



**Shinoken Group Co., Ltd.**

# **Mid-long-term Vision 2020**

**To become a life support company  
for every generation across the world**

## Opening

In 2020, Shinoken Group Co., Ltd. (hereinafter, collectively referred to as "our group") celebrated its 30th anniversary. We thank our shareholders, customers, and other stakeholders for their support and cooperation.

With this as a turning point, our group has redefined its Vision and Mission for the new era.

**Vision: "A life support company for every generation across the world"**

**Mission: "Resolve the problems of the people and society through REaaS"**

In promoting this Vision and Mission, we also verified the business outlook for the next decade.

In the verification, since the spread of COVID-19 infection on a global scale has had an unprecedented enormous impact on domestic and overseas economies, we excluded overseas and new businesses that received our focus on business performance expansion recently. Moreover, we formulated the business outlook as "Mid-long-term Vision 2020" on the premise of growth of existing businesses only.

When the global turmoil caused by COVID-19 infection has subsided, we believe that we will be able to achieve even greater growth by adding overseas and new businesses.

Also, we analyzed the perspective of shareholder value; the theoretical value we calculated (hereinafter "shareholder value") is 2.7 times the market capitalization calculated from the share price as of November 16, 2020. Moreover, a gap of nearly four times is confirmed when considering the newly devised performance forecast. Recognizing the existence of a gap between shareholder value and market capitalization as an important management issue, we want more investors to know our group's achievements, business content, and long-term outlook. We believe that this is also an important purpose of this report.

Going forward, from a mid-long-term perspective, we will continue to actively engage in IR activities to improve our group's business performance and achieve an appropriate market capitalization.

November 25, 2020  
Shinoken Group Co., Ltd.

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# I. Reaching our 30th year

## Setting our new Vision and Mission

For 30 years since our establishment, our group has built up a track record centered on supporting asset building that eliminates financial anxieties about the future faced by ordinary office workers.

In anticipation of the arrival of an "Ultra-longevity society," our group's unique "Life support system," which has been built since our establishment and remains close to our customers throughout their lives, will be applied to people not only in Japan but also around the world, crossing borders and generations. We have renewed our determination to deliver the above and have set our new Vision and Mission by positioning the management philosophy as the Value that we have cherished since our establishment.

### ◆ Our new Vision and Mission

#### Vision

**A Life Support Company  
for every generation across the world**

Shinoken, having innovated the way of Real Estate transaction in Japan over the course of 30 years, developed its distinctive life support model that stays close throughout the lives of our customers. Now, we will extend it from Japan to the world, across borders, and to the generations of our children and grandchildren

#### Mission

**Resolve the problems of  
the people and society through REaaS<sup>※</sup>**

※REaaS : "Real Estate as a Service"

By driving REaaS, more people can take place in Real Estate transaction easily and safely for a smaller price. REaaS is possible by combining innovation of business model and technology, and will resolve not only future financial anxiety but also various problems in society, which includes elderly care and the shortage of workforce

#### Value

- **All for customers success**
- **Never forget Gratitude**
- **Challenge Spirit**

The unchangeable values in achieving the Vision and Mission, and the common code of conduct for all employees of Shinoken since the establishment

By promoting this Vision, Mission, and Value, our group will continue to change, evolve, and grow throughout the ages as a social enterprise.

## The 30 years from our establishment

### The starting point: Resolving future financial anxieties of office workers

At the time of establishment, individuals were stereotyped to build apartments and buildings to make effective use of land. Moreover, only landowners and wealthy people can afford to buy land and build/manage apartments. It was an era when most office workers did not even think of "Owning and managing an apartment" in the first place.

Our founder, Hideaki Shinohara, who was a young office worker wanting to live a more enjoyable and comfortable retirement life after the age of 60, came to hold the desire to succeed in managing an apartment from buying the land. He challenged himself and eventually succeeded.

In the process, the different issues and risks that he faced were examined from various angles, and each one was overcome by taking improvement measures. This became the solution of "Apartment management that can be done by office workers through their perspective," and the basis of "Asset building through apartment management = Life support system" provided by our group.

In addition, from the desire of giving opportunity for more office workers who have supported Japanese society until retirement age to manage apartments and thus build assets for their future, he embodied it as a business through trial and error, leading to the founding of our group.

This new apartment management model, which can be described as Real Estate Innovation, covers not only the concept of investment but also the support for owners with their management through the comprehensive strength of our group, and the field of elderly care, which is indispensable in an aging society. This was built for over 30 years since our establishment as a unique lifetime support system for our customers. Recently, this has been evaluated by overseas institutional investors as a highly unique business model, unlike any other in the world.

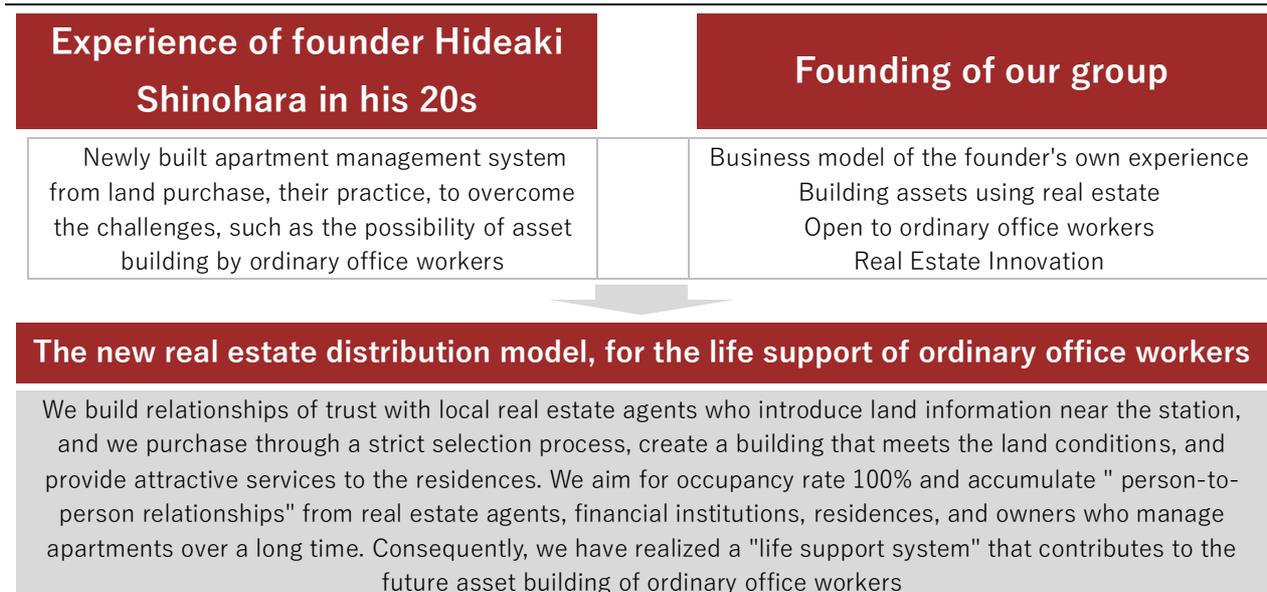
### Managing an Apartment is possible even without land, and with a small capital! —A business model based on the experience of the founder

As mentioned above, our group's life support system was built based on the experience of the founder himself. When he was an office worker, he set a goal to obtain the necessary assets for his retirement. He brought a business plan directly to a financial institution to negotiate, obtained a loan and purchased land. Then, he built a design-emphasized building and started the management of an apartment. As a result of reflecting his own opinions in the design and searching for ways to increase the occupancy rate, he proceeded smoothly with the apartment

management. The origin of our group's business model is the experience and ideas of the founder, who wanted to spread this successful experience to many people and thereby help ordinary office workers to build future assets.

The phrase that embodies this is "Group of asset-building specialists," which was a catchphrase at the time of its founding. This catchphrase will be described later to show the concept of our group.

#### ◆ Real Estate Innovation that our group has initiated



### Commitment of the “group of asset-building specialists”

To realize the "life support system" provided by our group, specialists in each business area are necessary. Moreover, this business is not a "sell and goodbye" type, but a long-term support for customers and "asset building." Various efforts are required to realize this.

The risk that everyone thinks of when they hear about "asset-building through apartment management" is the "occupancy rate." We will introduce our group's efforts to increase the occupancy rate and reduce risks for customers.

#### Our eternal theme “Occupancy rate of 100%”

The number of rental rooms managed by our group is more than 38,000, and the occupancy rate is greater than 99%\*1.

Generally speaking, an occupancy rate exceeding 99% is high, but 1% of 38,000 still means 380 vacant rooms. From the standpoint of each owner, this 1% vacancy is a large and important number.

Our group will concentrate on filling this 1% and will continue to pursue the occupancy rate of 100% as our eternal theme.

### Three Concepts

To bring the occupancy rate closer to 100%, our group developed and planned the following three concepts, which are found to be effective in obtaining over 99%\*1 occupancy rate for more than 30 years since the company's establishment.

① Deployment in carefully selected locations

Within 10 minutes on foot from the station or within 30 minutes from a terminal station, limited to cities with many single people: only five areas and six cities

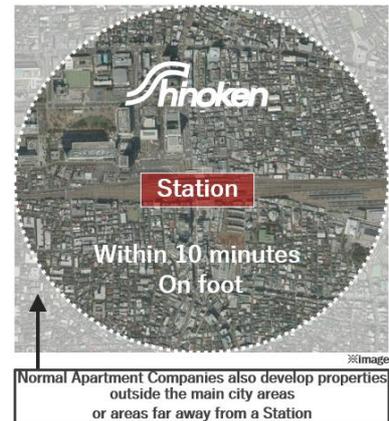
[i.e., Tokyo, Kansai (Osaka/Kyoto), Nagoya, Fukuoka, Sendai]

② Reasonable rent setting suitable for the market

Rent assessment based on the knowledge and data cultivated over 30 years, considering the actual market price and assuming stable occupancy for a long time

③ Capturing the needs and reflecting them in the design and specifications

We conduct surveys to existing residents to determine and understand their needs. Reflecting their responses in the design and specifications will create high-performance properties.



### Initiatives to achieve stable occupancy

In addition to the above concepts, we are working on the following three points in response to changes in the social structure.

① A unique service "Ju-life Plan" that allows single elderly people to move in (Our "Ju-life Plan" has won the 2013 Good Design Award)

② Support for foreign residents and multilingual call center

③ Install the following features: Smart lock, various IoT sensors, indoor remote control with the smartphone, etc., standardizing "intelligent apartment"



③  
Movie  
(Japanese)



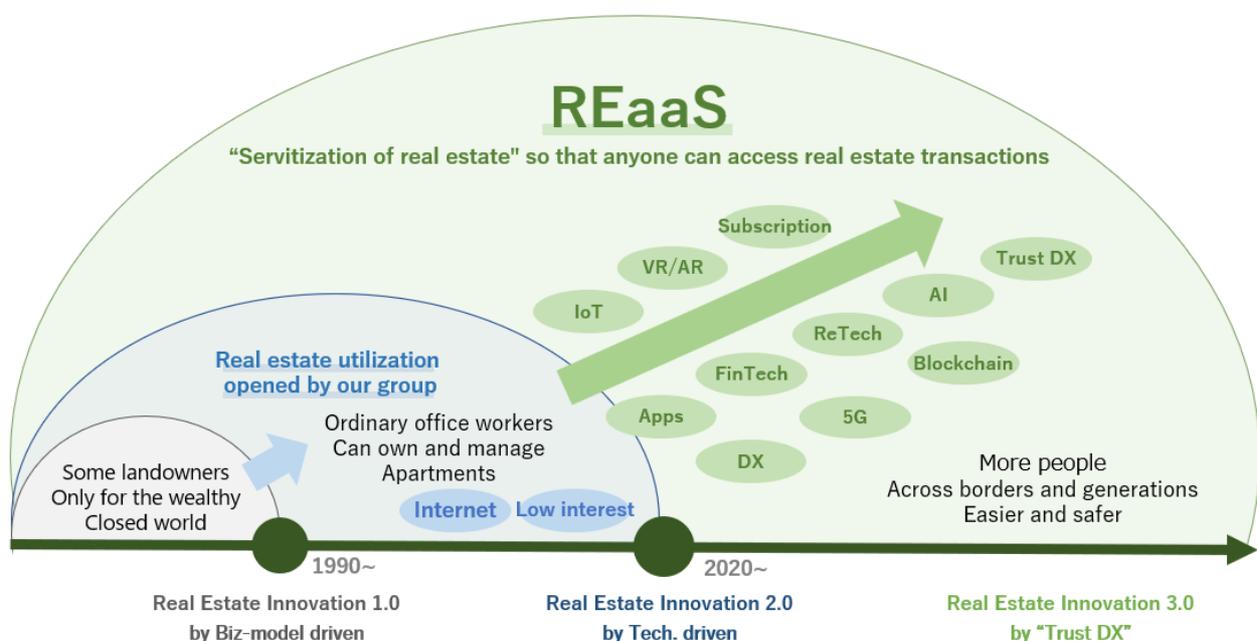
To continue providing a life support system as a social infrastructure in line with the changing times, the "asset-building specialist group" will do its utmost job to ensure the success of our customers.

