

# Financial Results for the First Three Months of the Fiscal Year 2020

## Tosei Corporation

Tokyo Stock Exchange, First Section Code : 8923  
Singapore Exchange, Mainboard Code : S2D

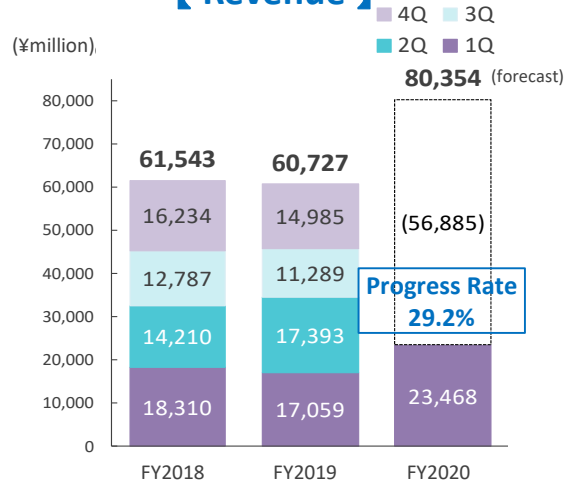
\*The presentation published on April 6, 2020 is revised on April 13, 2020 (Page 21 was added)

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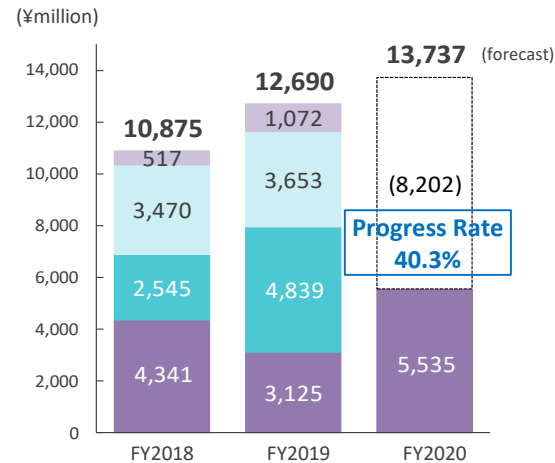
# FY2020 First Three Months / Full Year Forecasts - Highlights-

- ◆ Revenue ¥23.4 billion (up 37.6% yr/yr), Profit before tax ¥5.3 billion (up 79.4% yr/yr), Profit for the period ¥3.5 billion (up 76.2% yr/yr).
- ◆ Revitalization Business drove Company's sales performance and achieved more than 40% of the full year profit before tax forecast.

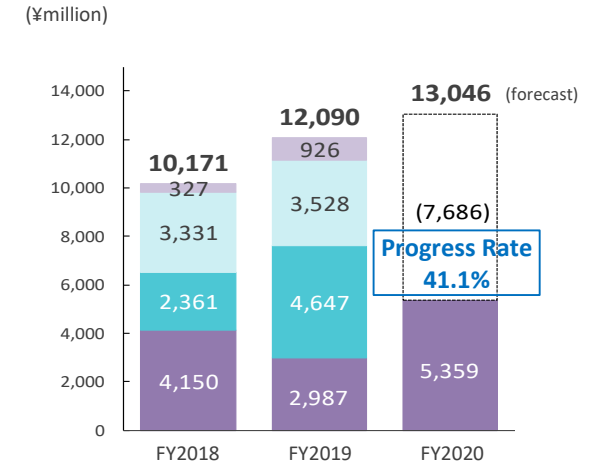
## 【Revenue】



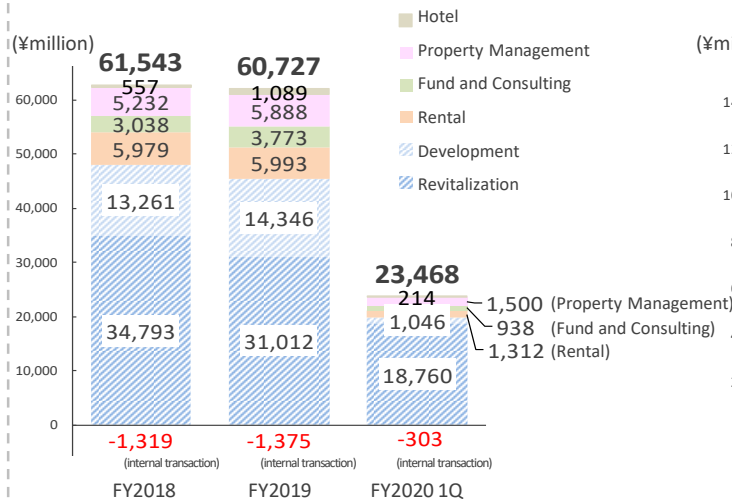
## 【Operating Profit】



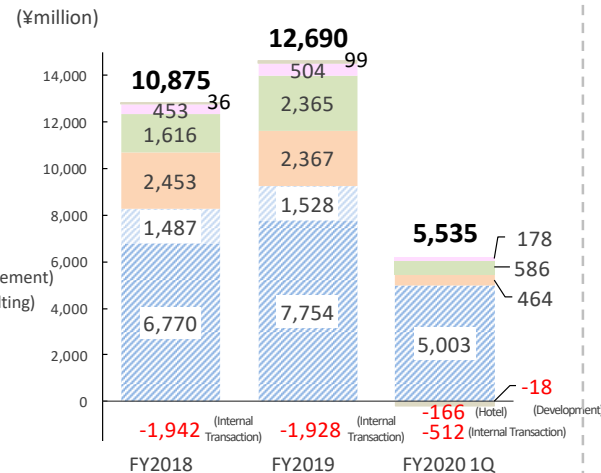
## 【Profit Before Tax】



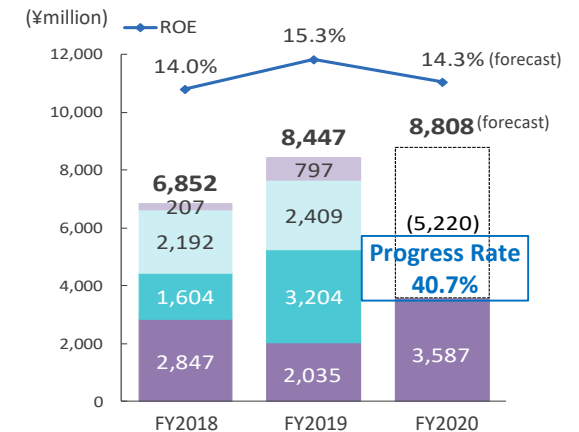
## < Segment Revenue >



## < Segment Operating Profit >



## 【Profit for the Period】



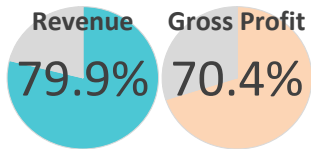
\*ROE= Profit for the year ÷ ((total equity as of end of previous fiscal year + total equity as of end of present fiscal year) ÷ 2)

# FY2020 First Three Months - Overview -

(¥million)						
	FY2019 1Q		FY2020 1Q		yr/yr change	
		%		%		%
Revenue	17,059	100.0%	23,468	100.0%	6,409	37.6%
Cost of Revenue	11,914	69.8%	15,685	66.8%	3,771	31.7%
Gross Profit	5,145	30.2%	7,782	33.2%	2,637	51.3%
Selling, General and Administrative Expenses	2,055	12.0%	2,251	9.6%	196	9.6%
Selling Expenses Pertaining to Property Trading	540	3.2%	389	1.7%	-150	-27.9%
Expenses Excluding Selling Expenses Pertaining to Property Trading	1,514	8.9%	1,861	7.9%	347	22.9%
Other Income	39	0.2%	6	0.0%	-33	-84.3%
Other Expenses	4	0.0%	2	0.0%	-1	-44.8%
Operating Profit	3,125	18.3%	5,535	23.6%	2,409	77.1%
Finance Income	40	0.2%	0	0.0%	-40	-99.0%
Financial Costs	178	1.0%	176	0.8%	-2	-1.6%
Profit Before Tax	2,987	17.5%	5,359	22.8%	2,372	79.4%
Income Tax Expense	951	-	1,771	-	820	-
Profit for the Period	2,035	11.9%	3,587	15.3%	1,552	76.2%
Comprehensive Income for the Period	2,067	12.1%	3,261	13.9%	1,194	57.8%
EPS(¥)	41.97		75.37		33.40	79.6

