

News Release

May 14, 2021

Shinoken releases its B2B product “Mini-residence”

Shinoken Group Co., Ltd. (Tokyo Headquarters: Minato-ku, Tokyo, President Hideaki Shinohara, TSE Ticker 8909, further referred to as Shinoken) has released its new product concept “Mini Residence” aimed to be provided to both internal and external real estate funds and REITs.

Strengthening B2B sales channel to maximize synergy

Under the Mid-Long-Term Vision 2020, aiming for 200 billion yen in annual net sales, we focus on B2B business, through diversifying sales channels in the real estate sales business as one of the important strategies to expand the business.

The B2B business is expected to be sold to both internal and external funds and REITs, and specific activities are as follows.

【Results and future plans of our B2B business】

Timing	Activities
Mar, 2018	Raised a private Apartment fund “HTT-1” which focuses on property within the 23 wards of central Tokyo
Jul, 2020	Began the management of Shinoken REIT investment corporation (Shinoken REIT) as a private REIT, which mainly focuses on residences within the 23 wards of central Tokyo
After Dec, 2021	Plan to additionally provide assets worth 20 billion JPY to Shinoken REIT Shinoken REIT aims to be listed in TSE
After 2022	Plan to annually add assets worth 15 - 20 billion JPY to Shinoken REIT

The real estate products developed by Shinoken are sold as "Designer Apartments" and "Designer Condominiums", with strengths in location and design. In order to expand our B2B business, we have reviewed the concept of our products for B2B, instead of sticking to the conventional B2C name.

We have redefined the property concept of "Designer Apartments" as relatively small low-rise "Mini-residences", and "Designer Condominiums" as relatively large “Residences”. As for the "Mini-residences", we have added steel-frame structure buildings to the existing wooden structure buildings, to further strengthen the product range.

We are also planning to supply "Mini-residences" and "Residences" to Shinoken REIT, which aims to be listed on the Tokyo Stock Exchange after Dec, 2021, and if realized, "Mini-residences" will be a totally new asset type as a listed REIT (J-REIT). All "Mini-residences" scheduled to be supplied upon IPO are steel-framed, located in the 23 wards of central Tokyo.

In terms of tenant targets, Shinoken will provide assets that can be used to build a well-balanced portfolio by taking advantage of our unique characteristics, such as "Mini-residences" that are mainly for students and young office workers, and "Residences" mainly for office workers.

【Concept】

	Mini-residences	Residences
Definition	Multi-family building 3 floors or less / Total floor space under 300 m ² / No elevator	Multi-family building 4 floors or more / Total floor space 300 m ² or more
Features	<ul style="list-style-type: none"> ■ Main target of tenants: Students and young office workers ■ Rent range: Reasonable (Low - middle) ■ Yield: High investment efficiency / Stable yield based on the track record of high occupancy rate (average exceeding 99%) for properties managed by Shinoken ■ Eco-friendly Low electricity consumption (No elevators) / Contributes to low CO2 emission due to light weight structure and short construction period ■ Flexible design capacity that makes it possible to build on small and irregularly shaped properties 	<ul style="list-style-type: none"> ■ Main target of tenants: Office workers ■ Rent range: Average rent for standard residences (Middle - high) ■ Yield: Long depreciation period / Stable yield based on the track record of high occupancy rate (average exceeding 99%) for properties managed by Shinoken ■ Others Larger investment amount per building compared to Mini-residences, contributing to the rapid growth of the REIT scale

Image of a "Mini-residence"

