This is an English translation of the official announcement in Japanese that was released on January 11, 2017. The translation is prepared for the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Consolidated Financial Results
for the Fiscal Year Ended November 30, 2016
<IFRS>

January 11, 2017

Company name: Tosei Corporation
Stock listing: TSE / SGX
Securities code number: 8923/S2D
URL: http://www.toseicorp.co.jp/english/
Representative: Seiichiro Yamaguchi, President and CEO
Contact: Noboru Hirano, Director and CFO
Phone: +81-3-3435-2865
Ordinary general shareholders' meeting: February 24, 2017 (scheduled)
Commencement of dividend payments: February 27, 2017 (scheduled)
Submission of Securities Report (Yuka Shoken Hokokusho): February 27, 2017 (scheduled)
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Fiscal Year Ended November 30, 2016 (December 1, 2015 – November 30, 2016)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2016	49,818	15.8	9,279	34.6	8,450	39.9	5,547	34.1
Year ended Nov. 30, 2015	43,006	(14.0)	6,891	23.9	6,040	29.5	4,135	43.9

	Profit attributable to owners of the parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Year ended Nov. 30, 2016	5,547	34.1	5,509	35.0	114.89	―
Year ended Nov. 30, 2015	4,135	43.9	4,081	35.1	85.66	―

	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	(%)	(%)	(%)
Year ended Nov. 30, 2016	14.4	7.9	18.6
Year ended Nov. 30, 2015	12.0	6.9	16.0

(Reference) Equity in earnings of affiliates Year ended Nov. 30, 2016: ¥－million Year ended Nov.30, 2015: ¥－million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2016	121,276	41,010	41,010	33.8	849.35
As of Nov. 30, 2015	93,196	36,228	36,228	38.9	750.32

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year ended Nov. 30, 2016	(7,472)	(8,193)	18,522	21,640
Year ended Nov. 30, 2015	(4,443)	481	6,661	18,791

2. Dividends

	Annual dividends per share					Total dividends per share (Total)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
Year ended Nov. 30, 2015	—	0.00	—	16.00	16.00	772	18.7	2.2
Year ended Nov. 30, 2016	—	0.00	—	22.00	22.00	1,062	19.1	2.8
Year ending Nov. 30, 2017(Forecast)	—	0.00	—	25.00	25.00		20.4	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2017
(December 1, 2016 – November 30, 2017)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2017	69,268	39.0	10,008	7.8	9,001	6.5	5,926	6.8	5,926	6.8	122.75

*** Notes**

(1) Changes in significant subsidiaries during the year (changes in specified subsidiaries resulting in changes in the scope of consolidation): No

Newly added: — Excluded: —

(2) Changes in accounting policies and changes in accounting estimates

(a) Changes in accounting policies required by IFRS: No

(b) Changes in accounting policies other than (a) above: No

(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

(a) Number of issued shares at the end of the year (including treasury shares)

As of Nov. 30, 2016	48,284,000 shares
As of Nov. 30, 2015	48,284,000 shares

(b) Number of treasury shares at the end of the year

As of Nov. 30, 2016	–
As of Nov. 30, 2015	–

(c) Average number of outstanding shares during the year

Year ended Nov. 30, 2016	48,284,000 shares
Year ended Nov. 30, 2015	48,284,000 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Financial Results for the Fiscal Year Ended November 30, 2016 (December 1, 2015 – November 30, 2016)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2016	41,965	12.7	7,836	31.7	7,123	28.3	4,734	21.2
Year ended Nov. 30, 2015	37,242	(17.9)	5,948	18.6	5,553	34.4	3,906	60.2

	Net income per share	Net income per share (diluted)
	(¥)	(¥)
Year ended Nov. 30, 2016	98.06	–
Year ended Nov. 30, 2015	80.91	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2016	114,085	38,455	33.7	795.50
As of Nov. 30, 2015	88,071	34,478	39.1	714.06

(Reference) Equity As of November 30, 2016: ¥38,409 million As of November 30, 2015: ¥34,477million

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2017 (December 1, 2016 – November 30, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2017	56,623	34.9	6,228	(12.5)	4,235	(10.6)	87.71

<u>* Information on implementation of audit procedures</u>

This financial results report is exempt from the audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for the consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

<u>* Proper use of earnings forecasts and other notes</u>

(1) The forward-looking statements, including outlook of future performance, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ substantially from these statements due to various factors. For the assumptions on which the earnings forecasts are based and cautions concerning the use thereof, please refer to "1. Analysis of Business Results and Financial Positions, (1) Analysis of Business Results, 2) Outlook for the Fiscal Year Ending November 30, 2017" on page 8 of the attached materials.

(2) A financial results meeting will be held on January 11, 2017 for institutional investors and analysts. The presentation materials distributed at the meeting will be available on our website immediately after the disclosure of account settlement.

