

KEIAI

デザインのケイアイ

First Half of FY3/22 Financial Results

KI-STAR REAL ESTATE CO., LTD.



Tokyo Stock Exchange,
First Section/3465

Our Purpose

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

Our Mission

House ownership for everyone

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1H/2Q FY3/22 Financial Highlights (Consolidated)

First-half Results

Net sales	91,487 million JPY (+38.6% YoY)
Ordinary profit	12,247 million JPY (+228.7% YoY)
Profit* ¹	7,764 million JPY (+251.5% YoY)

Second-quarter Results

Net sales	48,226 million JPY (+27.4% YoY)
Ordinary profit	7,067 million JPY (+152.6% YoY)
Profit* ¹	4,475 million JPY (+172.3% YoY)

*1: Profit attributable to owners of parent

Revisions to FY3/22 Consolidated Forecast

Forecast

Revised Forecast

Net sales	185,000 million JPY (+18.8% YoY)	▶	190,000 million JPY (+22.0% YoY)
Ordinary profit	20,000 million JPY (+56.5% YoY)	▶	24,000 million JPY (+87.8% YoY)
Profit* ¹	13,000 million JPY (+70.7% YoY)	▶	15,000 million JPY (+96.9% YoY)
Full-year dividend* ²	230 yen per share	▶	245 yen per share

*1: Profit attributable to owners of parent

*2: Dividend per share

1H FY3/22 Highlights

- Sales and earnings at all levels continued to increase in 1H. Achieved strong operating profit margin of 13.6% due to the improved gross profit margin and the use of IT and AI to use SG&A expenses more efficiently.
- KEIAI's market share continued to increase as business centered on the compact ready-built house development (semi custom-built house) category continued to expand and growth continued at a subsidiary added to the group through acquisition.
- Raised 7.9 billion JPY by public offering and third-part allotment to secure funds for accelerating our core homebuilding and sales business and strengthening our financial foundation.
- The full-year forecast for FY3/22 was revised to reflect the higher-than-expected increase in business results. We now expect consolidated net sales to increase by 22.0% YoY to 190 billion JPY, ordinary profit by 87.8% to 24 billion JPY, and profit attributable to owners of parent by 96.9% to 15 billion JPY.
- The full-year dividend forecast was raised to 245 yen per share along with the upward revision of the earnings forecast.

1. 1H FY3/22 Financial Summary

Consolidated Statement of Income (1H)

Continued high growth in both sales and profits.

(JPY mil.)

	1H (Apr-Sep) of FY3/21		1H (Apr-Sep) of FY3/22		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	65,990	100.0%	91,487	100.0%	38.6%
Gross profit	10,415	15.8%	20,773	22.7%	99.4%
SG&A expenses	6,629	10.0%	8,359	9.1%	26.1%
Operation profit	3,786	5.7%	12,413	13.6%	227.8%
Ordinary profit	3,725	5.6%	12,247	13.4%	228.7%
Profit attributable to owners of parent	2,209	3.3%	7,764	8.5%	251.5%

Consolidated Statement of Income (2Q)

Continued high growth in both sales and profits.

(JPY mil.)

	2Q (Jul-Sep) of FY3/21		2Q (Jul-Sep) of FY3/22		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	37,861	100.0%	48,226	100.0%	27.4%
Gross profit	6,173	16.3%	11,301	23.4%	83.1%
SG&A expenses	3,401	9.0%	4,162	8.6%	22.4%
Operation profit	2,771	7.3%	7,138	14.8%	157.6%
Ordinary profit	2,798	7.4%	7,067	14.7%	152.6%
Profit attributable to owners of parent	1,643	4.3%	4,475	9.3%	172.3%

Forecast for the Consolidated Statement of Income (Revised)

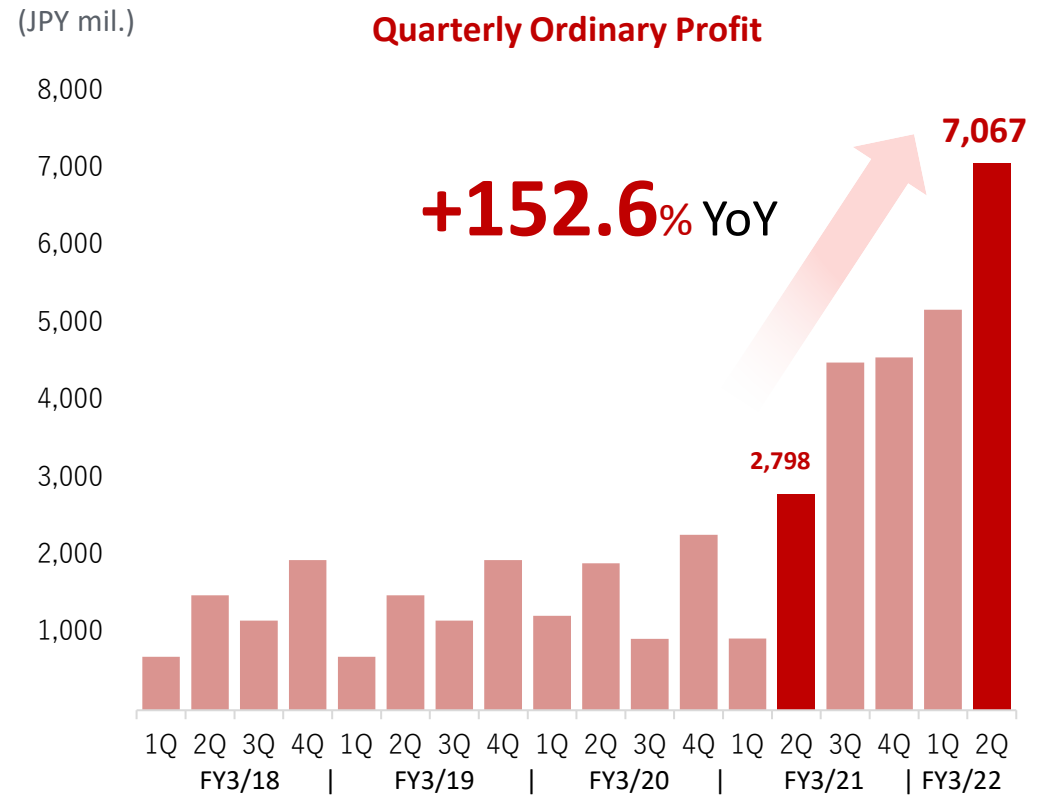
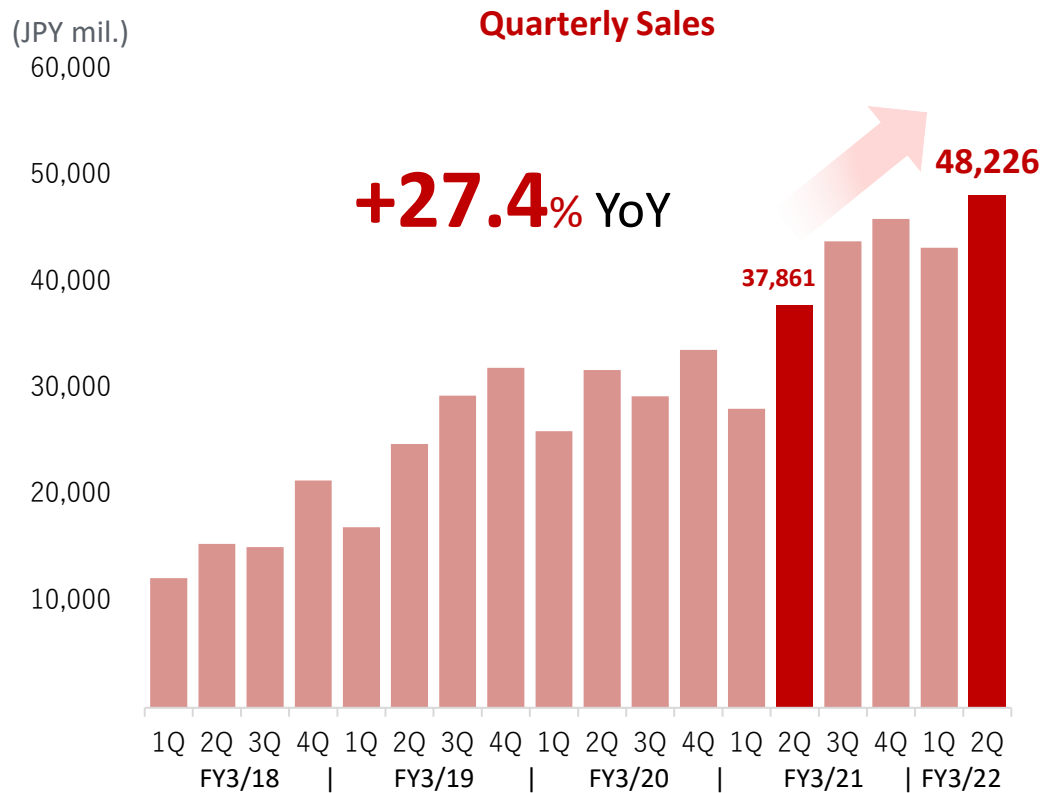
Made upward revisions to the full-year consolidated forecast for FY3/22. New record high business results are expected with net sales increasing 22.0% YoY to 190 billion JPY, ordinary profit by 87.8% to 24 billion JPY and profit attributable to owners of parent by 96.9% to 15 billion JPY.

(JPY mil.)

	FY3/21 Result (Ref.)	FY3/22 Full-year Forecast (Previous)	FY3/22 Full-year Forecast (Revised)	vs. FY3/21 result
Net sales	155,753	185,000	190,000	22.0%
Operating profit	12,561	20,000	24,300	93.4%
Ordinary profit	12,781	20,000	24,000	87.8%
Profit attributable to owners of parent	7,616	13,000	15,000	96.9%

Quarterly Results (Consolidated)

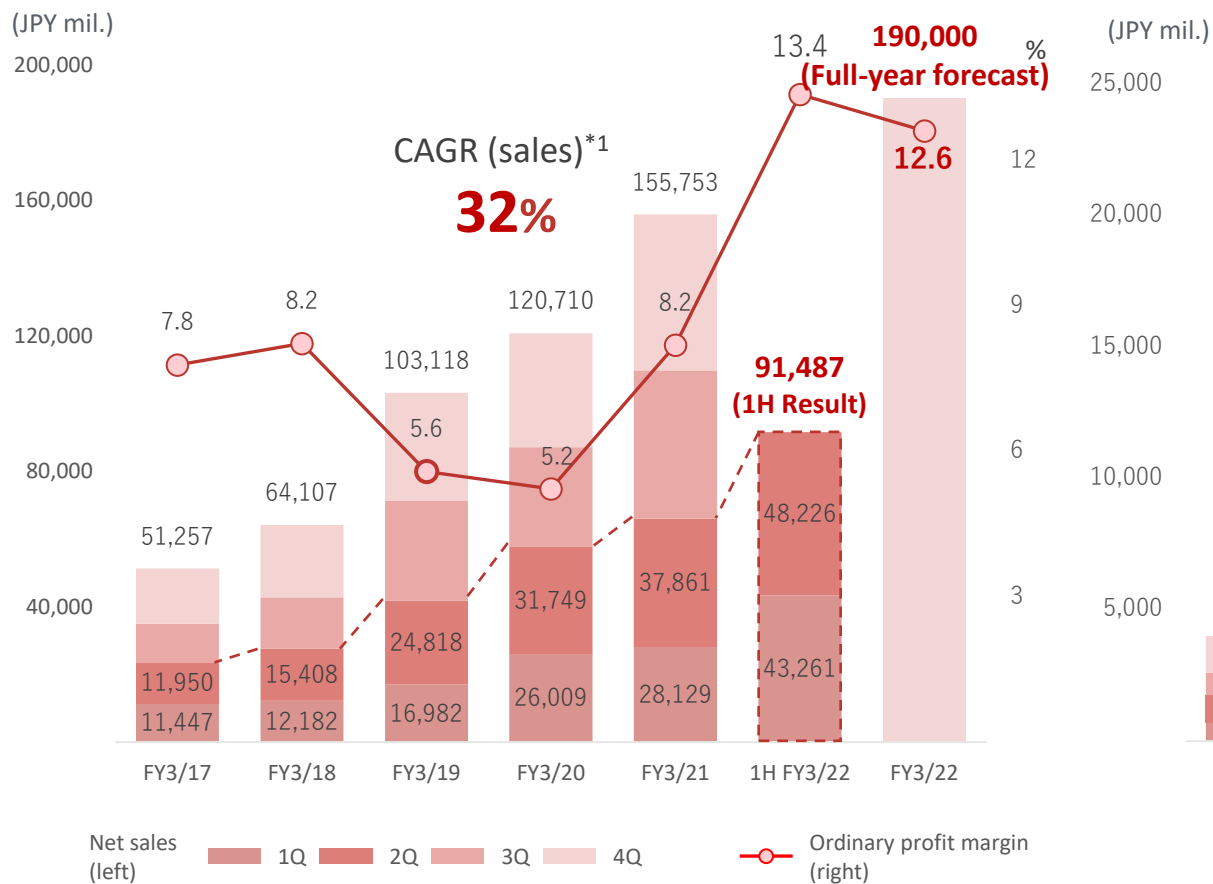
Quarterly sales and ordinary profit increased significantly year on year, reaching new record highs.



