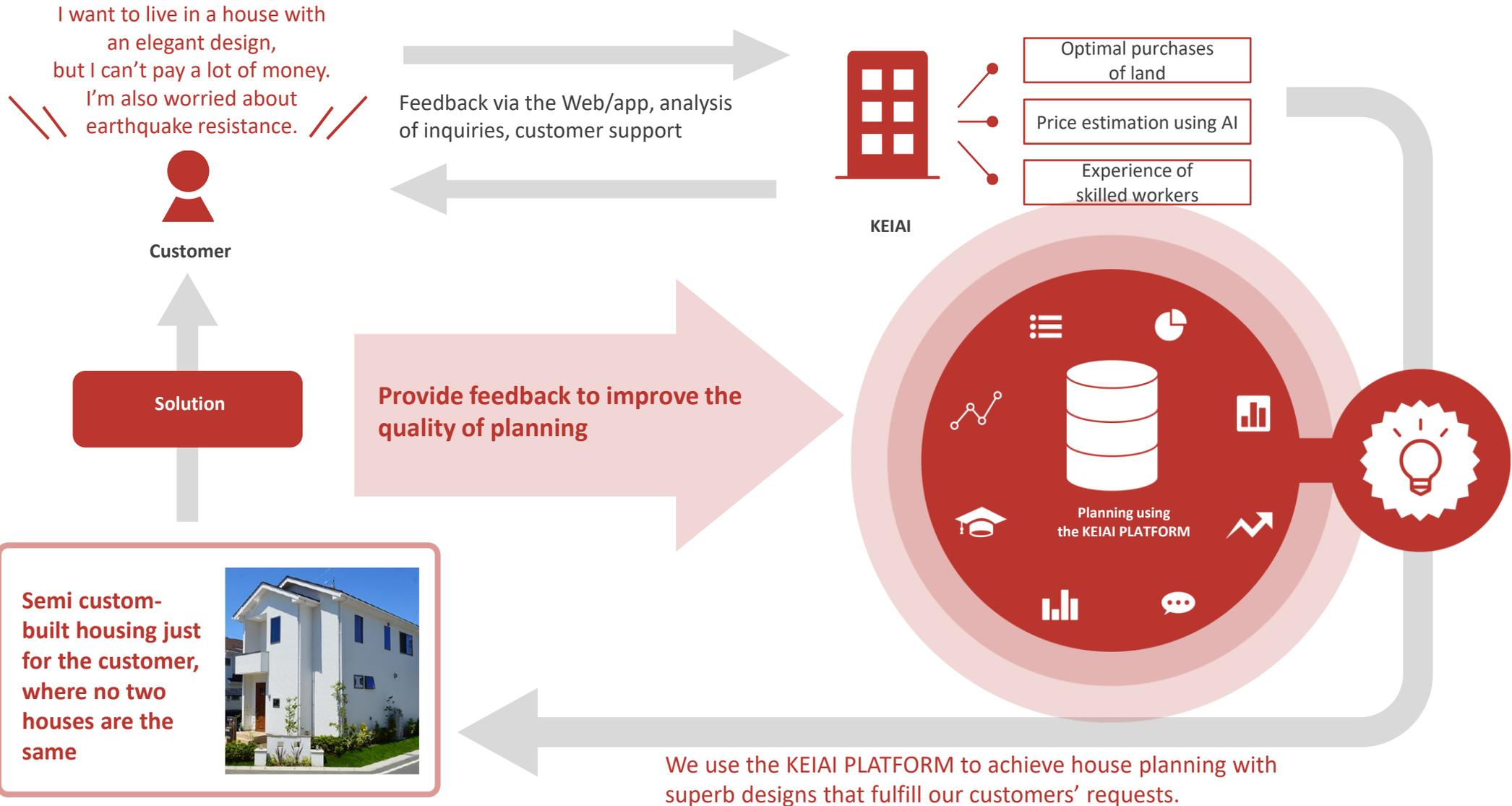
- 2480万円, 2LDK, 東京都練馬区向山3, 西武池袋線「中村橋」歩11分, [建物面積] 51.22㎡ (15.49坪) (登記), [土地面積] 60.36㎡ (18.25坪) (登記)
- 3499万円, 3LDK, 東京都府中市白糸台4-22-21, 京王線「武蔵野台」歩4分, [建物面積] 83.62㎡ (25.29坪) (登記), [土地面積] 90.22㎡ (27.29坪) (登記)

The next two items are '新築一戸建て' (New Single-Family Home) listings:

- 3980万円, 2LDK, 東京都東村山市野口町3, 西武新宿線「東村山」歩11分, [建物面積] 88.44㎡ (26.75坪) (登記), [土地面積] 111.63㎡ (33.76坪) (実測)
- 5798万円, 4LDK, 東京都府中市幸町2, 京王線「府中」歩15分, [建物面積] 99.74㎡ (30.17坪) (登記), [土地面積] 103.23㎡ (31.22坪) (登記)

At the bottom of the map, there is a disclaimer: '※地図上に表示されているマークは、物件がその付近住所に所在することを表すものであり、実際の物件所在地とは異なる場合があります。' (The marks displayed on the map indicate that the property is located in the vicinity of the address, but the actual location may differ.)

Our Unique Business Model: Semi Custom-built Housing Using Compact Ready-Built House Development



What Is Semi Custom-built Housing Using Compact Ready-Built House Development?

By conducting development with a plan optimal for each piece of land, we offer housing with the reasonable prices of ready-built houses, and the quality and design features of custom-built houses. This achieves town planning starting from a single house.

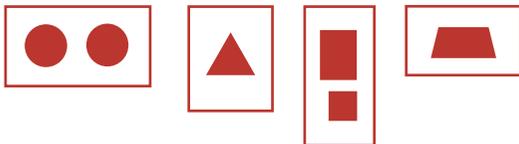
Conventional ready-built houses

Conventional ready-built houses are mass-produced and uniform, built by developing lots of 4 to 10 houses at once



Compact ready-built house development

Development of compact ready-built houses with superb designs on small lots of 1 to 2 houses, which are difficult for conventional homebuilders focused on large lots to enter



KEIAI's semi custom-built houses, where no two houses are the same

New Semi Custom-built House – The IKI one-story unitized house

Use of KEIAI Platform data and know-how resulted in the launch of a strategic product that targets a new category of the customized home market – The IKI one-story unitized house

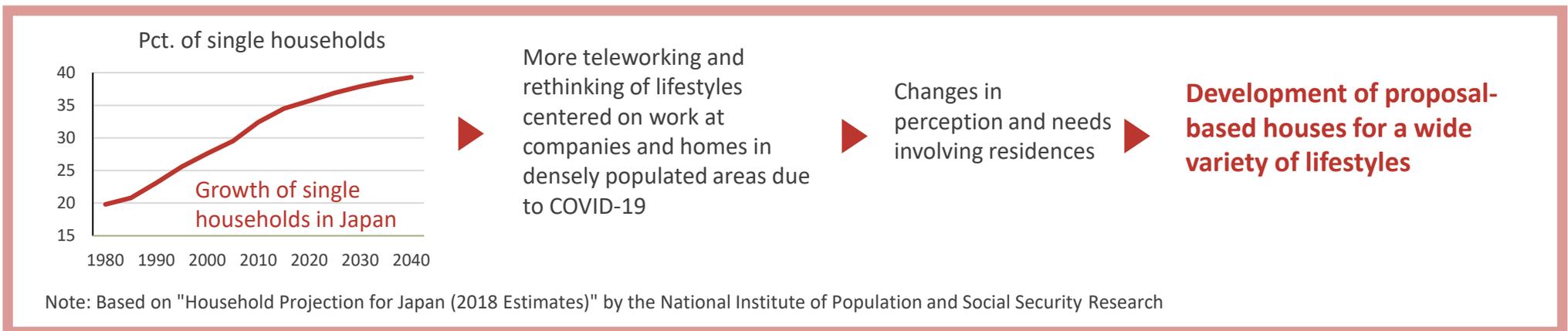
- Created for simple and space-saving life styles
- Meets many needs for necessary living space
- Unitized design speeds up completions and holds down the cost

A high-quality, economically priced one-story house with attractive designs made possible by the use of unitized designs and the KEIAI Platform for production process optimization



Floor area: About 56.2 to 89.3 square meters **Price:** ¥5.99 million to ¥9.00 million/unit

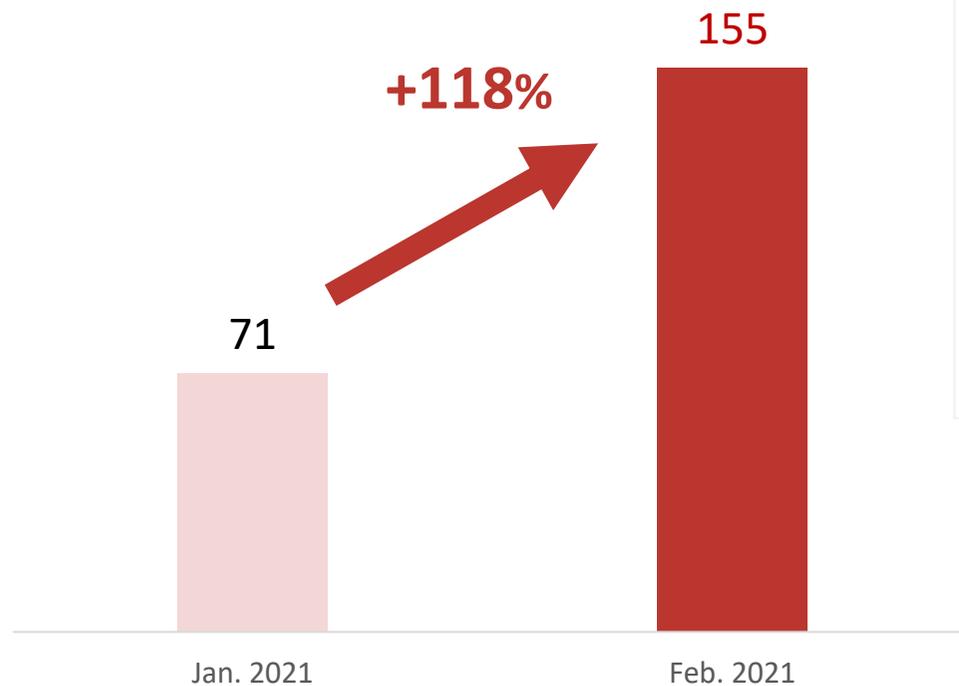
Design: 1 to 4 bedroom



Interest Generated by the New IKI Semi Custom-built House

IKI has produced a greater than expected response because of the use of technologies, including a system that allows contactless interaction with customers. Digital contacts from prospective customers in February 2021 were about 118% higher than in January. Since August 2020, when sales started, the number of orders has exceeded the target. The plan is to increase the number of sales areas where IKI houses are displayed to 12 locations by June 2021.

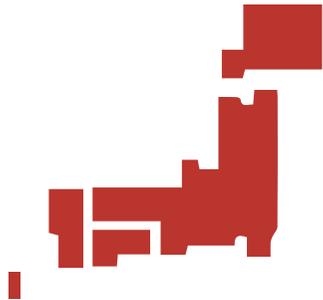
IKI digital contacts from prospective customers *1



*1. Digital contacts include owned media (websites), LINE and real estate online portal advertising

Target Customers

Area



- Regional cities
- Major cities designated by ordinance
- Semi-major cities (population of 100 thousand to 1 million)

Property type



- Semi custom-built detached houses
- Compact town planning starting from a single house
- ¥25 to 30 million

Buyer



- Real demand
- In their 30s to 40s
- Annual household income : ¥2 to 5 million range

Loan



- Housing loan
- City banks and regional banks nationwide
- Labor income of the buyer

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)

Competitive Advantages of KEIAI's Business Model and Barriers to Entry by Competitors

Competitive advantages

1. Use of technology/big data

- Design and construction processes are streamlined through the use of technology (e.g., on-site systems) even with small lots. We can develop housing without loss of productivity per unit by having a single foreperson to supervise many worksites.
- Digitizing worksite data with our systems enables us to accumulate and share worksite knowledge, standardize operations, and apply that knowledge to worksites nationwide. Working on many worksites also improves our power to purchase materials.

