

Medium-term Management Plan

(FY3/2011 ~ FY3/2015)



October 14, 2010



President Toshihiro Kutsuna

Code: 8920

Become a company to respond to changing times

1. Market situation

	Total population	0~14years old	15~64years old	Over 65 years old
2000 (pct.)	126.93 million people	18.51 million people (14.6%)	86.38 million people (68.0%)	22.04 million people (17.4%)
2010 change (pct.)	127.43 million people	16.94 million people	81.23 million people	29.26 million people
	+500 thousand people	-1.57 million people (13.3%)	-5.15 million people (63.7%)	+7.22 million people (23.0%)
2015 change (pct.)	126.27 million people	16.22 million people	77.28 million people	32.77 million people
	+1.16 million people	-720 thousand people (12.8%)	-3.95 million people (61.2%)	+3.51 million people (26.0%)

- Demand will grow even more even if the age composition changes
- Holiday Sports Club will operate with more than 100 thousand people

Citation data: *Population Census, MIC*
Elderly Population Estimates, MIC

2. Japan's economic trends

- Worsening economic environment will remain severe for a while
- Easier to obtain land information

3. Rapidly changing times

- Create new products and stimulate potential demand
- Company that can adapt to changing times can grow

Business Strategy

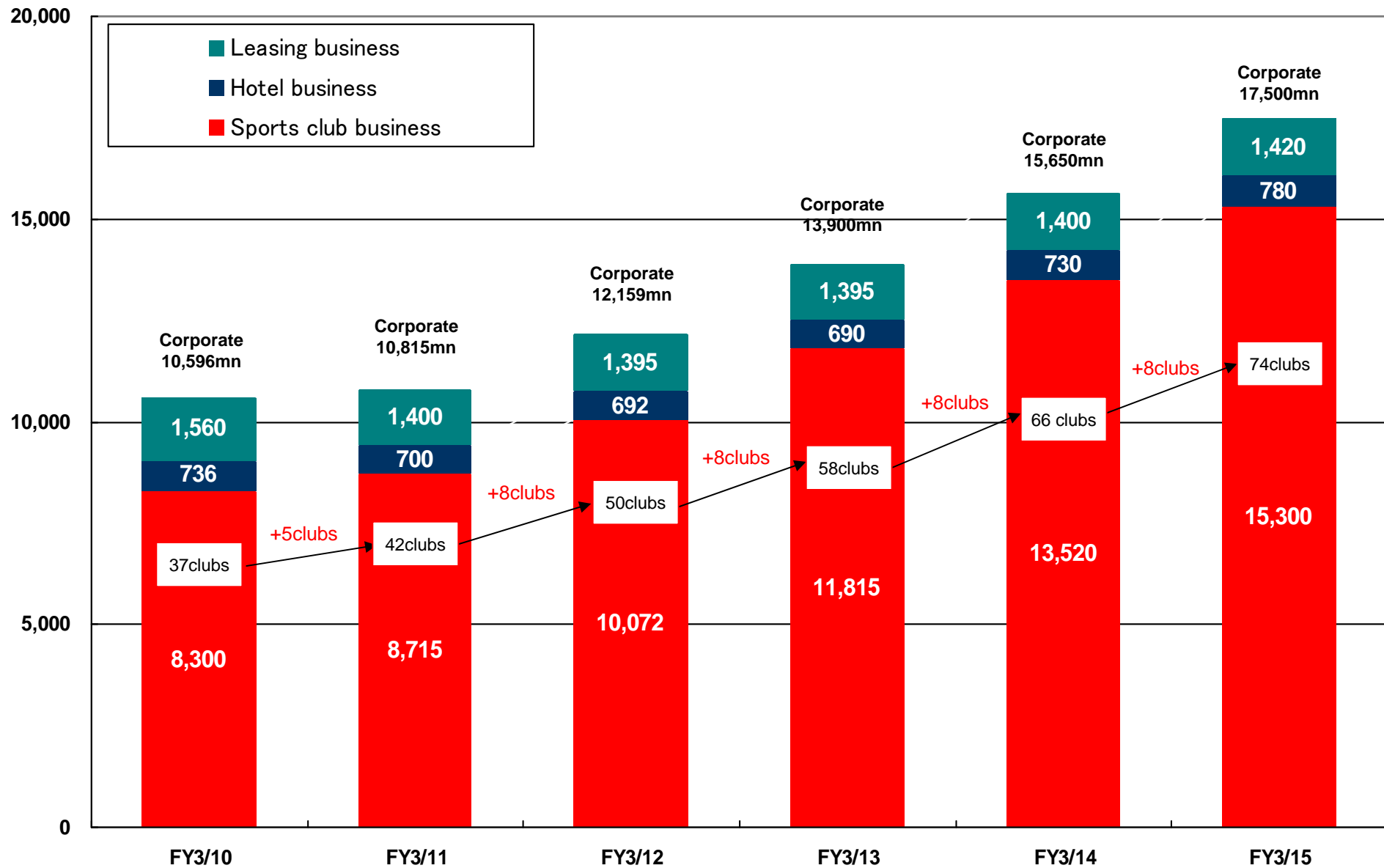
Concentrate management resources
on the Holiday Sports Club business
Accelerate the opening of Holiday Sports Clubs

