

# **Initiatives for Corporate Value Enhancement**

## **– Management Conscious of Cost of Capital and Stock Price –**

### **(Updated: January 23, 2026)**

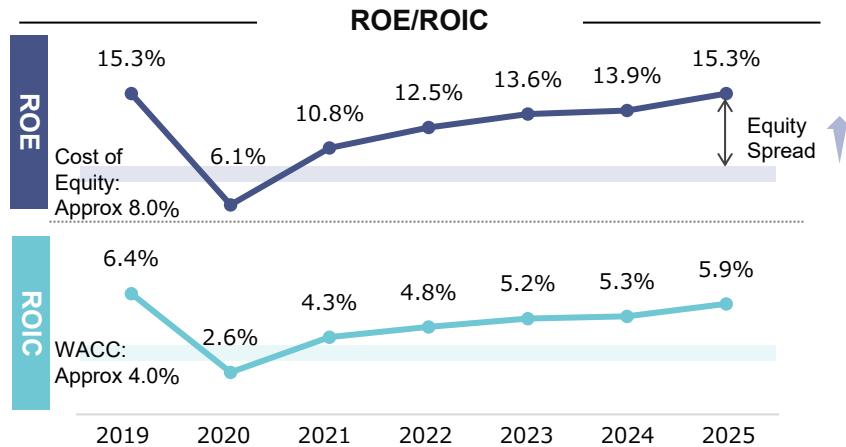
\* This document is an excerpt and partial compilation of the “Financial Results for the Fiscal Year 2025” announced on January 14, 2026.



# Recognition of the Components of Corporate Value

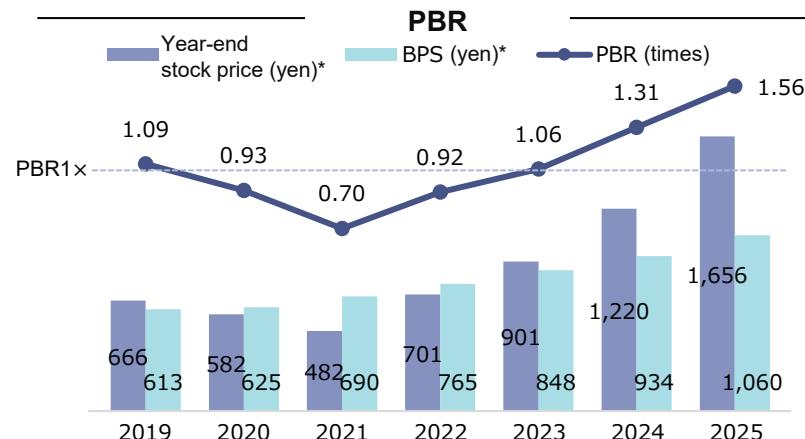
## Recognition of the components of corporate value

- ROE reached 15.3%, exceeded our estimated cost of capital based on CAPM (around 8%) and also the initial forecast
- The current PBR has risen to around 1.56 times. Aim to further improve the stock price valuation through raising our growth potential and management conscious of cost of capital and stock price
- The PER is 10.59 times, which is low compared to PERs of TSE Prime and the real estate industry. Aim to further improve by promoting understanding of portfolio management

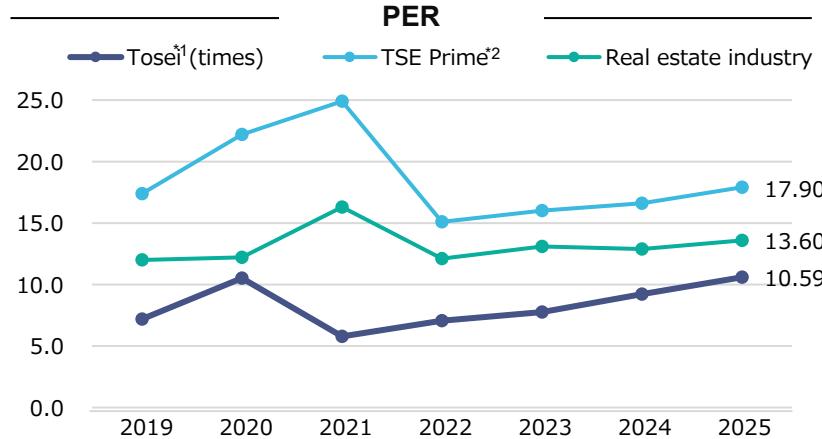
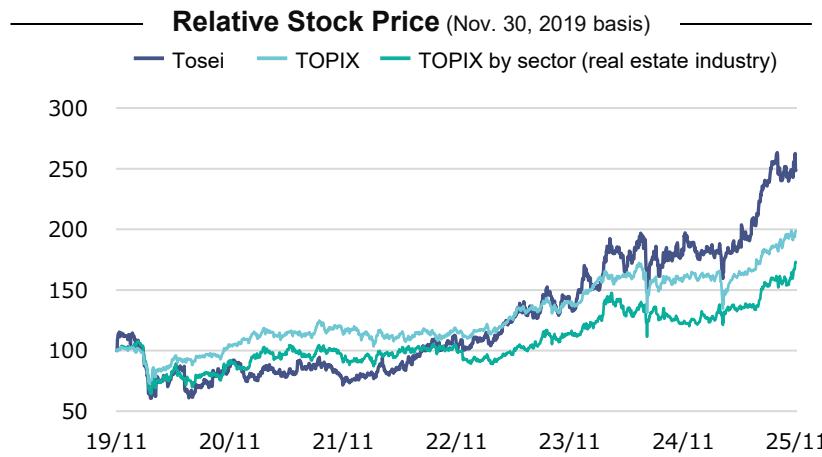


\* Our recognition of the cost of shareholders' equity and WACC are calculated in-house based on the CAPM.