2. Stable supply

- We can quickly develop our human resources, because the development of large numbers of small lots enables our employees to gain experience on many diverse worksites. It also enables us to stably hire and train the artisan employees for construction sites.
- Experience with designing large varieties of (semi custom-built) detached houses in small batches by our in-house design division.
- Fast-turnover management enables us to ensure profitability and efficient financing.

Barriers to entry by competitors

1. Unique features of small-lot development

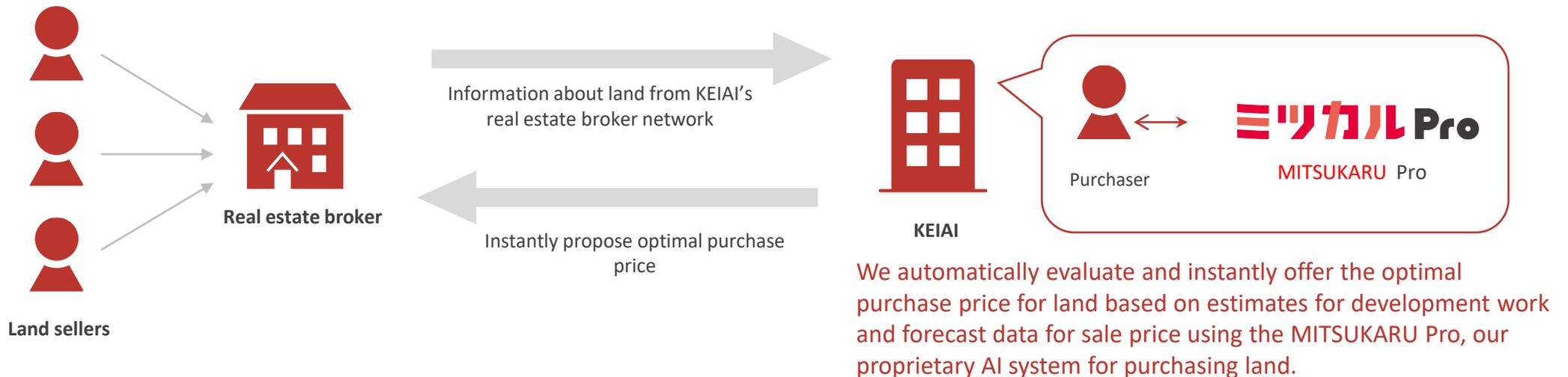
- Developing compact small lots requires development of large varieties of houses in small batches, with design and construction conducted one house at a time. This makes the development of ready-built houses extremely labor-intensive, and establishing standardized work procedures is unfeasible.

2. Uneconomical scales

- Developing small lots requires individual development and multiple houses cannot be built at the same time. It also requires the development to be spread out over time. This prevents companies from making large bulk purchases of materials, therefore difficult to take advantage of economies of scale.

Optimizing Purchasing Process with MATSUKARU Pro

We have developed our own proprietary system for purchasing land for development based on past transaction data. We use big data and artificial intelligence to instantly offer the optimal purchase price, without relying on the experience or intuition of the purchaser. This enables us to purchase and secure land for development ahead of our competitors.

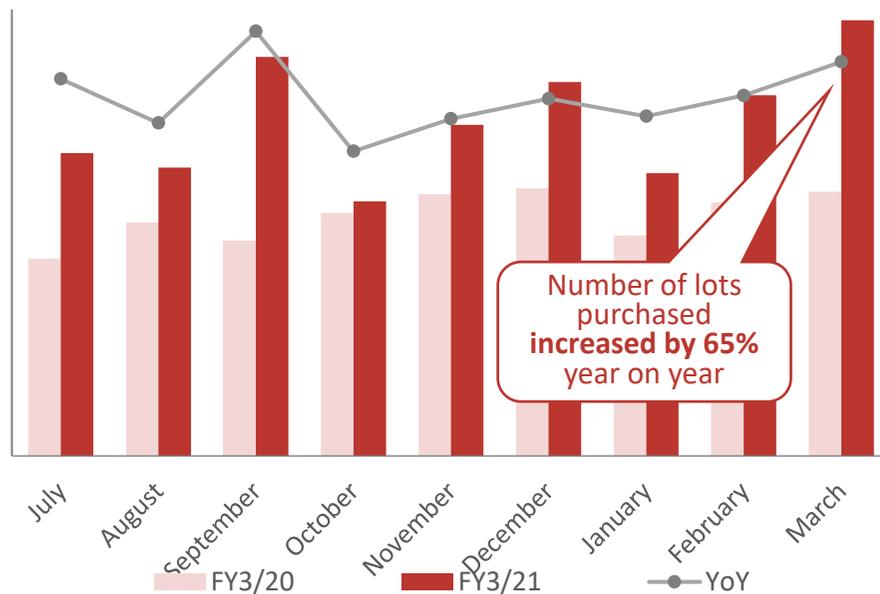


Ensuring a stable and scalable supply of land for development enables the rapid growth in sales of compact new detached houses.

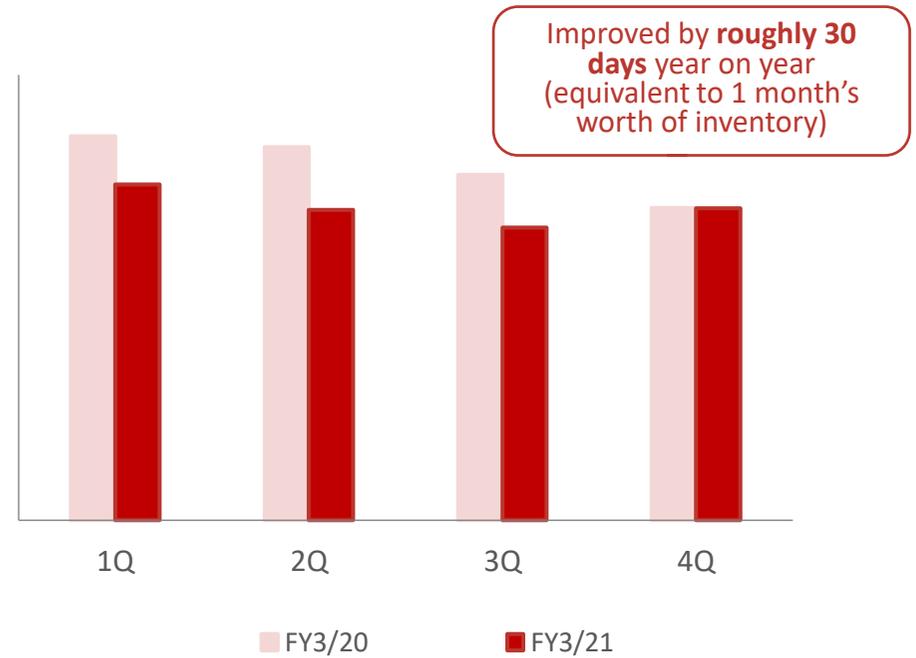
Status of Land Purchasing and Inventory Turnover Period for Growth in Next Fiscal Year

The current number of land purchases is trending well, greatly exceeding that of the previous fiscal year. At the same time, the number of days until inventory turnover is improving smoothly. Our preparations for continued growth in the next fiscal year (FY3/22) is well underway.

YoY change in numbers of lots purchased*1



Trends in inventory turnover period*2



*1: Actual number of purchases by the KI-Star Group, excluding purchases by subsidiaries brought into the Group via M&As

*2: Actual number of days for turnover from a settlement for purchasing land to a settlement for sale by the KI-Star Group, excluding M&A subsidiaries in the same manner as *1

KEIAI's Significance for Society – ESG/SDG Initiatives (1)



SDGs	KEIAI's initiatives
  	<p>1. Enabling everyone to own a home</p> <p>Helping solve social issues by supplying residential environments that everyone can enjoy with confidence. Activities include the supply of high-quality houses at affordable prices, the development of home monitoring apps that utilize CO2 and temperature sensors, the start of a home loan rescue program for single-person households, and other innovative ideas.</p>
  	<p>2. Alleviating extreme concentration of population in metropolitan centers</p> <p>We are revitalizing rural areas of Japan by improving the living environment, which has been hurt by the extreme concentration of people in metropolitan centers. As one option for the single-story IKI semi custom-built house, we started selling HANARE, a type of shed that can be used for work, in response to the rapid increase in teleworking.</p>
 	<p>3. Updating construction and real estate using IT</p> <p>We established DRC TECH Holdings to conduct R&D activities for IoT technologies and products. The goal is to increase the use of real estate technologies and construction technologies, such as robots for serving customers at home sales areas, and create a technology platform.</p>
  	<p>4. Solving problem of vacant housing</p> <p>There are approximately 8.5 million vacant houses in Japan. One solution is the replacement of these houses with new semi custom-built homes that have medium to long-term asset value. New homes can eliminate problems that cannot be solved by renovations.</p>

KEIAI's Significance for Society – ESG/SDG Initiatives (2)



