Tosei Corporation

FY2024 Financial Results Presentation

January 10, 2025

* Please be noted that some expressions have been changed, and additions and corrections have been made for easier understanding.

Event Summary

[Company Name]	Tosei Corporation
[Company ID]	8923-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	FY2024 Financial Results Presentation
[Fiscal Period]	FY2024 Annual
[Date]	January 10, 2025
[Number of Pages]	39
[Time]	16:00 – 16:56 (Total: 56 minutes, Presentation: 48 minutes, Q&A: 8 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2 Seiichiro Yamaguchi — President and CEO Nobuto Fujiwara — Managing Executive Officer, In charge of Corporate Management Department

Presentation

Moderator: Thank you very much for taking time out of your busy schedules today to participate in the financial results briefing for the fiscal year ended November 2024 of Tosei Corporation.

We are holding this online financial results presentation in a live-streaming format via Zoom. If you experience delivery interruption or video freeze while viewing, please wait a moment and try accessing the site again. If you have any problems with the video or audio and could not watch the video sufficiently, please watch the video we will post on our website at a later date.

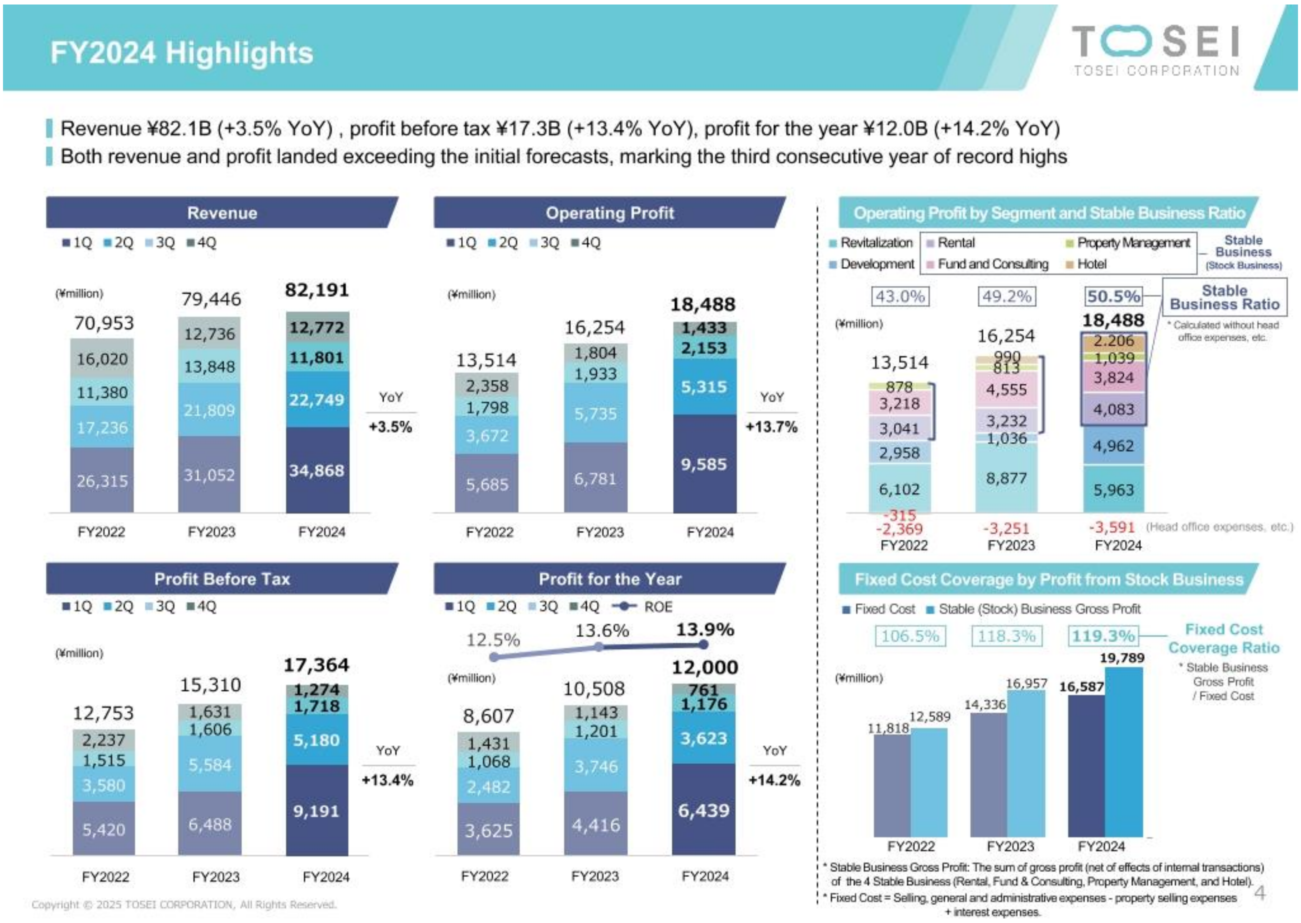
I would like to explain how we will proceed today. First, we will provide an explanation of our company's business activities in accordance with the materials, followed by a question-and-answer session. Questions can be submitted at any time from the Q&A function at the bottom of the screen after the start of the explanation. Please include your company name and full name when you send us your information. The question contents will not be disclosed to other participants and we will read them on the inquirer's behalf.

The presentation materials can be found on our website, so please refer to them. The financial results briefing for today is scheduled to end at 17:00.

Next, I would like to introduce today's speakers. Seiichiro Yamaguchi, President and CEO. Nobuto Fujiwara, Managing Executive Officer, in charge of Corporate Management Department. A total of two people.

Fujiwara, Managing Executive Officer, will now provide an overview of the financial results for FY2024, which begins on page three of the financial results presentation. Please go ahead.

Fujiwara: I am Fujiwara, Managing Executive Officer.



I would like to provide an overview of our financial results for FY2024. Please refer to page four.

These are the highlights of the financial results for FY2024. Bar graphs of revenue and profits are lined up for the past three years. From the top left, revenue and operating profit, and from the bottom left, profit before tax and profit for the year. Revenue was JPY82.1 billion, up 3.5% from the previous year, and profit before tax was JPY17.3 billion, up 13.4%.

The initial forecast for profit before tax was JPY16.5 billion, which was revised upward to JPY17.2 billion in November of last year, and we landed at JPY17.3 billion, slightly above the revised forecast. ROE is shown above the bar graph of profit for the year, which also exceeded the initial plan of 13.0%, at 13.9%.

On the right side of the page, there is a bar graph showing operating profit by segment and stable business ratio. I will explain each segment separately later, but I would like to briefly explain the overall picture of our business for FY2024 on this page.

Of the operating profit for FY2024 of JPY18.4 billion, JPY5.9 billion at the bottom of the bar graph represents operating profit from the revitalization business. Profit appears to be down from JPY8.8 billion in the previous year at left. However, if we look at the trading business as a whole, which includes the revitalization business at the bottom of the bar graph and the development business at the second from the bottom, we can see that profits increased by JPY1 billion or 10% from the previous fiscal year.

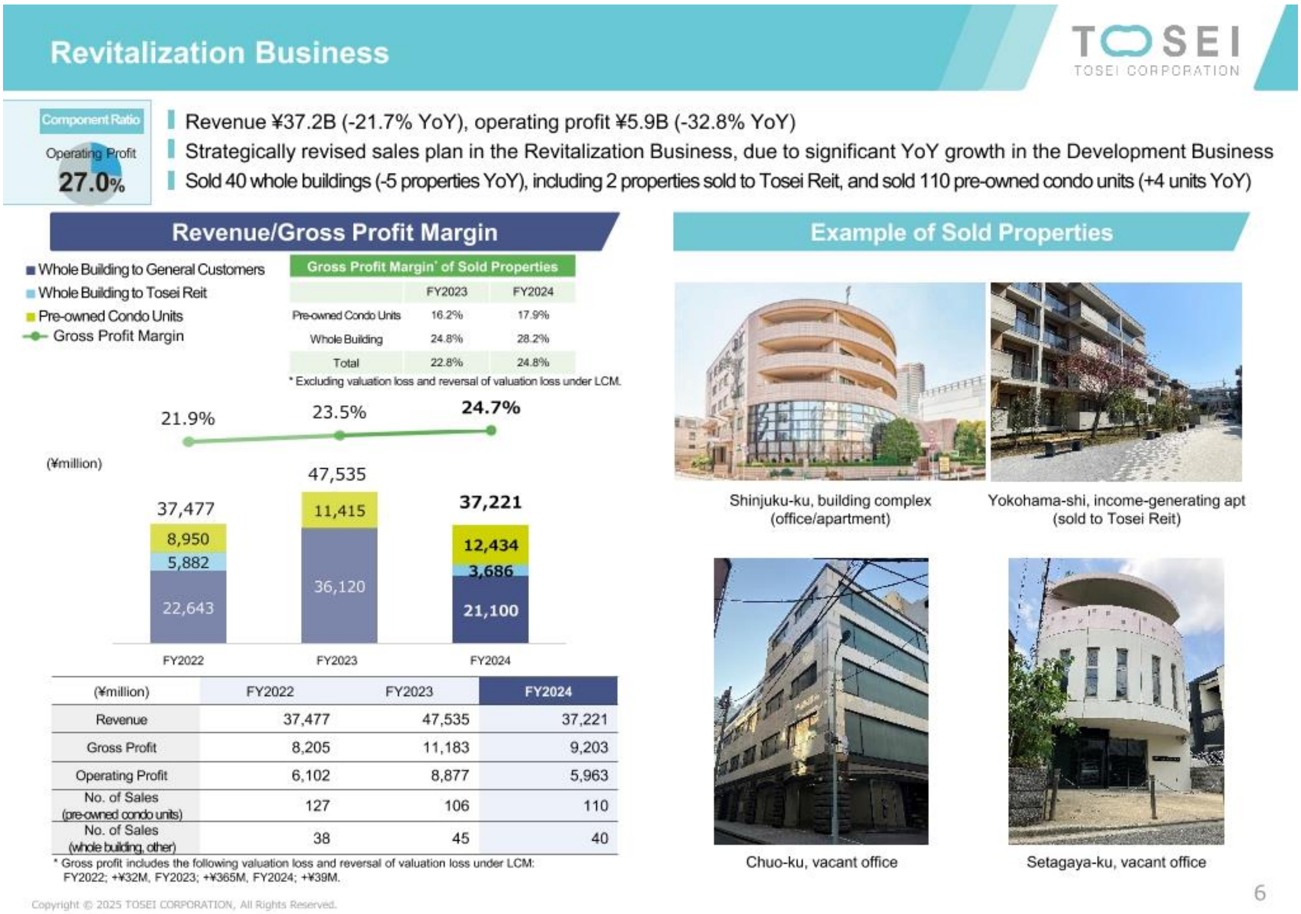
Looking at the past three years, the overall trading business has been structured to ensure stable growth by increasing the revitalization business when the number of projects in development business is low and slightly restraining the revitalization business when the number of projects in the development business is high.

We also consider businesses that are less directly affected by real estate price fluctuations as stable business. As a brief explanation, the rental business in the light purple section showed a profit of JPY4 billion, exceeding the initial plan. The property management business, which is shown in green, shows a profit of JPY1 billion, exceeding the initial plan as well.

The JPY3.8 billion shown in pink is for the fund and consulting business, which saw a decrease from JPY4.5 billion in the previous fiscal year. The plan was initially lower than the previous fiscal year due to the absence of the large-scale Otemachi Place project and logistics fund project in the previous fiscal year. Operating profit was almost in line with the initial plan of JPY3.9 billion, although slightly lower.

Finally, the hotel business, which is shown in brown, performed well, with operating profit of JPY2.2 billion, double the JPY990 million earned last year.

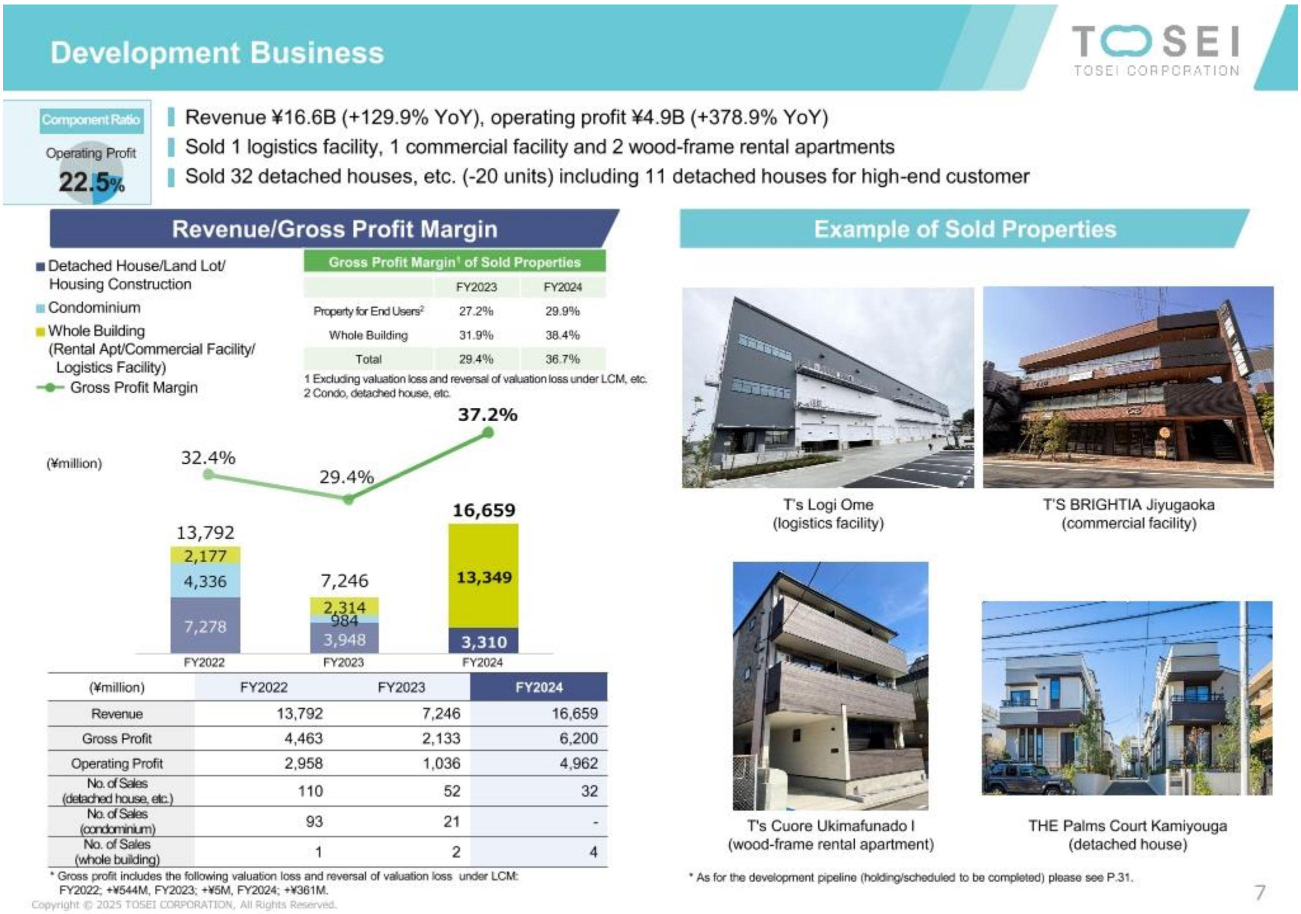
The stable business ratio is set at over 45% in the medium-term plan, and in FY2024, it was 50.5%, with half of the profits coming from the stable business.



Now please turn to page six. This is the revitalization business. Revenue totaled JPY37.2 billion, down 21.7% from the previous year. Operating profit decreased 32% YoY to JPY5.9 billion.

As you may know, we planned to curb our revitalization business somewhat this fiscal year, as our development business was expected to grow significantly from the previous fiscal year. In addition, during the period, the timing of sale was postponed to the next fiscal year strategically for some properties. The gross profit margin was 24.7% as shown in the line graph on the left. Since it was estimated at 20% in the initial plan and properties sold very well earning high gross profit margin, sale of some properties were strategically postponed to the next fiscal year.

As for properties for sale, as shown in the photo on the right, we sold two whole buildings to Tosei Reit and 38 properties to general customers. The yellow portion of the bar graph shows pre-owned condo units with revenue of JPY12.4 billion. The transaction of pre-owned condo units, operated by our group company, Princess Square, has been performing well in terms of gross profit margin.

