Tosei Corporation

FY2024 2Q Financial Results Presentation

July 5, 2024

Event Summary

[Company Name]	Tosei Corporation
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[Fiscal Period]	FY2024 Q2
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[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

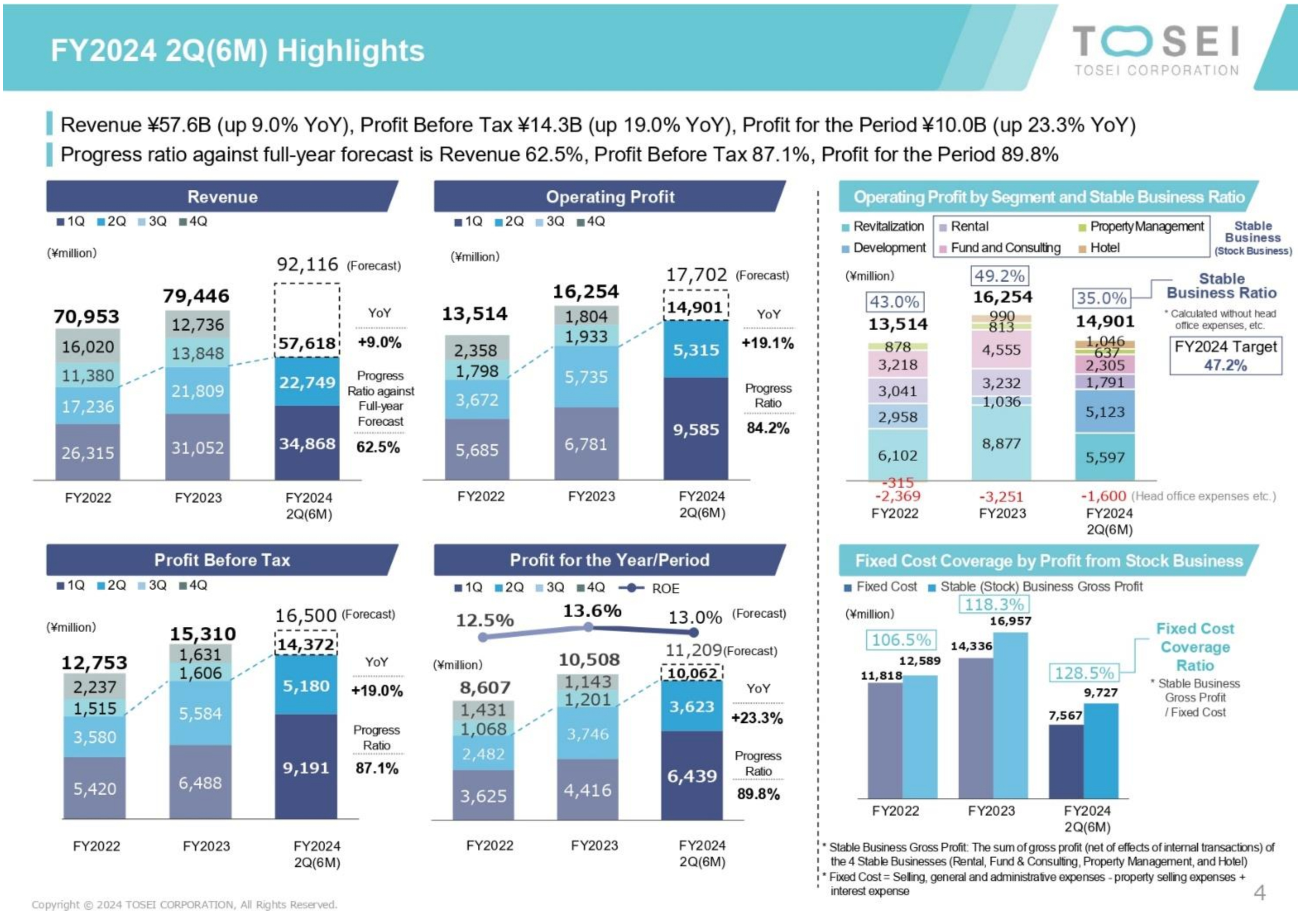
Presentation

Moderator: Ladies and gentlemen, thank you very much for attending today's financial results briefing for Q2 of the fiscal year ending November 30, 2024 of Tosei Corporation.

First, we would like to inform you about today's proceedings. Today, we will begin with a presentation in line with the documentation, and then move on to a Q&A session. Please refer to our website for the documents. Today's financial results briefing is scheduled to end around 5:00 PM.

Next, we would like to introduce the attendees from the company who are at today's meeting: President and CEO, Seiichiro Yamaguchi; and Managing Executive Officer, Nobuto Fujiwara. These two people are representing Tosei Corporation. Managing Executive Officer Fujiwara will now provide an overview of the financial results for H1 of the fiscal year ending November 30, 2024, beginning on page three of the financial results presentation materials.

Fujiwara: My name is Fujiwara, as just introduced. I would like to present an overview of the financial results for Q2 of the fiscal year ending November 30, 2024.



Please see page four. This shows the financial highlights for Q2 of the fiscal year ending November 30, 2024.

The bar graph on the left side of the page shows revenue, operating profit, profit before tax, and profit for the period for the past three years.

Revenue increased 9% YoY to JPY57.6 billion, and the dotted-line box shows the forecast for the full year, which is JPY92.1 billion, of which 62.5% has already been achieved. Similarly, operating profit increased 19.1% to JPY14.9 billion, with a progress rate of 84.2%, and profit before tax increased 19% to JPY14.3 billion, with a progress rate of 87.1%, showing extremely steady progress.

Operating profit by segment and stable business ratio are shown on the right side of the page. We have six segments. The segments that are boxed off here—the real estate rental business, the real estate property management business, the real estate fund and consulting business, and the hotel business—are designated as stable businesses.

For H1 of the fiscal year ending November 30, 2024, the stable business ratio was 35%, as profits from the trading business led the way, but the ratio is expected to increase toward the full-year plan of 47.2%, as stable businesses will generate stable profits over time.

I would like to explain each of the six businesses that we are engaged in. Please see page six. This is the real estate revitalization business.

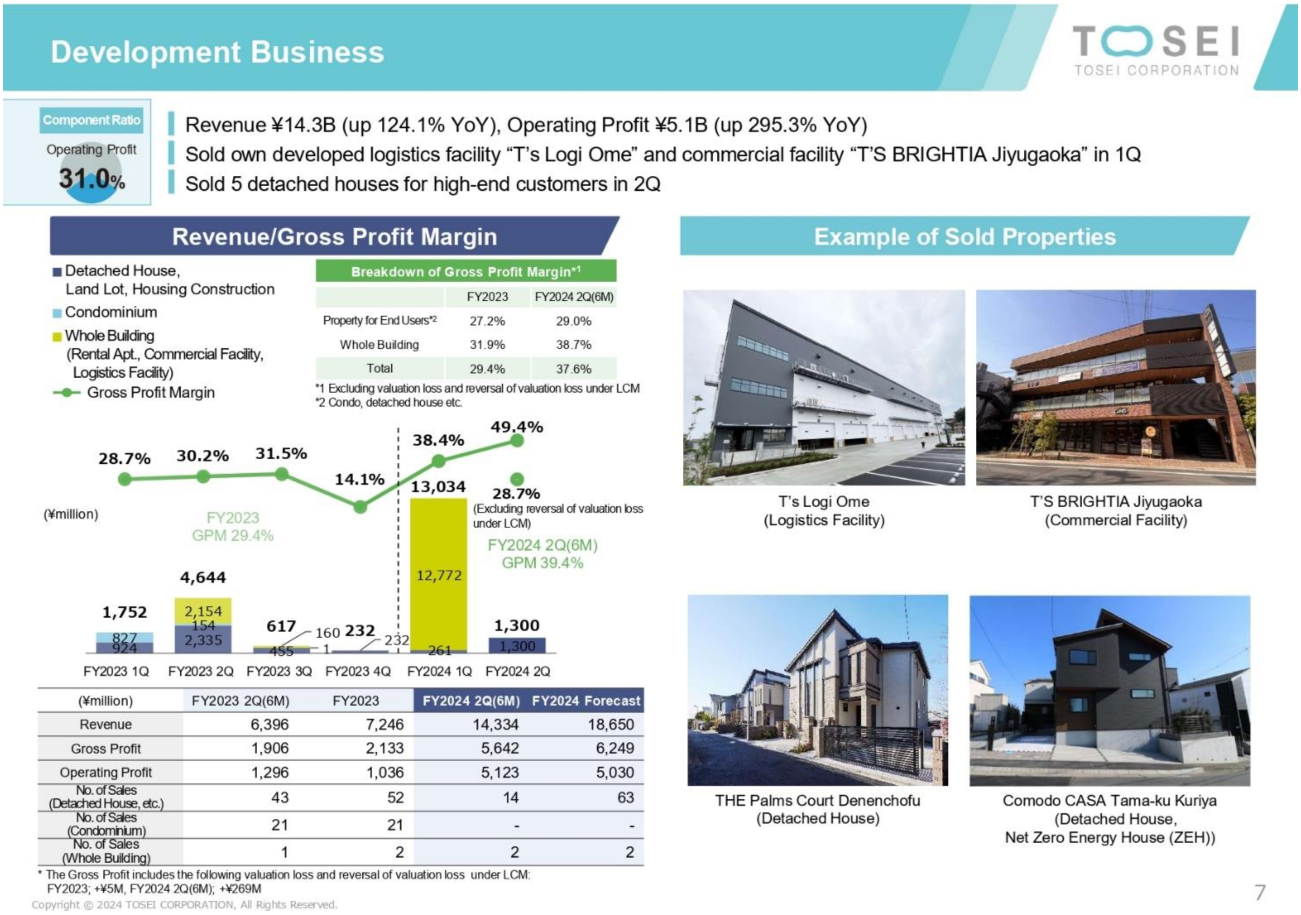
We acquire existing assets that have lost value due to their age, etc., renovate and add the value, and sell them to investors and others.

H1 revenue totaled JPY29.3 billion, down 13.6% YoY, and operating profit was JPY5.5 billion, down 21.9% YoY. Although the YoY comparison makes it look like a slump, we believe that in reality the market was very favorable, and that trading remained strong.

As described on pages 15 and 16, we keep roughly two to three years' worth of inventory in our revitalization business and development business, and from that inventory we formulate sales plans for a mix of properties for sale in the revitalization business and development business so that earnings in the trading business will steadily increase.

In the current fiscal year, we had planned to sell large projects in the development business, so we had planned for slightly lower sales in the revitalization business. The forecast for the full year is JPY45.8 billion in revenue and JPY6.1 billion in operating profit, and we have achieved 90% of our operating profit in H1.

We sold 28 whole-buildings, like those shown in the photos on the right. In addition, revenue of pre-owned condo units, as shown in the lower, dark-yellow bar graph, totaled JPY8.2 billion as 65 units were sold in Q1 and Q2. Both revenue and profits were very strong as we focused on the three central wards of Tokyo, including Minato ward.



	FY2023	FY2024 2Q(6M)
Property for End Users*2	27.2%	29.0%
Whole Building	31.9%	38.7%
Total	29.4%	37.6%

(¥million)	FY2023 2Q(6M)	FY2023	FY2024 2Q(6M)	FY2024 Forecast
Revenue	6,396	7,246	14,334	18,650
Gross Profit	1,906	2,133	5,642	6,249
Operating Profit	1,296	1,036	5,123	5,030
No. of Sales (Detached House, etc.)	43	52	14	63
No. of Sales (Condominium)	21	21	-	-
No. of Sales (Whole Building)	1	2	2	2

Please see page seven. This is the real estate development business.

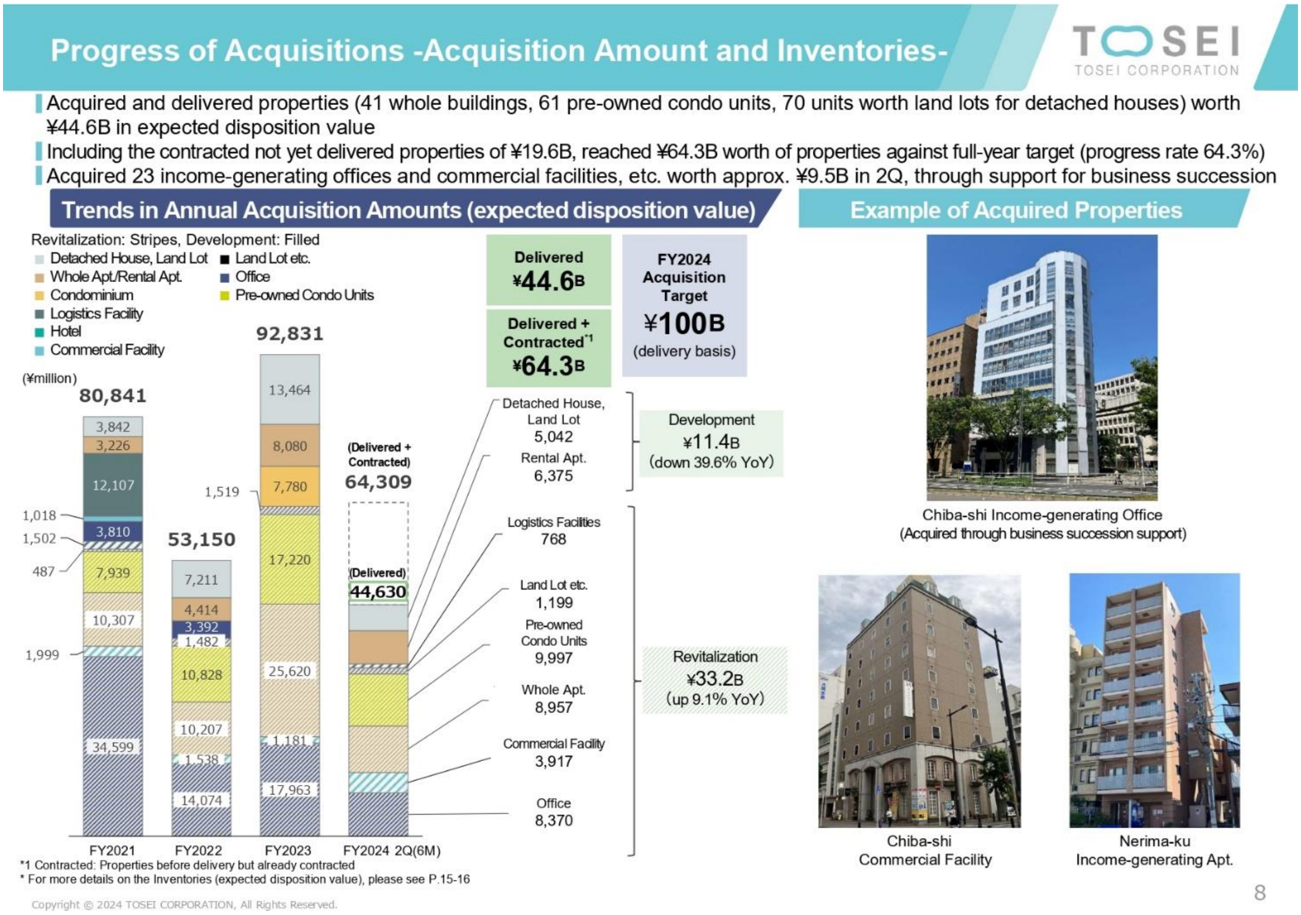
Revenue was JPY14.3 billion, up 124.1% YoY, and operating profit was JPY5.1 billion, up 295.3% YoY.

