Quarterly Securities Report

(The English translation of the “Shihanki-Houkokusho”
for the first quarter of the 66th term)

from December 1, 2014
to February 28, 2015

TOSEI CORPORATION

4-2-3, Toranomon, Minato-ku, Tokyo, Japan

(E04021)

This is an English translation prepared for the convenience of non-resident shareholders by translating the Quarterly Securities Report (Shihanki-Houkokusho) submitted to the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on April 10, 2015. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

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[Quarterly Review Report of Independent Auditors]

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Company name (Japanese):	トーセイ株式会社 (*Tosei Kabushiki-Kaisha*)
Company name (English):	Tosei Corporation
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Places where the document to be filed is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

A. Company Information

I. Overview of the Tosei Group

1. Trends in principal management benchmarks

Term	65th term First three months	66th term First three months	65th term
Accounting period	From December 1, 2013 to February 28, 2014	From December 1, 2014 to February 28, 2015	From December 1, 2013 to November 30, 2014
Revenue (¥ thousand)	11,339,965	11,525,787	49,981,563
Profit before tax (¥ thousand)	1,427,672	2,190,968	4,663,706
Profit attributable to owners of the parent (¥ thousand)	872,466	1,390,787	2,874,226
Comprehensive income for the period attributable to owners of the parent (¥ thousand)	872,511	1,496,658	3,021,682
Total equity (¥ thousand)	30,578,665	33,645,086	32,727,836
Total assets (¥ thousand)	76,167,269	84,324,480	80,858,080
Basic earnings per share (¥)	18.07	28.80	59.53
Diluted earnings per share (¥)	–	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	40.1	39.9	40.5
Net cash from (used in) operating activities (¥ thousand)	(3,164,447)	(757,445)	344,537
Net cash from (used in) investing activities (¥ thousand)	(1,137,398)	(238,860)	(2,878,766)
Net cash from (used in) financing activities (¥ thousand)	4,352,497	2,757,665	3,891,894
Cash and cash equivalents at end of period (¥ thousand)	14,762,484	17,851,754	16,100,795

Notes: 1. Filing company's trends in principal management benchmarks are not disclosed as the Company prepares quarterly consolidated financial statements.
2. Revenue does not include consumption taxes.
3. Diluted earnings per share is not presented since there were no potential shares.
4. The above indexes are based on the quarterly consolidated financial statements and consolidated financial statements that were prepared in compliance with the International Financial Reporting Standards (hereinafter "IFRS").
5. The Tosei Group partially changed accounting policies effective from the first three months of the 66th term. Consequently, relative figures of the principal management benchmarks above for the first three months of the 65th term was retroactively changed. For details, please refer to "IV, Accounting, 1. Condensed Quarterly Consolidated Financial Statements, (5) Notes to Condensed Quarterly Consolidated Financial Statements, 3. Significant accounting policies, Changes in accounting policies".

2. Business description

During the three months ended February 28, 2015, there were no significant changes in business activities operated by the Tosei Group (the Company and its subsidiaries and affiliates) from the previous fiscal year. There were also no changes in principal subsidiaries and affiliates.

II. Review of operations

1. Business and other risks

There were no business and other risks that newly arose during the three months ended February 28, 2015. In addition, there were no significant changes in “Business and other risks” described in the annual securities report for the previous fiscal year.

2. Important operational contracts, etc.

No important operational contracts, etc. were determined or entered into during the first quarter of the fiscal year under review.

3. Analysis of financial position, operating results and cash flows

Any forward-looking statements included in the following descriptions are based on the best estimates or judgment of the Tosei Group as of February 28, 2015.

(1) Analysis of operating results

During the three months ended February 28, 2015, the Japanese economy experienced a modest recovery, as corporate earnings and the employment situation improved due to the effects of economic measures by the government and bold monetary easing by the Bank of Japan, as well as a fall in crude oil prices.

In the real estate industry where Tosei Group operates, real estate transactions increased amid expectations of rises in land prices and low interest rates. In addition, the total acquisition amount of properties acquired by listed companies and others in 2014 was approximately ¥5.05 trillion, an increase of 16% compared with the previous fiscal year due to a rise in real estate acquisitions by foreign companies, investment funds and others, backed by a weakening yen (according to a survey by a private research institution).

In the Tokyo metropolitan area condominium market, although prices showed an upward trend reflecting rising building costs, the market was stable due to a postponement of a planned consumption tax increase. The number of condominium units sold in 2015 is expected to be approximately 45,000 units, up 5.9% year on year, amid a mounting tendency to return to the city center. The contract rate hovered around 70%, which is viewed as indicating favorable conditions, and the contract rate in January 2015, the latest data available, was 74.9%, a drop of 3.7 percentage points compared with the same month of the previous fiscal year (according to a survey by a private research institution).

In the Tokyo metropolitan area build-for-sale detached house market, housing starts in 2014 totaled 58,000 units, which was down 7.3% compared with the previous fiscal year, due to a prolonged decline reflecting backlash from the consumption tax hike. Although it is necessary to continue monitoring the trend in supply and demand, housing starts are expected to recover and increase in 2015 on the back of market revitalization policies such as the eco-point program for houses (according to the Ministry of Land, Infrastructure, Transport and Tourism data).

At the same time, in the office leasing market of Tokyo’s five business wards, demand was strong due to active expansion or relocation of offices by corporates, and the vacancy rate in January 2015 declined to 5.4%. The average asking rent was in the ¥17,000 range, which was the highest level in three years (¥17,109/tsubo, an increase of ¥867 or 5.3% compared with the same month of the previous fiscal year), showing a modest upward trend for 13 consecutive months (according to a survey by a private research institution).

