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[Translation]

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To whom it may concern

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Notice Regarding the Formulation of Long-Term Vision and Medium-Term Management Plan

Tosei Corporation (the "Company"), hereby announces that it formulated the "Tosei Group Long-Term Vision 2032", targeted for the fiscal year ending November 30, 2032, which is nine years from now, and the medium-term management plan "Further Evolution 2026" beginning in the fiscal year ending November 30, 2024. The details are as follows.

1. Background and Purpose

The business environment surrounding the Group has become increasingly uncertain amid revolutionary changes, including the escalation of climate change issues, the emergence of geopolitical risks, the declining birthrate and the aging of society in Japan, the acceleration of behavioral changes triggered by the COVID-19 pandemic, and rapid advances in digital technology. In order to adapt to such changes in the business environment, ensure the Group's continued growth over the future, and enhance corporate value by contributing to the realization of a sustainable society, the Company formulated "Tosei Group Long-Term Vision 2032" to clarify "the Company's direction (what the Company envisions to be)" based on the Company's core competencies that are the source of the Group's competitive advantage and to make Group-wide efforts to realize its vision.

2. Overview of the "Tosei Group Long-Term Vision 2032"



The Group, through its six real estate-related businesses, has provided various solutions to realize the potential value of real estate. The Company is also expanding the business domain while mitigating risks by combining multiple

businesses with different business attributes and are continuing to improve its real estate investment technique as a portfolio manager capable of handling a wide variety of assets. Furthermore, in the asset management domain, the Company offers world-class services trusted by real estate investors around the world and will work toward growing its business and realizing the Long-Term Vision 2032 by further expanding the Company's core competencies, i.e., the Company's "Real Estate Solution Capabilities," "Portfolio Management Capabilities," and "Global Reach Capabilities".

3. Overview of the Medium-Term Management Plan "Further Evolution 2026"

The Company formulated the new medium-term management plan "Further Evolution 2026" for the initial three years (phase 1) out of the nine-year period in order to realize the Long-Term Vision 2032. By executing various measures under the following main policy and five basic policies, the Company will enhance the competitive edge of the Group and also contribute to the realization of a sustainable society.

(1) Main Policy and Basic Policies

Main Policy	
Aim for further evolution as a unique comprehensive real estate company that can contribute to the realization of a sustainable society	
Basic Policies	
Sustainability	▶Expand the provision of solution to environmental / social issues and promote sustainability management ▶Expand investment for the Group's future growth measures ▶Establish and penetrate the Tosei brand through non-financial information disclosure
Business	▶Evolution and growth of business portfolio ▶Strengthen real estate solution capabilities by pursuing synergy among the six businesses
Human Resources / Organization	▶Maintain a work environment where a diverse range of 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
DX	▶Differentiation of products and services and promotion of business efficiency through IT and digital utilization
Financial Strategy / Capital Policy	▶Strengthen funding capabilities for sustainable growth ▶Maintain return on capital that exceeds capital costs and continue balance sheet management

(2) Quantitative Plan

	First Year FY2024	Second Year FY2025	Third (Final) Year FY2026
Consolidated revenue	¥92.1B	¥117.8B	¥123.2B
Consolidated profit before tax	¥16.5B	¥17.7B	¥19.0B
ROE	13.0%	12.7%	12.5%
Stable business ratio (Operating profit basis)	Over 45%		
Equity ratio	Around 35%		
Net D/E ratio	Around 1.4 times		
Payout ratio*	31.5%	33.0%	35.0%

* In terms of shareholder returns, the Company will aim to gradually raise the dividend payout ratio from 30% to 35% in the next three years, while taking into account share buybacks by comprehensively considering the business environment, stock price trends, and improvement in shareholder value.

(3) Specific Initiatives

The plan will aim for the evolution and growth of the six existing business portfolio by strengthening “Real Estate Solution Capabilities”, “Portfolio Management Capabilities”, and “Global Reach Capabilities”, which are the sources of the Group’s corporate value, and expanding the service domains of each business and maximizing synergies within the Group.

In the Revitalization Business and the Development Business, the Company will aim to establish and penetrate the Tosei brand through differentiation by providing environmentally-friendly products conscious of sustainability, encouraging the utilization of existing real estate stock, and expanding the scope of products handled, among others. Additionally, to enhance its purchasing competitiveness, the Company will promote studies to improve the efficiency of property appraisals and the utilization of M&As.

In stable businesses, the Company will work on the studies of facility specifications in line with tenant demand in the Rental Business and the reinforcement of its service functions and the improved efficiency of back office operations in the Fund and Consulting Business and the Property Management Business, and make efforts to penetrate the Company’s brand through appeal to customers by differentiating the Tosei Hotel COCONE from other hotels and expand scales in the Hotel Business.

Furthermore, in the DX field, the Company will make efforts to promote business efficiency, while also providing real estate investment opportunities to a new customer base through real estate crowd funding, a real estate tech business which combines real estate, finance, and DX, issuing security tokens, and digital matching of the sales of pre-owned condominium units, in order to diversify the exit strategies for properties revitalized and developed by the Company.

To strengthen the Company’s business base that sustains growth, it will focus its efforts on the building of a personnel system, organizational structure, and work environment that allows for human resources development and enables diverse employees to leverage their individuality and maximize their capabilities and deepen its engagement with the employees. Additionally, in terms of finances and capital allocation, the Company will strengthen its funding capabilities to support the expansion of its business scale and the balance of assets held, while maintaining a sound financial structure and aiming to continue its growth investment and improvement of the return of profits with an awareness of capital efficiency.

For further details of the plan, please refer to the “Presentation Materials for Financial Results for the Fiscal Year 2023”, which is planned to be uploaded on the Company’s website today.
https://www.toseicorp.co.jp/english/ir/irlibrary/

Note: The above earnings forecasts are based on information available at the time of announcement. There is a possibility that the actual result may differ from the forecasts.

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