Business Plan

◆ Final Fiscal Year (FY3/15) Target

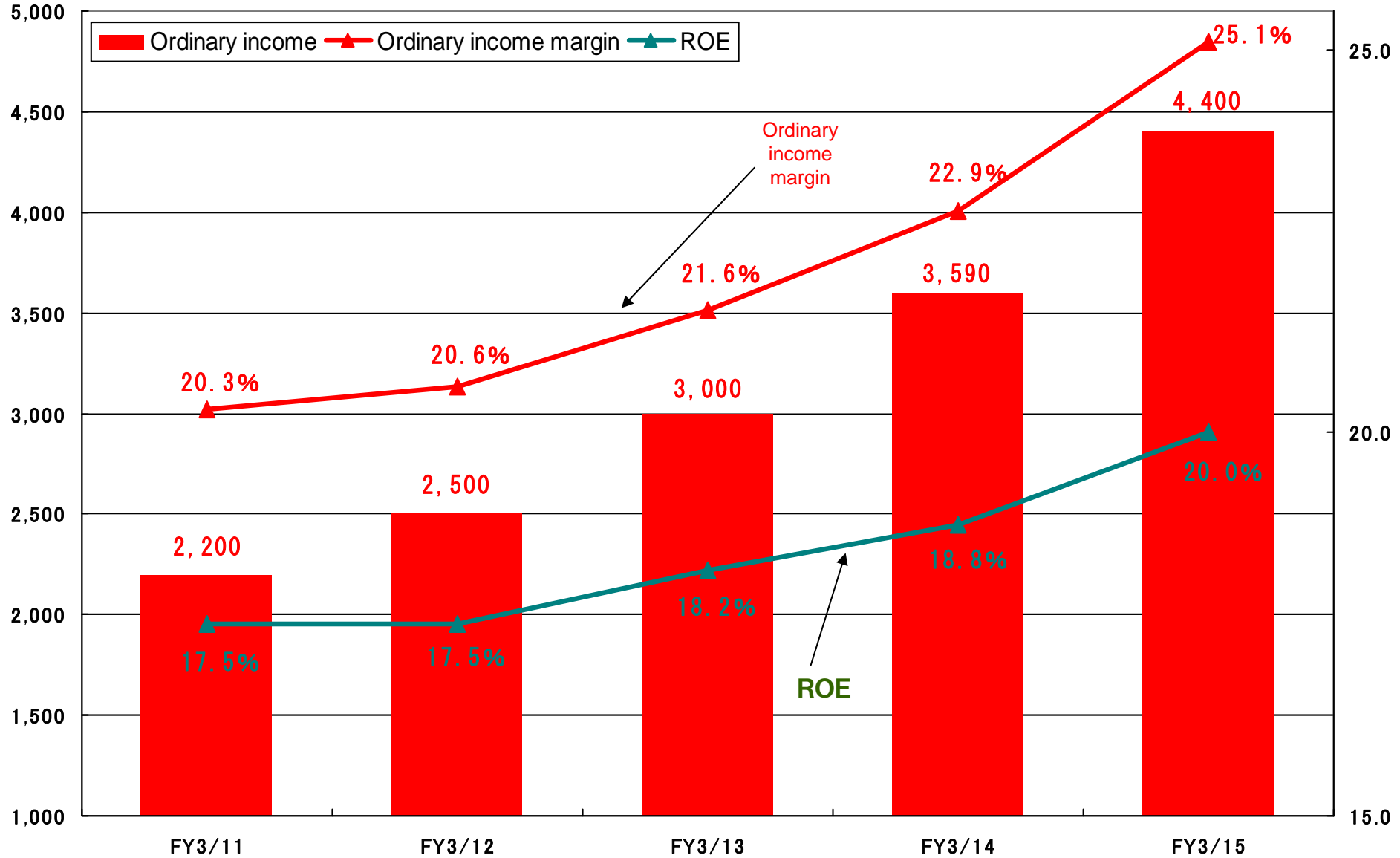
• Sales	¥17.5bn	Up 65%	(vs.FY3/2010)
• Ordinary income	¥4.4bn	Up 110%	(vs.FY3/2010)
• Ordinary income margin	25%	Up 5 pts.	(vs.FY3/2010)
• EPS	¥140	Up 114%	(vs.FY3/2010)
• ROE	20%	Same	(vs.FY3/2010)
• Dividend payout ratio	20%	Up 4.7 pts.	(vs.FY3/2010)

Sales (Million yen)



Ordinary income (Million yen)

Ordinary income margin · ROE (%)



