

Presentation Meeting for the First Six Months  
of the Fiscal Year Ending November 30, 2017  
(Major Questions and Answers)

Date : July 5, 2017

Participants: : Seiichiro Yamaguchi, President and CEO  
Noboru Hirano, Director and CFO

\*To facilitate understanding, we have edited the following questions and answers.

**(Revitalization Business)**

**Q. You introduced cases where you purchase unused company houses and dormitories from companies and renovate them into income-generating apartments and shared houses. Is the project duration and profit margin for these kinds of properties different from those of ordinary refurbished properties? Also, who are the target buyers for these properties?**

A. We are currently working on seven company house/dormitory renovation projects. For properties which requires large-scale renovation, project duration is longer than ordinary refurbishment properties. The profit margin varies for each property, but in the case of *T's Rhythmic SOKA*, apartment where residents can play musical instruments in the private areas, rent is expected to be 30% to 40% higher than rents in the surrounding area and we expect this to be reflected in the price at the time of sale.

Our target buyers are wealthy individuals and SMEs for small properties worth less than ¥1 billion, and REITs, funds and other institutional investors for mid to large size properties worth more than ¥1 billion.

**(Operation and management of hotels)**

**Q. Will the Tosei Group be responsible for operation and management of both hotels converted from office buildings, etc. and hotels newly developed by Tosei Corporation?**

A. As a general rule, the operation and management of the above hotels will be undertaken by our affiliated company Tosei Hotel Management Co., Ltd.