**Tosei Corporation**

FY2025 Q2 Financial Results Presentation

July 7, 2025

# Event Summary

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|---|---|
| **[Company Name]** | Tosei Corporation |
| **[Company ID]** | 8923-QCODE |
| **[Event Language]** | JPN |
| **[Event Type]** | Earnings Announcement |
| **[Event Name]** | FY2025 Q2 Financial Results Presentation |
| **[Fiscal Period]** | FY2025 Q2 |
| **[Date]** | July 7, 2025 |
| **[Number of Pages]** | 33 |
| **[Time]** | 16:00 – 16:54<br>(Total: 54 minutes, Presentation: 43 minutes, Q&A: 11 minutes) |
| **[Venue]** | Webcast |
| **[Venue Size]** | |
| **[Participants]** | |
| **[Number of Speakers]** | 2<br>Seiichiro Yamaguchi — President and CEO<br>Noboru Hirano — CFO and Senior Executive Officer of Administrative Division |

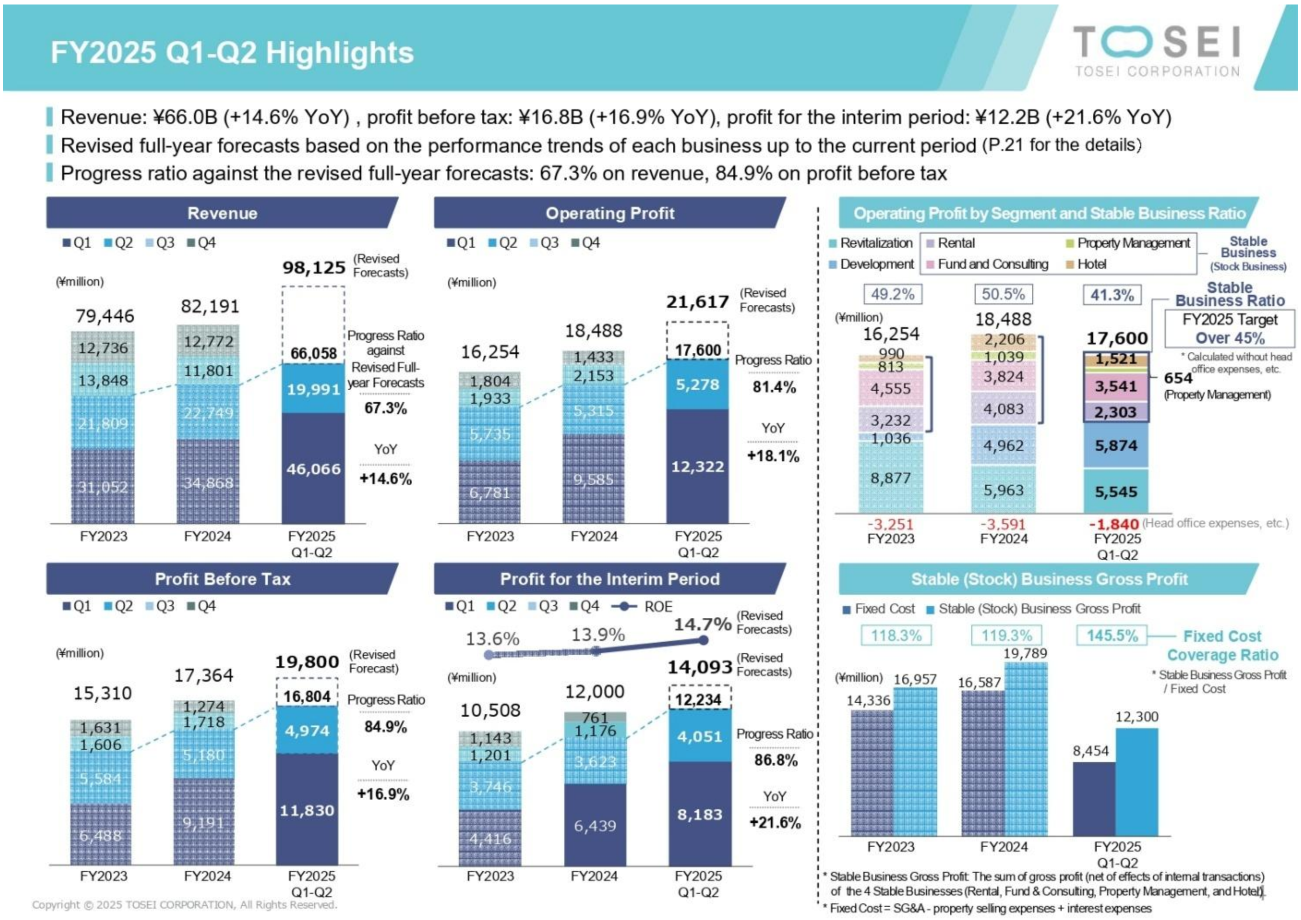
## Presentation

**Moderator**: Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing for Q2 of FY2025 of Tosei Corporation. As it was the case last time, this result briefing will be held as a live webcast via Zoom.

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. 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 around 17:00.

Next, I would like to introduce today's speakers. Seiichiro Yamaguchi, President and CEO. Noboru Hirano, CFO and Senior Executive Officer. These two people are participating from the Company.

Hirano, CFO and Senior Executive Officer, will now provide an overview of the financial results for the H1 of FY2025, which begins on page three of the financial results materials. Please go ahead.

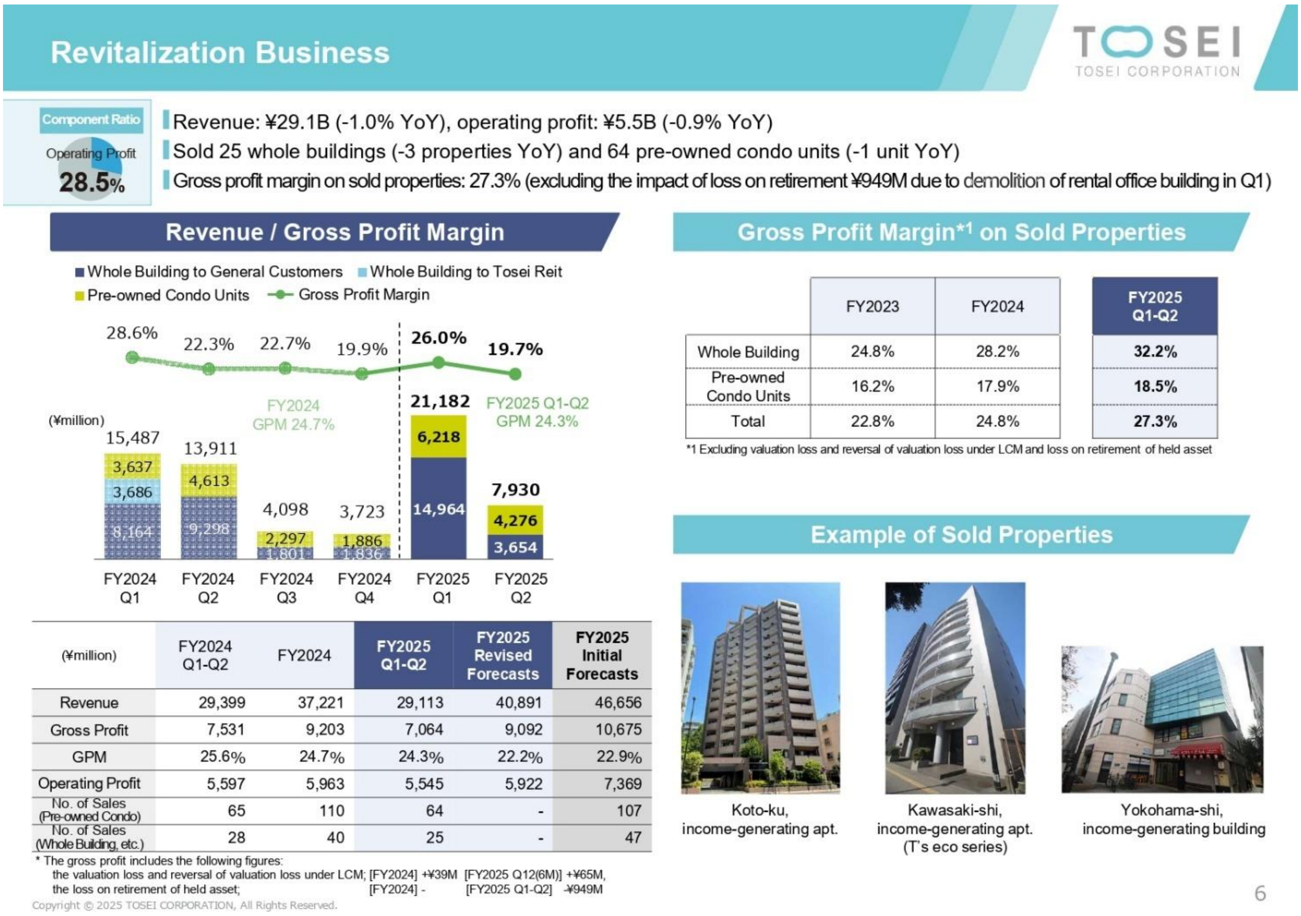



**Hirano:** My name is Hirano, Director, Senior Executive Officer. We are pleased to report our financial results for Q2, H1, of FY2025, which were disclosed today at 14:30.

Please see page four. On the financial highlights page, four bar graphs from revenue to profit are shown on the left side. The bar graph shows the past two fiscal years and the interim period of the current fiscal year, color-coded by quarter.

As for H1 results, as shown at the top, revenue was JPY66.0 billion, up 14.6% YoY, and profit before tax was JPY16.8 billion, up 16.9% YoY. Interim profit was JPY12.2 billion, up 21.6% YoY. Both revenue and profits increased YoY.

The bar graph on the upper right shows operating profit by segment and the ratio of stable businesses. This is the composition ratio of two trading businesses and four stable businesses by segment. The stable business ratios for the past two fiscal years were basically around 50% each. In H1 of the current fiscal year, the ratio of stable business was 41.3%, and in H1, the majority of profits were from trading-related businesses. We expect the stable business ratio for full year to be around 50% level as the profit for stable business will be accumulated in H2.



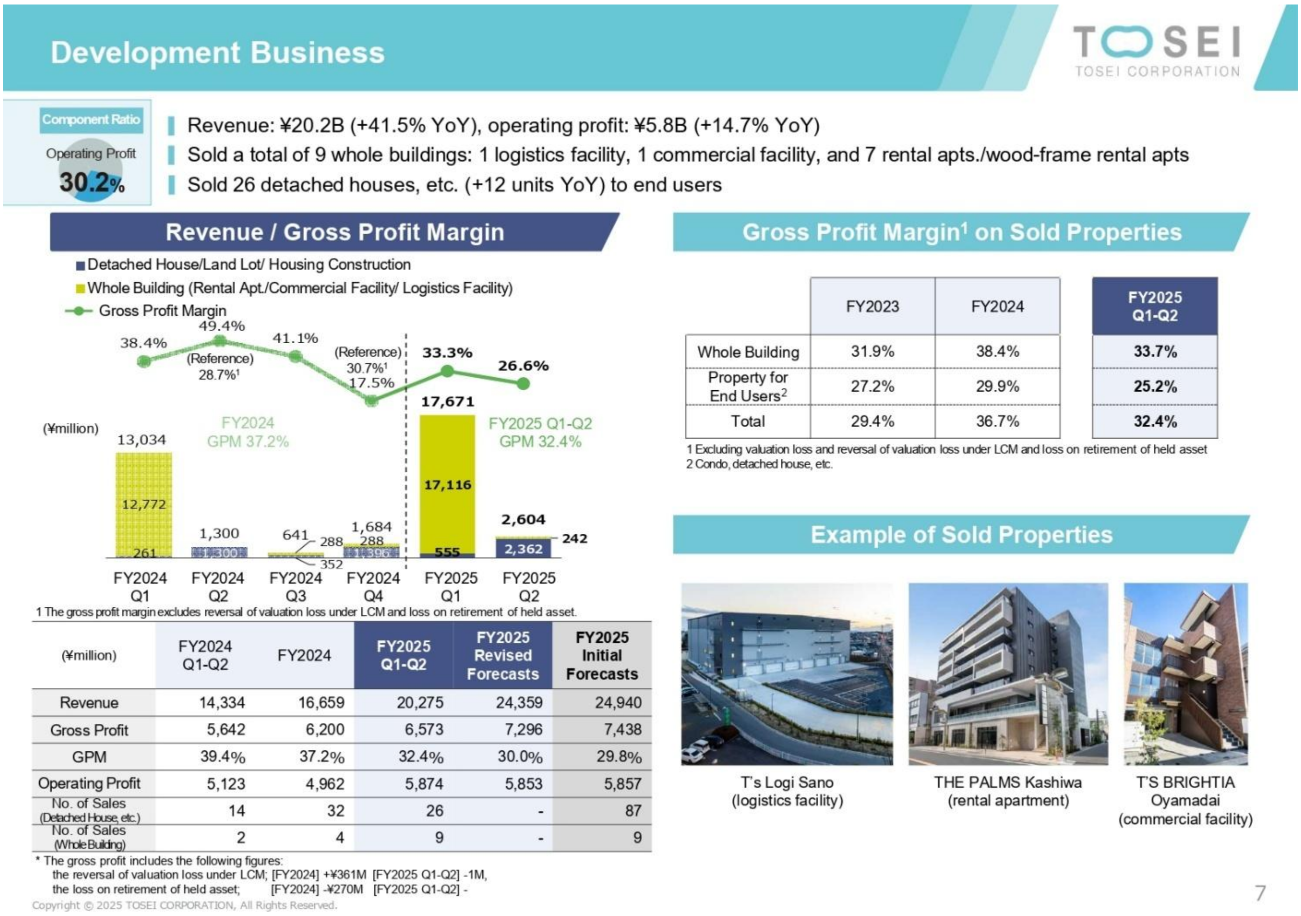

Continuing onto the status by segment. Starting with the revitalization business on page six.

Revenue for H1 was JPY29.1 billion and operating profit was JPY5.5 billion. Both revenue and profits were slightly lower YoY, but generally at the same pace as in the previous period. In H1 of the current fiscal year, 25 whole buildings were sold, compared to 28 in the previous fiscal year. We sold 64 pre-owned condo units, which was approximately the same as the previous year, since 65 units were sold in the previous year.

As indicated in the third line of the top comment, a loss on retirement of the building book value of JPY949 million is recorded due to the demolition of the rental office building. As a result, the gross profit margin for H1 of the current fiscal year was 24.3%. Excluding the impact of this loss on retirement, the gross profit margin is 27.3%, about 3 percentage points higher than that for the full year of the previous year.

The bar graph of revenue on the left side shows whole building in dark blue and pre-owned condo units in yellow.

Gross profit margins for the past two fiscal years and H1 of the current fiscal year are shown in the middle column on the right side of the slide for whole building and pre-owned condo units. As stated, both whole building and pre-owned condo units have been increasing in H1 of the current fiscal year compared to the past two fiscal years. The gross profit margin will drop slightly if the loss on retirement associated with the demolition mentioned earlier is included, but the profit margin is actually increasing for the properties for sale.



