



MEIWA ESTATE Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2024

May 21, 2024

Event Summary

[Company Name]	MEIWA ESTATE Co., Ltd.	
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[Venue Size]	200 m ²	
[Participants]	30	
[Number of Speakers]	3	
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Presentation



Summary

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- In Full-year FY03/24, **net sales increased and profits decreased YoY**
 - Gross profit margin of condominiums decreased YoY, and segment profit in the Residential Development Business decreased
 - Exceeded the revised full-year forecast announced in February 2024
 - We plan to pay dividends of **¥40 per share** for FY03/24
- We announced the Strategy 2027
 - Adjusting the change in business conditions, we reformulated the strategy for three years from FY03/25 to FY03/27
 - Sales materials for Residential Development Business have secured for the period of the Strategy 2027
- In Full-year FY03/25, we expect that **net sales increase and profits decrease YoY**
 - Residential Development business has **secured 83% contracts of the Full-year sales target**
 - We plan to pay dividends of **¥40 per share** for FY03/25

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Harada: I am Harada, President and CEO of MEIWA ESTATE. Thank you for taking the time out of your busy schedule to attend our financial results briefing today.

Today, I will discuss the financial results in line with the financial results presentation material released on May 13. We will also provide an overview and progress on the Strategy 2027, which was announced on the same day.

In the fiscal year ended March 2024, net sales increased and profits decreased compared to the same period last year. The main reason for the decrease in profits was that gross profit margin of condominiums declined compared to the previous fiscal year when gross profit margin of condominiums was high, resulting in a decrease in profit in the Residential Development Business. Financial results for the fiscal year ended March 2024 has exceeded the revised forecast announced in February and plans to pay a year-end dividend of JPY40 in line with the revised forecast.

As I mentioned earlier, on May 13, we announced our Strategy2027. In response to changes in the market environment, we have revised our plan for the three-year period that spans from the fiscal year ending March 2025 to the fiscal year ending March 2027. In the Residential Development Business, we have already secured sufficient sales materials to meet our target for the period of the plan.

For the fiscal year ending March 2025, the first year of the Strategy 2027, we expect an increase in net sales and a decrease in profits. Regarding condominiums for sale, 80% of the full-year net sales target of JPY50 billion has already been signed under contract. The dividend for the fiscal year ending March 2025 is projected to be JPY40 per share.

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■ Consolidated Financial Statements FY03/24

- **Net sales increased and profits decreased. Net sales: ¥71.2 billion (up 14.3% YoY), Operating profit: ¥4.9 billion (down 16.3% YoY), ordinary profit: ¥3.9 billion (down 20.0% YoY), Profit attributable to owners of parent: ¥2.7 billion (down 37.0% YoY). EPS ¥118.62 (down ¥69.70 YoY)**
- **In Residential Development Business, gross profit margin of condominiums decreased YoY, and segment profit decreased. Our efforts to differentiate ourselves from our competitors and develop high-value-added properties resulted in strong sales.**
- **In Real Estate Agency Business, both Purchase and Resale business and Brokerage business made strong progress and maintained double-digit growth.**
- **In Wealth Solution Business for high net worth (HNW) individuals, we completed delivery of two rental properties**
- **In Condominium Management Business, switchovers of condominiums managed by other companies were strong at 1.5 more times YoY**
- **Compared to the revised full-year forecast announced in Feb. 2024, operating profit was 10% higher, ordinary profit was 14% higher, profit attributable to owners of parent was 15% higher**

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Let me discuss the details in order. I will start with our consolidated financial results for the fiscal year ended March 2024.

Consolidated financial results for the fiscal year ended March 2024. Net sales were JPY71.2 billion, up 14% compared to the same period last year. Operating profit was JPY4.9 billion, down 16% compared to the same period last year. Ordinary profit was JPY3.9 billion, down 20% compared to the same period last year. The Net profit was JPY2.7 billion, down 37% compared to the same period last year. As a result, net sales increased while profits decreased.

In the Residential Development Business, the gross profit margin of condominiums declined compared to the same period last year, resulting in a decrease in profit. With regard to sales, our efforts to differentiate ourselves from our competitors and develop high-value-added condominiums resulted in strong sales.

In the Real Estate Agency Business, both Purchase and Resale business and Brokerage business continued their double-digit growth. In the Wealth Solutions business, we delivered two rental properties.

In the Condominium Management Business, we acquired several management contracts from other management companies, resulting in a 1.5-fold increase in the number of units acquired compared to the same period last year.

Compared to the revised forecasts announced in February, Operating profit, Ordinary profit, and Net profit all exceeded the revised forecasts by 10%, 14%, and 15%, respectively. This was mainly due to an upturn in the volume of Purchase and Resale transactions.

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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



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We have changes in reporting segments, as described here, to match the current business management structure which took place during the current fiscal year ended March 2024.

Consolidated Financial Results FY03/24

- Net sales: ¥71.2 billion (up ¥8.9 billion YoY), Operating profit: ¥4.9 billion (down ¥0.9 billion YoY), ordinary profit: ¥3.9 billion (down ¥0.9 billion YoY)

(Millions of yen)						
	FY03/23 Actual	FY03/24 Actual	Change	Change (%)	Full-year FY03/24 Revised forecast (Announced Feb 13, 2024)	Progress
Net sales	62,319	71,250	8,931	14.3%	70,000	101.8%
Gross profit	15,656	15,532	-123	-0.8%	15,100	102.9%
(Gross profit margin)	(25.1%)	(21.8%)	(-3.3pp)	—	(21.6%)	—
SG&A expenses	9,714	10,559	845	8.7%	10,600	99.6%
Operating profit	5,941	4,973	-968	-16.3%	4,500	110.5%
(Operating profit margin)	(9.5%)	(7.0%)	(-2.6pp)	—	(6.4%)	—
Non-operating income	132	180	48	36.5%	—	—
Non-operating expenses	1,083	1,162	78	7.3%	—	—
Ordinary profit	4,989	3,990	-998	-20.0%	3,500	114.0%
(Ordinary profit margin)	(8.0%)	(5.6%)	(-2.4pp)	—	(5.0%)	—
Extraordinary income	6	144	138	2,191.7%	—	—
Extraordinary loss	145	249	104	71.6%	—	—
Profit before income taxes	4,850	3,885	-965	-19.9%	—	—
Profit attributable to owners of parent	4,415	2,781	-1,634	-37.0%	2,400	115.9%
(Profit margin)	(7.1%)	(3.9%)	(-3.2pp)	—	(3.4%)	—

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Next is an overview of our financial results. As I mentioned earlier, net sales increased and profits decreased.

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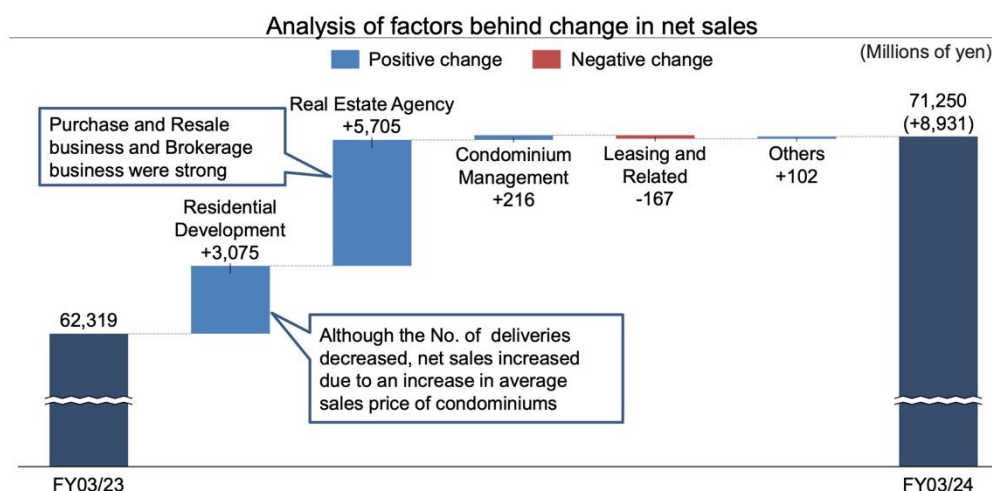
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Factors Behind Change in Net Sales by Segment

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- Net sales increased due to an increase in average sales price of condominiums and an strong performance in the Real Estate Agency Business



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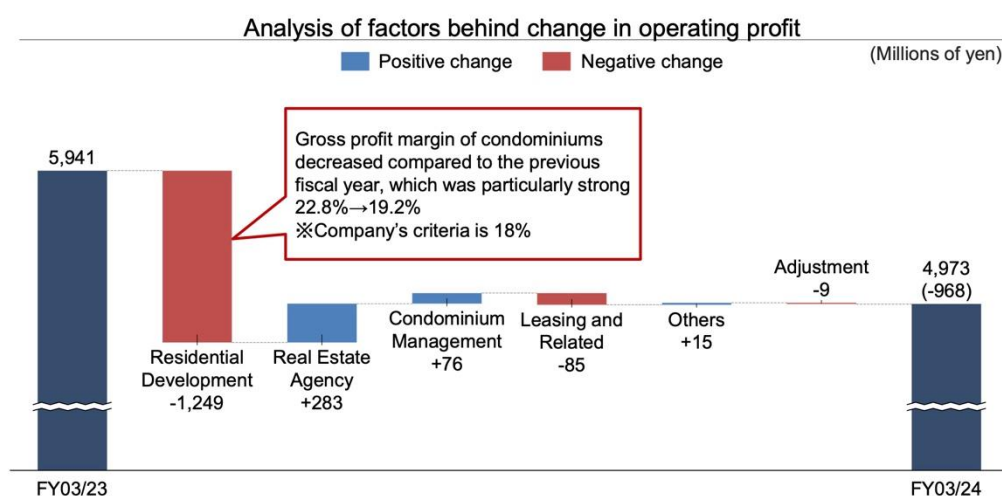
Looking at the factors behind the YoY increase or decrease in net sales by segment, the Residential Development Business posted an increase of JPY3 billion due to an increase in the average price per unit, despite a decrease in the number of condominiums delivered.

Net sales in the Real Estate Agency Business, positioned as a growth segment, rose by JPY 5.7 billion due to robust performance in both Purchase and Resale business and Brokerage business.

Factors Behind Change in Operating Profit by Segment

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- Gross profit margin of condominiums decreased compared to the previous fiscal year, and segment profit in the Residential Development Business decreased



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Factors behind the increase and decrease in operating profit. The Residential Development business reported a decrease of JPY1.2 billion. One factor in the decrease was a decline in the gross profit margin of condominiums.

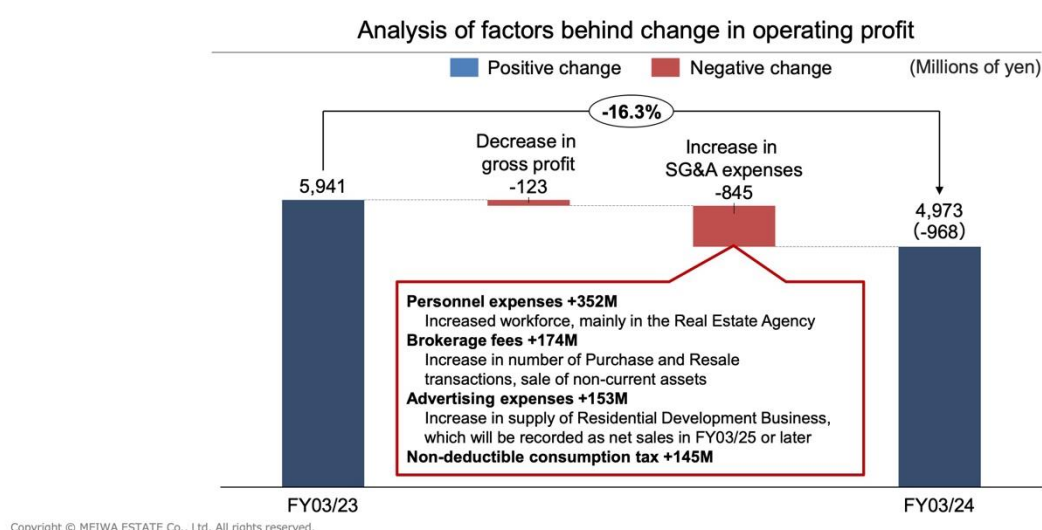
This is because the gross profit for the fiscal year ended March 2023 was higher than usual. It does not mean that the gross profit margin for the fiscal year ended March 2024 was low. The Company sets its standard for each condominiums projects at a gross profit margin of 18%, and the gross profit margin for the year ended March 2024 was 19.2%, exceeding the standard.