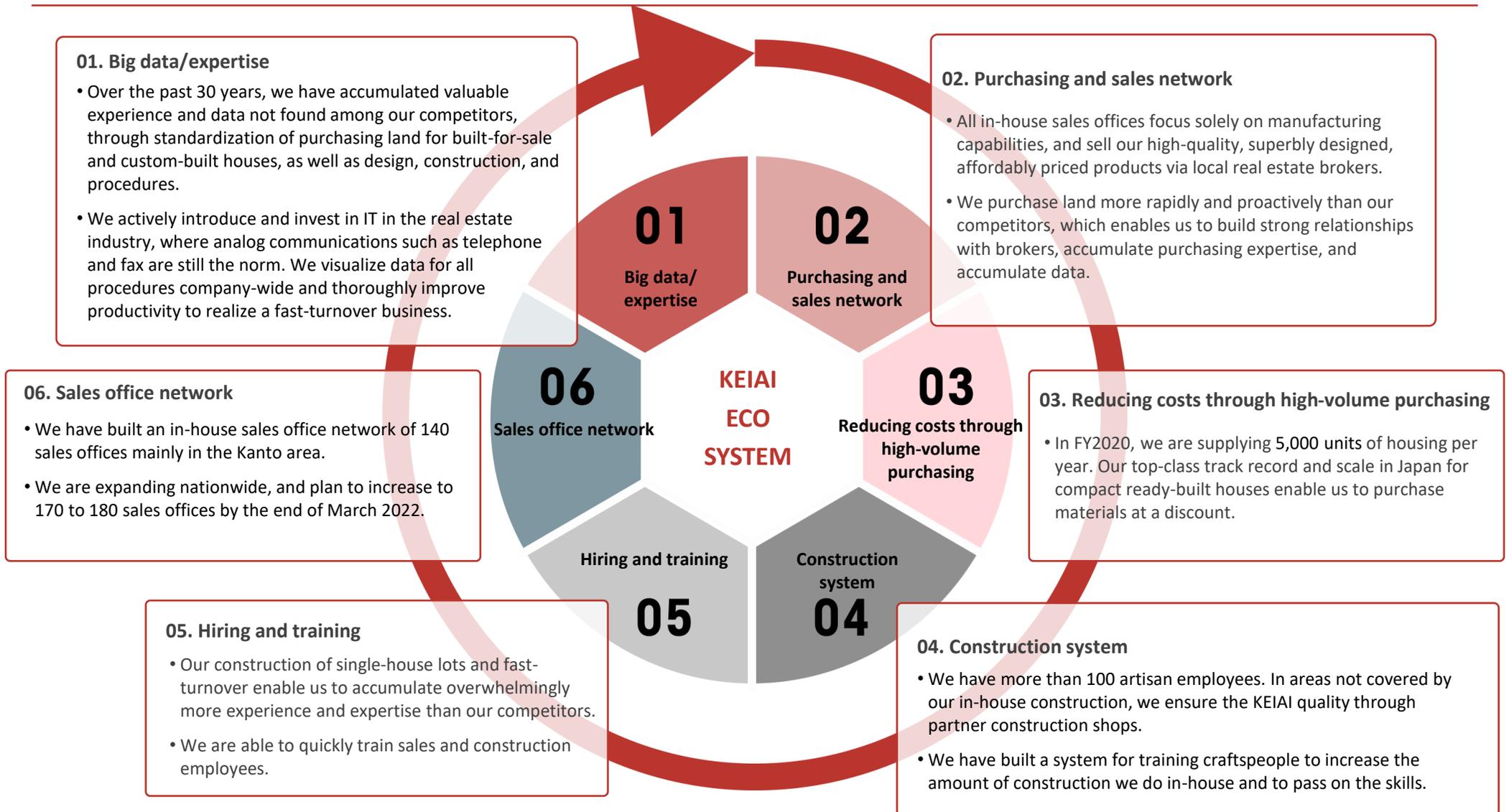
SDGs	KEIAI's initiatives
  	<p>5. Developing human resources</p> <p>We have created a Craftsman Program for artisan employees. We train junior artisans, improve working conditions that used to be called the 3Ds (dirty, dangerous, and demeaning), and also contribute to artisans' stable income.</p>
  	<p>6. Promoting diversity and empowerment of women</p> <p>We are committed to creating an environment that empowers women, including promoting women to management positions and encouraging the use of childcare leave. In 2019 and 2020, we were selected as a "Nadeshiko Brand" established by the Tokyo Stock Exchange and Ministry of Economy, Trade and Industry. In 2021, we were selected by the Ministry of Economy, Trade and Industry as a "Diversity Management Selection 100" company."</p>
 	<p>7. Hiring athletes with disabilities and supporting parasports</p> <p>In April 2019, we created the KEIAI Challenged Athlete Team. In 2021, we signed a gold sponsor agreement with the Japan Deaf Football Association. We participate in events held in partnership with local governments and educational institutions, and work to raise awareness of parasports.</p>
  	<p>8. Hiring and promoting participation by foreign nationals</p> <p>In both FY2018 and FY2019, our employees received the Excellent Foreign Construction Worker Award of the Ministry of Land, Infrastructure, Transport and Tourism and the Foundation for International Transfer of Skills and Knowledge in Construction</p>

KEIAI's Significance for Society – ESG/SDG Initiatives (3)



SDGs	KEIAI's initiatives
  	<p>9. Reducing CO2 emissions</p> <p>Building wooden houses captures about 9.5 tons of CO2 per unit (80 m²) compared to RC structures. We have activities for increasing the use of lumber produced in Japan and reducing CO2 emissions, such as by participating in the establishment of the Japan Wood Housing Association and establishing the goal of 100% use of Japanese lumber in IKI one-story semi custom-built houses.</p>
  	<p>10. Promoting the use and development of renewable energy</p> <p>To help achieve the goal of carbon neutrality by 2050, we have started providing a solar electricity plan to buyers of IKI one-story semi custom-built houses. The absence of any start-up payments makes it easy for people to use electricity from renewable sources.</p>

KEIAI Ecosystem

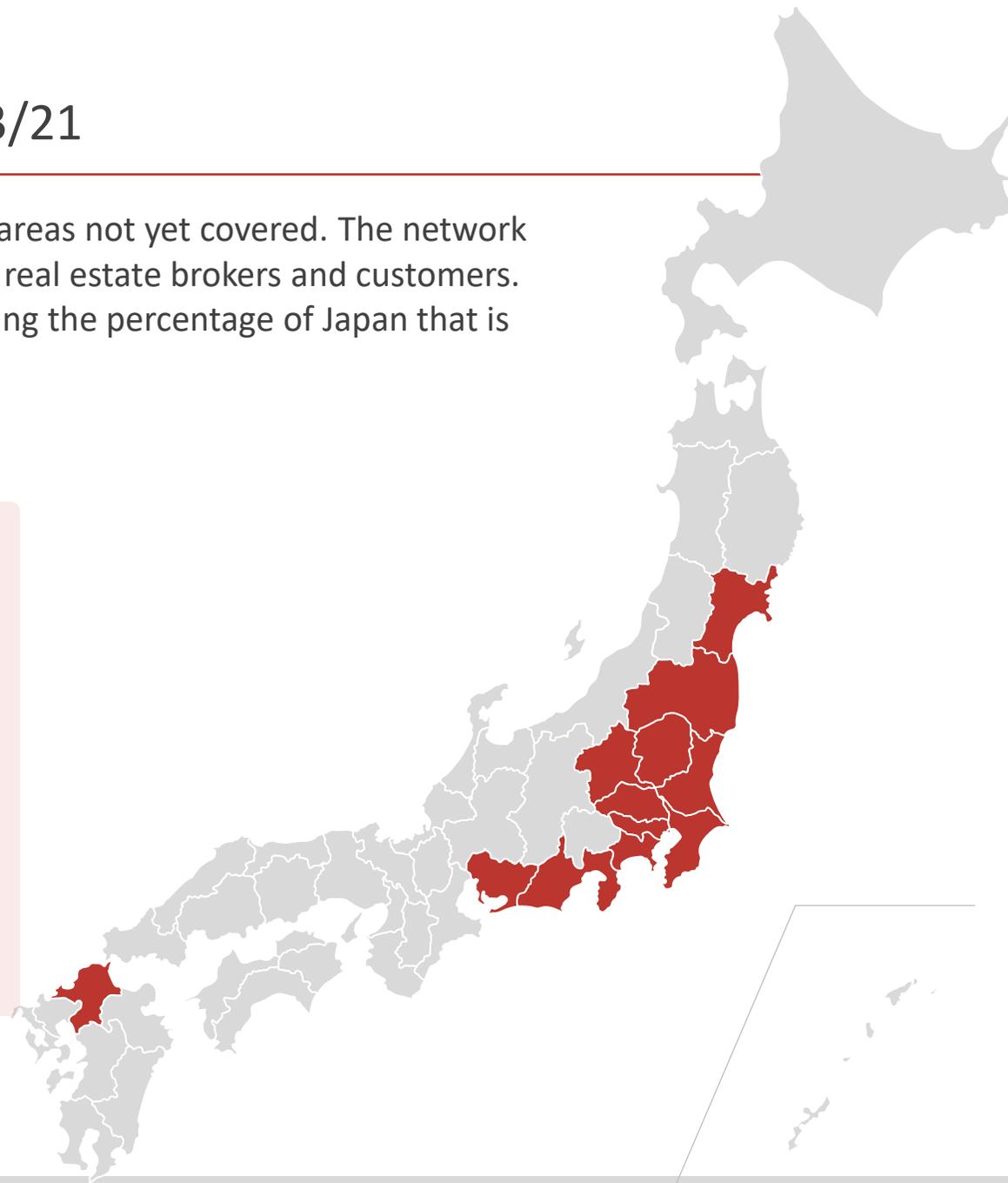


Expansion to More Areas of Japan – No. of Sales Branches at the End of FY3/21

We are expanding our sales branch network in Japan to areas not yet covered. The network expansion strategy will focus on building trust with local real estate brokers and customers. More locations are planned in order to continue increasing the percentage of Japan that is served by the KEIAI Group.

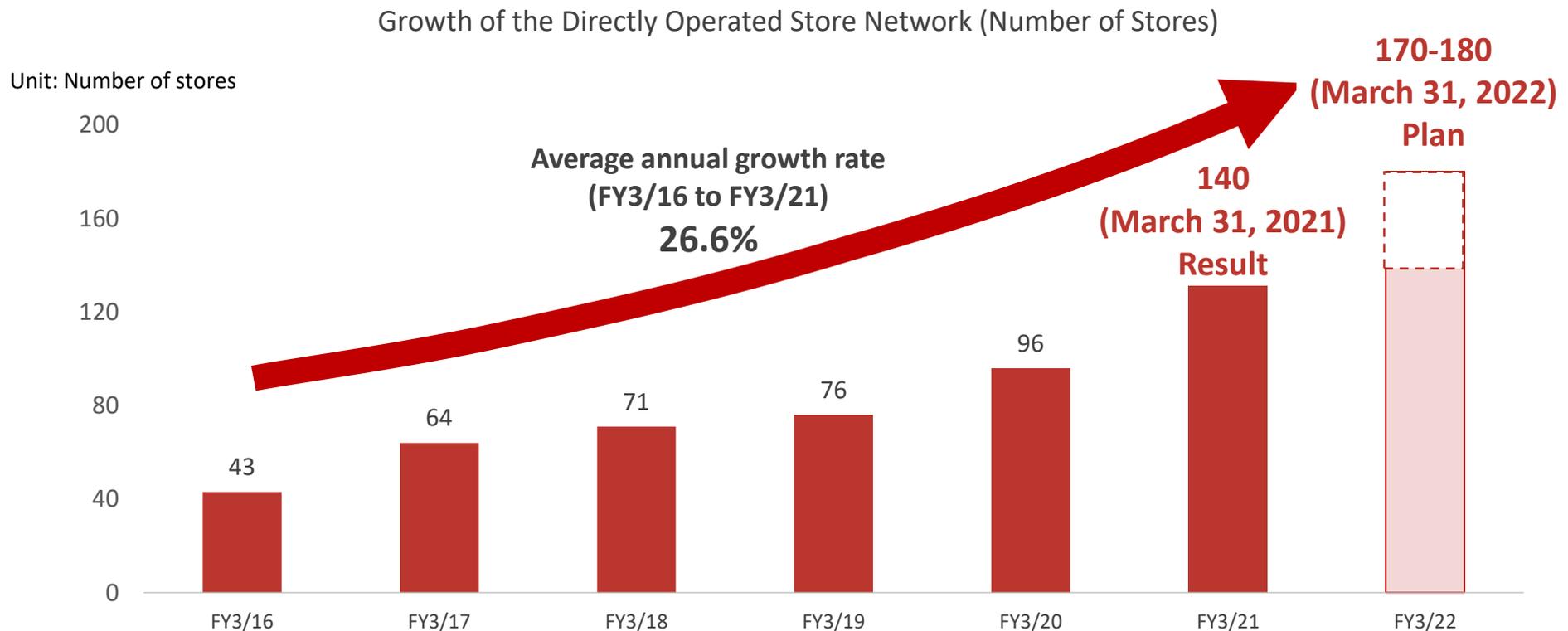
Number of Sales Branches at the End of FY3/21

● Saitama: 31	● Ibaraki: 11
● Fukuoka: 22	● Miyagi: 2
● Chiba: 16	● Aichi: 4
● Kanagawa: 14	● Fukushima: 1
● Gunma: 12	● Shizuoka: 1
● Tokyo: 14	
● Tochigi: 12	



Expansion to More Areas of Japan – More Directly Operated Stores

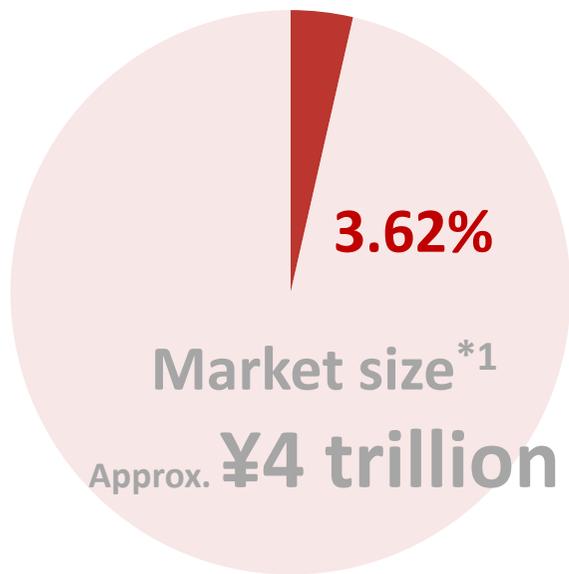
The number of sales offices has grown at an average rate of roughly 27% over the past five years. We plan to continue to add offices at a rapid pace in Japan to expand the network of KEIAI stores. By enlarging the areas covered by MITSUKARU Pro, we plan to build a stronger framework for efficiently and effectively purchasing land for more growth in the following fiscal years.