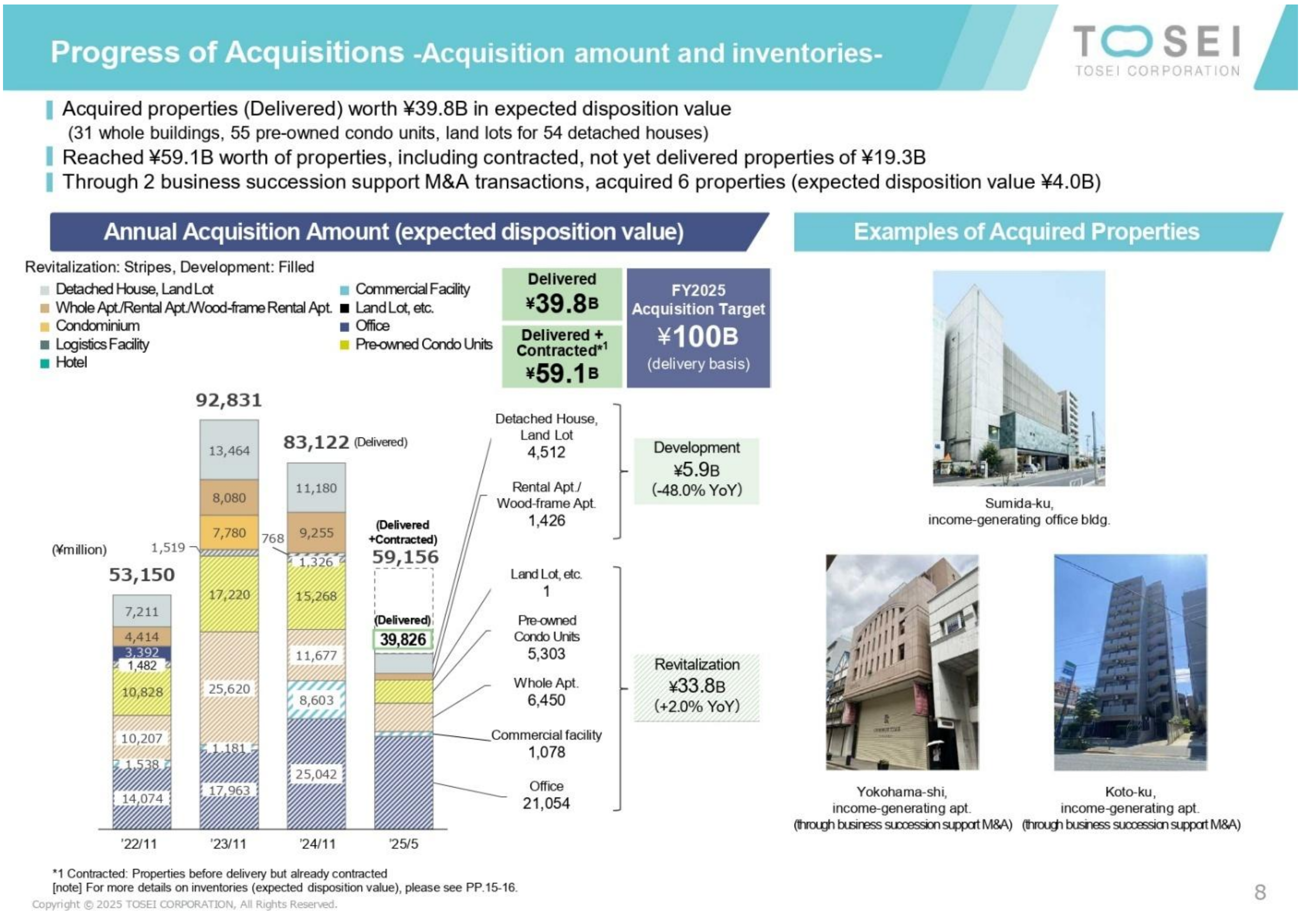

Moving onto the development business on page seven. In the development business, revenue was JPY20.2 billion and operating profit was JPY5.8 billion. Revenue was up 41.5% YoY, and operating profit was also up 14.7%, meaning that H1 ended with a significant increase in both revenue and profit compared to the previous year.

In H1 of the current fiscal year, we sold a total of 9 buildings, including logistics facilities and rental apts., etc. As for properties for end-users, 26 newly built detached houses were sold.

The revenue bar graph on the left shows that in Q1 of the previous period, we sold 2 whole buildings, a logistics facility and a commercial facility. In Q1 of the current fiscal year, we sold 8 properties and in Q2, 1 property for a total of 9 properties in this fiscal year as of now.

The gross profit margin is shown in the middle row on the right. The gross profit margin for H1 of the current fiscal year for whole building is 33.7%. The gross profit margin exceeded those of FY2023. In the previous fiscal year, we were able to obtain high profit margins from the logistics facilities and commercial properties that we developed ourselves, as I mentioned earlier. So the gross profit margin for H1 for the current fiscal year is lower than that but the sales have been in line with the plan.

As for the gross profit margin on detached houses for end-users, this figure was down slightly from the previous year. Some suburban properties struggled slightly, which lowered the gross profit margin. We consider that the development business as a whole is performing well.




Next, please see page eight. This is the status of acquisition in the revitalization business and the development business. As indicated in the blue box in the middle of the page, the acquisition plan for the current fiscal year is JPY100 billion on a revenue assumption basis, and as indicated in the bar graph on the left side, the properties delivered in H1 of current fiscal year is JPY39.8 billion, and JPY59.1 billion including those already under contract and to be delivered shortly. This means that we have progressed approximately 60% of our annual plan. Photos of the main acquired properties are shown on the right.

As for the breakdown of JPY39.8 billion in H1 of the current fiscal year, as highlighted in light green in the middle of the page, we acquired JPY5.9 billion worth of properties for development business and JPY33.8 billion worth of properties for revitalization business on an estimated revenue basis. In the development business, we are making extremely careful judgments in acquiring properties due to the recent sharp rise in construction costs. On the other hand, the revitalization business continues to acquire well.

## Rental Business

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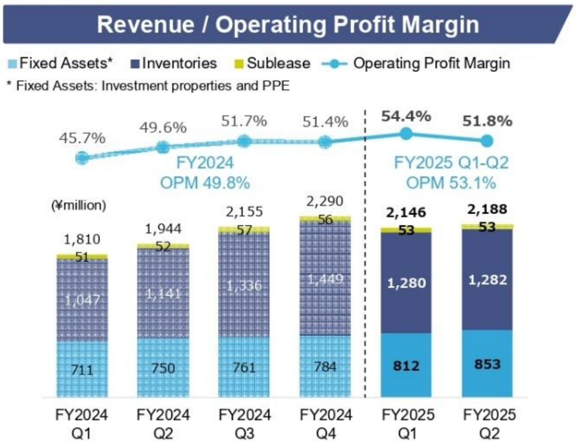
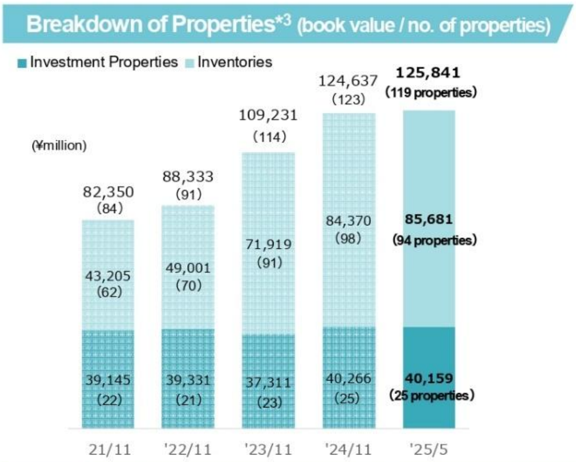
Component Ratio
Operating Profit
**11.8%**

- Revenue: ¥4.3B (+15.5% YoY), operating profit: ¥2.3B (+28.6% YoY)
- Successfully increased rents for fixed assets and inventories resulting in higher rental income
- Occupancy rate of fixed assets: 98.1% (as of the end of May, based on floor area)




| (¥million) | FY2024 Q1-Q2 | FY2024 | FY2025 Q1-Q2 | FY2025 Revised Forecasts | FY2025 Initial Forecasts |
|---|---|---|---|---|---|
| Revenue *2 | 3,754 | 8,200 | 4,335 | 9,071 | 8,847 |
| Gross Profit | 1,959 | 4,457 | 2,459 | 4,991 | 4,690 |
| Operating Profit | 1,791 | 4,083 | 2,303 | 4,626 | 4,326 |
| Operating Profit Margin | 47.7% | 49.8% | 53.1% | 51.0% | 48.9% |

*2 Revenue includes internal transactions.

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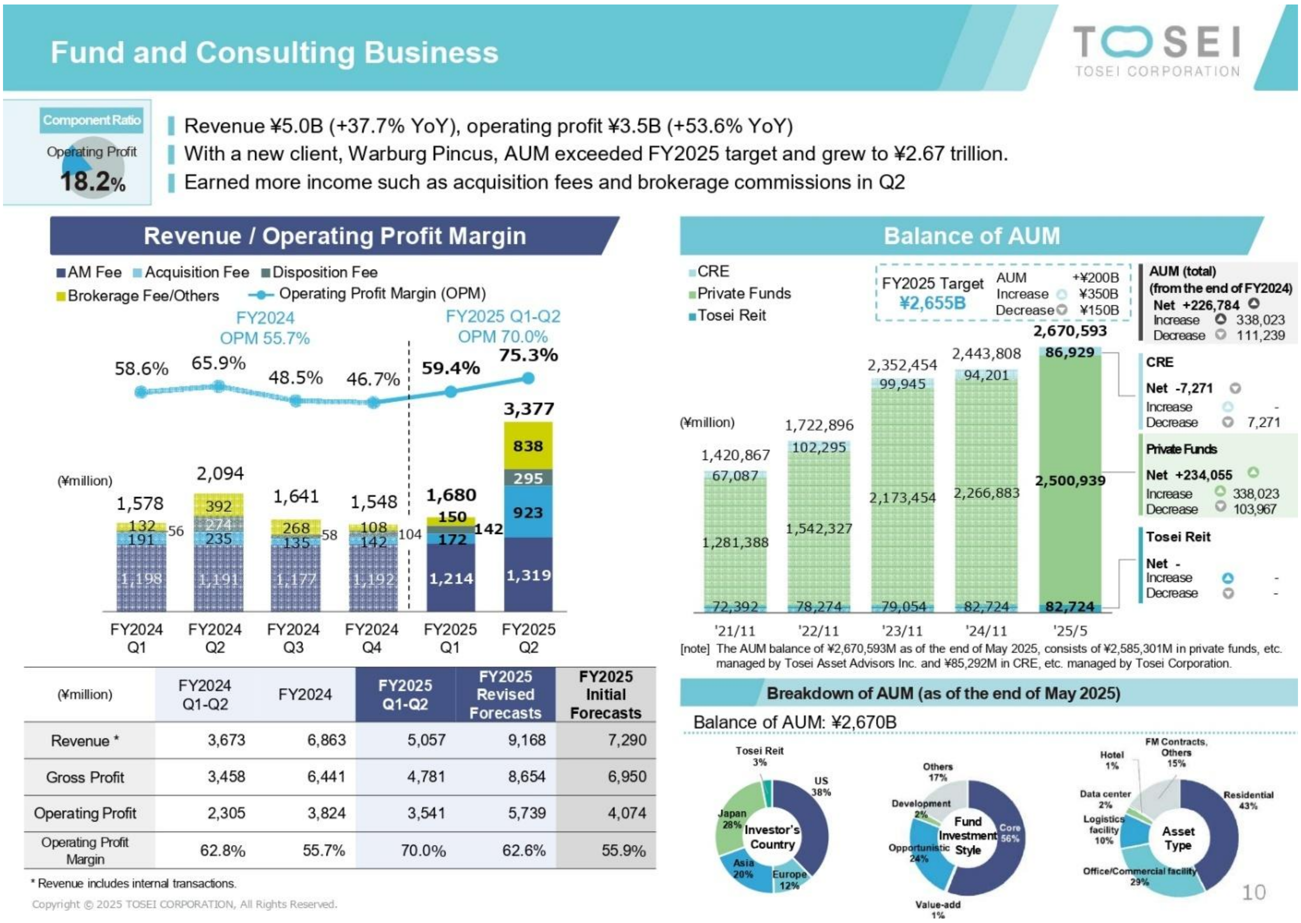
*3 Properties which have rental income (excluding pre-owned condo units).
[note] Acquisitions through M&A include acquisitions through business succession support M&A.



Moving onto the rental business on page nine. This is a business that we have positioned as a stable business, with revenue of JPY4.3 billion in H1, up 15.5% YoY, and operating profit of JPY2.3 billion, up 28.6% YoY, showing stable growth in both revenue and profit.

As noted in the comments section, the occupancy rate of fixed assets was 98.1% on an area basis as of the end of May, which is about 4 percentage points higher than the same month last year, since the occupancy rate in May last year was 93.9%, although not stated.

The right side of the middle of the page shows a bar graph of the number of rental properties and their book value. The number of buildings and book value both increased from the previous two fiscal years to the previous fiscal year, and remained flat in H1 of the current fiscal year, but rents from rental properties, which increased in the previous two fiscal years, are contributing significantly to our business performance.




| (¥million) | FY2024 Q1-Q2 | FY2024 | FY2025 Q1-Q2 | FY2025 Revised Forecasts | FY2025 Initial Forecasts |
|---|---|---|---|---|---|
| Revenue * | 3,673 | 6,863 | 5,057 | 9,168 | 7,290 |
| Gross Profit | 3,458 | 6,441 | 4,781 | 8,654 | 6,950 |
| Operating Profit | 2,305 | 3,824 | 3,541 | 5,739 | 4,074 |
| Operating Profit Margin | 62.8% | 55.7% | 70.0% | 62.6% | 55.9% |

* Revenue includes internal transactions.

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Moving onto the fund and consulting business. AUM bar chart is shown on the right side of page 10. As indicated in the figures on the right side of the column, AUM increased by JPY338.0 billion during the first six months of the current fiscal year, while it decreased by JPY111.2 billion due to sales, resulting in a net increase of JPY226.7 billion in AUM.

As a result, AUM was JPY2.6705 trillion at the end of H1. Since the year-end AUM target for the current fiscal year is JPY2.655 trillion, we have reached the full-year target once in H1 of the current fiscal year. There is a possibility that AUM may decrease in the future, but for the time being, we have met our year-end target amount.

The bar graph on the left side shows revenue, and the most characteristic point is that spot fees, indicated in yellow and light blue, grew significantly in Q2. As noted in the comments section at the top, a large increase in acquisition fees due to an increase in AUM from new investors such as Warburg Pincus and other investors has contributed significantly to fee revenue growth.

Revenue in Q2 was JPY5.0 billion, up 37.7% from the previous quarter, of which AM fees, which come in steadily, were up 106% from the previous quarter. On the other hand, fees almost doubled from the previous year to plus 197%. The fund and consulting business also performed well.