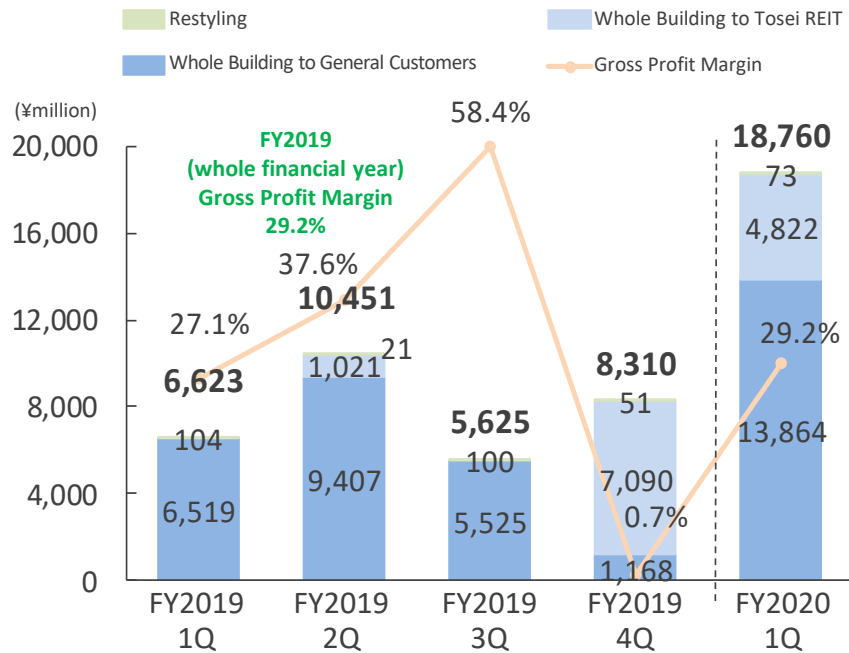
# Revitalization Business

## Component Ratio



- ◆ Revenue ¥18.7 billion (up 183.2% yr/yr), Gross Profit ¥5.4 billion (up 205.7% yr/yr)
- ◆ Large-sized property of more than ¥2 billion contributed to revenue and other properties also sold well. A total of 18 properties (up 3 properties yr/yr) were sold.
- ◆ 2 of the properties (¥4.8 billion) were sold to Tosei Reit Investment Corporation.

## Revenue / Gross Profit Margin



(¥million)	FY2019		FY2020	
	1Q	Full Year	1Q	Full Year (Forecast)
Revenue	6,623	31,012	18,760	46,776
Gross Profit	1,791	9,065	5,477	11,199
Operating Profit	1,424	7,754	5,003	9,165
No. of Sales (Restyling)	4	11	2	5
No. of Sales (Whole Building, Others)	15	53	18	63

## Major Properties Sold



Yokohama-shi  
Income-generating Building



Shinjuku-ku  
Income-generating Building



Nishitokyo-shi  
Income-generating Apartment



Kashiwa-shi  
Income-generating Apartment

# Development Business

## Component Ratio

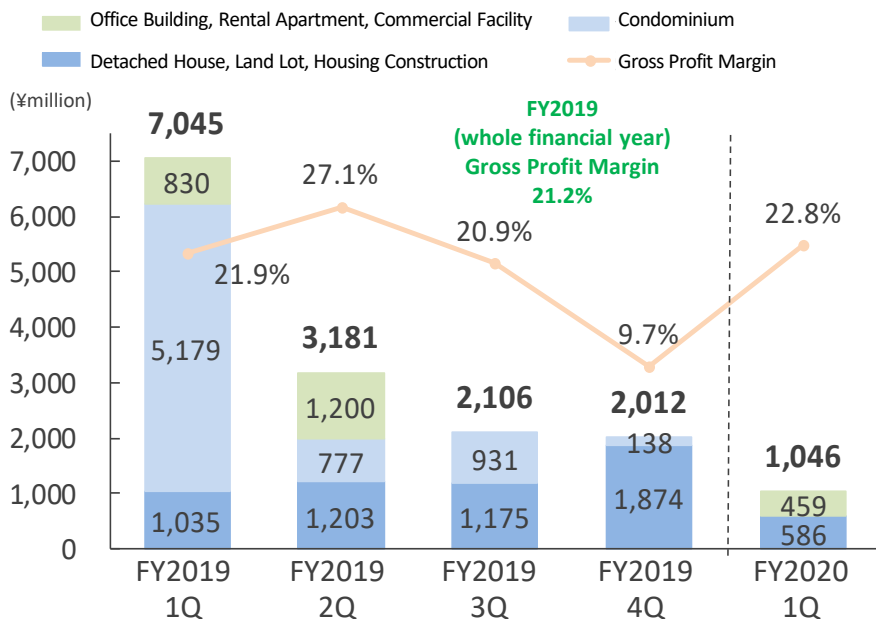
Revenue 4.5%  
Gross Profit 3.1%

◆ Revenue ¥1.0 billion (down 85.1% yr/yr), Gross Profit ¥0.23 billion (down 84.5% yr/yr)

◆ A newly built condominium “THE Palms Sagamihara Park Brightia” is scheduled for delivery in 2Q (all 243 units are sold out on contract basis).

◆ Sold a commercial facility, T’s BRIGHTIA Fujimidai.

## Revenue / Gross Profit Margin



(¥million)	FY2019		FY2020	
	1Q	Full Year	1Q	Full Year (Forecast)
Revenue	7,045	14,346	1,046	17,396
Gross Profit	1,545	3,042	238	4,083
Operating Profit	1,045	1,528	-18	2,625
No. of Sales (Detached House, etc.)	20	106	12	99
No. of Sales (Condominiums)	121	163	-	243
No. of Sales (Whole Buildings)	1	2	1	3

\*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM: FY2019:-¥150 million, FY2020:-¥1 million

## Major Properties Sold



THE Palms Court Kokubunji-Koigakubo (Detached House)



T's BRIGHTIA Fujimidai (Commercial Facility)



THE Palms Court Funabashi-hoten (Detached House)



Kawasaki-shi Asao-ku (Detached House PJ sold by Tosei Urban Home Corporation)

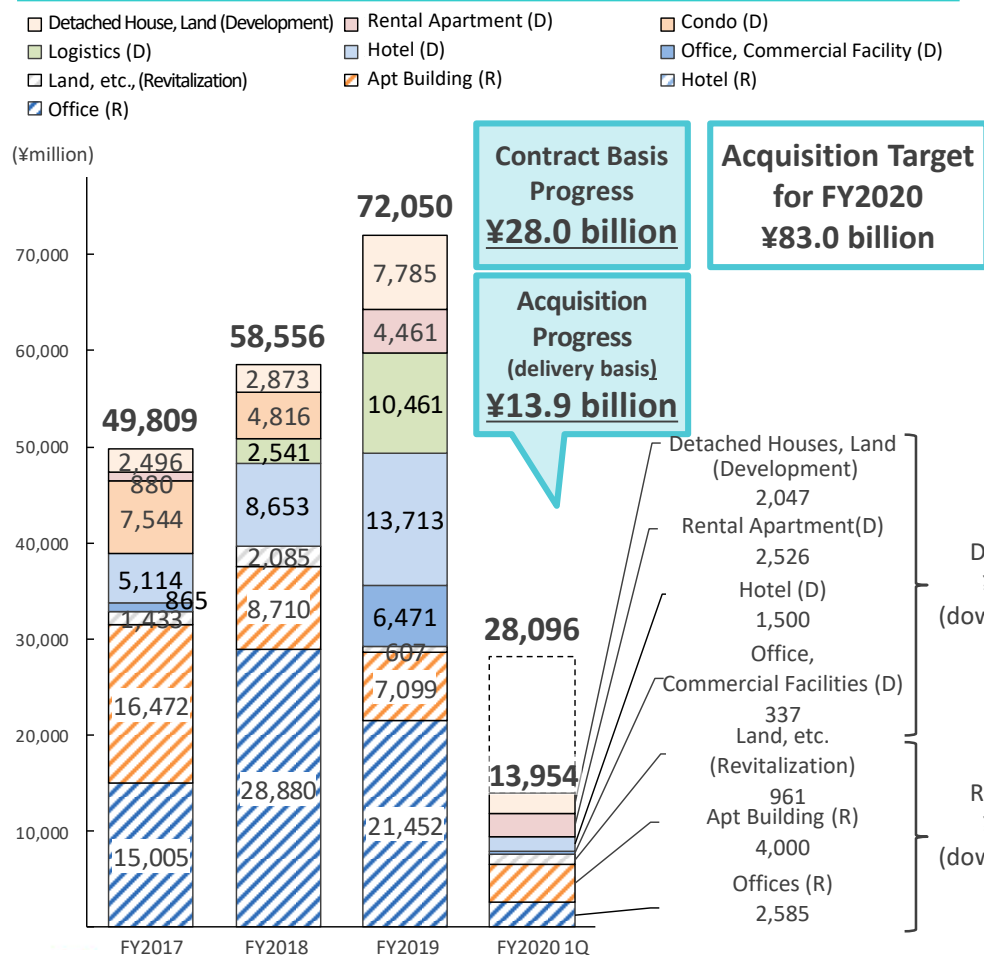


# Acquisitions in Revitalization and Development Businesses -Acquisition Amount and Inventories-

- ◆ Total acquisition amount progressed to ¥13.9 billion on delivery basis, acquired mainly income generating office buildings and apartments.
- ◆ Total acquisition amount progressed to ¥28.0 billion on contract basis.