Number of Built-for-Sale Houses in Japan and KEIAI Share

KEIAI’s share of Japan’s built-for-sale house market is only 3.62%. There are very large areas in this market that we have not yet targeted. Our goal is to increase our market share consistently by extending operations rapidly to more areas of Japan.

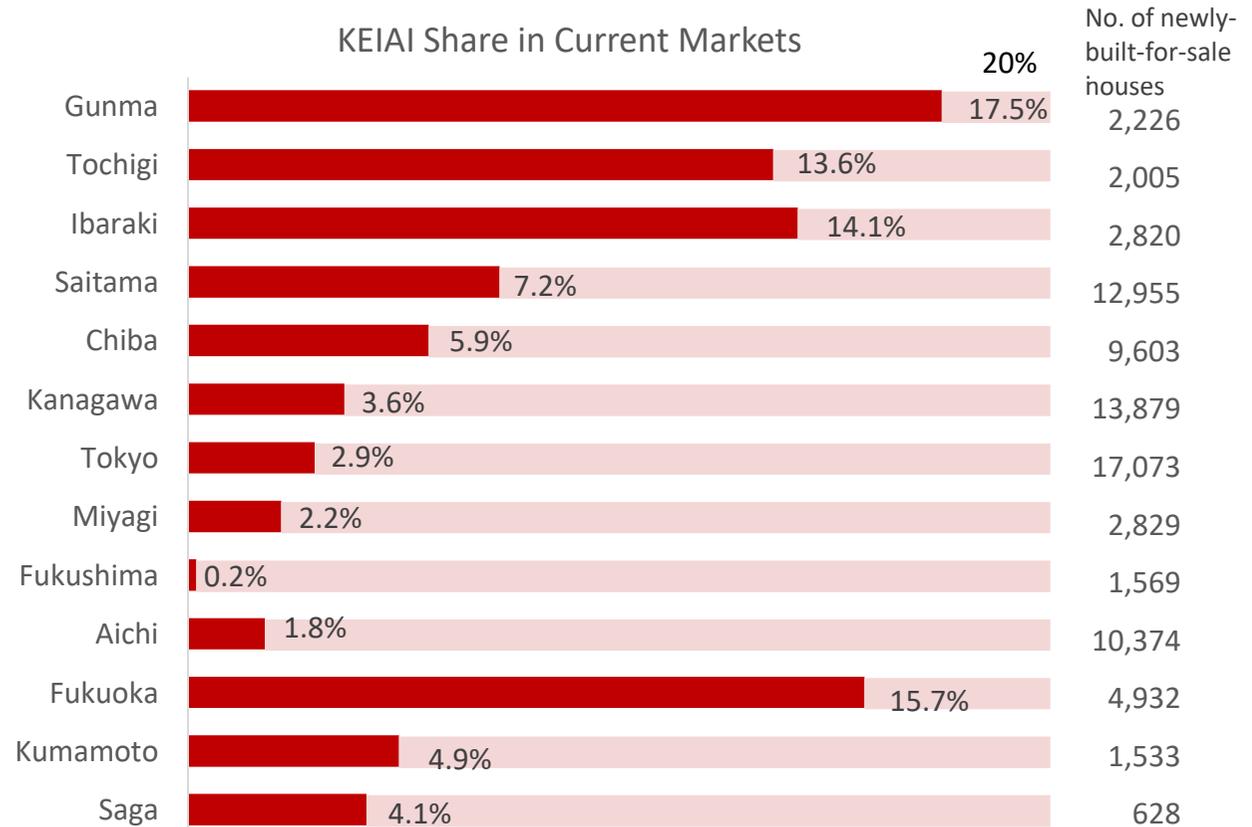
KEIAI Group’s Nationwide Market Share



**FY2020 supply of built-for-sale houses:
129,351**

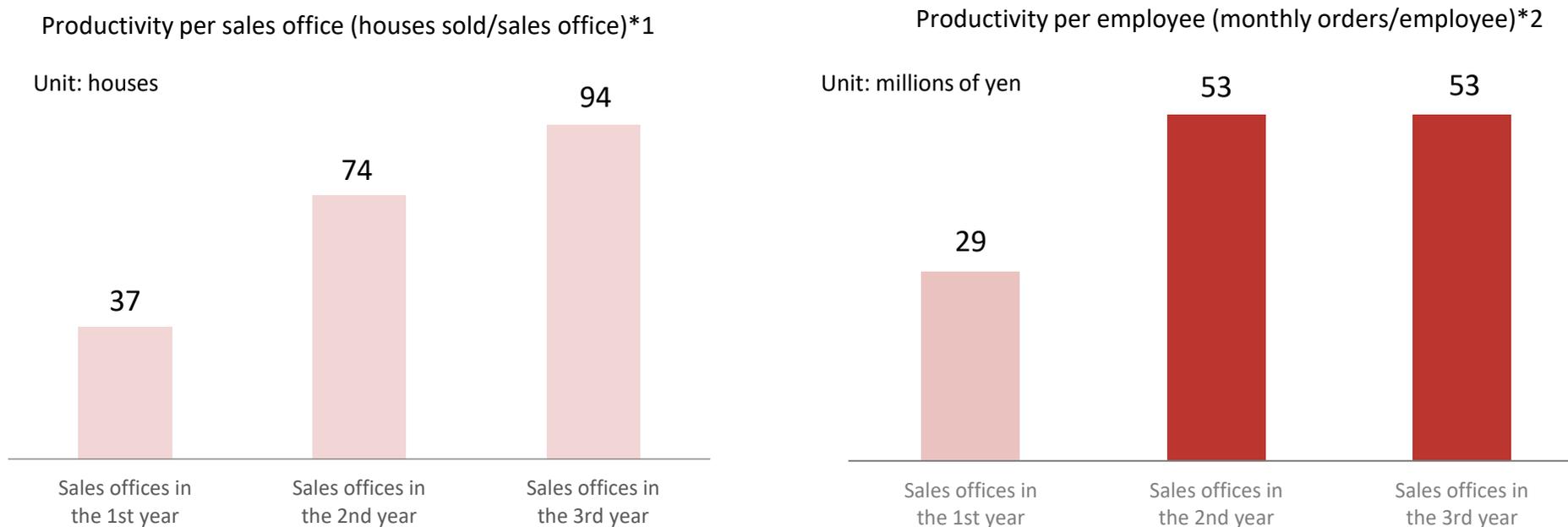
Source: “Housing Construction Statistics” (FY2020 new detached houses built for sale) of the Ministry of Land, Infrastructure, Transport and Tourism, and KEIAI FY2020 sales

KEIAI Share in Current Markets



Expansion to More Areas of Japan – Improving Productivity of Sales Offices

We have established an organizational readiness that enables us to open new sales offices without losing productivity. Newly opened offices achieved stable growth over a three-year period. At the same time, productivity per employee has significantly increased starting in the second year after opening.



*1: Numbers of detached houses sold by KEIAI sales offices (intermediary sales) (FY3/19 results)

*2: Monthly orders per sales employee at KEIAI sales offices (FY3/19 results)

Use the KEIAI Platform for Quickly Training Land Acquisition Experts

Compact housing developments are both fast and have a rapid turnover. This speed makes it possible to train land acquisition experts in a short time. Furthermore, By using big data accumulated in the KEIAI Platform, including data for prior years and data about KEIAI, people in only their second year at KEIAI can perform at a level above that of people with more than 10 years of experience at a conventional real estate company.



***Including new college graduates and people with no experience**

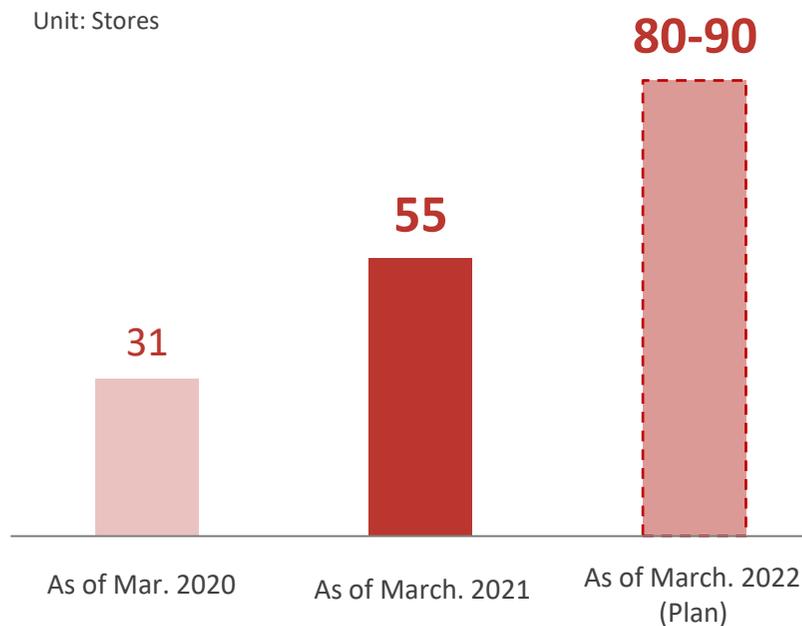
*1: Performance survey by the KEIAI Human Resources Development Department

Expansion to More Areas of Japan – KEIAI Franchised Stores

In addition to the own store network, strengthen the KEIAI's sales network through the KEIAI FC (Franchise chain)

- Growth of the franchised chain, which has stronger ties with KI-Star than with the voluntary chain, contributes to further increases in purchases and sales of properties.
- This chain has been expanding steadily to more areas of Japan since its launch in May 2019. This expansion is expected to increase franchising revenue.

