

Financial Results for the First Nine Months of the Fiscal Year 2020

Tosei Corporation

Tokyo Stock Exchange, First Section Code : 8923

Singapore Exchange, Mainboard Code : S2D

October 5, 2020

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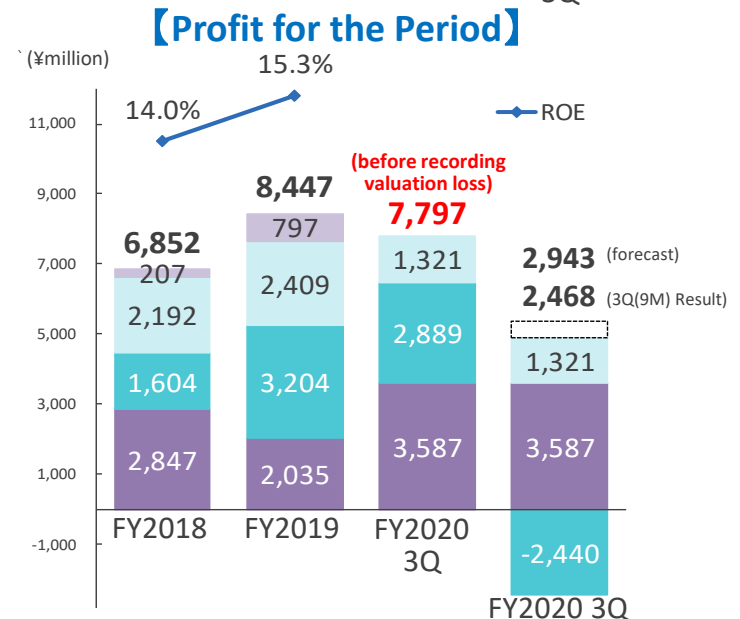
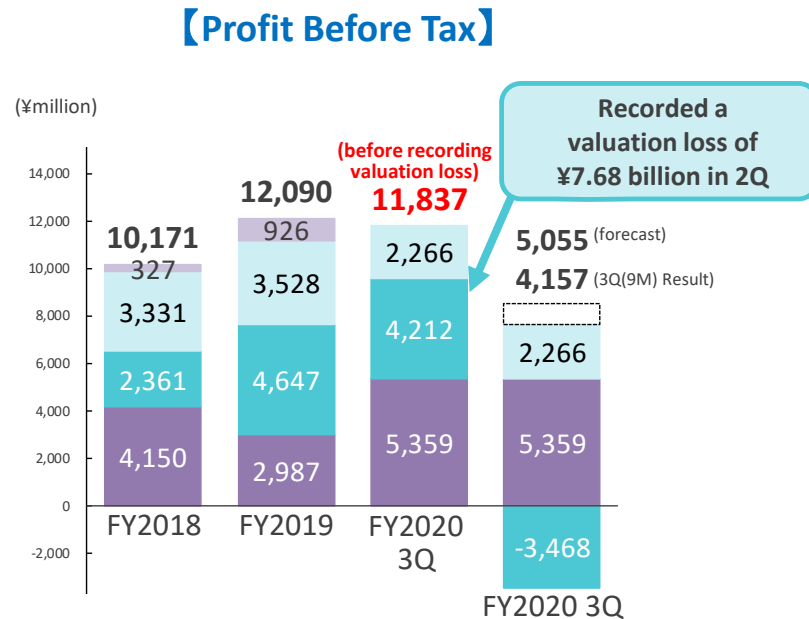
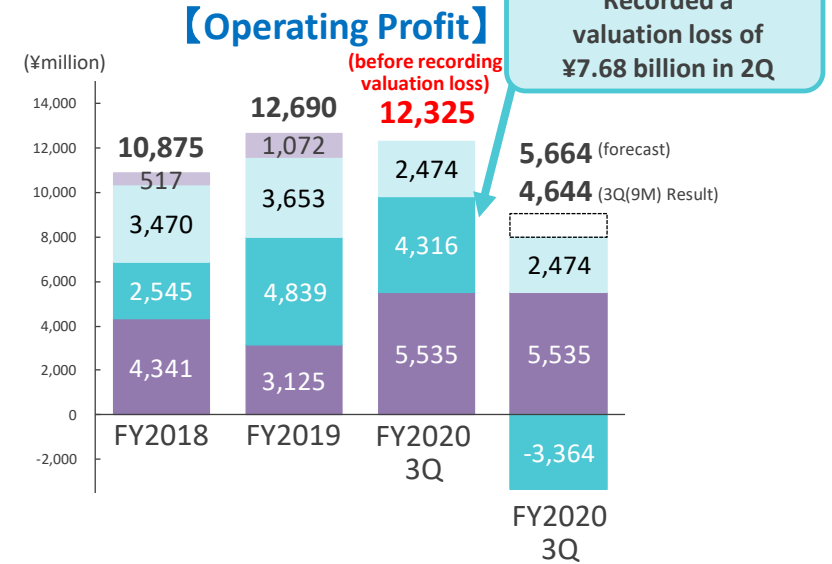
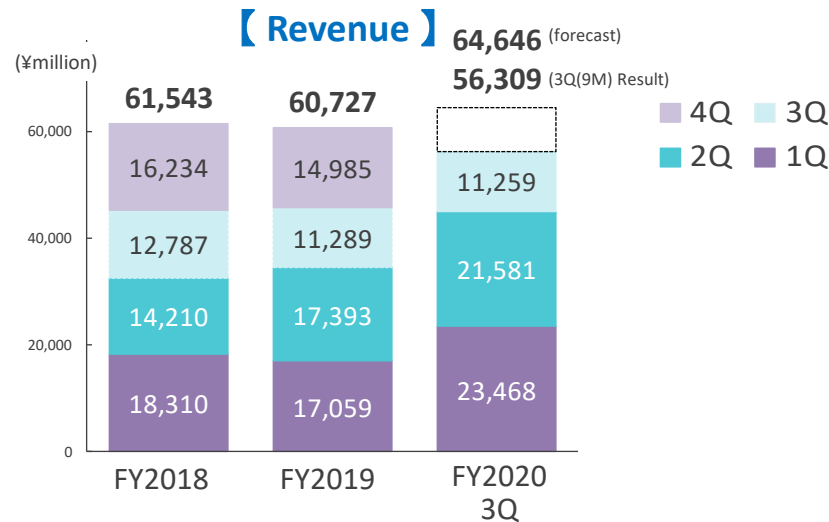
Revision of FY2020 Forecasts

- ◆ In the Revitalization Business, the gross profit margin is expected to be higher in 3Q and 4Q.
In the Fund and Consulting Business, recorded acquisition fees and other related fees let by the acquisition of asset management contracts for new large projects. For these reasons, the Company upwardly revised the earnings forecasts.
- ◆ Maintain the level of dividend payout ratio before revision, increase the dividend per share from ¥13 to ¥16.

FY2020 Consolidated Full-year Forecast					
(¥million)	Old Forecast (A) Announced on 6 Jul. 2020	New Forecast (B) Announced on 5 Oct. 2020	Increase / Decrease Amount (B-A)	Percentage Change	Reference: Previous Year Result (FY2019)
Revenue	64,897	64,646	-251	-0.4%	60,727
Operating Profit	4,680	5,664	+983	+21.0%	12,690
Profit Before Tax	4,070	5,055	+985	+24.2%	12,090
Profit for the Year	2,411	2,943	+531	+22.0%	8,447
Basic Earnings Per Share (EPS)	¥50.72	¥62.05	+¥11.33	+22.3%	¥176.40
Annual Dividends Per Share	¥13	¥16	+¥3	+23.1%	¥42
Payout Ratio	25.6%	25.8%	-	-	23.8%

FY2020 3Q (9M) - Highlights -

- ◆ Revenue ¥56.3B (up 23.1% YoY), Profit before tax ¥4.1B (down 62.8% YoY), Profit for the period ¥2.4B (down 67.7% YoY).
- ◆ Profit for the period is expected to be ¥2.9B due to the impact of ¥7.68B valuation loss on inventories.