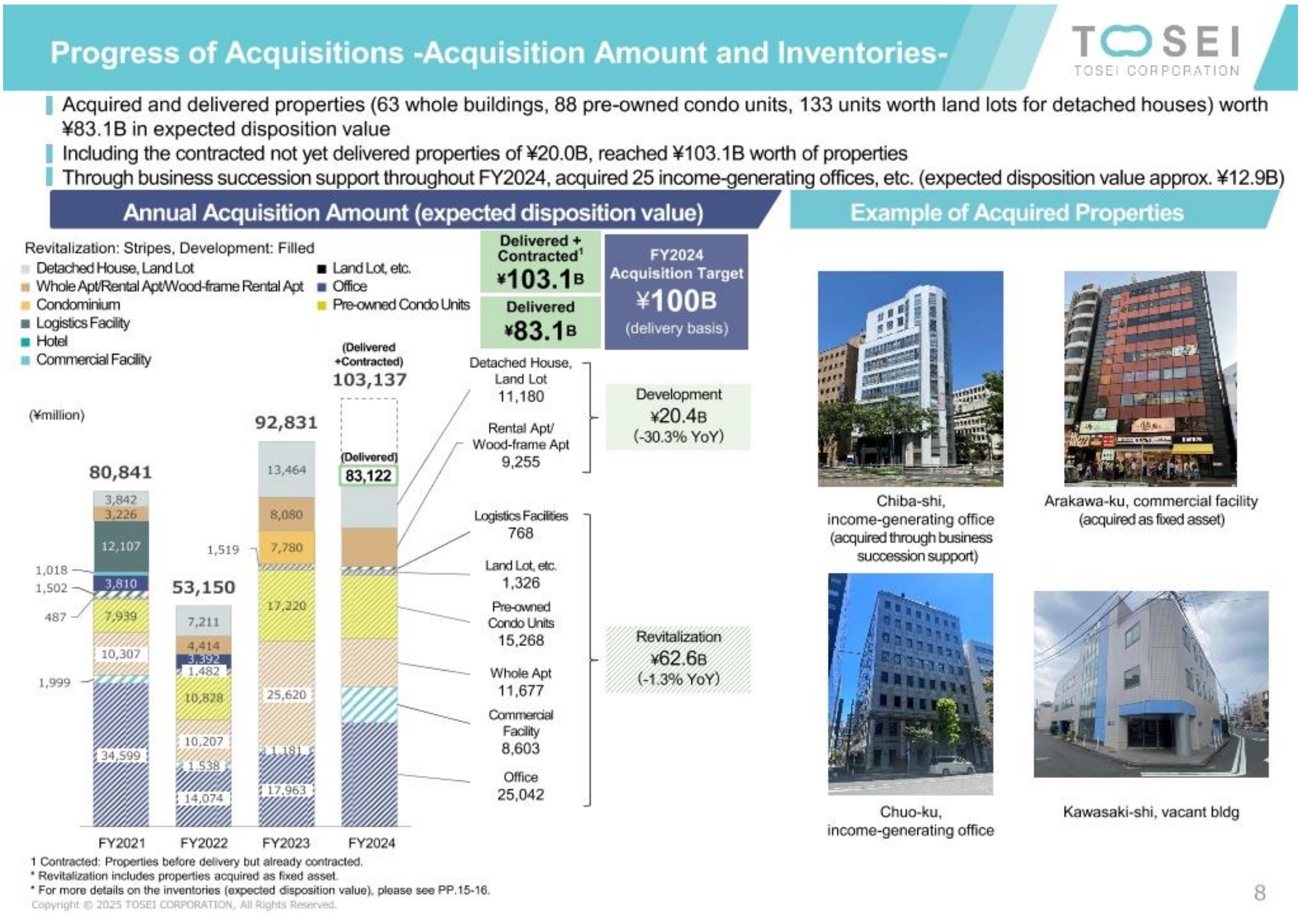


Please refer to page seven. This is the development business. Revenue totaled JPY16.6 billion, up 129% from the previous year, and operating profit was JPY4.9 billion, up 378% from the previous year.

The yellow portion of the revenue bar graph below shows a significant increase to JPY13.3 billion for whole building property.

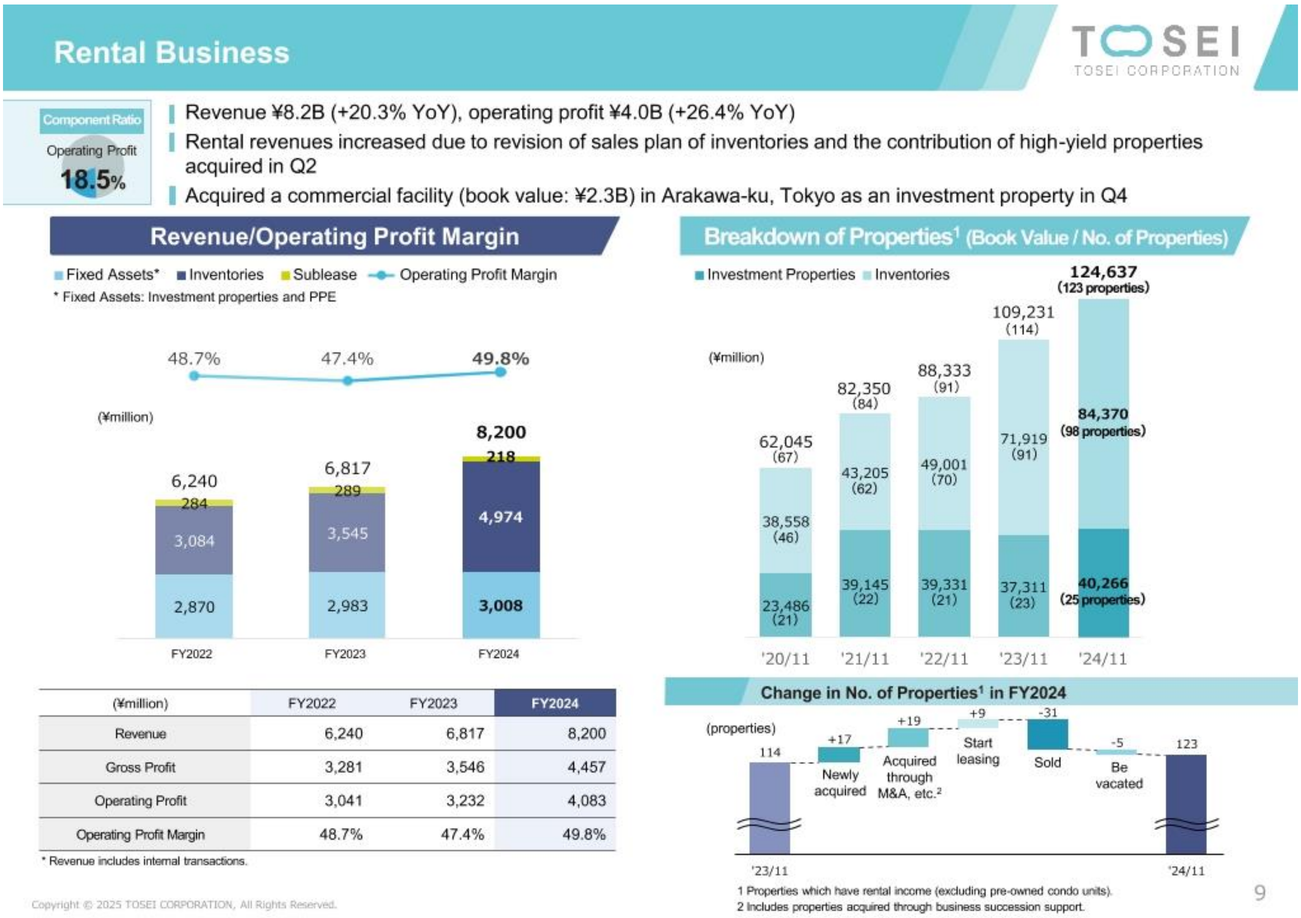
T's Logi Ome, a logistics facility developed by the Company, and a commercial facility in Jiyugaoka, the photos shown on the right, were sold to a variety of investors, including overseas funds and other crowdfunding companies. In addition, two wood-frame rental apartments, which were not included in the initial plan, were sold. The revenue of the wood-frame apartment buildings were around JPY300 million per building, and leasing proceeded very quickly after completion, enabling us to sell the buildings to investors quickly.

The dark blue bar graph shows revenue of detached houses for sale, etc., amounting to JPY3.3 billion. Although the pace of sale of detached houses has slowed somewhat, we have started to sell detached houses for the high-end market, selling houses for JPY170 million per unit or JPY150 million per unit in areas such as Gakugei Daigaku and Denenchofu. The gross profit margin on detached houses we have handled to date has been around 20%, while that on high-end detached houses has been 30% to 35%, indicating very strong sales.



Please see page eight. This is the progress of acquisition in the revitalization business and the development business. The expected disposition value of properties acquired and delivered this fiscal year was JPY83.1 billion. Our acquisition target for this fiscal year was JPY100 billion on a delivery basis, but we have about JPY20 billion in properties that have been contracted but not yet delivered. Including these undelivered properties, total acquisition was JPY103.1 billion.

In addition, we are focusing on purchasing properties through business succession support and M&A. In the current fiscal year, we acquired 25 income-generating office properties through business succession support, with expected disposition value of JPY12.9 billion. Approximately 15% of total acquisition are made through the use of financial measures such as business succession support and real estate M&A.



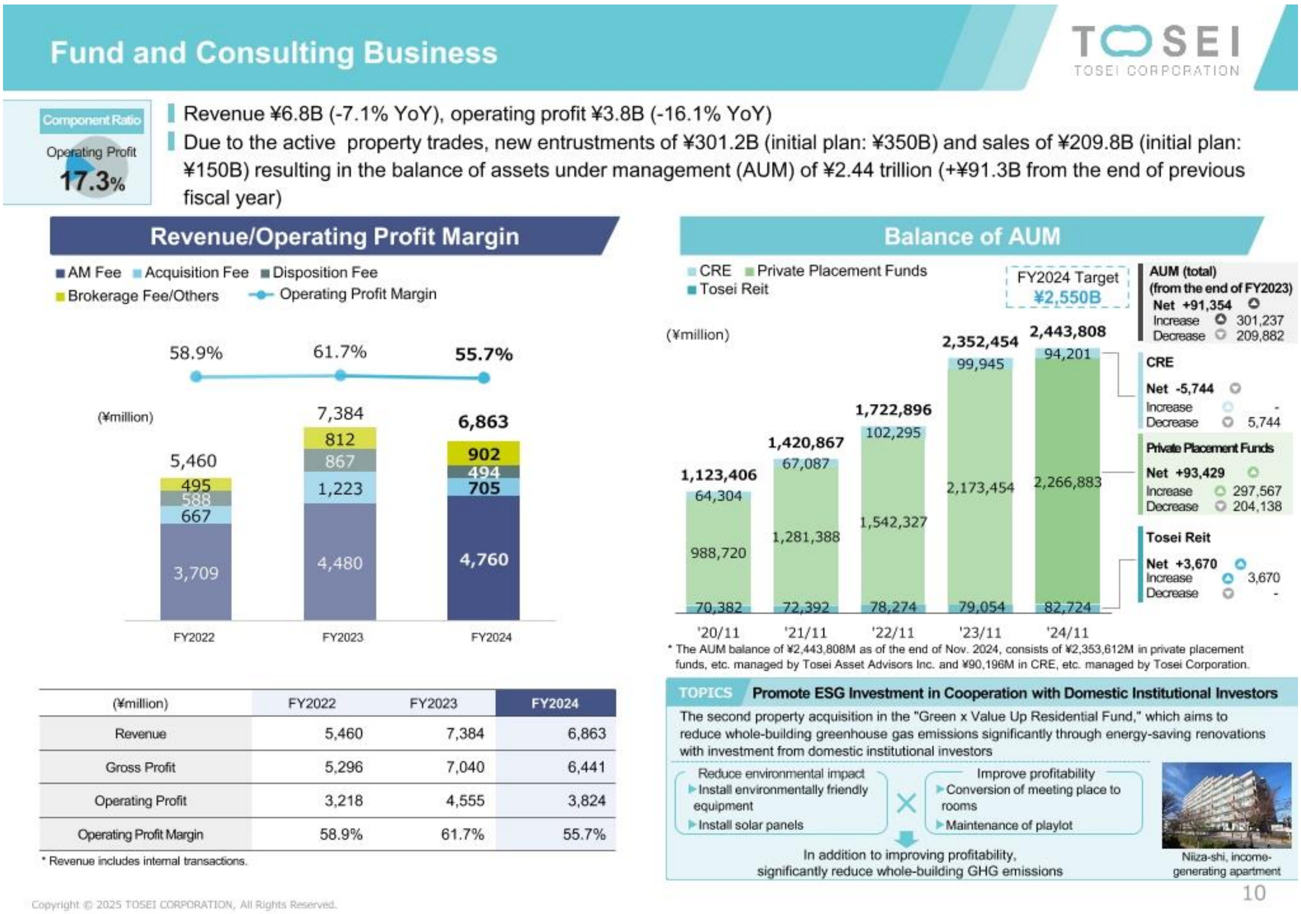
(¥million)	FY2022	FY2023	FY2024
Revenue	6,240	6,817	8,200
Gross Profit	3,281	3,546	4,457
Operating Profit	3,041	3,232	4,083
Operating Profit Margin	48.7%	47.4%	49.8%

* Revenue includes internal transactions.

Please see page nine. This is the rental business, which is positioned as a stable business. Revenue totaled JPY8.2 billion, up 20% from the previous year. Operating profit was JPY4 billion, up 26% YoY. Rental revenue increased due to a revision of sale plan of inventories and the contribution of high-yield properties acquired in the Q2 through business succession support and other purposes.

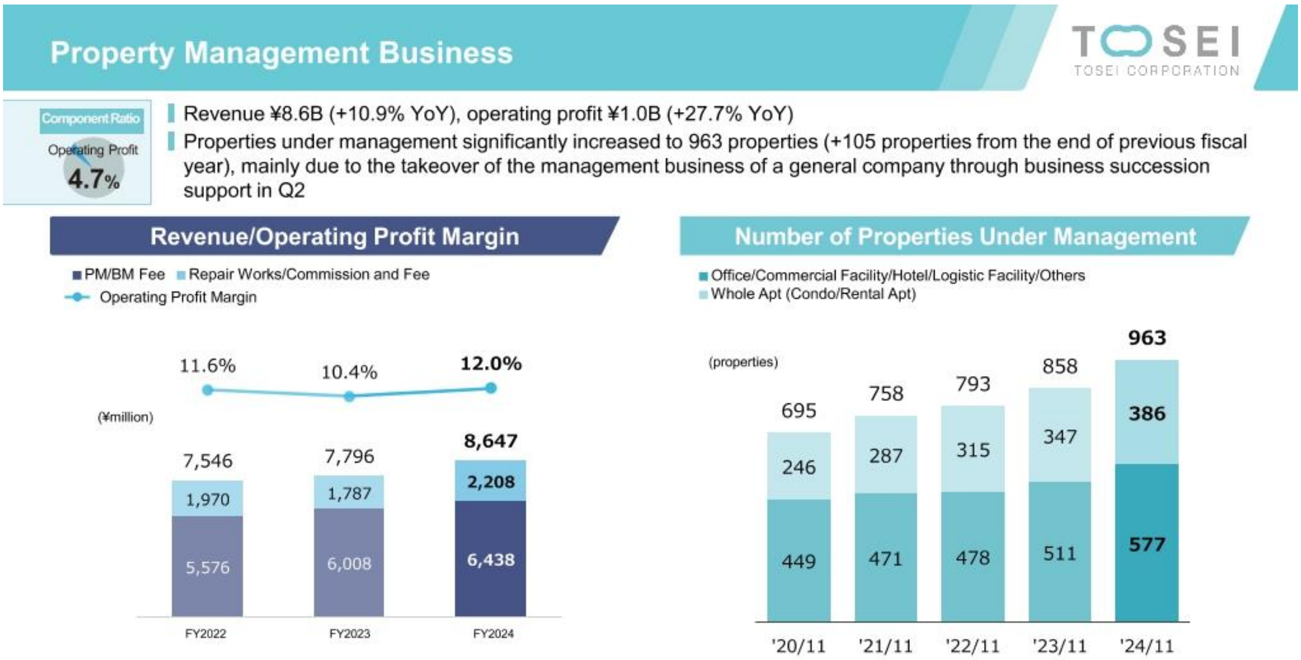
In the bar graph of revenue below, rental revenue from fixed assets and rental revenue from inventories are shown separately. In the case of inventories, the rents received while holding the properties in the revitalization business and development business are recorded in the rental business. Only the sales revenue is recorded for revitalization business and development business.

On the right side, you can see the breakdown of rental properties, and below that shows the breakdown of changes in rental properties. You can see there are 17 new acquisitions, 19 acquisitions through M&A, etc., and a decrease of 31 properties due to sale, etc., from the 114 rental properties in the end of the previous fiscal year. The total number of rental properties at the end of the period was 123.



Please see page 10. This is the fund and consulting business. Revenue totaled JPY6.8 billion, down 7.1% from the previous year. Operating profit was JPY3.8 billion, down 16.1%. As I mentioned at the beginning of this presentation, we had planned for a decrease in profit as a reaction to last year's home run deals such as Otemachi Place and the logistics fund, and we have almost achieved the planned figures.

As for the balance of AUM, new contracts totaled JPY301.2 billion, approximately 85% of the JPY350 billion planned at the beginning of the fiscal year. Sales totaled JPY209.8 billion, exceeding the initial plan of JPY150 billion, bringing AUM to JPY2.4 trillion. The initial plan was for a net increase of JPY200 billion from the end of the previous fiscal year, but due to the progress of sales, the increase was only JPY91.3 billion over the previous fiscal year.



(¥million)	FY2022	FY2023	FY2024
Revenue	7,546	7,796	8,647
Gross Profit	2,662	2,754	3,130
Operating Profit	878	813	1,039
Operating Profit Margin	11.6%	10.4%	12.0%

* Revenue includes internal transactions.

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Please refer to page 11. This is the property management business. Revenue totaled JPY8.6 billion, up 10% from the previous year. Operating profit was JPY1 billion, up 27% YoY. The number of properties under management increased by 105, to 963, mainly due to the transfer of the property management business of general companies through business succession support.

In addition, as shown in the bar graph of revenue, PM and BM fees increased due to a strong increase in the number of properties under management, and in addition, we have been actively marketing proposals for facility renovations to our clients, which has enabled us to secure spot income such as repair works and leasing commissions, resulting in steady performance.

Hotel Business

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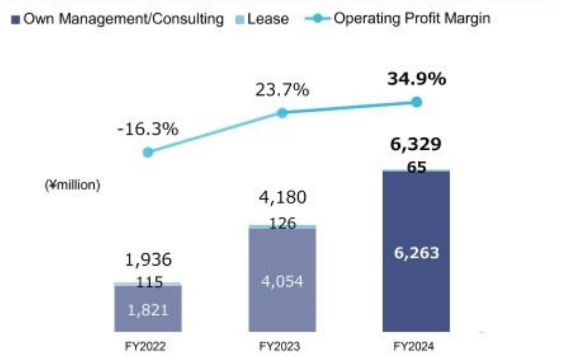
Component Ratio
Operating Profit
10.0%

- Revenue ¥6.3B (+51.4% YoY), GOP ¥3.3B (+63.9% YoY), operating profit ¥2.2B (+122.8% YoY)
- Hit record highs in both revenue and profit thanks to the increase of average daily rate (ADR) and full-year operation of "COCONE Tsukiji Ginza Premier"
- Full-year hotel occupancy rate was 86.8%

Revenue/Operating Profit Margin



(¥million)	FY2022 Own Management	FY2022 Lease	Full-year	FY2023 Own Management	FY2023 Lease	Full-year	FY2024 Own Management	FY2024 Lease	Full-year
Revenue	1,821	115	1,936	4,054	126	4,180	6,263	65	6,329
Gross Profit	1,770	44	1,815	3,978	57	4,036	6,145	52	6,197
GOP	510	-	510	2,045	-	2,045	3,352	-	3,352
Operating Profit	-357	41	-315	942	47	990	2,162	44	2,206
Operating Profit Margin			-16.3%			23.7%			34.9%

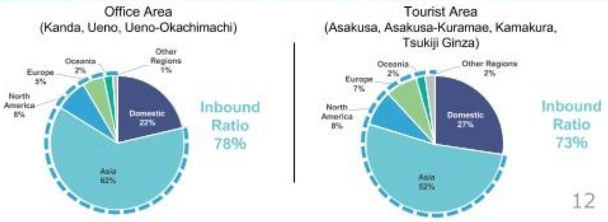
* Revenue includes internal transactions.
* GOP: Gross profit - operating expenses (excluding depreciation expense).