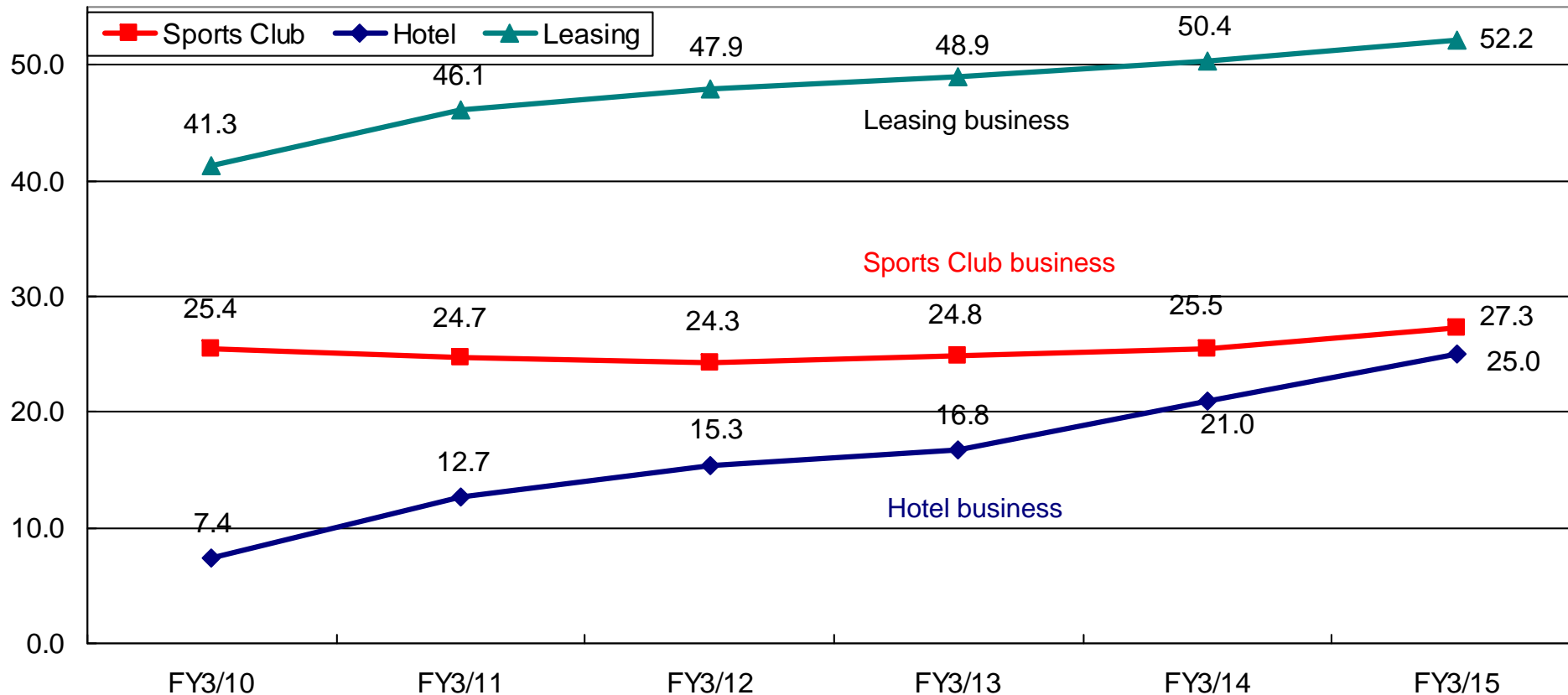
◆ Hotel business、Leasing business

- Improve efficiency by maintaining the current scale of operations
- Profit margin improves every year as a result of reduced depreciation

◆ Sports Club business

- Increase in the number of sports clubs raises development costs but maintains high profits
- The pct. of new business model sports clubs will rise leading to a more profitable structure

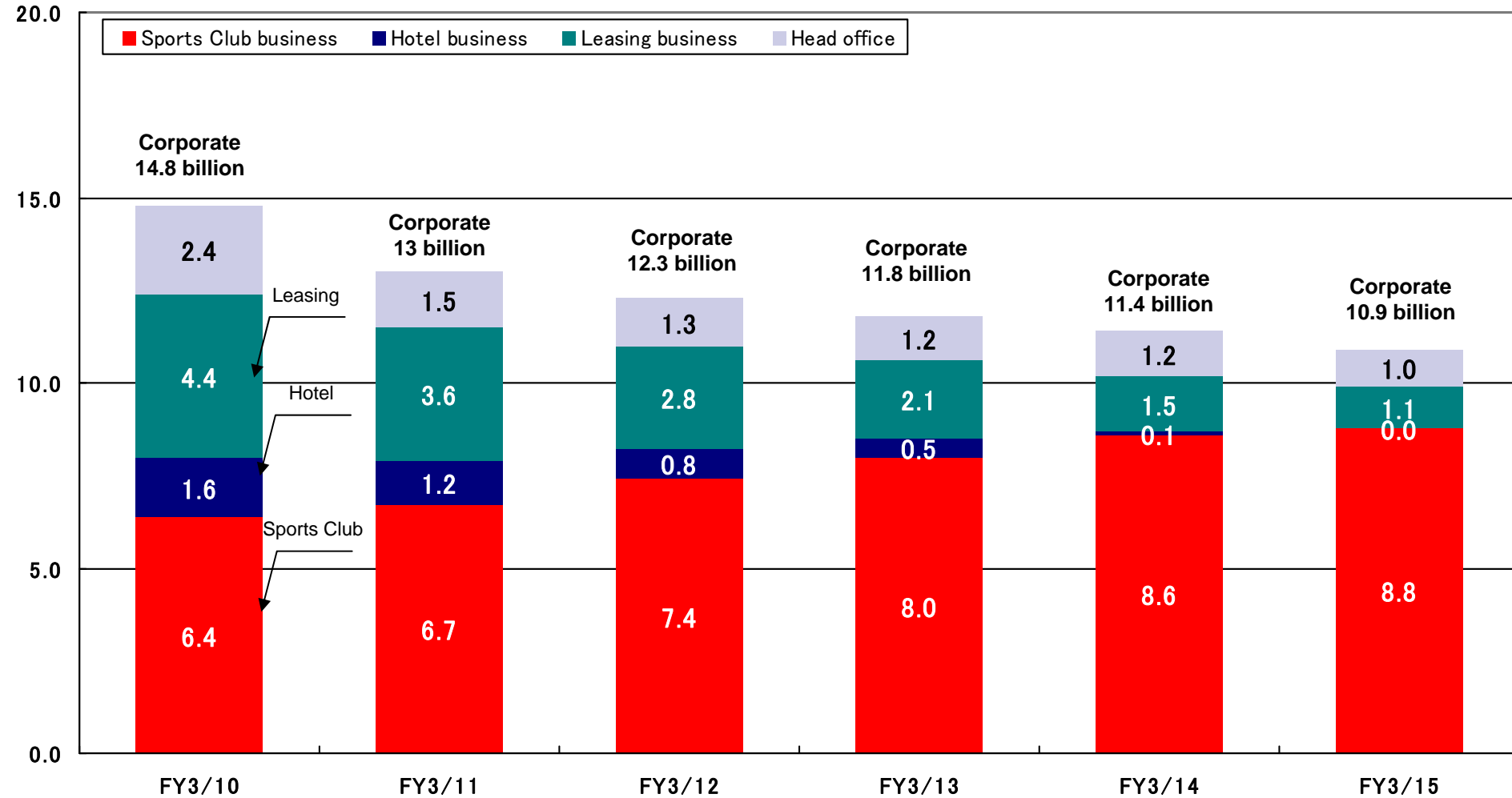
Ordinary income margin (%)



- ◆ Sports club business・・・Demand for funds for capital investments will increase
- ◆ Hotel business, leasing business・・・Balance of loans will be reduced every year