Contents of Attached Materials

1. Analysis of Business Results and Financial Positions

(1) Analysis of Business Results

1) Consolidated Results for the Fiscal Year Ended November 30, 2016

During the fiscal year ended November 30, 2016, the Japanese economy remained on a moderate recovery track despite apparent weaknesses in exports and production. There is increasing uncertainty about the future of the global economy due primarily to the impact from concern of slowdown in emerging-market economies, the issue of Britain's withdrawal from the EU, and the direction that economic measures will take in the U.S., which will soon inaugurate a new president. However, a moderate recovery is expected backed by robust personal consumption amid steady improvement of the employment and income environment going forward.

In the real estate industry where Tosei Group operates, domestic real estate transactions by listed companies and other such entities from January 2016 to August 2016 decreased 20% year on year to ¥2.6665 trillion. Transactions decreased due to a fall in property supply available to the market in addition to investors, particularly overseas investors, refraining from making real estate transactions involving relatively expensive properties despite very high investment motivation for investors, both in Japan and overseas, against a backdrop of a favorable financing environment (according to a survey by a private research institution).

In the Tokyo metropolitan area condominium market, consumer buying motivation did not increase amid a surge in condominium prices and another postponement of the consumption tax hike, and sales companies have been reducing property supply. The number of newly-built condominium units sold from January 2016 to October 2016 decreased 15.3% year on year, and contract rates for each month were, in general, at levels below the 70% threshold from which market conditions are viewed as favorable. In projections by a private research institution, the number of units sold in 2016 is forecast to be around 37,000, marking the first time in seven years that the number of units sold has fallen below 40,000 since 2009, when supply fell after the Lehman Crisis.

In the Tokyo Metropolitan area build-for-sale detached house market, housing starts from January 2016 to October 2016 rose 8.7% year on year. There continues to be strong demand for detached housing, which is relatively inexpensive compared to new condominiums, and robust demand is expected to continue going forward (according to the Ministry of Land, Infrastructure, Transport and Tourism data).

In the office leasing market of Tokyo's five business wards, demand from corporate businesses for relocation and expansion continued to be strong and the vacancy rate was low in the mid-3% range. The average asking rent continued to increase gradually and the price per tsubo (1 tsubo = 3.3m2) as of October 2016 was in the ¥18,400 range, rising 4.7% year on year (according to a survey by a private research institution).

In the real estate securitization market, expansion of the market is continuing against a backdrop of a favorable financing environment. The total value of assets under management in the J-REIT market as of October 31, 2016, (acquisition cost base) increased around ¥1.4 trillion year on year to around ¥15.2 trillion. As of June 30, 2016, the total value of assets under management in the J-REIT market amounted to approx. ¥14.8 trillion and private placement funds amounted to approx. ¥13.9 trillion for a total market size of approx. ¥28.7 trillion (according to a survey by a private research institution).

Amid this operating environment, in the Revitalization Business, the Tosei Group made steady progress in selling assets such as income-generating office buildings and apartments, while in the Development Business, the Group pushed ahead with sales and development of commercial facilities and detached houses. In addition, we proactively acquired income-generating properties and land for development as future sources of income.

As a result, consolidated revenue for the fiscal year under review, totaled ¥49,818 million (up 15.8% year on year), operating profit was ¥9,279 million (up 34.6%), profit before tax was ¥8,450 million (up 39.9%), and profit for the year was ¥5,547 million (up 34.1%).

Performance by business segment is shown below.

Reportable segment classifications have been changed effective from the first quarter of the fiscal year ending November 30, 2016, and in the following yearly comparisons figures for the previous fiscal year have been recalculated according to the segment after such change.

Revitalization Business

During the fiscal year under review, the segment sold 32 properties it had renovated, including Kinshicho Tosei Building (Sumida-ku, Tokyo), STABLE NAKANO (Nakano-ku, Tokyo), City Forum Kamihongo (Matudo-shi, Chiba), Château Espoir Kokubunji (Kokubunji-shi, Tokyo), JPT Motomachi Building (Yokohama-shi, Kanagawa) and Hakusan Asanomi Building (Bunkyo-ku, Tokyo). In addition, the segment sold 57 units in the Restyling Business, including Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa), Hilltop Yokohama Higashi Terao (Yokohama-shi,Kanagawa) and Renai Kamakura Ueki (Kamakura-shi, Kanagawa). During the fiscal year under review, it also acquired a total of 54 income-generating office buildings and apartments and eight land lots for renovation and sales purposes.

As part of the acquisition, our company acquired Kishino Coporation and Kishino Real Estate Corporation, companies hold income properties mainly in Toshima-ku, Tokyo, in the second quarter and acquired Four Big Corporation, company hold income properties mainly in Nakano-ku, Tokyo, in third quarter, through M&A transaction and converted it into consolidated subsidiaries.

As a result, revenue in this segment was ¥25,809 million (down 0.7% year on year) and the segment profit was ¥4,001 million (down 4.1%).