Revenue of whole buildings, shown in the dark yellow portion of the bar graph, for Q1 of the fiscal year ending November 30, 2024, totaled JPY12.7 billion, showing extremely steady progress. Specifically, we sold a logistics facility T's Logi Ome and a commercial facility in Jiyugaoka, which we developed, pictured on the right.

The gross profit margin on whole-building sales in H1 of this fiscal year was 38.7%, with whole-building sales driving a significant portion of revenue and profits.

In Q2, we sold five detached houses to high-end customers, resulting in revenue of JPY1.3 billion.

The gross profit margin of the development business in H1 of the year was 28.7%, just outside the green graph line. The 49.4% gross profit margin shown above is the gross profit margin after taking into account the reversal of past valuation loss under LCM. Although the gross profit margin is higher in accounting terms than 28.7% of the actual margin, we believe that we were able to sell at a relatively higher profit margin than ordinary detached houses.

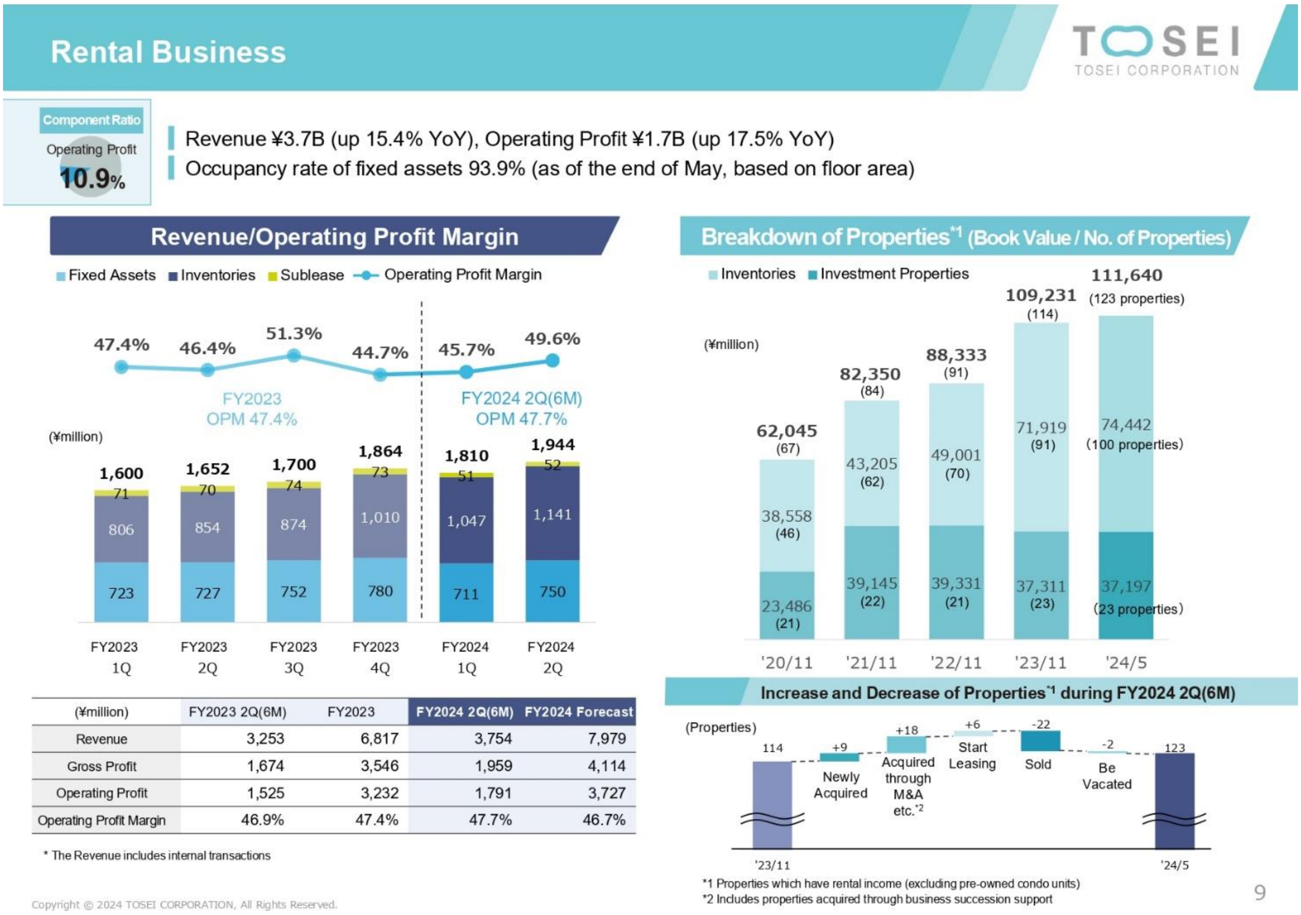


Please see page eight. This shows the progress in acquisitions in the revitalization and development businesses that I just explained.

In the portion that has already been delivered, acquisition is in progress for an estimated disposition value worth of JPY44.6 billion. Lower down you will find the amount for each individual asset type. We have purchased 41 whole buildings, 61 condo units, and 70 units worth land lots for detached houses.

In addition, the dotted line in the bar graph near the middle of the page shows progress to JPY64.3 billion, including JPY19.6 billion that has been contracted but has not yet been delivered. We are 64% of the way toward our full-year acquisition target of JPY100 billion, and we believe we will be able to achieve this target as well.

In Q2, we acquired 23 income-generating offices and commercial facilities, estimated at JPY9.5 billion in disposition value, through business succession support. The top photo on the right shows an income-generating office in Chiba City. We have been able to efficiently acquire properties like this in bulk.

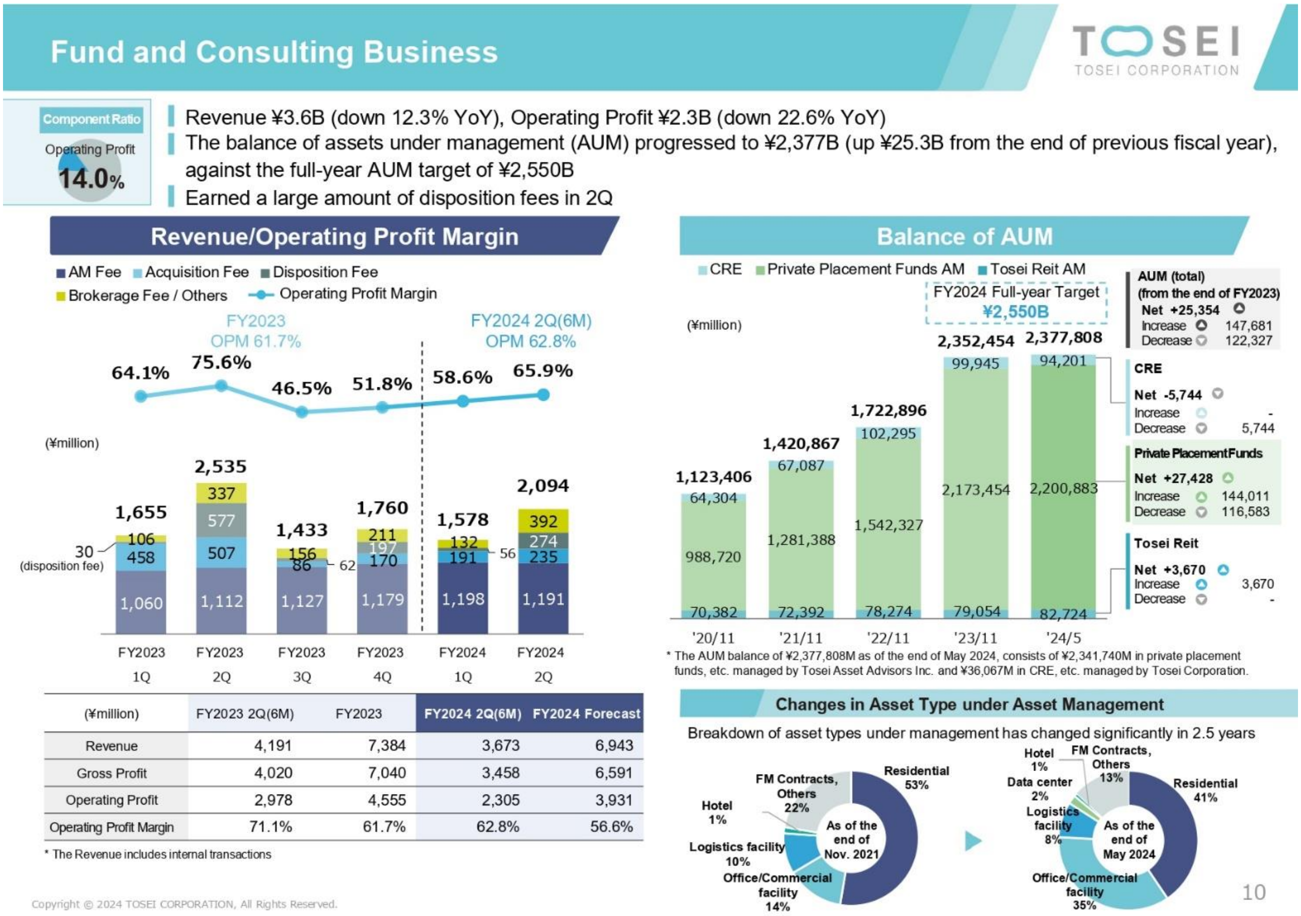


(¥million)	FY2023 2Q(6M)	FY2023	FY2024 2Q(6M)	FY2024 Forecast
Revenue	3,253	6,817	3,754	7,979
Gross Profit	1,674	3,546	1,959	4,114
Operating Profit	1,525	3,232	1,791	3,727
Operating Profit Margin	46.9%	47.4%	47.7%	46.7%

Please see page nine. This is the third segment, the real estate rental business.

This is positioned as one of our stable businesses. The bar graph also shows stable profits. In H1, revenue was JPY3.7 billion, up 15.4% YoY, and operating profit was JPY1.7 billion, up 17.5% YoY.

On the right is a breakdown of the number of rental properties, with dark blue being investment properties of fixed assets and light blue being inventories. There was no movement in investment real estate from the end of the previous period. Inventories increased by 9 buildings from the end of the previous period due to new acquisitions and acquisitions through M&A, although 22 buildings were sold, as noted in the bottom line. We are also making good progress in this area.



(¥million)	FY2023 2Q(6M)	FY2023	FY2024 2Q(6M)	FY2024 Forecast
Revenue	4,191	7,384	3,673	6,943
Gross Profit	4,020	7,040	3,458	6,591
Operating Profit	2,978	4,555	2,305	3,931
Operating Profit Margin	71.1%	61.7%	62.8%	56.6%

Please see page 10. This is the real estate fund and consulting business.

Revenue in H1 totaled JPY3.6 billion, down 12.3% YoY, and operating profit was JPY2.3 billion, down 22.6% YoY.

As you can see in the bar graph on the lower left, the reason for the decrease in revenue here is that a large amount of spot income, such as brokerage fees, acquisition fees, disposition fees, etc., was recorded in Q1 and Q2 of last year. In the previous fiscal year, we were able to obtain large projects, such as Otemachi Place, and many spot incomes, but this fiscal year, we do not expect the same spot projects as in the previous fiscal year, so we are planning a decrease in revenues and profit.

As operating income for H1 of the fiscal year is 58% of the initial plan, we believe that we are on track.

As for assets under management (AUM), the bar graph on the right shows that as of the end of Q2 of this fiscal year, AUM was JPY2,377.8 billion, up JPY25.3 billion from the end of the previous fiscal year. The full-year plan for the current fiscal year calls for an annual increase of JPY350 billion in new accumulation and a decrease of JPY150 billion due to sales and other factors, for a net increase of JPY200 billion. While an increase of about JPY100 billion at the end of H1 would be ideal, the actual results were slightly behind.

The bar graph on the upper right shows the increase/decrease in AUM in H1, with an increase of JPY147.6 billion and a decrease of JPY122.3 billion. Although the increase was generally steady, AUM increased by only JPY25.3 billion as sales preceded.

