

# KEIAI

デザインのケイアイ

## First Quarter of FY3/24 Financial Results

KI-STAR REAL ESTATE Co., Ltd..



Tokyo Stock Exchange,  
Prime Market/ 3465

# Our Purpose and Vision

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## **Our Purpose**

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

## **Our Vision**

House ownership for everyone

# 1Q FY3/24 Highlights

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- Continued business growth as sales increased 22.1% to 61.09 billion JPY. Ordinary profit was down 50.6% to 2.41 billion JPY. Sales growth, which is the KEIAI Group's most important performance indicator, continued and the group's share of the built-for-sale housing market increased, which is a medium-term goal of the group.
- Business segments have changed beginning with the first quarter of FY3/24. All business segments for companies that were acquired by KEIAI have been combined with the homebuilding and sales segment. The goal for homebuilding and sales is to use the area operations of KEIAI and the incorporation of companies that joined the group through acquisitions into the KEIAI Platform to speed up the expansion of operations in order to achieve nationwide coverage.
- Furthermore, horizontal expansion of the KEIAI Platform will be used to extend operations to more business domains. The KEIAI Group has many business models created in existing businesses, such as custom-built housing, rental apartments, pre-owned home sales and overseas operations. The goal is to utilize this knowledge in adjacent business domains to achieve continuous growth.

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# 1. 1Q FY3/24 Financial Summary

## Consolidated Statement of Income (1Q)

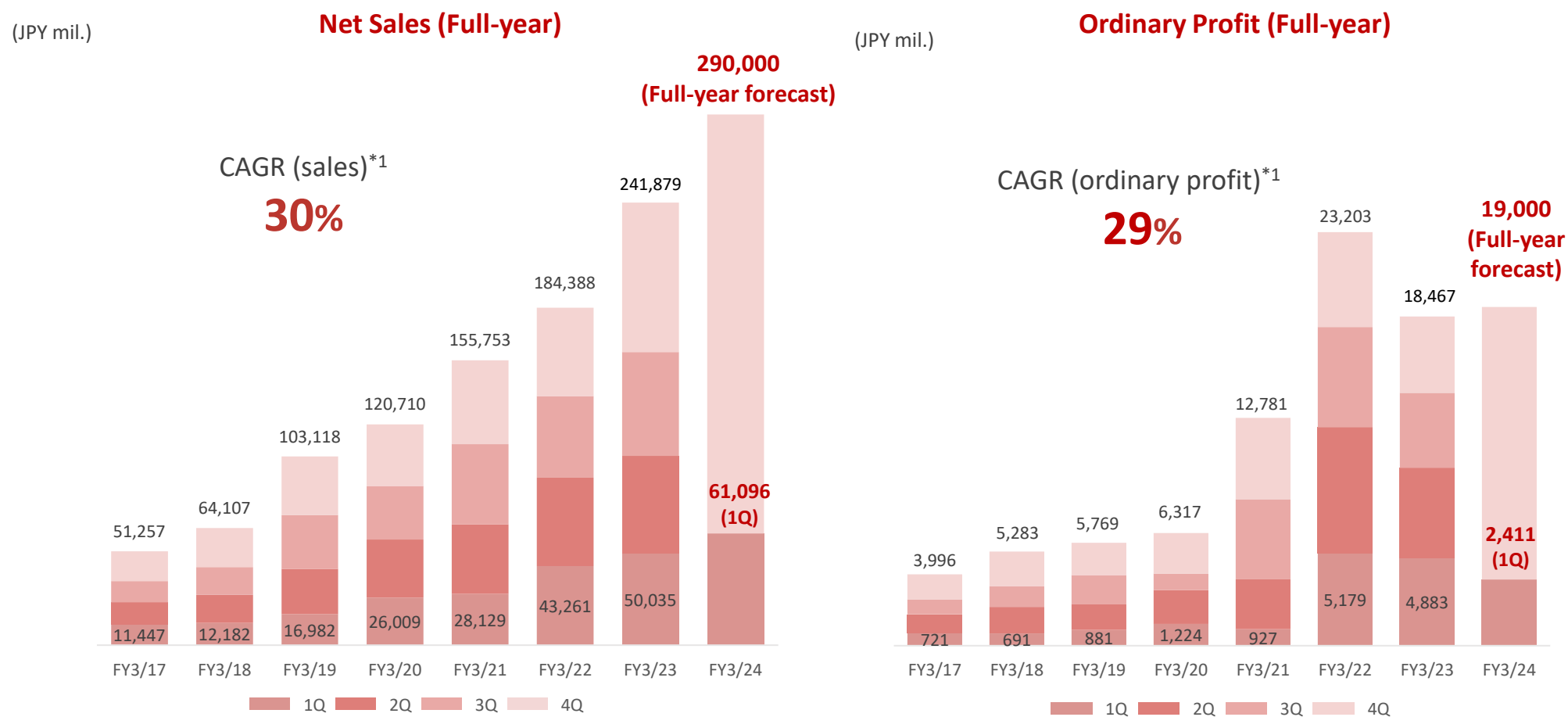
Net sales 61.09 billion JPY (up 22.1% YoY), a big growth from one year earlier. Ordinary profit decreased 50.6% to 2.41 billion JPY and profit attributable to owners of parent decreased 34.9% to 2.07 billion JPY.

(JPY mil.)

	1Q (Apr-Jun) of FY3/23		1Q (Apr-Jun) of FY3/24		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	50,035	100.0%	<b>61,096</b>	100.0%	22.1%
Gross profit	9,252	18.5%	<b>7,464</b>	12.2%	-19.3%
SG&A expenses	4,179	8.4%	<b>4,962</b>	8.1%	18.7%
Operating profit	5,073	10.1%	<b>2,502</b>	4.1%	-50.7%
Ordinary profit	4,883	9.8%	<b>2,411</b>	3.9%	-50.6%
Profit attributable to owners of parent	3,191	6.4%	<b>2,078</b>	3.4%	-34.9%

# Consolidated Sales and Earnings

First quarter net sales increased 22.1% from one year earlier to 61.09 billion JPY and ordinary profit decreased 50.6% to 2.41 billion JPY, in line with the FY3/24 forecast.



\*1: Average annual growth rate of sales/ordinary profit (CAGR) from FY3/17 to FY3/23

# Performance of Main Reportable Segments

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

(Unit of sales and profit: JPY mil.)

		1Q FY3/23	1Q FY3/24	YoY change	Remarks
Homebuilding and sales	Houses sold	1,375	1,625		Sales growth continued due to growth strategy progress; earnings down because of higher cost of sales caused by the consolidation of L-Housing and normalization of profit followed special demand of detached homes due to Covid influence.
	Sales	47,552	58,903	+23.9%	
	Operating profit	5,522	3,161	-42.8%	
Custom-built housing	Houses sold	97	72		Due to settling down of CoGs had risen and increased sales of custom-built houses improved gross profit margin.
	Sales	1,836	1,218	-33.6%	
	Operating profit	57	83	+44.7%	



# Consolidated Balance Sheet

Total assets were 221.6 billion JPY and net assets 59.7 billion JPY.

(JPY mil.)

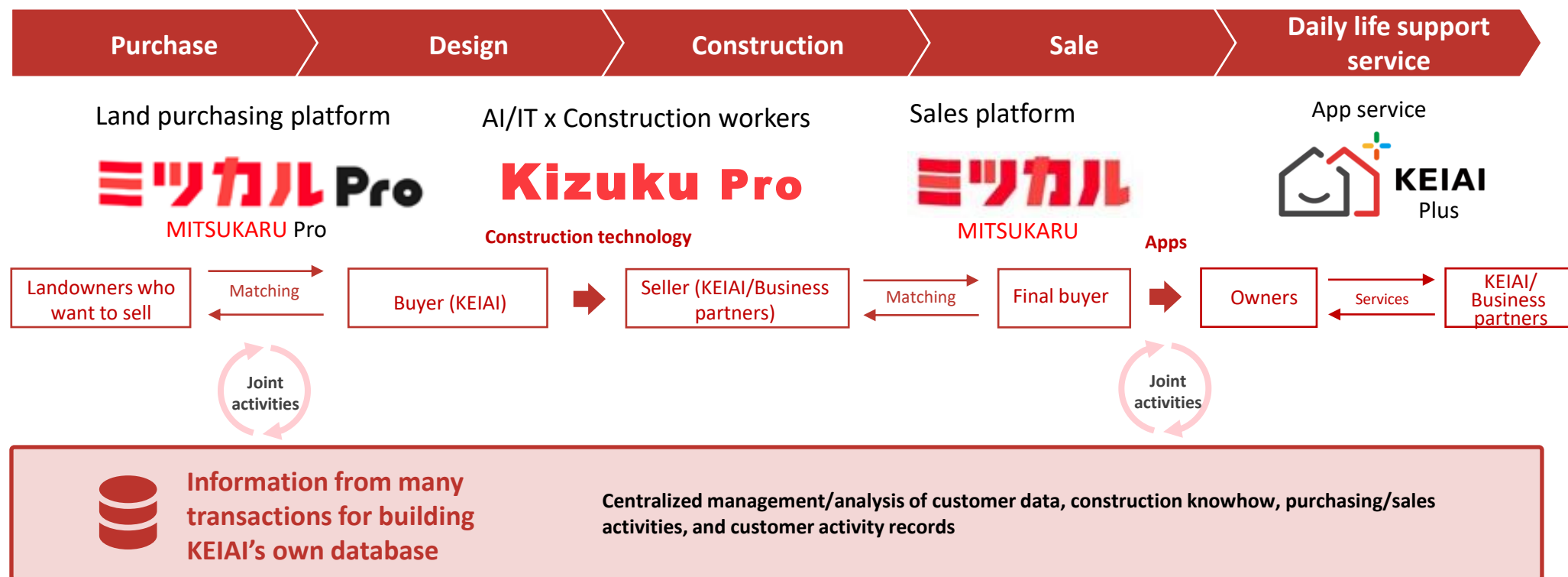
	March 31, 2023	1Q FY3/24	Increase/decrease
Current assets	191,516	212,589	21,072
Non-current assets	7,944	9,032	1,087
Total assets	199,461	221,621	22,160
Current liabilities	118,643	139,433	20,789
Non-current liabilities	24,289	22,429	-1,859
Total liabilities	142,932	161,863	18,930
Net assets	56,528	59,758	3,230
Total liabilities and net assets	199,461	221,621	22,160

## 2. Business Model

# A Fully Integrated “Real x Technology” Platform

A “Real x Technology” supply model that revolutionizes the detached housing supply chain in Japan. KEIAI has developed an integrated technology platform extending from purchasing land, designing, constructing and selling houses, to support services.

## ● The “Real x Technology” KEIAI Platform



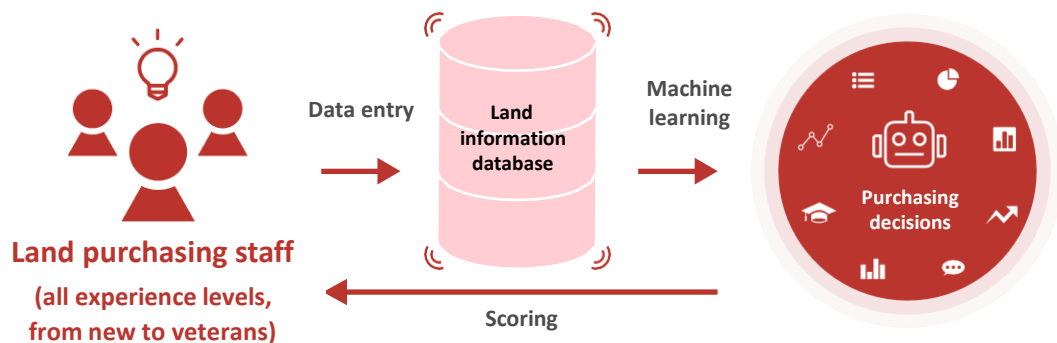
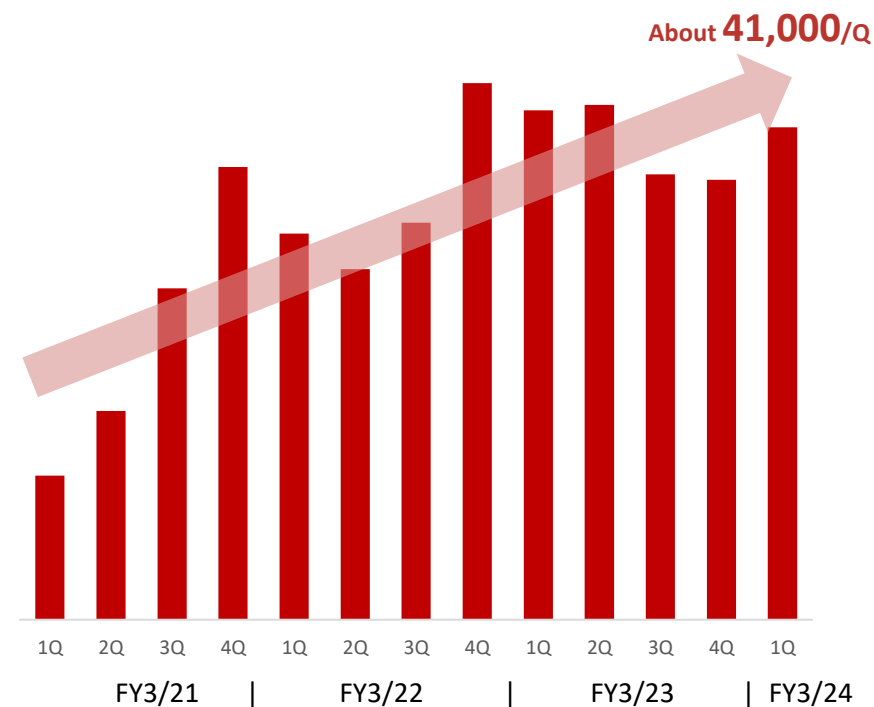
# Land Purchasing Platform MITSUKARU Pro

KEIAI's MITSUKARU Pro land purchasing platform makes it possible to use the best possible process for purchasing land. This platform gives KEIAI a powerful framework for consistent and substantial purchases of land for growth.