Hotels Held by Tosei (as of the end of Nov. 2024)

	Name	No. of Rooms	Average Occupancy Rate FY2022	FY2023	FY2024
1	Tosei Hotel COCONE Kanda	111	90.6%	91.7%	**91.9%**
2	Tosei Hotel COCONE Ueno	126	83.7%	92.6%	**90.0%**
3	Tosei Hotel & Seminar Makuhari	137	59.2%	82.2%	**81.9%**
4	Tosei Hotel COCONE Asakusa-Kuramae	130	69.7%	84.6%	**87.4%**
5	Tosei Hotel COCONE Ueno-Okachimachi	171	82.7%	94.5%	**92.9%**
6	Tosei Hotel COCONE Asakusa	80	64.4%	85.2%	**89.8%**
7	Tosei Hotel COCONE Kamakura	73	85.4%	90.0%	**89.0%**
8	Tosei Hotel COCONE Tsukiji Ginza Premier	203	-	55.9%	**77.7%**
	Total	1,031	76.4%	87.0%	**86.8%**

* The lease of Tama-shi income-generating hotel (leased to third party) was terminated in Mar. 2024.
* After the opening of "Tosei Hotel COCONE Tsukiji Ginza Premier" in Sep. 2023, the number of rooms changed from 205 to 203 due to the installation of fitness gym in Jun. 2024.

Ratio of Guests of Tosei Hotels by Region in FY2024



12

Please see page 12. This is the hotel business. Revenue was JPY6.3 billion, up 51% YoY; GOP was JPY3.3 billion, up 63% YoY; and operating profit was JPY2.2 billion, up 122% YoY.

As shown on the right side of the page, we currently operate a total of eight hotels, including Kanda, Ueno, Makuhari, and Asakusa, all of which have achieved their targets in terms of average room rate (ADR) and occupancy rate. In addition, due to a full-year operation of Tsukiji Ginza Premier, both revenue and profits have reached record highs.

Tsukiji Ginza Premier is a hotel of one class above the regular COCONE brand with 203 guest rooms, a restaurant with counter, banquet and meeting rooms, and a bathhouse with sauna. The hotel just opened in September of 2023, and the average occupancy rate for the first three months after opening was 55%, but in FY2024, the occupancy rate rose to nearly 80%. The hotel business has performed very well thanks to this full-year operation of Tsukiji Ginza Premier and improved occupancy rate.

Summary of Balance Sheet -Assets-

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- Total assets ¥276.8B (+¥31.4B from the end of previous fiscal year)
- Inventories ¥146.8B (+¥28.5B from the same), investment properties/PPE ¥73.0B (+¥2.2B)

(¥million)	End of Nov. '23	Change		End of May '24	Change		End of Nov. '24		Total		
Total Assets	**245,329**	+9,134		**254,464**	+22,350		**276,815**		**+31,485**		
Cash and Cash Equivalents	**39,197**	+533		**39,731**	-4,856		**34,874**		**-4,323**		
Inventories (properties)	**118,252**	+5,768	+37,168	**124,020**	+22,796	+31,971	**146,817**	A	**+28,565**	+69,139	(i)
			-31,400			-9,174				-40,574	(ii)
Fixed Assets (investment properties/PPE)	**70,823**	-632	+131	**70,190**	+2,849	+3,624	**73,040**	B	**+2,216**	+3,756	(iii)
			-764			-775				-1,540	(iv)
Other Assets	**17,056**	+3,466		**20,522**	+1,561		**22,083**		**+5,027**		

A Inventories (Properties)

¥28.5B increase from the end of previous fiscal year mainly due to acquisitions (increased ¥69.1B, decreased ¥40.5B)

(¥million)		1st Half	2nd Half	Full-year	
Increase Factor	Purchase of Properties (including real estate M&A)	+29,943	+26,570	+56,513	
	Construction Cost/ Value-Add, etc.	+6,942	+5,265	+12,208	
	M&A	-	-	-	
	Transfer from Investment Properties/PPE	-	-	-	
	Others	+282	+135	+417	
Total		**+37,168**	**+31,971**	**+69,139**	(i)
Decrease Factor	Sales of Properties	-30,819	-7,729	-38,549	
	Transfer to Investment Properties/PPE	-	-1,122	-1,122	
	Others	-580*	-322	-902	
Total		**-31,400**	**-9,174**	**-40,574**	(ii)
Change		**+5,768**	**+22,796**	**+28,565**	

* Includes decrease (¥559M) due to loss on retirement of held asset.

B Investment Properties/PPE

¥2.2B increase from the end of previous fiscal year mainly due to acquisitions and transfer from inventories (increased ¥3.7B, decreased ¥1.5B)

(¥million)		1st Half	2nd Half	Full-year	
Increase Factor	Purchase of Properties	-	+2,320	+2,320	
	Value-Add, Purchase of Other Assets	+131	+182	+314	
	Transfer from Inventories	-	+1,122	+1,122	
Total		**+131**	**+3,624**	**+3,756**	(iii)
Decrease Factor	Depreciation Expense, etc.	-764	-775	-1,540	
	Transfer to Inventories	-	-	-	
Total		**-764**	**-775**	**-1,540**	(iv)
Change		**-632**	**+2,849**	**+2,216**	

13

This is the end of the explanation of each business segment, and starting on page 13, we will explain the balance sheet. The balance sheet shows total assets of JPY276.8 billion, an increase of JPY31.4 billion from the end of the previous period. Inventories increased by JPY28.5 billion to JPY146.8 billion, mainly due to the acquisition rather than sale of inventories, and fixed assets also increased slightly.

Summary of Balance Sheet -Liabilities/Equity-

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Equity ratio 32.7%, net D/E ratio 1.45 times

(¥million)	End of Nov. '23	Change		End of May '24	Change		End of Nov. '24		Total		
Total Liabilities/Equity	245,329	+9,134		254,464	+22,350		276,815		+31,485		
Total Liabilities	163,010	+2,016		165,026	+20,922		185,948		+22,938		
Interest-bearing Debt	146,587	+675	+44,583 -43,907	147,263	+18,637	+43,489 -24,852	165,900	A	+19,313	+88,072 -68,759	(i) (ii)
Current Interest-bearing Debt	13,783	+1,829	+13,820 -11,991	15,612	+5,173	+13,690 -8,517	20,786		+7,002	+27,511 -20,508	
Non-current Interest-bearing Debt	132,804	-1,153	+30,762 -31,915	131,650	+13,463	+29,798 -16,334	145,114		+12,310	+60,560 -48,250	
Other Liabilities	16,422	+1,340		17,762	+2,284		20,047		+3,625		
Equity	82,319	+7,118		89,438	+1,428		90,866	B	+8,547		(iii)
Equity Ratio (%)	33.4	+1.5		35.0	-2.3		32.7	C	-0.8		
Net D/E Ratio (times)	1.31	-0.10		1.21	+0.24		1.45		+0.14		

* Equity ratio and net D/E ratio is calculated based on total equity attributable to owners of parent ¥90,500M.

A Interest-bearing Debt

Interest-bearing debt increased ¥59.5B due to new/additional borrowings (①)

Decreased ¥40.1B due to repayments upon disposition and scheduled repayments (②)

(¥million)		1st Half		2nd Half		Full-year			
		Current	Non-current	Current	Non-current	Current	Non-current	Current	
Increase Factor	New Borrowings upon Acquisition	+4,323	+23,944	+4,105	+23,291	+8,428	+47,235	+55,664	①
	Additional Borrowings (construction fee, etc.)	-	+2,677	+37	+1,138	+37	+3,816	+3,853	
	Other (refinance, etc.)	-	+4,115	-	+5,365	-	+9,480	+9,480	
	Non-current Transferred to Current Borrowings	+9,248	-	+9,381	-	+18,630	-	+18,630	
	Lease Liabilities	+248	+24	+166	+3	+415	+27	+443	
Total		+13,820	+30,762	+13,690	+29,798	+27,511	+60,560	+88,072	(i)
Decrease Factor	Repayments upon Disposition	-6,072	-20,857	-3,204	-3,579	-9,276	-24,437	-33,714	②
	Scheduled Repayments	-2,962	-282	-2,868	-282	-5,830	-564	-6,394	
	Other (refinance, etc.)	-2,749	-1,118	-2,303	-2,920	-5,052	-4,039	-9,092	
	Non-current Transferred to Current Borrowings	-	-9,248	-	-9,381	-	-18,630	-18,630	
	Lease Liabilities	-208	-407	-141	-170	-349	-578	-928	
Total		-11,991	-31,915	-8,517	-16,334	-20,508	-48,250	-68,759	(ii)
Change		+1,829	-1,153	+5,173	+13,463	+7,002	+12,310	+19,313	

B Change in Equity

Increase in retained earnings **+¥12.0B**
Payment of cash dividends **-¥3.1B**

¥8.5B increase from the end of previous fiscal year (iii)

C Financial Soundness

Equity Ratio - 0.8 points from the end of previous fiscal year **32.7%**

Net D/E Ratio + 0.14 points from the end of previous fiscal year **1.45 times**

14

Page 14 shows liabilities and equity. Interest-bearing debt increased by about JPY19.3 billion to JPY165.9 billion due to an increase in inventories. Total equity was JPY90.8 billion, an increase of JPY12 billion due to the retained earnings, resulting in a net increase of JPY8.5 billion after deducting dividends and other items.

The equity ratio was 32.7%, down 0.8 points from the previous year, and the net D/E ratio was 1.45 times. Regarding the equity ratio of 32.7%, we are maintaining financial soundness, and we believe that the current equity ratio of around 35% is appropriate, rather than lowering the equity ratio or increasing leverage in the future.

Breakdown of Inventories

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Inventories book value ¥146.8B (+¥28.5B from the end of previous fiscal year), Tosei's expected disposition value ¥222.2B (+¥39.0B from the same)

Total Book Value as of the end of Nov. 2024	¥146,817M 202 properties 604 units	Estimated Book Value on Completion	¥173,221M	Expected Disposition Value	¥222,216M

(¥million)	Book Value					Estimated Book Value on Completion
Property Type	Revitalization		Development		Total	
Office	38,937	44 properties	5,664	4 properties	44,602	Additional Cost
Commercial Facility	10,425	14 properties	3,425	3 properties	13,850	
Whole Apartment/Condo	29,444	40 properties	17,008	40 properties	46,452	(Construction, value-add cost)
Pre-owned Condo Units	16,007	218 units	—	—	16,007	
Hotel	2,782	1 property	636	1 property	3,419	26,404
Logistics Facility	603	1 property	4,319	1 property	4,923	
Detached House, Land Lot	4,553	23 properties	12,095	386 units	16,649	
Other	912	30 properties	—	—	912	
Total	103,667	153 properties 218 units	43,150	49 properties 386 units	146,817	173,221

* The "Whole Apartment/Condo" in Development Business includes both rental apartment development and condominium development projects.
* Condominiums are counted as one per project in the Development Business.

Expected Disposition Value		
Revitalization	Development	Total
53,622	8,728	62,350
13,292	4,083	17,376
38,254	32,320	70,575
20,797	—	20,797
4,202	3,802	8,005
768	6,500	7,268
8,075	26,667	34,742
1,099	—	1,099
140,113	82,102	222,216

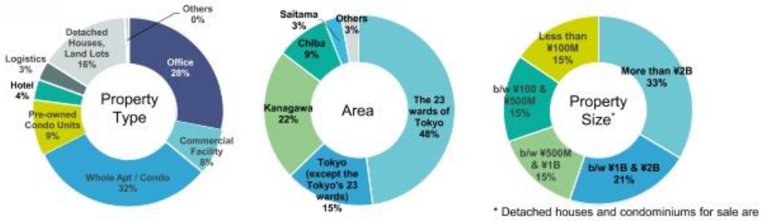
Expected Gross Profit	48,994
Expected Gross Profit Margin*	22.0%

* The above expected disposition value is based on the Company's estimation based on information available as of the end of the period and actual results may differ significantly due to various factors.

(Reference) Past Record Gross Profit Margin*	25.9%

* Gross profit margin of Revitalization Business and Development Business from the past three years (FY2022-FY2024). Includes valuation loss and reversal of valuation loss under LCM.

Expected Disposition Value Basis



* Detached houses and condominiums for sale are classified by the amount per unit.

15

Please refer to page 15. In terms of the disclosure of inventories which is the future source of revenue, the book value of the properties we own is JPY146.8 billion, which consists of 202 properties and 604 units. They are shown in the breakdown of asset type such as office, commercial facility, and condominium both for the revitalization business and development business.

The estimated book value on completion is JPY173.2 billion, after adding future construction and value-add costs to the book value of the property held. We assume that the sales of these properties will generate JPY222.2 billion worth of revenue. The gross profit margin assumption here is 22%, and given that the average actual gross profit margin shown below that for the past three years (November 2022 - November 2024) was 25.9%, we have set a profit level that is conservative enough to be feasible.

Also, please refer to the pie chart in the lower left corner, which shows graphs by property type, area, and size.

Trends in Inventories

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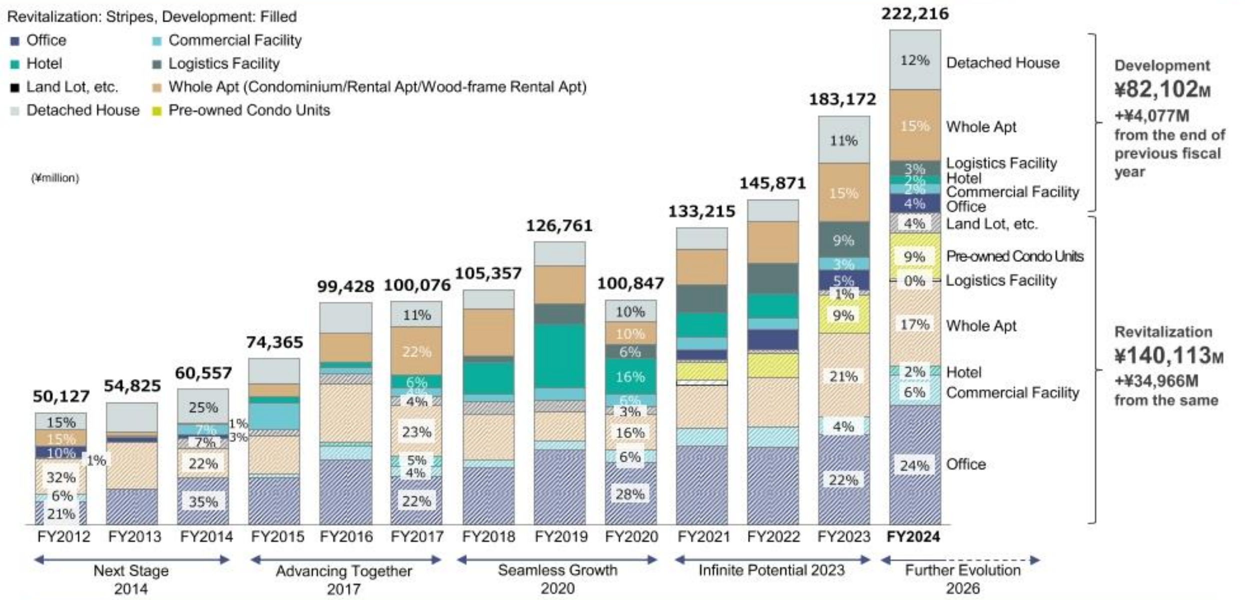

Balance between Inventories and Revenue

(¥million)	FY2023	FY2024	FY2025 (plan)
Beginning-of-year Inventories[1]	145,871	183,172	222,216
Revenue[2]	54,782	53,881	71,597
Revenue / Beginning-of-year Inventories	38%	29%	32%

Possess inventories equivalent to **3 years** worth of sales (Revitalization and Development Businesses)

1 Expected disposition value.
2 Revenue from the Trading Business (Revitalization and Development Businesses).

16

Page 16 is a bar chart showing changes in inventories. Since around 2017, we have been diversifying our asset types according to the market, such as hotels, logistics facilities, and pre-owned condo units, and the balance is steadily increasing.

Breakdown of Fixed Assets

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- Fixed assets (real estate) 37 properties and 2 units with fair value of ¥153.1B (Tosei's estimation) against book value of ¥70.5B
- Unrealized gains on hotels increased to ¥41.1B due to improvement in GOP of hotels, and unrealized gains of fixed assets increased to ¥82.5B (+¥22.7B from the end of previous fiscal year)

Total Book Value as of the end of Nov. 2024 — **¥70,527M** 37 properties +2 units

Fair Value — **¥153,123M**

(¥million) Property Type	Book Value (A)		Fair Value (B)	Unrealized Gains as of the end of Nov. 2024 (B-A)	Unrealized Gains as of the end of Nov. 2023
Office	37,033	16 properties	73,139	36,106	31,774
Commercial Facility	10,375	10 properties	14,589	4,213	3,323
Condo/Apartment	-	-	-	-	-
Hotel	21,733	8 properties	62,911	41,178	23,769
Logistics Facility	868	1 property	1,932	1,064	1,022
Land Lot, Others	517	2 properties+2 units	550	33	-
Total	70,527	37 properties+2 units	153,123	82,596	59,890
Income Tax[1]				-27,256	-19,763
Unrealized Gains After Tax				55,339	40,126

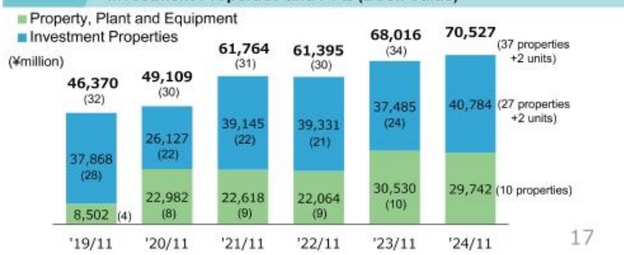
1 Calculated with corporation tax rate of 33% for estimation purposes.
* "Land Lot, Others" includes pre-owned condo units (2 units).
* The above book value does not include the book value of right-of-use (lease) assets, tools, furniture and fixtures, etc., ¥2,512M.
* The above fair value is calculated by the Company based on "Real Estate Appraisal Standards".