Number of Franchised Stores



The 10 Benefits of KEIAI.FC

- 01 Support for starting businesses**
「未経験・実業種からの新規参入」や「独立開業支援」など、ゼロからの立ち上げもKEIAIがしっかりサポート。不動産業の開業に必要な、店舗士の採用、電器業者等の取付、店舗内外装の準備など、オープンまでしっかりサポートアップいたします。
- 02 Store front KEIAI sign**
ブランドカラーの派手な装飾とした視認性の高い看板を設置。統一感のある店舗外観で、清潔感・信頼感など、ポジティブなイメージが大きくアップします。ひとまわり目を惹くデザインで、出展の有効性も。
- 03 Manuals explaining KEIAI know-how**
ノウハウ、マニュアルを提供。物件情報や営業ノウハウなど、KEIAIのノウハウをスムーズに学びたい方には、会社を訪問できるためにも最も重要「入居」採用面接や人材育成なども私たちが支援。一歩一歩成長をサポートします。
- 04 Support from KI-Star advisers**
プロのスタッフが、加盟店様専用のアドバイス。不動産を「買」・「売」・「貸」・「借り」・「借り貸」・「貸し借り」の共有で企業価値向上の利便性を、定期的に活用しながら高質的な企業価値を支援いたします。
- 05 Outsourced sales / Purchase of properties**
グループの物件で、新築戸建・中古戸建・中古マンション・土地など、お客様のさまざまなニーズに対応可能。建物販売による敷金止の増加化で、集客・成約にもつながります。売却時もKEIAIが積極的に買い取ります。
- 06 Leaseback**
「売っても住み続けられる」即売市場の方法として、不動産業界で大きな注目を浴びています。在庫ローンを返済するの代わりに、老後資金を確保するための方法などの目を引くサービスで、受託案件に繋がります。お見積りも可能です。
- 07 Construction of homes for sale Supply of KI-Star products**
KEIAIの建物を特別価格で建築すること可能となるため、通常の土地のみ販売に比べることもできます。
- 08 Supply of building products**
自社建築を行うKEIAIが大量仕入で安く仕入れた建材を、加盟店様に特別価格で提供します。お客様にはもちろん、高層マンションや住宅設備事業、リフォーム事業など、さまざまな場面でご利用いただけます。



Financial Strategy and Fund Procurement

Secure funds for growth of the homebuilding and sales business and ensure the stability of fund procurement activities

Improve inventory turnover ratio to reduce inventory



Use our financial soundness for the flexible and diversified procurement of funds

- Overdraft agreement
- Committed credit facility
- Issuance of bonds (3Q)



Investments for more growth of the homebuilding and sales business

M&A – Seeking Many M&A Opportunities

M&A for strengthening sales capabilities and expanding to more areas of Japan
For vertical and horizontal M&A, continue examining opportunities and completing deals

TOKYO BIG HOUSE, Inc.

Operating mostly in Chiba and Saitama prefectures, this company primarily buys and sells real estate and performs planning, design and renovation work for buildings. Following this acquisition, TOKYO BIG HOUSE will focus mainly on activities involving KI-Star Group houses.
(Consolidated in April 2020)

K.K. presto-Home

presto-Home designs and sells detached houses mainly in Saitama prefecture. It is accelerating the growth of the KI-Star Group's domestic business through synergy with KEIAI's expertise in compact ready-built houses and the groupwide procurement.
(Consolidated in January 2021)

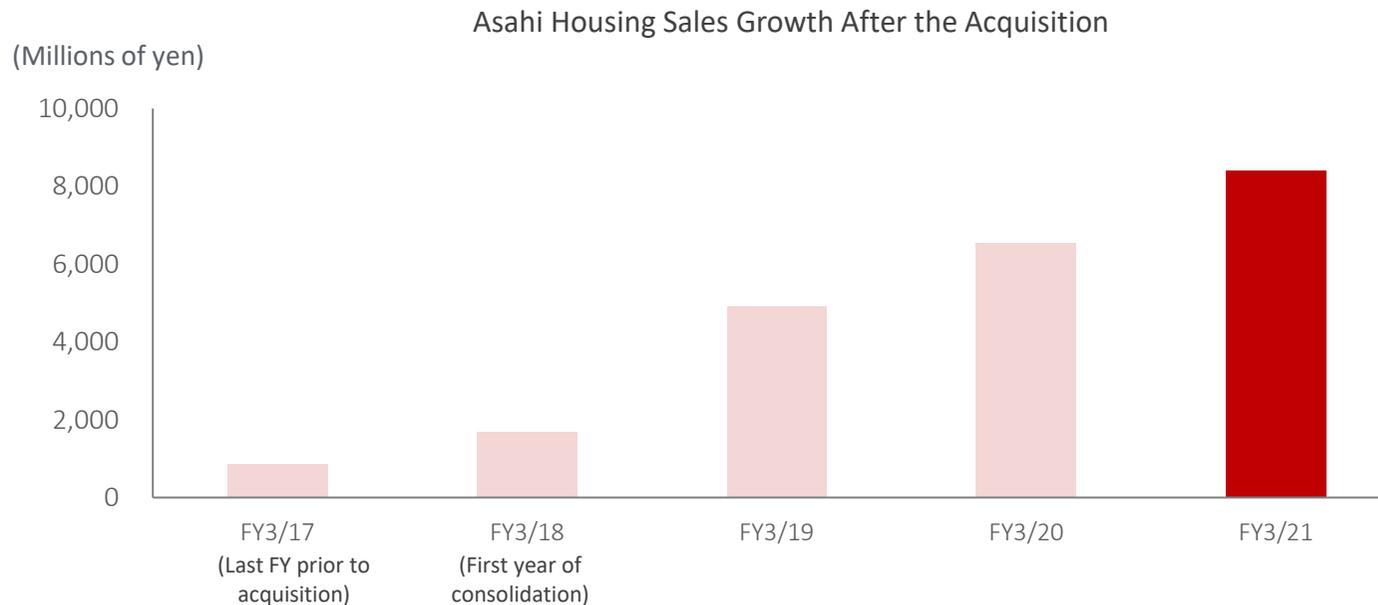


Joining the KI-Star Group will allow each company to benefit from synergies for sales, purchasing and other activities as well as from productivity improvements through the KEIAI Technology Platform. These benefits are expected to speed up the growth of these companies.

M&A – Growth of a Subsidiary after the Acquisition (Example: Asahi Housing)

Asahi Housing has rapidly increased its sales 9.6-fold since joining the KI-Star Group in FY3/18.

- Sales are up **about 9.6 times** after the acquisition (FY3/20 sales vs. FY3/17 sales)
- The post-acquisition CAGR*1 is **76.4%** $(\left(\frac{\text{FY3/20 sales}}{\text{FY3/17 sales}}\right)^{\frac{1}{3}} - 1) \times 100$

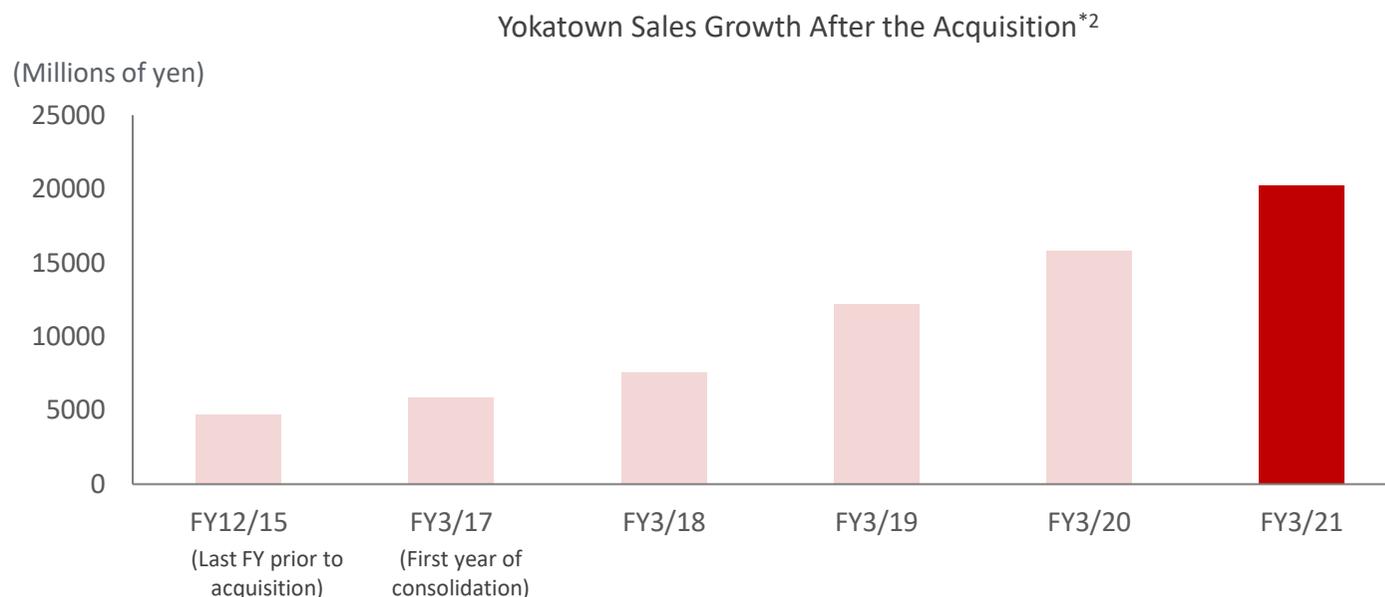


*1: Compound annual growth rate, or CAGR, is the mean annual growth rate of an investment over a specified period of time longer than one year.

M&A – Growth of a Subsidiary after the Acquisition (Example: Yokatown)

Yokatown has increased its sales 4.3-fold since joining the KI-Star Group in FY3/16.

- Sales are up **about 4.3 times** after the acquisition (FY3/20 sales vs. FY12/15 sales)
- The post-acquisition CAGR*¹ is **33.9%** $(\left(\frac{\text{FY3/20 sales}}{\text{FY12/15 sales}}\right)^{1/4}-1) \times 100$



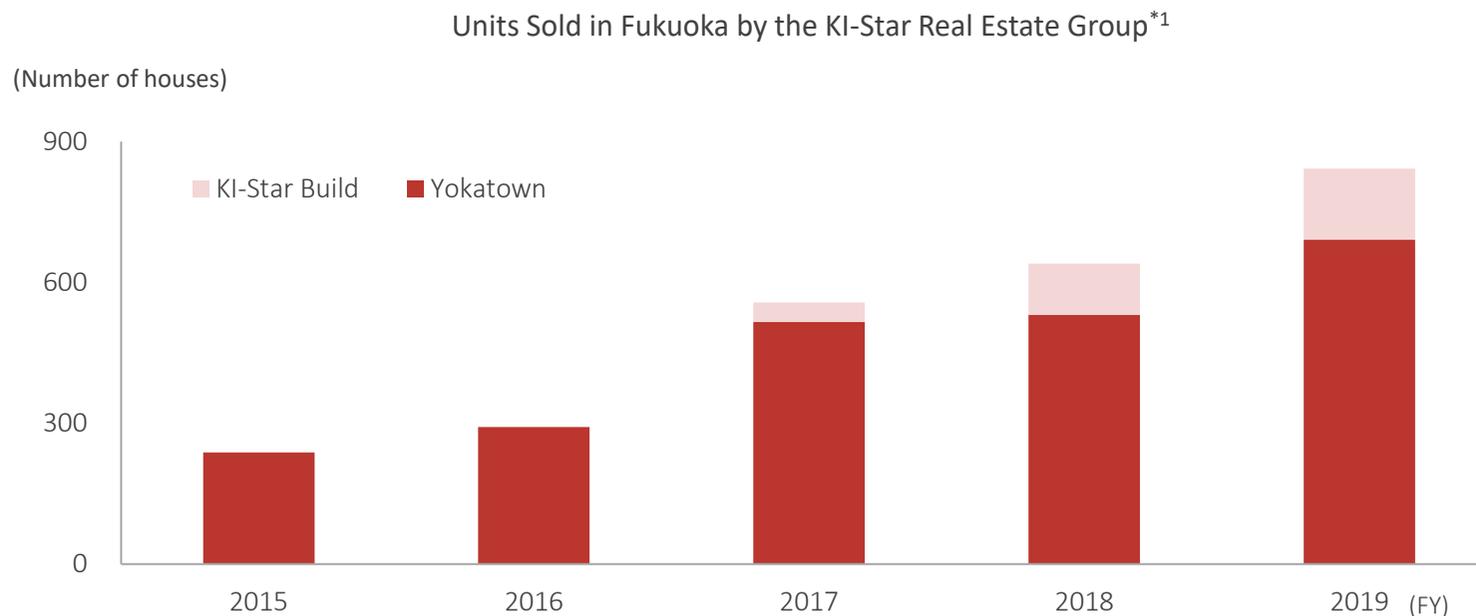
*1: Compound annual growth rate, or CAGR, is the mean annual growth rate of an investment over a specified period of time longer than one year.