- AI and other systems assist relatively new land purchasing personnel
- Highly accurate land purchases are possible by using data covering more than tens of thousand of potential land purchases in prior years and actual transactions data

No. of land information data entries\*1



**Land scoring**  
30,000+ data entries

- Scoring of prospective purchases by using more than 30,000 data entries about potential land purchases and actual sales (prices of housing lots sold by KEIAI and data on local market characteristics) in prior years

**Instant bidding system**  
10,000+ data entries

- An IT system uses more than 10,000 data entries about past land purchases to prepare development estimates and business plans that allow submitting a bid the same day

**Market condition big data**

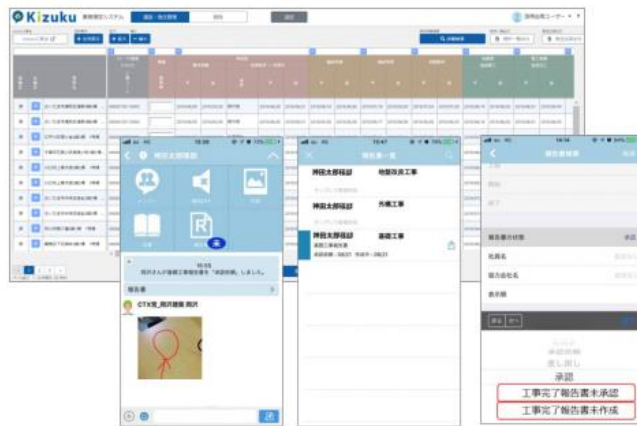
- Big data reduces risk involving the compact, ready-built house business model; also optimizes pricing of land purchases by using market data and real-time data on KEIAI houses for sale

\*1: Number of data entries at the KEIAI Group about land purchase information (includes some estimates)

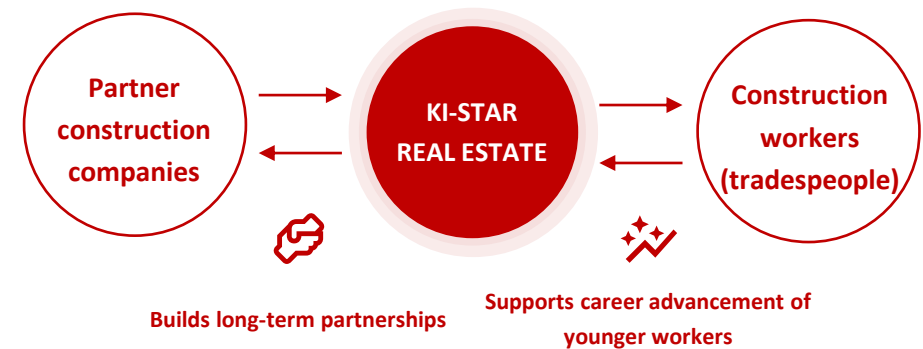
# The Kizuku Pro Construction Platform

By facilitating sound communications with construction sites, Kizuku Pro makes the management of these sites more efficient while ensuring consistently high quality. In addition, this platform helps maintain a framework for performing various tasks easily while strengthening ties with partner companies and improving the recruiting and training of construction workers.

## Kizuku Pro improves efficiency at construction sites



## Stronger framework for building houses

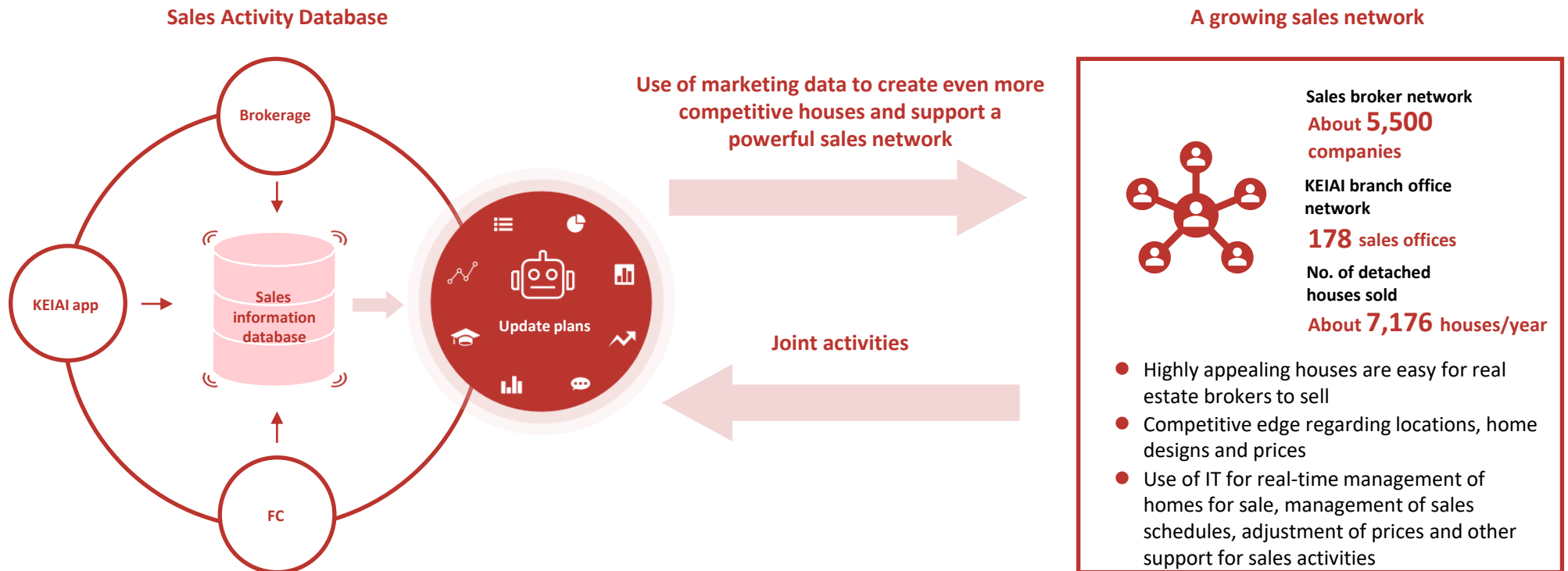


- Group chat for communications with individual properties
- Real-time monitoring of daily reports and completion reports
- Designs and photos can be easily shared by using smartphones and tablets

- Establishment of a stronger construction framework helps KEIAI use the DX to open new sales offices faster
- Started a website in order to expand recruiting activities to all areas of Japan
- Started the construction trade meister program

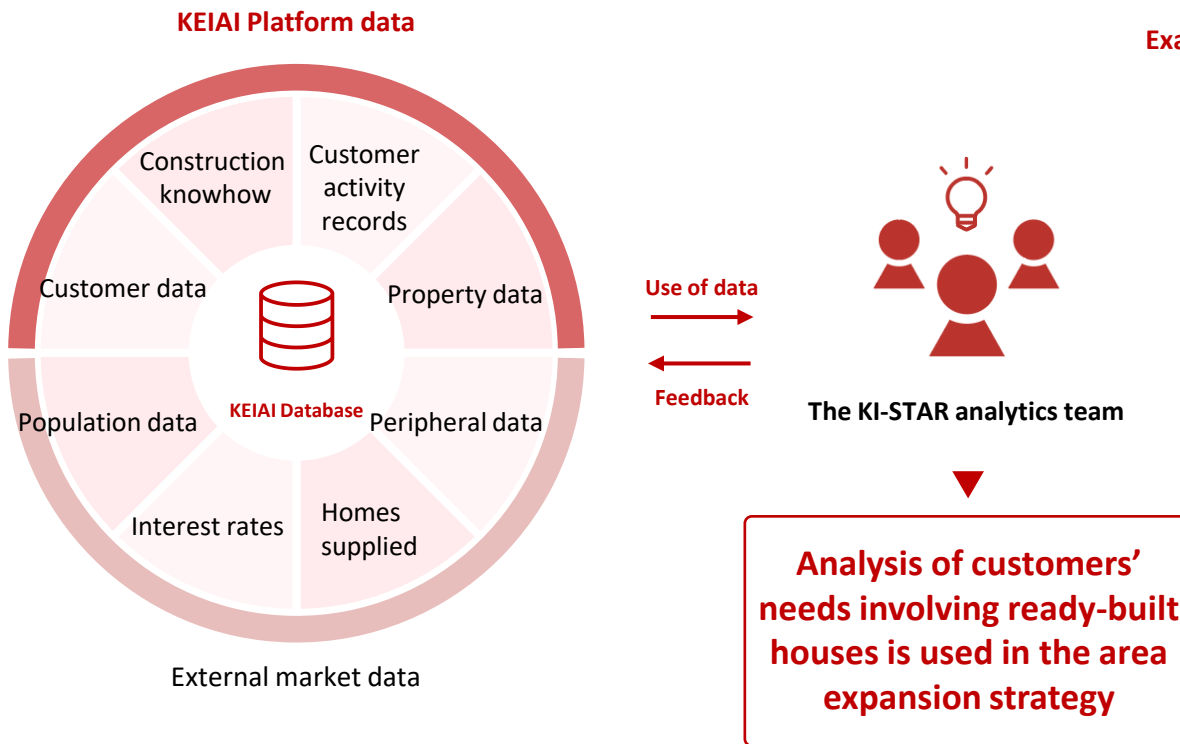
# Sales Platform MITSUKARU

Strengthen sales network by using a database encompassing marketing activities spanning many sales channels, such as a powerful network of real estate brokers, KEIAI's own matching website, a network of franchisers and KEIAI app members.

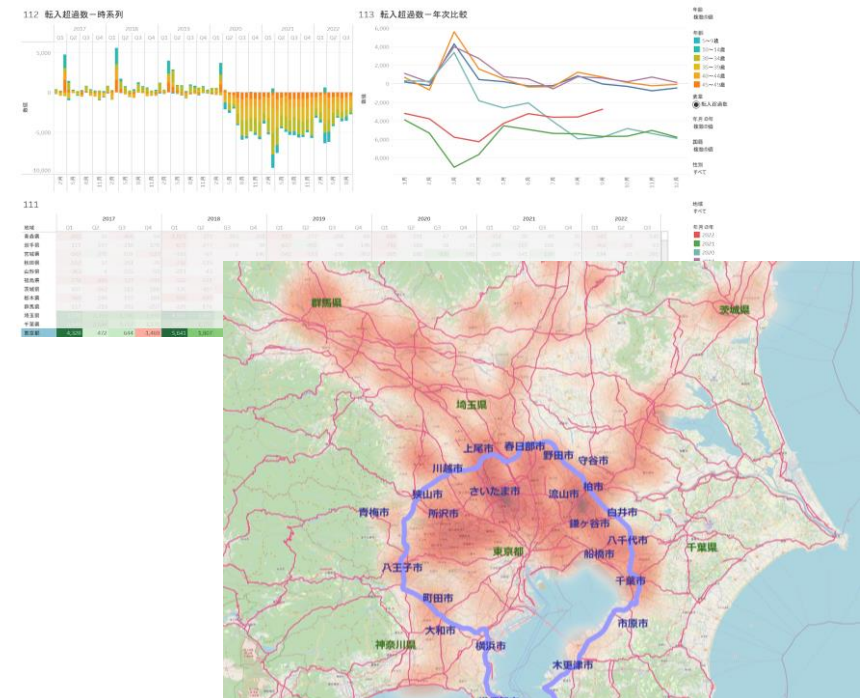


# Analysis of the Ready-built House Market by the KEIAI Analytics Team

Analytic reports are used to share data obtained by using the KEIAI Platform. These reports provide valuable support for the sales activities of real estate brokers and other companies that sell houses built by KEIAI.