\*For more details for inventory expected disposition value please look P13~P14

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



## Major Properties Acquired



Yokohama-shi  
Income-generating Apartment



Toshima-ku  
Income-generating Building



Shibuya-ku  
Income-generating Apartment

### Breakdown of Acquisition (FY2020 1Q)

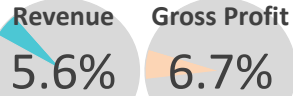
	Office BL	Apartment	Hotel	Logistics	Detached House, Land Lot	Total
Revitalization	1	4	-	-	3	8
Development	- (1)	1	- (2)	-	1	2 (3)

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

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

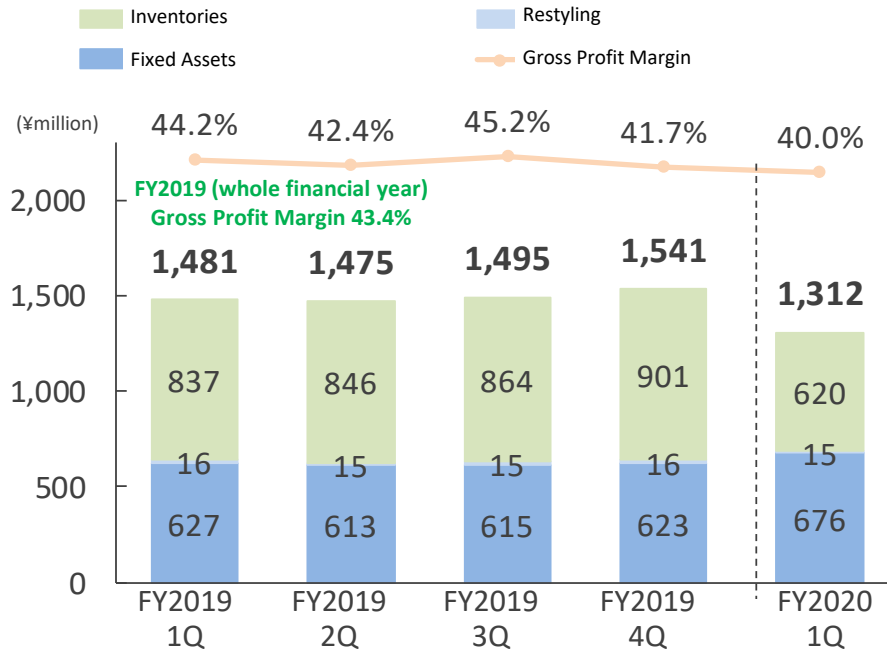
# Rental Business

## Component Ratio



- ◆ Revenue ¥1.3 billion (down -11.4% yr/yr), Gross Profit ¥0.52 billion (down -19.9% yr/yr)
- ◆ Although there were asset replacement due to acquisition and sales, secured stable revenue by working on improvement of occupancy rate of newly acquired buildings.

## Revenue / Gross Profit Margin

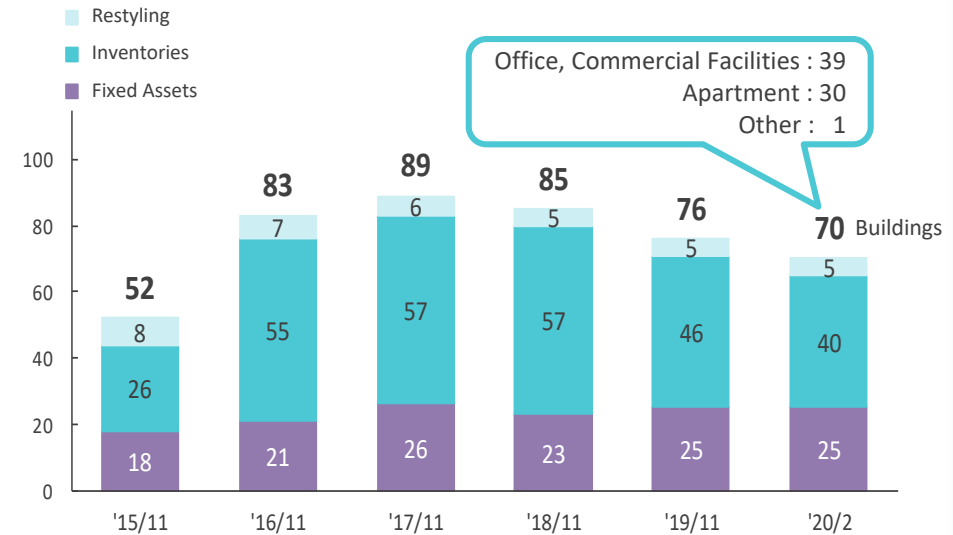


(¥million)	FY2019		FY2020	
	1Q	Full Year	1Q	Full Year (Forecast)
Revenue	1,481	5,993	1,312	5,984
Gross Profit	655	2,601	525	2,621
Operating Profit	606	2,367	464	2,337

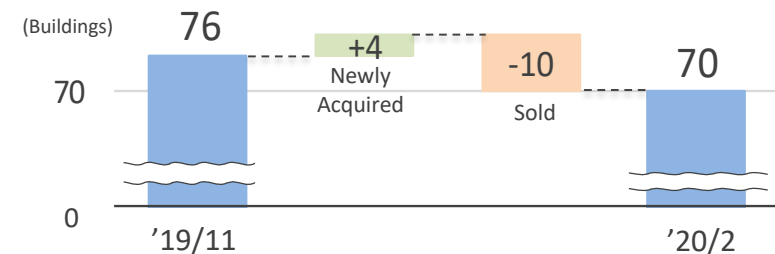
\*The revenue includes internal transactions

## Breakdown of Properties<sup>\*1</sup> Held by Tosei

<sup>\*1</sup> are the number of properties which have rental income



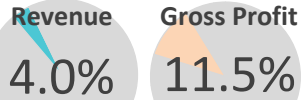
## Increase and Decrease of Properties from Dec. 2019 to Feb. 2020





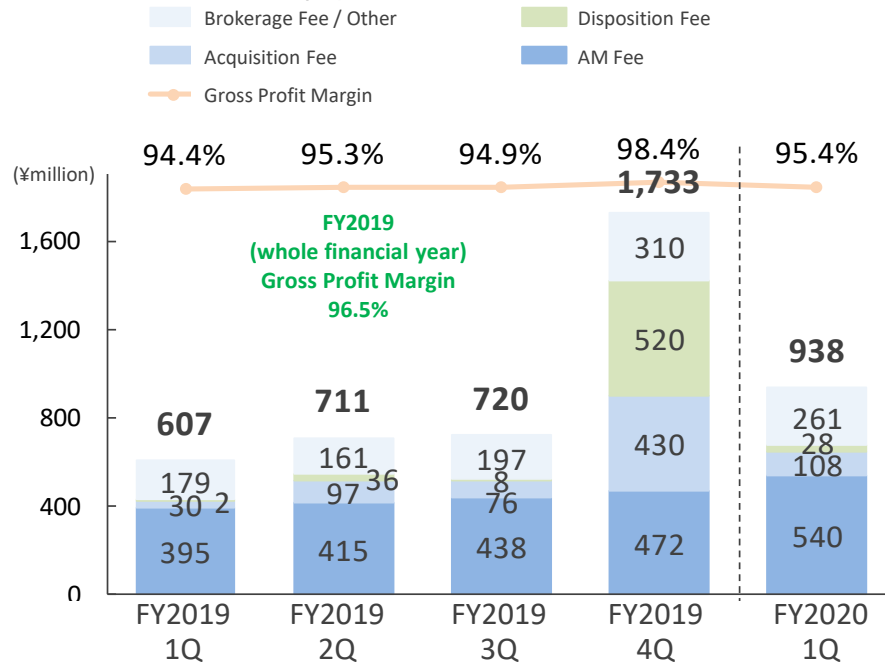
# Fund and Consulting Business

## Component Ratio



- ◆ Revenue ¥0.93 billion (up 54.4% yr/yr), Gross Profit ¥0.89 billion (up 56.0% yr/yr)
- ◆ Private fund's asset under management (AUM) increased to ¥875.1 billion (up ¥28.6 billion ), Asset Management fee also increased steadily.

