

Financial Results for the Fiscal Year Ended November 30, 2018

Tosei Corporation

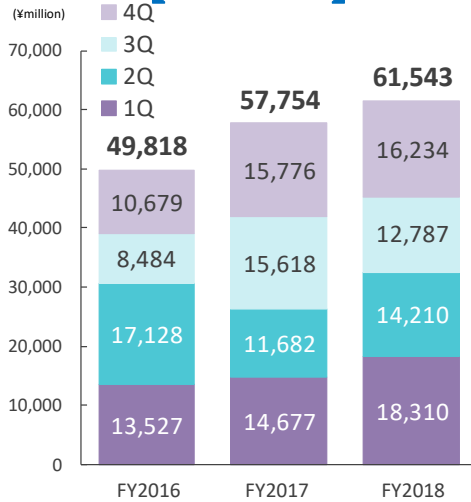
Tokyo Stock Exchange, First Section Code : 8923
Singapore Exchange, Mainboard Code : S2D

I. Overview of Results for the Year Ended November 30, 2018

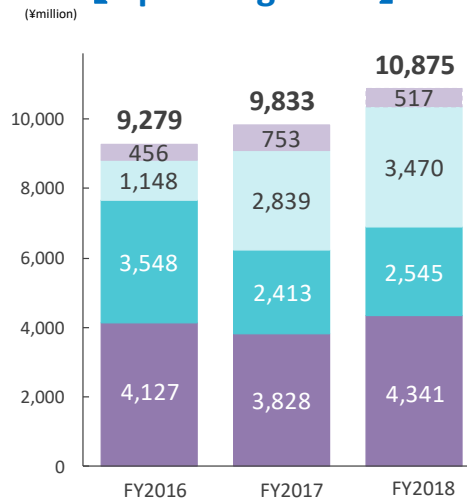
Operating Performance of FY2018 - Highlights-

- ◆ Revenue ¥61.5 billion (up 6.6% yr/yr), Profit before tax ¥10.1 billion (up 12.4%), Profit for the year ¥6.8 billion (up 11.3% yr/yr)
- ◆ Revenue and profit for the year reached a record-high
- ◆ Achieved eight consecutive years of profit growth

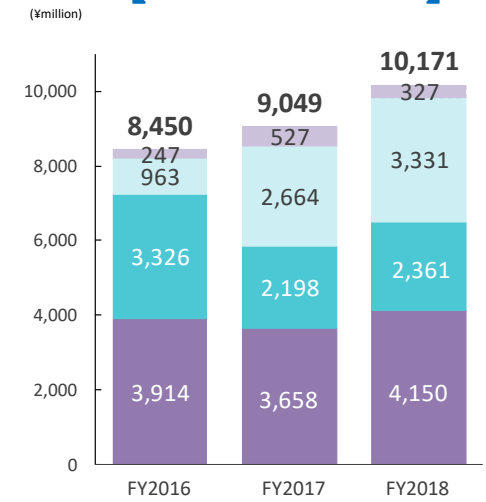
【 Revenue 】



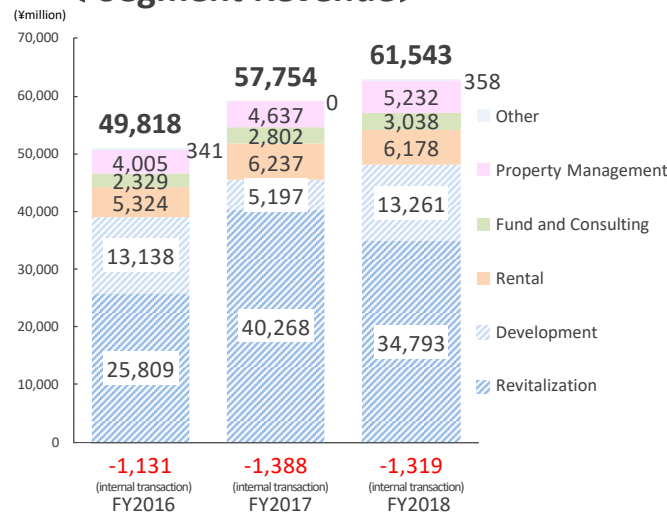
【 Operating Profit 】



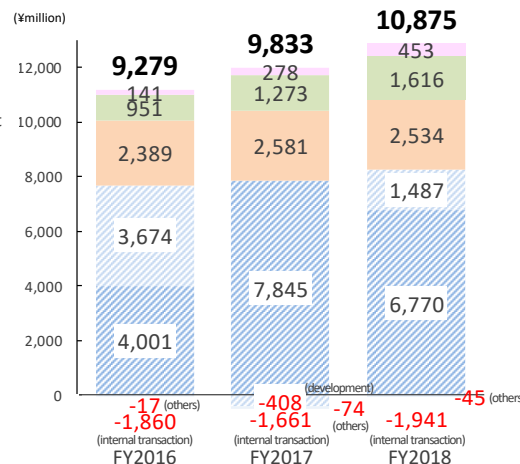
【 Profit Before Tax 】



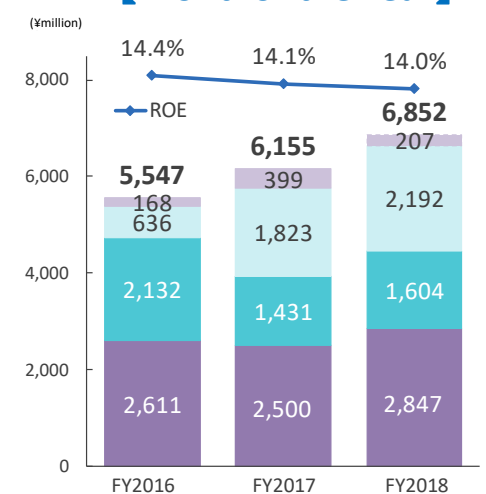
< Segment Revenue >



< Segment Operating Profit >



【 Profit for the Year 】



*ROE= Profit for the year ÷ ((total equity as of end of previous fiscal year + total equity as of end of resent fiscal year) ÷ 2)

Overview of Consolidated Financial Results

(¥million)

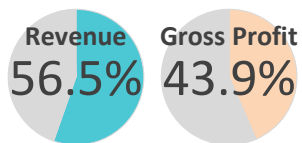
	FY2017		FY2018		yr/yr change	
		%		%		%
Revenue	57,754	100.0%	61,543	100.0%	3,788	6.6%
Cost of Revenue	40,937	70.9%	42,820	69.6%	1,882	4.6%
Gross Profit	16,816	29.1%	18,723	30.4%	1,906	11.3%
Selling, General and Administrative Expenses	7,153	12.4%	7,860	12.8%	706	9.9%
Selling Expenses Pertaining to Property Trading	1,457	2.5%	1,603	2.6%	146	10.1%
Expenses Excluding Selling Expenses Pertaining to Property Trading	5,696	9.9%	6,256	10.2%	559	9.8%
Other Income	215	0.4%	147	0.2%	-68	-31.9%
Other Expenses	44	0.1%	134	0.2%	89	201.3%
Operating Profit	9,833	17.0%	10,875	17.7%	1,041	10.6%
Finance Income/Costs (Net)	-784	-	-704	-	79	-
Profit Before Tax	9,049	15.7%	10,171	16.5%	1,121	12.4%
Income Tax Expense	2,894	-	3,318	-	424	-
Profit For the Year	6,155	10.7%	6,852	11.1%	697	11.3%
Total Comprehensive Income for the Year	6,165	10.7%	6,856	11.1%	691	11.2%
EPS(¥)	127.48		141.36		13.88	10.9%
ROE	14.12 %		13.96 %		-0.16 P	
ROA	7.42 %		7.78 %		0.36 P	

*ROE= Profit for the year ÷ ((total equity as of end of previous fiscal year + total equity as of end of resent fiscal year) ÷ 2)

*ROA= Profit before tax ÷ ((total equity as of end of previous fiscal year + total equity as of end of resent fiscal year) ÷ 2)

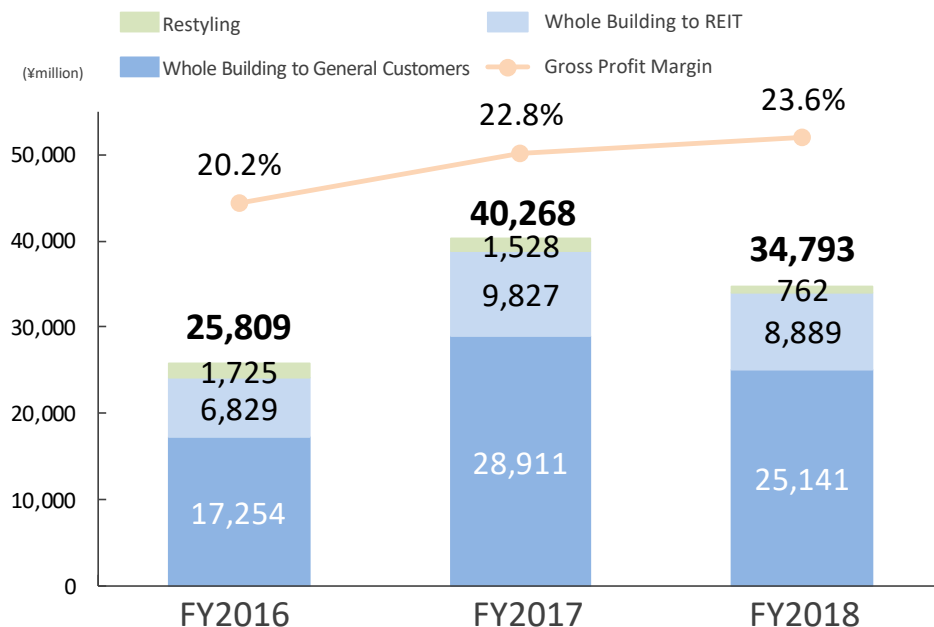
Revitalization Business

Component Ratio



- ◆ Revenue ¥34.7 billion (down 13.6% yr/yr), Gross Profit ¥8.2 billion (down 10.6% yr/yr).
- ◆ A property acquired with completely vacant rooms was sold in a state of full occupancy by leasing, resulting in a high profit margin. Also a property acquired in the past through a real estate M&A was sold at a high profit margin.
- ◆ Sales include 5 properties (¥8.8 billion) sold to Tosei Reit Investment Corporation, which we sponsor.

Revenue / Gross Profit Margin



	(¥million)	'16/11	'17/11	'18/11
		Full Year	Full Year	Full Year
Revenue		25,809	40,268	34,793
Gross Profit		5,214	9,186	8,215
Operating Profit		4,001	7,845	6,770
No. of Sales (Restyling)		57	45	22
No. of Sales (Whole Building, Others)		32	58	44

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM:
FY2016: ¥-25 million FY2017: ¥-5 million, FY2018: ¥-456 million

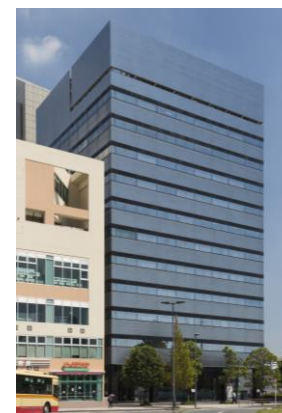
Major Properties Sold



Itabashi-ku
Income-generating Building



Kannai Yokohama-shi
Income-generating Building



Totsuka Yokohama-shi
Income-generating Building



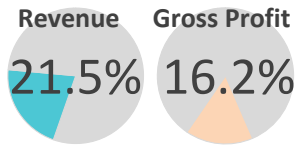
Hachioji-shi
Income-generating Apartment



Nerima-ku
Income-generating Apartment

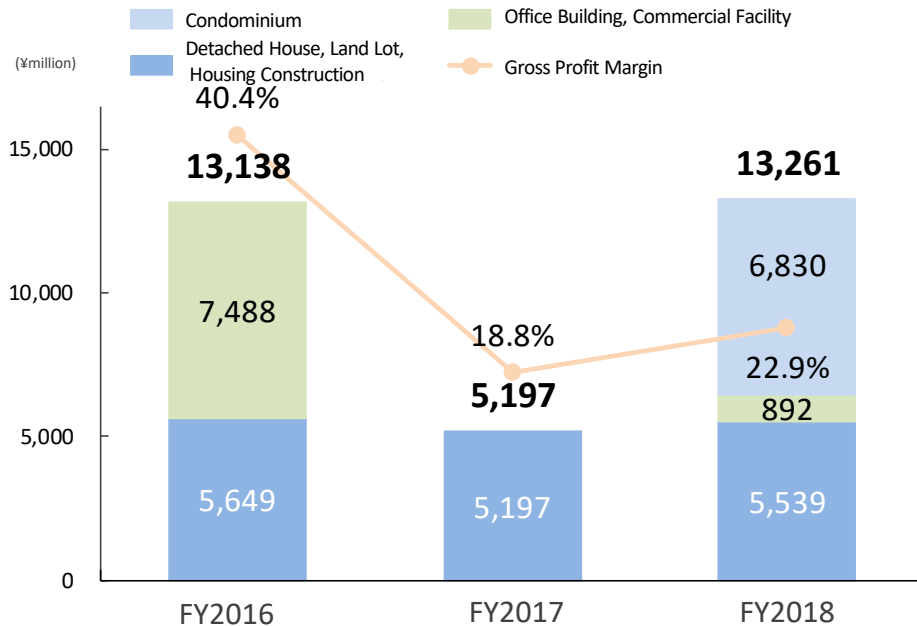
Development Business

Component Ratio



- ◆ Revenue ¥13.2 billion (up 155.2% yr/yr), Gross Profit ¥3.0 billion (up 211.3% yr/yr).
- ◆ The Development business' performance was driven by The Palms Yutenji Master Place (88 units sold) which is a first condominium project in four years.
- ◆ Sold 114 detached houses (including land lots) and sold a commercial facility in Nishikasai Edogawa-ku.

Revenue / Gross Profit Margin



Major Properties Sold



THE Palms Yutenji Master Place



Edogawa-ku Nishikasai,
Commercial Facility



THE Palms Court Kunitachi



THE Palms Court Kashiwa-Hatuishi



THE Palms Court Aoba-Eda



Comodo Casa Nanyodai 3chome
(Urban Home)

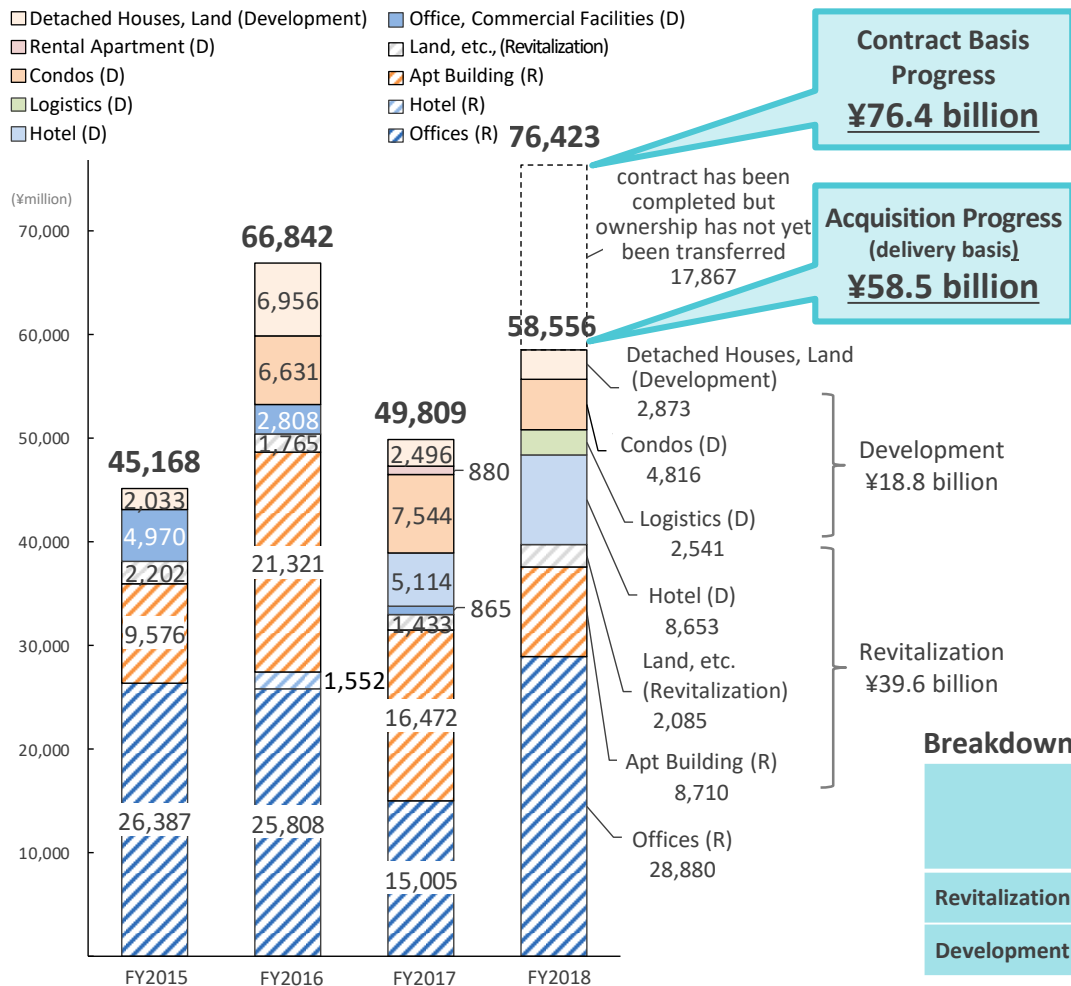
(¥million)	'16/11 Full Year	'17/11 Full Year	'18/11 Full Year
Revenue	13,138	5,197	13,261
Gross Profit	5,302	976	3,038
Operating Profit	3,674	-408	1,487
No. of Sales (Detached House, etc.)	119	121	114
No. of Sales (Condominiums)	-	-	88
No. of Sales (Whole Buildings)	2	-	1

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM: FY2016: ¥-66 million FY2017: ¥-28 million

Acquisitions in Revitalization and Development Businesses -Acquisition Amount and Inventories-

- ◆ Acquired a wide variety of products, such as offices, apartments, hotels, logistics facilities and condominiums
- ◆ Total acquisition amount progressed to about ¥58.5 billion (up 17.6% yr/yr)
- ◆ Total acquisition amount progressed to about ¥76.4 billion on a contract basis, which mostly achieved the ¥80 billion target

Trends in Annual Acquisition Amounts (delivery basis and expected revenues)



Breakdown of Inventories



Minato-ku
Empty Building (Non-current Asset)



Yokohama-shi
Income-generating Building



Kawasaki-shi
Empty Apartment



Chiba-shi
Income-generating Apartment

Breakdown of Acquisition (FY2018 Cumulative Total)

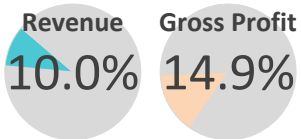
	Office BL	Apartment	Hotel	Logistics	Condos	Detached House, Land Lots	Total
Revitalization	27(1)*	17	-	-	-	12	56(1)*
Development	-	-	2	1	1	5	9