\* Figures used for above calculations are as follows: Risk-free rate: 10-year Japanese government bond yield as of the end of each fiscal year,  $\beta$ : TOPIX 5-year weekly including dividends, market risk premium: 6.0%, cost of interest-bearing debt: interest expense/average of total interest-bearing debt at the beginning and end of each period.



\* Figures are presented on a post-share split basis to reflect the 2-for-1 share split effective Dec. 1, 2025.



\* 1 The PER is calculated using the stock price at the end of each fiscal year and the EPS forecast announced at the beginning of the following fiscal year.

\* 2 PERs for the First Section of the Tokyo Stock Exchange are listed for 2021 and earlier.

Source: Japan Exchange Group, Inc., Average PER and PBR by Size and Types of Industry (Consolidated)

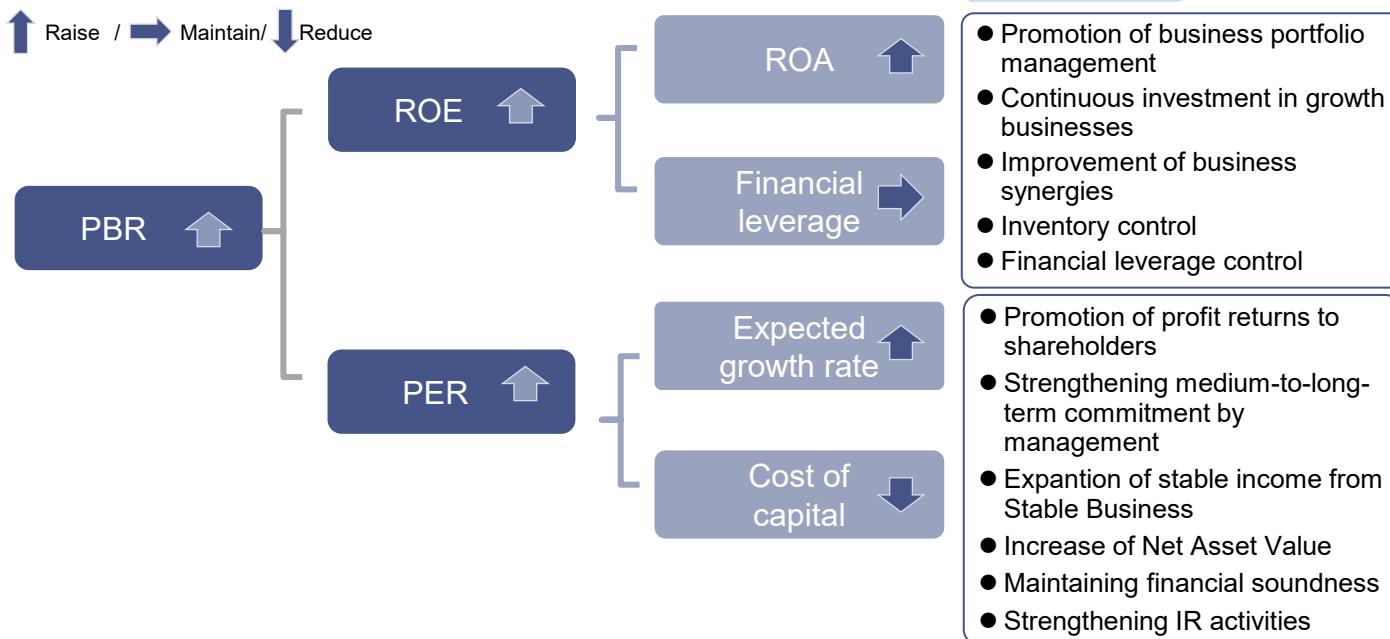
# Initiatives for Corporate Value Enhancement

## – Utilizing Logic Trees –

### Initiatives for corporate value enhancement

► Using a logic tree to enhance PBR, we promote measures to improve each component such as ROE and PER.

Logic tree for improving PBR



### Major initiatives under current MTP

- Realization of both investments for growth and strengthening shareholder returns raising payout ratio upward
- Creation of synergies across businesses
  - Supply of own properties to private fund investors
  - Asset value enhancement through competent PM and BM
  - Construction management support through first-class architects
- Growth in Stable Business (Increase in fund AUM and hotel projects)
- Strengthening commitment by introducing share-based compensation system for directors
- Enrichment of stock price improvement measures: issue of Integrated Report and aggressive IR activities

# 【ROE】Maintain and improve return on capital

## – Capital Cost Recognition and Target Levels –

### ROE Maintain and improve return on capital

- ▶ Accelerate growth by maintaining return on capital that exceeds the cost of capital, which is the market's expected return while maintaining financial soundness

#### Target levels based on our cost of capital recognition

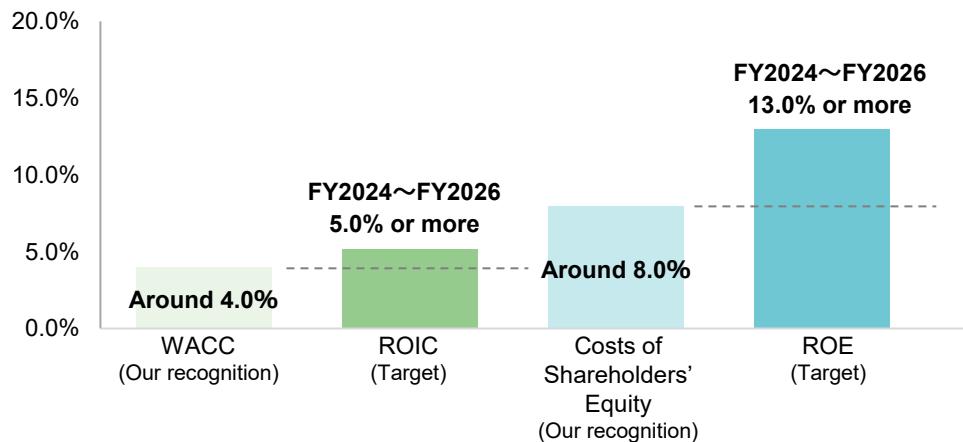
Maintain return on capital that exceeds cost of capital  
**ROE  
13.0% or more**