Property Management Business

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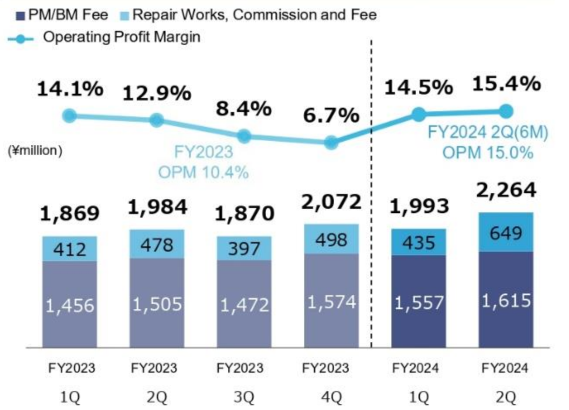
Component Ratio
Operating Profit
3.9%

- Revenue ¥4.2B (up 10.5% YoY), Operating Profit ¥0.6B (up 23.0% YoY)
- Properties under management increased to 963 properties (up 105 properties from the end of previous fiscal year) as a result of taking over the property management business of a general company in Chiba-shi through support for business succession in March

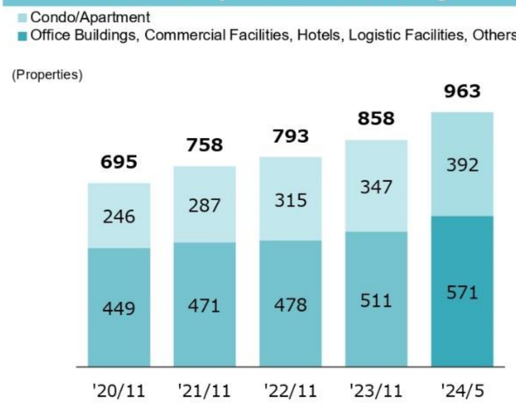
Revenue/Operating Profit Margin



(¥million)	FY2023 2Q(6M)	FY2023	FY2024 2Q(6M)	FY2024 Forecast
Revenue	3,853	7,796	4,258	8,558
Gross Profit	1,365	2,754	1,550	3,021
Operating Profit	518	813	637	841
Operating Profit Margin	13.5%	10.4%	15.0%	9.8%

* The Revenue includes internal transactions

Number of Properties Under Management



Example of Properties Under Management

Office Apartment Commercial Facility Hotel Logistic Facility

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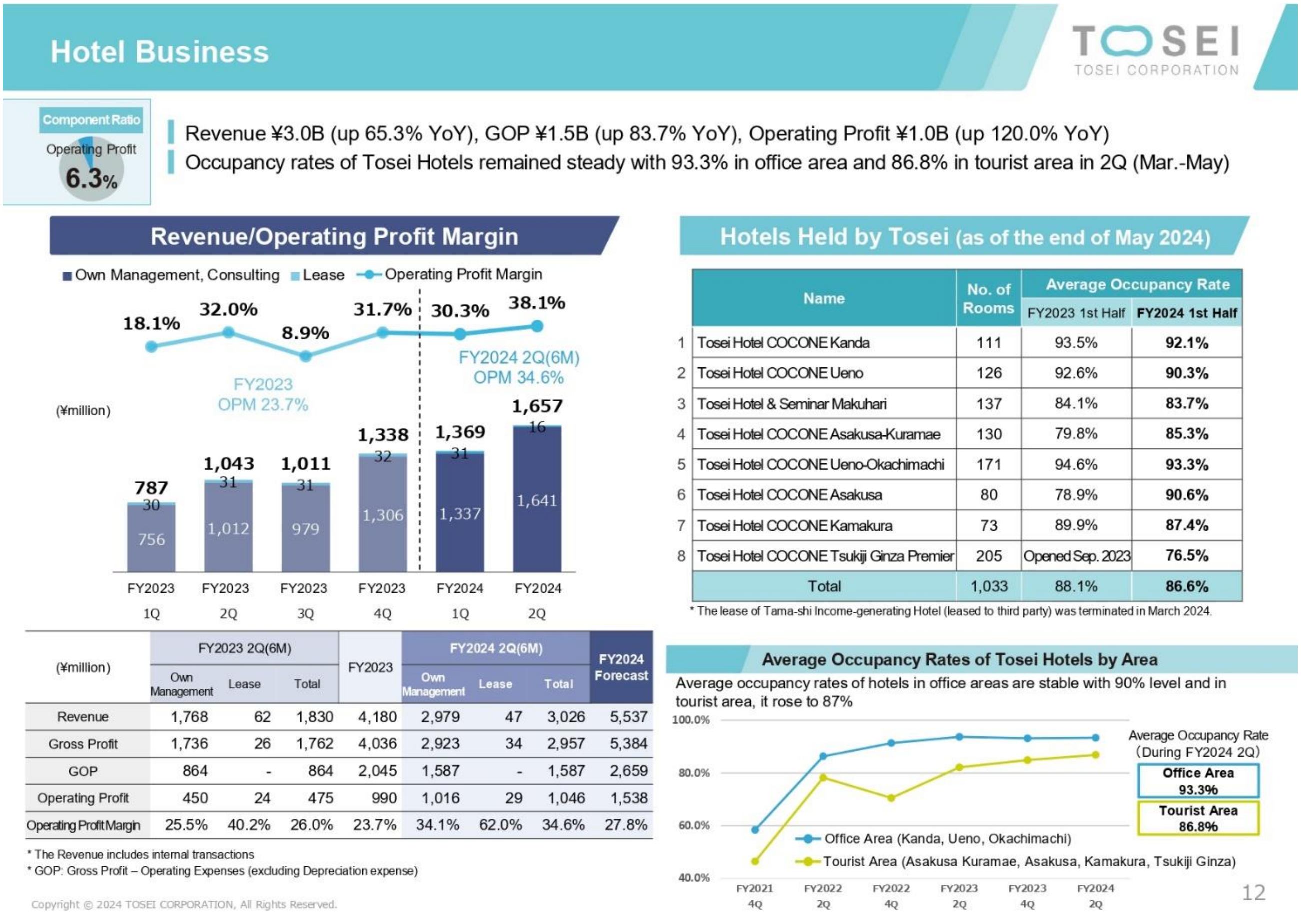
Please see page 11. This is the property management business.

Revenue was JPY4.2 billion, up 10.5% YoY, and operating profit was JPY637 million, up 23% YoY.

As you can see in the bar graph lower down, in addition to the usual management contracts, we also gained a lot of spot works and commissions this fiscal year, especially through proposal-based sales activities such as renovation works.

The number of properties managed by the company increased by 105 from the end of the previous fiscal year to 963, mainly due to the takeover of the management business of an operating company in March through business succession support.



	Name	No. of Rooms	Average Occupancy Rate	
			FY2023 1st Half	FY2024 1st Half
1	Tosei Hotel COCONE Kanda	111	93.5%	**92.1%**
2	Tosei Hotel COCONE Ueno	126	92.6%	**90.3%**
3	Tosei Hotel & Seminar Makuhari	137	84.1%	**83.7%**
4	Tosei Hotel COCONE Asakusa-Kuramae	130	79.8%	**85.3%**
5	Tosei Hotel COCONE Ueno-Okachimachi	171	94.6%	**93.3%**
6	Tosei Hotel COCONE Asakusa	80	78.9%	**90.6%**
7	Tosei Hotel COCONE Kamakura	73	89.9%	**87.4%**
8	Tosei Hotel COCONE Tsukiji Ginza Premier	205	Opened Sep. 2023	**76.5%**
	Total	1,033	88.1%	**86.6%**

* The lease of Tama-shi Income-generating Hotel (leased to third party) was terminated in March 2024.

(¥million)	FY2023 2Q(6M)			FY2023	FY2024 2Q(6M)			FY2024 Forecast
	Own Management	Lease	Total		Own Management	Lease	Total	
Revenue	1,768	62	1,830	4,180	2,979	47	3,026	5,537
Gross Profit	1,736	26	1,762	4,036	2,923	34	2,957	5,384
GOP	864	-	864	2,045	1,587	-	1,587	2,659
Operating Profit	450	24	475	990	1,016	29	1,046	1,538
Operating Profit Margin	25.5%	40.2%	26.0%	23.7%	34.1%	62.0%	34.6%	27.8%

* The Revenue includes internal transactions
* GOP: Gross Profit – Operating Expenses (excluding Depreciation expense)

Please see page 12. This is the hotel business.

Revenue was JPY3 billion, up 65.3% YoY; GOP was JPY1.5 billion, up 83.7% YoY; and operating profit was JPY1 billion, up 120% YoY, all very strong.

The occupancy rate for the Q2 period was 93.3% for the office area and 86.8% for the tourist area. The Tsukiji Ginza Premier (No. 8) opened in September of last year, and this hotel contributed significantly to the increase in profit this time. The list of hotels held by Tosei is shown on the right.

Also, looking at the occupancy rate, you may have the impression that the rate in this year has not increased much from last year. ADR is not shown here, but we have been able to increase ADR by approximately 20%, although there is some variation from hotel to hotel. The hotel business is performing well due to strong demand from within Japan and overseas.

That concludes my explanation of our business segments.

Summary of Balance Sheet (Consolidated) -Assets-

TOSEI CORPORATION

- Total Asset ¥254.4B (up ¥9.1B from the end of previous fiscal year)
- Inventories ¥124.0B (up ¥5.7B from the same), Investment Properties/PPE ¥70.1B (down ¥0.6B from the same)

(¥million)	End of Nov. '23	Change		End of Feb. '24	Change		End of May '24		Total		
Total Assets	245,329	-180		245,149	+9,314		254,464		+9,134		
Cash and Cash Equivalents	39,197	+144		39,342	+388		39,731		+533		
Inventories (Properties)	118,252	-9,379	+10,278 / -19,657	108,873	+15,147	+26,889 / -11,742	124,020	A	+5,768	+37,168 / -31,400	(*1) / (*2)
Investment Properties/PPE	70,823	-311	+65 / -377	70,511	-320	+66 / -387	70,190	B	-632	+131 / -764	(*3) / (*4)
Other Assets	17,056	+9,366		26,422	-5,900		20,522		+3,466		

A Change in Inventories (Properties)

In 1H, ¥5.7B increase from the end of previous fiscal year mainly due to acquisitions (increased: ¥37.1B, decreased: ¥31.4B)

(¥million)		1Q	2Q	1st Half	
Increase Factor	Purchase of properties (includes real estate M&A)	+7,022	+22,921	+29,943	
	Construction cost/ value-added etc.	+3,253	+3,689	+6,942	
	M&A	-	-	-	
	Transfer from Investment Properties/PPE	-	-	-	
	Others	+3	+278	+282	
Total		+10,278	+26,889	+37,168	(*1)
Decrease Factor	Sales of properties	-19,097	-11,742	-30,840	
	Transfer to Investment Properties/PPE	-	-	-	
	Others	-559*	-	-559	
Total		-19,657	-11,742	-31,400	(*2)
Change		-9,379	+15,147	+5,768	

* Decrease due to loss on retirement of held asset

B Change in Investment Properties/PPE

In 1H, ¥632M decrease from the end of previous fiscal year (increased ¥131M, decreased ¥764M)

(¥million)		1Q	2Q	1st Half	
Increase Factor	Purchase of properties	-	-	-	
	Value-added, purchase of other assets	+65	+66	+131	
	Transfer from Inventories	-	-	-	
Total		+65	+66	+131	(*3)
Decrease Factor	Depreciation expense, etc.	-377	-387	-764	
	Transfer to Inventories	-	-	-	
Total		-377	-387	-764	(*4)
Change		-311	-320	-632	

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Starting on page 13, I will briefly explain the assets section of the balance sheet.

Total assets amounted to JPY254.4 billion, up about JPY9.1 billion from the end of the previous period.

The breakdown on the right side shows a JPY0.5 billion increase in cash, a JPY5.7 billion increase in inventories, and a JPY0.6 billion decrease in investment properties/PPE due to depreciation and other factors. Other assets increased by about JPY3.4 billion, mainly due to additional acquisition of investment units of Tosei Reit Investment Corporation.

As for the increase in inventories, as noted on the lower left, there was an increase of JPY37.1 billion due to property acquisitions, construction costs, etc., and a decrease of JPY31.4 billion due to sales of properties. Although sales were strong, we were able to purchase more properties than we sold.

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

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Equity ratio 35.0%, Net D/E ratio 1.21 times

(¥million)	End of Nov. '23	Change		End of Feb. '24	Change		End of May '24		Total		
Total Liabilities/Equity	**245,329**	-180		**245,149**	+9,314		**254,464**		**+9,134**		
Total Liabilities	**163,010**	-3,566		**159,444**	+5,582		**165,026**		**+2,016**		
Interest-bearing Debt	**146,587**	-3,149	+20,666 -23,816	**143,438**	+3,825	+23,916 -20,091	**147,263**	A	**+675**	+44,583 -43,907	(*1) (*2)
Current Interest-bearing Debt	**13,783**	+1,532	+6,151 -4,619	**15,315**	+296	+7,669 -7,372	**15,612**		**+1,829**	+13,820 -11,991	
Non-current Interest-bearing Debt	**132,804**	-4,681	+14,515 -19,197	**128,122**	+3,528	+16,246 -12,718	**131,650**		**-1,153**	+30,762 -31,915	
Other Liabilities	**16,422**	-416		**16,005**	+1,757		**17,762**		**+1,340**		
Equity	**82,319**	+3,386		**85,705**	+3,732		**89,438**	B	**+7,118**		(*3)
Equity Ratio (%)	**33.4**	+1.4		**34.8**	+0.1		**35.0**	C	**+1.5**		
Net D/E Ratio (times)	**1.31**	-0.09		**1.22**	-0.01		**1.21**		**-0.10**		

* Equity Ratio and Net D/E Ratio is calculated based on "Total equity attributable to owners of parent"

A Change on Interest-bearing Debt

Interest-bearing debt increased ¥30.9B due to new/additional borrowings (①)
Decreased ¥30.1B due to repayments upon disposition and scheduled repayments (②)

(¥million)		1Q		2Q		1st Half			
		Current	Non-current	Current	Non-current	Current	Non-current	Current + Non-current	
Increase Factor	New borrowings upon acquisition	+1,846	+12,134	+2,477	+11,810	+4,323	+23,944	+28,267	①
	Additional borrowings (construction fee, etc.)	-	+1,346	-	+1,331	-	+2,677	+2,677	
	Other (refinance, etc.)	-	+1,010	-	+3,105	-	+4,115	+4,115	
	Non-current transferred to current borrowings	+4,159	-	+5,089	-	+9,248	-	+9,248	
	Lease liabilities	+146	+24	+102	-	+248	+24	+273	
Total		+6,151	+14,515	+7,669	+16,246	**+13,820**	**+30,762**	**+44,583**	(*1)
Decrease Factor	Repayments upon disposition	-2,707	-13,893	-3,364	-6,964	-6,072	-20,857	-26,930	②
	Scheduled repayments	-1,737	-144	-1,224	-138	-2,962	-282	-3,244	
	Other (refinance, etc.)	-69	-695	-2,680	-423	-2,749	-1,118	-3,867	
	Non-current transferred to current borrowings	-	-4,159	-	-5,089	-	-9,248	-9,248	
	Lease liabilities	-104	-305	-103	-102	-208	-407	-615	
Total		-4,619	-19,197	-7,372	-12,718	**-11,991**	**-31,915**	**-43,907**	(*2)
Change		+1,532	-4,681	+296	+3,528	**+1,829**	**-1,153**	**+675**	

B Change in Equity

Increase in retained earnings **+¥10.0B**
Payment of cash dividends **-¥3.1B**

¥7.1B increase from the end of previous fiscal year (*3)

C Financial Soundness

Equity Ratio	**Up 1.5 points** from the end of previous fiscal year	**35.0%**
Net D/E Ratio	**Down 0.10 points** from the end of previous fiscal year	**1.21 times**

14

Please see page 14. This is the liabilities and equity section of the balance sheet.

