



MEIWA ESTATE Co., Ltd. (8869)
Financial Results for 1H FY03/24



November 13, 2023

| | |
|---|------|
| ■ Summary of Consolidated Financial Statements 1H FY03/24 | P.02 |
| ■ Consolidated Financial Results 1H FY03/24 | P.03 |
| ■ Shareholder Returns | P.16 |
| ■ Residential Development Business | P.19 |
| ■ Real Estate Agency Business | P.40 |
| ■ Condominium Management Business | P.49 |
| ■ Progress of the Five-Year Strategy | P.58 |
| ■ Fact Sheet | P.71 |

- In 1H FY03/24, consolidated net sales and profits increased YoY.
- No change to the full-year forecast for FY03/24, net sales and profit growth on an operating and ordinary profit basis.
 - No change to dividend forecast.
 - Contracts concluded for 99% of full-year condominium sales plan (as of the end of Q2).
- In the Residential Development Business, purchases, supply and contracts decreased significantly YoY.
- In the Real Estate Agency Business, both the Purchase and Resale Business and the Brokerage Business performed well.
- The Condominium Management Business made steady performance due to strong switchover from other property management companies.



Consolidated Financial Results 1H FY03/24



■ Consolidated Financial Results for 1H FY03/24

Both net sales and profit increased as the **deliveries of condominium units increased YoY**

Net sales: ¥30 billion (up ¥12.3 billion YoY)

Operating profit: ¥1.7 billion (up ¥1.6 billion YoY)

Ordinary profit: ¥1.1 billion (compared with ordinary loss of ¥0.5 billion in the same period of the previous year)

■ Forecast of Consolidated Financial Results for Full-Year FY03/24

No change from the previous announcement of full-year results forecast. **Net sales and profit on an operating and ordinary profit basis are expected to increase**

Net sales: ¥83 billion (up 33% YoY) **Operating profit: ¥6.3 billion** (up 6% YoY)

Ordinary profit: ¥5.2 billion (up 4% YoY)

➤ **Contracts concluded for 99%** of full-year condominium sales plan (as of the end of Q2).

Change in Reporting Segments

- As announced in May 2023, we change reporting segments to suit our current management structure

➤ Former reporting segments



➤ New reporting segments



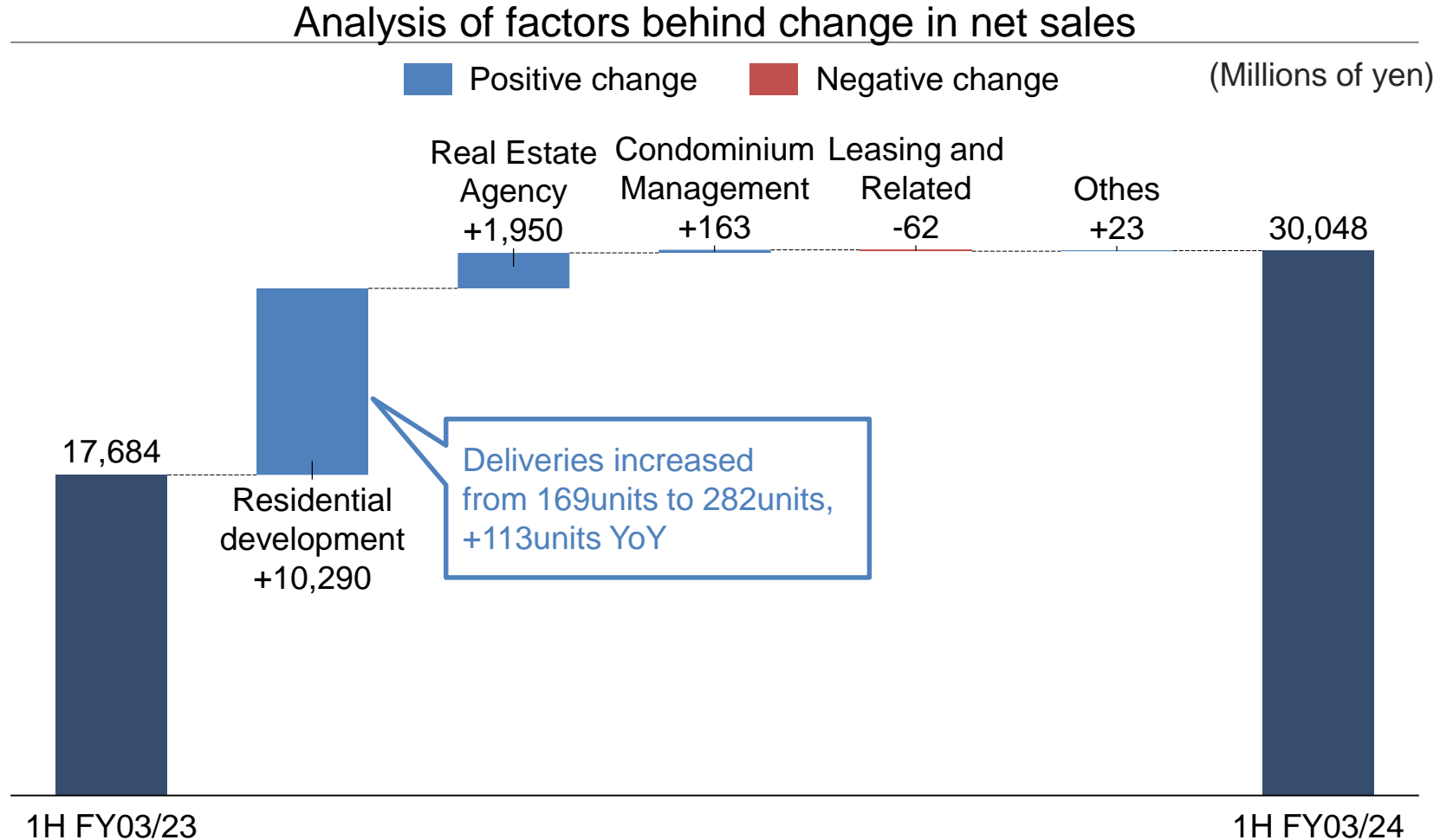
Consolidated Financial Results 1H FY03/24

- Net sales: ¥30 billion (up ¥12.3 billion YoY), Operating profit: ¥1.7 billion (up ¥1.6 billion YoY), ordinary profit: ¥1.1 billion (compared with ordinary loss of ¥0.5 billion in the same period of the previous year)

| | 1H FY03/23 Actual | 1H FY03/24 Actual | Change | Change (%) | | (Millions of yen) | | |
|--|----------------------|----------------------|----------|---------------|--|--|-----------------|-------|
| | | | | | | Full-year FY03/24 forecast (Announced May 11, 2023) | Progress (%) | |
| Net sales | 17,684 | 30,048 | 12,363 | 69.9% | Increase in condominium units delivered | 83,000 | 36.2% | |
| Gross profit | 4,493 | 6,847 | 2,353 | 52.4% | | | 17,500 | 39.1% |
| (Gross profit margin) | (25.4%) | (22.8%) | (-2.6pp) | - | <ul style="list-style-type: none"> • Personnel expenses +192M • Taxes and duties* +260M • Brokerage fees, etc. +164M • Advertising expenses +50M | (21.1%) | - | |
| SG&A expenses | 4,422 | 5,123 | 701 | 15.9% | | | 11,200 | 45.7% |
| Operating profit | 71 | 1,723 | 1,652 | 2,320.1% | | | 6,300 | 27.4% |
| (Operating profit margin) | (0.4%) | (5.7%) | (5.3pp) | - | <ul style="list-style-type: none"> • Gain on sale of non-current assets (5 properties) • Gain on sale of stocks by The Impact Neutralization Trust | (7.6%) | - | |
| Non-operating income | 64 | 71 | 6 | 10.5% | | | - | - |
| Non-operating expenses | 662 | 606 | -56 | -8.5% | | | - | - |
| Ordinary profit | -527 | 1,188 | 1,715 | - | | | 5,200 | 22.9% |
| (Ordinary profit margin) | (-3.0%) | (4.0%) | (6.9pp) | - | <ul style="list-style-type: none"> • Loss on liquidation of subsidiaries acquired through real estate M&A | (6.3%) | - | |
| Extraordinary income | 6 | 144 | 138 | 2,191.7% | | | - | - |
| Extraordinary loss | 2 | 71 | 69 | 3,329.4% | | - | - | |
| Profit before income taxes | -522 | 1,261 | 1,783 | - | | - | - | |
| Profit attributable to owners of parent | -421 | 1,110 | 1,532 | - | | 3,800 | 29.2% | |
| (Profit margin) | (-2.4%) | (3.7%) | (6.1pp) | - | | (4.6%) | - | |

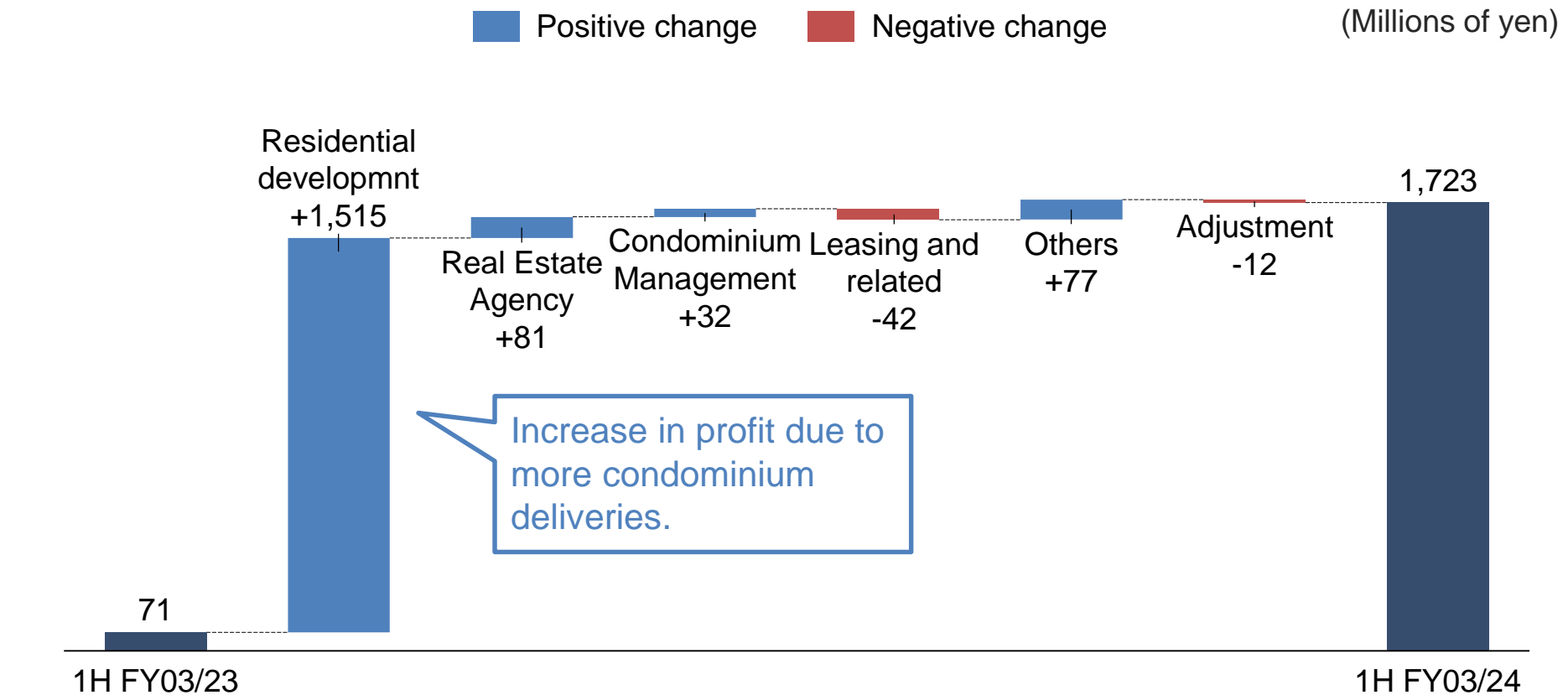
Factors Behind Change in Net Sales by Segment 1H FY03/24

- 1H net sales increased YoY due to an increase in condominium units delivered



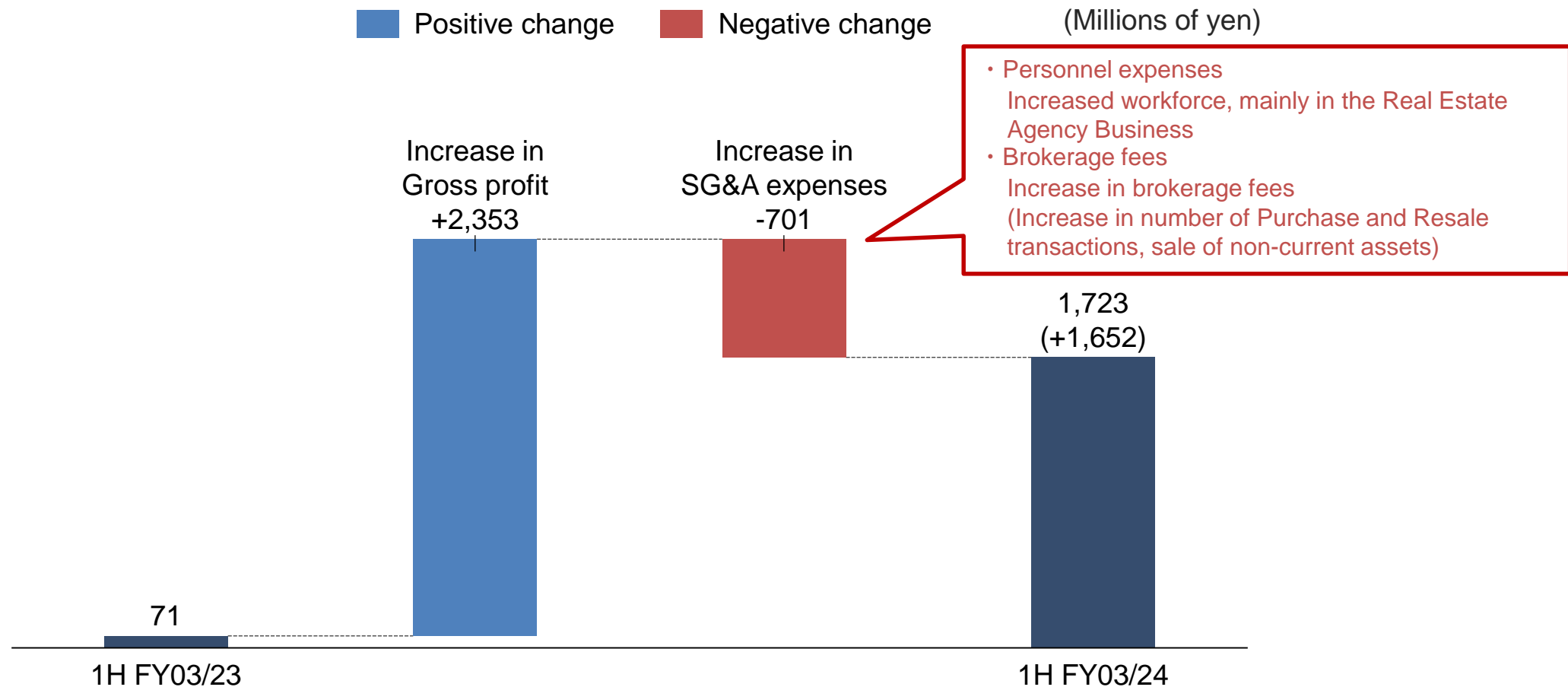
- Operating profit in the Residential Development Business increased due to higher net sales

Analysis of factors behind change in operating profit



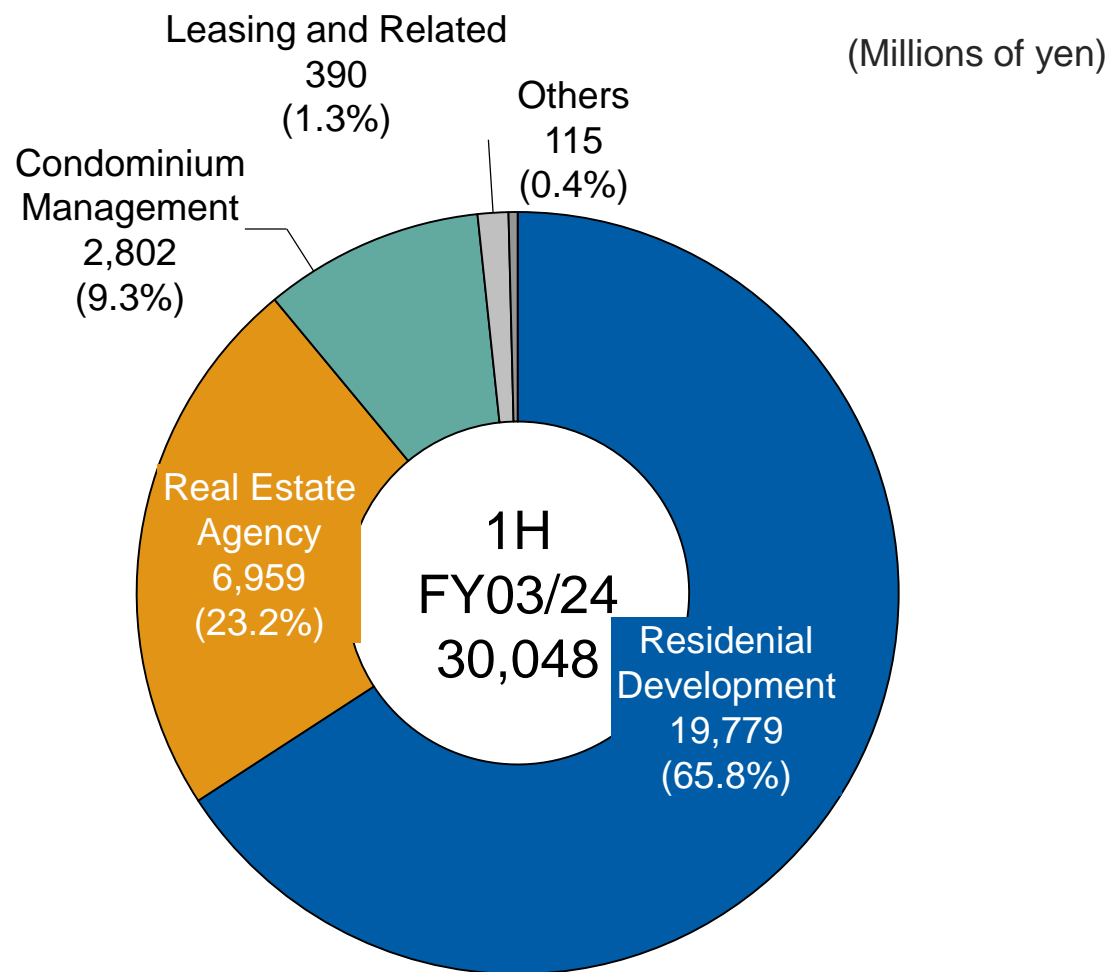
- As condominium deliveries increased, gross profit rose absorbing a ¥700 million increase in SG&A expenses aimed at strengthening sales capabilities, and operating profit rose significantly