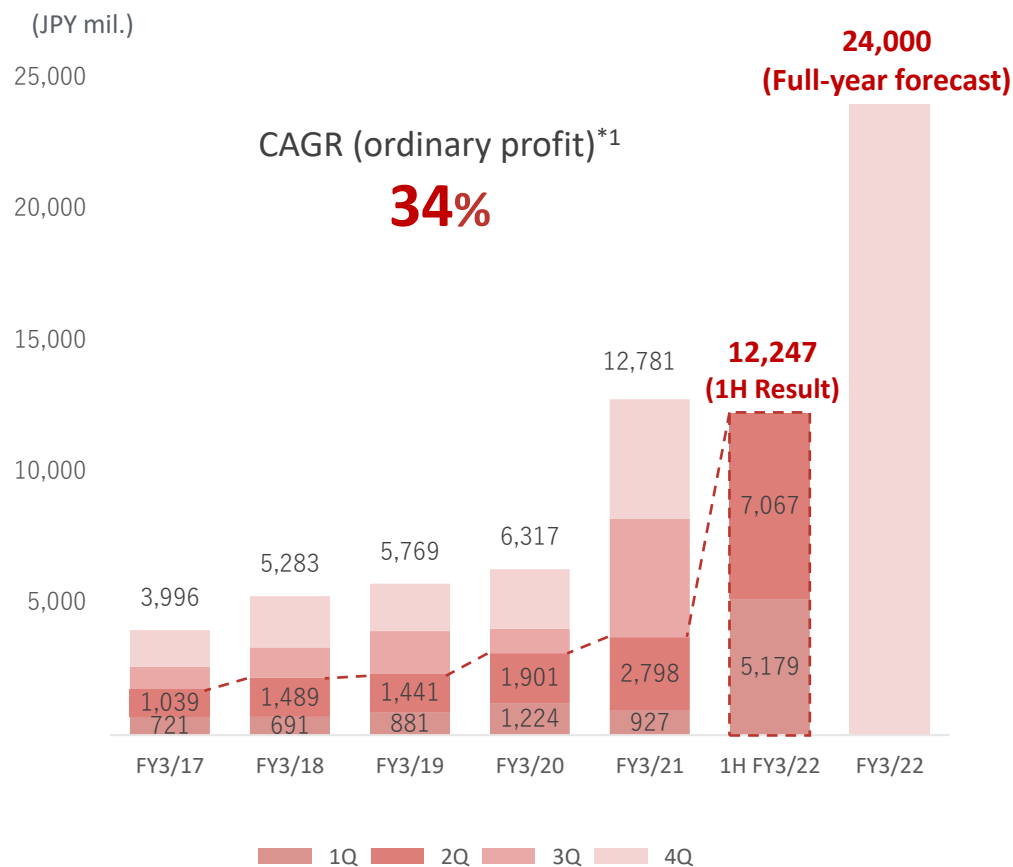
Consistent Growth in Consolidated Sales and Earnings

Steady progress toward achieving the revised full-year forecast

Net Sales and Ordinary Profit Margin (Full-year)



Ordinary Profit (Full-year)



*1: Average annual growth rate of sales/ordinary profit (CAGR) from FY3/17 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: JPY mil.)

		1H (Apr-Sep) of FY3/21	1H (Apr-Sep) of FY3/22	YoY change	Remarks
Homebuilding and sales (including land)	Houses sold	1,375	1,832		Growth due to growth strategy progress
	Sales	42,679	64,396	+ 50.9%	
	Operating profit	4,030	11,233	+ 178.7%	
Custom-built housing	Houses sold	32	49		Upfront SG&A expenses due to higher orders for IKI
	Sales	395	1,003	+ 153.4%	
	Operating profit	56	23	-57.8%	
Yokatown	Houses sold	Built-for-sales house (including land): 345 Custom-built houses: 48	Built-for-sales house (including land): 406 Custom-built houses: 33		Higher sales due to focus on build-for-sales house business
	Sales	9,413	11,611	+ 23.3%	
	Operating profit	589	1,390	+ 136.0%	
Asahi Housing	Houses sold	Built-for-sale houses (including land): 113	Built-for-sale houses (including land): 135		Increase due to focus on build-for-sales house business
	Sales	4,316	5,772	+ 33.7%	
	Operating profit	278	971	+ 249.2%	

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: JPY mil.)

		1H (Apr-Sep) of FY3/21	1H (Apr-Sep) of FY3/22	YoY change	Remarks
Kensin	Houses sold	Built-for-sale houses (including land): 86 Custom-built houses: 65	Built-for-sale houses (including land): 115 Custom-built houses: 62		Increase due to focus on build-for- sales house business
	Sales	3,945	6,114	+ 55.0%	
	Operating profit	30	436	+ 1,320.6%	
Tokyo Big House	Houses sold	Built-for-sale houses (including land): 9 Custom-built houses: 24	Built-for-sale houses (including land): 29 Custom-built houses: 1		Consolidated in April 2020
	Sales	1,224	1,126	-8.0%	
	Operating profit	(53)	10	-	
KEIAI Presto	Houses sold	-	Built-for-sale houses (including land) and custom-built houses: 17		Consolidated in January 2021
	Sales	-	356	-	
	Operating profit	-	10	-	

Stock Offering for Increasing Funds for Growth Initiatives

A public offering and third-party allotment of stock procured approximately 7.9 billion JPY. These proceeds increase speed and flexibility for activities for further growth of the core homebuilding and sales business in Japan as well as strengthen the KEIAI Group's financial soundness.

Funds for growth and a stronger financial soundness

- All proceeds of the offering will be used to purchase land and construct houses in the homebuilding and sales business in Japan.
- The stronger financial position resulting from this offering will reinforce relationships with major banks and increase the ability to obtain loans.
- The further improvement in soundness will give the KEIAI Group access to many sources of financing.



Faster growth of the core homebuilding and sales business
Faster growth of the market share of this business in Japan

Consolidated Balance Sheet

Total assets were 138.9 billion JPY and net assets 43.4 billion JPY (an increase of 14.2 billion JPY from March 31, 2021)

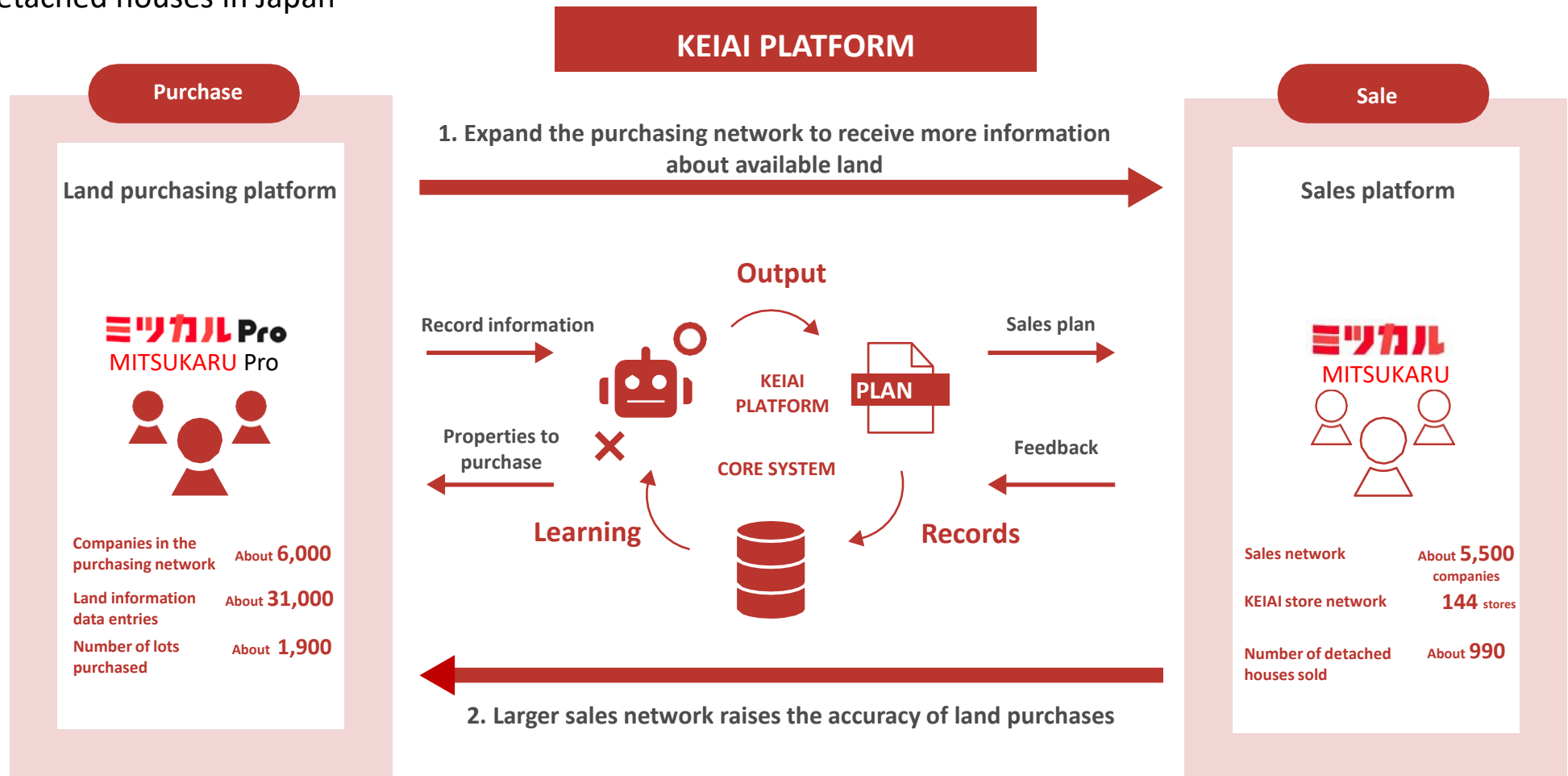
(JPY mil.)

	March 31, 2021	September 30, 2021	Increase/decrease
Current assets	102,015	131,210	29,194
Non-current assets	8,111	7,690	(420)
Total assets	110,127	138,900	28,773
Current liabilities	67,495	74,200	6,704
Non-current liabilities	13,412	21,234	7,821
Total liabilities	80,908	95,434	14,526
Net assets	29,218	43,466	14,247
Total liabilities and net assets	110,127	138,900	28,773

2. KEIAI Growth Strategy

KEIAI Technology Platform

Using a strong platform for purchasing land and selling houses for an innovative business model for supplying detached houses in Japan

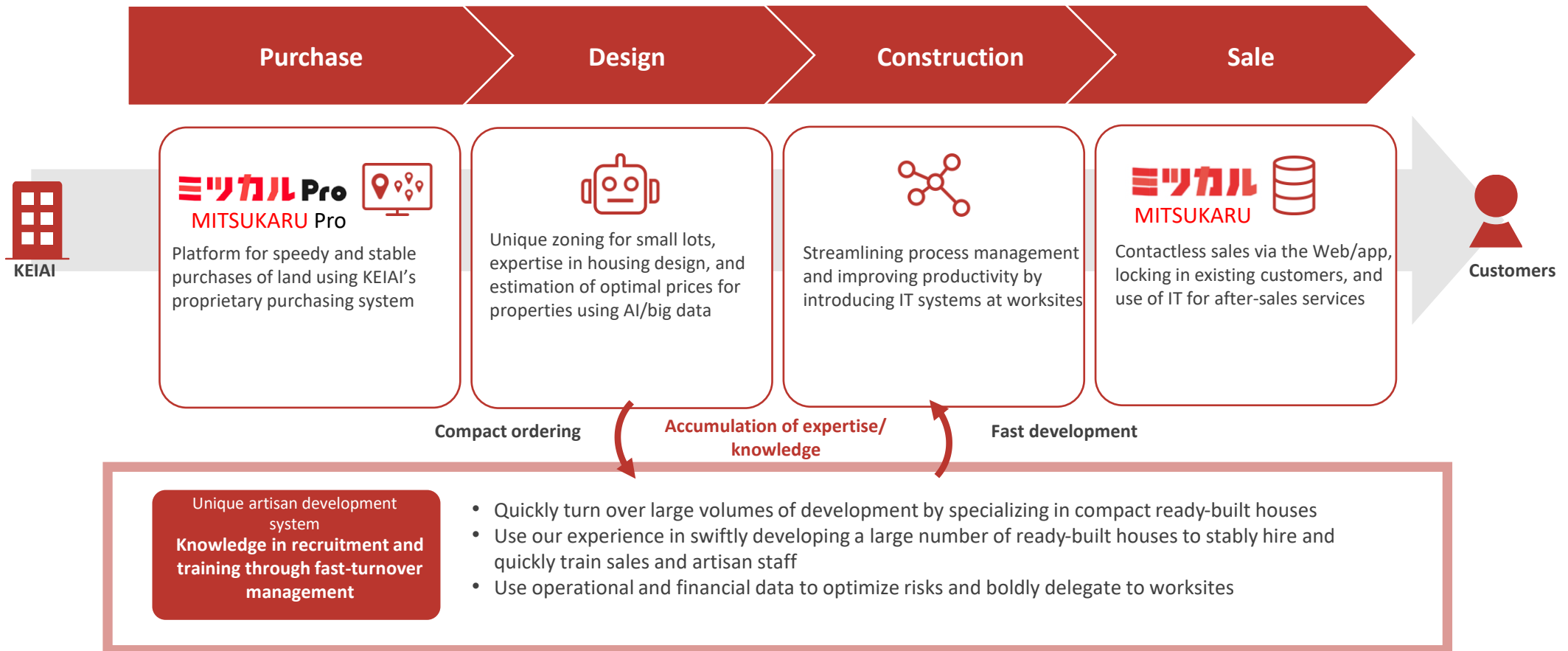


Note 1) Number of companies in the purchasing and sales networks is as of the end of 2Q FY3/22

Note 2) Land information data entries, number of lots purchased, and number of detached houses sold are the results of 2Q FY3/22

Use of Technology to Optimize the Supply of Houses

The KEIAI business model uses technologies at every stage of the house supply chain to supply high-quality houses at the proper prices.

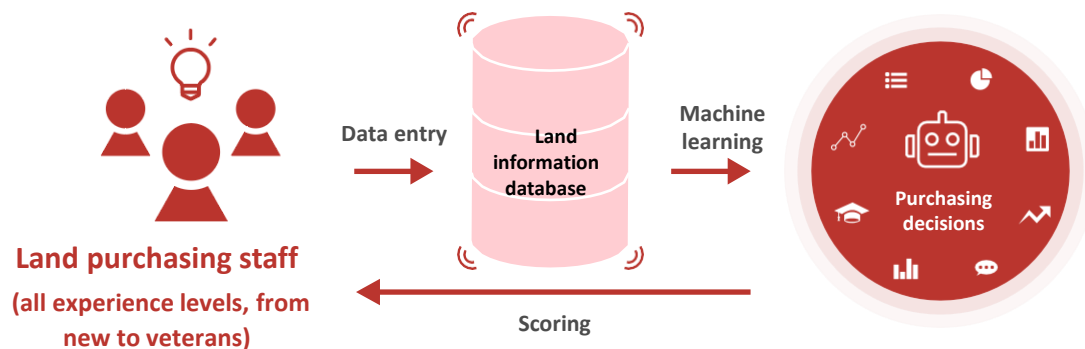


Land Purchasing Platform MITSUKARU Pro

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 after the pandemic ends.