Overall, total liabilities and equity increased JPY9.1 billion to JPY254.4 billion. Interest-bearing debt increased slightly to JPY675 million. The major increase was in total capital, which increased by JPY7.1 billion to JPY89.4 billion.

The breakdown of changes in total equity is shown in the lower right-hand corner. The increase in total equity was JPY10 billion due to the accumulation of retained earnings, with a decrease of JPY3.1 billion due to dividends, resulting in a net increase of JPY7.1 billion.

While liabilities have barely increased, equity capital has increased, resulting in a 1.5-point increase in the equity ratio to 35% and a net debt-to-equity ratio of 1.21 times, which means that the company has been able to firmly maintain its financial soundness.

Breakdown of Inventories

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Inventories book value ¥124.0B (up ¥5.7B from the end of previous fiscal year), Tosei's expected disposition value ¥188.1B (up ¥4.9B from the same)

Total Book Value as of the end of May 2024	¥124,020M 195 properties, 583 units	Estimated Book Value on Completion	¥149,980M	Expected Disposition Value	¥188,100M

(¥million)	Book Value					Estimated Book Value on Completion
Property Type	Revitalization		Development		Total	
Office	28,998	40 properties	5,387	4 properties	34,386	Additional Cost
Commercial Facility	9,202	15 properties	3,329	3 properties	12,531	
Whole Apartment/Condo	27,669	39 properties	16,236	39 properties	43,905	(Construction, Value-add cost)
Pre-owned Condo Units	14,848	239 units	-	-	14,848	
Hotel	-	-	-	-	-	25,959
Logistics Facility	603	1 property	4,310	1 property	4,914	
Detached House, Land Lot	2,567	22 properties	9,719	344 units	12,286	
Other	1,147	31 properties	-	-	1,147	
Total	85,037	148 properties 239 units	38,982	47 properties 344 units	124,020	149,980

Expected Disposition Value		
Revitalization	Development	Total
40,866	8,728	49,594
11,316	3,514	14,830
34,294	33,860	68,154
19,722	-	19,722
-	-	-
768	6,000	6,768
3,739	23,916	27,655
1,374	-	1,374
112,082	76,018	188,100

* 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.

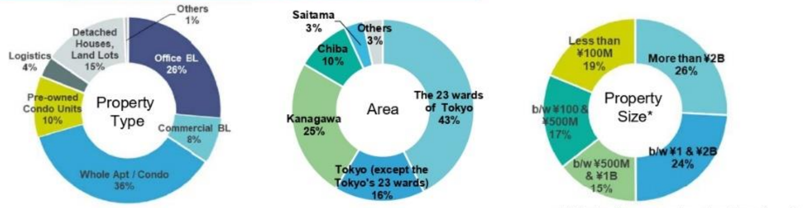
Expected Gross Profit	38,120
Expected Gross Profit Margin	20.3%

* The above estimated sales amounts are based on the Company's estimates 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*	24.2%

* Average of past three years (FY2021-FY2023) gross profit rate of Revitalization and Development Businesses. 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 turn to page 15. This is the status of inventories.

As of the end of May, we currently hold inventories with a book value of JPY124 billion, 195 properties, and 583 units, including condo units and detached houses. The middle section here shows the breakdown by asset type for each of the revitalization and development businesses. Adding construction and value-add costs to this book value, we are forecasting a book value at the time of completion of JPY149.9 billion and an estimated disposition value of JPY188.1 billion.

The expected gross profit margin on inventory held is 20.3%, and since the average gross profit margin for the past three years is 24.2%, we believe this is a relatively conservative estimate.

Trends in Inventories

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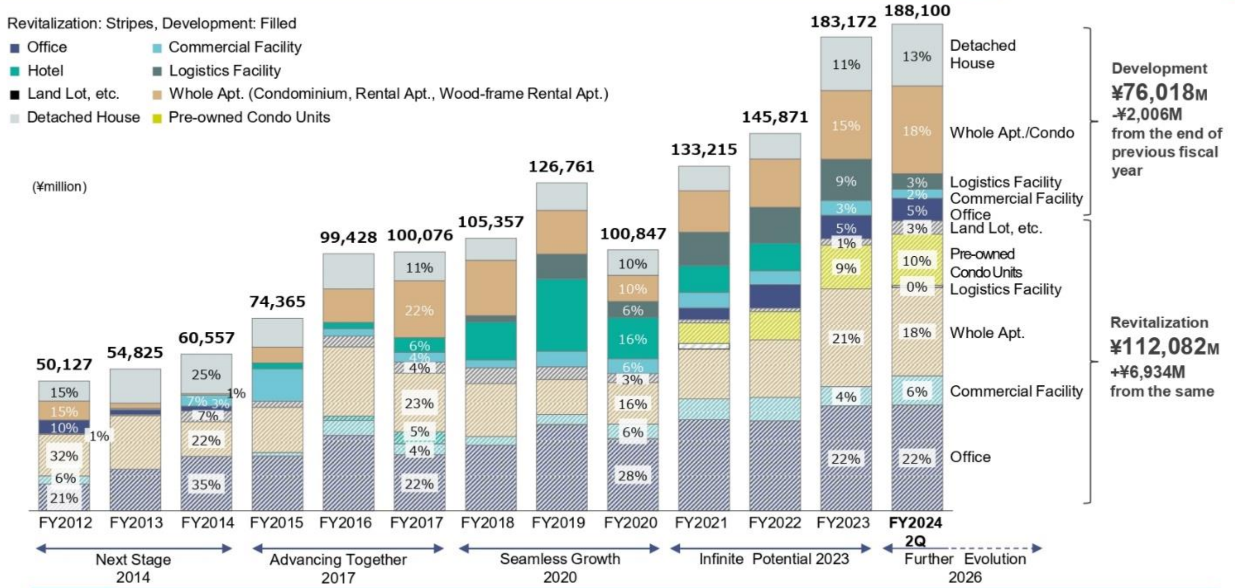

Balance between inventories and revenue

(¥million)	FY2022	FY2023	FY2024 (Plan)
Beginning-of-year Inventories*1	133,215	145,871	183,172
Revenue*2	51,269	54,782	64,540
Revenue / Beginning-of-year Inventories	38%	38%	35%

Possess inventories equivalent to **just over 2 years** worth of sales (Revitalization and Development Business)

*1 Expected disposition values
*2 Revenue from the trading business (Revitalization and Development Business)

16

Please see page 16. This shows past trends in inventory based on expected disposition value.

The figure on the far right is an estimated disposition value of JPY188.1 billion for inventories held as of the end of May 2024. Inventory in the development business decreased by JPY2 billion from the end of the previous period to JPY76 billion worth, while inventory in the revitalization business increased by JPY6.9 billion from the end of the previous period to JPY112 billion. In recent years, construction costs have skyrocketed, and we have been purchasing properties in order to focus on revitalization rather than development, and this strategy is reflected in changes in inventories.

In addition, the balance between inventories and sales is shown in the bottom row. The middle section shows the inventory at the beginning of the period was JPY183.1 billion, compared with planned revenue of JPY64.5 billion in the revitalization and development businesses for the current fiscal year, so we will have roughly two to three years' worth of inventory with which to increase profits in a stable manner.

Breakdown of Fixed Asset

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- Fixed assets (real estate) 34 properties with fair value of ¥129.1B (Tosei's estimation) against book value of ¥67.5B
- Unrealized gains increased to ¥61.6B (up ¥1.7B from the end of previous fiscal year) due to the review of cap rate of commercial facilities, etc.

Total Book Value as of the end of May 2024: **¥67,516M** 34 properties

Fair Value: **¥129,185M**

(¥million) Property Type	Book Value (A)		Fair Value (B)	Unrealized Gains as of the end of May 2024 (B)-(A)	Unrealized Gains as of the end of Nov. 2023
Office	37,196	16 properties	69,166	31,969	31,774
Commercial Facility	7,254	8 properties	11,887	4,632	3,323
Condo/Apartment	-	-	-	-	-
Hotel	22,017	8 properties	46,054	24,036	23,769
Logistics Facility	875	1 property	1,904	1,029	1,022
Land Lots, Others	172	1 property	172	-	-
Total	67,516	34 properties	129,185	61,668	59,890
Income Tax*1				-20,350	-19,763
Unrealized Gains after Tax				41,317	40,126

*1 Calculated by corporation tax rate 33%
* The PPE book value does not include the book value of right-of-use (lease) assets, tools, furniture and fixtures, etc. (¥2,673M)
* The fair value in above is calculated by the Company based on "Real Estate Appraisal standards"

Total Equity including Unrealized Gains After Tax

	As of the end of May 2024	Per Share
Total Equity	¥89,037M	¥1,837.30
Unrealized Gains after Tax	¥41,317M	¥852.60
Total	¥130,355M	¥2,689.90

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

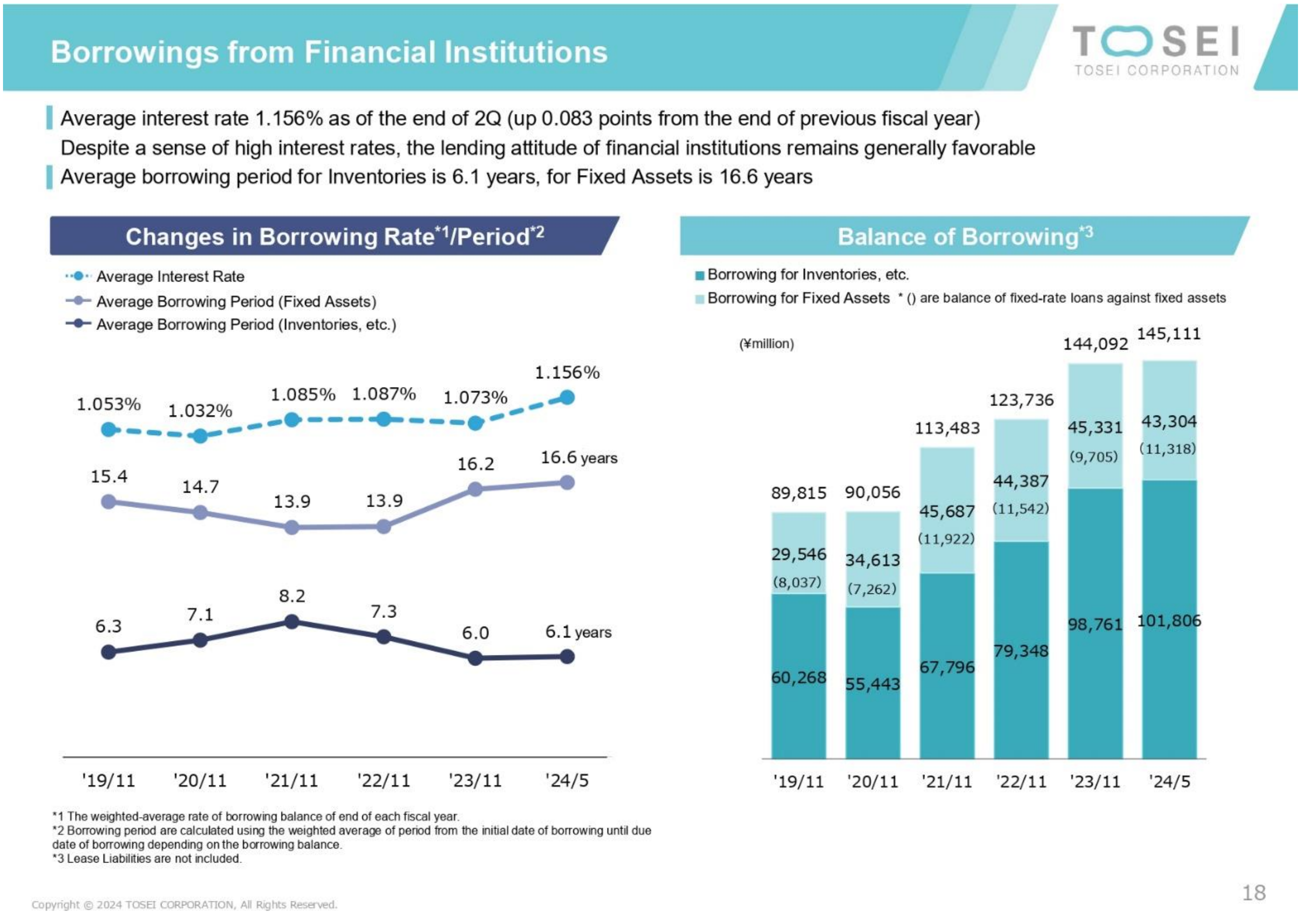
Trends in Investment Properties and PPE (Book Value)

17

Please see page 17. This shows the status of fixed assets.

There is no change in the figures and the number of properties from the end of the previous fiscal year, but we estimate the book value to be JPY67.5 billion and the fair value to be JPY129.1 billion. The blue column in the table on the right shows JPY61.6 billion in unrealized gains, and if we were to sell the properties, we would have to deduct corporate tax, so we estimate that there would be JPY41.3 billion in unrealized gains after tax.

We calculated the figures per share as shown again on the bottom left, total equity per share is JPY1,837, and the unrealized gains of JPY41.3 billion per share is JPY852, for a total NAV of JPY2,689.



Finally, please see page 18. This shows the status of borrowings from financial institutions.