FY2020 3Q (9M)- Overview -

Recorded a ¥7.68B valuation loss on “Cost of Revenue”. (¥million)

	FY2019 3Q (9M)		FY2020 3Q (9M) (Before recording valuation loss)		FY2020 3Q (9M) (After recording valuation loss)		YoY change	
	(A)	%		%	(B)	%	(B) – (A)	%
Revenue	45,742	100.0%	56,309	100.0%	56,309	100.0%	10,567	23.1%
Cost of Revenue	28,123	61.5%	37,385	66.4%	45,066	80.0%	16,942	60.2%
Gross Profit	17,618	38.5%	18,923	33.6%	11,242	20.0%	-6,375	-36.2%
Selling, General and Administrative Expenses	6,050	13.2%	6,574	11.7%	6,574	11.7%	524	8.7%
Selling Expenses Pertaining to Property Trading	1,162	2.5%	1,142	2.0%	1,142	2.0%	-19	-1.7%
Expenses Excluding Above	4,888	10.7%	5,432	9.6%	5,432	9.6%	544	11.1%
Other Income	62	0.1%	48	0.1%	48	0.1%	-13	-21.9%
Other Expenses	12	0.0%	72	0.1%	72	0.1%	59	484.7%
Operating Profit	11,618	25.4%	12,325	21.9%	4,644	8.2%	-6,973	-60.0%
Finance Income	101	0.2%	107	0.2%	107	0.2%	6	6.0%
Financial Costs	556	1.2%	595	1.1%	595	1.1%	39	7.0%
Profit Before Tax	11,163	24.4%	11,837	21.0%	4,157	7.4%	-7,006	-62.8%
Income Tax Expense	3,513	-	4,040	-	1,688	-	-1,825	-
Profit for the Period	7,649	16.7%	7,797	13.8%	2,468	4.4%	-5,181	-67.7%
Comprehensive Income for the Period	7,812	17.1%	7,214	—	1,885	3.3%	-5,926	-75.9%
EPS(¥)	159.44		164.40		52.05		-107.39	-67.4%

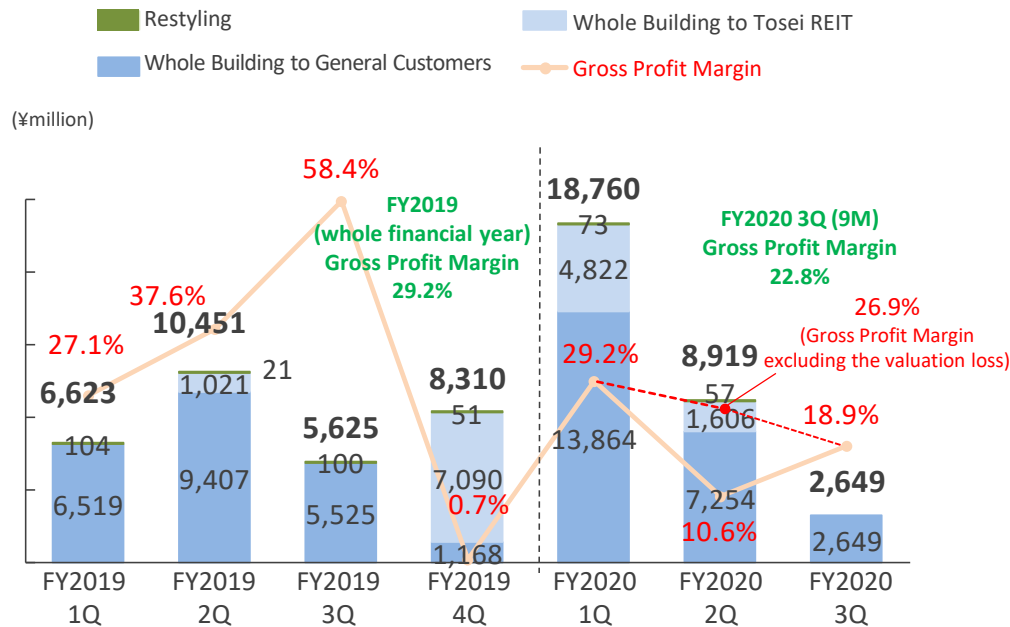
Revitalization Business

Component Ratio



- ◆ Revenue ¥30.3B (up 33.6% YoY), Gross Profit ¥6.9B (down 23.2% YoY)
- ◆ Profitability fell due to effect of ¥1.4B valuation loss on inventories booked in 2Q.
- ◆ Sold a total of 40 properties (11 properties in 3Q) including 3 properties to Tosei Reit Investment Corporation.

Revenue / Gross Profit Margin



(¥million)	FY2019		FY2020	
	3Q (9M)	Full Year	3Q (9M)	Full Year (Forecast)
Revenue	22,701	31,012	30,329	32,677
Gross Profit	9,011	9,065	6,924	7,081
Operating Profit	8,013	7,754	5,772	5,624
No. of Sales (Restyling)	9	11	4	5
No. of Sales (Whole Building, Others)	35	53	40	45

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM: FY2019:¥-366M, FY2020 3Q (9M) -¥1,457M

Major Properties Sold



Shinjuku-ku
Income-generating Bldg.



Hachioji-shi
Income-generating Bldg.



Nakano-ku
Income-generating Apartment



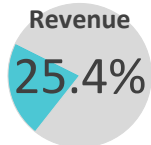
Yokohama-shi
Income-generating Bldg.



Meguro-ku
Income-generating Bldg.

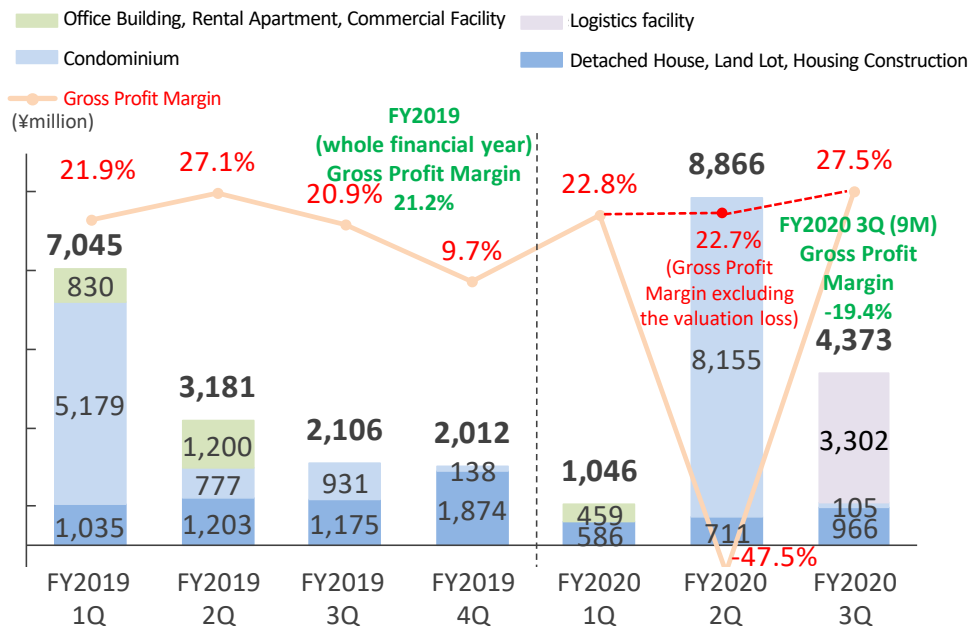
Development Business

Component Ratio



- ◆ Revenue ¥14.2B (up 15.8% YoY), Gross Profit -¥2.7B (¥2.8B in the same period of FY2019)
- ◆ Profitability fell due to effect of valuation loss of ¥6.2B on inventories centering on hotels/commercial facilities booked in 2Q.
- ◆ In 3Q, sold the first logistic facility developed by the company “T’s Logi Hashimoto”.

Revenue / Gross Profit Margin



	FY2019		FY2020	
(¥million)	3Q (9M)	Full Year	3Q (9M)	Full Year (Forecast)
Revenue	12,333	14,346	14,286	15,777
Gross Profit	2,846	3,042	-2,768	-2,469
Operating Profit	1,640	1,528	-3,855	-3,792
No. of Sales (Detached House, etc.)	67	106	51	72
No. of Sales (Condominiums)	160	163	243	243
No. of Sales (Whole Buildings)	2	2	2	2

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM: FY2019:-¥150M, FY2020 3Q (9M):-¥6,225M

Major Properties Sold



T's Logi Hashimoto
(Logistics Facility)



THE Palms Court Tsurumiichiba
(Detached House) all sold on contract basis



Comodo Casa Kanaicho III
(Detached Houses sold by
Tosei Urban Home Corporation)



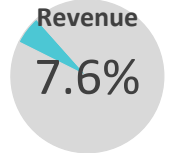
THE Palms Sagamihara Park Brightia
(Condominium) 243 units all sold