Maintain financial soundness  
**Equity Ratio  
Approx. 35%**

Maintain financial soundness  
**Net D/E Ratio  
Approx. 1.4 times**

#### Results under current MTP

	FY2024	FY2025
ROE	13.9%	15.3%
Equity Ratio	32.7%	33.4%
Net D/E Ratio	1.45x	1.39x



#### TOPICS

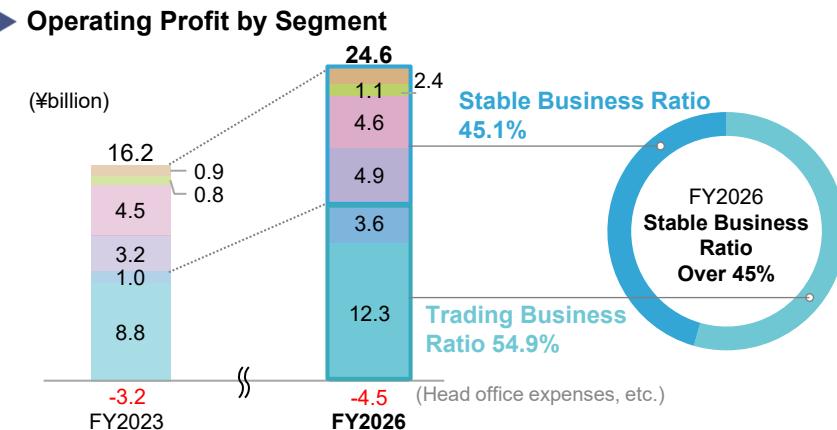
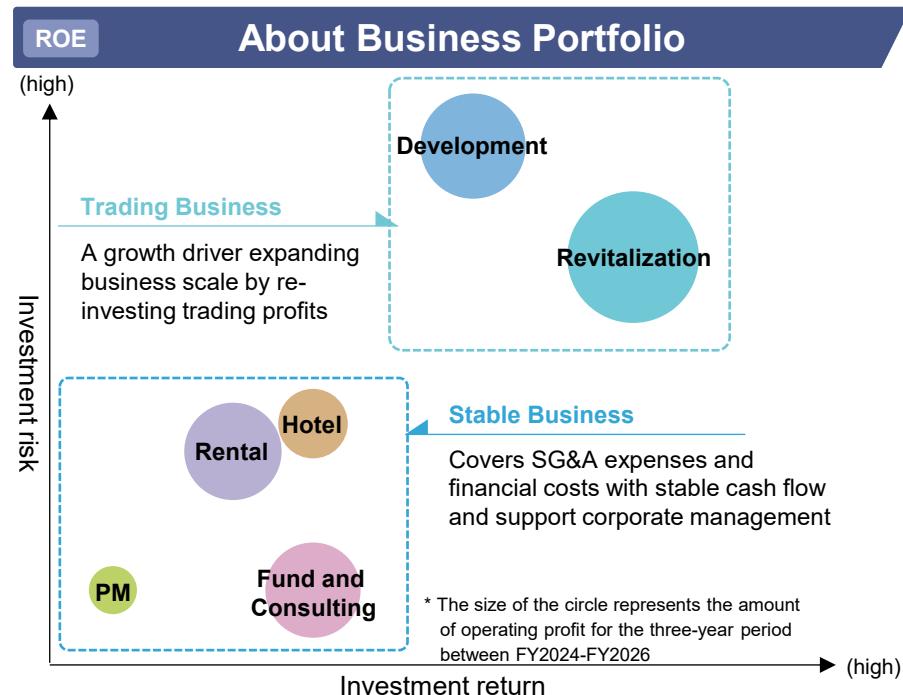
#### FY2026 Latest ROE plan

- ▶ For FY2026, the final year of the medium-term management plan, the ROE target is expected to be raised to 14.0% from the initial 12.5%

ROE Target for MTP	FY2024	FY2025	FY2026 plan
Initial target (announced with MTP)	12.0% or more	13.0%	12.7%
<b>Revised target</b>	<b>13.0% or more</b>	<b>13.9% (result)</b>	<b>15.3% (result)</b>
			<b>14.0%</b>

## 【ROE】 Maintain and improve return on capital – Promote Business Portfolio Management –

- Disperse risks with a portfolio consisting of multiple businesses with different characteristics and grow each of them
- Change the real estate portfolio responding to the real estate market flexibly and speedily



## ROICs and Strategies by Segment

## ► ROICs and strategies of on-balance-sheet businesses

	Trading Business		Stable Business	
	Revitalization	Development	Rental	Hotel
ROIC*(our recognition)	Approx.10%	Approx. 5%	Approx. 2.5%	Approx. 5%
Project Period	0.5-1.5 years	1-4 years	Long-term	

\* Calculated as follows: Trading Business (Revitalization and Development) includes rental income during the holding period; Rental Business includes fixed assets only

## Trading Business

## Revitalization

## ► Combine “F”

#### ► Combine “Revitalization Bu

- ▶ Combine “Revitalization Business” and “Development Business” and sell strategically considering market conditions and inventory status
- ▶ Reduce risks by dispersing asset types and locations
- ▶ Maintain and improve profit margins through the use of various acquisition methods including M&A, and real estate solutions that match demand trends.

