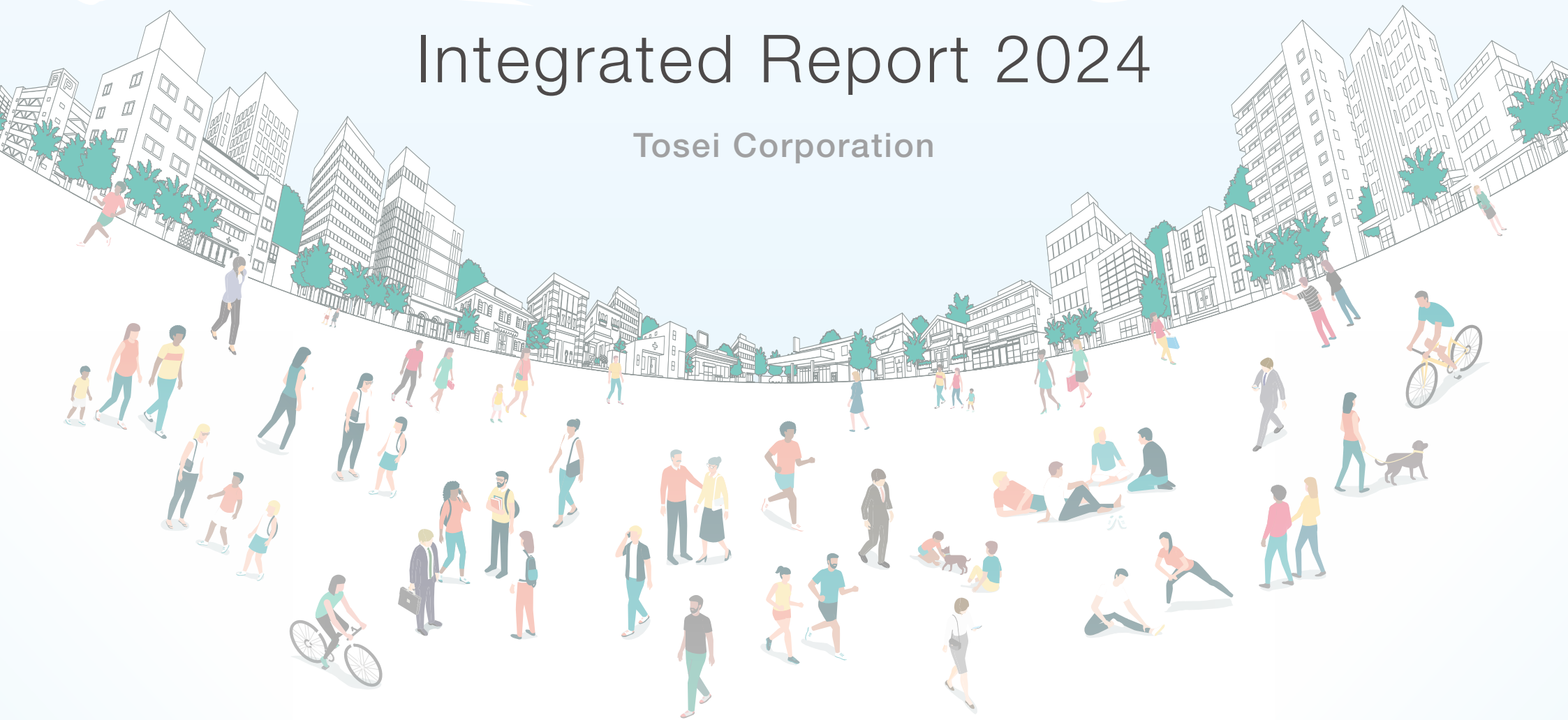


TOSEI
TOSEI CORPORATION
HEART INTO THE CITY

Integrated Report 2024

Tosei Corporation





HEART INTO THE CITY

Working to create inspirational experiences for people who live and work in the city.

To draw out the maximum appeal of properties.

To create developments that match the characteristics of the area.

And to build the city for the future.

Not simply demolishing and rebuilding, but building the city with all our heart.

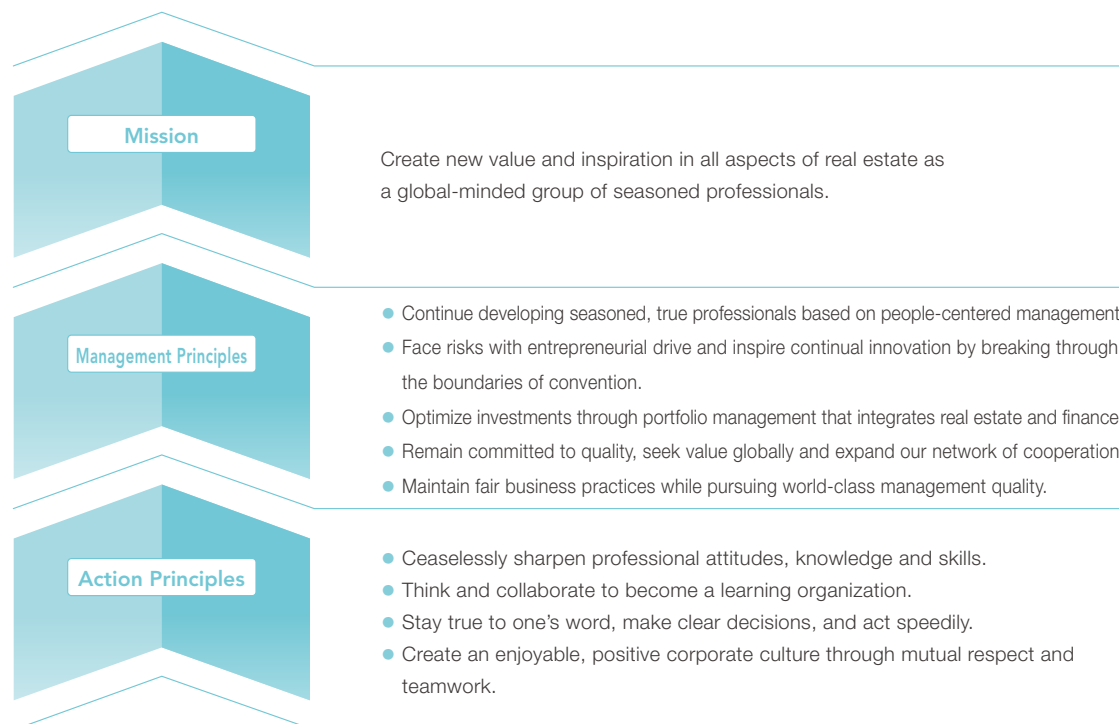
These sentiments are instilled in our corporate philosophy, “Heart into the City.”

Tosei’s promise is to create new value and inspiration in all aspects of real estate and increase the appeal of cities.



Corporate Philosophy

The Tosei Group is committed to realizing its corporate philosophy: “Create new value and inspiration in all aspects of real estate” through the provision of comprehensive real estate-related services, including revitalization.



Disclosure Tools for Financial and Non-financial Information



Contents

Mission and Values of Tosei	2	Corporate Philosophy
	3	Tosei's History
	4	Message from the CEO
Value Creation Story of Tosei	7	Tosei's Value Creation Process
	8	Value Chain and Core Competencies for Value Creation
Growth Strategy to Realize Our Vision	9	Long-Term Vision 2032
	10	Medium-Term Management Plan “Further Evolution 2026”
	11	Financial Strategy and Capital Policy
	12	Revitalization Business
	13	Development Business
	14	Fund and Consulting Business
	15	Hotel Business
Foundation for Value Creation/Data	16	Rental Business/Property Management Business
	17	Initiatives for New Business Areas
	18	Sustainability
	19	Initiatives for Materiality
	20	Corporate Governance
	22	Financial and Non-financial Information
	23	Corporate Information

Editorial Policy

Starting this year (FY2023), we will publish an integrated report to enhance the understanding of all our stakeholders, including shareholders and investors, of the Group's efforts to create sustainable value. In this report, we have summarized the business models and strategies of each business to deliver our story of sustainable value creation through the realization of our mission, values and long-term vision by combining financial and non-financial information.

In this report, key information has been selected and presented to provide a better understanding of the Group. For more detailed information, please refer to the disclosure tools on the left.

Referenced Guidelines The IFRS Foundation *The Integrated Reporting Framework*
Ministry of Economy, Trade and Industry *The Guidance for Collaborative Value Creation 2.0*

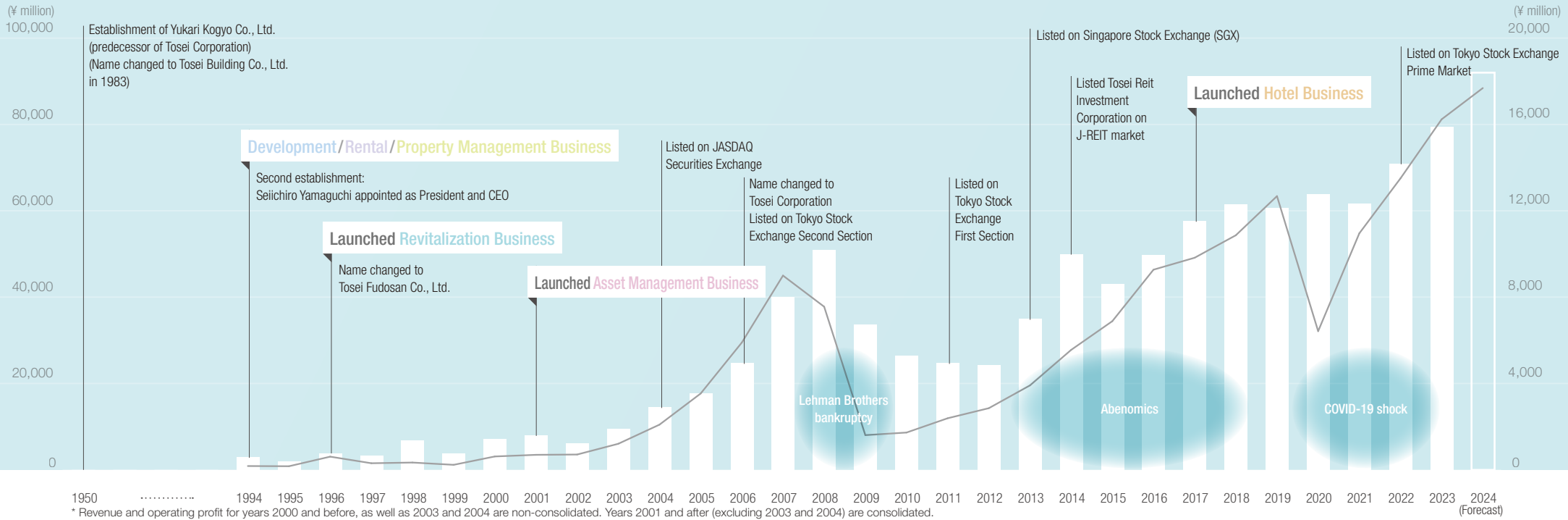
Reporting Period December 1, 2022 to November 30, 2023
However, we have reported outside this period where it is appropriate to present past history, data or recent cases.

Financial Standards We have adopted International Financial Reporting Standards (IFRS) from FY2013.

Cautionary Statement The information in this report contains forward-looking statements. They are based on our judgement as of the date of this report and involve risks and uncertainties. We caution that changes in various factors could cause future results to differ materially from those described in these forward-looking statements.
The years shown in the graphs in this report generally refer to the Company's fiscal year (December to November).

Tosei's History

We have developed and expanded our business to meet the changing needs of society. We will continue to transform our six real estate-related businesses with different characteristics while aiming to realize both business growth and contribution to a sustainable society.



1991- End of the Bubble era

2000- Globalization of market economy

2008- Global financial crisis and recession

2013- Economic growth through Abenomics

2020- COVID-19 shock and the drastically changing world economy

Start of Tosei and creating new value

The company's second establishment was initiated in 1994 by Seiichiro Yamaguchi through a management buyout of building management company, Tosei Building Co., Ltd. Started condominium business utilizing his own experience. **In 1996, to pursue new value the company started its current core business, the Revitalization Business, which acquires and renovates existing real estate and re-sells it.**



The first revitalized condominium in Shirokanedai, Minato-ku

Launched Asset Management Business, capturing the opportunity created through the inflow of foreign capital

In 2001, the company started providing asset management services for real estate private placement funds (current Fund and Consulting Business) targeting foreign investors as the globalization of the financial market and the environment for financialization of real estate progressed, including the amendment of the Act on the Securitization of Assets. Expanded the Revitalization Business by accelerating acquisitions and was listed on JASDAQ Securities Exchange in 2004 for further growth.



A new start as "Tosei"

Capabilities to respond to changes and portfolio management to survive recession

As the real estate investment market shrank due to the global financial crisis, the company focused on the sales of condominiums and detached houses for end users, for which there was firm demand.