Example of an analytic report: Market data and locations of KEIAI properties



# Advantages for Purchasing Lots Due to the Development of Compact Ready-built Houses

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

## Conventional ready-built houses

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



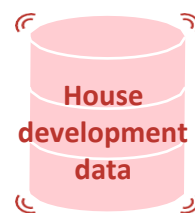
## Compact ready-built houses

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

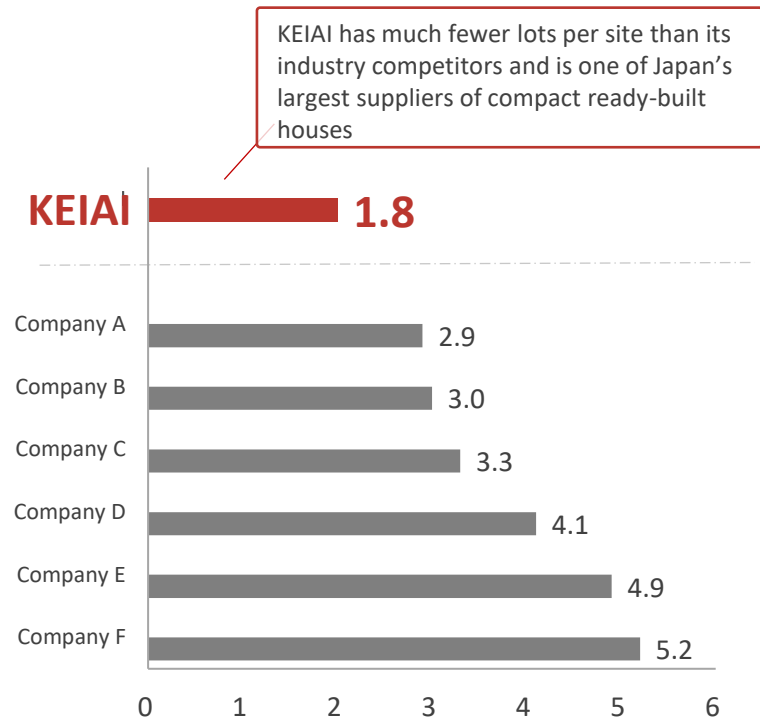


## Increase in the number of land data entries

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



## Avg. number of lots\*1 in housing developments

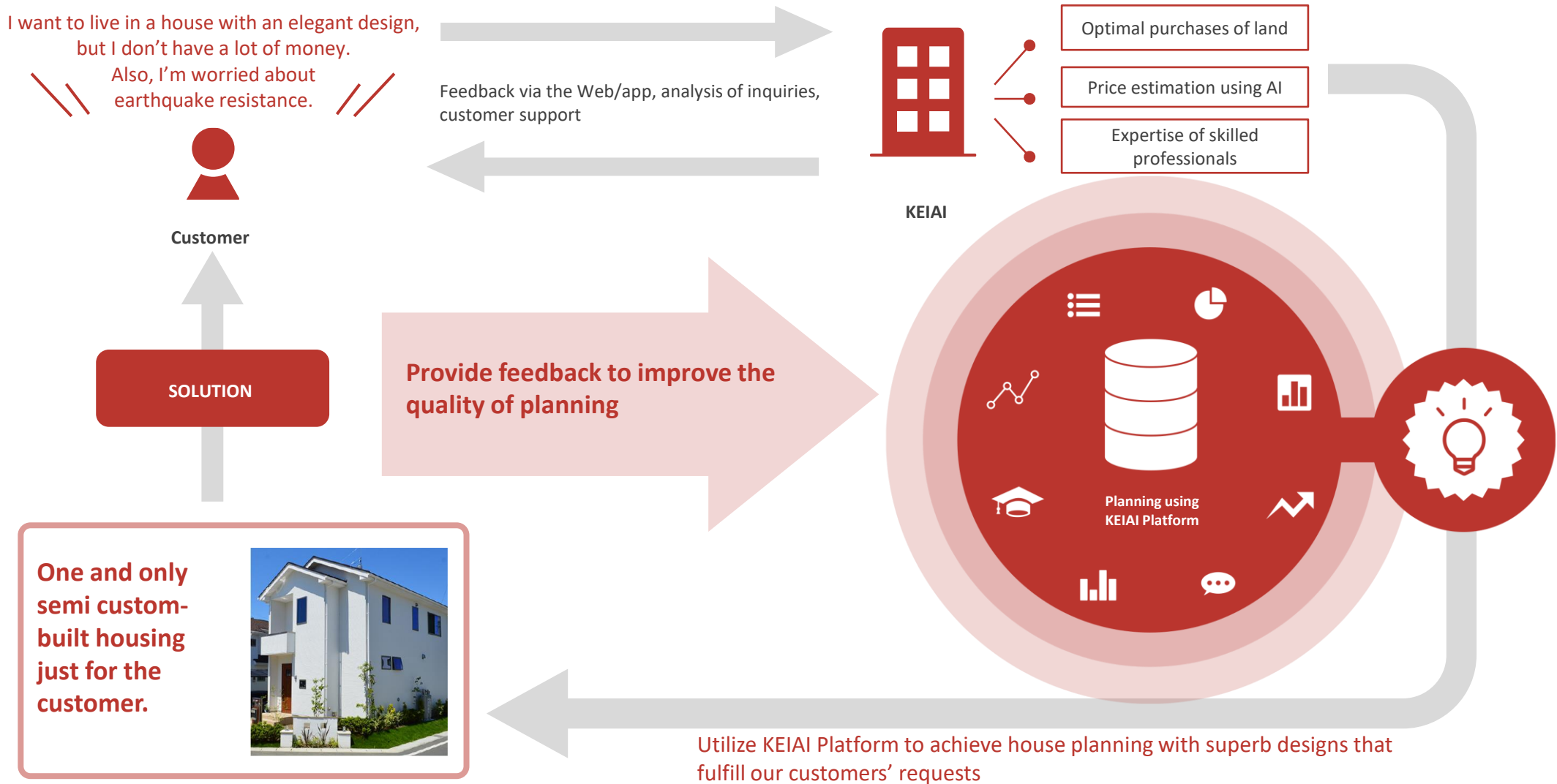


KEIAI has much fewer lots per site than its industry competitors and is one of Japan's largest suppliers of compact ready-built houses

\*1: KEIAI estimates (FY3/22 results) based on housing developments of KEIAI and other companies as of December 2020



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



# Semi-custom Built Houses by KEIAI

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The development of compact ready-built houses makes it possible to supply semi-custom, well-designed houses with outstanding quality and low prices (affordable).



### 3. Growth Strategy

## Medium-term Goals

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KEIAI is expanding rapidly nationwide by the KEIAI Platform and the unique business model of building and selling compact houses. Our medium-term goal is consistent annual consolidated sales growth of at least 15% by using investments for the rapid expansion to more areas of Japan and the growth of production capacity in order to raise the number of houses we supply year after year and our market share.

### **Medium-term goal**

**Increase our share of  
Japan's built-for-sale  
house market**

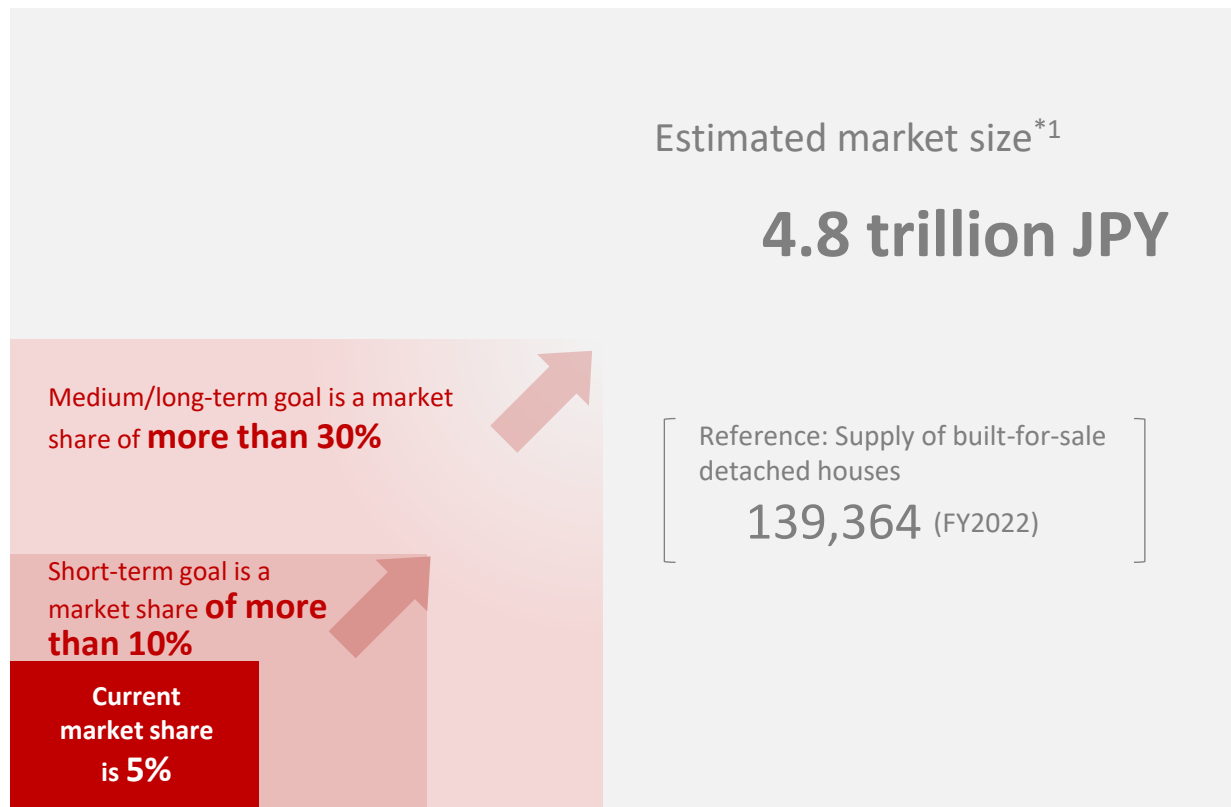
### **Priority performance indicator**

**Consolidated sales  
(Annual growth of at  
least **15%**)**

**▶ Aiming to achieve these goals by expanding the KEIAI Platform**

# Medium-term Goals

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



**Medium-term goal**

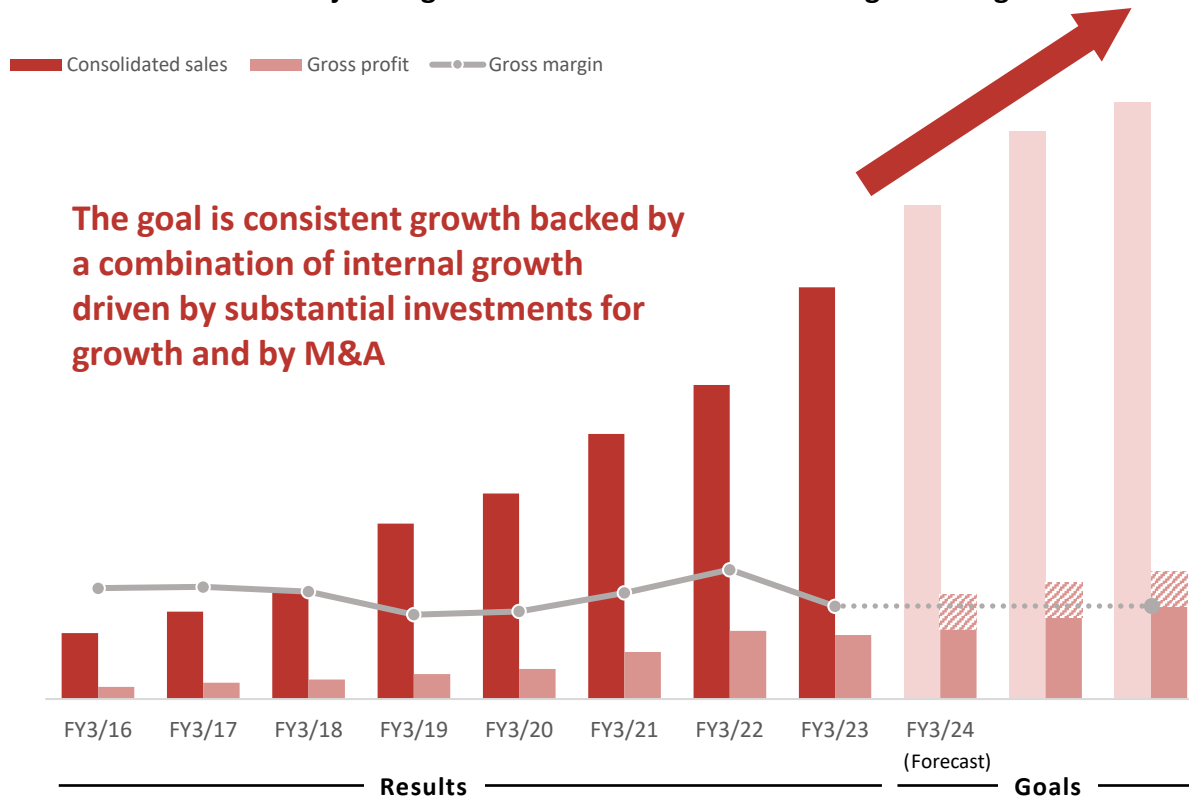
**Increase our share of Japan's built-for-sale house market**

\*1: KEIAI estimates based on "Housing Construction Statistics" (FY2022 new built-for sale wooden detached houses) of Ministry of Land, Infrastructure, Transport and Tourism, and other data

# Priority Performance Indicator

Our mid-term goal is annual consolidated sales growth of at least 15% by continuing to make investments for business growth. Investments are used mainly for opening more sales offices, purchasing a large volume of properties, raising production capacity and M&A.

Projected growth of consolidated sales and gross margin

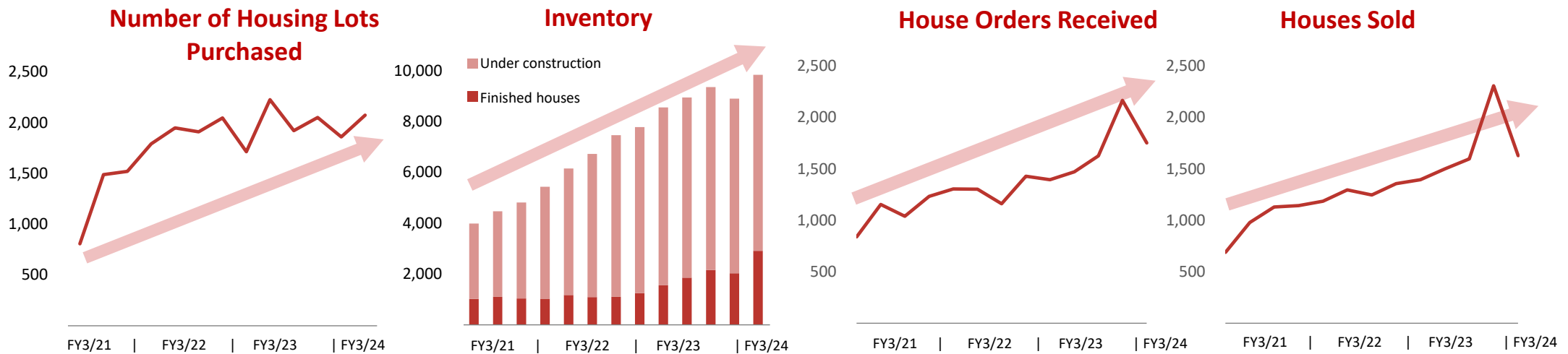


The most important performance indicator

Annual sales growth of at least **15%**

# Past Performance of KPIs Supporting Business Growth

There is steady growth in all KPI – lots purchased, inventory, house orders and house sales – because of KEIAI’s technology platform and unique compact house development business model.