- AI and other systems assist land purchasing personnel
- Highly accurate land purchases are possible by using data covering more than 30,000 potential land purchases in prior years and data about more than 10,000 transactions



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 (plan to develop a system that uses AI to produce highly accurate plans) 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

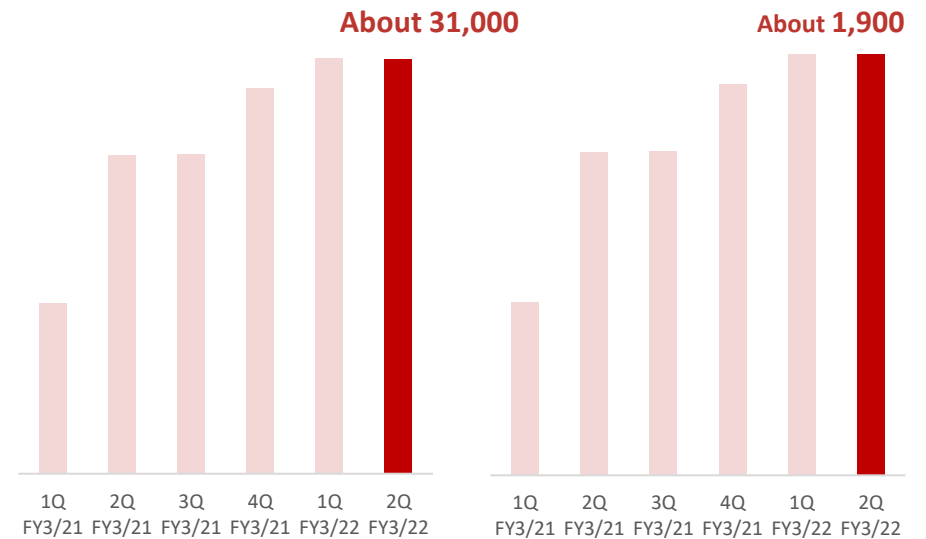
- Big data reduces risk involving the compact, semi custom-built house business model; also optimizes pricing of land purchases by using market data and real-time data on KEIAI houses for sale

Companies in the purchasing network

About **6,000**

Land information data entries*1
About **31,000**

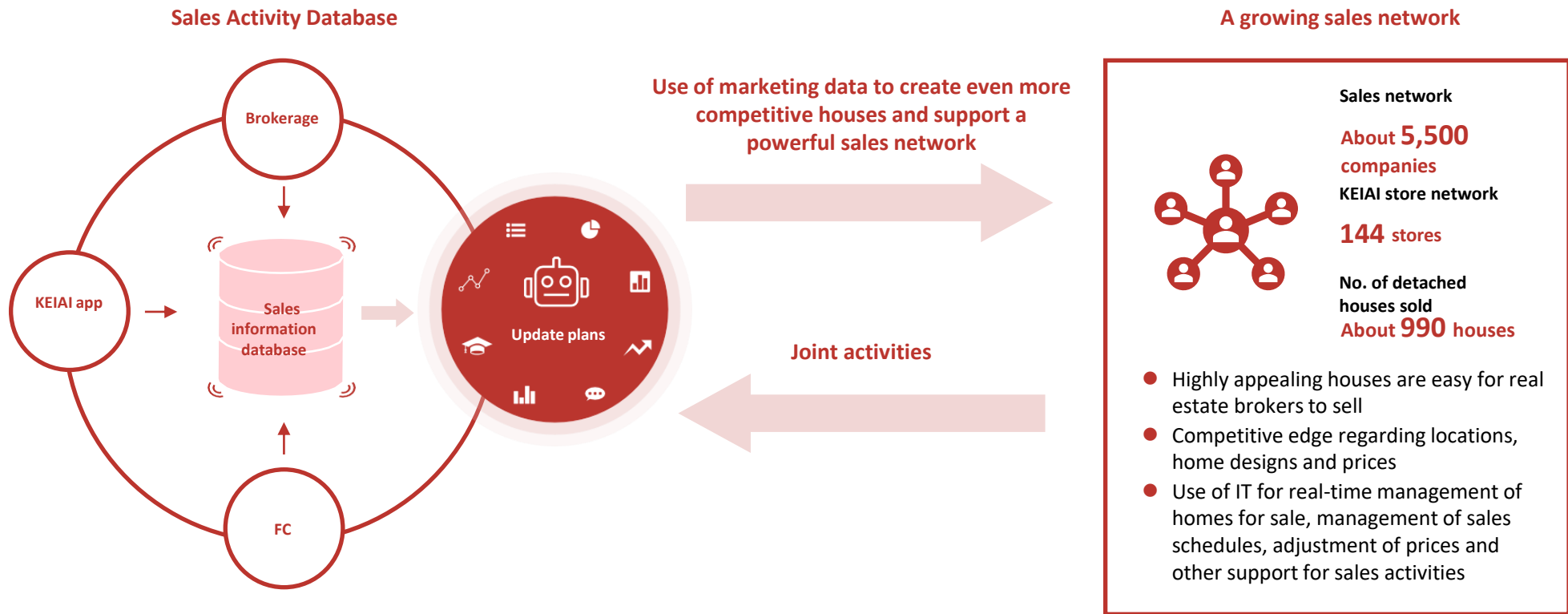
Number of lots purchased*1
About **1,900**



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

Sales Platform MITSUKARU

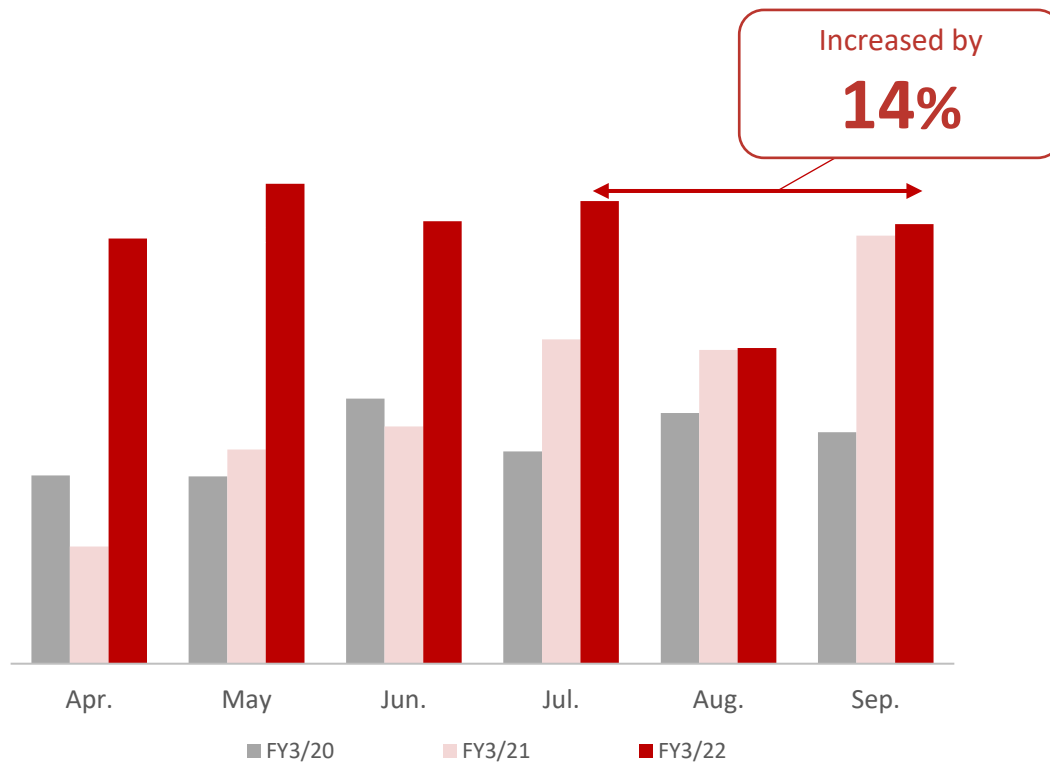
A database encompassing marketing activities spanning many sales channels, such as a powerful network of real estate brokers, KEIAI's own matching website (New House MITSUKARU), a network of franchised locations and KEIAI app members. Highly accurate purchases of land and feedback that helps further enhance home designs are other benefits of this platform.



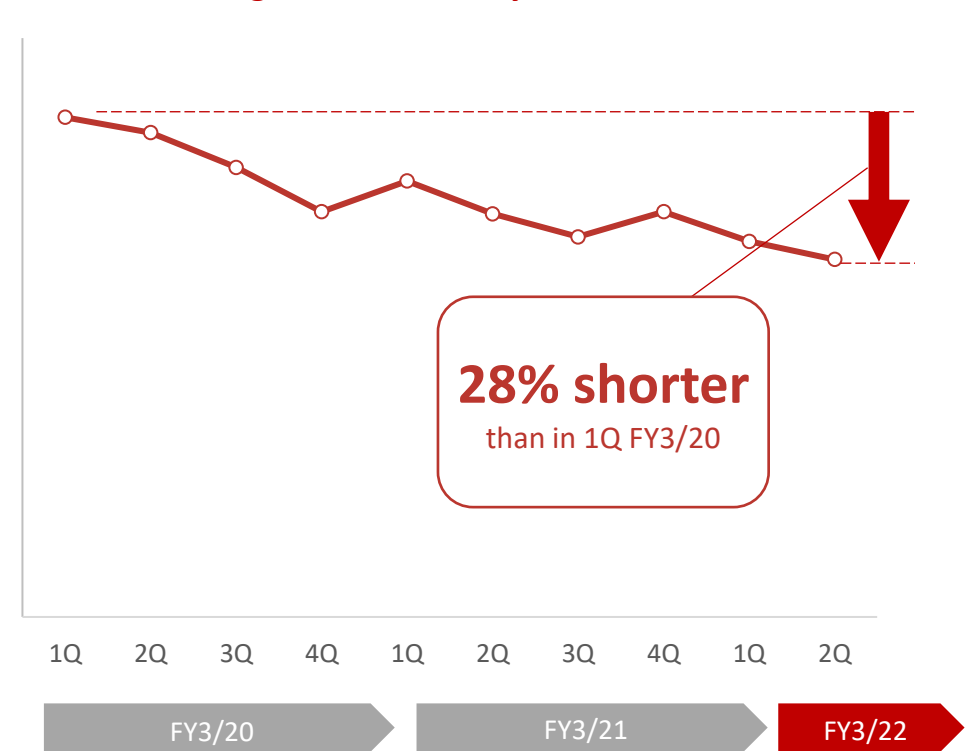
Status of Land Purchasing and Inventory Turnover Period

The number of housing lots purchased remained high in the 2Q as in 1Q and the inventory turnover continues to become shorter

Year-to-Year Change in Housing Lots Purchased*1



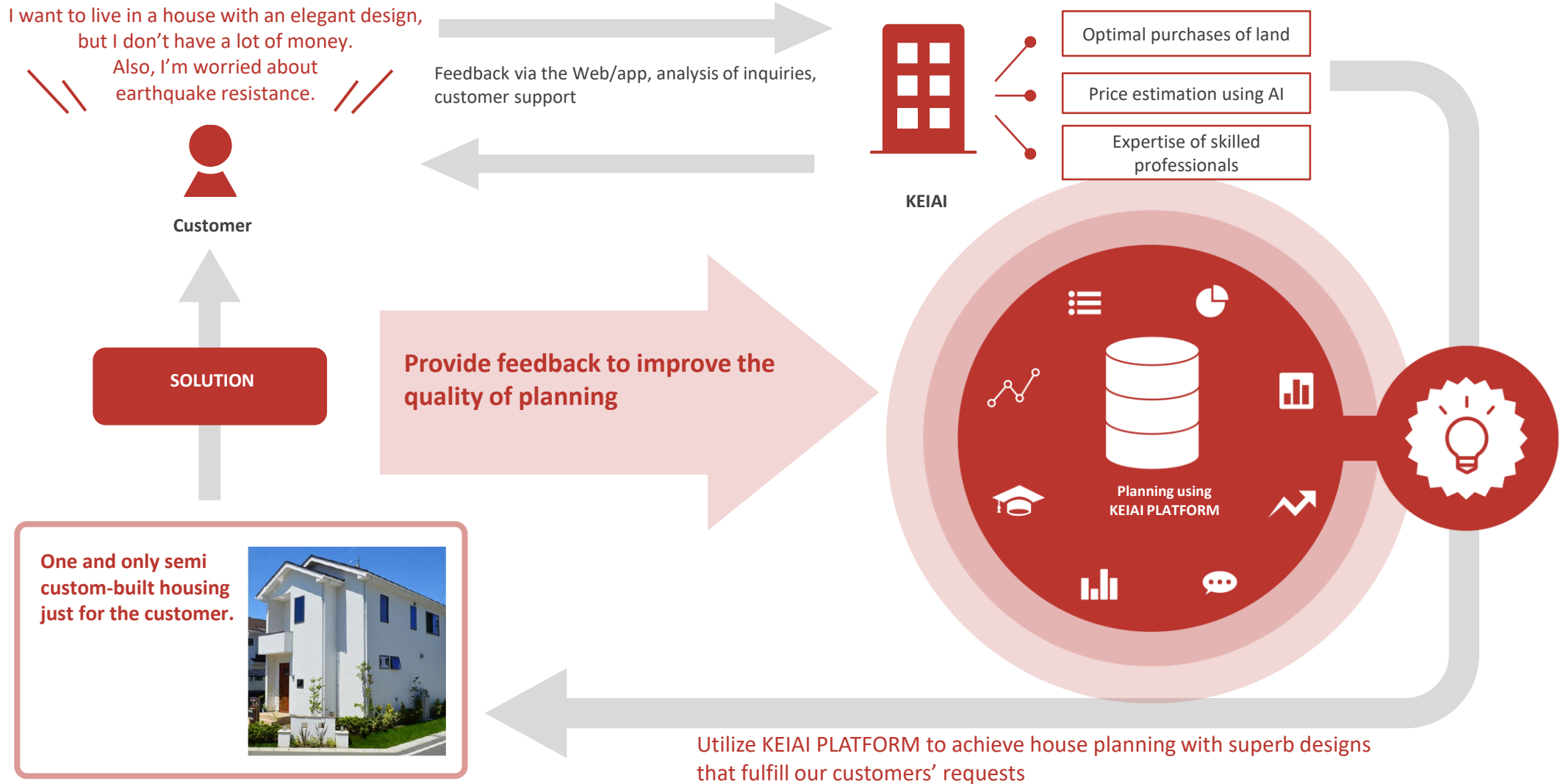
Shortening of the Inventory Turnover Period*2



*1: Actual number of purchases by the KEIAI Group

*2: The average of number of days between the purchase of land and the posting of sales for development of detached ready-built houses at the KEIAI Group