## “REaaS”—our mission for the new era

REaaS is an abbreviation of Real Estate as a Service, which allows easier, safer, and affordable real estate trade for more people by integrating business model innovation and technology. By promoting this, we will provide many people with opportunities to build assets for the future, solve not only future financial instability but also various social issues, and realize life support for them. This is an indispensable concept for pursuing the new Vision of "A Life Support Company for every generation across the world."

Asset building by apartment management, which was once limited only to landowners and wealthy people, is combined with various services such as planning, loan arrangement, rental management service, and insurance/guarantee service. We position the transformation of our business model, named as "Real Estate Innovation 1.0," which opens the way for ordinary office workers. The current trend of real estate technology is becoming more and more popular worldwide, and changing the previous analog real estate transactions to digital transactions is possible through a single app, which may be positioned as "Real Estate Innovation 2.0."

We have reaffirmed that REaaS has been the concept that we embodied since our establishment; therefore, this will be our unchanging mission for the next generation rather than ending it with temporary success or trend. In the next generation, our group will continue to create innovative businesses such as fusion with advanced technology, internationalization of real estate services, fusion with financial services, public services, and mobility services to realize the concept of REaaS. Details will be explained in Future Growth Strategy ② “Development of REaaS”.



## Business Structure

In 2020, which is our 30th anniversary, our group is composed of 31 consolidated subsidiaries and 2 equity-method affiliates, initiating Real Estate Sales Business, Real Estate Service Business, General Contractor Business, Energy Business, Life Care Business, and Other Businesses (Overseas). For details on each business, please refer to Section III "About the Shinoken Group."

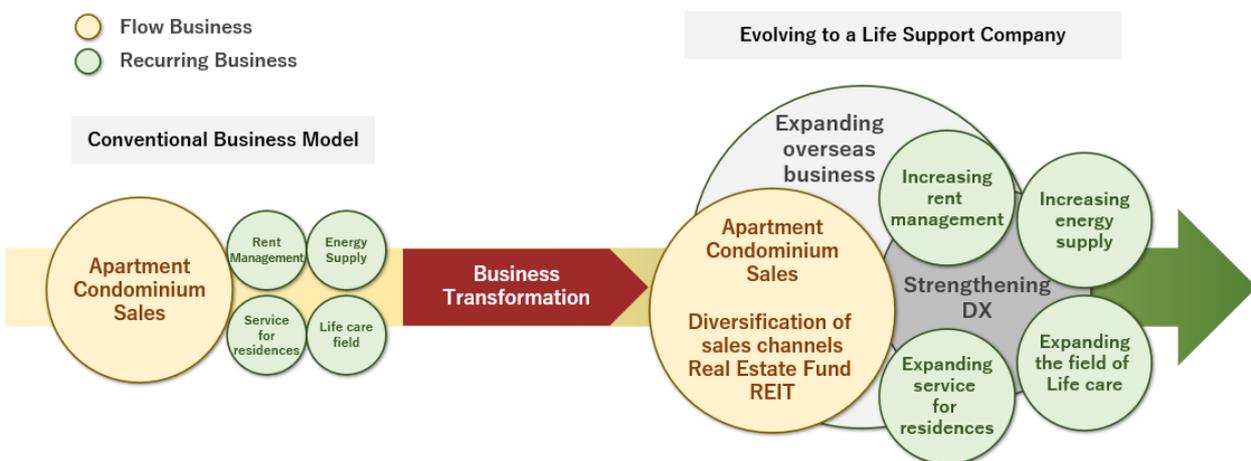
### ◆ Our business outline of FY 2020

Segment	Business
<b>Real Estate Sales Business</b>	<ul style="list-style-type: none"> <li>• Planning, development, construction and sales of investment apartments</li> <li>• Planning, development, and sales of investment condominiums</li> </ul>
<b>Real Estate Service Business</b>	<ul style="list-style-type: none"> <li>• Recruitment of rental housing tenants, rent repair, maintenance, etc.,</li> <li>• Full support for rental housing management, condominium management, debt guarantees such as rent, sales of household property insurance for rental housing tenants, real estate fund, and private REIT</li> <li>• We are engaged in the composition and asset management business</li> </ul>
<b>General Contractor Business</b>	<ul style="list-style-type: none"> <li>• General construction contracts for condominiums, office buildings, public facilities, etc.</li> <li>• Perform the planning, design, and construction</li> <li>• LPG retail (retail sales of LP gas) and Electric power retail</li> </ul>
<b>Energy Business</b>	<ul style="list-style-type: none"> <li>• LPG retail (retail sales of LP gas) and Electric power retail</li> </ul>
<b>Life Care Business</b>	<ul style="list-style-type: none"> <li>• We own and manage Serviced housing for the elderly, daycare (day service) facilities, group homes, and small-scale multi-function-type home care facilities, along with conducting visit nursing care</li> <li>• Support for disabled people (after school daycare, self-training, and employment support)</li> </ul>
<b>Other (Overseas)</b>	<ul style="list-style-type: none"> <li>• In overseas business, we are developing real estate leasing and sales brokerage business in Shanghai and Singapore.</li> <li>• In Indonesia, we conduct private construction and public works and other construction-related businesses. We also developed service apartments by "Sakura Terrace" brand as a real estate development business in Jakarta.</li> </ul>

## Business Transformation

### Business transformation toward becoming a Life Support Company

Our group is currently building a management base that can flexibly respond to any changes in the economic environment and a business that is not affected by temporary booms or headwinds. We are promoting "business transformation" to evolve into a "life support company" that creates Lifetime Value (LTV) throughout the lifetime of consumers, such as owners, residents, and their families, by expanding room for growth and strengthening the recurring business through the following three initiatives: (1) expanding business areas, (2) changing the business structure, and (3) expanding life support.



取り組み		内容	
①	Base development	Japan	Expansion in major cities in Japan, mainly in Tokyo
		overseas	Promote overseas expansion to Asia such as Indonesia
②	Transformation of business structure	Strengthening group synergies	Strengthen group synergies by promoting M&A expansion of business and capital alliances both in Japan and overseas
		Multiple sales channels	Real estate fund/REIT formation and crowdfunding initiatives
		Strengthening Digital Transformation (DX)	Accelerating the introduction of real estate tech by technology subsidiaries
		Responding to a labor shortage	Human resource development/education and recruitment/development of overseas human resources

③	Expansion of life support	Expansion of real estate services	Improvement of rental management ability, expansion of insurance, and guarantee services
		Energy supply	LP gas, power supply
		Expansion of life care field	Long-term care facility ownership/operation, long-term care services, services for people with disabilities (after-school day services, independence training, and employment transition)

## Future growth strategies

### ① Overseas Business

#### The source of our Competitiveness

In the process of growing the business model of "asset-building by apartment management, starting from the purchase of land," we have systematically and eventually accumulated "person-to-person relationships." By building relationships with local real estate agents, we can obtain information, carefully select and purchase land near stations. Moreover, we build relationships with stakeholders related to real estate investment, such as real estate agents in general, financial institutions, and owners who have invested in real estate. Moreover, we have designed and constructed buildings that meet the conditions of the land. As a result, we have enhanced the competitive advantage of our group, which realizes "life support" that contributes to the asset-building of ordinary office workers.

#### Established in Fukuoka, expanded to Tokyo, main cities, and overseas

The successful business model was created in Fukuoka. There were doubts that it would not work in Tokyo 20 years ago. However, following the success in Tokyo, and producing results in Osaka, Nagoya, Sendai, and Sapporo, our model proved to be a "reproducible" success model. Our group has strengths in the development and sales of profitable real estate, mainly for singles to live in, and has been evaluated for its past achievements and unique business models. Moreover, our group has built "person-to-person relationship" with real estate agents and financial institutions in the regions where we set up our business base. We could get the business on the track in each region by demonstrating the characteristics and advantages that can be reproduced even in a different business environment. We will prove that this reproducibility can be applied in Indonesia and strengthen the possibility of future overseas expansion.

## Global Promotion

Looking at overseas markets, in emerging countries, apart from the attractiveness of real estate themselves, economic development creates a huge middle-income group similar to Japan, and a demand for life support due to anxiety about retirement and old age will arise. We plan to export and develop the life support system that our group has cultivated in Japan. It is not easy in overseas markets to realize the land acquisition-construction-occupancy management/operation management-exit strategy all at once. We believe that our group can prove its presence as one of the few, perhaps only company in the world that can do this.

For our group, we are targeting the potential market of at least hundreds of millions of people in need of this life support system worldwide. Our group's global strategy of exporting and expanding horizontally by customizing it according to the systems and regulations of the countries in which

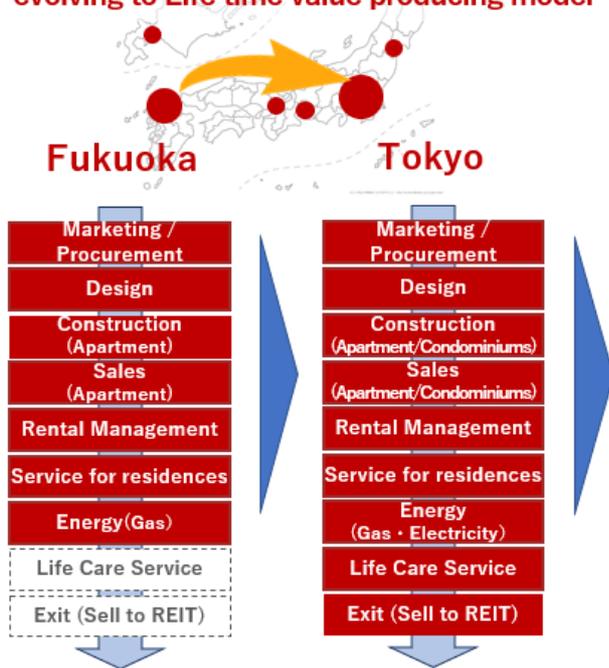


it has entered is simple and clear. As a concrete plan, we will expand the serviced apartment "Sakura Terrace" developed and operated from the land purchase by vertical integration with our own capital in Indonesia (currently we have started the construction of the second and third buildings, and we are planning the construction of the fourth building). The development of Sakura Terrace (series) is expected to increase rental business profits and PT. Shinoken Asset Management Indonesia (hereinafter, "SAMI"), a subsidiary of our group, has acquired the first foreign-affiliated REIT license in Indonesia. As a result, having an exit scenario is now possible as a strategic option, in which SAMI outsources asset management operations in selling to the REIT. By turning the spiral on this new value chain, we will eventually have a safe and stable exit (REIT) while developing properties one after another. Furthermore, the value chain of our group will increase its uniqueness. Moreover, the Indonesian REIT by SAMI is gathering attention, and we received many inquiries from both overseas companies that have already expanded into Indonesia and companies still wanting to expand and stably develop real estate in Indonesia. Demand for REIT composition on the scale of tens of billions to hundreds of billions of yen is emerging in external properties. After raising the REIT, by accumulating asset management fees, we have established a model and system that can be expected to grow the recurring business as in Japan. We will continue to demonstrate the strengths of our unique value chain in Indonesia and establish an overwhelming competitive advantage.