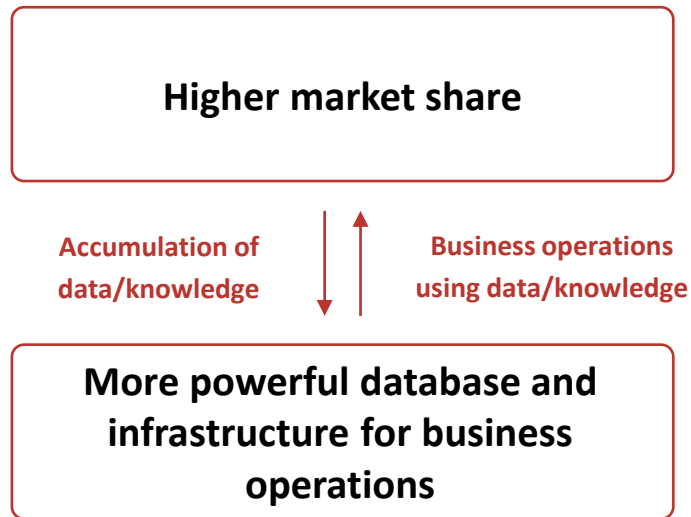


Note: Figures are actual for the Group’s homebuilding and sales business

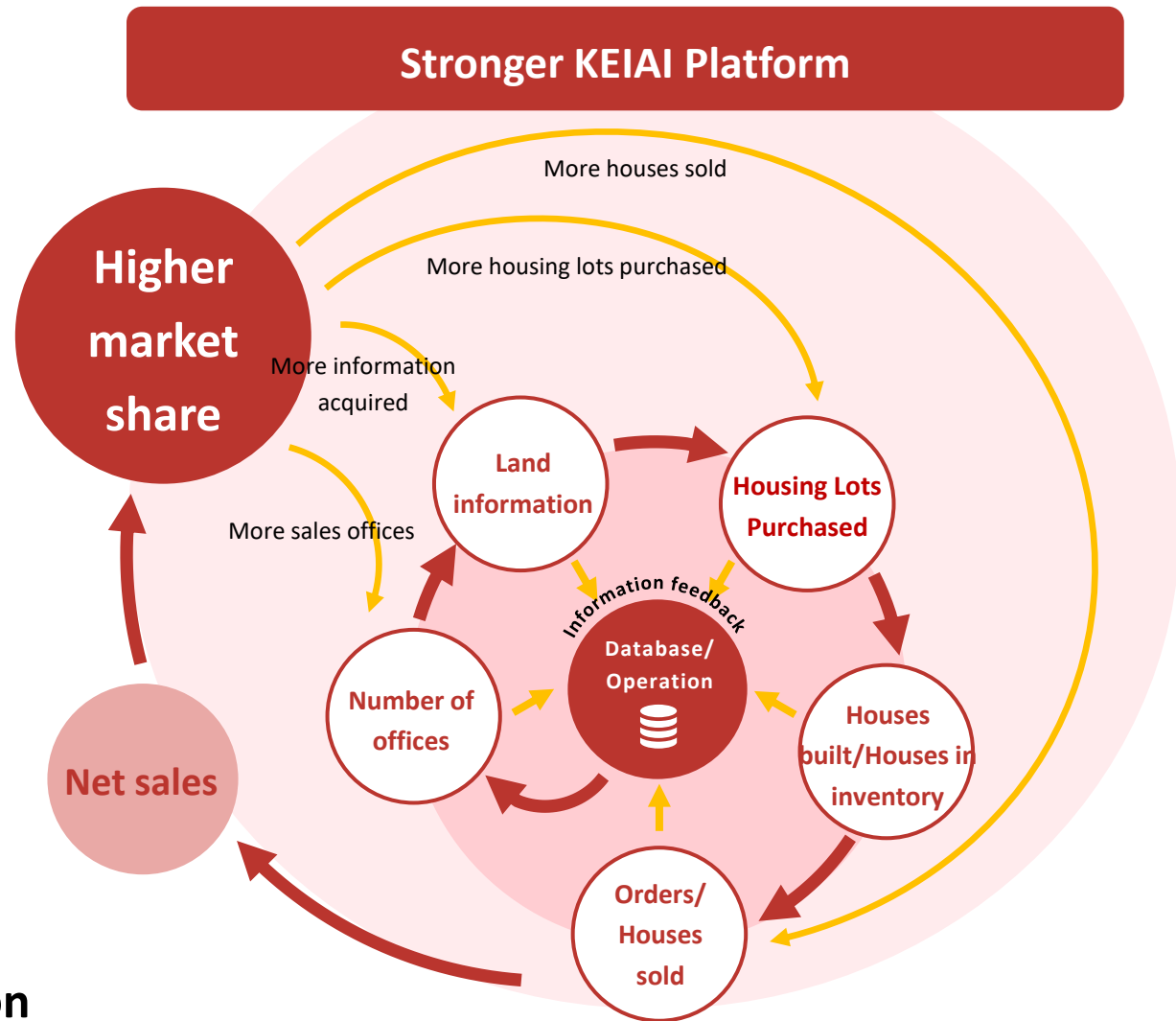
# The KEIAI Growth Model Makes the KEIAI Platform Stronger

Market share growth makes KEIAI's database/operations even more powerful. This in turn gives KEIAI an even stronger competitive advantage, resulting in a continuous virtuous cycle.

## Stronger KEIAI Platform



**➔ An even stronger competitive position**





# Three Growth Strategies for Making the KEIAI Platform Stronger

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These three growth strategies have the goals of achieving the medium-term plan targets and the key performance indicator target.

## How growth strategies make the KEIAI Platform stronger

### 1. Rapid addition of sales offices

- Growth in new areas and areas where KEIAI already operates
- Strategically add more sales offices

### 2. Higher productivity

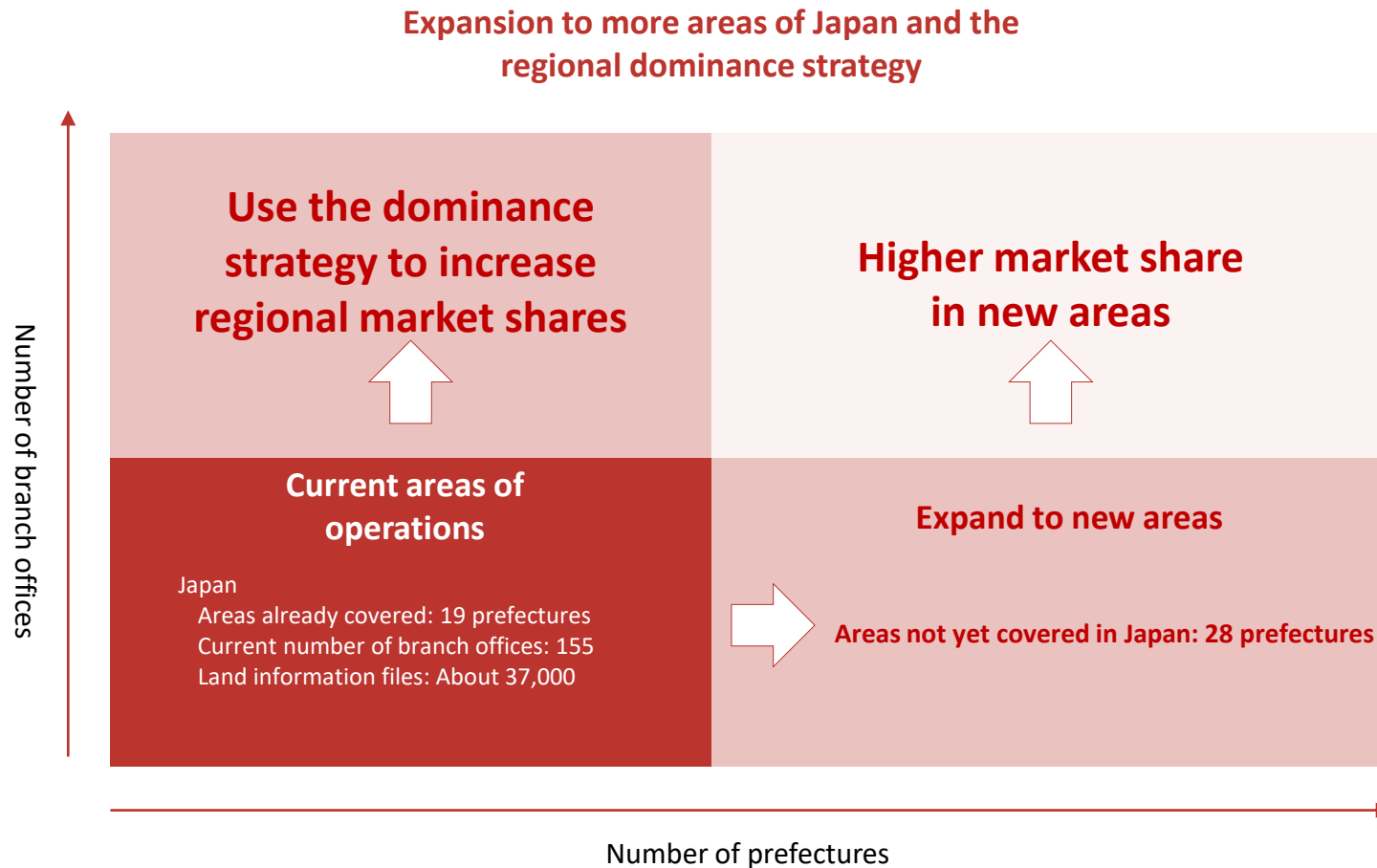
- Quickly train salespeople
- Improving productivity of sales offices

### 3. Increase production capacity

- Reliable procurement of materials
- A sound construction infrastructure
- Use of DX at construction sites

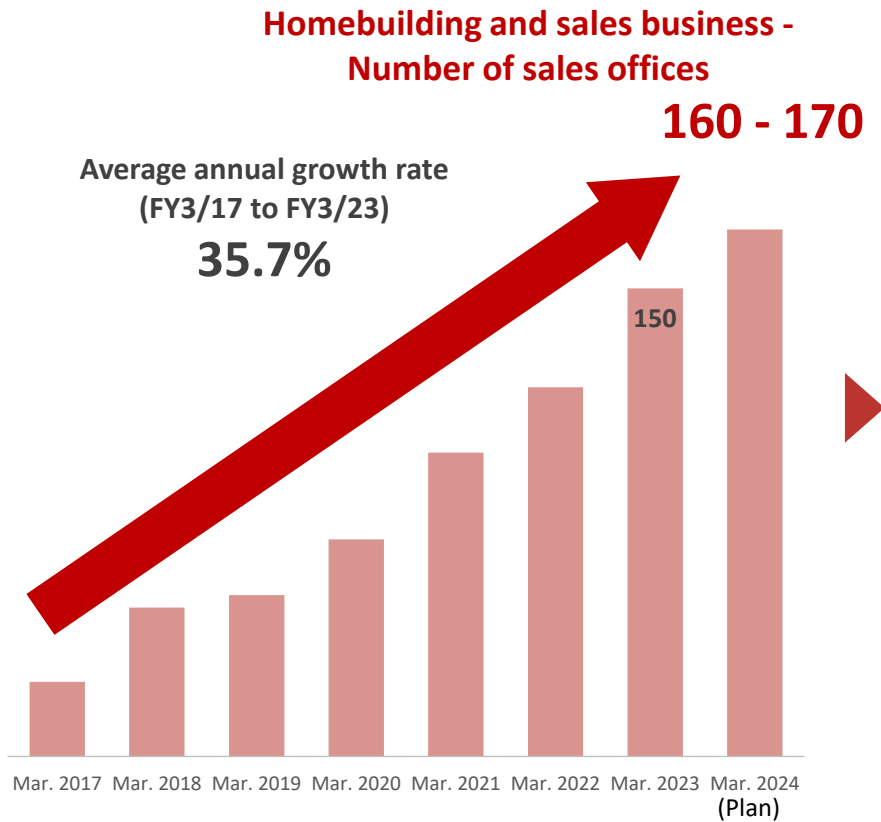
# 1. Rapid Addition of Sales Offices > Growth in New Areas and Areas Where KEIAI already operates

Aiming for more growth by starting operations in new areas of Japan and increasing market share in current areas of business activities.

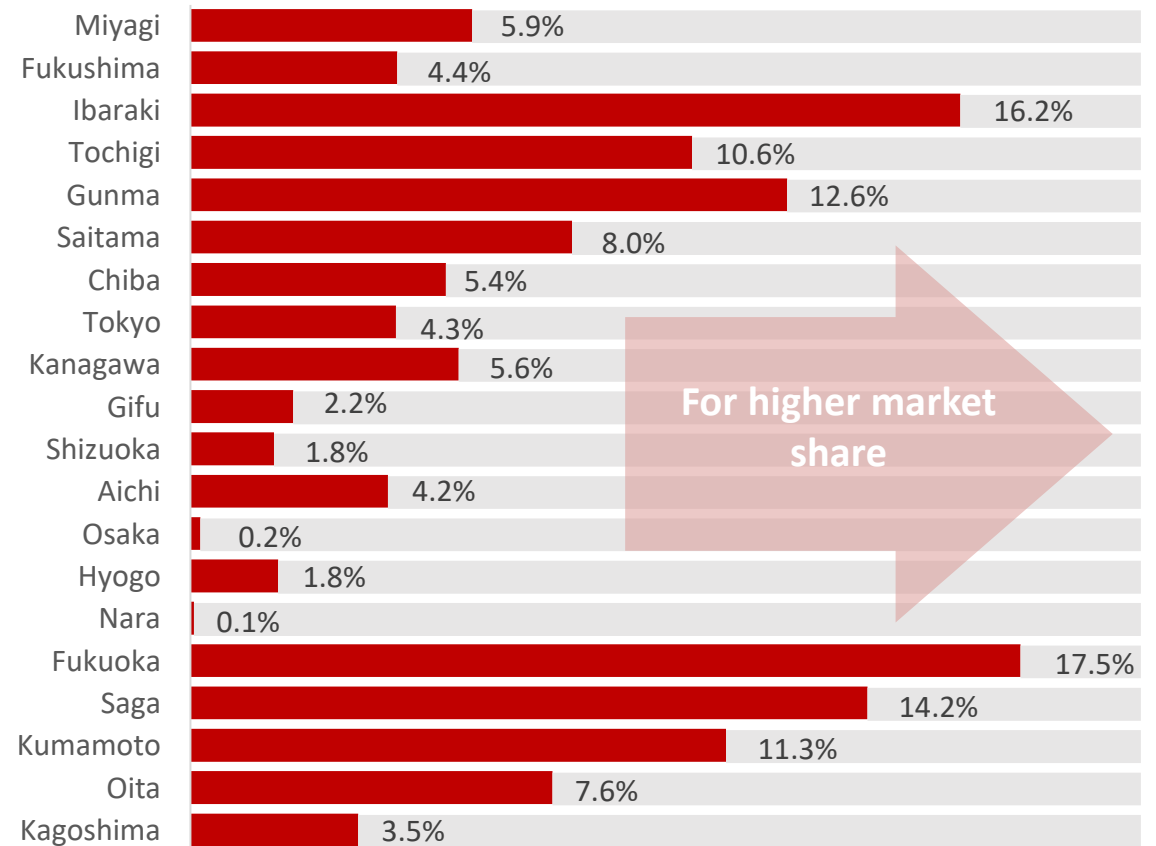


# 1. Rapid Addition of Sales Offices > Strategically Add More Sales Offices

Open many more sales offices to continue increasing market share in every prefecture of Japan.



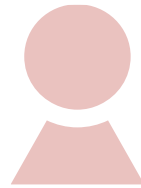
**KEIAI Group's Share in Current Markets (FY3/22)**



## 2. Higher Productivity > Quickly Train Salespeople

The use of big data covering all KEIAI activities accumulated by using the KEIAI Platform enables people in their third year at KEIAI to perform at a higher level than people at competitors who have seven to 10 years of experience.