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



Enormous Data over a Short Time by Developing Compact Semi-custom Houses

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

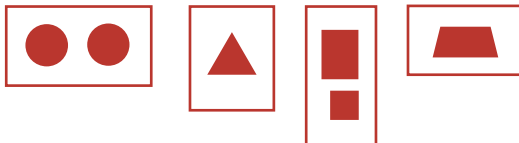
Conventional ready-built houses

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



Compact semi-custom 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

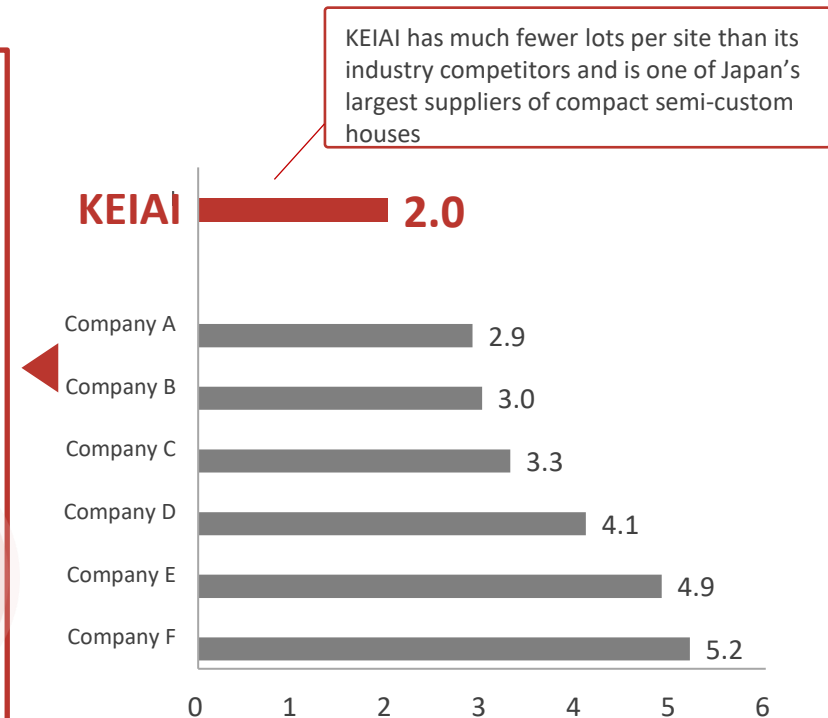


Increase in the number of land data entries

- 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



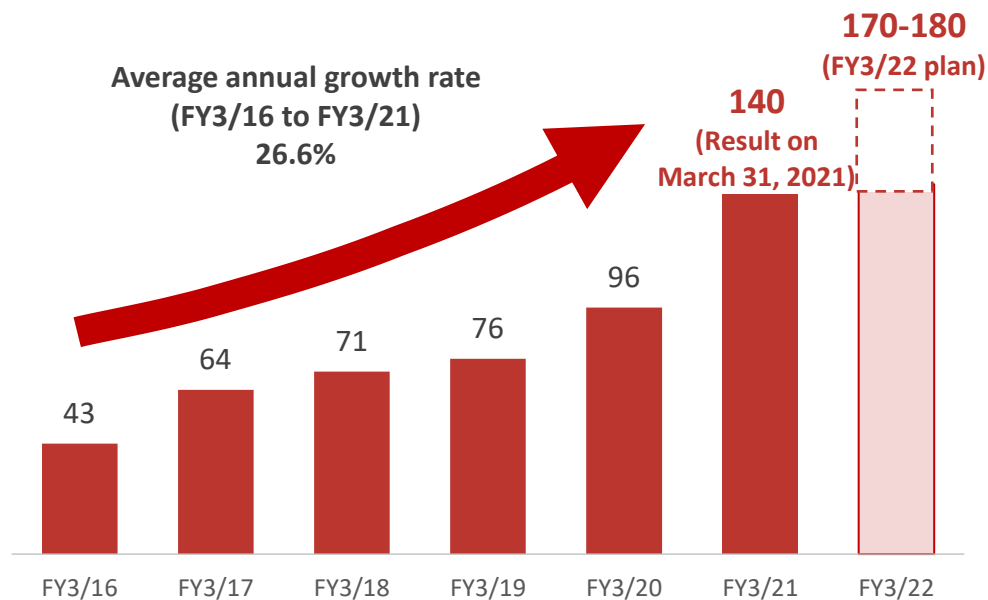
KEIAI has much fewer lots per site than its industry competitors and is one of Japan's largest suppliers of compact semi-custom houses

*1: KEIAI estimates based on housing developments of KEIAI and other companies as of December 2020

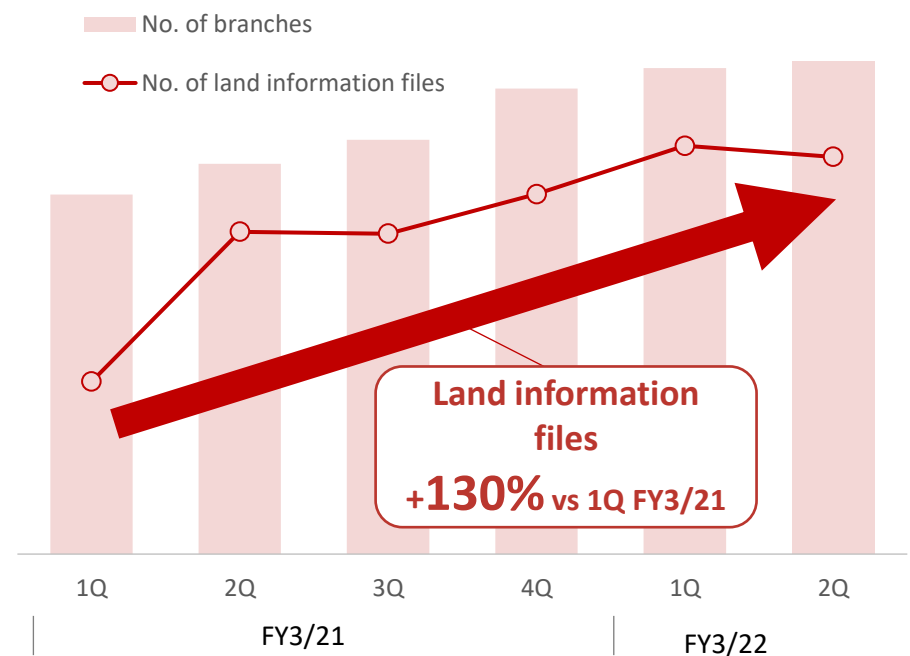
Expansion to More Areas of Japan Raises the Volume of Land Information

KEIAI's own network of stores has grown at an average annual rate of about 27% during the past five years. This network expansion has greatly increased the volume of information about land that can be received.

Growth of the Directly Operated Store Network (Number of Branches)



Number of KEIAI Branches and Information about Land

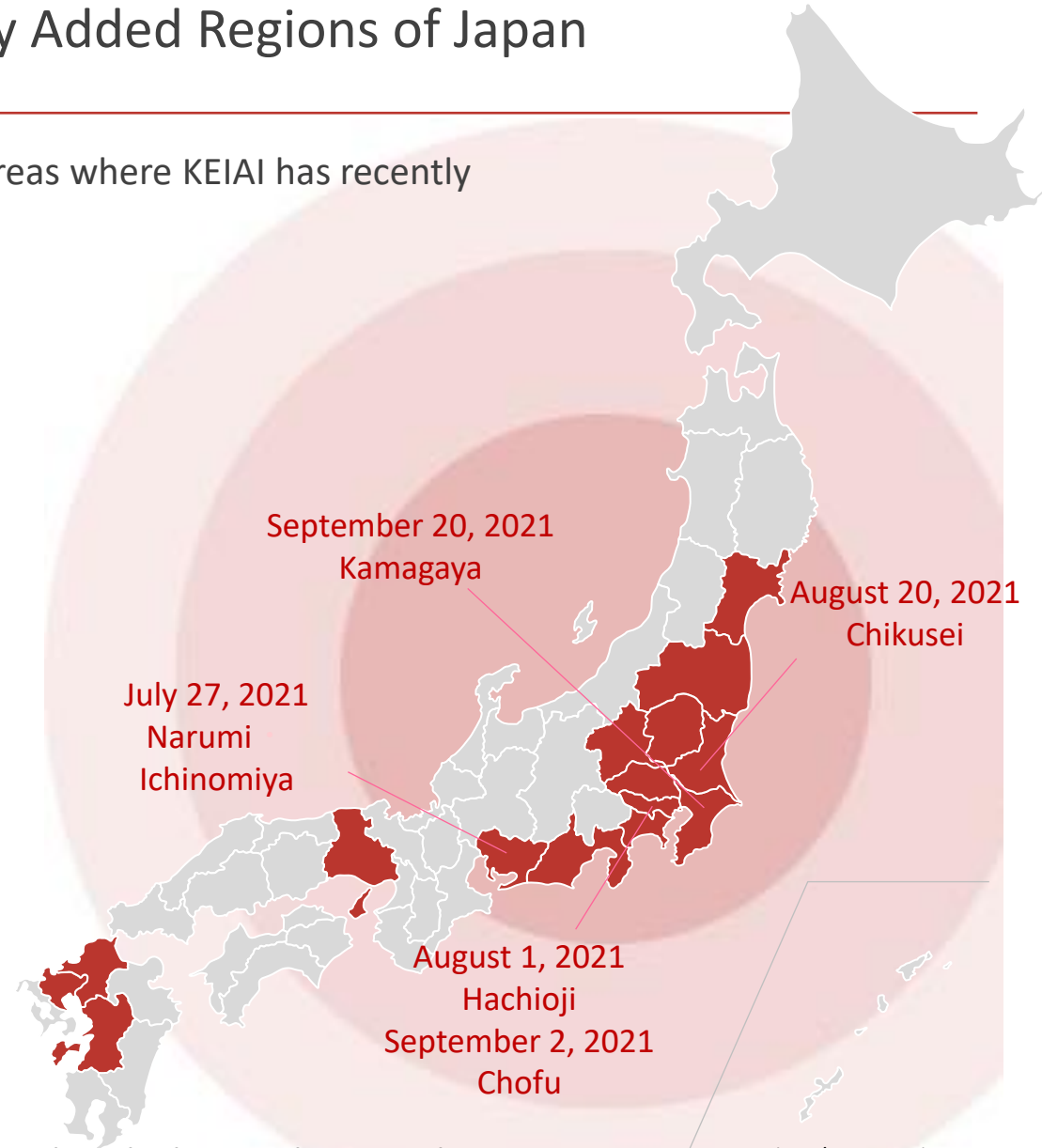
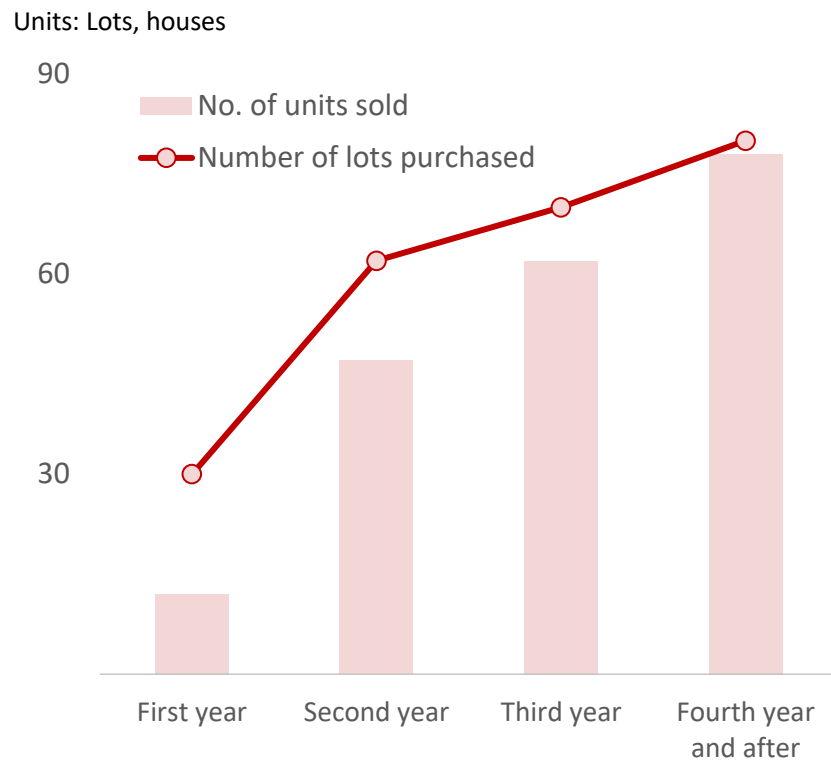


*1: For the number of houses sold by KEIAI stores (broker sales), comparison using averages for the first three years of operations of stores opened in the same year (FY3/21 Result)

Growth of Purchases and Sales in Newly Added Regions of Japan

Steady increase in purchases of lots and house sales in areas where KEIAI has recently started operations

Growth of Purchases and Sales per Branch*1

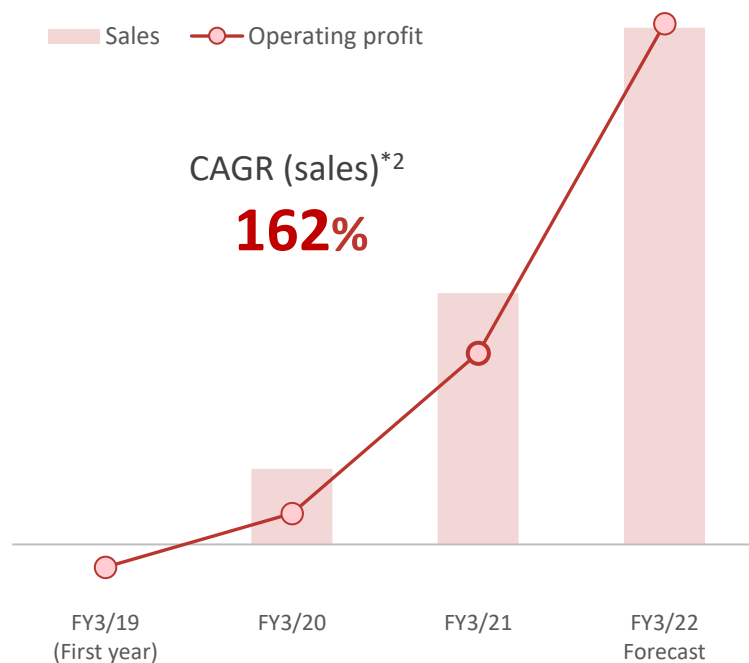


*1: For the number of houses sold by KEIAI branches (broker sales), comparison using averages for the first four years of operations of stores opened in the same year (FY3/21 Result)

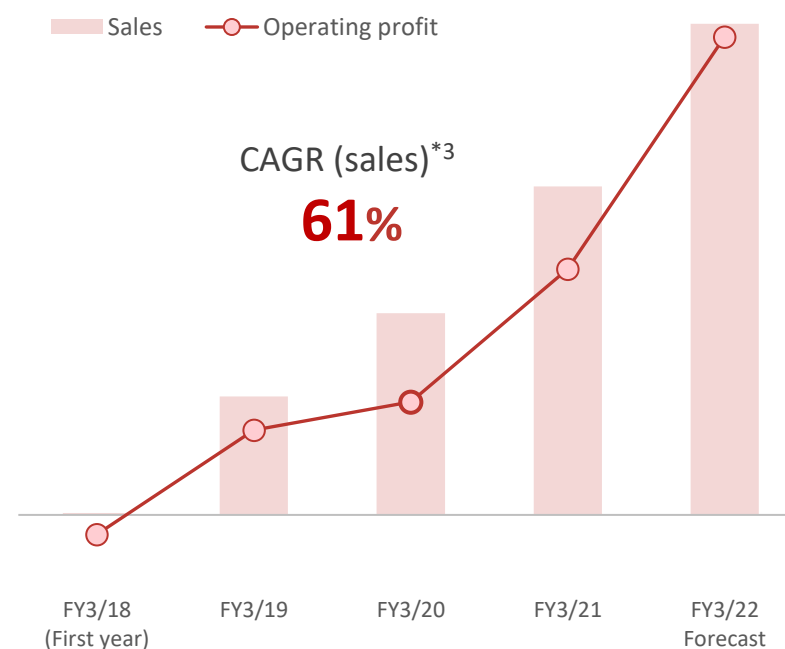
Growth in Sales and Earnings in New Business Areas

Sales and earnings have increased rapidly in areas where operations started in recent years

Chubu area sales and earnings*1



Kyushu area sales and earnings*1



*1: Chubu area sales and earnings are for KI Planning, Ltd., which operates mainly in this area (Aichi prefecture). Kyushu area sales and earnings are for KI-Star Build Co., Ltd., which operates mainly in Kyushu (Fukuoka prefecture).