## Property Management Business

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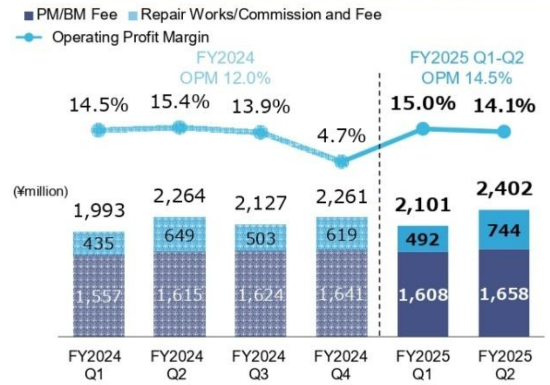
Component Ratio
Operating Profit
3.4%

- Revenue: ¥4.5B (+5.8% YoY), operating profit: ¥0.6B (+2.6% YoY)
- Properties under management increased to 974 properties (up 11 properties from the end of previous fiscal year).

### Revenue / Operating Profit Margin




| (¥million) | FY2024 Q1-Q2 | FY2024 | FY2025 Q1-Q2 | FY2025 Revised Forecasts | FY2025 Initial Forecasts |
|---|---|---|---|---|---|
| Revenue * | 4,258 | 8,647 | 4,504 | 9,313 | 9,349 |
| Gross Profit | 1,550 | 3,130 | 1,688 | 3,406 | 3,416 |
| Operating Profit | 637 | 1,039 | 654 | 1,182 | 1,033 |
| Operating Profit Margin | 15.0% | 12.0% | 14.5% | 12.7% | 11.1% |

* Revenue includes internal transactions.

### Number of Properties Under Management


Examples of properties under management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Moving on, page 11 is for property management business. This business is also positioned as one of stable businesses. As you can see, revenue is also on the rise. As indicated in the bar graph on the right side of the page, the number of properties under management increased by 11 compared to the end of the previous fiscal year, of which 10 were whole apts.. The management business is also performing well.

## Hotel Business

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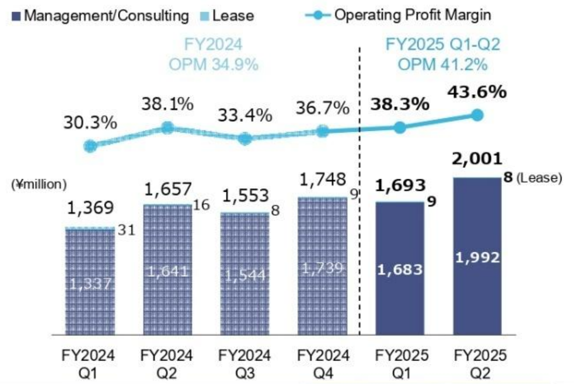
Component Ratio
Operating Profit
7.8%

- Revenue: ¥3.6B (+22.1% YoY), GOP: ¥2.0B (+31.8% YoY), operating profit: ¥1.5B (+45.4% YoY)
- The average daily rate (ADR) increased across all hotels, rising 16.2% in the Q1-Q2 compared to the initial forecasts.
- The average occupancy rate for all hotels: 86.4% for the Q1-Q2

### Revenue/Operating Profit Margin




| (¥million) | FY2024 Q1-Q2 | | | FY2024 | FY2025 Q1-Q2 | | | FY2025 Revised Forecasts | FY2025 Initial Forecasts |
|---|---|---|---|---|---|---|---|---|---|
| | Management | Lease | Total | | Management | Lease | Total | | |
| Revenue *1 | 2,979 | 47 | 3,026 | 6,329 | 3,676 | 18 | 3,694 | 6,998 | 6,529 |
| Gross Profit | 2,923 | 34 | 2,957 | 6,197 | 3,611 | 18 | 3,629 | 6,857 | 6,375 |
| GOP*2 | 1,587 | - | 1,587 | 3,352 | 2,093 | - | 2,093 | 3,812 | 3,400 |
| Operating Profit | 1,016 | 29 | 1,046 | 2,206 | 1,508 | 12 | 1,521 | 2,499 | 2,092 |
| Operating Profit Margin | 34.1% | 62.0% | 34.6% | 34.9% | 41.0% | 69.0% | 41.2% | 35.7% | 32.0% |

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

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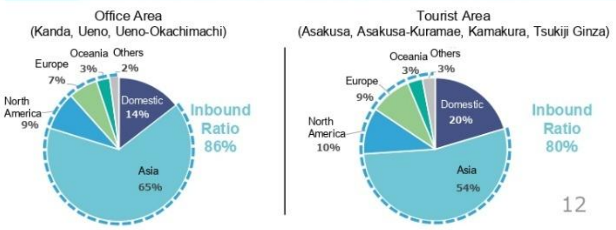
### Hotels Owned by Tosei (as of the end of May 2025)

| | Name | No. of Rooms | Average Occupancy Rate FY2024 Q1-Q2 | Average Occupancy Rate FY2025 Q1-Q2 |
|---|---|---|---|---|
| 1 | Tosei Hotel COCONE Kanda | 111 | 92.1% | **88.3%** |
| 2 | Tosei Hotel COCONE Ueno | 126 | 90.3% | **85.6%** |
| 3 | Tosei Hotel & Seminar Makuhari | 137 | 83.7% | **84.3%** |
| 4 | Tosei Hotel COCONE Asakusa-Kuramae | 130 | 85.3% | **85.6%** |
| 5 | Tosei Hotel COCONE Ueno-Okachimachi | 171 | 93.3% | **90.9%** |
| 6 | Tosei Hotel COCONE Asakusa | 80 | 90.6% | **88.4%** |
| 7 | Tosei Hotel COCONE Kamakura | 73 | 87.4% | **88.8%** |
| 8 | Tosei Hotel COCONE Tsukiji Ginza Premier | 203 | 76.5% | **82.5%** |
| 9 | Tosei Hotel COCONE Kamata | - | Scheduled to open in December 2025 | |
| | Total | 1,031 | 86.6% | **86.4%** |

### Ratio of Guests of Tosei Hotels by Region in FY2025 Q2






Next one is the hotel business on page 12. The hotel business posted revenue of JPY3.6 billion, up 22.1% YoY, and GOP of JPY2.0 billion, up 31.8% YoY.

Since the number of hotels owned did not change between the H1 of the previous fiscal year and H1 of the current fiscal year, hotel property holding costs, such as taxes and insurance premiums, remained almost unchanged from the previous fiscal year to the current fiscal year. On the other hand, since revenue and GOP increased, operating profit, which is calculated by subtracting property holding costs, increased significantly by 45.4% YoY.

As shown on the right side of the page, eight hotels are currently in operation, with 1,031 guest rooms. The average occupancy rate for H1 of the current fiscal year was 86.4%. Since it was 86.6% for H1 of the previous fiscal year, the occupancy rate has generally remained flat.

The pie chart on the bottom right of the page shows the inbound ratio, and inbound demand is still very strong. Therefore, we have been able to record higher ADRs. This concludes our explanation of H1 results for the six segments.

## Summary of Balance Sheet -Assets-

TOSEI CORPORATION

- Total assets: ¥283.6B (+¥6.8B from the end of previous fiscal year)
- Inventories: ¥146.2B (-¥0.5B from the same), investment properties/PPE: ¥72.4B (-¥0.6B)

| (¥million) | End of Nov. '24 | Change | | End of Feb. '25 | Change | | End of May '25 |
|---|---|---|---|---|---|---|---|
| Total Assets | 276,815 | -4,198 | | 272,616 | +11,000 | | 283,616 |
| Cash and Cash Equivalents | 34,874 | +3,700 | | 38,574 | +2,181 | | 40,756 |
| Inventories (real estate) | 146,817 | -8,216 | +19,311 / -27,527 | 138,601 | +7,661 | +15,939 / -8,278 | 146,262 |
| Fixed Assets (investment properties/PPE) | 73,040 | -397 | +15 / -413 | 72,642 | -242 | +162 / -404 | 72,400 |
| Other Assets | 22,083 | +714 | | 22,798 | +1,399 | | 24,197 |

| | Total | | |
|---|---|---|---|
| | +6,801 | | |
| | +5,882 | | |
| A | -554 | +35,251 / -35,805 | (i) / (ii) |
| B | -639 | +178 / -817 | (iii) / (iv) |
| | +2,113 | | |

### A Inventories (real estate)

¥0.5B decreased from the end of previous fiscal year due to sale of properties, etc. (increase ¥35.2B, decrease ¥35.8B)

| (¥million) | | Q1 | Q2 | Q1-Q2 | |
|---|---|---|---|---|---|
| Increase Factor | Acquisition of Properties (including real estate M&A) | +16,034 | +14,028 | +30,062 | |
| | Construction Cost/ Value-Add | +3,190 | +1,911 | +5,102 | |
| | Transfer from Investment Properties/PPE | - | - | - | |
| | Others | +86 | - | +86 | |
| Total | | +19,311 | +15,939 | +35,251 | (i) |
| Decrease Factor | Sales of Properties | -26,603 | -8,255 | -34,859 | |
| | Transfer to Investment Properties/PPE | - | - | - | |
| | Others | -923* | -22 | -946 | |
| Total | | -27,527 | -8,278 | -35,805 | (ii) |
| Change | | -8,216 | +7,661 | -554 | |

[note] Decrease due to loss on retirement of held asset.

### B Investment Properties/PPE

¥639M decreased from the end of previous fiscal year (increase ¥178M, decrease ¥817M)

| (¥million) | | Q1 | Q2 | Q1-Q2 | |
|---|---|---|---|---|---|
| Increase Factor | Acquisition of Properties | - | - | - | |
| | Value-Add, Acquisition of Other Assets | +15 | +162 | +178 | |
| | Transfer from Inventories | - | - | - | |
| Total | | +15 | +162 | +178 | (iii) |
| Decrease Factor | Depreciation Expense, etc. | -413 | -404 | -817 | |
| | Transfer to Inventories | - | - | - | |
| Total | | -413 | -404 | -817 | (iv) |
| Change | | -397 | -242 | -639 | |

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Next, we will look at the balance sheet on page 13. Total assets amounted to JPY283.6 billion at the end of H1, down JPY4.0 billion from the end of the previous period, but up JPY11.0 billion from the end of Q1 to the end of Q2, for a net increase of JPY6.8 billion.

Cash and cash equivalents increased by JPY5.8 billion. Inventories were down JPY554 million from the end of the previous fiscal year, and fixed assets were down JPY639 million. Although there was an increase and decrease in inventories due to acquisition and sales, there are no major changes as a result.

## Summary of Balance Sheet -Liabilities/Equity-

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Financial soundness is maintained (equity ratio 35.0%; net D/E ratio 1.25 times).

| (¥million) | End of Nov. '24 | Change | | End of Feb. '25 | Change | | End of May '25 | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Liabilities/Equity | 276,815 | -4,198 | | 272,616 | +11,000 | | 283,616 | | +6,801 | | |
| Total Liabilities | 185,948 | -8,897 | | 177,051 | +7,021 | | 184,072 | | -1,875 | | |
| Interest-bearing Debt | 165,900 | -6,780 | +25,614 / -32,394 | 159,120 | +5,659 | +19,116 / -13,456 | 164,780 | A | -1,120 | +44,730 / -45,851 | (i) / (ii) |
| Current Interest-bearing Debt | 20,786 | -3,885 | +6,481 / -10,367 | 16,900 | +51 | +5,338 / -5,286 | 16,952 | | -3,833 | +11,819 / -15,653 | |
| Non-current Interest-bearing Debt | 145,114 | -2,894 | +19,132 / -22,026 | 142,220 | +5,607 | +13,778 / -8,170 | 147,827 | | +2,713 | +32,910 / -30,197 | |
| Other Liabilities | 20,047 | -2,117 | | 17,930 | +1,361 | | 19,292 | | -755 | | |
| Equity | 90,866 | +4,698 | | 95,565 | +3,978 | | 99,543 | B | +8,676 | | (iii) |
| Equity Ratio (%) | 32.7 | +2.2 | | 34.9 | +0.1 | | 35.0 | C | +2.3 | | |
| Net D/E Ratio (times) | 1.45 | -0.18 | | 1.27 | -0.02 | | 1.25 | | -0.20 | | |

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

### A Interest-bearing Debt

Interest-bearing debt increased ¥31.1B due to new/additional borrowings (a)
Decreased ¥32.1B due to repayments upon disposition and scheduled repayments (b)

| (¥million) | | Q1 Current | Q1 Non-current | Q2 Current | Q2 Non-current | 2Q(6M) Current | 2Q(6M) Non-current | 2Q(6M) Total | |
|---|---|---|---|---|---|---|---|---|---|
| Increase Factor | New Borrowings upon Acquisition | +1,453 | +14,430 | +881 | +12,736 | +2,335 | +27,167 | +29,502 | (a) |
| | Additional Borrowings (construction fee, etc.) | - | +1,270 | +71 | +283 | +71 | +1,554 | +1,625 | (a) |
| | Other (refinance, etc.) | +20 | +3,431 | +240 | +719 | +260 | +4,151 | +4,412 | |
| | Non-current Transferred to Current Borrowings | +4,843 | - | +4,099 | - | +8,942 | - | +8,942 | |
| | Lease Liabilities | +163 | - | +45 | +37 | +209 | +37 | +247 | |
| Total | | +6,481 | +19,132 | +5,338 | +13,778 | +11,819 | +32,910 | +44,730 | (i) |
| Decrease Factor | Repayments upon Disposition | -5,922 | -16,003 | -3,433 | -3,435 | -9,355 | -19,439 | -28,795 | (b) |
| | Scheduled Repayments | -1,695 | -151 | -1,408 | -79 | -3,104 | -231 | -3,335 | (b) |
| | Other (refinance, etc.) | -2,646 | -865 | -344 | -520 | -2,990 | -1,385 | -4,376 | |
| | Non-current Transferred to Current Borrowings | - | -4,843 | - | -4,099 | - | -8,942 | -8,942 | |
| | Lease Liabilities | -103 | -163 | -99 | -34 | -203 | -198 | -401 | |
| Total | | -10,367 | -22,026 | -5,286 | -8,170 | -15,653 | -30,197 | -45,851 | (ii) |
| Change | | -3,885 | -2,894 | +51 | +5,607 | -3,833 | +2,713 | -1,120 | |

### B Change in Equity

Increase in retained earnings **+¥12.2B**
Payment of cash dividends **-¥3.8B**

**¥8.6B increase** from the end of previous fiscal year (iii)

### C Financial Soundness

| | | |
|---|---|---|
| **Equity Ratio** | **+ 2.3 points** from the end of previous fiscal year | **35.0%** |
| **Net D/E Ratio** | **- 0.20 points** from the end of previous fiscal year | **1.25x** |

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Continued on page 14, liabilities and equity. As for liabilities, the corresponding figures are shown in column A on the lower left. For a total interest-bearing debt both for long and short term for the six-month period from the end of the previous fiscal year, new borrowings totaled JPY31.1 billion and repayments totaled JPY32.1 billion, resulting in a decrease of JPY1.1 billion in interest-bearing debt.