Land procurement  
personnel at competitors

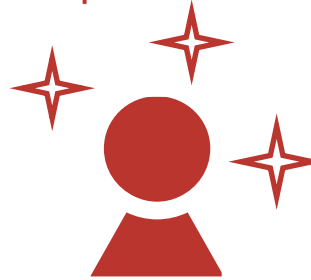


Housing development  
experience (Projects per year)

Sales managers = Years needed  
to become skilled at purchasing  
land

**7 to 10 years**

KEIAI land procurement  
personnel



**3.6 years<sup>\*1</sup>**

**\*Including people hired as  
new graduates or with no  
prior experience**

Land purchasing decisions are not based solely on experience and hunches. The use of big data in the KEIAI Platform provides a framework that enables people to make a larger volume of purchases along with greater accuracy and speed.



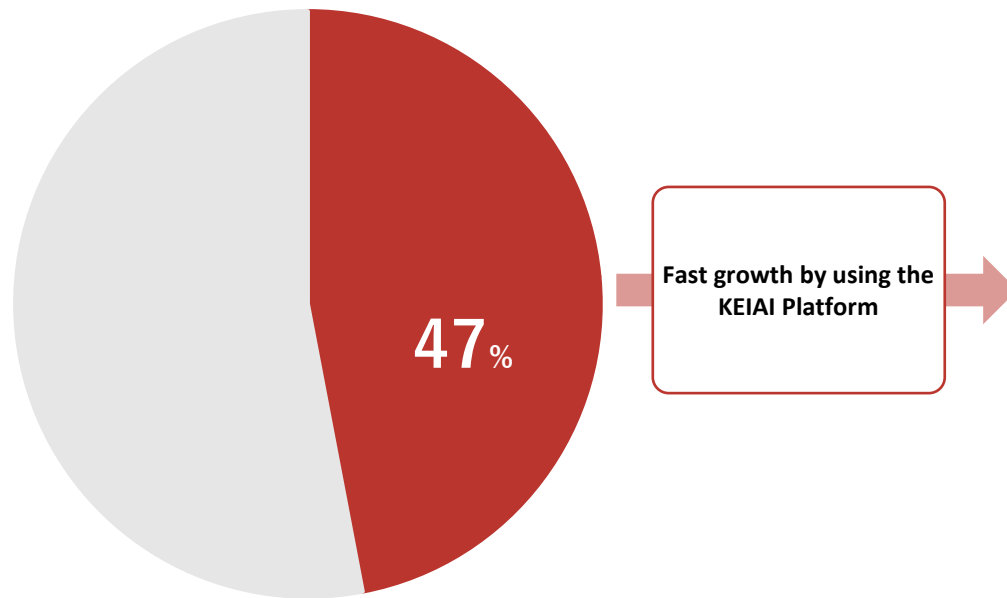
**KEIAI Platform**

\*1: Average time based on actual personnel data between joining KEIAI and becoming a manager of a sales office

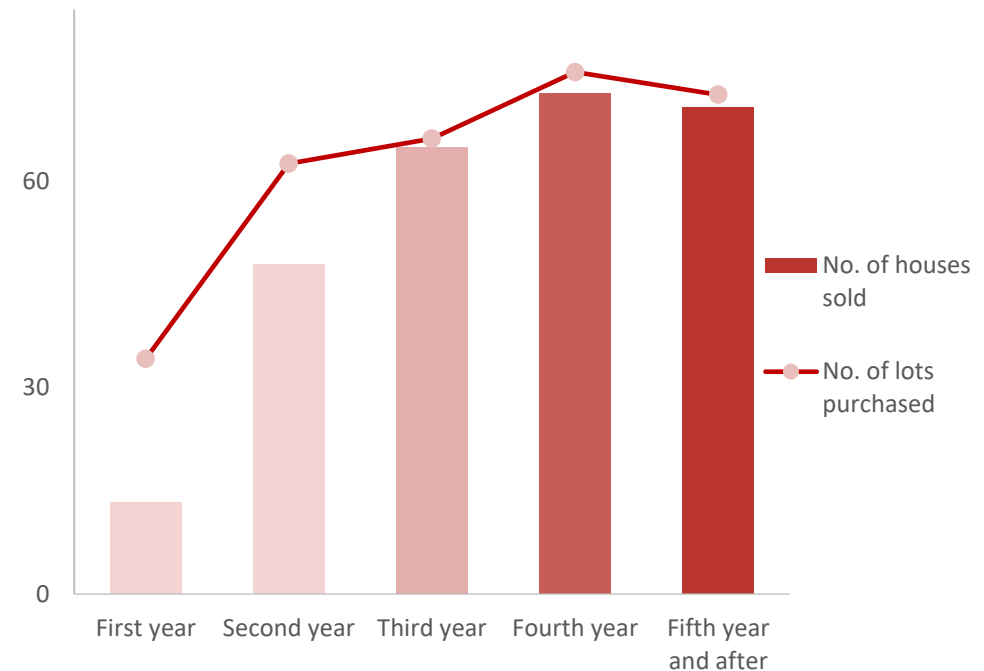
## 2. Higher Productivity > Improving Productivity of Sales Offices

Sales offices opened within the past two years are almost half of all offices. Utilizing the KEIAI Platform is expected to raise the productivity of these new offices quickly, which will speed up sales growth at these offices during their first few years.

Share of First/Second Year Offices\*



Purchases and Sales per Sales offices\*1



**Aiming to raise productivity of first/second year offices quickly**

\*1: Average productivity per sales office for KEIAI offices for the past five years excluding the sales offices of group companies that were acquired by KEIAI

# Increasing Homebuilding Capacity

Developed a system of reliable supply of compact houses for sale based on the “Real x Technology” supply model.

## Build a base for a consistent supply of houses

### 1. Establishment of a model for the reliable procurement of building materials

- Placing carefully planned orders based on forecasts using KEIAI PF makes it possible to order materials and other supplies ahead of competitors.
- Reliable and consistent procurement of materials and other supplies due to high-volume purchasing power backed by the third-largest volume of houses supplied in Japan

### 2. A powerful construction infrastructure supports rapid growth

- KEIAI has a section dedicated exclusively to adding new construction company partners and skilled construction workers and retaining existing relationships.
- Many activities for recruiting skilled tradespeople and providing training (KI Craft Co., Ltd.)

Number of  
craftspeople

**137**

Pct. of non-Japanese  
tradespeople

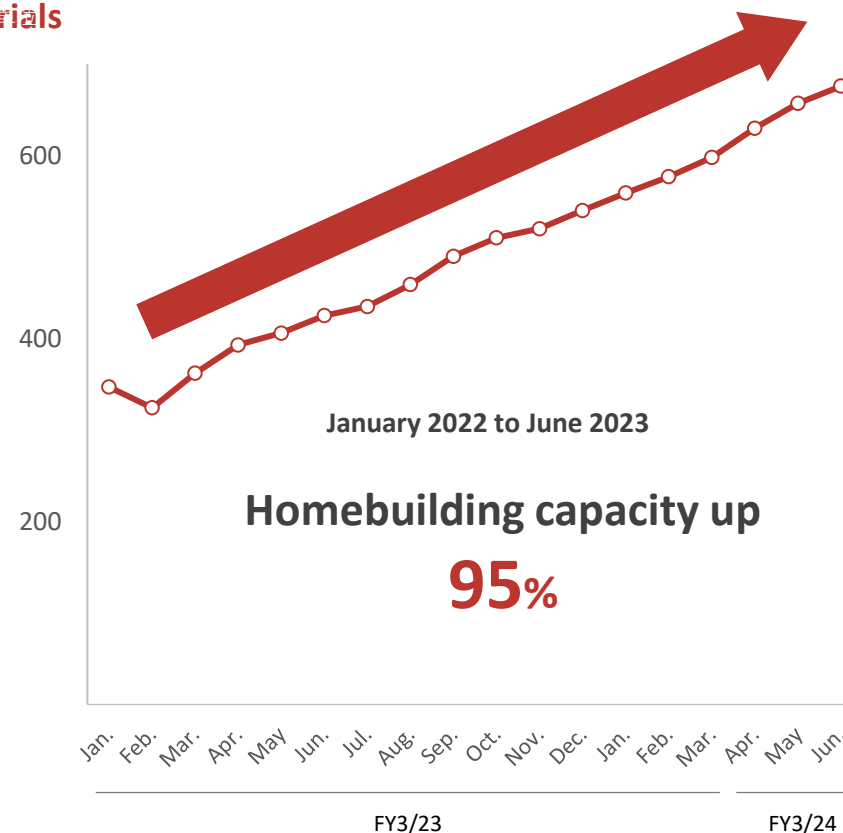
**53.3%**

### 3. Digital transformation of construction sites

- Rigorous reduction of construction step coordination inefficiencies by using Klzuku and other IT systems
- Most productive use, assignments and oversight of partner construction companies and construction workers by using an internal management system

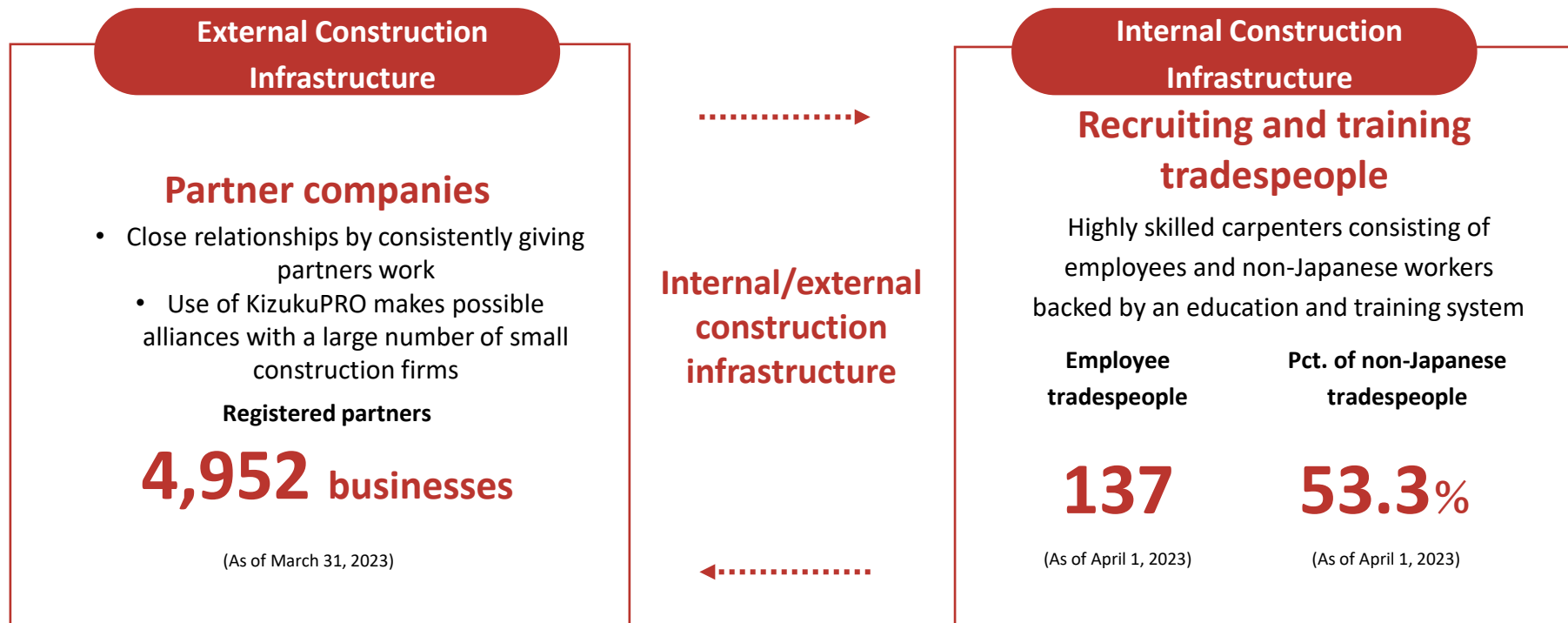
\*1: Monthly houses built (capacity) for woodworking stage at the KEIAI Group (excluding Yokatown and Kenshin)

KEIAI Group Construction Capacity\*1



### 3. Increase Production Capacity > A Sound Construction Infrastructure

Our strong partnerships with many leading local builders ensure our robust increase in house supply. Furthermore, KEIAI has a construction infrastructure with internal and external components. For example, KEIAI has its own tradespeople, hires non-Japanese workers and has a large internal training program.