Development Business

During the fiscal year under review, the segment sold new commercial facilities T's BRIGHTIA Minami Aoyama (Minato-ku, Tokyo) and T's BRIGHTIA Tsunashima (Yokohama-shi, Kanagawa).In addition, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 119 detached houses at such properties as THE Palms Court Kashiwa Hatsuishi (Kashiwa-shi, Chiba), THE Palms Court Koshigaya Lake Town (Koshigaya-shi, Saitama), THE Palms Court Mitaka Osawa (Mitaka-shi, Tokyo), THE Palms Court Hashimoto (Sagamihara-shi, Kanagawa) and THE Palms Court Kitakoiwa (Edogawa-ku, Tokyo). During the fiscal year under review, it also acquired five land lots for detached housing projects, one land lot for condominium and three land lots for commercial facility projects.

From the three months ended February 29, 2016, the segment embarked on efforts to enhance acquisition and sales networks in the outskirts of Tokyo and the Kanagawa area, facilitated by the Company making Urban Home Corporation, detached house sales and custom home construction company based in Machida-shi, Tokyo a consolidated subsidiary.

As a result, revenue in this segment was ¥13,138 million (up 98.9% year on year) and the segment profit was ¥3,674 million (up 586.8%).

Rental Business

During the fiscal year under review, while the segment sold 21 buildings of its inventory assets held for leasing purposes, it newly acquired 51 properties including income-generating office buildings and apartments. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its existing non-current assets and inventory assets.

As a result, revenue in this segment was ¥5,282 million (up 25.4% year on year) and the segment profit was ¥2,389 million (up 33.0%).

Fund and Consulting Business

During the fiscal year under review, while ¥74,462 million was subtracted from the balance of assets under management (Note), due mainly to property dispositions by funds, ¥100,856 million was added to the balance of Assets under management ¥421,792 for the end of the previous fiscal year, due mainly to new asset management contracts of large projects the segment obtained. The balance of assets under management as of November 30, 2016, was ¥448,186 million. The acquisition of such large project contracts increased asset management fees and contributed to revenue.

As a result, revenue in this segment was ¥2,302 million (down 5.6% year on year) and the segment profit was ¥951 million (down 35.0%).

Note: The balance of assets under management includes the balance of assets that were subject to consulting contracts, etc.

Property Management Business

During the fiscal year under review, the segment worked to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 594 as of November 30, 2016, an increase of 47 properties from November 30, 2015, with that total comprising 375 office buildings, hotel, schools and other such properties, and 219 condominiums and apartments.

As a result, revenue in this segment was ¥2,944 million (down 4.1% year on year) and segment profit was ¥141 million (down 3.8%).

Others

During the fiscal year under review, revenue in this segment was ¥340 million (down 51.0% year on year) and the segment loss was ¥17 million (in comparison with segment profit of ¥178 million in the previous fiscal year).

2) Outlook for the Fiscal Year Ending November 30, 2017

In the real estate investment market, which is the Company's primary target market, the financing environment is favorable after financing for real estate investment expanded due to the low interest rate environment backed by large-scale monetary easing by the Bank of Japan such as the introduction of a negative interest rates policy. There are signs of some investors, particularly foreign investors, taking a cautious stance toward property acquisition following a lack in supply of large properties in addition to an increase in low-yield properties due to a rise in real estate prices. Despite this, the Tosei Group deems that the operating environment will continue to be stable, given that the demand for real estate investment is likely to continue against a backdrop of continued monetary easing under "Abenomics" (the economic policies taken by Prime Minister Shinzo Abe).

In the Revitalization Business, we intend to focus on renovating and selling income-generating properties geared toward investors ranging from private investors to general business entities, REITs and private placement funds, leveraging our strengths with respect to wide-ranging exit strategies. Also, in regard to acquisition that will become future sources of income, we will work to acquire superior real estate with high recovery potential while carefully monitoring market trends. Specifically, while keeping our portfolio in mind, we are aiming to increase our handling of small- and medium-scale properties that cost less than ¥1.0 billion and for which high liquidity and stable demand can be expected, and we are aiming to acquire highly profitable large-scale properties that cost ¥2.0 billion or more.

In the Development Business, we will expand the supply of detached houses, for which there is robust demand, and develop condominiums for families in hand-picked areas. Also, we are proactively developing commercial facilities, office buildings, hotels and other such properties.

Moreover, in our stock and fee businesses that we position as sources of consistent revenues, we will work to increase revenues in each of the respective segments. To that end, we will pursue the aims of increasing the number of properties we hold for leasing purposes and improving occupancy rates in the Rental Business, amassing more assets under management in the Fund and Consulting Business, and further increasing the number of properties that we manage in the Property Management Business.

As a result of the aforementioned measures, in the fiscal year ending November 30, 2017, we forecast that consolidated revenue will be ¥69,268 million (up 39.0% year on year), operating profit will be ¥10,008 million (up 7.8%), profit before tax will be ¥9,001 million (up 6.5%), and profit for the year will be ¥5,926 million (up 6.8%).