The Real Estate Agency Business reported an increase of about JPY300 million. The increase in gross profit due to higher net sales exceeded the increase in SG&A expenses.

Factors Behind Change in Operating Profit by Accounting item

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- Operating profit decreased YoY due to a decrease in gross profit and an increase in SG&A expenses aimed at strengthening sales activities



Likewise, looking at the factors behind the increase in operating profit by accounting item, in addition to the decrease in gross profit, the increase in SG&A expenses due to aggressive sales activities resulted in a JPY900 million decrease in operating profit.

As for SG&A expenses, personnel expenses increased due to an increase in personnel, mainly in the Real Estate Agency Business, and brokerage commissions increased due to an increase in the number of Purchase and Resale transactions handled and the replacement of assets in the Leasing and Related Business.

In addition, an increase in advertising expenses as a result of increased supply for the Residential Development Business and an increase in non-deductible consumption tax also contributed to an overall increase in SG&A expenses of JPY0.8 billion.

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- We developed high-value-added properties.

CLIO クリオ世田谷松原ザ・クラシック
CLIO SETAGAYA MATSUBARA THE CLASSIC



Setagaya, Tokyo
Total number of units: 46
Completed and delivered in March 2024

CLIO クリオ横浜桜木町ミッドグレイス
CLIO YOKOHAMA SAKURAGICHO MID GRACE



Yokohama, Kanagawa
Total number of units: 42
Completed and delivered in March 2024

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In the fiscal year ended March 2024, we delivered a total of 804 units. Here are the main properties we completed and delivered.

On the left is “CLIO SETAGAYA MATSUBARA THE CLASSIC”, which was completed in March. We achieved a successful sale for this condominium located in a first-class, low-rise residential district known for its peaceful living environment. The condominium’s popularity stems from its diverse floor plans, ranging from one to three bedrooms, as well as premium options featuring roof terraces and maisonette-type residences with over 100 square meters of floor space.

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- We developed high-value-added properties.

CLIO クリオ レジダンス札幌大通イースト
CLIO RESIDENCE SAPPORO ODORI EAST



Sapporo, Hokkaido
Total number of units: 134
Completed and delivered in March 2024

CLIO クリオ 渡辺通サザンマークス
CLIO WATANABE-DORI SOUTHERN MARKS



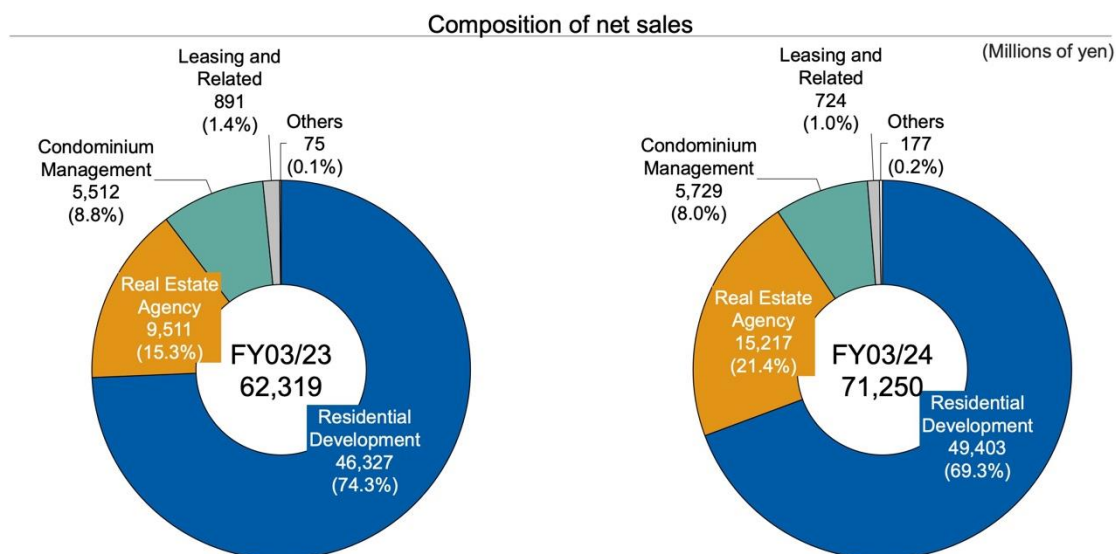
Fukuoka, Fukuoka
Total number of units: 42
Completed and delivered in March 2024

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We have also completed the delivery of these condominiums as shown at our branch offices.

Composition of Net Sales



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The composition of net sales by segment for the fiscal years ended March 2023 and 2024 is shown here. The composition of the Real Estate Agency Business improved to 21.4%.

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Composition of segment profit

(Millions of yen)				
Segment	FY03/23 Actual	FY03/24 Actual	Change	Change (%)
Residential Development	5,511	4,262	-1,249	-22.7%
Real Estate Agency	229	512	283	123.7%
Condominium Management	406	483	76	19.0%
Leasing and Related	378	293	-85	-22.5%
Others	89	104	15	16.8%
Adjustment	-673	-683	-9	—

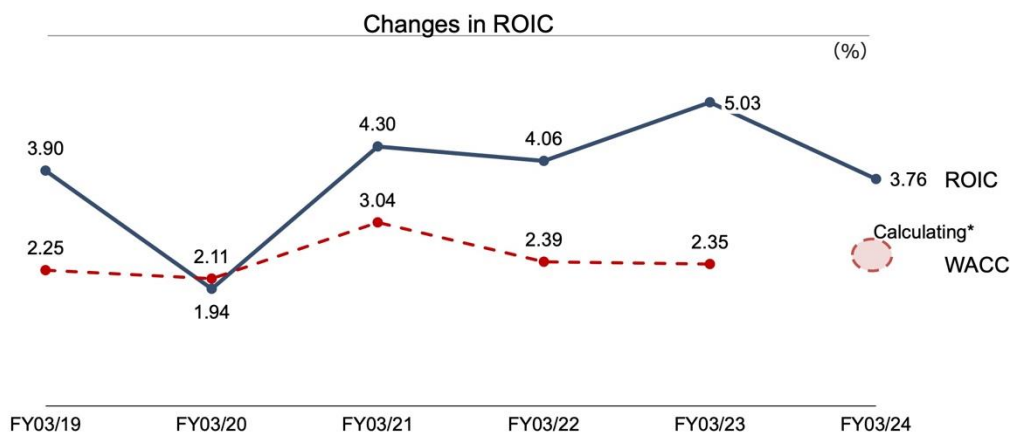
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The composition of profit by segment for the fiscal years ended March 2023 and 2024 is as shown. The Real Estate Agency Business posted a significant profit growth of 123.7% over the previous year.

ROIC

- ROIC in FY03/24 was 3.76%



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*Calculated on a consolidated basis. See Fact Sheet for details of calculation formula. Please note that WACC for the most recent period is being calculated and is scheduled to be disclosed around the time of the Q1 FY03/25 financial results announcement.

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Next, let's look at ROIC. ROIC for the fiscal year ended March 2024 was 3.7%.

We are in the process of calculating WACC for the full year with a plan to announce the results by the end of Q1 of the fiscal year ending March 2025. That said, we recognize that there has been no significant change in WACC values and that ROIC exceeds WACC and continues to generate values for shareholders.

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Due to time constraints, we will not provide segment-level details today.

Executive Summary (1/3)

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- Triggered by the increase in construction costs mainly due to labor shortages in the construction industry and the adjustment of construction schedules, the current Five-Year Strategy* was reviewed and the Strategy for the three years from FY03/25 to FY03/27 (Strategy 2027) was reformulated.
- Consolidated financial target: Aim to achieve net sales of ¥88 billion, operating profit of ¥5.5 billion and ordinary profit of ¥4.1 billion in FY03/27.
- Residential Development Business :
 - Aim to achieve net sales of ¥47 billion in FY03/27.
 - Target customers are mainly double-income families with an annual income of ¥10 million or more and high net worth individuals in the Tokyo Metropolitan Area. Such customer households have increased by 1.4 times in five years, and their annual household income has also increased.
 - Carefully select purchases in favored locations that will be accepted by this customer segment. We are working to diversify our purchase methods for this purpose. As one such measure, the Company is stepping up efforts to rebuild condominiums, for which demand is expected to expand rapidly in the future.
 - In recent years, we have increased our design capabilities and the environmental performance of our condominiums, and we will continue to provide comfortable quality housing that is preferred by this customer segment.

*The "Five-year Strategy" announced in February 28, 2022

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Executive Summary(2/3)

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- Real Estate Agency Business :
 - Aim to achieve net sales of ¥33.7 billion in FY03/27.
 - The used condominium market is worth about ¥15 trillion, much larger than that of new condominiums, and is growing at an annual rate of 23%. We will seize this secondary market through the Brokerage Business and the Purchase and Resale Business.
 - Similarly to the Residential Development Business, the Purchase and Resale Business will focus on purchases in favored locations and carry out high-quality renovations to strengthen sales to high-earning families and high net worth individuals. To expand the transaction volume, the purchases workforce has been increased.
 - In the Brokerage Business, the store network is already in place, so we will strengthen a store format and improve profitability.
 - Rents of rental housing in the 23 wards of Tokyo are rising faster than consumer prices. In particular, the rate of increase is high for the Company's specialty family-type condominiums and compact condominiums.
 - In the Wealth Solution Business, develop high-quality rental properties and sell them to high net worth individuals.

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■ Condominium Management Business :

- Aim to achieve net sales of ¥6.2 billion in FY03/27.
- Both the number of condominiums in stock and management fees are increasing, and the condominium management market continues to expand stably.
- In the Condominium Management Business, aim for growth through the acquisition of condominiums managed by other companies based on high customer satisfaction. We will only acquire projects that can secure a certain profit margin. Maintain the following policies to ensure profitability.
 - (i) Maintain concentration on the Tokyo Metropolitan Area and Sapporo
 - (ii) Acquire new contracts with a certain level of profit margin
 - (iii) Use IT to balance customer satisfaction and operational efficiencies

■ Leasing and Related Business: Aim to achieve net sales of ¥1 billion in FY03/27. Replace owned properties.

- Continue to enhance shareholder returns. Aim for dividend growth in line with profit growth with a target dividend payout ratio of 30%.
Continue to offer the shareholder benefit program, which was introduced to ensure liquidity of shares.

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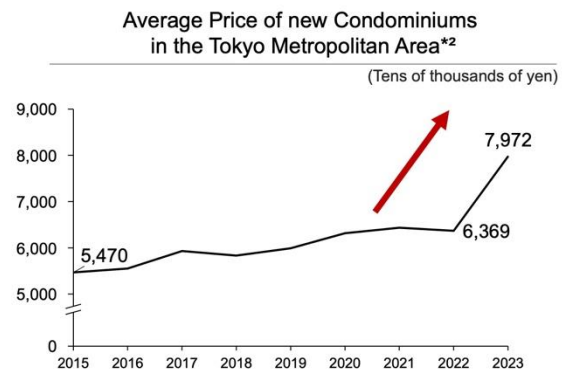
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I will now move on to the explanation of an excerpt from the Strategy 2027.