*Revitalization includes properties acquired¹ as non-current assets

*() are the number of Non-current Asset

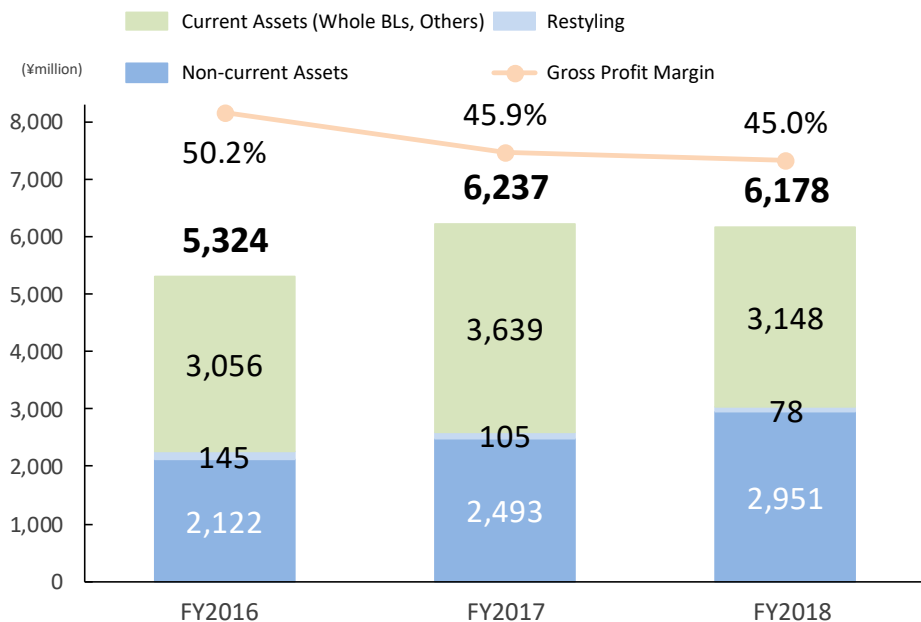
Rental Business

Component Ratio

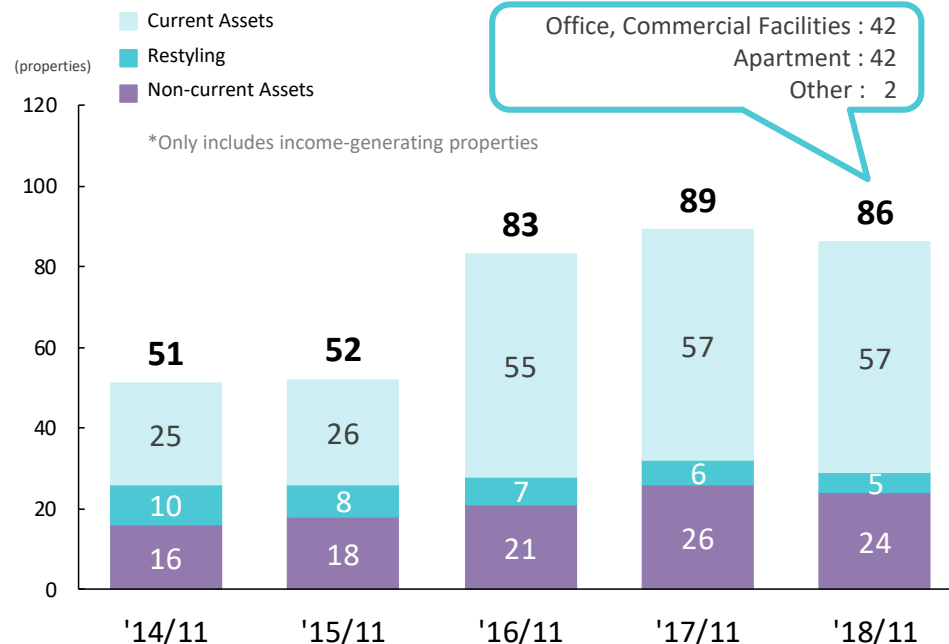


- ◆ Revenue ¥6.1 billion (down 1.0% yr/yr), Gross Profit ¥2.7 billion (down 2.8% yr/yr).
- ◆ Revenue, profit and number of properties slightly decreased because sales exceeded the number of income-generating properties purchased.
- ◆ About half of the rent income comes from non-current assets, or grew to ¥2.9 billion (up 18.4% yr/yr)

Revenue / Gross Profit Margin



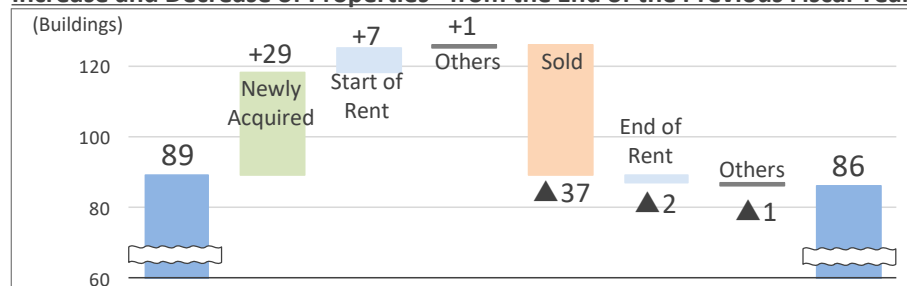
Breakdown of Properties* Held by Tosei



(¥million)	'16/11 Full Year	'17/11 Full Year	'18/11 Full Year
Revenue	5,324	6,237	6,178
Gross Profit	2,670	2,864	2,782
Operating Profit	2,389	2,581	2,534

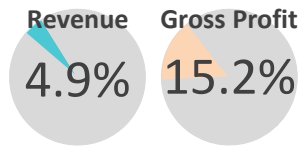
*The revenue includes internal transactions

Increase and Decrease of Properties* from the End of the Previous Fiscal Year



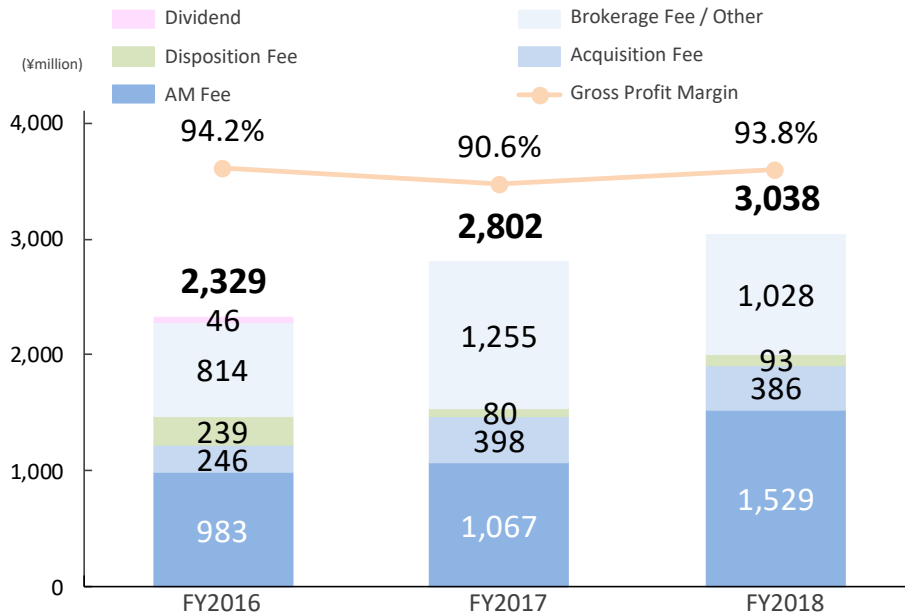
Fund and Consulting Business - FY2018 -

Component Ratio

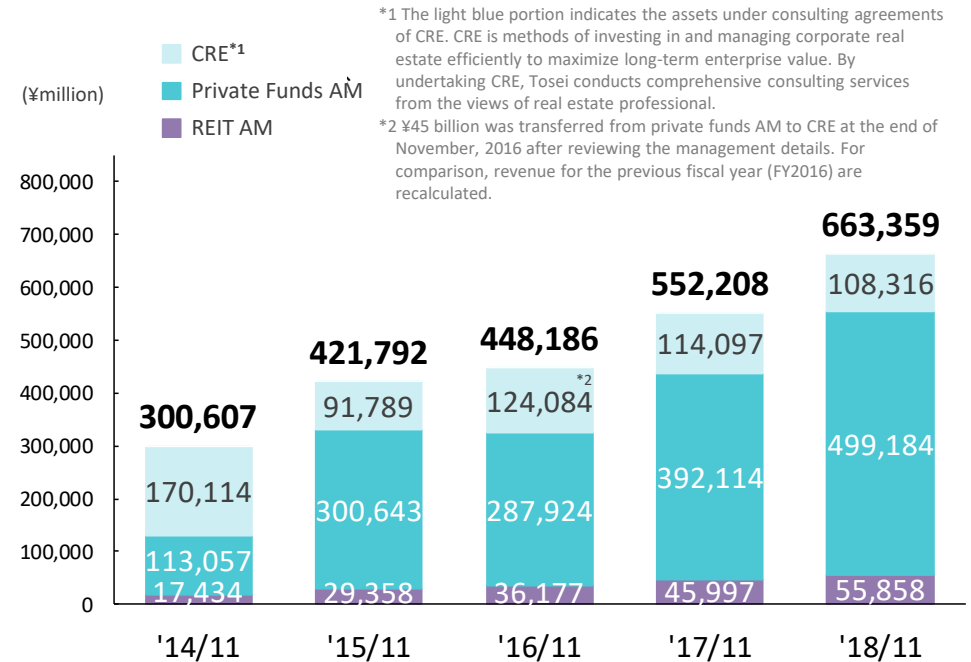


- ◆ Revenue ¥3.0 billion (up 8.4% yr/yr), Gross Profit ¥2.8 billion (up 12.3% yr/yr)
- ◆ Asset under management (AUM) exceeded ¥663.0 billion
- ◆ A net increase of ¥107.0 billion in assets under management of private funds due to a rise in the number of new management contracts with overseas investors.
- ◆ New management contracts include 6 properties (¥10.6 billion) that were acquired by Tosei Reit Investment Corporation.

Revenue / Gross Profit Margin



Balance of Assets Under Management



*1 The light blue portion indicates the assets under consulting agreements of CRE. CRE is methods of investing in and managing corporate real estate efficiently to maximize long-term enterprise value. By undertaking CRE, Tosei conducts comprehensive consulting services from the views of real estate professional.

*2 ¥45 billion was transferred from private funds AM to CRE at the end of November, 2016 after reviewing the management details. For comparison, revenue for the previous fiscal year (FY2016) are recalculated.

Increase and Decrease of AUM from the End of the Previous Fiscal Year

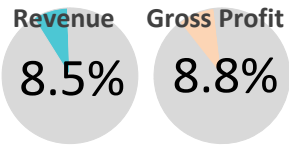
	Increase (A)	Decrease (B)	Net Increase (A)-(B)
CRE	-	-5,780	- 5,780
Private Funds	+140,944	-33,874	+107,070
REIT	+10,692	-830	+9,861
Total	+151,636	-40,485	+111,151

(¥million)	'16/11 Full Year	'17/11 Full Year	'18/11 Full Year
Revenue	2,329	2,802	3,038
Gross Profit	2,193	2,538	2,850
Operating Profit	951	1,273	1,616

*The revenue includes internal transactions

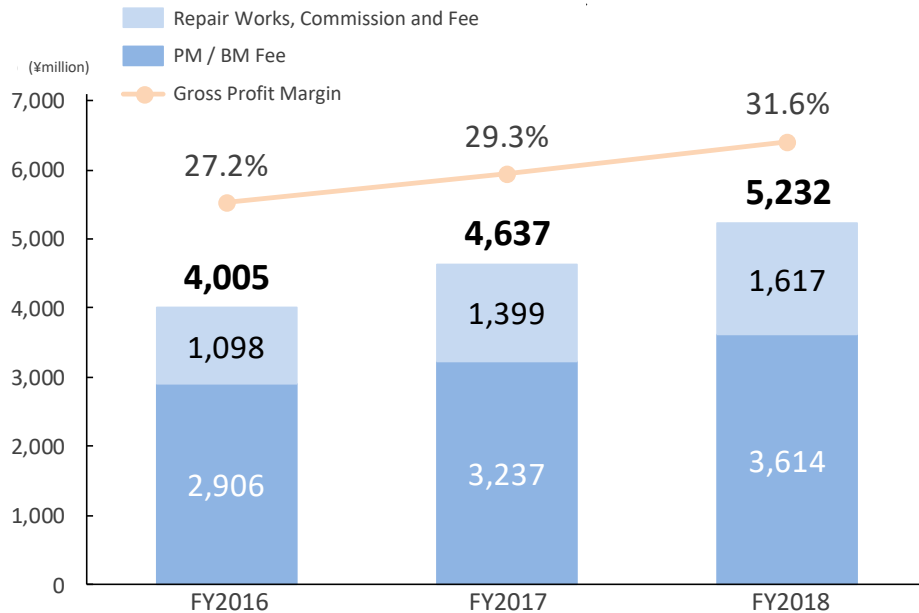
Property Management Business - FY2018 -

Component Ratio

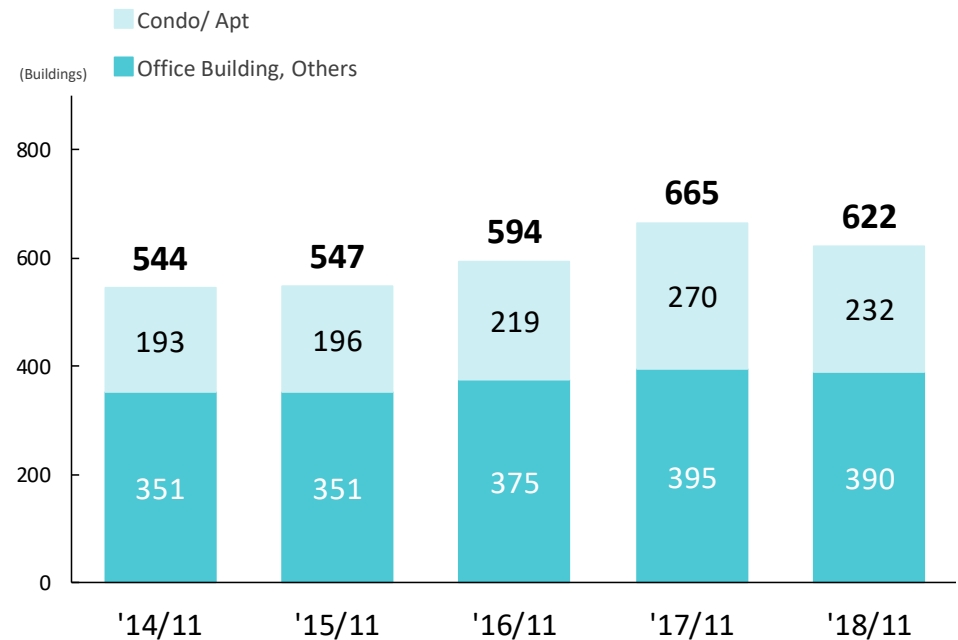


- ◆ Revenue ¥5.2 billion (up 12.8% yr/yr), Gross Profit ¥1.6 billion (up 21.9% yr/yr).
- ◆ Property management and building management fee increased to ¥3.6 billion (up 11.6%)
- ◆ Contracts for repair work were steady, and revenue from repair works and commission and fee also increased

Revenue / Gross Profit Margin



The Number of Properties Under Management



(¥million)	'16/11 Full Year	'17/11 Full Year	'18/11 Full Year
Revenue	4,005	4,637	5,232
Gross Profit	1,090	1,356	1,653
Operating Profit	141	278	453

*The revenue includes internal transactions

Example of Properties Under Management



Summary of Balance Sheet (Consolidated) - Assets -

- ◆ Total asset ¥138.7 billion (up 13.2% yr/yr)
- ◆ Investment Properties/PPE ¥42.5 billion (up 26.4 yr/yr), which accounts for more than 30% of total assets

	'17/11	Decrease		Increase		'18/5	Decrease		Increase		'18/11	Total YTD	
												Decrease	Increase
Total Assets	122,550	+12,385				134,935	+3,832				138,768	+16,218	
Cash and Cash Equivalents	23,750	+2,076				25,827	+693				26,520	+2,770	
Inventories (Properties)	59,718	+9,724				69,442	-6,985				62,457	+2,739	
		-18,864	+28,588				-22,983	+15,998				-41,848	+44,587
Investment Properties/PPE	33,665	-57				33,607	8,931				42,538	8,873	
		-280	+222				-4,572	+13,503				-4,852	+13,726
Other Assets	5,416	+641				6,058	+1,193				7,251	+1,835	

A: Change in Inventories (Properties)

Inventories(properties) increased ¥2.7 billion from the end of the previous fiscal year. The increase was attributed to new properties purchase and construction cost, etc., which exceeded decreases due to properties sold.

		(¥million)	Total	
Increase Factor	Acquisition			+27,923
	Construction Cost/Value-added, etc.,			+12,407
	Transfer from Non-current Assets			+4,256
Decrease Factor	Disposal by Sale		-36,506	
	Transfer to Non-current Assets		-4,884	
	Others		-456	
Total			-41,848	+44,587

B: Change in Investment Properties/PPE

Investment Properties/PPE increased ¥8.8 billion from the end of the previous fiscal year. The increase was attributed to a new investment property purchase, which exceeded decreases due to properties transfer to inventories, etc.

		(¥million)	Total	
Increase Factor	Acquisition			+8,505
	Transfer from Current Assets			+4,884
	Value-added, etc.			+336
Decrease Factor	Transfer to Current Assets		-4,256	
	Depreciation Expense, etc.		-596	
Total			-4,852	+13,726

Summary of Balance Sheet (Consolidated) - Liabilities/Equity -

◆ Maintained financial soundness by keeping an equity ratio of around 37.5% and Net D/E Ratio 0.93.

	'17/11	Decrease	Increase	'18/5	Decrease	Increase	'18/11	Total YTD	
								Decrease	Increase
Total Liabilities/Equity	122,550		+12,385	134,935		+3,832	138,768	+16,218	
Total Liabilities	76,391		+8,908	85,299		-1,446	86,746	+10,355	
Borrowings	67,123		+5,712	72,836		+2,188	75,025	+7,901	
			-21,529	+27,242		-20,546	+22,735	-42,076	+49,978
Current Borrowings	6,449		-209	6,239		+1,068	7,308	+859	
			-5,171	+4,961		-2,798	+3,867	-7,969	+8,829
Non-current Borrowings	60,674		+5,922	66,596		+1,120	67,716	+7,042	
			-16,358	+22,280		-17,747	+18,868	-34,106	+41,148
Other Liabilities	9,268		+3,195	12,463		-742	11,721	+2,453	
Equity	46,158		+3,476	49,635		+2,386	52,021	+5,862	
Equity Ratio (%)	37.7		-0.9	36.8		+0.7	37.5	-0.2	
Net D/E Ratio	0.94		+0.01	0.95		-0.01	0.93	-0.01	

A: Change in borrowings

		(¥million)	Total
Current	Increase Factor	New Borrowing upon Acquisition	+885
		Long-term borrowing which due became less than one year	+7,944
	Decrease Factor	Repayment upon Disposition	-4,765
		Other (Refinance, Repayment, etc.)	-3,204
Non-Current	Increase Factor	New Borrowing upon Acquisition	+34,408
		Other (Refinance, etc.)	+6,740
	Decrease Factor	Repayments upon Disposition	-21,121
		Other Repayments (Refinance, Repayment, etc.)	-5,040
	Long-term borrowing which due became less than one year	-7,944	
Total			-42,076 +49,978

The debt balance increased by ¥7.9 billion from the end of the previous fiscal year. The increase was attributed to new borrowings for property purchase and new development costs, which exceeded decreases due to properties sold and scheduled payment, etc.