(2) Analysis of Financial Position

1) Assets, Liabilities and Equity

As of November 30, 2016, total assets were ¥121,276 million, an increase of ¥28,080 million compared with November 30, 2015. This was primarily due to an increase in inventories resulting from purchase of properties exceeding sales of properties in the Revitalization Business and Development Business.

Total liabilities increased by ¥23,298 million to ¥80,266 million compared with November 30, 2015.This mainly reflected an increase in borrowings, whereby loan proceeds associated with property acquisitions exceeded loan repayments associated with property sales.

Total equity increased by ¥4,781 million to ¥41,010 million compared with November 30, 2015, mainly due to an increase in retained earnings.

2) Cash Flows

Cash and cash equivalents (hereinafter "cash") as of November 30, 2016 totaled ¥21,640 million, an increase of ¥2,849 million compared with November 30, 2015.

The cash flows for the fiscal year under review and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash used in operating activities totaled ¥7,472 million (up 68.2% year on year). This is mainly due to profit before tax of ¥8,450 million, as well as an increase in inventories of ¥15,971 million, which was a result of property acquisitions in the Revitalization Business and Development Business, and income taxes paid of ¥2,297 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥8,193 million (net cash provided by investing activities totaled ¥481 million in the previous fiscal year). This is primarily due to purchases of investment properties ¥1,743 million, payments of loans receivable ¥2,935 million and purchase of investments in subsidiaries resulting in change in scope of consolidation totaling ¥3,297 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥18,522 million (up 178.1% year on year).

This mainly reflects ¥23,866 million in the repayments of non-current borrowings, ¥ 926 million in interest expenses paid and ¥771 million in cash dividends paid, despite ¥42,442 million in proceeds from non-current borrowings.

(Reference) Trends in cash flow indicators for the Tosei Group

	Year ended Nov. 30, 2014	Year ended Nov. 30, 2015	Year ended Nov. 30, 2016
Ratio of equity attributable to owners of the parent to total assets (%)	40.5	38.9	33.8
Market value ratio of equity attributable to owners of the parent to total assets (%)	43.0	39.2	33.1
Interest-bearing debt to cash flows ratio (years)	117.3	—	—
Interest coverage ratio (times)	0.3	—	—

Ratio of equity attributable to owners of the parent to total assets: Equity attributable to owners of the parent to total assets/Total assets

Market value ratio of equity attributable to owners of the parent to total assets: Market capitalization/Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest expenses

Notes:

(1) All indicators are calculated using consolidated financial figures.
(2) Market capitalization is calculated based on the number of issued shares, excluding treasury shares.
(3) The figure for cash flows employs cash flows from operating activities.
(4) Interest-bearing debt includes all liabilities recorded on the Consolidated Statement of Financial Position on which interest is paid.
(5) Interest-bearing debt to cash flows ratio and interest coverage ratio are not presented for the year ended November 30, 2015 and the consolidated fiscal year ended November 30, 2016 because cash flows from operating activities on the consolidated statements of cash flows were negative.

(3) Fundamental Earnings Distribution Policy and Dividends for Fiscal 2016 and Fiscal 2017

Tosei's fundamental earnings distribution policy is to strive to continuously provide stable dividends while comprehensively considering operating results, the future operating environment and progress in its business plan to balance dividends with the need for internal capital resources to generate long-term growth in corporate value by taking advantage of highly profitable business opportunities.

For the fiscal year ended November 30, 2016 and the fiscal year ending November 30, 2017, Tosei plans to pay cash dividends per share of ¥22 and ¥25 respectively.