The average borrowing rate at the end of Q2 was 1.156%, up 0.083 points from the end of the previous period. Although there is a sense of high interest rates, we recognize that financial institutions' lending attitudes are generally favorable.

Considering the length of time we hold inventories, the majority of our borrowing is based on TIBOR, so we are affected by the current rise in market interest rates. The Bank of Japan is expected to raise interest rates once or twice this year, and we must incorporate such concerns about rising interest rates into our future management plan.

However, since a sharp rise in interest rates is not expected at this time, we believe that we can adequately control the situation by raising rental income and securing gross profit in the revitalization and development businesses.

That concludes my presentation. Thank you very much.

Moderator: Continuing from page 22, President Yamaguchi will now explain business developments during H2 of the fiscal year ending November 30, 2024.

Yamaguchi: My name is Yamaguchi, as I was introduced earlier. I would like to review H1 of the fiscal year, which Fujiwara explained, and talk about business developments in H2.

Please turn to page 23. First, let's look at the H1 performance trends shown in the top section.

First, profit before tax was JPY14.3 billion, more than 87% of the full-year plan of JPY16.5 billion, as the revitalization and development businesses led profit.

The reason for this is that we had a conservative business plan that assumed a slight adjustment in profit margins due to rising interest rates in the market, but this did not end up having much influence. And, as I will explain later, investors have been quite impressed with our development capabilities and our Eco Friendly revitalization capabilities.

Second, we have just concluded a capital and business alliance with Nagoya Railroad Co., Ltd. We will explain the details of this later.

Third, the hotel business has been very strong, with ADR up 15%-20%.

The fourth is related to support for business succession to real estate holding companies. We have been able to acquire prime real estate through real estate M&A, which has very few rivals, and acquisition have been favorable in H1 of the year. We have built up a track record of 21 deals, including business succession, and are now able to receive considerable amount of M&A information.

The middle area of the slide shows our understanding of the external environment.

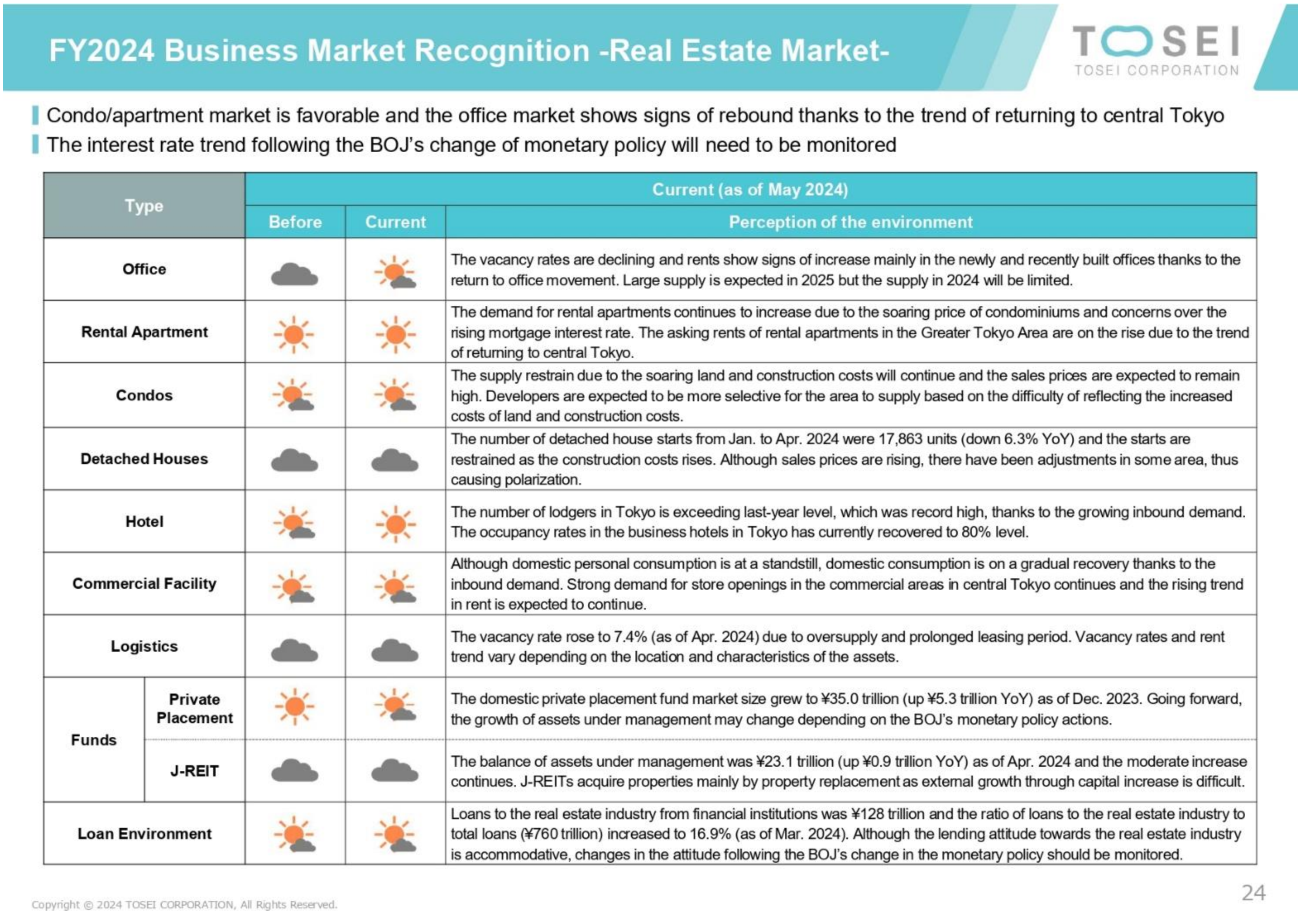
First is about the macro environment, with domestic and foreign investors continuing to invest in Japanese real estate due to the favorable financing environment. As we have previously mentioned, there was some concern that there might be an adjustment due to the high interest rates, and last year, due to the decline in the US office market and the fall in Chinese real estate, there were signs of restrained investment in offices, especially by US investors, but the market is now recovering quite well.

Second, the yen is very weak, so this is positive for the hotel environment and hotel revenue.

Let's skip ahead a little and talk about the concerns. The first concern is that the yield spread is shrinking, which is discouraging the investment appetite of investors. Since the COVID-19 pandemic, cap rates have been gradually declining, in other words, real estate prices have been rising, and if interest rates rises, the yield spread will shrink, so we have to watch the market closely.

The second is the decline in end-users' willingness to purchase due to higher mortgage rates. For example, in the condominium and detached house markets, we have already seen a slight shrinkage in some areas around Tokyo due to rising asset prices. We believe that any future increase in mortgage rates will require us to watch for the possibility of a further decline in demand.

And the third is the rising cost of construction materials. Price hikes, especially for RC construction, have not stopped. We are shifting our investments from RC development to revitalization of existing buildings, and to wooden structures such as detached houses and apartments, which price rise is relatively moderate.



Type		Before	Current	Current (as of May 2024) Perception of the environment
Office				The vacancy rates are declining and rents show signs of increase mainly in the newly and recently built offices thanks to the return to office movement. Large supply is expected in 2025 but the supply in 2024 will be limited.
Rental Apartment				The demand for rental apartments continues to increase due to the soaring price of condominiums and concerns over the rising mortgage interest rate. The asking rents of rental apartments in the Greater Tokyo Area are on the rise due to the trend of returning to central Tokyo.
Condos				The supply restrain due to the soaring land and construction costs will continue and the sales prices are expected to remain high. Developers are expected to be more selective for the area to supply based on the difficulty of reflecting the increased costs of land and construction costs.
Detached Houses				The number of detached house starts from Jan. to Apr. 2024 were 17,863 units (down 6.3% YoY) and the starts are restrained as the construction costs rises. Although sales prices are rising, there have been adjustments in some area, thus causing polarization.
Hotel				The number of lodgers in Tokyo is exceeding last-year level, which was record high, thanks to the growing inbound demand. The occupancy rates in the business hotels in Tokyo has currently recovered to 80% level.
Commercial Facility				Although domestic personal consumption is at a standstill, domestic consumption is on a gradual recovery thanks to the inbound demand. Strong demand for store openings in the commercial areas in central Tokyo continues and the rising trend in rent is expected to continue.
Logistics				The vacancy rate rose to 7.4% (as of Apr. 2024) due to oversupply and prolonged leasing period. Vacancy rates and rent trend vary depending on the location and characteristics of the assets.
Funds	Private Placement			The domestic private placement fund market size grew to ¥35.0 trillion (up ¥5.3 trillion YoY) as of Dec. 2023. Going forward, the growth of assets under management may change depending on the BOJ's monetary policy actions.
	J-REIT			The balance of assets under management was ¥23.1 trillion (up ¥0.9 trillion YoY) as of Apr. 2024 and the moderate increase continues. 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 ¥128 trillion and the ratio of loans to the real estate industry to total loans (¥760 trillion) increased to 16.9% (as of Mar. 2024). Although the lending attitude towards the real estate industry is accommodative, changes in the attitude following the BOJ's change in the monetary policy should be monitored.

I would like to proceed to page 24. The weather forecast for the real estate market is shown here.

I would like to mention two points that have changed.

First, regarding offices in the top row, the forecast has been changed from a cloudy mark in the previous forecast to sunny with partial cloud.

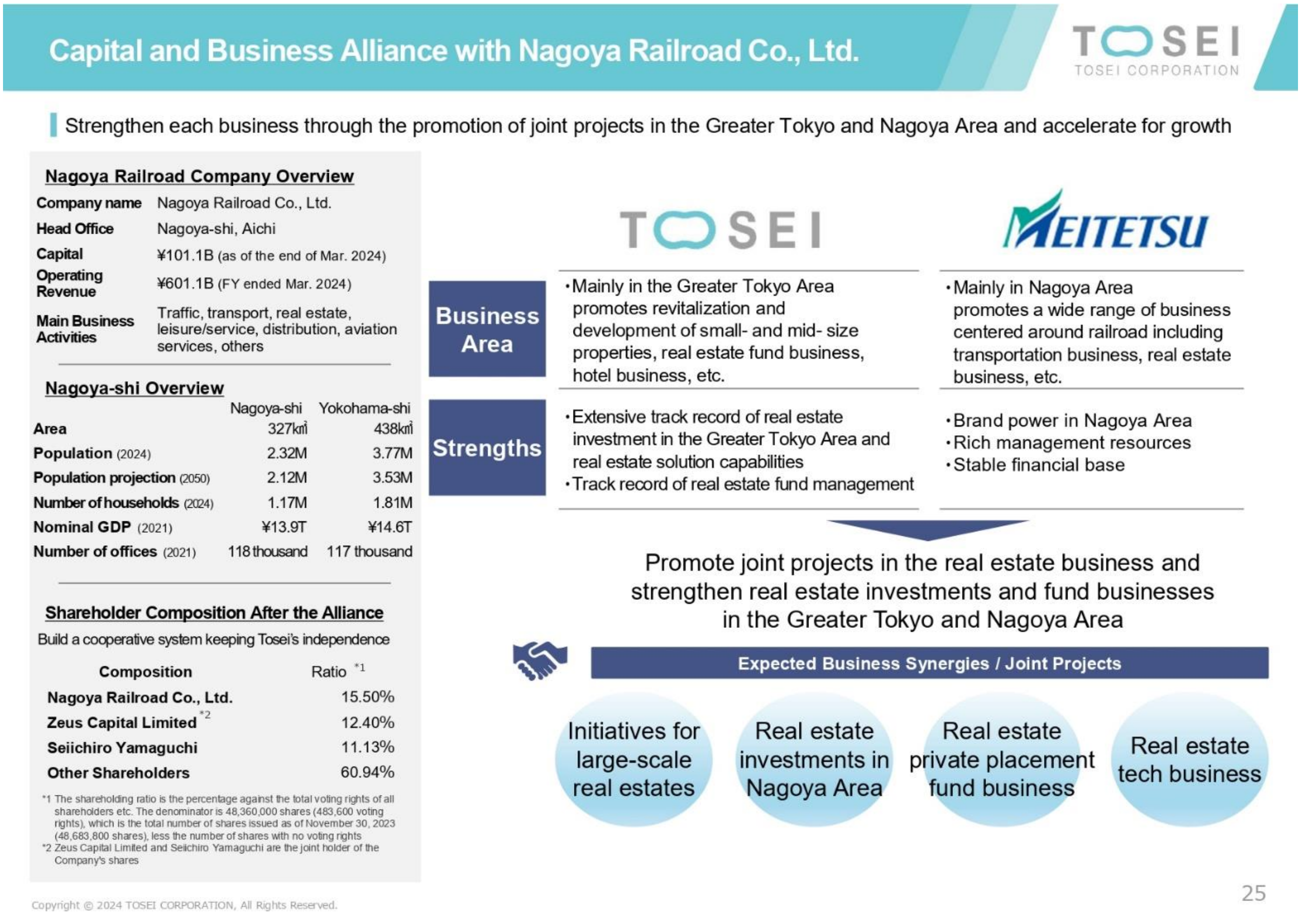
As I have explained a number of times, office vacancy rates rose sharply in the year before last due to the spread of remote work after the COVID-19 pandemic, but occupancy rates have been rising steadily since last year. Vacancy rates have bottomed out and, moreover, rents in the Tokyo area are rising.

The investment environment for small- to mid-sized offices, which is our specialty, has high liquidity and very popular with investors. Thus, we have changed our mark from cloudy to sunny with partial cloud.

The second change is the private placement fund market in the third row from the bottom, which has changed from a sunny mark to a mark of sunny with partial cloud.

Last year, the balance of privately placed funds increased by JPY5 trillion to JPY35 trillion, so we had marked it as sunny. Although currently there are many active investors, we have heard some opinions that core investors are becoming more cautious about the future rise in interest rates and the shrink of yield spreads.

Therefore, we have set the mark as sunny with partial cloud. In addition, the balance of assets under management by J-REITs is JPY23 trillion and that by private funds is JPY35 trillion, and taking into account the fact that the supply of prime properties is decreasing considerably, we have added some cloudy marks.



We will proceed to page 25. This details the capital and business alliance with Nagoya Railroad, which we have already announced.