B: Change in Equity

Total equity increased ¥5.8 billion from the end of the previous year, reflecting an increase of ¥6.8 billion in profits, the payment of ¥1.2 billion of Cash dividends paid, and ¥0.2 billion for exercise of stock options.

C: Financial Soundness

- Equity ratio is 37.5% (down 0.2 points from the end of the previous year).
- Net D/E ratio is 0.93 times (down 0.01 points from the end of the previous year).

Inventories – Breakdown -

◆ Balance of inventories ¥62.4 billion, Total expected disposition value ¥105.3 billion (Tosei's estimation)

Balance of Book Value As of end of November, 2018	62,457	(116 properties)
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Total Expected Disposition Value	105,357
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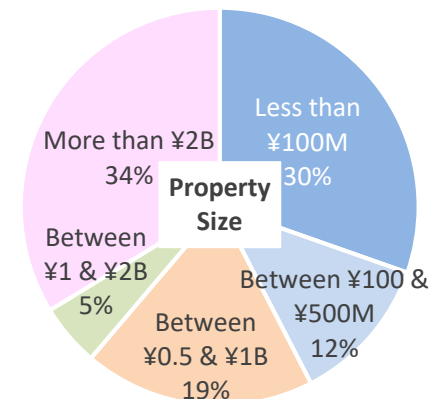
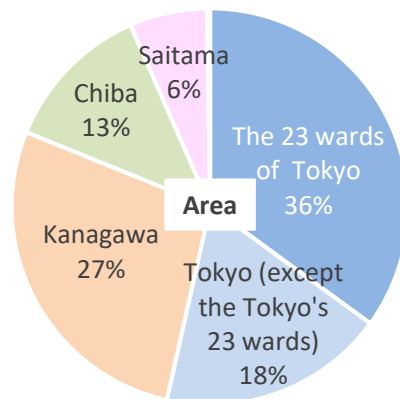
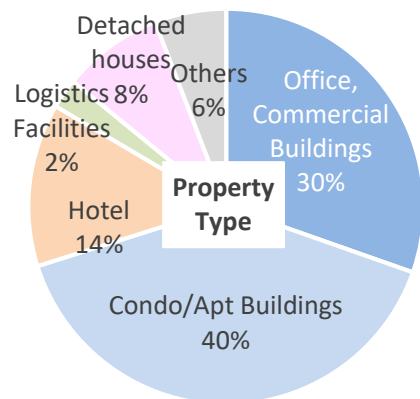
(¥million)

Breakdown of Inventories

Property type	Inventories				Total (A)+(B)	Expected Disposition Values		Total expected disposition value
	Revitalization (A)	No. of properties	Development (B)	No. of properties		Revitalization	Development	
Office, Commercial Building	20,874	34	2,448	3	23,322	28,746	3,089	31,835
Condo/Apt Building	16,447	44	9,267	5	25,714	20,413	21,271	41,684
Hotel	-	-	4,948	3	4,948	-	14,602	14,602
Logistics Facility	-	-	757	1	757	-	2,540	2,540
Detached House	-	-	5,100	13	5,100	-	8,594	8,594
Other	2,613	13	-	-	2,613	6,099	-	6,099
TOTAL	39,936	91	22,521	25	62,457	55,259	50,098	105,357

- The expected disposition values above are based on Tosei's estimate of revenue corresponding to the properties currently in the inventories. Actual amounts may vary significantly from the estimates, due to various factors.
- The inventories above represent carrying amount and may increase due to such factors as value-added investments and construction costs.
- The condominium buildings and detached houses are counted as each project being one property.

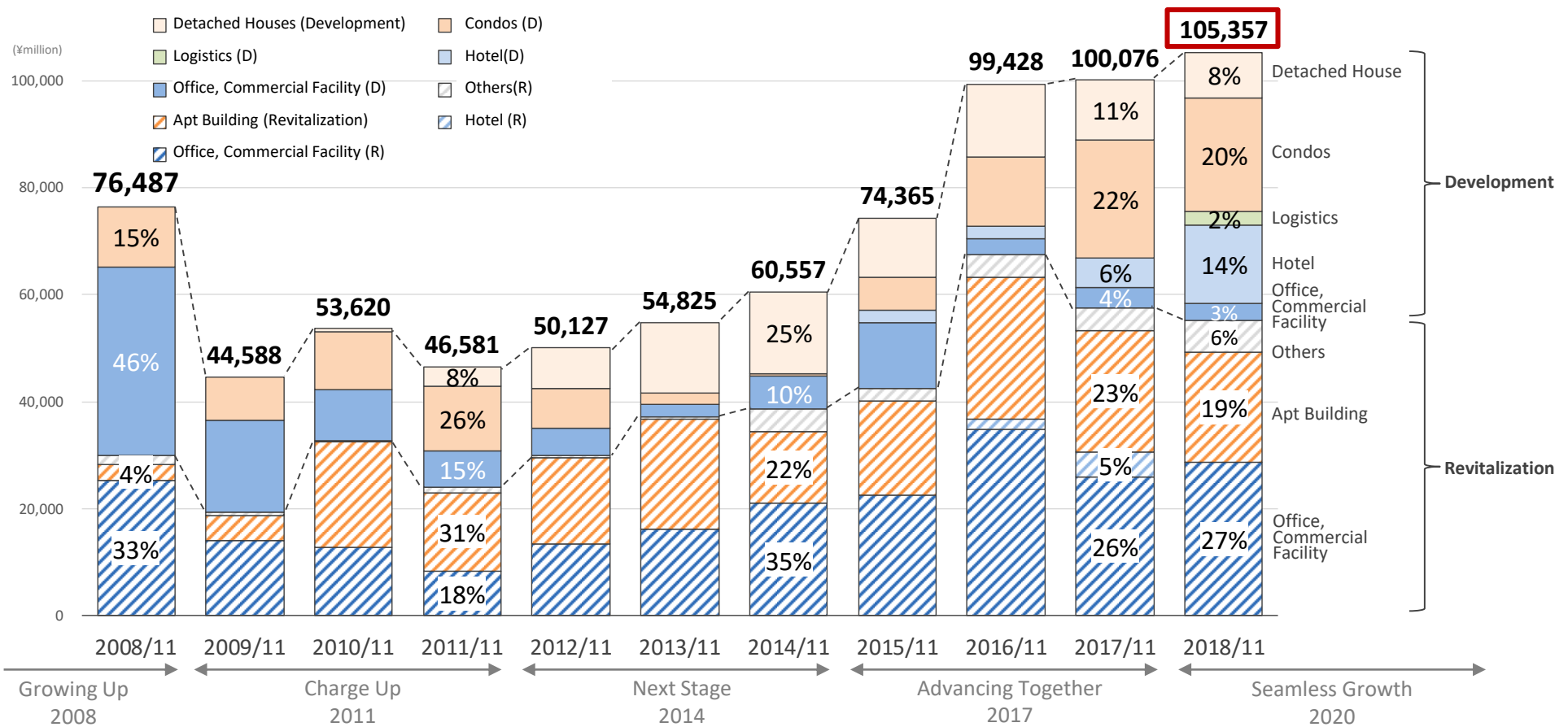
Expected Disposition Values



Note: Detached houses and condominiums are classified by one unit's price.

Inventories - Expected Disposition Values -

◆ Holds inventories to approximately revenue for 2 years (Revitalization Business & Development Business)



Balance between Inventories and Sales Volume

		(¥million)		
		'17/11	'18/11	'19/11 (forecast)
(Beginning-of-year) Inventories* ¹	(A)	99,428	100,076	105,357
Revenue* ²	(B)	45,465	48,055	56,821
Revenue* ² ÷ (beginning-of-year) Inventories	(B) ÷ (A)	46%	48%	54%

*1 Expected disposition values

*2 Sales from the trading business (Revitalization and Development business)

Investment Properties and PPE – Breakdown -

- ◆ Unrealized gains (after tax) is ¥15.1 billion
- ◆ Book values of the properties included in non-current assets is ¥42.3 billion

Balance of Book Value As of end of November 2018	42,370M (30 properties)	Fair Values	64,990M
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Breakdown of Investment Properties and PPE

Property Type	Balance of book value(A)	No. of Properties	Fair Values(B)	Unrealized Gains (B)-(A)
Office, Commercial Building* ¹	30,502	20	46,668	16,166
Condo/Apt Building	4,267	6	5,946	1,678
Hotel	6,646	3	10,905	4,259
Logistics Facility	953	1	1,469	515
Total	42,370	30	64,990	22,619 A

*1 Includes one property which is partially is a hotel

*2 Calculated by corporation tax rate 33%

* Fair values in above is based on the real estate appraisal by Tosei

* PPE book value doesn't include book value of structures attached to the buildings.

* Equipment, etc. are not included un the Assets

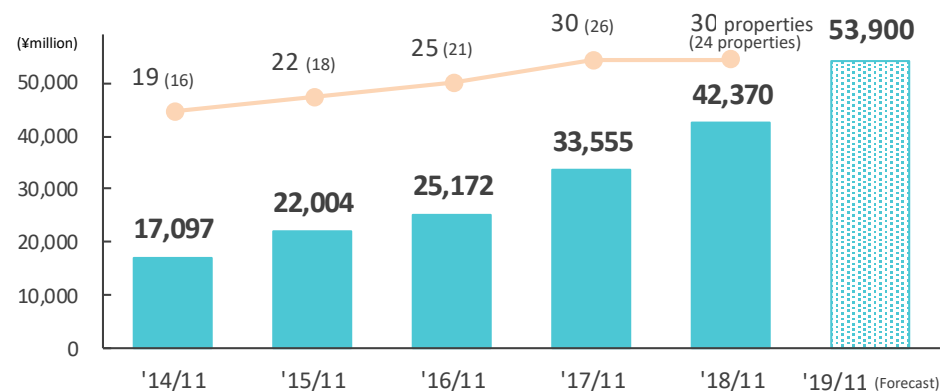
Income Tax Expense* ²	-7,464	B
Unrealized Gains (After Tax)	15,155	C (A+B)

Total Equity including unrealized gains (after tax) in above

	As of end of November, 2018	
	¥	Per Share
Total Equity [A]	¥52,021M	¥1,071.63
Unrealized Gains (after tax) [B]	¥15,155M	¥312.19
Total ([A]+[B])	¥67,176M	¥1,383.82

Changes in Investment Properties and PPE (Book Value)

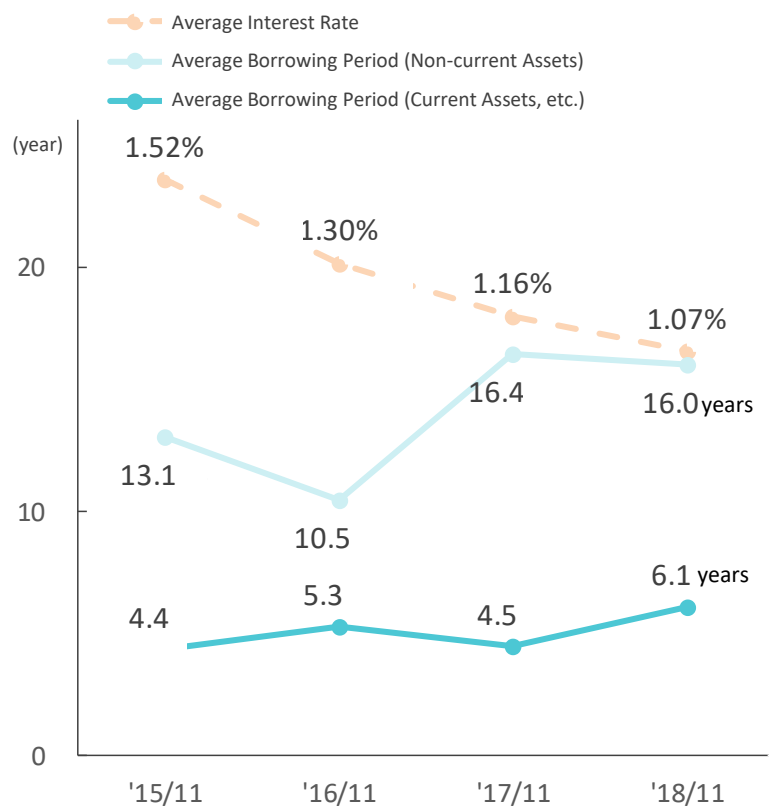
*() are the number of properties which have rental income



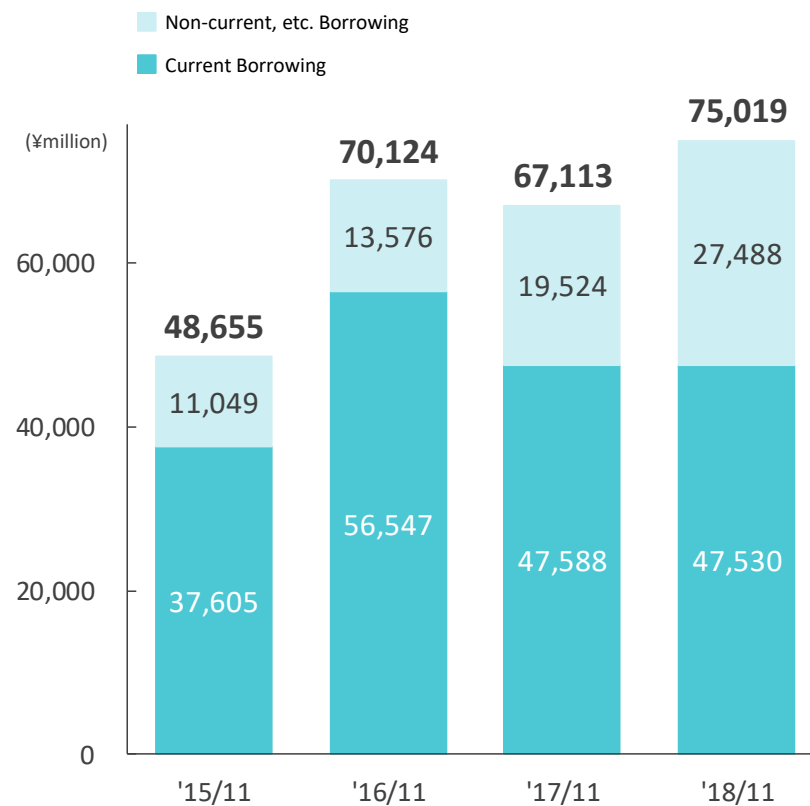
Borrowings from Financial Institutions

- ◆ Interest rate 1.07% (down 0.09% yr/yr), low interest rate continues.
- ◆ Generally borrow funds based on the assumption of mid- to long-term ownership of properties
- ◆ The average borrowing period of non-current assets is 16.0 years (up 0.4 years yr/yr), current assets, etc. is 6.1 years (up 1.6 years yr/yr)

Changes in Borrowing Rate*1 / Period*2



Changes in Borrowing*3 Balance



*1 The weighted-average rate of borrowing balance of end of each fiscal year

*2 Borrowing period are calculated using the weighted average of period from the date of borrowing until due date of borrowing depending on the borrowing balance.

*3 Lease debts are not included

Overview of Segment Results (Consolidated) -Revenue and Cost of Revenue-

(¥million)

Revenue	FY2017		FY2018		yr/yr Change	
		%		%		%
Total	57,754	100.0%	61,543	100.0%	3,788	6.6%
Revitalization	40,268	69.7%	34,793	56.5%	-5,474	-13.6%
Development	5,197	9.0%	13,261	21.5%	8,064	155.2%
Rental	6,237	10.8%	6,178	10.0%	-59	-1.0%
Fund and Consulting	2,802	4.9%	3,038	4.9%	236	8.4%
Property Management	4,637	8.0%	5,232	8.5%	594	12.8%
Other	0	-	358	0.6%	358	-
Internal Transaction	-1,388	-2.4%	-1,319	-2.1%	69	-5.0%

Cost of Revenue	FY2017		FY2018		yr/yr Change	
		%		%		%
Total	40,937	70.9%	42,820	69.6%	1,882	4.6%
Revitalization	31,081	77.2%	26,577	76.4%	-4,503	-14.5%
Development	4,221	81.2%	10,222	77.1%	6,001	142.2%
Rental	3,373	54.1%	3,395	55.0%	21	0.6%
Fund and Consulting	263	9.4%	187	6.2%	-76	-28.9%
Property Management	3,280	70.7%	3,578	68.4%	298	9.1%
Other	-0	-	7	2.0%	7	-
Internal Transaction	-1,282	-	-1,149	-	133	-10.4%

Overview of Segment Results (Consolidated) -Gross Profit and Operating Profit-

(¥million)

Gross Profit	FY2017		FY2018		yr/yr Change	
		%		%		%
Total	16,816	29.1%	18,723	30.4%	1,906	11.3%
Revitalization	9,186	22.8%	8,215	23.6%	-970	-10.6%
Development	976	18.8%	3,038	22.9%	2,062	211.3%
Rental	2,864	45.9%	2,782	45.0%	-81	-2.8%
Fund and Consulting	2,538	90.6%	2,850	93.8%	312	12.3%
Property Management	1,356	29.3%	1,653	31.6%	296	21.9%
Other	0	-	351	98.0%	350	-
Internal Transaction	-106	-	-169	-	-63	60.1%

Operating Profit	FY2017		FY2018		yr/yr Change	
		%		%		%
Total	9,833	17.0%	10,875	17.7%	1,041	10.6%
Revitalization	7,845	19.5%	6,770	19.5%	-1,074	-13.7%
Development	-408	-7.9%	1,487	11.2%	1,895	-463.9%
Rental	2,581	41.4%	2,534	41.0%	-47	-1.8%
Fund and Consulting	1,273	45.4%	1,616	53.2%	342	26.9%
Property Management	278	6.0%	453	8.7%	175	63.1%
Other	-74	-	-45	-12.6%	29	-
Corporate Expenses, etc.	-1,661	-	-1,941	-	-280	16.9%

Summary of Cash Flow Statements (Consolidated)

	(¥million)		
	FY2017 (A)	FY2018 (B)	yr/yr Change (B)-(A)
Cash flows from Operating activities	7,089	7,615	526
Profit before tax	9,049	10,171	1,121
Depreciation expense	393	621	228
Increase / Decrease in inventories	353	-932	-1,286
Income taxes paid	-4,027	-2,226	1,801
Other, net	1,320	-18	-1,338
Cash flows from Investing activities	-18	-10,786	-10,767
Increase / Decrease in PPE	-30	-72	-41
Increase / Decrease in investment properties	-1,282	-8,714	-7,431
Other, net	1,294	-2,000	-3,294
Cash flows from Financing activities	-4,962	5,941	10,904
Increase / Decrease in borrowings	-3,010	7,905	10,916
Cash dividends paid	-1,061	-1,206	-145
Interest expenses paid	-886	-960	-74
Other, net	-3	204	207
NET Increase / Decrease in cash and cash equivalents	2,108	2,770	662
Cash and cash equivalents at beginning of year	21,640	23,750	2,109
Effect of exchange rate change on cash and cash equivalents	1	-0	-1
Cash and cash equivalents at end of year	23,750	26,520	2,770

Cash Flows from Operating Activities

¥7.6 billion Increased

Mainly due to ;

- ¥10.1 billion of profit before tax
- ¥0.9 billion increase in inventories
- ¥2.2 billion decrease due to income taxes paid

Cash Flows from Investing Activities

¥10.7 billion Decrease

Mainly due to;

- ¥8.7 billion increase in investment properties
- ¥1.5 billion payment due to acquisition of subsidiaries' stock through M&A

Cash Flows from Financing Activities

¥5.9 billion Increase

Mainly due to;













- ¥7.9 billion net increase in borrowings
- ¥1.2 billion decrease of cash dividends paid
- ¥0.9 billion decrease of interest expenses paid

II. Recognition of the Current Business Environment / Mid-term Management Plan “Seamless Growth 2020”

Recognition of the Current Business Environment

- ◆ The number of real estate trades will remain firm overall despite high real estate prices.
- ◆ However, the number of trades of income-generating wooden apartments will decrease due to the impact of stricter banks loans.
- ◆ Brisk trades, which are supported by high yield gaps attributable to a low level of concern over the increase in domestic interest rates on loans, will continue over the upcoming months in the real estate investment market.