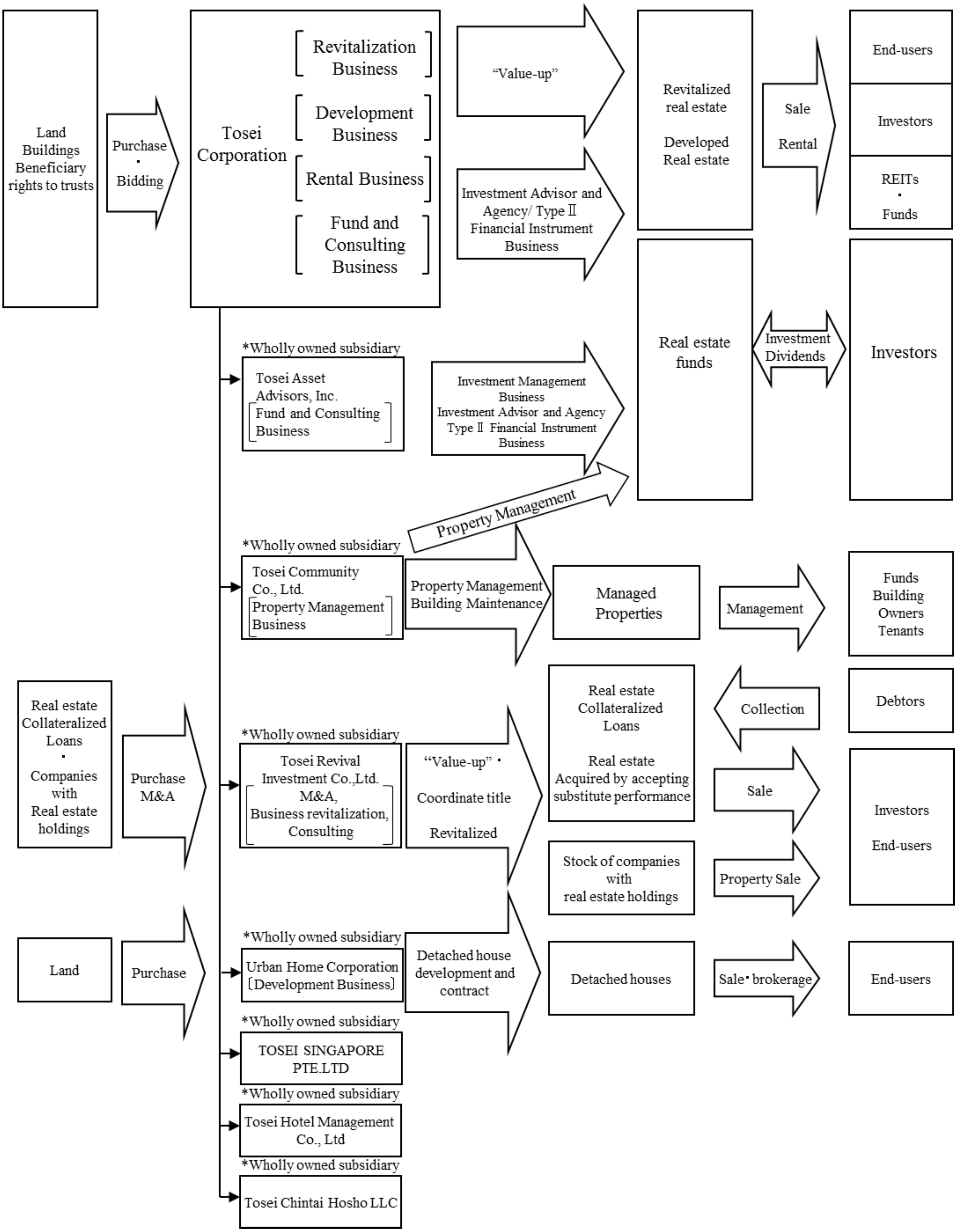
2. Conditions of Corporate Group

The Tosei Group is composed of Tosei Corporation (“Tosei” or the “Company”) and 12 subsidiaries (including 11 consolidated subsidiaries). Its main businesses are the Revitalization Business, the Development Business, the Rental Business, the Fund and Consulting Business, and the Property Management Business. The operations of each business segment and the main subsidiaries and/or affiliates conducting those operations are as follows.

Segment	Operations	Main Companies
Revitalization Business	The Tosei Group acquires, through diverse means (*1), office buildings, commercial facilities, apartments and other properties whose asset value has declined, boosts their value though “value-up plans” (*2) judged to best match the characteristics of the properties’ areas and tenant requirements, and sells them as revitalized real estate to buyers including investors, real estate funds and individual business entities that acquire real estate for private use. In the “Restyling Business,” the Group acquires income-generating condominiums and sells their units to end-users after boosting the value of common and private areas by renovation. The Tosei Group’s “value-up” activities go beyond just renewing properties and involve realizing comprehensive regenerations of their values. This put a focus on not only improving the convenience and functionality of properties but also providing satisfaction to owners and giving end users a sense of pride. (*1) The Company carries out the acquisition of superior real estate through a broad range of means that include not only buying and selling actual real estate, but also acquisitions through the means of “real estate M&A” where real estate held by companies with real estate holdings and by real estate business operators is acquired through M&A, and through real estate collateralized loans and rights adjustment for substitute performance real estate. (*2) The Company’s “value-up plans” consist of the three primary components of improved designs to refurbish/renovate internal and external elements that have deteriorated or become obsolete, enhanced security functions, etc., to increase the security and functionality of facilities, and incorporating eco-friendly designs and equipment that take the environment into consideration, in addition to improved profitability through conversion projects, vacancy countermeasures, rent increases, etc.	Tosei Corporation Tosei Revival Investment Co., Ltd.
Development Business	In the main districts of Tokyo, which form the Tosei Group’s core operating area, there is a mixture of needs for office, commercial and residential space and other uses, and these different uses create significant differences between land values. Tosei verifies the characteristics of land it acquires including area, shape, intended purpose, relevant needs, rent, and selling price. Based on this, Tosei carries out development and new construction to maximize the value of the land, and then sells whole buildings or individual units. The Group is able to respond to diverse needs by developing office buildings, commercial buildings (T’s BRIGHTIA series) and mixed-use buildings, hotels, condominiums (the Palms series), as well as detached houses (Palms Court series and Comodo Casa series). Once development is complete or tenants have been found, the properties are sold to buyers including investors, real estate funds, and end-users.	Tosei Corporation Urban Home Corporation
Rental Business	The Tosei Group has expanded the scope of its business primarily in the main districts of Tokyo by acquiring office buildings, condominiums, stores and parking lots, and renting them out to end-users and others. As a landlord, the Tosei Group is capable of swiftly gathering accurate information on tenant needs to further enhance “value-up plans” by reflecting these needs.	Tosei Corporation