Please see the bottom row on the right. These four points are about trying to promote joint projects in the future.

First, on the left, is to begin initiatives for large-scale properties. In the past, investment in assets or bulk investment ranging from JPY10 billion to JPY20 billion was a major undertaking for Tosei. In the future, we would like to work with Nagoya Railroad to invest in large-scale assets because we can invest with them when there are development investment opportunities of JPY30 billion or JPY40 billion or JPY50 billion.

Next, second from the left, is real estate investment in Nagoya area. Nagoya Railroad has excellent infrastructure and information in Nagoya area, and we would like to work with Nagoya Railroad to seek investment opportunities, especially in the revitalization of small- to mid-sized buildings, which is Tosei's specialty.

The third point is the expansion of real estate private placement funds. Since last year, our group has been number one in Japan in terms of assets under management, and we are aiming to create a private fund with assets in the Nagoya area together with Nagoya Railroad, by utilizing our asset management capabilities and know-how of the private placement funds. We would then like to promote the acquisition of AM fees with Nagoya Railroad.

And finally, is the tech business. The group has been ahead of the curve in issuing ST, security tokens, the first of which was listed on the ADDX in Singapore.

As I will discuss later, we have issued a fourth security token backed by assets in the Tokyo area. In addition, we have established a 10th fund for crowdfunding. We are considering promoting projects with the aim of issuing STs backed by assets in Nagoya area, as well as offering and issuing STs to people in the Nagoya area, including fans of Nagoya Railroad.

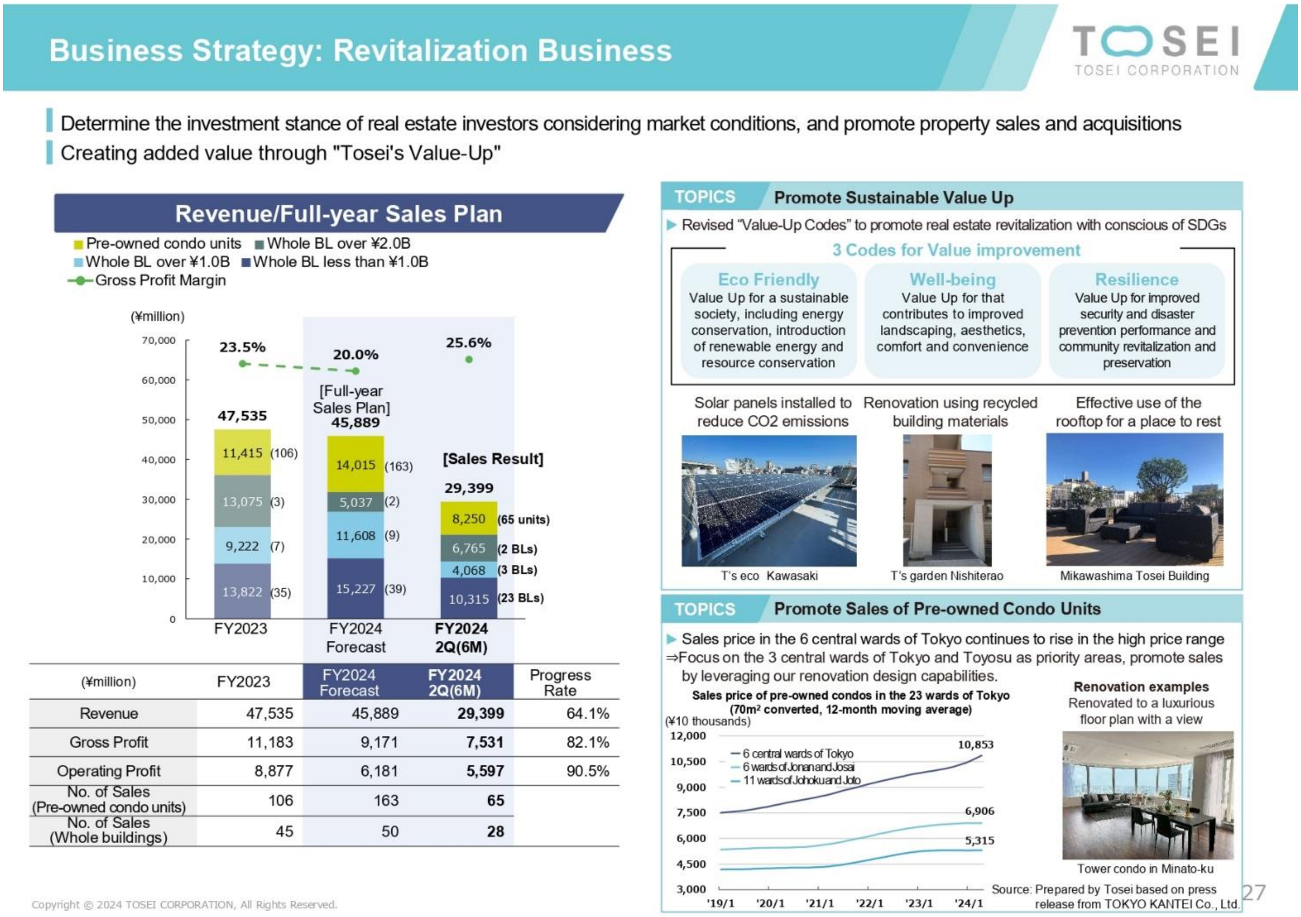
Full-year Forecast and First Half Progress by Segment

(¥million)	FY2023 Result 【A】	Composition Ratio / Profit Margin	FY2024 Forecast 【B】	Composition Ratio / Profit Margin	YoY 【B-A】	YoY %	FY2023 2Q(6M)	Composition Ratio / Profit Margin	FY2024 2Q(6M)	Composition Ratio / Profit Margin	YoY	Progress Ratio against Full-year Forecast
Revenue	**79,446**	**100.0%**	**92,116**	**100.0%**	**+12,670**	**+15.9%**	**52,861**	100.0%	**57,618**	100.0%	+9.0%	62.5%
Revitalization Business	47,535	59.8%	45,889	49.8%	-1,645	-3.5%	34,017	64.4%	29,399	51.0%	-13.6%	64.1%
Development Business	7,246	9.1%	18,650	20.2%	+11,403	+157.4%	6,396	12.1%	14,334	24.9%	+124.1%	76.9%
Rental Business	6,817	8.6%	7,979	8.7%	+1,161	+17.0%	3,253	6.2%	3,754	6.5%	+15.4%	47.1%
Fund and Consulting Business	7,384	9.3%	6,943	7.5%	-440	-6.0%	4,191	7.9%	3,673	6.4%	-12.3%	52.9%
Property Management Business	7,796	9.8%	8,558	9.3%	+762	+9.8%	3,853	7.3%	4,258	7.4%	+10.5%	49.8%
Hotel Business	4,180	5.3%	5,537	6.0%	+1,356	+32.4%	1,830	3.5%	3,026	5.3%	+65.3%	54.7%
Internal Transactions	-1,515	-	-1,441	-	+73	-	-681	-	-828	-	-	-
Gross Profit	**30,285**	**38.1%**	**34,150**	**37.1%**	**+3,865**	**+12.8%**	**18,930**	35.8%	**22,902**	39.7%	+21.0%	67.1%
Revitalization Business	11,183	23.5%	9,171	20.0%	-2,011	-18.0%	8,390	24.7%	7,531	25.6%	-10.2%	82.1%
Development Business	2,133	29.4%	6,249	33.5%	+4,116	+192.9%	1,906	29.8%	5,642	39.4%	+196.0%	90.3%
Rental Business	3,546	52.0%	4,114	51.6%	+567	+16.0%	1,674	51.5%	1,959	52.2%	+17.0%	47.6%
Fund and Consulting Business	7,040	95.3%	6,591	94.9%	-449	-6.4%	4,020	95.9%	3,458	94.1%	-14.0%	52.5%
Property Management Business	2,754	35.3%	3,021	35.3%	+267	+9.7%	1,365	35.4%	1,550	36.4%	+13.6%	51.3%
Hotel Business	4,036	96.6%	5,384	97.2%	+1,347	+33.4%	1,762	96.3%	2,957	97.7%	+67.8%	54.9%
Internal Transactions	-410	-	-381	-	+28	-	-188	-	-196	-	-	-
Operating Profit	**16,254**	**20.5%**	**17,702**	**19.2%**	**+1,448**	**+8.9%**	**12,516**	23.7%	**14,901**	25.9%	+19.1%	84.2%
Revitalization Business	8,877	18.7%	6,181	13.5%	-2,695	-30.4%	7,165	21.1%	5,597	19.0%	-21.9%	90.5%
Development Business	1,036	14.3%	5,030	27.0%	+3,994	+385.5%	1,296	20.3%	5,123	35.7%	+295.3%	101.8%
Rental Business	3,232	47.4%	3,727	46.7%	+494	+15.3%	1,525	46.9%	1,791	47.7%	+17.5%	48.1%
Fund and Consulting Business	4,555	61.7%	3,931	56.6%	-624	-13.7%	2,978	71.1%	2,305	62.8%	-22.6%	58.7%
Property Management Business	813	10.4%	841	9.8%	+27	+3.3%	518	13.5%	637	15.0%	+23.0%	75.8%
Hotel Business	990	23.7%	1,538	27.8%	+547	+55.3%	475	26.0%	1,046	34.6%	+120.0%	68.0%
Corporate Expenses, etc.	-3,251	-	-3,547	-	-296	-	-1,442	-	-1,600	-	-	-
Profit Before Tax	**15,310**	**19.3%**	**16,500**	**17.9%**	**+1,189**	**+7.8%**	**12,072**	22.8%	**14,372**	24.9%	+19.0%	87.1%
Income Tax Expenses	4,802	-	5,290	-	+487	-	3,909	-	4,309	-	-	-
Profit for the Year	**10,508**	**13.2%**	**11,209**	**12.2%**	**+701**	**+6.7%**	**8,163**	15.4%	**10,062**	17.5%	+23.3%	89.8%
Owners of the Parent	10,507	-	11,209	-	+702	-	8,164	-	10,058	-	-	-
Non-controlling Interests	1	-	-	-	-1	-	-1	-	4	-	-	-
EPS (¥)	219.74		231.72		+11.98		172.35		207.75		+20.5%	
ROA	6.7%		6.4%									
ROE	13.6%		13.0%									

* Figures for FY2024 forecast are as disclosed on Jan. 12, 2024
* The green portion shows gross profit margin and operating profit margin

26

Please refer to page 26 for the progress made in H1 of the fiscal year ending November 30, 2024, and segment information compared to full-year targets.



I would like to go over each segment again.

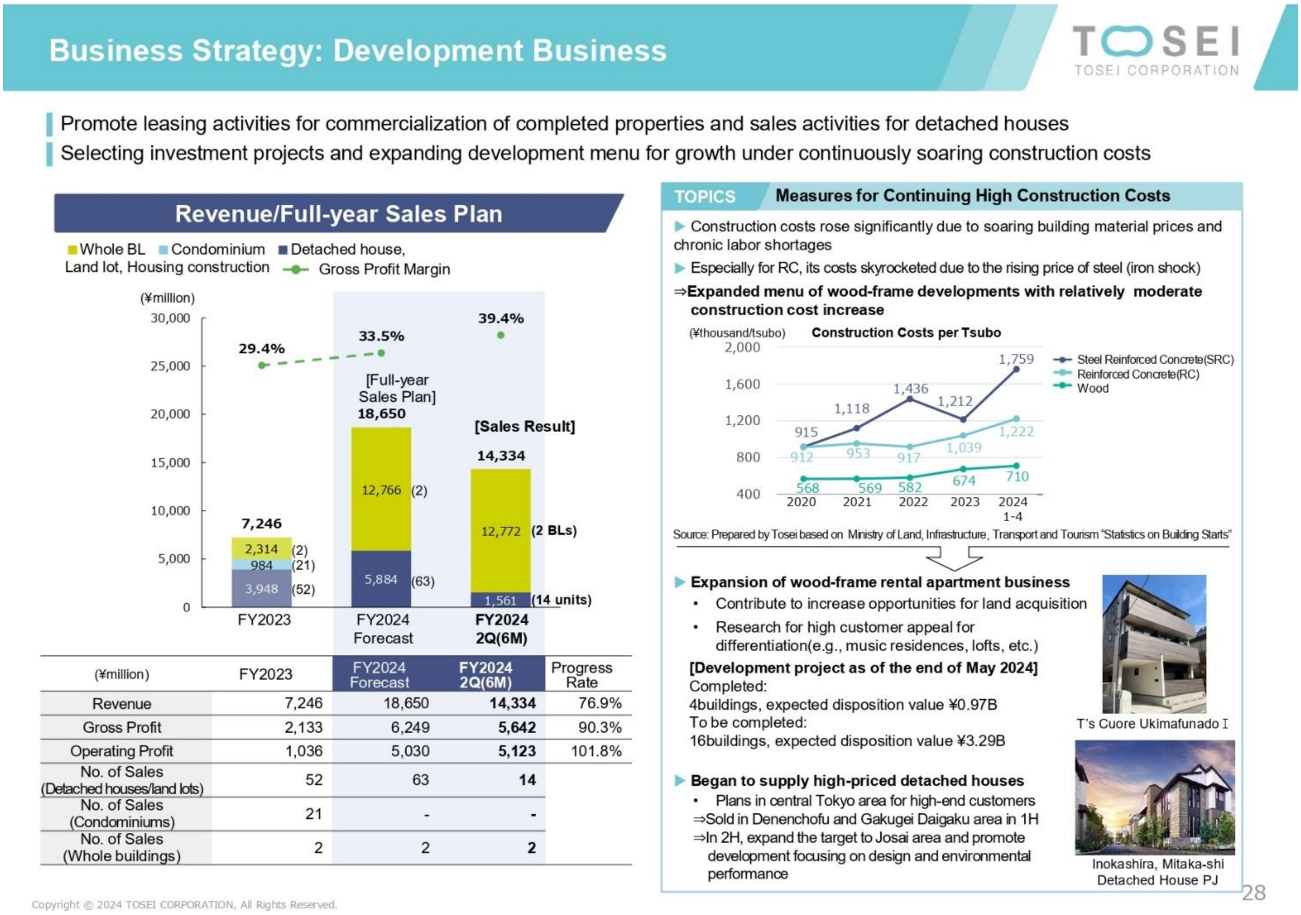
First, we have the real estate revitalization business on page 27.