Policy, Industry Conditions, Demand and Supply Trends etc.

Common Factors		<ul style="list-style-type: none"> The Abenomics period of expansion is expected to break the previous record for longest period of postwar economic growth (73 months) in Jan.2019. A number of measures are expected to alleviate an economic downturn that may be caused by an increase in the consumption tax scheduled for Oct. 2019. The Japanese economy will continue to grow moderately on the back of strong domestic demand, despite deepening concern over the global economy. Steady growth will continue because the impact of a decline in construction demand is expected to be immaterial after the 2020 Tokyo Olympics. 	
Office		<ul style="list-style-type: none"> The vacancy rate decrease to 1.98%, the lowest in history. As of Nov. 2018, the rent is rising gradually in 59 consecutive months. The supply-demand balance will continue to be tight for the time being on the back of strong demand for office expansion. 	
Housing	New Condos		<ul style="list-style-type: none"> The contracts rate fell due to high price. New supply in the Greater Tokyo Area is expected to increase 0.8% from the previous year to 37,000 units according to the 2019 forecast of a private research institution.
	Used Condos		<ul style="list-style-type: none"> The number of sales during Jan. to Nov. 2018 were 34,000 units, at approximately the same level as for previous year, due to consumers' price consciousness.
	Detached Houses		<ul style="list-style-type: none"> Firm demand continues, and the number of construction during Jan. to Nov. 2018 were 56,000 houses, remain at the same level as in the previous year.
	Income-generating Apartment		<ul style="list-style-type: none"> Leveraged effect decreased due to tightened credit standards over lending to individual investors.
Hotel		<ul style="list-style-type: none"> The numbers of hotel rooms and inns in Tokyo are 169,000 hotel rooms and 2,024 inns (as of Mar 2018). Based on current plans, 24,000 hotel rooms and 173 inns are expected to be added between Apr. 2018 and Mar. 2020. Although there is concern over a slight oversupply, if the number of foreign tourists to Japan reached the 2020 goal 40 million, demand is expected to exceed the supply. 	
Commercial Facility		<ul style="list-style-type: none"> The retail sales during Jan. to Oct. 2018 was ¥118 trillion, a 1.8% increase from previous year. Rent growth is sluggish due to effects of aging society with low birthrate and expansion of EC market will retard the real store sales . 	
Logistics		<ul style="list-style-type: none"> Demand will continue to be strong in the Greater Tokyo Area thanks to strong demand for rental properties from third-party logistics companies and mail-order companies. From Nov. 2017 to Oct. 2018, there was a new supply of 6,670 thousand tsubo. Rental logistics facility stock in Greater Tokyo Area is 4,920 thousand tsubo as end of Oct. 2018. 	
Funds	Private Placement		<ul style="list-style-type: none"> As of end of Jun. 2018, the market for private placement funds grew to ¥16.9 trillion. (Private Placement Fund : ¥14.2trillion, Private Placement REITs : ¥2.7 trillion)
	J-REIT		<ul style="list-style-type: none"> Tokyo Stock Exchange REIT Index is late 1,700 points The J-REIT market expanded to ¥17.9 trillion as of end of Nov. 2018. Real estate price increases will be seen as an opportunity. Efforts to property replacement will be stepped up.
Loan Environment		<ul style="list-style-type: none"> Bank loans for the real estate industry reached ¥99 trillion to hit a record high, which is 15.7% of the total amount of bank loans (¥629 trillion), although, stricter rules will be applied to banks loans for income- generating apartments. 	

1

Focus on Small-to Mid-size Properties

- Demand for properties for sale, acquisition and rent is stable due to a large amount of stock. There chances are good that our market share will increase because there are not many competitors.
- In the Revitalization Business, we acquire aged/deteriorated property in comparatively cheap price (10% profit margin) and then add-value by revitalizing (10% profit margin)
The business models we practice enable us to operate business without depending on price increases in the real estate market.

2

Portfolio Management through Our 6 Business Lines

- **We have a stable management structure which respond to cyclical changes in the real estate investment market.**
It is based on portfolios featuring a combination of real estate Trading Businesses that contribute to revenue generation and Stable Businesses, namely, stock-based fee businesses.
- “Trading Business” are Revitalization and Development Business, “Stable Business” are Rental, Fund & Consulting, Property Management and Hotel (newly established) , and we leverage synergies for the development of businesses that should be managed differently from the perspectives of cash flow and payback periods.

3

Providing a Variety of Products

- **We implement investment strategies to respond to demand trends in the real estate market.**
Based on such strategies, we provide a variety of products, sales strategies and revitalization expertise, and quickly respond to demand trends in the market.
- By offering a variety of properties such as offices, condominiums, rental apartments, detached houses, hotels and logistics facilities, etc., we can expand investment opportunities and provide services to clients, such as domestic and foreign institutional investors, operating companies and individuals, who conduct different investment activities.

Mid-term Management Plan (FY2018 - FY2020) -Target Performance-

**Seamless
Growth 2020**

To continue growth as a whole Group to build a firm position as a unique comprehensive real estate company.

Performance Indicator Guidance

【Profit Growth (consolidated)】

- Revenue for the final fiscal year: ¥100 billion
- Profit before tax for the final fiscal year: ¥12 billion
- Average profit growth rate of the three years: 10% or more
- Average ROE of the three years: 12% or more

【Financial Soundness】

- Expansion of the ratio of stable businesses
(Gross Profit Margin : achieve 50/50 weight balance between Trading Business and Stable Business*)
- Aim to keep an equity ratio of around 35% in consideration of financial soundness.

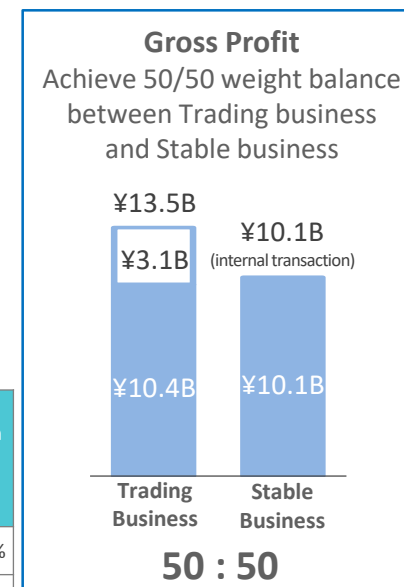
* Established Hotel Business as a new segment in FY2019.

Of the six existing business segments, the Revitalization Business and the Development Business are defined as the “trading business” and the Rental Business, the Fund and Consulting Business, the Property Management Business and Hotel Business are defined as the “stable business.” Under this plan, gross profit of the trading business excludes selling expenses pertaining to property trading.

Mid-term Management Plan (FY2018 - FY2020) -P/L Simulation -

- [Basic policy]
- Expand businesses in all segments.
 - Increase the ratio of stable businesses in the revenue and profit structure (fifty-fifty for trading businesses to stable businesses)

		FY2017			FY2018 (A)			FY2019 Forecast (B)			FY2020 Forecast (C)			
		Revenue	Gross Profit	Profit Margin	Revenue	Gross Profit	Profit Margin	Revenue	Gross Profit	Profit Margin	Revenue	Gross Profit	Profit Margin	
(¥ million)														
Revenue, Gross profit		57,754	16,816	29.1%	61,543	18,723	30.4%	71,510	20,956	29.3%	100,000	23,737	23.7%	
Trading Business	Revitalization	40,268	9,186	22.8%	34,793	8,215	23.6%	41,795	9,672	23.1%	60,882	9,516	15.6%	A
	Development	5,197	976	18.8%	13,261	3,038	22.9%	15,025	3,153	21.0%	21,432	4,025	18.8%	B
		45,465	10,162	22.4%	48,055	11,254	23.4%	56,821	12,825	22.6%	82,314	13,541	16.5%	
Stable Business	Rental	6,237	2,864	45.9%	5,979	2,701	45.2%	6,465	3,139	48.6%	9,461	5,375	56.8%	C
	Fund and Consulting	2,802	2,538	90.6%	3,038	2,850	93.8%	2,886	2,746	95.1%	2,999	2,861	95.4%	D
	Property Management	4,637	1,356	29.3%	5,232	1,653	31.6%	5,656	1,650	29.2%	6,295	1,709	27.1%	E
	Hotel	0	0	-	557	432	77.5%	1,076	859	79.8%				
	Other	0	0	-	0	0	-	0	0	-	962	914	95.0%	F
		13,677	6,759	49.4%	14,807	7,638	51.6%	16,084	8,396	52.2%	19,717	10,859	55.1%	
Internal Transactions		-1,388	-106	-	-1,319	-169	-	-1,395	-264	-	-2,031	-663	-	
Selling, general and administrative expenses, etc.	Selling expenses pertaining to property trading		1,457	2.5%		1,603	2.6%		1,934	2.7%		3,109	3.1%	G
	Other expenses		5,525	9.6%		6,243	10.1%		6,969	9.7%		7,235	7.2%	
Operating profit			9,833	17.0%		10,875	17.7%		12,052	16.9%		13,393	13.4%	
Profit before tax			9,049	15.7%		10,171	16.5%		11,230	15.7%		12,231	12.2%	
Profit for the year			6,155	10.7%		6,852	11.1%		7,708	10.8%		8,194	8.2%	
Profit per share (¥)			127.48			141.36			158.79			169.72		
													Growth rate (C÷A)	
													136.2%	
													135.2%	
													133.1%	
													133.1%	



*Excluding the property sales expenses of ¥3.1 billion that are included in the gross profit.

*Calculated based on the number of shares as of November 30, 2017 for FY2020 and thereafter.

*The revenue of the Rental business has been partially transferred in consideration of the establishment of a new hotel business in FY2019. For comparison, segment information for FY2018 is presented based on the revised classification in this material.

Mid-term Management Plan (FY2018 - FY2020) -B/S Simulation -

Seamless Growth 2020

Aim to keep an equity ratio of 35% in consideration of financial soundness

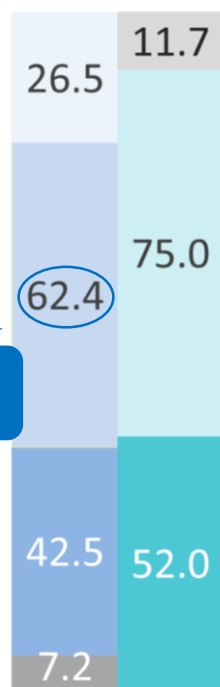
*In this simulation, calculations have been made based on the assumption that the corporate tax is 33% and capital is not increased. The simulation is based on the information available Financial hurdles. The actual amount may vary significantly due to various factors.
* Forecast for FY2020 is same as of announced in 10 Jan. 2018. The numbers are not reviewed.

As of end of FY2020
Revenue ¥100 million

¥190.2 billion

As of end of FY2018 (result)

¥138.7 Billion



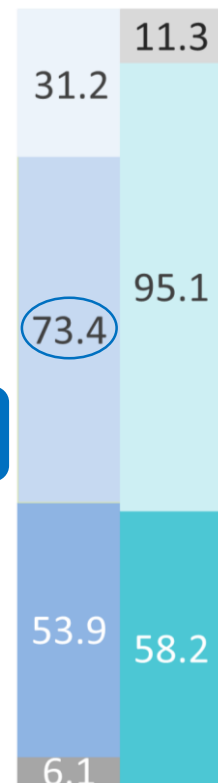
¥105.3 billion
(disposition value)

37.5%

0.93

As of end of FY2019 (forecast)

¥164.6 Billion



¥113.5 billion
(disposition value)

35.4%

1.10

Cash and cash equivalents

23.9

Inventories (properties)

87.9

Investment properties/PPE

72.8

Other assets

5.6

10.7

Other Liabilities

115.0

Borrowings

64.6

Equity

¥138.8 billion
(disposition value)

*Expected based on the average for the most recent three years (1.58 times book value)

Capital Equity Ratio

34.0%

Net D/E Ratio

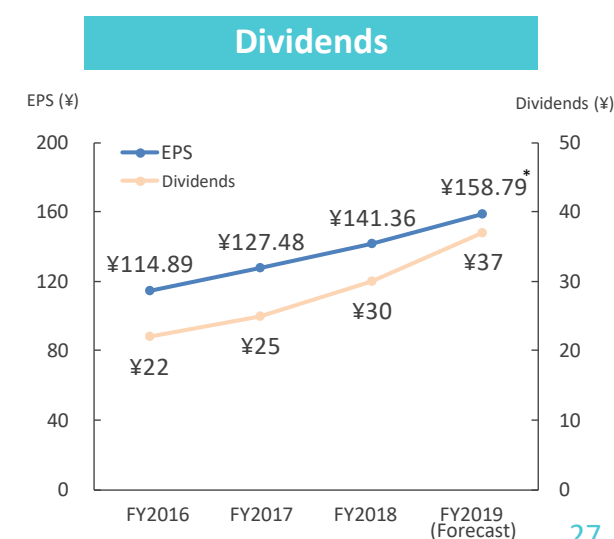
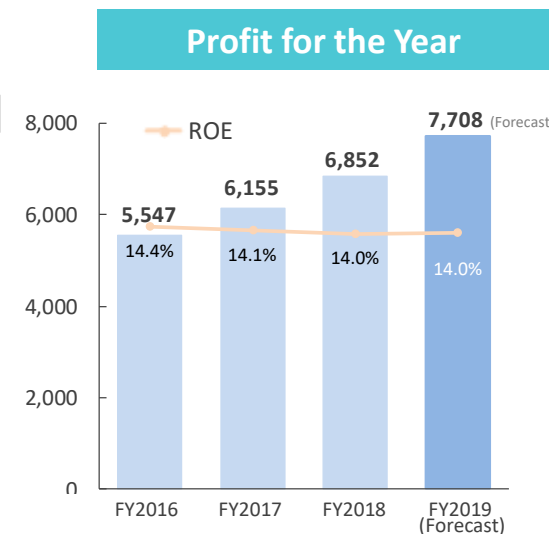
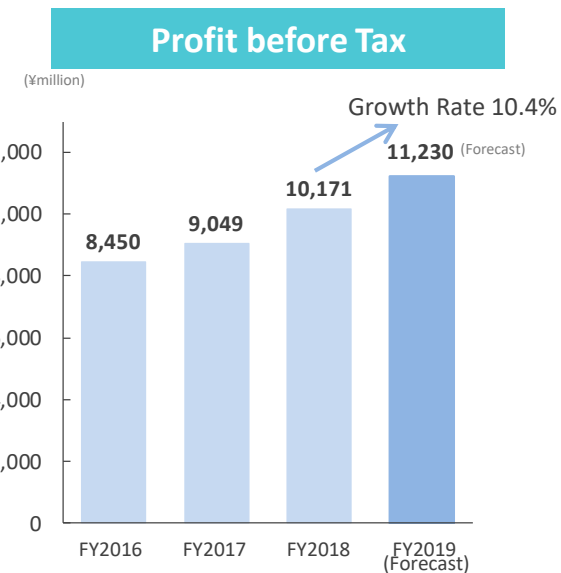
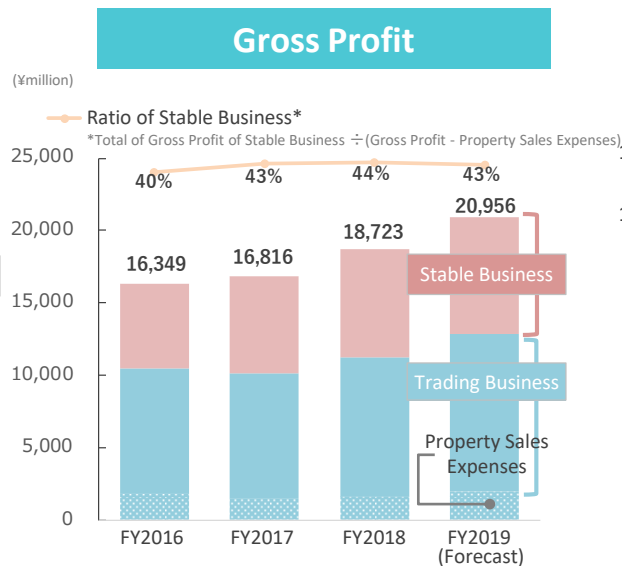
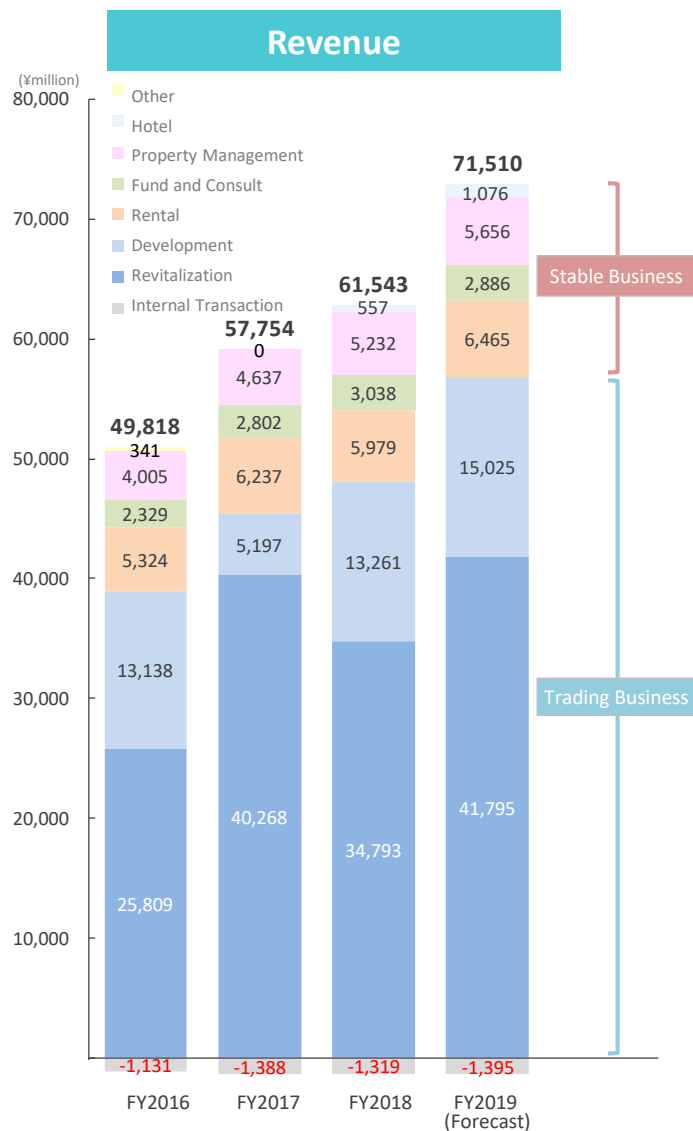
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III. Business Development in FY2019

Forecast for FY2019 - Revenue/ Profit Summary -

- ◆ Aim to achieve more than 10% growth in FY2019 as well
- ◆ Established Hotel Business as a new segment in FY2019 to make it grow as a new source of revenue.