Fund and Consulting Business	The Tosei Group conducts business as a type II financial instruments business as well as an investment advisory and agency business and an investment management business as provided for in the Financial Instruments and Exchange Act. Specifically, in addition to providing Tosei Reit Investment Corporation's asset management services, the Tosei Group also provides services such as selling and brokering trust beneficiary rights, and management of income-generating properties as asset management services for real estate funds. Also, the Tosei Group provides consulting services and real estate brokerage related to corporate real estate held by business entities.	Tosei Corporation Tosei Asset Advisors, Inc
Property Management Business	This business carries out building and equipment management, and security (building maintenance) for office buildings, apartments, hotels, commercial facilities, and educational facilities; owner proxy services, tenant management, tenant solicitation, and building management (property management); and management services for condominiums. With respect to building maintenance, in order to streamline building owners' operations through building maintenance, the management of equipment, etc., the business maintains the asset values of buildings by implementing precise maintenance plans regarding the age-related deterioration of buildings. With respect to property management, the business provides comprehensive property management such as finding the most suitable tenants and proposing medium- to long-term property renewals, with the aim of realizing maximized owner profit. In the management of condominium, this business makes full use of the knowhow it has accumulated over a number of years to provide total support to management associations from their launch to helping them operate smoothly once they are started up.	Tosei Community Co., Ltd.

A schematic diagram of the businesses of the Tosei Group is as follows:



3. Management Policies

(1) Fundamental Management Policy

The Tosei Group's corporate philosophy is to create new value and inspiration in all aspects of real estate as a group of global-minded and experienced professionals. With constant commitment to quality construction, the Group is striving to integrate real estate and finance in its five business segments: Revitalization, Development, Rental, Fund and Consulting and Property Management. The Group is also aiming to contribute to society and increase its corporate value through these five businesses.

(2) Performance Targets and Medium- to Long-term Management Strategies

Under the aforementioned corporate philosophy, the Tosei Group established its current three-year medium-term management plan, whose first year is the fiscal year ending November 30, 2015.

Under this management plan named "Advancing Together 2017", the Group aims to become a group of real estate businesses with a sustainable competitive advantage and high quality manegement by setting four key policies: (1)further expand the existing business segments/consider and advance into peripheral businesses, (2)establish optimal governance and an efficient operating structure, (3)develop human resources while increasing Group employee satisfaction, and (4)enhance customer satisfaction while building Tosei's brand recognition.

(3) Issues to Be Addressed

The Group is aiming to establish a firm management structure that is able to withstand any changes in the market environment, and set the "vision of revenue ¥100 billion" as its six year medium- to long-term vision for the 2020 fiscal year. The fiscal year ending November 30, 2017, is the final year of the current medium-term management plan and we are working toward realizing the 2020 concept that is the Company's aim. Based on future forecasts for the real estate investment market going forward and the housing market targeting end users, we recognize that formulating a more practical new medium-term management plan is an issue to be addressed.

4. Basic Concept Regarding Selection of Accounting Standards

Tosei Group has adopted IFRS.

The Group expects that adoption of IFRS will bring numerous benefits in facilitating its overseas expansion going forward, such that include improving its creditworthiness abroad enhancing flexibility in fund raising by global offering, etc., and improved convenience of financial information for overseas investors and others.

Meanwhile, another benefit is that the adoption of IFRS enables Tosei Corporation to submit IFRS-based financial statements, as is, for matters involving both the Tokyo Stock Exchange and the Singapore Exchange where the Company maintains multiple listings.

5. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(¥ thousand)

	As of Nov. 30, 2015	As of Nov. 30, 2016
Assets		
Current assets		
Cash and cash equivalents	18,791,081	21,640,866
Trade and other receivables	2,914,639	3,531,880
Inventories	46,156,041	67,298,309
Other current assets	27,010	121,444
Total current assets	67,888,773	92,592,501
Non-current assets		
Property, plant and equipment	3,315,747	3,595,898
Investment properties	18,785,986	21,728,740
Intangible assets	96,648	96,612
Available-for-sale financial assets	1,225,047	1,441,167
Trade and other receivables	1,098,687	1,235,065
Deferred tax assets	781,146	557,392
Other non-current assets	4,014	28,914
Total non-current assets	25,307,278	28,683,790
Total assets	93,196,052	121,276,292
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,734,006	2,955,289
Borrowings	9,492,795	9,387,249
Current income tax liabilities	1,150,089	1,859,183
Provisions	442,303	450,030
Total current liabilities	13,819,195	14,651,752
Non-current liabilities		
Trade and other payables	3,510,413	4,349,965
Borrowings	39,175,846	60,772,064
Retirement benefits obligations	383,312	413,376
Provisions	78,905	79,049
Total non-current liabilities	43,148,478	65,614,455
Total Liabilities	56,967,673	80,266,208
Equity		
Share capital	6,421,392	6,421,392
Capital reserves	6,373,881	6,418,823
Retained earnings	23,327,875	28,120,304
Other components of equity	105,228	49,562
Total equity	36,228,378	41,010,083
Total liabilities and equity	93,196,052	121,276,292