Analysis of factors behind change in operating profit



Composition of Net Sales and Segment Profit 1H FY03/24

Composition of net sales



(Millions of yen)

| Segment | Net sales (Composition ratio) | Segment profit (Composition ratio) |
|-------------------------|-------------------------------|------------------------------------|
| Residential Development | 19,779 (65.8%) | 1,301 (63.9%) |
| Real Estate Agency | 6,959 (23.2%) | 347 (17.1%) |
| Condominium Management | 2,802 (9.3%) | 187 (9.2%) |
| Leasing and Related | 390 (1.3%) | 151 (7.4%) |
| Others | 115 (0.4%) | 48 (2.4%) |

Q2 FY03/2024 Completion and Delivery (1)

- 4 condominiums completed, 190 units delivered

CLIO クリオ学芸大学ザ・クラシック
CLIO GAKUGEI-DAIGAKU THE CLASSIC



Setagaya, Tokyo
Total number of units:26
Completed and delivered in August 2023

CLIO クリオ ラベルヴィ大崎グランクラス
CLIO la belle vie OSAKI GRAND CLASS



Shinagawa, Tokyo
Total number of units:30
Completed and delivered in July 2023

Q2 FY03/2024 Completion and Delivery (2)

- 4 condominiums completed, 190 units delivered

CLIO クリオ茅ヶ崎中海岸グランヴィラ
CLIO CHIGASAKI NAKAKAIGAN GRAND VILLA



Chigasaki, Kanagawa
Total number of units: 88
Completed and delivered in July 2023

CLIO クリオ川越大手町
CLIO KAWAGOE OTEMACHI



Kawagoe, Saitama
Total number of units: 50
Completed and delivered in July 2023

"CLIO Chigasaki Nakakaigan Grand Chic" Wins Good Design Award

- "CLIO Chigasaki Nakakaigan Grand Chic" received the Good Design Award 2023 from the Japan Institute of Design Promotion

CLIO クリオ茅ヶ崎中海岸グランシック
CLIO CHIGASAKI NAKAKAIGAN GRAND CHIC



Top: photograph of completed exterior (taken in August 2023) Bottom left: photograph of completed courtyard Bottom right: photograph of completed entrance hall (taken in February 2023)



GOOD DESIGN AWARD 2023

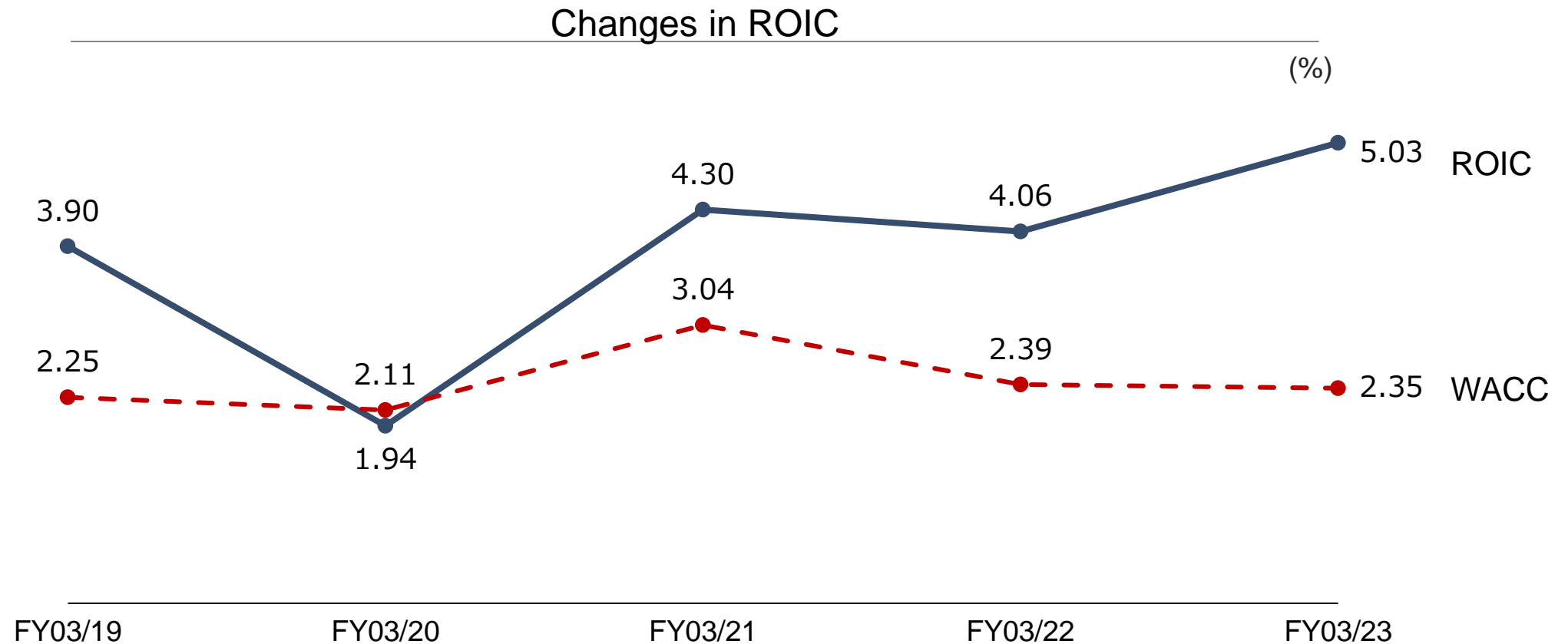
Jury's evaluation comments

The eaves are light and give a good impression. First floor residences do face the outside, and the private garden is half open to the outside. The garden also provides access to the residence, making it possible to use the apartment in various ways. This design was highly evaluated for its positive relationship with the surrounding area, including consideration of the landscape. At the same time, the size of the frontage of each dwelling unit is important as a hidden order. The balcony and the garden have a certain width, so they function as a stable place, and the effective utilization of the space for the residents is promoted by using them together with the rooms. It is also important to pursue this balance.

Property overview: Chigasaki City, Kanagawa / Total number of units: 23 units / Completed in March 2023

ROIC and WACC

- ROIC in FY03/23 was 5.03%
- Exceeds WACC by 2.68% and is recognized as generating shareholder value



*Calculated on a consolidated basis. See Fact Sheet for details of calculation formula

- Change of listed market to the Standard Market on October 20,2023
- Secure an environment in which our shareholders can hold our shares without any concern over the medium to long term and focus on investment for growth

Continued Initiatives

- **Execute the Five-Year Strategy**
- **Continue shareholder returns**
- **Strengthen Corporate Governance**

[Ref.] Compliance status for Continued Listing Criteria in the Standard Market

| | No. of shareholders (Persons) | No. of tradable shares (Unit) | Tradable share market capitalization (billion yen) | Tradable share ratio (%) | Monthly average trading volume (unit) | Net assets (billion yen) |
|--|-------------------------------|-------------------------------|--|--------------------------|---------------------------------------|--------------------------|
| Our status | 10,199 | 127,967 | 11.07 | 54.5 | 31,559 | 29.9 |
| Standard Market Continued Listing Criteria | 400 | 2,000 | 1.0 | 25 | 10 | Positive |
| Compliance status | Met | Met | Met | Met | Met | Met |

▶ **We will continue our efforts to increase corporate value.**

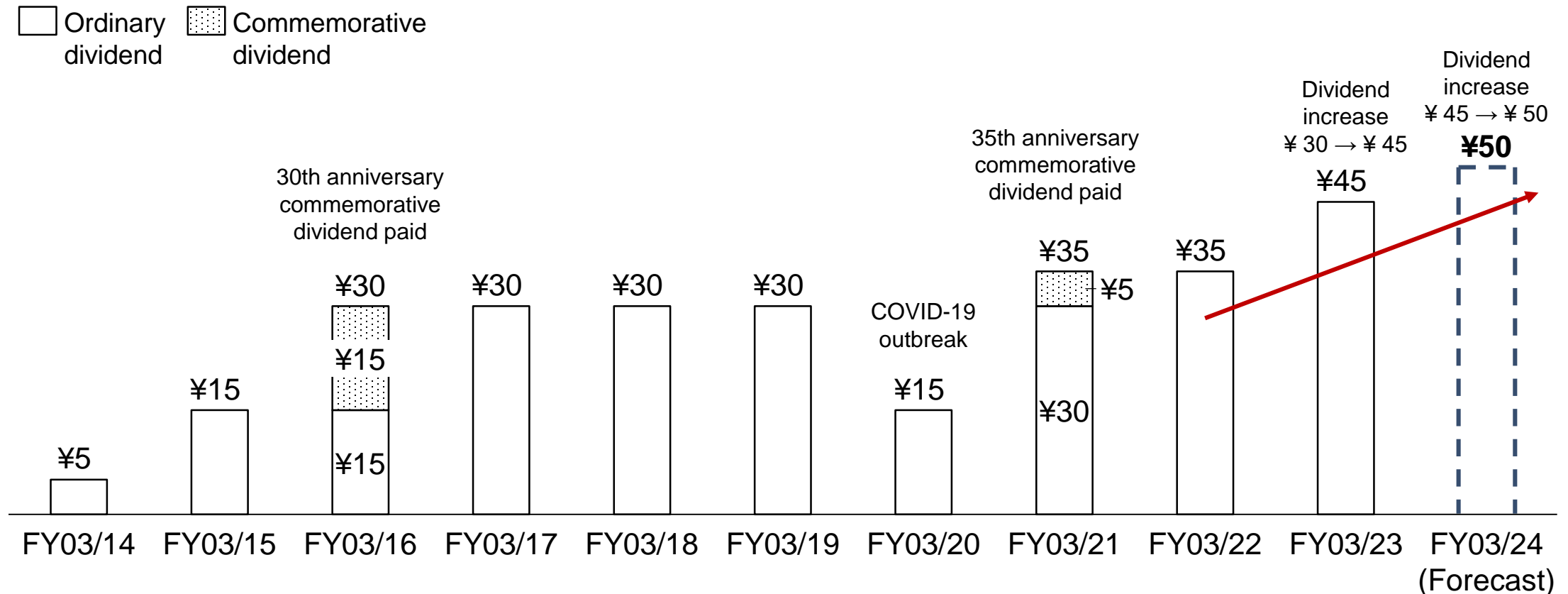


Shareholder Returns



- Dividends of ¥50 per share is planned for FY03/24 (no change from the previous forecast)
- We aim for stable dividends, with a payout ratio of around 30%.

Dividends



- A shareholder benefit program to improve share liquidity is ongoing.
- Points will be awarded based on the number of shares held as of March 31 each year.

Shareholder benefit points are awarded based on the number of shares held

| Number of shares held | Benefit points |
|------------------------------|----------------|
| 600 shares to 699 shares | 4,000 points |
| 700 shares to 799 shares | 6,000 points |
| 800 shares to 1,499 shares | 12,000 points |
| 1,500 shares to 1,999 shares | 20,000 points |
| 2,000 shares to 2,499 shares | 25,000 points |
| 2,500 shares to 2,999 shares | 30,000 points |
| 3,000 shares or more | 50,000 points |

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Residential Development Business

- **Purchases: ¥18.4 billion (down 55.6% YoY)**
 - **Secured properties of ¥160 billion for Q3 onward**
- **Supply: ¥21.5 billion (down 29.3% YoY)**
 - **Started to supply condominiums scheduled to be recorded as net sales from next period onward**
 - **The supply of some properties was delayed and was moved to Q3 or later**
- **Sales contracts: ¥18.9 billion (down 29.9% YoY)**
 - **Shortage of sales materials due to supply schedule delay**
- **Sales contracts amounted to 99% of full-year net sales plan**

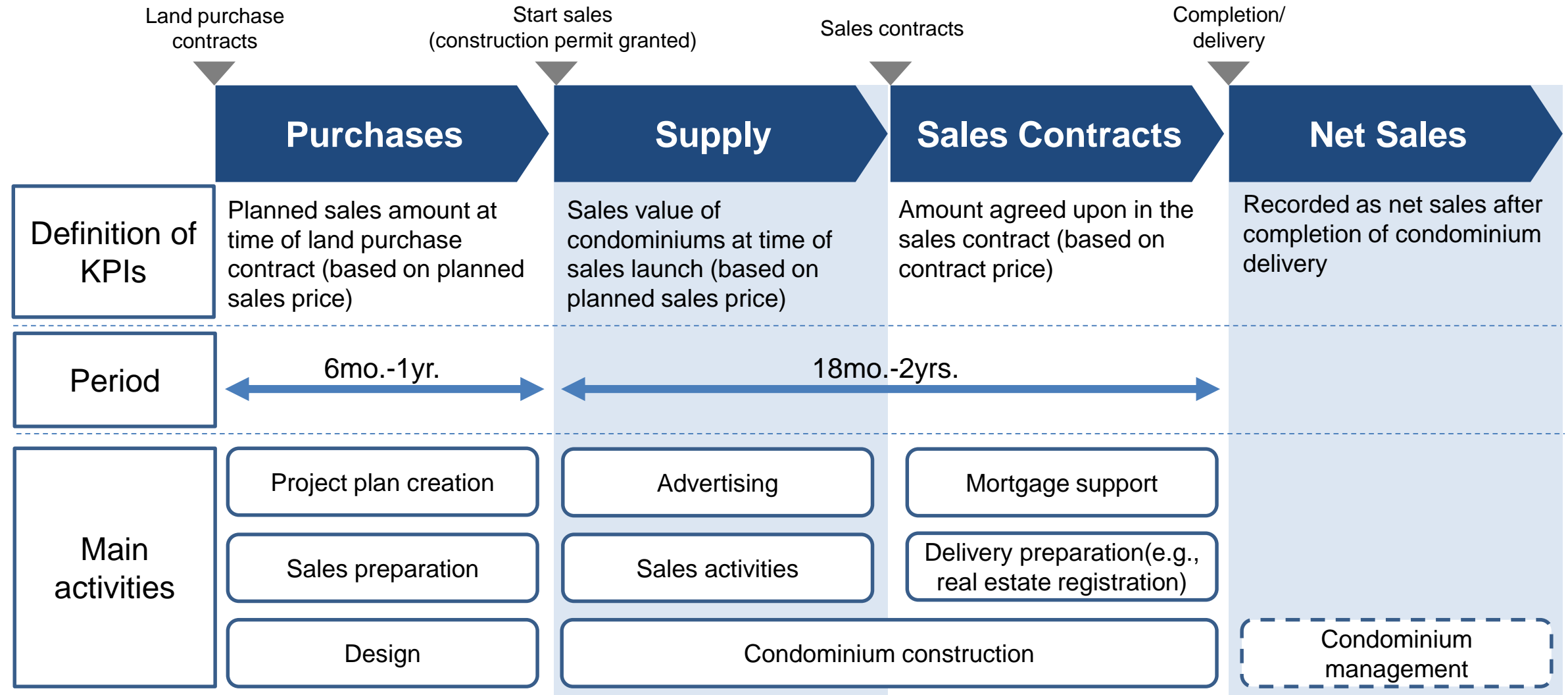
■ 1H net sales and profits increased YoY

(Millions of yen)

| | 1H FY03/23 Actual | 1H FY03/24 Actual | Change | Change (%) |
|----------------------------------|----------------------|----------------------|--------|---------------|
| Net sales | | | | |
| Sales to external customers | 9,489 | 19,779 | 10,290 | 108.4% |
| Intersegment sales and transfers | 7 | - | -7 | - |
| Total | 9,496 | 19,779 | 10,282 | 108.3% |
| Segment profit | -214 | 1,301 | 1,515 | - |

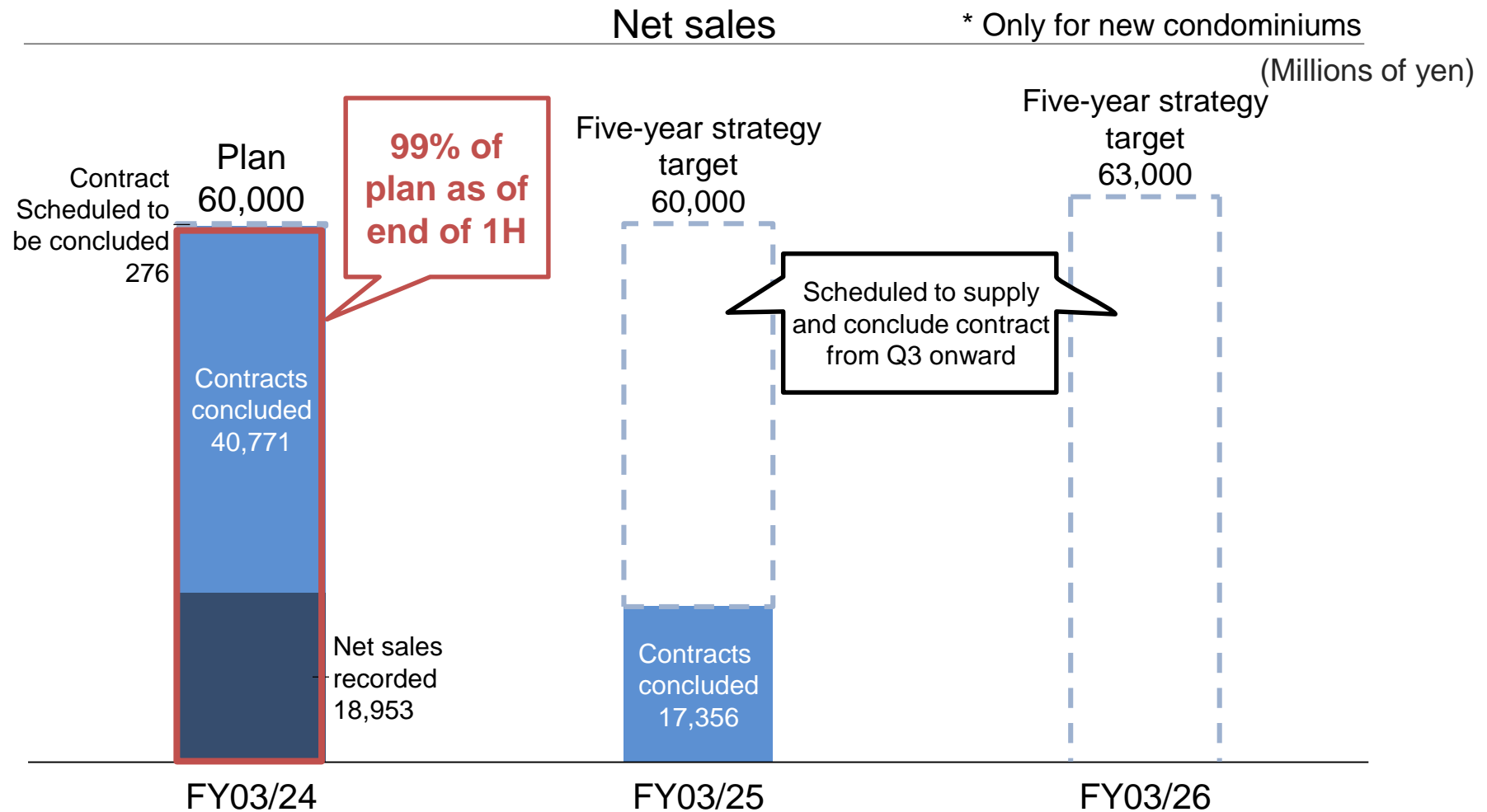
[Ref.] Leading Sales Indicators (KPIs) for the Residential Development Business

■ KPIs are defined as follows.