Pages 41 to 43 are summaries, so I will skip the explanation.

Background of the Reformulation : Changes in the Business Conditions

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



Adjusting the change in the business conditions, the strategy was reformulated

^{*1} Compiled by the Company based on the Construction Research Institute's "Construction Cost Index (Construction Cost (Tokyo), RC Housing Complexes, base year of 2015)"

^{*2} Compiled by the Company based on the Real Estate Economic Institute's "Tokyo Metropolitan Area Condominium Market Trends"

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First, let me explain why we revised the medium-term management plan.

The graph shows the change in the construction cost index and the average price of new condominiums in the Tokyo metropolitan area. As shown in the graph on the left, construction costs continue to rise, and as

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shown in the graph on the right, prices for new condominiums in the Tokyo metropolitan area have also risen markedly.

This rapid change in the business environment had a significant impact on our Residential Development Business. This is why we have decided to revise our plan.

Background of the Reformulation : The current Strategy* and Outlook

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- Changes in the business environment have led to severe conditions for purchases in the Residential Development Business.
Volume growth in the Residential Development Business unlikely from FY03/25 onward.

Basic policies of the current strategy*			FY03/23 Review	FY03/24 Review	FY03/25, FY03/26, FY03/27 Outlook		
1	Strengthen core businesses and expand ourselves to new business domains	Residential Development	Increasing new supply	○	△	△	Conditions for purchases are severe due to soaring construction costs, making expansion unlikely.
		Real estate Agency	Aggressive investment in mainly human resources	○	○	◎	Market continues to grow due to increased demand for used properties.
		Wealth solution	Providing one-stop services	○	○	◎	Market continues to grow due to diversified investment demand.
		Condominium management	Growth in stock	○	○	◎	Market continues to expand as the stock of condominiums increases.
2	Strengthen shareholder returns		○	○	○	Responding to investor demand for enhanced returns.	
3	Promote corporate activities conscious of SDGs		○	○	○	Increased environmental awareness and the 2030 target.	

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*The "Five-year Strategy" announced in February 28, 2022

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Here is an evaluation of the previous Five-year Strategy and the outlook for the future. The performance is favorable in the Real Estate Agency Business, the segment we placed extra focus on enhancement, and in the Condominium Management Business, the segment we operated aiming for stable expansion. These two businesses are expected to continue to do well in the future.

However, as shown in the previous slide, we concluded that it would be difficult to assume volume growth in the Residential Development Business due to changes in the business environment.

We have taken measures against rising construction costs through so-called value engineering. We believe that we are maintaining relative cost competitiveness, but the construction industry's workstyle reforms, among others, are affecting construction schedules.

In addition, given the limited availability of suitable sites for value-added condominiums that can meet rising construction costs, the Company has decided to review its strategy for volume expansion in the Residential Development Business.

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- Basic policies of the Strategy 2027 are below.

Basic policies		Segment
1	Sales of products and services targeting high-earning families and high net worth individuals	Residential development Real Estate Agency
2	Providing high-quality, comfortable residences in favored locations	Residential development Real Estate Agency
3	Strengthening initiatives in the growing secondary market	Real Estate Agency
4	Sales of high-quality condominiums for rent in favored locations to high net worth individuals	Real Estate Agency
5	Expansion of Condominium Management and Leasing and Related Businesses that have stable profits	Condominium Management Leasing and Related

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The five basic policies of the Strategy 2027 are as follows.

1, sales of products and services targeting the high-earning families and high net-worth individuals. 2, providing high-quality, comfortable residences in favored locations. 3, strengthening initiatives in the growing secondary market. 4, Sales of high-quality condominiums for rent in favored locations to high net worth individuals. 5, Expansion of Condominium Management and Leasing and Related Businesses that have stable profits.

I will discuss each in detail in turn later.

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Targets (Consolidated)

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- Accelerating growth in the Real Estate Agency business, aim to achieve net sales of ¥88 billion, operating profit of ¥5.5 billion and ordinary profit of ¥4.1 billion in FY03/27

(Millions of yen)

	FY03/24 Actual	FY03/25 Target	FY03/26 Target	FY03/27 Target
Net sales	71,250	79,000	80,000	88,000
Residential development	49,403	50,000	45,000	47,000
Real Estate Agency	15,217	22,100	28,000	33,750
Condominium Management	5,729	6,100	6,150	6,250
Leasing and Related	724	800	850	1,000
Operating profit	4,973	4,700	5,100	5,500
(Operating profit margin)	(7.0%)	(5.9%)	(6.4%)	(6.3%)
Ordinary Profit	3,990	3,600	3,800	4,100
(Ordinary profit margin)	(5.6%)	(4.6%)	(4.8%)	(4.7%)
Profit	2,781	2,500	2,650	2,900
(Profit margin)	(3.9%)	(3.2%)	(3.3%)	(3.3%)

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This is the consolidated financial target in the Strategy 2027. We will commit ourselves to accelerating growth in the Real Estate Agency Business, including the Purchase and Resale, Brokerage, and Wealth Solutions businesses designed for high net-worth individuals.

We plan Net sales of JPY79 billion in the current fiscal year ending March 2025, JPY80 billion in the next fiscal year, and JPY88 billion in the final fiscal year ending March 2027. Operating profit is planned to be JPY4.7 billion, JPY5.1 billion, and JPY5.5 billion as well, and Ordinary profit JPY3.6 billion, JPY3.8 billion, and JPY4.1 billion.

We will bolster businesses that complement our core Residential Development Business.

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Shareholder Returns : Dividends

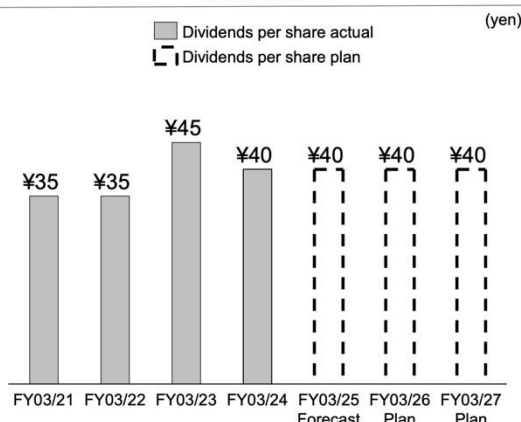
- Aim for stable profit growth and sustainable dividend expansion with a target dividend payout ratio of 30%.

Basic policy of dividends

The Company will continue to strive to increase shareholder value and enhance internal reserves to strengthen its financial position, while continuing to pay stable dividends.

During the period projected in the Strategy 2027, we aim for shareholder returns with a payout ratio of around 30%.

Dividends



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Next, I would like to discuss shareholder returns. The Company's primary policy is to pay stable dividends on an ongoing basis, while at the same time enhancing retained earnings to strengthen the Company's financial position. During the Strategy 2027 period, we will pay stable dividends with a target payout ratio of 30%.

We plan to pay a dividend of JPY40 during the Strategy 2027 period, if the profits meet the plan mentioned above. In the event that profits exceed the target, the Company intends to pay dividends with a target payout ratio of 30%.

Shareholder Returns : Shareholder Benefits

- Continue to offer the shareholder benefit program, which was introduced to ensure liquidity of shares.

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

➤ Click here for details on the Meiwa Estate Premium Club

<https://meiwajisyo.premium-yutaiclub.jp/>



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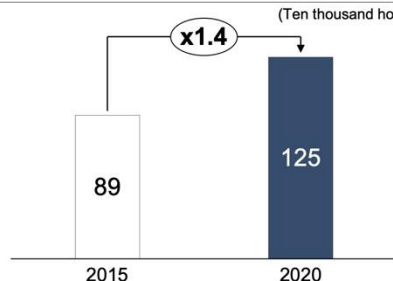
We also plan to continue the “kabu-nushi-yutai”, tangible shareholder benefits program, that we have introduced to ensure liquidity.

Market Environment: Expanding Demand for Condominiums in Convenient Locations (1)

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- The number of double-income households with an annual income of ¥10 million or more, our target segment, in the Tokyo Metropolitan Area has grown from 0.89 million to 1.25 million over the past five years.

Number of double-income households in their 30s to 50s
with an annual household income of ¥10 million or more
in the Tokyo Metropolitan Area*1 (estimate*2)
(Ten thousand households)



Housing needs of double-income households

- ✓ Time-saving needs
 - Highly convenient property near the station
 - Proximity to supermarkets and convenience stores
- ✓ Needs for relocation in response to lifestyle changes

➔ In the Tokyo Metropolitan Area, high-earning families and high net worth individuals are expanding, and the target segment for condominium sales is expanding.

*1 Tokyo Metropolitan Area = Tokyo, Kanagawa, Saitama, and Chiba
*2 Compiled by the Company based on the Ministry of Internal Affairs and Communications' "2015 and 2020 Population Censuses" and "2017 and 2022 Employment Status Surveys".
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From here, I will discuss the market environment and specific measures by business segment.

First, let me discuss the market environment for the Residential Development Business. The graph on the left is an estimate of the number of households that consist of our main target group. They are in their 30s to 50s and live in the Tokyo metropolitan area, double-income households with annual household income of JPY10 million or higher. The number of such households has increased 1.4 times in the recent five years, from 890,000 in 2015 to 1.25 million in 2020.

These double-income households typically seek to balance the convenience of commuting with the comfort of living and educational environment. In these preferred locations, an increasing number of these families choose condominiums over detached houses because it is economically rational. We also believe that there is a growing need for condominiums, giving relatively higher flexibility and offering ease of relocation as lifestyles change.

We recognize that the number of these power families and high net-worth individuals is increasing in the Tokyo metropolitan area, which leads to the target range of our condominiums expanding.

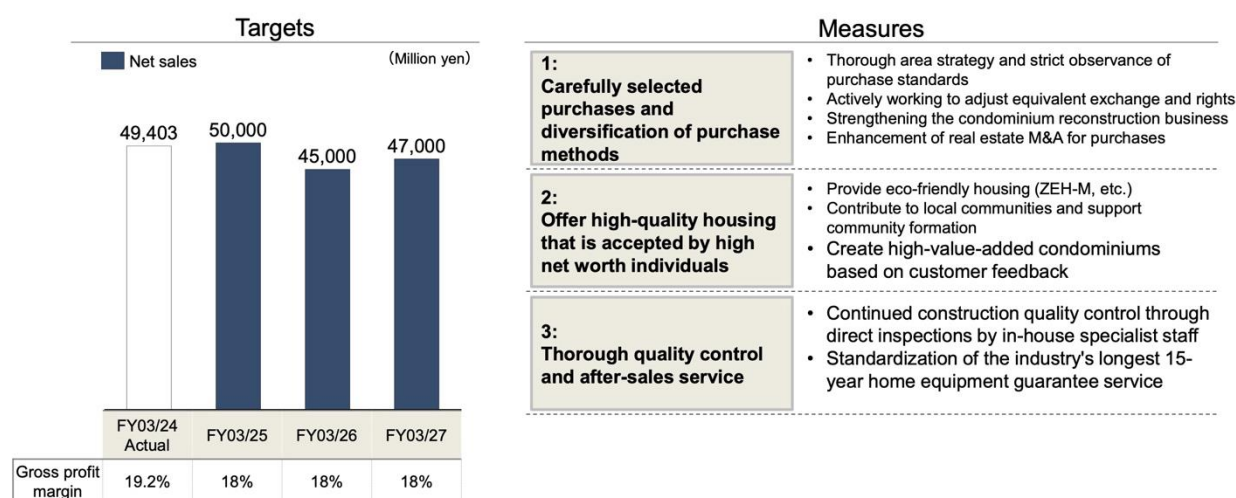
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- Aim to achieve net sales of ¥47 billion in FY03/27.