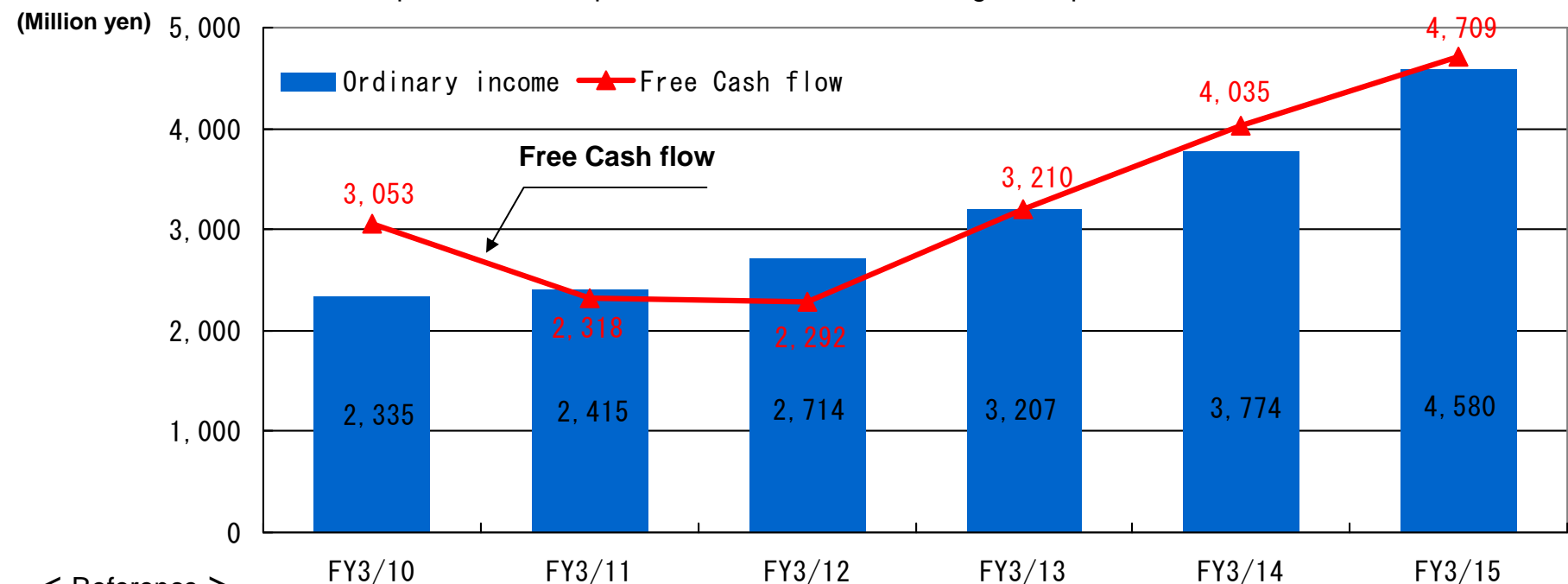
Balance of loans
(billion)

Company-wide balance of loans will be reduced every year



- ◆ FY3/15 free cash flow 4.7 billion yen
- ◆ “Cash-creating company”, a business model that earns cash

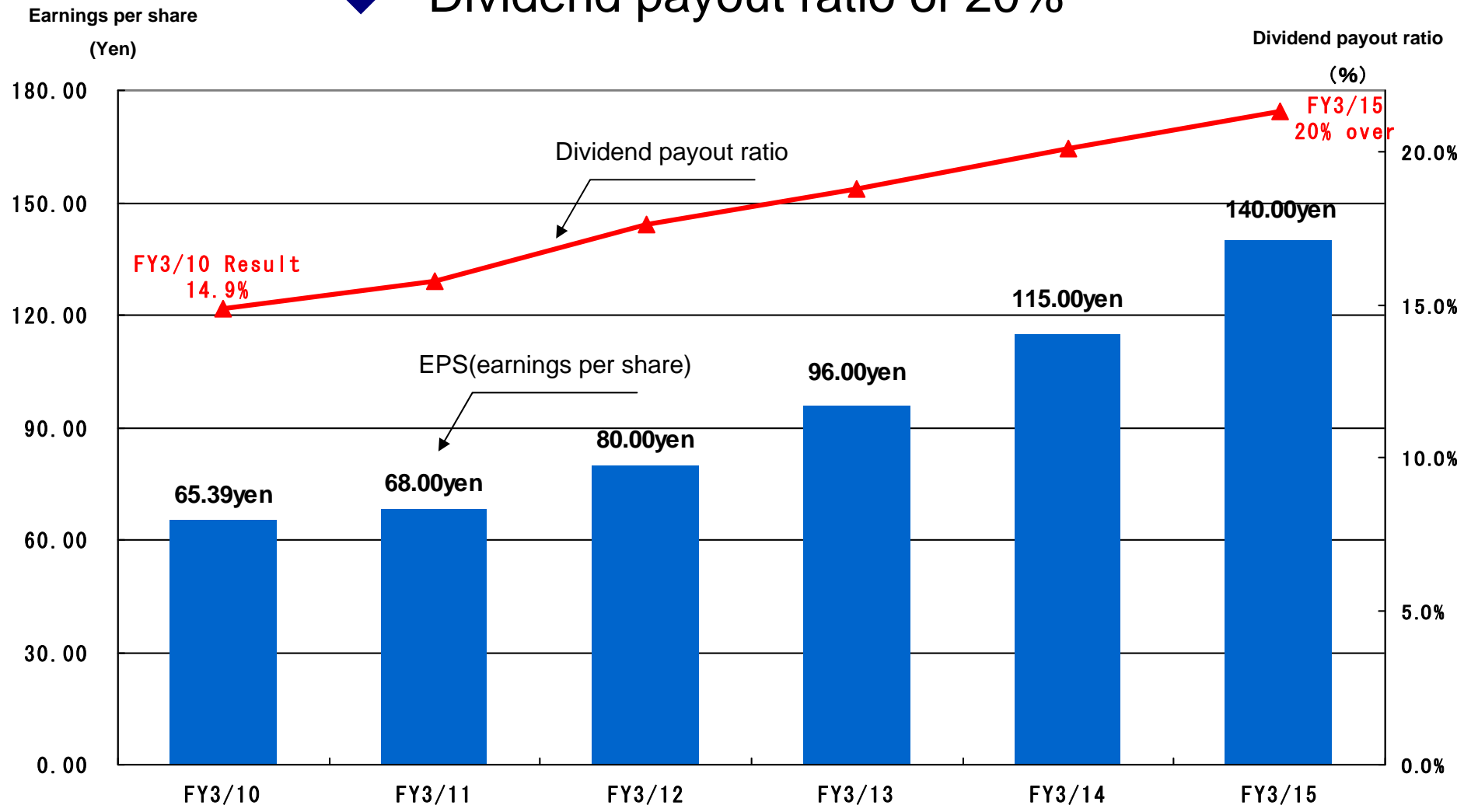
- ✓ Accelerate the opening of sports clubs from FY3/10 to FY3/12; free cash flow will temporarily decrease
- ✓ “Depreciation \approx Capital investment” Cash management plan