(2) Consolidated Statement of Comprehensive Income

(¥ thousand)

	Year ended Nov. 30, 2015 (Dec. 1, 2014 – Nov. 30, 2015)	Year ended Nov. 30, 2016 (Dec. 1, 2015 – Nov. 30, 2016)
Revenue	43,006,964	49,818,113
Cost of revenue	31,091,794	33,468,138
Gross profit	11,915,169	16,349,974
Selling, general and administrative expenses	5,099,064	7,021,724
Other income	126,357	222,197
Other expenses	50,499	270,540
Operating profit	6,891,963	9,279,906
Finance income	22,840	63,062
Finance costs	874,493	892,920
Profit before tax	6,040,311	8,450,048
Income tax expense	1,904,494	2,902,579
Profit for the year	4,135,816	5,547,469
Other comprehensive income		
Items that will not be reclassified to net profit or loss		
Remeasurements of defined benefit pension plans	(5,006)	17,503
Total items that will not be reclassified to net profit or loss	(5,006)	17,503
Items that may be reclassified to net profit or loss		
Exchange differences on translation of foreign operations	(14,420)	(24,512)
Net change in fair values of available-for-sale financial assets	(28,020)	(31,465)
Net change in fair values of cash flow hedges	(6,982)	312
Total items that may be reclassified to net profit or loss	(49,423)	(55,665)
Other comprehensive income for the year, net of tax	(54,430)	(38,162)
Total comprehensive income for the year	4,081,386	5,509,307
Profit attributable to:		
Owners of the parent	4,135,816	5,547,469
Total comprehensive income attributable to:		
Owners of the parent	4,081,386	5,509,307
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	85.66	114.89
Diluted earnings per share (yen)	—	—

(3) Consolidated Statement of Changes in Equity

Year ended November 30, 2015 (Dec. 1, 2014 – Nov. 30, 2015)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at Dec. 1, 2014	6,421,392	6,375,317	19,776,474	154,652	32,727,836
Profit for the year	—	—	4,135,816	—	4,135,816
Other comprehensive income	—	—	—	(54,430)	(54,430)
Total comprehensive income for the year	—	—	4,135,816	(54,430)	4,081,386
Dividends from surplus	—	—	(579,408)	—	(579,408)
Share-based payment	—	(1,435)	—	—	(1,435)
Transfer from other components of equity to retained earnings	—	—	(5,006)	5,006	—
Balance at Nov. 30, 2015	6,421,392	6,373,881	23,327,875	105,228	36,228,378

Year ended November 30, 2016 (Dec. 1, 2015 – Nov. 30, 2016)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at Dec. 1, 2015	6,421,392	6,373,881	23,327,875	105,228	36,228,378
Profit for the year	—	—	5,547,469	—	5,547,469
Other comprehensive income	—	—	—	(38,162)	(38,162)
Total comprehensive income for the year	—	—	5,547,469	(38,162)	5,509,307
Dividends from surplus	—	—	(772,544)	—	(772,544)
Share-based payment	—	44,941	—	—	44,941
Transfer from other components of equity to retained earnings	—	—	17,503	(17,503)	—
Balance at Nov. 30, 2016	6,421,392	6,418,823	28,120,304	49,562	41,010,083

(4) Consolidated Statement of Cash Flows

(¥ thousand)