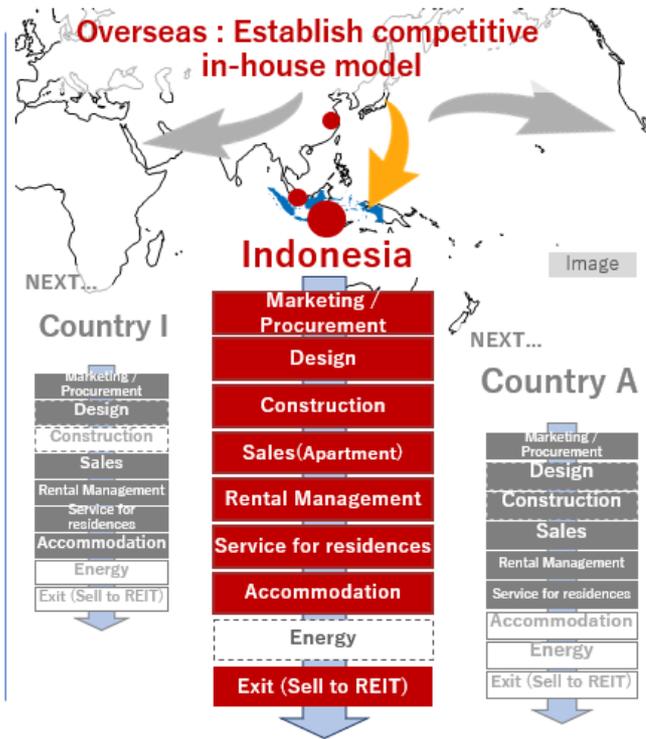
After expanding into China, Singapore, and Indonesia, countries with large populations and high prospects for future growth will be the next expansion destinations. We have investigated the need for our group's life support system, and we are starting a preliminary investigation to customize the model according to the national legal system.

**Success model that started in Fukuoka, to Tokyo and nation wide  
Next, reproducing the domestic model to overseas countries**

**Domestic : Full in-house model  
evolving to Life time value producing model**



**Overseas : Establish competitive  
in-house model**



## ② Expanding REaaS

Our group believes that the next growth stage is to evolve into "A life support company for every generation across the world" that solves social issues through the realization and sophistication of REaaS. By changing the business model from the time of our establishment, when real estate transactions were only limited to wealthy people who can afford land, we have embodied the concept of REaaS and made way for ordinary office workers, thereby making a real estate transaction easier and safer for more people.

Today, the global rise of real estate tech is taking REaaS to a new level. Based on the "person-to-person relationships" that we have cultivated over 30 years, we will add technology elements here to further enhance and promote REaaS.

### ◆ Realizing the concept of REaaS

#### The Group's history in Real Estate Innovation

Systematically and long-term accumulation of "person-to-person relationships"  
that cannot be easily imitated

Real estate investment (especially apartment management starting from the purchase of land)  
Established a new real estate distribution model that is open to ordinary office workers



#### What real estate distribution should be in the future

"Person-to-person relationships" + "Digital transformation"

Realize and advance **REaaS**

Everyone in the world can access real estate services; regardless of borders and attribute

#### New mission "Solving people and social issues with REaaS"

### Making another Real Estate Innovation happen through "Trust DX"

To realize REaaS, DX will be used as SaaS/ASP for AI and IoT based on the promotion of "Trust DX," which is an indispensable element for truly digitizing real estate transactions, not just improving efficiency through DX. We have agreed to jointly research and develop "Trust DX" with SCALA Co., Ltd. (representative: Norikatsu Yashino), which promotes the improvement of reliability of digital data distribution, regarding real estate transactions and life support services.

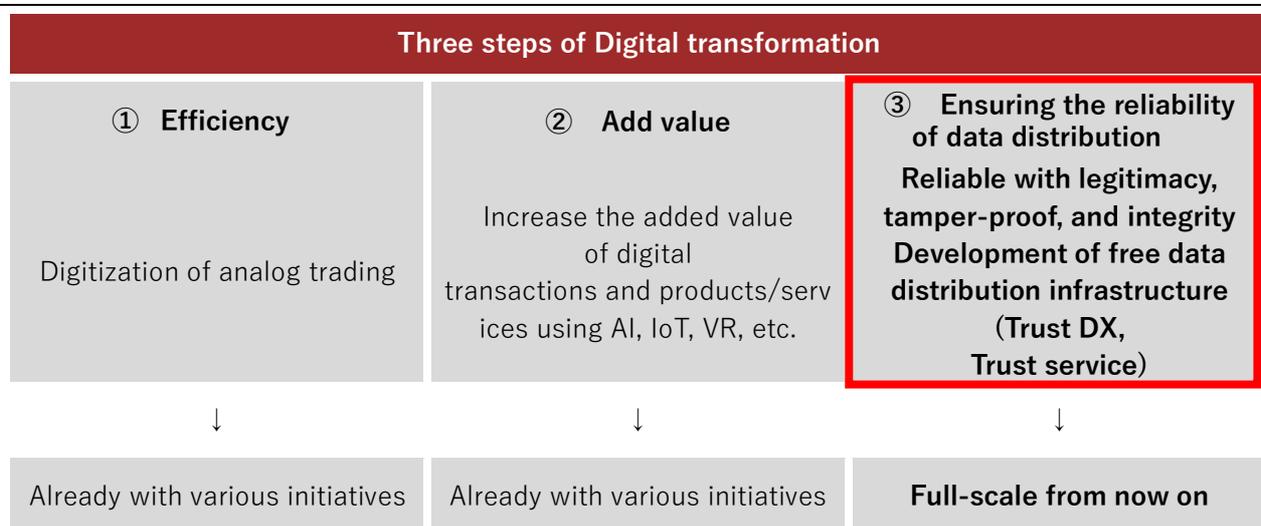
## Establishing a platform of “Digital trust” through “Trust DX”

DX in the real estate industry is established for (1) efficiency— digitizing real estate transactions that were mainly analog; (2) adding value—using AI, IoT, VR, etc. to digitized transactions and improve the added value of products and services themselves; and (3) ensuring the reliability of data distribution. The three stages of legitimacy, tampering prevention, and establishment of a reliable free data distribution infrastructure guarantees completeness among interested parties related to business such as customers, companies, and local governments. Trust DX is an initiative focused on (3) ensuring the reliability of data distribution.

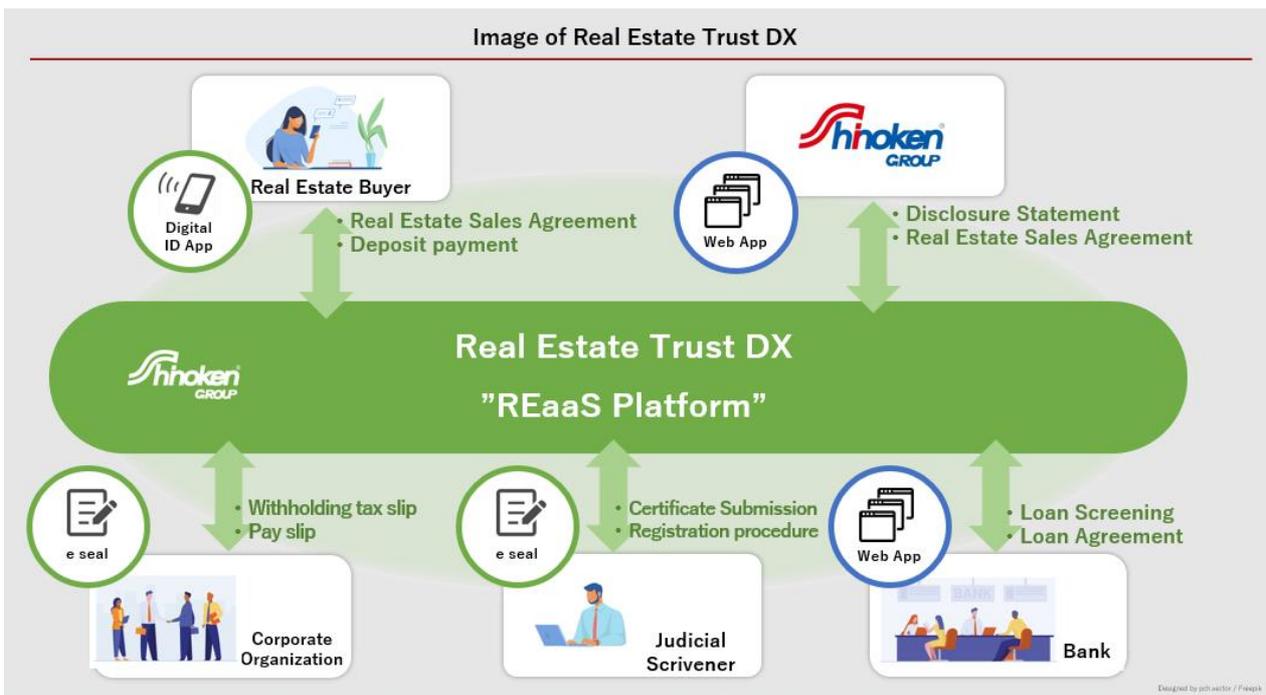
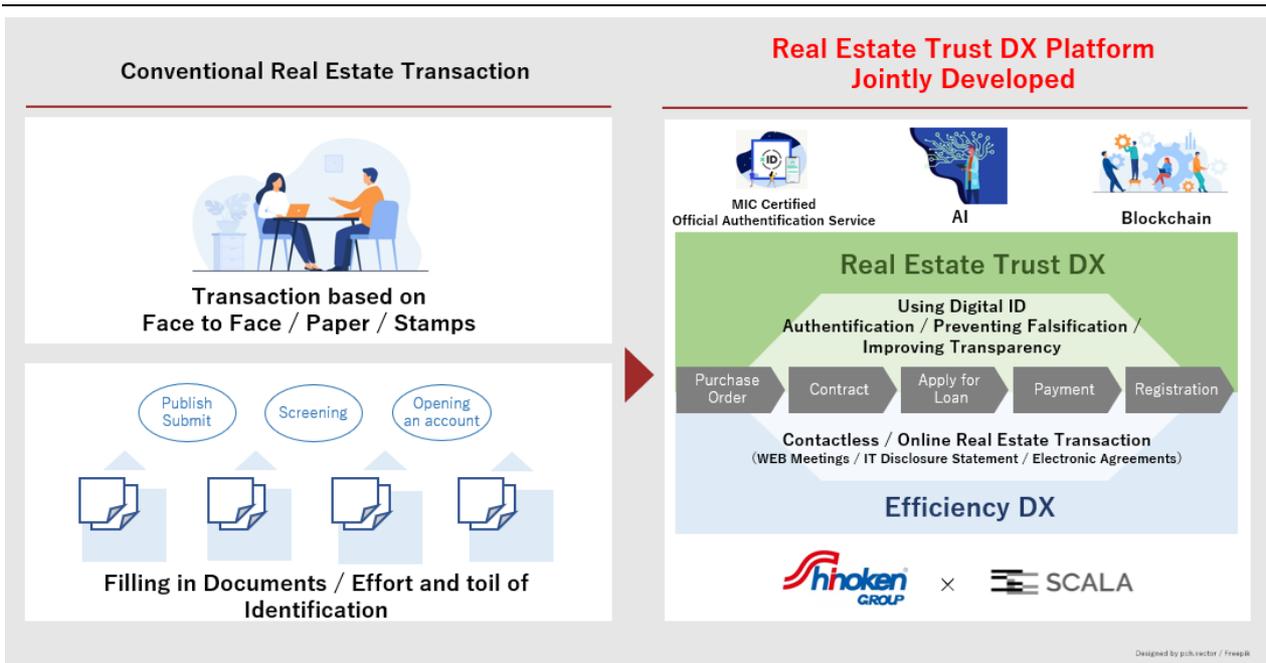
Trust DX is built around a "trust service" that combines data legitimacy (people, organizations, IoT devices, and digital transactions), data tampering prevention (encryption technology and blockchain technology), and data integrity. xID Co., Ltd. (Representative: Hikaru Kusaka), who has business experience in Estonia, the world's most advanced country in Trust DX, agrees and cooperates with this concept of "building a real estate trust DX platform."