Residential Development Business: Progress Against Full-year Net Sales Plan (1)

- Sales contracts at the end of 1H amounted to 99% of the full-year net sales plan

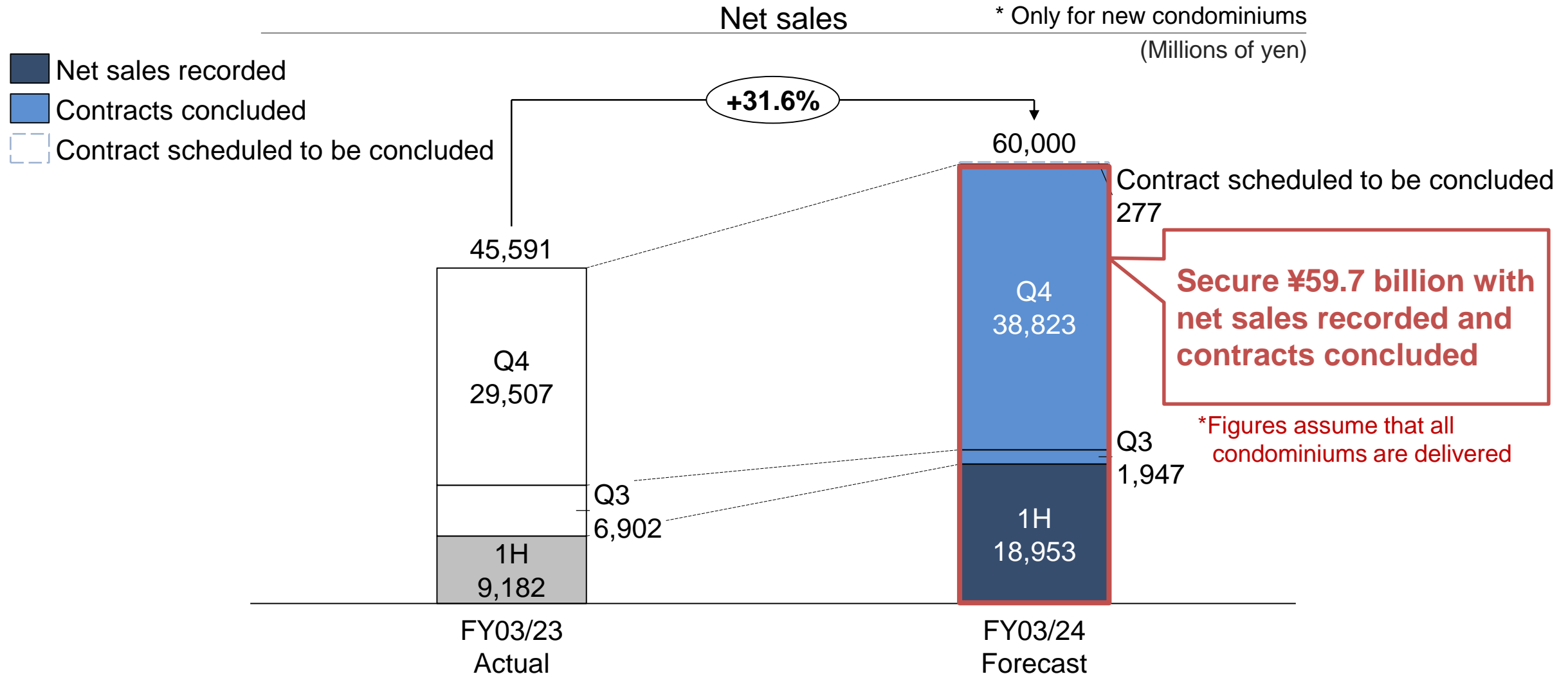


*The "Five-year strategy target" is the target figure for our five-year strategy announced on February 28, 2022.

*The fiscal year in which concluded contracts are recorded as net sales is determined based on the expected delivery date.

Residential Development Business: Progress Against Full-year Net Sales Plan (2)

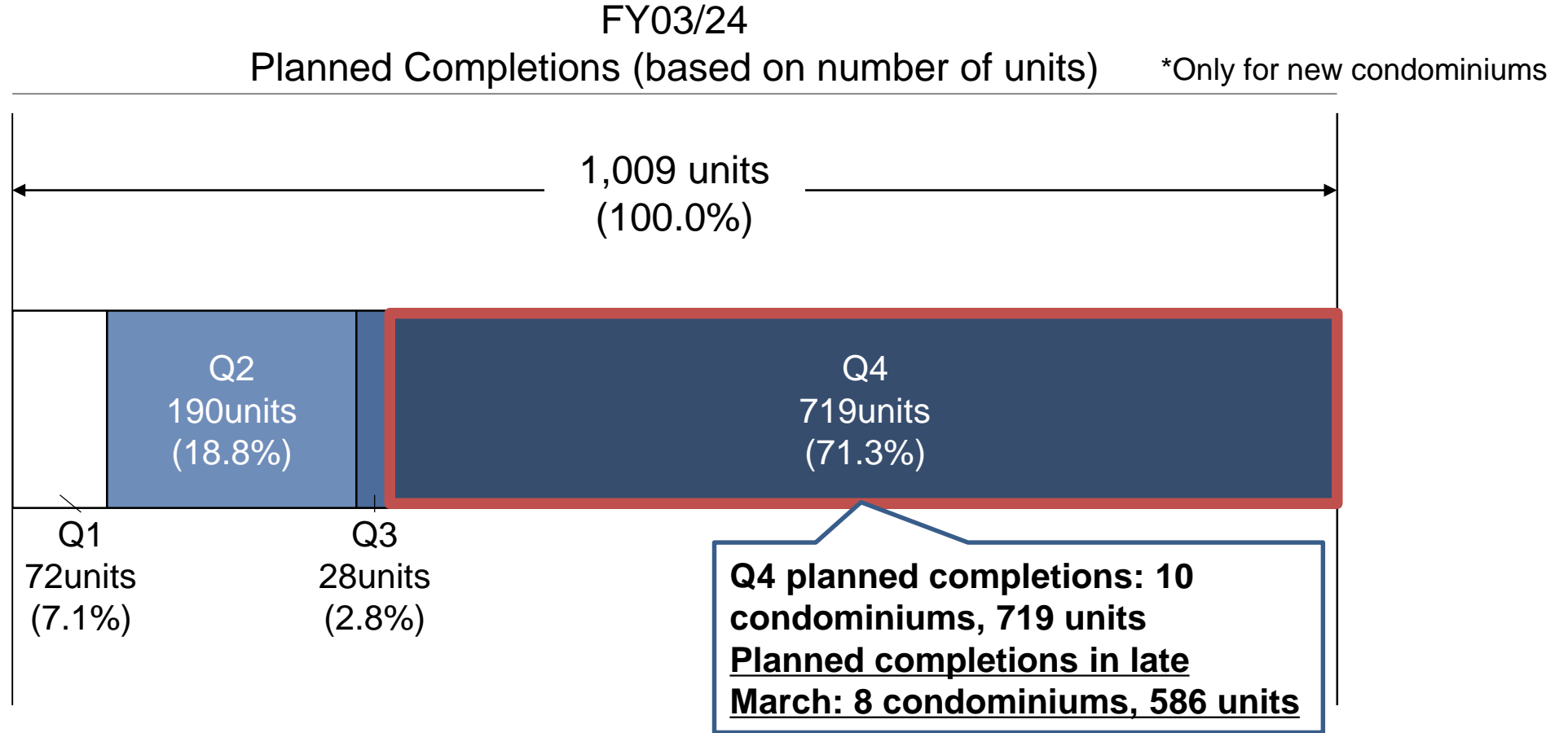
- Full-year net sales are projected at ¥60 billion yen (up 31% YoY)



Residential Development Business: Completions Schedule

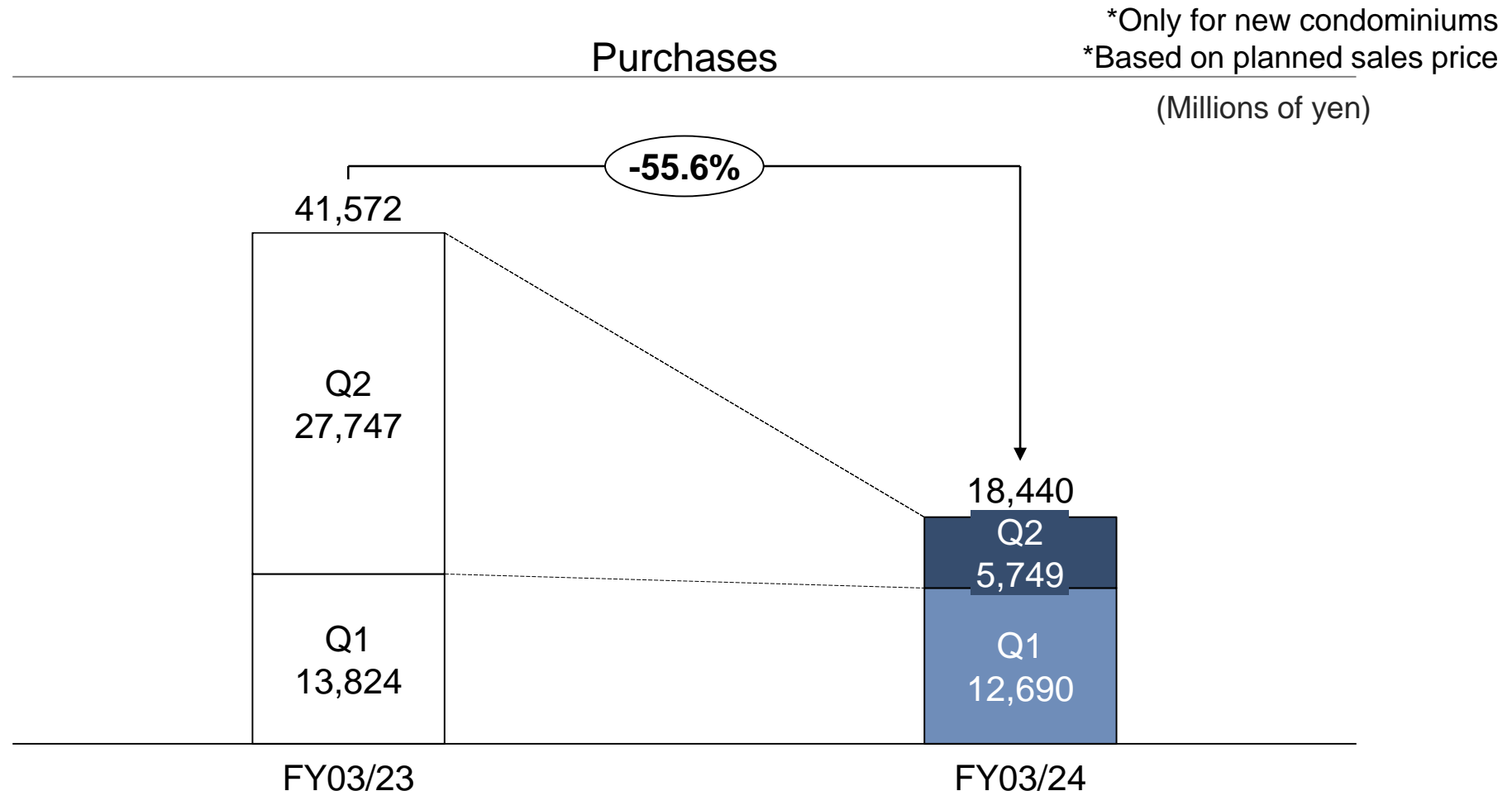
- Completion of condominiums concentrated in Q4 (net sales recorded at the time of delivery)

→ Net sales plan weighted in Q4

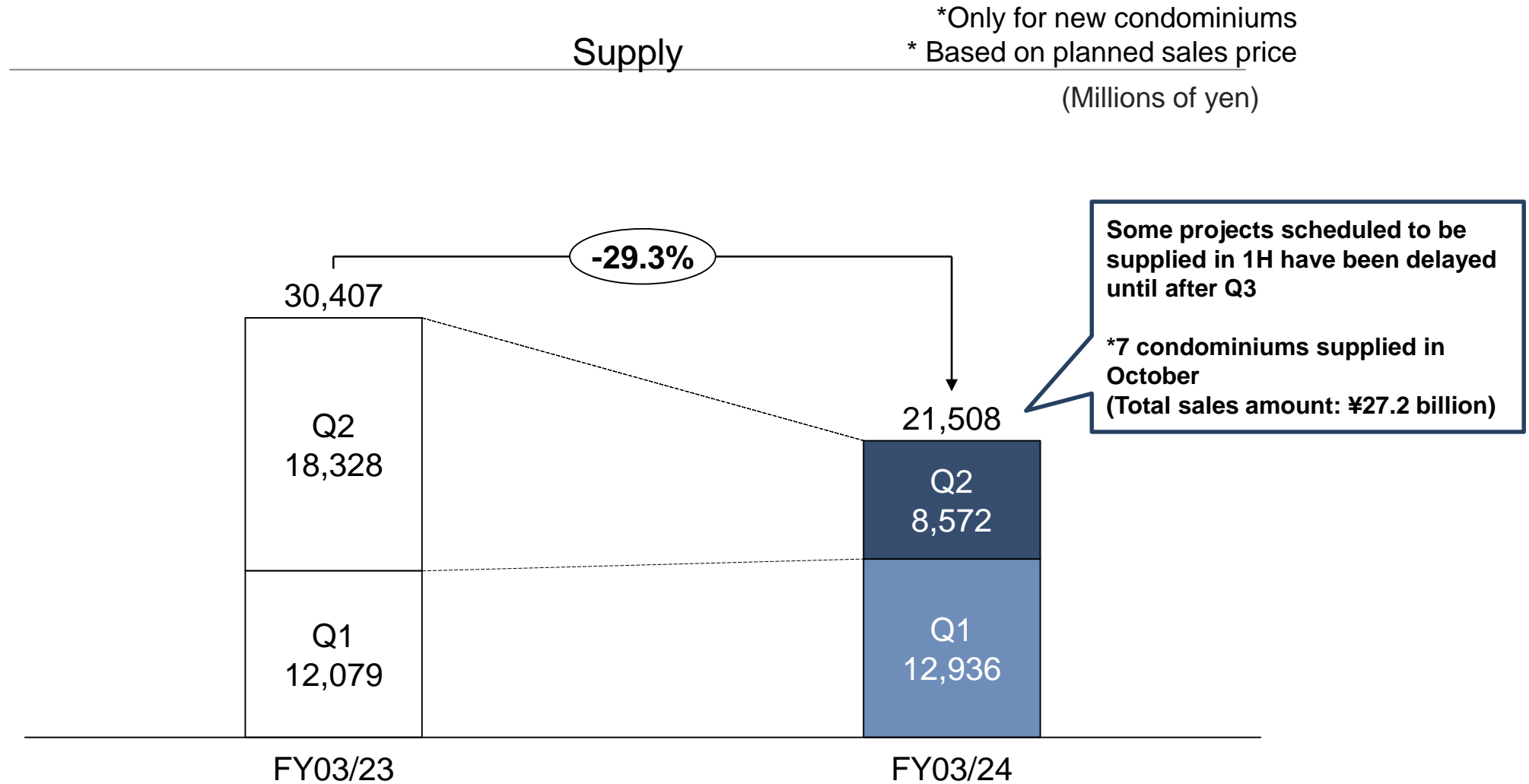


Residential Development Business: Purchases

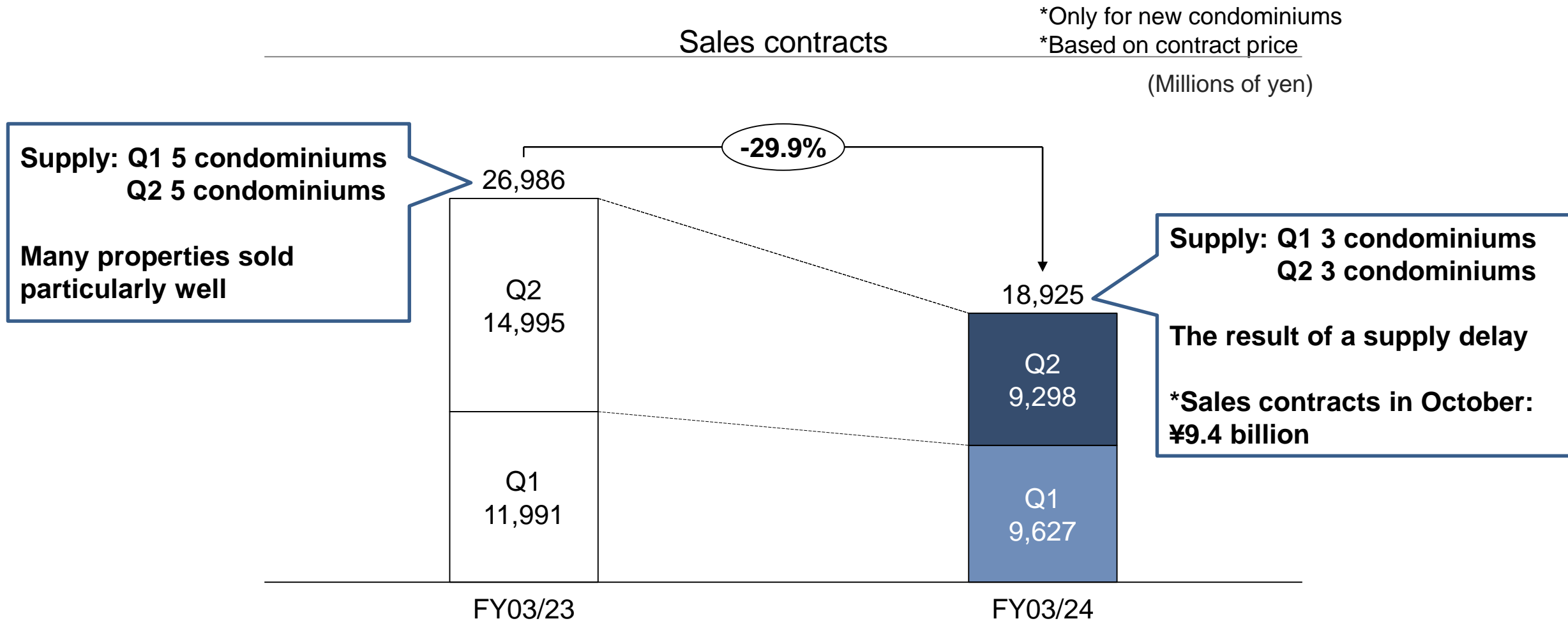
- Purchases in 1H amounted to ¥18.4 billion (down 55% YoY)
- Secured properties of more than ¥160 billion worth for Q3 onward, and conducted carefully selected purchases in consideration of the recent sharp rise in construction costs



- Supply in 1H amounted to ¥21.5 billion (down 29% YoY)