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Next, I would like to discuss targets and measures in the Residential Development Business. The sales forecast is JPY50 billion for the current fiscal year ending March 2025, JPY45 billion for the next fiscal year, and JPY47 billion for the final fiscal year. The gross profit margin is planned 18% at the time of purchases.

We will implement the following three measures: 1.Carefully selected purchases and diversification of purchase methods, 2.Offer high-quality housing that is accepted by high net worth individuals, 3.Thorough quality control and after-sales service

In particular, we are working hard for carefully selected purchases in desirable locations that can entice high-earning families and wealthy individuals. We also intend to develop high-value-added condominiums that will be chosen by them.

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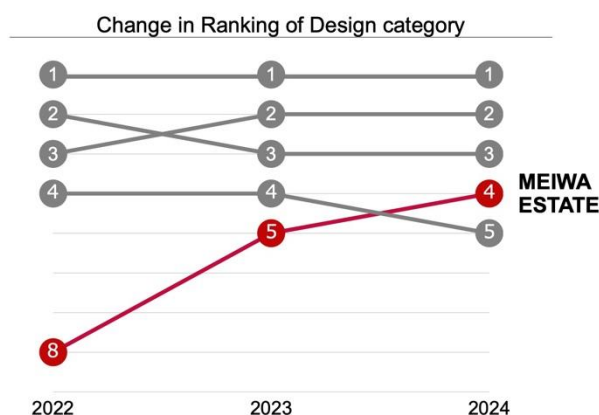


Residential Development Business: Offering High-Quality Housing(1)

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- Our evaluation in the Oricon Customer Satisfaction Ranking is rising. In particular, we ranked highly in “Design”.

2024: Oricon Customer Satisfaction Ranking Tokyo Metropolitan Area newly built condominiums Ranking of Design category	
First place	Sumitomo Realty & Development Co., Ltd.
2nd	Mitsui Fudosan Residential Co., Ltd.
3rd	Nomura Real Estate Development Co., Ltd.
4th	MEIWA ESTATE Co., Ltd.
5th	Tokyo Tatemono Co., Ltd.



Enhancing design capabilities to create products
selected by power high-earning families and high net worth individuals

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Here is the 2024 Oricon Customer Satisfaction Ranking released in February 2024. The Company is ranked fourth out of 62 companies in the design category of newly constructed condominiums in the Tokyo metropolitan area.

In fact, in another category that ranks the satisfaction level of those currently living in CLIO condominiums, the number has been increasing every single year, rising up from eighth, fifth, to fourth place.

We will commit to continuously enhancing our design capabilities and creating condominiums favored by high-earning families and high net worth individuals.

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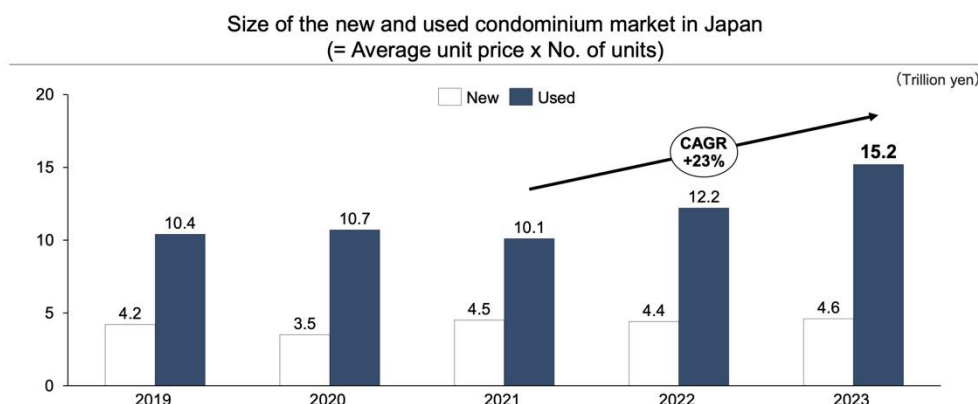
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Market Environment: Expansion of the Used Condominium Market (1)

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- While the supply of new condominiums is limited, the used condominium market has expanded to ¥15 trillion. It has been growing at an annual rate of 23% over the last three years.



Demand for used condominiums in favored locations is expected to continue to grow, since land for new condominiums project is limited.

Source: Compiled by the Company based on Tokyo Kantel Co., Ltd.'s "Market Trends of New and Used Condominiums (Nationwide) February 1, 2024"
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This is about the transaction volume of the new and used condominium. The dark blue graph shows the size of the used condominium market. The size of the used condominium market has been growing at an average rate of 23% for the last three years, and the market size in 2023 is expected to exceed JPY15 trillion.

With the limited supply of new condominiums, we believe that demand for used condominiums in favorable locations will continue to grow, and we will continue to capture the used condominium market through our Purchase and Resale and Brokerage business.

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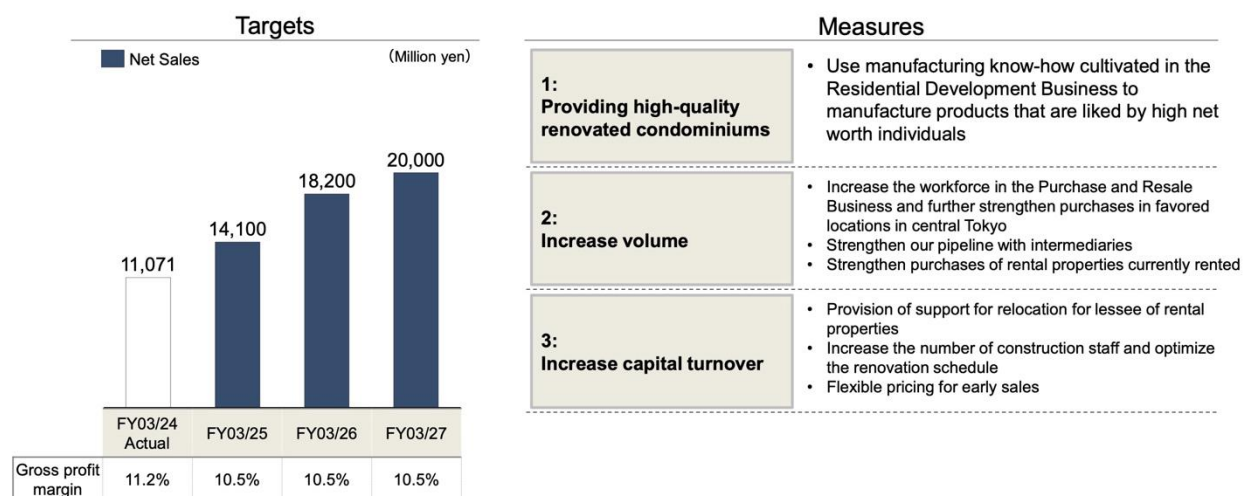
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- Aim to achieve net sales of ¥20 billion in FY03/27.



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This section discusses targets and measures in Purchase and Resale. Net sales of Purchase and Resale for the previous fiscal year totaled JPY11 billion. We aim for JPY14.1 billion in the current fiscal year ending March 2025, JPY18.2 billion in the next fiscal year, and JPY20 billion in the final fiscal year.

Gross profit margin is planned on 10.5%. Although the gross profit margin is lower than that of the Residential Development Business, capital efficiency is higher because the sales turnover is double. We will promote our business with a greater awareness of capital turnover.

As for specific measures to further expand our operations, we have three: 1. Provide high-quality renovated condominiums, 2. Increase volume, 3. Increase capital turnover.

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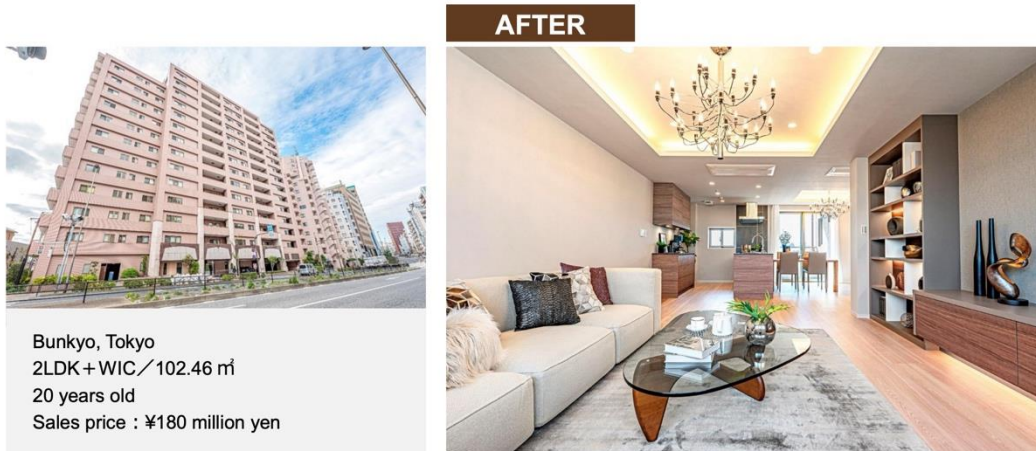
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Purchase and Resale: Providing High-Quality Renovated Condominiums

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- Utilize the manufacturing know-how cultivated in the Residential Development Business to carry out renovations.



Bunkyo, Tokyo
2LDK + WIC / 102.46 m²
20 years old
Sales price : ¥180 million yen



Provide customers with high-quality products through the Purchase and Resale Business

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Continuing on to the introduction of one of the Purchase and Resale business examples. This is “CLIO Remington House BUNKYO HARIMAZAKA”, which we developed and sold in 2003. We bought a unit back from the owner, and after renovation, we posted the property for resale. The sales price is JPY180 million.

We increase the number of high-quality renovated condominiums in a high price range like this example. The Purchase and Resale business is performing well in a way that complements the Residential Development Business.

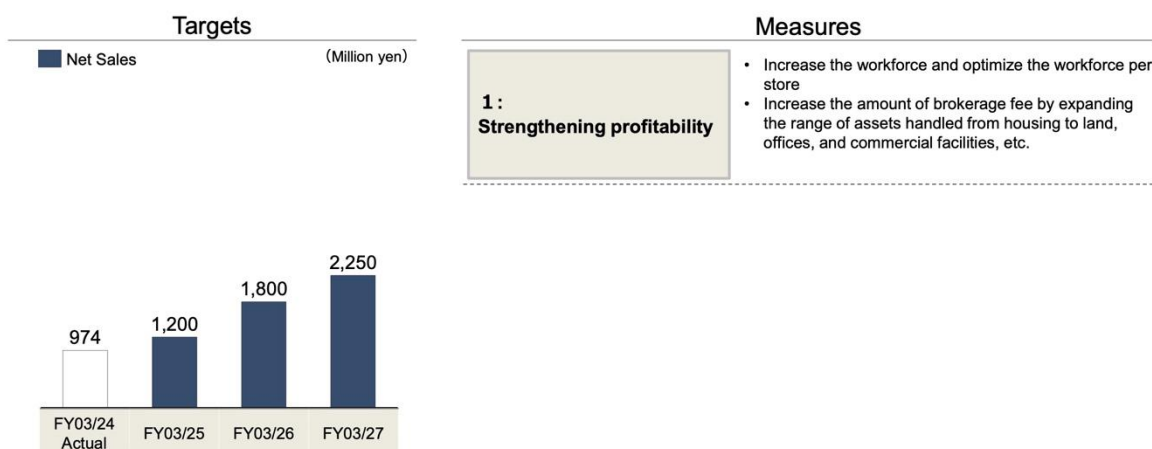
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- Aim to achieve net sales of ¥2.2 billion in FY03/27.