THE Palms Court Kokubunji-Koigakubo
(Detached House)
all sold on contract basis

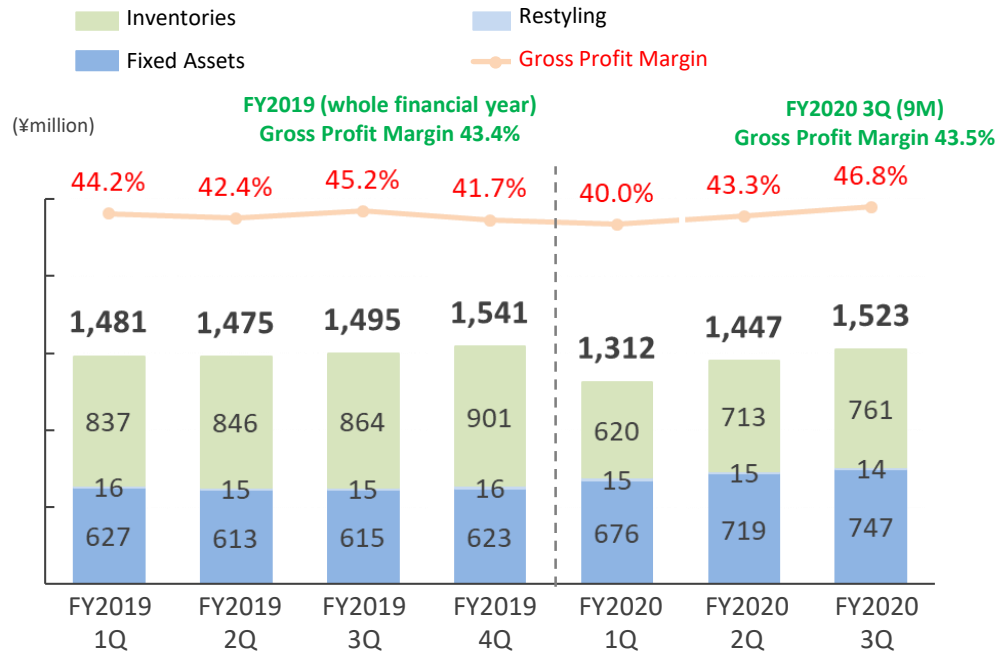
Rental Business

Component Ratio



- ◆ Revenue ¥4.2B (down 3.8% YoY), Gross Profit ¥1.8B (down 4.7% YoY)
- ◆ Although there were asset replacement due to acquisition and sales, secured stable revenue by working on improvement of occupancy rate of newly acquired buildings.
- ◆ Due to the impact of COVID-19, there were requests for rent reductions or payment holidays from some stores, although the ratio of stores to fixed assets is small and the impact is insignificant.

Revenue / Gross Profit Margin

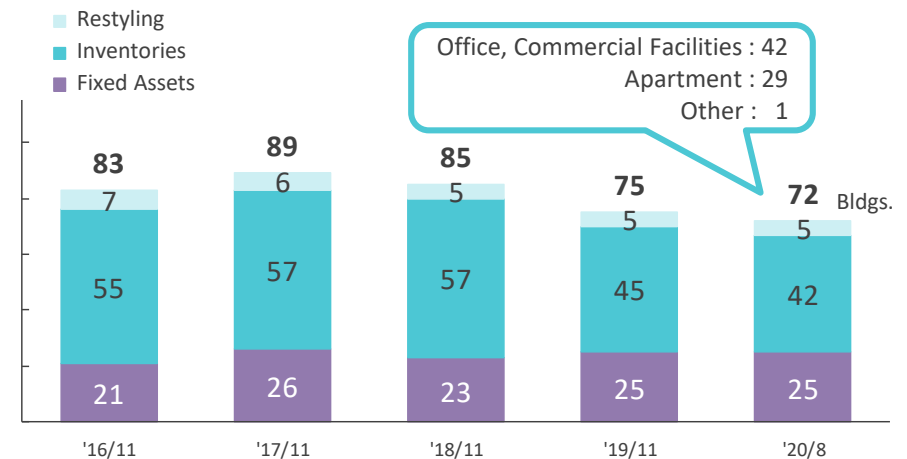


	FY2019		FY2020	
	3Q (9M)	Full Year	3Q (9M)	Full Year (Forecast)
Revenue	4,451	5,993	4,284	5,809
Gross Profit	1,957	2,601	1,865	2,624
Operating Profit	1,801	2,367	1,678	2,353

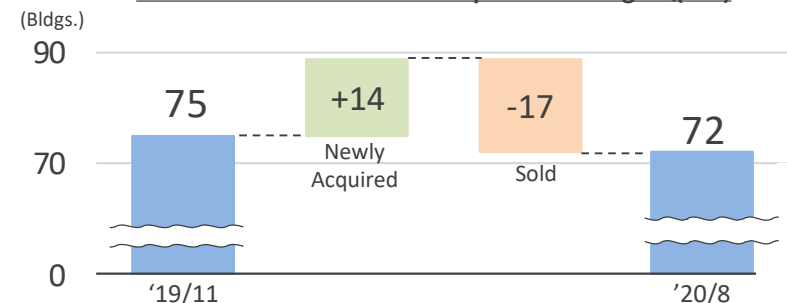
*The revenue includes internal transactions

Breakdown of Properties^{*1} Held by Tosei

^{*1} are the number of properties which have rental income



Increase and Decrease of Properties during 3Q(9M)



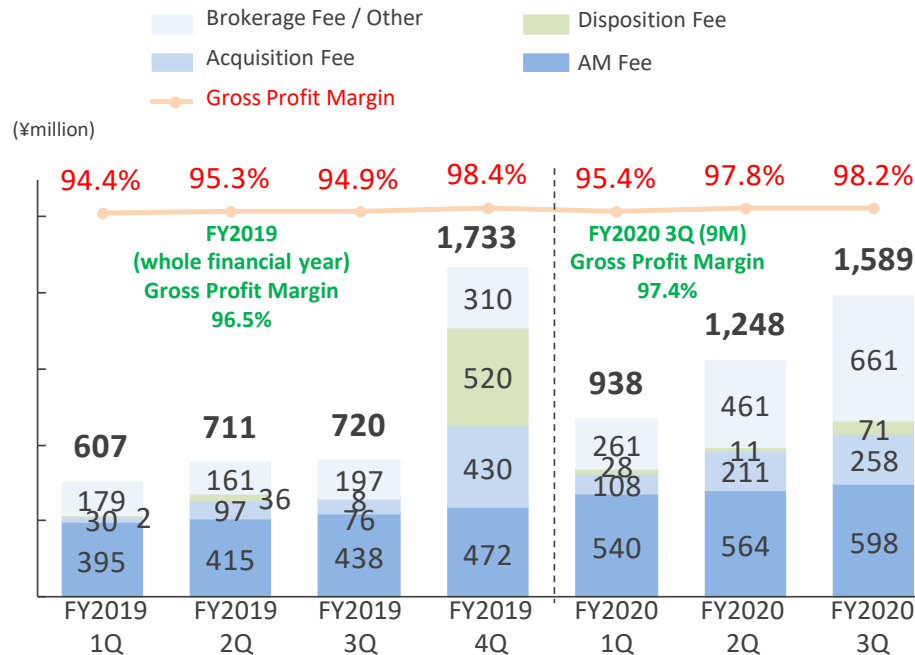
Fund and Consulting Business

Component Ratio

Revenue
6.7%

- ◆ Revenue ¥3.7B (up 85.1% YoY), Gross Profit ¥3.6B (up 90.0% YoY)
- ◆ Private fund's asset under management (AUM) increased to ¥965.4B (up ¥118.9B) due to new asset management contracts from foreign investors. The AUM exceeded **¥1 trillion in September**.

Revenue / Gross Profit Margin

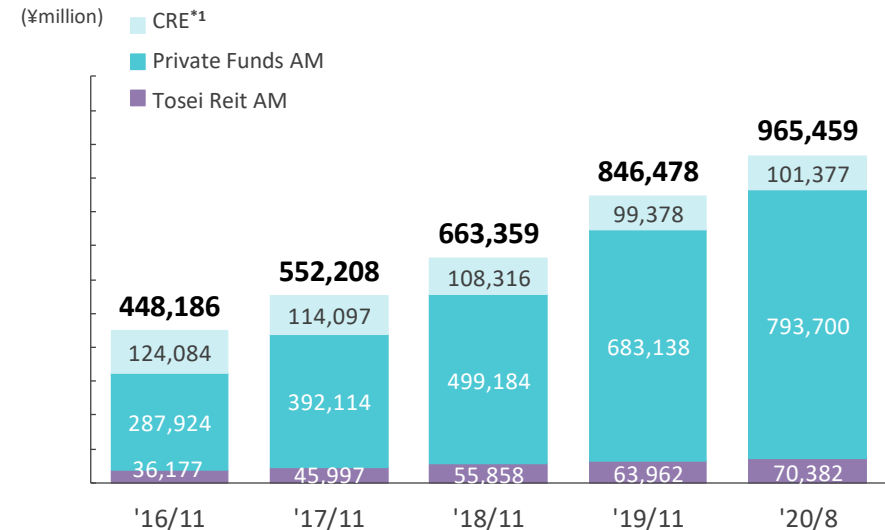


	FY2019		FY2020	
	3Q (9M)	Full Year	3Q (9M)	Full Year (Forecast)
Revenue	2,039	3,773	3,775	5,506
Gross Profit	1,935	3,641	3,677	5,371
Operating Profit	1,047	2,365	2,676	3,964

*The revenue includes internal transactions

Balance of Assets Under Management

*1 The light blue portion indicates the assets under consulting agreements of CRE. CRE is methods of investing in and managing corporate real estate efficiently to maximize long-term enterprise value. By undertaking CRE, Tosei conducts comprehensive consulting services from the views of real estate professional.