*The revenue of the Rental business has been partially transferred in consideration of the establishment of a new Hotel Business. For comparison, segment information for FY2018 is presented based on the revised classification in this material.



* FY2018 EPS is calculated by using the number of stocks as of end of FY2018

Forecast for FY2019 -Segment Overview-

- ◆ Implement investment strategy that quickly respond to market changes.
- ◆ Expand both Trading Business and Stable Business by growing each businesses

	FY2017		FY2018 (A)		FY2019 (B)		yr/yr change	
		%		%	(forecast)	%	(B) - (A)	%
(¥ million,%)								
Revenue	57,754	100.0	61,543	100.0	71,510	100.0	9,966	16.2
Revitalization	40,268	69.7	34,793	56.5	41,795	58.4	7,002	20.1
Development	5,197	9.0	13,261	21.5	15,025	21.0	1,763	13.3
Rental	6,237	10.8	5,979	9.7	6,465	9.0	486	8.1
Fund and Consulting	2,802	4.9	3,038	4.9	2,886	4.0	-152	-5.0
Property Management	4,637	8.0	5,232	8.5	5,656	7.9	424	8.1
Hotel	0	0.0	557	0.9	1,076	1.5	518	93.0
Others	0	0.0	0	0.0	0	0.0	0	-
Internal Transactions	-1,388	-	-1,319	-	-1,395	-	-75	5.7
Gross profit	16,816	29.1	18,723	30.4	20,956	29.3	2,233	11.9
Revitalization	9,186	22.8	8,215	23.6	9,672	23.1	1,456	17.7
Development	976	18.8	3,038	22.9	3,153	21.0	114	3.8
Rental	2,864	45.9	2,701	45.2	3,139	48.6	438	16.2
Fund and Consulting	2,538	90.6	2,850	93.8	2,746	95.1	-104	-3.7
Property Management	1,356	29.3	1,653	31.6	1,650	29.2	-2	-0.2
Hotel	0	0.0	432	77.5	859	79.8	426	98.7
Others	0	-	0	-	0	-	0	-
Internal Transactions	-106	-	-169	-	-264	-	-95	56.0
Selling, general and administrative expenses, etc.	7,153	12.4	7,860	12.8	8,912	12.5	1,052	13.4
Selling expenses pertaining to property trading	1,457	2.5	1,603	2.6	1,934	2.7	330	20.6
Selling, general and administrative expenses (Exclude sales expenses pertaining to property trading)	5,696	9.9	6,256	10.2	6,977	9.8	721	11.5
Other income	215	0.4	147	0.2	9	0.0	-137	-93.8
Other expenses	44	0.1	134	0.2	1	0.0	-133	-99.3
Operating profit	9,833	17.0	10,875	17.7	12,052	16.9	1,176	10.8
Revitalization	7,845	19.5	6,770	19.5	7,857	18.8	1,086	16.1
Development	-408	-7.9	1,487	11.2	1,484	9.9	-2	-0.2
Rental	2,581	41.4	2,453	41.0	2,932	45.4	478	19.5
Fund and Consulting	1,273	45.4	1,616	53.2	1,470	50.9	-146	-9.0
Property Management	278	6.0	453	8.7	359	6.4	-94	-20.7
Hotel	0	0.0	36	6.5	189	17.6	152	422.3
Others	-74	-	0	-	0	-	0	-
Corporate expenses, etc.	-1,661	-	-1,941	-	-2,240	-	-299	15.4
Finance income/costs(net)	-784	-	-704	-	-822	-	-117	16.8
Profit before tax	9,049	15.7	10,171	16.5	11,230	15.7	1,059	10.4
Income tax expenses	2,894	-	3,318	-	3,521	-	202	6.1
Profit for the year	6,155	10.7	6,852	11.1	7,708	10.8	856	12.5

Trading Business

Revitalization Business

- Sales plan increased from 44 properties to 65 properties compared to the previous fiscal year.

- Contracted properties profit margins are favorable. Gross profit margin is expected to be 23.1%, same level as previous fiscal year.

Development Business

- 1 Condominium (THE Palms Chofu Manor Garden)
- 2 Commercial Facilities
- 143 Detached Houses
- Gross Profit Margin (forecast) 21.0%

Stable Business

Hotel Business

- Established from this fiscal year. (2 Own management, 2 Hotel lease)
- Establish own management system, promote new hotel developments

Personnel Structure

- Number of consolidated employees increased by 52 to 483 (FY2018 431 employees)
- Increased sales team from FY2019 (from 4 to 5 Asset Management Departments)

*The revenue of the Rental business has been partially transferred in consideration of the establishment of a new Hotel Business. For comparison, segment information for the FY2018 is presented based on the revised classification in this material.

*The orange portion shows gross profit margin and operating profit margin

Business Strategies FY2019 - Revitalization Business -

Revitalization

Gross Profit Margin



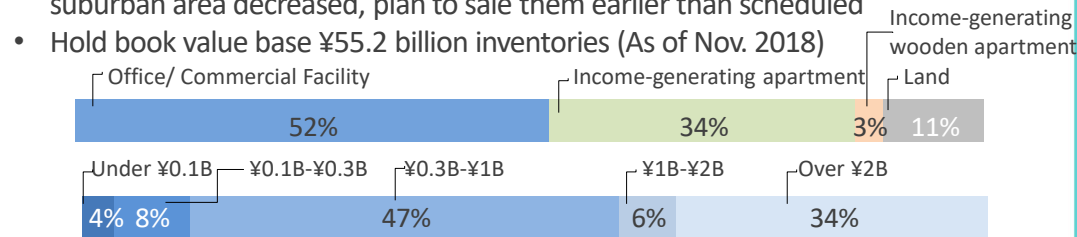
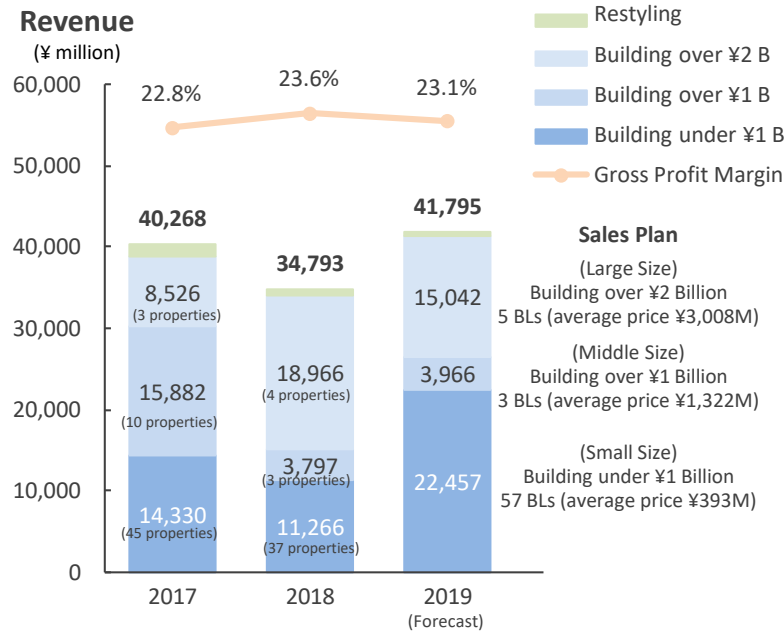
Aim to increase our market share of used properties by diversifying products and sales approaches.

Based on optimal revitalization plans with a focus on profitability, implement business models that enable us to promote businesses without depending on real estate price increases.

◆ Continue to provide the market with needs-oriented products as office demand and investment demand for real estate remain firm.

- Tap into every customer group by handling a broad range of properties
- Increase offices in central area and income-generating apartments near stations where there is a strong demand
- Due to demand for income-generating apartments and wooden apartments in suburban area decreased, plan to sale them earlier than scheduled
- Hold book value base ¥55.2 billion inventories (As of Nov. 2018)

Sales Plan and Measures



• Implement sales strategies in response to the needs of customer group

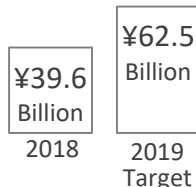
Individual Investors	<ul style="list-style-type: none"> • Working on small-lot property investment product under the framework of the Act on Specified Joint Real Estate Ventures (Crowd Funding)
Wealthy Individual / General Corporation	<ul style="list-style-type: none"> • Improve the efficiency of acquisition and the speed of commercialization by making faster decisions on acquisition for small-sized properties. • Implement optimal revitalization plans while keeping profitability ratios in mind
Funds * REIT	<ul style="list-style-type: none"> • Focus on acquisition of mid-to large-sized properties • Aim for higher profits by creating opportunities with a variety of solutions

	FY2017	FY2018	FY2019
(¥ million)	Full Year	Full Year	Forecast
Revenue	40,268	34,793	41,795
Gross profit	9,186	8,215	9,672
Operating profit	7,845	6,770	7,857
No. of sales (Restyling)	45 units	22 units	12 units
No. of sales (whole buildings)	58 PJs	44 PJs	65 PJs

Acquisition Target of FY2019

(Delivery Bases)

*Include non-current assets



Examples of properties on sale in FY2019



Business Strategies FY2019 -Development Business-

Development

Gross Profit Margin

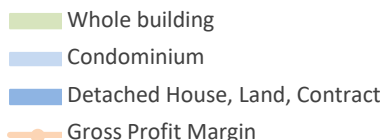
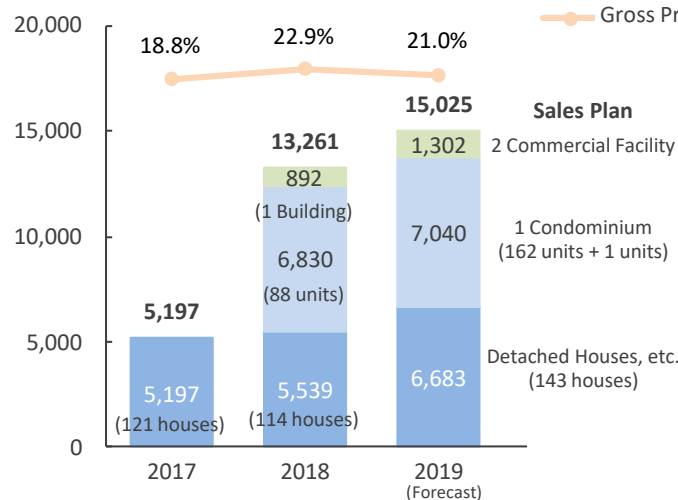


Offer optimal development plans that match to each location without being particular to any specific product type.
Continue to supply products that generate a high level of customer satisfaction under the Tosei brand.

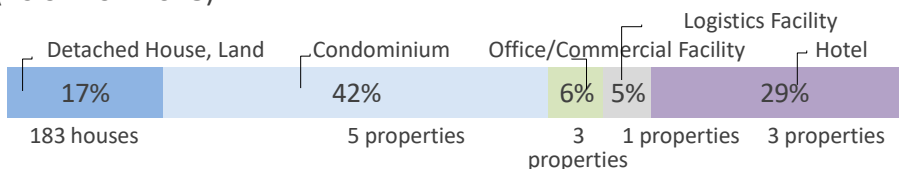
- ◆ Sales plan for FY2019 is 1 Condominium, 2 Commercial Facilities and 143 Detached Houses
- ◆ Sales of THE Palms Chofu Manor Garden is favorable

Sales Plan and Measures

Revenue (¥ million)



- There are approx. ¥50 billion worth products on delivery basis (As of Nov. 2018)



Examples of properties on sale in FY2019



THE Palms Chofu Manor Garden (162units)



THE Palms Court Higashi-Nakano



THE Palms Court Mitsuike-koen II

Delivery scheduled next Fiscal Year

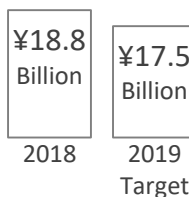


THE Palms Sagamihara Park Brightia (243 units)

	FY2017 Full Year	FY2018 Full Year	FY2019 Forecast
Revenue (¥million)	5,197	13,261	15,025
Gross profit	976	3,038	3,153
Operating profit	-408	1,487	1,484
No. of sales (detached houses)	121 units	114 units	143 units
No. of sales (condos)	-	88 units	163 units
No. of sales (whole buildings)	-	1 PJs	2 PJs

Acquisition Target of FY2019

(Delivery Bases)



Business Strategies in FY2019 -Development Business- Future Development

Development Project Schedule (Holding / Scheduled to be completed)

2017	Hotel	Tosei Hotel Cocone Kanda (holding)
	Commercial Facility	T'S BRIGHTIA Minami Aoyama II (holding)
2018	Condominium	THE Palms Setagaya Yutenji Master Place (89 units, 1 unite on sale)
	Commercial Facility	T'S BRIGHTIA Chiba-Cyuo (Sold Dec. 2018)
	Commercial Facility	T'S BRIGHTIA Fujimidai (holding)
2019	Condominium	THE Palms Chofu Manor Garden (162 units on sale)
	Rental Apartment	Yokohama-shi Hiranumabashi Rental Apartment Project
2020	Hotel	Tosei Hotel Cocone Asakusa Project
	Condominium	THE Palms Sagamihara Park Brightia (243 units, on sale)
	Hotel	Tosei Hotel Cocone Ueno-Okachimachi Project
	Logistics	Sagamihara-shi Logistics Project
	Logistics	Hasuda-shi Logistics Project (Acquired the land at Dec. 2018)
	Condominium	Toda-shi Condominium Project
	Hotel	Tosei Hotel Cocone Chiba-minato Ekimae Project
After 2021	Commercial Facility	Kichijoji 2cho-me Commercial Facility Project (Acquired the land at Dec. 2018)
	Hotel	Tosei Hotel Cocone Asakusa II Project (contract has been completed but ownership has not yet been transferred)
	Hotel	Tosei Hotel Cocone Tsukiji Project (contract has been completed but ownership has not yet been transferred)



T'S BRIGHTIA Minami-Aoyama II



T'S BRIGHTIA Chiba-chuo



T'S BRIGHTIA Fujimidai



Yokohama-shi Hiranumabashi Rental Apartment Project



THE Palms Sagamihara Park BRIGHTIA



Sagamihara Logistics Project



Hasuda-shi Logistics Project

Condominium	4
Rental Apartment	1
Logistics	2
Commercial Facility	4
Hotel	6
Total	17

*Photos are conceptual images and may subject to change.

Business Strategies in FY2019 -Acquisition-

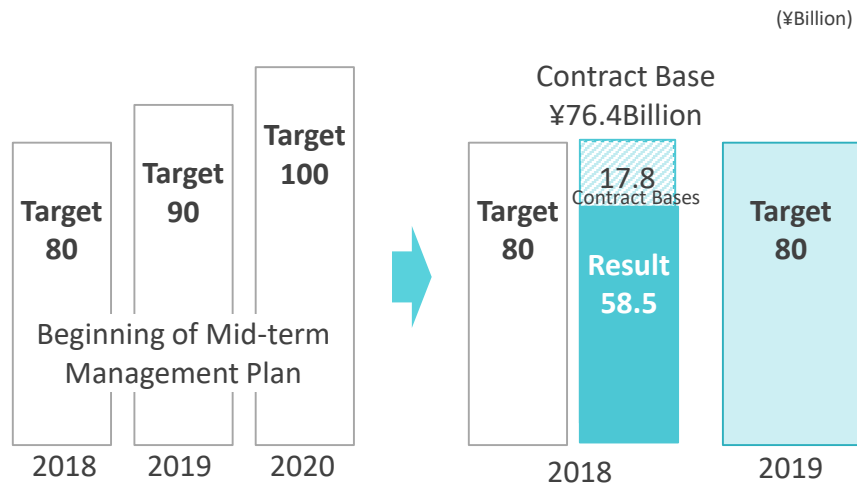
- ◆ The price of offices in central Tokyo remain at a high level
- ◆ On the other hand, with respect to properties in the suburbs, prices will be adjusted for certain properties such as apartments for individual investors and income-generating apartments.

Acquisition Target for FY2019

The inventory of some properties was intentionally held in FY2018 due to the posting of higher-than-expected profits. Acquisition expectations for FY2019 will remain at the same level as those for the previous year.

Acquisition Target (delivery basis)

(expected disposition values)



- Set the targeted amount of inventory at the amount equal to total sales for a two-year period. Keep the balance between sales and acquisitions in mind.
(Inventories as of end on Nov. 2018 is ¥105.3Billion (disposition value base. In FY2019 plan to sale ¥56.8 billion of inventories (Revitalization + Development)).
- Change the product portfolio in response to changes in market demand.

Decrease Stocks ← → Increase Stocks

Income- generating property with low liquidity

Located in suburban area,
Far from the station,
Rental apartment

Income- generating property with high liquidity

Located near central area,
Close to the station,
Office BLs, Commercial BLs and Hotels

Acquisition Plan & Policy

Investing Area : Develop the Greater Tokyo Area intensively.

Investing Target : Flexibly consider acquiring any real estate, irrespective of property types and price ranges.

Measure : Promote improvement of efficiency and acquisition capabilities.