## Stable Business

## Rental

- ▶ Although the ROIC of the Rental Business (fixed assets) is lower than the Trading Business, enhance the value of assets through long-term holding and in-house renovation and leasing, and generate unrealized gains
- ▶ Realize unrealized gains by strategically selling fixed assets

## Hotel

- ▶ Expand the scale of the business while maintaining the capital efficiency, with consideration of partial off-balancing and taking on the management of other companies' hotels

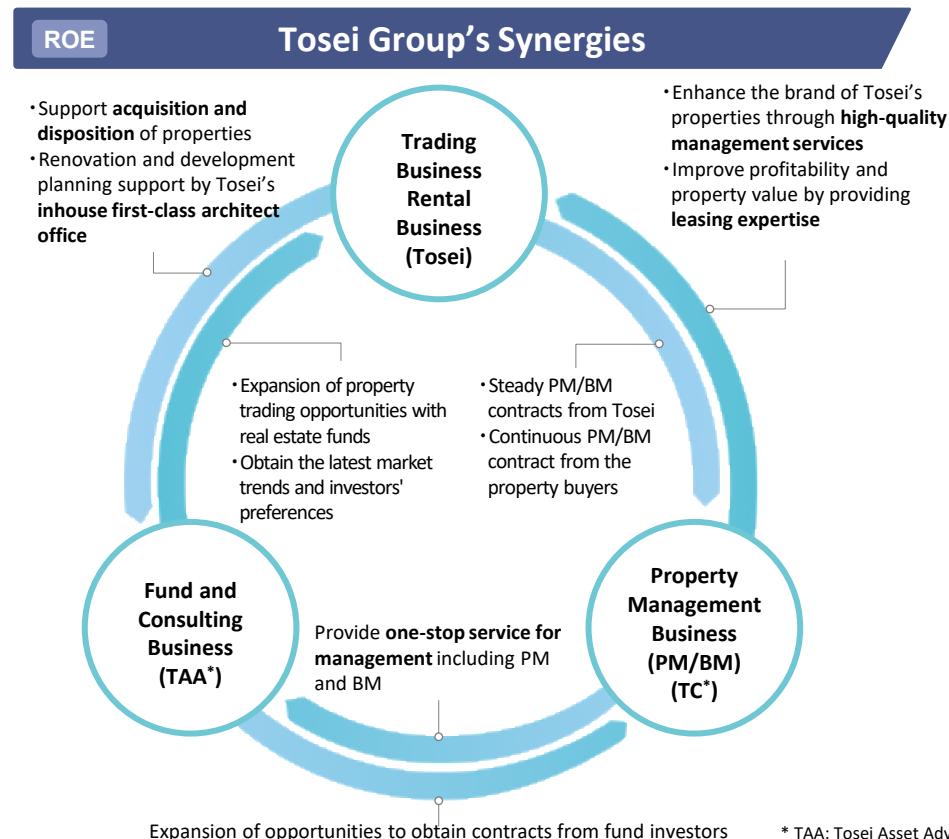
PM

Excluded from the ROICs as the business does not involve capital investment.

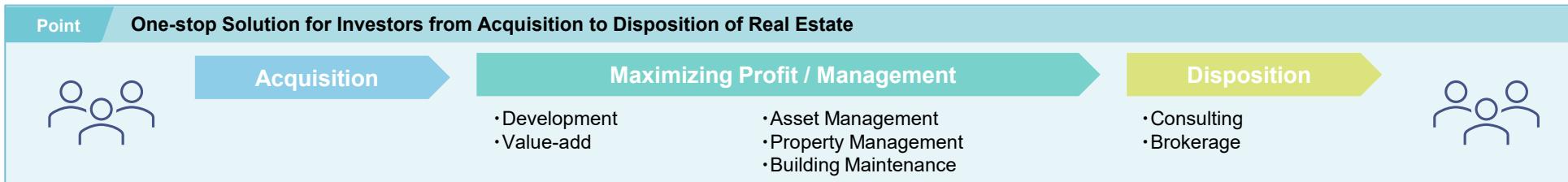
# 【ROE】Maintain and improve return on capital – Improve Business Synergy –

Fund and Consulting Business and Property Management Business are the core businesses supporting the Tosei Group's sustainable growth through synergies with the Trading Business.

Tosei functions as the best owner and sustainably improves the cash generation capability of each business through intergroup synergies.



\* TAA: Tosei Asset Advisors, Inc., TC: Tosei Community Co., Ltd.



# 【ROE】Maintain and improve return on capital

## – Appropriate Capital Allocation & Maintain Financial Soundness –

Strengthen both growth investment and shareholder returns using cash generated from business operations

Enhance funding capabilities for growth while maintaining financial discipline (target equity ratio of 35% and net D/E ratio of approx.1.4x)

Expand BS through accumulation of fixed assets and inventories that generate stable income

ROE

### Capital Allocation

Free Cash Flow\*1 (FCF)

(Amount for the three-year MTP)

**Cash generated from business**  
¥243.4B

Cash flow from operating activities ¥ 46.7B

Sales of properties ¥151.8B

Fund procurement ¥ 44.9B

Allocation

**Growth Investment**  
¥231.6B

• Invest in prime assets

**Shareholder returns\*2**  
¥11.8B

\*1 Calculated in-house as follows:

Free cash flow for the three-year period = Cash flow financed by borrowing and other sources + cash flow recovered through the sales of properties + operating cash flow without changes in inventories.