In the area of trust services, which will be in full swing in Japan in the future, our group will build the world's most advanced platform with "Real Estate Trust DX."

### ◆ Three steps of Digital transformation and what our group aims for



◆ Image of “DX in Real Estate”



### ③ M&A

#### Strategic M&A

Our group conducts M&A to create long-term synergies, strategically and continuously build a competitive value chain, enhance our overall strength, and serve as a driving force for business expansion.

A typical example would be one of the main businesses in the real estate sales business, investment condominium sales. In terms of segments, the general contractor, energy, and life care business started through M&A. The operating companies that have joined our group through M&A have demonstrated their individual strengths and achieved further growth in each business area; moreover, each has become one of the pillars that support our group.

The figure below is organized by segment. As of the end of September 2020, the contribution of the M&A-acquired business to business performance accounted for approximately 45% of our group's total net sales and approximately 50% of profits.

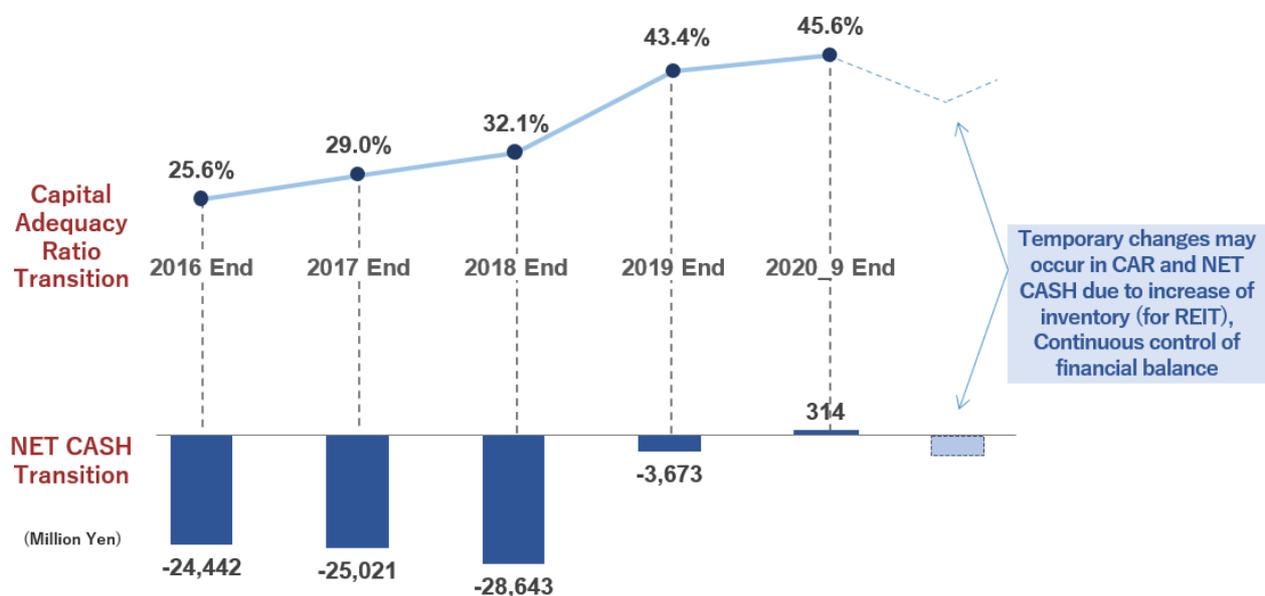
We believe that M&A will continue to be an important strategic means for the growth of our Group. As in the past, we will continue to actively work on creating group synergies, such as life care and DX areas where social needs are increasing, and overseas M&A.

Segments	Main business	Type / Year of M&A	Net Sales Constitution	Operating Income Constitution	
Real Estate Sales	Apartment Sales (Investment)	[Founding Business] Shinoken Produce	Founding Business and Self Established	Founding Business and Self Established	
	Condominium Sales	Investment			[M&A (2003)] Shinoken Harmony
		To live in			[Alliance (2015)] Properst
Real Estate Service	Rent management	[Founding Business] Shinoken Facilities			
	Rental brokerage	[M&A (2019)] All Way MYU Corporation			
	Condominium Management	[M&A (2010)] Shinoken Amenity			
	Small amount short-term insurance	[M&A (2013)] JICC SSI			
	Guarantee of Rent, etc.	[Established] Shinoken Communications			
	Asset Management	[Established] Shinoken Asset Management			
General Contractor	Construction	[M&A (2014)] Ogawa Construction	45%  Net Sales From Business obtained by M&A	50%  Operating Income From Business obtained by M&A	
Energy	Retail of LPG and Electricity	[M&A (2001)] SK Energy			
Life Care	Elderly care	[M&A (2015)] Friend / Apple Care			
	Support for people with disabilities	[Alliance (2020)] Yutaka College			
Other · Overseas	Shared Service	[Established] Shinoken Office Service			
	Overseas subsidiary	[M&A(2018)] Local General Contractor Real Estate Brokerage			

## Optimization of Financial Balance

As of the end of September 2020, our equity ratio exceeded a record high of 45%, and net cash also became positive. Moreover, we realized virtually debt-free management. These are all the results of systematically setting targets and strengthening our financial position.

In the future, considering the supply of properties of about 20 billion yen to REITs each fiscal year, the aforementioned aggressive M&A and new business development will continue, even if the equity ratio is expected to be approximately 40%. We judge that it is necessary to grow as a REIT. We will continue to be "offensive" in expanding our earnings base, "defensive" in strengthening our financial base, and put the entire group on a further growth trajectory while balancing with the times.



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## II. Future Outlook

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### Mid-long-term Vision

Since our establishment, our group has created an innovative business model and has changed the way the real estate distribution should be so that even ordinary office workers can own and manage apartments. If this is positioned as "Real Estate Innovation 1.0," it can be said that the DX of real estate transactions, which used to be an analog constitution, is progressing due to the rise of real estate tech worldwide. We are therefore in the middle of "Real Estate Innovation 2.0" (See the conceptual diagram of "REaaS" in P6)

Our group's goal is to promote globalization and "Real Estate Trust DX," create "Real Estate Innovation 3.0" that allows anyone to easily and safely trade real estate globally, and become a platform of Real Estate Trust DX. As a result, the growth of our group will be accelerated, through our brand, products, and services being handled around the world, across borders and generations. Moreover, our existing businesses will be raised, and new business areas such as real estate funds, financial businesses, and overseas market will be expanded, while actively conducting M&A in both Japan and overseas.

As the first step, the initial development of the "Real Estate Trust DX," which is the basis of the project, is progressing. First, in the domestic operation, by re-engineering the existing complicated transaction process, an effect of 1 billion yen will be created at an early stage. Next, the Trust DX platform will make it easier to connect to overseas interfaces, making it possible to easily handle actual and domestic properties of our group from overseas, as well as REIT and crowdfunding (planned). By responding to the needs of various customers, from large-scale investment to small-scale individual investment, such as adding smaller products to the lineup, we can expect a new customer base expansion of tens of billions of yen.

Furthermore, a new business model will be completed in which our group's products and services in the countries in which it operates can be purchased worldwide. This can be done by exporting the successful life support system in Japan (a vertically integrated model through the entire group from land purchase to development, construction, service operation, and management) as it is and acquiring a REIT license as in Japan. This expansion has already started in Indonesia, and the environment has been set up, making our group to be the first foreign-affiliated REIT license holder in Indonesia. If transactions can be realized through the "Real Estate Trust DX Platform," liberated and safe transactions will be possible regardless of national borders and people's attributes, and the impact on our group's business performance will be immeasurable.

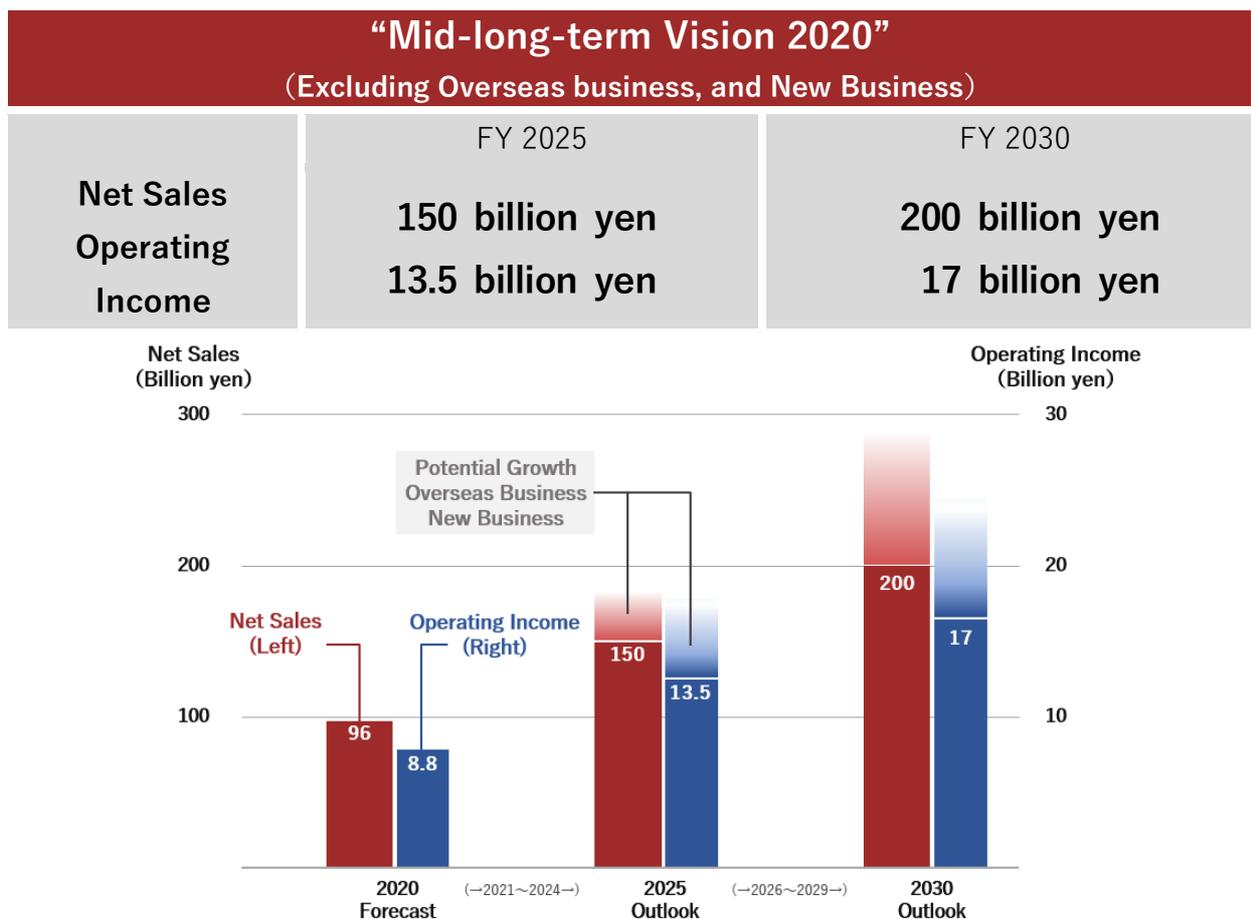
As mentioned in the opening, our group has set its Vision as "A Life Support Company for every generation across the world" and its mission as "Resolve the problems of the people and society

through REaaS." In promoting this Vision and Mission, we have verified the business forecast for the next decade.