Business Strategies FY2019 -Fund and Consulting Business-

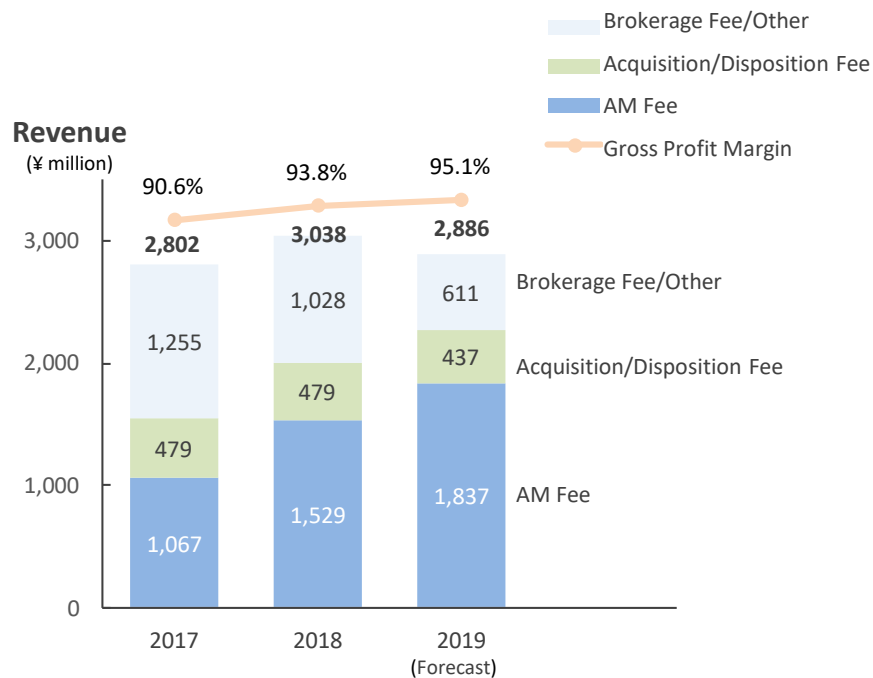
Fund & Consulting

Gross Profit Margin

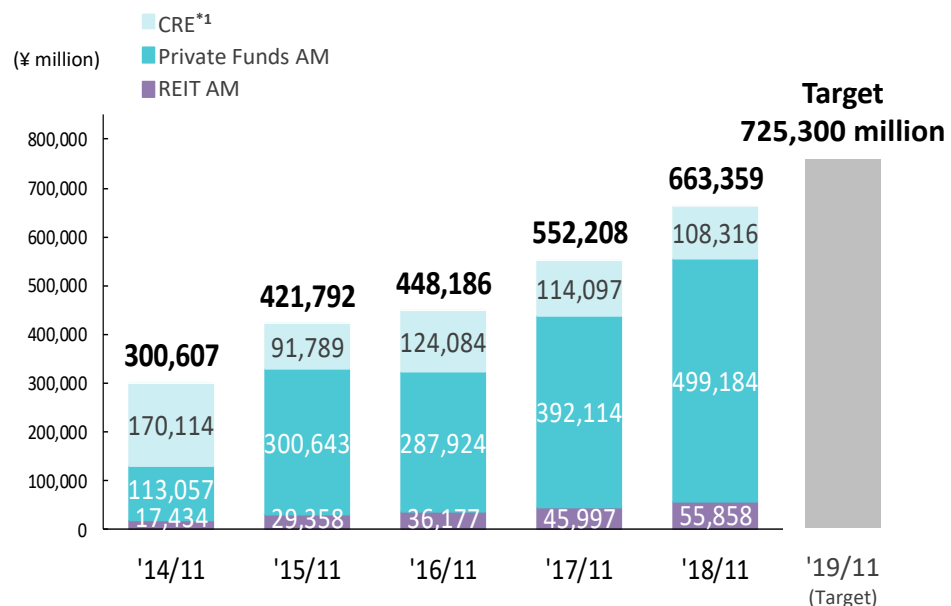


Develop skills to respond to diverse fund arrangements.

Aim to increase AUM balances to ¥700 billion by capturing investors' strong investment demand.



Increase Assets Under Management

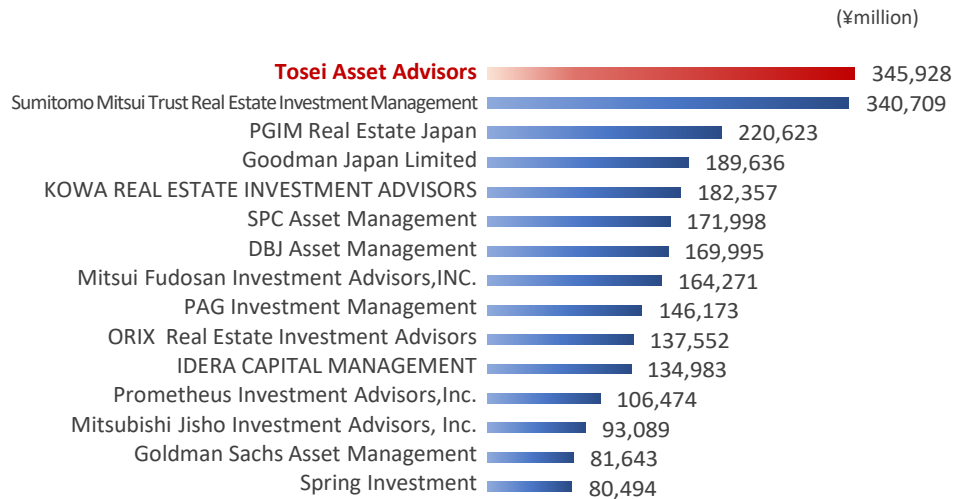


	FY2017	FY2018	FY2019
(¥million)	Full Year	Full Year	Forecast
Revenue	2,208	3,038	2,886
Gross profit	2,538	2,850	2,746
Operating profit	1,273	1,616	1,470

Business Strategies FY2019 - Fund and Consulting Business-

- ◆ Tosei Asset Advisors, Inc. (here after “TAA”) is entrusted with asset management from various customers
- ◆ Tosei is first in Japan ranked by total AUM (Balance of discretionary and advisory contract assets under FIEA)

Ranking of real estate-related specific investment companies by amount of assets under management

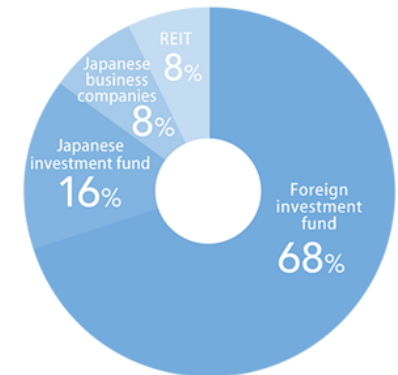
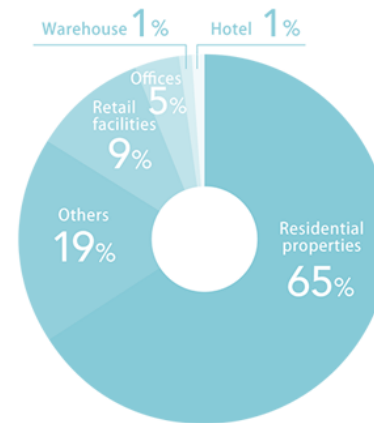


(as of Jun. 2018)

Source: “Status of contract asset” Japan Investment Advisers Association

Assets Under Management by Asset Type and by Region

Managing various assets across a broad range of regions, mainly in the 23 wards of Tokyo (653.8Billion)



(As of end of Nov. 2018)

Promote asset management, taking the environment, society and corporate governance into consideration

We are conducting CSR activities and making efforts to reduce environmental loads in every property which we undertake asset management.



OSJ Kinshicho TMK which is provided asset management services by TAA as received a “Green Star” and “4 Stars” rating in the 2018 Global Real Estate Sustainability Benchmark (“GRESB”) Real Estate Assessment. (Sep. 2018)



Sumida-ku Office BL and Yokohama-shi Office BL which are provided asset management services by TAA have received a Green Building Certification (Mar., Dec. 2018).

Business Strategies FY2019 -Rental Business, Property Management Business -

Rental

Gross Profit Margin

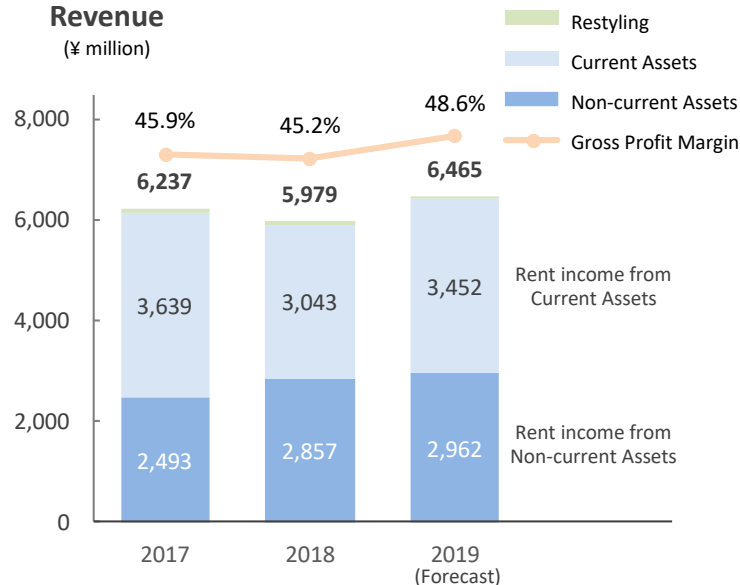


Accumulate non-current assets steadily and increase stable rent revenue from leasing

- ◆ Increase the profitability of properties as soon as possible by using the Company's expertise on revitalization and leasing.

Revenue

(¥ million)



	FY2017	FY2018	FY2019
(¥million)	Full Year	Full Year	Forecast
Revenue	6,237	5,979	6,465
Gross profit	2,864	2,701	3,139
Operating profit	2,581	2,453	2,932
Current assets *1	63 PJs	62 PJs	
(occupancy rates)*2	84%	84%	
Non-current assets *1	26 PJs	24 PJs	
(occupancy rates)*2	99%	93%	

*1 The number only includes Current and Non-current assets which have rent income.

*2 Occupancy rate is room number bases

Property Management

Gross Profit Margin

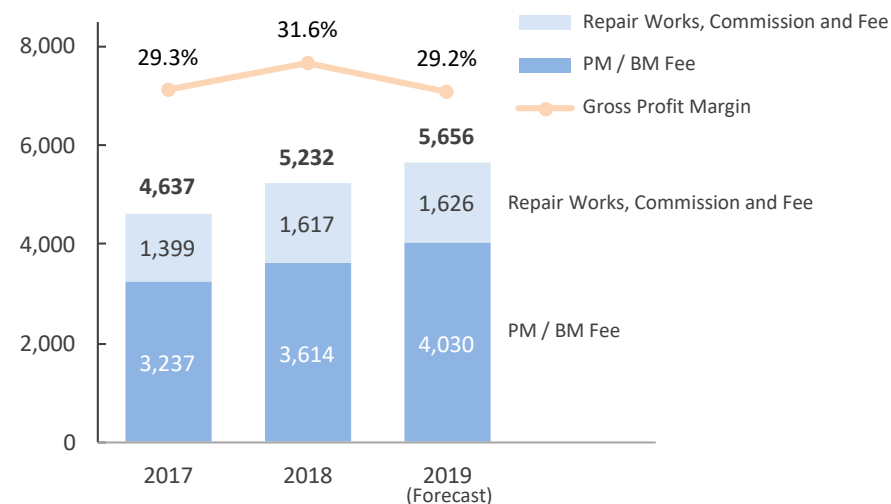


Increase the type of properties for property management and worked to win new contracts

- ◆ Raise the profitability ratio by improving operation efficiency and increase property under management.

Revenue

(¥ million)



	FY2017	FY2018	FY2019
(¥million)	Full Year	Full Year	Forecast
Revenue	4,637	5,232	5,656
Gross profit	1,356	1,653	1,650
Operating profit	278	453	359
No. of property under management	665	622	682 (Target)

*The revenue of the Rental business has been partially transferred in consideration of the establishment of a new hotel business in the fiscal year ending November 30, 2019. For comparison, segment information for the fiscal year ended November 30, 2018 is presented based on the revised classification in this material.

Business Strategies FY2019 -Hotel Business-

Hotel

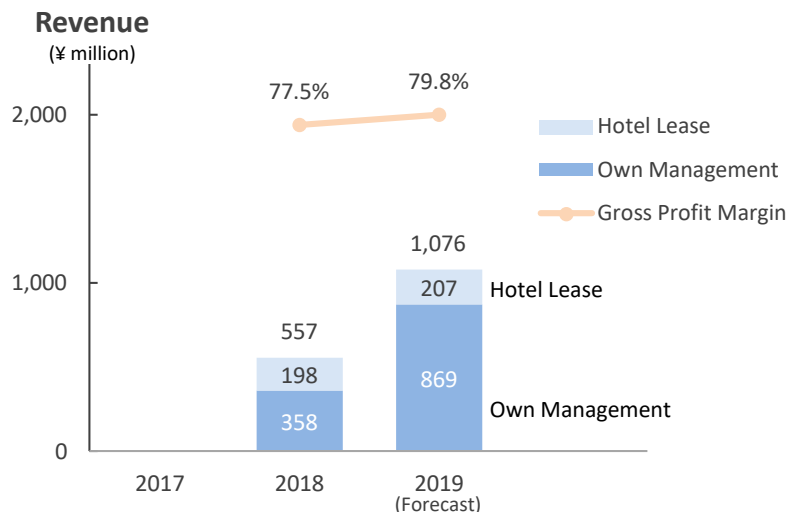
Gross Profit Margin



4%

Established as a new segment in FY2019 to make it grow as a new source of revenue. Aim to establish the Tosei brand by offering hotels that generate a high level of customer satisfaction.

- ◆ Leasing of hotels and management of hotels by the Company. (Hotel lease : 2, Own management : 2)
- ◆ Focus mainly in the Greater Tokyo Area and gradually increasing the number of facilities through the careful selection of locations.



(¥million)	FY2018 (Full Year)			FY2019 (Forecast)		
	Own Management	Hotel Lease	Total	Own Management	Hotel Lease	Total
Revenue	358	199	557	869	207	1,076
Gross Profit	351	81	432	833	27	859
Hotel's GOP	185	-	185	420	-	420
Depreciation Cost;	230	0	230	258	0	258
Depreciation Expense						
Operating Profit	-45	81	36	163	27	189

*1 Hotel Lease's Depreciation Cost; Depreciation Expense is included in sales cost



Tama-shi Income-generating Hotel



Chiba-shi Makuhari Income-generating Hotel



Tosei Hotel COCONE Kanda

Hotel dedicated to accommodations with modern Japanese concepts under the theme of "Stay in Comfort"



Tosei Hotel COCONE Ueno



Tosei Hotel COCONE Ueno-okachimachi*2



Tosei Hotel COCONE Asakusa*2

Own Management

Tosei Hotel Cocone Kanda	111 rooms	operating
Tosei Hotel Cocone Ueno	126 rooms	operating (Conversion hotel)
Tosei Hotel Cocone Asakusa	133 rooms	scheduled to open in May 2020
Tosei Hotel Cocone Ueno-Okachimachi	171 rooms	scheduled to open in Jul. 2020
Tosei Hotel Cocone Chiba-minato Ekimae	224 rooms	scheduled to open after 2021
Tosei Hotel Cocone Asakusa II*3	80 rooms*4	scheduled to open after 2021
Tosei Hotel Cocone Tsukiji*3	201 rooms*4	scheduled to open after 2021

Total 7 hotels 1,046 rooms

Hotel Lease (Operated by third party)

Tama-shi Income-generating Hotel	138 rooms	hotel lease
Chiba-shi Makuhari Income-generating Hotel	79 rooms	hotel lease

Total 2 hotels Grand Total 9 Hotels 1,263 rooms

*2 Photos and name of the hotel are conceptual images and may subject to change.

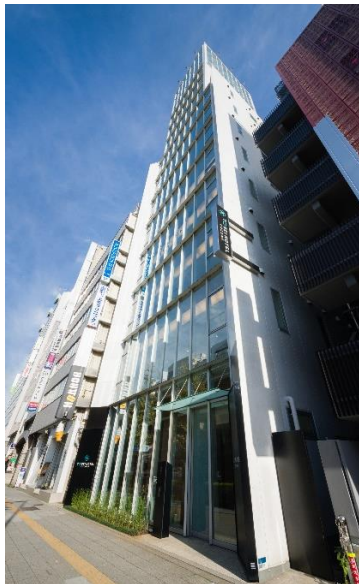
*3 Land already acquired *4 Room number are plans and may change

Topics - “Tosei Hotel COCONE Ueno” Opened in Dec. 2018

- ◆ The first property owned and managed by the Company that was converted from a used office building into a business hotel by utilizing the Tosei Group’s unique expertise in real estate revitalization.
- ◆ Renovated to a attractive hotel by fully utilizing original structure and facilities of the office building.

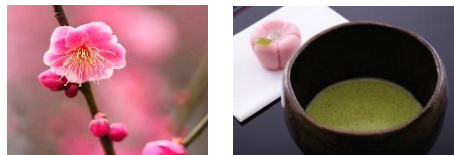


-Comfortable place of stay that brings joyous tune to the hearts of people-



Tosei Hotel COCONE Ueno

Location: 3min walk from Ueno St.
Units: 126 units
Construction: 2005 (13 years old)
Conversion Ended: 2018
Structure: SRC 11 above & 2 under



Targeting a broad range of customer groups

- Efforts were made to design a hotel with a range of features that offer a comfortable stay to not only business customers but also foreign and domestic tourists by taking advantage of the location’s characteristics.
- Some guest rooms feature unique design that is not common in a business hotel.



Modern Japanese concept room with Tatami



Family room with two double-deck beds

Efforts will continue to be made to convert properties into hotels in addition to the construction of new hotels going forward

- Higher profitability (NOI) than offices is expected if an appropriate location is found.
- Compared to new construction, it is eco friendly to use existing stocks. Also, enables to acquire a hotel in an area where it is difficult to acquire land for development.
- Shorter construction period, smaller initial capital costs compare to new construction hotel.
(Construction period:
New construction about 2 years, Conversion about 8 months)
(Construction costs is about 40% of newly-built)

Trends in Dividends

We will aim to increase earnings per share through sustained profit growth.

By doing so, we seek not only to pay dividends consistently but also to increase dividends.

For FY2019, we expect to pay a dividend of ¥37 per share, or a payout ratio of 23.3%.

We are considering increasing the payout ratio gradually.

Trends in Dividends

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (Forecast)
Annual Dividends Per Share(¥)	8.00	12.00	16.00	22.00	25.00	30.00	37.00
Payout Ratio(%)	18.6	20.2	18.7	19.1	19.6	21.2	23.3

Current Share Price

Market Capitalization (As of 7 January, 2019)	Net Book Value (As of end of November, 2018)	Unrealized Gain (After Tax)* (As of end of November, 2018)	Net Asset Value* (As of end of November, 2018)	ROE (Result of end of FY2018)
¥43.0 billion	¥52.0 billion	¥15.1 billion	¥67.1 billion	14.0%
Stock Price (A)	Book Value per Share (B)	Unrealized Gain per Share*	Net Asset Value per Share *(C)	ROA (Result of end of FY2018)
¥887.00	¥1,071.63	¥312.19	¥1,383.82	7.8%
PER	PBR (A) ÷ (B)		Price/NAV Ratio	ROIC (Result of end of FY2018)
5.59times	0.83times		0.64times	6.1%

* Net Asset Value = Net Asset Value + Unrealized gains (after tax)

* Fair value of fixed assets are has been calculated by the Company based "Real Estate Appraisal Standards".
For details, please see page 15.

* Corporate tax is calculated at 33%

WACC (Data from Reuters as of January 2019)	Cost of Shareholder's Equity (Data from Reuters as of January 2019)
3.45%	7.76%

III. Reference Materials for the first time visitors to Tosei

Group Overview As of Nov. 30, 2018

Company Name	TOSEI CORPORATION												
Address	4-2-3 Toranomom, Minato-ku, Tokyo												
Date Established	February 2, 1950												
Paid-in Capital	¥6,554,139 thousand												
Representative	Seiichiro Yamaguchi, President and CEO												
Fiscal Year-end	November 30												
Employees	181 (Non-consolidated) 431 (Consolidated)												
Stock Listing	Tokyo Stock Exchange, First Section (8923) Singapore Exchange, Mainboard (S2D)												
Share Status (As of Nov. 30, 2018)	<ul style="list-style-type: none"> ■ Total outstanding shares 48,544,800 shares ■ Number of shareholders 5,395 ■ Shareholder composition <table border="0" style="margin-left: 20px;"> <tr> <td>Individuals/Other</td> <td>38.43% (18,655,444)</td> </tr> <tr> <td>Foreign companies</td> <td>34.60% (16,796,647)</td> </tr> <tr> <td>Other companies</td> <td>12.68% (6,153,710)</td> </tr> <tr> <td>Financial institutions</td> <td>12.56% (6,096,000)</td> </tr> <tr> <td>Securities companies</td> <td>1.74% (842,894)</td> </tr> <tr> <td>Treasury Stock</td> <td>0.00% (105)</td> </tr> </table> 	Individuals/Other	38.43% (18,655,444)	Foreign companies	34.60% (16,796,647)	Other companies	12.68% (6,153,710)	Financial institutions	12.56% (6,096,000)	Securities companies	1.74% (842,894)	Treasury Stock	0.00% (105)
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Financial institutions	12.56% (6,096,000)												
Securities companies	1.74% (842,894)												
Treasury Stock	0.00% (105)												

Corporate Governance System

- Board of Directors constituted by 7 directors (including 2 Independent directors)
- Audit & Supervisory Board Constituted by 4 members (2 full time, 2 part time auditors. All from outside the Company and independent audit & supervisory)
- Organizational form Company with Audit & Supervisory Board Members
- Nominating and Compensation Advisory Committee

Main Affiliated Companies

Tosei Community Co., Ltd.
Tosei Asset Advisors, Inc.
Tosei Revival Investment Co., Ltd.
Tosei Singapore Pte. Ltd.
Urban Home Corporation
Tosei Hotel Management Co., Ltd.
Tosei Hotel Service Co., Ltd.