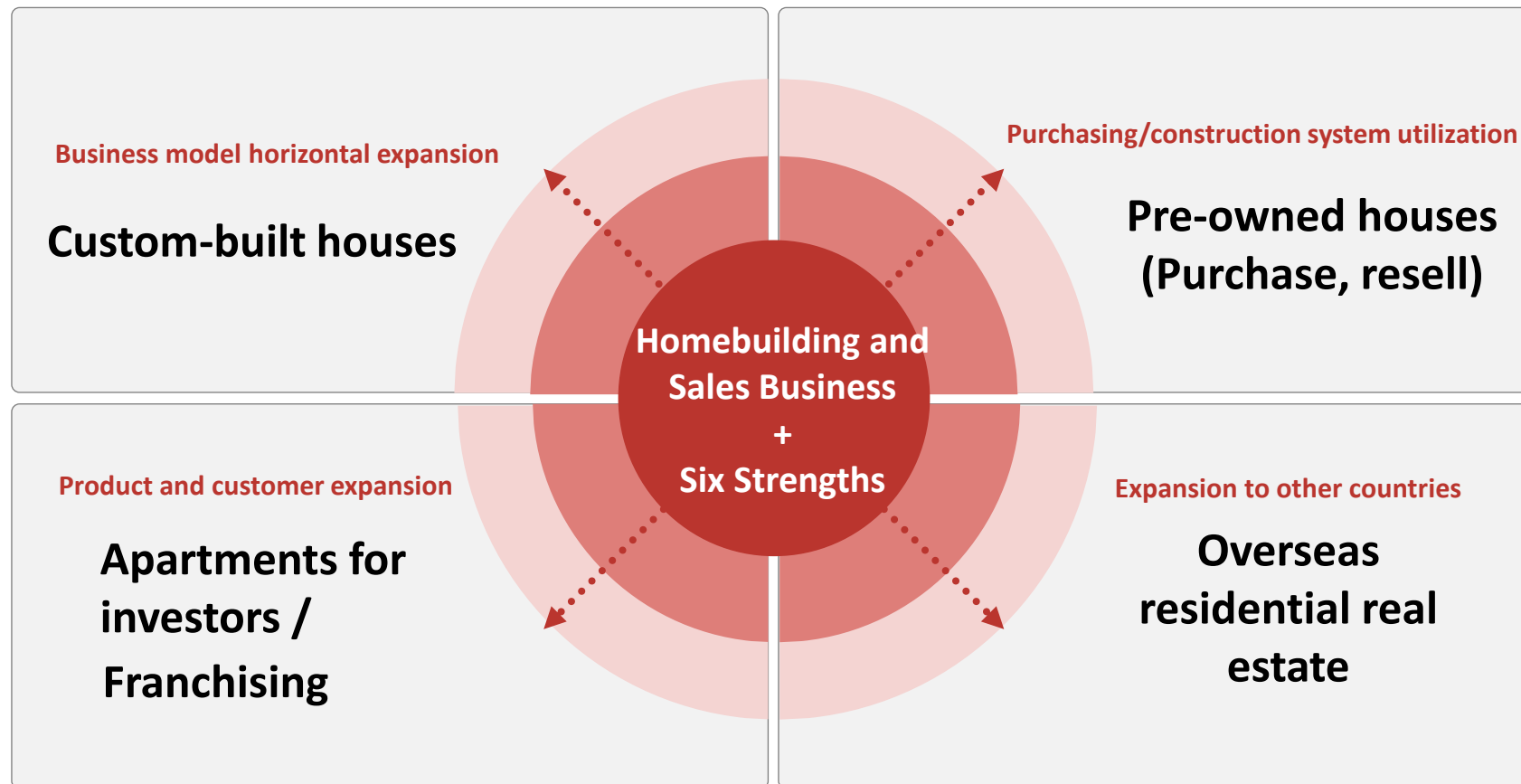
# Six Strengths Backing the KEIAI Group's Growth





# Potential for Business Domain Expansion

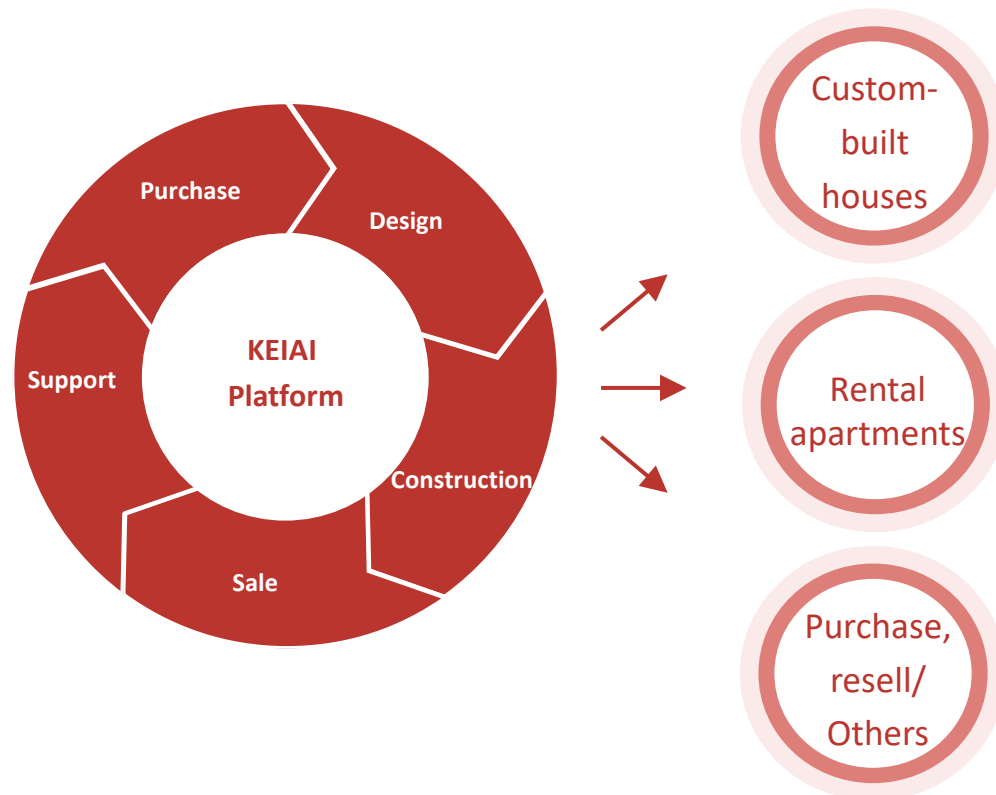
KEIAI plans to leverage the six strengths acquired from experience in the homebuilding and sales business to expand into business domains associated with housing.



# Examples of Expansion to Peripheral Housing Domains

Faster expansion into business sectors associated with housing through the horizontal expansion of KEIAI's proven business model for built-for-sale houses (the KEIAI Platform)

## Examples of expansion to new business domains



## Main activities

Existing design and construction steps can be used for custom-built houses too. The land purchasing system is also compatible. These strengths allow KEIAI to quickly create proposals combining land and a house. Includes the IKI one-story house, which makes extensive use of the digital transformation.

KEIAI can find ideal locations for rental apartments by using its land purchasing data and purchasing network. The existing design and construction infrastructure allows supplying apartments quickly and at a low cost.

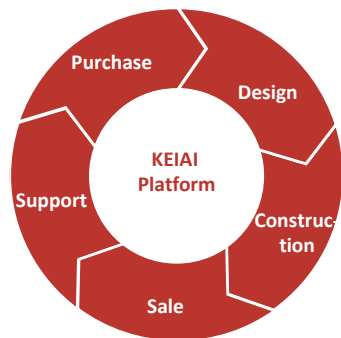
KEIAI can use its land purchasing and appraisal system for developing compact houses for purchasing existing houses. A fully integrated framework, from using data for appraisals to purchasing and use of KEIAI Group companies for renovations creates a system capable of a short purchase-resell cycle.

# Custom-built Housing

The design-construction business processes of built-for-sale houses can be used for custom-built houses too. Using the existing system for buying housing lots makes it possible to quickly provide a combination of a house with land to customers who want a custom-built house but do not own a land for the house. Another option for these customers is the IKI one-story house, which takes full advantage of the digital transformation.

## KEIAI custom-built housing

- ✓ Able to provide plans that meet every customer's requirements by utilizing a lineup of homes backed by the proven expertise of the Homebuilding and sales business
- ✓ Use of the land purchasing system of the built-for-sale house business makes it possible to create packages of homes and land carefully selected using KEIAI's expertise to customers who do not already own land for the house.
- ✓ Use of the KEIAI Platform, an integrated series of steps from design through construction in the built-for-sale house business shortens the time needed to design, construct and deliver custom-built homes.



- Custom-built houses with outstanding quality and a low cost
- Land carefully selected by using KEIAI's know-how
- Standardized plans enable completing construction faster

## IKI one-story houses

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



# Rental Apartments for investors

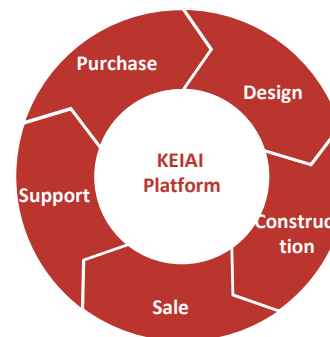
The KEIAI Platform has many components. One is an enormous volume of land purchasing data accumulated over many years and a network of offices for buying land. Another is the KEIAI Group's home sales data, building material procurement skills, and design and construction know-how. Using this platform gives KEIAI a powerful base for supplying rental apartments featuring prime locations and attractive designs along with low prices.

Rental apartment buildings built by KEIAI



## The KEIAI rental apartment business

- ✓ High quality design apartment buildings at low prices made possible by a fully integrated process encompassing the purchase of land, designs, construction, sales, building management and follow-up services
- ✓ Growing steadily; number of apartments constructed is more than 200



- Consistent purchases of sites suitable for apartment buildings
- Use of building material procurement, design and construction skills of the built-for-sale house business makes possible the construction of apartment buildings quickly and at a low cost.
- KEIAI assumes responsibility for every step, providing customers with a full line of support including services following completion of construction.

# Pre-owned houses (Purchase, resell)

The compact ready-built house land purchasing and appraisal system is used for purchasing existing houses. In this business, the purchasing process uses an automated appraisal system backed by a large volume of data. In addition, the KEIAI Group's network is used for fast renovations at the best possible prices. This fully integrated "Real x Technology" Platform significantly reduces the time required between the purchase and resale of an existing house.

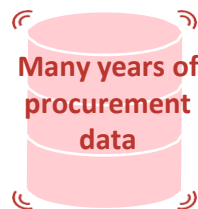
## Compact ready-built houses

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



## Existing house purchasing system

- Existing house appraisals for purchases utilize the procurement and sales data of the built-for-sale house business.
- Access to information about high quality existing houses by using the KEIAI Group's information network, including franchisees.



## Fully integrated purchasing/resale process



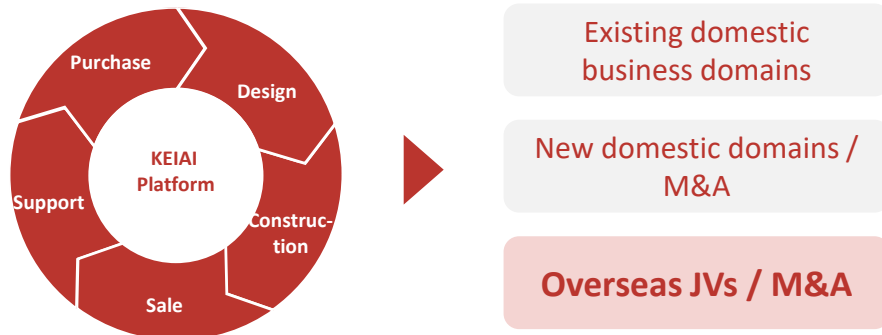
- ✓ A high-speed purchasing appraisal and decision-making system
- ✓ Optimization and digital transformation by using internal resources for rapid plans, designs and renovation
- ✓ Marketing analysis backed by data from the supply of about 7,000 houses every year and a data analysis team

- Aiming for the fastest turnover process in the existing house purchase and resale business

# Overseas business

A joint venture (MunCorp) has been established in Australia with the objective of developing a total of over 600 detached and townhouse properties, primarily situated in Melbourne suburbs, over the next five years.

## Supplying “high-quality, affordable design housing” overseas



- Established JV with a local partner company that has strengths in sourcing land and procurement
- Applying our group's comprehensive project management knowledge in compact land development to local projects
- Realizing synergies in materials procurement, construction management, IT, finance, etc. through multiple projects of JV

We are actively involved in the development of detached houses in Victoria, as shown in the attached image\* of our ongoing projects.



## 4. Dividends and Shareholder Benefits

# Dividends and Shareholder Benefits

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

	FY3/22 results (consolidated)	FY3/23 results (consolidated)	FY3/24 forecast (consolidated)
Net income per share (yen)	976.49	<b>750.77</b>	<b>761.57</b>
Dividend per share (yen)	265.00	<b>230.00</b>	<b>236.00</b>
Interim dividend per share (yen)	115.00	<b>140.00</b>	<b>118.00</b>
Payout ratio (%)	27.1%	<b>30.6%</b>	<b>31.0%</b>

## Shareholder Benefits

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



## 5. ESG/SDGs Initiatives

# Establishment of the Sustainability Committee

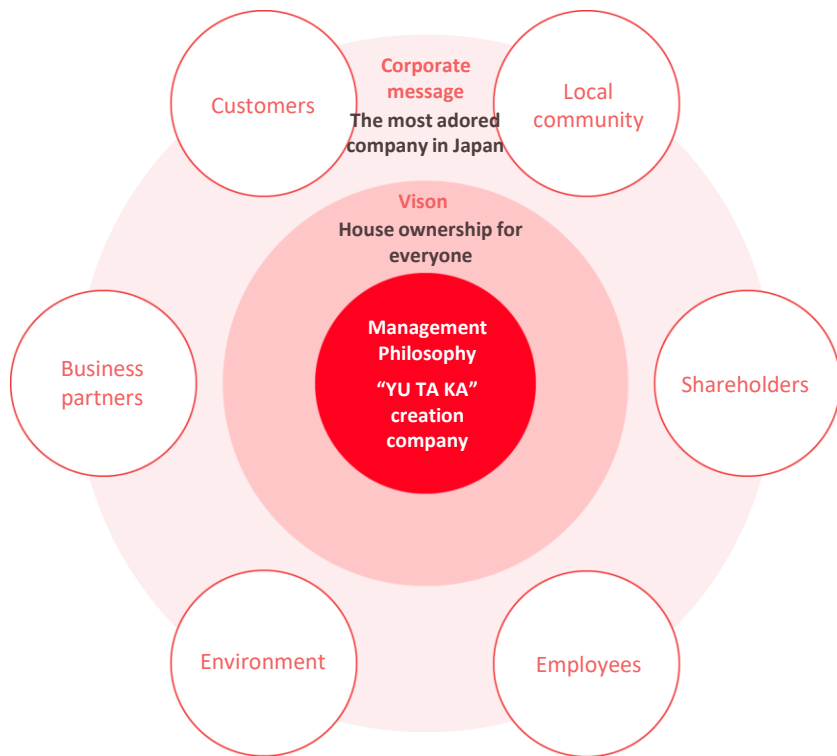
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the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