< Reference >

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15
Estimated depreciation	1,316(mn)	1270	1429	1671	1781	1864
Capital investment (est.)	512(mn)	1,500	2,000	2,000	2,000	2,000
New sports clubs (plan) (Partly use leasing from FY3/11)	2 clubs	5 clubs	8 clubs	8 clubs	8 clubs	8 clubs

- ◆ Linked to profit growth
- ◆ Dividend payout ratio of 20%



Become a company that can achieve consistent growth

1. A reputation as a partner in leading a healthy life
2. A company that develops new products
3. A provider of services for facilities
4. Customers who are end users
5. Able to grow with no procurement activities or sales team
6. A highly profitable company (ordinary income ratio of 30%)
7. Business activities based on cash
8. A small workforce made up of highly talented individuals
9. Nationwide coverage
10. Goal is ordinary income of 10 billion yen (long-term vision)

Business model for 2,500 members

City size More than 150 thousand people
"298 regions"

Item	Per year	Pct.	Monthly	Description
Total investment	¥400 million			
Sales	¥210,000,000		¥17,500,000	2,500 members × ¥7,000 per month
Expenses	¥136,500,000	65%	¥11,375,000	Personnel expenses, utilities cost, land lease, leases, depreciation, selling expenses, maintenance, etc.
Ordinary income	¥ 73,500,000	35%	¥6,125,000	
Ordinary income margin	35%		35%	

New model

Business model for 2,000 members

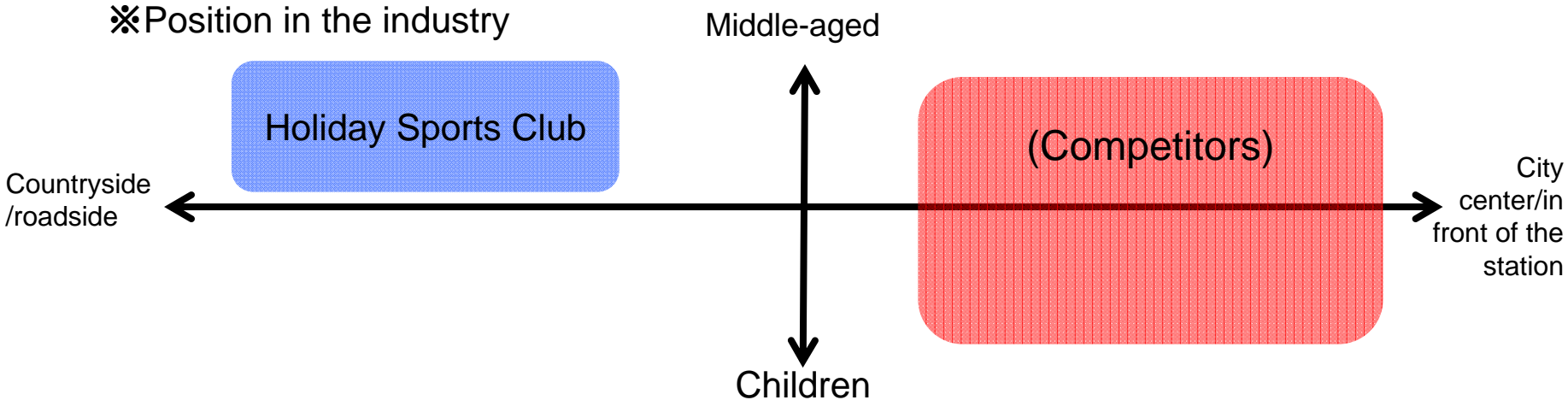
City size More than 100 thousand people
"421 regions"

First business model for 2,000 members in 2012

◆ Tomakomai-shi, Hokkaido ◆ Izumo-shi, Shimane

Item	Per year	Pct.	Monthly	Description
Total investment	¥350 million			
Sales	¥168,000,000		¥14,000,000	2,000 members × ¥7,000 per month
Expenses	¥117,600,000	70%	¥ 9,800,000	Personnel expenses, utilities cost, land lease, leases, depreciation, selling expenses, maintenance, etc.
Ordinary income	¥50,400,000	30%	¥4,200,000	
Ordinary income margin	30%		30%	

✳️ Position in the industry

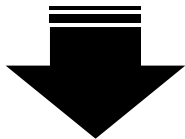


Business model highlights	Holiday Sports Club	(Competitors)
Competitive situation	Blue ocean	Red ocean
Location	Countryside/roadside	City center/in front of the station
Target age group	At least 16 years old: adults only	Children to adults: all age groups
Low-cost operation	Possible	Difficult
Method of opening centers	Mainly company-owned	Mainly leased buildings
Personnel expenses	Low	High
Promotion cost	Low	High
Merchandise sales	None	Yes
Swimming school for children	None	Yes