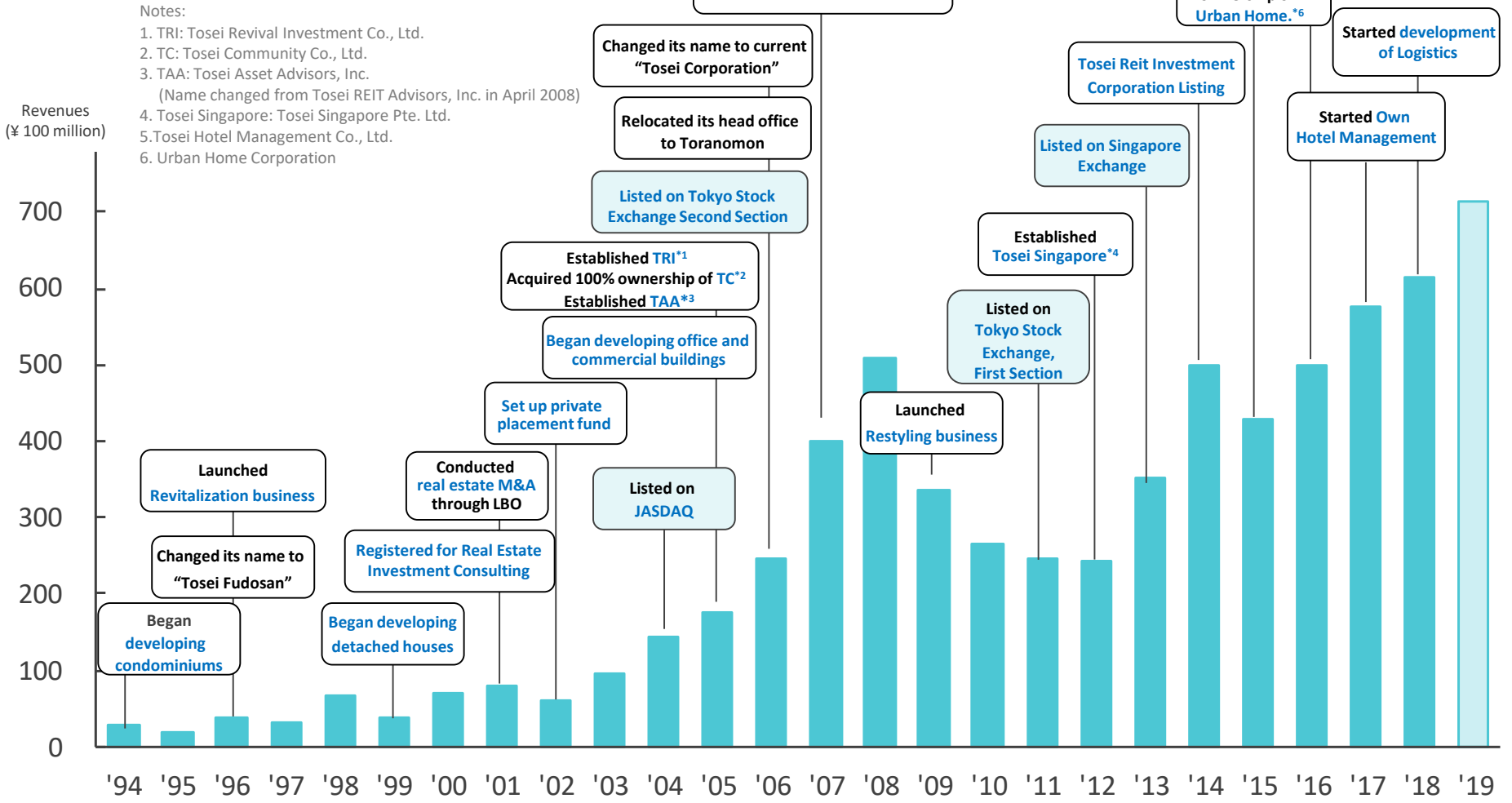
Investment Trust Management Company

Tosei Reit Investment Corporation (3451)*

*The investment corporation, whose assets are managed by Tosei Asset Advisors, Inc., a wholly-owned subsidiary of Tosei Corporation

History of Tosei Corporation

1950: Established as Yukari Kogyo Co., Ltd,
the predecessor of Tosei Corporation
1983: Tosei Building Co., Ltd.
1994: Mr. Seiichiro Yamaguchi assumed
the role of President and CEO



The Tosei Group's Mission

Create **new value and inspiration**^{*4} in all aspects of real estate^{*3} as a **global-minded**^{*1} group of **seasoned professionals**^{*2}.



<p>*1 Global-minded</p>	<ul style="list-style-type: none"> • Dually listed on the Singapore Stock Exchange. Efforts are being to attract inbound investments for Japan and promote outbound investments. • Adopted the International Financial Reporting Standards (IFRS). Disclosure documents are disclosed in both Japanese and English.
<p>*2 Professional</p>	<ul style="list-style-type: none"> • Have comprehensive knowledge of transactions conducted in the greater Tokyo area with our business focused on the area. Have a good grasp of area characteristics, rental needs, investor needs, investors' trading trends, and expected yields, among other matters. • Offer optimal plans for revitalization and development for clients by leveraging skills and expertise that we have cultivated over years. • Have an internal organization that functions as a first-class architect office. • Investment Management Business, Investment Advising and Agency, consultant function based on Type II Financial Instruments Business
<p>*3 All aspects of real estate</p>	<ul style="list-style-type: none"> • Broad product range (office buildings, commercial facilities, hotels, condominiums, detached houses, logistics) • Broad customer base (real estate funds, REITs, general business corporations, wealthy individuals, end users)) • Diverse means of acquisitions (trust beneficiary rights, real estate M&A, real-estate collateralized loans)
<p>*4 New value and inspiration</p>	<ul style="list-style-type: none"> • Improve profitability through the revitalization of aged properties from both tangible and intangible perspectives. Create added-value in existing real estate. • Provide residential and office environments that are eco-friendly, secure, safe, and sophisticated. • Contribute to the creation of a sustainable society through business (regional revitalization, community development, measures to deal with an aging and diversifying society)

Business Strategy I. Flexible Portfolio Management through 6 Businesses

Tosei operates its business mainly in greater Tokyo area as a comprehensive real estate company.

The mutually complemented relations through the five businesses enable flexible portfolio management to cope with changes in the market.



Established Hotel Business
from Dec. 2018

6Businesses

Real Estate Transaction Businesses

● Revitalization Business

In our Revitalization Business, Tosei acquires existing office buildings and condominiums, and resells them as revitalized real estate after improving their equipment and designs, installing eco-friendly facilities and undertaking other renovation work.

Project period: a half year to a year and a half

● Development Business

In our Development Business, Tosei acquires land for development, and develops and sells new office buildings, condominiums, residential houses, commercial buildings, hotels and other buildings, taking into account the needs and characteristics of the area. Tosei also has an in-house, first-class architect office eager for quality planning and design skills and fully making most of these in "manufacturing."

Project period: one to two years

Stable Businesses

● Rental Business

In our Rental Business, Tosei generates steady income by leasing office buildings, condominiums, and other properties owned by the Group, mainly in Tokyo. As of Nov. 30, 2018, Tosei holds 86 income-generating properties.

● Fund and Consulting Business

In our Fund Business, Tosei is engaged in the asset management of properties owned by real estate funds and Tosei Reit, as well as acquiring and selling properties to meet the needs of a wide variety of investors, and offering advisory services to companies.

As of Nov. 30, 2018, the balance of assets under management totaled around ¥663 billion

● Property Management Business

In our Property Management Business, Tosei undertakes general property management operations, such as management, cleaning and renovation work including fire protection inspection on condominiums and office buildings through Tosei Community Co., Ltd. As of Nov. 30, 2018, the number of properties managed by the Company was 622. (Office ,Hotel, School and Others: 390, Residential : 232.)

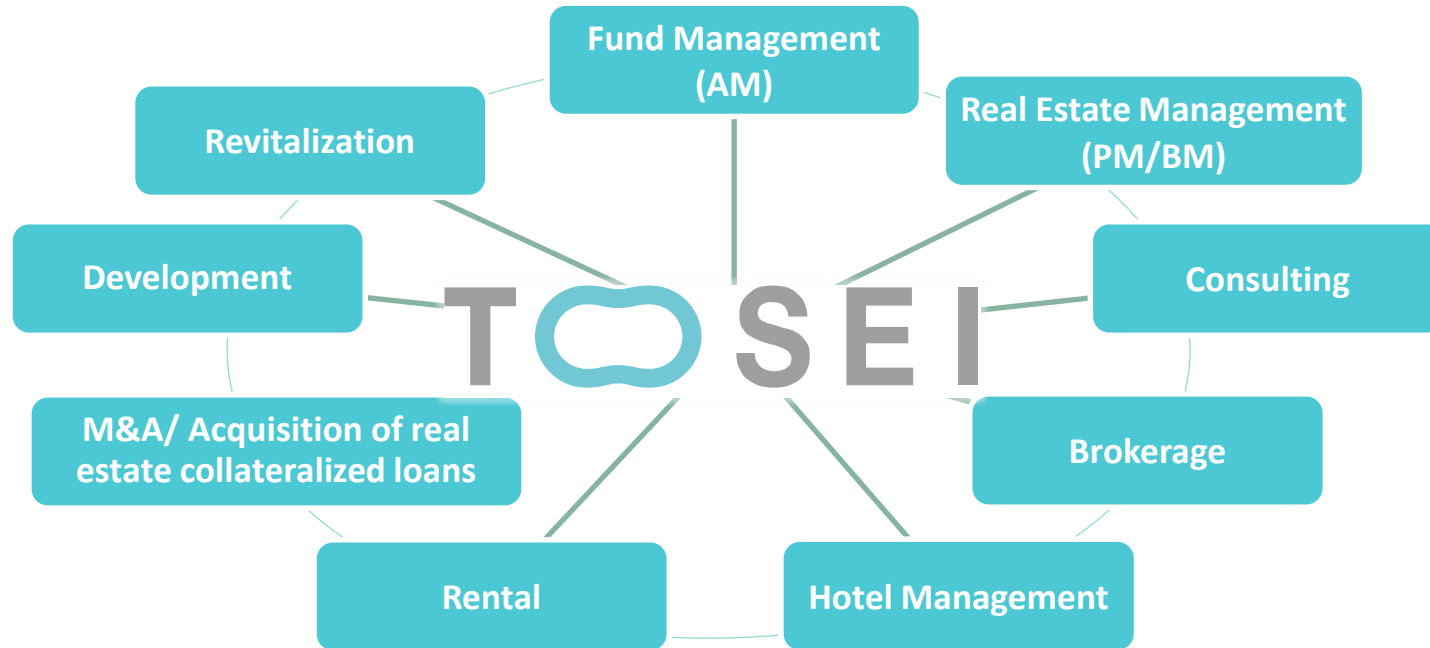
● Hotel Business

Business for managing or leasing hotels owned by the Company. There are four such hotels, including two Company's own brand hotels, "Tosei Cocone Hotel" (as of Nov.30, 2018)

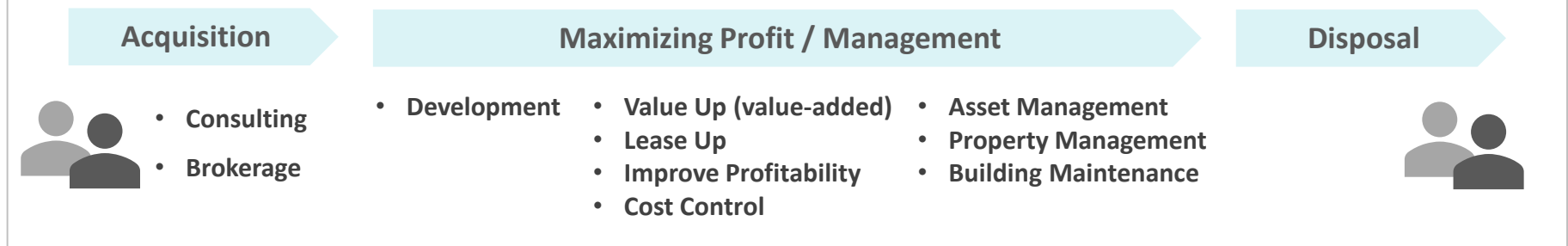
Business Strategy II. Wide Range of Business-

Offer a broad range of services in all aspects of real estate.

Aim for business expansion and increase in business areas by maximizing synergy of the related business.

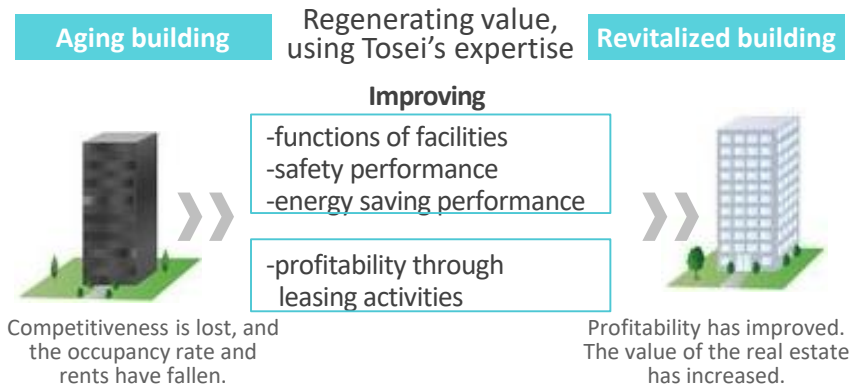


One-stop solutions for investors from purchase to sale of real estate.



Business Strategy III. Tosei's Real Estate Revitalization Business

Our real estate solutions create added value not seen in repair or resale alone.



Strength of Real Estate Revitalization

💡 A business structure that enables us to do business without depending on market price increases.



- Quickly respond to demand trends in the market by offering a variety of products, exit options and revitalization expertise.
- Implementation of sales strategies in response to cyclical changes in the real estate market.

Real Estate Price Cycle	Strategy
Flat	• Acquire in comparatively cheap price (10%) + Added Value (10%) = 20% Profit
Up Cycle	• 20% + α(Market Price Rise) = More than 20% • Adjust the amount of property acquisition to fit the demand.
Down Cycle	• Able to handle price decreases smaller than 20%. • No need to sell properties quickly because they are used ones. Possible to receive rent revenue from leasing by holding such properties. • Mainstay products can be changed to product groups for different customer groups or those with different price cycles according to demand trends.

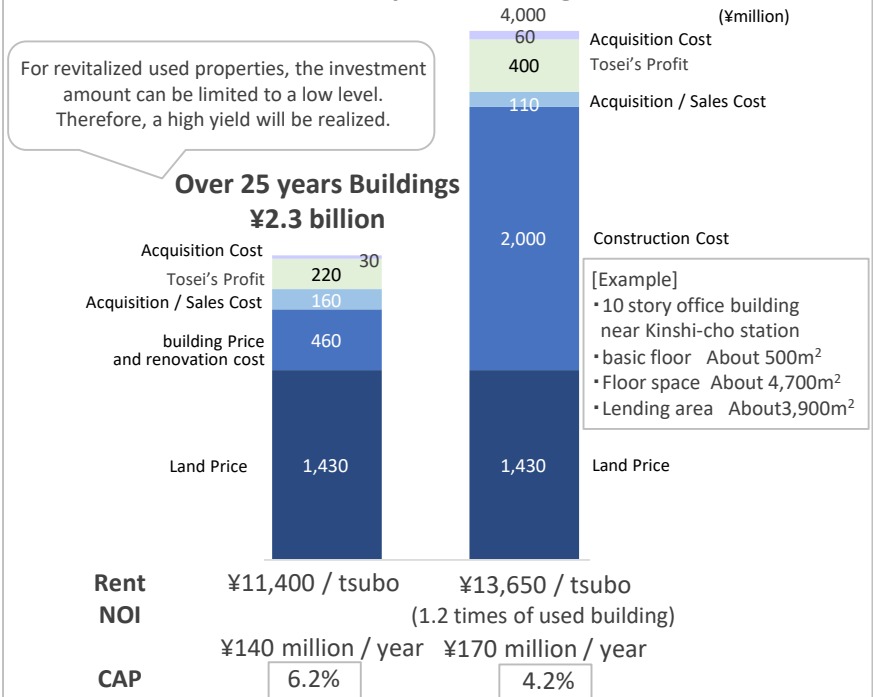
Advantages of revitalizing used properties

Comparison between the use of existing used properties and new properties

Construction costs (especially SRC cost) continuing to rise, revitalized used-properties have become more affordable and attractive

Investment Office

Newly Built Building ¥4.0 billion



Business Strategy III. Tosei's Real Estate Revitalization Business

Improve existing building's functionality and profitability by using two value-added approach

Revitalization (hardware)

X

Revitalization (utilization)

Design, Energy saving performance, Security and Functions of facilities, etc.

Increase the appeal of buildings through the repairmen and restoration of exteriors, facilities and etc. to heighten property characteristics.

Change purpose of uses, Attract good tenants, Reduce costs

Propose the new ways of using property and provide solutions to improving profitability through measures such as reducing expenses and recovering the occupancy rate .



Our "In-house Value Up Lab" for new design research and product planning

Revitalization (hardware)

To create the best value for our customers, Tosei provides safety & security, sophistication & comfort, and sustainability & eco-friendliness.

Safety and security

Value improvement for security, disaster prevention, community revitalization, and conservation

Refinement and comfort

Value improvement for scenic views, nice exterior appearance, amenities, and enhanced convenience

Sustainability and environmental friendliness

Value improvement for sustainable energy conservation, cost cuts, and resource saving



Toyo-cho Tosei Building
(Build in 1993 as a office)

Introduction of wall greening system, LED light and EV disaster prevention cabinet and wooden deck construction, etc..



Toranomon Tosei Building
(Build in 2006 as a office)

Tosei has obtained the A rank certification of the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for existing buildings.

Revitalization (utilization)

Renovation of floors in accordance with needs of tenants (change of the purpose of uses and floor plans)

Examples

<Renovation of commercial facilities/offices>

- Office => Hotel
- Cram school => Office
- Store => SOHO specifications

<Renovation of apartments for rent>

- Company house =>Lifestyle-oriented condominiums
- =>Apartment with soundproof equipment capable of supporting musicians
- => Convert into a shared house



Grovesnor Square
Commercial Property Built in 1990



The open space in the center has a wood deck, where visitors can make themselves at home.