*2: Average annual growth rate of sales/ordinary profit (CAGR) from FY3/20 to FY3/21

*3: Average annual growth rate of sales/ordinary profit (CAGR) from FY3/19 to FY3/21

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 and quality 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

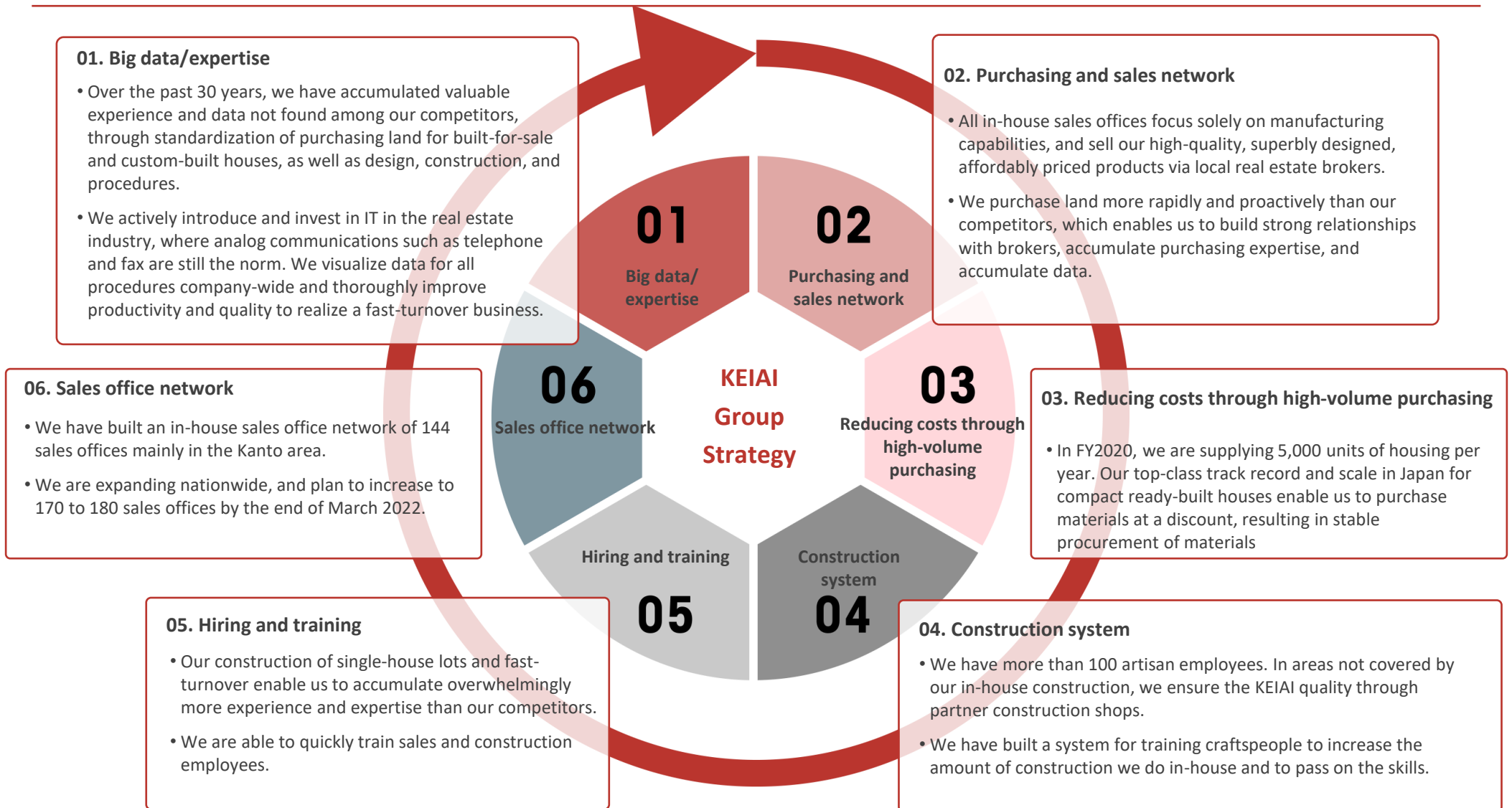
1. Unique features of small-lot development

- 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.

KEIAI's Group Growth Strategy



M&A Executions for KEIAI's Group Strategy

Expand market share by competitive dominant of KEIAI group companies not to miss acquisition opportunities of potential land area for our development.

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

(Currently KEIAI Presto K. K.)

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)

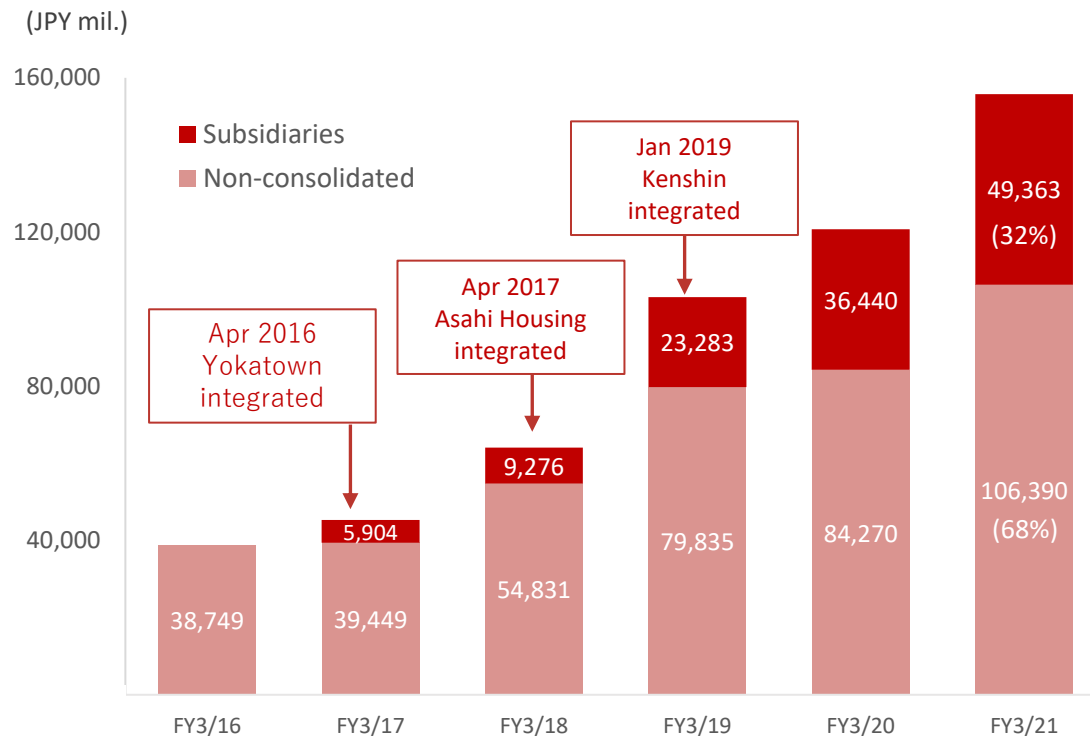


Joining the KI-Star Group will allow each company to benefit from synergies for sales, purchasing and other activities as well as from productivity improvements through the KEIAI Technology Platform. These benefits are expected to speed up the growth of the companies.

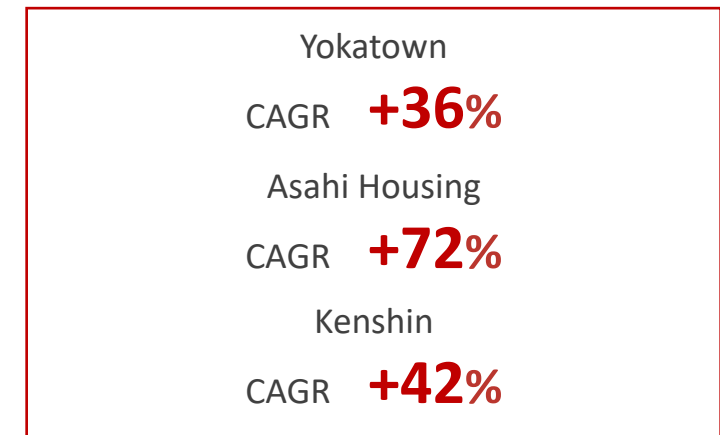
M&A – Growth of a Subsidiary after the Acquisition

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

Group's Total Sales (full-year)^{*1}



External Growth through M&A (sales growth rate)^{*2}



Internal Growth by Parent (sales growth rate)^{*3}



*1: Non-consolidated results for FY3/16

*2: CAGR (compound annual growth rate) from the time the company joins the group to FY3/21.

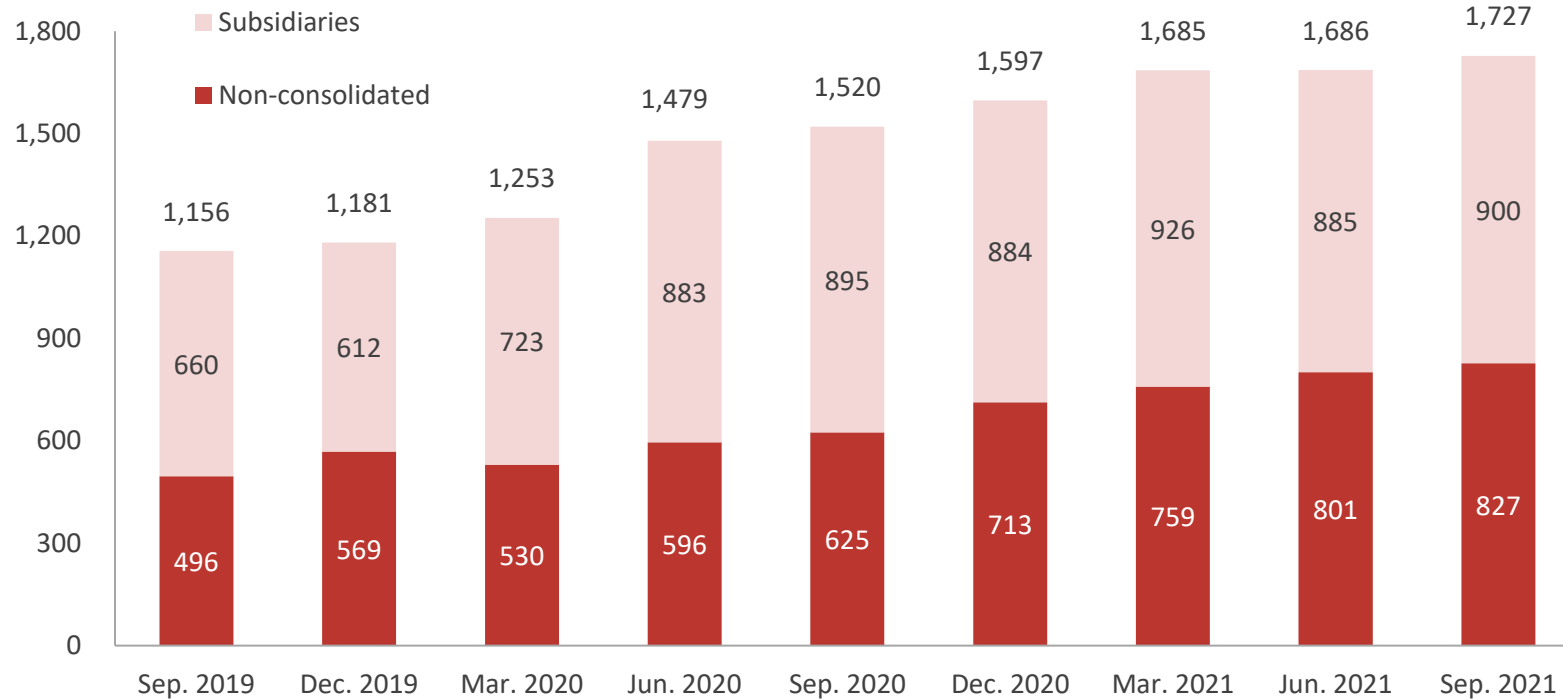
CAGR from FY3/17-FY3/21 for Yokatown, CAGR from FY3/18-FY3/21 for Asahi Housing, and CAGR from FY3/20-FY3/21 for Kenshin

*3: CAGR from FY3/17-FY3/21

Recruiting Activities

Consistent hiring is the foundation of KEIAI group's steady business growth.

Number of Total Employees (consolidated)



Financial Strategy/Fund Procurement

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

Inventory reduction and risk reduction 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
- Large syndicated loan (total amount: 35 billion JPY, June 2021)
- Issuance of bonds (total amount: 3 billion JPY, October 2020)
- 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

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 Revised Forecast (consolidated)
Net income per share (yen)	252.60	536.69	993.31
Dividend per share (yen)	76.00	139.00	245.00
Interim dividend per share (yen)	42.00	44.00	115.00
Payout ratio (%)	30.1%	25.9%	24.7%

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)

4. ESG/SDGs Initiatives

Establishment of the Sustainability Office

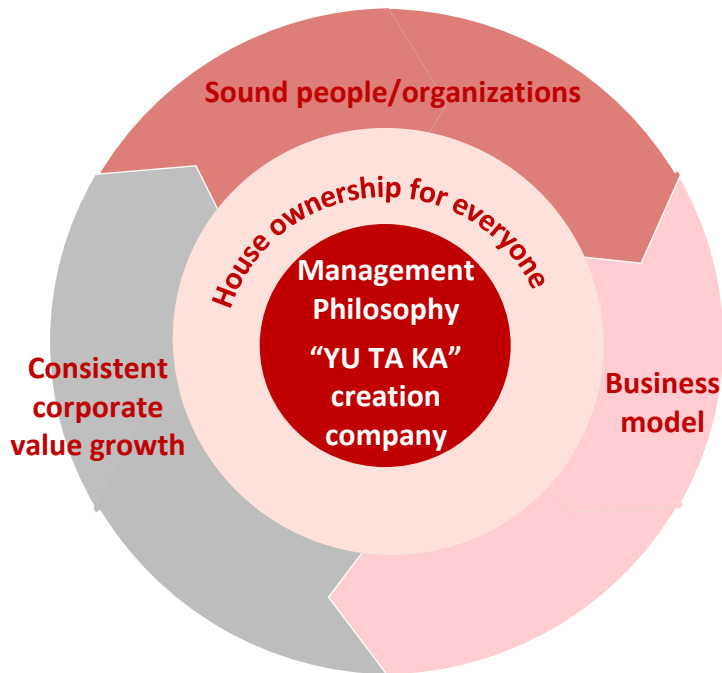
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the growth of our corporate value. The establishment of the Sustainability Office further strengthens our ability to improve our governance, conduct activities concerning social issues in Japan and other countries, protect the environment, ensure respect for human rights, and maintain and upgrade rigorous compliance programs.