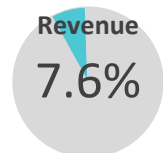


Increase and Decrease of AUM during 3Q(9M)

(¥million)	Increase (A)	Decrease (B)	Net Increase (A)-(B)
CRE	+362	-	+362
Private Funds	+140,523	-28,325	+112,198
Tosei REIT	+6,420	-	+6,420
Total	+147,306	-28,325	+118,981

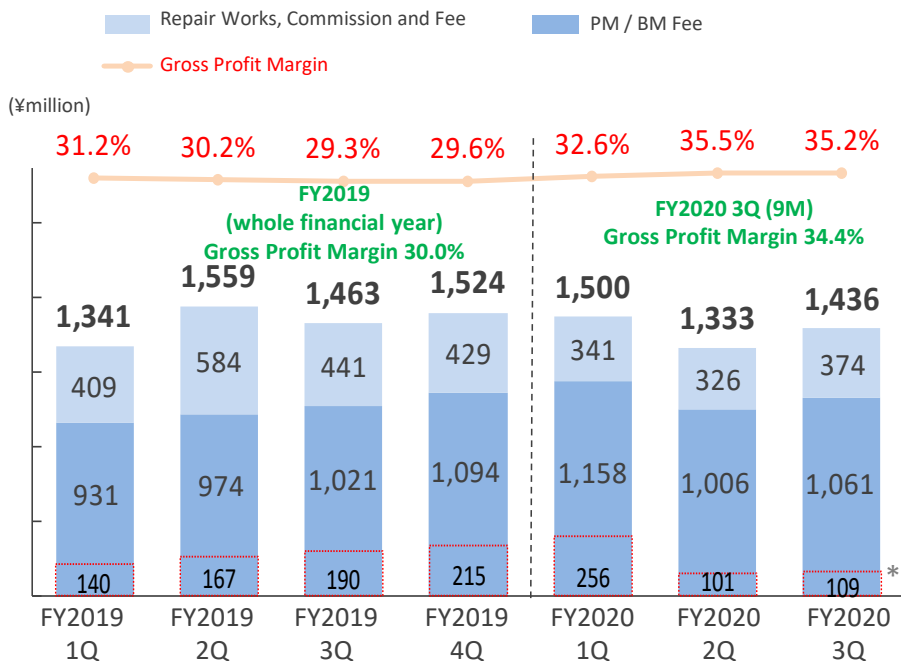
Property Management Business

Component Ratio



- ◆ Revenue ¥4.2B (down 2.1% YoY), Gross Profit ¥1.4B (up 11.4% YoY)
- ◆ Although the property management fee from hotels decreased due to the effect of COVID-19, the number of logistics facility under management increased let to an increase in profit.

Revenue / Gross Profit Margin

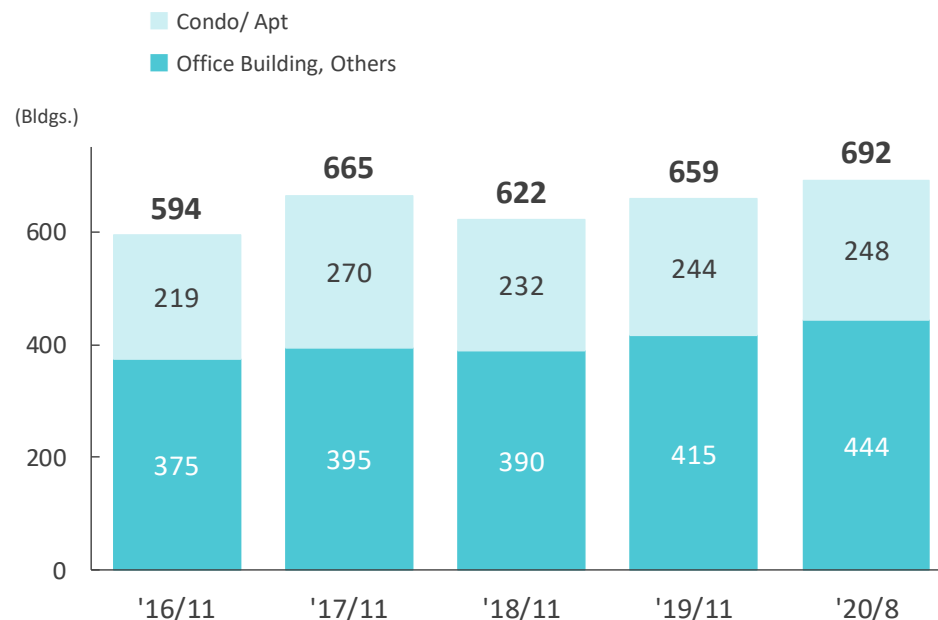


* Red Boxes are the Revenue of PM/BM fee from Hotel management

(¥million)	FY2019		FY2020	
	3Q (9M)	Full Year	3Q (9M)	Full Year (Forecast)
Revenue	4,363	5,888	4,270	5,792
Gross Profit	1,317	1,768	1,467	1,924
Operating Profit	425	504	558	612

*The revenue includes internal transactions

The Number of Properties Under Management



Example of Properties Under Management



Hotel Business

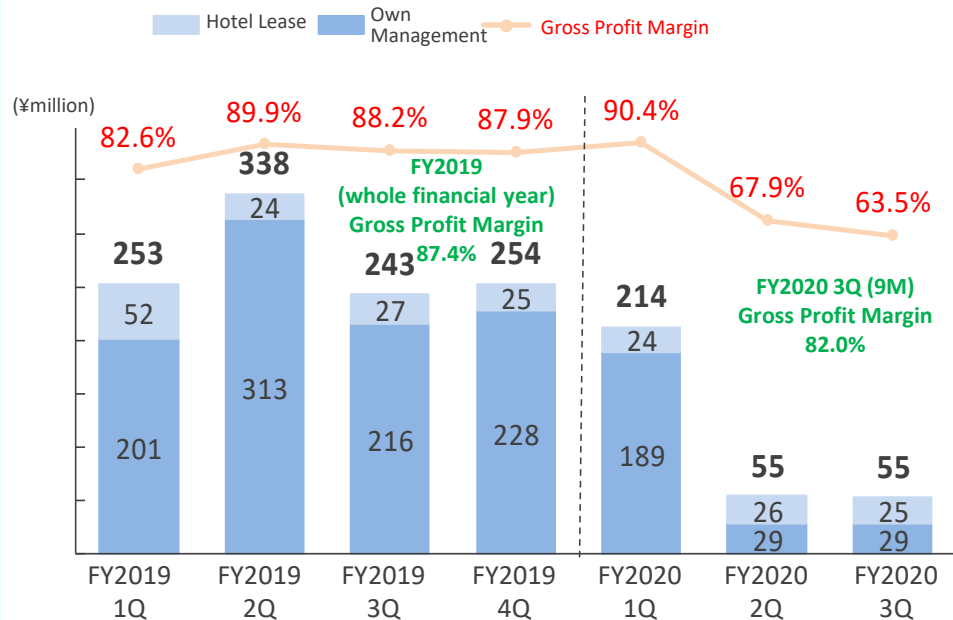
Component Ratio

Revenue

0.6%

- ◆ Revenue ¥325M (down 61.0% YoY), Gross Profit ¥266M (down 63.3% YoY)
- ◆ Both revenue and profit substantially declined due to hotel business temporary closure, postponement of hotel opening, and entry ban on foreign nationals associated with the spread of COVID-19.

Revenue / Gross Profit Margin



	FY2019				FY2020			
	3Q (9M)			Full Year	3Q (9M)			Full Year (Forecast)
	Own Management	Hotel Lease	Total	Total	Own Management	Hotel Lease	Total	Total
	(A)	(B)	(A)+(B)		(A)	(B)	(A)+(B)	
Revenue	731	103	835	1,089	248	76	325	406
Gross Profit	703	24	728	951	239	27	266	332
Hotel's GOP	353	-	353	471	26	-	26	-
Operating Profit	99	23	122	99	-776	42	-733	-873

* The revenue includes internal transactions

* The lost of operating income due to the temporary closure is recorded on Hotel Business and the evaluation lost of hotel properties are recorded on Development Business.