	Year ended Nov. 30, 2015 (Dec. 1, 2014 – Nov. 30, 2015)	Year ended Nov. 30, 2016 (Dec. 1, 2015 – Nov. 30, 2016)
Cash flows from operating activities		
Profit before tax	6,040,311	8,450,048
Depreciation expense	222,440	333,415
Increase (decrease) in provisions and retirement benefits obligations	(164,709)	43,168
Interest and dividends income	(22,840)	(63,062)
Interest expenses	874,493	892,920
Loss on retirement of property, plant and equipment	2,372	7,711
Decrease (increase) in trade and other receivables	(1,097,514)	944,245
Decrease (increase) in inventories	(8,845,226)	(15,971,161)
Increase (decrease) in trade and other payables	930,567	235,008
Other, net	(28,424)	(110,587)
Subtotal	(2,088,530)	(5,238,293)
Interest and dividends income received	22,832	63,063
Income taxes paid	(2,377,395)	(2,297,257)
Net cash from (used in) operating activities	(4,443,093)	(7,472,487)
Cash flows from investing activities		
Payments into time deposits	(100,000)	(45,000)
Proceeds from withdrawal of time deposits	240,000	30,000
Purchase of property, plant and equipment	(71,303)	(54,277)
Purchase of investment properties	(750,033)	(1,743,387)
Purchase of intangible assets	(37,610)	(27,711)
Purchase of available-for-sale financial assets	(5,020)	(321,636)
Collection of available-for-sale financial assets	757,951	124,918
Proceeds from sales of available-for-sale financial assets	444,960	34,680
Payments of loans receivable	—	(2,935,000)
Collection of loans receivable	64	72
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(3,297,173)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	40,563
Other, net	2,596	132
Net cash from (used in) investing activities	481,605	(8,193,818)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(95,000)	1,652,800
Proceeds from non-current borrowings	31,627,000	42,442,800
Repayments of non-current borrowings	(23,273,064)	(23,866,891)
Cash dividends paid	(578,436)	(771,761)
Interest expenses paid	(1,015,655)	(926,467)
Other, net	(3,745)	(7,983)
Net cash from (used in) financing activities	6,661,097	18,522,496
Net increase (decrease) in cash and cash equivalents	2,699,610	2,856,190
Cash and cash equivalents at beginning of year	16,100,795	18,791,081
Effect of exchange rate change on cash and cash equivalents	(9,323)	(6,404)
Cash and cash equivalents at end of year	18,791,081	21,640,866

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes on Consolidated Financial Statements

No item to report.

(Segment information)

(1) Summary of reportable segments

The Group's reportable segments are components of the Group about which separate financial information is available that the Board of Directors regularly conducts deliberations to determine the allocation of management resources and to assess the performance. The Group draws up comprehensive strategies for each of the following five business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", and "Property Management Business". In the Revitalization Business, the Group acquires the properties whose asset values have declined, renovates, and resells them. In the Development Business, the Group sells condominium units and detached houses to individual customers as well as apartment and office buildings to investors. In the Rental Business, the Group rents office buildings and apartments. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services.

The Tosei Group has made changes to its reportable segments, reducing the number of such segments from six up through the end of the previous fiscal year to five as of the first quarter of the fiscal year ending November 30, 2016. Accordingly, the reportable segments are now: the Revitalization Business, Development Business, Rental Business, Fund and Consulting Business, and Property Management Business segments.

With this change, transactions formerly classified as being associated with the Alternative Investment Business segment, based on the point of view that they involved acquisition of real estate arising from purchases of real estate collateralized loans, M&As of real estate-owning companies and other alternative means of investment, are now classified as being associated with either the Revitalization Business, Rental Business, Fund and Consulting Business, or Other, depending on the nature of the revenue derived from the respective transaction. The "Other" category includes business involving sports club facilities.

(2) Method for calculating revenue, profit or loss and other items by reportable segment

The methods of accounting applied in the reported operating segments are consistent with the accounting policies adopted by the Group.

The reported segment profit is calculated on an operating profit basis. Intersegment revenue or transfers are based on actual market prices.

The Group's revenue and profit by reportable segment are as follows:

Segment information for the fiscal year ended November 30, 2015 has been prepared in accordance with the new reportable segment classifications.

Year ended November 30, 2015
(Dec.1, 2014 – Nov 30, 2015)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	25,986,125	6,605,956	4,211,591	2,439,354	3,069,740	694,195	—	43,006,964
Intersegment revenue	—	—	50,508	4,726	504,491	—	(559,726)	—
Total	25,986,125	6,605,956	4,262,100	2,444,081	3,574,232	694,195	(559,726)	43,006,964
Segment profit	4,174,428	534,965	1,797,180	1,464,587	146,925	178,153	(1,404,277)	6,891,963
Finance income/costs, net								(851,652)
Profit before tax								6,040,311

Year ended November 30, 2016
(Dec.1, 2015 – Nov 30, 2016)

(¥ thousand)

	Reportable Segments							
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Other	Adjustment	Total
Revenue								
Revenue from external customers	25,809,872	13,138,715	5,282,131	2,302,732	2,944,458	340,203	—	49,818,113
Intersegment revenue	—	—	42,057	27,242	1,061,175	1,376	(1,131,851)	—
Total	25,809,872	13,138,715	5,324,188	2,329,975	4,005,633	341,579	(1,131,851)	49,818,113
Segment profit or loss	4,001,446	3,674,377	2,389,804	951,468	141,274	(17,904)	(1,860,559)	9,279,906
Finance income/costs, net								(829,858)
Profit before tax								8,450,048

(Earnings per share)

	Year ended November 30, 2015 (Dec. 1, 2014 – Nov. 30, 2015)	Year ended November 30, 2016 (Dec. 1, 2015 – Nov. 30, 2016)
Profit attributable to owners of the parent (¥ thousand)	4,135,816	5,547,469
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	85.66	114.89

Notes: 1. Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of outstanding ordinary shares during the reporting period.

2. Diluted earnings per share is not presented because there were no potential shares that have dilutive effects.

(Significant subsequent events)

No item to report.