Open in local cities

No. of clubs at the end of March 2010

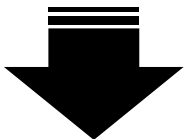
37 clubs



No. of clubs at the end of March 2015

Target: 74 clubs

(final year of the mid-term plan)

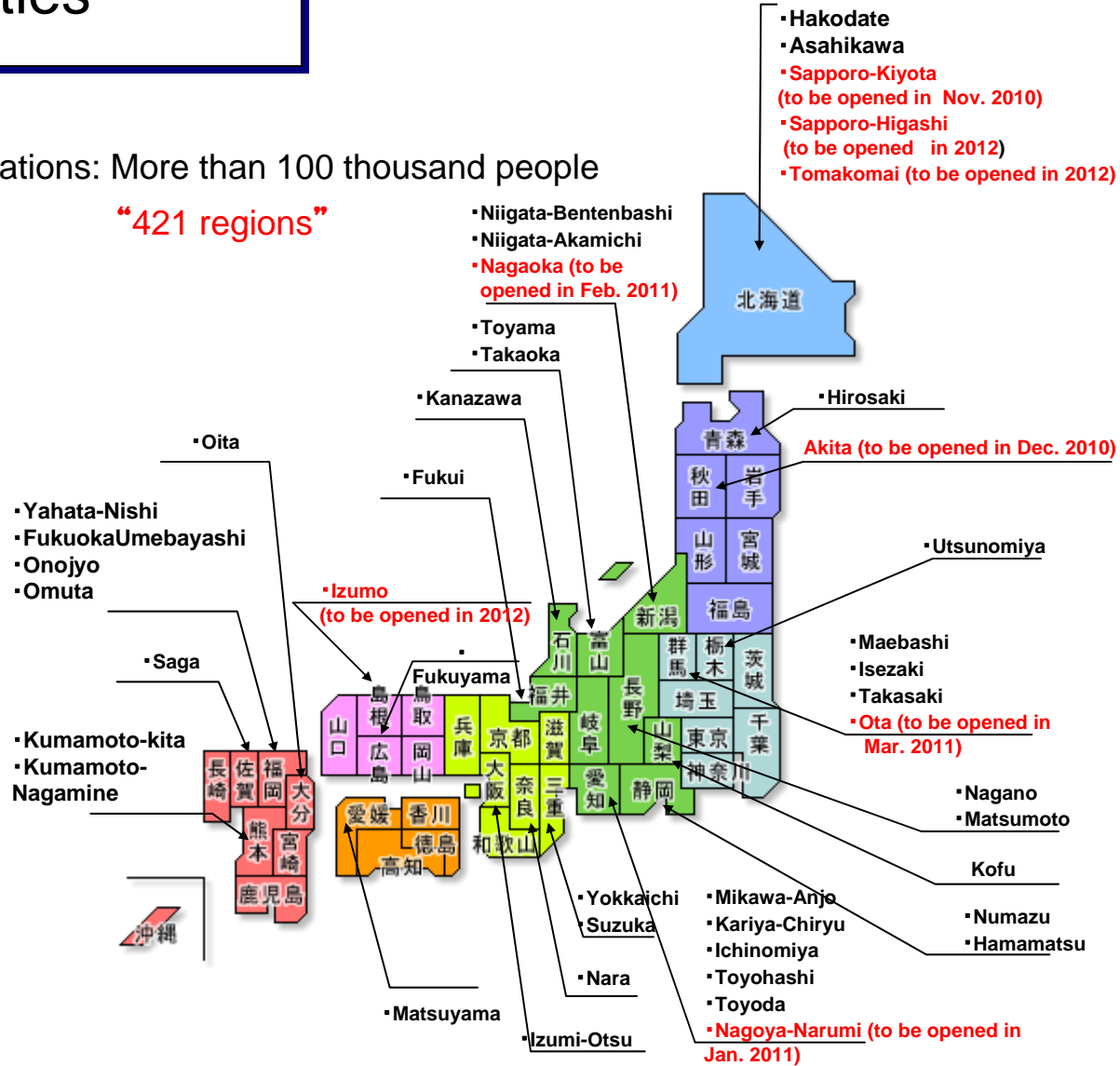


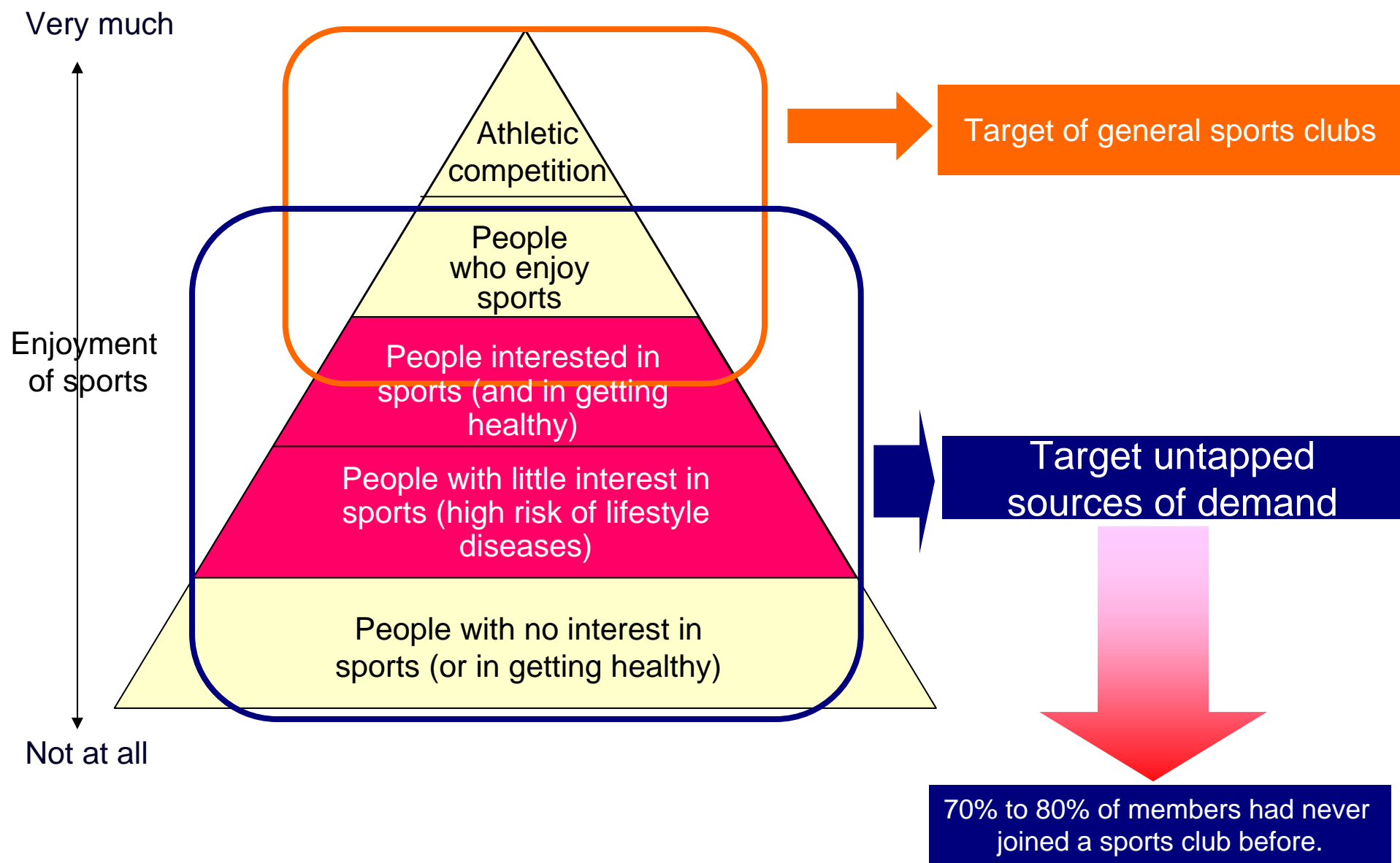
No. of clubs at the end of March 2018

Target: 100 clubs

Target locations: More than 100 thousand people

“421 regions”





A new type of sports club centered on the theme of
“healthy living for adults”

Membership only for adults

◆ At least 16 years old

Comprehensive sports club

◆ Gymnasium, exercise studio, swimming pool

For beginners

◆ Welcome people starting an
exercise program for the first time

Enhanced relaxation services

◆ Open-air bath, large indoor tub, sauna,
massage equipment

Free-parking

