

**Focusing on the property management and the property leasing businesses**

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**[2993 Choei Sector : Real Estate]**

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	8,285	5.2	1,894	-	1,603	6.6	985	57.3	276.3	1,524.1	91.0
Mar. 2021	8,031	-3.1	1,813	-4.3	1,453	-10.5	982	-0.3	266.4	1,699.6	91.0
Mar. 2022 f	8,384	4.4	1,833	1.1	1,403	-2.2	1,590	61.9	408.2	-	73.2

Note: Non-consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.

### **Pursuing the Property Management and the Property Leasing Businesses Centered on Kyoto Prefecture**

Choei pursues the property management business and the property leasing business centered on Kyoto Prefecture. The property management business accounted for 39.3% of net sales in the fiscal year ended March 2021 and the property leasing business for 60.7%. The majority of the company's operating profit is therefore accounted for by the property leasing business, and its operating margin is high as well.

### **Property Management Business**

Its property management business provides services required for property lease management that supports stable lease management for owners of rental properties.

Since continued occupancy by tenants over an extended time helps to maximize revenue for owners, Choei responds to tenants' problems 24 hours a day, 365 days a year, and it also operates Bellevue Club, a membership organization for tenants, which offers various courtesy services, events, and promotional campaigns for members.

The number of units managed by the property management business was 25,173 as of the end of October 2021, of which 4,609 were in properties belonging to Choei.

### **Property Leasing Business**

The property leasing business of the company secures high occupancy rates by leveraging the expertise acquired in the lease management business and by carrying out upgrading work and replacing facilities even in relatively old buildings. It also manages properties that it owns, leading to growth in the number of managed units. It aims to improve its profitability by reducing maintenance costs based on economies of scale.

Until around 2010, the business acquired an average of two to three properties per year, mainly within Kyoto City. More recently, it has also been acquiring properties outside of Kyoto, such as in Shiga, Osaka, and Aichi. In acquiring properties for its portfolio, Choei's criteria include a gross rate of return (annual rent revenue divided by the property acquisition price) of at least 8%.

**Choei (2993 TSE 2nd Section) - - - - - January 6,2022****Financial Statements**

Statement of income	Fiscal Year	Mar.2020		Mar.2021		Six months to Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		8,285	100.0	8,031	100.0	4,086	100.0
Cost of sales		5,242	63.3	5,166	64.3	2,631	64.4
Gross profit		3,042	36.7	2,864	35.7	1,455	35.6
Selling, general and administrative expenses		1,148	13.9	1,051	13.1	501	12.3
Operating profit		1,894	22.9	1,813	22.6	953	23.3
Non-operating income		257	-	185	-	109	-
Non-operating expenses		547	-	563	-	278	-
Ordinary profit		1,603	19.3	1,435	17.9	785	19.2
Profit before income taxes		1,469	17.7	1,453	18.1	1,906	46.6
Net profit		985	11.9	982	12.1	1,200	29.4

Balance sheet	Fiscal Year	Mar.2020		Mar.2021		Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		7,216	14.4	7,367	14.1	7,662	14.7
Cash and deposits		6,795	13.6	6,953	13.3	7,155	13.7
Accounts receivable-trade		318	0.6	291	0.6	237	0.5
Non-current assets		42,857	85.6	44,870	85.9	44,399	85.3
Property, plant and equipment		42,579	85.0	44,578	85.3	44,036	84.6
Intangible assets		84	0.2	67	0.1	63	0.1
Investments and other assets		194	0.4	224	0.4	299	0.6
Total assets		50,074	100.0	52,238	100.0	52,061	100.0
Current liabilities		4,603	9.2	5,145	9.8	4,039	7.8
Short-term borrowings		3,087	6.2	3,179	6.1	1,965	3.8
Non-current liabilities		39,852	79.6	40,827	78.2	40,891	78.5
Long-term borrowings		38,194	76.3	39,162	75.0	37,247	71.5
Net assets		5,618	11.2	6,265	12.0	7,130	13.7
Owners' equity		5,618	11.2	6,265	12.0	7,130	13.7

Statement of cash flows	Fiscal Year	Mar.2020	Mar.2021	Six months to Sep. 2021
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		2,311	2,205	2,168
Cash flows from investing activities		-3,841	-3,133	1,761
Cash flows from financing activities		1,288	1,065	-3,772
Net increase in cash and cash equivalents		-241	137	157
Cash and cash equivalents		6,516	6,669	6,827

Note:Non-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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