THE Palms Court Tsunashima (Detached house)

The company kept operating profit in the black even during the financial crisis due to management support from the Rental Business and Property Management Business. The company took a step forward in its portfolio management, staying conscious of financial soundness.

New challenges for growth and becoming real estate professionals in Tokyo

Amid the real estate investment boom (opportunities for funding increased significantly due to monetary easing), the company achieved a secondary listing on the Singapore Stock Exchange (SGX) in 2013, marking the company's first global step, to communicate the appeal of Tokyo and attract investors.



Listed on SGX

The company entered a new field by starting the Hotel Business in 2017, and started the development of logistics facilities in 2018. To respond to the growing interest in sustainability, the company established The Tosei Group ESG Policy in 2019.

Aiming for business growth and contribution to a sustainable society

Entered an era where change became the new norm, including change in real estate demand due to COVID-19 and emerging trends for DX and sustainability. **In 2020, the company formulated Japan's first real estate crowdfunding scheme using SPCs under the Act on Specified Joint Real Estate Ventures, and was the first to list a security token on ADDX* in 2021.**



TREC FUNDING Property acquired through the first fund



In 2024, the company formulated Long-Term Vision 2032 with a view to long-term growth.

* ADDX is a digital securities platform approved by the Monetary Authority of Singapore.

Message from the CEO



We will find opportunities in change and will continue to challenge ourselves to “Create new value and inspiration in all aspects of real estate.”

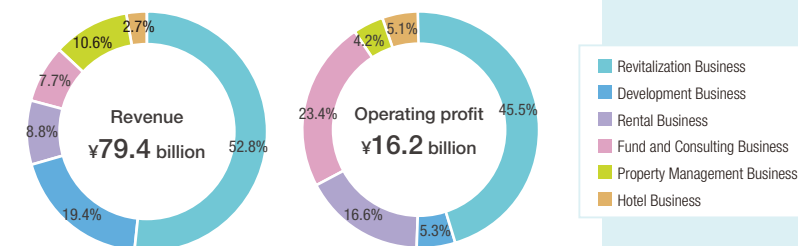
Tosei's Purpose and Business Model

This is my 31st year since being appointed as President and Representative Director in 1994.

Our mission is to “Create new value and inspiration in all aspects of real estate as a global-minded group of seasoned professionals.” We are currently engaged in six businesses: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business, Property Management Business, and Hotel Business. To achieve both stability and growth, we have diversified risks by combining businesses that encompass different market trends and have promoted portfolio management that can respond flexibly to changes in market conditions. We pursue high profitability through our Revitalization Business and Development Business while securing stable profit through Rental Business, Fund and Consulting Business, Property Management Business, and Hotel Business. Furthermore, we are able to maximize our performance by combining the expertise we have gained in each business and by pursuing synergies between these businesses. This business model is our unique strength, and one that no other company can match.

Tosei's Unique Portfolio Management

Revenue and Operating Profit Composition (FY2023)



President and CEO

Seiichiro Yamaguchi

Career summary

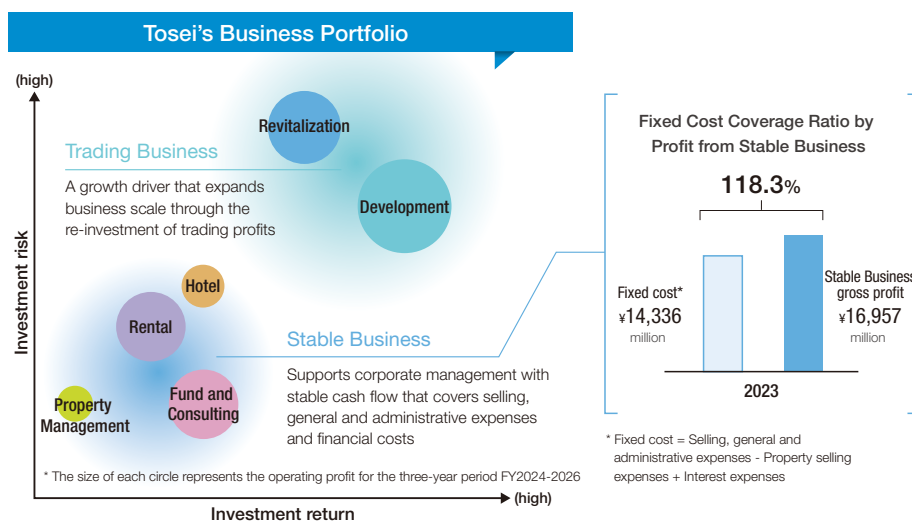
March 1983 BA, Keio University, Faculty of Law
 April 1983 Joined Mitsui Real Estate Sales Co., Ltd. (current Mitsui Fudosan Realty Co., Ltd.)
 June 1994 Management buyout of Tosei Building Co., Ltd. (current Tosei Corporation)
 Appointed President and Representative Director of the Company (current position)
 July 2004 Appointed President and CEO of the Company (current position)

Message from the CEO

I manage not one, but multiple businesses, and there is a reason for that. I joined my father's real estate company in the 1980s, but when the bubble burst it became difficult to continue doing business. This experience made me realize that flexible business management and risk management are key for a sustainable company.

I chose to become an entrepreneur. Although over the years we experienced economic crises such as the bankruptcy of Lehman Brothers and the COVID-19 shock, I was able to survive and grow my business to this day. I believe this is because I kept boldly taking on the challenge of new business opportunities, while also maintaining a management stance of emphasizing risk management and promoting portfolio management that was able to swiftly and flexibly adapt to change.

► Source of Stable Management



My thoughts on management are expressed in our logo. We use the infinity mark (∞) for the "O" of TOSEI to reflect our determination to grow infinitely, to keep faith in infinite possibilities as well as to integrate (∞) all sorts of things with real estate business while aiming for flexible (∞) business growth.

TOSEI

Our Long-Term Vision for 2032

I have also put my strong thoughts on management into Long-Term Vision 2032 (formulated in January 2024) with a focus on the aim of "We will contribute to the realization of a sustainable society as a unique real estate portfolio manager with diverse solution capabilities."

Through our business activities we have established our core competencies: "Real Estate Solution Capabilities," "Portfolio Management Capabilities," and "Global Reach Capabilities." We will keep on expanding our business areas by comprehensively developing real estate-related businesses with the aim of providing a variety of solutions that include uncovering, leveraging and developing the possibility of real estate to achieve its optimal form. At the same time, we are continuing to improve our real estate investment skills as a portfolio manager that can handle a variety of assets. This enables us to provide asset management services that meet the needs of global real estate investors in the real estate fund business. To that end, we are proudly ranked No. 1 in Japan for the balance of assets under management (AUM) in the real estate-related specified investment business. Long-Term Vision 2032 includes our determination to realize both business growth centered around real estate revitalization and contribution to society by further enhancing and developing these core competencies.

You may view the real estate business as simply trading and brokerage of residential properties and offices. Therefore, it is also likely that you would understand that the business is easily affected by economic trends and monetary policy. Furthermore, real estate is often seen as a business with an unclear outlook, especially in Japan with its ongoing decline in birthrate and aging population. However, I personally maintain a passion for finding a way to achieve growth that is unlike any other method in the traditional real estate business.

Based on this mindset, we have always kept taking on new business challenges and pursuing new possibilities in the real estate business. When we first entered the business of real estate revitalization in 1996, it was still an era of scrap and build where still usable buildings were torn down to build new ones. However, we believed that after the period of high economic growth where new buildings were put up rapidly, the market would shift to an era of utilizing existing stock, where revitalization of real estate would be in demand—this belief led to the launch of the Revitalization Business. We saw the inflow of foreign investment and the move toward securitization of real estate as an opportunity and started providing asset management services for real estate private placement funds in 2001, and then established our own real estate investment fund in 2002. Furthermore, when security tokens (STs) were being developed as a means of funding, we anticipated that the ST market would eventually grow. In 2021, we were among the first to issue STs backed by domestic real estate and listed them on ADDX, a digital securities platform in Singapore. Our management principles include "Face risks with entrepreneurial drive and inspire continual innovation by breaking through the boundaries of convention," which I think really reflects my character of being curious and eager to adopt new things.

On the other hand, in the investment world, the global trend seems to indicate that investments are shifting from traditional assets such as stocks and bonds toward alternative investment vehicles that invest in

Message from the CEO

a variety of products including real estate. We believe this trend is a tailwind for us. Our mission for the realization of our vision is to discover a market with growth potential and to give shape to this potential by integrating various elements into the real estate business.

Our New Medium-Term Management Plan

We formulated Medium-Term Management Plan “Further Evolution 2026” as phase one (the first three years) of the nine-year period to realize our Long-Term Vision 2032. Based on our main policy, “Aim for further evolution as a unique comprehensive real estate company capable of contributing to the realization of a sustainable society,” we will implement measures following our basic policies under the five themes of Sustainability, Business, Human Resources/Organization, DX, and Financial Strategy/Capital Policy.

Especially in our mainstay Revitalization Business, we aim for growth by leveraging our assessment proficiency, value-add capabilities, and information network. As for value-add capabilities, we will establish the Tosei brand in the revitalization field based on the concept of “Sustainable Value Up,” which aims to raise the value of real estate. In the real estate fund market, the investment target is typically real estate that is less than 20 years old, but by utilizing our eco-friendly revitalization expertise we aim for further expansion of our focus business, the Fund and Consulting Business. With regards to DX, we will take an aggressive stance toward expanding our customer base in the real estate crowdfunding business, security token business, and digital matching business in the sales of pre-owned condominiums. We will also focus on the promotion of DX with a defensive stance such as the digitalization of business processes and the establishment of a DX promotion system.

Management Track Record of Tosei's Real Estate Crowdfunding “TREC Series” (As of the End of May 2024)

9 funds

¥2.6 billion



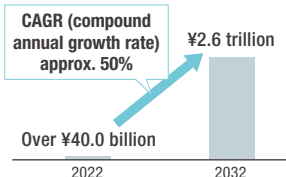
Management Track Record of Security Tokens (As of the End of May 2024)

4 funds

¥11.1 billion



Outlook for the Domestic Real Estate ST Market



Source: Prepared by Tosei based on Prognat Inc., Overview material (ST)

We are halfway through the first year of our current medium-term management plan, and this fiscal year has started well. We would like to further increase the certainty of achieving our goals for the final year of the medium-term management plan.

We have high expectations that the capital and business alliance with Nagoya Railroad Co., Ltd. (announced in May 2024) will become an opportunity for further growth. Up until now, we have focused our

business mainly in the Greater Tokyo area but we have now gained a strong partner for pursuing our growth strategy with expansion to rural areas in mind. The Nagoya Railroad Group has an exceptional presence in the Chubu region, including Nagoya, and has strong ties with the local community. By combining the strengths of our two groups and through further collaboration with our Group, which has extensive knowledge and expertise related to real estate business, we believe that we can realize a variety of synergies.



Sustainable Business Management

For us to keep contributing to society through our business activities, it is naturally necessary for management itself to be sustainable. Our competitive advantage is our ability to grow sustainably as well as to provide new value to society by being able to flexibly change our business portfolio and to keep taking on new challenges on the back of our sound risk management. We believe that this is the basis of our sustainability management.

The foundation of sustainable management is in our people, and the importance of continuing to “develop seasoned, true professionals” is reflected in one of our management principles. I always tell my employees the importance of taking the lead in initiating change, to enjoy change, and that the opposite of success is not failure but to do nothing. It is my responsibility to establish a system that fosters such ideas as part of our corporate culture. With that in mind, I am considering succession plans for the next generation of management.

In terms of cost of capital-conscious management, in addition to reducing capital cost, we have achieved a ROE of 12% or more, which exceeds the cost of capital of 8%. We are striving to not just increase profitability in the short-term but also to enhance social value over the long-term. It is important to keep a balance between maintaining the profitability required by the capital market and creating the value that society deems necessary.

We are delivering our value creation story to our stakeholders through this integrated report and would appreciate your honest opinion on it.

We will continue to take on the challenge to “Create new value and inspiration in all aspects of real estate as a global-minded group of seasoned professionals” through consistent effort and an inquisitive mind. We look forward to your support as we work to meet your expectations for our future development, which we believe is full of growth potential.

Tosei's Value Creation Process

Mission and Values of Tosei

Corporate Message

HEART INTO THE CITY

Mission

Create new value and inspiration in all aspects of real estate as a global-minded group of seasoned professionals.