As a premise, given the current situation of confusion due to the spread of COVID-19 worldwide, growth related to overseas business and new business is excluded.

However, if we anticipate these, it will be possible to draw a roadmap with a different dimension than that outlined in the "Mid-long-term Vision 2020," opening up further prospects for our group.

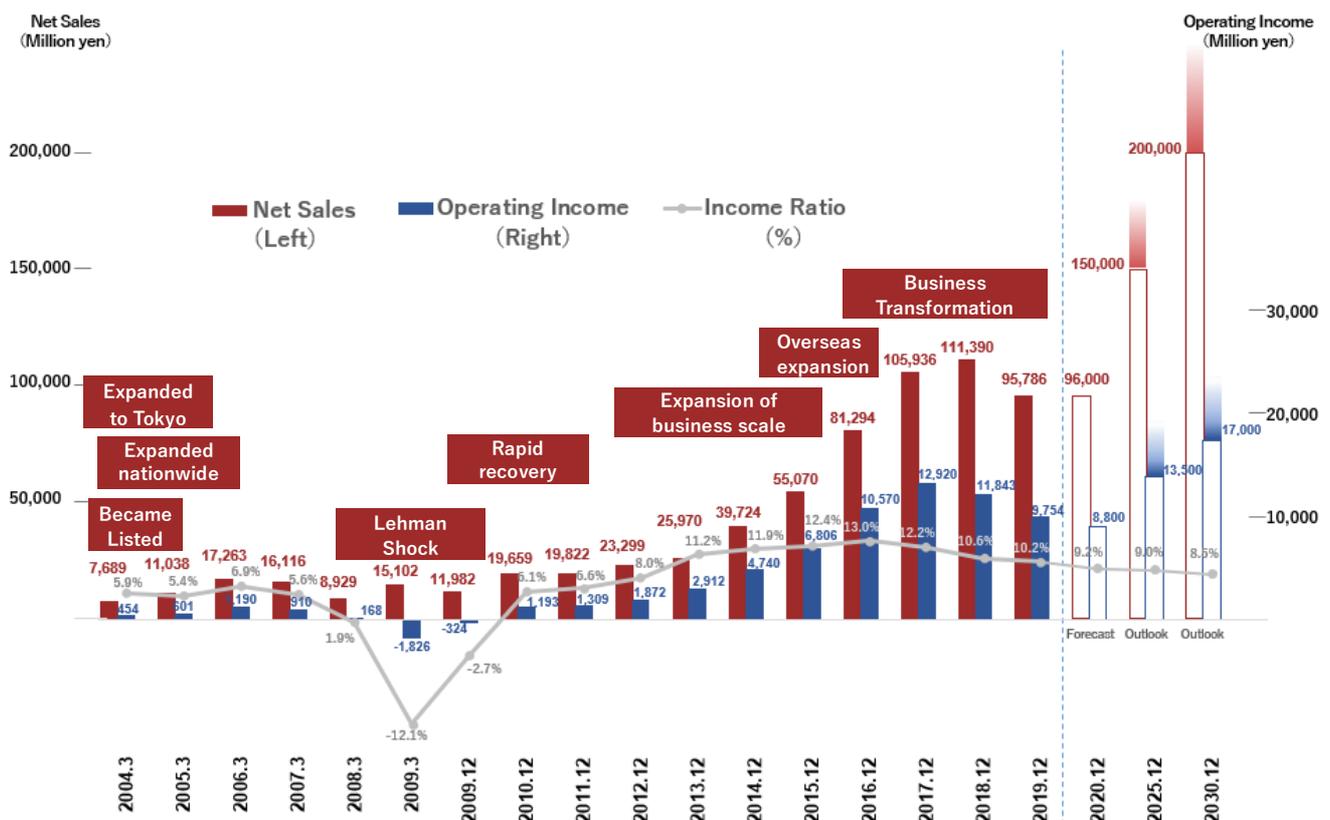
The "Real Estate Trust DX Platform" enables liberated and secure transactions that anyone in the world can easily conduct. This is a device that realizes the world view of REaaS, which is the mission of our group, and simultaneously, it agrees with the management policy in line with the SDGs (Sustainable Development Goals) set by the United Nations, which our Group is aiming for. By developing aggressive M&A and alliance strategies to realize this, and by making it an open platform, it can be used not only for our group's transactions but also for various industries and companies regardless of size, domestic or overseas. We will continue to support the lives of people of all ages around the world. Moreover, we are confident that we can solve problems such as poverty and financial inclusion set in the SDGs, fulfill our responsibilities as a social enterprise, and continuously improve our corporate value.



## Long-term Business Performance

Our group was established in Fukuoka in 1990, and around 2001, when we expanded to Tokyo, sales were still a bit more than 3 billion yen. However, after being listed, expanding to major cities nationwide, and overcoming various crises, in 2018, sales were 111.3 billion yen (record high) and operating income was 11.8 billion yen (record high was 12.9 billion yen in 2017). Recently, we have promoted business transformation, such as business diversification (e.g., entering the general contractor and nursing care business), while creating group synergies, strengthening of group-integrated system, and globalization, strengthening of recurring business. In addition, we have evolved from “Shinoken of Apartments” to “Shinoken of Life Support” to a constitution that can generate stable profits regardless of changes in the economic environment.

We believe that the “Mid-long-term Vision 2020” with sales of 200 billion yen and operating income of 17 billion yen can be realized by expanding our existing businesses. Moreover, we will focus on achieving greater growth by strengthening M&A related to overseas and new businesses.

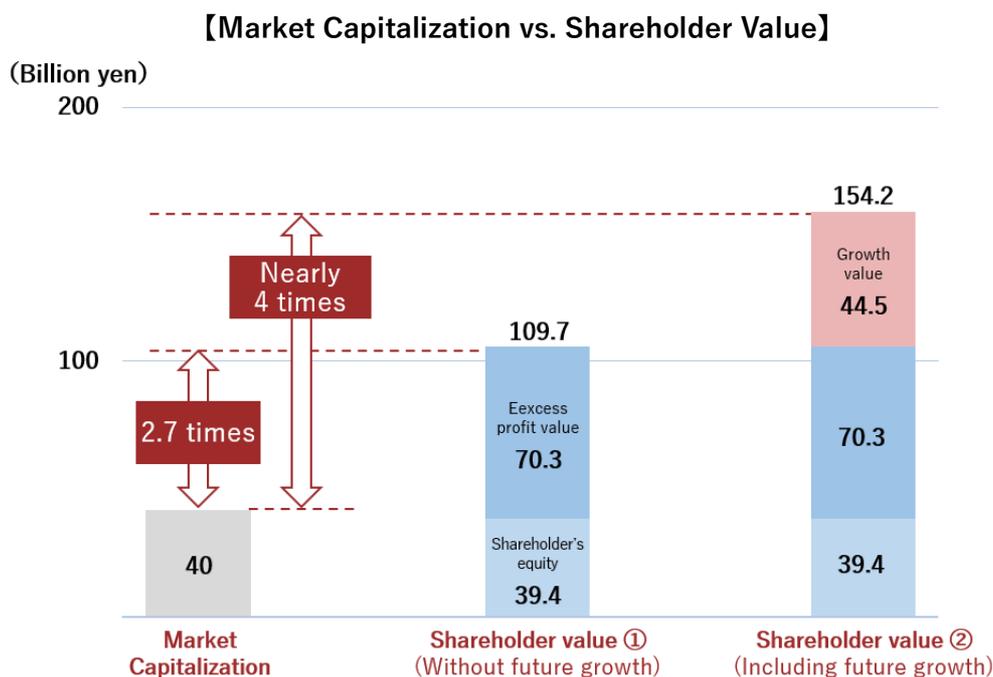


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## Trial calculation of shareholder value

Based on the formulation of "Mid-long-term Vision 2020," our group has calculated the "shareholder value" and the gap with a market capitalization (40 billion yen) calculated from the stock price as of November 16, 2020. Moreover, we rounded them up. As a result, theoretically, the shareholder value is 154.2 billion yen, which is calculated by adding the excess profit value of 70.3 billion yen and the growth value up to 2030 (the present discount value of the increase in excess profit) to the shareholders' equity of 39.4 billion yen. It became nearly four times the market capitalization. Even if the growth value is not factored in, the gap is still large from the current situation where it has already increased by 2.7 times.

Our group should recognize the gap as an important management issue, and we should simultaneously work to realize the "Mid-long-term Vision 2020," improve corporate value, and close the gap between market capitalization and shareholder value. We will concretely consider and proceed with the market change to the first section of the Tokyo Stock Exchange (TSE Prime Market) as one of the measures.



Based on EVA<sup>®</sup> analysis, shareholder value is calculated by four indicators; (1) sales growth rate, (2) net operating profit after tax (NOPAT), (3) invested capital sales ratio, and (4) weighted average cost of capital (WACC). WACC is estimated to be 5%. Shareholders' equity was 39.4 billion yen as of the end of September 2020. EVA<sup>®</sup> is estimated to be 3.5 billion yen in the fiscal year ending December 2020.

$\text{Sales} \times \text{Operating income after tax} - \text{Sales} \times \text{Invested capital} \times \text{Sales ratio} \times \text{Weighted average capital cost} = 96 \text{ billion yen} \times 6.4\% - 96 \text{ billion yen} \times 54.5\% \times 5\% = 3.5 \text{ billion yen}$

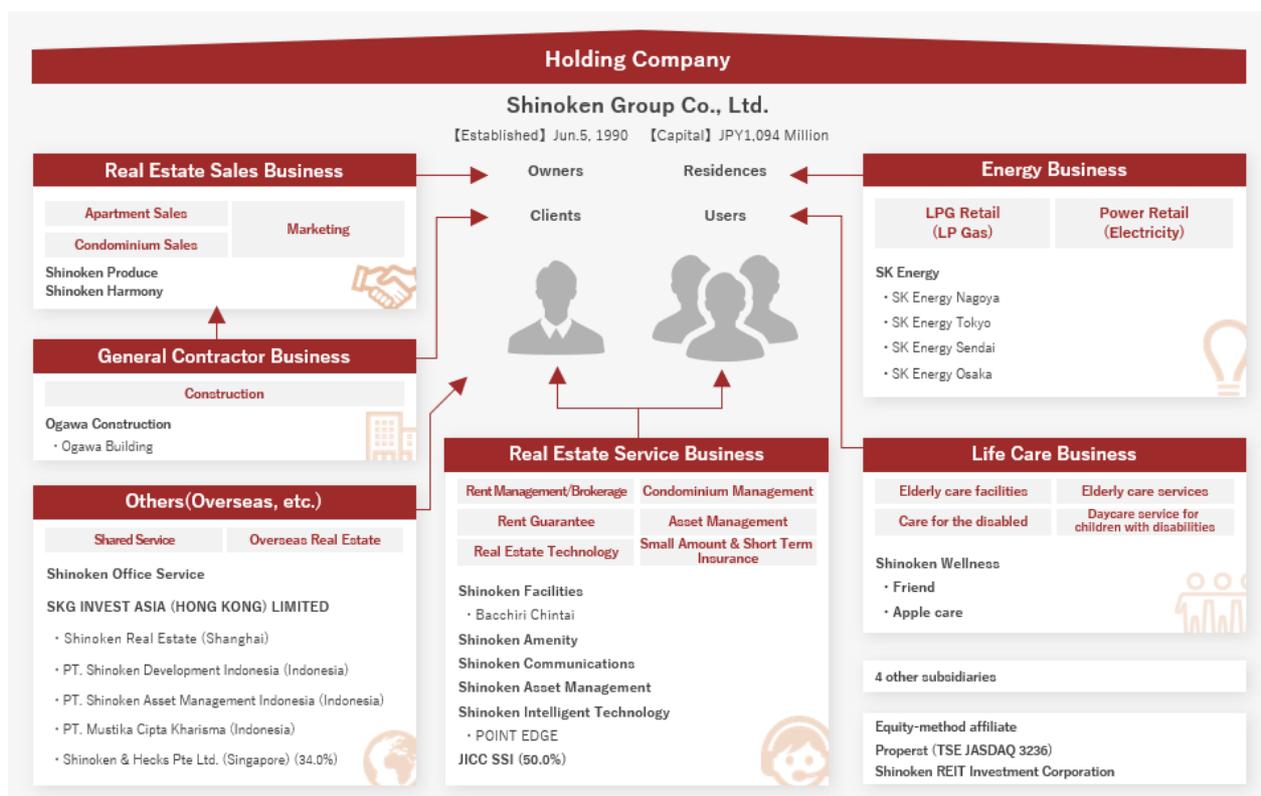
Dividing 3.5 billion yen by the weighted average cost of capital yields approximately 70.3 billion yen, which is the excess profit value, and 70.3 billion yen plus 39.4 billion yen in shareholders' equity is 109.7 billion yen, which is the profit structure for December 2020. It is estimated to be the shareholder value to be created. If sales are 150 billion yen and operating income is 13.5 billion yen in the fiscal year ending December 2025, and if sales are 200 billion yen and operating income is 17 billion yen in the fiscal year ending December 2030, and the ratio of invested capital to sales remains at 54%, shareholder value is calculated to be 154.2 billion yen if WACC is 5%.