T-Rhythmic Soka Apartment

A company dormitory renovated into a lifestyle-oriented condominium tailored to the taste of a music loving resident in which musical instruments can be played freely thanks to soundproofing.



ARDEN Fujigaoka Apartment

Converted a company dormitory into a shared house.

ESG Activities - Environmental Initiatives -

The Tosei Eco Declaration has been established and Eco-Missions consisting of three action policies govern the business activities. The Group has been striving to reduce the burden on the global environment by promoting human and eco-friendly corporate activities.

Tosei Group Eco Declaration

In order to achieve our slogan "Heart into the City", the Tosei Group declares its intention to promote corporate activities that are friendly to people and the environment and to work to reduce burdens on the environment, while keeping true to our philosophy "To create new value and inspiration in all aspects of real estate."

Eco-Mission (Action Policy)

Mission 1

Promote environmental practice through business activities

We strive to minimize environmental burdens by introducing measures to contribute to energy conservation and resource saving in the real-estate revitalization.

Mission 2

Comply with environmental laws, regulations and raising of environmental awareness

complying with environmental laws and regulations. We will also conduct various measures aiming to increase Tosei group employees environmental conservation awareness.

Mission 3

Inform our activities to stakeholder

Starting with the announcement of "Eco Declaration" and "Eco Mission", we will promote open communication with the society while providing information on our progress and results.

Reduction of the burden on the environment through business

Eco-friendly revitalization of real estate



Rooftop and Wall Greening

Greened a cumulative total of 76 buildings with an area of approx. 3,673m² have been as of Nov. 30, 2017.



Utilization of unused company house

Converted unused employee dormitories to concept condos

- Musician-friendly condo with soundproof single-room units.
- Condos with common areas

Introduction of eco-friendly products

In the revitalization and development of office buildings and residential houses, eco-friendly products are introduced according to the characteristics of each property, considering energy saving, conservation of resources and other factors from the list of such products, which includes more than 40 items.



Development of Net-Zero Energy House "ZEH"



Eco-friendly condominium
THE Palms Tukishima

Introducing solar power generating system and rooftop gardening

Environmental Certification



Three office buildings developed by Tosei have obtained the A rank certification of the Comprehensive Assessment System for Built Environment Efficiency (CASBEE).

- Heiwajima Tosei Building
- Kamata Tosei Building
- Toranomom Tosei Building

ESG Activities - Social Initiatives -

Changes in the social environment have created issues such as a declining birthrate and aging population, diversifying lifestyles, and natural disasters. The Tosei Group addresses those issues through a wide range of activities including creation of comfortable residences, creation of comfortable working environments, and support for disaster-stricken areas.

Customers

Creation of Safe, Secure and Comfortable Residences and Environment

■ Product Planning by Women - "Irodorie" Project -

The Group proposes homes that are comfortable for all family members by focusing on the ideas of women, who support family life through household tasks, childcare and other activities. In product development, employees from many generations are asked to provide opinions about problems with housework and childcare, the ideal floor plan and storage spaces. Those opinions are reflected in the products.



■ Barrier-free House

The Tosei Group provides barrier-free houses, "Withstyle", by applying a unique design code consisting of 10 items, which is based on the concept of a permanent residence. Partition walls that can be flexibly changed according to the lifestyle and kitchens for wheelchair users, among other similar products, are introduced. Tosei creates house designs suitable for any situation in a long life.

■ Creation of a Community Space

Tosei carries out construction work to improve the value of existing real estate and creates spaces for exchange in offices and houses. It seeks to create a working/housing environment where people can work/live comfortably with spiritual wealth.



Lounge



Kids Room

■ Quality Control - For Our Customer's Safety and Security -

- Implementation of pile and structure audit by a third party
- Quality control in accordance with ISO9001 rules
- Provide questionnaires to our customers



Employees

Cultivation of Employees

To develop a global-minded group of seasoned professionals as set forth in the Tosei Group's corporate philosophy, the Tosei Group has provided human resource training and adopted a personal development support system.



Support Work Life Balance

The Group takes steps to maintain the sound physical and mental health of its employees by providing a stable office environment and mental health care, among other actions.

Communities

Support for Disaster-Stricken Areas

Continuing voluntary activities to support areas affected by the Great East Japan Earthquake since 2011.



Painting rusted playground equipment at nursery center

Environmental Awareness-raising Activities

Promote in-house ecology activities and conduct volunteer activities outside the company.



Participation in cleaning activities

ESG Activities - Governance Initiatives -

We will maintain sound business activities to achieve sound growth by responding promptly and accurately to changes in the operating environment.

Corporate Governance

The Tosei Group aspires to become a group of companies that make a meaningful contribution to their shareholders, employees, business partners, and other stakeholders by promptly and accurately responding to changes in the management environment and continually carrying out business activities that enable the Group to achieve sound growth.

The Group is determined to make efforts in a unified manner, from the top management down to each employee of the Group companies, led by the Board of Directors, to set up a system which is credible to all stakeholders.



Three Important Items in Corporate Governance

Compliance

We place compliance at the top of our agenda and raise awareness of it from top management to all employees of the Group companies

Compliance Education

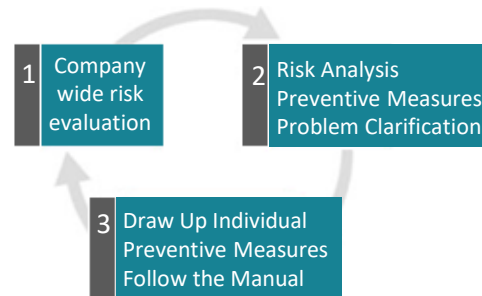


- Training for insider trading prevention, Training on action against anti-social forces
- Mental health Seminar
- Compliance slogans posters
- Mail magazine to enhancing awareness of compliance

Risk Management

Assuming every possible risk, we prepare and practice responses for daily risk and emergency conditions.

Risk Management Cycle



- Establish and operate “Risk Compliance Committee”
- Monitor risk management on an ongoing basis
- Set up a Business Continuity Plan (BCP)

Information Disclosure

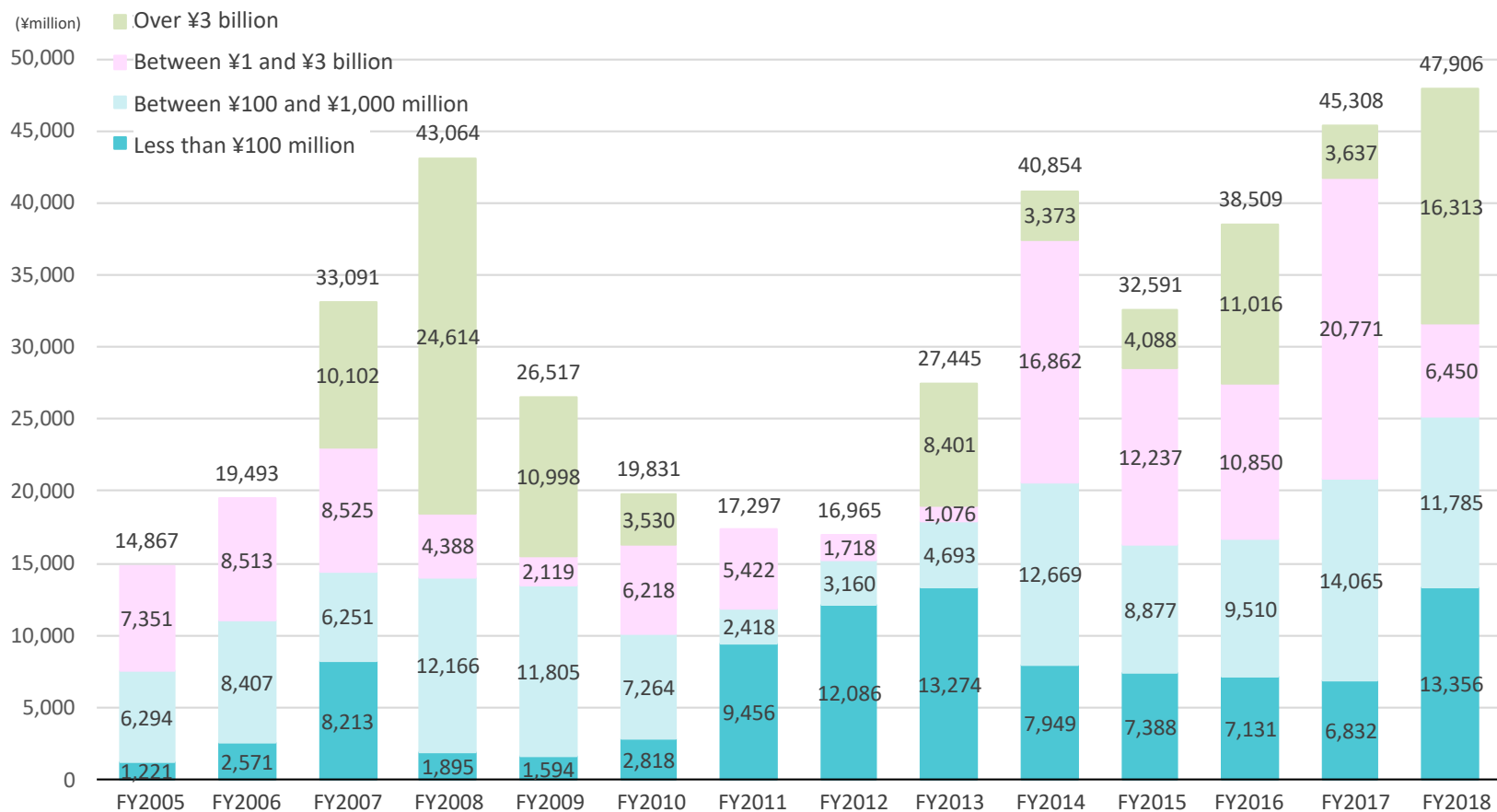
We practice disclosure appropriately and on a timely basis to all stakeholders including shareholders.

Information Disclosure



- Hold financial results briefings
- Timely financial and corporate status reporting in Japanese and English
- Expand the IR information available on our website (evaluated by external assessment)

Summary of Properties Sold – Property Size / Revenue -



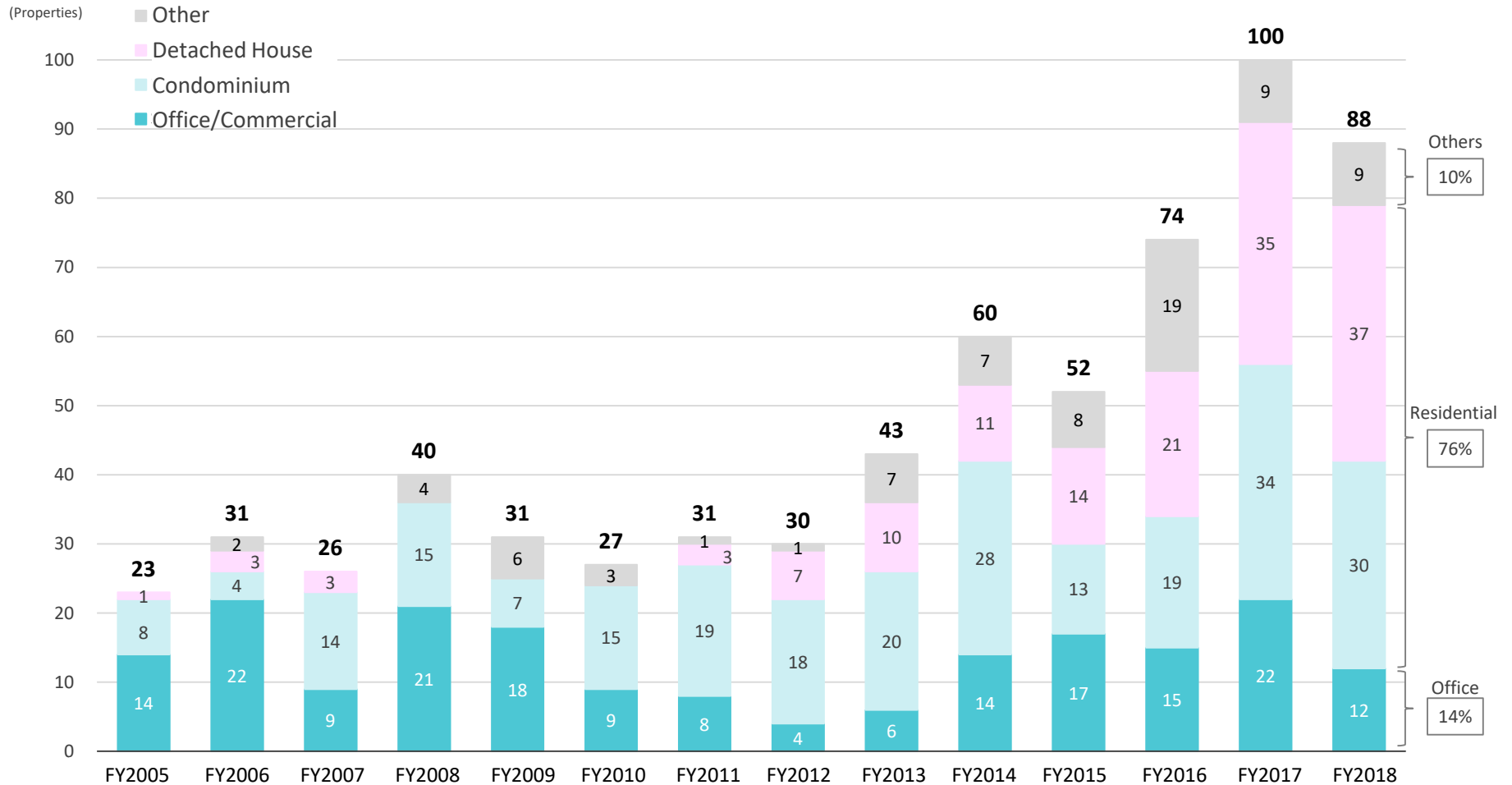
No. of projects

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Over ¥3 billion	0	0	1	2	2	1	0	0	2	1	1	2	1	3
Between ¥1 and ¥3 billion	5	6	6	4	2	4	4	1	1	10	7	6	12	4
Between ¥100 and ¥1,000 million	16	22	16	28	23	15	9	6	9	23	19	24	39	34
Less than ¥100 million	2	3	3	6	4	7	18	23	31	26	25	42	48	47
Total	23	31	26	40	31	27	31	30	43	60	52	74	100	88

*The condominiums, detached houses and Restyling are counted as each project being one property

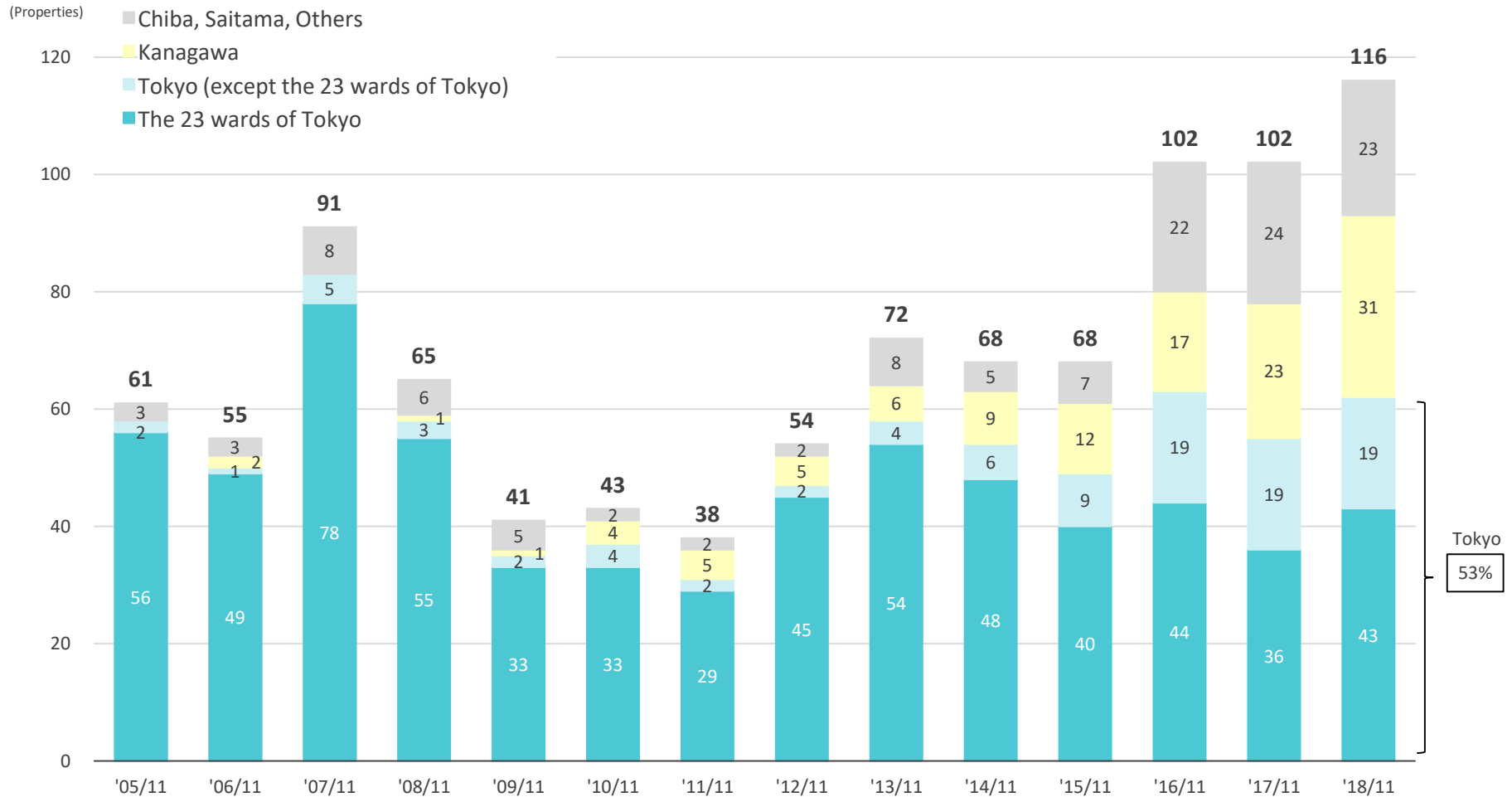
* The condominiums and detached houses are classified by one unit's price.

Summary of Properties Sold – Property Type/Sales Base –



* The condominiums, detached houses and Restyling are counted as each project being one property.

Inventory Breakdown – Properties in Inventories as of Nov. 30, 2018-



* The condominiums, detached houses and Restyling are counted as each project being one property.

Please visit our website.



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DISCLAIMER

Except for historical facts, all plans, forecasts, strategies and other information contained herein are forward-looking statements. Forward-looking statements include but are not limited to descriptions of future events and performance containing words such as or similar to “believe,” “expect,” “plan,” “strategy,” “anticipate,” “forecast,” and “estimate,” and are based on judgments derived from the information available to the Company at the time of publication. Various factors could cause results to differ materially from any projections presented herein. The Company reserves the right to maintain or change its projections regardless of any new information, conditions or changes in performance. These materials are for informational purposes only, and should not be construed as a recommendation to invest in the Company.