◆ Large parking area with space
for 200 vehicles

New product development

Beauty Queen



For women

Beauty Queen Tahitian Style



autumn

Boxing King



Simple movement

Boxing King Autumn Menu



autumn

New program for 2010

Target ABS3



Abdominal muscle strengthening

Target ABS3 Extreme



autumn

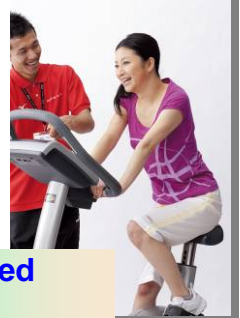
Charged programs

Swimming Lesson



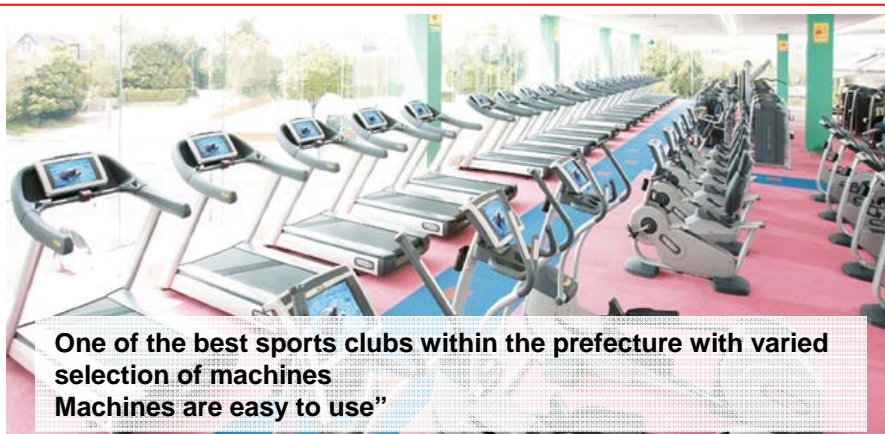
Crawl stroke · Breast stroke

My Training

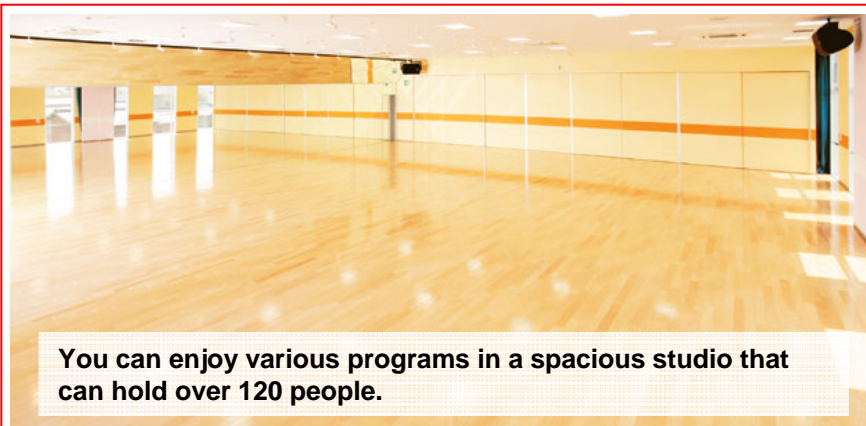


Dedicated staff

“Easy-to-use training machines” and “easy-to-participate studio programs” for “beginners”



One of the best sports clubs within the prefecture with varied selection of machines
Machines are easy to use”



You can enjoy various programs in a spacious studio that can hold over 120 people.