Total equity increased by JPY8.6 billion. The breakdown is shown in column B of the table on the right side of the page. While JPY12.2 billion was accumulated in profit, JPY3.8 billion was decreased due to dividends, resulting in an increase of JPY8.6 billion from the end of the previous fiscal year.

As a result, as indicated in column C of the table at the bottom right of the page, financial soundness, the equity ratio increased 2.3 points from the end of the previous fiscal year to 35%, and the net D/E ratio decreased 0.20 points to 1.25 times. We are in a situation where we have improved our financial soundness.

## Breakdown of Inventories

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Inventories book value: ¥146.2B (-¥0.5B from the end of previous fiscal year), Tosei's expected disposition value: ¥214.5B (-¥7.6B from the same)

| Book Value as of the end of May 2025 | Estimated Book Value on Completion | Expected Disposition Value |
|---|---|---|
| ¥146,262M<br>199 properties<br>624 units | ¥173,013M | ¥214,577M |

| (¥million) | Book Value | | | | | Estimated Book Value on Completion |
|---|---|---|---|---|---|---|
| Property Type | Revitalization | | Development | | Total | |
| Office | 50,009 | 48 properties | 6,715 | 4 properties | 56,724 | Additional Cost (Construction, value-add cost) 26,751 |
| Commercial Facility | 9,757 | 13 properties | 3,023 | 3 properties | 12,780 | |
| Whole Apartment/Condo [*1] | 28,937 | 39 properties | 11,866 | 38 properties | 40,804 | |
| Pre-owned Condo Units | 12,304 | 210 units | — | — | 12,304 | |
| Hotel | 2,819 | 1 property | 677 | 1 property | 3,497 | |
| Logistics Facility | 604 | 1 property | — | — | 604 | |
| Detached House, Land Lot | 5,575 | 20 properties | 13,058 | 414 units | 18,633 | |
| Other | 912 | 31 properties | — | — | 912 | |
| Total | 110,920 | 153 properties 210 units | 35,341 | 46 properties 414 units | 146,262 | 173,013 |

| Expected Disposition Value | | |
|---|---|---|
| Revitalization | Development | Total |
| 62,981 | 8,728 | 71,709 |
| 12,200 | 3,727 | 15,928 |
| 36,435 | 24,660 | 61,102 |
| 16,263 | — | 16,263 |
| 4,605 | 3,802 | 8,408 |
| 768 | — | 768 |
| 11,046 | 28,250 | 39,297 |
| 1,101 | — | 1,101 |
| 145,401 | 69,175 | 214,577 |

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

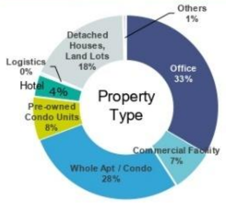
| | |
|---|---|
| Expected Gross Profit | 41,563 |
| Expected Gross Profit Margin[*2] | 19.4% |

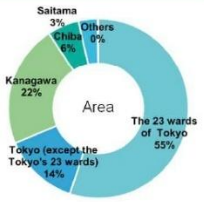
*2 The above expected disposition value is based on the Company's estimation based on information available as of the end of the period and actual results may differ significantly due to various factors.

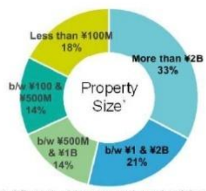
| | |
|---|---|
| (Reference) Past Record Gross Profit Margin[*3] | 25.9% |

*3 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




[note] Detached houses and condominiums for sale are classified by the amount per unit.

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Continued on page 15, Inventories. Inventories held at the end of the period are shown in the top left corner and consist of 199 whole buildings and 624 pre-owned condo units and detached houses. The book value totals JPY146.2 billion, a decrease of about JPY500 million from the end of the previous period, although not stated. In the upper right, estimated revenue is JPY214.5 billion, which is a decrease of JPY7.6 billion compared to the end of the previous fiscal year.

The bottom right-hand corner shows an estimated gross profit margin of 19.4%. Since the ratio was 22% at the end of the previous period, it was a decrease of about 2.6 percentage points. We have been simulating a lower profit margin for the most recently acquired properties, and as a result, the profit margin is 19.4% as of the end of H1 of the current fiscal year. Incidentally, the average gross margin on properties sold in the past has been about 25.9%, as shown in the reference column at the bottom.

## Breakdown of Fixed Assets

TOSEI
TOSEI CORPORATION

- Fixed assets (real estate): 37 properties and 2 units with fair value of ¥151.2B (Tosei's estimation) compared to book value of ¥70.0B
- Unrealized gains of fixed assets: ¥81.2B

| Book Value as of the end of May 2025 | ¥70,072M 37 properties +2 units | Fair Value | ¥151,284M |
|---|---|---|---|

| (¥million) Property Type | Book Value [A] | | Fair Value [B] | Unrealized Gains as of the end of May 2025 [B-A] | Unrealized Gains as of the end of Nov. 2024 |
|---|---|---|---|---|---|
| Office | 36,869 | 16 properties | 71,315 | 34,445 | 36,106 |
| Commercial Facility | 10,356 | 10 properties | 14,574 | 4,218 | 4,213 |
| Condo/Apartment | — | — | — | — | — |
| Hotel | 21,478 | 8 properties | 62,911 | 41,433 | 41,178 |
| Logistics Facility | 862 | 1 property | 1,932 | 1,069 | 1,064 |
| Land Lot, Others | 505 | 2 properties+2 units | 550 | 45 | 33 |
| Total | 70,072 | 37 properties+2 units | 151,284 | 81,212 | 82,596 |
| Income Tax *1 | | | | -26,800 | -27,256 |
| Unrealized Gains After Tax | | | | 54,412 | 55,339 |

[note] "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., ¥2,328M.
The above fair value is calculated by Tosei based on "Real Estate Appraisal Standards".

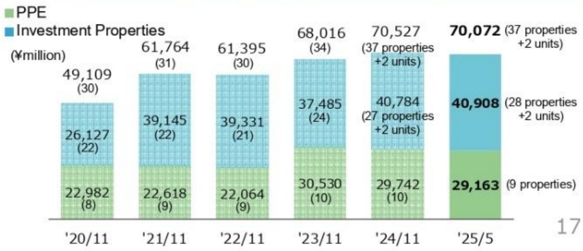
*1 Calculated with income tax rate of 33% for estimation purposes.

### Total Equity including Unrealized Gains After Tax

| | As of the end of May 2025 | |
|---|---|---|
| | | Per Share |
| Total Equity | ¥99,256M | ¥2,047.17 |
| Unrealized Gains After Tax | ¥54,412M | ¥1,122.25 |
| Total | ¥153,668M | ¥3,169.42 |

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

### Book Value (Investment properties and PPE)

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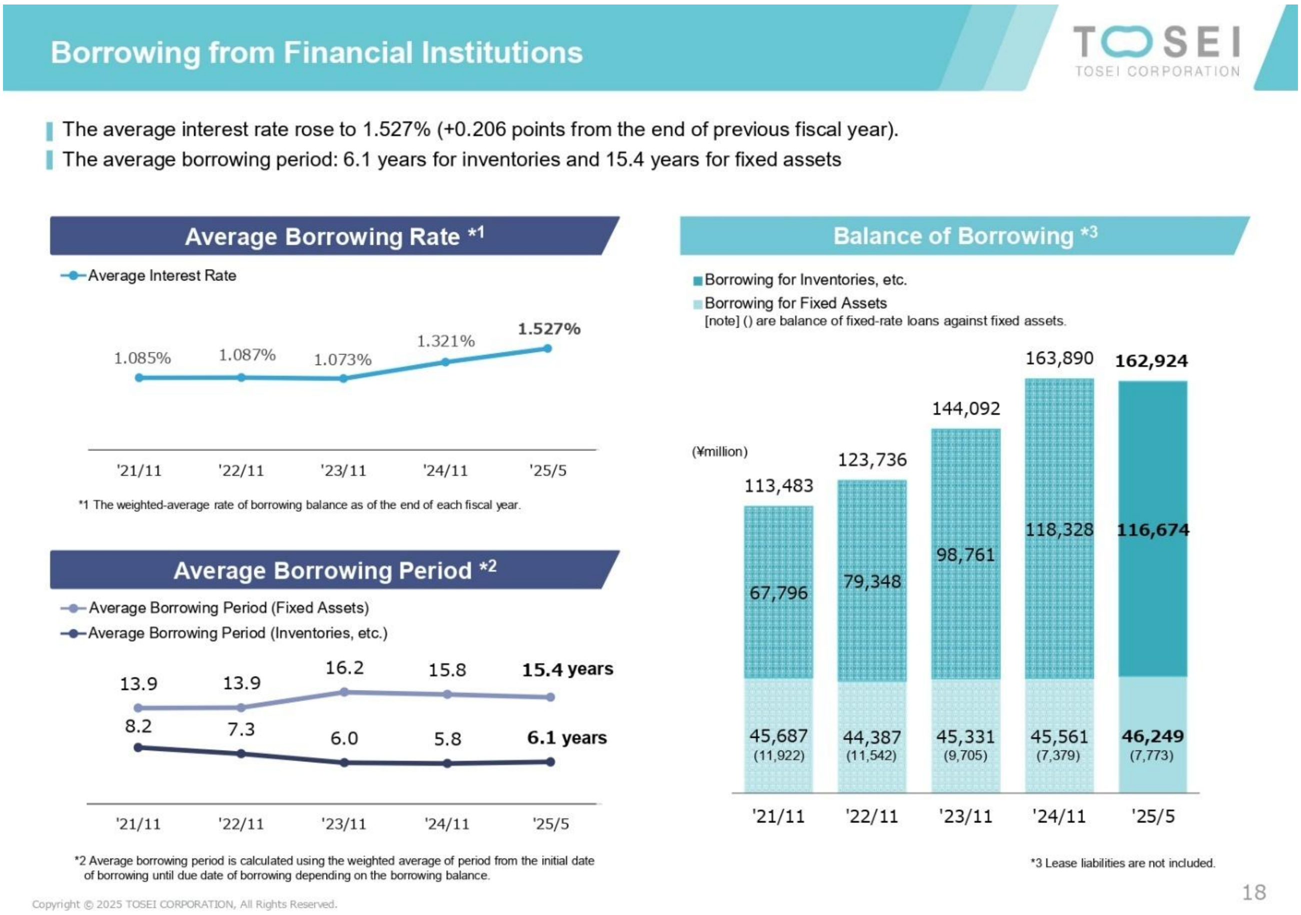
Page 17 shows the fixed assets. The fixed assets held at the end of the period were 37 properties and 2 pre-owned condo units with a book value of JPY70.0 billion. The fair value here is JPY151.2 billion, and the unrealized gain is JPY81.2 billion as of the end of H1, as shown on the right side of the page. The situation has not changed significantly from the end of the previous period.




Finally, on page 18 is the status of borrowing from financial institutions. The line graph on the middle of the left side of the page shows the average borrowing rate, which was 1.321% at the end of the previous period and 1.527% at the end of Q2 of the current fiscal year, an increase of about 0.206 percentage points.

The main reasons for the increase were a 0.209% rise in 1M TIBOR and a 0.250% rise in the short-term prime rate during this period. Since most of our borrowings are based on 1M TIBOR and short-term prime rate, the interest rates on our funding have increased almost in tandem with these rates.

As shown in the bar graph on the right side of the page, the balance of borrowing has remained unchanged from the end of the previous fiscal year.

## Summary of Cash Flow Statements

TOSEI CORPORATION

| (¥million) | FY2024 Q1-Q2 | FY2025 Q1-Q2 | Change (YoY) |
|---|---|---|---|
| **Cash Flows from/used in Operating Activities** | 6,035 | 13,222 | +7,186 |
| Profit Before Tax | 14,372 | 16,804 | +2,431 |
| Depreciation Expense | 788 | 808 | +19 |
| Decrease/Increase in Inventories (negative is increase) | -5,694 | 639 | +6,333 |
| Income Taxes Paid | -3,190 | -3,640 | -450 |
| Other, net | -241 | -1,389 | -1,147 |
| **Cash Flows from/used in Investing Activities** | -2,332 | -1,120 | +1,212 |
| Decrease/Increase in PPE (negative is increase) | -92 | -39 | +53 |
| Decrease/Increase in Investment Properties (negative is increase) | -37 | -60 | -22 |
| Purchase of Investment Securities | -2,032 | -55 | +1,976 |
| Payments for Acquisition of Subsidiaries | -46 | - | +46 |
| Payments for Sale of Subsidiaries | - | -8 | -8 |
| Payments of Loans Receivable/Collection of Loans Receivable | -383 | -1,052 | -669 |
| Other, net | 259 | 96 | -163 |
| **Cash Flows from/used in Financing Activities** | -3,172 | -6,219 | -3,046 |
| Increase/Decrease in Borrowings (negative is decrease) | 1,018 | -966 | -1,984 |
| Cash Dividends Paid | -3,190 | -3,826 | -635 |
| Interest Expenses Paid | -835 | -1,195 | -359 |
| Other, net | -165 | -231 | -66 |
| **NET Increase/Decrease in Cash and Cash Equivalents** | 530 | 5,882 | +5,352 |
| **Cash and Cash Equivalents at Beginning of Period** | 39,197 | 34,874 | -4,323 |
| **Effect of Exchange Rate Change on Cash and Cash Equivalents** | 3 | -0 | -4 |
| **Cash and Cash Equivalents at End of Period** | 39,731 | 40,756 | +1,025 |

**Main Changes in Cash Flows from Operating Activities**

**¥13.2B cash in**
- ¥16.8B of profit before tax
- ¥0.6B decrease in inventories
- ¥3.6B of income taxes paid

**Main Changes in Cash Flows from Investing Activities**

**¥1.1B cash out**
- ¥1.0B increase of loans related to business succession support M&A

**Main Changes in Cash Flows from in Financing Activities**

**¥6.2B cash out**
- ¥0.9B decrease in borrowings
- ¥3.8B of cash dividends paid
- ¥1.1B of interest expenses paid

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For the last page, page 19, the summary of cash flow statement, we will skip the explanation.

That concludes my presentation.

**Moderator**: Yamaguchi, President and CEO, will now explain the business development plan for the FY2025 starting on page 22. Thank you.

## Revision of Full-year Forecasts for FY2025

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- Revised full-year forecasts to reflect a reassessment of the property sales plan, anticipated growth in AM fees, and upward performance of hotel revenue
- With projected revenue of ¥98,125M (down ¥3,952M from the initial forecast) and profit before tax of ¥19,800M (up ¥1,000M from the same), both are expected to reach record highs.
- The forecast ROE rose significantly to 14.7%.
- The dividend per share forecast was also revised to ¥98 (up ¥9 from the initial forecast) due to an increase in EPS.