Total Equity including Unrealized Gains After Tax

	As of the end of Nov. 2024	Per Share
Total Equity	¥90,500M	¥1,867.49
Unrealized Gains After Tax	¥55,339M	¥1,141.94
Total	¥145,839M	¥3,009.42

* Total equity represents the total equity attributable to owners of the parent company

Investment Properties and PPE (Book Value)

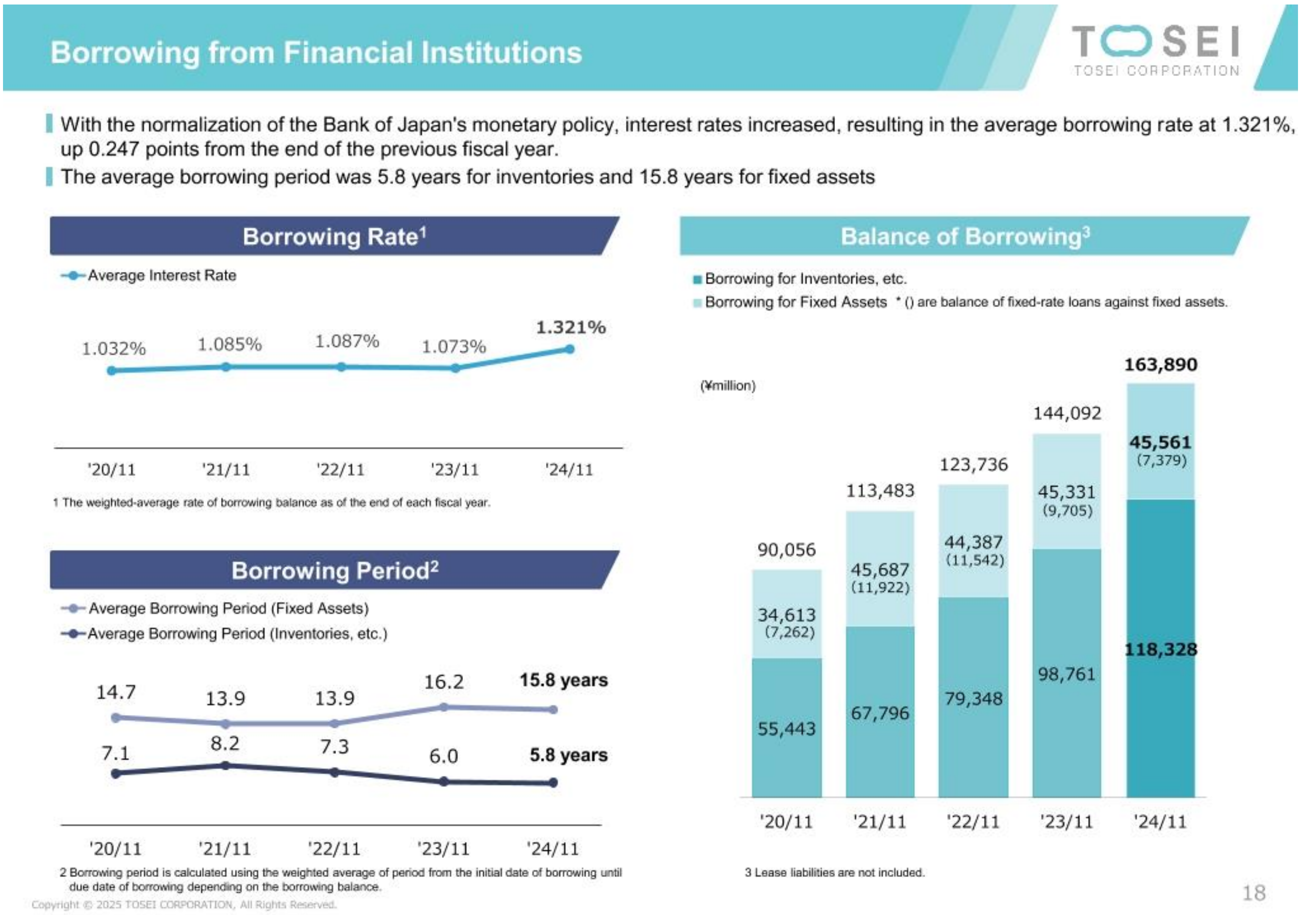


17

Page 17 shows the fixed assets. The fixed assets include 37 properties with a book value of JPY70.5 billion, and we estimate the fair value to be JPY153.1 billion.

As for changes from the previous period, the GOP of the hotels owned has improved, and as a result of a review of valuations based on GOP results, the unrealized gains on the hotels have increased significantly.

The unrealized gains at the end of November 2024 is JPY82.5 billion, but if it were sold, the unrealized gain after tax would be JPY55.3 billion after deducting corporate tax. The lower left corner shows the total equity and unrealized gains per share. The total equity per share is JPY1,867, and the unrealized gains per share is JPY1,141, resulting in the estimated total NAV of JPY3,009.



Page 18 shows the borrowings from financial institutions. The average borrowing rate was 1.321%, up 0.247 points from the end of the previous fiscal year, due to an increase in funding rates as the Bank of Japan normalizes its monetary policy.

The graph of average borrowing rate shows the weighted average borrowing rate for all outstanding loans as of the end of each period, but the real interest rate, which is the actual interest paid during the period divided by the average outstanding interest-bearing debt during the period, was 1.15% in the previous fiscal year and 1.27% in FY2024, which means that the real interest burden was +0.12 points.

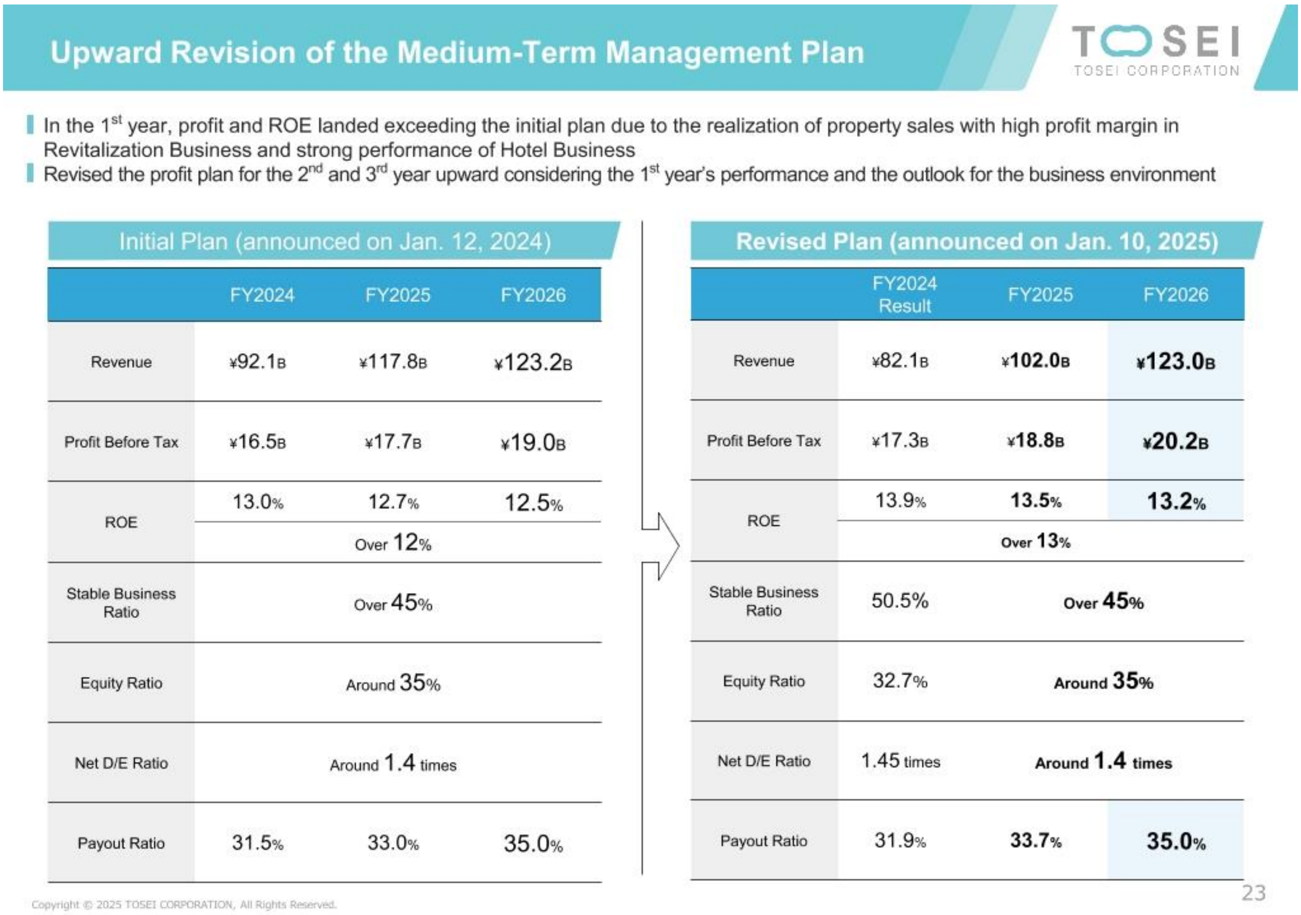
Since the negative interest rate was lifted in March of last year, the policy interest rate was raised to 0.25% in July, and the short-term prime rate was subsequently raised, interest rates have been rising in stages. As a result, borrowing rate for the Company has been raised.

With regard to average borrowing periods, fixed assets and inventories are 15.8 years and 5.8 years, respectively. On the right side of the page is the changes in the balance of borrowing. We have been able to borrow from financial institutions for a sufficient period and amount to conduct our business.

That’s all for the explanation.

Moderator: Thank you. Yamaguchi, President and CEO, will begin the explanation on the following page.

Yamaguchi: Hello, everyone. I’m Yamaguchi as introduced just now. I would like to focus on the business development for FY2025 and the revision of the medium-term management plan through FY2026.



Upward Revision of the Medium-Term Management Plan

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- In the 1st year, profit and ROE landed exceeding the initial plan due to the realization of property sales with high profit margin in Revitalization Business and strong performance of Hotel Business
- Revised the profit plan for the 2nd and 3rd year upward considering the 1st year's performance and the outlook for the business environment

Initial Plan (announced on Jan. 12, 2024)

	FY2024	FY2025	FY2026
Revenue	¥92.1B	¥117.8B	¥123.2B
Profit Before Tax	¥16.5B	¥17.7B	¥19.0B
ROE	13.0%	12.7%	12.5%
		Over 12%	
Stable Business Ratio		Over 45%	
Equity Ratio		Around 35%	
Net D/E Ratio		Around 1.4 times	
Payout Ratio	31.5%	33.0%	35.0%

Revised Plan (announced on Jan. 10, 2025)

	FY2024 Result	FY2025	FY2026
Revenue	¥82.1B	¥102.0B	¥123.0B
Profit Before Tax	¥17.3B	¥18.8B	¥20.2B
ROE	13.9%	13.5%	13.2%
		Over 13%	
Stable Business Ratio	50.5%	Over 45%	
Equity Ratio	32.7%	Around 35%	
Net D/E Ratio	1.45 times	Around 1.4 times	
Payout Ratio	31.9%	33.7%	35.0%

23

Now, please turn to page 23. This is an upward revision of the medium-term management plan. On the left is the initial plan and on the right is the revised plan.

As for revenue in the top row, the initial plan on the left was to increase revenue from JPY92.1 billion to JPY123.2 billion in FY2026, and the plan has been revised to increase revenue from JPY82.1 billion in the previous year to JPY123 billion in the final year. Revenue for the final year remains almost unchanged. The second row, profit before tax, was initially planned to start at JPY16.5 billion and end at JPY19 billion, and as shown in the right-hand column, the plan was revised upward to start from the result of JPY17.3 billion in the previous fiscal year, to JPY18.8 billion for the current fiscal year, and end at JPY20.2 billion in the final year.

In terms of ROE on the third row, the initial plan on the left side was over 12% with 13% in the first year, followed by 12.7% and 12.5%. The plan was revised to maintain over 13%, with the result of the previous fiscal year of 13.9%, followed by 13.5% and 13.2% target.

Although the ROE ratio is slightly lower toward the final year, this is due to our conservative estimate of the profit margin of the trading business in the third year, compared to the historical average.

As for the stable business ratio in the fourth row, the target remained at over 45%, but the actual result for the previous period was 50.5%, as explained by Fujiwara.

Equity ratio, net D/E ratio, and dividend payout ratio are as stated for your reference.

Upward Revision of the Medium-Term Management Plan -Details-

TOSEI CORPORATION

3-year P/L Simulation

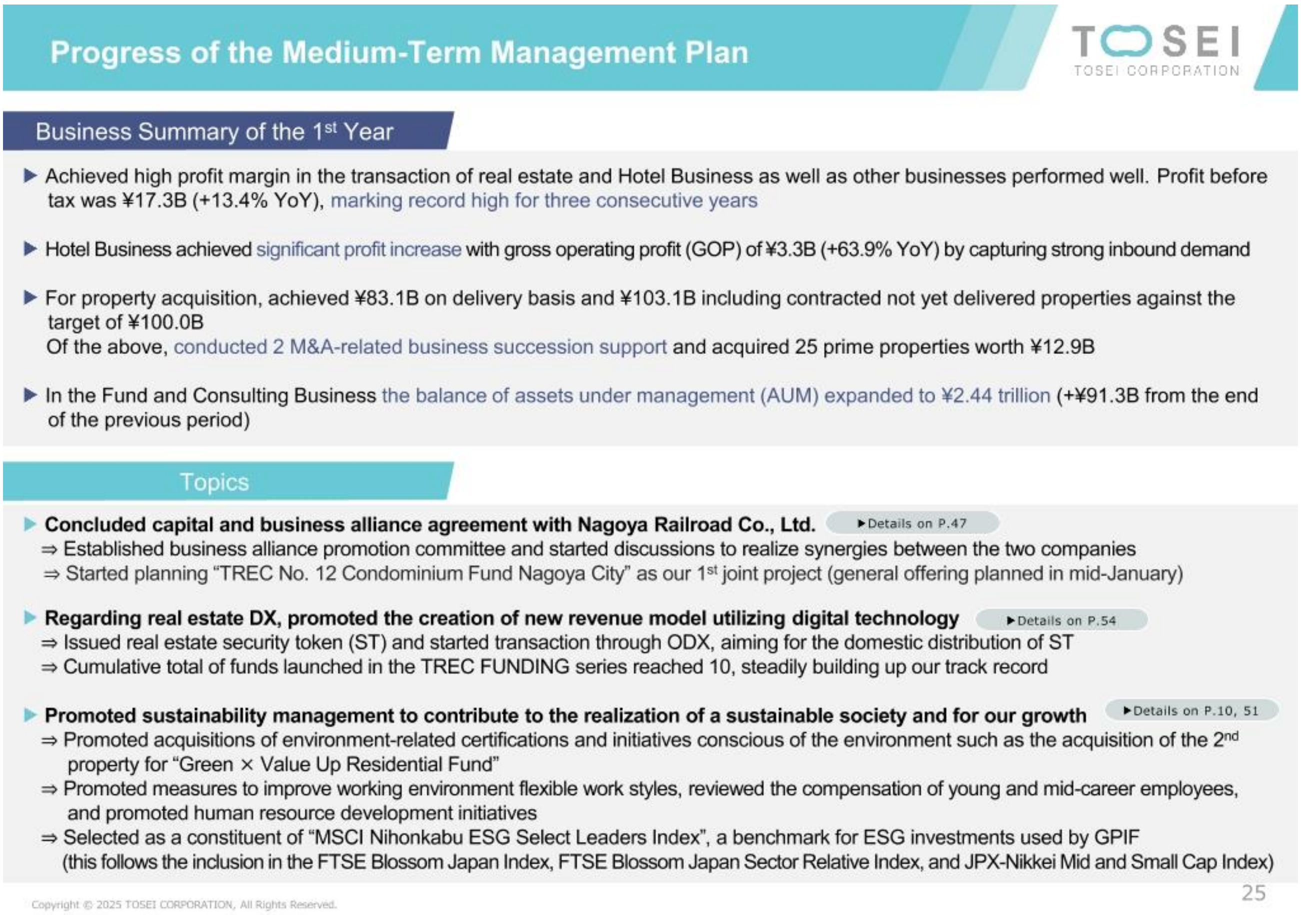
(¥million)

	FY2023 Result	Composition Ratio / Profit Margin	FY2024 Result	Composition Ratio / Profit Margin	FY2025 Forecast	Composition Ratio / Profit Margin	FY2026 Forecast	Composition Ratio / Profit Margin
Revenue	79,446	100.0%	82,191	100.0%	102,078	100.0%	123,074	100.0%
Revitalization Business	47,535	59.8%	37,221	45.3%	46,656	45.7%	63,495	51.6%
Development Business	7,246	9.1%	16,659	20.3%	24,940	24.4%	26,879	21.8%
Rental Business	6,817	8.6%	8,200	10.0%	8,847	8.7%	9,007	7.3%
Fund and Consulting Business	7,384	9.3%	6,863	8.4%	7,290	7.1%	8,037	6.5%
Property Management Business	7,796	9.8%	8,647	10.5%	9,349	9.2%	10,192	8.3%
Hotel Business	4,180	5.3%	6,329	7.7%	6,529	6.4%	6,988	5.7%
Internal Transactions	-1,515	-	-1,730	-	-1,537	-	-1,527	-
Gross Profit	30,285	38.1%	35,196	42.8%	39,095	38.3%	43,008	34.9%
Revitalization Business	11,183	23.5%	9,203	24.7%	10,675	22.9%	14,120	22.2%
Development Business	2,133	29.4%	6,200	37.2%	7,438	29.8%	6,182	23.0%
Rental Business	3,546	52.0%	4,457	54.4%	4,690	53.0%	4,980	55.3%
Fund and Consulting Business	7,040	95.3%	6,441	93.9%	6,950	95.3%	7,697	95.8%
Property Management Business	2,754	35.3%	3,130	36.2%	3,416	36.5%	3,637	35.7%
Hotel Business	4,036	96.6%	6,197	97.9%	6,375	97.6%	6,829	97.7%
Internal Transactions	-410	-	-434	-	-451	-	-440	-
Operating Profit	16,254	20.5%	18,488	22.5%	20,639	20.2%	22,893	18.6%
Revitalization Business	8,877	18.7%	5,963	16.0%	7,369	15.8%	10,411	16.4%
Development Business	1,036	14.3%	4,962	29.8%	5,857	23.5%	4,345	16.2%
Rental Business	3,232	47.4%	4,083	49.8%	4,326	48.9%	4,581	50.9%
Fund and Consulting Business	4,555	61.7%	3,824	55.7%	4,074	55.9%	4,525	56.3%
Property Management Business	813	10.4%	1,039	12.0%	1,033	11.1%	1,095	10.8%
Hotel Business	990	23.7%	2,206	34.9%	2,092	32.0%	2,331	33.4%
Corporate Expenses, etc.	-3,251	-	-3,591	-	-4,113	-	-4,397	-
Profit Before Tax	15,310	19.3%	17,364	21.1%	18,800	18.4%	20,200	16.4%
Income Tax Expenses	4,802	-	5,364	-	5,993	-	6,453	-
Profit for the Year	10,508	13.2%	12,000	14.6%	12,806	12.5%	13,746	11.2%
EPS (¥)	219.74		247.43		264.27		283.68	
ROA	6.7%		6.7%		6.4%		6.3%	
ROIC	5.2%		5.3%		5.2%		5.3%	
ROE	13.6%		13.9%		13.5%		13.2%	

* The green portion shows gross profit margin and operating profit margin.