Capital to Create Value (INPUT)

Real Estate That Creates a Variety of Value

Inventories	¥118.2 billion
Fixed assets (real estate)	¥68.0 billion
Unrealized gains of fixed assets	¥59.8 billion
Properties for rent	Rental 114 properties
Assets under management	Fund ¥2.3 trillion
Properties under management	PM 858 properties
Own managed	Hotel 8 hotels

Diverse Human Resources with Expertise and Knowledge

Group employees (including temporary employees)	999
Real Estate Notary Qualification	407
First-class Registered Architect	20
ARES Certified Master	53
New graduates recruited	20

Solid Relationships with Suppliers

Project information provision (year)	19,452 cases
Sales transactions (year)	Approx. 525

Stable Financial Base

Total assets	¥245.3 billion
Total equity	¥82.3 billion
Equity ratio	33.4%
Net D/E ratio	1.31 times

Offer a wide range of solutions in all aspects of real estate, with strength in the revitalization of existing properties
Maximize the value of any property

Tosei's Six Businesses

Maximizing performance through synergies between businesses

Trading Business

Stable Business

Value Chain

Revitalization

Investors (domestic/overseas)

Real estate investment funds

General companies

Individual investors

End users

Development

Tenants

Rental

Tenants

Fund and Consulting

Investors (domestic/overseas)

Real estate investment funds

Individual investors

Property Management

Owners of buildings and apartments

Hotel

Hotel users

Real estate-related services

- Leasing
- Asset management/ Real estate crowdfunding, etc.
- Property management/ Building management/Repair work, etc.
- Hotel management

Office

Residential

Commercial

Hotel

Logistics

Long-Term Vision 2032

We will contribute to the realization of a sustainable society as a unique real estate portfolio manager with diverse solution capabilities.

Created Value (OUTPUT/OUTCOME)

Social Value

- Reducing greenhouse gas emissions through businesses and contributing to a decarbonized and circular society through resource recycling
- Adding new value to existing real estate
- Local revitalization through community building
- Creating new markets by promoting DX
- Revitalization of real estate investment market through the provision of a variety of investment methods and by communicating the appeal of Japanese real estate to overseas investors
- Providing living and working environments to suit diverse lifestyles
- Creating excitement through sophisticated hotel services and hospitality

Economic Value

	(FY2023)	(FY2026 Target)
Revenue	¥79.4 billion	¥123.2 billion
Profit before tax	¥15.3 billion	¥19.0 billion
ROE	13.6%	12.5%
Payout ratio	30.0%	35.0%
Stable Business ratio	49.2%	Over 45%

Tosei Group's Core Competencies and Materiality as the Foundation for Value Creation

Core Competencies [▶ p.8](#)

Real Estate Solution Capabilities

Portfolio Management Capabilities

Global Reach Capabilities

Materiality [▶ p.18](#)

Coexistence with the environment

Action to address social issues

Solid corporate governance

Value Chain and Core Competencies for Value Creation

In aiming to create new value and inspiration in all aspects of real estate, we have built a business model based on core competencies as the foundation for value creation. In the Revitalization Business and Development Business, which are categorized as “Trading Business,” we handle everything from acquisition to selling, including the revitalization of existing real estate and new development, as well as holding properties. In the Rental Business, Fund and Consulting Business, Property Management Business and Hotel Business, which are positioned as “Stable Business,” we aim to maximize income during the period through leasing, asset management, building management, as well as hotel management and other services.

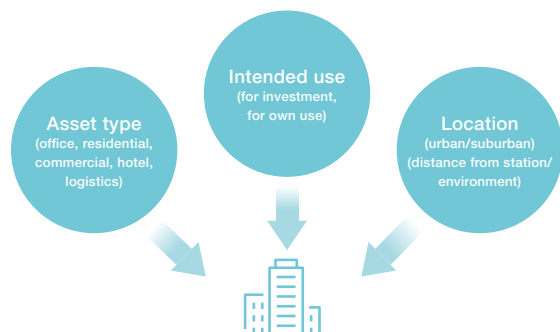
We also aim to maximize value by achieving synergies between our businesses, in addition to expanding our business areas through M&As. By engaging in this broad range of real estate-related businesses, we are comprehensively responding to the diversifying needs of customers and creating sustainable value. Going forward, we will continue to create new value by integrating elements such as finance, DX and ESG, with real estate at the core.

Tosei Group’s Core Competencies as the Foundation for Value Creation

Real Estate Solution Capabilities

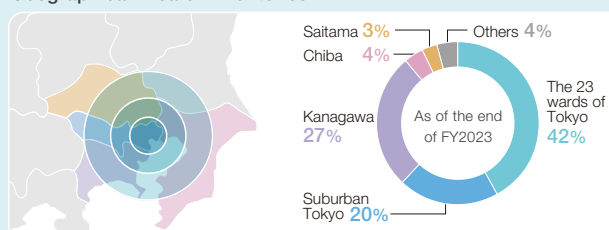
A range of solutions to realize the full potential value of real estate

Leveraging the assessment proficiency and expertise cultivated through concentrated investment in the Greater Tokyo area, as well as synergies between our businesses, we apply diverse solutions tailored to the characteristics of properties and the needs of customers, and realize the hidden value of real estate.



Maximize the value of any property

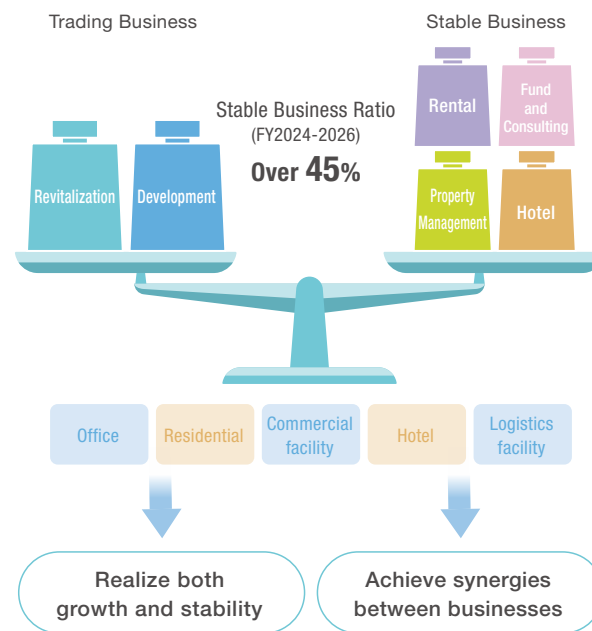
Geographical Area of Inventories



Portfolio Management Capabilities

Portfolio management that realizes both growth and stability

Handling multiple businesses with different characteristics and a wide variety of assets, and flexibly changing the portfolio in line with the business environment to realize both growth and stability. Furthermore, we maximize the value that we provide by achieving synergies between businesses.



Global Reach Capabilities

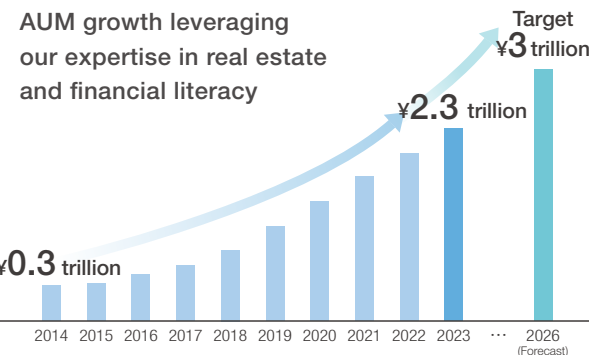
Quality of service and management that can win the confidence of domestic and overseas investors

Fostering a culture of global thinking to create value on a global scale. Offering world-class services as an asset manager to gain the trust of domestic and overseas investors and **expanding assets under management (AUM)**.

Global-conscious Management



- Efforts to attract inbound investment to Japan through our businesses
- Asset management services of global quality
- Secondary listing on SGX
- Adopted International Financial Reporting Standards (IFRS)
- Concurrent disclosure in Japanese and English



Long-Term Vision 2032

In order to enhance corporate value over the long term even in a rapidly changing business environment where the outlook is difficult to predict, we have clarified our aspirations from a long-term perspective, based on our mission and core competencies as the foundation for value creation. While further strengthening and developing our core competencies, we will create sustainable value through business growth and contributions to a sustainable society.

Mission

Create new value and inspiration in all aspects of real estate
as a global-minded group of seasoned professionals.

Tosei Group Long-Term Vision 2032

We will contribute to the realization of a sustainable society
as a unique real estate portfolio manager with diverse solution capabilities.

Society in 2032 and Our Initiatives

Our Initiatives

- (i) Promote sustainability management
- (ii) Expand existing businesses and create new business areas

- (iii) Create organizational structures, human resource systems and work environments that capitalize on the individuality of diverse employees and enable their growth and self-fulfillment

- (iv) Build a competitive advantage through the utilization of digital technology
- (v) Strengthen fundraising capabilities and maintain financial soundness

Society in 2032

Population concentrated
in the Greater Tokyo area



Diversification of lifestyles/workstyles



Acceleration towards
decarbonization and
a circular economy



Expansion of real estate
demand as an alternative
investment target

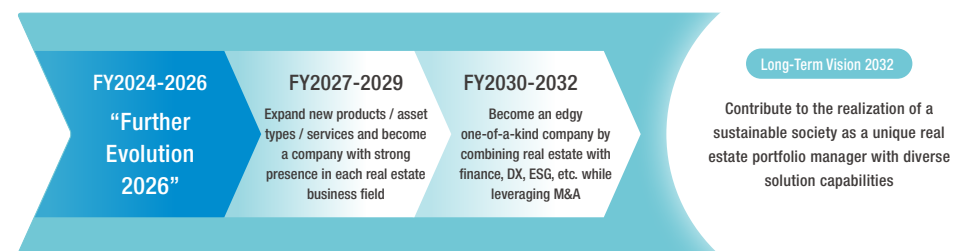


Technology innovation such
as AI and real estate DX



Medium-Term Management Plan “Further Evolution 2026”

Backcasting from our goal to realize Long-Term Vision 2032, we have formulated intermediate goals for each of our medium-term management plans. Medium-Term Management Plan “Further Evolution 2026,” which is positioned as Phase 1, sets out basic policies under five themes and aims for further evolution as a unique comprehensive real estate company capable of contributing to the realization of a sustainable society.



Main Policy

Aim for further evolution as a unique comprehensive real estate company capable of contributing to the realization of a sustainable society

Basic Policies under Five Themes

1. Promote sustainability management [▶ p.18](#)

- Expand the provision of solutions to environmental/social issues and promote sustainability management
- Expand investment for our future growth measures
- Establish and penetrate the Tosei brand through non-financial information disclosure

2. Strengthen each business for sustainable growth [▶ p.12-16](#)

- Evolve and grow the business portfolio in response to the changing environment
- Strengthen real estate solution capabilities by pursuing synergy among the six businesses

3. Create a healthy work environment that embraces diversity and develop human resources [▶ p.19](#)

- Maintain a work environment where diverse employees can utilize their individuality and demonstrate their capabilities
- Develop human resources with rich experience, knowledge, leadership and have deep understanding of the corporate philosophy

4. Promote DX [▶ p.17](#)

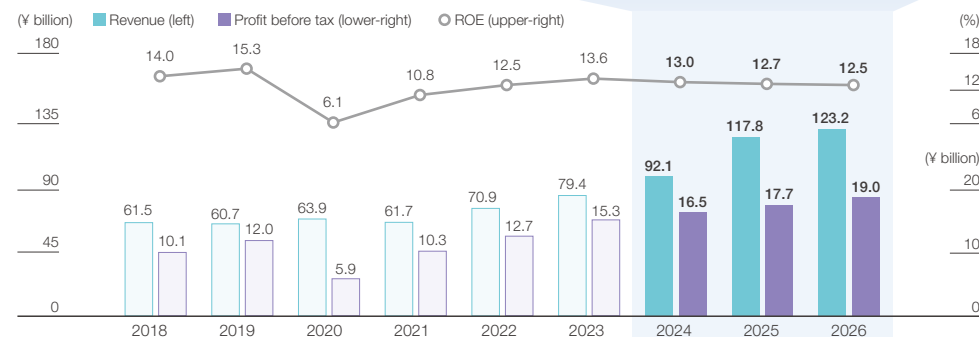
- Expand existing DX businesses and promote differentiation of products and services through digital utilization
- Improve operational efficiency across the Group through the use of IT

5. Drive financial strategy and cost of capital-conscious management [▶ p.11](#)

- Strengthen funding capabilities for sustainable growth
- Maintain return on capital that exceeds capital costs and continue balance sheet management

Performance Indicators

	FY2023	Medium-Term Management Plan “Further Evolution 2026”		
		FY2024	FY2025	FY2026
Revenue	¥79.4 billion	¥92.1 billion	¥117.8 billion	¥123.2 billion
Profit before tax	¥15.3 billion	¥16.5 billion	¥17.7 billion	¥19.0 billion
ROE	13.6%	13.0%	12.7%	12.5%
Stable Business ratio	49.2%	Over 45%		
Equity ratio	33.4%	Around 35%		
Net D/E ratio	1.31 times	Around 1.4 times		
Payout ratio	30.0%	31.5%	33.0%	35.0%



Financial Strategy and Capital Policy

We will strive to strengthen our funding capabilities to support business expansion and optimize the balance between securing funds for re-investment and shareholder returns to enable sustainable growth.