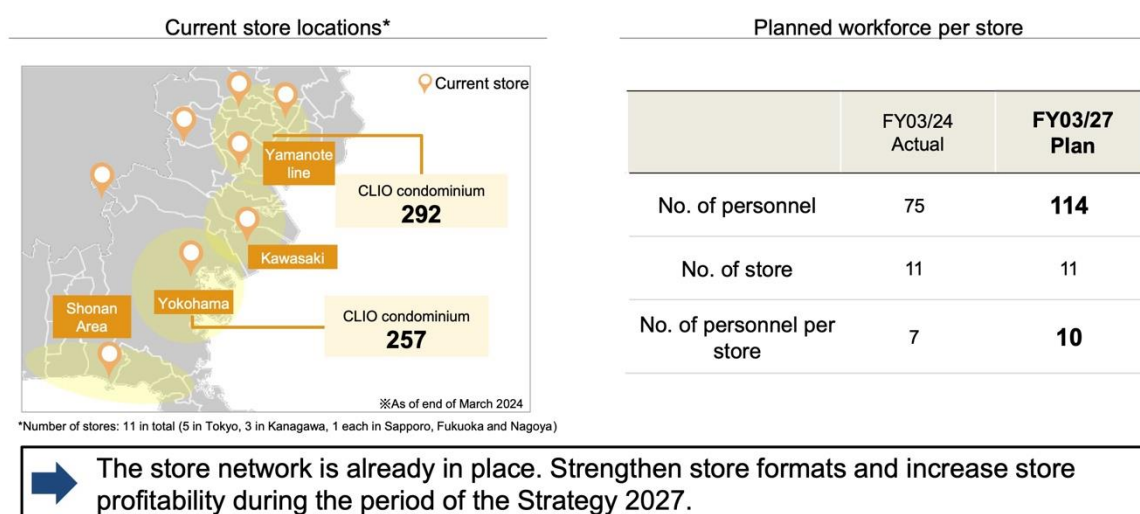
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Next, I will discuss the Brokerage business. In the Brokerage business, the goal is to achieve sales of JPY2.2 billion in the final year of the Strategy 2027. We will strive to strengthen our profitability by increasing the number of personnel and widening a range of assets we handle.

Brokerage: Strengthening Profitability

- By increasing the workforce per store, we aim to boost profitability



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Here is a map of the brokerage stores as of March 2024. During the previous medium-term management plan period, we developed our store network through new store construction, expansion and relocation. We have completed the development of our store network and believe that we have optimized our store locations.

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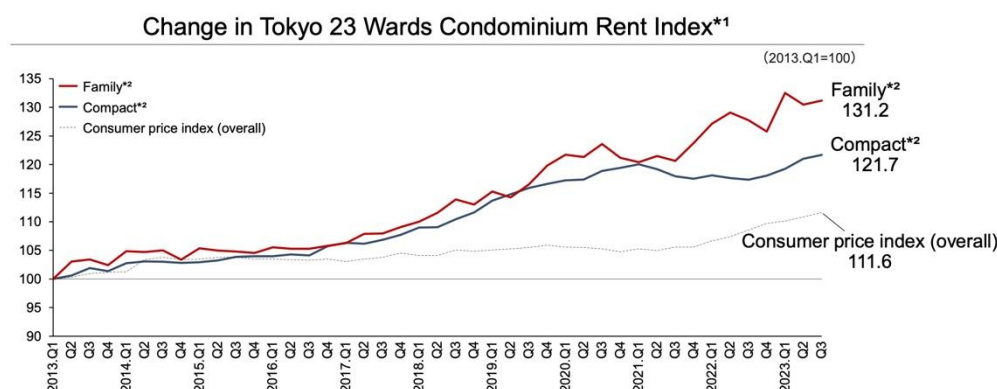
Going forward, the Company intends to increase store profitability by optimizing the number of employees per store, thereby enhancing the store format.



Market Environment: Expansion of Demand for Rental Housing

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- Increase in rents for rental houses in the 23 wards of Tokyo is higher than increase in consumer prices. In particular, there has been a marked increase in family-type and compact-type property rents.



Rental demand for family and compact condominiums, which are our main products, is expected to remain strong.

*¹ Source: Compiled by the Company based on "At Home: Condominium Rental Index, December 2023" and "Ministry of Internal Affairs and Communications: 2020-Base Consumer Price Index Nationwide, 2024."

*² Family-type: 60 to 100m², compact-type: 30 to 60m²

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This section provides an overview of the market environment for rental housing. The graph shows the condominium rent index in the 23 wards of Tokyo.

The rent index for rental housing in the 23 wards of Tokyo exceeded the increase in the consumer price index. The rise was particularly pronounced for family type and compact type, with a 30% increase for family type and a 20% increase for compact type.

These family-type and compact-type condominiums are our main products, and we believe that demand for these types of rental condominiums will continue to be strong in the future. Therefore, we project that the market for investing in rental properties is expected to stay robust.

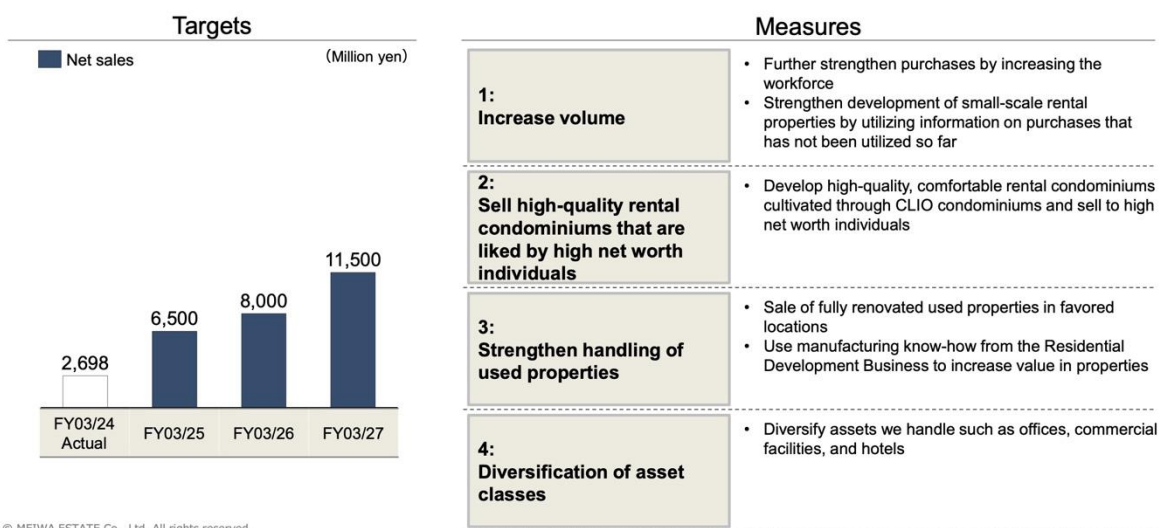
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- Aim to achieve net sales of ¥11.5 billion in FY03/27.



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Next, I would like to discuss the Wealth Solution business. In the Wealth Solution business, we sell single-building rental properties to high net worth individuals. The goal is to achieve net sales of JPY11.5 billion in the final year of the Strategy 2027.

We will promote our business with these four measures: 1.Increase volume, 2.Sell high-quality rental condominiums that are liked by high net worth individuals, 3.Strengthen handling of used properties, 4. Diversification of asset classes.

As discussed earlier, we expect demand for rental housing to remain strong, and we will continue to strengthen the Wealth Solution business, which focuses on selling single-building rental properties to high net worth individuals.

The comfortable and high-quality rental properties cultivated by CLIO condominiums have been very well received by affluent individuals.

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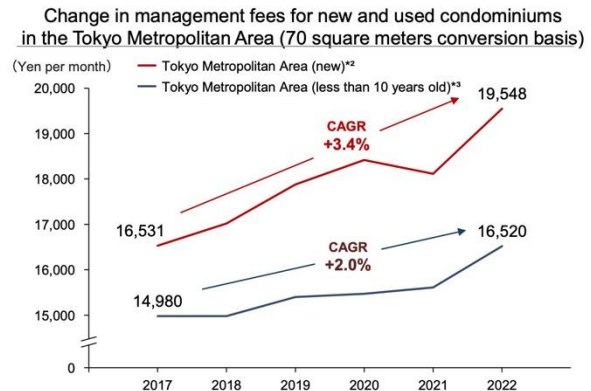
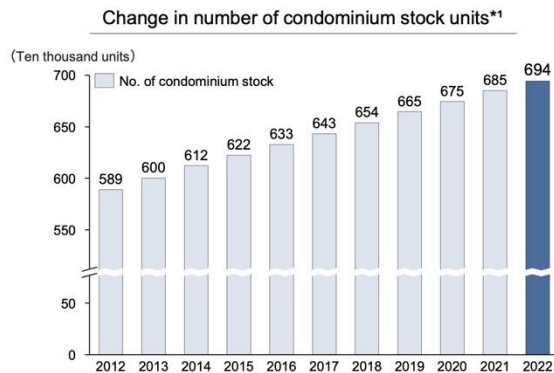


Market Environment:

Steady Expansion of Condominium Management Markets

- The stock of condominiums has steadily increased to about 7 million units.
- Condominium management fees in the Tokyo Metropolitan Area have also risen more than 2% annually over the past five years.

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We expect the condominium management market to remain stable and growing

*1 Source: Compiled by the Company based on the Ministry of Land, Infrastructure, Transport and Tourism's "Condominium Life Extension and the Facilitation of Revitalization"
 *2 Compiled by the Company based on "Running Costs maintenance costs of New Condominiums in the Three Major Metropolitan Areas" by Tokyo Kantei Co., Ltd. published July 2023
 *3 Source: Compiled by the Company based on "Management Fees and Repair Reserve for Used Condominiums in the Tokyo Metropolitan Area, FY2017 to FY2022" by Real Estate Information Network for East Japan

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This is about the market environment for the Condominium Management Business. The graph on the left shows the number of condominium stock units. The number is steadily increasing and is just under 7 million units in 2022.

The graph on the right shows trends in condominium management fees in the Tokyo metropolitan area. Management fees for condominiums have been on the rise, averaging 2% for condominiums less than 10 years old and over 3% for newly constructed condominiums over the last five years.

We believe that the condominium management market will continue to grow steadily.

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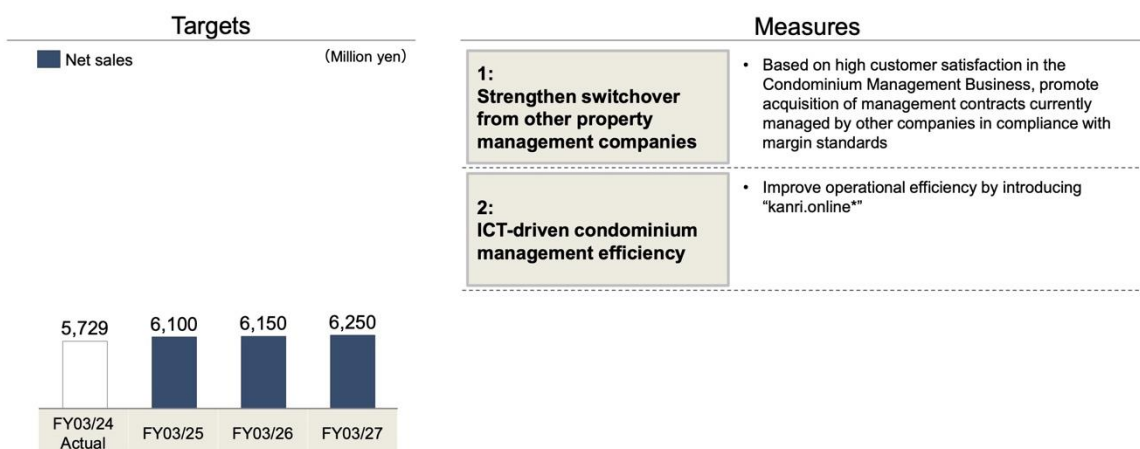
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Condominium Management Business

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- Aim to achieve net sales of ¥6.2 billion in FY03/27.