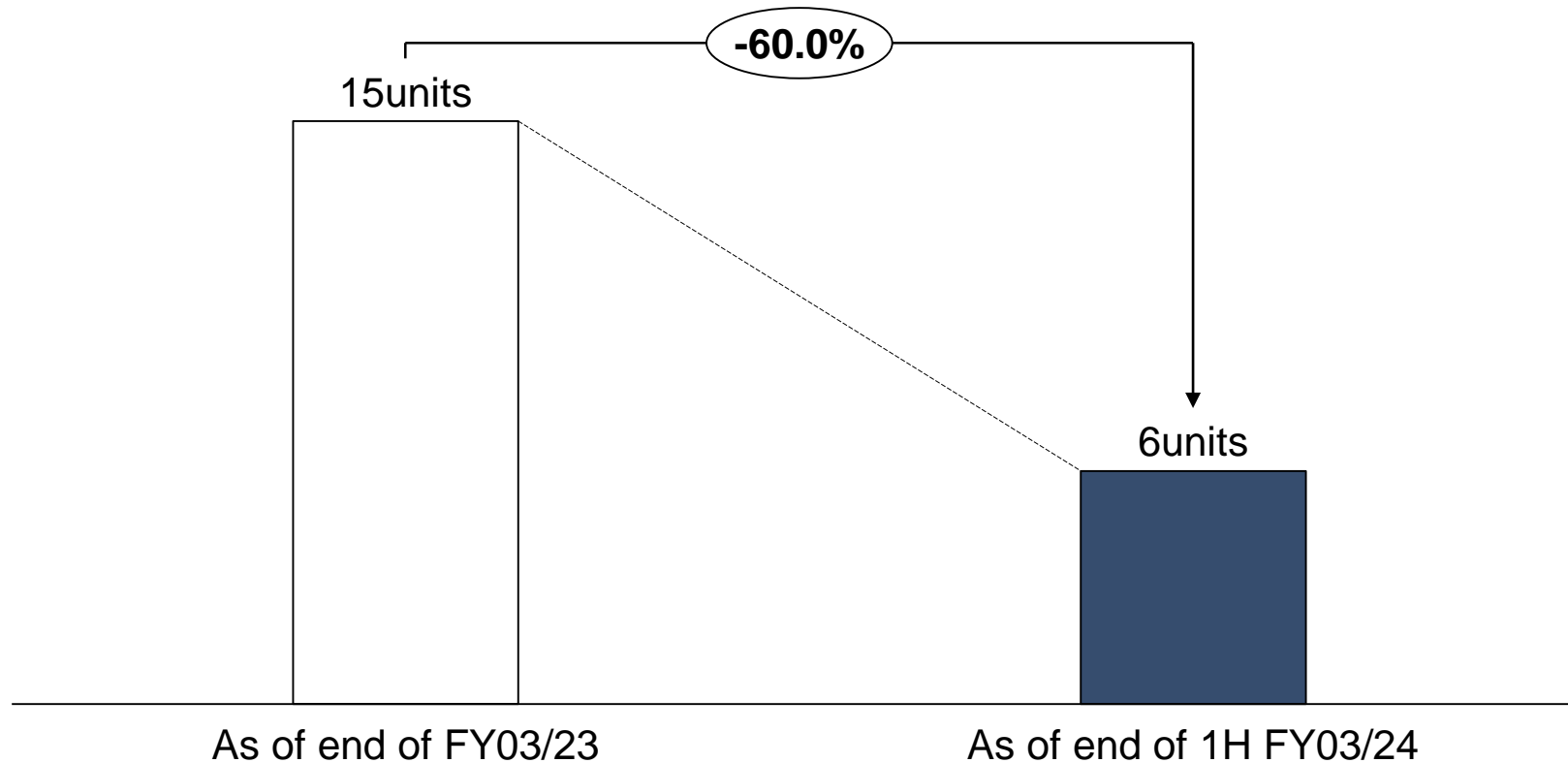


- Sales contracts in 1H amounted to ¥18.9 billion (down 29% YoY)
- Sluggish sales contracts due to a delay in the supply schedule of some condominiums



- Completed inventory at the end of 1H was low at 6 units

Completed inventory (completed uncontracted units) *Only for new condominiums



CLIO クリオ鶴見花月総持寺
CLIO TSURUMI KAGETSU-SŌJIJI



Yokohama, Kanagawa
Total number of units:54
Sales launched in July 2023
Scheduled to be completed in October 2024

CLIO クリオ札幌北4条ミッドグレイス
CLIO SAPPORO KITA4JO MID GRACE



Sapporo, Hokkaido
Total number of units:70
Sales launched in July 2023
Scheduled to be completed in March 2025

CLIO クリオ大野城駅前
CLIO ŌNOJŌEKIMAE



Onojo, Fukuoka
Total number of units:40
Sales launched in August 2023
Scheduled to be completed in February 2025

Residential Development Business Topics: Trends in Construction Costs

Purchases

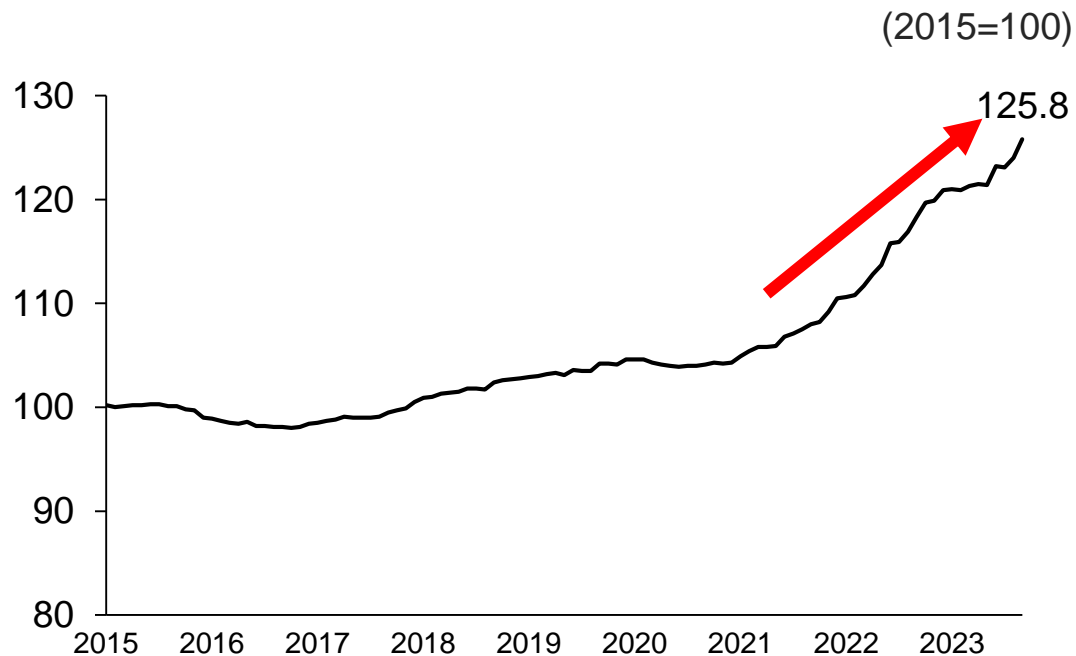
Supply

Sales Contracts

Net Sales

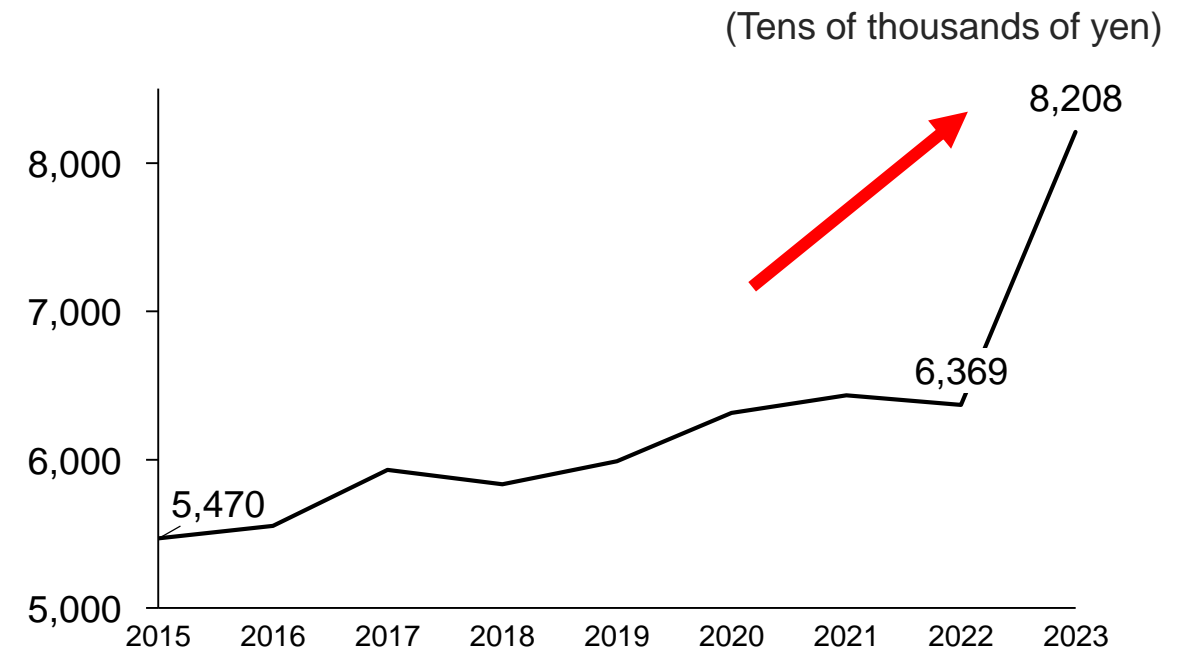
- Construction costs continue to rise and sales price are also increasing

Trends in the Construction Cost Index



*Compiled by us based on the Construction Research Institute's "Construction Cost Index (Construction Cost (Tokyo), RC Housing Complexes, base year of 2015)"

Average Price of Condominiums in the Tokyo Metropolitan Area



*Compiled by us based on the Real Estate Economic Institute's "Tokyo Metropolitan Area Condominium Market Trends" Jan.-Sept.

▶ **We are continuing purchases by carefully selecting properties that match the increased construction costs**

Residential Development Business Topics: Measures to Cope with Rising Construction Costs

- Implemented Value Engineering* (VE) as a countermeasure to rising construction costs
- As a result, the supply schedule has been delayed

Measures to Cope with Rising Construction Costs

▶ Implementing Value Engineering*

- We are working with construction companies to reduce costs through value engineering
- We are developing products that are switching to low-priced materials and equipment while not compromising on the comfort of residences

*Value Engineering is the process of understanding the “value” of a product or service in terms of the “function” it should perform and the “cost” it incurs and improving “value” through systemized procedures
(Source: Website of Society of Japanese Value Engineering)

New Supply in FY03/24

| | FY03/24 Full-year plan | FY03/24 As of the end of Q2 | Progress (%) |
|--------------------------------|---------------------------|-----------------------------------|--------------|
| No. of newly supplied units | 1,300 units | 346 units | 26.6% |

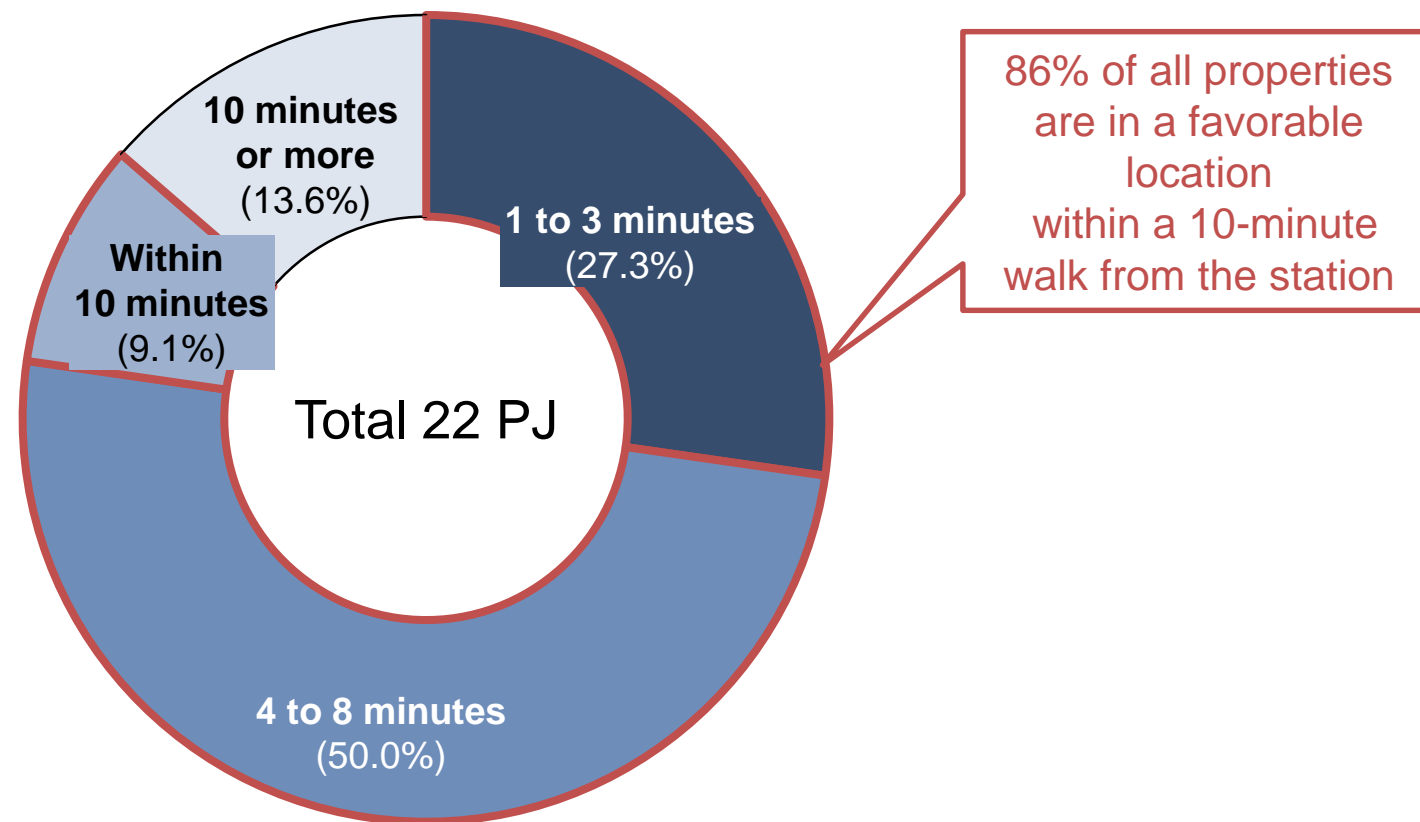
- ✓ Value Engineering takes considerable time, impacting supply schedules
- ✓ Progress of new supply remained at 26% as of the end of Q2
- ✓ Supply has started smoothly since October

▶ We will continue to provide high-quality condominiums that are carefully designed despite the harsh construction environment

Residential Development Business Topics: Implementation of Carefully Selected Purchases

- Focusing on purchases near stations where asset value is unlikely to decline

Walking time to the nearest station of the property to be supplied*



*Properties which have been purchased but not supplied as of September 2023

- Conducting real estate M&A for the purpose of acquiring real estate for sales materials
- Using a variety of methods to secure sales materials amid intensifying competition

Results of real estate M&A

<Overview of Case A>

- ✓ Parking lot management company in Tokyo
- ✓ The company was considering transferring the shares on the assumption that it would close down due to the absence of a successor
- ✓ Owned a real estate (parking lot) in a good location in the center of Tokyo

▶ We are now developing a condominium after M&A
*Sale price equivalent to approximately ¥3.5 billion

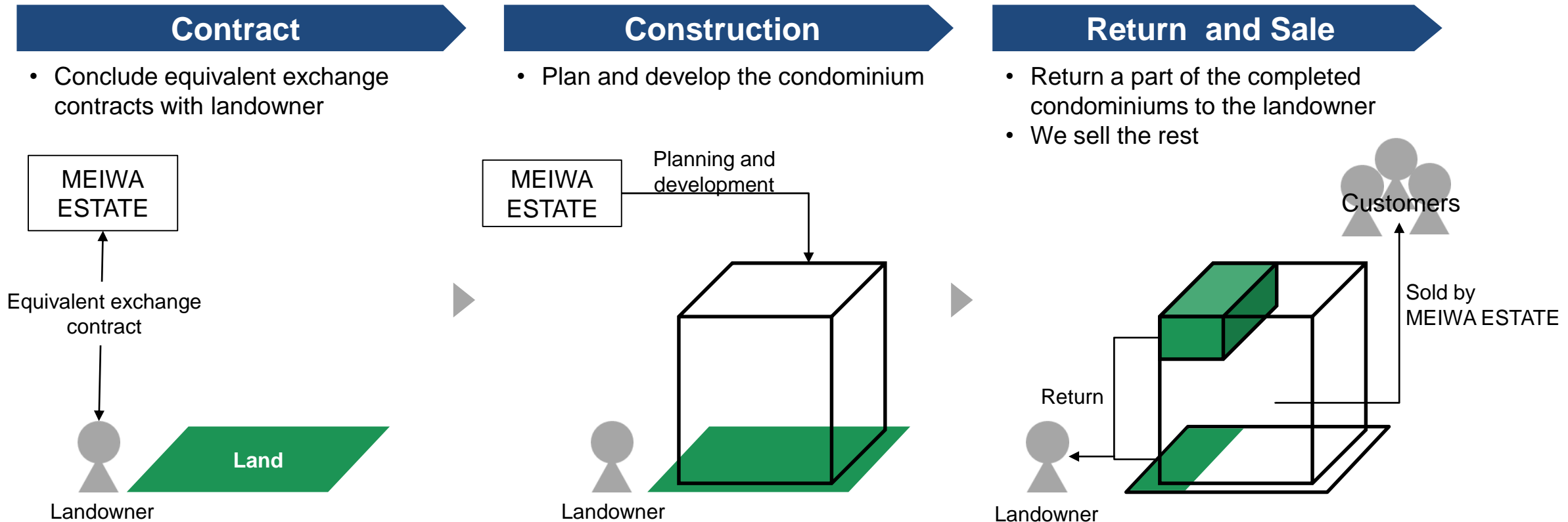
<Overview of Case B>

- ✓ Real estate agent in Tokyo
- ✓ The company was considering transferring the shares on the assumption that it would close down due to the absence of a successor
- ✓ Owned multiple real estate properties in Tokyo (condominium units, etc.)