*2: Fiscal year has been changed from December to March when Yokatown was consolidated.

M&A – Growth of a Subsidiary after the Acquisition (Example: Yokatown)

Since joining the KI-Star Group in 2016, Yokatown has grown to become the **number-one** supplier among ready-built house builders in Fukuoka prefecture.

- Yokatown sells KEIAI FiT, a KEIAI product.
- Leveraging the strengths of the KI-Star Group, including reducing costs through use of uniform materials and improving workflows, the company produces high-quality, low-priced products.

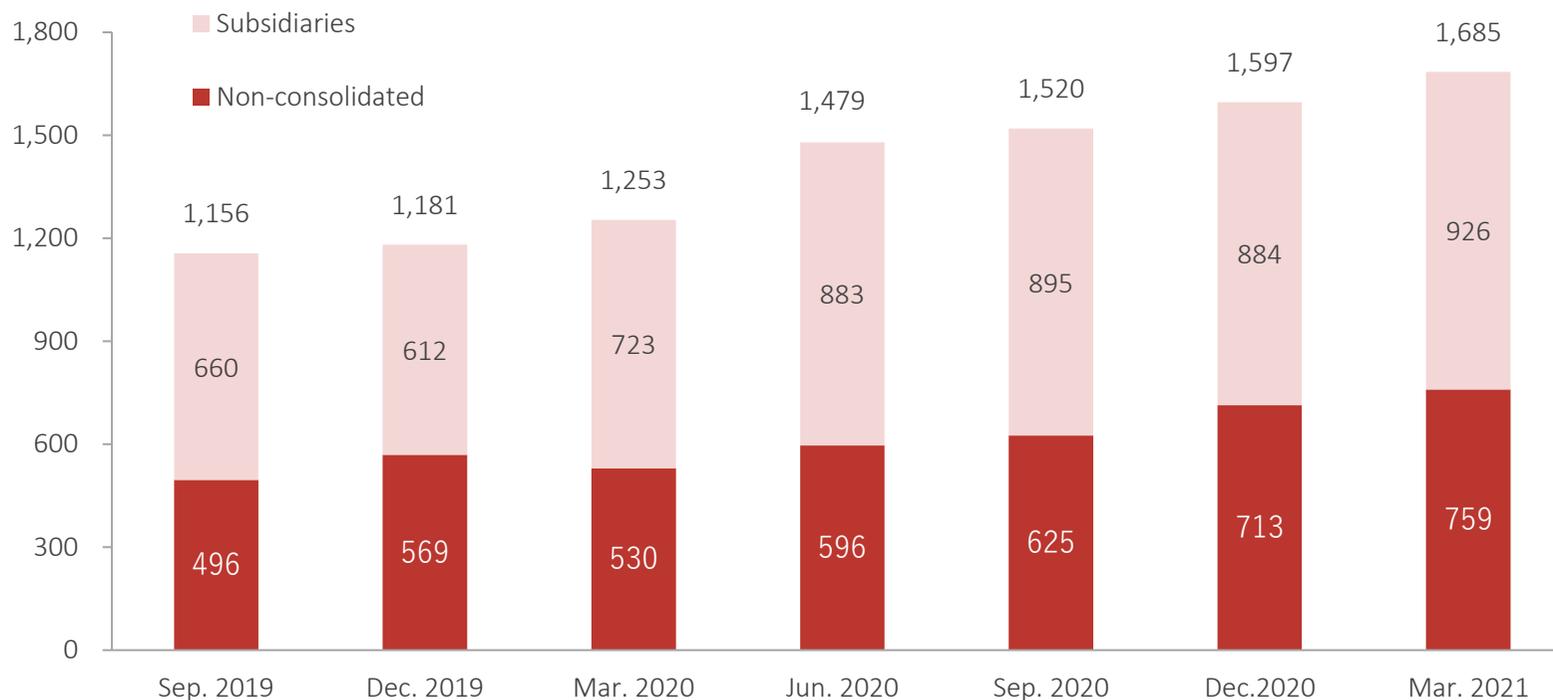


*1: Prepared based on materials published in "Monthly TACT" by JUTAKU SANGYO KENKYUSHO CO., LTD.

Development of Human Resources

– Recruiting Activities

We are consistently hiring people to support the KI-Star Group's steady growth. Recruiting goals were achieved. We hired almost 200 new college graduates in 2020 despite the COVID-19 crisis, including more than 80 at KI-Star Real Estate.



3. Dividends and Shareholder Benefits

Dividends and Shareholder Benefits

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

	FY3/20 Results (consolidated)	FY3/21 Results (consolidated)	FY3/22 Forecast (consolidated)
Net income per share (yen)	252.60	536.69	704.03
Dividend per share (yen)	76.00	139.00	200.00
Interim dividend per share (yen)	42.00	44.00	100.00
Payout ratio (%)	30.1%	25.9%	28.5%

Shareholder Benefits

Purpose: Increase the number of medium and long-term shareholders by making KI-Star stock more appealing

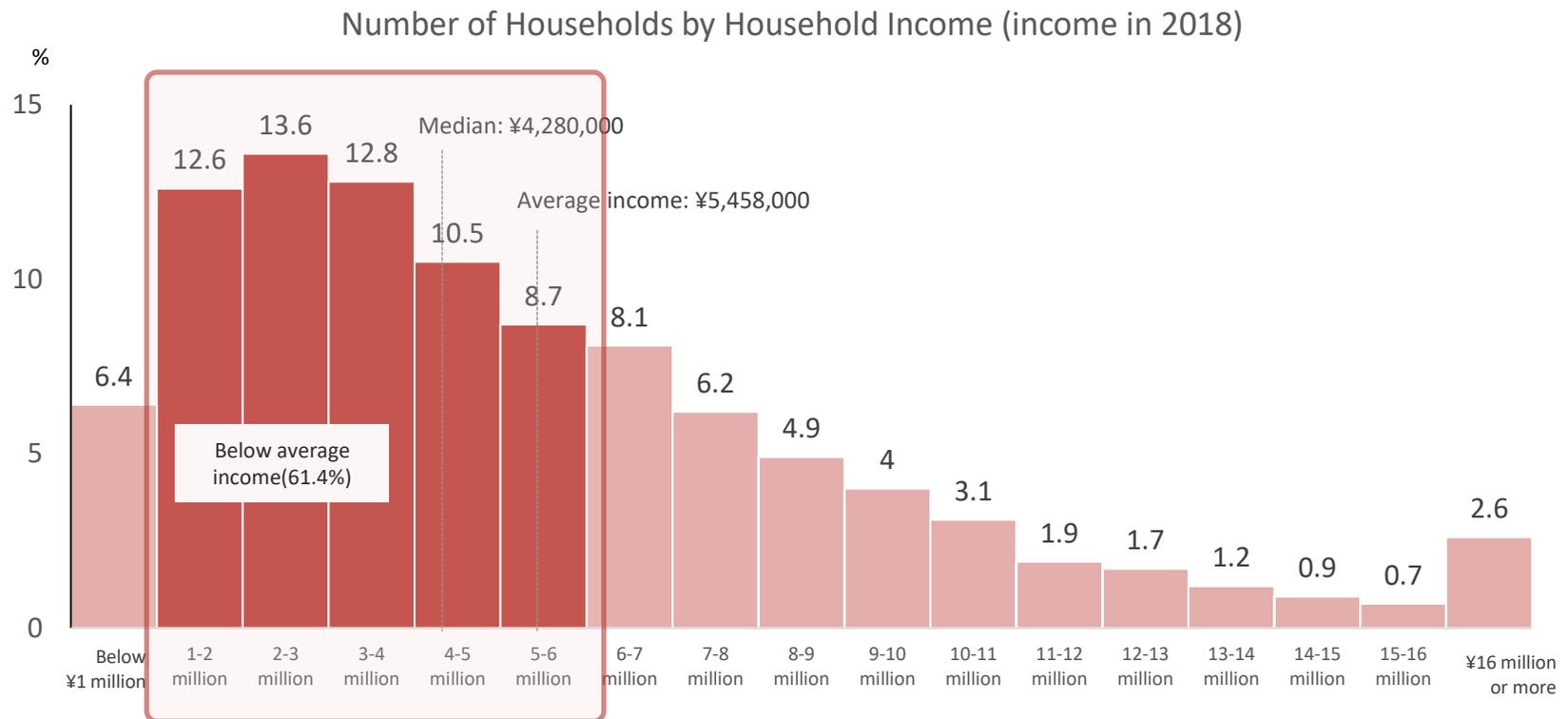
Eligibility: Shareholders who are listed in the shareholder register on September 30 and own at least one trading unit

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)

4. Appendix

KEIAI's Target Market

Our mission is “house ownership for everyone.” We target customers in the high-volume mass market. We are helping to increase number of homeowners in Japan.



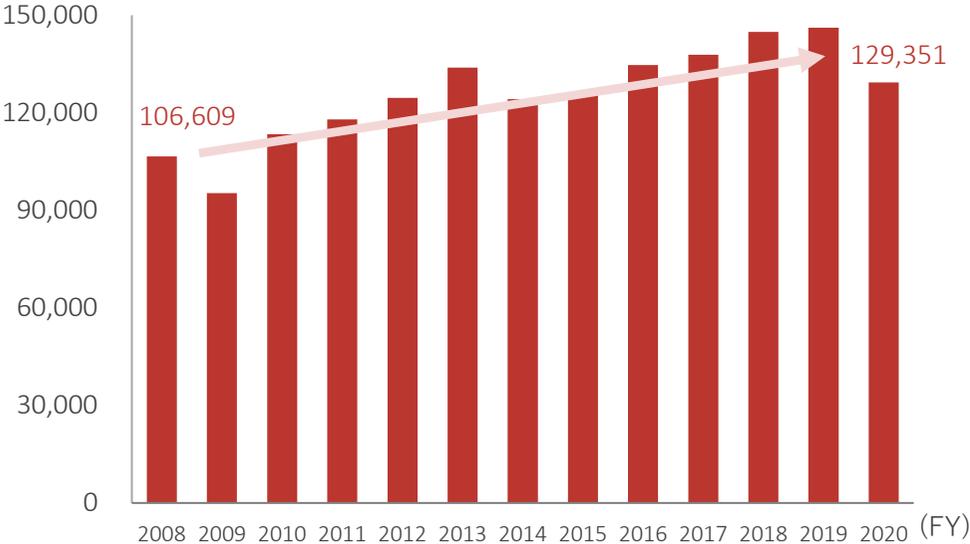
Source: Ministry of Health, Labour and Welfare, “2019 Comprehensive Survey of Living Conditions”

Trends and Outlook for Size of Detached Ready-Built House Market

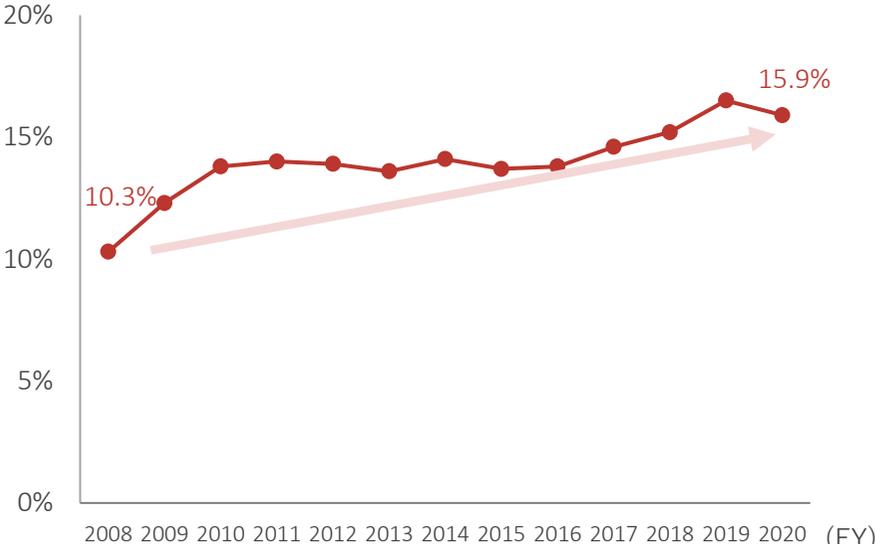
Over the past decade, the Japanese market for ready-built detached houses has continued to grow at a stable rate. Amid the COVID-19 pandemic, the demand for detached houses in suburbs is increasing. This will also increase the overall demand for ready-built detached houses, as well as the ratio of ready-built detached houses to total new housing.