Sustainability Policy and Determination of ESG Materiality

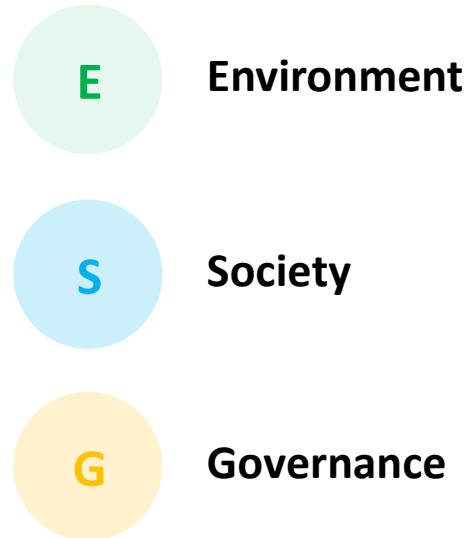
We have established a basic policy for sustainability initiatives. Our goal is sustainable progress while using a people/organization-business model-consistent corporate value growth cycle that is focused on our management philosophy and mission.

The DNA of KEIAI



Determination of ESG Materiality

Considerations



KEIAI actions

- Environmental programs
- Products for fulfilling, enjoyable and pleasant lifestyles
- Human resources and working styles
- Diversity/Inclusion
- Quality Control/Customer Satisfaction
- Supply Chain & Partnerships
- Corporate citizenship
- Compliance/Respect for human rights

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.

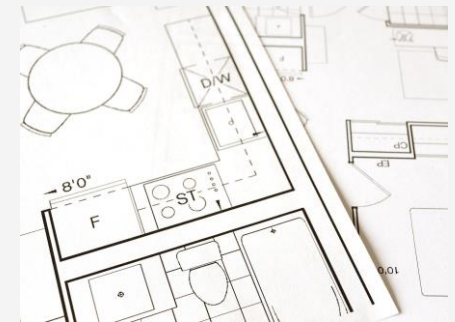


S Society



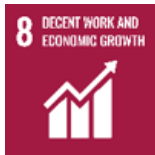
Products for fulfilling, enjoyable and pleasant lifestyles

- 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



Human resources and working styles

- All employees receive cards with the KEIAI Code of Conduct, awards are given for outstanding work based on the KEIAI philosophy and mission, and other activities are used to maintain a sound and motivated workforce.
- Training programs for specific job categories, bonuses and other programs for developing skills and achieving career goals
- Flexible working styles, including time off when a child is born, reduced or shifted working hours, and other options



S Society



Diversity/Inclusion

- 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



Won many awards including New Diversity Management Selection 100

Sustainability Materiality (3)

S Society



Quality Control/Customer Satisfaction

- 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.



S Society



Supply Chain & Partnerships

- 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.



Sustainability Materiality (4)

S Society



Corporate citizenship

- Support for para-athletics by providing jobs for people with disabilities
- Actively participate in local sports events and educational activities



KEIAI Challenged Athlete Team

G Governance



Compliance/Respect for human rights

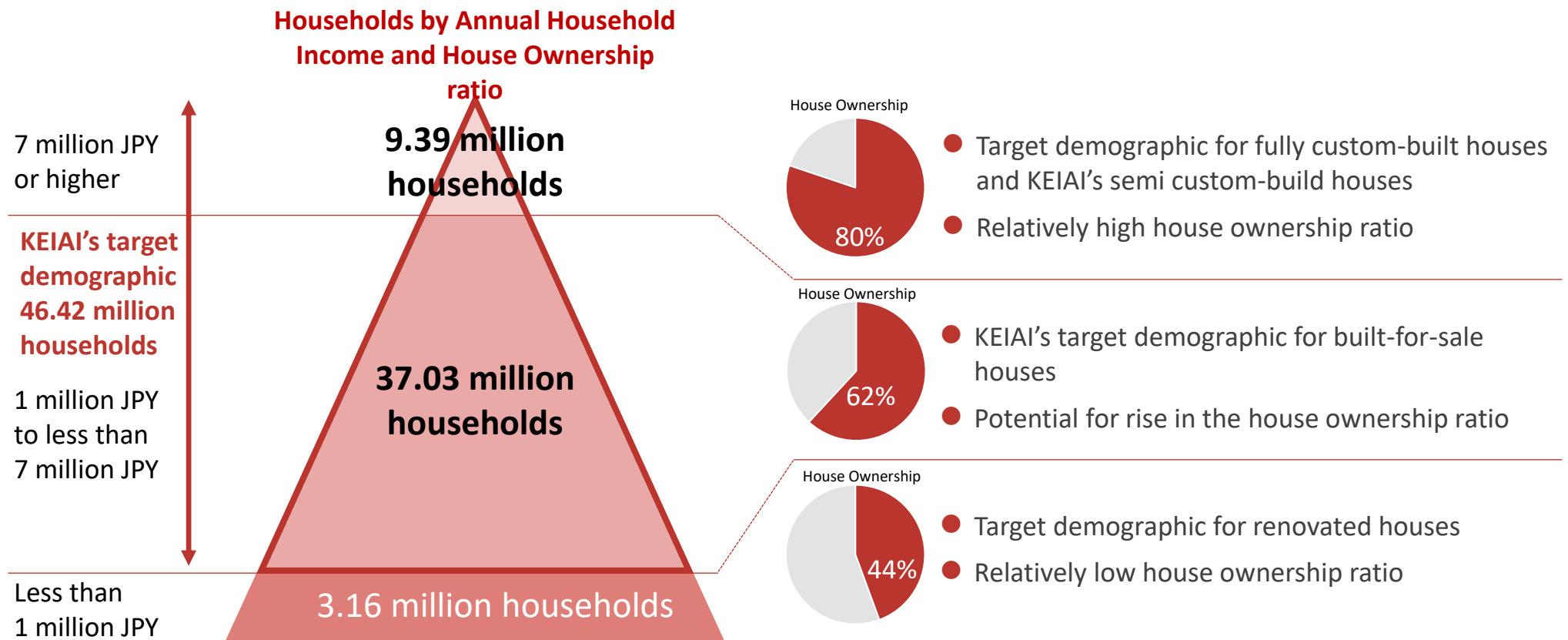
- We have a basic policy for compliance and use job-specific training programs, the KEIAI Academy and training for new employees to ensure that everyone fully understands the importance of compliance.
- The basic policy for compliance and standards of conduct include a resolute commitment to respect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



5. Appendix

KEIAI's Target Market

KEIAI utilizes technology to supply high-quality and low-price design houses, creating a mass market inclusive of both the wealthy and those previously unable to become house owners



Source) Ministry of Internal Affairs and Communications "Housing and Land Survey of Japan (2018)"

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 JPY

Buyer



- Real demand
- In their 30s to 40s
- Annual household income: 2 to 6 million JPY range

Loan

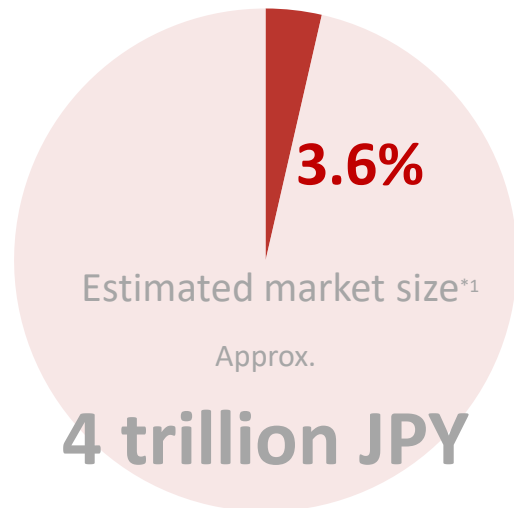


- Housing loan
- City banks and regional banks nationwide
- Labor income of the buyer

Huge Built-for-Sale Detached House Market and KEIAI's Potential for Increase in Market Share

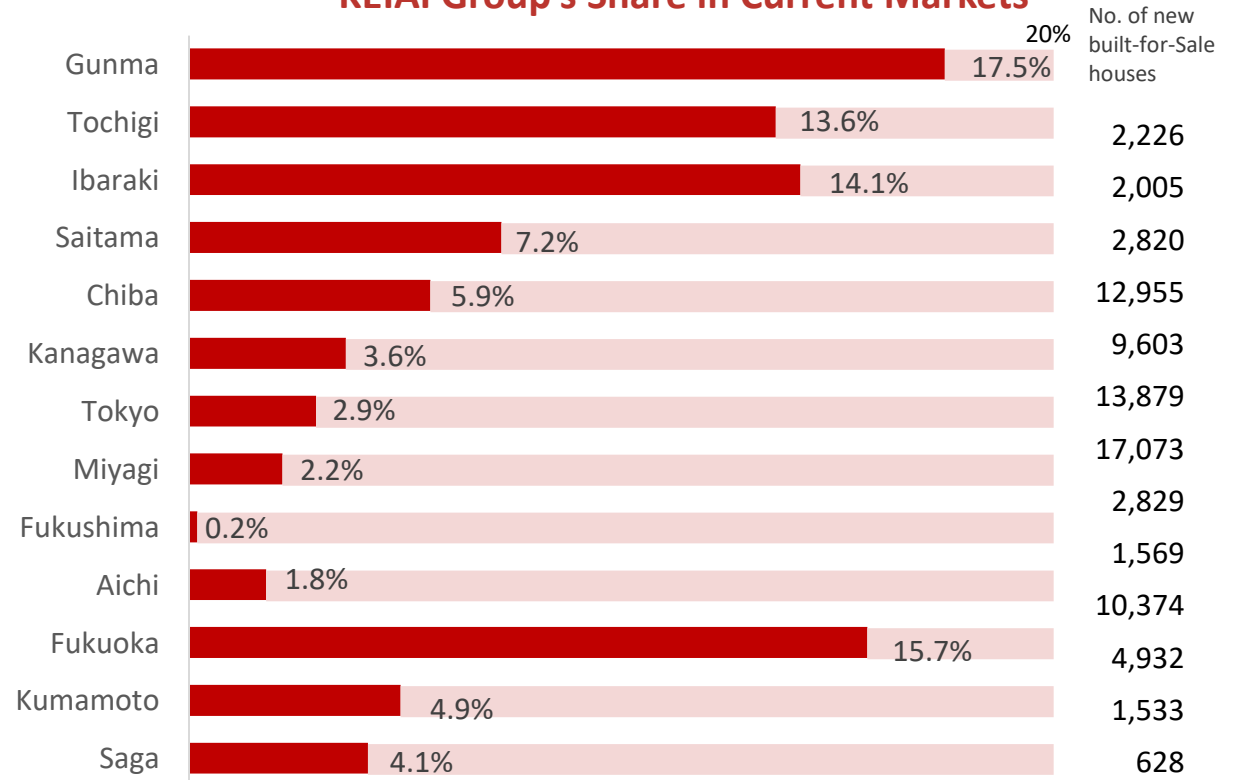
KEIAI's market share is only 3.6%, which implies very large room for our future market and encourages us to continue to expand our market share.

KEIAI Group's Nationwide Market Share



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

KEIAI Group's Share in Current Markets

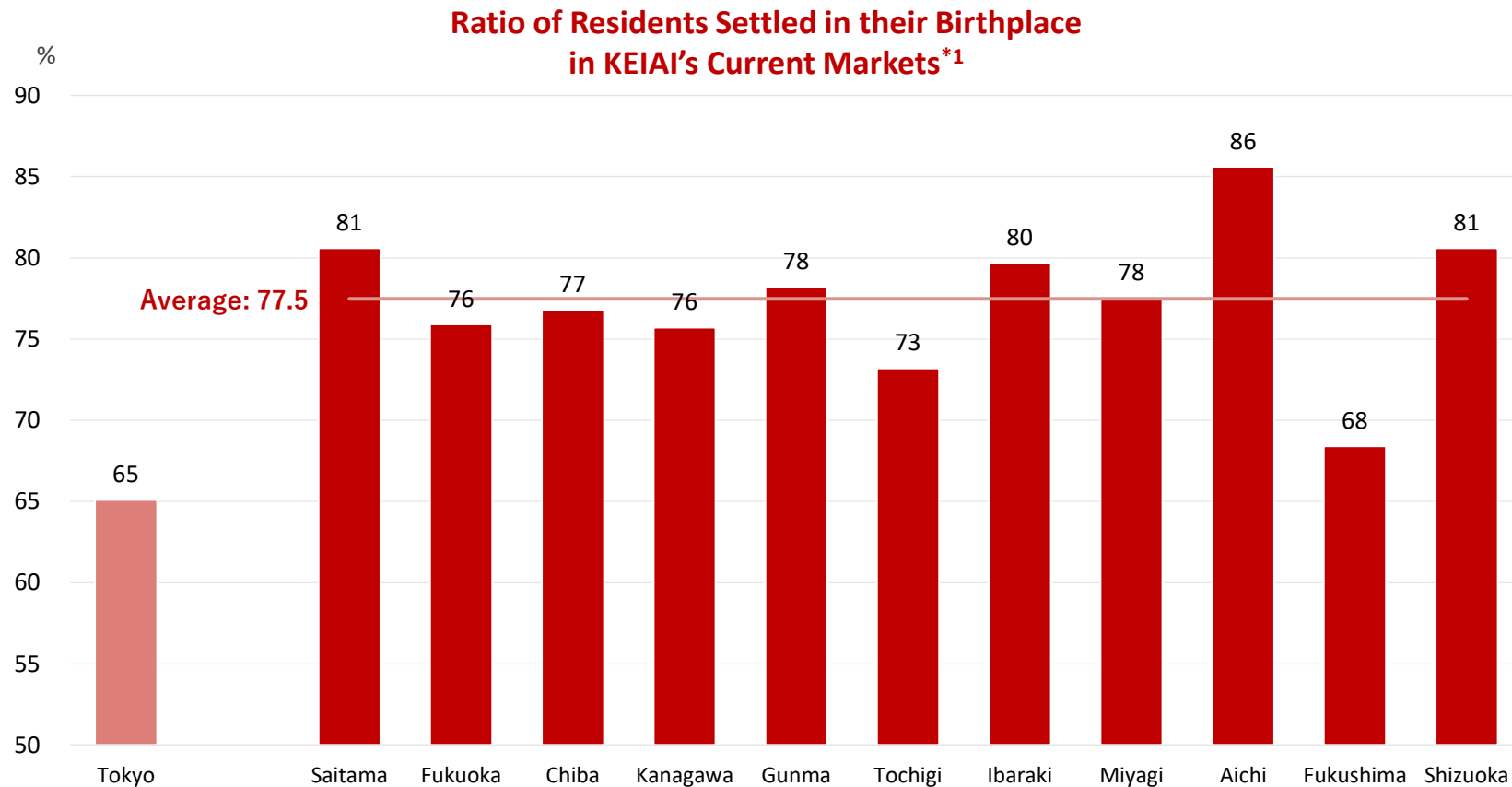


Source) "Housing Construction Statistics" (FY2020 new built-for sale detached houses) of Ministry of Land, Infrastructure, Transport and Tourism, and KEIAI Group sales

*1: Estimated based on the number of new housing starts stated in "Housing Construction Statistics" multiplied by KEIAI's average unit price

The Potential Opportunities in KEIAI's Current Markets

Areas other than Tokyo have relatively greater prospects for home purchases as their ratio of fixed domicile residents is higher.