**FY2025 Full-year Forecasts**

| (¥million) | Previous Forecasts [A] (announced on Jan. 10, 2025) | Revised Forecasts [B] (announced on July 7, 2025) | Change [B-A] | Change (%) | Reference: FY2024 Results |
|---|---|---|---|---|---|
| Revenue | 102,078 | 98,125 | -3,952 | -3.9% | 82,191 |
| Operating Profit | 20,639 | 21,617 | +978 | +4.7% | 18,488 |
| Profit Before Tax | 18,800 | 19,800 | +1,000 | +5.3% | 17,364 |
| Profit for the Year (Owners of the Parent) | 12,806 | 14,085 | +1,278 | +10.0% | 11,985 |
| Earnings per Share (EPS) (¥) | 264.27 | 290.59 | +26.32 | +10.0% | 247.43 |
| Dividend per Share (¥) | 89 | 98 | +9 | - | 79 |
| Payout Ratio | 33.7% | 33.7% | - | - | 31.9% |
| ROE | 13.5% | 14.7% | - | - | 13.9% |

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**Yamaguchi**: Hello, everyone. I'm Yamaguchi as introduced just now. I would like to focus my presentation on business development in H2 of FY2025.

Please see page 21. Today, we have announced the revision of our full-year forecasts. Although the forecast for revenue in the upper row decreased from the previous forecast of JPY102.0 billion to JPY98.1 billion, the forecast for profit before tax in the middle row increased from JPY18.8 billion to JPY19.8 billion, and that for profit for the year was also revised upward from the previous forecast of JPY12.8 billion to JPY14.0 billion.

Accordingly, the forecast for dividend has increased from JPY89 to JPY98. We believe that we are also able to show a solid figure for ROE, with a significant increase from the initial forecast of 13.5% to 14.7%.

## Full-year Forecasts by Segment

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| (¥million) | FY2024 Results 【A】 | Composition Ratio / Profit Margin | FY2025 Initial Forecasts 【B】 | Composition Ratio / Profit Margin | FY2025 Revised Forecasts 【C】 | Composition Ratio / Profit Margin | Change (YoY) 【C-A】 | % | Compared to the Initial Forecasts 【C-B】 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **82,191** | 100.0% | **102,078** | 100.0% | **98,125** | 100.0% | **+15,933** | +19.4% | **-3,952** | -3.9% |
| Revitalization Business | **37,221** | 45.3% | **46,656** | 45.7% | **40,891** | 41.7% | **+3,669** | +9.9% | **-5,765** | -12.4% |
| Development Business | **16,659** | 20.3% | **24,940** | 24.4% | **24,359** | 24.8% | **+7,699** | +46.2% | **-581** | -2.3% |
| Rental Business | **8,200** | 10.0% | **8,847** | 8.7% | **9,071** | 9.2% | **+870** | +10.6% | **+223** | +2.5% |
| Fund and Consulting Business | **6,863** | 8.4% | **7,290** | 7.1% | **9,168** | 9.3% | **+2,305** | +33.6% | **+1,878** | +25.8% |
| Property Management Business | **8,647** | 10.5% | **9,349** | 9.2% | **9,313** | 9.5% | **+666** | +7.7% | **-35** | -0.4% |
| Hotel Business | **6,329** | 7.7% | **6,529** | 6.4% | **6,998** | 7.1% | **+669** | +10.6% | **+468** | +7.2% |
| Internal Transactions | -1,730 | - | -1,537 | - | -1,679 | - | +50 | - | -141 | - |
| **Gross Profit** | **35,196** | 42.8% | **39,095** | 38.3% | **39,856** | 40.6% | **+4,659** | +13.2% | **+760** | +1.9% |
| Revitalization Business | **9,203** | 24.7% | **10,675** | 22.9% | **9,092** | 22.2% | **-110** | -1.2% | **-1,583** | -14.8% |
| Development Business | **6,200** | 37.2% | **7,438** | 29.8% | **7,296** | 30.0% | **+1,095** | +17.7% | **-141** | -1.9% |
| Rental Business | **4,457** | 54.4% | **4,690** | 53.0% | **4,991** | 55.0% | **+534** | +12.0% | **+301** | +6.4% |
| Fund and Consulting Business | **6,441** | 93.9% | **6,950** | 95.3% | **8,654** | 94.4% | **+2,213** | +34.4% | **+1,704** | +24.5% |
| Property Management Business | **3,130** | 36.2% | **3,416** | 36.5% | **3,406** | 36.6% | **+276** | +8.8% | **-9** | -0.3% |
| Hotel Business | **6,197** | 97.9% | **6,375** | 97.6% | **6,857** | 98.0% | **+660** | +10.7% | **+481** | +7.6% |
| Internal Transactions | -434 | - | -451 | - | -443 | - | -8 | - | +8 | - |
| **Operating Profit** | **18,488** | 22.5% | **20,639** | 20.2% | **21,617** | 22.0% | **+3,129** | +16.9% | **+978** | +4.7% |
| Revitalization Business | **5,963** | 16.0% | **7,369** | 15.8% | **5,922** | 14.5% | **-40** | -0.7% | **-1,446** | -19.6% |
| Development Business | **4,962** | 29.8% | **5,857** | 23.5% | **5,853** | 24.0% | **+890** | +17.9% | **-4** | -0.1% |
| Rental Business | **4,083** | 49.8% | **4,326** | 48.9% | **4,626** | 51.0% | **+542** | +13.3% | **+300** | +7.0% |
| Fund and Consulting Business | **3,824** | 55.7% | **4,074** | 55.9% | **5,739** | 62.6% | **+1,915** | +50.1% | **+1,665** | +40.9% |
| Property Management Business | **1,039** | 12.0% | **1,033** | 11.1% | **1,182** | 12.7% | **+142** | +13.7% | **+148** | +14.4% |
| Hotel Business | **2,206** | 34.9% | **2,092** | 32.0% | **2,499** | 35.7% | **+292** | +13.3% | **+407** | +19.5% |
| Corporate Expenses, etc. | -3,591 | - | -4,113 | - | -4,206 | - | -614 | - | -92 | - |
| **Profit Before Tax** | **17,364** | 21.1% | **18,800** | 18.4% | **19,800** | 20.2% | **+2,435** | +14.0% | **+1,000** | +5.3% |
| Income Tax Expense | 5,364 | - | 5,993 | - | 5,706 | - | +341 | - | -286 | - |
| **Profit for the Year** | **12,000** | 14.6% | **12,806** | 12.5% | **14,093** | 14.4% | **+2,093** | +17.4% | **+1,286** | +10.0% |
| Owners of the Parent | 11,985 | - | 12,806 | - | 14,085 | - | +2,099 | +17.5% | +1,278 | +10.0% |
| Non-controlling Interests | 15 | - | - | - | 8 | - | -6 | - | +8 | - |
| **EPS (¥)** | 247.43 | | 264.27 | | 290.59 | | +43.16 | | +26.32 | |
| **ROE** | 13.9% | | 13.5% | | 14.7% | | | | | |
| **ROIC** | 5.3% | | 5.2% | | | | | | | |
| **ROA** | 6.7% | | 6.4% | | | | | | | |

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

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Page 22 is the segment information on the P&L situation I just mentioned, so I will omit the explanation.

## Q1-Q2 Progress by Segment

TOSEI CORPORATION

| (¥million) | FY2024 Q1-Q2 | 構成比 利益率 | FY2025 Q1-Q2 | 構成比 利益率 | Change (YoY) | Progress Ratio against Revised Full-year Forecasts |
|---|---|---|---|---|---|---|
| **Revenue** | **57,618** | 100.0% | **66,058** | 100.0% | +14.6% | 67.3% |
| Revitalization Business | **29,399** | 51.0% | **29,113** | 44.1% | -1.0% | 71.2% |
| Development Business | **14,334** | 24.9% | **20,275** | 30.7% | +41.5% | 83.2% |
| Rental Business | **3,754** | 6.5% | **4,335** | 6.6% | +15.5% | 47.8% |
| Fund and Consulting Business | **3,673** | 6.4% | **5,057** | 7.7% | +37.7% | 55.2% |
| Property Management Business | **4,258** | 7.4% | **4,504** | 6.8% | +5.8% | 48.4% |
| Hotel Business | **3,026** | 5.3% | **3,694** | 5.6% | +22.1% | 52.8% |
| Internal Transactions | -828 | - | -923 | - | - | - |
| **Gross Profit** | **22,902** | 39.7% | **25,970** | 39.3% | +13.4% | 65.2% |
| Revitalization Business | **7,531** | 25.6% | **7,064** | 24.3% | -6.2% | 77.7% |
| Development Business | **5,642** | 39.4% | **6,573** | 32.4% | +16.5% | 90.1% |
| Rental Business | **1,959** | 52.2% | **2,459** | 56.7% | +25.5% | 49.3% |
| Fund and Consulting Business | **3,458** | 94.1% | **4,781** | 94.5% | +38.3% | 55.2% |
| Property Management Business | **1,550** | 36.4% | **1,688** | 37.5% | +8.9% | 49.6% |
| Hotel Business | **2,957** | 97.7% | **3,629** | 98.2% | +22.7% | 52.9% |
| Internal Transactions | -196 | - | -226 | - | - | - |
| **Operating Profit** | **14,901** | 25.9% | **17,600** | 26.6% | +18.1% | 81.4% |
| Revitalization Business | **5,597** | 19.0% | **5,545** | 19.0% | -0.9% | 93.6% |
| Development Business | **5,123** | 35.7% | **5,874** | 29.0% | +14.7% | 100.4% |
| Rental Business | **1,791** | 47.7% | **2,303** | 53.1% | +28.6% | 49.8% |
| Fund and Consulting Business | **2,305** | 62.8% | **3,541** | 70.0% | +53.6% | 61.7% |
| Property Management Business | **637** | 15.0% | **654** | 14.5% | +2.6% | 55.3% |
| Hotel Business | **1,046** | 34.6% | **1,521** | 41.2% | +45.4% | 60.9% |
| Corporate Expenses, etc. | -1,600 | - | -1,840 | - | - | - |
| **Profit Before Tax** | **14,372** | 24.9% | **16,804** | 25.4% | +16.9% | 84.9% |
| Income Tax Expense | 4,309 | - | 4,569 | - | - | - |
| **Profit for the Interim Period** | **10,062** | 17.5% | **12,234** | 18.5% | +21.6% | 86.8% |
| Owners of the Parent | 10,058 | - | 12,226 | - | - | - |
| Non-controlling Interests | 4 | - | 8 | - | - | - |
| **EPS (¥)** | **207.75** | | **252.24** | | +21.4% | |

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

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Page 23 shows YoY comparisons of revenue and profits by segment. To speak only of key points, revenue for H1 of the current fiscal year totaled JPY66.0 billion, up from JPY57.6 billion in H1 of the previous fiscal year. Profit before tax increased 16.9% from JPY14.3 billion in H1 of the previous year to JPY16.8 billion in H1 of the current fiscal year, and profit for the year increased 21.6% from JPY10.0 billion in the H1 of the previous fiscal year to JPY12.2 billion in the H1 of the current fiscal year, showing a solid performance.

## FY2025 Business Market Recognition －Macro environment－

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### Business Market Recognition

| Macro Environment | Our Understanding |
| --- | --- |
| Uncertainty surrounding the reciprocal tariff measures in the U.S. | Need to closely monitor the global economic slowdown and shifts in foreign investor sentiment, while the direct impact on our company is minimal |
| Gradual uptrend of interest rate against the backdrop of inflation | Rent increases is being accepted gradually due to the normalization of an inflationary environment, supporting a positive outlook for real estate profitability despite the rising financial expenses |
| Favorable financing conditions continue | No decline in real estate investment appetite has been observed despite rising interest rates, and capital inflows into domestic real estate remain strong |
| Construction costs remain high due to rising material prices and labor expenses | Construction costs are expected to remain high for the foreseeable future |
| The number of Inbound travelers to Japan hit a all-time high, with demand continuing to expand | The profitability of commercial facilities and hotels is expected to continue its upward trend |

### Second Half Business Strategies

- **Promote sales and acquisitions with closely monitoring real estate investors' stance and market trends**
- **Strategically increase the ratio of revitalization projects and carefully assess the profitability of development projects in response to high construction costs**
- **Strengthen the brand of the Tosei hotel and project to open new hotels, including the Tosei Hotel COCONE Kamata, scheduled to open in December 2025**

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24

Please see page 24. This is the summary of the current external and business environment recognition. The macro environment is described from the left column, and our recognition is described in the right column.

First of all, as you may have heard, the stock market fell sharply once in April this year amid economic uncertainty due to the Trump tariffs. However, we believe the impact on the real estate market is negligible at this moment.

The second tier shows the increase in interest rates. The zero interest rate was lifted in March 2024 and the policy rate increased by 0.5%, but again, the impact on the current real estate market is minimal. In addition, rents have been rising due to the inflationary trend, and some properties have been able to offset the rise in interest rates through higher rents.

The third line refers to a favorable financing environment. As noted on the right side of this page, we also believe that the investment market is very strong, with domestic and foreign investors' willingness to invest in real estate being quite active.

The fourth line is a problem in the real estate industry: construction costs are rising and remaining high. We believe that the cost will remain high due to rising steel prices and rising labor costs caused by the shortage of human resources. As for the order backlog of general contractors, which now stands at more than JPY15 trillion, we believe that the shortage of labor is driving up the cost of construction.

As for the fifth line, the number of foreign visitors has been growing very rapidly, and inbound tourism is expanding. Our understanding is that the hotel business is booming due to inbound demand.

## FY2025 Business Market Recognition －real estate market－

- The rental apartment and hotel markets remain strong, and the office market is also expected to perform well going forward.
- Close attention is necessary for the BOJ's interest rate policy and trends in construction costs.

| Type | | Current (As of May 2025) | | |
|---|---|---|---|---|
| | | Before | Current | Perception of the environment |
| Office | | | | Strong demand for office space continues, with vacancy rates and rents remaining favorable. Leasing agreements for new buildings scheduled for completion in 2025 are progressing, and the office market is expected to remain robust going forward. |
| Rental Apartment | | | | Rental apartment demand remains strong, driven by rising condo prices and mortgage rates. Higher management costs due to inflation are being passed on to asking rents. |
| Condo | | | | Although the average prices remain high, new developments are being suppressed due to persistently high construction costs, with 5,124 units launched between Jan. to April 2025 (down 12.5% YoY). |
| Detached House | | | | The number of commencement of construction between Jan. and April 2025 was 17,069 (down 4.4% YoY), continuing the downward trend since 2024. |
| Hotel | | | | While rising room rates have capped domestic demand, international visitor numbers are growing faster than last year. Business hotels in Tokyo keep high occupancy levels backed by robust inbound tourism. |
| Commercial Facility | | | | Strong demand for store openings, notably in central commercial areas, has driven up average rents. However, recent concerns have arisen over weakening consumer sentiment due to rising prices. |
| Logistics Facility | | | | Demand continues to ease mainly in suburban areas, with vacancy rates rising to 9.5% as of April 2025. New supply is expected to moderate in the 2nd half of 2025, supporting improvements in vacancy and rents. |
| Funds | Private Fund | | | The domestic private fund market grew to ¥40.8 trillion as of Dec. 2024 (up ¥5.8 trillion YoY). Investor interest remains firm under Japan's comparatively low-interest rate environment. |
| | J-REIT | | | AUM totaled ¥23.7 trillion as of April 2025 (up ¥0.6 trillion YoY). While property acquisitions remain subdued, certain REITs pursued external growth through equity offerings lately. |
| Loan Environment | | | | Financial institution's real estate lending reached ¥136 trillion as of March 2025, which is 17.5% of the total loan balance of ¥780 trillion. Currently, there is no indication of a tightening in lending stances. |

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In this context, page 25 discloses a weather forecast of how the real estate market is doing. I will explain only the key points, but my overall impression is that market liquidity is strong.