Number of new housing starts: ready-built detached houses

Unit: number of houses



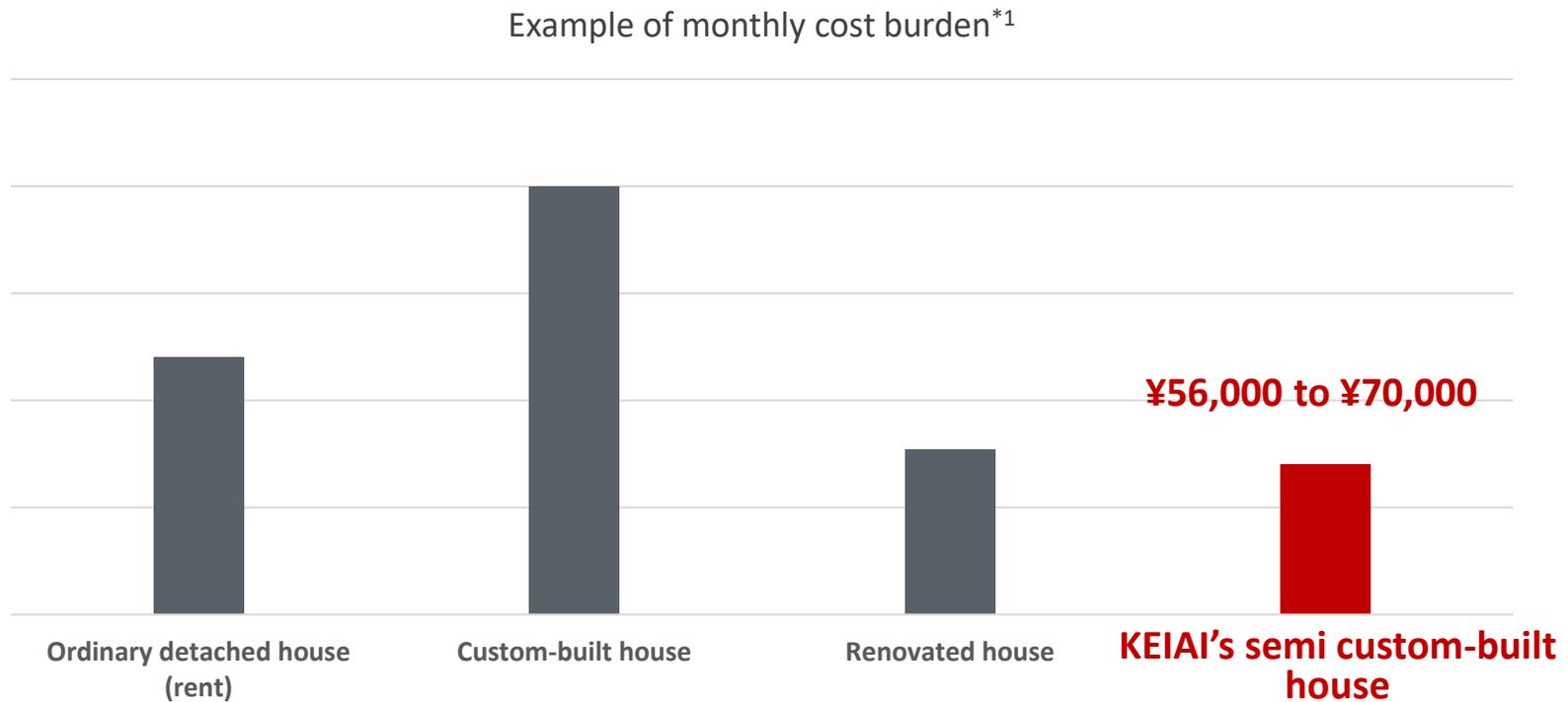
Ratio of ready-built detached houses to total new housing starts



Source: Prepared based on Ministry of Land, Infrastructure, Transport and Tourism, "Housing Start Statistics"

Price Comparison of Detached Houses

KEIAI offers superbly designed, semi custom-built detached houses at a price that is lower than rent. It enables customers to purchase a new house with excellent earthquake resistance and fixtures for less than it would cost to remodel an existing house.



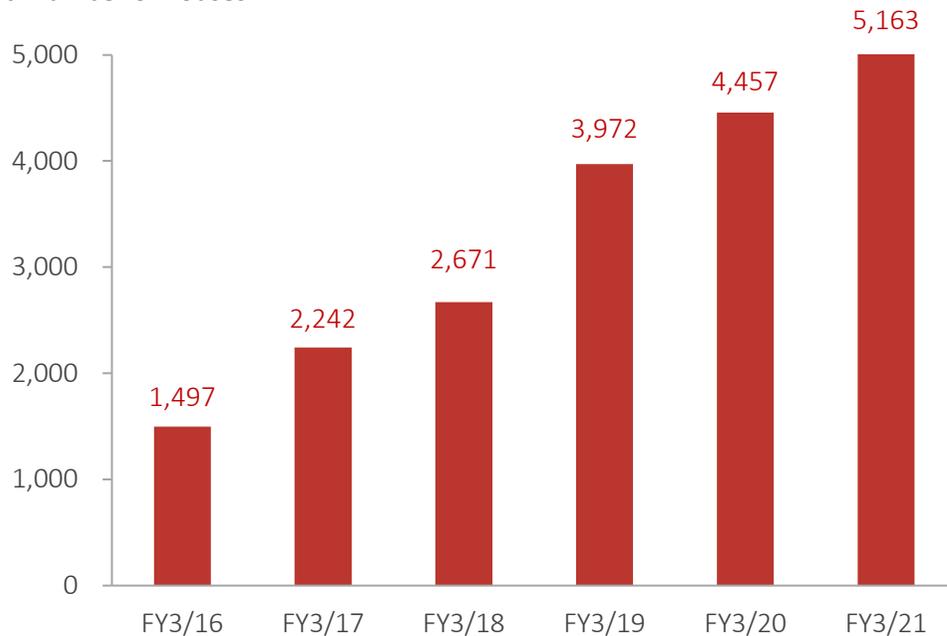
*1: Comparison of average rent for a 3LDK detached house with monthly loan payment (at 1% interest) for a 4-5LDK KEIAI ready-built detached house in the city of Takasaki
As reference, monthly loan payments (at 1% interest) calculated based on the common sale prices for a custom-built house and remodeled house

Track Record in Compact Ready-Built House Development

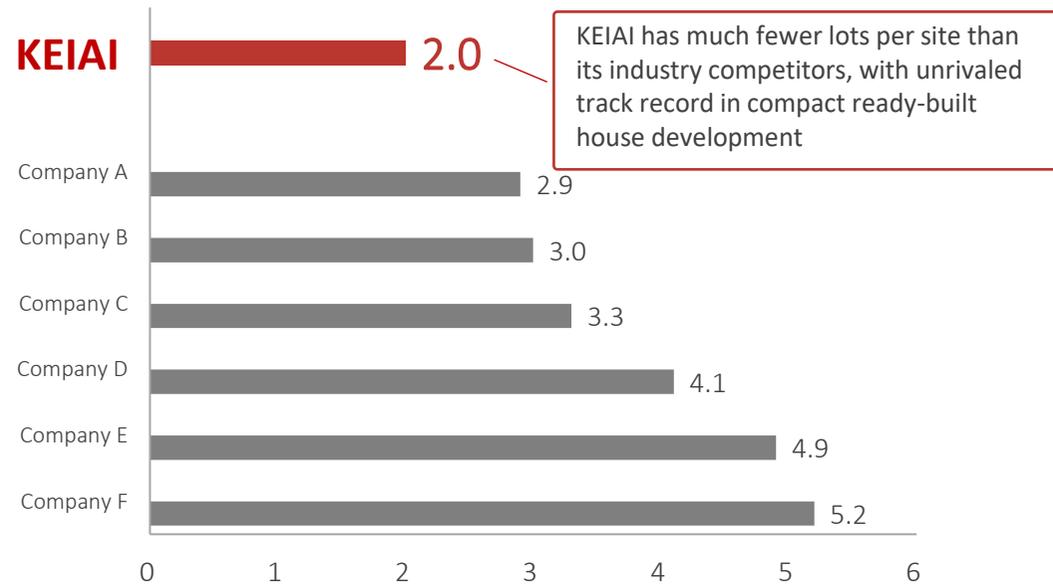
By introducing the KEIAI Technology Platform to our supply of detached houses, we are able to develop ready-built houses compactly and quickly. KEIAI's compact ready-built house development has overwhelming advantages over its industry competitors (track record of 2.0 lots per site on average *1).

Units Sold by the KI-Star Group

Unit: Number of houses



Comparison of Average Number of Lots per Ready-Built House Worksite*1 with Industry Competitors



*1: Based on KEIAI estimate of average ready-built house development status by KEIAI and industry competitors

Past Design Awards

KEIAI has won a large number of design awards.



Kids Design Award (twice)
Shared Garden House - Style Mitaka,
metropolitan ready-built houses with a shared
garden



Japan Wood Design Award
Learning and Experience Classroom
Choices for Future Careers



Keiichi Tanaka Award, Japan
Association for Real Estate Sciences

Hanamaru Power Plant



House of the Year in Energy (twice)

Bellezza α and Signorina α, KEIAI Casa



Excellent Business Award, National
Housing Industry Association (4 times)

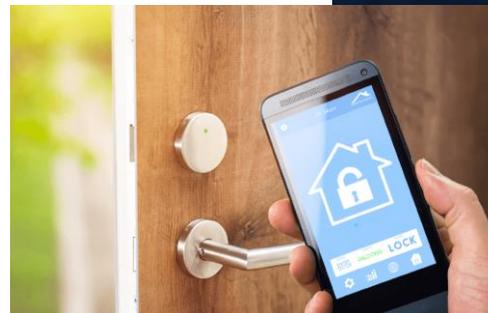
dan-lan no machi, medium-scale ready-built
detached house business, etc.



Established Subsidiary Casa robotics

Casa robotics specializes in the sale of IKI one-story houses. It promotes sales of one-story houses using IT and AI.