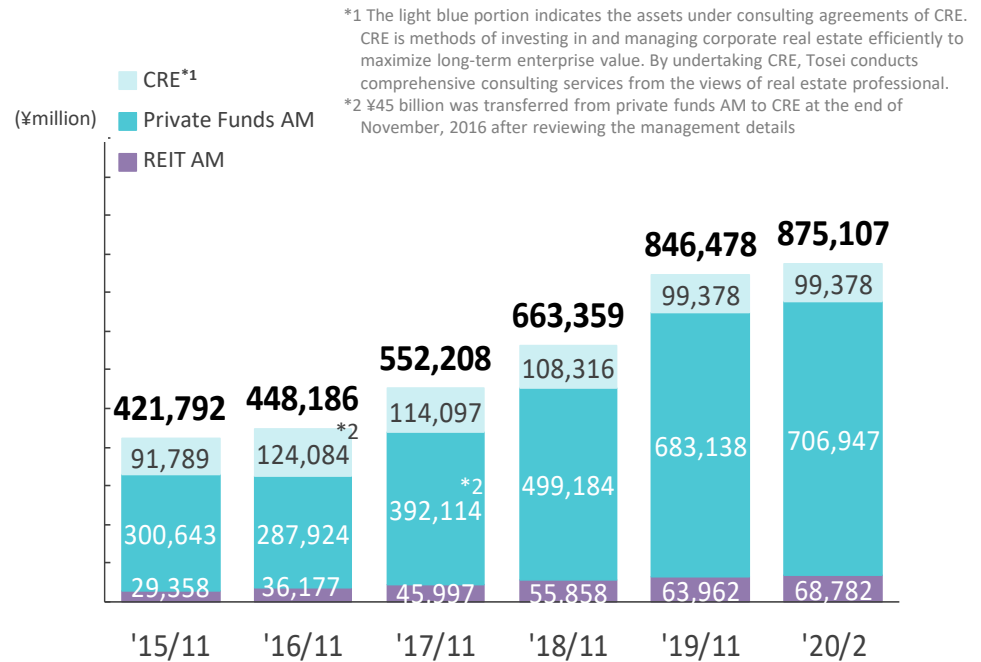
## Revenue / Gross Profit Margin



(¥million)	FY2019		FY2020	
	1Q	Full Year	1Q	Full Year (Forecast)
Revenue	607	3,773	938	3,194
Gross Profit	573	3,641	894	3,066
Operating Profit	297	2,365	586	1,758

\*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.

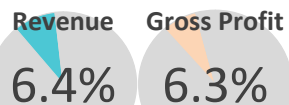
\*2 ¥45 billion was transferred from private funds AM to CRE at the end of November, 2016 after reviewing the management details

## Increase and Decrease of AUM from Dec. 2019 to Feb. 2020

(¥million)	Increase (A)	Decrease (B)	Net Increase (A)-(B)
CRE	-	-	-
Private Funds	+27,152	-3,343	+23,808
Tosei REIT	+4,820	-	+4,820
<b>Total</b>	<b>+31,972</b>	<b>-3,343</b>	<b>+28,628</b>

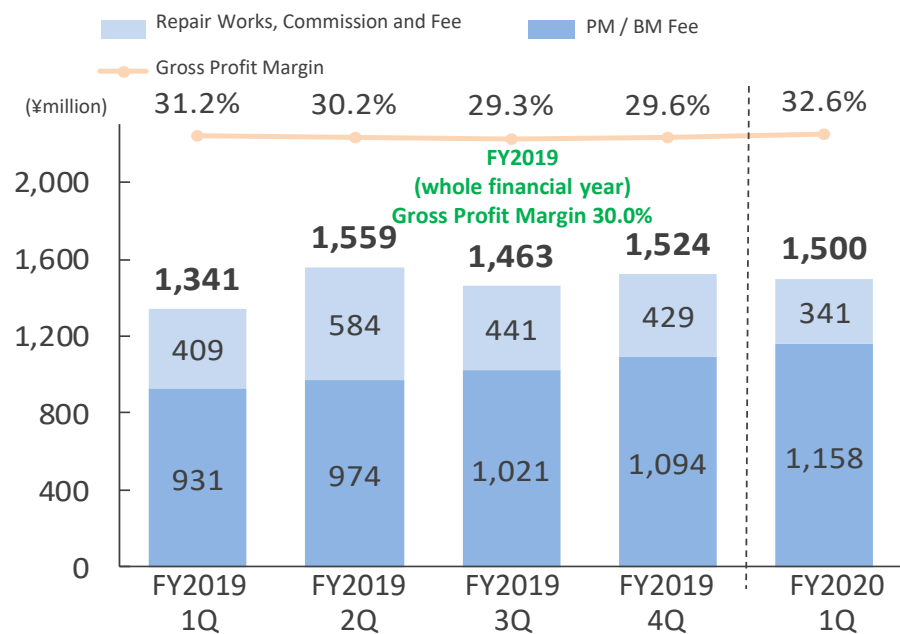
# Property Management Business

## Component Ratio



- ◆ Revenue ¥1.5 billion (up 11.8% yr/yr), Gross Profit ¥0.48 billion (up 16.7% yr/yr)
- ◆ The number of properties under management increased to 666 properties (up 7 properties from end of Nov. 2019). Both property management and building management fee continued to increase.

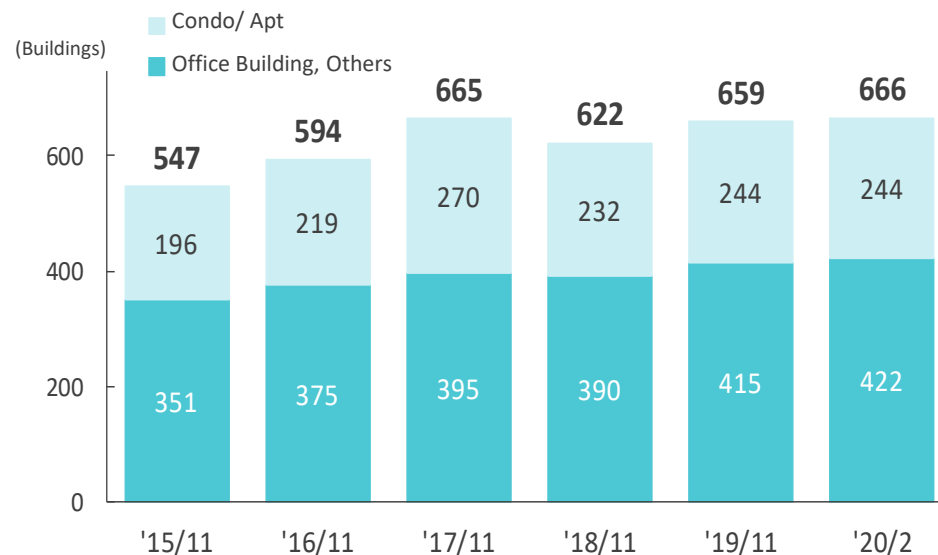
## Revenue / Gross Profit Margin



(¥million)	FY2019		FY2020	
	1Q	Full Year	1Q	Full Year (Forecast)
Revenue	1,341	5,888	1,500	6,539
Gross Profit	418	1,768	488	1,946
Operating Profit	120	504	178	539

\*The revenue includes internal transactions

## The Number of Properties Under Management



## Example of Properties Under Management



# Hotel Business

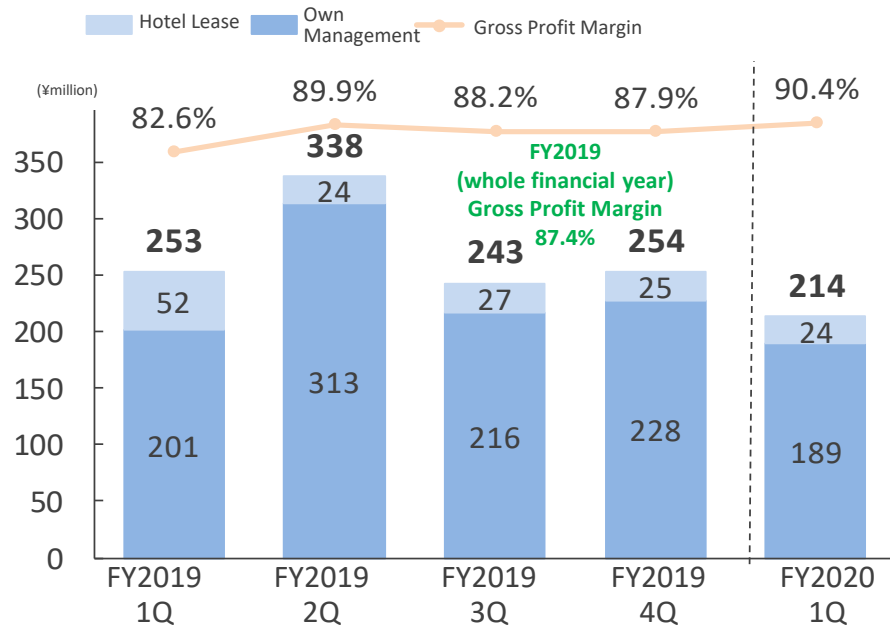
## Component Ratio

Revenue  
0.9%

Gross Profit  
2.5%

- ◆ Revenue ¥0.21 billion (down -15.4% yr/yr), Gross Profit ¥0.19 billion (down 7.3% yr/yr)
- ◆ During in 1Q (Dec. 2019 to Feb. 2020) the average occupancy rate of both Kanda and Ueno were around 85%. Although the average occupancy rate in March is expected to be sluggish due to the effect of coronavirus disease (COVID-19).