Running machines



Bikes



Joba



Machine with TV

Examples of programs

Name of programs	Exercise volume
Balance Ball	★
Slow Yoga	★
J-Pop Dance	★★
Step 30	★★
Rakuraku Aero	★★
Beauty Queen	★★
Shape The Boxing	★★★
Zumba	★★★★
Target ABS	★★★★
Boxing King	★★★★★



Balance Ball



Slow Yoga



J-Pop Dance



Step 30



Shape The Boxing



Rakuraku Aero

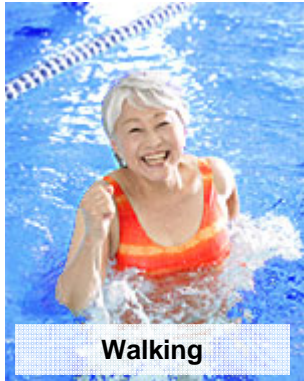
“Relaxation facilities that will relieve the weariness” and “a swimming pool to swim at a slow pace” for “adults”



In the swimming pool, you can enjoy aqua dance and aqua walking to the music as well as swimming!



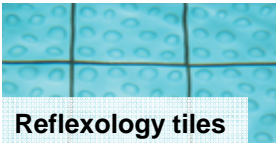
Provides sauna and cold-water bath which are good for health” It is worthwhile to just have a bath.



Walking



Jacuzzi



Reflexology tiles



Handrai



Swimming lesson



Sauna with TV



Locker room



Powder room



Washing place with a partition

Massage

Introduced the very best massage equipment that will reduce stiffness and relieve the weariness!












How to join

Admission and fees



Please note that the type of member, etc. may differ from other Holiday Sports Clubs.

Type of member	Upper part: Admission fee (tax excluded) Lower part: " (tax included)	Upper part: Monthly fee (tax excluded) Lower part: " (tax included)	Utility time	Description	
 Master member	¥10,000 (¥10,500)	¥ 8,500 (¥8,925)	Mon.~Thurs.·Sat.10am~12pm Sun.·Holiday 10am~7pm	Members can use all facilities and programs for free any time during opening hours.	
 Pair member (a group of 2)		¥ 8,000 (¥8,400)			
 Group member (a group of 3 to 5)		¥ 7,000 (¥7,350)			
 Daytime member		¥ 5,700 (¥5,985)	Mon.~Thurs.·Sat.10am~5pm (Sun.·Holiday excluded)		Members can use all facilities and programs for free within the utility period.
 Night time member		¥ 4,700 (¥4,935)	Mon.~Thurs.·Sat. 9pm~12pm (Sun.·Holiday excluded)		
 Weekend member		¥ 4,700 (¥4,935)	Sat.10am~12pm Sun.·Holiday 10am~7pm		
Type of member	Upper part: Admission fee (tax excluded) Lower part: " (tax included)	Upper part: Monthly fee (tax excluded) Lower part: " (tax included)	Utility time	Description	
 Corporate member	¥10,000 (¥10,500)	¥10,000 (¥10,500)	Mon.~Thurs.·Sat.10am~12pm Sun.·Holiday 10am~7pm	Members can use all facilities and programs for free any time during opening hours.	

*Corporate member is a company or an organization with corporate status. At least one person can join the club.

*A membership card will be issued to each corporate member. Or, members can choose to receive 10 tickets every month.

Trade name

TOSHO Co., Ltd.



Representative

Toshihiro Kutsuna

Head office

1-16-5 Mikawa-anjomachi, Anjo-shi, Aichi Pref.

Stock code

8920

Listing

JASDAQ Stock Exchange

Business category

Service sector

Established

March 1979 (fiscal year ends March 31)

Capital

497,914 thousand yen

Employees

163 (as of September 30, 2010)

Shares outstanding

17,592,351 shares

Shareholders

3,925 (as of March 2010)

1 unit

100 shares

March 1979	Towa Construction Co., Ltd. established as a civil engineering construction company
December 1986	Established Shofuku Real Estate Co., Ltd. to conduct a condominium sales and leasing apartments (predecessor of "A·City")
August 1989	Started with management of condominium business
December 1989	Started with operations of golf driving ranges Opened the first "Holiday Golf Garden"
March 1995	Consigned construction for leasing apartment house
May 1996	Started the sports club operation Opened the first club: Holiday Sports Club Mikawa-Anjo
May 1997	Started taking orders for the construction of 2x4 houses (Terminated this business in March 2002)
April 1999	Changed company name to "Tosho Co., Ltd." Constructed "Tosho Building" near Mikawa-Anjo Station to serve as the company's head office
November 1999	Started the hotel operation Opened the first hotel, the current "AB Hotel Mikawa-Anjo Honkan"
January 2003	Planned and sold the first ultra-high-rise condominium in the Mikawa region with a seismic isolation for protection against earthquakes
February 2004	Listed on the JASDAQ market
April 2004	Full-scale launch of the A City series of company-owned leasing condominiums
October 2006	Reclassified the company's industry for business activities from "real estate" to "services"
March 2010 (present)	"Holiday Sports Clubs" – 37 clubs "Holiday Golf Gardens" – 2 clubs "AB Hotels" – 5 clubs "A City apartments" – 48 buildings, 1,988 units

This presentation contains plans, outlooks, strategies and other information associated with expectations for future results of operations. This information is based on the judgments of management in accordance with information that is currently available.

Actual results of operations may differ from these forward-looking statements for a number of reasons.

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For more information

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Thank you for your interest in Tosho.
Everyone at our organization has a strong commitment to achieving our goals.