Hotels Held by Tosei

	Name	No. of Rooms	Own Management (Operating Income)		Operated by third party (Rental Income)
			Open	Plan / Under Construction	
1	Tosei Hotel Cocone Kanda	111	○	Closed during May and Jun.	-
2	Tosei Hotel Cocone Ueno	126	○	Closed during May and Jun.	-
3	Tosei Hotel & Seminar Makuhari	137	○	Closed during May and Jun.	-
4	Tosei Hotel Cocone Asakusa-Kuramae	133	○	Jul. 2020	-
5	Tosei Hotel Cocone Ueno-Okachimachi	171	○	Jul. 2020	-
6	Tosei Hotel Cocone Asakusa II*	80		Aug. 2021	-
7	Tosei Hotel Cocone Kamakura*	73		After 2021	-
8	Tosei Hotel & Seminar Chiba-minato Ekimae*	198		After 2022	-
9	Tosei Hotel Cocone Tsukiji*	225		After 2023	-
10	Tama-shi Income-generating Hotel	138		-	○
Total		1,392	9 Hotels		1 Hotel

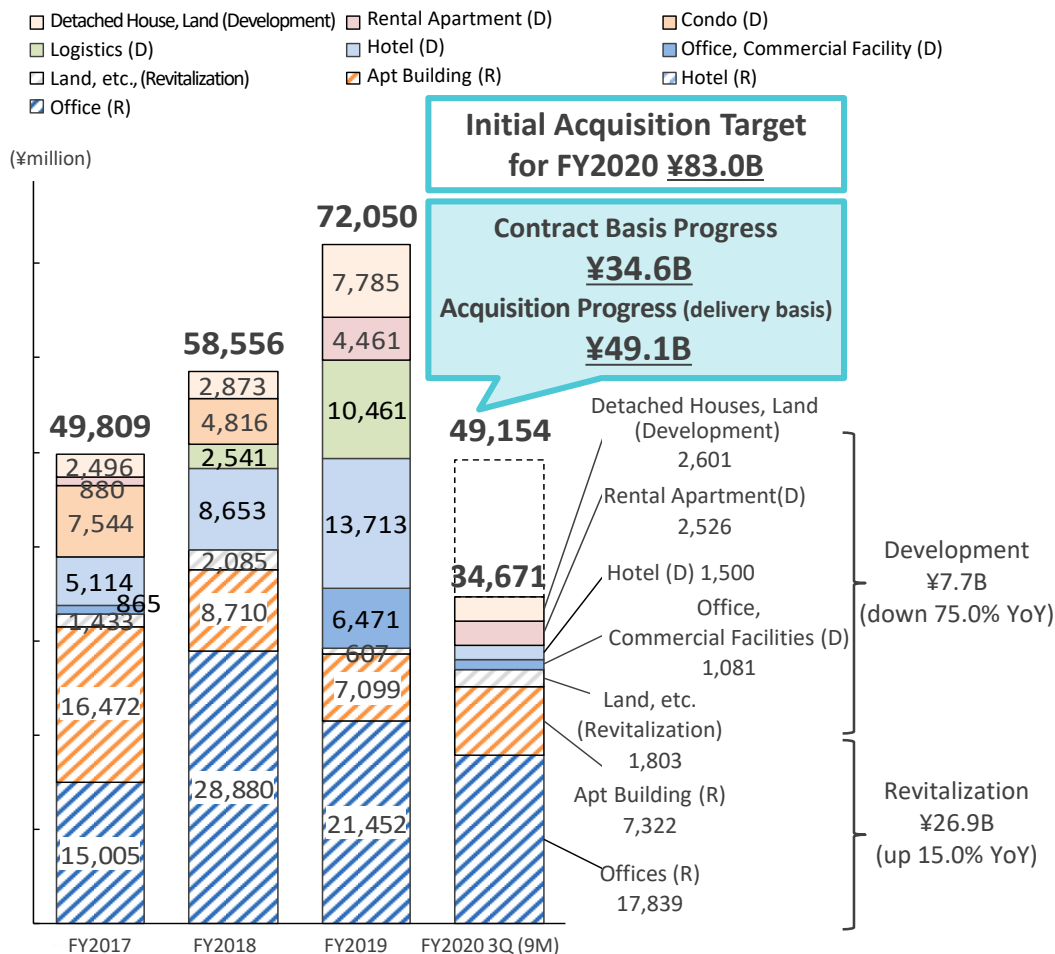
*They are plans at this stage so name and number of rooms, opening date are subject to change in the future.

Acquisitions in Revitalization and Development Businesses -Acquisition Amount and Inventories-

- ◆ Total acquisition amount progressed to ¥34.6B on delivery basis (down 36.1% YoY), ¥49.1B (down 23.5% YoY) on contract basis.
- ◆ In 3Q, acquired only carefully selected properties. Currently preparing to restart the acquisition in 4Q and after.
- ◆ Acquired a large sized office building (NBF Shinkawa Bldg., purchase price ¥11.9B, delivery is scheduled in FY2021) which will contribute to stable earnings.

*For more details for inventory expected disposition value please look P14~P15

Trends in Annual Acquisition Amounts (delivery basis and expected revenues)



*Revitalization includes properties acquired as Fixed Assets (Investment Properties and PPE)

Major Properties Acquired



Toshima-ku
Income-generating Bldg.



Yokohama-shi
Income-generating Bldg.



Shibuya-ku
Income-generating Apartment



Yokohama-shi
Income-generating Apartment

Breakdown of Acquisition (FY2020 3Q (9M))

	Office BL	Apartment	Hotel	Logistics	Detached House, Land Lot	Total
Revitalization	11(1)	10	—	—	7	28(1)
Development	1(1)	1	—(2)	—	3	5(3)

*() are number of acquired land lots and others adjoining to existing properties.

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

◆ Maintained financial soundness by keeping an equity ratio of 36.1% and Net D/E Ratio 0.96.

(¥million)	'19/11	Decrease	Increase	'20/5	Decrease	Increase	'20/8	3Q (9M) Total
								Decrease Increase
Total Liabilities/Equity	161,894	-739		161,154	-1,262		159,892	-2,001
Total Liabilities	103,587	+905		104,492	-2,350		102,142	-1,445
Borrowings	89,843	+3,345		93,188	-1,801		91,387	+1,543
		-36,038	+39,383		-5,409	+3,607		-41,447 +42,991
Current Borrowings	16,291	-7,361		8,930	-281		8,649	-7,642
		-16,499	+9,138		-1,145	+864		-17,645 +10,002
Non-current Borrowings	73,552	+10,706		84,258	-1,520		82,737	+9,185
		-19,539	+30,245		-4,263	+2,743		-23,802 +32,988
Other Liabilities	13,744	-2,439		11,304	-549		10,755	-2,989
Equity	58,306	-1,644		56,661	+1,088		57,749	-556
Equity Ratio (%)	36.0	-0.9		35.2	+1.0		36.1	+0.1
Net D/E Ratio (times)	0.99	+0.03		1.02	-0.06		0.96	-0.03

A: Change in borrowings

The debt balance increased by ¥1.5B from the end of the previous fiscal year. The increase was attributed to new borrowing which exceeded decrease due to properties sold and scheduled payment, etc., also lease liabilities increased ¥1.2B due to adoption of IFRS 16.

(¥million)			1Q		2Q		3Q		3Q (9M) Total	
Current (less than a year non-current included)	Increase Factor	New Borrowing upon Acquisition		+2,528		+163		+412		+3,104
		Long-term borrowing which due became less than one year		+1,937		+4,257		+448		+6,644
		Lease Liabilities		+247		+3		+3		+254
	Decrease Factor	Repayment upon Disposition	-4,468		-4,171		-383		-9,023	
		Other (Refinance, Scheduled Payment, etc.)	-1,943		-5,910		-745		-8,599	
		Lease Liabilities	-2		-4		-16		-22	
Non-Current	Increase Factor	New Borrowing upon Acquisition		+4,347		+13,722		+2,743		+20,813
		Other Repayments (Refinance)		+3,040		+8,135				+11,175
		Lease Liabilities		+999						+999
	Decrease Factor	Repayments upon Disposition	-5,973		-4,674		-3,651		-14,299	
		Other Repayments (Refinance, Scheduled Payment, etc.)	-1,394		-1,169		-60		-2,624	
		Long-term borrowing which due became less than one year	-1,937		-4,257		-448		-6,644	
		Lease Liabilities	-68		-63		-102		-234	
Total			-15,787	+13,100	-20,250	+26,282	-5,409	+3,607	-41,447	+42,991

B: Change in Equity

- Total equity decreased ¥556M from the end of the previous year, reflecting an increase of only ¥2.4B in profits due to recording valuation loss (-¥7.6B) in 2Q, the payment of ¥1.9B of Cash dividends paid and ¥499M purchase of treasury shares, etc.