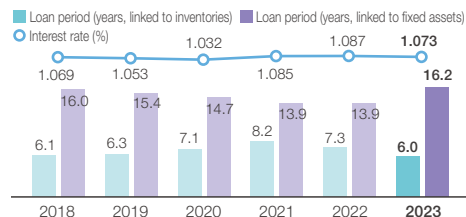
Noboru Hirano
CFO and Senior Executive Officer



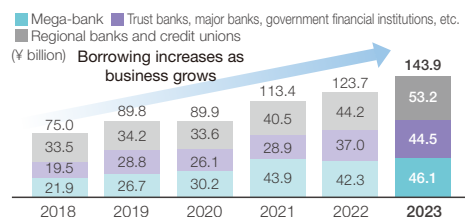
Strengthen Funding Capabilities to Support Business Expansion

We are strengthening our funding capabilities while maintaining our financial soundness with a net debt to equity (D/E) ratio of around 1.4 times, by enhancing our relationships with existing banks and developing new relationships, so that we can continue to grow while responding to various changes that may occur in the future, such as rising interest rates and exchange rate fluctuations.

Average Loan Period and Average Interest Rate



Breakdown of Outstanding Loans by Financial Institution

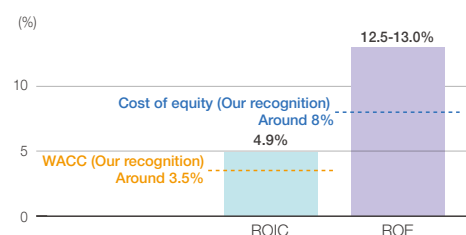


Realize Management Conscious of Cost of Capital and Stock Price

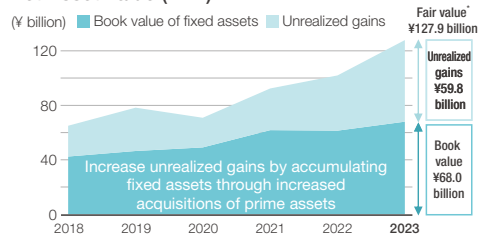
We define and promote policies and measures to raise corporate value, based on analyses of return on capital and market valuations.

In the current medium-term management plan, we have set a ROE target of 12% or more, based on the principle of maintaining financial soundness and a portfolio balance, with the awareness of return on capital exceeding the cost of equity. In addition, we aim to raise corporate value by accumulating fixed assets, returning unrealized gains as planned and through proactive information disclosure.

ROE and ROIC Plan (FY2024-2026)



Increase in Unrealized Gains That Leads to Higher Net Asset Value (NAV)



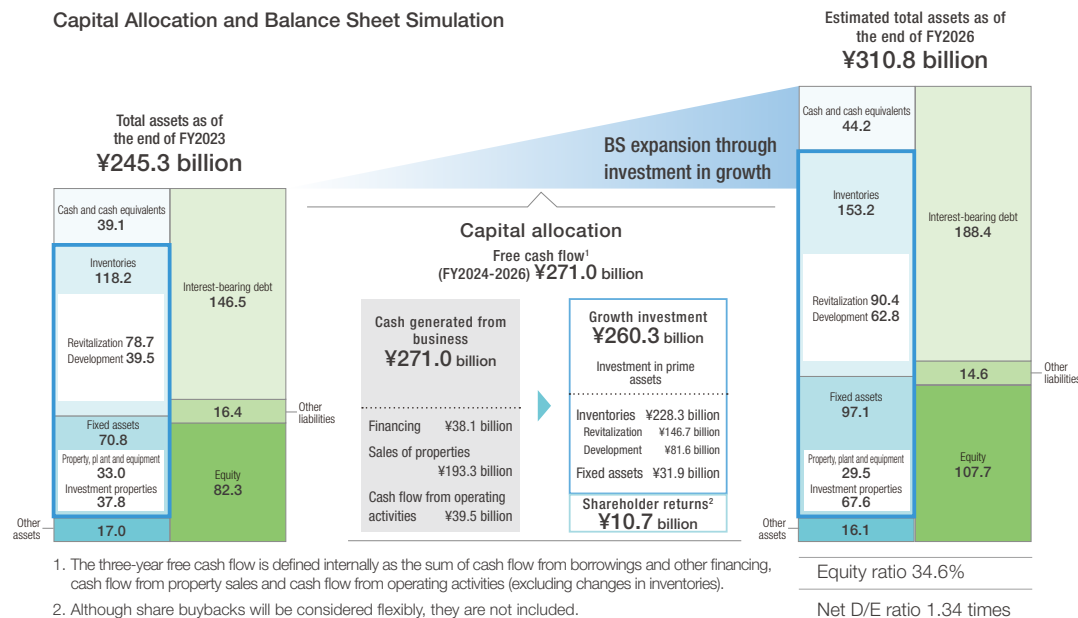
* Fair value is internally calculated in accordance with the Real Estate Appraisal Standards.

See here for details of the cost of capital

Capital Allocation and Shareholder Returns

We regard the return of profits to shareholders as a key management issue. While maintaining financial soundness and expanding the balance sheet (BS) by investing in growth, we will return the profits generated by business growth to shareholders in a stable manner.

Capital Allocation and Balance Sheet Simulation

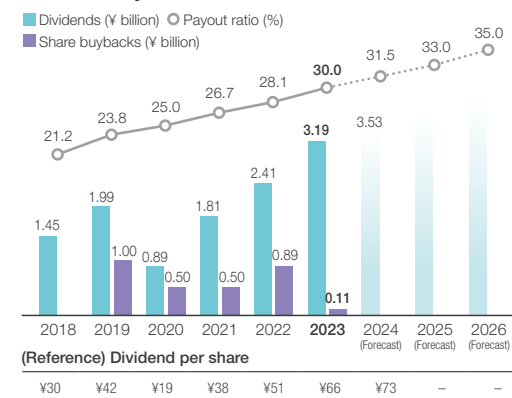


1. The three-year free cash flow is defined internally as the sum of cash flow from borrowings and other financing, cash flow from property sales and cash flow from operating activities (excluding changes in inventories).
2. Although share buybacks will be considered flexibly, they are not included.

Shareholder Returns Policy

- We recognize that a stable dividend is one of the most important management issues and will decide on dividends based on a comprehensive review of the performance forecast, the business environment and the level of retained earnings in light of future business development.
- We plan to gradually increase the dividend payout ratio to 35% over the three-year period of the current medium-term management plan.
- We will consider share buybacks by comprehensively taking into account the business environment, stock price trends, etc.

Dividend Payments



Revitalization Business

In the Revitalization Business, we acquire existing real estate, the value of which has fallen, due to age, etc., and re-sell it as revitalized real estate after "value-add" including improving the design, convenience, and environmental performance, etc. This is our mainstay business.



Our Strength in Revitalization Business

Value-add Capabilities

Abilities to create new value for existing real estate, considering the best revitalization plan to enhance the competitiveness of the properties from our diverse value-add menus

Assessment Proficiency

Our proficiency in selecting properties based on a comprehensive assessment of location, scale, age, facility, structure, etc. backed by our rich experience in real estate transactions in the Greater Tokyo area

Information Network

Information network that enables us to obtain high-quality information in a timely manner that supports the process from acquisition to disposition based on our relationships with various brokerage firms

Characteristics of Tosei's "Sustainable Value Up"

Examples of Our Value-Add ▶ p.17

We consider a variety of value-add menus based on our 3-point "Value Up Code" that enhances the value of real estate. We have been able to revitalize existing real estate into sustainable property, as well as to meet the various needs of customers.

3-Point Value Up Code

Eco Friendly Ecology & Recycle

Value-add for a sustainable society such as energy conservation, introduction of renewable energy, and resource conservation

Well-being Sophisticated & Comfortable

Value-add for enhancement of scenery, aesthetics, comfort and convenience

Resilience Reassuring & Safe

Value-add to improve security and disaster prevention performance and for community revitalization and preservation

Business Model

Business Period 0.5 - 1.5 years

Investment Area Mainly in the Greater Tokyo area

Property Size ¥30 million to over ¥10 billion



Opportunities and Risks in the Business Environment

Opportunities

- Increasing demand for revitalized real estate due to the acceleration toward decarbonization and a circular economy
- Expansion of real estate's role as an alternative investment target and increase of positive impact investments

Risks

- More difficulty in acquisitions and decrease in profit margin in an environment where prices remain at a high level
- Impact on the real estate market from changes in economic conditions including interest rates and monetary policy

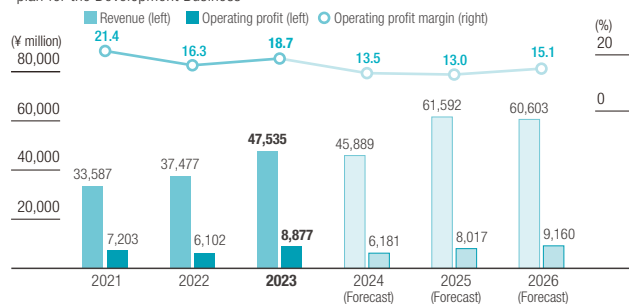
Business Strategy in the Medium-Term Management Plan

We will push forward mainly through the initiatives listed on the right to establish the Tosei Brand in the revitalization field.

- Expand the range of properties that we can handle by improving our value-add technology
- Expand property supply for private placement funds (Green × Value Up Residential Fund, etc.)
- Improve approaches to the expanding private equity market
- Strengthen sales of pre-owned condo units in the central Tokyo area, targeting wealthy individuals

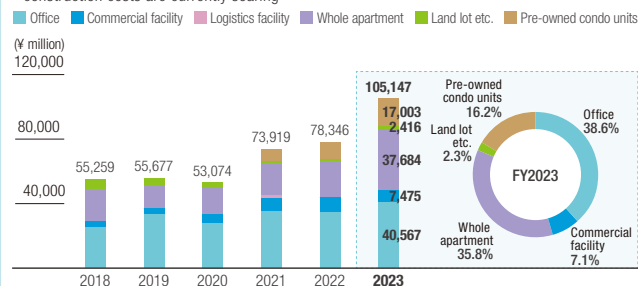
Revitalization Business Performance

▶ To achieve sustainable growth in the entire Trading Business, the sales plan for the Revitalization Business is determined by considering the balance of inventories and the sales plan for the Development Business



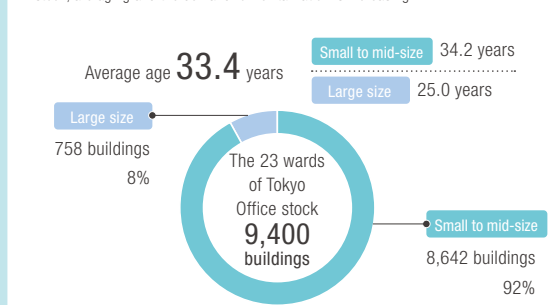
Inventories (Expected Disposition Value) in Revitalization Business

▶ Inventories are increasing due to the expansion of re-sale business of pre-owned condo units and the shift from Development Business to Revitalization Business due to the fact that construction costs are currently soaring



Office Stock in the 23 Wards of Tokyo (Based on the Number of Buildings)

▶ Small to medium-size office buildings, which account for about 90% of the office stock, are aging and the demand for revitalization is increasing



Development Business

In the Development Business, aiming to maximize the land's value, we develop acquired land into a variety of products following examination of the land's characteristics, and sell the products.

Our in-house first-class architectural office ensures the highest level of craftsmanship and quality, and also promotes development that is socially and environmentally friendly.



Strengths in the Development Business

Development Capabilities	In-house first-class architectural office as well as development expertise that leads to the creation and maximization of value including concept design that considers the history and future of the area
Diverse Products	Ability to offer a range of products that can meet all kinds of customers' needs, from sales of detached houses and condominiums for individuals to sales of whole buildings for general companies and investors, pursuing designs and plans that meet the needs of the evolving environment
Product Planning Capabilities	Product planning capabilities with flexible consideration of a wide range of development plans based on the characteristics of the land, such as location, shape and size, which helps to maximize land acquisition opportunities

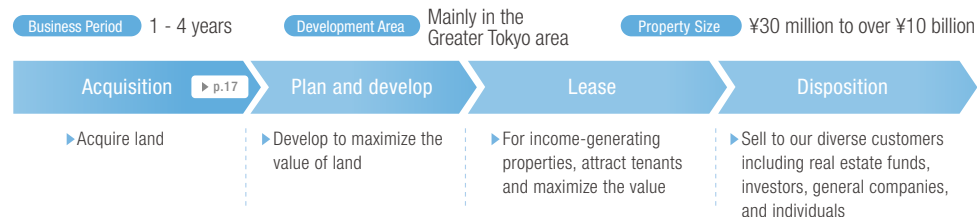
Tosei's Diverse Products

Customer	Office	Commercial facility	Rental apartment/ Wood-frame rental apartment	Hotel	Logistics facility	Condominium	Detached house
Investor (J-REIT/Fund)	(Property size) ¥1 billion to more than ¥10 billion						
General company	¥0.5 billion to ¥2 billion						
Individual	¥0.1 billion to ¥1 billion			¥30 million to more than ¥100 million per unit			

Tosei Product Brands

Commercial facility	Rental apartment	Hotel	Logistics facility	Condominium	Detached house
T'S BRIGHTIA	T's Cuore	TOSEI HOTEL COCONE	T's Logi	THE PALMS	CÓMODO CASA

Business Model



Opportunities and Risks in the Business Environment

Opportunities	<ul style="list-style-type: none"> Changes in real estate demand due to the diversification of lifestyles/workstyles and climate change The expanding role of real estate as an alternative investment target and the increase of positive impact investment
Risks	<ul style="list-style-type: none"> Rise in construction costs (Labor shortage, rising material costs, and the need to respond to stricter greenhouse gas (GHG) emissions regulations) Fewer development opportunities due to rising land prices and lack of land Less real estate demand due to rising interest rates, etc.