▶ Use of M&A as a purchases in Purchase and Resale Business
*Sale price equivalent to approximately ¥2.2 billion

■ Using equivalent exchange projects as a purchasing method

Flow of Equivalent Exchange Projects



► **We propose the effective use of assets through the exchange of land and condominiums**

■ As described below, we have many results of equivalent exchange

Results of Equivalent Exchange Operations (Excerpt)

CLiO クリオ千代田御茶ノ水 CLIO CHIYODA OCHANOMIZU



- Chiyoda, Tokyo
- 8-minute walk from Ochanomizu Station
- 37 units in total
- Completed in September 2022

CLiO クリオ横濱元町通り CLIO YOKOHAMA MOTOMACHI-DORI



- Yokohama, Kanagawa
- 6-minute walk from Motomachi-Chukagai Station
- 43 units in total
- Completed in October 2021

CLiO クリオレジダンス川崎南幸町 CLIO RESIDENCE KAWASAKI MINAMISAIWAICHO



- Kawasaki, Kanagawa
- 11-minute walk from Kawasaki Station
- 95 units in total
- Scheduled for completion in February 2024

CLiO クリオ学芸大学ザ・クラシック CLIO GAKUGEI-DAIGAKU THE CLASSIC



- Setagaya, Tokyo
- 9-minute walk from Gakugei-daigaku Station
- 26 units in total
- Completed in August 2023

CLiO クリオ横濱桜木町ミッドグレイス CLIO YOKOHAMA SAKURAGICHO MID GRACE



- Yokohama, Kanagawa
- 7-minute walk from Sakuragicho Station
- 42 units in total
- Scheduled for completion in March 2024

CLiO クリオ川口幸町 CLIO KAWAGUCHI SAIWAICHO

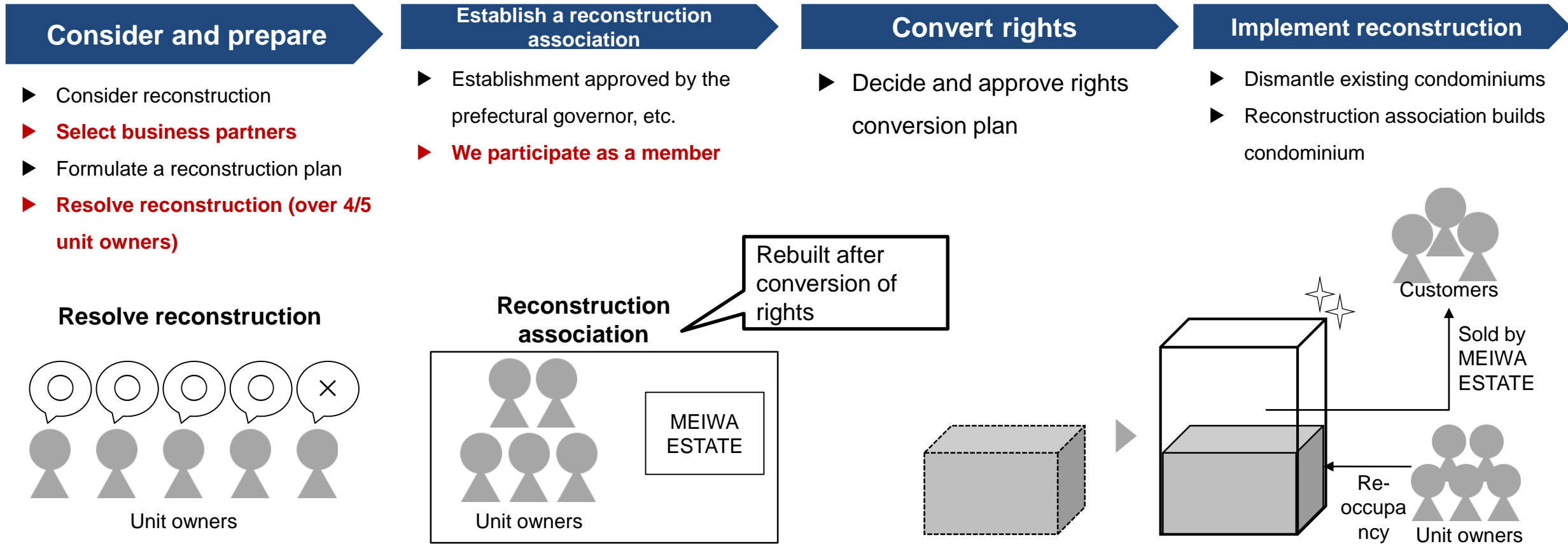


- Kawaguchi, Saitama
- 10-minute walk from Kawaguchi Station
- 39 units in total
- Completed in March 2023

Residential Development Business Purchases Topic 3: Redevelopment and Reconstruction Projects

- Redevelopment and Reconstruction Department established in April 2023
- Focusing on the reconstruction of existing condominiums

Example: Reconstruction Business Flow



- Selected as a business partner for the reconstruction of a condominium in Shibuya, Tokyo
- Our first reconstruction business based on the Condominium Reconstruction Law

Our Efforts in the Redevelopment and Reconstruction Business

Promote condominium reconstruction and urban redevelopment projects based on experience and know-how accumulated as a developer in the Residential Development Business.

Selected as a business partner in a condominium reconstruction project in Shibuya, Tokyo, utilizing the Act on Facilitation of Reconstruction of Condominium, etc. (Condominium Reconstruction Act). Furthermore, discussions are ongoing with several management associations for the realization of reconstruction projects and land sales projects.

For redevelopment projects, we are working to identify projects targeting urban areas and are accumulating consultation for commercialization.

- ▶ **Potential projects are in progress**
- ▶ **Actively working to achieve medium - to long-term growth and resolve social issues**

Real Estate Agency Business

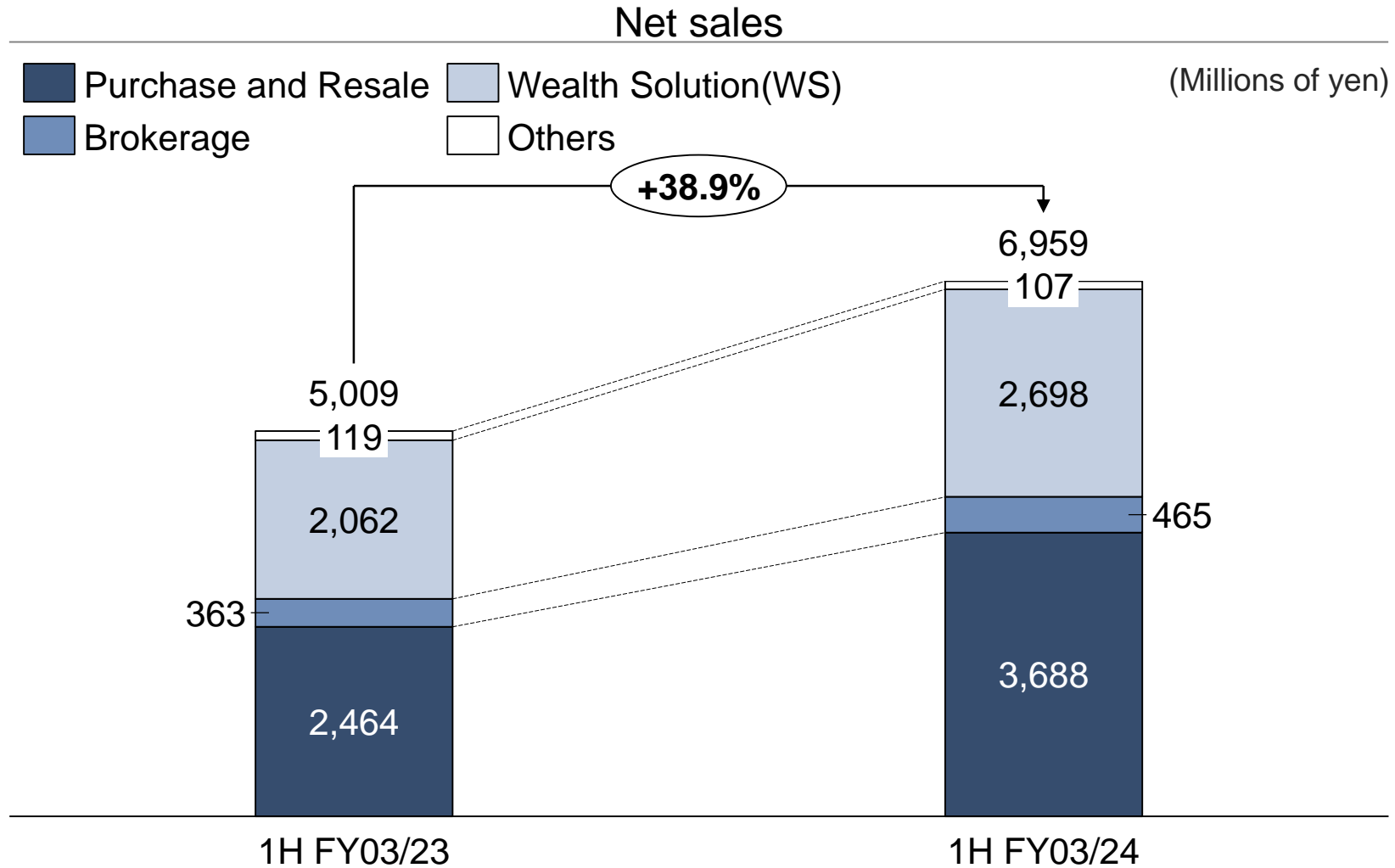
- **Purchase and Resale Business continued to grow at a CAGR of 41%**
 - **Net sales: ¥3.6 billion**
- **Brokerage Business continued to grow at a CAGR of 20%**
 - **Net sales: ¥465 million**
- **In the Wealth Solution Business for high net worth (HNW) individuals, the sale of two rental properties was completed in Q1**

- Strong performance in Purchase and Resale Business and Brokerage led to increased net sales and profits YoY

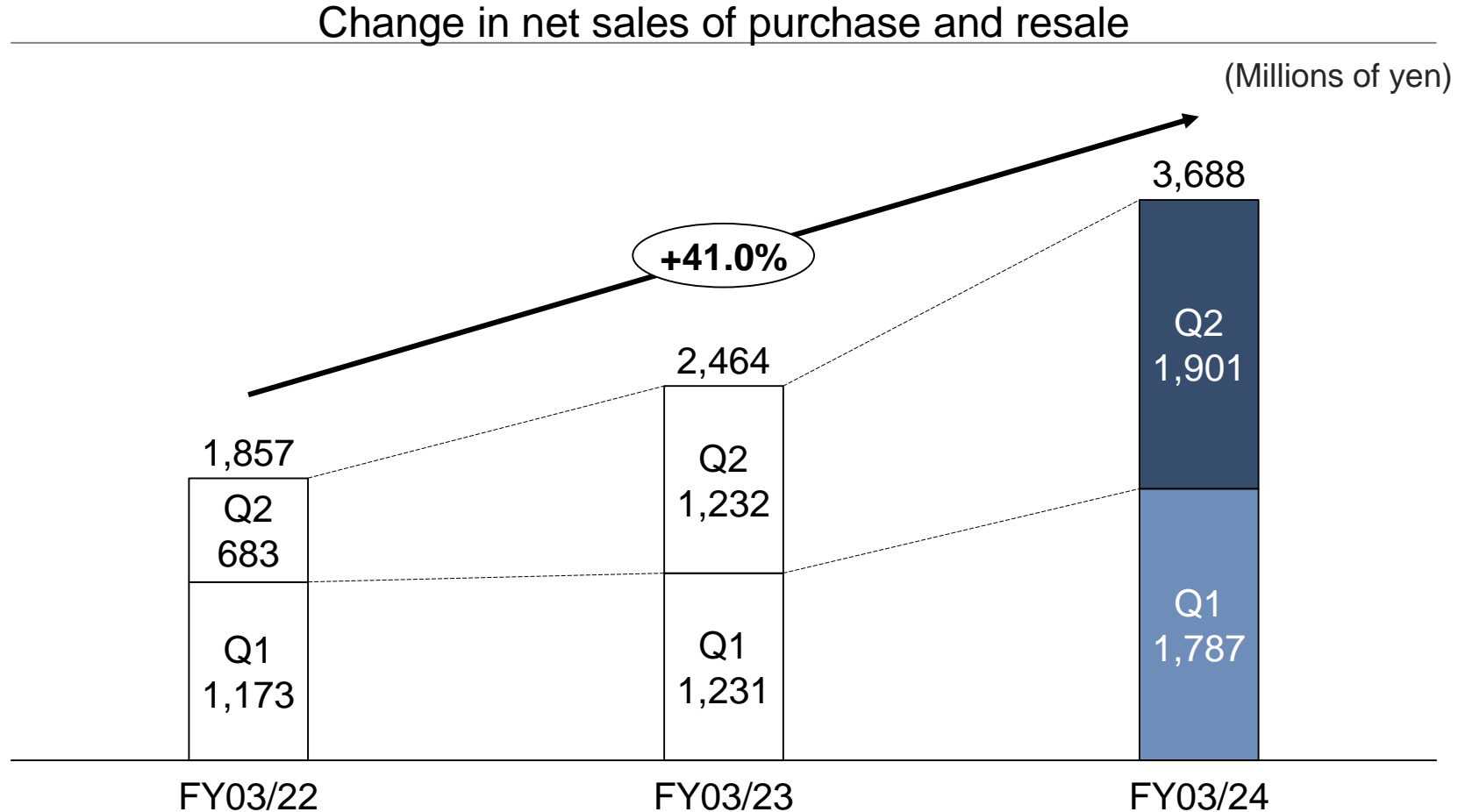
(Millions of yen)

| | 1H FY03/23 Actual | 1H FY03/24 Actual | Change | Change (%) |
|----------------------------------|----------------------|----------------------|--------|---------------|
| Net sales | | | | |
| Sales to external customers | 5,009 | 6,959 | 1,950 | 38.9% |
| Intersegment sales and transfers | - | - | - | - |
| Total | 5,009 | 6,959 | 1,950 | 38.9% |
| Segment profit | 266 | 347 | 81 | 30.5% |