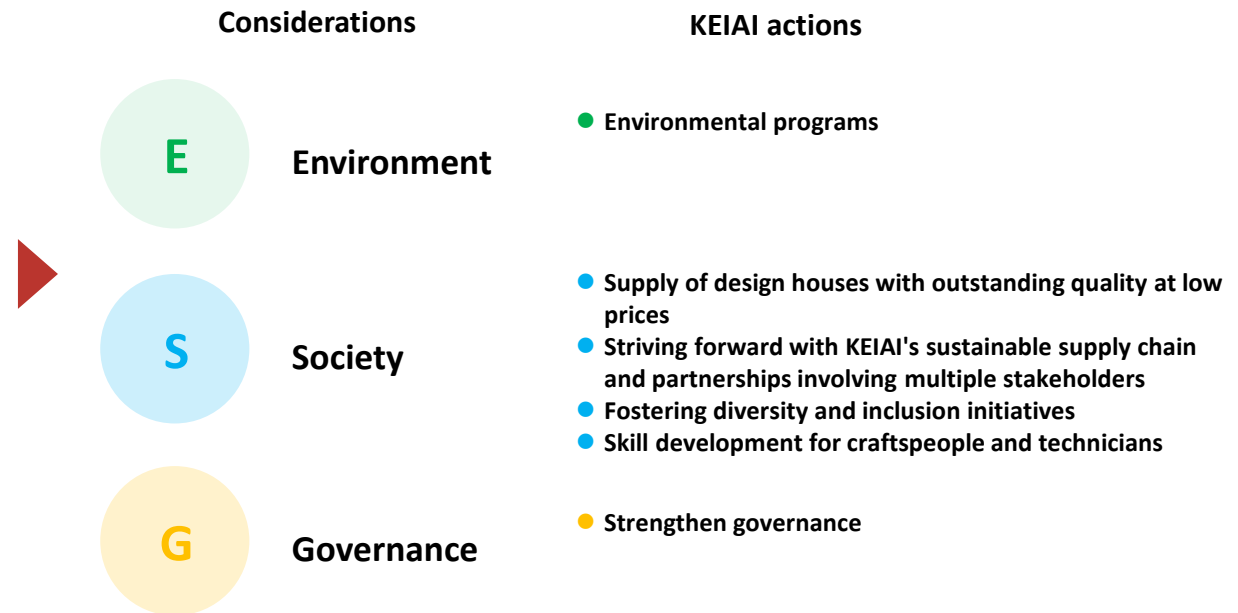
# Sustainability Policy and Determination of ESG Materiality

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

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



## Determination of ESG Materiality



# Sustainability Materiality (1)

## E Environment



### Environmental programs

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

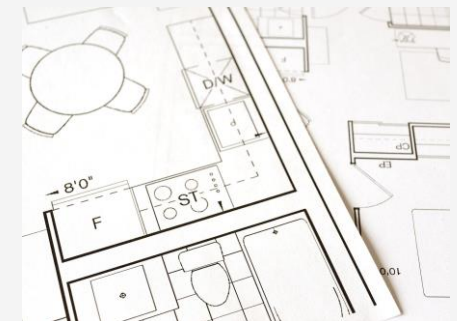


## S Society



### Supply of design houses with outstanding quality at low prices

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



# Sustainability Materiality (2)

## S Society



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

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



## S Society



### Fostering diversity and inclusion initiatives

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



Won many awards including New Diversity Management Selection 100



# Sustainability Materiality (3)

## S Society



### Skill development for craftspeople and technicians

- A fully integrated infrastructure encompassing the purchase of land, design, construction and sale of houses, services after houses are built and home renovations.
- Houses undergo government inspections as well as KEIAI's own rigorous inspection process to ensure that customers can purchase and occupy our affordable houses with confidence.



## G Governance



### Strengthen governance

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

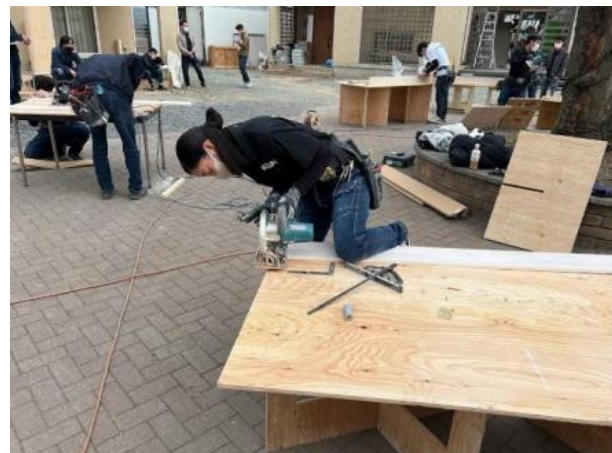


## 6. News Topics

## More progress with KEIAI CRAFT , which is an organization consisting of employee craftspeople, and the All-Female Building Project

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The group company, KEIAI CRAFT Co., Ltd., is proactively embracing female talent through its All-Female Building Project (\*1), aimed at establishing an inclusive workplace for everyone in the construction industry. The project has successfully enlisted 11 skilled female craftspeople specializing in carpentry and interior work (as of the end of April 2023). Given the industry's persistent shortage of craftspeople, the involvement of female artisans is anticipated to significantly contribute to the construction sector's growth. KEIAI CRAFT remains committed to promoting women in the construction industry, striving to expand these initiatives as part of its dedication to sustainability.



\*1. KEIAI CRAFT , a collective of skilled employee craftspeople, initiated a pioneering project focused on constructing a new house with an all-female team of artisans. (November 14, 2022) [https://ki-group.co.jp/wp/wp-content/uploads/2022/11/2022.11.14\\_KEIACraftGirl.pdf](https://ki-group.co.jp/wp/wp-content/uploads/2022/11/2022.11.14_KEIACraftGirl.pdf)



## More than 200 apartments managed by KEIAI! Registered as a rental residence manager

The apartment business of KEIAI uses technologies acquired in the built-for-sale home business to underpin a fully integrated process encompassing property purchases, designs, construction, sales, property management and follow-up services. This business will continue to supply highly productive apartments mainly in Tokyo and three neighboring prefectures with the goal of quickly raising apartments managed to 10,000.



Attractive properties that maintain high occupancy rates

Locations selected after a thorough evaluation process

Backed by a highly reputable company listed on the TSE Prime Market



**Ability to supply at low prices apartments in prime locations with outstanding designs**

A basic agreement has been signed with Kenedix, Inc. regarding the leasing of detached houses.

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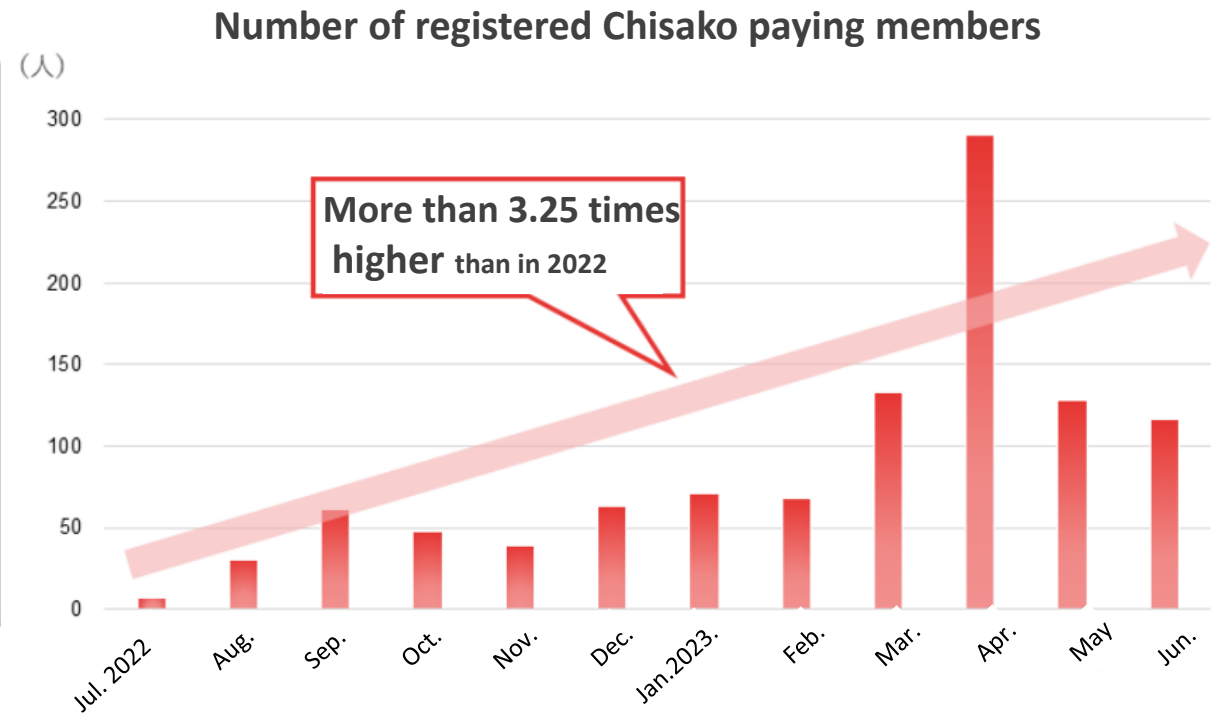


The company has entered into a basic agreement with Kenedix, a promoter of real estate digital transformation (DX) utilizing technologies like real estate security tokens. Kenedix aims to expand the market for detached houses for rent by leveraging real estate security tokens and other cutting-edge technologies. The goal is to create and expand the market for detached houses for sale primarily by expanding the business of selling houses based on actual demand, while also catering to the demand for detached rental properties for investment purposes.

KEIAI apartments: <https://investment.ki group.jp/>

# The KEIAI House Support service achieved a milestone by surpassing 1,000 paying members within its inaugural year!

Within the first year of its launch, the KEIAI House Support service, offered by the Company, garnered over 1,000 paying members. This service provides 24-hour emergency response for housing emergencies and comprehensive home inspections and checks under the KEIAI Concierge membership system, catering to the Group's homebuyers.



\*Calculated from the "Chisako" service start date.

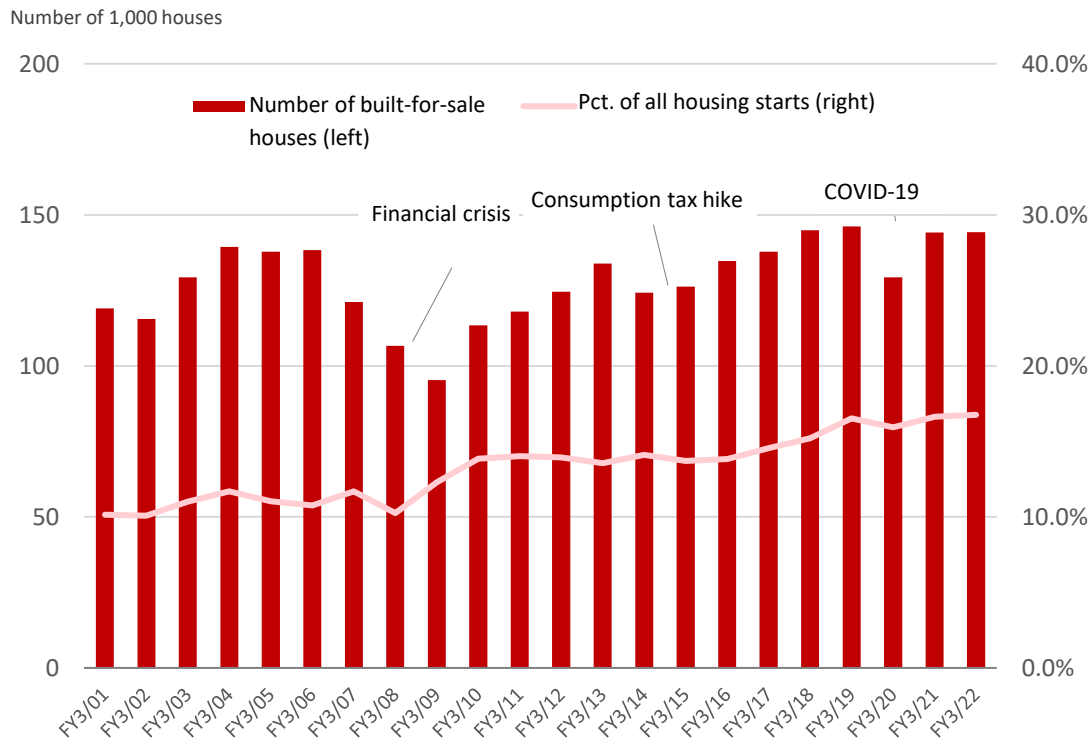
KEIAI House Support Service: <https://owners.ki-group.jp/uchisapo/>

## 7. Appendix

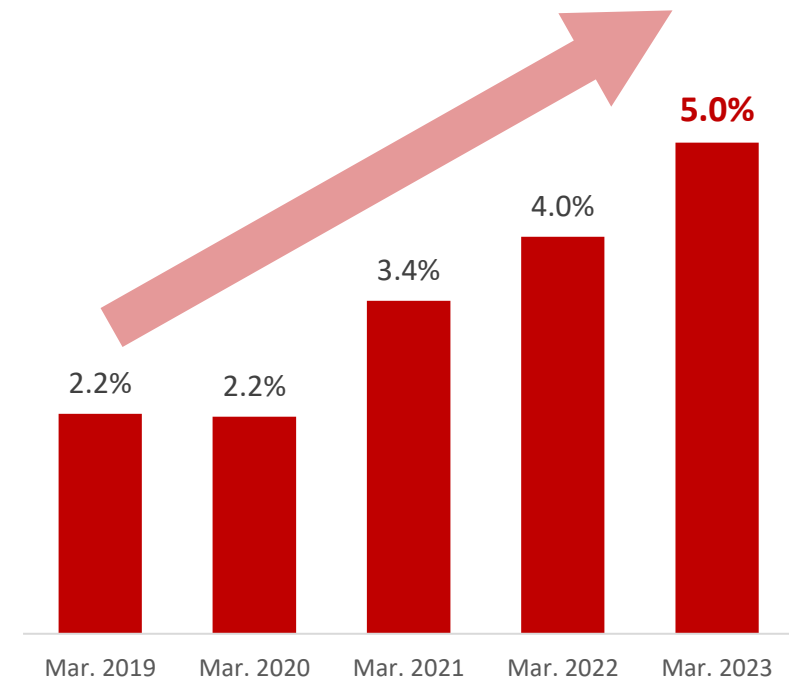
# KEIAI's Market – Built-for-Sale Houses