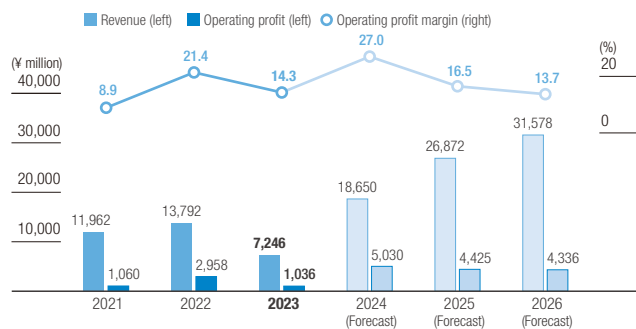
Business Strategy in the Medium-Term Management Plan

We will strengthen our development capabilities for diverse asset types and aim to enhance our brand and profitability. We will promote the initiatives on the right.

- Research/develop wood-frame apartments
- Research/develop high-priced detached houses for wealthy individuals
- Develop products with appealing design and high environmental performance (e.g. development of ZEB and ZEH, etc.)
- Strengthen architectural design department and promote in-house wooden constructions

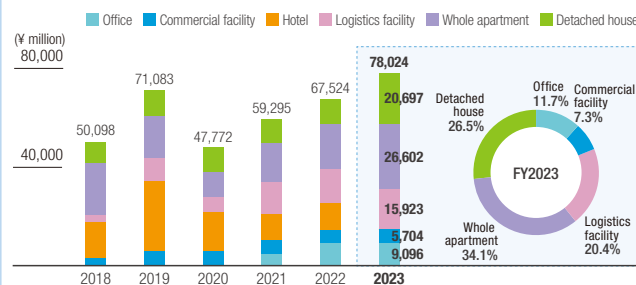
Development Business Performance

Promote sales from our well-stocked pipeline



Inventories (Expected Disposition Value) in Development Business

Research and development of wood-frame apartments and high-priced detached houses is in progress, leading to an increase in inventories of whole apartments and detached houses



Development Pipeline

Secure ¥78 billion of pipeline in expected disposition value (as of the end of FY2023)

	Completed	Scheduled to be completed			Expected disposition value
		FY2024	FY2025	FY2026 and after	
Logistics facility	2 buildings				¥15.9 billion
Condominium				2 buildings	¥7.7 billion
Rental apartment	4 buildings	3 buildings	3 buildings	4 buildings	¥17.3 billion
Wood-frame rental apartment	3 buildings	1 building	2 buildings	1 building	¥1.4 billion
Office/Commercial facility	4 buildings	3 buildings	1 building	1 building	¥14.8 billion
Detached house		294 units			¥20.6 billion
Total					¥78.0 billion

* Projects are subject to change

Fund and Consulting Business

The Fund and Consulting Business is an asset management business for real estate funds, and is mainly conducted by Tosei Asset Advisors, Inc. It is also entrusted with the asset management of Tosei Reit Investment Corporation. With the abilities to acquire and dispose of properties that meet investors' needs and to improve occupancy rates, the business has grown rapidly in recent years.

Strengths in the Fund and Consulting Business

Knowledge and Capabilities to Take Action	Knowledge of asset management to maximize the value of properties under management and the capabilities to implement various initiatives including those that improve cash flow
Expertise	Financial literacy to establish the optimal fund structure in line with investors' requirements, and expertise such as obtaining environmental real estate certifications
Network	A strong network of relationships with a wide range of investors based on a wealth of experience, as well as with real-estate brokers and other intermediaries in property sourcing

Opportunities and Risks in the Business Environment

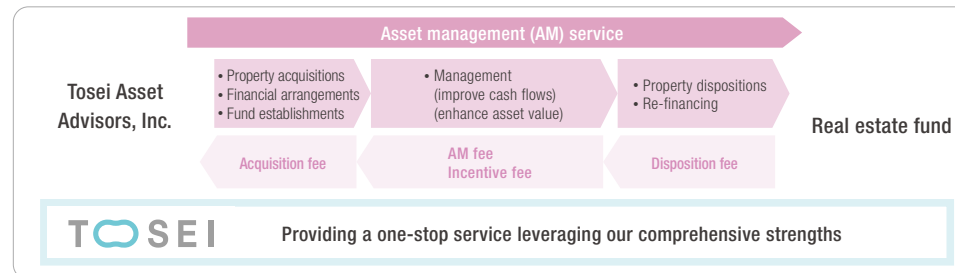
Opportunities	<ul style="list-style-type: none"> The expanding role of real estate as an alternative investment target of domestic and overseas investors and the increase of positive impact investment Growing awareness of environmental evaluation for real estate
Risks	<ul style="list-style-type: none"> Stagnation in the real estate investment market due to the deteriorating financing environment Decline in fundraising capabilities due to chronic labor shortage

Business Strategy in the Medium-Term Management Plan

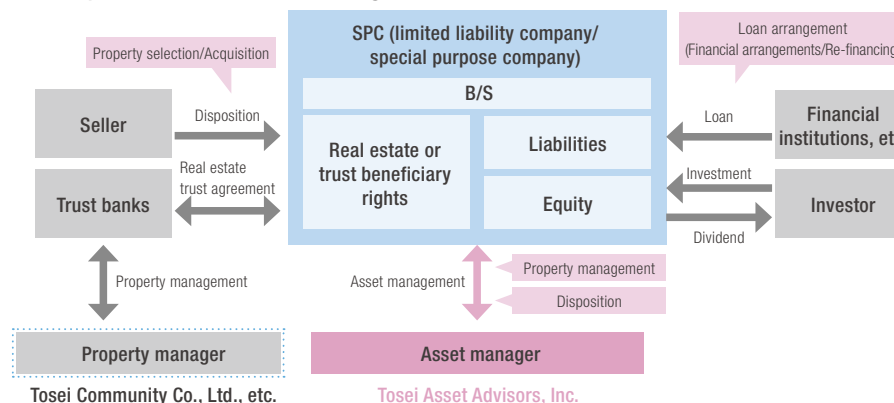
As one of the mainstay businesses driving growth, we aim to achieve AUM of ¥3 trillion as an asset management company that can flexibly respond to the diverse needs of domestic and overseas investors.

- Improve our proposal ability to establish new funds
- Expand our capacity to take on new contacts (increasing headcount, utilizing DX)
- ESG-related initiatives such as obtaining environmental certifications

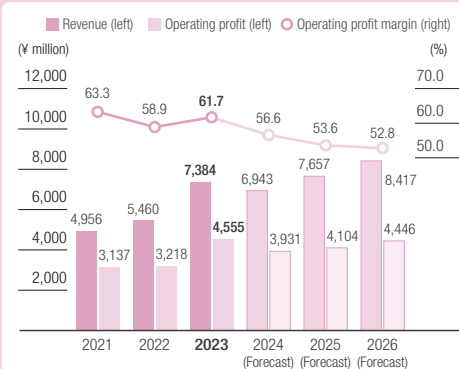
Business Model



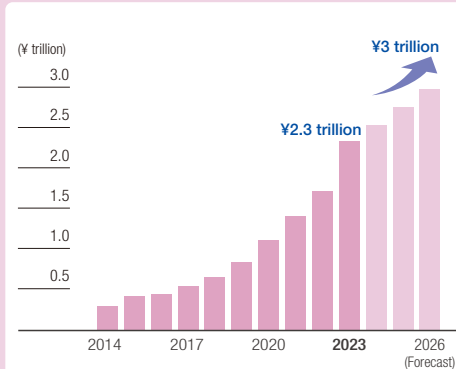
Example: Position of Asset Manager in Fund Scheme



Fund and Consulting Business Performance

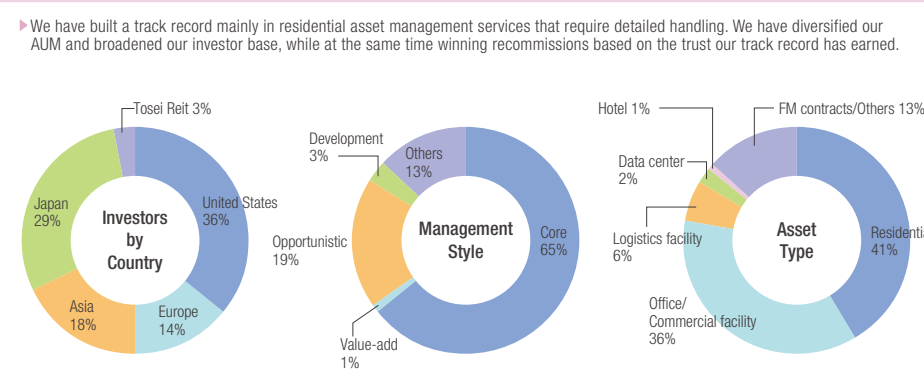


Balance of Assets under Management (AUM)



* The AUM for each period consists of the balance in private funds, etc. managed by Tosei Asset Advisors, Inc. and the balance in CRE, etc. managed by Tosei Corporation.

Breakdown of AUM (As of the End of FY2023)



Hotel Business

The Hotel Business includes the expansion of our hotel brand Tosei Hotel "COCONE," which is focused on the Greater Tokyo area, as well as the operation of our own hotels and the leasing of hotels. In addition to the development of new hotels, we actively convert existing office buildings into hotels.

Tosei Corporation is responsible for the acquisition of hotel properties, while Tosei Hotel Management Co., Ltd. plans and operates the hotel business, and Tosei Hotel Service Co., Ltd. operates the hotel facilities.

Strengths in the Hotel Business

Good Locations

Located in areas convenient for tourism and business, mainly in the Greater Tokyo area

Planning Capabilities

Consideration of hotel development appropriate to each area and needs, cooperating with the Revitalization Business and Development Business, and the capabilities to formulate a variety of accommodation plans to suit different uses

Hospitality

Provision of high-quality services for the comfort of guests, with a variety of room types, well-equipped facilities and services, etc.

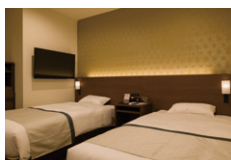
Cooperation with Revitalization Business and Development Business

Tosei Hotel COCONE Ueno (opened in 2018)

Converted an existing office building into a modern, Japanese-style hotel



Exterior



Guest room

Tosei Hotel & Seminar Makuhari (opened in 2020)

Took over (acquired) the operation of a training and accommodation facility and re-opened as a multi-purpose facility



Business Model



Opportunities and Risks in the Business Environment

Opportunities

- Increased demand for accommodation due to growth in inbound tourism
- Diversification of lifestyles/workstyles
- The expanding role of real estate as an alternative investment target

Risks

- Increase in labor costs, utilities costs, etc. and increase in hotel operating costs due to the need to comply with environmental regulations, etc.
- Increased supply of competing hotels

Business Strategy in the Medium-Term Management Plan

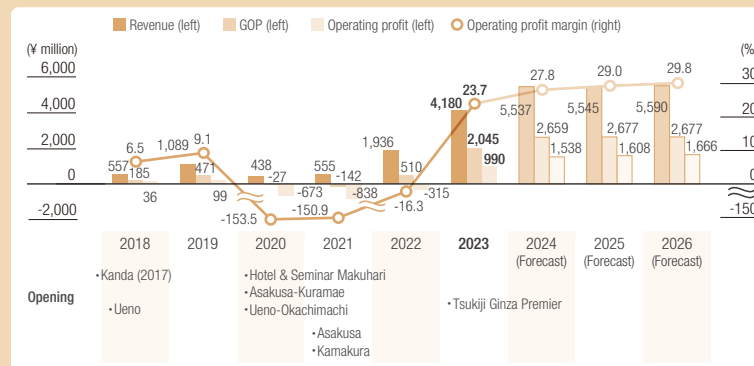
We will strive to increase profits, aim for growth of our business and enhancement of our brand by pursuing the initiatives on the right.