From the top row, the office was marked sunny this time from the previous sunny cloudy mark. Last time, we were concerned about a slight oversupply of new supply of more than 1.32 million square meters in the current fiscal year and marked it as sunny and cloudy, but we are now aware that the market is generally absorbing this supply.

The occupancy rate of the office properties we own and the office properties for which we are entrusted as an AM in our fund business are also strong, and with the end of COVID-19 pandemic, the liquidity of office transactions is high, and many domestic and foreign investors are willing to invest. Therefore, we marked it as sunny this time.

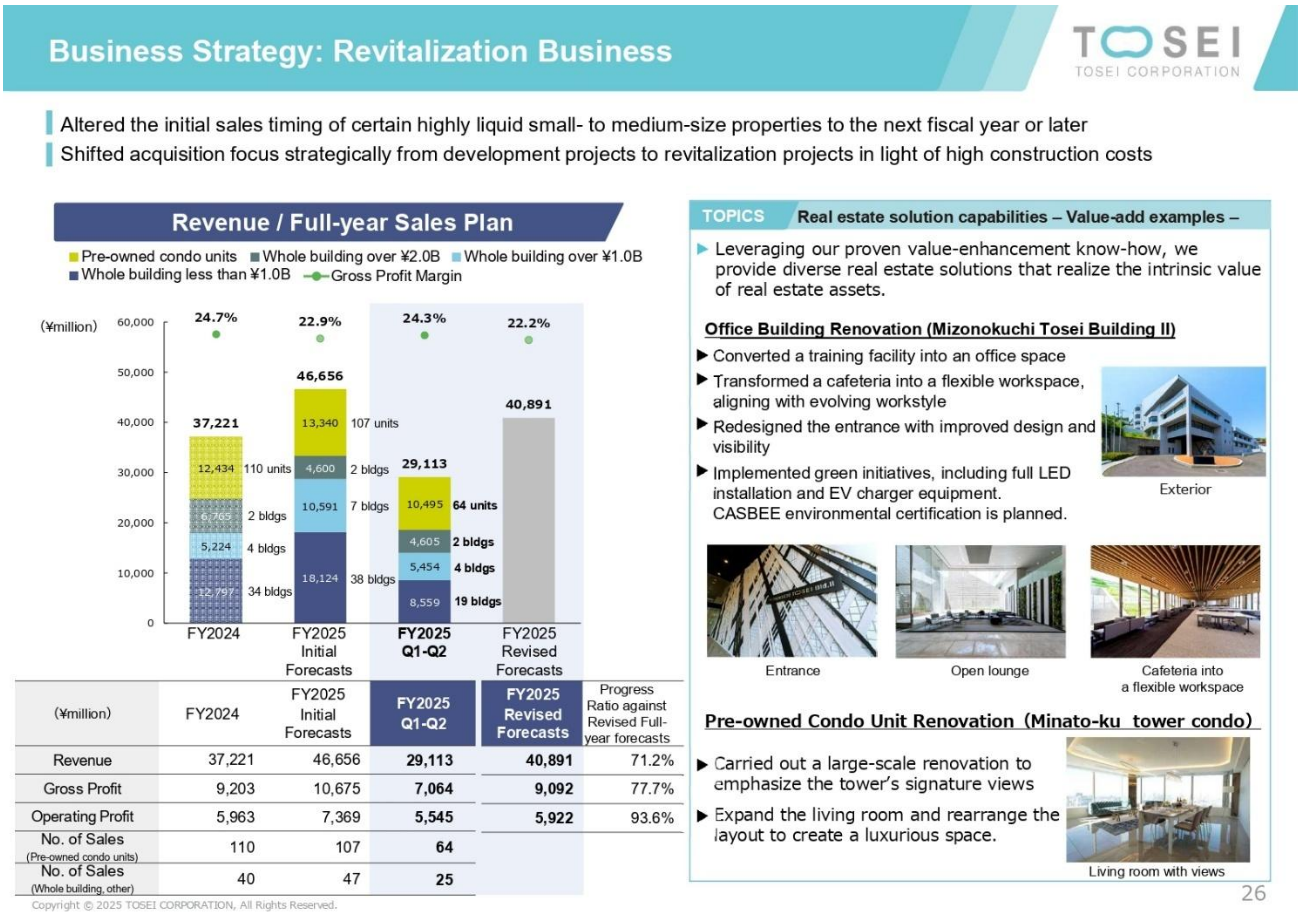
The second tier of rental apartment continued to receive a sunny mark, as they are very popular with both domestic and foreign investors as properties with very solid cash flow, including moderate rent increases.

Detached houses for sale are marked cloudy. The number of construction starts was down slightly from the same period last year, and there were also scattered suburban properties that have been quite soft. Under the COVID-19 pandemic, suburban areas had become popular due to the spread of remote work. However, with the return of the traditional trend of coming to work in the office, it has been marked cloudy to reflect the softness in the suburban area.

The logistics facility also continues to be marked as cloudy. This is also an oversupply, which means that the vacancy rate has increased to 9.5%. In addition, given the current high cost of construction, it is difficult to develop new buildings, so we have added the cloudy mark for these two reasons. The new supply has gradually settled down, and we expect the vacancy to be eliminated in H2 of the year and in the next fiscal year.

Moving onto the fund market, private fund is marked as sunny. There has been a considerable increase in the movement by domestic and foreign investors to expand their real estate investment allocations as alternative investments, with the balance of private unds growing to JPY40.8 trillion. I believe this is also the reason why our fund business is doing so well.

That concludes my comments on the financial results.



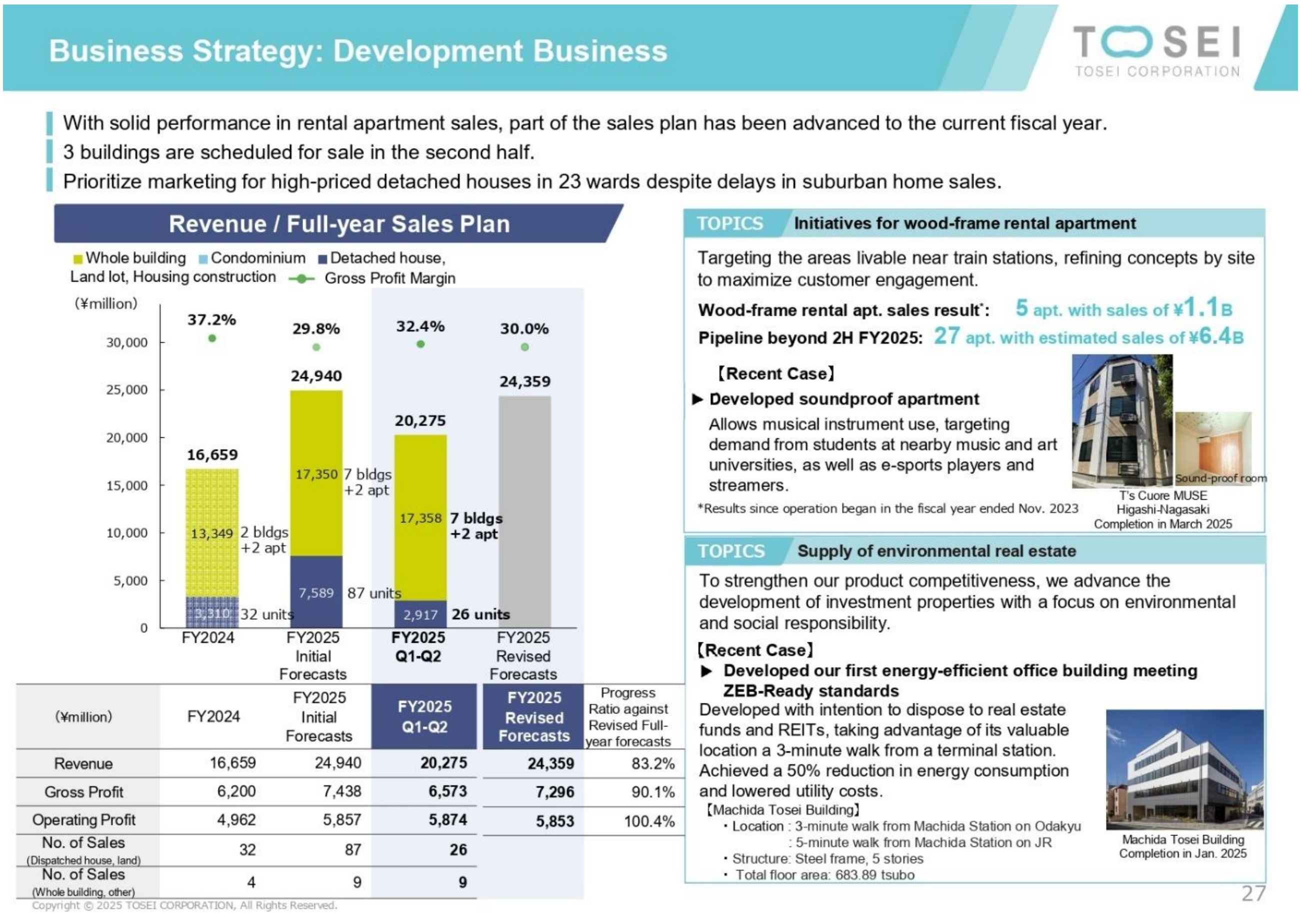

Starting on page 26, I will explain our business.

This is the real estate revitalization business. As shown in the lower part of this page, the initial revenue forecast of JPY46.6 billion has been revised to JPY40.8 billion, a decrease of approximately JPY5.7 billion. Along with that, the operating profit forecast was decreased from JPY7.3 billion to JPY5.9 billion.

I know this may concern some of you, but while we are announcing an overall increase in revenue and profit, we are controlling revenue in this real estate revitalization business and development business. We hope you will understand that there is an aspect of postponing properties that are expected to be profitable in the trading business in order to achieve stable profit growth in the next fiscal year and beyond.

On the right side, as a topic, we describe a case study of a training facility in Mizonokuchi that was converted to office space. The cafeteria at the training facility has been converted to a free-address workspace, and environmentally friendly construction work has been carried out, with plans to acquire CASBEE certification for real estate environmental certification. In this way, we promote environmentally-friendly real estate revitalization.

In addition, the lower section includes a case study of a tower condominium in Minato-ku as a refurbishment of pre-owned condo units. The liquidity of tower condominiums or million-US dollar condominiums remained very high during the period under review, and our revenue and profits in the pre-owned condominium business are also showing strength in a solid market, which is why we have included examples as topics.




| (¥million) | FY2024 | FY2025 Initial Forecasts | FY2025 Q1-Q2 | FY2025 Revised Forecasts | Progress Ratio against Revised Full-year forecasts |
|---|---|---|---|---|---|
| Revenue | 16,659 | 24,940 | 20,275 | 24,359 | 83.2% |
| Gross Profit | 6,200 | 7,438 | 6,573 | 7,296 | 90.1% |
| Operating Profit | 4,962 | 5,857 | 5,874 | 5,853 | 100.4% |
| No. of Sales (Dispatched house, land) | 32 | 87 | 26 | | |
| No. of Sales (Whole building, other) | 4 | 9 | 9 | | |

Page 27 shows the real estate development business. As you can see in the bottom row here, we announced a slight decrease in revenue forecast to JPY24.3 billion from the initial forecast of over JPY24.9 billion. We have also announced a revised forecast for operating profit, which will ensure the same level of operating profit as the forecast at the beginning of the fiscal year.

As Hirano mentioned earlier, sales of whole buildings are selling steadily, and we intend to focus on promoting sales of detached houses in H2.

Topics are listed on the right. In our wood-frame rental apartment business, we supply an apartment series called the T's Cuore series. We sold 5 from the start of handling in FY2023 and have 27 in the pipeline for the future. The properties sold are extremely popular with occupancy rates of almost 100%. This shows the strong sales. As for features, as noted in the bottom row in the upper right corner, we are also developing soundproof apartments for young people to enjoy music and other facilities.

The bottom right is that we have developed an eco-office building in Machida as part of our promotion of eco development. We introduce a topic of ZEB-Ready level energy-saving offices.

# Development Business -Future development plan-

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## Development Project Schedule (holding/scheduled to be completed)

| | Completed | FY2025 2H | FY2026 | FY2027 and after | No. of Buildings / Expected Disposition Value |
|---|---|---|---|---|---|
| **Condominium** | | | | ・Tanmachi, Yokohama-shi PJ | **1 building**<br>**¥5,894M** |
| **Rental Apartment** | ・THE PALMS Kinshicho<br>・THE PALMS Yokohama Isogo<br>・THE PALMS Mitaka | ・Kamirenjaku, Mitaka-shi PJ Ⅱ<br>・Yono, Saitama-shi PJ<br>・Ojima, Koto-ku PJ | ・Toyotama-kita, Nerima-ku PJ<br>・Higashi-ogu, Arakawa-ku PJ | ・Nakano, Nakano-ku PJ<br>・Miyazaki, Kawasaki-shi PJ | **10 buildings**<br>**¥12,290M** |
| **Wood-frame Rental Apartment** | ・T's Cuore Ukimafunado Ⅱ<br>・T's Cuore Nogata<br>・T's Cuore Nishi-Chofu<br>・T's Cuore Koenji<br>・T's Cuore MUSE Higashi-Nagasaki<br>・T's Cuore Anamori-Inari | ・Shimo, Kita-ku PJ<br>・Yagisawa, Nishitokyo-shi PJ<br>・Minami-ota, Yokohama-shi PJ<br>・Shibamata, Katsushika-ku PJ | ・Ishikawacho, Yokohama-shi PJ<br>・Daita, Setagaya-ku PJ<br>・Minami-nagasaki, Toshima-ku PJ<br>・Kamiochiai, Shinjuku-ku PJ<br>・Jiyugaoka, Meguro-ku PJ<br>・Mitsukyo, Yokohama-shi PJ | ・Yotsugi, Katsushika-ku PJ<br>・Minami-hanahata, Adachi-ku PJ Ⅰ-Ⅳ<br>・Shimoishiwara, Chofu-shi PJ<br>・Kishimachi, Kita-ku PJ<br>・Shibamata, Katsushika-ku PJ Ⅱ<br>・Nakamagome, Ota-ku PJ<br>・Kami-shakujii, Nerima-ku PJ<br>・Shimo-shakujii, Nerima-ku PJ | **27 buildings**<br>**¥6,481M** |
| **Rental Office/ Commercial Facility** | ・Kojimachi Tosei Building<br>・Monzennakacho Tosei Building<br>・Asakusa Tosei Building<br>・Machida Tosei Building<br>・T'S BRIGHTIA Kichijoji Ⅱ<br>・T'S BRIGHTIA Jiyugaoka Ⅱ | | | ・Haramachida, Machida-shi PJ | **7 buildings**<br>**¥12,455M** |
| **Hotel** | | | | ・Irifune (Shintomicho), Chuo-ku PJ | **1 building**<br>**¥3,802M** |
| **Detached House** | | | | | **414 units**<br>**¥28,250M** |
| | | | | **Total** | **46 buildings + 414 units**<br>**¥69,175M** |

* As of the end of May 2025.
* Project names are subject to change.
* Development plan for detached houses are not listed.