\*2 Although acquisition of treasury stock will be considered flexibly, it is not included in the above.

(¥billion)	Current MTP	Previous MTP
Growth Investment (book value basis)	<b>231.6</b>	190.3
Inventories	<b>218.9</b>	172.2
Revitalization	<b>166.0</b>	120.0
Development	<b>52.9</b>	52.2
Fixed Assets	<b>12.7</b>	18.1
Shareholder Returns	<b>11.8</b>	6.6
Total	<b>243.4</b>	196.9

Focus Asset Type: Office, Residential, Hotel

Focus Area: Assets in 10 central wards of Tokyo and assets located near train stations in suburban areas in the Greater Tokyo

- Shift from Development Business to Revitalization Business due to construction costs remaining high
- In Development Business, focus on hotels, where construction costs can be passed on, and wood-frame apartments with relatively low construction costs

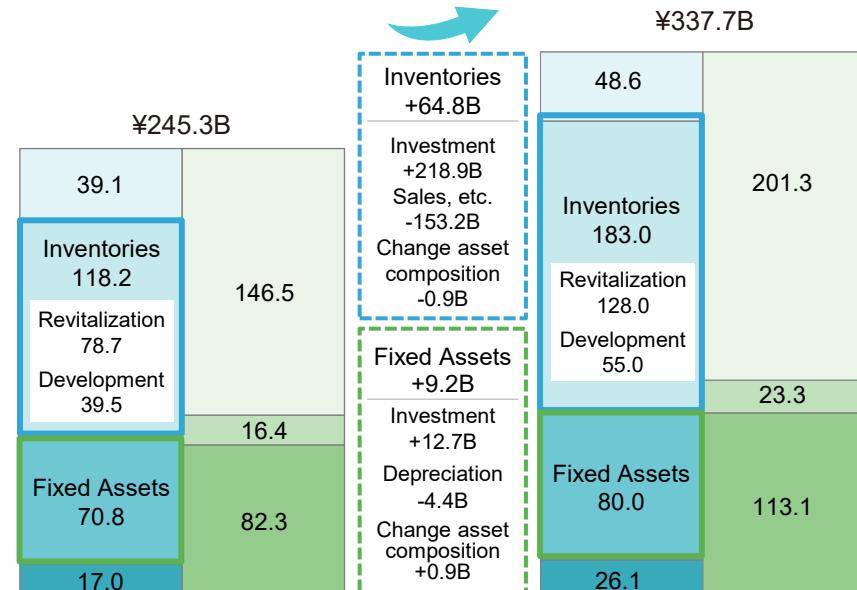
→ Raise the payout ratio to 35% to strengthen shareholder returns

### Balance Sheet Simulation

#### BS Expansion through Growth Investment

Cash and cash equivalents  
Interest-bearing debt

Inventory Other assets  
Other liabilities Equity



FY2023

► Equity Ratio	33.4%
► Net D/E Ratio	1.31×

FY2026 Forecasts

► Equity Ratio	33.5%
► Net D/E Ratio	1.35×

# 【PER】Initiatives for Corporate Value Enhancement

## – Key Issues and Our Initiatives –

PER

### Improvement of PER

- ▶ Our PER is 10.59 times, while the TSE Prime: 17.9 times, the real estate industry: 13.6 times (as of the end of Nov. 2025)
- ▶ Presumed that one of the factors is the concern that the Trading Business has high earnings volatility and low expected growth rate of the real estate industry under the macro environment of declining birthrate and aging population and low GDP growth.

Aim to improve PER to around 14 times, which is considered appropriate given the level of the real estate industry and our stable business ratio.

#### Stable and high growth in the Trading Business

- ▶ Although temporarily affected by valuation losses on hotel assets, etc. due to the COVID-19, recovered in a relatively short period
- ▶ Even in the face of rising construction costs, the Trading Business continues growing by maintaining balance between revitalization and development projects.

Our response

Leverage our strengths to achieve stable, high profit growth in our Trading Business