- Deliver emotional value through hospitality and promote a differentiation strategy
- Consider the development of new hotels
- Promote diversification of hotel types and acquisition of management contracts
- Improve profitability through DX (implement a revenue management system, etc.)

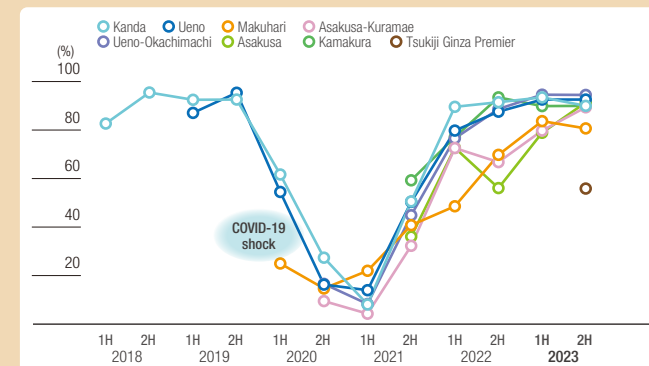
Tosei Hotel "COCONE"



Hotel Business Performance



Occupancy Rate



Rental Business

The focus of the Rental Business is leasing our own offices, condominiums, commercial facilities, etc. in the Greater Tokyo area, and earns stable income. We maintain and enhance the value of these properties through comprehensive operations that make full use of our unique expertise.

Strengths in the Rental Business

Leasing Capabilities

After analyzing the profitability of a property, we plan and implement measures to enhance the property's attractiveness, such as by changing the use of the building to suit its characteristics and the features of the area, carrying out renovations and obtaining environmental real estate certifications. Furthermore, we improve the property's profitability by attracting tenants.

Tenant Relations

We have built good relationships with our tenants through our extensive rental expertise, which enables us to deal with a wide range of property types, and our accurate and detailed response.

Opportunities and Risks in the Business Environment

Opportunities	<ul style="list-style-type: none"> Changes in real estate demand due to diversification of lifestyles/workstyles and climate change Proliferation of IoT due to rapid technological innovation
Risks	<ul style="list-style-type: none"> Increase of rental operating costs due to decarbonization and stricter GHG emissions regulations Decline in property competitiveness due to delays in technology adoption

Business Strategy in the Medium-Term Management Plan

We will improve NAV by accumulating fixed assets and maintaining and enhancing the value of our properties, while contributing to the resolution of social issues through our business. Specifically, we will promote the initiatives listed on the right.

- Conduct research into rental apartments with concepts adapted to changing lifestyles and new areas (such as services for foreigners) where investment opportunities are expected to expand
- Encourage energy-saving renovations and obtain environmental real estate certifications for fixed assets
- Strengthen property competitiveness through the introduction of IoT equipment and the use of digital technology

Property Management Business

The Property Management Business provides real estate management services, including property management, building management and repair work, through Tosei Community Co., Ltd. and Tosei Logistics Management Co., Ltd. We provide services to support maximizing cash flow and raising the value of assets owned by us and external owners.

Strengths in the Property Management Business

Extensive Management Expertise

Undertaking the management of a wide range of assets, such as offices, condominiums, commercial facilities, hotels, logistics facilities and schools

Comprehensive Property Management Capabilities

Providing comprehensive property management services, from leasing to tenant management, building equipment management, security, and large-scale repair work

Opportunities and Risks in the Business Environment

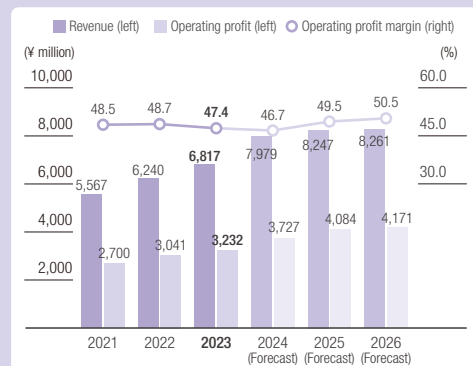
Opportunities	<ul style="list-style-type: none"> Increasing demand for long-term building use due to higher environmental awareness Proliferation of IoT due to rapid technological innovation
Risks	<ul style="list-style-type: none"> Decline in the capacity to accept new contracts due to labor shortages in the supply chain of labor-intensive industries Loss of competitiveness due to delay in promotion of DX

Business Strategy in the Medium-Term Management Plan

We aim to continue to develop as a property management company by increasing the number of contracts and providing high-quality services.

- Grow revenue through new contracts and strengthen construction proposal capabilities
- Increase property management contracts for large properties, including logistics facilities
- Promote green property management and tenant engagement, and supply chain engagement
- Improve operational efficiency through the use of IT

Rental Business Performance



Environmental Real Estate Certifications for Fixed Assets

Target certifications: BELS (Building Energy-efficiency Labeling System), DBJ Green Building Certification

Certification rate on a total floor area basis* (FY2023) 40%

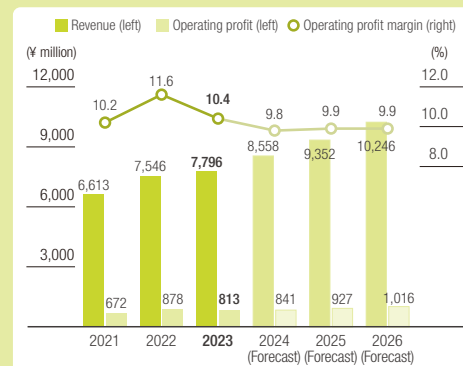
Example of certified properties

Narimasu Tosei Building

DBJ Green Building 2023

* The certification rate is calculated based on the total floor area of the fixed assets we own (excluding properties that cannot be certified due to lack of management authority).

Property Management Business Performance



Diverse Assets under Management



PICK UP Initiatives for New Business Areas

Expanding acquisitions through real estate M&A, etc.

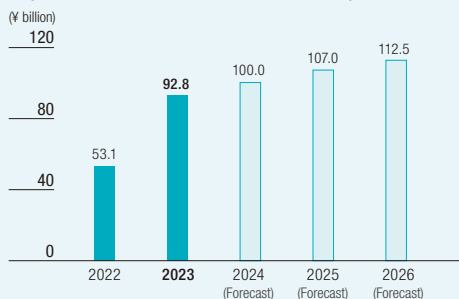
Revitalization

Development

We are flexible in changing our acquisition strategy, such as in our selection of asset type and areas to focus on, depending on the business environment.

We are also working to create opportunities for acquisitions through a variety of methods, including real estate mergers and acquisitions (M&A) and business succession support. In recent years, there has been a movement toward reviewing business portfolios for capital efficiency, and with the growing need for business succession due to the lack of successors in small and medium-sized enterprises we are using our M&A expertise to expand our acquisitions even in an environment of rising property prices.

Acquisitions in Revitalization Business and Development Business*



* Figures are based on expected disposition value

Background of Rising M&A Demand

- Stimulation of business restructuring
- Lack of successors in small and medium-sized enterprises
- Aging business owners

Real estate business (non-core)
Leased assets
Idle assets, etc.



Acquisition through Real Estate M&A (Cumulative total 14 projects/62 properties)

- Purchasing properties not on the market
- Improving price competitiveness by reducing acquisition costs such as transfer tax

Launch of the “Green × Value Up Residential Fund” to promote expansion of ESG investment

Revitalization

Fund & Consulting

Tosei Asset Advisors, Inc. has launched the Green × Value Up Residential Fund, which aims to significantly reduce greenhouse gas emissions through energy-saving renovations, with investment from domestic institutional investors.

This fund will hold pre-owned rental apartments for the long term, and gradually carry out energy-saving renovations starting from vacant rooms, with the aim of reducing greenhouse gas emissions from the whole building.

In this first project, we act as construction manager and add value in various ways utilizing the expertise we have developed in our Revitalization Business. By revitalizing the building as a rental apartment building that contributes to the realization of a decarbonized society, we aim to reduce the building's greenhouse gas emissions by over 30%.



Exterior



Rooftop where solar power generation equipment is to be installed

Contributing to society by revitalizing existing buildings

Revitalization

We acquire vacant company housing and company dormitories based on our own assessment proficiency and value-add capabilities, leveraging their unique features such as spacious and well-equipped facilities. We lease and re-sell these buildings as income-generating properties.

Examples



T-Rhythmic Soka Apartment

Converted a company dormitory into a lifestyle-oriented condominium



ARDEN Fujigaoka Apartment

Converted a company dormitory into shared housing



T's garden Nishiterao

Converted an idle company housing property into a rental apartment building

Promoting DX to support diversification of investment opportunities for real estate in Japan

Fund & Consulting

Our real estate crowdfunding business provides a service that allows people to invest online from as little as ¥10,000 in income-generating properties in the Greater Tokyo area. In addition, in the property-backed security token (ST) business, we listed our ST on Singapore's digital securities platform ADDX. In May 2024, we issued our first ST in Japan and are aiming to list on the Osaka Digital Exchange (ODX) this autumn. In addition, we are promoting digital matching business for the trading of condominium units using online marketing and automation.

We will accelerate the promotion of DX and work to expand existing businesses and create new value.

Expansion of existing DX businesses

- Initiatives to increase awareness and broaden the customer base of each business
- Issuance of security tokens in Japan
- Expansion of condominium sales channels

Real estate crowdfunding business

Security token business

Digital matching business

Real estate × Finance × DX

Continuing to grow the business and create new value

Differentiate products and services utilizing digital technology

Improve operational efficiency through the use of IT

Sustainability

To contribute to the realization of a sustainable society through our corporate activities, we established The Tosei Group ESG Policy and The Tosei Group ESG Action Guidelines. We are striving to implement sustainability management by establishing an ESG promotion system led by the Sustainability Committee.

The Tosei Group ESG Policy

Our mission is to create new value and inspiration in all aspects of real estate as a global-minded group of seasoned professionals. We regard the commitment to the Environment, Social and Governance as a priority management challenge. We will seriously address the social issues associated with real estate to contribute to society and achieve sustainable growth.

 See here for The Tosei Group ESG Action Guidelines

ESG Promotion System

We established a Sustainability Committee directly under the Board of Directors to deliberate and determine sustainability-related policies and activity plans. The deliberated matters are reported regularly to the Board of Directors and reflected in our business activities in cooperation with each relevant department.










Materiality

Aiming for sustainable growth, we have specified material issues with high priority as “Materiality” to drive forward sustainability management and will accelerate specific initiatives.

▶ Materiality Identification Process

To identify materiality, we 1) got a rough understanding of social issues and their impact on us, 2) sorted out more specific social issues and implemented an internal survey, 3) conducted dialogues with internal and external stakeholders, and 4) following deliberations by the Sustainability Committee and Directors, and discussions at the Management Meeting, the materialities were determined upon confirmation of their validity, etc. The identified material issues are reviewed according to social conditions and our business environment.

Theme	Materiality	Major Initiatives	KPIs/Targets	Contribution to the SDGs	
Coexistence with the Environment	Action on climate change and promotion of a circular economy ▶ p.19	<ul style="list-style-type: none"> Energy conservation and use of renewable energy Disaster prevention and mitigation Efficient use of resources 	GHG Emissions Reduction¹ Long-term target: Net-zero by FY2050 Mid-term target: 50% reduction from base year (FY2022) by FY2030 Energy Use Reduction² Reduce energy use intensity (crude oil equivalent kl/m ²) by 1% from the previous year	Water Use Reduction² Reduce water use intensity (m ³ /m ²) from the previous year Waste Discharge Reduction³ Long-term target: Reduce waste discharge intensity (kg/m ²) from base year (FY2022) by 15% by FY2050 Short-term target: Reduce waste discharge intensity (kg/m ²) from base year (FY2022) by 5% by FY2030	  
	Environmentally friendly manufacturing and service provision	<ul style="list-style-type: none"> Improvement and visualization of environmental performance in both tangible and intangible aspects Reduction of environmental impact of real estate revitalization and development 			
Actions to Address Social Issues	Healthy work environment that embraces diversity and individuality ▶ p.19	<ul style="list-style-type: none"> Utilization of diverse human resources Promotion of diverse working styles Pursuit of job satisfaction Respect for human rights Promotion of mental and physical well-being 	Percentage of female managers: 10% or more ⁴ Percentage of males taking childcare leave: 80% or more ⁴ Wage differentials between male and female: 70% or more ⁴ Average overtime hours: 30 hours or less ⁴	Percentage of employees taking paid leave: 60% or more ⁴ Percentage of employees retiring for personal reasons: Less than 10% ⁴ Stress check inspection rate: 90% or more ⁴ Job satisfaction: 80% or more ^{4,5}	  
	High-quality products and services that give safety and reassurance	<ul style="list-style-type: none"> Safety and reassurance of customers Safety and reassurance of employees and suppliers 			
	Creation, rehabilitation and revitalization of local communities	<ul style="list-style-type: none"> Rehabilitation, creation and revitalization of local communities Revitalization of local economies 			
Solid Corporate Governance	Governance that promotes healthy corporate growth ▶ p.20-21	<ul style="list-style-type: none"> Enhancement of corporate governance Compliance Strengthening risk management 			

1. Scope 1 and 2 emissions (based on GHG Protocol) of the Tosei Group 2. Real estate portfolio of fixed assets over which Tosei Corporation has substantial energy management rights

3. Tosei head office building 4. Tosei Corporation 5. The percentages of respondents who selected the top two items on the “job satisfaction” rating scales (5 levels), in the employee satisfaction survey conducted regularly.