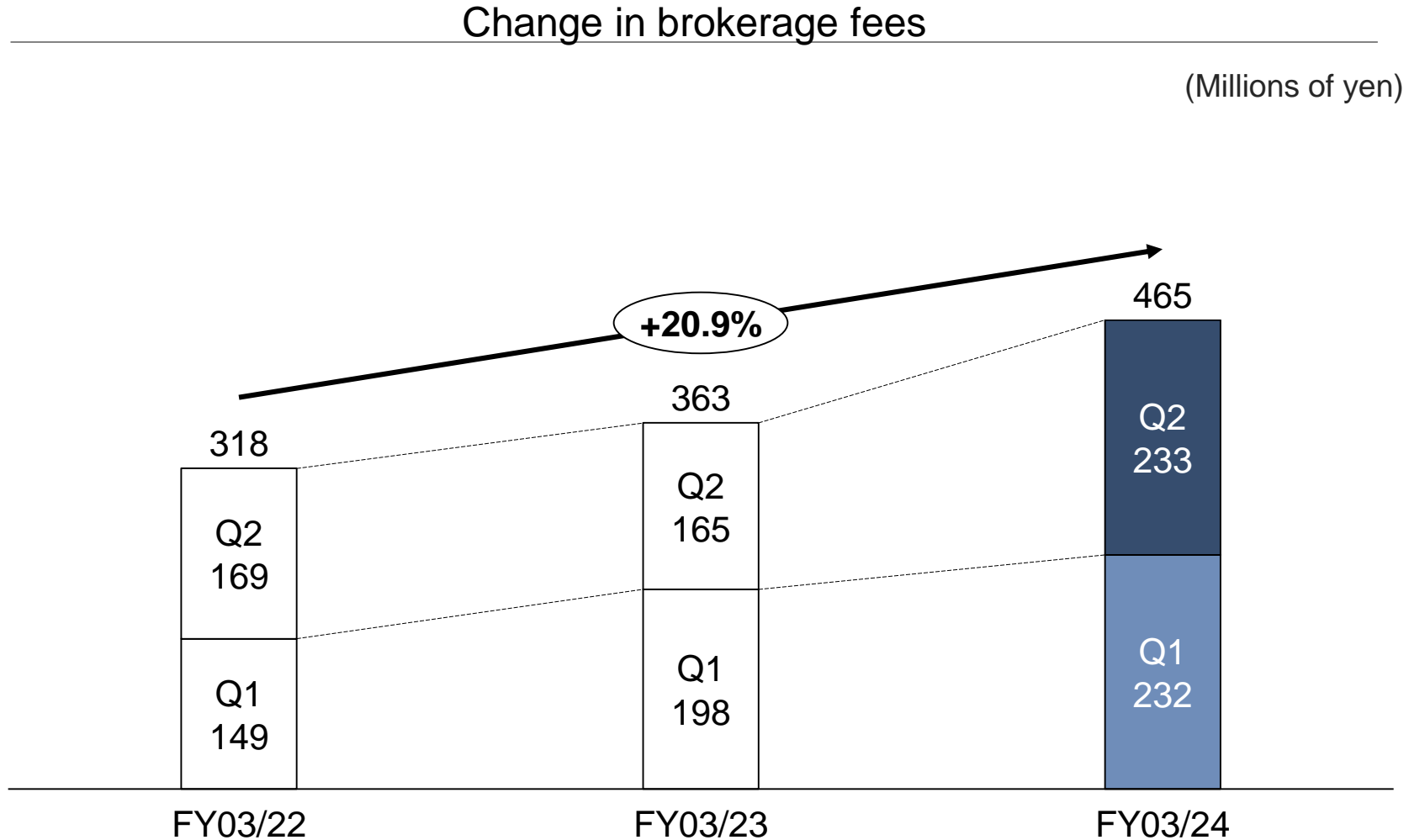
■ Net sales in 1H were ¥6.9 billion



- Net sales in 1H increased to ¥3.6 billion at a CAGR of 41%



- Net sales in 1H increased to ¥465 million at a CAGR of 20%



*CAGR: Compound Annual Growth Rate

■ Completed settlement and delivery of two properties in Q1

Q1 FY03/24 Condominium sales

CLIO la belle vie Yokohama Sakuragicho Suite



Total number of units: 32
Yokohama, Kanagawa
Delivered in April 2023

CLIO la belle vie Motoasakusa

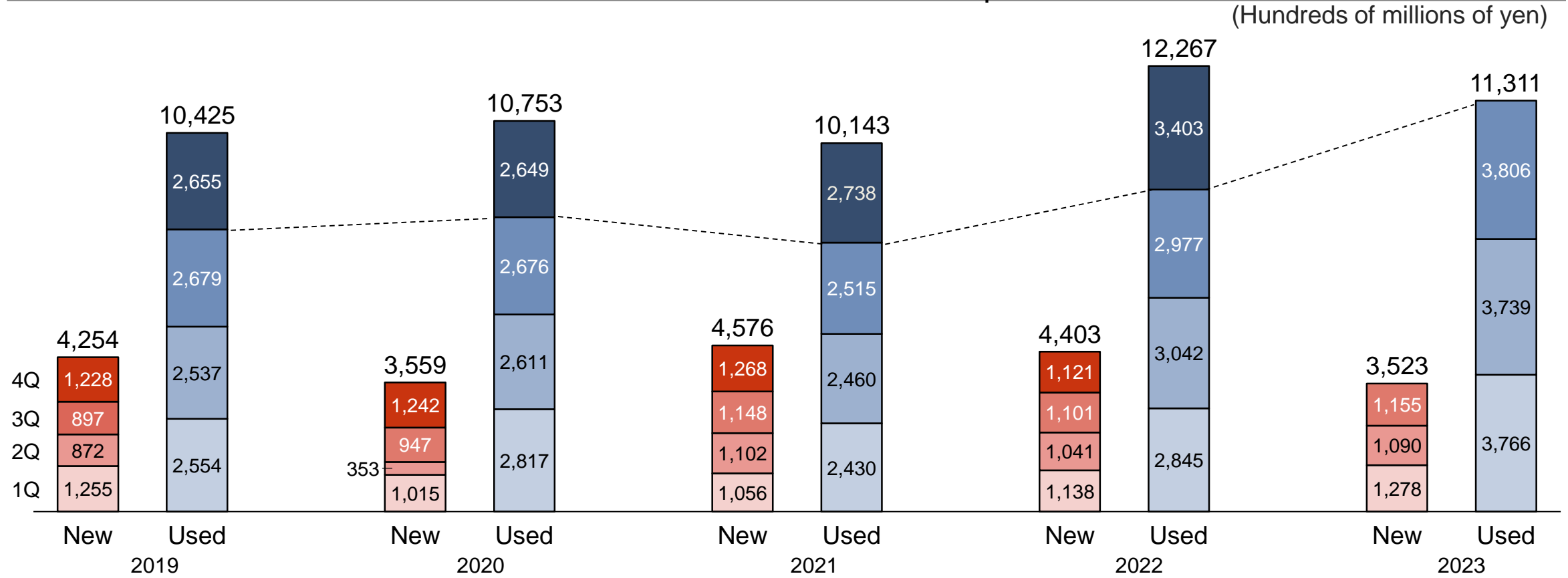


Total number of units: 37
Taito, Tokyo
Delivered in April 2023

Real Estate Agency Business Topics: Expanding Used Condominium Market

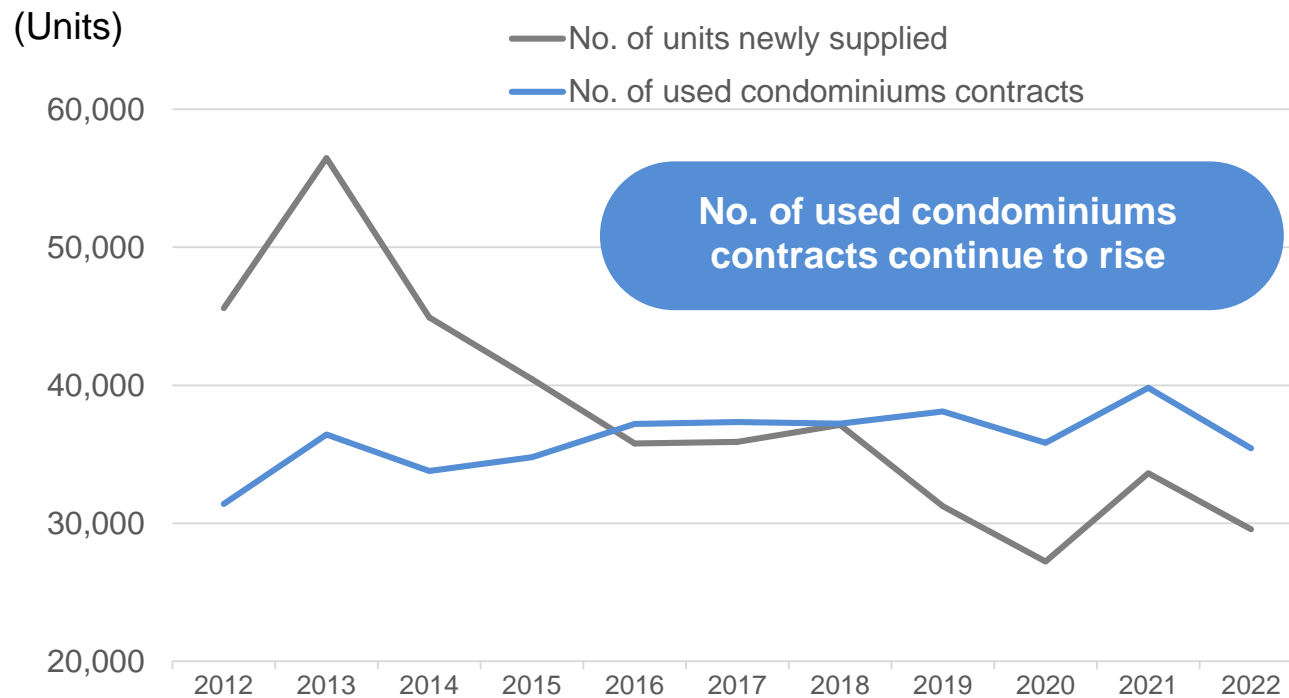
- Although the size of newly built condominiums in the condominium market remains flat, the size of used condominiums is steadily expanding.

Condominium market size in Japan



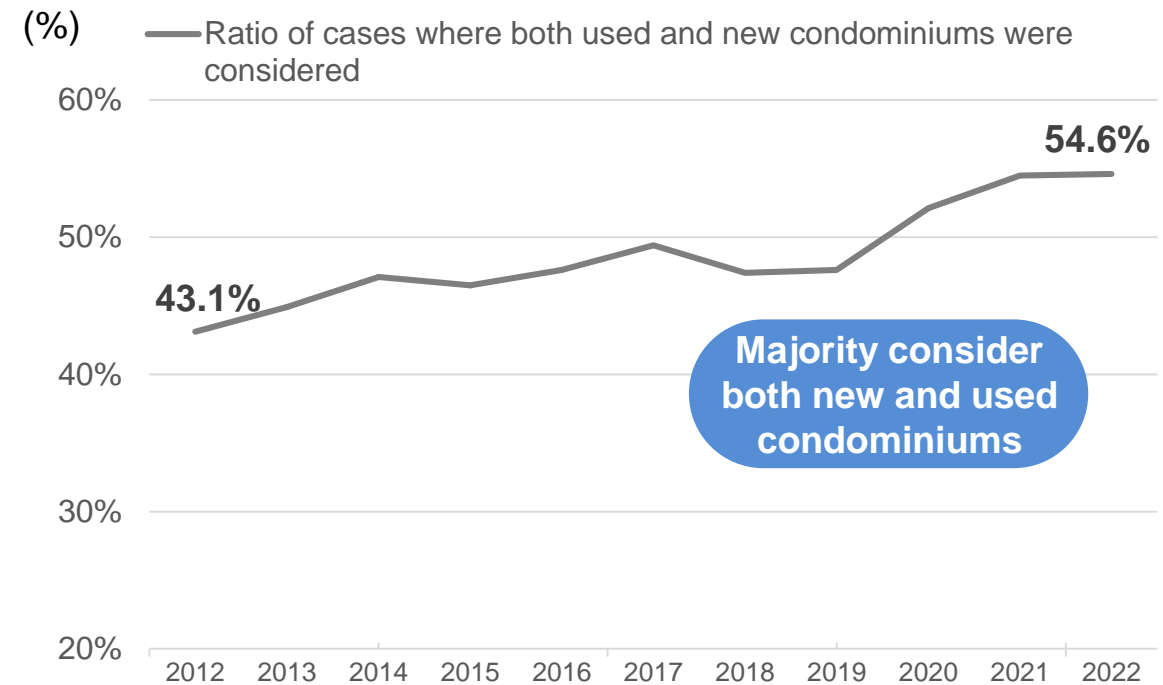
- An increasing proportion of customers consider both new and used condominiums
- This provides a tailwind for us as it can offer both

No. of new condo units supplied and no. of used condo contracts



Source: Compiled "Summary of Tokyo Metropolitan Area New Condominium Market Trends for 2022" by Real Estate Economic Institute Co., Ltd. and "Tokyo Metropolitan Area Real Estate Secondary Market Trends (2022)" by Real Estate Information Network for East Japan

Ratio of cases where both used and new condos were considered



Source: Compiled "2022 Tokyo Metropolitan Area New Condominium Contractors Trend Survey" by Recruit Co., Ltd.

Condominium Management Business

- **Achieved high customer satisfaction**
- **Significant increase in switchovers of condominiums managed by other companies (2.9 times more YoY)**
- **Number of units under management as of the end of Q2: 47,426**
- **Net sales maintained steady growth**

- Net sales and profit increased as switchovers of condominiums managed by other companies progressed strong

(Millions of yen)

| | 1H FY03/23 Actual | 1H FY03/24 Actual | Change | Change (%) |
|----------------------------------|----------------------|----------------------|--------|---------------|
| Net sales | | | | |
| Sales to external customers | 2,639 | 2,802 | 163 | 6.2% |
| Intersegment sales and transfers | 22 | 18 | -3 | -15.1% |
| Total | 2,662 | 2,821 | 159 | 6.0% |
| Segment profit | 154 | 187 | 32 | 21.3% |

- Meiwa Jisyo Community Co., Ltd. achieved high levels of customer satisfaction

明和地所グループの明和地所コミュニティは

2023年 オリコン顧客満足度ランキング
「分譲マンション管理会社 首都圏」において※1



第2位 **第3位**

管理会社担当者 小規模部門(100戸未満)

※1 / 2023年 オリコン顧客満足度®調査 分譲マンション管理会社 首都圏 管理会社担当者 第2位 / 小規模 第3位

Highly rated in the Oricon Customer Satisfaction Ranking

明和地所グループの明和地所コミュニティは

購入者が選ぶ「SUUMO AWARD 2022
首都圏分譲マンション管理会社」において



購入者が選ぶ **SUUMO AWARD 2022**

総合評価 優秀賞

100戸未満の部

Won the SUUMO AWARD 2022 Excellence Award

- The Company was highly evaluated continuously in Oricon Customer Satisfaction Ranking 2023 “Tokyo Metropolitan Area Condominium Management Company”

Management company staff satisfaction ranking

| Rank | Company Name | Score |
|----------|------------------------------------|-------------|
| 1 | Mitsui Fudosan Residential Service | 72.2 |
| 2 | Meiwa Jisyo Community | 72.0 |
| 3 | Nomura Real Estate Partners | 71.8 |

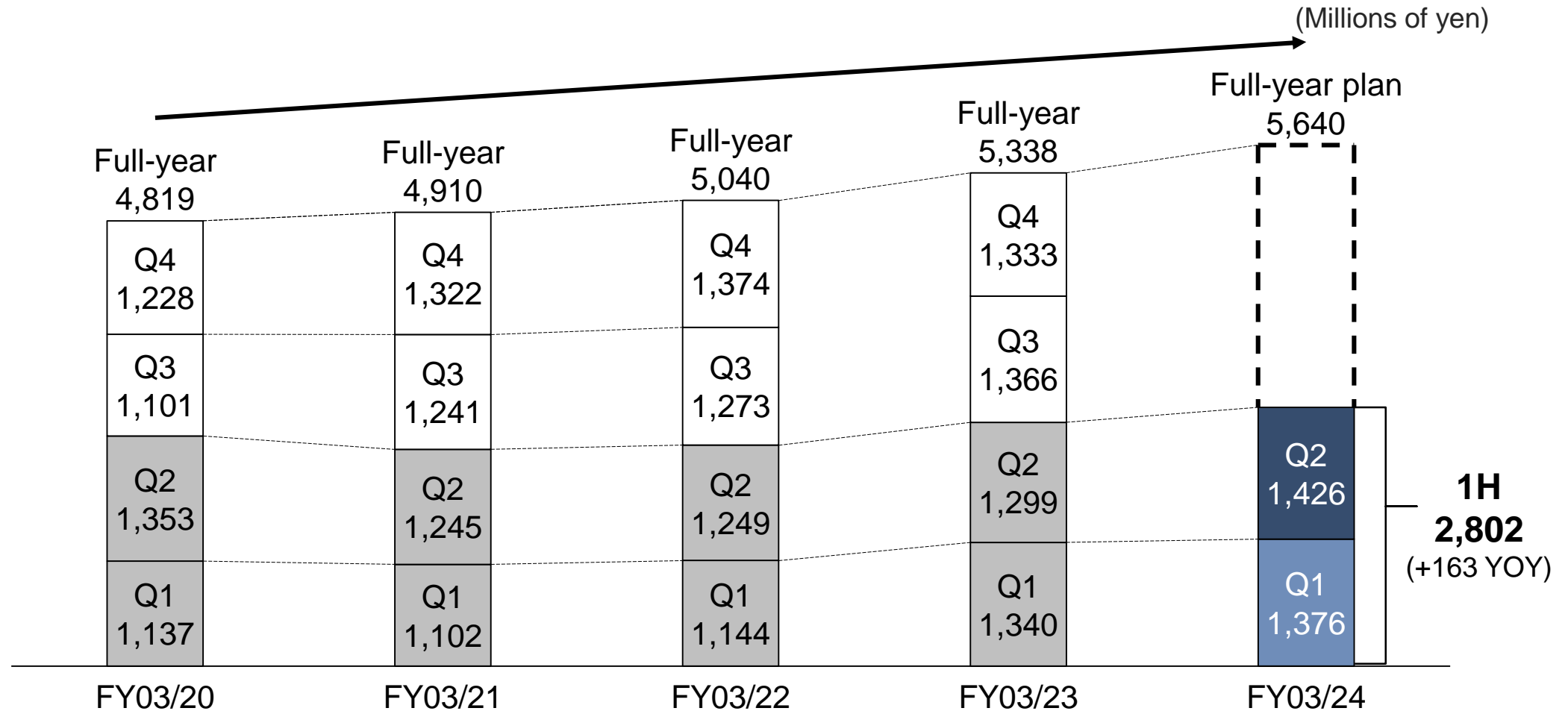
Small-scale* satisfaction ranking

| Rank | Company Name | Score |
|----------|------------------------------------|-------------|
| 1 | Mitsui Fudosan Residential Service | 71.9 |
| 2 | Tokyo Tatemono Amenity Support | 71.6 |
| 3 | Meiwa Jisyo Community | 71.3 |
| 4 | Nomura Real Estate Partners | 71.0 |
| 5 | ITOCHU Urban Community | 70.8 |

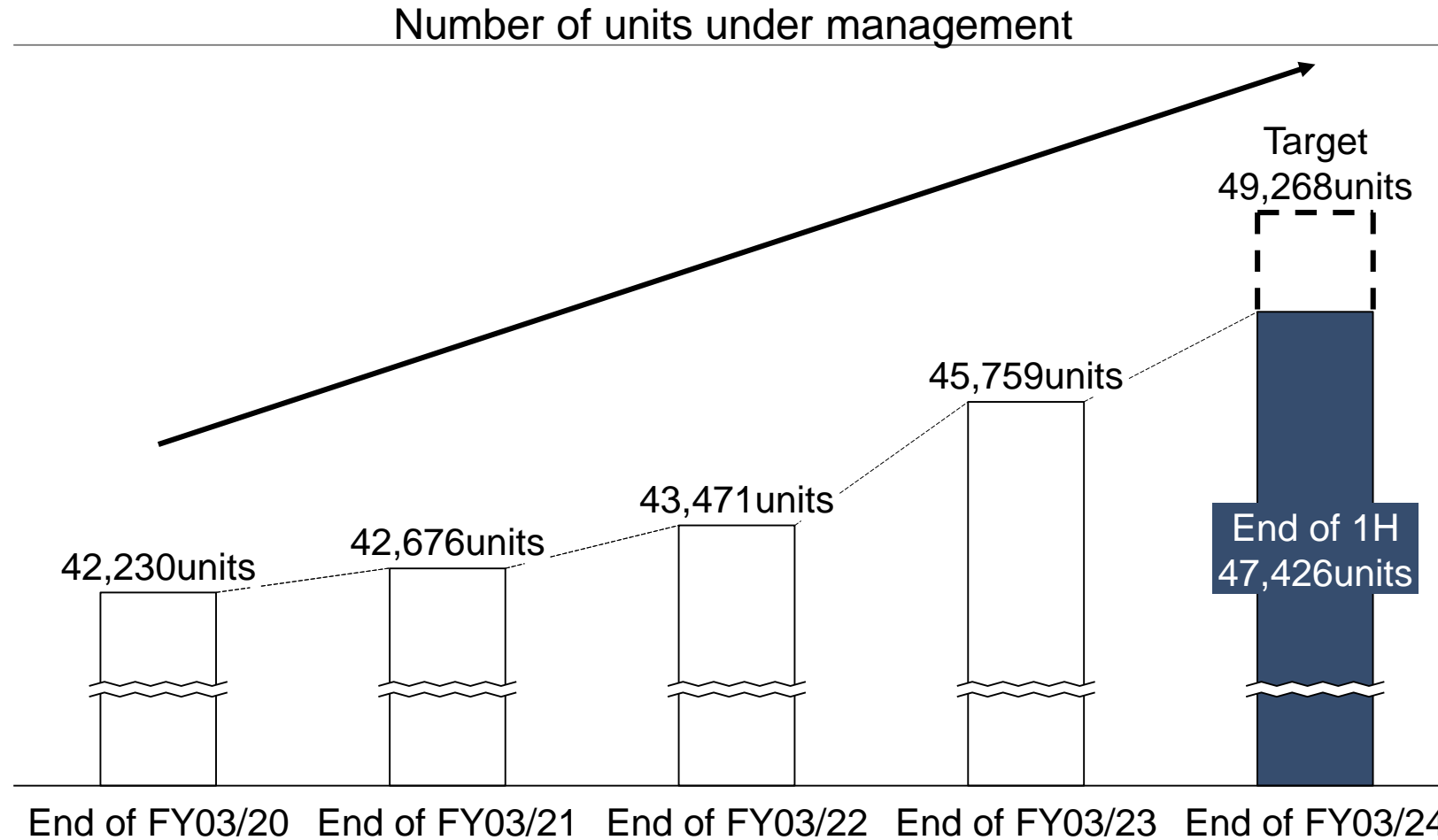
*"Small-scale" refers to apartments of less than 100 households in which the respondents live. Respondents are those who live in or own such apartments.