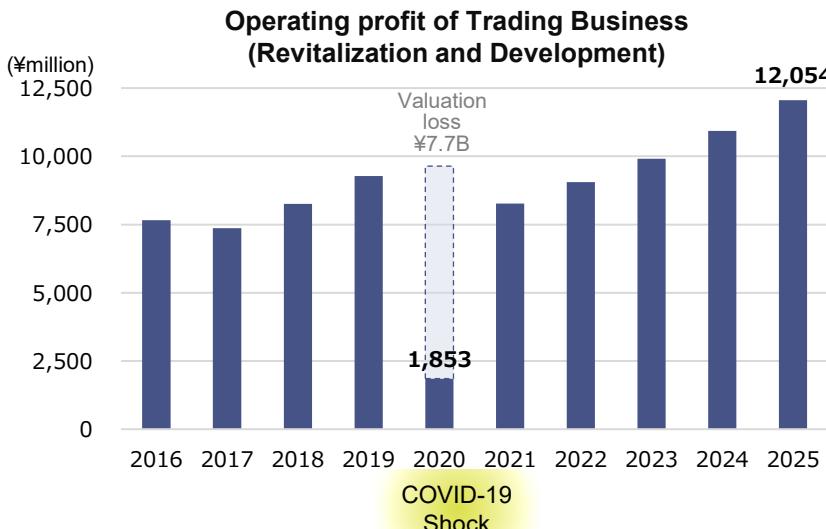


#### Correlation between PER and stable business ratio

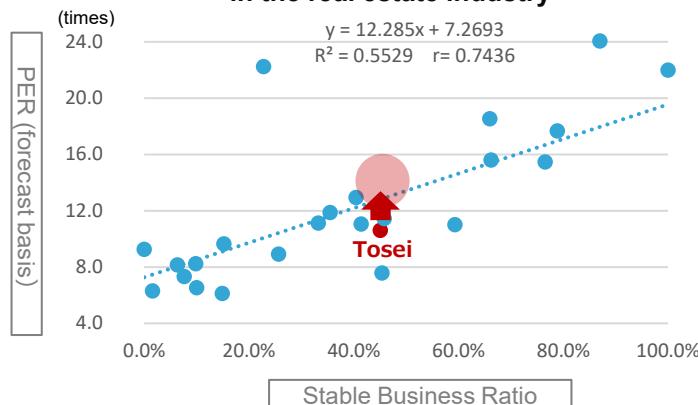
- ▶ In the real estate industry, companies with a high ratio of stable businesses such as leasing and property management have a high PER valuation
- ▶ Aim to further increase recognition of our stable business ratio to improve PER

Our response

Permeate understanding of our portfolio management consisting of Trading and Stable Businesses



#### Correlation between PER and stable business ratio in the real estate industry



\* The data is our estimate based on Refinitiv data (as of Dec. 25, 2025) and the securities report of each company.  
\* Calculated profits of leasing and PM business, etc., ex. trading businesses, of the similar companies in the industry.  
\* There is no guarantee that the PER multiple calculated by Tosei is correct, as sufficient information on the financial results of similar companies is not always available. In addition, the calculation is for reference only, and there is no guarantee that the stock price will be evaluated as calculated.

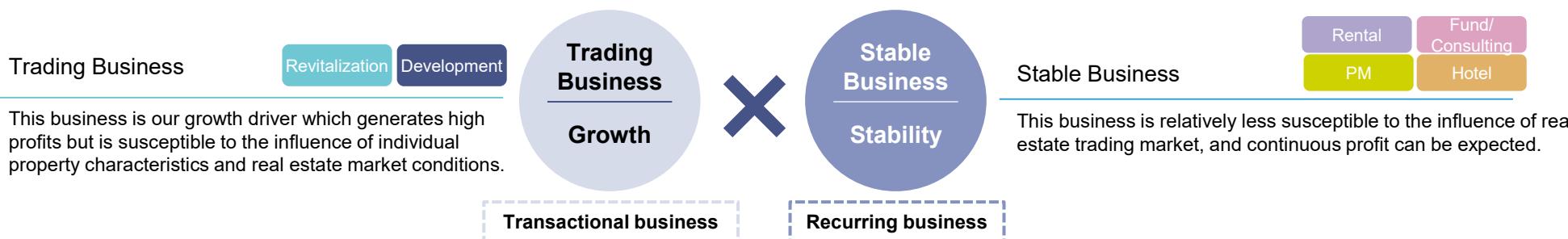
# 〔PER〕 Initiatives for Corporate Value Enhancement

## – Realizing both growth and stability –

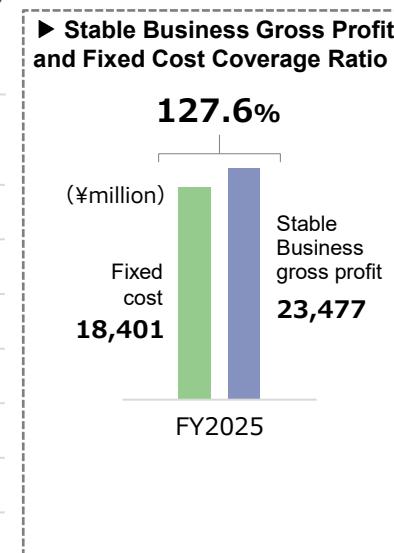
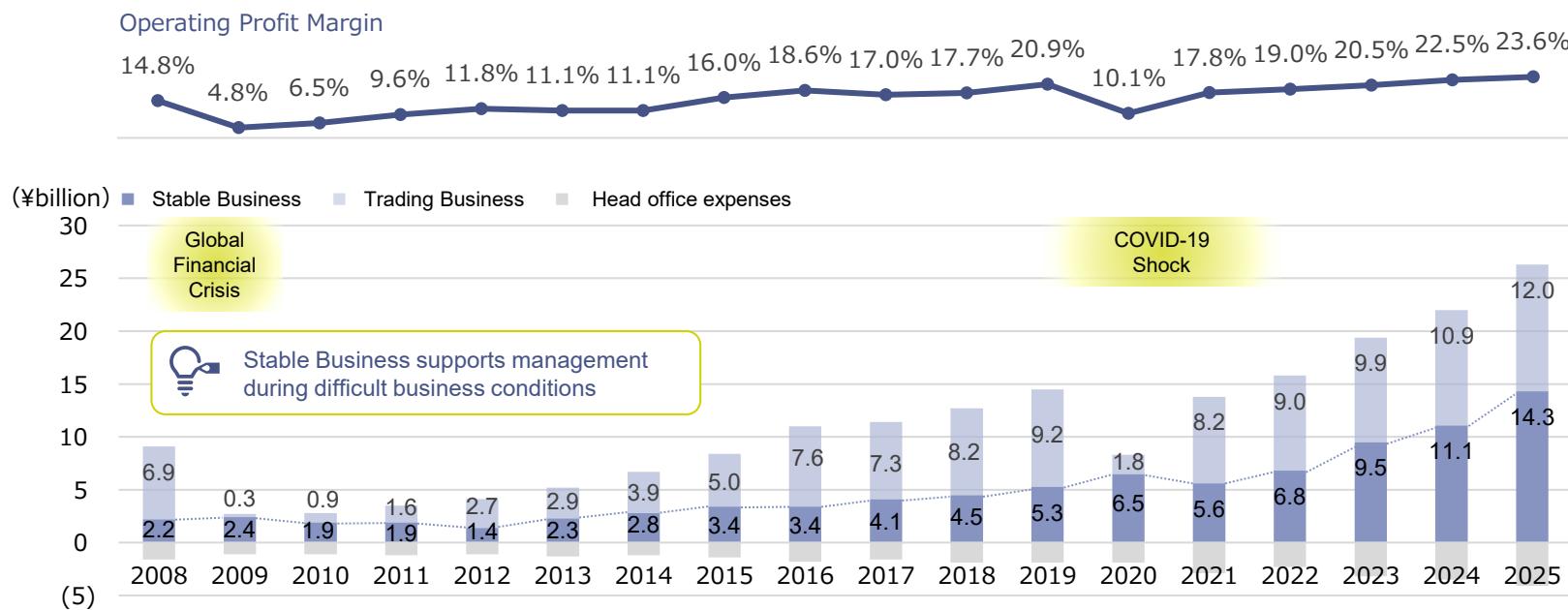
- A business portfolio that combines Trading Business, which is transactional business, and Stable Business, which is recurring business, to achieve both growth and stability
- Covering fixed costs with profits generated from Stable Business