## Revenue / Gross Profit Margin



	FY2019				FY2020			
	1Q			Full Year	1Q			Full Year (Forecast)
	Own Management (A)	Hotel Lease (B)	Total (A)+(B)	Total	Own Management (A)	Hotel Lease (B)	Total (A)+(B)	Total
	(¥million)							
Revenue	201	52	253	1,089	189	24	214	1,830
Gross Profit	193	15	209	951	185	8	193	1,693
Hotel's GOP	96	-	96	471	86	-	86	788
Operating Profit	34	14	48	99	-175	8	-166	-132

\*The revenue includes internal transactions

## 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	○		-
2	Tosei Hotel Cocone Ueno	126	○		-
3	Tosei Hotel & Seminar Makuhari	137		May 2020 Grand Opening	-
4	Tosei Hotel Cocone Asakusa-Kuramae	133		May 2020	-
5	Tosei Hotel Cocone Ueno-Okachimachi	171		Jul. 2020	-
6	Tosei Hotel Cocone Asakusa II*	80		Aug. 2021	-
7	Tosei Hotel Cocone Chiba-minato Ekimae*	198		Sep. 2021	-
8	Tosei Hotel Cocone Kamakura*	73		After 2021	-
9	Tosei Hotel Cocone Tsukiji*	201		After 2023	-
10	Tama-shi Income-generating Hotel	138		-	○
Total		1,368	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.

# Summary of Balance Sheet (Consolidated) - Assets -

- ◆ Total asset ¥160.2 billion (down 1.0% from end of Nov. 2019).
- ◆ Investment Properties/PPE ¥48.4 billion (up 4.0% from end of Nov. 2019), which accounts for more than 30% of total assets.

(¥million)

	'19/11	Decrease	Increase	'20/2
<b>Total Assets</b>	<b>161,894</b>	<b>-1,596</b>		<b>160,297</b>
Cash and Cash Equivalents	31,998	+365		32,364
Inventories (Properties)	73,573	A -2,754		70,819
		-14,129	+11,374	
Investment Properties/PPE	46,539	B 1,865		48,405
		-269	+2,134	
Other Assets	9,781	-1,073		8,707

## A : Change in Inventories (Properties)

Inventories (properties) decreased ¥2.7 billion from the end of the previous fiscal year. The decrease was attributed properties sold which exceeded increases due to new properties purchase and construction cost, etc.

(¥million)

		1Q
Increase Factor	Acquisition	+8,026
	Construction Cost/Value-added, etc.,	+3,348
Decrease Factor	Disposal by Sale	-14,127
	Others	-2
<b>Total</b>		<b>-14,129 +11,374</b>

## B : Change in Investment Properties/PPE

Investment Properties/PPE increased ¥1.8 billion from the end of the previous fiscal year. The increase was attributed right-of-use assets increased (application of IFRS 16\*).

(¥million)

		1Q
Increase Factor	Acquisition	-
	Value-added, Acquisition of Other Assets	+898
	Right-of-use Asset	+1,236
Decrease Factor	Depreciation Expense, etc.	-269
<b>Total</b>		<b>-269 +2,134</b>

\*IFRS 16 is a new standard applied from fiscal year beginning on or after Jan. 1, 2019. It is required to appropriate Assets (right-to-use) and Liabilities under this standard in general.

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

◆ Maintained financial soundness by keeping an equity ratio of 37.2% and Net D/E Ratio 0.92.

(¥million)	'19/11	Decrease	Increase	'20/2
<b>Total Liabilities/Equity</b>	<b>161,894</b>	<b>-1,596</b>		<b>160,297</b>
<b>Total Liabilities</b>	<b>103,587</b>	<b>-2,900</b>		<b>100,687</b>
<b>Borrowings</b>	<b>89,843</b>	<b>-2,687</b>		<b>87,156</b>
		-15,787	-13,100	
<b>Current Borrowings</b>	<b>16,291</b>	<b>-1,700</b>		<b>14,590</b>
		-6,413	+4,713	
<b>Non-current Borrowings</b>	<b>73,552</b>	<b>-986</b>		<b>72,565</b>
		-9,374	+8,387	
<b>Other Liabilities</b>	<b>13,744</b>	<b>-213</b>		<b>13,531</b>
<b>Equity</b>	<b>58,306</b>	<b>+1,303</b>		<b>59,609</b>
<b>Equity Ratio (%)</b>	<b>36.0</b>	<b>+1.2</b>		<b>37.2</b>
<b>Net D/E Ratio</b>	<b>0.99</b>	<b>-0.07</b>		<b>0.92</b>

## A: Change in borrowings

The debt balance decreased by ¥2.6 billion from the end of the previous fiscal year. The decrease was attributed to properties sold and scheduled payment, etc., which exceeded increases due to new borrowings, also lease liabilities increased ¥1.2 billion due to adoption of IFRS 16.

tion of IFRS 16.			(¥million)	1Q	
Current	Increase Factor	New Borrowing upon Acquisition			+2,528
		Long-term borrowing which due became less than one year			+1,937
		Lease Liabilities			+247
	Decrease Factor	Repayment upon Disposition		-4,468	
		Other (Refinance, Scheduled Payment, etc.)		-1,943	
		Lease Liabilities (Application of IFRS 16)		-2	
Non-Current	Increase Factor	New Borrowing upon Acquisition			+4,347
		Short-term, long-term borrowing less than one year switched to long term			+3,040
		Lease Liabilities			+999
	Decrease Factor	Repayments upon Disposition		-5,973	
		Other Repayments (Refinance, Scheduled Payment, etc.)		-1,394	
		Long-term borrowing which due became less than one year		-1,937	
		Lease Liabilities (Application of IFRS 16)		-68	
Total			-15,787	+13,100	

## B: Change in Equity

Total equity increased ¥1.3 billion from the end of the previous year, reflecting an increase of ¥3.5 billion in profits, the payment of ¥1.99 billion of Cash dividends paid.

## C: Financial Soundness

- Equity ratio is 37.2% (up 1.2 points from the end of the previous year).
- Net D/E ratio is 0.92 times (down 0.07 points from the end of the previous year).

# Inventories - Breakdown -

◆ Balance of inventories ¥70.8 billion, Total expected disposition value ¥121.2 billion (Tosei's estimation).

Total Book Value as of End of Feb. 2020				70,819 (Total 102 properties)				Total Expected Disposition Value		121,207	
Breakdown											
Property Type	Book Value				Total Book Value	Book Value on Completion	Expected Disposition Value		Total Expected Disposition Value		
	Revitalization		Development				Revitalization	Development			
Office, Commercial Facility	21,647	(32)	3,739	(3)	25,386	Additional Cost (Construction, Value-add Cost)  26,807	28,703	5,819	34,523		
Condo/Apt Building	10,193	(29)	8,526	(5)	18,719		12,417	19,464	31,881		
Hotel	-		13,870	(6)	13,870		-	29,550	29,550		
Logistics Facility	-		3,742	(2)	3,742		-	9,518	9,518		
Detached House	-		6,684	(15)	6,684		-	12,068	12,068		
Other	2,416	(10)	-		2,416		3,664	-	3,664		
Total	34,256	(71)	36,562	(31)	70,819	97,626	44,786	76,420	121,207		

\* ( ) 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.

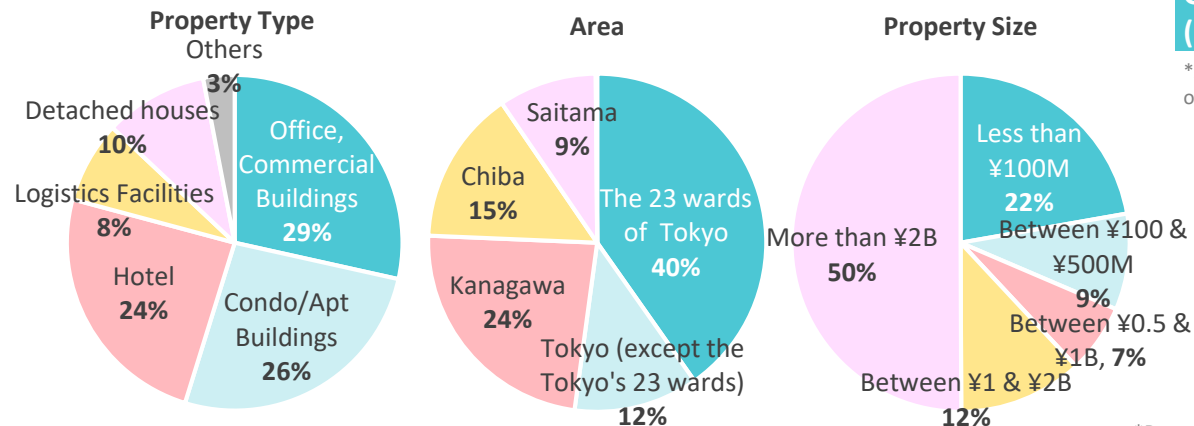
Expected Gross Profit	23,580
Expected Gross Profit Rate	19.5%

## Reference

Gross Profit Rate (Past Record*)	24.2%
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\*Average of past three years (FY2017 – FY2019) gross profit rate of Revitalization and Development Businesses.