*Software-as-a-Service (SaaS) independently developed by the Company. For more information, see <https://www.kanri.online/>
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Here are the targets and measures of the Condominium Management Business. In the Condominium Management Business, we aim to achieve net sales of JPY6.2 billion in the final year of the Strategy 2027. We will promote our business with two measures: 1.Strengthen switchover from other property management companies, 2.ICT-driven condominium management efficiency

Condominium Management Business: Strengthen Switchover

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- Maintain high customer satisfaction in the Condominium Management Business.

Oricon Customer Satisfaction Ranking 2023 "Tokyo Metropolitan Area Condominium Management Company"*1	
Management company staff satisfaction ranking	Small-scale*2 satisfaction ranking
1 Mitsui Fudosan Residential Service	1 Mitsui Fudosan Residential Service
2 Meiwa Jisyo Community	2 Tokyo Tatemono Amenity Support
3 Nomura Real Estate Partners	3 Meiwa Jisyo Community



Increase customer satisfaction and secure margins for managed properties

*1 Source: Compiled by the Company based on Oricon Customer Satisfaction Ranking 2023 "Tokyo Metropolitan Area Condominium Management Company"
*2 "Small-scale" refers to apartments of less than 100 households in which the respondents live.
Respondents are those who live in or own such condominiums.
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Here is the 2023 Oricon Customer Satisfaction Ranking of condominium management companies in the Tokyo metropolitan area.

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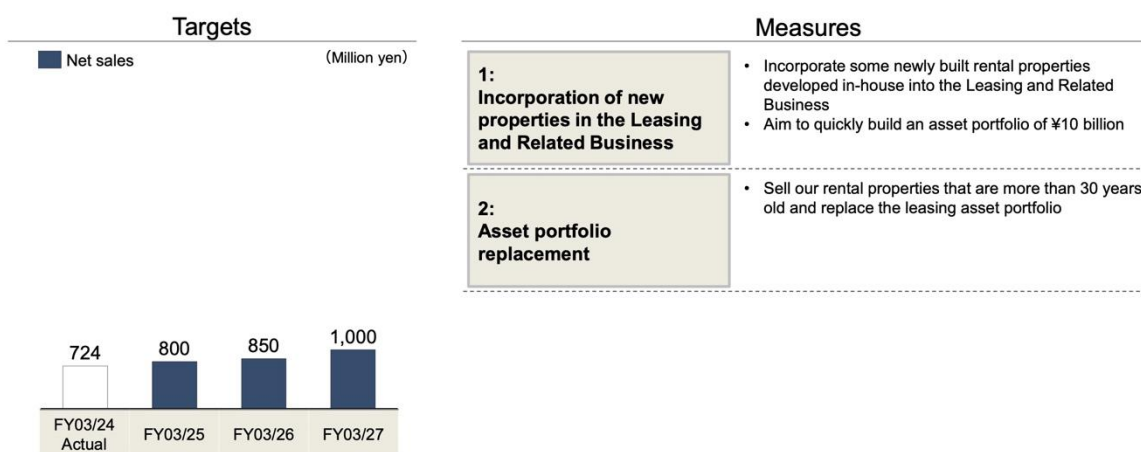
We are ranked second in the management company representative category and third in the small-scale category with fewer than 100 units, and our condominium management is highly regarded for our commitment to listening to our customers' voices.

We will continue to promote switchover from other companies while enhancing customer satisfaction and ensuring an appropriate profit margin.

Leasing and Related Business

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- Aim to achieve net sales of ¥1 billion in FY03/27.



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Finally, there are targets and measures for the Leasing and Related Business. In the Leasing and Related Business, we aim to achieve net sales of JPY1 billion in the final year of the Strategy 2027 by incorporating new properties developed in-house and replacing the asset portfolio.

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Targets (consolidated) *Repost

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- Accelerating growth in the Real Estate Agency business, aim to achieve net sales of ¥88 billion, operating profit of ¥5.5 billion and ordinary profit of ¥4.1 billion in FY03/27

(Millions of yen)

	FY03/24 Actual	FY03/25 Target	FY03/26 Target	FY03/27 Target
Net sales	71,250	79,000	80,000	88,000
Residential development	49,403	50,000	45,000	47,000
Real Estate Agency	15,217	22,100	28,000	33,750
Condominium Management	5,729	6,100	6,150	6,250
Leasing and Related	724	800	850	1,000
Operating profit	4,973	4,700	5,100	5,500
(Operating profit margin)	(7.0%)	(5.9%)	(6.4%)	(6.3%)
Ordinary Profit	3,990	3,600	3,800	4,100
(Ordinary profit margin)	(5.6%)	(4.6%)	(4.8%)	(4.7%)
Profit	2,781	2,500	2,650	2,900
(Profit margin)	(3.9%)	(3.2%)	(3.3%)	(3.3%)

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To reiterate, by promoting these measures in each of our businesses, we aim to achieve Net sales of JPY88 billion, Operating profit of JPY5.5 billion, and Ordinary profit of JPY4.1 billion in the final year of the fiscal year ending March 2027.

The Strategy 2027

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- For details of the Strategy 2027, please refer to the explanatory materials.



► IR site: the Strategy 2027
https://www.meiwajisyo.co.jp/corp/ir/plan/index_en.html#managementPlan



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For details of the Strategy 2027, please refer to the documents available on our corporate website later.

At this time, Mr. Kakizaki, our Senior Executive Director, will discuss the progress of the Strategy 2027.

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- Residential Development Business has **secured 83% contracts of the strategy 2027 sales targets for FY03/25**
- Sales materials for Residential Development Business have secured for the period of the Strategy 2027
- Purchase and Resale in the Real Estate Agency Business has **secured sales materials that currently exceed the sales target for FY03/25**
- In Condominium Management Business, switchovers of condominiums managed by other companies made good progress and number of units under management is **steady growing**

*Figures for the progress of the Strategy 2027 are as of the end of March 2024

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Kakizaki: My name is Kakizaki, Senior Executive Director. I would like to discuss the progress of the Strategy 2027. As in the past, we will report on the progress of the medium-term management plan on a semiannual basis.

First, in the Residential Development Business, we have already secured 80% of the contracts for the net sales target for the current fiscal year ending March 2025, the first year of the Strategy 2027. For the period of the plan through the fiscal year ending March 2027, we have already secured sales materials that exceed the net sales targets for each fiscal year.

Purchases in the Purchase and Resale have been exceptionally strong. Currently, we have already secured sufficient sales materials, surpassing our net sales target for the fiscal year ending March 2025. In the Condominium Management Business, the switchover of condominiums managed by other companies has been very strong, and the number of units under management is growing steadily.

The progress of the Strategy 2027 is as of the end of March 2024.

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Residential Development Business: Progress Against Sales Targets (1)

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- For FY03/25, 83% of the strategy 2027 sales targets has been contracted
- For FY03/26, about 50% of the strategy 2027 sales targets has been contracted



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I will discuss the progress of the Strategy 2027 by business segment.

In the Residential Development Business, sales have been very strong, and 80% of the net sales target of the Strategy 2027 has already been contracted for the current fiscal year ending March 2025.

For the next fiscal year, about 50% of the contracts have already been concluded, and sales activities are under way to achieve the target.

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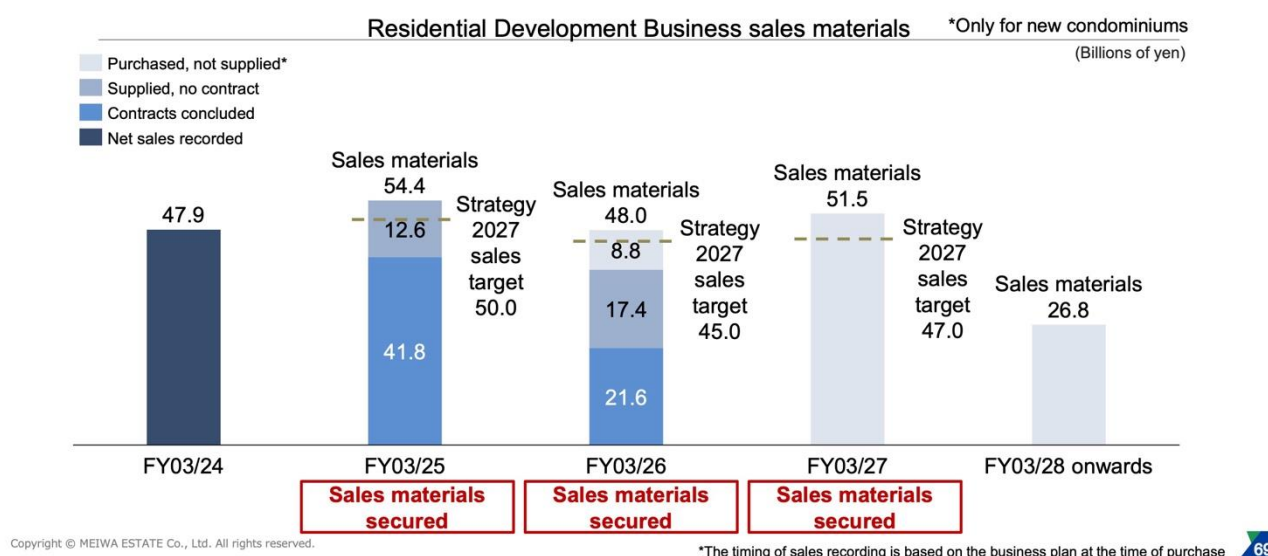
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Residential Development Business: Progress Against Sales Targets (2)

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- Sales materials have secured for the period of the Strategy 2027



This section discusses the sales materials in the Residential Development Business. Sales materials have already been secured to meet the net sales target in the Strategy 2027.

We have secured sales materials of JPY54.4 billion against the Strategy 2027 net sales target of JPY50 billion for the current fiscal year, JPY48 billion against the net sales target of JPY45 billion for the next fiscal year, and JPY51.5 billion against the net sales target of JPY47 billion for the fiscal year ending March 2027.

We will continue to focus on the purchase and supply of properties to promote steady sales.