EVA<sup>®</sup> is the registered trademark of Stern Stewart & Co.

## III. About the Shinoken Group

### Company Outline

Company name	Shinoken Group Co., Ltd. (English notation: Shinoken Group Co., Ltd.)
Established Date	July 5, 1990
CEO	Hideaki Shinohara
Headquarters location	(Fukuoka Headquarters), 1-1-1, Tenjin, Chuo-ku, Fukuoka (Acros Fukuoka) (Tokyo Headquarters) 2-3-1, Hamamatsucho, Minato-ku, Tokyo (Nippon Life Hamamatsucho Crea Tower)
Capital	1,094 million yen (As of end of 2019)
employee	1,038 people (As of end of 2019)
Fiscal year	Ends in December
Main business	Business management of each subsidiaries (pure holding company)
Listed date	May 12, 2002
Listed stock exchange	Tokyo Stock Exchange JASDAQ Market [Code: 8909]
URL	<a href="https://www.shinoken.co.jp/">https://www.shinoken.co.jp/</a>



(As of end of Sep 2020)

## Initiatives of each segment

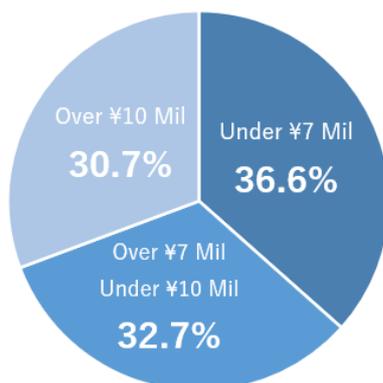
### Real Estate Sales Business: Our main business

#### Outline of the Business

Since our establishment in 1990, our group has been proposing a business model for investment apartment management to individual investors (office workers). The main sources of income are investment apartment planning, development, construction, sales and investment condominium planning, development, and room-by-room sales. This business accounts for about half of the consolidated net sales. \*2 It is characterized by the fact that specialists in the fields of land purchasing, sales, design, and construction provide a one-stop apartment management system for the owner's asset building. Regarding the land purchase, we limit ourselves to a 10-minute walk from stations in major cities and to stabilize the occupancy rate for a long time, we purchase without compromise with our own knowledge and marketing. In addition, we have made the construction work in-house and contributed to the owner's asset building by achieving both quality control and cost reduction by custom-made design according to the land shape and surrounding environment.

#### ◆ Real Estate Sales Business: Business content summary

##### Income range of customers



※Jan – Dec 2019

##### **Purchase Land**

Select to keep high occupancy  
Main cities, within 10 min on foot

##### **Design Build**

Custom-made design  
According to the land shape and surrounding environment

##### **Apply for Loan Screening**

Exclusive loan plans based on trust  
with several financial institutions

##### **Completion Hand over**

Initial occupancy 100% guaranteed

#### Number of construction kick-offs, No.1 in Japan

In the "Ranking of Construction Companies strong in Rental Housing" published by "Zenchin," a nation-wide Rental Housing Newspaper, our number of self-developed construction kickoffs has

been ranked first in Japan for five consecutive years since 2015. Our group has provided much support from selecting the most suitable land to financing owners who do not have land or have little capital. In particular, since we have one of the best achievements in Japan, we have earned the trust of various financial institutions and have realized smooth financing.

### **The wooden structure enabling flexibility and speed**

Since our Group handles everything from design to construction and sales one-stop, the period spent on one building must be shortened from the perspective of financial efficiency and business risk. Hence, we have provided housing centered on wooden buildings, which has the advantages of high design flexibility and short construction period. As a result, it will be possible to recover the invested funds at an early stage, reduce the risk associated with changes in the economic environment, and provide owners with competitive profitable properties that match the shape of the land.

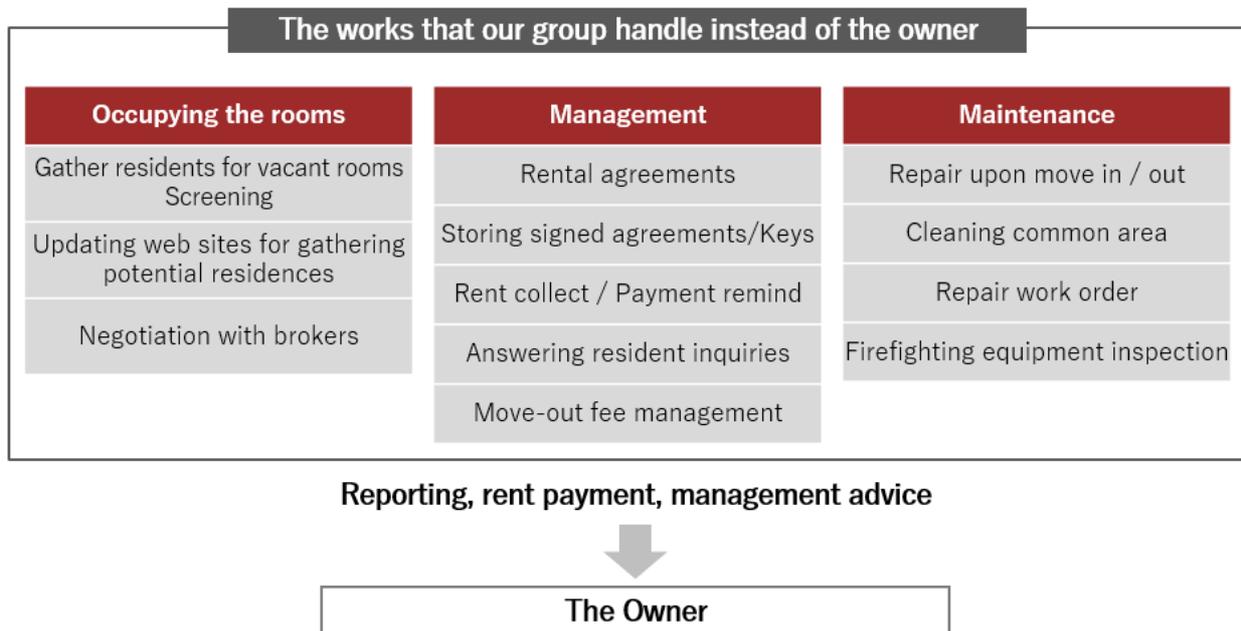
## **Real Estate Service Business: Recurring business, a strong revenue basis**

### **Outline of the Business**

In this segment, we undertake all rental management operations mainly for apartments and condominiums sold by group companies, such as "tenant support," "building maintenance," "occupying vacant rooms," and "move-out payment," that are indispensable for rental management, and back up so that the owner does not have to bear the burden of rental management. In addition, the number of managed units is 38,317, which ranked first in terms of the number of managed units by a management company based in Kyushu (Rental Housing Newspaper No. 1422). In January 2020, we released a smartphone app for owners to visualize the profits of properties and the current state of the real estate they own. Going forward, we will continue to make improvements to provide more convenient services by using group synergies so that we can comprehensively support our customers from various angles.

In addition to rental management, this business consists of business companies involved in condominium management, guarantee of rent, etc., small-amount short-term insurance, rental brokerage, asset management, and real estate technology. This segment covers approximately 20% of the consolidated sales and approximately 30% of the consolidated operating income\*<sup>2</sup>.

◆ Real Estate Service Business: Business content summary



**Occupancy rate exceeds 99%\*1**

The occupancy rate is supported by our group's rental management business. We provide comprehensive consulting from occupying the rooms to follow-up after moving in and restoration work when moving out. We have a specialized "owner's team," which will support the owners for these tasks. In addition, to improve the occupancy rate, we have organized a specialized sales force and have built strong relationships with real estate rental brokers in each region. As a result, we maintain a state that causes as few vacancies as possible, leading to a high occupancy rate. In addition, since the satisfaction level of residents is also an important factor, we regularly conduct questionnaire surveys on equipment and floor plans, and conduct daily research. Through such accumulation, we are striving to make the property more comfortable for residents to live in.

**As a sponsor of the REIT**

We have established the real estate investment corporation "Shinoken REIT Investment Corporation" by concentrating the property development and management knowledge that our Group has cultivated since its establishment. Until now, we have proposed business models for investment apartment management and investment condominium management to individual investors (office workers), etc.. However, we will strengthen the supply of properties to the REIT as an additional sales channel. Raising a private REIT of 10 billion yen was completed in July 2020,

and we are aiming to be listed on the Tokyo Stock Exchange after expanding the assets to about 30 billion yen by the end of 2021.

The listing will allow institutional and individual investors in Japan and overseas to purchase properties developed by our group on the capital market in small lots, expanding the base of investors. To expand the scale of assets, properties must be supplied mainly in the 23 wards of Tokyo from Shinoken Produce (apartment sales) and Shinoken Harmony (condominium sales), which are the main sponsors of Shinoken REIT Investment Corporation. Moreover, sales to the REIT are expected to contribute to business performance. Even after being listed in the Tokyo Stock Exchange, the REIT is expected to expand and grow its asset scale by about 20 billion yen each fiscal year, and will aim for external growth to an asset scale of 100 billion yen or more as soon as possible.

## General Contractor Business : Long history and promising technology

### Outline of the Business

In February 2014, we started the general contractor business by making Ogawa Construction, which was established in 1909, a wholly-owned subsidiary. Sales, which were about 5.9 billion yen at the time of M&A, have grown to 23.2 billion yen<sup>\*3</sup>, which is four times that amount, and this business accounts for about 25% of the consolidated net sales and about 15% of the consolidated operating income<sup>\*2</sup>. We provide various corporate, individual, and government customers with integrated services from planning, design, and services related to construction in general to after-sales maintenance. The technical capabilities and trust of Ogawa Construction, which has been cultivated over 110 years since its establishment, are highly evaluated by all parties. In addition, sales outside our group constantly exceed 80% of total sales, and we are building a profit base that does not depend on our group (construction of condominiums developed by Shinoken Harmony).