- Net sales in 1H were ¥2.8 billion

Change in net sales of Condominium Management Business

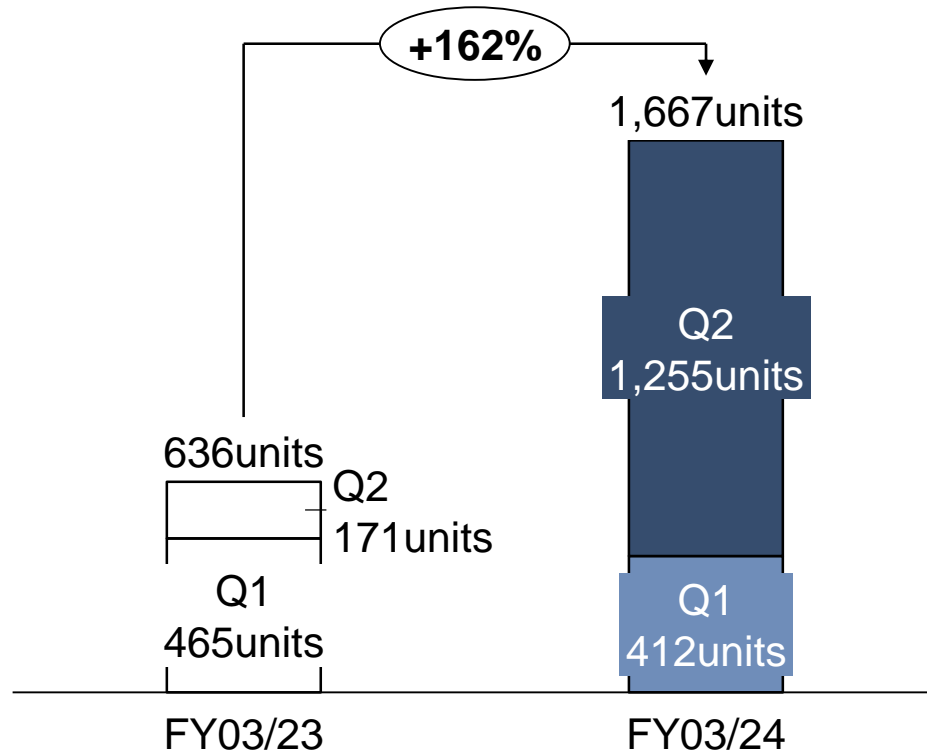


- Number of units under management increased to 47,426 units as of the end of 1H



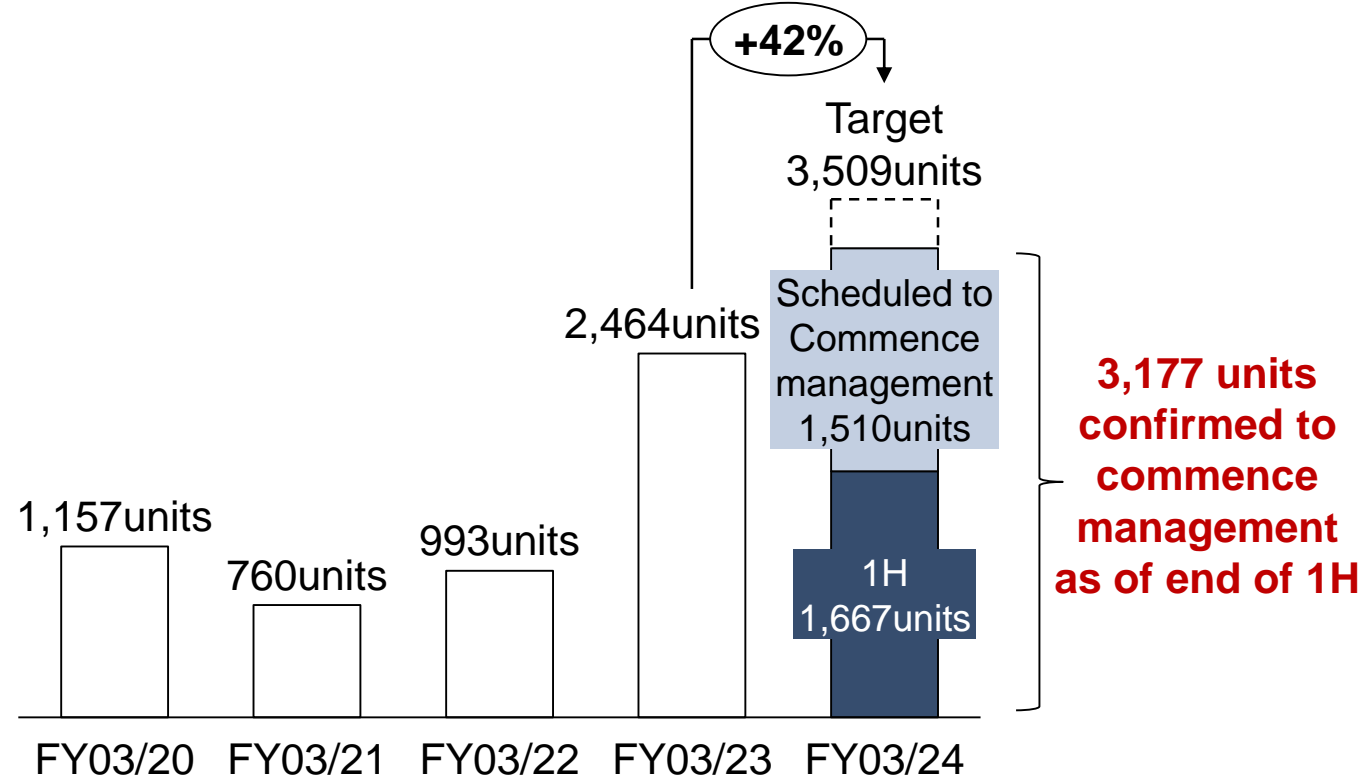
- The number of new management contracts increased

1H new management contracts



Up 162% YOY

Change in full-year new management contracts

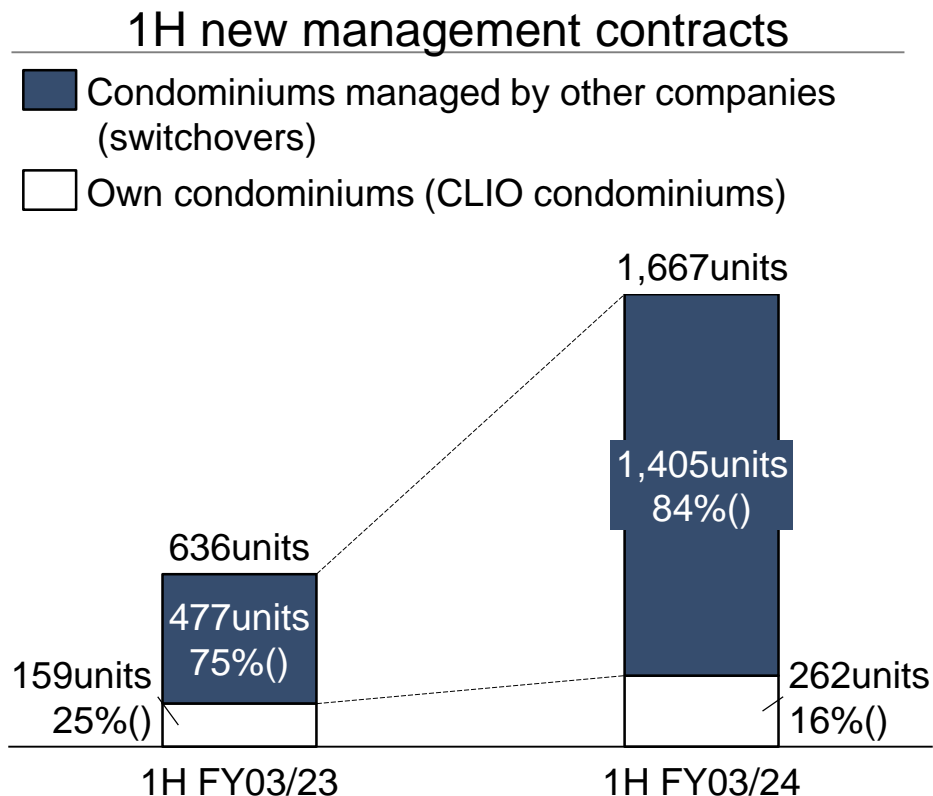


Aiming to achieve 3,509 units in new contracted units, up 42% YoY, for the full year

3,177 units confirmed to commence management as of end of 1H

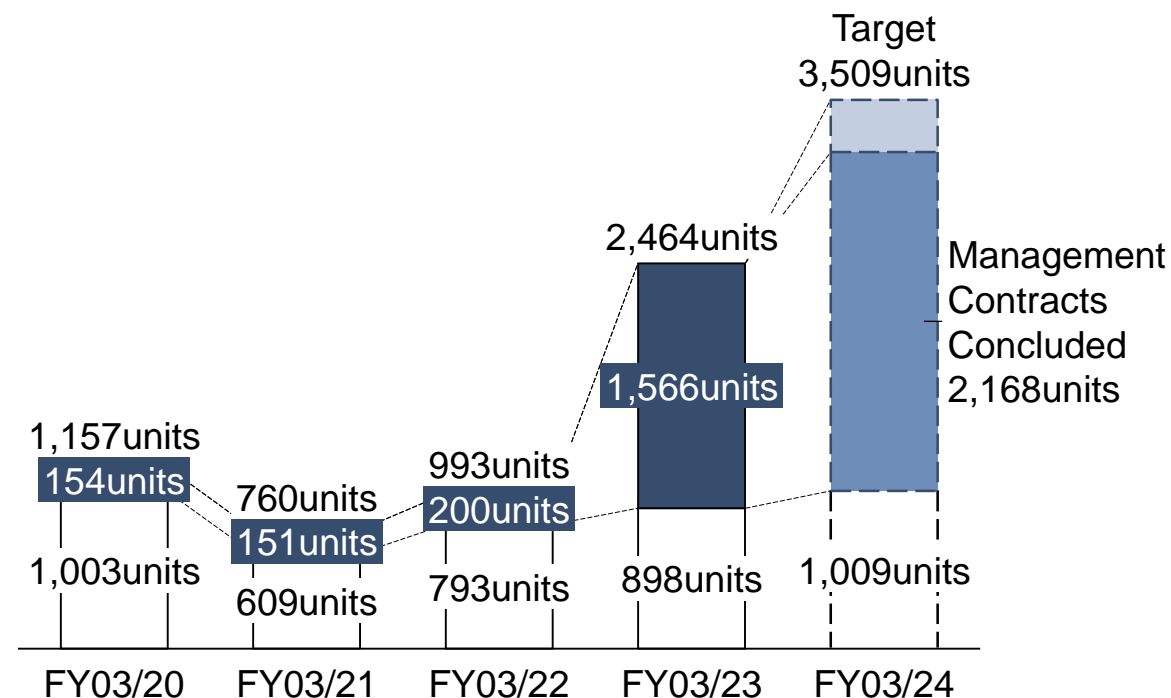
*Based on start of management

- Number of condominiums switching from other management companies increased (2.9x YoY)



Number of units switched from other management companies increased from 477 units to 1,405 units (2.9x YoY)

Change in full-year new management contracts



Expect switchovers from other management companies to account for 70% of new contract units for the full year

Progress of Five-Year Strategy

- **Progress on schedule**
- Residential Development Business has secured contracts exceeding the net sales target for FY03/24
- Residential Development Business has secured properties up to the target of net sales for FY03/25
- Purchase and Resale in the Real Estate Agency Business has **secured properties that currently exceed the sales target for FY03/24**
- In Condominium Management Business, switchovers of condominiums managed by other companies made good progress and **number of units under management exceeded its target as of the end FY03/24**

*Figures for the progress of Five-Year Strategy are as of the end of September 2023

Progress of Five-Year Strategy

- Five-Year Strategy Targets are as follows.

(Billions of yen)

| | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27 |
|--|-------------|-------------|-------------|-------------|--------------|
| Net sales | 59.0 | 74.0 | 84.0 | 90.0 | 100.0 |
| Residential Development Business | 45.0 | 55.0 | 60.0 | 63.0 | 66.0 |
| Real Estate Agency Business | 8.0 | 10.0 | 12.0 | 15.0 | 18.0 |
| Wealth Solution Business | 1.2 | 4.0 | 6.0 | 7.0 | 10.0 |
| Condominium Management Business | 5.2 | 5.3 | 5.5 | 5.6 | 5.8 |
| Ordinary profit | 3.7 | 4.2 | 4.8 | 5.5 | 6.0 |
| Profit attributable to owners of parent | 2.6 | 2.9 | 3.3 | 3.8 | 4.1 |

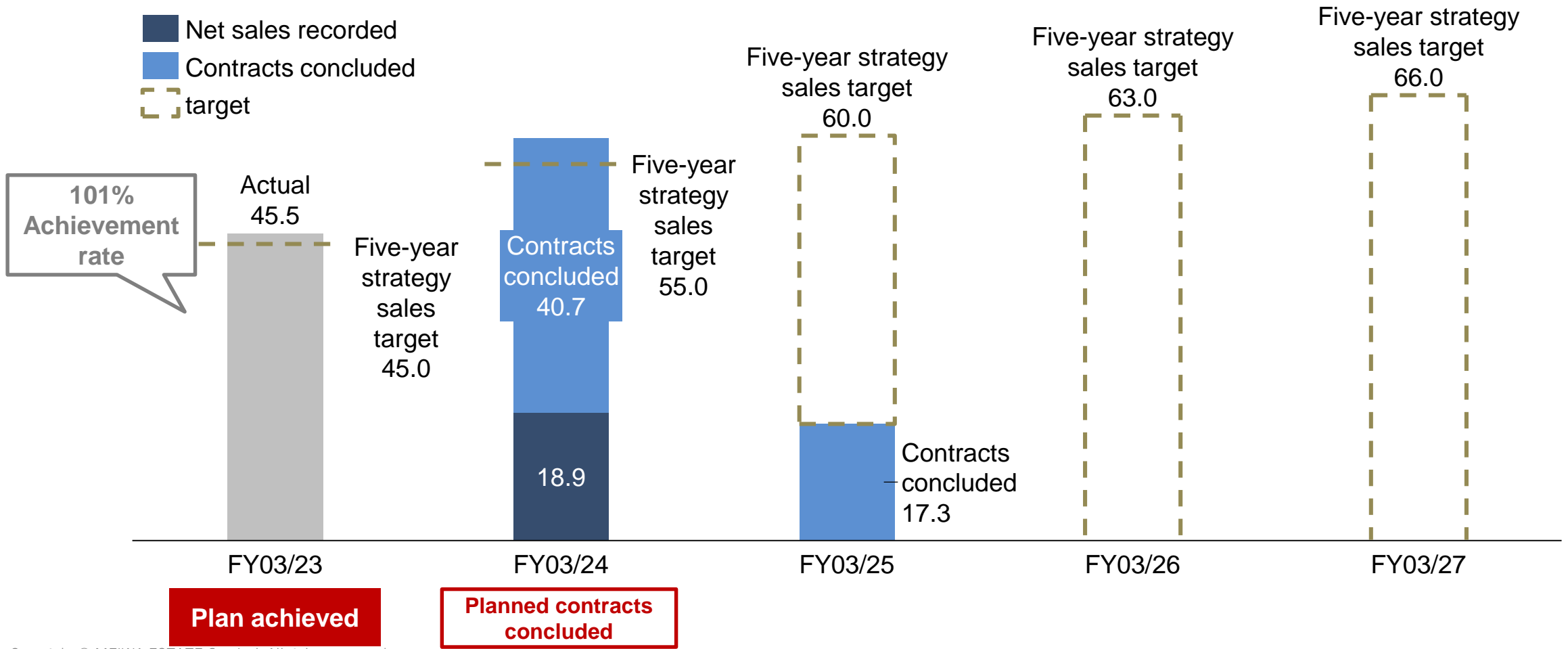
Plan achieved

Residential Development Business: Progress Against Sales Targets

- For FY03/24, we have secured contracts that exceed the sales targets of the Five-year strategy
- Progress for FY03/25 amounts to only about 30% of the sales target of the Five-year strategy

Residential Development Business sales targets

(Billions of yen)

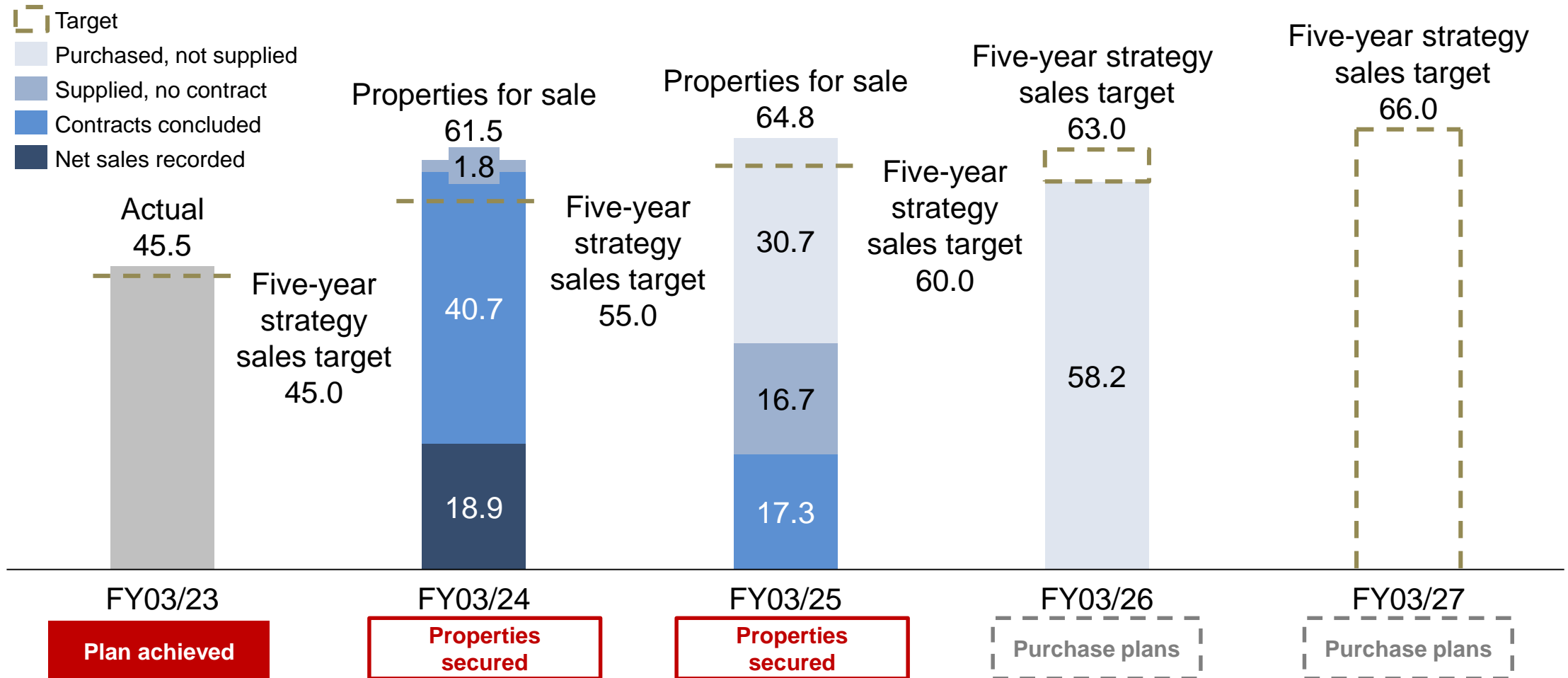


Residential Development Business: Progress Against Sales Targets

- Properties for sale secured sufficient through FY03/25
- Carefully select purchases for FY03/26 onward

Residential Development Business sales targets

(Billions of yen)



[Ref.] Residential Development Business: Progress Against Sales Targets

- For FY03/24, we have secured contracts that exceed the sales targets of the Five-year strategy
- Progress for FY03/25 amounts to only about 30% of the sales target of the Five-year strategy

(Billions of yen)

| | | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27 |
|-------------|--|---------|---------|---------|---------|---------|
| Plan | Net Sales (Residential Development) | 45.0 | 55.0 | 60.0 | 63.0 | 66.0 |
| | Progress | | | | | |
| | Net sales recorded (①) | 45.5 | 18.9 | - | - | - |
| | Contracts concluded (②) | - | 40.7 | 17.3 | - | - |
| | Expected net sales (① + ②) | 45.5 | 59.7 | 17.3 | - | - |
| | Progress against full-year target | 101% | 109% | 29% | - | - |

Plan achieved

Planned contracts concluded

[Ref.] Residential Development Business: Progress Against Sales Targets

- Properties for sale secured sufficient through FY03/25
- Carefully select purchases for FY03/26 onward