24

Page 24 is a simulation of the medium-term management plan by segment. Please refer it later. I will explain each segment on the following pages.



Please see page 25. This is the progress of the medium-term management plan, in which we are now in the second year.

As Fujiwara explained earlier, the first-year performance summary in the upper row shows that profit before tax, in particular, reached JPY17.3 billion in the previous fiscal year, marking the third consecutive year of record high.

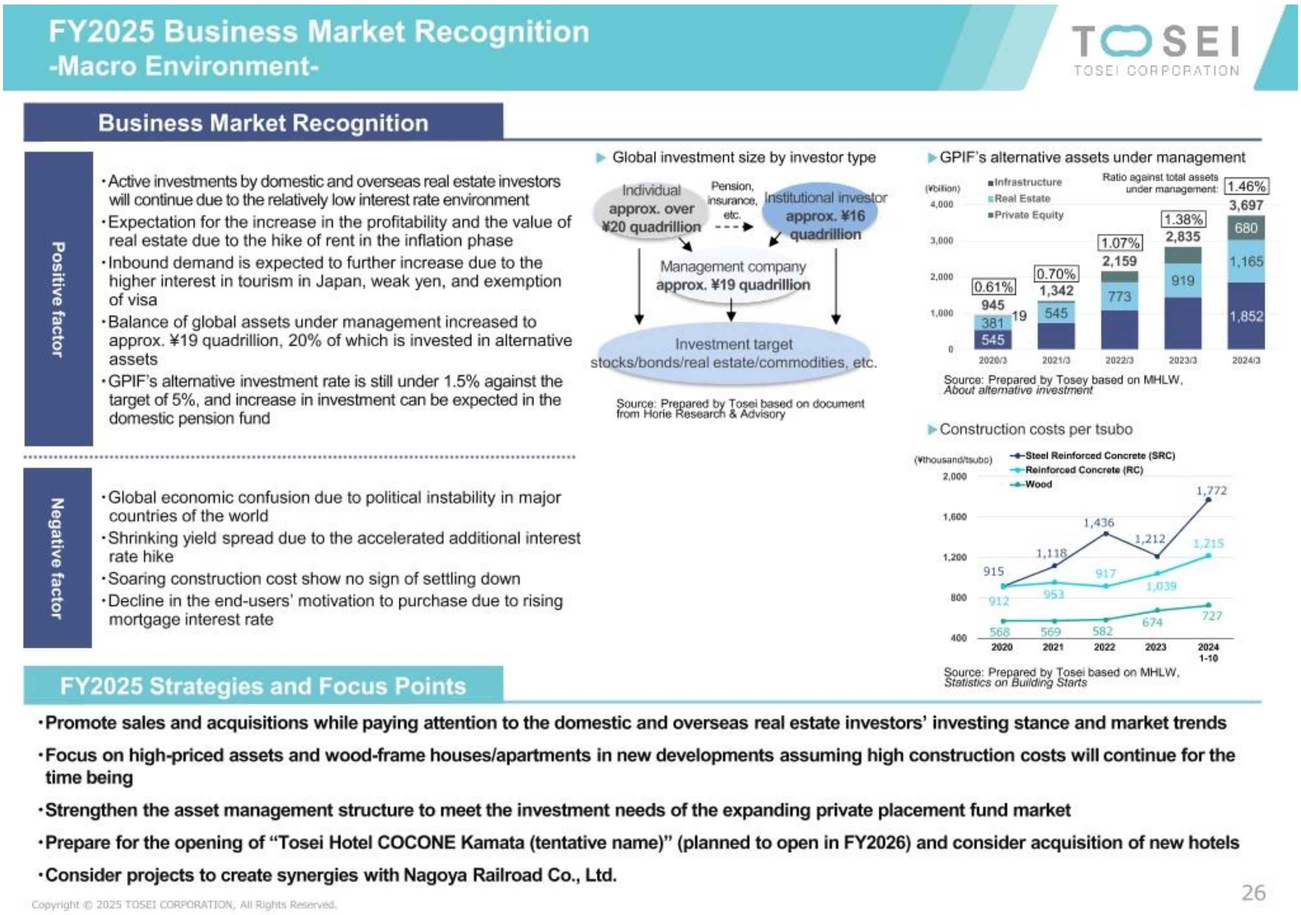
As for the topics in the lower part, I would like to mention only a few key points. We concluded capital and business alliance agreement with Nagoya Railroad Co., Ltd. This business alliance is already having a positive effect, and we are planning to launch this month a real estate crowdfunding project incorporating Nagoya properties owned by the Nagoya Railroad Group.

In addition, we are focusing on DX as shown in the middle row, and in the previous fiscal year, we started transaction of security token through ODX, the Osaka Digital Exchange. We have already issued two security tokens at the Digital Stock Exchange in Singapore, and in addition to Singapore, we started transaction through the Osaka Digital Exchange. We are also in the process of steadily building up to 10 crowdfunding funds.

Shown at the bottom is the promotion of sustainable management. In addition to acquiring various environment-related certifications such as BELS, DBJ, and CASBEE, we are also promoting eco-funds such as Green × Value Up Residential Fund.

In addition, various measures are being taken to reform the way people work to realize flexible work styles. As shown at the bottom, the Company has been selected as a constituent of MSCI Nihonkabu ESG Select Leaders Index, a benchmark for ESG investments used by GPIF. This follows the inclusion in the FTSE Blossom

Japan Index, FTSE Blossom Japan Sector Relative Index, and JPX-Nikkei Mid and Small Cap Index. As a result, we are currently incorporated into 4 indexes.



Page 26 is a recognition of the business environment for this fiscal year, and I will go through only the key points.

First, regarding favorable factors in the business environment, the Bank of Japan's lifting of the zero interest rate and the increase in the policy rate to 0.25% last year caused interest rates to rise. However, since the speed and extent of the increase were very moderate, investment stance of domestic and overseas real estate investors remains very aggressive.

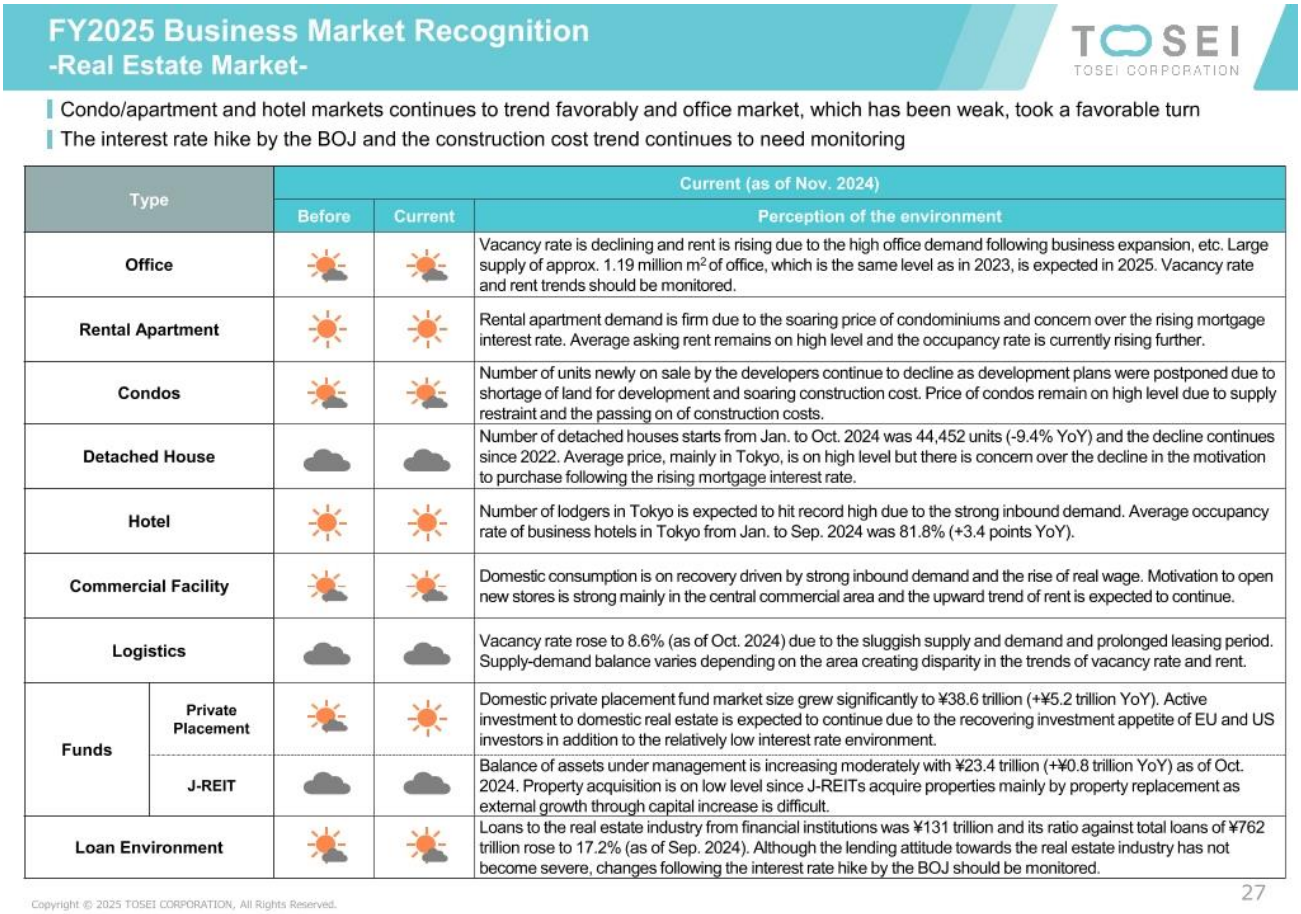
In addition, rents have been rising during the inflationary phase, and investors are increasingly hoping that rising rents will offset rising interest rates.

As for the fourth favorable factor, the balance of global assets under management are currently huge, totaling JPY19 quadrillion, and the global trend is for alternative investments to account for about 20% of the total assets under management. This is a tailwind for the inflow of funds into real estate in terms of the alternative investment such as real estate, PE and hedge fund.

In addition, we have seen a large amount of dry powder, standby funds, from overseas investors in our fund business that have not yet invested, which we consider positive for the current fiscal year.

And fifth, looking at the GPIF's alternative investment situation, we believe that it is positive for the real estate sector.

In terms of the concerns shown in the lower section, concerns about global political instability are immeasurable, so I will refrain from commenting on them except to say we will keep an eye on it. The most immediate concern in the real estate industry is the soaring cost of construction. Although the rise in steel and some other materials has slowed down, the overall rise in construction costs has not yet been resolved, and we need to keep a close eye on the situation.



FY2025 Business Market Recognition
-Real Estate Market-

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- Condo/apartment and hotel markets continues to trend favorably and office market, which has been weak, took a favorable turn
- The interest rate hike by the BOJ and the construction cost trend continues to need monitoring

Type		Current (as of Nov. 2024)		
		Before	Current	Perception of the environment
Office				Vacancy rate is declining and rent is rising due to the high office demand following business expansion, etc. Large supply of approx. 1.19 million m^2 of office, which is the same level as in 2023, is expected in 2025. Vacancy rate and rent trends should be monitored.
Rental Apartment				Rental apartment demand is firm due to the soaring price of condominiums and concern over the rising mortgage interest rate. Average asking rent remains on high level and the occupancy rate is currently rising further.
Condos				Number of units newly on sale by the developers continue to decline as development plans were postponed due to shortage of land for development and soaring construction cost. Price of condos remain on high level due to supply restraint and the passing on of construction costs.
Detached House				Number of detached houses starts from Jan. to Oct. 2024 was 44,452 units (-9.4% YoY) and the decline continues since 2022. Average price, mainly in Tokyo, is on high level but there is concern over the decline in the motivation to purchase following the rising mortgage interest rate.
Hotel				Number of lodgers in Tokyo is expected to hit record high due to the strong inbound demand. Average occupancy rate of business hotels in Tokyo from Jan. to Sep. 2024 was 81.8% (+3.4 points YoY).
Commercial Facility				Domestic consumption is on recovery driven by strong inbound demand and the rise of real wage. Motivation to open new stores is strong mainly in the central commercial area and the upward trend of rent is expected to continue.
Logistics				Vacancy rate rose to 8.6% (as of Oct. 2024) due to the sluggish supply and demand and prolonged leasing period. Supply-demand balance varies depending on the area creating disparity in the trends of vacancy rate and rent.
Funds	Private Placement			Domestic private placement fund market size grew significantly to ¥38.6 trillion (+¥5.2 trillion YoY). Active investment to domestic real estate is expected to continue due to the recovering investment appetite of EU and US investors in addition to the relatively low interest rate environment.
	J-REIT			Balance of assets under management is increasing moderately with ¥23.4 trillion (+¥0.8 trillion YoY) as of Oct. 2024. Property acquisition is on low level since J-REITs acquire properties mainly by property replacement as external growth through capital increase is difficult.
Loan Environment				Loans to the real estate industry from financial institutions was ¥131 trillion and its ratio against total loans of ¥762 trillion rose to 17.2% (as of Sep. 2024). Although the lending attitude towards the real estate industry has not become severe, changes following the interest rate hike by the BOJ should be monitored.

27

Next, on page 27, is the weather forecast for the real estate market, which I will explain briefly.

The first point is the office market in the upper row. Since the convergence of the COVID-19, the market has been recovering quite well, but we have put sunny with partial cloudy mark for now. The reason for the cloudy mark is that there will be a large supply of 1.19 million square meters, or 350,000 tsubo, in 2025, the first time since 2023, so we took into account a slight oversupply. However, in fact, the market absorbed the large supply in 2023, so I am optimistic about the large supply in 2025.

The sunny marks are rental apartment, hotels, which are driven by inbound demand and the weak yen, and private placement funds in the lower row. Private placement funds have also been stimulated by the alternative investments I mentioned earlier, and there was also a report last year that Tokyo ranked first in terms of real estate investment volume. We are taking a positive view of the APAC fund, as Tokyo, or Japan, is very likely to be selected as investment destination, partly due to the decline in the Chinese market.

FY2025 Full-year Forecast

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(¥million)	FY2024 Result [A]	Composition Ratio / Profit Margin	FY2025 Forecast [B]	Composition Ratio / Profit Margin	YoY [B] – [A]	YoY Growth Ratio
Revenue	82,191	100.0%	102,078	100.0%	+19,886	+24.2%
Revitalization Business	37,221	45.3%	46,656	45.7%	+9,434	+25.3%
Development Business	16,659	20.3%	24,940	24.4%	+8,280	+49.7%
Rental Business	8,200	10.0%	8,847	8.7%	+647	+7.9%
Fund and Consulting Business	6,863	8.4%	7,290	7.1%	+427	+6.2%
Property Management Business	8,647	10.5%	9,349	9.2%	+702	+8.1%
Hotel Business	6,329	7.7%	6,529	6.4%	+200	+3.2%
Internal Transactions	-1,730	-	-1,537	-	+192	-
Gross Profit	35,196	42.8%	39,095	38.3%	+3,898	+11.1%
Revitalization Business	9,203	24.7%	10,675	22.9%	+1,472	+16.0%
Development Business	6,200	37.2%	7,438	29.8%	+1,237	+20.0%
Rental Business	4,457	54.4%	4,690	53.0%	+233	+5.2%
Fund and Consulting Business	6,441	93.9%	6,950	95.3%	+509	+7.9%
Property Management Business	3,130	36.2%	3,416	36.5%	+285	+9.1%
Hotel Business	6,197	97.9%	6,375	97.6%	+178	+2.9%
Internal Transactions	-434	-	-451	-	-16	-
Operating Profit	18,488	22.5%	20,639	20.2%	+2,150	+11.6%
Revitalization Business	5,963	16.0%	7,369	15.8%	+1,406	+23.6%
Development Business	4,962	29.8%	5,857	23.5%	+894	+18.0%
Rental Business	4,083	49.8%	4,326	48.9%	+242	+5.9%
Fund and Consulting Business	3,824	55.7%	4,074	55.9%	+249	+6.5%
Property Management Business	1,039	12.0%	1,033	11.1%	-5	-0.5%
Hotel Business	2,206	34.9%	2,092	32.0%	-114	-5.2%
Corporate Expenses, etc.	-3,591	-	-4,113	-	-522	-
Profit Before Tax	17,364	21.1%	18,800	18.4%	+1,435	+8.3%
Income Tax Expenses	5,364	-	5,993	-	+628	-
Profit for the Year	12,000	14.6%	12,806	12.5%	+806	+6.7%
EPS (¥)	247.43		264.27		+16.84	
ROA	6.7%		6.4%			
ROIC	5.3%		5.2%			
ROE	13.9%		13.5%			

* The green portion shows gross profit margin and operating profit margin.