## Expected Disposition Values Base

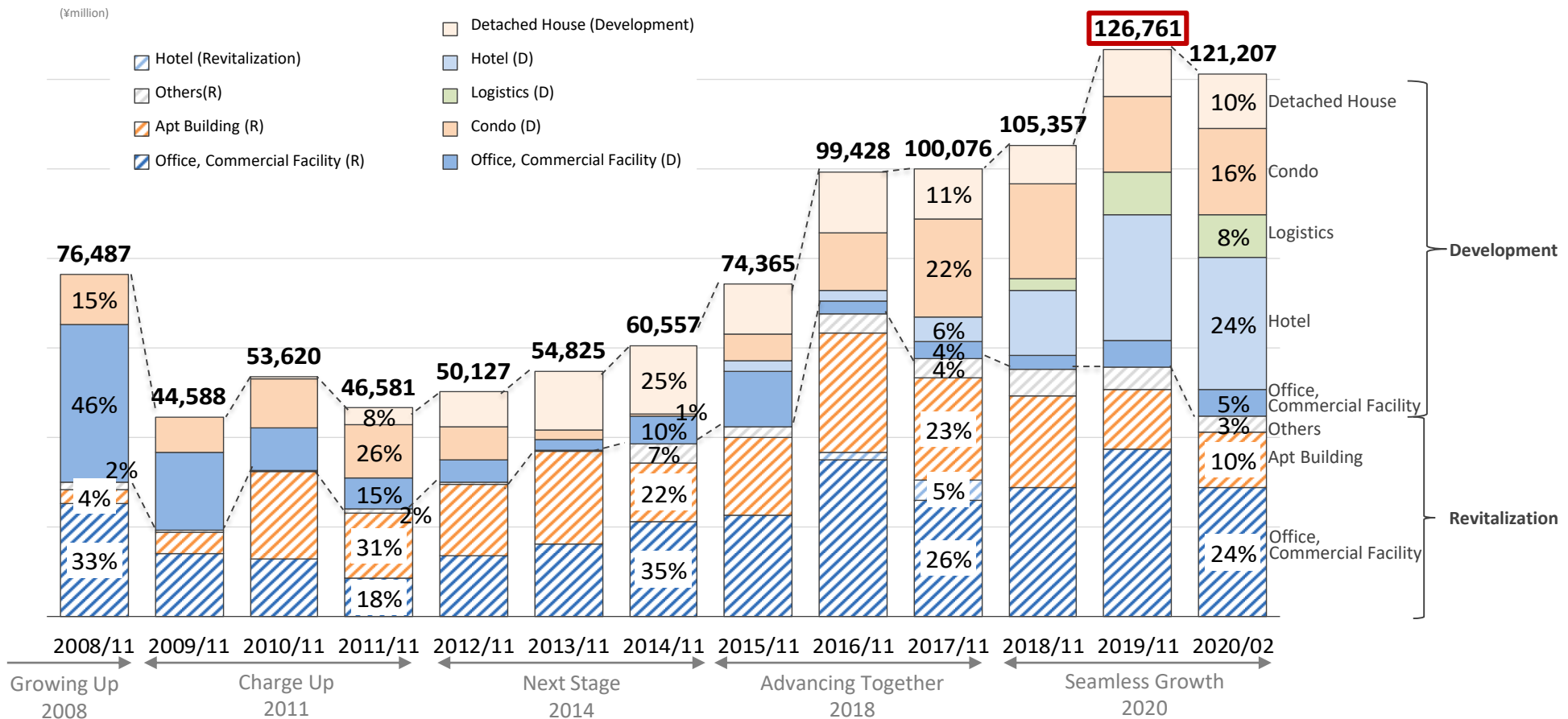


\*Detached houses and condominiums are classified by one unit's price.



# Inventories - Expected Disposition Values -

◆ Holds inventories to approximately revenue for 2 years (Revitalization Business & Development Business).



## Balance between Inventories and Sales Volume

		(¥million)		
		'18/11	'19/11	'20/11 (forecast)
(Beginning-of-year) Inventories* <sup>1</sup>	(A)	100,076	105,357	126,761
Revenue* <sup>2</sup>	(B)	48,055	45,358	64,173
Revenue* <sup>2</sup> ÷ (beginning-of-year) Inventories	(B) ÷ (A)	48%	43%	51%

\*1 Expected disposition values

\*2 Sales from the trading business

(Revitalization and Development business)

# Fixed Assets (Investment Properties and PPE) - Breakdown -

◆ Book values of the properties included in non-current assets is ¥47.9 billion and unrealized gains is ¥31.2 billion (estimation).

		(¥million)
Total Book Value as of end of Feb. 2020	47,973 (32 properties)	Fair Value
		79,199

## Breakdown of Investment Properties and PPE

Property Type	Book Value(A)	No. of Properties	Fair Value(B)	Unrealized Gains (B)-(A)
Office, Commercial Building* <sup>1</sup>	35,554	24	58,247	22,692
Condo/Apt Building	4,287	4	6,076	1,789
Hotel	7,197	3	13,407	6,209
Logistics Facility	934	1	1,469	534
<b>Investment Property</b>	<b>47,973</b>	<b>32</b>	<b>79,199</b>	<b>31,226</b>
Total				<b>31,226</b> A
Income Tax Expense* <sup>2</sup>				<b>-10,304</b> B
Unrealized Gains (After Tax)				<b>20,921</b> C (A+B)

\*1 Includes one property which is partially is a hotel

\*2 Calculated by corporation tax rate 33%

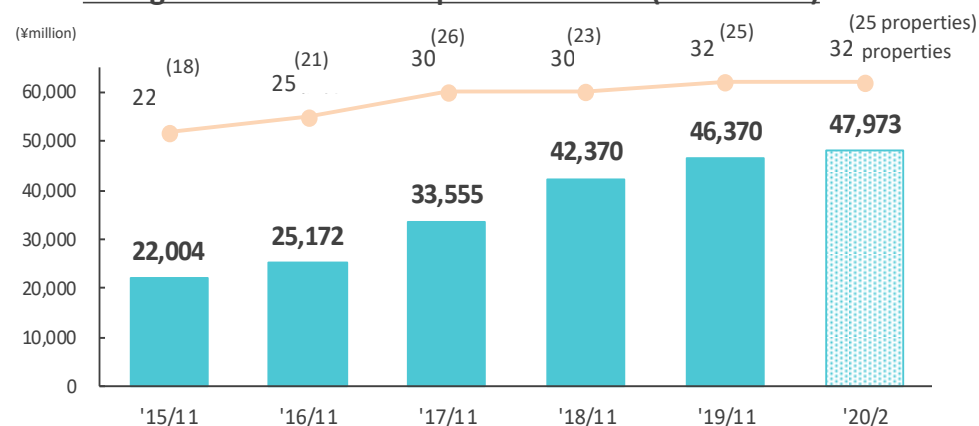
\* Fair values in above is based on the real estate appraisal by Tosei

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

## Total Equity including unrealized gains (after tax) in above

	As of end of Feb. 2020	
		Per Share
Total Equity [A]	¥59,609M	¥1,251.61
Unrealized Gains (after tax)[B]	¥20,921M	¥439.28
Total ([A]+[B])	¥80,531M	¥1,690.89