(Billions of yen)

| | | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27 |
|-------------|--|---------|---------|---------|---------|---------|
| Plan | Net Sales (Residential Development) | 45.0 | 55.0 | 60.0 | 63.0 | 66.0 |
| | Progress | | | | | |
| | Net sales recorded (①) | 45.5 | 18.9 | - | - | - |
| | Contracts concluded (②) | - | 40.7 | 17.3 | - | - |
| | Supplied, no contract (③) | - | 1.8 | 16.7 | - | - |
| | Purchased, not supplied (④) | - | - | 30.7 | 58.2 | - |
| | Sales & properties for sale (①+②+③+④) | 45.5 | 61.5 | 64.8 | 58.2 | - |
| | Progress against full-year target | 101% | 112% | 108% | 92% | - |

Plan achieved

Properties secured

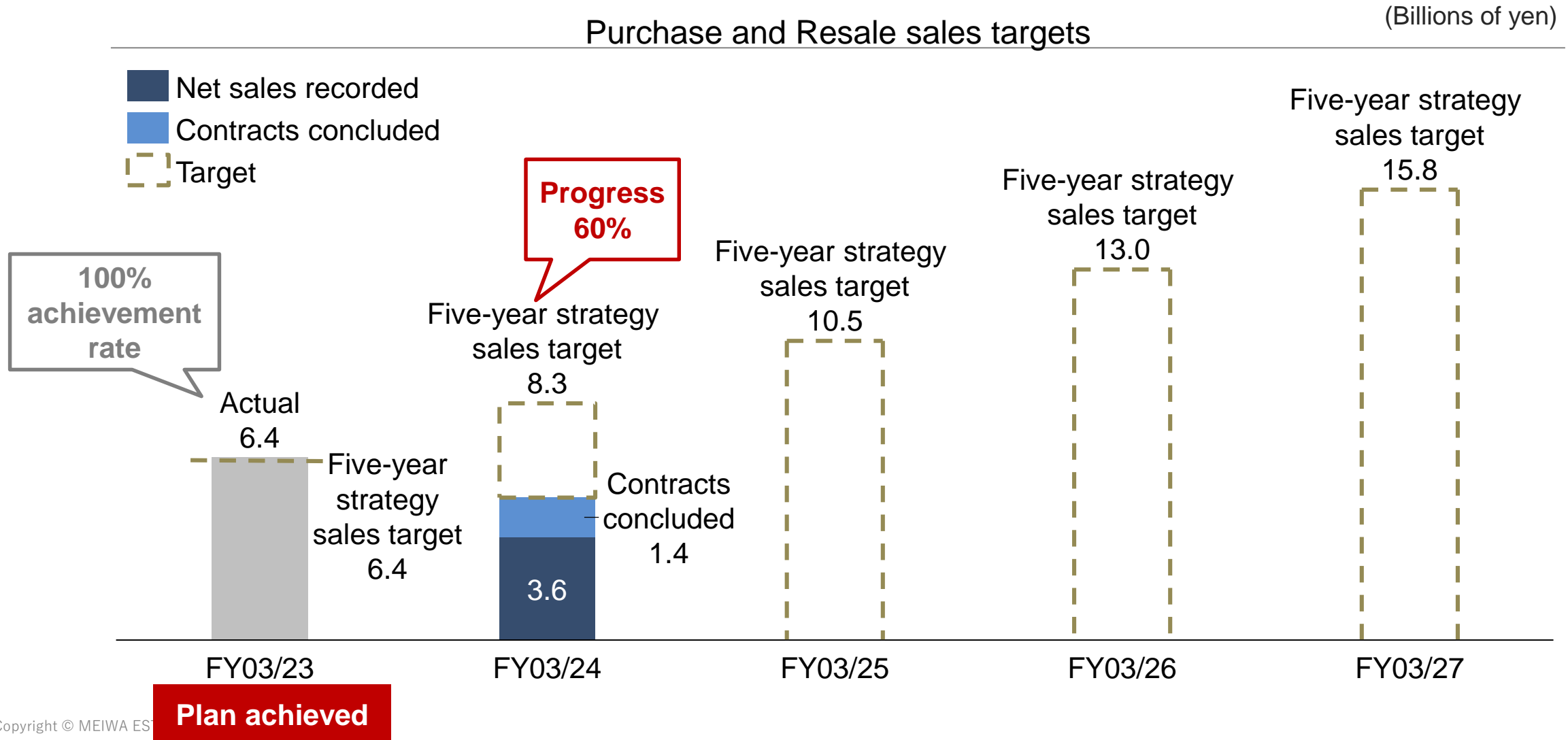
Properties secured

Purchase plans

Purchase plans

Real Estate Agency Business, Purchase and Resale: Progress Against Sales Targets

- Sales of properties to be recorded as sales in FY03/24 are progressing smoothly

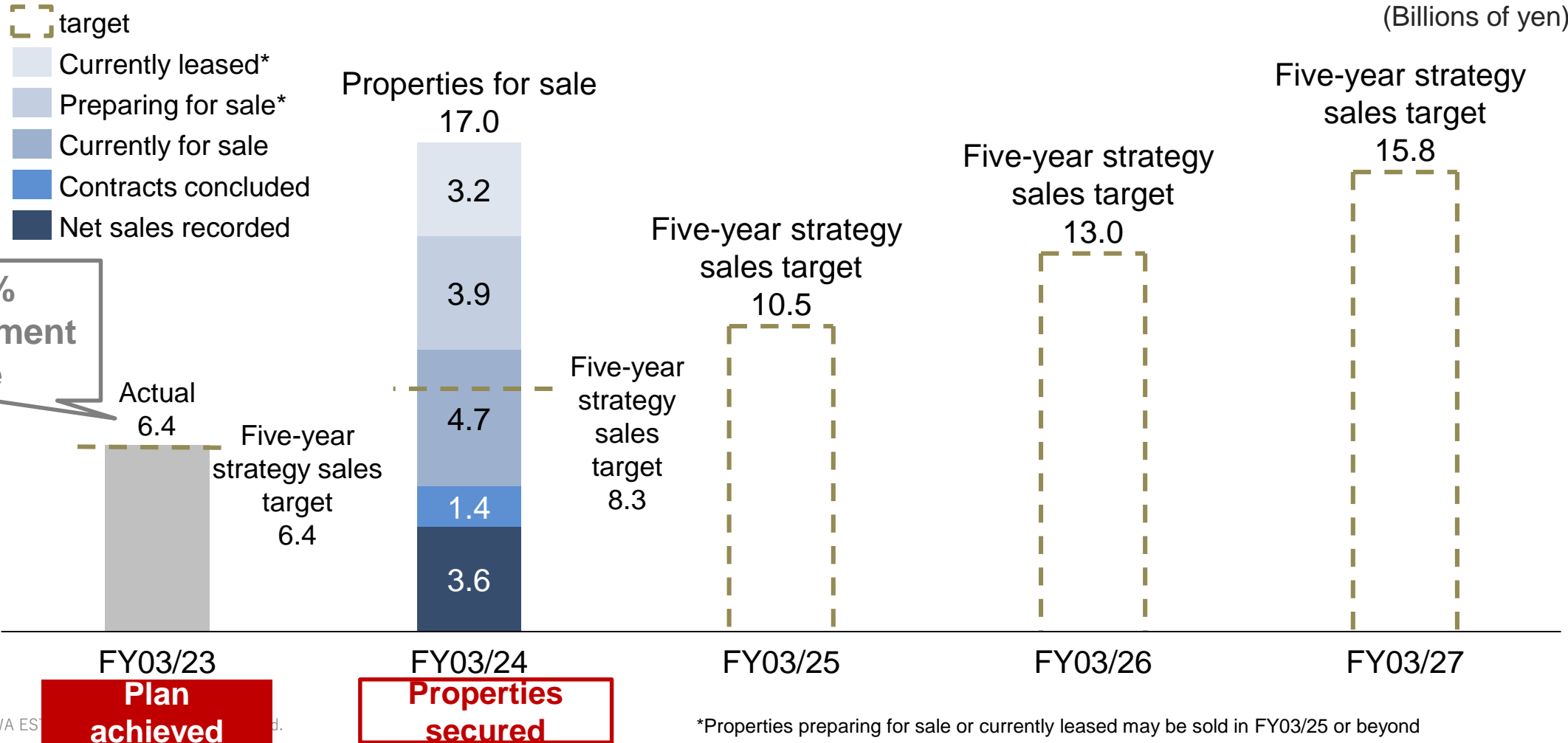


Real Estate Agency Business, Purchase and Resale: Progress Against Sales Targets

- We have secured sufficient properties for FY03/24, and supply from the following fiscal year is possible

Purchase and Resale sales targets

(Billions of yen)



[Ref.] Real Estate Agency Business, Purchase and Resale: Progress Against Sales Targets

- Net sales in the Purchase and Resale Business for FY03/24 are progressing steadily

(Billions of yen)

| | | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27 |
|-----------------|-----------------------------------|------------|------------|-------------|-------------|-------------|
| Plan | Net sales (Real Estate Agency) | 8.0 | 10.0 | 12.0 | 15.0 | 18.0 |
| | Purchase and Resale | 6.4 | 8.3 | 10.5 | 13.0 | 15.8 |
| Progress | Net sales recorded (①) | 6.4 | 3.6 | - | - | - |
| | Contracts concluded (②) | - | 1.4 | - | - | - |
| | Expected net sales (① + ②) | 6.4 | 5.0 | - | - | - |
| | Progress against full-year target | 100% | 60% | - | - | - |

Plan achieved

[Ref.] Real Estate Agency Business, Purchase and Resale: Progress Against Sales Targets

- We have secured sufficient properties for FY03/24, and supply from the following fiscal year is possible

(Billions of yen)

| | | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27 |
|-----------------|--|-------------|-------------|-------------|-------------|-------------|
| Plan | Net sales (Real Estate Agency) | 8.0 | 10.0 | 12.0 | 15.0 | 18.0 |
| | Purchase and Resale | 6.4 | 8.3 | 10.5 | 13.0 | 15.8 |
| Progress | Net sales recorded (①) | 6.4 | 3.6 | - | - | - |
| | Contracts concluded (②) | - | 1.4 | - | - | - |
| | Currently for sale (③) | - | 4.7 | - | - | - |
| | Currently in sales preparation (④) | - | 3.9 | - | - | - |
| | Currently leased (⑤) | - | 3.2 | - | - | - |
| | Sales & properties for sale (sum of ① to ⑤) | 6.4 | 17.0 | - | - | - |
| | Progress against full-year target | 100% | 204% | - | - | - |

Plan achieved

Properties secured

Real Estate Agency Business, Brokerage: Progress Against Sales Targets

- Net sales in FY03/24 are progressing steadily

(Billions of yen)

| | | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27 |
|-----------------|--|-------------|------------|------------|------------|------------|
| Plan | Net sales (Real Estate Agency) | 8.0 | 10.0 | 12.0 | 15.0 | 18.0 |
| | Brokerage | 0.6 | 0.7 | 0.8 | 0.9 | 1.1 |
| | No. of stores | 11 | 13 | 15 | 15 | 15 |
| Progress | Net sales recorded | 0.8 | 0.4 | - | - | - |
| | Progress against full-year target | 137% | 66% | - | - | - |
| | No. of stores | 11 | 11 | - | - | - |

Plan achieved

Condominium Management Business: Progress Against Sales Targets 明和地所

- Net sales in FY03/24 are progressing as planned
- Strong switchover of condominiums from other property management companies and number of units under management is already ahead of schedule

(Billions of yen)

| | | FY03/23 | FY03/24 | FY03/25 | FY03/26 | FY03/27 |
|-----------------|--|---------|---------|---------|---------|---------|
| Plan | Net sales | 5.2 | 5.3 | 5.5 | 5.6 | 5.8 |
| | No. of units under management (end of period) | 45,000 | 47,000 | 49,000 | 51,000 | 53,000 |
| Progress | Net sales recorded | 5.3 | 2.8 | - | - | - |
| | Achievement rate | 102% | 53% | - | - | - |
| | No. of units under Management (end of period) | 45,759 | 47,426 | - | - | - |
| | No. of units scheduled to commence management | - | 1,510 | - | - | - |
| | Achievement rate | 101% | 104% | - | - | - |

Plan achieved



Fact Sheet



Consolidated Balance Sheet as of End of 1H FY03/24

(Millions of yen)

| | End of FY03/23 | End of 1H FY03/24 | Change | Change (%) |
|---------------------------------|----------------|-------------------|--------|------------|
| Total assets | 116,538 | 117,225 | 687 | 0.6% |
| Current assets | 104,242 | 107,558 | 3,315 | 3.2% |
| Cash and deposits | 34,147 | 32,690 | -1,456 | -4.3% |
| Real estate for sale | 7,015 | 6,361 | -654 | -9.3% |
| Real estate for sale in process | 61,371 | 66,930 | 5,559 | 9.1% |
| Non-current assets | 12,295 | 9,666 | -2,628 | -21.4% |
| Property, plant and equipment | 7,544 | 6,899 | -645 | -8.6% |
| Intangible assets | 251 | 240 | -11 | -4.5% |
| Investments and other assets | 4,499 | 2,526 | -1,972 | -43.8% |
| Total liabilities | 86,539 | 86,913 | 373 | 0.4% |
| Interest-bearing liabilities | 58,092 | 63,689 | 5,596 | 9.6% |
| Other liabilities | 28,447 | 23,224 | -5,222 | -18.4% |
| Net assets | 29,998 | 30,311 | 313 | 1.0% |
| Equity ratio | 25.7% | 25.9% | 0.2pp | - |

Residential Development Business: Sales Breakdown and Leading Sales Indicators

(Millions of yen)

| | 1H FY03/23 Actual | 1H FY03/24 Actual | Change | Change (%) | FY03/23 Full-year Actual | FY03/24 Full-year Plan (Announced May 11, 2023) | Progress (%) |
|------------------------|----------------------|----------------------|----------------|---------------|-----------------------------|--|--------------|
| Net sales | 9,489 | 19,779 | 10,290 | 108.4% | 46,326 | - | - |
| Condominiums | 9,182 | 18,953 | 9,770 | 106.4% | 45,591 | 60,000 | 31.6% |
| Units delivered | 169 | 282 | 113 | 66.9% | 841 | 1,000 | 28.2% |
| Gross profit margin | 20.3% | 19.5% | -0.8pp | - | 22.8% | - | - |
| Land and buildings | 273 | 794 | 521 | 191.0% | 647 | - | - |
| Others | 33 | 30 | -2 | -7.3% | 87 | - | - |
| Purchases | 41,857 | 18,440 | -23,416 | -55.9% | 68,651 | - | - |
| Condominiums | 41,572 | 18,440 | -23,131 | -55.6% | 67,606 | - | - |
| Land and buildings | 285 | - | 285 | - | 1,045 | - | - |
| Supply | 30,755 | 21,543 | -9,211 | -30.0% | 55,858 | - | - |
| Condominiums | 30,407 | 21,508 | -8,899 | -29.3% | 54,450 | - | - |
| No. of units | 465 | 346 | -119 | -25.6% | 865 | 1,300 | 26.6% |
| Land and buildings | 347 | 34 | -312 | -90.0% | 1,407 | - | - |
| Sales Contracts | 27,334 | 18,960 | -8,374 | -30.6% | 52,684 | - | - |
| Condominiums | 26,986 | 18,925 | -8,061 | -29.9% | 51,276 | - | - |
| No. of units | 475 | 324 | -151 | -31.8% | 885 | - | - |
| Land and buildings | 347 | 34 | -312 | -90.0% | 1,407 | - | - |

Real Estate Agency Business: Sales Breakdown and Leading Sales Indicators

(Millions of yen)

| | 1H FY03/23 Actual | 1H FY03/24 Actual | Change | Change (%) | FY03/23 Full-year Actual | FY03/24 Full-year Plan (Announced May 11, 2023) | Progress (%) | |
|---------------------|----------------------|----------------------|--------|------------|--------------------------------|--|--------------|---|
| Net sales | 5,009 | 6,959 | 1,950 | 38.9% | 9,501 | - | - | |
| Purchase and resale | 2,464 | 3,688 | 1,224 | 49.7% | 6,436 | 9,100 | 40.5% | |
| Units delivered | 47 | 64 | 17 | 36.2% | 114 | - | - | |
| Gross profit margin | 16.0% | 11.0% | -5.0pp | - | 13.8% | - | - | |
| Brokerage fees | 363 | 465 | 102 | 28.2% | 823 | 900 | 51.7% | |
| No. of transactions | 265 | 321 | 56 | 21.1% | 599 | - | - | |
| Wealth solution | 2,062 | 2,698 | 635 | 30.8% | 2,062 | 5,000 | 54.0% | |
| Others | 119 | 107 | -11 | -10.1% | 178 | - | - | |
| Purchase and resale | Units purchased | 96 | 71 | -25 | -26.0% | 182 | - | - |
| | Sales contracts | 2,673 | 3,722 | 1,048 | 39.2% | 7,251 | - | - |
| | No. of units | 54 | 64 | 10 | 18.5% | 127 | - | - |
| Brokerage | Brokerage fees | 363 | 465 | 102 | 28.2% | 823 | - | - |
| | No. of transactions | 265 | 321 | 56 | 21.1% | 599 | - | - |
| WS | Purchases | - | 4,856 | 4,856 | - | 2,062 | - | - |
| | Sales contracts | 2,061 | 698 | -1,363 | -66.1% | 56 | - | - |

Condominium Management Business: Sales Breakdown and Leading Sales Indicators

(Millions of yen)

| | 1H FY03/23 Actual | 1H FY03/24 Actual | Change | Change (%) | FY03/23 Full-year Actual | FY03/24 Full-year Plan (Announced May 11, 2023) | Progress (%) |
|---------------------------------|----------------------|----------------------|--------|------------|-----------------------------|--|--------------|
| Net sales | 2,639 | 2,802 | 163 | 6.2% | 5,523 | 5,640 | 49.7% |
| Management fees | 2,137 | 2,267 | 129 | 6.1% | 4,314 | - | - |
| Construction-related | 459 | 493 | 34 | 7.5% | 938 | - | - |
| Others | 42 | 41 | -1 | - 2.7% | 270 | - | - |
| No. of new management contracts | 636 | 1,667 | 1,031 | 162.1% | 2,464 | 3,509 | 47.5% |
| No. of units under management | 43,963 | 47,426 | 3,463 | 7.9% | 45,759 | 49,268 | 96.3% |

$$\text{ROIC} = \frac{\text{Consolidated operating profit} \times (1 - \text{effective tax rate})}{\text{Invested Capital}^*}$$

* Invested Capital is calculated as interest-bearing liabilities + equity.
 Calculated using the average value during the period.

(Image) Consolidated Balance Sheets

| Assets | Liabilities |
|--------------------|------------------------------|
| Current assets | Current liabilities |
| | Long-term liabilities |
| Non-current assets | Equity |
| Total assets | Total liabilities and equity |

Invested Capital

$$\text{WACC} = (\text{Cost of Debt} \times \text{Debt ratio}) + (\text{Cost of Equity} \times \text{Equity ratio})$$

| | |
|----------------|--|
| Cost of Debt | Interest-bearing liabilities interest rate x (1 - effective tax rate) |
| Debt ratio | Value of interest-bearing liabilities / (market cap + value of interest-bearing liabilities) |
| Cost of Equity | Calculated by us using CAPM* |
| Equity ratio | Market cap / (market cap + value of interest-bearing liabilities) |

* Risk-free rate is based on 10-year JGB yield, beta value is based on 5-year weekly, and risk premium is based on TOPIX change

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明和地所

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