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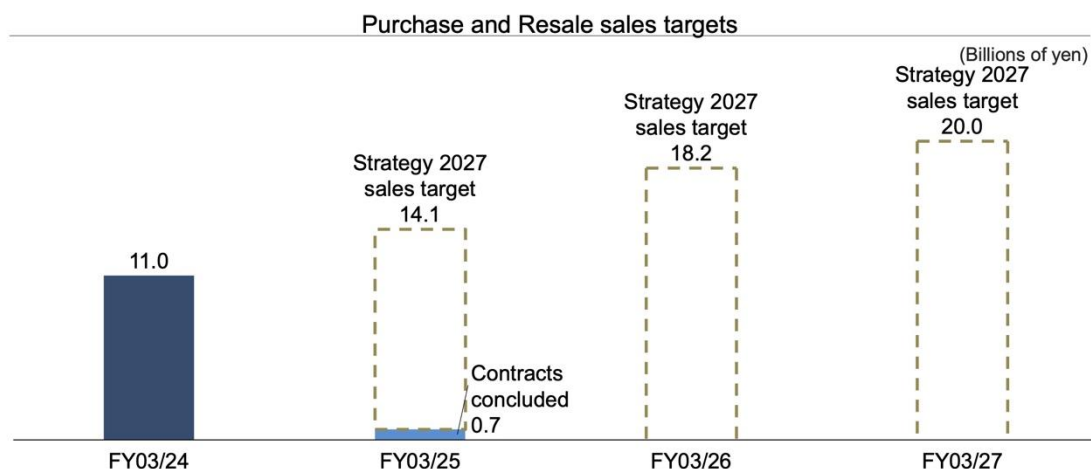
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Real Estate Agency Business, Purchase and Resale: Progress Against Sales Targets (1)

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- Proceeding with sales contracts of the properties that recorded as net sales in FY03/25



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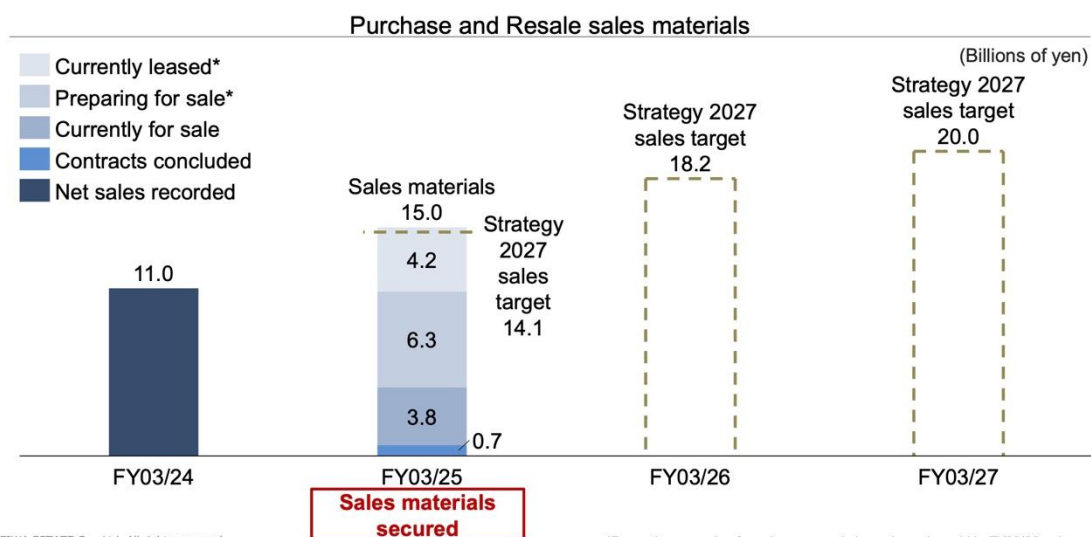
This is about the Real Estate Agency Business. In the Purchase and Resale, JPY700 million of the JPY14.1 billion net sales target of this fiscal year has been contracted as of the beginning of the fiscal year.

In the Purchase and Resale, the period from sale to delivery is short and turnover is high, resulting in a smaller contracts backlog than in the Residential Development Business.

Real Estate Agency Business, Purchase and Resale: Progress Against Sales Targets (2)

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- Secured sales materials for FY03/25



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*Properties preparing for sale or currently leased may be sold in FY03/26 or beyond

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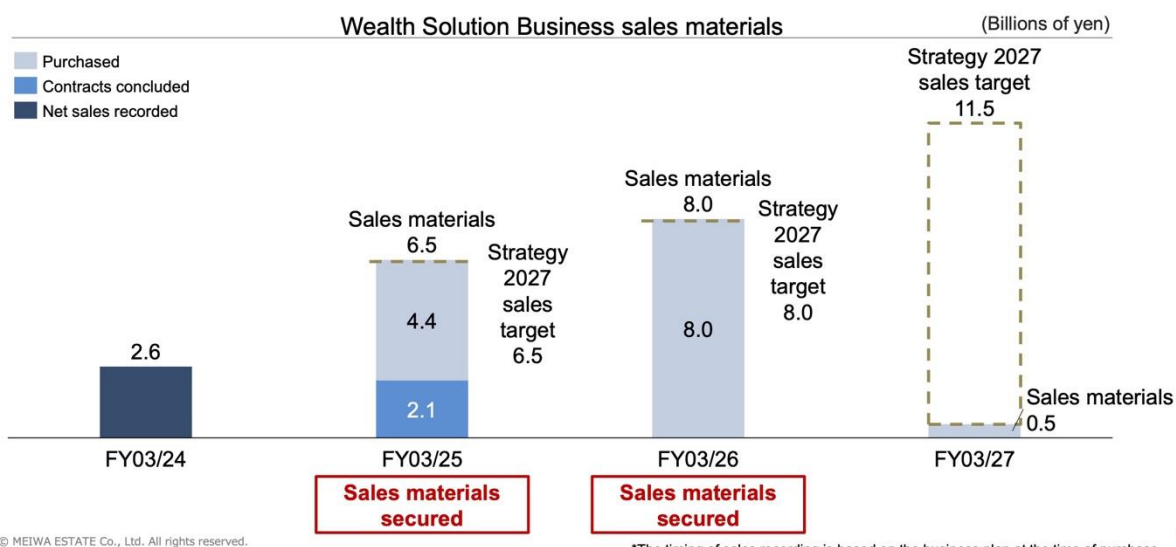
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This is about sales materials for the Purchase and Resale business. We have secured JPY15 billion worth of properties in this category, exceeding the net sales target of JPY14.1 billion for the current fiscal year. We aim to achieve the net sales target by aggressively promoting sales in the coming months.

Real Estate Agency Business, Wealth Solution: Progress Against Sales Targets

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- Making progress of securing sales materials for the period of the Strategy 2027



This is about the sales material of Wealth Solution business. We have already secured sales materials worth JPY6.5 billion and JPY8 billion, which is respectively the net sales target for the current fiscal year and next fiscal year set in the Strategy 2027.

We will promote sales and secure sales materials for the fiscal year ending March 2027.

[Ref.] Residential Development Business: Progress Against Sales Targets(1)

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- For FY03/25, 83% of the strategy 2027 sales targets has been contracted

(Billions of yen)

		FY03/25	FY03/26	FY03/27
Plan	Net Sales (Residential Development)	50.0	45.0	47.0
Progress	Net sales recorded (①)	—	—	—
	Contracts concluded (②)	41.8	21.6	—
	Expected net sales (① + ②)	41.8	21.6	—
	Progress against full-year target	83%	48%	—

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[Ref.] Residential Development Business: Progress Against Sales Targets(2)

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- Sales materials have secured for the period of the Strategy 2027

(Billions of yen)

		FY03/25	FY03/26	FY03/27
Plan	Net Sales (Residential Development)	50.0	45.0	47.0
Progress	Net sales recorded (①)	—	—	—
	Contracts concluded (②)	41.8	21.6	—
	Supplied, no contract (③)	12.6	17.4	—
	Purchased, not supplied (④)	—	8.8	51.5
	Sales & Sales materials (①+②+③+④)	54.4	48.0	51.5
	Progress against full-year target	108%	106%	109%

Sales materials
secured

Sales materials
secured

Sales materials
secured

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

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- Proceeding with sales contracts of the properties that recorded as net sales in FY03/25

(Billions of yen)

		FY03/25	FY03/26	FY03/27
Plan	Net sales (Real Estate Agency)	22.1	28.0	33.7
	Purchase and Resale	14.1	18.2	20.0
Progress	Net sales recorded (①)	—	—	—
	Contracts concluded (②)	0.7	—	—
	Expected net sales (① + ②)	0.7	—	—
	Progress against full-year target	5%	—	—

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

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■ Secured sales materials for FY03/25

(Billions of yen)

		FY03/25	FY03/26	FY03/27
Plan	Net sales (Real Estate Agency)	22.1	28.0	33.7
	Purchase and Resale	14.1	18.2	20.0
Progress	Net sales recorded (①)	—	—	—
	Contracts concluded (②)	0.7	—	—
	Currently for sale (③)	3.8	—	—
	Preparing for sale (④)	6.3	—	—
	Currently leased (⑤)	4.2	—	—
	Sales & sales materials (sum of ① to ⑤)	15.0	—	—
	Progress against full-year target	106%	—	—

Sales materials secured

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Pages 73 through 76 provide similar content so I will skip my explanation.

FY03/25 Consolidated Financial Results Forecast

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- Forecast net sales of ¥79.0 billion, operating profit of ¥4.7 billion, ordinary profit of ¥3.6 billion, and profit attributable to owners of parent of ¥2.5 billion

(Millions of yen)

	FY03/24 Actual	FY03/25 Forecast (Announced in May 13, 2024)	Change	Change (%)
Net sales	71,250	79,000	7,749	10.9%
Gross profit	15,532	16,400	867	5.6%
(Gross profit margin)	(21.8%)	(20.8%)	(-1.0pp)	—
SG&A expenses	10,559	11,700	1,140	10.8%
Operating profit	4,973	4,700	-273	-5.5%
(Operating profit margin)	(7.0%)	(5.9%)	(-1.0pp)	—
Ordinary profit	3,990	3,600	-390	-9.8%
(Ordinary profit margin)	(5.6%)	(4.6%)	(-1.0pp)	—
Profit attributable to owners of parent	2,781	2,500	-281	-10.1%
(Profit margin)	(3.9%)	(3.2%)	(-0.7pp)	—

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Next, I would like to discuss our forecast for the full year ending March 2025. The figures are the same as those for the first year of the Strategy 2027, which I have already discussed.

Net sales of JPY79 billion, Operating profit of JPY4.7 billion, Ordinary profit of JPY3.6 billion, and Net profit of JPY2.5 billion for the current fiscal year ending March 2025, with plans for increased net sales and decreased profits.

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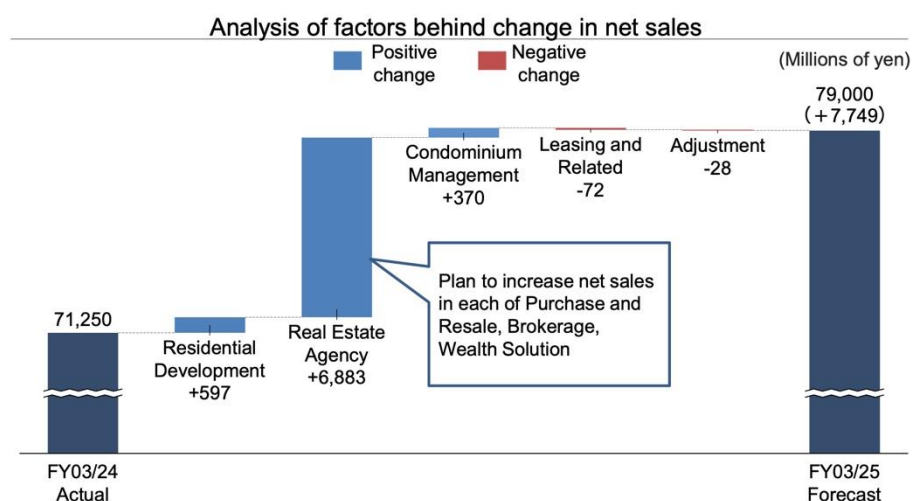
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Factors Behind Change in Net Sales by Segment

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- Plan to increase in net sales mainly in Real Estate Agency Business



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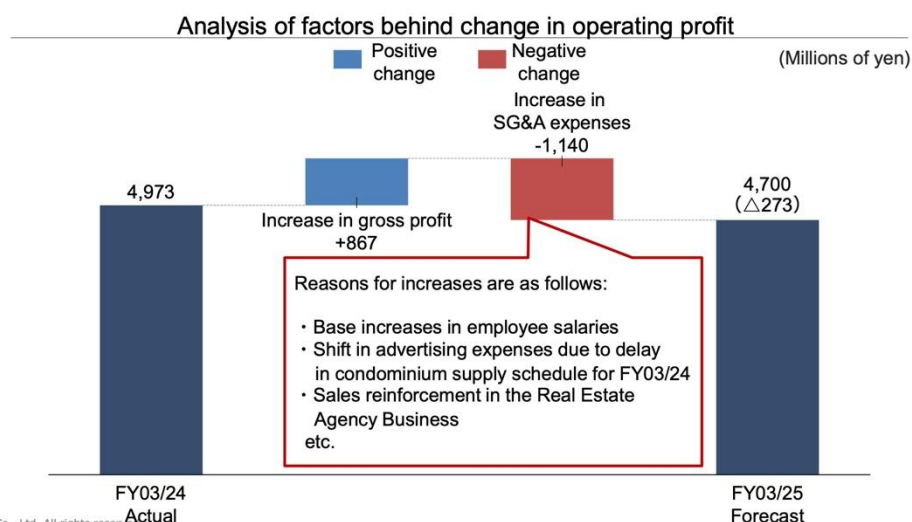
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Net sales are expected to increase by JPY7.7 billion, from JPY71.2 billion to JPY79 billion. Looking at the factors behind the increase and decrease by segment, in the Real Estate Agency Business, marked as a growing segment, we expect an increased net sales in the Purchase and Resale, Brokerage, and Wealth Solution businesses.