PER

### Realizing both growth and stability



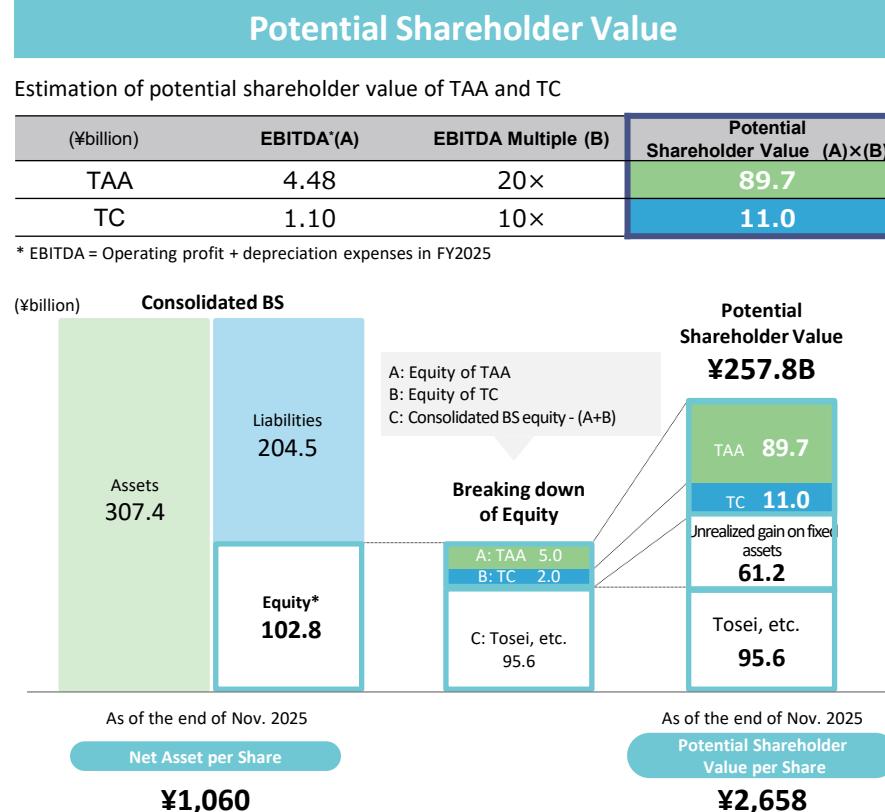
### Trend in the Operating Profit Composition



# [PER] Initiatives for Corporate Value Enhancement

## – Tosei Group's Potential Shareholder Value –

Based on the potential shareholder value of TAA (Fund and Consulting Business) and TC (Property Management Business), together with unrealized gains on fixed assets, the Tosei Group's potential shareholder value is estimated at approx. ¥257.8 billion.



\* TAA: Tosei Asset Advisors, Inc., TC: Tosei Community Co., Ltd. \* Equity: total equity attributable to owners of the parent company

[Note] The financial figures shown on this page are unaudited. Figures related to unrealized gains on fixed assets, EBITDA, and potential shareholder value is not subject to audit or review by an auditing firm. Explanations and other special notes concerning this estimation are as follows.

- Generally, corporate value calculation methods can be broadly classified into the market approach, the income approach, and the cost approach. This estimation adopts the market approach (Comparable Multiple Valuation Method) from the perspective of ensuring objectivity and considering the characteristics of each business.
- The EBITDA multiples are calculated based on the EBITDA multiples of similar companies engaged in real estate asset management and property management businesses based on their publicly available financial statements and other information. However, there is no guarantee that the EBITDA multiples we have estimated are correct as we do not necessarily have adequate information on the financial results, etc. of similar companies. Please also note that the EBITDA multiples for each of our businesses that we have estimated based on such calculations for comparable companies do not necessarily accurately reflect the shareholder value of each of our businesses.
- Unrealized gains on fixed assets are calculated as the difference between the fair value of fixed assets, estimated in-house using methods based on the Real Estate Appraisal Standards, and their book value as of the end of Nov. 2025, deducting 33% corporate tax.
- Please note that these estimations are made for reference purposes only, to provide a better understanding of the shareholder value that our group encompasses and are not intended to guarantee that the shareholder value will be evaluated as shown in the calculations. This document is not intended as a recommendation to invest in the Company's shares.