Initiatives for Materiality


Initiatives for Coexistence with the Environment

We will strengthen our efforts for “Action on climate change and promotion of a circular economy” based on the Tosei Group Environmental Policy, established in March 2022.

Tosei Group Environmental Policy

We have established the following five items as our environmental policy and endeavor to promote environmental efforts in all our corporate activities.

1. Promotion of efforts to create a low-carbon society
2. Promotion of efforts to create a circular economy
3. Promotion of efforts to coexist in harmony with the environment
4. Compliance with environmental laws and regulations and raising awareness of environmental conservation
5. Promotion of environmental communication

 See here for details on the Environmental Policy

► Actions on Climate Change

In November 2021, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and joined the TCFD Consortium, an organization of supporters in Japan. Based on the TCFD recommendations, we will make efforts to further enhance disclosures on governance, strategy, risk management, metrics and targets.



 See here for disclosure based on TCFD recommendations

► Utilization of Renewable Energy

Our head office building, the Tamachi Tosei Building, and Tosei Hotel COCONE Tsukiji Ginza Premier have adopted renewable energy. Further, we are working on local production for local consumption of energy such as by installing solar panels and storage batteries and partially providing energy for some parts of the common areas at T's eco Kawasaki as part of value-add work in the Revitalization Business.

Installation Examples

Installed solar panels on to the rooftop of rental apartment (T's eco Kawasaki)



Before



After

Initiatives to Address Social Issues

We will promote initiatives to realize a “Healthy work environment that embraces diversity and individuality” based on the following approach.

Fundamental Approach to Labor Environment

We recognize that the creation of a healthy, safe, and comfortable work environment for all employees is an important factor for sustainable growth of the company, and will continue to promote industrial safety and health activities, including toward the prevention of occupational accidents and the introduction of health promotion initiatives. Further, we respect the human rights of all people who work for the Group, do not tolerate any discrimination or harassment, strive to develop human resources to become seasoned professionals, and work to maintain a favorable work environment.

To build such a work environment, our approach to respect for human rights, employee ethics and norms, and occupational health and safety is set forth in policies and internal regulations, including the Tosei Group Human Rights Policy and the Tosei Group Ethics Code.

► Actions for Safety and Health in the Workplace

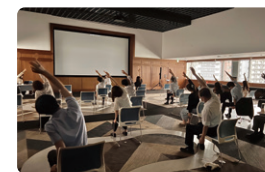
The Tosei Group regards employees' health and safety as a key management issue, strives to maintain a workplace that inspires employees to work energetically, and takes proactive measures to maintain and promote employee health, under our management principle of “Continue developing seasoned, true professionals based on people-centered management.”

Our efforts were highly evaluated, and we have been certified as a “Health and Productivity Management Organization 2024 (Large-enterprise Category).”



Initiative Examples


- No overtime days
- Anniversary leave
- Mental health care
- Health promotion programs
- Stress check



Seminar on relaxation



Health measurement session

 See here for details on our policies and other initiatives

Corporate Governance


Fundamental Approach to Corporate Governance

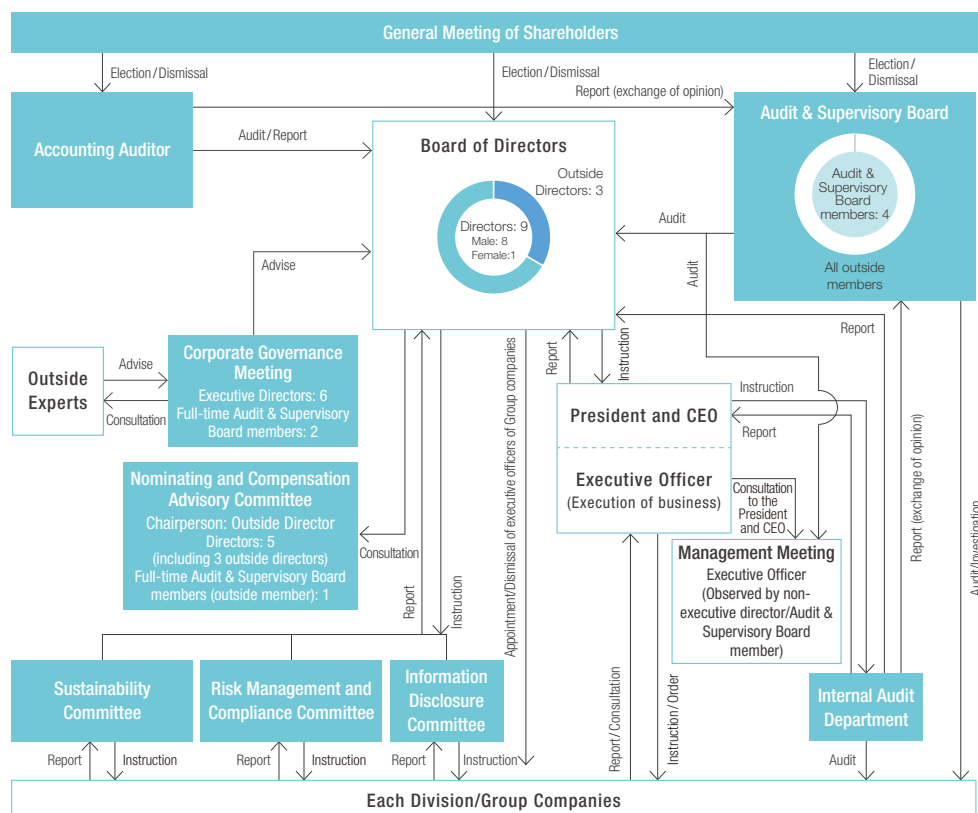
We aspire to be a valuable contributor to all of our stakeholders in society, including shareholders, employees, business partners and others, by promptly and appropriately responding to changes in the business environment and by engaging in business activities that enable us to achieve sound growth.

To this end, we place the greatest importance on enhancement of corporate governance, and in particular “fully cultivating a compliance mindset,” “enhancing risk management” and “conducting timely disclosure” as three key initiatives. Furthermore, we are making ongoing efforts to further strengthen a framework to develop our internal control system and to establish a system that meets investors’ expectations and trust as a financial instruments business operator.

Corporate Governance System

Our corporate governance system centers on a Board of Directors and an Audit & Supervisory Board. For the purpose of ensuring that business is conducted with high transparency, we have appointed outside directors and appointed all our Audit & Supervisory Board members from outside. We have also adopted an executive officer system to optimize decision-making functions and division of operational duties. We believe our management and the monitoring and supervision system over management is functioning adequately, and thus have adopted the current system.

 See here for information on compliance and risk management




Functions: Business Execution, Audit/Supervision, Nomination, and Determination of Compensation

Board of Directors

As the highest management decision-making body, the Board of Directors makes resolutions on management policies and material issues and also supervises the directors’ execution of duties. We value its diversity in terms of gender, internationality, work experience, and age. The Board consists of directors who are familiar with our philosophy, finances, and businesses, and have responsibility for executing business, as well as outside directors who have a broad range of experience and knowledge, independence, and can provide advice and suggestions to ensure the adequateness and appropriateness of the decisions made by the Board of Directors.

- **Evaluation of the Effectiveness of the Board of Directors** Every year, the effectiveness of the entire Board of Directors is analyzed and evaluated based on the points below as well as taking into account self-assessments of the directors. The summarized results are disclosed in the Corporate Governance Report.
 - (1) Composition of the Board of Directors,
 - (2) Effectiveness of the Board of Directors,
 - (3) Nomination of candidates for re-election/election of directors and compensation system,
 - (4) Operation of the Board of Directors,
 - (5) Self-assessments by the directors,
 - (6) Relationship with shareholders and other stakeholders

 See here for the evaluation results of the effectiveness evaluation of the Board of Directors


Audit & Supervisory Board

We adopted the Audit & Supervisory Board system. It audits the operation of the Board of Directors and the directors’ execution of duties from an independent and objective standpoint and provides constructive advice and recommendations to the Board of Directors or the management team for the enhancement of corporate value. Furthermore, we adopted a three-pronged auditing structure, which involves cooperation in conducting audits by Audit & Supervisory Board members, internal audit members, and audits by accounting auditors.

Nominating and Compensation Advisory Committee

We established the committee as a voluntary advisory body to the Board of Directors to ensure the appropriateness and transparency of the election process for proposals for director candidates submitted to the General Meeting of Shareholders, as well as the Board resolutions regarding allocation of remuneration for individual directors, and others. The committee is chaired by an outside director.

- **Directors’ Remuneration** Our basic policy on remuneration to directors is to properly determine remuneration, through a combination of fixed remuneration based on job responsibilities, performance-linked bonuses, stock options that allow exercise of rights after a certain period, and the Company’s share-based compensation according to performance over a certain period in order to realize the medium- to long-term growth of the Group.

 See here for details of the directors’ remuneration

Corporate Governance Meeting

The Corporate Governance Meeting is made up of executive directors and full-time Audit & Supervisory Board members. Meetings are held monthly. Reviews and discussions on corporate governance concerns and internal control matters are aimed at enhancing corporate value. Members receive advice from outside experts where necessary.

Corporate Governance

Management Team

Directors

(Skills of Directors) **M**: Corporate management **R**: Real estate business **F**: Finance/accounting **G**: Global business **E**: ESG **I**: IT/DX **H**: Human resources/labor **C**: Compliance/risk management



Seichiro Yamaguchi
President and CEO
Skills: **M** **R** **F** **E** **C**



Noboru Hirano
CFO and Senior Executive Officer
Skills: **M** **F** **E** **H** **C**



Hideki Nakanishi
COO and Senior Executive Officer
Skills: **R** **E**



Shunsuke Yamaguchi
Director, Managing Executive Officer
Skills: **I** **H** **C**



Hiroyasu Yoneda
Director, Managing Executive Officer
Skills: **M** **F**



Hitoshi Oshima
Director, Executive Officer
Skills: **R** **I**



Kenichi Shohtoku
Outside Director
Skills: **M** **F** **G**



Hiroyuki Kobayashi
Outside Director
Skills: **M** **F** **E** **H**



Mai Ishiwatari
Outside Director
Skills: **M** **G** **I** **C**

Audit & Supervisory Board Members (All outside members)