#### ◆ General Contractor Business: Business content

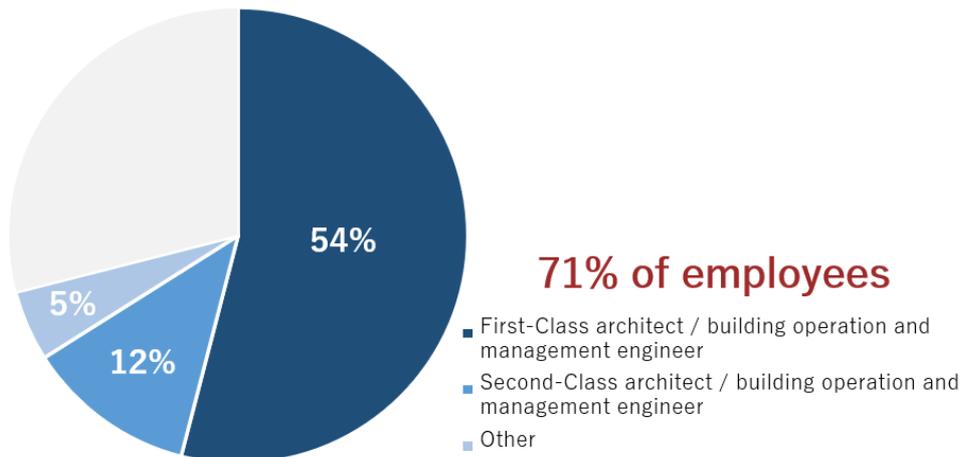
Business name	Contents
Construction contract	We consistently conduct planning, design, construction, and maintenance
Architectural renewal	We conduct renovation, large-scale repairs, and seismic retrofitting.
Land usage	We propose a plan to make the best use of land, from land effectiveness diagnosis to planning and design, and decision of business method.

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◆ The highest-level ratio of qualified personnel in the contractor industry

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Ratio of qualified personnel



※As of Dec 2019

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Ogawa Construction aims to "let customers leave the work to us with peace of mind" and "work from the customer's perspective." To achieve this, we have increased the number of qualified personnel and aimed to become a professional in the field. Currently, we are challenging all employees to become qualification holders and striving to develop more experts.

◆ Construction projects in more than 110 years of history (Partial)

**【Modern Bank Architecture and Registered Culture Property Architecture】**



**【Educational properties, factories, etc.】**



**【Condominiums】**



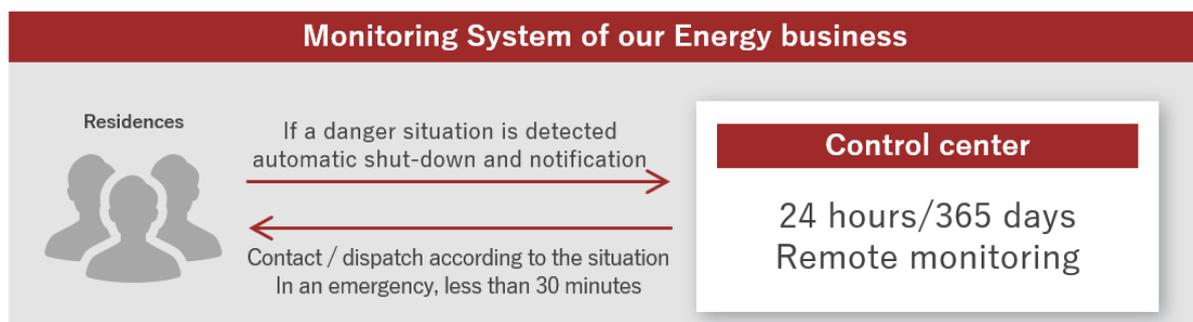
## Energy Business : Another pillar of our Recurring business

### Outline of the Business

This segment engages in LPG retail (LP gas retail) and power retail (electricity retail) mainly for properties sold by our group. This business accounts for approximately 3% of the consolidated sales and approximately 7% of the consolidated operating income\*<sup>2</sup>. The compound annual growth rate (CAGR) for the last four years up to FY 2019 exceeds 40%. It is one of the pillars that support our group's recurring business by selling energy while creating synergies with the rental management business of the real estate service business. As of the end of September 2020, LP gas and electricity were supplied to 37,636 households and 23,615 households, respectively. Moreover, stable growth has been achieved. With the establishment of a safety monitoring system 24 hours/365 days, the number of accidents has been zero since the business started, demonstrating high safety.



### ◆ Zero gas accidents since the business started



The strength of this segment is the safety management system with zero gas accidents since the business started. The gas meter set in the room and the centralized control center are connected online. Moreover, we have built a remote safety monitoring system that works 24 hours, 365 days. This makes it possible to respond immediately in the unlikely event.

## Life Care Business: A field that has high social demand

### Outline of the Business

In this segment, we mainly own and operate various elderly care facilities and provide services. As of the end of September 2020, the occupancy rate of the facilities owned and operated has been maintained at 99%. The contents of the operating facilities include "rental housing with elderly safety service," "serviced housing for the elderly," "day service," and "group home for dementia." In addition, we have begun to expand into new fields. In March 2020, we formed a capital and business alliance with YUTAKA COLLEGE, which conducts independence-training business and employment transition business for young people with intellectual disabilities. Moreover, in June 2020, we have opened "Kids Life," an after-school day service for children with disabilities.

### Three companies work together to provide life support service for a reasonable price

This segment is operated by three group-operating companies: (1) Shinoken Wellness, which provides housing and day service facilities for the elderly with services; (2) Friend, which provides group homes and small-scale multifunctional home care facilities; and (3) AppleCare, which provides home care support, home-visit care support, and day services, including after-school service for kids. Due to the synergistic effect between these three companies, providing services at reasonable prices and high customer satisfaction is possible.

### ◆ Elderly care facilities of our group

<p><b>Serviced housing for the elderly</b></p> <p>Detailed support by the staff</p>	<p><b>Care staff present 24 hours/365 days</b></p> <p>Residences can feel free to consult the care staff anytime</p>	<p><b>Looking around and confirming safety</b></p> <p>Visiting the resident's room more than once everyday to check</p>
<p><b>Helping out with simple chores</b></p> <p>Simple daily life chores such as changing a light bulb</p>	<p><b>Making a social work plan</b></p> <p>According to the residence's lifestyle</p>	<p><b>Holding events</b></p> <p>To help the residences establish friendship</p>
<p><b>Family members can visit any time</b></p> <p>Family members are free to visit 24 hours/365 days</p>	<p><b>Front desk service</b></p> <p>Handling guests and mail for the residences</p>	<p><b>Meal (Able to choose from once a day)</b></p> <p>For those who wish, room delivery is also possible</p>
<p>Ju-life Takashimadaira (Tokyo)</p> 	<p>Ju-life Tokiwadai (Tokyo)</p> 	<p>Ju-life Aqua villa Kashiihama (Fukuoka)</p> 

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### Group Homes

Elderly people with dementia for a small group of nine people, and we provide care  
So that they can live together in a safe and homy atmosphere

- **Providing health care and cooperating with medical institutions**

Cooperating with hospitals nearby, thus providing comprehensive medical support  
There are home visits twice a month, and even in an emergency, contact to nurses and doctors can be done swiftly

- **Night time emergency response**

Placing a night staff on each floor, making it possible to respond to sudden health state changes at night

- **Dealing with Emergency**

Regularly running drills for evacuation in emergencies such as disasters  
Standardizing emergency protocols, making it smooth and speedy to secure manpower

Friend Takashimadaira (Tokyo)



Friend Tennoji (Osaka)



Friend Kasumigaoka (Fukuoka)



## Dealing with other social issues

Shinoken Wellness Co., Ltd., which develops the life care business of our group, entered a capital and business alliance with YUTAKA COLLEGE Co., Ltd. (hereinafter, "Yutaka College") and undertook a loan with stock acquisition rights of 200 million yen. Our group has provided services for the elderly, such as housing and day service facilities, whereas Yutaka College operates a "welfare college" for young people with intellectual disabilities. Taking the opportunity of the alliance with college, we aim to expand the field of life care from elderly care to life support services throughout. In the long term, we plan to expand our business domain to areas with high social needs, such as employment support and human resources-related businesses. In promoting this plan, a high social need is considered to create an environment where people with disabilities, who account for 7.4% of Japan's population, can play an active role. Therefore, with the support of our Group, Yutaka College plans to triple the number of operating facilities to approximately 30 facilities within 3 years and promote business development while taking IPO into consideration.

### For the growing social demand

"Kids Life",  
A daycare service for children with disabilities



"YUTAKA COLLEGE" (Alliance)



<https://yutaka-college.com/>



## Other Business (Overseas)

### Outline of the Business

In this segment, we are mainly engaged in the real estate business in Asia (China) and Southeast Asia (Singapore, Indonesia). In China and Singapore, we mainly provide rental brokerage to Japanese expatriates and sales brokerage of Japanese real estate to local wealthy people. In Indonesia, PT. Shinoken Development Indonesia (SKDI) will develop and manage the serviced apartment "Sakura Terrace" series in central Jakarta, and local general contractor subsidiary PT. Mustika Cipta Kharisma will undertake the construction of Sakura Terrace while also conducting private and public construction projects. Moreover, PT. Shinoken Asset Management Indonesia (SAMI) is the first foreign-affiliated company in Indonesia to obtain a license for investment management business and is steadily organizing projects toward the start of our financial business. In this way, we have established a comprehensive system from real estate development to construction, operation/management, and exit strategy in Indonesia. Furthermore, the lofted living room of "Sakura Terrace" has been officially certified as intellectual property by the Indonesian government.

### ◆ Global Business Network of our group



## History\*4

1990	Established Shinohara Construction System Co., Ltd., started apartment sales business and real estate rental management business (Current Shinoken Group Co., Ltd.)
1991	Launched the first brand of asset management type apartment "Compartment House" series
1993	Completed the first office building (3-stories, own building) in Kasuya-machi, Kasuya-gun, Fukuoka
1995	Launched a new brand, steel-framed "Neo Compartment House" series
1997	"Compartment House" series became 1 <sup>st</sup> place in Fukuoka area, for the number of traditional wooden structured apartments built
1999	Established current Shinoken Communications Co. Ltd. to conduct Guarantee of rent, etc. Started ground guarantee for apartment sales. Developed independently and added to all apartment sales properties
2000	10th anniversary of the establishment. Completed new office building in Hakata-ku, Fukuoka (10 stories, own building) and moved head office at the same time
2001	Expanded to Tokyo, opened an office in Minato-ku, Tokyo SK Energy Co., Ltd. started LPG retail business by business transfer
2002	Registered our shares to the Japan Securities Dealers Association (currently listed in the Tokyo Stock Exchange JASDAQ market) Introduced the industry's first all-you-can-use internet system with a constant internet connection to all properties
2003	Expanded to Nagoya, and opened an office in Naka-ku, Nagoya Acquired 100% of Nissho Harmony Co., Ltd., which develops and sells one-room condominiums in the Tokyo metropolitan area and made it a wholly-owned subsidiary (Current Shinoken Produce Co., Ltd.)
2004	Business tie-up with Tokyo Star Bank, Japan's first non-recourse loan (limited borrower liability) for a personal apartment loan
2005	Consolidated net sales exceeded 10 billion yen Expanded to Sapporo, and opened an office in Chuo-ku, Sapporo
2006	Expanded to Sendai, and opened an office in Aoba-ku, Sendai First expansion to the overseas market established a subsidiary in Shanghai, China
2007	Introduced a holding company system, changed the trade name to "Shinoken Group Co., Ltd." and shifted to a system with the company as a holding company
2008	Established current Shinoken Facilities Co., Ltd., which specializes in real estate rental management.
2009	Established current Shinoken Real Estate (Shanghai)
2010	20th anniversary of the establishment Made current Shinoken Amenity Co., Ltd. a wholly-owned subsidiary to enter the condominium management business
2011	Established Shinoken Produce Co., Ltd. for planning and marketing the apartment sales business (Current Shinoken Harmony Co. Ltd.)
2012	Established Shinoken Wellness Co., Ltd. for supervising the life care business
2013	Headquarters moved to Acros Fukuoka (Chuo-ku, Fukuoka) Received the Good Design Award for the business model of "Safety housing for the elderly" (Ju-life Plan) Made JICC Small-amount Short-term Insurance Co., Ltd. a subsidiary and entered the small-amount short-term insurance business
2014	Made Ogawa Construction Co., Ltd. a wholly-owned subsidiary and entered the general contractor business Expanded to Osaka, and opened an office in Yodogawa-ku, Osaka
2015	Consolidated net sales exceeded 50 billion yen Made Properst Co. Ltd. an affiliate accounted for by the equity method Made Friend Co. Ltd. a wholly-owned subsidiary and entered the group home business Ogawa Construction Co., Ltd. opened Indonesia representative office
2016	Established Shinoken Asset Management Co., Ltd. for managing real estate funds Established PT. Shinoken Development Indonesia for the purpose of expanding business in Indonesia Made Apple Care Co. Ltd. a wholly owned subsidiary and entered the home-visit nursing care business Double-winning the Good Design Award for BRICK and PLATFORM of "New Standard," the main product for apartment sales
2017	Consolidated net sales exceeded 100 billion yen Entered the electricity retail business and started selling "Shinoken Denki"
2018	Established PT. Shinoken Asset Management Indonesia to conduct asset management business in Indonesia Made Indonesian local general contractor PT. Mustika Cipta Kharisma a subsidiary Raised Japan's first full-scale private apartment fund for institutional investors Changed "Tokyo office" to "Tokyo head office" and moved to a two-head-office system of Fukuoka and Tokyo
2019	Defining "REaaS," a new concept for real estate distribution by combining real estate tech with the current business Established REaaS technologies to promote and realize the concept of REaaS Established Bacchiri Chintai Co., Ltd. for expanding the rental brokerage business Made All way MYU Corporation and 3 other companies wholly owned subsidiaries Obtained the first foreign-owned real estate fund management license in Indonesia Began Cancer GCLI in the apartment sales Completed the first building of "Sakura Terrace" in Indonesia and started operation as a serviced apartment Investment condominium "Harmony Residence Shinjuku Gyoen" won the Good Design Award
2020	30th anniversary of the establishment Established Shinoken REIT Investment Corporation Raised and started operation of a 10 Billion-yen private REIT, mainly for rental housing real estate located in the 23 wards of Tokyo. Made POINT EDGE Co. Ltd. a subsidiary to strengthen and promote REaaS and branding Capital and business alliance with Yutaka College, which operates a welfare college for young people with disabilities After-school day service "Kids Life Higashi Fukuoka" opened Decided to form a mutual fund (investment trust) for individuals jointly with the Indonesian Financial Services Agency, etc. in Indonesia