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On page 28, we have listed the current pipeline of development plans. From the top row on the left, condominiums for sale, rental apartments, wood-frame rental apartments, rental offices, hotels, and detached houses are shown. As you can see from the total column on the lower right, we have a pipeline of approximately JPY69.1 billion in estimated revenue, and we are promoting development plans on a daily basis.

## Business Strategy: Acquisition Plan

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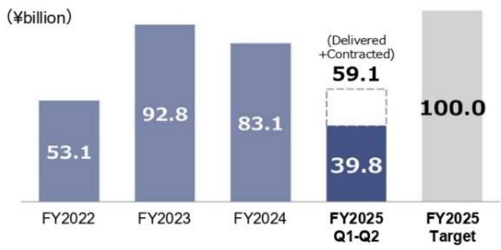
### Acquisition Target / Strategy

**Acquisition Target**
**¥100.0B**
(delivery basis, expected disposition value)

**Q1-Q2 progress**

| Delivered | Delivered +Contracted |
|---|---|
| 39.8B | 59.1B |
| Progress：39.8% | Progress：59.1% |




**Focused asset types and areas**
- Residential ＞ Office ＞ Hotel ＞ Logistics
- For whole buildings: Assets located in 10 central wards of Tokyo or near train station in suburban areas with high liquidity and price competitiveness
- For pre-owned condo units: Set 5 central wards of Tokyo and Koto ward with potential for investment demand as priority areas

**Measures against soaring construction costs**
- Focus on revitalization projects more than development projects for the time being
- Carefully selected and acquired development projects (wood-frame construction ＞ RC construction)

**Producing acquisition opportunities**
- Utilize real estate M&A and business succession support actively
- Explore new asset types and sales approach (data centers, private lodging, small lot trust beneficiary rights, etc.)

### TOPICS M&A and other achievements

**Real Estate M&A, etc.: Cumulative total 19 PJs, 94 properties**

* Underlined portions are business succession support projects

| | | | | | |
|---|---|---|---|---|---|
| 2001 | Company H | 3 income-generating bldgs | 2023 | Company M | 12 income-generating apt, etc. |
| 2006 | Company G | 1 land lot for detached houses | | Company U | 1 income-generating apt, etc. |
| 2007 | Company T | 3 income-generating bldgs | | Company D | 1 income-generating apt, etc. |
| 2014 | Company C | 1 sports gym | 2024 | Company C | 23 income-generating bldgs, etc. |
| 2016 | Company K | 7 building complex, etc. | | Company S | 2 apartment complex, etc. |
| | Company F | 6 income-generating bldgs, etc. | 2025 | Company O | 1 apartment complex |
| 2017 | Company K | 7 building complex, etc. | | Company S | 5 income-generating bldgs, etc |
| | Company F | 1 building complex | ↓ Projects currently in progress | | |
| | Company M | 9 land lot for apt, etc. | 2025 | Company holding real estate located in Chiyoda-ku | |
| 2018 | Company S | 4 income-generating bldgs, etc. | | Company holding real estate located in Fuchu-shi | |
| 2022 | Company Y | 5 income-generating apt, etc. | | | |
| | Company T | 2 income-generating apt, etc. | | | |

**Company / Business M&A: Cumulative total 4 PJs**

**2015 2 Detached House Sales Companies**
M&A of 2 companies involved in detached house sales, contraction and brokerage, etc.

**2019 Operation Business of Lodging and Training Facilities**
Acquired the operation business of training facility (current Tosei Hotel & Seminar Makuhari)

**2021 5 Pre-owned Condo Purchase, Renovation and Resale Companies**
M&A of 5 Princess Group companies with strength in the central Tokyo area

**2023 Asset Liquidation Business from LIXIL REALTY Corporation**
Acquired the business and employees through an absorption-type company split

**Consulting in business succession : Cumulative total 9 PJs**

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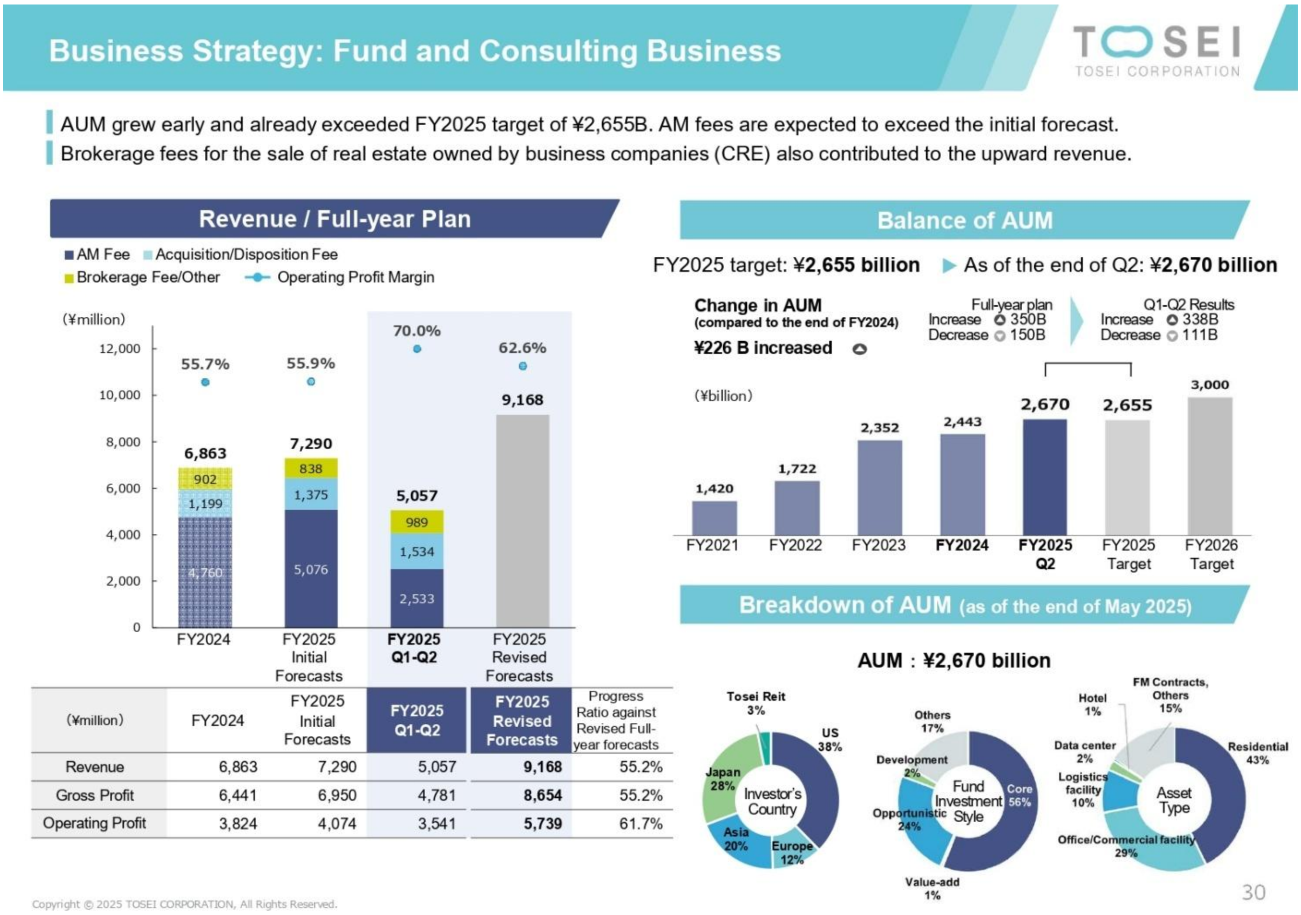
Page 29 is the acquisition plan. As Hirano explained earlier, as shown in the second bar graph from the right, the acquisition in H1 was JPY59.1 billion against the planned acquisition of JPY100 billion, indicating a solid acquisition situation.

As for topics, you will see M&A results on the right side of the page. We are showing a track record of 19 deals and 94 properties for M&A of real estate companies that own real estate. In the bottom row, there are also four M&A acquisitions of business companies, and in the bottom row, there are nine M&A consulting projects related to business succession.

Tosei's recognition, skills and knowledge of M&A have increased considerably. Although there are of course competitors, there are fewer competitors than for general property acquisitions, and market participants recognize the speed of our M&A decision-making process, from due diligence to execution. We would like to make efforts to purchase properties by utilizing M&A as well.




| (¥million) | FY2024 | FY2025 Initial Forecasts | FY2025 Q1-Q2 | FY2025 Revised Forecasts | Progress Ratio against Revised Full-year forecasts |
|---|---|---|---|---|---|
| Revenue | 6,863 | 7,290 | 5,057 | 9,168 | 55.2% |
| Gross Profit | 6,441 | 6,950 | 4,781 | 8,654 | 55.2% |
| Operating Profit | 3,824 | 4,074 | 3,541 | 5,739 | 61.7% |

Page 30 is an overview of our real estate fund consulting business, one of our driving forces. As Hirano mentioned earlier, we surpassed our annual AUM balance target of JPY2.655 trillion in Q2 and are steadily increasing the balance.

The forecast for revenue has been increased to JPY9.168 billion from the initial forecast of JPY7.290 billion. The Company has also announced a revision to operating profit, increasing it from slightly more than JPY4 billion to JPY5.739 billion.

As I mentioned earlier, the stability of Japanese real estate, the upside in rents, and the fact that Japan is the market with the highest yield gap in the world even when interest rates are rising, have led to continued strong investment from domestic and foreign institutional investors, especially from overseas.

The leftmost pie chart on the bottom right shows the breakdown of our JPY2.6705 trillion by investor country, with US investors accounting for 38%, European investors for 12%, Asian investors for 20%, and Japanese investors for 28%. We promote the asset management of each investor on a day-to-day basis while maintaining a balance in our entrusted balance that is not biased toward any one area.

## Business Strategy: Hotel Business

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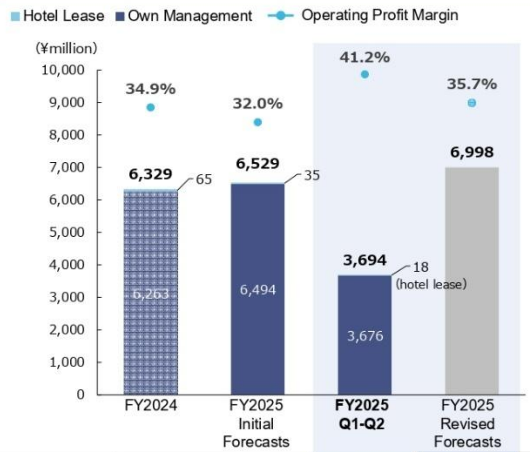
- The expansion of inbound visitors demand is expected to rise ADRs, with hotel profitability maintaining its positive momentum.
- Beyond launching a new hotel, Tosei Hotel COCONE Kamata, we pursue growth in the number of hotels under own management

### Revenue / Full-year Plan

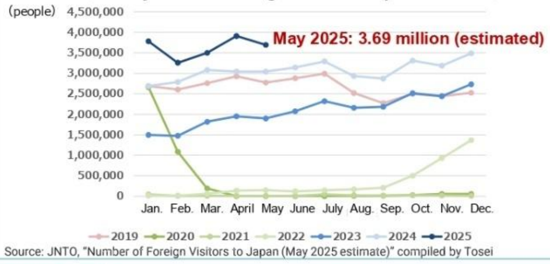



| (¥million) | FY2024 | FY2025 Initial Forecasts | FY2025 Q1-Q2 | FY2025 Revised Forecasts | Progress Ratio against Revised Full-year forecasts |
|---|---|---|---|---|---|
| Revenue | 6,329 | 6,529 | 3,694 | 6,998 | 52.8% |
| Gross Profit | 6,197 | 6,375 | 3,629 | 6,857 | 52.9% |
| GOP | 3,352 | 3,400 | 2,093 | 3,812 | 54.9% |
| Operating Profit | 2,206 | 2,092 | 1,521 | 2,499 | 60.9% |

### TOPICS Number of foreign visitors to Japan

- Supported by relatively low inflation compared to other countries and a weak yen, the number of inbound visitors to Japan is expected to surpass the record 36.9M (2024)
- Strong inbound demand has improved the profitability of hotels and commercial facilities.

【Monthly number of foreign visitors to Japan since 2019】




Source: JNTO, "Number of Foreign Visitors to Japan (May 2025 estimate)" compiled by Tosei

### TOPICS Expansion of company-operated hotels

- The 9th hotel, "Tosei Hotel COCONE Kamata," is planned to open in Dec. 2025.
- We aim to open 1-2 hotels annually and are actively pursuing land acquisitions and conversions of existing buildings.