C: Financial Soundness

- Equity ratio is 36.1% (up 0.1 points from the end of the previous year).
- Net D/E ratio is 0.96 times (down 0.03 points from the end of the previous year).

Inventories

- ◆ Balance of inventories ¥64.9B, total expected disposition value ¥101.1B (Tosei's estimation).
- ◆ Total expected disposition value decreased ¥4.0B (decrease of ¥3.3B due to sales of logistic facility (Development), etc.) from 2Q's estimation ¥105.1B.

Total Book Value as of End of Aug. 2020		64,948M		(Total 101 properties)	
Breakdown					
Property Type	Book Value		Total Book Value	Book Value on Completion	
	Revitalization	Development			
Office, Commercial Facility	25,991 (34)	3,622 (5)	29,614	Additional Cost (Construction, Value-add Cost) 22,399	
Condo/Apt Building	9,955 (24)	2,596 (4)	12,551		
Hotel	-	10,462 (6)	10,462		
Logistics Facility	-	3,284 (1)	3,284		
Detached House	-	6,527 (16)	6,527		
Other	2,508 (11)	-	2,508		
Total	38,454 (69)	26,493 (32)	64,948	87,347	

Total Expected Disposition Value		101,148M		(¥million)
Expected Disposition Value		Total Expected Disposition Value		
Revitalization	Development			
32,263	5,727			37,991
11,413	10,149			21,562
-	20,657			20,657
-	6,218			6,218
-	11,104			11,104
3,615	-			3,615
47,291	53,856			101,148

* () are the number of properties

* The expected disposition values above are based on Tosei's estimate of revenue corresponding to the properties currently in the inventories. Actual amounts may vary significantly from the estimates, due to various factors.

* The condominium buildings and detached houses are counted as each project being one property.

Expected Gross Profit 13,801

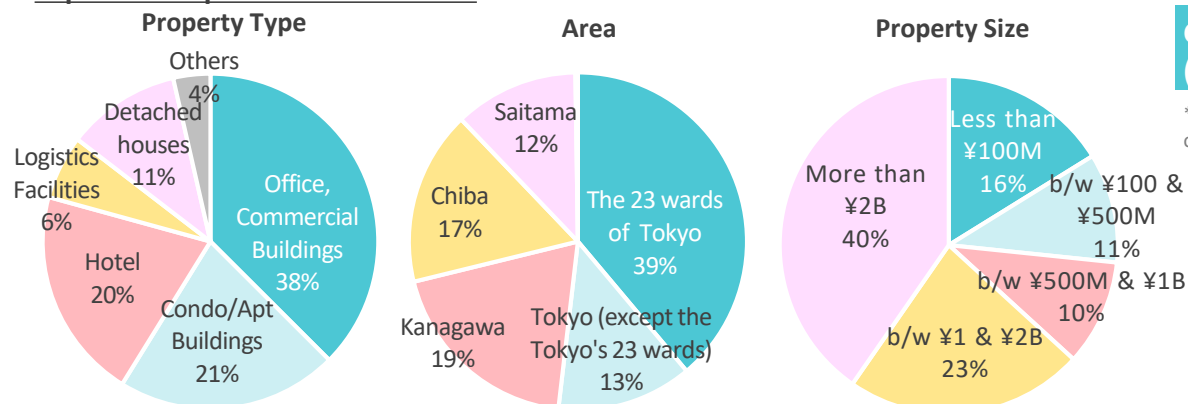
Expected Gross Profit Rate 13.6%

Reference

**Gross Profit Rate
(Past Record*)** 24.2%

*Average of past nine years (FY2017 – FY2019) gross profit rate of Revitalization and Development Businesses.

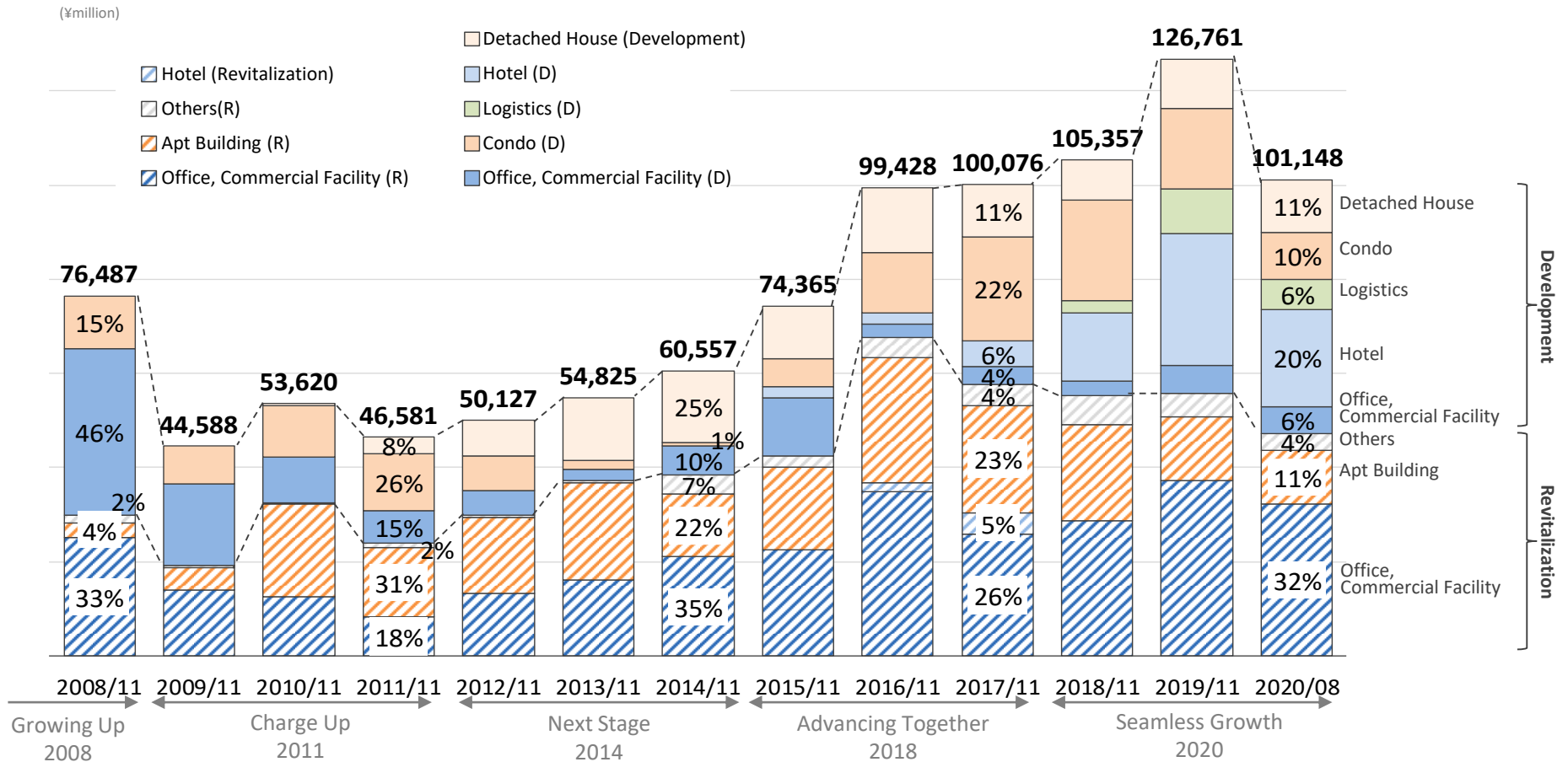
Expected Disposition Values Base



*Detached houses and condominiums are classified by one unit's price.

Inventories - Transition -

- ◆ In the first nine months of FY2020, acquired Inventories of ¥32.0B (total expected disposition value base) and sold ¥44.6B in the Revitalization and Development Business.
- ◆ Expected disposition value was revised down by ¥25.6B in consideration of reevaluating the effect of COVID-19 conservatively.



Fixed Assets (Investment Properties and PPE) - Breakdown -

- ◆ Book values is ¥49.7B and unrealized gains is ¥20.7B (Tosei's estimation).
- ◆ As with the Inventories, fair value based on conservative valuation.

		(¥million)	
Total Book Value as of end of Aug. 2020	49,767M (32 properties)	Fair Value	70,482M

Breakdown of Investment Properties and PPE

Property Type	Book Value(A)	No. of Properties	Fair Value(B)	Unrealized Gains (B)-(A)
Office, Commercial Building* ¹	37,468	24	56,986	19,518
Condo/Apt Building	4,233	4	5,585	1,352
Hotel	7,139	3	6,570	-568
Logistics Facility	926	1	1,340	413
Total	47,797	32	70,482	20,715

Assumption for calculating the Hotel's fair value is occupancy rate 60 to 65%.
The loss will be covered when the occupancy rate go backs to 65 to 70%.