Factors Behind Change in Operating Profit by Accounting item

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- Although gross profit will increase due to an increase in net sales, operating profit is expected to decline to ¥4.7 billion due to an increase in SG&A expenses based on increases in employee salaries and advertising expenses.



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Operating profit is expected to decrease. Although gross profit will increase with net sales growth, SG&A expenses are expected to increase due to a base increase in employee salaries since April 2024 and a periodic shift in advertising expenses in the Residential Development Business.

As a result, Operating profit is planned at JPY4.7 billion, a decrease of JPY0.2 billion from the previous year.

Residential Development Business: Properties Scheduled for Completion

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- Below are some of properties scheduled for completion.

CLIO クリオ ラベルヴィ中央湊
CLIO la belle vie CHUO MINATO



Chuo, Tokyo
Total number of units: 28
Scheduled to be completed in January 2025

All units sold*

CLIO クリオ横濱保土ヶ谷ブライトマークス
CLIO YOKOHAMA HODOGAYA BRIGHT MARKS



Yokohama, Kanagawa
Total number of units: 53
Scheduled to be completed in January 2025

All units sold*

CLIO クリオ福岡博多ミッドグレイス
CLIO FUKUOKA HAKATA MID GRACE



Fukuoka, Fukuoka
Total number of units: 66
Scheduled to be completed in August 2024

All units sold*

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*As of March 31, 2024 81

Residential Development Business: Properties Scheduled for Completion

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- Below are some of properties scheduled for completion.

CLIO クリオ氷川台シーズンテラス
CLIO HIKAWADAI SEASON TERRACE



Nerima, Tokyo
Total number of units: 55
Scheduled to be completed in December 2024

CLIO クリオ横濱センター北グランシック
CLIO YOKOHAMA CENTER KITA GRAND CHIC



Yokohama, Kanagawa
Total number of units: 26
Scheduled to be completed in February 2025

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Some of the major condominiums to be completed in the current fiscal year are listed above. As you can see, several of our condominiums are already sold out.

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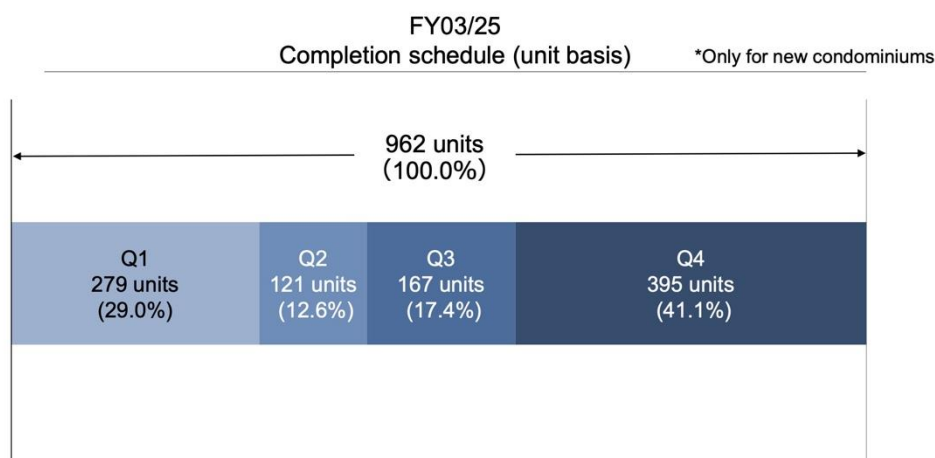
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Residential Development Business: Deliverly Schedule

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- Property completions concentrated in Q4 FY03/25 (sales recorded upon completion and delivery)
→ Net sales forecast weighted toward Q4



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This section is about the scheduled delivery of Residential Development Business. In the current fiscal year, 40% of the condominiums are scheduled for completion in Q4. As a result, net sales are expected to be concentrated in Q4, although not as evenly distributed as in the previous period.

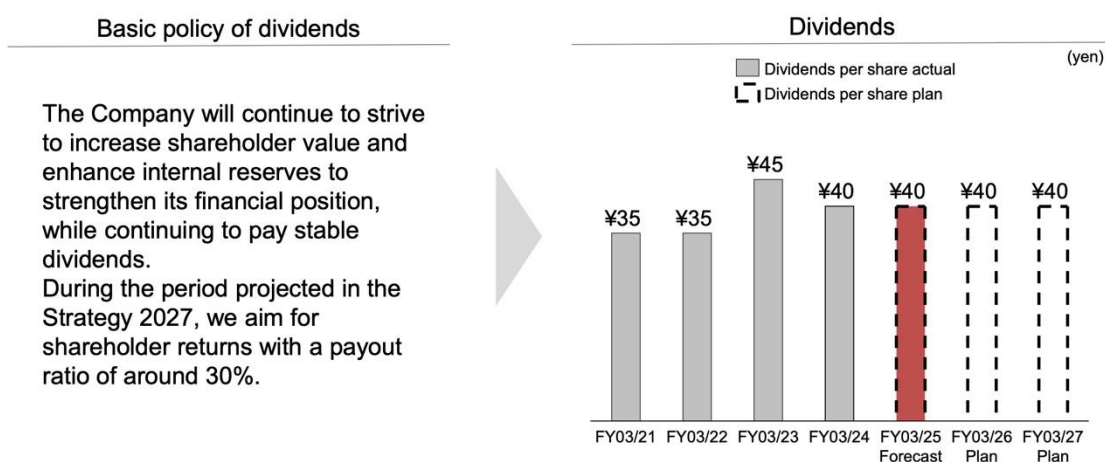
We will continue to focus on achieving our full-year net sales and profit targets.



Shareholder Returns : Dividends

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- Dividends of ¥40 per share is planned for FY03/25



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Last but not least, I would like to talk about shareholder returns. The dividend for the current fiscal year ending March 2025 is planned to be JPY40 per share.

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Shareholder Benefits

- 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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We also plan to continue this shareholder benefit program.

This concludes our explanation of the financial results for the fiscal year ended March 2024 and our Strategy 2027.

Thank you very much for your kind attention.

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Question & Answer

Moderator [M]: We will now begin the question-and-answer session.

Questioner [Q]: Thank you for your presentation.

I would like to ask you one question about your company's future growth strategy. As Japan's population gradually declines in the future, we assume that the demand for new condominiums will also gradually decrease. In this context, I would like to know if your company's continued growth is possible through the continuation of your existing business.

Harada [A]: You are referring to the need for condominiums and housing against the population decline, I assume.

The number of condominium units supplied has been hovering around 35,000 units in the Tokyo metropolitan area since the crisis caused by the collapse of Lehman Brothers in 2008, and there has not been an oversupply for a long time. Also, considering the concentrated influx of population to Tokyo, we believe that there is still a strong need.

Once there was the largest supply of 100,000 units per year after the economic Heisei bubble burst in Japan. I think in reality that the number of supply has not grown enough recently and that we have not been able to meet customers' need. In fact, there is a lack of progress in purchasing enough land to supply, which I think is a problem for the industry overall, and it has not yet been completed.

Therefore, although there is still a need, the number of units that can be supplied as new condominiums is becoming less and less. If that is the case, I believe that we can still find a way to continue growth while also looking at the secondary market..

Questioner [Q]: Thank you for your presentation.

I would like to ask you one question. I think the design category rating in the Oricon Customer Satisfaction Ranking has improved every year. Have you worked out some kind of reforms, or revamp, something special?

Kakizaki [A]: The question was about the high evaluation given to our company in the design category.

In our company, we have three keywords: environmental symbiosis, contribution to community, and creating community. We have traditionally worked on designs that connect these three.

It was 2015 when we started working on these theses. We have received the Good Design Award for four of our condominiums, so far, including "CLIO HEIWADAI". I think the reason why we received such a high evaluation is because we were successful in thoroughly reflecting the keywords we chose into our products.

Questioner [Q]: Thank you very much for today. I would like to ask two questions.

One question is, how do you position the power family on page 49 that you discussed earlier? Are they different from power couple?

On another question, how do you plan to proceed with electronic contracts for used properties?

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Kakizaki [A]: Regarding the first question on the difference between a power couple and a power family, the term power couple emerged first. In recent years, the focus has been on households. Originally, the term power couple refers to, obviously, a pair. On the other hand, some families earn very high annual household income.

These families may have a child as a member of the household. Some families have a certain amount of income because of a series of work style reforms and other things. I used this expression because I think that the trend is in that direction.

Regarding your second question, about electronic contracts for used properties, I'm sorry, I don't remember the number, but we are making progress. In the future, we would like to proceed with electronic contracts for almost all of our contracts, with the consent of the customers and brokerage firms.

Questioner [Q]: Additionally, among those power families, should we consider not only the married couple, but should we also include those who live with their parents and children as well, combining all incomes?

Kakizaki [A]: Yes, that's right. Every household can be different on that matter. There are a certain number of cases where parents provide funds. I would say it is adequate to recognize that their overall household income is higher, encompassing various sources of income.

Questioner [Q]: The gross profit margin of Purchase and Resale business continued to decline. What is your outlook?

Kakizaki [A]: The transaction volume of the Purchase and Resale business rose very much, and because of the expansion, it is causing a decline in gross profit margin, but this is within the scope of our assumptions. In particular, the market itself was very favorable in the previous fiscal year, which led to a slight decline in the YoY comparison.

However, we are currently planning a gross profit margin of 10.5% through the fiscal year ending March 2027. We will continue to monitor the turnover rate more closely while vigilantly maintaining the planned gross profit margin.

Questioner [Q]: According to media reports, 70% of mortgage borrowers use variable interest rates. Even after the Bank of Japan lifted the zero-interest rate policy, interest rates on variable-rate mortgages do not appear to have risen due to the deferral of the short-term prime rate. How do you assess the impact on your business through changes in mortgage rates if the Bank of Japan raises interest rates further in the future?

Taro [A]: I know this is a bit strange that I mention interest rates in a place where many people from financial institutions are attending, but the trend of interest rates is quite uncertain in some areas. It is difficult to say, since there are external factors, including those overseas, but we believe that even if interest rates are raised, the impact on mortgage rates will be limited at this time.

So, since the level of mortgages is still low, we believe that the impact on our performance can be minimal.

Moderator: At this time, I would like to conclude the question-and-answer session.

Please direct any future IR-related questions or inquiries to the contact listed in the document. We are happy to conduct one-on-one meetings upon request. Please feel free to contact us if you would like to schedule it.

This concludes the presentation of the financial briefing for the fiscal year ended March 2024 and the Strategy2027 for MEIWA ESTATE Co., Ltd. Thank you all very much for taking time out of your busy schedules to join us today.

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