**Tosei Hotel COCONE Kamata**

- Number of rooms: 90
- Conveniently located near Haneda Airport
- 8-minute walk from JR Kamata Sta. and 3-minute walk from Keikyu Kamata Sta.
- Features in-room kitchens for extended-stay guests, as well as a restaurant, public bath, and sauna

Entrance image

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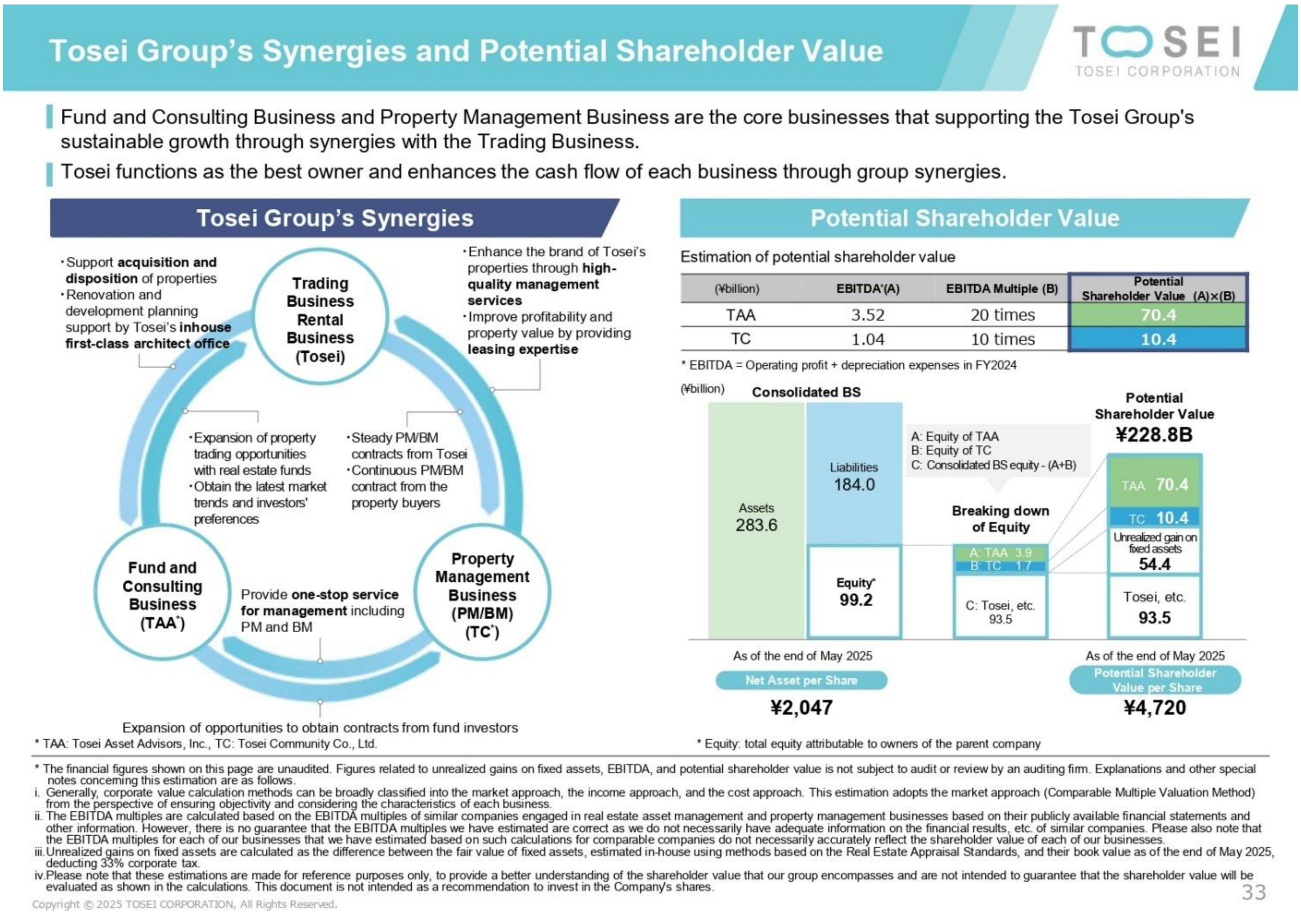
Let us skip page 31 and continue with the hotel business on page 32.

Here, too, we have been able to increase revenue amid a situation in which the number of foreign visitors has surpassed 40 million this year, up from just over 36 million last year.

As you can see from the table on the lower left, we have increased our initial revenue forecast of just over JPY6.5 billion to JPY6.998 billion in the revised forecast. We also announced an upward revision of GOP from JPY3.4 billion to JPY3.812 billion and operating profit from JPY2.092 billion to JPY2.499 billion.

As you can see on the lower right, we are planning to open a new hotel, Tosei Hotel COCONE Kamata, in December. We hope that you will look forward to this one, which is also typical of Tosei, a revitalized hotel converted from an office to a hotel.




Page 33 is an estimate of the Group's inter-business synergies and potential shareholder value.

The left side shows synergies among businesses, i.e., Tosei, and Tosei Asset Advisors (TAA) for fund management, and Tosei Community (TC) for promoting PM and BM. It is a synergy matrix where each company increases its inter-company value through inter-group synergies.

As a result, the potential shareholder value of the Tosei Group is shown on the right. TAA's EBITDA for the previous year shown on the upper row was JPY3.52 billion, and if we assume this multiple to be 20 times, TAA's shareholder value would be JPY70.4 billion. Similarly, if TC's EBITDA is JPY1.04 billion and we assume a multiple of 10 times, its shareholder value would be JPY10.4 billion.

As shown on the right side of the balance sheet at the bottom, our equity of JPY99.2 billion includes TAA's equity of JPY3.9 billion and TC's equity of JPY1.7 billion. We estimate this as potential shareholder value to be JPY228.8 billion, as you can see on the far right. In that case, we estimate that the current net assets per share of JPY2,047 would be worth JPY4,720. We hope that you will understand these potential shareholder values.

## Shareholder Returns Policy

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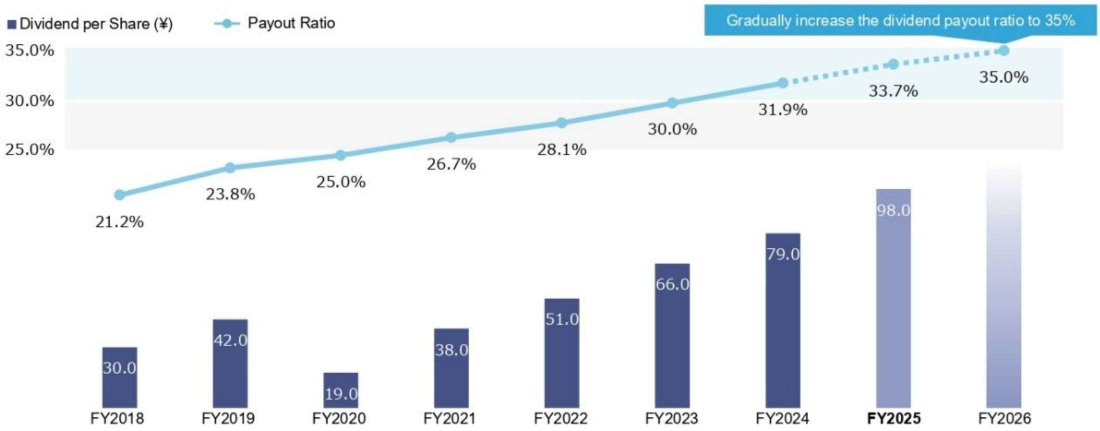
- Following the revision of FY2025 forecasts, the dividend per share forecast was also revised to ¥98 (up ¥19 YoY).
- Plan to gradually increase the dividend payout ratio to 35% over the three-year period of the existing medium-term management plan
- The resolution of a share buyback totaling ¥1B was made on Apr. 7, 2025, the total return reaching 41.5% in case of buying up to the limit.
- Scheduled to implement a 1-to-2 share split with the aim of improving stock liquidity and expanding our investor base

[note] Announced on July 7, effective on Dec. 1. Please see the released document dated July 7 for details.




| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Profit for the Year *1 (¥million) | 6,852 | 8,447 | 3,602 | 6,721 | 8,607 | 10,507 | 11,985 | **14,085** | **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 | **¥290.59** | |
| Dividend per Share | ¥30 | ¥42 | ¥19 | ¥38 | ¥51 | ¥66 | ¥79 | **¥98** | |
| 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 | - | **(¥1B)** *3 | |
| Total Return Ratio *2 | 21.2% | 35.5% | 38.8% | 34.5% | 38.3% | 31.5% | 31.9% | **(41.5%)** *4 | |

*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.
*3 As of Apr. 7, 2025, we announced the repurchase of our own shares for a total of ¥1 billion, and the planned period for repurchase is from Apr. 11, 2025 to Nov. 30, 2025.
*4 Total return ratio when all of the shares shown in note 3 are acquired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Next, please see page 34. This is about shareholder return. Again, in light of the earnings revision mentioned earlier, especially the upward revision of profits, we plan to increase the dividend from JPY89 to JPY98.

As stated in the current medium-term management plan, the dividend payout ratio is set at 33.7% for the current fiscal year as an interim process to raise it to 35% in the next fiscal year.

In addition, as mentioned in the fourth line, we announced today a two-for-one stock split in order to further increase the liquidity of our stock and expand our investor base, especially among individual shareholders. This is an announcement that we are splitting the stock in anticipation of a large number of shareholders or Tosei fan shareholders.

## Indicators of Corporate Value

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### Stock Price Perception

| Market Capitalization (as of June 30, 2025) | Profit for the Year Forecast (announced on July 7, 2025) | Total Equity (as of the end of May 2025) | Unrealized Gains After Tax[1] (as of the end of May 2025) | Net Asset Value[2] (as of the end of May 2025) | (Reference) Potential Shareholder Value[3] |
|---|---|---|---|---|---|
| ¥125.2 billion | ¥14.0 billion | ¥99.2 billion | ¥54.4 billion | ¥153.6 billion | ¥228.8 billion |
| **Stock Price (A)** | **Earnings per Share (B)** | **Book Value per Share (C)** | **Unrealized Gains After Tax per Share[1]** | **Net Asset Value per Share[2] (D)** | **Potential Shareholder Value per Share** |
| ¥2,583.00 | ¥290.59 | ¥2,047.17 | ¥1,122.25 | ¥3,169.42 | ¥4,720 |
| | **PER (A/B)** | **PBR (A/C)** | | **Price/NAV Ratio[2] (A/D)** | |
| | 8.9 times | 1.26 times | | 0.81 times | |

### Business Efficiency Indicators

| | |
|---|---|
| ROE (Result of FY2024) | 13.9% |
| ROA (Result of FY2024) | 6.7% |
| ROIC (Result of FY2024) | 5.3% |

1 Fair value of fixed assets (investment properties and PPE) are calculated by the Company based on "Real Estate Appraisal Standards".
Unrealized gains in above are not realized at present, and there is no guarantee that such unrealized gains will be realized in the future.
Corporate tax is calculated at 33%.
2 Net Asset Value = Total equity + unrealized gains (after tax).
3 For more details on the potential shareholder value, please see P.33.

### Stock Price of Tosei



* The closing price of the Company's stock price and TOPIX and TOPIX by sector (real estate industry) on Nov. 30, 2018 is set as 100.

**Included Index**

FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index
2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
JPX-NIKKEI Mid Small

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Page 35 is the last explanation.

The upper row is the current perception of the stock price, which we have just touched on in part, including potential shareholder value. The bottom row shows Tosei's stock price trends. We believe that we have received a certain level of recognition, as the rate of increase in Tosei's share price is higher than that of TOPIX and the rate of increase in Tosei's share price is higher than the average of TOPIX by industry in the real estate sector. However, we believe that there is still room for further increase, and we intend to continue striving to improve our corporate value.

An index is provided on the right side. The Company is included in ESG-related indexes such as FTSE Blossom Japan, FTSE Blossom Japan Sector Relative Index, MSCI's ESG SELECT LEADERS, etc., and is also included in the JPX Nikkei Small and Mid-Cap Index shown in the bottom row. We hope to increase the recognition of our shareholders and strive to increase our corporate value.

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

## Question & Answer

**Moderator [M]:** Thank you. We are moving on to the question-and-answer session. The first question we received.

**Participant [Q]**: I hear that developers are getting into the revitalization business in response to rising construction costs. How is the competition?

**Yamaguchi [A]:** I will answer the question. With rising construction costs making the condominium business unprofitable, it appears that some developers are considering or are entering the revitalization business. We have a track record of more than 20 years in the revitalization business, and in the area of environmental considerations in particular, we have received numerous real estate environmental certifications, including CASBEE, BELS, and DBJ Green Building certifications, for real estate revitalization that reduces CO2 emissions. We would like to differentiate ourselves by promoting environmentally conscious real estate revitalization.

We are also involved in difficult revitalization projects, such as the conversion of offices into hotels, company housing into shared housing, and into music apartments by providing soundproofing, etc. We hope that the market will appreciate Tosei's originality in revitalization.

In addition, we feel that we have been able to differentiate ourselves in our exit plans for rehabilitated properties. In addition to selling to general individual investors, business companies, and real estate funds, we are also promoting a variety of exit methods for rehabilitated properties, such as crowdfunding and sales through security tokens (STs). That is my answer.

**Participant [Q]**: Thank you. Next question. I understand that you are aiming to open one to two hotels per year in the future. What is the current status of the hotel pipeline? Also, with construction costs skyrocketing, what type of hotel, area, and clientele, are you targeting?

**Yamaguchi [A]**: The Tosei Hotel COCONE series currently operates eight hotels. Including the Kamata Hotel, which I mentioned earlier is scheduled to open this December, we currently have seven properties in the pipeline. The locations are Kamata, Chigasaki, Shintomicho, Ueno, Kayabacho, Kamakura, and central Chiba. The majority of the hotels so far have been urban hotels specializing in overnight stays, but we would like to consider hotels for long-term stays and for the purpose of staying at hotel. We will open a long-term stay hotel with guest rooms ranging in size from the relatively small 15 square meters or so for overnight stays to the 30 square meters or so for long-term stays in the future.

We would also like to promote our hotel business with various innovations such as setting up hot bath facilities, restaurants, or bedrock baths so that our guests can enjoy their hotel stay at our hotels. That is my answer.

**Participant [Q]**: Thank you. Next question. I have a question about the fund business. Have there been any changes in the movements of foreign investors since the Trump tariffs in April? We would appreciate it if you could tell us about the outlook for new contracts in H2.

**Yamaguchi [A]**: In April, I was very worried about the drop in stock prices due to the news of the Trump tariffs, but as I mentioned earlier, the impact has been minimal so far, and in fact, I feel that foreign investors' focus on Tokyo and Japan has been increasing.

After all, there is the fact that interest rate hikes are likely to be moderate, expectations of rising rents including office and residential under inflation, and a certain degree of yield gap and solid liquidity. In the US real estate market, the office market is still in a difficult situation, depending on the city, and the real estate market in China is also declining. We believe the Japanese real estate market is strong, especially since we are seeing a Japan focus on APAC funds.

Let me explain our forecast for the new contract in H2 under such circumstances. We achieved our annual target in H1 of the fiscal year, and we are steadily building up our pipeline for H2 as well. We would like to strive to obtain a new contract to see how much pipeline we can build up in the remaining five months until the end of November, which is the end of the fiscal year. That is my answer.

**Moderator [M]**: Thank you. The following question is the last one due to time constraints.

**Participant [Q]**: Next question. I assume that sales of pre-owned condo unit revitalization have been strong this quarter, but do you see any overheating in the current market sentiment? Please also tell us about your future acquisition policy.

**Yamaguchi [A]**: I think it is true that there is a sense of overheating in some of the revitalized properties, especially in the JPY200 million or more million yen apartments. Prices have risen by more than 50% in some newly built million-dollar apartments and condominiums for sale, but the fact that they are still selling suggests that the used condominium market is also being pulled by new construction. Simply put, as the price of newly built million-dollar condominiums go up, the price of remodeled used condominiums in Tokyo is also being pulled up, and the question is why the market is following.

This is generally due to a decrease in the supply of new construction in the Tokyo metropolitan area, caused by the surging construction cost, which was 100,000 units more than a decade ago, to 80,000 units, to 30,000 units a few years ago, to less than 23,000 units last year in 2024, and will probably approach 20,000 units this year. Since it is a very small supply, I believe the market has been able to maintain high prices amidst the high demand from wealthy people, both domestic and international.

The market of pre-owned condo units is following this trend, and also with the popularity of million-dollar condominiums among foreign buyers, especially those from China, the price has risen considerably. We will be careful of this overheating and will acquire carefully while confronting the market. That is my answer.

**Moderator [M]**: Thank you. As the scheduled time has come, we will conclude the question-and-answer session. Everyone, thank you for your questions.

This concludes the financial results briefing for Q2 of FY2025 of Tosei Corporation. Thank you very much for taking time out of your busy schedules to join us today.

[END]

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