Total
*2 -6,836
Unrealized Gains (After Tax) 13,879

*1 Includes one property which is partially is a hotel

*2 Calculated by corporation tax rate 33%

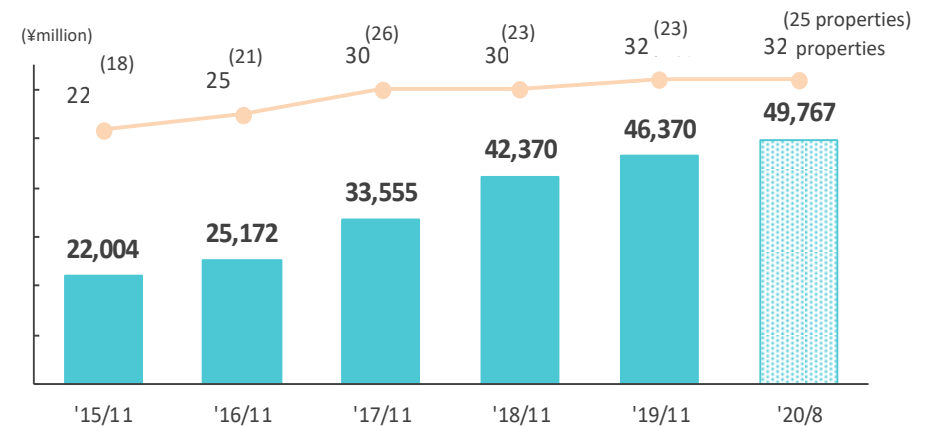
* Fair values in above is based on the real estate appraisal by Tosei

* PPE book value doesn't include tools, appliances, and fixtures.

Total Equity including unrealized gains (after tax) in above

	As of end of Aug. 2020	
		Per Share
Total Equity [A]	¥57,749M	¥1,225.22
Unrealized Gains (after tax)[B]	¥13,879M	¥294.46
Total ([A]+[B])	¥71,629M	¥1,519.69

Changes in Investment Properties and PPE (Book Value)

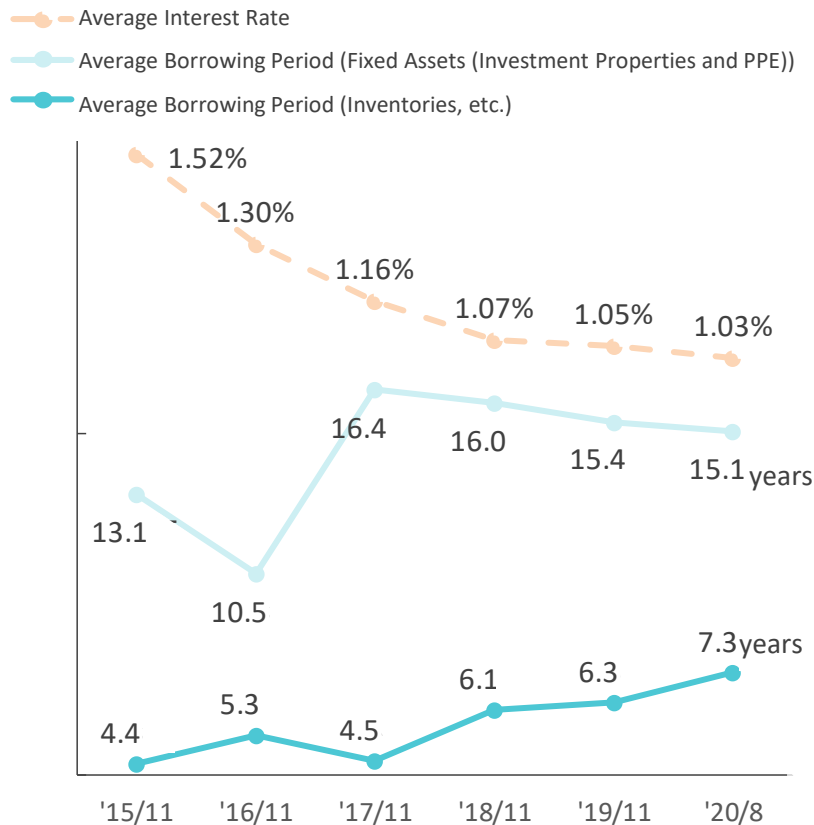


*() are the number of properties which have rental income

Borrowings from Financial Institutions

- ◆ Interest rate 1.03% (down 0.02 point from end of Nov. 2019), low interest rate continues.
- ◆ Generally borrow funds based on the assumption of mid- to long-term ownership of properties.
- ◆ The average borrowing period of Fixed Assets is 15.1 years, current assets, etc. is 7.3 years.

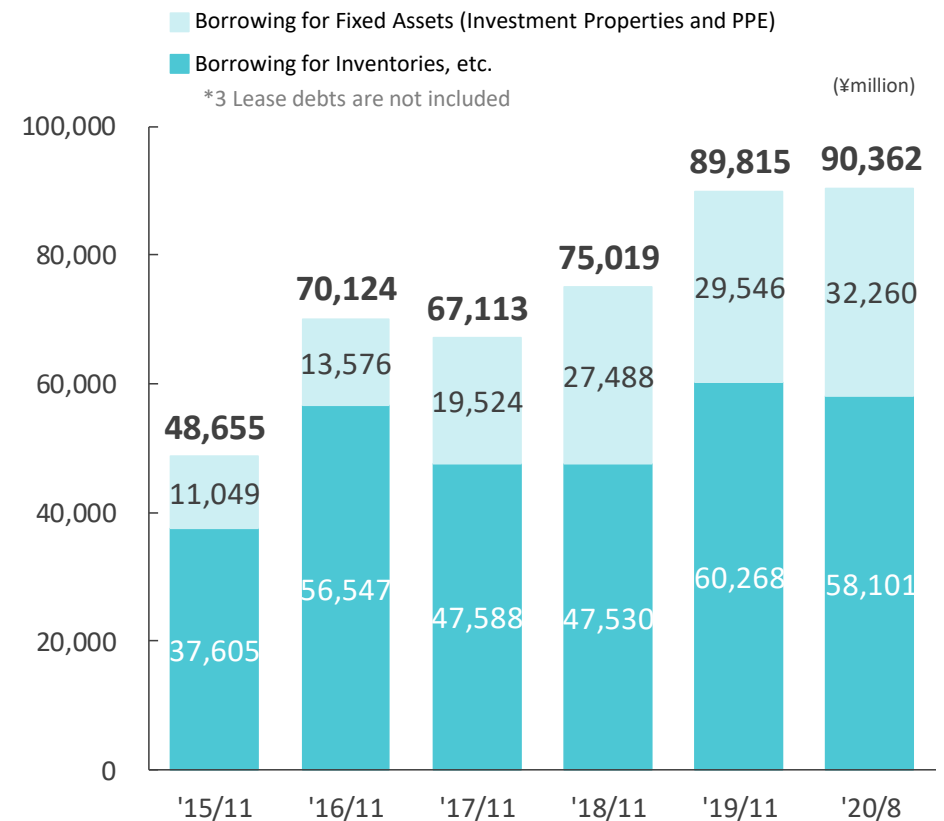
Changes in Borrowing Rate*¹ / Period*²



*1 The weighted-average rate of borrowing balance of end of each fiscal year (Administrative fees are excluded)

*2 Borrowing period are calculated using the weighted average of period from the date of borrowing until due date of borrowing depending on the borrowing balance.