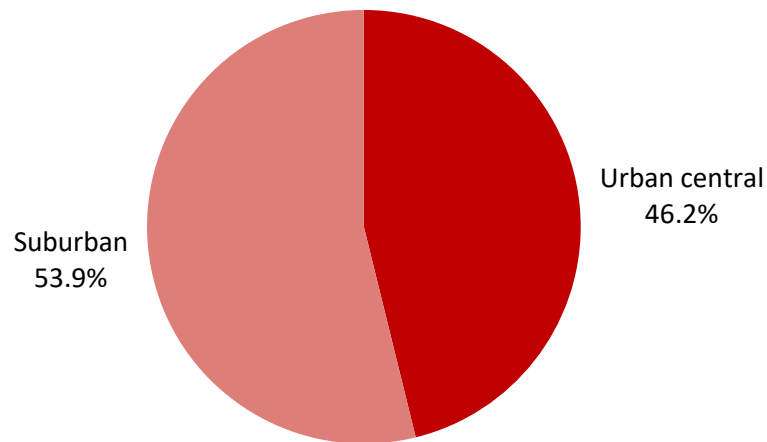
*1: Ratio of residents who currently live in their birthplace

Source) Based on "The 8th National Survey on Migration (2016)" by the National Institute of Population and Social Security Research

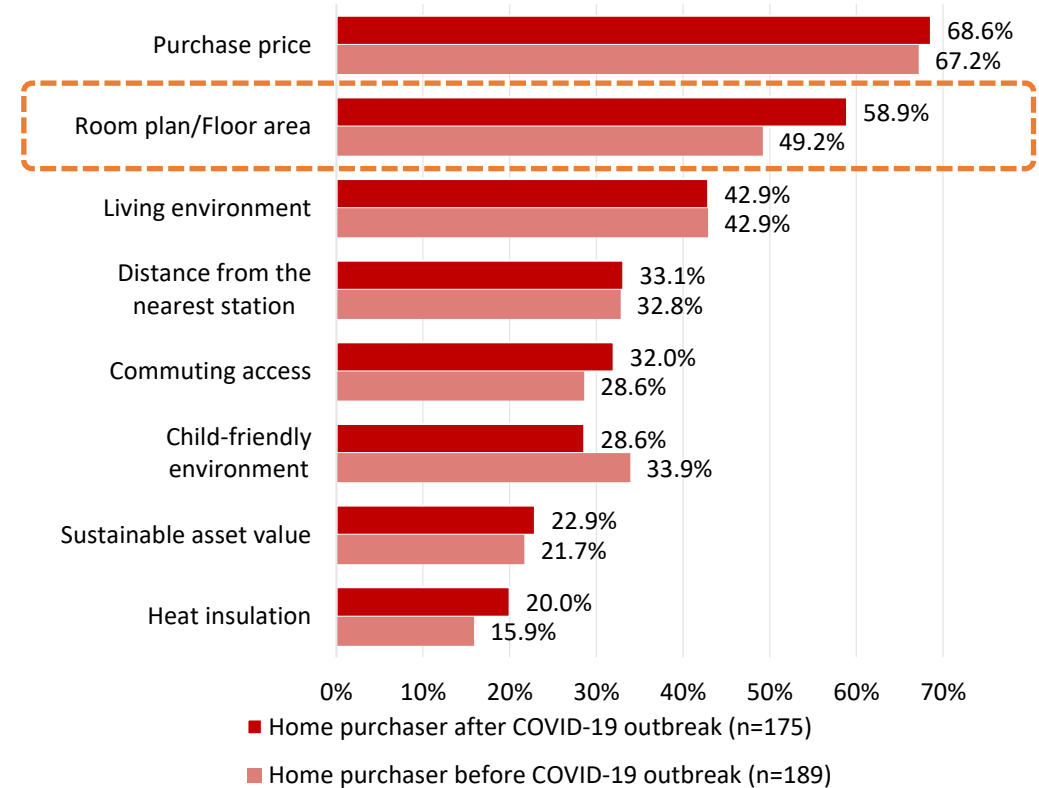
Post/With COVID-19 – Growing Demand for Detached Houses in Suburban Areas

COVID-19 has influenced perspectives in home purchases, with customers showing preferences for suburban locations and larger houses.

**Preferred Housing Location
(among would-be home-buyers)
(n=529)**



**Changes in Priorities of Home Purchase
(multiple choice)**

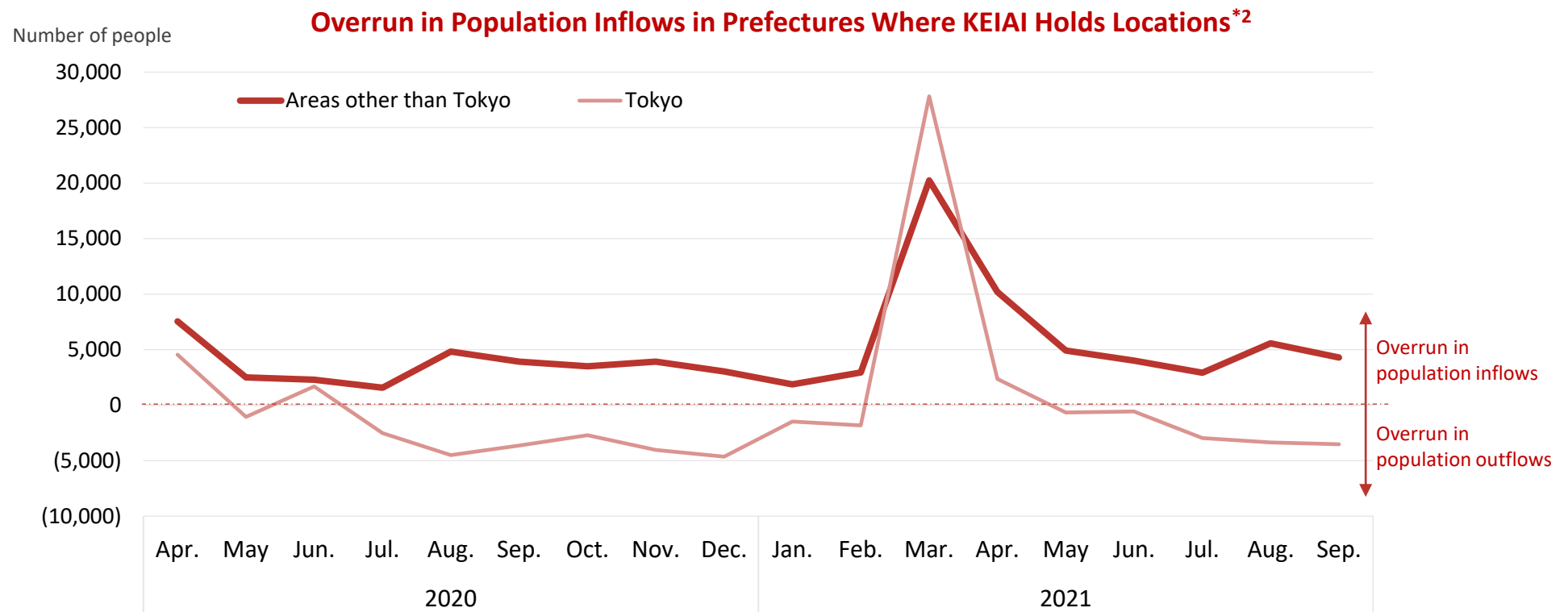


Source) Cardiff Assurance Vie Japan, "The 2nd Attitude Survey on Lifestyle Values and Home" (conducted from October 16 to 20, 2020)

Post/With COVID-19 – Growing Demand for Detached Houses in Suburban Areas (Cont'd)

The population outflow from Tokyo has continued under the COVID-19 pandemic, with some seasonal increases in inflow.

Meanwhile, KEIAI's main business areas*¹ other than Tokyo have potential opportunities for market expansion with continued population inflow.

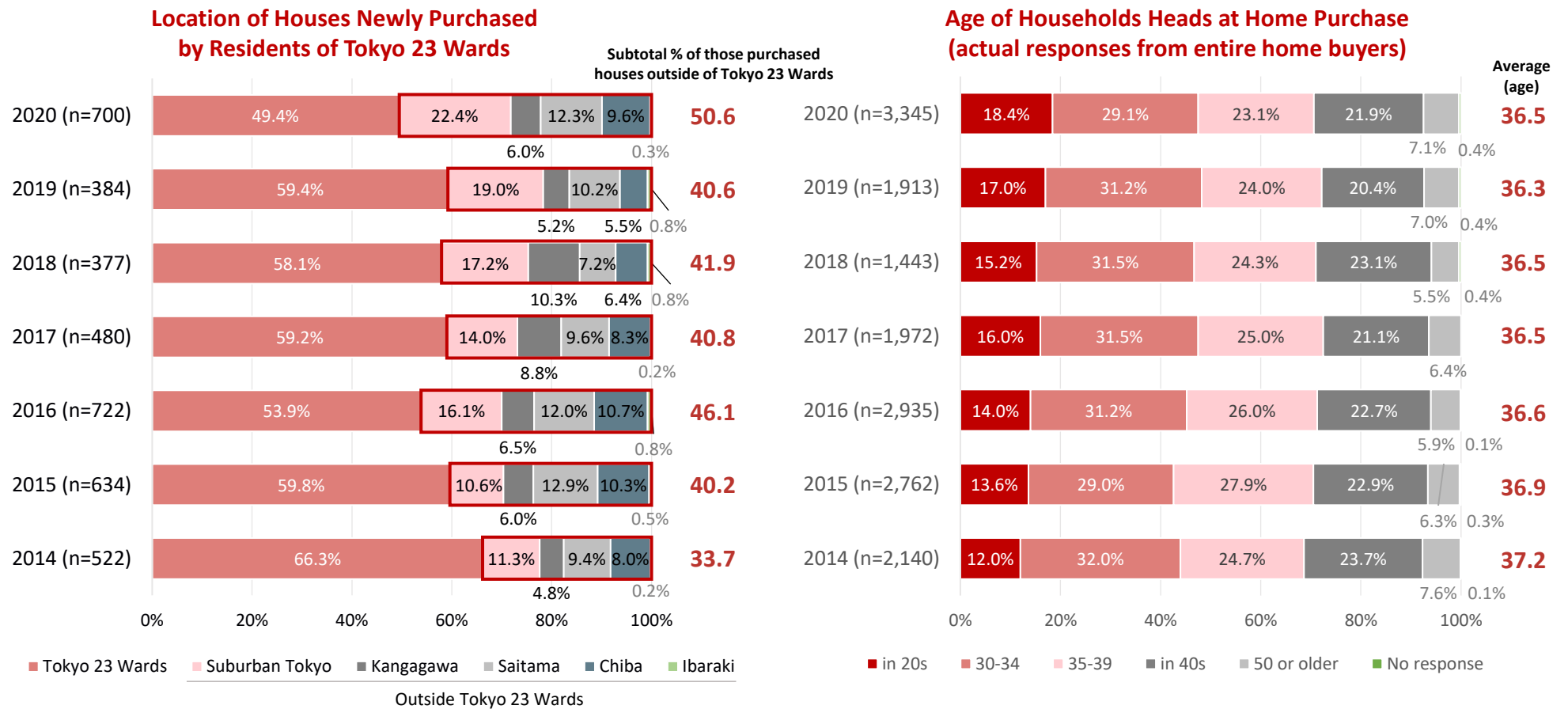


*1: Prefectures in which KEIAI holds locations

*2: Prefectures in which KEIAI holds locations as of the end of FY3/21 other than Tokyo: Saitama, Fukuoka, Chiba, Kanagawa, Gunma, Tochigi, Ibaraki, Miyagi, Aichi, Fukushima and Shizuoka
Source) Statistics Bureau, Ministry of Internal Affairs and Communications, "Report on Internal Migration in Japan Derived from the Basic Resident Registration"

Post/With COVID-19 – Growing Demand for Detached Houses in Suburban Areas (Cont'd)

Recently, higher percentage of home buyers who reside in Tokyo 23 wards purchase new detached houses outside of these wards, showing growth in demand for detached houses in suburban areas. Further, the declining trend in average age of home buyers hints that detached houses at lower prices may be preferred.