## Changes in Investment Properties and PPE (Book Value)

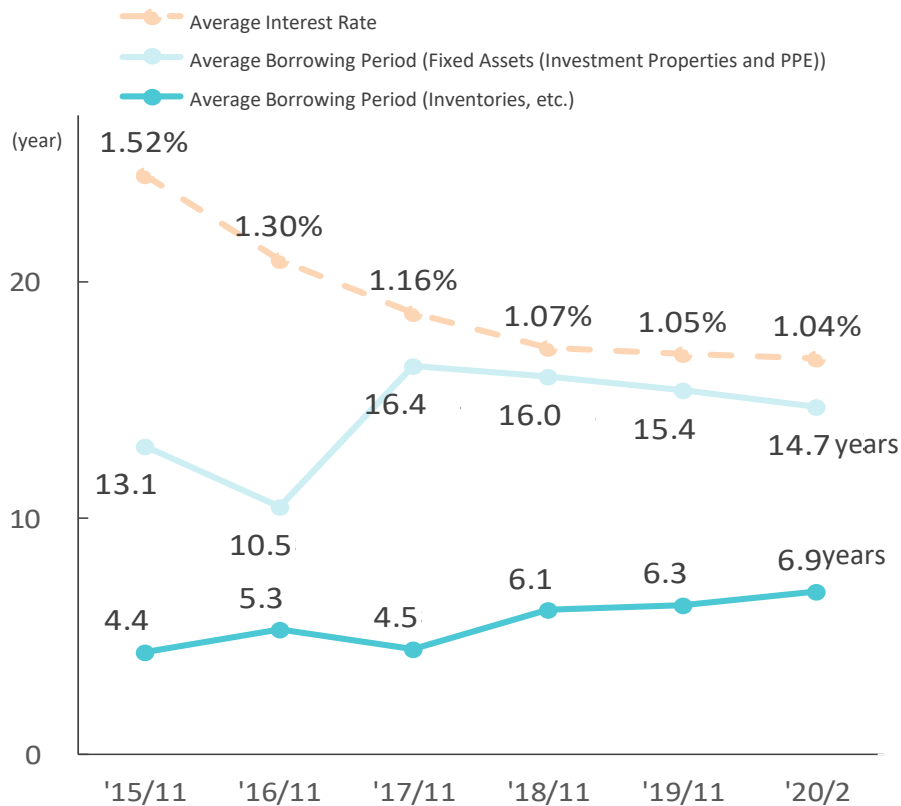


\* ( ) are the number of properties which have rental income

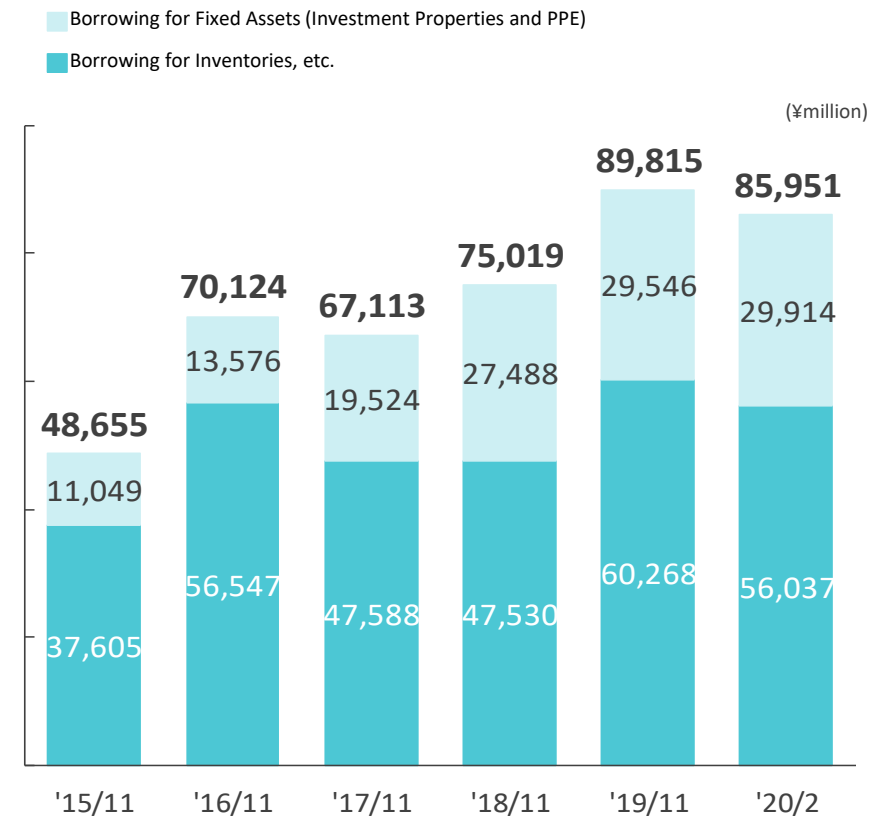
# Borrowings from Financial Institutions

- ◆ Interest rate 1.04% (down 0.01% 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 14.7 years, current assets, etc. is 6.9 years.

## Changes in Borrowing Rate\*<sup>1</sup> / Period\*<sup>2</sup>



## Changes in Borrowing\*<sup>3</sup> Balance



\*1 The weighted-average rate of borrowing balance of end of each fiscal year

\*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.

\*3 Lease debts are not included

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

(¥million,%)

Revenue		FY 2019 1Q		FY 2020 1Q		yr/yr Change	
			%		%		%
Total		17,059	100.0%	23,468	100.0%	6,409	37.6%
Revitalization		6,623	38.8%	18,760	79.9%	12,136	183.2%
Development		7,045	41.3%	1,046	4.5%	-5,999	-85.1%
Rental		1,481	8.7%	1,312	5.6%	-168	-11.4%
Fund and Consulting		607	3.6%	938	4.0%	330	54.4%
Property Management		1,341	7.9%	1,500	6.4%	158	11.8%
Hotel		253	1.5%	214	0.9%	-38	-15.3%
Internal Transaction		-293	-	-303	-	-9	3.4%

Cost of Revenue		FY 2019 1Q		FY 2020 1Q		yr/yr Change	
			%		%		%
Total		11,914	69.8%	15,685	66.8%	3,771	31.7%
Revitalization		4,831	72.9%	13,282	70.8%	8,450	174.9%
Development		5,500	78.1%	807	77.2%	-4,692	-85.3%
Rental		826	55.8%	787	60.0%	-38	-4.6%
Fund and Consulting		34	5.6%	43	4.6%	9	26.9%
Property Management		922	68.8%	1,011	67.4%	88	9.6%
Hotel		44	17.4%	20	9.6%	-23	-53.4%
Internal Transaction		-245	-	-267	-	-22	9.2%

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

(¥million,%)

Gross Profit		FY 2019 1Q		FY 2020 1Q		yr/yr Change	
			%		%		%
Total		5,145	30.2%	7,782	33.2%	2,637	51.3%
Revitalization		1,791	27.1%	5,477	29.2%	3,685	205.7%
Development		1,545	21.9%	238	22.8%	-1,306	-84.5%
Rental		655	44.2%	525	40.0%	-130	-19.9%
Fund and Consulting		573	94.4%	894	95.4%	321	56.0%
Property Management		418	31.2%	488	32.6%	69	16.7%
Hotel		209	82.6%	193	90.4%	-15	-7.3%
Internal Transaction		-48	-	-36	-	12	-25.7%

Operating Profit		FY 2019 1Q		FY 2020 1Q		yr/yr Change	
			%		%		%
Total		3,125	18.3%	5,535	23.6%	2,409	77.1%
Revitalization		1,424	21.5%	5,003	26.7%	3,579	251.3%
Development		1,045	14.8%	-18	-1.8%	-1,064	-101.8%
Rental		606	40.9%	464	35.4%	-142	-23.5%
Fund and Consulting		297	48.9%	586	62.5%	289	97.2%
Property Management		120	9.0%	178	11.9%	58	48.3%
Hotel		48	19.3%	-166	-77.6%	-215	-440.3%
Corporate Expenses, etc.		-417	-	-512	-	-94	22.6%

# Summary of Cash Flow Statements (Consolidated)

(¥million)

	FY2019 1Q (A)	FY2020 1Q (B)	yr/yr Change (B)-(A)
<b>Cash flows from / used in operating activities</b>	<b>-6,395</b>	<b>6,668</b>	<b>13,063</b>
Profit before tax	2,987	5,359	2,372
Depreciation expense	216	274	58
Increase / Decrease in inventories	-5,748	2,805	8,553
Income taxes paid	-2,820	-1,855	965
Other, net	-1,029	84	1,114
<b>Cash flows from/used in investing activities</b>	<b>-201</b>	<b>-240</b>	<b>-38</b>
Increase / Decrease in PPE	-24	-19	5
Increase / Decrease in investment properties	-4	-172	-167
Other, net	-171	-48	123
<b>Cash flows from/used in financing activities</b>	<b>3,980</b>	<b>-6,062</b>	<b>-10,043</b>
Increase / Decrease in borrowings	5,827	-3,863	-9,691
Cash dividends paid	-1,409	-1,944	-534
Interest expenses paid	-269	-223	45
Purchase of Treasury Share	-166	0	166
Other, net	-0	-30	-29
<b>NET Increase / Decrease in cash and cash equivalents</b>	<b>-2,615</b>	<b>366</b>	<b>2,982</b>
Cash and cash equivalents at beginning of period	26,520	31,998	5,478
Effect of exchange rate change on cash and cash equivalents	-0	-0	-0
<b>Cash and cash equivalents at end of period</b>	<b>23,904</b>	<b>32,364</b>	<b>8,460</b>

## Cash Flows from Operating Activities

¥ 6.6 billion increased

Mainly due to ;

- ¥5.3 billion of profit before tax
- ¥2.8 billion decrease in inventories
- ¥1.8 billion of income taxes paid

## Cash Flows from Financing Activities

¥6.0 billion decrease

Mainly due to;

- ¥3.8 billion net decrease in borrowings
- ¥1.9 billion of cash dividends paid
- ¥0.22 billion of interest expenses paid



# Full- year Forecast for FY2020 (no change from previous forecast announced on 9<sup>th</sup> Jan. 2020)

- ◆ The performance of Q1 was favorable. Full-year forecasts remain unchanged from previous announcement, since the Company achieved more than 40% of the full year forecast in this period.
- ◆ Although, the business outlook is uncertain due to the risk of recession and real estate investment market contraction by reason of prolonged spread of the COVID-19.