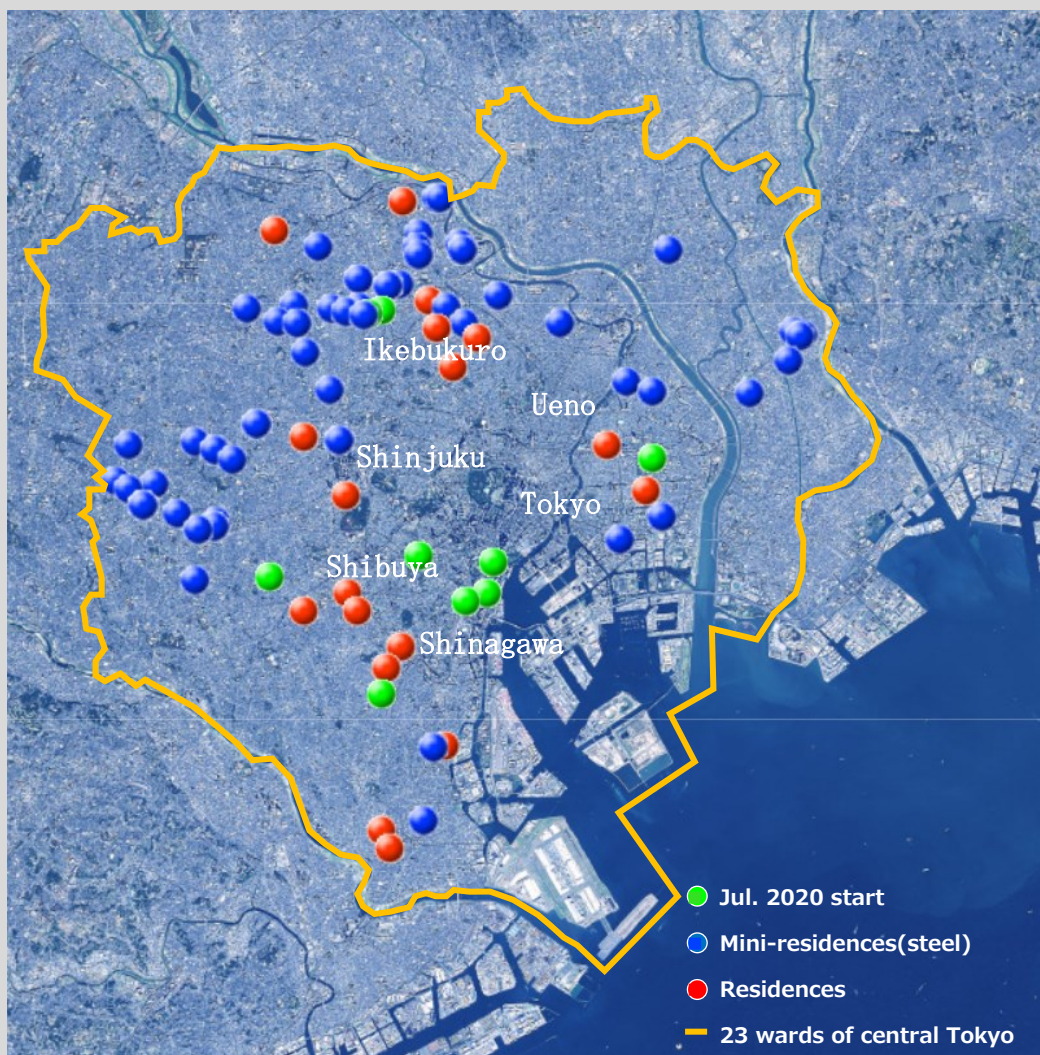


Image of a "Residence"



【A residential REIT that specializes in the 23 wards of central Tokyo】

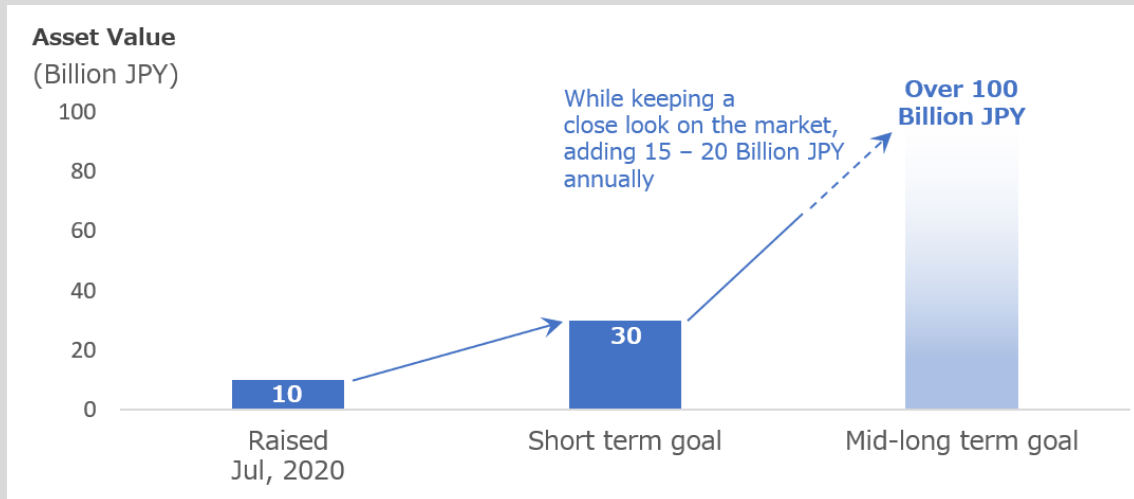
The properties for which preferential negotiating rights are planned to be granted to Shinoken REIT by the end of this year are all located in the 23 wards of central Tokyo, and are "Mini-residences" (Steel) and "Residences" which are developed and managed by Shinoken. And going forward, we are planning to continue providing "Mini-residences" (Steel) and "Residences" located in the 23 wards of central Tokyo, and the fact that it will be a residential REIT that specializes in the 23 wards of central Tokyo is a significant feature of Shinoken REIT.



As the sponsor of Shinoken REIT, Shinoken plans to continue to supply properties located in the 23 wards of central Tokyo, worth 15 billion to 20 billion JPY annually, and continuously support the expansion of Shinoken REIT's asset size and external growth, and also internal growth of our group, by providing the knowledge based on our long experience of property management.

Going forward, we will aim to maximize synergies and grow our business scale through the collaboration with Shinoken REIT, which can be set a main “customer” in our B2B sales channel.

【Shinoken REIT’s external growth plan】



This is a press release to officially announce the release of our B2B product to the public. It is not intended to be a solicitation for investment or similar acts.

Shinoken has the vision of becoming

**“A life Support Company for every generation across the world”
that provides value throughout the lifetime of our customers.**

We initiate Asset development solutions for an era of 100-year life span, Construction Business, Energy Business, managing elderly care facilities, providing care for people with disabilities, Real Estate Fund Business, both domestic and overseas.

Also, we will thrive to resolve various social tasks by driving REaaS.

*REaaS: Real Estate as a Service

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