In H1 of the fiscal year, Tosei's efforts were well received, with revenue of JPY29.3 billion compared with a full-year target of JPY45.8 billion and operating profit at more than 90% of the full-year forecast. For H2 of the year, we will accelerate acquisitions.

On the right side of the page, you will see our policy for Sustainable Added Value. The three codes for value improvement, as shown in the boxed area, are Eco Friendly, Well-being, and Resilience. Our real estate revitalization efforts, which make full use of these three codes, have been well received by both individual and institutional investors, and we intend to continue to promote value enhancement.

Below that you can see our work in pre-owned condo units. We believe that our investment activities from last year to this year, in which we focused on high-end condominiums and tower condominiums in the central wards of Tokyo, have returned a positive result.

We are engaged in sales of renovated high-end residential properties ranging from JPY100 million-JPY200 million to about JPY500 million, and we intend to promote sales of high-end products to wealthy people while closely monitoring market conditions.



Page 28 is about the real estate development business.

Revenue reached JPY14.3 billion, progressed to 76.9% of the full-year target of JPY18.6 billion. Gross profit is already JPY5.6 billion, more than 90% of the full-year target of JPY6.2 billion, so we do not see any problem in achieving the full-year target.

In H2 of the fiscal year, we intend to focus on sales of the remaining high-priced detached houses, etc. In addition, as shown in the middle of the right-hand side of the page, we will create wood-frame rental apartments of JPY200 million to JPY300 million as investment properties for the wealthy individuals. We currently have about 20 buildings in inventory and development plans, and we have already sold three completed buildings, and we feel that the market is responding very well. We would like to expand this area significantly over the medium to long term.

While it is difficult to pass on the increased construction costs of RC construction to projects, the construction costs of wooden construction are rising moderately, and I believe we can adequately respond to the market if we create quality apartments.

We would like to make full use of Tosei's originality in these apartments as well, such as by adding lofts or by soundproofing the apartments so that people can enjoy music, rather than building ordinary apartments.

Business Strategy: Development Business
-Future Development Plan-

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Development project schedule (holding/scheduled to be completed)

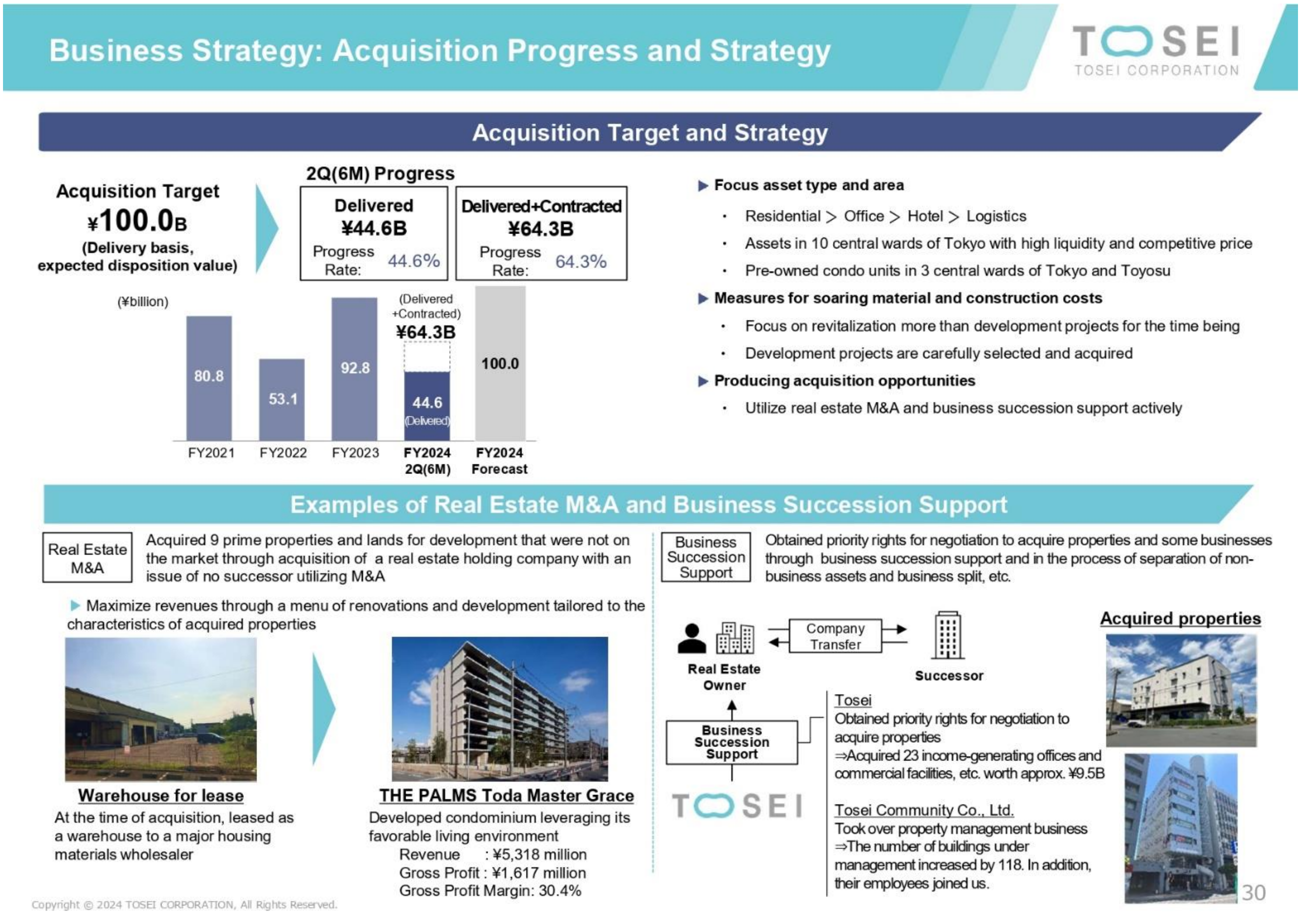
	Completed	FY2024 2nd Half	FY2025	FY2026 and after	No. of Buildings / Expected Disposition Value
Logistics Facility	·T's Logi Sano				1 building ¥6,000M
Condominium				·Tanmachi, Yokohama-shi PJ ·Kozukue, Yokohama-shi PJ	2 buildings ¥7,780M
Rental Apartment	·THE PALMS Kashiwa ·THE PALMS Chiba-chuo ·THE PALMS Nishi-chofu ·THE PALMS Higashi-ōi ·THE PALMS Kinshicho ·THE PALMS Machida Ⅱ	·Isogo, Yokohama-shi PJ	·Kamirenjaku, Mitaka-shi PJ ·Shinmaruko, Kawasaki-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 ·Miyazaki, Kawasaki-shi PJ ·Haramachida, Machida-shi PJ ·Nakano, Nakano-ku PJ	17 buildings ¥21,807M
Wood-frame Rental Apartment	·T's Cuore Shiinamachi ·T's Cuore Ukimafunado Ⅰ ·T's Cuore Ukimafunado Ⅱ ·T's Cuore Yotsugi		·Nagasaki, Toshima-ku PJ ·Nogata, Nakano-ku PJ ·Haginaka, Ota-ku PJ ·Kamiishiwara, Chofu-shi PJ ·Koenji-minami, Suginami-ku PJ	·Yagisawa, Nishitokyo-shi PJ ·Minamiota, Yokohama-shi PJ ·Shimo, Kita-ku PJ ·Shibamata, Katsushika-ku PJ ·Jiyugaoka, Meguro-ku PJ ·Anamori-Inari, Ota-ku PJ ·Mitsukyo, Yokohama-shi PJ ·Minami-hanahata, Adachi-ku PJ Ⅰ-Ⅳ	20 buildings ¥4,271M
Rental Office / Commercial Facility	·T'S BRIGHTIA Kichijoji Ⅱ ·T'S BRIGHTIA Oyamadai ·T'S BRIGHTIA Jiyugaoka Ⅱ ·MonzennakachoTosei Building ·Kojimachi Tosei Building		·Morino, Machida-shi Office PJ ·Asakusa, Taito-ku Office PJ		7 buildings ¥12,242M
Detached House					344 units ¥23,916M
				Total	47 buildings + 344 units ¥76,018M

* Projects and names are subject to change
* Hotels held as fixed assets are not shown

Continuing on, page 29 shows our development plan.

As you can see at the bottom of the right-hand column, we already have a pipeline of more than JPY76 billion in the development business, which, when combined with the revitalization business, is equivalent to JPY188.1 billion.

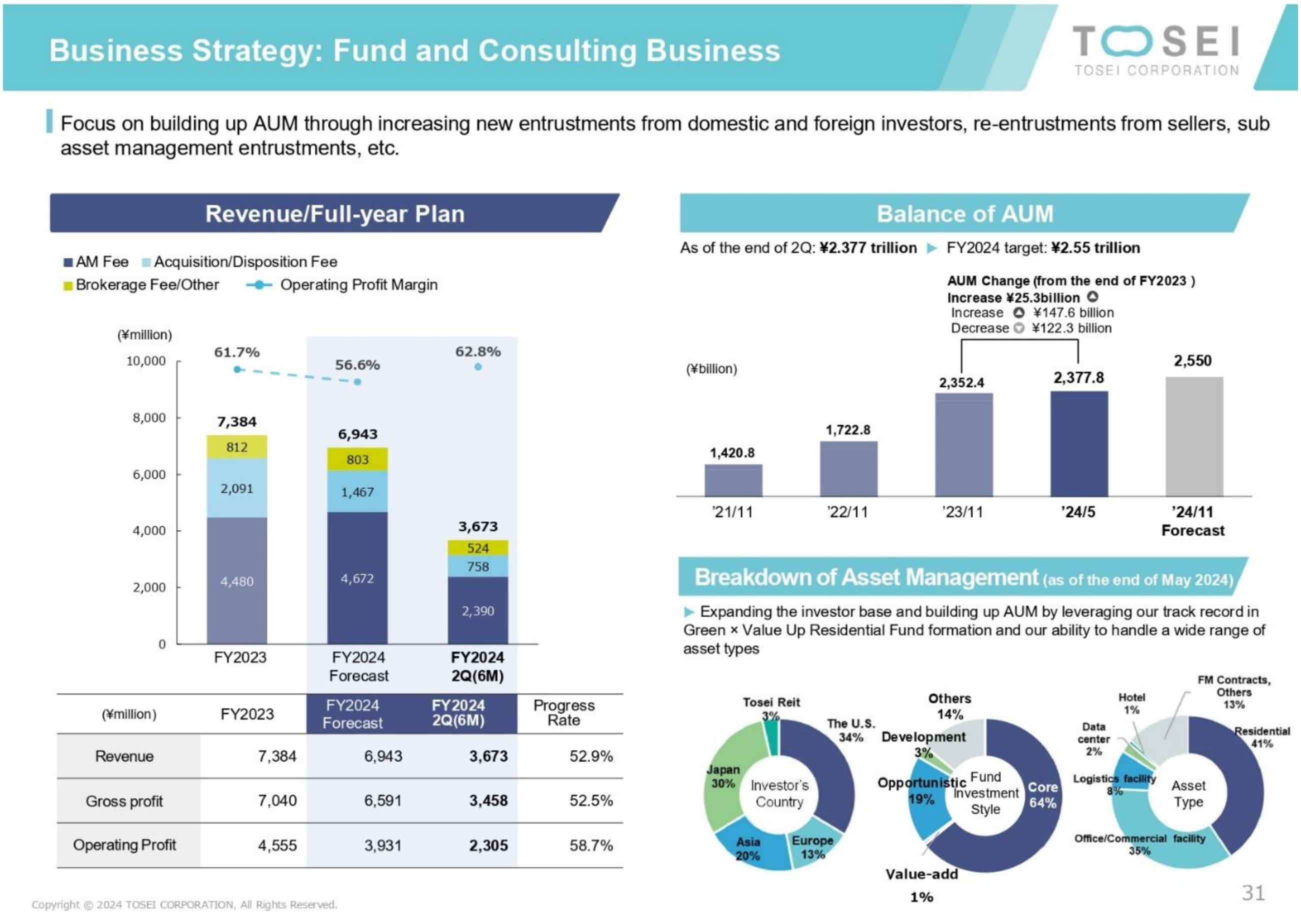
Since our announced revenue plan for the fiscal year ending November 2024 is approximately JPY64 billion, we have just under three years' worth of inventories, and we are in a situation where we have a sufficient pipeline for medium- to long-term growth. Furthermore, I would like to reiterate that acquisitions are on track for the current fiscal year as well, making full use of M&A.



Next is page 30.

The upper section shows progress of JPY64.3 billion toward the target of JPY100 billion in acquisition, and the lower section shows our use of M&A in acquisitions.

Just for potential M&A alone, we have already received information equivalent to JPY60 billion. Due to the circumstances of the other party, we do not know whether our initiatives will blossom in H2 of this year or in the next fiscal year, but we would like to work hard on acquisitions through M&A.



Page 31 is about the real estate fund and consulting business.

We are on track with revenue of JPY3.6 billion in H1 of the year, which is 52.9% of our full-year sales forecast of JPY6.9 billion for the fiscal year ending November 30, 2024.