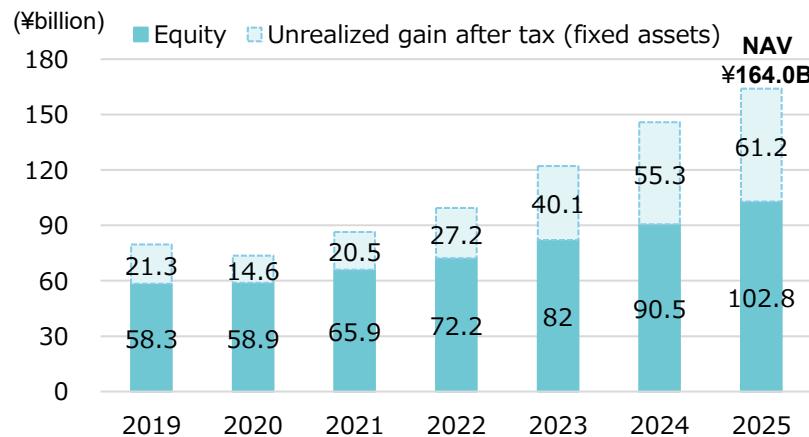
# Initiatives for Corporate Value Enhancement

## – Increase of Net Asset Value & Strengthen IR Activities –

PER

### Increase of Net Asset Value

- Increase NAV through capital accumulation by profit growth, acquisition of high-quality fixed assets and raising asset value



(As of the end of Nov. 2025)

Total Equity	Unrealized Gains After Tax	Net Asset Value
<b>¥102.8 billion</b>	<b>¥61.2 billion</b>	<b>¥164.0 billion</b>
Book Value per Share	Unrealized Gains After Tax per Share	Net Asset Value per Share
<b>¥1,060.18</b>	<b>¥631.99</b>	<b>¥1,692.17</b>

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

PER

### Enhancement of non-financial capital and proactive information disclosure

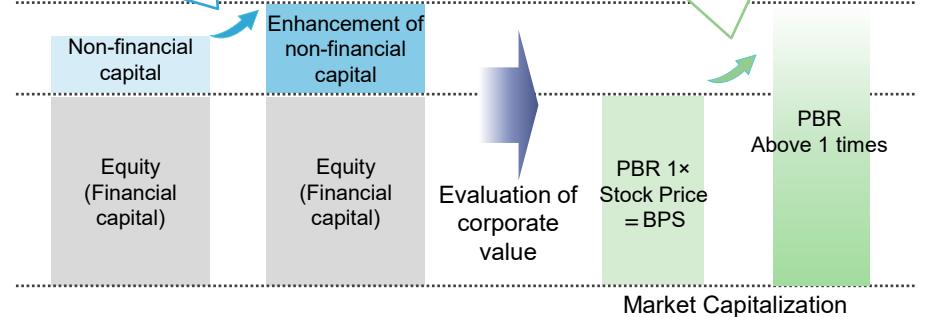
- Strengthen non-financial capital by investing in human capital and improving brand value
- Improve the corporate value by proactive information disclosure

POINT 1

**Strengthen non-financial capital**  
by investing in human capital and  
improving brand value

POINT 2

**Non-financial information is  
reflected in corporate value**  
through information disclosure



▶ [Integrated Report 2025](#)



▶ [ESG REPORT 2024](#)



# Initiatives for Corporate Value Enhancement

## – Dialogue with Shareholders and Investors –

- Actively engage in dialogue with shareholders with the aim of corporate growth and enhancing corporate value
- Opinions and requests, etc. of shareholders ascertained in the dialogue are reported to the Board of Directors

### PER Dialogue with Shareholders and Investors

#### – Dialogues conducted in the most recent fiscal year

	FY2025
Financial results presentation	2 times
Small group meetings	8 times
International 1-on-1 meetings	2 times
1-on-1 meetings with domestic investors	44
1-on-1 meetings with overseas investors	36
1-on-1 meetings with analysts	27
Individual investor presentation	2 times

#### – Main Themes and Concerns discussed in the Dialogue

	Main themes discussed in the dialogues
Medium-Term Management Plan	<ul style="list-style-type: none"><li>Business model and growth strategy, progress of the Plan</li><li>Cost of capital management</li><li>Capital policy, shareholder return policy</li><li>ESG initiatives</li></ul>
Internal and external environment / Business performance trend	<ul style="list-style-type: none"><li>Real estate financial market trends</li><li>Opportunities, risks, and countermeasures in our business (including interest rates, construction costs, inflation trends, and rent increase)</li><li>Fund market, trends of fund investors</li><li>Growth and progress strategy of each business segment</li></ul>
Other	<ul style="list-style-type: none"><li>Progress of the capital and business alliance with Nagoya Railroad</li><li>Measures to enhance shareholder value</li><li>Governance system (diversity of the Board of Directors, directors' remuneration, succession plan, etc.)</li></ul>

Details of our policy on dialogue with shareholders and investors and our dialogue results are disclosed on [our website](#).



- For Contact -

Investor Relations Section  
Corporate Planning Department

Tel: +81 3-5439-8807

Fax: +81 3-5439-8809

URL: <https://www.toseicorp.co.jp/english/>  
E-mail: [ir-tosei@toseicorp.co.jp](mailto:ir-tosei@toseicorp.co.jp)

#### DISCLAIMER

Except for historical facts, all plans, forecasts, strategies and other information contained herein are forward-looking statements. Forward-looking statements include but are not limited to descriptions of future events and performance containing words such as or similar to "believe," "expect," "plan," "strategy," "anticipate," "forecast," and "estimate," and are based on judgments derived from the information available to the Company at the time of publication. Various factors could cause results to differ materially from any projections presented herein. The Company reserves the right to maintain or change its projections regardless of any new information, conditions or changes in performance. These materials are for informational purposes only, and should not be construed as a recommendation to invest in the Company.