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

**Construction Starts for Built-for-Sale Detached Houses**



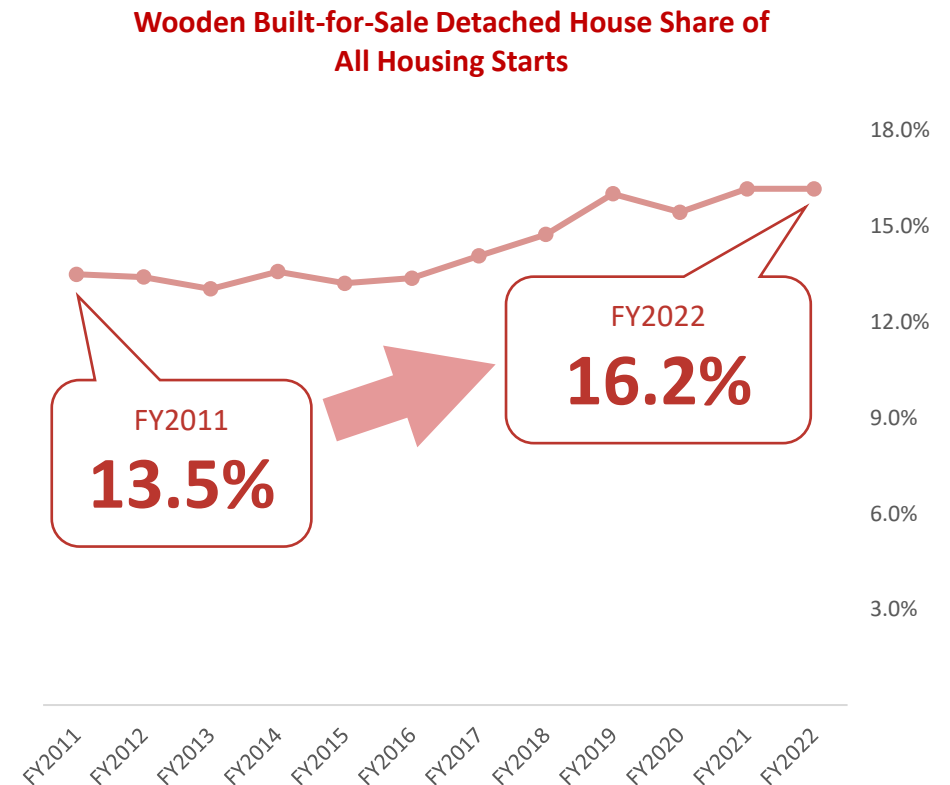
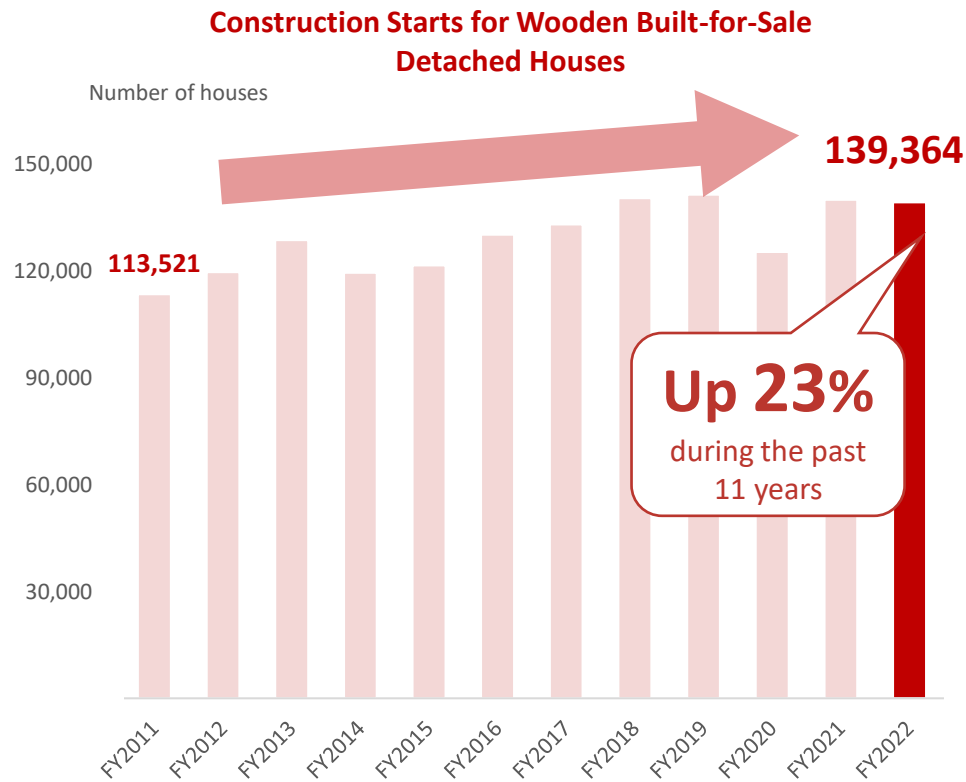
**KEIAI Group's Nationwide Market Share**



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

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

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



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

# 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 35 million JPY

## Buyer



- Real demand
- In their 20s to 40s
- Annual household income: 2 to 6 million JPY 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

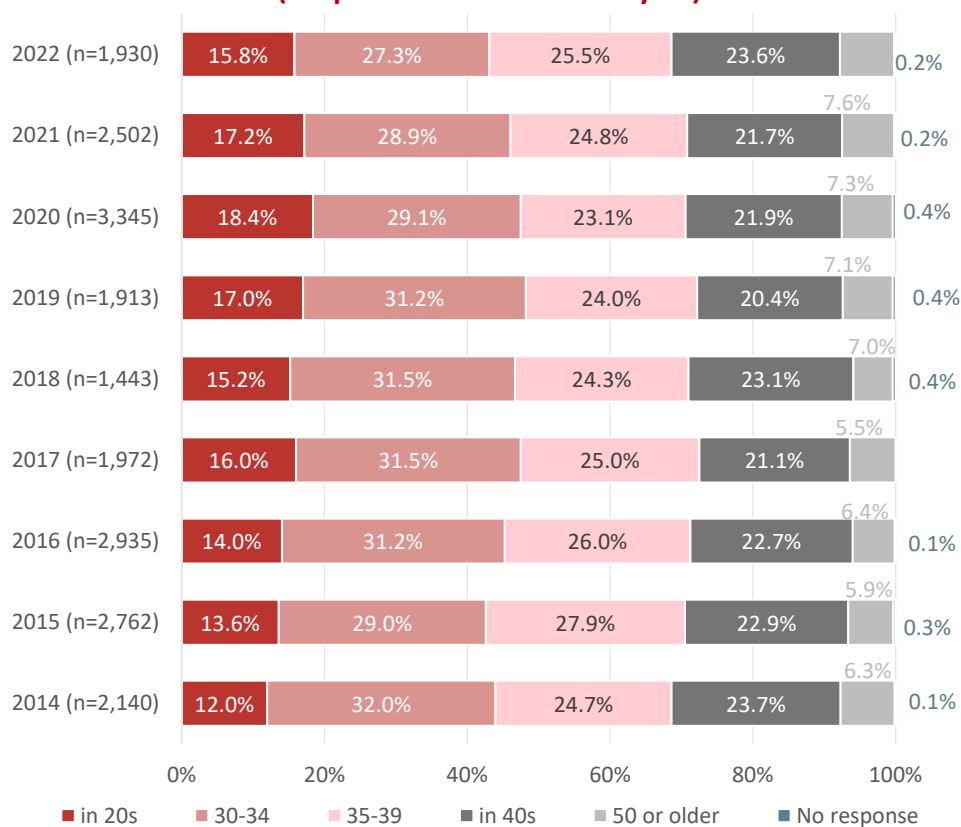
Features / property type	Built-for-sale houses	Custom-built houses	Remodeled houses	Semi custom-built houses
<b>Price</b>	Low to mid price	High price	Low price (Partial remodeling)	Low price
<b>Purchasing of land</b>	Generally, 7 houses lots or more	A single house	Existing house	Possible from 1 house lot
<b>Design</b>	Uniform design	Entire house is fully customized	Only part of a house is remodeled	Superb design by semi custom-building each entire house
<b>Earthquake resistance</b>	Complies with new earthquake resistance standards	Complies with new earthquake resistance standards	Includes old earthquake resistance standards	Complies with new earthquake resistance standards
<b>Time until move-in</b>	Short	Long	Short	Short
<b>Asset value</b>	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)
<b>Sustainability</b>	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)



# Detached House Buyers by Price and Head of Household Age

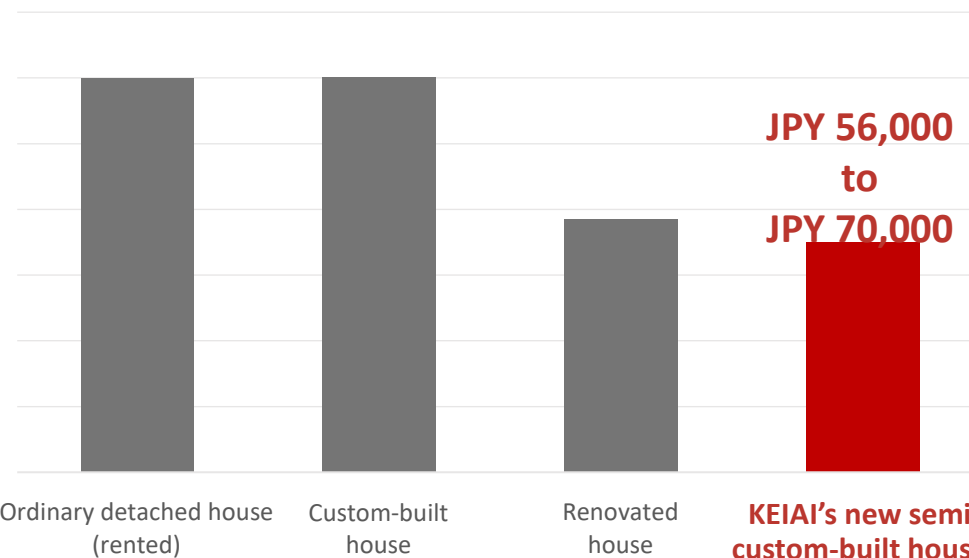
The declining trend in average age of home buyers hints that detached houses at lower prices may be preferred. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

**Age of Head of Household When Home Is Purchased  
(Responses for all home buyers)**



Source) Recruit "2022 Trend Survey on Purchasers of Newly-built Detached Houses in Tokyo Metropolitan Area"

**Monthly Cost Comparison\*1**

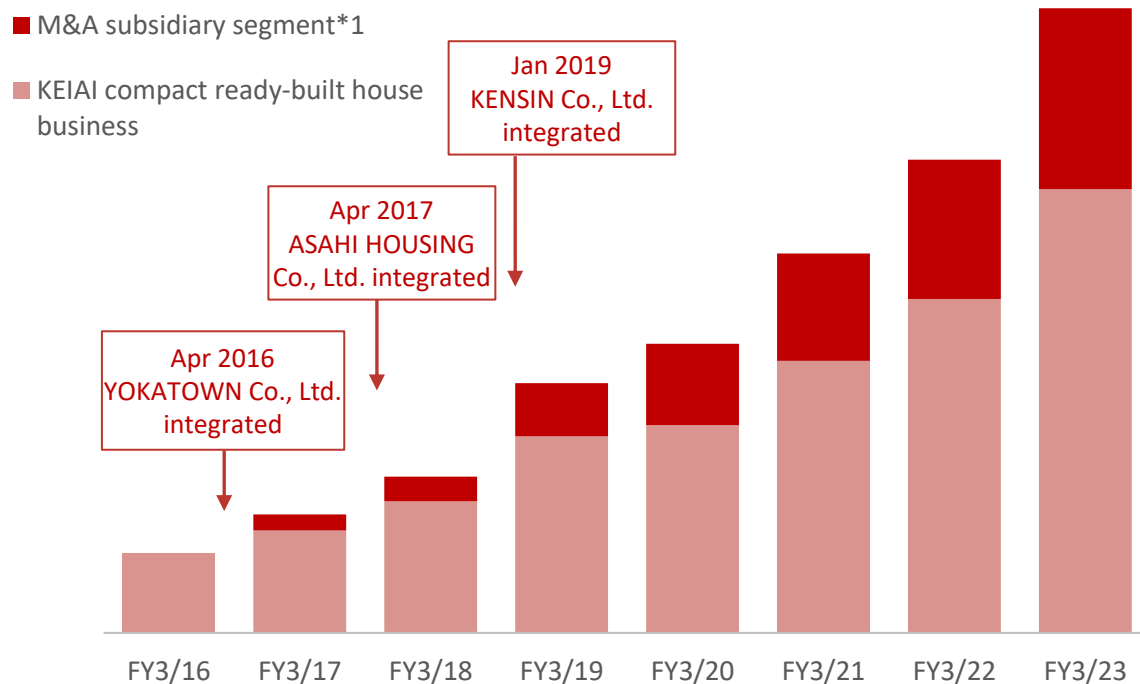


\*1: Cost for ordinary detached house (rented) is estimated using the rent of average 3LDK detached houses in Takasaki, one of the key business areas of KEIAI.  
 Cost for custom-built house is the estimated monthly payment of a 35-year, 1% interest, mortgage for the full purchase price. Purchase price is based on the average national purchase price of custom built houses (with land) using Flat-35.  
 Cost for renovated house is the estimated monthly payment of 15-year, 1% mortgage for the full purchase price. Purchase price is estimated based on the average prices of past transactions in Takasaki.  
 Cost for KEIAI's new semi custom-built house is the estimated monthly payment of 35-year, 1% mortgage for the full purchase price. Purchase price is based on the average purchase price of 4 - 5LDK KEIAI built houses in Takasaki. The cost does not include expenses such as property tax.

# M&A – Growth of a Subsidiary after the Acquisition

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

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



## External Growth through M&A (sales growth rate)\*2

YOKATOWN	CAGR <b>+32%</b>
ASAHI HOUSING	CAGR <b>+55%</b>
KENSIN	CAGR <b>+39%</b>

## Internal Growth by Parent (sales growth rate)\*3

CAGR <b>+28%</b>
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\*1: Results of M&A subsidiary segment includes YOKATOWN, ASAHI HOUSING and KENSIN

\*2: CAGR (compound annual growth rate) from the time the company joins the group to FY3/23.

CAGR from FY3/17-FY3/23 for YOKATOWN, CAGR from FY3/18-FY3/23 for ASAHI HOUSING, and CAGR from FY3/20-FY3/23 for KENSIN

\*3: CAGR from FY3/17-FY3/23 (non-consolidated)

# Financial Strategy/Fund Procurement

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Secure funds for further growth of the homebuilding and sales business and continue to strengthen KEIAI Group's financial soundness

**Inventory reduction and risk control** through compact ready-built house development and improved inventory turnover



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

- Overdraft agreement (7 billion JPY overdraft agreement with a megabank, October 2021)
- Committed credit facility (5 billion JPY, March 2022)
- Large syndicated loan (total amount: 41.2 billion JPY, June 2022)
- Issuance of bonds  
(total amount: 2 billion JPY, December 2021; total amount: 3 billion JPY, October 2022)
- Public offering (total amount: 7.9 billion JPY by public offering and third-party allotment, September 2021)



Secure funds and make investments for **more growth** of the homebuilding and sales business

# Forward-looking Statements

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

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Please contact us by filling in the necessary information from the "IR Inquiries" page of our website.