Plan for FY2025

- **Both revenue and profit are planned to increase driven by Trading Business**
- **Profit before tax is planned to hit record high with ¥18.8B (annual growth ratio 8.3%) and ROE forecast is 13.5%**

[Revitalization Business]

- For whole buildings, focus sales mainly on small/medium-sized properties of less than ¥2B
  Profit margin is expected to be around 25%
- Set the 3 central wards of Tokyo as focus area for pre-owned condo units and planned to sell 107 units
  Profit margin is set conservatively and is expected to be around 17% considering some properties are in the suburbs
- Focus on acquisition for revitalization projects assuming construction costs will remain high

[Development Business]

- Planned to sell 9 whole buildings (rental apartments/commercial facilities, etc.) which leasing is completed
  ⇒ 9 out 8 buildings are already contracted for sale
- Planned to sell 87 detached houses. Focus on detached houses of over ¥100M per unit for high-end customers
- Consider development plans cautiously, keeping an eye on the construction cost trend

[Fund and Consulting Business]

- Establish a structure for new asset management entrustments, considering large transactions by domestic and overseas investors are increasing
- AUM target for FY2025: ¥2.65 trillion
- AM fee is expected to increase along with the increase of AUM. Assume performance fees will remain on the same level

[Hotel Business]

- Maintain ADR and occupancy rate on high level amid the continued expansion of inbound demand
- Prepare for the opening of "Tosei Hotel COCONE Kamata (tentative name)" (planned to open in FY2026)
  ⇒ Anticipate initial expenses of ¥100M as the conversion from office into hotel will complete during this fiscal year

28

I will begin explaining our full-year earnings forecast for the current fiscal year on page 28. The middle column shows our forecast for FY2025, and we have revised our forecast upward, with revenue of just over JPY102 billion, operating profit of JPY20.6 billion, and profit before tax of JPY18.8 billion.

We are finally going to be a company with revenue of JPY100 billion and operating profit more than JPY20 billion, and we would like to enter a new stage of growth.

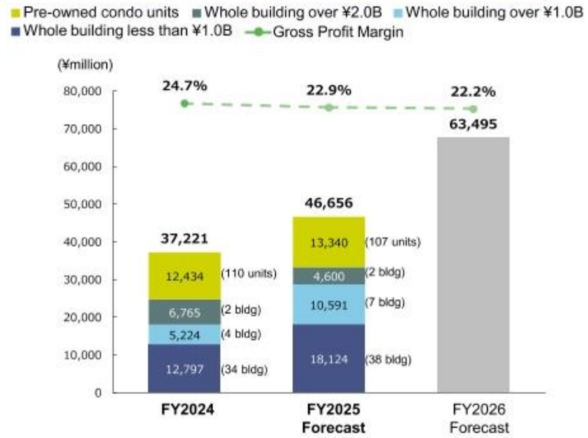
I will explain the details on the following pages.

Business Strategy: Revitalization Business

TOSEI CORPORATION

- Plan to sell 47 whole buildings (¥33.3B), 107 pre-owned condo units (¥13.3B), mainly focusing on small/medium-size properties with high liquidity
- Continue to provide properties with its value enhanced through our strength in value-add capabilities

Revenue / Full-year Sales Plan



(¥million)	FY2024	FY2025 Forecast	FY2026 Forecast
Revenue	37,221	46,656	63,495
Gross Profit	9,203	10,675	14,120
Operating Profit	5,963	7,369	10,411
No. of Sales (pre-owned condo units)	110	107	-
No. of Sales (whole building, other)	40	47	-

Business Strategy / Measures for FY2025

- Plan to sell 47 whole buildings ¥33,316M, mainly focusing on small/medium-size properties
- Profit margin for properties in the suburbs are set conservatively considering there is polarization between the central and suburb areas in the pre-owned condo market
- Shift acquisitions strategically from development to revitalization due to the soaring construction costs
  ⇒Aim to acquire whole buildings of ¥55.0B and pre-owned condo units of ¥15.0B
- Acquisition of pre-owned condo units focusing on high-priced large-scale and high-rise condominiums in the 3 central wards of Tokyo (Chiyoda/Chuo/Minato) and Toyosu area
- Leverage synergies with the Fund Business and promote acquisition and supply of properties for "Green × Value Up Residential Fund"

Example of Properties to be Sold

Kawasaki-shi, income-generating apartment | Koto-ku, income-generating apartment | Hachioji-shi, income-generating office

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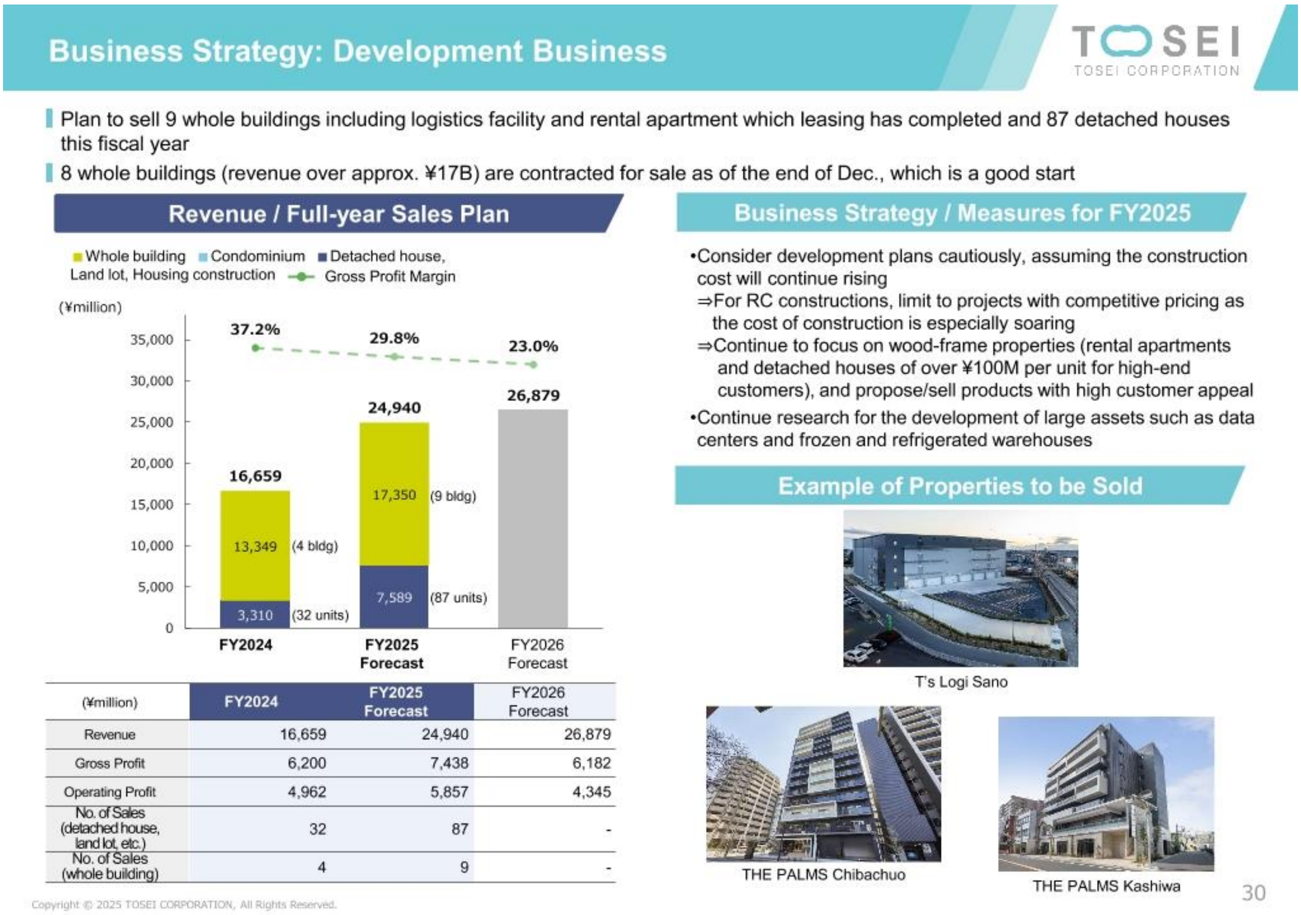
Page 29 shows our mainstay, the revitalization business. For the current fiscal year, revenue is expected to jump from JPY37.2 billion in the previous fiscal year to JPY46.6 billion.

We are a company that controls revenues and profits in the entire trading business, which combines revitalization business and development business, and we expect revenue to jump up for our revitalization business as well in the current fiscal year.

Although it has been less than two months since the start of the current fiscal year, the real estate market and our business have been very strong, and in Q1, we expect to close contracts for approximately 40% of the annual sales plan, so we are making very steady progress toward achieving our business performance targets.



Continuing on page 30 is our development business. The bar graph in the middle shows the plan to jump up from JPY16.6 billion in the previous fiscal year to JPY24.9 billion. Of the JPY24.9 billion in the current fiscal year, JPY17.3 billion as shown in yellow in the bar graph, is planned for the sale of nine whole buildings, eight of which are already under contract. Therefore, our mission for the current fiscal year is to sell detached houses solidly.

Eight whole buildings are already under contract, so we believe that the probability of achieving the target is also quite high.

Business Strategy: Development Business -Future development plan-

Development Project Schedule (holding/scheduled to be completed)

	Completed	FY2025	FY2026	FY2027 and after	No. of Buildings Expected Disposition Value
Logistics Facility	・T's Logi Sano				**1 building** **¥6,500M**
Condominium				・Tanmachi, Yokohama-shi PJ	**1 building** **¥4,459M**
Rental Apartment	・THE PALMS Kashiwa ・THE PALMS Chiba-chuo ・THE PALMS Nishi-chofu ・THE PALMS Kinshicho ・THE PALMS Machida Ⅱ ・THE PALMS Higashi-ōi ・THE PALMS Yokohama Isogo	・Kamirenjaku, Mitaka-shi PJ ・Kamirenjaku, Mitaka-shi PJ Ⅱ ・Yono, Saitama-shi PJ ・Ojima, Koto-ku PJ	・Toyotama-kita, Nerima-ku PJ ・Higashi-ogu, Arakawa-ku PJ	・Haramachida, Machida-shi PJ ・Nakano, Nakano-ku PJ ・Miyazaki, Kawasaki-shi PJ	**16 buildings** **¥22,591M**
Wood-frame Rental Apartment	・T's Cuore Yotsugi ・T's Cuore Ukimafunado Ⅱ	・Haginaka, Ota-ku PJ ・Kamiishiwara, Chofu-shi PJ ・Koenji-minami, Suginami-ku PJ ・Nogata, Nakano-ku PJ ・Nagasaki, Toshima-ku PJ ・Anamori-Inari, Ota-ku PJ ・Shimo, Kita-ku PJ ・Yagisawa, Nishitokyo-shi PJ ・Minami-ota, Yokohama-shi PJ	・Shibamata, Katsushika-ku PJ ・Kamiochiai, Shinju-ku PJ ・Jiyugaoka, Meguro-ku PJ ・Minami-nagasaki, Toshima-ku PJ ・Daita, Setagaya-ku PJ ・Ishikawacho, Yokohama-shi PJ ・Mitsukyo, Yokohama-shi PJ	・Minami-hanahata, Adachi-ku PJ Ⅰ-Ⅳ ・Nakamagome, Ota-ku PJ	**23 buildings** **¥5,269M**
Rental Office/ Commercial Facility	・Kojimachi Tosei Building ・Monzennakacho Tosei Building ・T'S BRIGHTIA Kichijoji Ⅱ ・T'S BRIGHTIA Oyamadai ・T'S BRIGHTIA Jiyugaoka Ⅱ	・Asakusa, Taito-ku Office PJ ・Morino, Machida-shi Office PJ			**7 buildings** **¥12,811M**
Hotel				・Irifune (Shintomicho), Chuo-ku PJ	**1 building** **¥3,802M**
Detached House					**386 units** **¥26,667M**
				Total	**49 buildings + 386 units** **¥82,102M**

* Project names are subject to change.
* Development plan for detached houses are not listed.

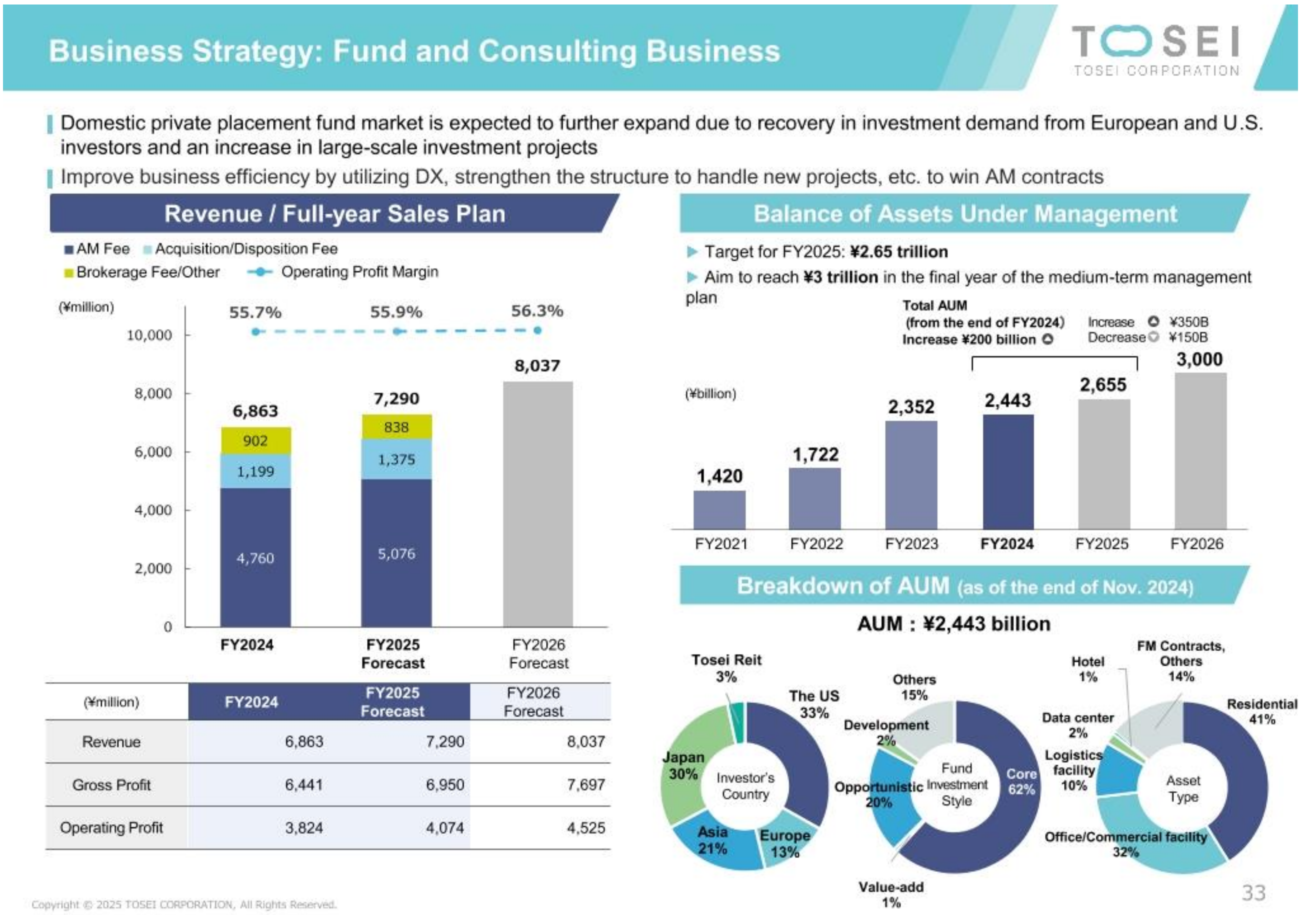
Page 31 describes the pipeline of development business. From logistics facilities to detached houses for sale, we have secured a pipeline equivalent to JPY82.1 billion in expected deposition value as shown in the bottom right-hand column.

Page 32 shows the acquisition plan for the current fiscal year. In the previous fiscal year, we were able to acquire JPY83.1 billion on delivery basis, and we are planning to acquire JPY100 billion in the current fiscal year and JPY105.5 billion in FY2026, as shown in this bar graph.

As for topics, the right-hand side shows M&A results. As shown in the upper row, we have a track record of 17 real estate M&A projects, and we have received preferential negotiation for two projects and are in the process of executing them.

The middle column, regarding M&A of business companies, shows the results of four deals. This includes the Princess Group, which is still contributing to our business performance, and the asset securitization business of LIXIL Realty, which we acquired as a result of LIXIL's business portfolio review.

At the very bottom shows consulting M&A related to business succession, in which we have conducted 9 deals. The total number of deals, including those in progress, is now 32. Tosei's M&A execution capabilities and knowledge have gained a good reputation in the market, and we intend to continue to gather more information.



Page 33 shows the real estate fund business. As shown in the bar graph on the left, the plan is to increase revenue from JPY6.8 billion in the previous fiscal year to JPY7.2 billion.

In the right column, you will find a graph of the balance of assets under management. Our target for the current fiscal year is JPY350 billion in new contracts and JPY150 billion in sale, which is a net JPY200 billion increase in AUM plan.

Last year, we had JPY300 billion in new contracts, compared with our target increase of JPY350 billion and JPY200 billion in disposition, for a net increase of less than JPY100 billion in AUM. For the current fiscal year, we expect a net increase of JPY200 billion.

We are still in the middle of Q1, but based on estimates of the contracts that have been signed and those that are scheduled to be signed, new contracts have already exceeded JPY200 billion. We are determined to achieve the JPY350 billion target for the current fiscal year.