	FY2018		FY2019 (A)		FY2020 (B)		yr/yr change	
		%		%	(forecast)	%	(B) - (A)	%
(¥ million)								
<b>Revenue</b>	<b>61,543</b>	<b>100.0</b>	<b>60,727</b>	<b>100.0</b>	<b>80,354</b>	<b>100.0</b>	<b>19,626</b>	<b>32.3</b>
Revitalization	34,793	56.5	31,012	51.1	46,776	58.2	15,764	50.8
Development	13,261	21.5	14,346	23.6	17,396	21.6	3,050	21.3
Rental	5,979	9.7	5,993	9.9	5,984	7.4	-9	-0.2
Fund and Consulting	3,038	4.9	3,773	6.2	3,194	4.0	-578	-15.3
Property Management	5,232	8.5	5,888	9.7	6,539	8.1	651	11.1
Hotel	557	0.9	1,089	1.8	1,830	2.3	741	68.0
Internal Transactions	-1,319	-	-1,375	-	-1,367	-	8	-0.6
<b>Gross profit</b>	<b>18,723</b>	<b>30.4</b>	<b>20,840</b>	<b>34.3</b>	<b>24,278</b>	<b>30.2</b>	<b>3,437</b>	<b>16.5</b>
Revitalization	8,215	23.6	9,065	29.2	11,199	23.9	2,133	23.5
Development	3,038	22.9	3,042	21.2	4,083	23.5	1,041	34.2
Rental	2,701	45.2	2,601	43.4	2,621	43.8	20	0.8
Fund and Consulting	2,850	93.8	3,641	96.5	3,066	96.0	-574	-15.8
Property Management	1,653	31.6	1,768	30.0	1,946	29.8	177	10.1
Hotel	432	77.5	951	87.4	1,693	92.5	742	78.0
Internal Transactions	-169	-	-229	-	-333	-	-103	44.9
Selling, general and administrative expenses, etc.	7,860	12.8	8,203	13.5	10,304	12.8	2,100	25.6
Expenses related to property marketing activities	1,603	2.6	1,388	2.3	2,042	2.5	654	47.1
Selling, general and administrative expenses (net of expenses related to property marketing activities)	6,256	10.2	6,814	11.2	8,261	10.3	1,446	21.2
Other Income	147	0.2	64	0.1	13	0.0	-51	-79.8
Other Expenses	134	0.2	10	0.0	250	0.3	239	2,192.1
<b>Operating profit</b>	<b>10,875</b>	<b>17.7</b>	<b>12,690</b>	<b>20.9</b>	<b>13,737</b>	<b>17.1</b>	<b>1,046</b>	<b>8.2</b>
Revitalization	6,770	19.5	7,754	25.0	9,165	19.6	1,410	18.2
Development	1,487	11.2	1,528	10.7	2,625	15.1	1,096	71.7
Rental	2,453	41.0	2,367	39.5	2,337	39.1	-29	-1.3
Fund and Consulting	1,616	53.2	2,365	62.7	1,758	55.1	-606	-25.6
Property Management	453	8.7	504	8.6	539	8.2	35	7.0
Hotel	36	6.5	99	9.1	-132	-7.3	-232	-233.2
Corporate expenses, etc.	-1,941	-	-1,928	-	-2,556	-	-627	32.5
Finance income/costs(net)	-704	-	-600	-	-691	-	-90	17.1
<b>Profit before tax</b>	<b>10,171</b>	<b>16.5</b>	<b>12,090</b>	<b>19.9</b>	<b>13,046</b>	<b>16.2</b>	<b>956</b>	<b>7.9</b>
Income tax expenses	3,318	-	3,643	-	4,238	-	595	16.3
<b>Profit for the year</b>	<b>6,852</b>	<b>11.1</b>	<b>8,447</b>	<b>13.9</b>	<b>8,808</b>	<b>11.0</b>	<b>360</b>	<b>4.3</b>

\*The orange portion shows gross profit margin and operating profit margin

## The Effects of COVID-19

### < Hotel Business >

- It is estimated that earnings will see a decline due to reduction in hotels' occupancy rate. Although, the impact on the consolidated results for the current fiscal year is expected to be limited because the Hotel Business revenue accounts for only about 2% of the overall revenue in the fiscal year plan.

### < Revitalization Business >

- Real estate investment market remained firm supported by a favorable financing environment. At the end of Feb. 2020, no significant changes were seen in the appetite for real estate acquisition among investors and financing conditions. The sales of Revitalization Business remained favorable.

### < Development Business >

- Successfully concluded contracts for sale of all 243 units of THE Palms Sagami-hara Park Brightia, a condominium scheduled to be delivered to buyers in May 2020.

## Trends in Dividends

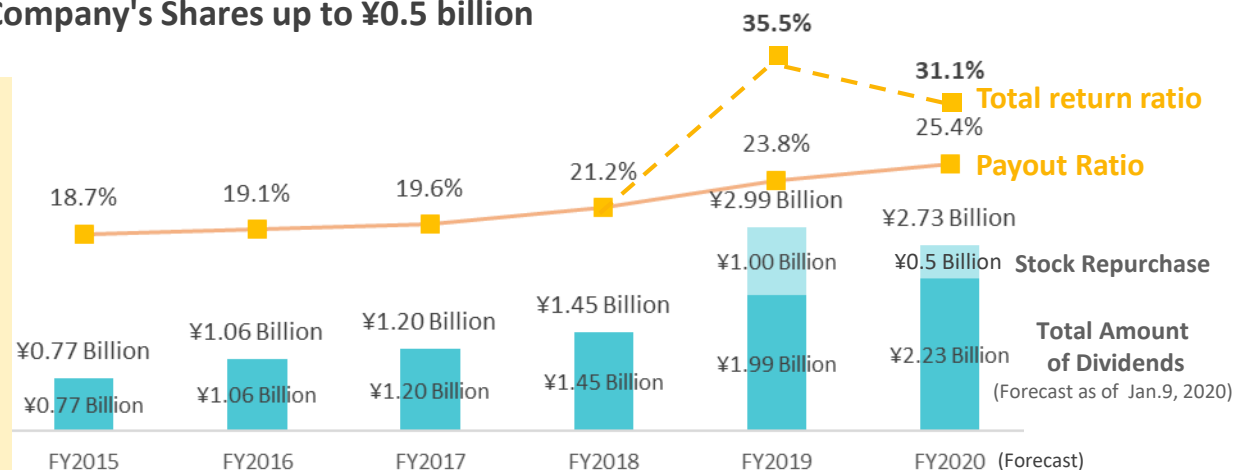
◆ For FY2020, we expect to pay a dividend of ¥47 per share, or a payout ratio of 25.4%

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (Forecast)
Earnings Per Share (EPS)	¥85.66	¥114.89	¥127.48	¥141.36	¥176.40	¥185.09
Annual Dividends Per Share	¥16	¥22	¥25	¥30	¥42	¥47
Payout Ratio	18.7%	19.1%	19.6%	21.2%	23.8%	25.4%
ROE	12.0%	14.4%	14.1%	14.0%	15.3%	14.3%
Share Buyback	-	-	-	-	¥1 Billion	¥0.5 Billion (announced on Apr. 6 <sup>th</sup> )
Total Return Ratio (Including share buyback)	-	-	-	-	35.5%	31.1%

## Repurchase of the Company's Shares

◆ Announced to repurchase the Company's Shares up to ¥0.5 billion  
(announced on April 6, 2020 )

- **Reason for the repurchase**  
Stock will be repurchased to raise the level of shareholder returns and improve capital efficiency.
- **Total number of shares to be repurchased**  
Up to 700,000 shares  
(1.5% of issued shares (excluding treasury shares))
- **Total value of shares to be repurchased**  
Up to ¥0.5 billion
- **Period for the repurchase**  
From April 8, 2020 to October 31, 2020



# Shareholder Returns Policy

## Current Share Price

Market Capitalization (As of 31 Mar. 2020)	Profit for the Year (Forecast) (As of 9 Jan. 2020)	Net Book Value (As of end of Feb. 2020)	Unrealized Gain (After Tax) (As of end of Feb. 2020)	Net Asset Value* (As of end of Feb. 2020)
<b>¥45.2 billion</b>	<b>¥8.8 billion</b>	<b>¥59.6 billion</b>	<b>¥20.9 billion</b>	<b>¥80.5 billion</b>
Stock Price (A)	Earnings per Share (B)	Book Value per Share (C)	Unrealized Gain per Share	Net Asset Value per Share* (D)
<b>¥931.00</b>	<b>¥185.09</b>	<b>¥1,251.61</b>	<b>¥439.28</b>	<b>¥1,690.89</b>
<b>PER (A) ÷ (B)</b>		<b>PBR (A) ÷ (C)</b>	<b>Price/NAV Ratio* (A) ÷ (D)</b>	
<b>5.03times</b>		<b>0.74times</b>	<b>0.55times</b>	

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

\* Fair value of Fixed Assets (Investment Properties and PPE) are has been 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)
<b>15.3 %</b>	<b>8.0 %</b>	<b>6.4 %</b>
Cost of Shareholder's Equity (Data from Reuters as of Mar. 2020)		WACC (Data from Reuters as of Mar. 2020)
<b>7.7%</b>		<b>3.43%</b>

Please visit our website.



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