Hitoshi Yagi

Full-time Audit & Supervisory Board Member

Toshinori Kuroda

Full-time Audit & Supervisory Board Member

Tatsuki Nagano

Audit & Supervisory Board Member

Osamu Doi

Audit & Supervisory Board Member

Executive Officers

Masaaki Watanabe

Managing Executive Officer

Nobuto Fujiwara

Managing Executive Officer

Ryoji Nishimoto

Managing Executive Officer

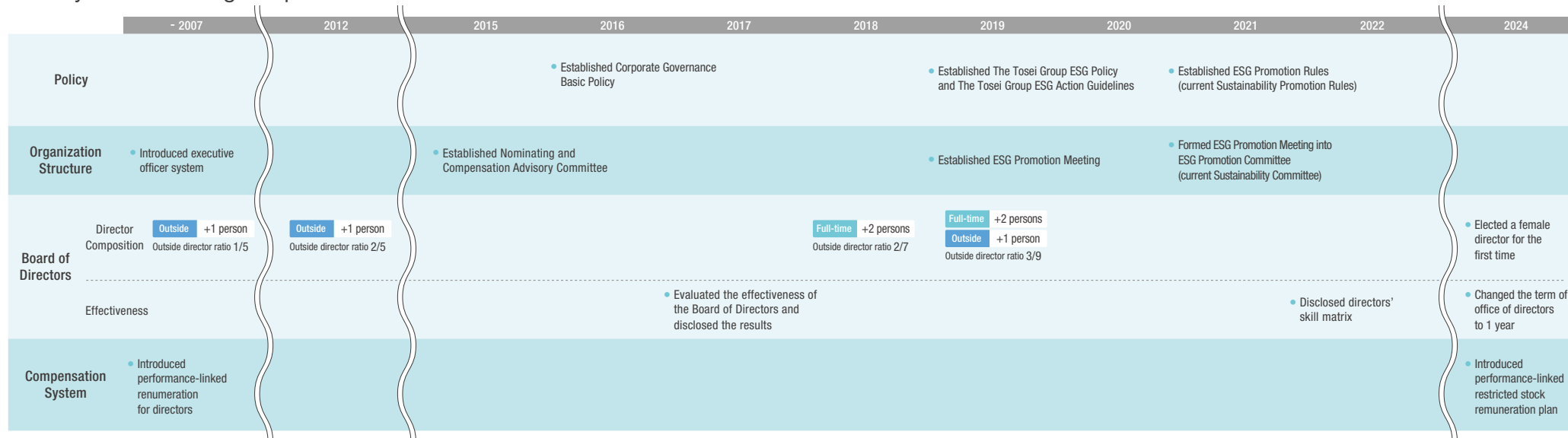
Daizo Kozasa

Executive Officer

Satoshi Shiwaku

Executive Officer

History of Enhancing Corporate Governance



Financial and Non-financial Information

Financial Data

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Operating Results	Revenue	(¥ million)	35,070	49,981	43,006	49,818	57,754	61,543	60,727	63,939	61,726	70,953	79,446
	Operating profit	(¥ million)	3,914	5,560	6,891	9,279	9,833	10,875	12,690	6,427	10,965	13,514	16,254
	Revitalization Business	(¥ million)	1,398	3,330	4,187	4,001	7,845	6,770	7,754	5,596	7,203	6,102	8,877
	Development Business	(¥ million)	1,447	432	534	3,674	-408	1,487	1,528	-3,743	1,060	2,958	1,036
	Rental Business	(¥ million)	1,590	2,414	1,730	2,389	2,581	2,534	2,367	2,319	2,700	3,041	3,232
	Fund and Consulting Business	(¥ million)	669	174	1,373	951	1,273	1,616	2,365	4,193	3,137	3,218	4,555
	Property Management Business	(¥ million)	123	227	146	141	278	453	504	667	672	878	813
	Hotel Business	(¥ million)	—	—	—	—	—	36	99	-673	-838	-315	990
	Profit before tax	(¥ million)	3,222	4,663	6,040	8,450	9,049	10,171	12,090	5,901	10,302	12,753	15,310
	Profit attributable to owners of parent	(¥ million)	2,006	2,864	4,135	5,547	6,155	6,852	8,447	3,602	6,721	8,607	10,507
Financial Position	Total assets	(¥ million)	71,283	80,858	93,196	121,276	122,550	138,768	161,894	161,684	195,010	210,955	245,329
	Inventories	(¥ million)	38,040	41,565	46,156	67,298	59,718	62,457	73,573	65,416	85,210	95,303	118,252
	Property, plant and equipment	(¥ million)	3,304	3,293	3,315	3,595	5,305	8,785	8,671	23,495	23,860	22,963	33,018
	Investment properties	(¥ million)	12,703	13,858	18,785	21,728	28,359	33,752	37,868	26,987	39,812	39,864	37,805
	Interest-bearing liabilities	(¥ million)	35,036	40,404	48,667	70,159	67,123	75,025	89,843	90,987	114,954	124,847	146,587
	Total equity attributable to owners of parent	(¥ million)	30,092	32,727	36,228	41,010	46,158	52,021	58,306	58,969	65,958	72,290	82,046
Cash Flows	Cash flows from operating activities	(¥ million)	2,772	344	-4,443	-7,472	7,089	7,615	-3,799	12,509	974	-197	5,722
	Cash flows from investing activities	(¥ million)	-940	-2,878	481	-8,193	-18	-10,786	-2,133	-4,054	-15,448	-9,081	-16,102
	Cash flows from financing activities	(¥ million)	3,456	3,891	6,661	18,522	-4,962	5,941	11,412	-3,414	10,994	7,477	17,805
	Cash and cash equivalents at end of year	(¥ million)	14,711	16,100	18,791	21,640	23,750	26,520	31,998	37,039	33,560	31,767	39,197
	EPS (Basic earnings per share)	(¥)	43.05	59.53	85.66	114.89	127.48	141.36	176.40	76.05	142.56	181.66	219.74
BPS (Equity attributable to owners of the parent per share)	(¥)	623.24	677.82	750.32	849.35	955.99	1,071.63	1,225.27	1,250.00	1,380.36	1,529.65	1,695.98	
Dividends per share	(¥)	8.00	12.00	16.00	22.00	25.00	30.00	42.00	19.00	38.00	51.00	66.00	
ROE (Return on equity)	(%)	7.1	9.2	12.0	14.4	14.1	14.0	15.3	6.1	10.8	12.5	13.6	
ROA (Return on total assets)	(%)	4.7	6.1	6.9	7.9	7.4	7.8	8.0	3.6	5.8	6.3	6.7	
ROIC (Return on Invested Capital)	(%)	3.9	5.0	6.0	6.2	6.0	6.1	6.4	2.6	4.3	4.8	5.2	
EBITDA (Earnings before interest, taxes, depreciation and amortization)	(¥ million)	4,091	5,753	7,137	9,676	10,303	11,582	13,719	7,911	12,707	15,481	18,252	
Stable Businesses ratio	(%)	46.3	44.6	43.1	31.1	35.3	35.6	36.5	77.8	40.7	43.0	49.2	
Equity ratio	(%)	42.2	40.5	38.9	33.8	37.7	37.5	36.0	36.5	33.8	34.3	33.4	
Net D/E Ratio	(Times)	0.68	0.74	0.82	1.18	0.94	0.93	0.99	0.91	1.23	1.29	1.31	
Dividend payout ratio	(%)	18.6	20.2	18.7	19.1	19.6	21.2	23.8	25.0	26.7	28.1	30.0	

* Segment profit or loss is adjusted to match operating profit in the consolidated statements of comprehensive income.

Non-financial Data

For historical non-financial data, see the sustainability information on our website.

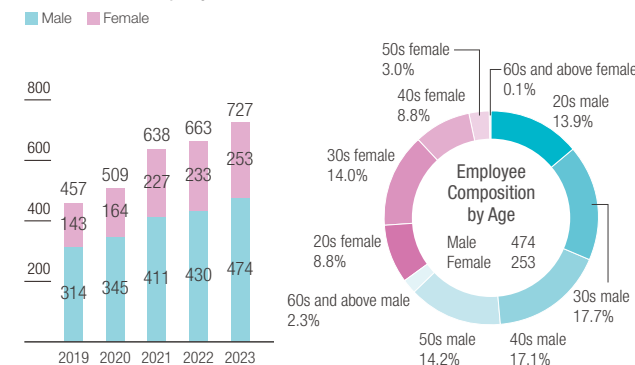
Environment	Targets	Base Year (FY2022)	2023		
GHG emissions ¹	Long-term target: Net-zero by FY2050			t-CO ₂	
	Mid-term target: 50% reduction from base year (FY2022) by FY2030	3,769	3,297		
Energy use ^{2,4}	Reduce energy use intensity (crude oil equivalent kl/m ²) by 1% from the previous year	(Total amount)	175	177	thousand GJ
		(Intensity)	1.25	1.26	GJ/m ²
Water use ^{2,4}	Reduce water use intensity (m ³ /m ²) from the previous year	(Total amount)	144,712	173,914	m ³
		(Intensity)	1.05	1.23	m ³ /m ²
Waste discharge ^{3,4}	Long-term target: Reduce waste discharge intensity (kg/m ²) from base year (FY2022) by 15% by FY2050 Short-term target: Reduce waste discharge intensity (kg/m ²) from base year (FY2022) by 5% by FY2030	(Total amount)	126	121	t
		(Intensity)	8.27	7.95	kg/m ²

- The data covers Scope 1 and 2 emissions (based on GHG Protocol) of the Tosei Group
- The data covers fixed assets owned by Tosei Corporation. It excludes properties acquired less than one year ago, condominium units and real estate for sale.
- The data covers Tosei's head office building.
- The intensity is calculated based on floor area.

Social	Targets	2023	
Number of employees ¹	—	727	
Percentage of female managers ²	10% or more	6.0	%
Percentage of males taking childcare leave, etc. ²	80% or more	42.9	%
Wage differential between male and female ²	70% or more	69.5	%
Average overtime hours ²	30 hours or less	24.3	Hours
Percentage of employees taking paid leave ²	60% or more	66.1	%
Percentage of employees retiring for personal reasons ²	Less than 10%	8.4	%
Stress check inspection rate ²	90% or more	100	%
Job satisfaction ²	80% or more	68.0	%

- Figures are for the entire Tosei Group, excluding temporary employees.
- Figures are for Tosei Corporation on a non-consolidated basis.

Number of Employees



Corporate Information (As of May 31, 2024)

Corporate Data

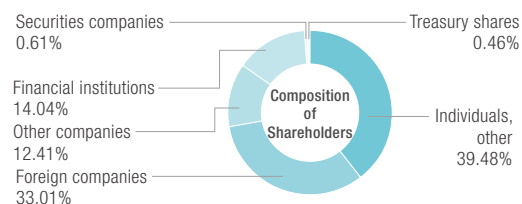
Company Name	TOSEI CORPORATION
Representative	Seiichiro Yamaguchi, President and CEO
Head Office	4-5-4, Shibaura, Minato-ku, Tokyo, Japan
Date of Establishment	February 2, 1950
Paid-in Capital	¥6,624,890 thousand
Listed Markets	Tokyo Stock Exchange, Prime Market (8923) Singapore Exchange, Mainboard (S2D)
Number of Employees	282 (non-consolidated), 788 (consolidated) 1,018 (including temporary employees)
Business Description	Revitalization Business, Development Business, Rental Business, Fund & Consulting Business, Property Management Business, Hotel Business
Fiscal Year	From December 1 to November 30
URL	https://www.toseicorp.co.jp/english/

Affiliated Companies

Tosei Asset Advisors, Inc.	Asset management business of real estate funds
Tosei Community Co., Ltd.	Building management (property management), building maintenance, the management of equipment, security, cleaning, etc.
Tosei Logistics Management Co., Ltd.	Logistics consulting businesses, etc.
Tosei Hotel Management Co., Ltd.	Hotel business planning, operation, and management, etc.
Tosei Hotel Service Co., Ltd.	Hotel and restaurant management and operation businesses
Princess Square Co., Ltd.	Real estate rental, management, trading, and brokerage businesses
TOSEI-R, Inc.	Real estate trading, rental, property management businesses
Tosei Singapore Pte. Ltd.	Consulting business relating to real estate

Stock Information

Number of Authorized Shares	150,000,000
Number of Shares Issued	48,683,800
Number of Shareholders (excluding treasury shares)	19,183

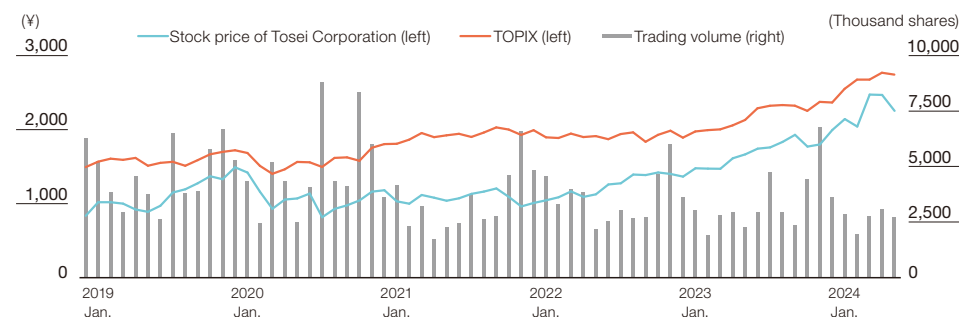


Major Shareholders

Shareholder	Number of shares held	Shareholding ratio (%) to the number of issued shares (excluding treasury shares) ¹
Seiichiro Yamaguchi	12,885,500 ²	26.58
Zeus Capital Limited	6,000,000	12.38
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,548,200	9.38
SSBTC CLIENT OMNIBUS ACCOUNT	1,821,902	3.75
Custody Bank of Japan, Ltd. (Trust Account)	1,671,500	3.44
GOVERNMENT OF NORWAY	1,405,617	2.90
Hirotochi Deguchi	1,030,000	2.12
Kiraboshi Capital Tokyo Sparkle Investment Limited Partnership	1,000,000	2.06
HOST-PLUS PTY LIMITED-HOSTPLUS POOLED SUPERANNUATION TRUST HOSKING PARTNERS LLP	763,400	1.57
STATE STREET BANK AND TRUST COMPANY 505103	748,086	1.54
TOTAL	31,874,205	65.77

- Shareholding ratios are calculated excluding treasury shares (222,707 shares) and rounded down to two decimal places.
- In connection with the conclusion of the capital and business alliance with Nagoya Railways Co., Ltd., the transfer of 7,500,100 shares of common stock of the company held by the largest shareholder, Seiichiro Yamaguchi, to Nagoya Railways was completed on June 4, 2024.

Stock Price



External Evaluations (Status of Inclusion in Indexes)



2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