Business Strategy: Rental and Property Management Business

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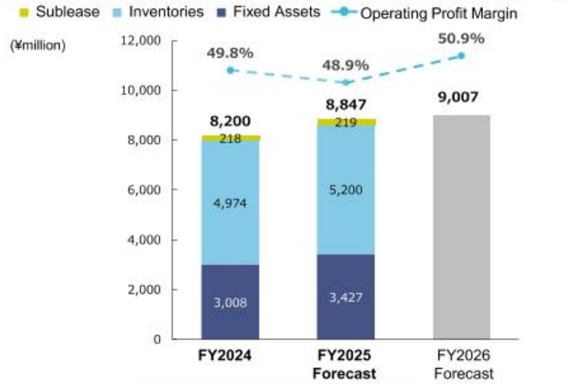
Rental Business

- Forecast increase of revenue and profit by building up inventories
- Promote leasing of whole-building development project to be completed during the fiscal year

Revenue / Full-year Plan



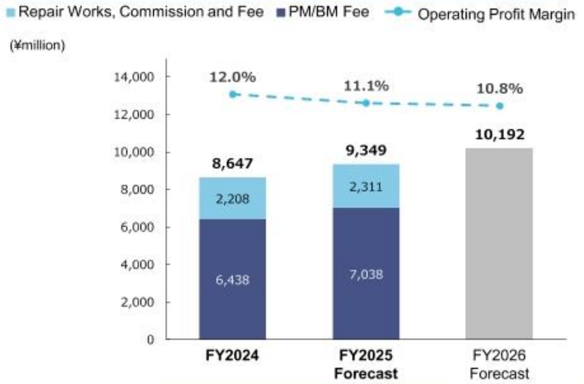
(Revenue)	FY2024	FY2025 Forecast	FY2026 Forecast
Revenue	8,200	8,847	9,007
Gross profit	4,457	4,690	4,980
Operating Profit	4,083	4,326	4,581
Inventories[1]	98	-	-
Occupancy Rate[2]	89.8%	-	-
Fixed Assets[1]	25	-	-
Occupancy Rate[2]	94.4%	-	-

1 The number of buildings counts properties with rental income among inventory and fixed assets.
2 Occupancy rate is based on floor area.

Property Management Business

- Aiming to increase revenue and profit by strengthening the acquisition of new contracts from outside the Group
- Promote the acquisition of repair works

Revenue / Full-year Plan



(¥million)	FY2024	FY2025 Forecast	FY2026 Forecast
Revenue	8,647	9,349	10,192
Gross Profit	3,130	3,416	3,637
Operating Profit	1,039	1,033	1,095
No. of Properties Under Management	963	-	-

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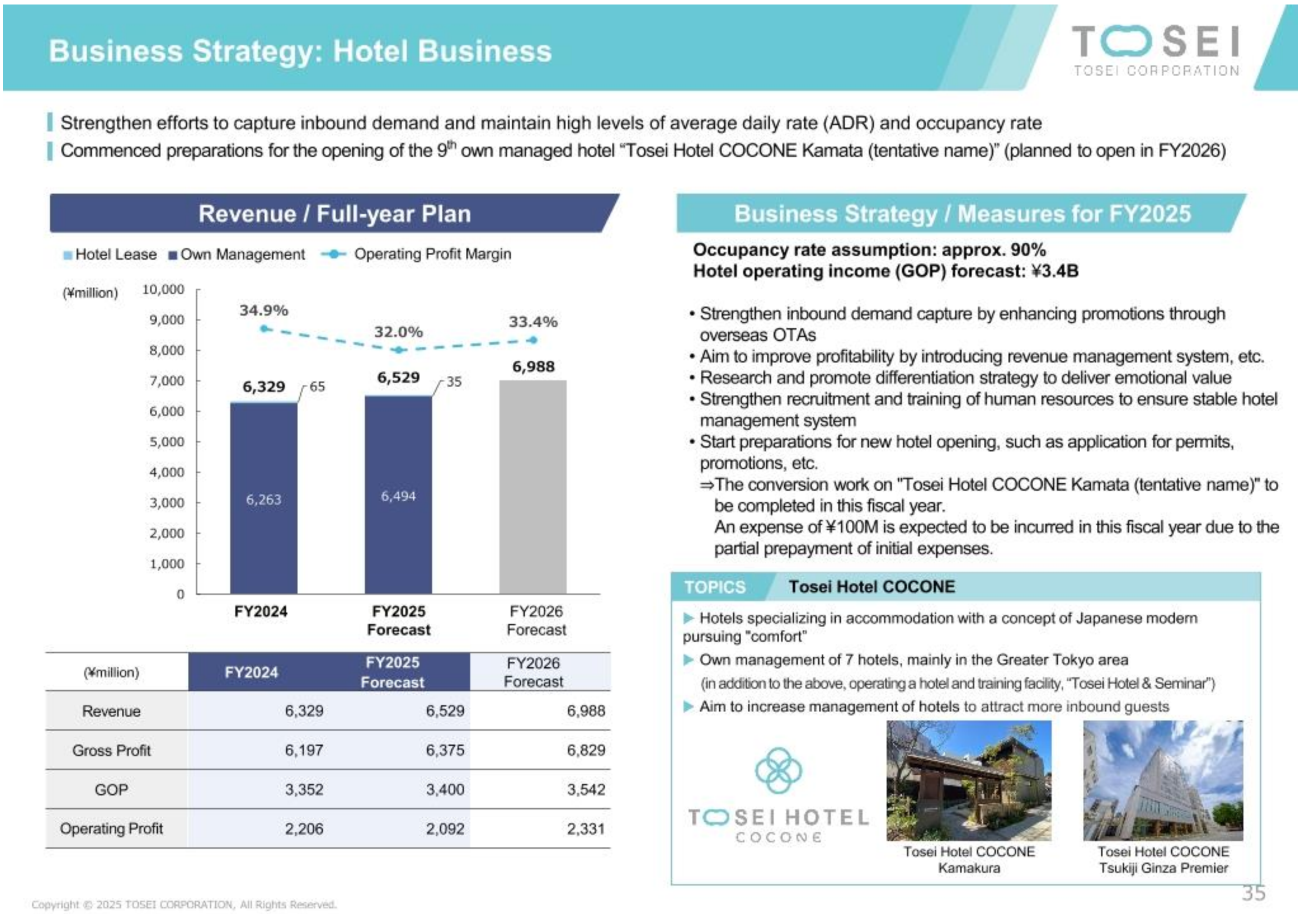
Page 34 shows the rental business and the property management business, which are our stable business. The rental business on the left side shows an increase in revenue from JPY8.2 billion in the previous fiscal year to JPY8.8 billion in the current fiscal year. In addition, the property management business shown at the right side has been steadily increasing the number of management contracts, and we forecast an increase in revenue from JPY8.6 billion in the previous year to JPY9.3 billion in the current year. We intend to grow these two businesses step by step.



(¥million)	FY2024	FY2025 Forecast	FY2026 Forecast
Revenue	6,329	6,529	6,988
Gross Profit	6,197	6,375	6,829
GOP	3,352	3,400	3,542
Operating Profit	2,206	2,092	2,331

Page 35 is for the hotel business. As shown in the bar graph, revenue is expected to increase slightly from JPY6.3 billion in the previous fiscal year to JPY6.5 billion in the current fiscal year. Although the hotel business is solid, we do not expect to open any new hotels in the current fiscal year, so the increase in revenue is among the eight hotels that are currently open.

We have revised the forecast as we expect revenue to grow due to further ADR increase at the Tosei Hotel COCONE Tsukiji Ginza Premier, and the high expectation of an increase in occupancy rates.

As for new hotels, we have plans to open a conversion hotel in Kamata in December, and we hope to increase the number of hotels step by step.

Shareholder Returns Policy

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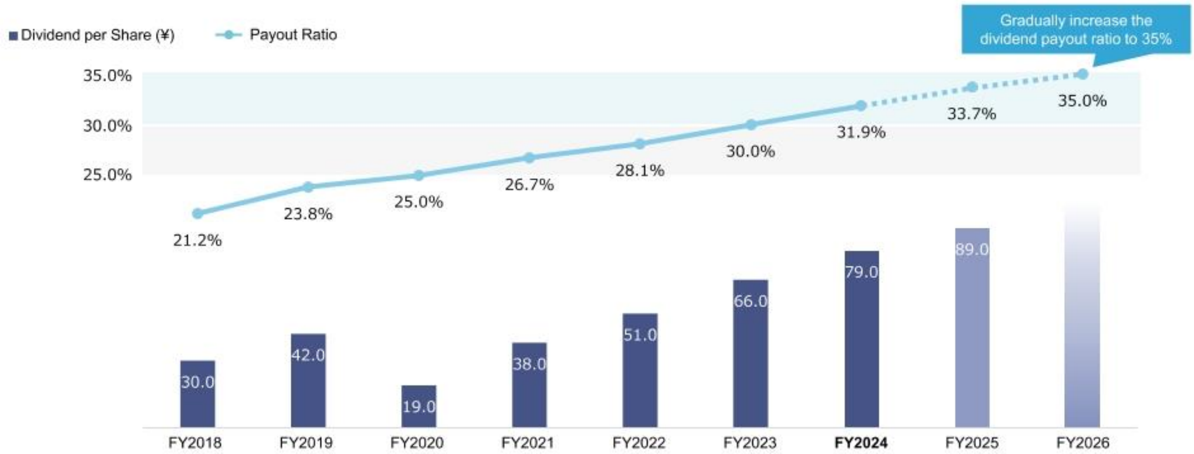
- Forecast of dividend per share is ¥89 (+¥10 YoY)
- Return the results of profit growth to shareholders. Plan to gradually increase the dividend payout ratio to 35% over the three-year period of the medium-term management plan
- Consider share buybacks by comprehensively judging the business environment, stock price trends, and improvement in shareholder value



	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Profit for the Period/Year[1] (¥million)	6,852	8,447	3,602	6,721	8,607	10,507	**12,000**	**12,806**	**Gradually increase the dividend payout ratio to 35%**
Earnings per Share (EPS)	¥141.36	¥176.40	¥76.05	¥142.56	¥181.66	¥219.74	**¥247.43**	**¥264.27**	
Dividend per Share	¥30	¥42	¥19	¥38	¥51	¥66	**¥79**	**¥89**	
Payout Ratio	21.2%	23.8%	25.0%	26.7%	28.1%	30.0%	**31.9%**	**33.7%**	
Share Buyback	-	¥1B	¥500M	¥500M	¥890M	¥110M	**-**	**-**	
Total Return Ratio[2]	21.2%	35.5%	38.8%	34.5%	38.3%	31.5%	**31.9%**	**-**	

1 Profit attributable to owners of the parent.
2 Total Return Ratio = (Total dividends + total share buybacks) / profit for the year. Disposal of treasury stock is not considered.

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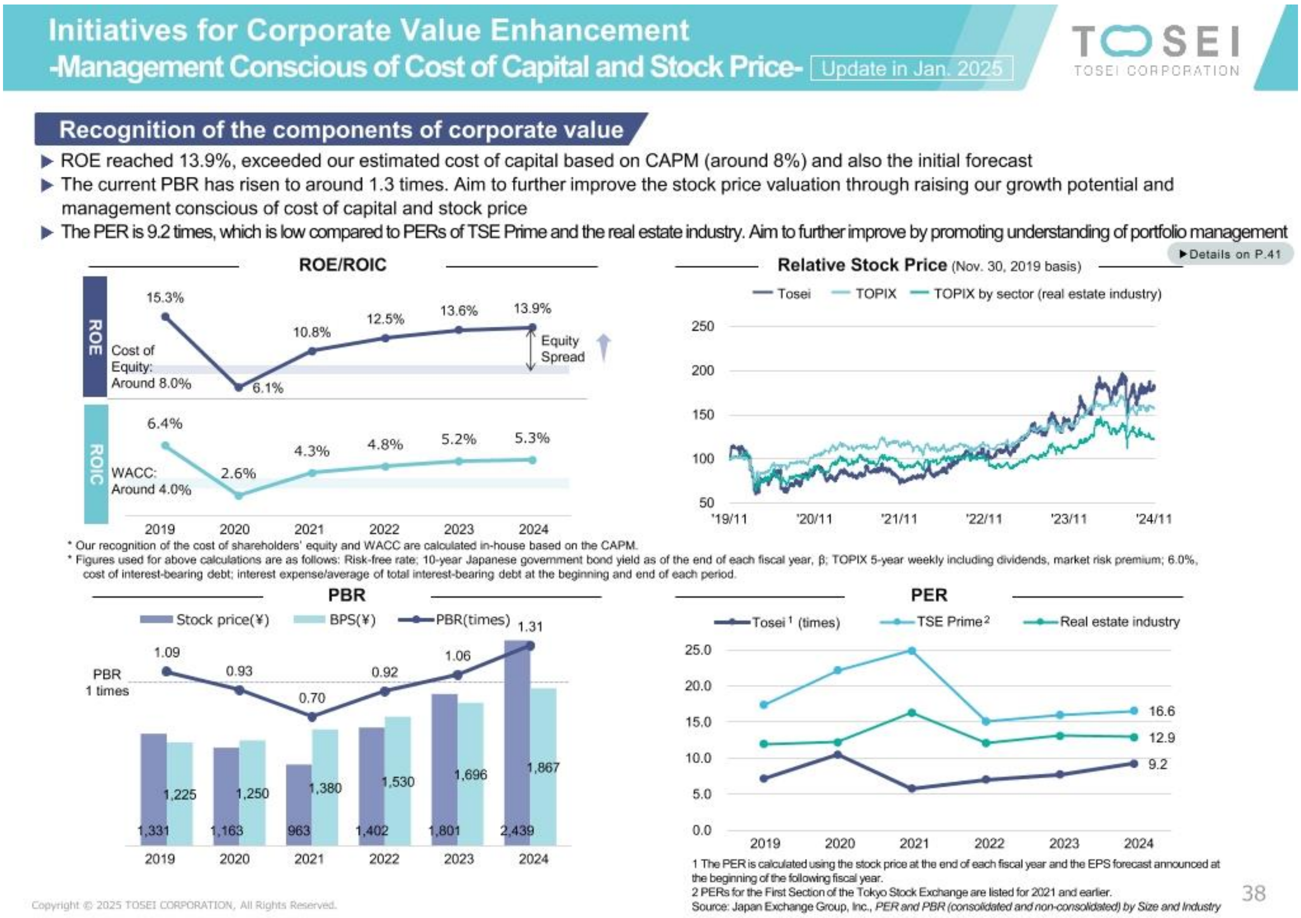
The above is an explanation of our business, but I would like to say a few words about dividends in terms of our shareholder return policy starting on page 36.

For the current fiscal year, we plan to increase the dividend from JPY79 per share in the previous fiscal year to JPY89, with the dividend payout ratio of 33.7%, making steady progress toward the 35% dividend payout ratio for FY2026, as promised in the medium-term management plan.

That is all for the explanation of the forecast for the current fiscal year and medium-term management plan. From page 37 onward, I would like to explain our efforts to enhance corporate value, which are of great interest to our shareholders and of which we are very much aware, and to realize management conscious of the cost of capital and stock price.



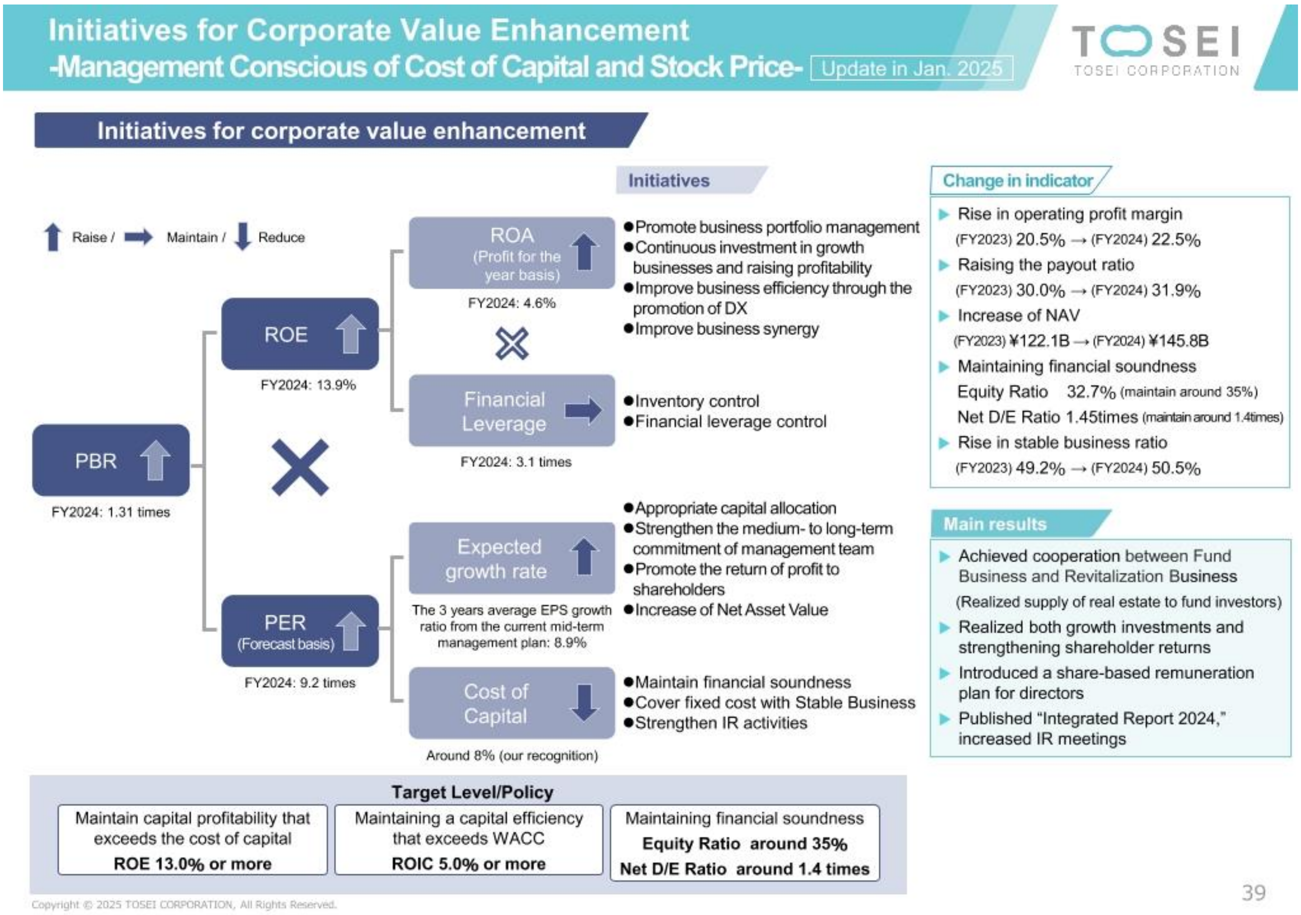
Please see page 38. This section describes the current status of management indicators related to the cost of capital.

First, the ROE and ROIC graphs are shown in the upper left corner. Our cost of capital is estimated to be around 8% based on the CAPM. ROE was 13.9% last year, exceeding the cost of shareholders' equity, and ROIC was 5.3%, exceeding the WACC of 4%.