## IV. Contribution to Achieving SDGs

Our group supports the United Nations Sustainable Development Goals (SDGs) and is developing the following initiatives that contribute to its achievement. We believe that such efforts will improve sustainability and contribute to the improvement of corporate value.

### ◆ Contribution to the SDGs throughout the Group's business

Business area	Contents and the relating SDGs
<p><b>Wooden Apartment</b></p>	<ul style="list-style-type: none"> <li>• Reduction of CO2 emissions due to the short construction period</li> <li>• CO2 absorption/storage effect ( about four times that of steel structure )</li> <li>• Efforts to recycle waste wood</li> <li>• Realization of carbon neutrality</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> <div style="text-align: center;">  <p>15 LIFE ON LAND</p> </div> <div style="text-align: center;">  </div> </div>
<p><b>Construction</b></p>	<ul style="list-style-type: none"> <li>• Safety construction method, safety management standard</li> <li>• Active use of recycled aggregate</li> <li>• Start of raw material traceability</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>

Business area	具体的内容と関連する SDGs
<p><b>Sales service</b></p>	<ul style="list-style-type: none"> <li>• Support for foreigners moving in to the rooms our group manages</li> <li>• Support for low-income elderly people</li> <li>• Employment support</li> <li>• Development and creation of long-term care personnel</li> <li>• After-school day service for children with disabilities</li> <li>• Started EV conversion of company-owned vehicles</li> <li>• Formation and sales of investment trusts in developing countries ( Financial Inclusion )</li> </ul> <div data-bbox="464 768 1313 969"> </div>
<p><b>Indirect operations</b></p>	<ul style="list-style-type: none"> <li>• New graduate scholarship repayment support (poverty problem)</li> <li>• Benefit-type scholarship ( no repayment required ) -Benefits at Shinohara Foundation</li> <li>• Promotion of female managers</li> <li>• Promotion of employment of people with disabilities</li> <li>• New life support system</li> <li>• Acceptance of technical intern trainees from overseas</li> </ul> <div data-bbox="464 1384 1313 1585"> </div>
<p><b>Corporate social responsibility</b></p>	<ul style="list-style-type: none"> <li>• In response to the global rainforest decline problem</li> <li>• Planting trees in rainforests in Indonesia (planned)</li> <li>• Action started about carbon offset</li> </ul> <div data-bbox="464 1778 882 1980"> </div>

## 【Supplementary information】

### ◆ Indicators of Shareholder Value

Various analyses and benchmarks have been conducted on the analysis of shareholder value. Our group was surveyed on October 28, 2020, and the supplementary information on indicators related to shareholder value is presented below (Posted with the consent of Jay Phoenix Research Co., Ltd.)

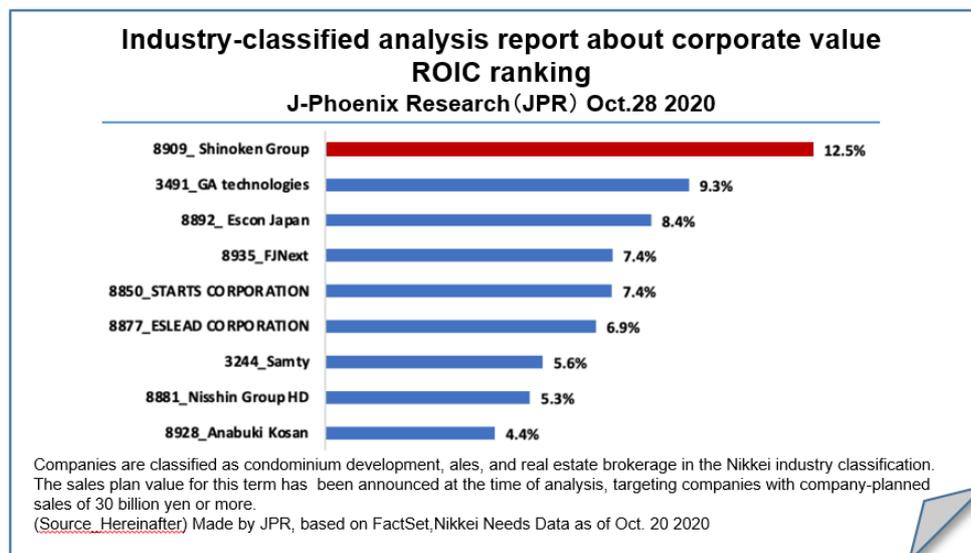
Industry-classified analysis report about corporate value  
 Condominium development /sales/real estate agency  
 J-Phoenix Research (JPR)  
 (Released Oct. 28 2020)

QR code



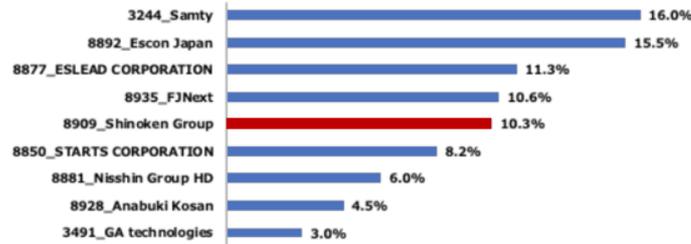
[https://www.j-phoenix.com/report/condominium-development-sales-real-estate-agency\\_eng/](https://www.j-phoenix.com/report/condominium-development-sales-real-estate-agency_eng/)

In this report, J-Phoenix Research Co., Ltd. (JPR) ranks ROIC for each industry and shows the prerequisites for the double market capitalization scenario for the top companies. Companies are classified as condominium development, sales, and real estate brokerage in the Nikkei industry classification. The sales plan value for this term has been announced at the time of analysis, targeting companies with company-planned sales of 30 billion yen or more.

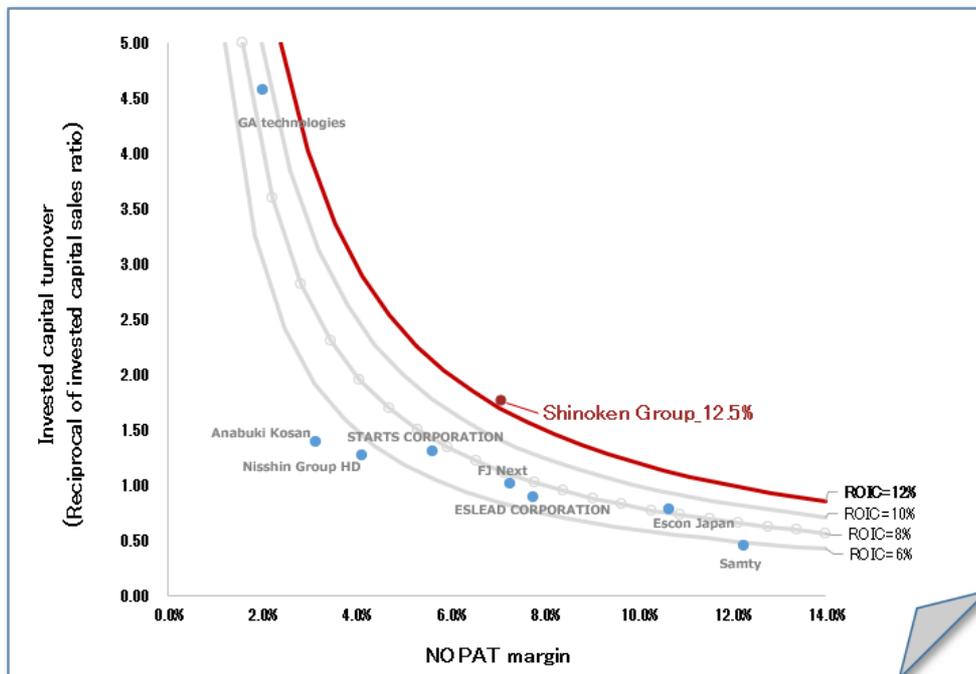
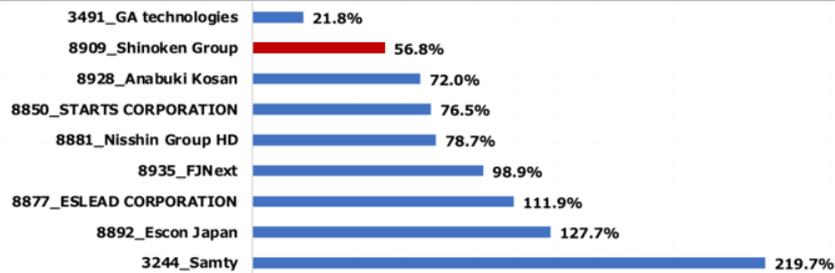


Source) Made by JPR, based on FactSet as of Oct. 20 2020

■ Operating income margin (company plan for this term)



■ Invested capital to sales ratio (Invested capital is at the end of the last quarter, sales are based on the planned value for this term)



Source) Made by JPR, based on FactSet as of Oct. 20 2020

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## Annotation

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- \* 1 Occupancy rate performance: As of the end of March 2020, regarding the properties developed by our group that are currently under the management of our group
- \* 2 Percentage of consolidated results: Cumulative results for the third quarter of FY 2020
- \* 3 General contractor business sales: Results of the full year of FY 2019
- \* 4 "Current" attached to the company name: Indicates the time that this material was disclosed

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## Disclaimer

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This document contains future-related matters such as forecasts, outlooks, goals, and plans of our group. Using the information obtained from our group, we prepared this document based on the forecasts, etc. at the time of preparing this material. These items employ certain assumptions and include management judgment or subjective expectations.

In addition, we do not anticipate the effects of the further spread of COVID-19 infection after the third wave in Japan. Various other risks and uncertainties may prove inaccurate or may not be realized in the future. Therefore, actual results, operating results, financial position, etc. may differ from our group's forecasts, outlooks, goals, and plans.

Therefore, our group has no obligation or policy to update information on future matters such as forecasts, outlooks, goals, and plans, contained in this material.

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