Changes in Borrowing*³ Balance



*3 Lease debts are not included

Overview of Segment Results (Consolidated) -Revenue and Cost of Revenue-

(¥million,%)

Revenue		FY 2019 3Q (9M)		FY 2020 3Q (9M)		YoY Change	
			%		%		%
Total		45,742	100.0%	56,309	100.0%	10,567	23.1%
	Revitalization	22,701	49.6%	30,329	53.9%	7,627	33.6%
	Development	12,333	27.0%	14,286	25.4%	1,953	15.8%
	Rental	4,451	9.7%	4,284	7.6%	-167	-3.8%
	Fund and Consulting	2,039	4.5%	3,775	6.7%	1,736	85.1%
	Property Management	4,363	9.5%	4,270	7.6%	-93	-2.1%
	Hotel	835	1.8%	325	0.6%	-509	-61.0%
	Internal Transaction	-983	-	-962	-	21	-2.2%

Cost of Revenue		FY 2019 3Q (9M)		FY 2020 3Q (9M)		YoY Change	
			%		%		%
Total		28,123	61.5%	45,066	80.0%	16,942	60.2%
	Revitalization	13,690	60.3%	23,404	77.2%	9,714	71.0%
	Development	9,486	76.9%	17,055	119.4%	7,568	79.8%
	Rental	2,494	56.0%	2,419	56.5%	-75	-3.0%
	Fund and Consulting	104	5.1%	98	2.6%	-5	-5.5%
	Property Management	3,046	69.8%	2,802	65.6%	-243	-8.0%
	Hotel	106	12.8%	58	18.0%	-48	-45.1%
	Internal Transaction	-805	-	-772	-	33	-4.1%

Overview of Segment Results (Consolidated) -Gross Profit and Operating Profit-

(¥million,%)

Gross Profit		FY 2019 3Q (9M)		FY 2020 3Q (9M)		YoY Change	
			%		%		%
Total		17,618	38.5%	11,242	20.0%	-6,375	-36.2%
Revitalization		9,011	39.7%	6,924	22.8%	-2,086	-23.2%
Development		2,846	23.1%	-2,768	-19.4%	-5,615	-197.3%
Rental		1,957	44.0%	1,865	43.5%	-92	-4.7%
Fund and Consulting		1,935	94.9%	3,677	97.4%	1,741	90.0%
Property Management		1,317	30.2%	1,467	34.4%	150	11.4%
Hotel		728	87.2%	266	82.0%	-461	-63.3%
Internal Transaction		-177	-	-189	-	-11	6.7%

Operating Profit		FY 2019 3Q (9M)		FY 2020 3Q (9M)		YoY Change	
			%		%		%
Total		11,618	25.4%	4,644	8.2%	-6,973	-60.0%
Revitalization		8,013	35.3%	5,772	19.0%	-2,241	-28.0%
Development		1,640	13.3%	-3,855	-27.0%	-5,496	-335.1%
Rental		1,801	40.5%	1,678	39.2%	-122	-6.8%
Fund and Consulting		1,047	51.4%	2,676	70.9%	1,629	155.5%
Property Management		425	9.7%	558	13.1%	133	31.4%
Hotel		122	14.7%	-733	-225.3%	-856	-697.3%
Corporate Expenses, etc.		-1,432	-	-1,451	-	-19	1.3%

Summary of Cash Flow Statements (Consolidated)

(¥million)

	FY2019 3Q (9M) (A)	FY2020 3Q (9M) (B)	YoY Change (B)-(A)
Cash flows from / used in operating activities	-2,997	10,858	13,856
Profit before tax	11,163	4,157	-7,006
Depreciation expense	652	892	239
Increase / Decrease in inventories	-12,678	1,042	21,369
Valuation loss in inventories	32	7,680	-7,648
Income taxes paid	-3,928	-3,050	877
Other, net	1,761	137	-1,623
Cash flows from/used in investing activities	-358	-4,258	-3,900
Increase / Decrease in PPE	-46	-157	-110
Increase / Decrease in investment properties	-326	-3,239	-2,912
Other, net	15	-862	-878
Cash flows from/used in financing activities	9,585	-2,771	-12,357
Increase / Decrease in borrowings	12,753	546	-12,206
Cash dividends paid	-1,454	-1,996	-541
Interest expenses paid	-720	-667	52
Purchase of Treasury Share	-999	-499	499
Other, net	6	-154	-161
NET Increase / Decrease in cash and cash equivalents	6,229	3,828	-2,400
Cash and cash equivalents at beginning of period	26,520	31,998	5,478
Effect of exchange rate change on cash and cash equivalents	-1	-0	0
Cash and cash equivalents at end of period	32,748	35,826	3,078

Cash Flows from Operating Activities

¥ 10.8B increased

Mainly due to ;

- ¥4.1B of profit before tax
- ¥1.0B increase in inventories
- ¥7.6B of recording valuation loss
- ¥3.0B of income taxes paid

Cash Flows from Investing Activities

¥4.2B decrease

Mainly due to;

- ¥3.2B purchase of investment properties (purchase of a property ¥2.2B etc.)
- ¥150M of purchase of PPE

Cash Flows from Financing Activities

¥2.7B decrease

Mainly due to;

- ¥546M net increase in borrowings
- ¥1.9B of cash dividends paid
- ¥667M of interest expenses paid
- ¥499M purchase of treasury shares

Shareholder Returns Policy

Trends in Dividends

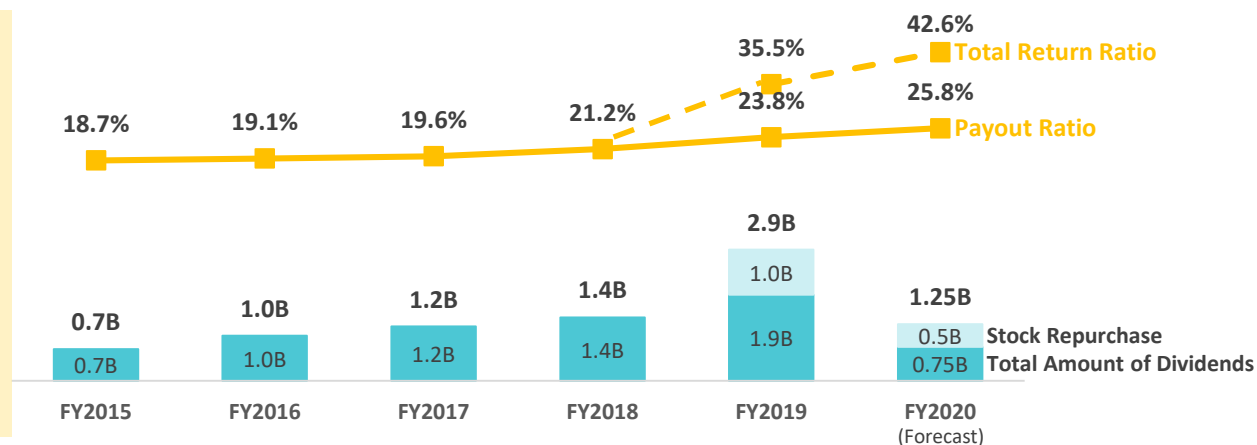
- ◆ Based on the earnings forecast revision announced on 5 Oct. 2020, increase the dividend per share to ¥16.

	FY2016	FY2017	FY2018	FY2019	FY2020	
					Old Forecast Announced on 6 th Jul.	New Forecast Announced on 5 th Oct.
Earnings Per Share (EPS)	¥114.89	¥127.48	¥141.36	¥176.40	¥50.72	¥62.05
Annual Dividends Per Share	¥22	¥25	¥30	¥42	¥13	¥16
Payout Ratio	19.1%	19.6%	21.2%	23.8%	25.6%	25.8%
ROE	14.4%	14.1%	14.0%	15.3%	5.1%	5.1%
Share Buyback	-	-	-	¥1B	(announced on Apr. 6 th) ¥500M	
Total Return Ratio (Including share buyback)	-	-	-	35.5%	42.6%	

Repurchase of the Company's Shares

- ◆ Repurchased the Company's Shares up to ¥500M (announced on April 6, 2020)

- **Reason for the repurchase**
Stock was repurchased to raise the level of shareholder returns and improve capital efficiency.
- **Total number of shares repurchased**
499,500 shares
(1.06% of issued shares (excluding treasury shares))
- **Total value of shares repurchased**
¥499M
- **Period for the repurchase**
From April 8, 2020 to July 7, 2020
(Repurchase completed)



Shareholder Returns Policy

Current Share Price

Market Capitalization (As of 25 Sep. 2020)	Profit for the Year (Forecast) (As of 5 Oct. 2020)	Net Book Value (As of end of Aug. 2020)	Unrealized Gain (After Tax) (As of end of Aug. 2020)	Net Asset Value* (As of end of Aug. 2020)
¥45.4 billion	¥29.4 billion	¥57.7 billion	¥13.8 billion	¥71.6 billion
Stock Price (A)	Earnings per Share (B)	Book Value per Share (C)	Unrealized Gain per Share	Net Asset Value per Share* (D)
¥965.00	¥62.05	¥1,225.22	¥294.46	¥1,519.6
PER (A) ÷ (B)		PBR (A) ÷ (C)	Price/NAV Ratio* (A) ÷ (D)	
15.55 times		0.79times	0.63 times	

* Net Asset Value = Net Asset Value + Unrealized gains (after tax)

* Fair value of Fixed Assets (Investment Properties and PPE) are calculated by the Company based “Real Estate Appraisal Standards”.

* Corporate tax is calculated at 33%

Business Efficiency Indicators

ROE (Result for end of FY2019)	ROA (Result of end of FY2019)	ROIC (Result of end of FY2019)
15.3 %	8.0 %	6.4 %
Cost of Shareholder's Equity (Data from Refinitiv as of Sep. 2020)		WACC (Data from Refinitiv as of Sep. 2020)
7.2 %		4.6 %

Please visit our website.



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