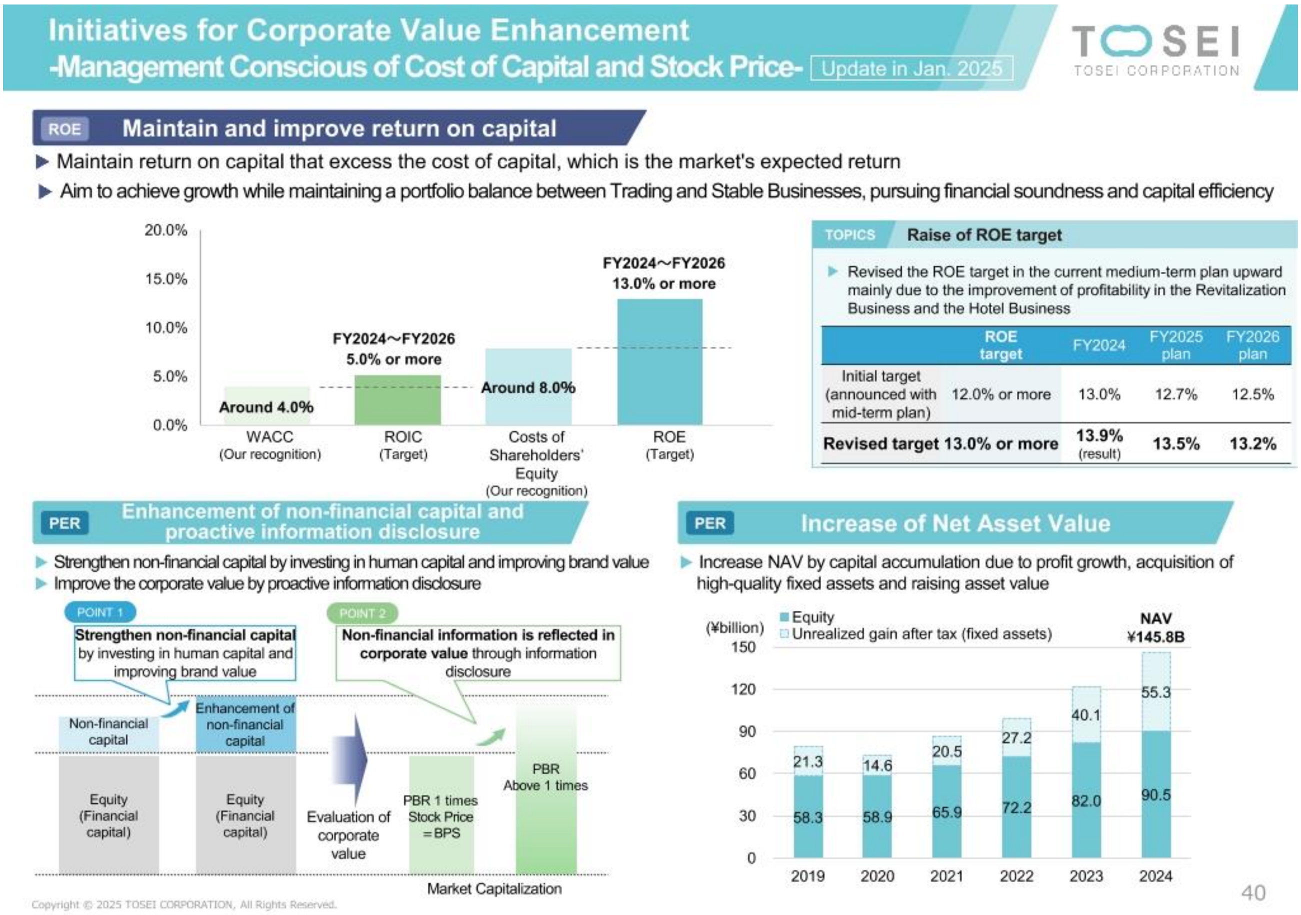
The PBR on the lower left-hand side is also 1.31 times at the end of FY2024.

The upper right-hand column shows Tosei's relative stock price. Tosei's stock price has outperformed TOPIX and the Tokyo Stock Exchange's real estate industry indexes.

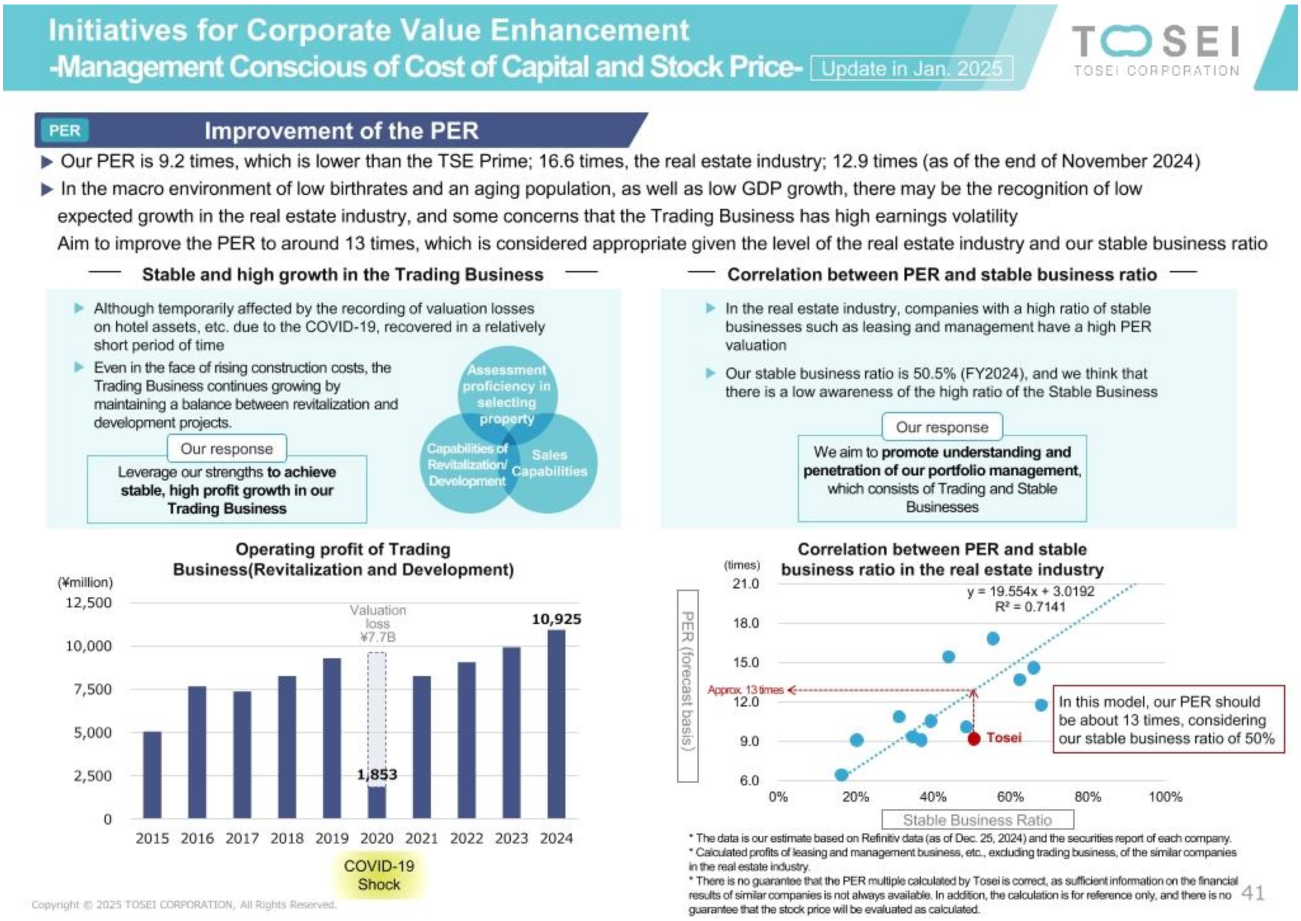
We are aware of the issues regarding the PER shown in the lower right-hand corner. The average PER of prime companies at the end of the previous period was 16.6 times and that of the real estate industry was 12.9 times, while that of Tosei was 9.2 times. I would like to discuss the improvement of PER later.



Please see page 39. This is a logic tree for increasing corporate value, and we hope to improve PBR and PER by raising ROE and ROA. This is for your reference.



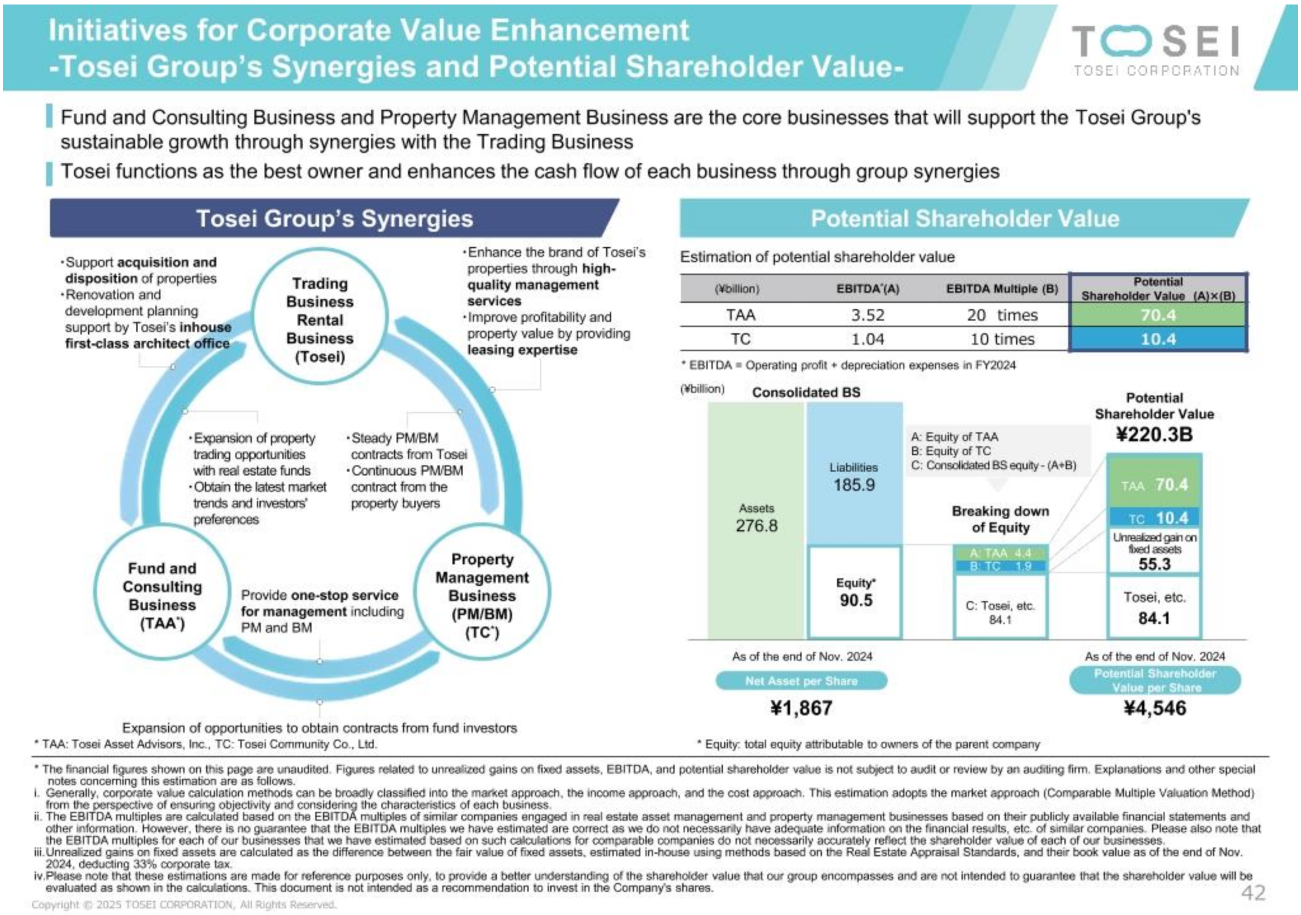
On page 40, again, we plan to exceed both the 8% cost of capital for ROE and the WACC for ROIC. As shown on the right, the ROE target has been revised upward from over 12% to over 13% based on our intention to aim for the management to keep it.



Please go to page 41. As I mentioned earlier, the PER is about 9 times, below the industry average of 12.9 times. Our analysis is that the PER has not grown due to concerns about the high volatility of the trading business.

In this regard, if you look at the lower left-hand corner, you will see that our trading business is very stable and has a historical record of steadily generating operating profit. Only in 2020, the COVID-19 pandemic caused a valuation loss of JPY7.7 billion, of which over JPY5 billion was mainly for hotels, but the value of these properties has already exceeded their book value. We would like to promote the market's understanding of the steady operating profit growth of our trading business through our investment techniques and decisions, and to achieve a higher PER.

Again, we earn about 50% of our operating profit from fee businesses in our stable business which includes rental, hotel, fund and consulting, and property management. In light of this, we believe that we can certainly aim for a PER of around 13 times, as shown in the analysis on the lower right, and we will make a strong appeal to the market for our portfolio management.



Last but not least, let me explain page 42. I would like to discuss our group synergies and the potential shareholder value of the Group.

The Tosei Group works together with Tosei itself, TAA which operates the fund business, and Tosei Community (TC) which operates property management business to enhance the overall group's profitability through inter-group business synergies. The table above right shows the estimated potential stock prices for TAA and TC, two of the most important affiliates.

For the TAA in the upper row, JPY3.52 billion in EBITDA and JPY70.4 billion at 20 times multiple. For TC, we estimate that EBITDA of JPY1.04 billion and value of JPY10.4 billion at 10 times multiple.

Moving to the bottom part, if you look at the white column of the consolidated balance sheet, our capital is JPY90.5 billion, and if you break it down, the capital in the middle column for TAA and TC is JPY4.4 billion and JPY1.9 billion, respectively. We estimate that the potential value is JPY70.4 billion and JPY10.4 billion, respectively, as I mentioned earlier. In other words, we estimate that the JPY90.5 billion capital has a potential value of JPY220.3 billion, as shown in the rightmost column. The value per share is JPY4,546.

We will do our best to promote market understanding of the synergies between our businesses and our potential value.

This concludes my brief presentation. Thank you for your attention.

Question & Answer

Moderator [M]: Now it is time to begin to answer your questions. I will read the question on your behalf.

Participant [Q]: The first question. Regarding the growth of the real estate fund and consulting business, it seems that investors in Europe and the US are not as vigorous as in the past. How was the trend of investors? Please let us know of any changes in the competitive environment. Also, what is the probability of achieving the forecast for this fiscal year?

Yamaguchi [A]: Thank you for your question. Investors in Europe and the US had a cautious attitude in the year before last, checking the investment environment after COVID, how the Bank of Japan's interest rate hike would compare with that of the Fed, and whether the liquidity of Japanese real estate would be secured.

This has changed since last year, and I believe that most Europe and US investors have become more aggressive. Therefore, we believe that one risk in the competitive environment is that it will be difficult to acquire quality properties due to the large number of people who are eager to invest.

Regarding the question of the probability of achieving the forecast for this fiscal year, it has only been a little over two months since the beginning of the fiscal year, but we believe that the probability of achieving the plan is high since we have already signed contracts and plan to sign contracts in H1 of the fiscal year exceeding JPY200 billion, compared to our target of JPY350 billion in new contracts. That is all.

Participant [Q]: The second question. Your hotel business seems to be doing very well; at what rate do you plan to add more hotels in the future? What types of hotels and areas are you considering for new hotels?

Yamaguchi [A]: Thank you for your question. Our current new pipeline includes a hotel in Kamata, Ota-ku, which I mentioned earlier will be converted from an office building, and a hotel in Shintomicho, Chuo-ku, and a hotel in Chigasaki, Kanagawa Prefecture, which will be newly developed. We would like to make new investments in one or two new buildings per year in this and the next fiscal year, not limited to the three buildings in the pipeline, but since construction costs have not stopped rising, we hope to be able to acquire conversion-type hotels, which is our forte.

In terms of the type of hotels for future development, for example, Chigasaki is a popular sightseeing area in Shonan, and is also the mecca of Southern All Stars, so we are considering a stay purpose hotel where guests can enjoy their stay at a hotel with contents unique to Chigasaki, in addition to hot bath facilities and a bar. In addition, for a hotel in Shintomicho, we are considering an unprecedented plan for inbound families, in which a room with 40 square meters or more that can accommodate four to five people and can also be used for cooking. That is all.

Participant [Q]: Next question. Acquisition targets have remained flat, but has your acquisition stance turned cautious? In addition, you acquired many offices in the revitalization business in FY2024. Please tell us about your acquisition strategy for FY2025, including any differences from the previous period.

Your equity ratio and net D/E ratio as of the end of FY2024 are a bit stretched compared to the baselines in your company's mid-term plan. How do you see the condition of BS?

Yamaguchi [A]: Thank you for your question. The acquisition target is JPY100 billion for the current fiscal year, compared to JPY83.1 billion in the previous fiscal year, and a slight increase to JPY105.5 billion for FY2026. Although it would be easy to set a much higher target, we believe that a target of around JPY100 billion is an appropriate amount that will not disappoint you, in light of the current situation.

We take a comprehensive view of the equity ratio, net D/E ratio and other factors, as you mentioned in your question. Although the equity ratio is slightly stretched to 33% from our own standard of about 35%, the long-term debt ratio has also increased, so we believe that there is no problem with our financial soundness. That is all.

Moderator [M]: Thank you. The following question is the last one.

Participant [Q]: You mentioned synergies from the capital and business alliance with Nagoya Railroad Co., Ltd. including joint projects and real estate investment in the Nagoya area. Can you give us an update on the progress?

Yamaguchi [A]: Thank you for your question. We have established a Business Alliance Promotion Committee and are holding regular weekly meetings in order to realize joint projects.

We have already examined around 30 assets in the Nagoya area, but at this point we do not have any specific projects that we are definitely going to invest in. We are verifying investment projects on a daily basis and hope to co-invest by the end of this fiscal year.

In addition, Nagoya Railroad and we have just finished formulating guidelines for the amount of equity investment in last December, and we will do our best to implement the joint project. That is all.

Moderator [M]: Thank you. Those are our answers to the questions. This concludes the question-and-answer session. Everyone, thank you for your questions. This concludes the financial results briefing for FY2024 of Tosei Corporation. Thank you very much for taking time out of your busy schedules to join us today.

[END]

Document Notes

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