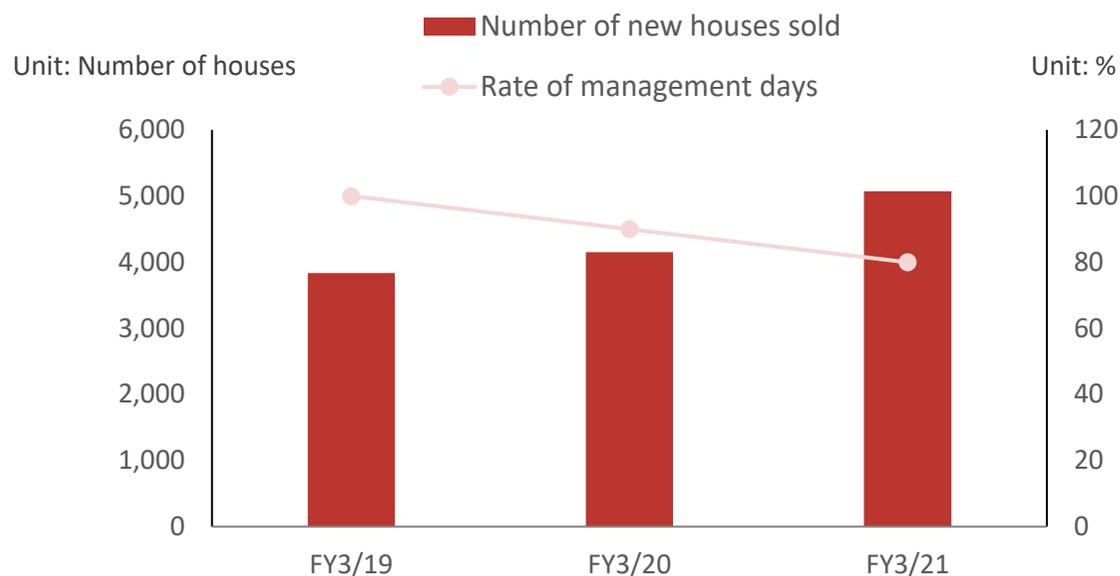
- Casa robotics was founded in November 2020. The company interfaces with customers using new technologies, including contactless sales, virtual tours, the Internet, and apps. It uses technology to reduce store operating costs, and aims to provide high-quality custom-built houses at low prices.



Introduced Klzuku PRO to Streamline Management of Construction Sites

Introducing an app to streamline the management of construction sites, which lags in IT

- In October 2020, we began operating Klzuku PRO, a version of a construction site support app customized for KEIAI. This cloud-based app manages a variety of information on construction sites, such as work schedules, site progress, process charts, and construction quality checks. By achieving a 100% introduction rate for the app, we have increased the annual number of construction sites managed per foreperson by 20% on average.



Note: Rate of management days is the proportion per fiscal year, taking the company-wide construction site management days for FY3/19 as an index of 1.

Introduced Remote Customer Service for Showcase Model Houses

For the "IKI" business of Casa robotics, a subsidiary, we have started the joint development of a teleoperated robot called "MORK" for use at housing exhibitions. In the future, we plan to develop a model specifically for housing exhibitions in order to promote unattended viewings and contactless sales.

- In addition to automated interior viewing of model houses, which we began in December 2019, in August 2020, we introduced RURA, a remote customer service system. Staff is on standby to answer questions from customers remotely, enabling customers to take interior viewing tours with no unanswered questions left about the product. This avoids the risk of COVID-19 infection, and enables us to work and assign staff more efficiently.



The IKI model house in the Takasaki model home site has an automated interior viewing system and uses a chat app

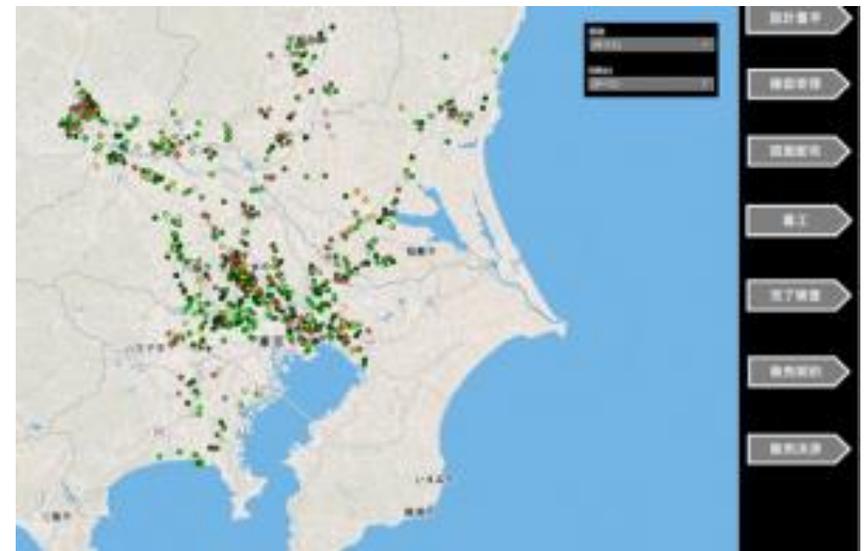
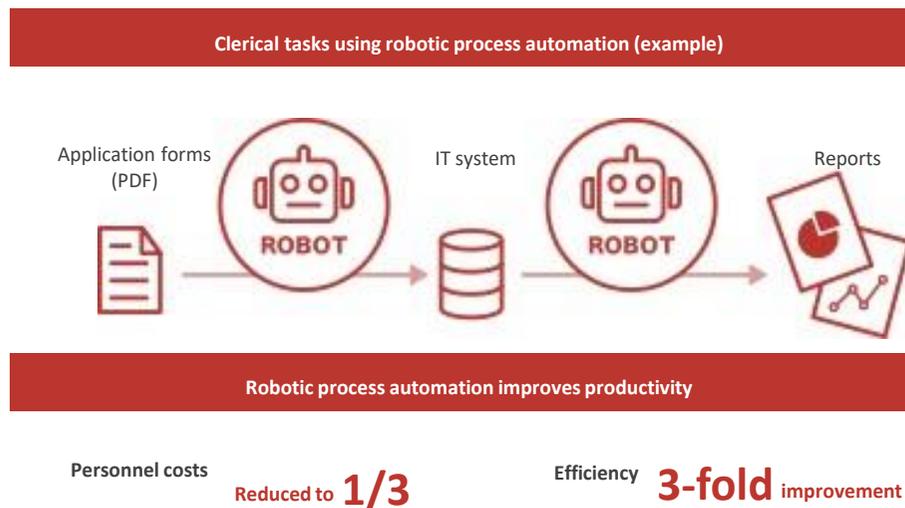
Order rate: **Approx. 20% increase**

▶ Time from the first contact to the signing of a sales contract: **Approx. 60% reduction**

RPA/AI for Back Office Tasks

The use of RPA/AI for real estate back office tasks has **reduced more than 2,000 hours of back office processes during about six months** since the new IT system became operational.

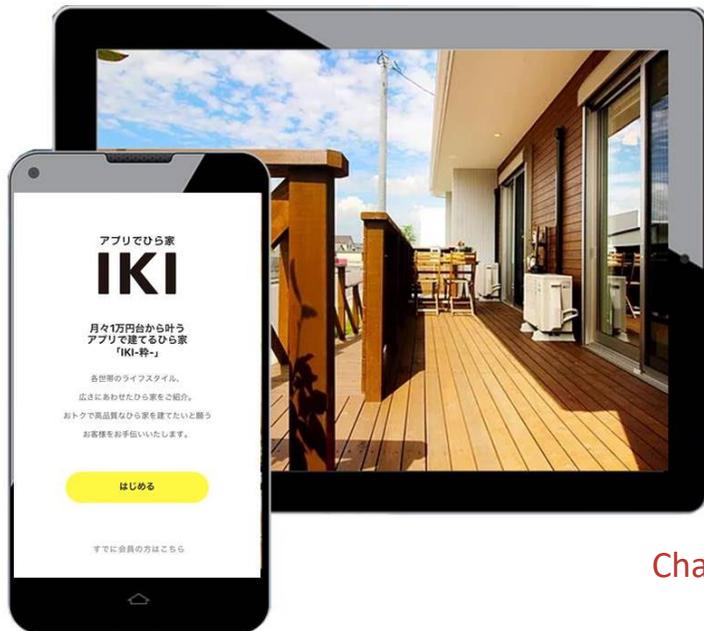
- Automates tasks that were once done manually
- Use of AI-OCR technology to convert paper media data to text data
- Uses a system for the visualization of real-time numbers for information that is constantly changing, such as land acquisition activities, days needed to build houses and the status of home sales in the homebuilding and sales business.



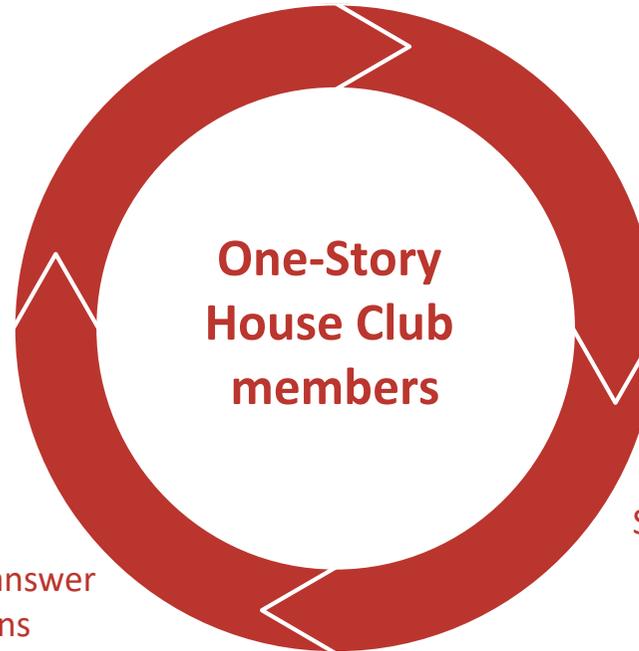
Reinventing the detached home buying experience (UX) with the Hiraya IKI app

Through a new app released in April 2021, engage Hiraya members (potential customers) and renew the detached house buying experience through MA*1 combining app and web.

Experiences of
people already living
in a KEIAI house



Chats help answer
questions



Virtual experience using the app



Site recommendation using AI reflecting
customers' interests and preferences

"I like gardening" "I like surfing"

"I enjoy outdoor activities"

*1: MA = Marketing Automation: To promote the efficiency and sophistication of marketing and sales promotion activities by introducing tools such as automation and AI for marketing operations.

Steady-Revenue Business for KEIAI Members

KEIAI Concierge improves customer satisfaction by upgrading after-sales services for members who have purchased a KEIAI home. This service also forms the basis for businesses that generate steady revenue.

KEIAI

A members-only app for buyers of KEIAI homes
KEIAI Concierge

KEIAI Concierge is a **members-only app** created for people who have purchased a KI-Star Real Estate Group residence.

The app periodically sends useful information about homes and special events to enable people to enjoy their homes with confidence for many years. Members can also use the app to contact KEIAI with questions about their homes, requests for additional work and estimates, and many other items.



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.

This presentation was prepared for the purpose of providing general IR information for giving people a better understanding of the KI-Star Group and is not a solicitation to invest in KI-Star. Individuals who use the information in this presentation should reach investment decisions on their own.

Although KI-Star has exercised care concerning the information in this presentation, the company makes no guarantee whatsoever regarding this information. Furthermore, KI-Star assumes no responsibility at all for any losses or other damages that may result from the use of the information in this presentation.

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