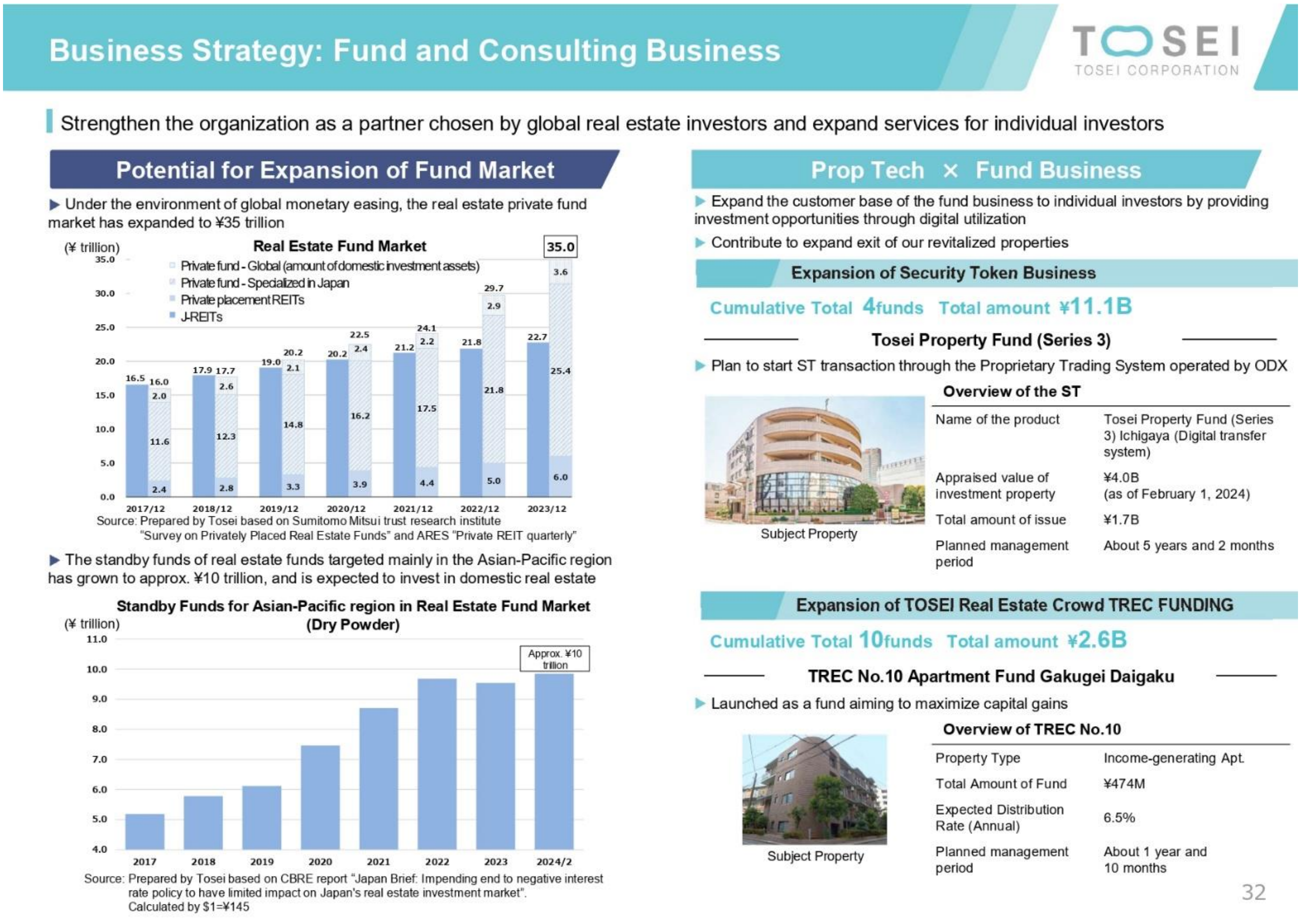
The reason for the drop in the full-year revenue forecast for the fiscal year ending November 2024 compared to the revenue of JPY7.3 billion in the year that ended November 30, 2023, is due to spot fees received last year, such as for the Otemachi Place project, which was commissioned for more than JPY400 billion. This year, we plan to achieve new AUM of JPY350 billion with net AUM of JPY200 billion without any big-hitting deals, and we are generally on track to do that.

We have shown Pie charts at the bottom right of the page.

The pie chart on the left shows the current allocation of investors in each country. We have good balance, with 34% of investors in the US, 13% in Europe, 20% in Asia, and 30% in Japan. During the growth period, the ratio of US investors was very high, but we believe that we have been able to achieve balanced allocation through our efforts over the years.

Regarding the fund investment style in the middle, the ratio of the core type is 64%. In the early days, the proportion of opportunistic types was high and they would often sell within one or two years, resulting in a decrease in AUM, but with the increasing proportion of core types, which generally have an investment period of about five years, the style has changed to one that can maintain AUM for a long time.

Regarding asset types, as shown in the pie chart on the far right, I would like to explain the diverse asset composition, including residential, office, and logistics.



Page 32 gives additional explanation of the fund business.

In particular, the right side of the page shows the utilization of prop tech.

In the security token business, we are managing 4 funds with total AUM of JPY11.1 billion, and we are increasing our track record step by step. We are currently considering listing (handling) the security token issued for the Ichigaya property in H1 of the year, on to the Osaka Digital Exchange (ODX).

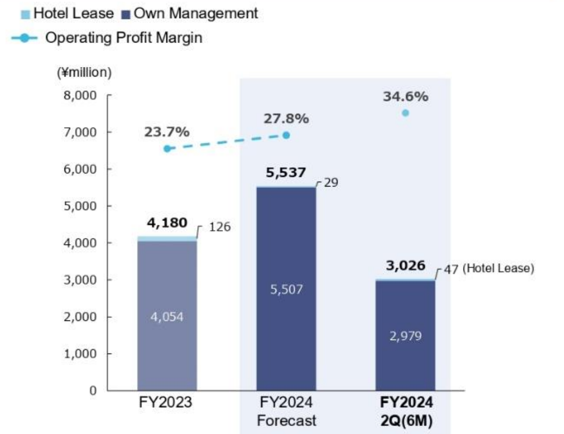
As for the real estate crowdfunding business shown on the lower right-hand side of the page, we have built up a considerable track record with a total of 10 funds, and we are looking to increase the number of users each fiscal year.

Business Strategy: Hotel Business

TOSEI
TOSEI CORPORATION

- Mainly due to strong inbound demand under a weak yen environment, GOP exceeded the forecast (+¥0.2B against 2Q(6M) forecast)
- Began considering new hotels to further capture domestic and inbound demand

Revenue/Full-year Plan

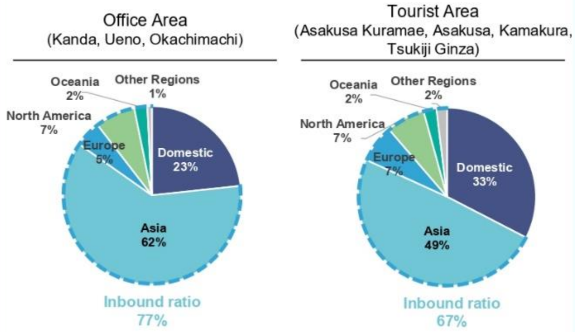


(¥million)	FY2023	FY2024 Forecast	FY2024 2Q(6M)	Progress Rate
Revenue	4,180	5,537	**3,026**	54.7%
Gross profit	4,036	5,384	**2,957**	54.9%
GOP	2,045	2,659	**1,587**	59.7%
Operating Profit	990	1,538	**1,046**	68.0%

TOPICS Initiatives to Capture Inbound Demand

▶ More than two-thirds of the guests staying at "Tosei Hotel COCONE" are foreign visitors.

[Breakdown of guests by area (number of rooms basis)]



▶ Continue to stimulate inbound customer demand
⇒Newly installed fitness gym exclusive for hotel guests in COCONE Tsukiji Ginza Premier

▶ Focus on improving service level and customer satisfaction by strengthening recruitment and training of hotel staff

Fitness gym
(newly installed in June)

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Please go to page 33. This is the hotel business.

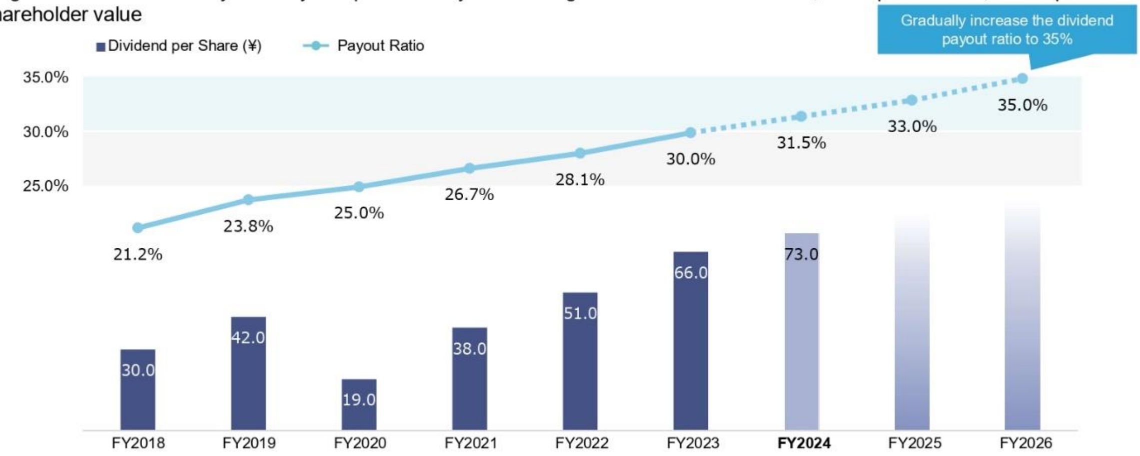
The revenue in H1 was JPY3 billion compared with the full-year target of JPY5.5 billion. The GOP, in particular, was JPY1,587 million compared with the target of JPY2.6 billion, progressing more than 59%. This is due to the fact that ADR is higher than when the forecast was established due to the effect of inbound tourism.

We believe that H2 of the year will also be favorable, barring any particular negative events. In addition, the company has resumed considerations on new hotel investments. Within our portfolio of assets, we are currently considering one new development and two properties for conversion from offices to hotels. If possible, we would like to supply about two hotels each fiscal year to promote Tosei's hotel brand.

Shareholder Returns Policy

TOSEI
TOSEI CORPORATION

- Return the results of profit growth to shareholders. Plans to gradually increase the dividend payout ratio to 35% over the three-year period of the mid-term management plan
- Taking into account share buybacks by comprehensively considering the business environment, stock price trends, and improvement in shareholder value



	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
Profit for the Period/Year*1 (¥million)	6,852	8,447	3,602	6,721	8,607	10,507	**11,209**	**Gradually increase the dividend payout ratio to 35%**
Earnings per Share (EPS)	¥141.36	¥176.40	¥76.05	¥142.56	¥181.66	¥219.74	**¥231.72**	
Dividend per Share	¥30	¥42	¥19	¥38	¥51	¥66	**¥73**	
Payout Ratio	21.2%	23.8%	25.0%	26.7%	28.1%	30.0%	**31.5%**	
Share Buyback	-	¥1billion	¥500million	¥500million	¥885million	¥113million	-	
Total Return Ratio*2	-	35.5%	38.8%	34.5%	38.3%	31.5%	-	

*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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Lastly, on page 35, we have our shareholder return policy.

This fiscal year is the first year of the new medium-term plan Further Evolution 2026, and we have announced a plan to raise the dividend payout ratio to 35% during the period of this plan. We would like to generate stable profits and stable dividends.

This concludes my explanation. Thank you for your attention.

Moderator: Thank you very much.

Question & Answer

Moderator [M]: We will now answer your questions in turn.

Participant [Q]: The hotel business showed good profit progress in H1 of the year. Do you expect to record larger renovation and other expenses in H2 of the year, or were you conservative and left your forecast unchanged? Also, please tell us about any specific future hotel investment plans you are considering, such as location, timing, etc.

Yamaguchi [A]: The reason we are leaving the full-year forecast unchanged is precisely because we took a conservative view and did not revise it upward, and we do not have any major renovation plans. We will monitor Q3 and Q4 results and work to achieve an upward revision.

As for future hotel plans, as I mentioned earlier, there are three projects under consideration. One involves considering development at a location in front of a station in Chigasaki City, Kanagawa Prefecture. We also have office properties in Kamata, in Ota ward, and Shintomicho, in Chuo ward, and are considering converting them from offices to hotels.

Participant [Q]: Regarding the fund business, AUM growth in Q2 was somewhat sluggish. Is the situation that investors in Europe and the US are returning slower than expected? Please tell us about the current contracting environment and the outlook for the future.

Yamaguchi [A]: The new additions to AUM are about JPY145 billion, which compared to the JPY175 billion target for H1 and is about 85% of the target. Although you have pointed out that the progress is sluggish, fundamentally we are steadily increasing the balance.

Regarding the return of investors from Europe and the US, we have been told to do pricing or to do due diligence, but our initiatives did not blossom in H1 of the year. Among European and US investors, we have high expectations for H2 of the year and beyond, as the momentum for resumption of investment is growing among the clients we have entrusted with AUM.

Participant [Q]: You are making good progress toward achieving your full-year plan, but how do you see the possibility of exceeding the plan? Also, the acquisition progress seems to be a little weak, so what are your thoughts on the probability of achieving full year target? I would also like to know about any M&A deals that you are considering or can see.

Yamaguchi [A]: Particularly with regard to profit before tax, we reached 87% in H1, so we naturally believe that there is a possibility of an upward revision. We will carefully consider how the financial results will look after observing the future acquisition situation and sales activities up to Q3, and we will make an announcement at the appropriate time.

Although there was some talk of a slight weakening in acquisition, we believe that acquisition is basically on track, since it is just over JPY64 billion compared to the full-year target of JPY100 billion. We also have a pipeline of M&A deals totaling more than JPY60 billion. Due to the circumstances of the other parties, we do not know whether all of these will blossom in H2 of the year or next term, but we would like to carefully nurture them.

Participant [Q]: You have indicated various possibilities for the capital and business alliance with Nagoya Railroad. Are there any projects that are already underway at the moment, or are there any areas where you expect to contribute to your company's performance early in the future?

Yamaguchi [A]: We just concluded a capital and business alliance at the end of May, and I just had a kick-off meeting with members of Nagoya Railroad last week. We have begun our own due diligence and pricing of Nagoya Railroad's assets, and are currently exploring joint projects and other opportunities.

In addition, since June, after the announcement of this business alliance, while we are in Tokyo, we have been receiving quite a bit of information on real estate in Nagoya. We would like to gather information, including confirmation that Nagoya Railroad is aware of this information and the possibility of joint projects or joint investments, and link this to future investments. It is this month that we are finally beginning to discuss such joint projects.

Moderator [M]: That concludes the question-and-answer session.

This concludes the Tosei Corporation financial results briefing for Q2 of the fiscal year ending November 30, 2024. Thank you very much for joining us today.

[END]

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Document Notes

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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