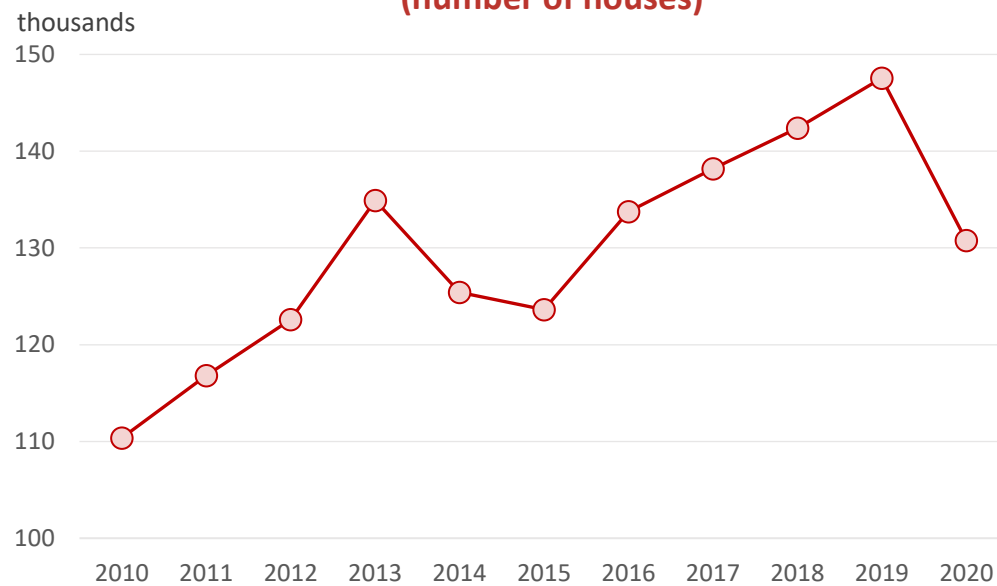


Source) Recruit “2020 Trend Survey on Purchasers of Newly-built Detached Houses in Tokyo Metropolitan Area”

New Housing Starts of Detached Houses and Cost Comparison

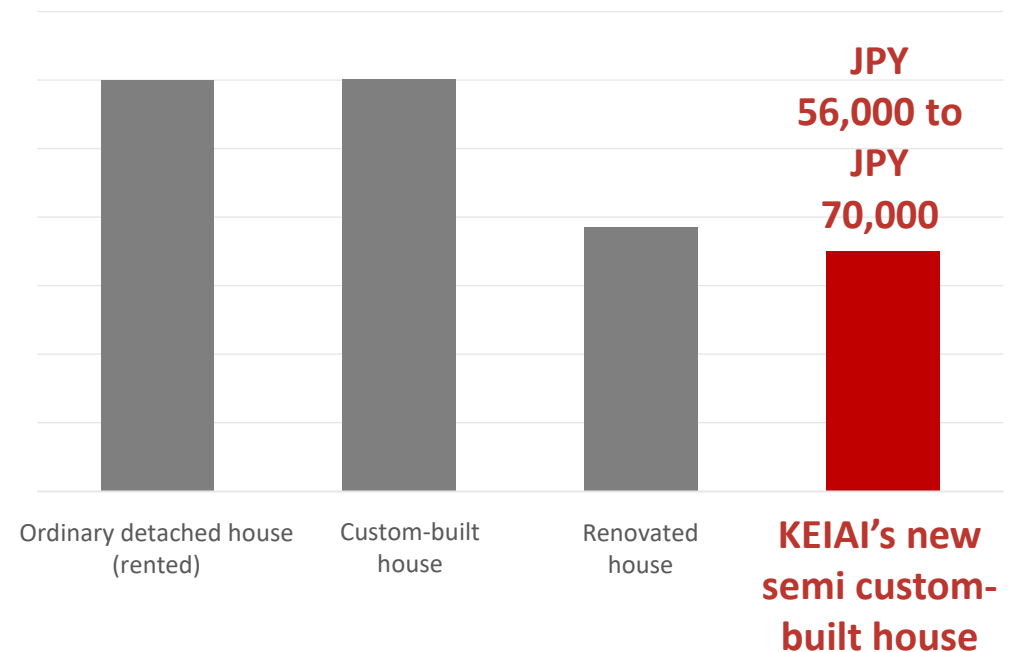
While there is a temporary decline due to COVID-19, the market of detached houses is expanding with an increase in the number of housing starts of built-for-sale houses. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

**New Housing Starts of Built-for-sale Houses
(number of houses)**



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

Monthly Cost Comparison ^{*1}



*1: This image is for illustrative purposes only.

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 houses 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

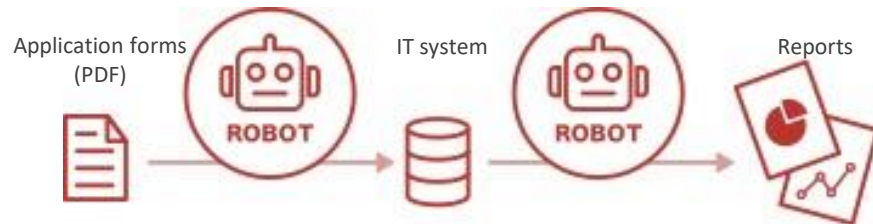
The cost does not include expenses such as property tax.

Using Technology to Improve Business Productivity

Over 14,000 man-hours saved since the start of full-scale operation by using RPA and AI-OCR

- Automates tasks that were once done manually
- Expands the scope of application to include contract work, financial and accounting-related work, and other administrative work, and the number of projects are gradually increasing

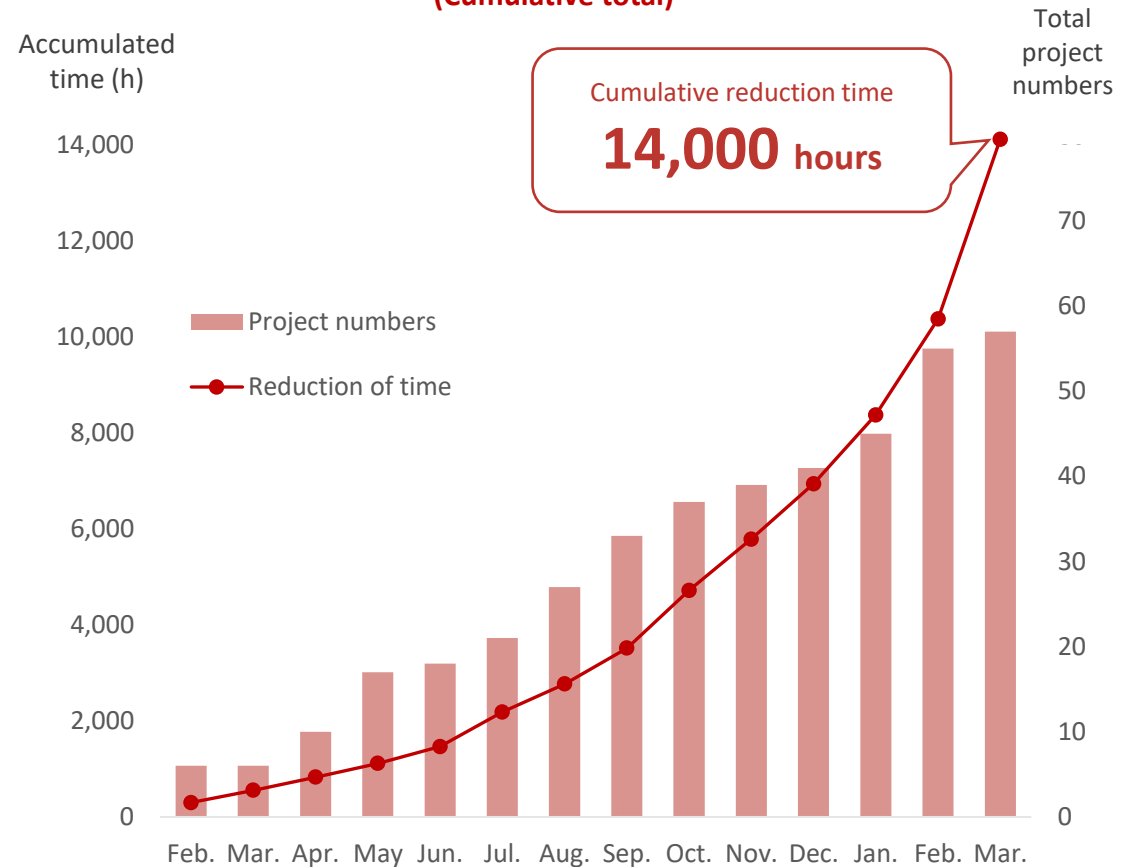
Clerical tasks using robotic process automation (example)



Robotic process automation improves productivity

Personnel costs **Reduced to 1/3** Efficiency **3-fold improvement**

Number of RPA/AI-OCR Projects and Reduction Time (Cumulative total)

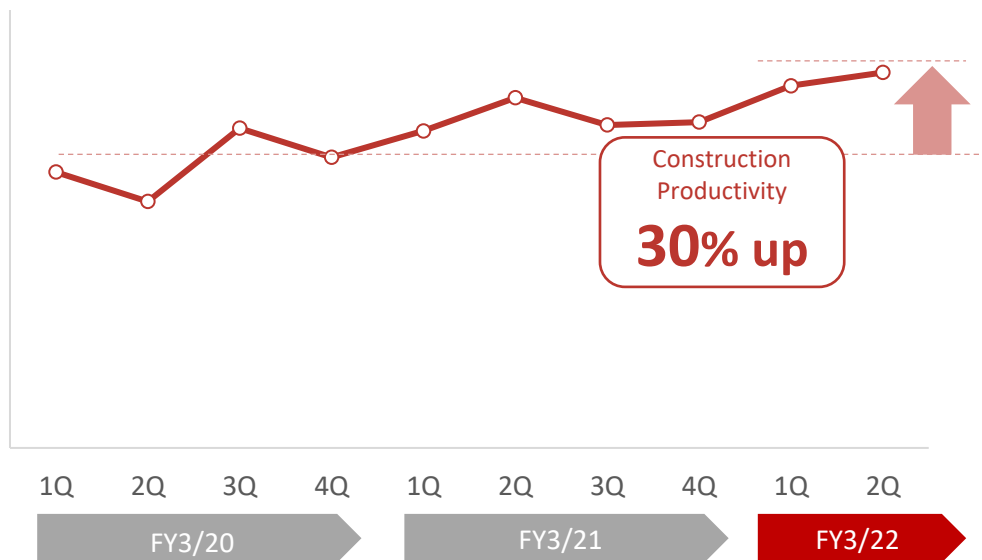


Introduction of the KEIAI Platform on Building Sites

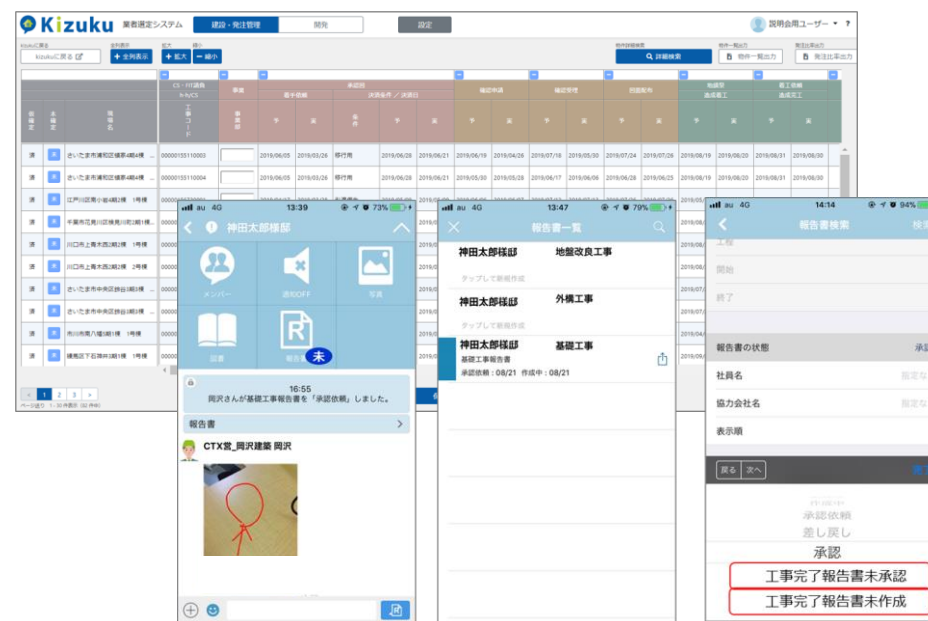
Construction process management app introduced to KEIAI building sites

- In October 2020, we began operating Kizuku 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. This greatly increased the productivity of our construction.

Production Efficiency Trends *1



Kizuku PRO Screen Shots



*1: The number of buildings managed per supervisor in the production sector where the KIZUKU system has been stably introduced.

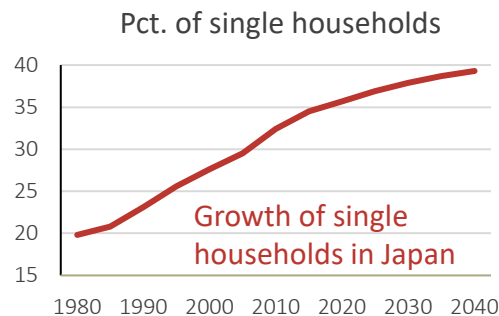
New Semi Custom-built House – The IKI One-Story Unitized House

Use of the KEIAI technology platform resulted in the launch the IKI one-story unitized house

- Created for simple and space-saving life styles and meets many needs for necessary living space
- 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
- Solar power system and decarbonization by 100% domestic woods

Floor area: About 56.2 to 89.3 square meters **Price:** 6.49 million JPY to 9.99 million JPY/unit

Design: 1 to 4 bedroom



More teleworking and rethinking of lifestyles centered on work at companies and homes in densely populated areas due to COVID-19

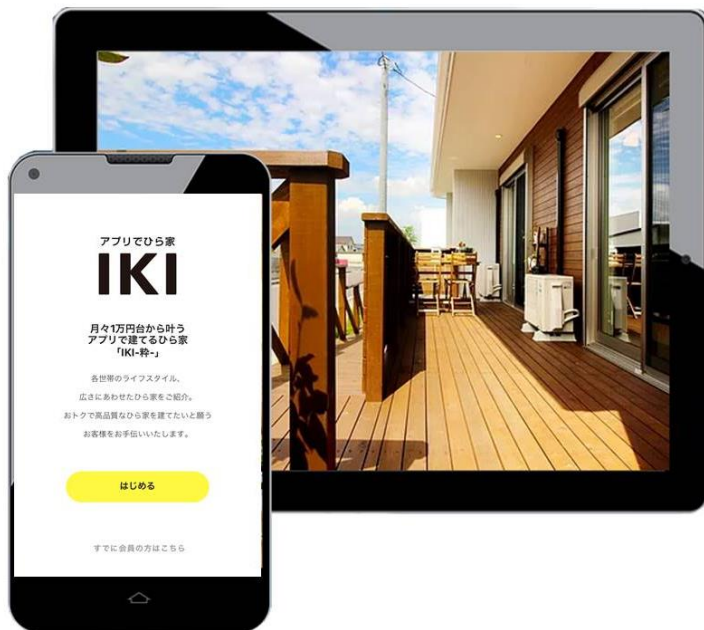
Changes in perception and needs involving residences

Development of proposal-based houses for a wide variety of lifestyles

Source: Based on "Household Projection for Japan (2018 Estimates)" by the National Institute of Population and Social Security Research

Reinventing the Detached Home Buying Experience (UX) with the Hiraya IKI app

Marketing automation*1 uses an app and the internet to create an innovative and efficient home buying experience. Artificial intelligence was added in October 2021 and customers can use a search function to locate homes in a specific area.



How the IKI app is used

Select an IKI plan

Search for land available for a limited time/Ask for a consultation

Receive an IKI+Land proposal from a KEIAI consultant

Customers can also ask for only a consultation with no proposal



*1: Marketing automation is the process of improving the efficiency and sophistication of marketing and sales promotion activities by introducing a variety of technologies and tools, including automation and artificial intelligence for marketing operations.

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 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

Forward-looking Statements

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

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