In the real estate securitization market, as of the end of December 2014, the balance of assets under management at private placement funds was ¥15.1 trillion, down 6.2% from previous year, due to disposals of properties by many funds in the favorable real estate market. At the same time, as of the end of December 2014, assets under management at J-REITs expanded to ¥12.6 trillion, up 12.9% from the previous fiscal year, as the financing environment remained favorable. For example, total market capitalization of J-REIT investment units exceeded ¥10 trillion for the first time since the establishment of the market. Despite the booming conditions in the J-REIT market, the pace of new property acquisitions by J-REITs slowed down due to an intensification in competition for acquisitions, and the total acquisition amount of properties during 2014 was ¥1.5 trillion, down 29.4% compared with previous fiscal year

(according to a survey by a private research institution). Amid this operating environment, in the Revitalization Business, the Tosei Group made steady progress on the sale of assets such as income-generating office buildings and apartment buildings, and also the Group pushed ahead with sales of detached houses and others in the Development Business. In addition, we proactively acquired income-generating properties and land for development as future sources of income.

As a result, consolidated revenue for the three months ended February 28, 2015 totaled ¥11,525 million (up 1.6% year on year), operating profit was ¥2,365 million (up 47.8%), profit before tax was ¥2,190 million (up 53.5%), and profit for the period was ¥1,390 million (up 59.4%).

Performance by business segment is shown below:

Revitalization Business

During the three months ended February 28, 2015, the segment sold nine properties it had renovated, including Ogawamachi Tosei Building (Chiyoda-ku, Tokyo), Shibuya 4-chome Building (Shibuya-ku, Tokyo) and Kannai Tosei Building (Yokohama-shi, Kanagawa). In addition, the segment sold 16 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). In the three months ended February 28, 2015, it also acquired a total of four income-generating office buildings and apartments and two land lots for renovation and sales purposes.

As a result, revenue in this segment was ¥7,207 million (up 4.6% year on year) and the segment profit was ¥1,849 million (up 114.0%).

Development Business

During the three months ended February 28, 2015, the segment focused on the sale of detached houses, which were in firm demand. The segment sold 19 detached houses at such properties as THE Palms Court Kashiwa Hatsuishi (Kashiwa-shi, Chiba),THE Palms Court Bunkyo Honkomagome (Bunkyo-ku, Tokyo) and THE Palms Court Kawasaki Daishi (Kawasaki-shi, Kanagawa). In addition, the segment sold Palms Nishidai, which is a newly-built apartment, and two land lots.

As a result, revenue in this segment was ¥2,324 million (down 7.9% year on year) and the segment profit was ¥409 million (up 20.9%).

Rental Business

During the three months ended February 28, 2015, while the segment sold six buildings of its inventory assets held for leasing purposes, it newly acquired a total of five 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 ¥833 million (up 8.0% year on year) and the segment profit was ¥348 million (down 26.0%).

Fund and Consulting Business

During the three months ended February 28, 2015, while the balance of assets under management decreased by ¥3,171 million, due mainly to property dispositions by funds, the balance increased by ¥219,868 million, due mainly to new asset management contracts of large projects the segment obtained. The acquisition of such large project contracts increased asset management fees and contributed to sales.

As a result, revenue in this segment was ¥256 million (down 12.0% year on year) and the segment profit was ¥50 million (down 57.0%).

The lower year-on-year revenue and profit results are primarily attributable to the segment having posted disposition fees income pertaining to sales involving large projects in the same period of the previous year.

As of February 28, 2015, the balance of assets under management (Note) totaled ¥517,304 million.

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

Property Management Business

As of February 28, 2015, the number of properties managed by the segment including office buildings, parking lots and schools was 348, which was unchanged from February 28, 2014, while the number of condominiums and apartments under management decreased by 13 to 192, making the total number of properties under management 540, a decrease of 13 from February 28, 2014.

As a result, revenue in this segment was ¥698 million (down 11.2% year on year) and segment profit was ¥26 million (down 73.1%).

Alternative Investment Business

During the three months ended February 28, 2015, the segment focused on leasing activities for properties acquired by a substitute performance. Membership fees from running a sports club also contributed to income in this segment.

As a result, revenue in this segment was ¥204 million (up 172.4% year on year) and the segment profit was ¥45 million (up 7.0%).

(2) Analysis of financial position

As of February 28, 2015, total assets were ¥84,324 million, an increase of ¥3,466 million compared with November 30, 2014, while total liabilities were ¥50,679 million, an increase of ¥2,549 million. 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, and an increase in borrowings from financial institutions.

Total equity increased by ¥917 million to ¥33,645 million, mainly due to an increase in retained earnings and payment of cash dividends.

(3) Analysis of cash flows

Cash and cash equivalents (hereinafter "cash") as of February 28, 2015 totaled ¥17,851 million, an increase of ¥1,750 million compared with November 30, 2014.

The cash flows for the three months ended February 28, 2015 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash used in operating activities totaled ¥757 million (down 76.1% year on year). This is mainly due to profit for the period before tax of ¥2,190 million, as well as an increase in inventories of ¥1,748 million, which was a result of property acquisitions in the Revitalization Business and Development Business, and income taxes paid of ¥1,368 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥238 million (down 79.0% year on year). This is primarily due to purchases of investment properties totaling ¥665 million and proceeds from sales of available-for-sale financial assets totaling ¥444 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥2,757 million (down 36.6% year on year). This mainly reflects ¥6,567 million in the repayments of non-current borrowings and ¥534 million in cash dividends paid, despite ¥10,106 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the three months ended February 28, 2015, there was no significant change in issues to be addressed by the Tosei Group.

The Company has set the basic policy regarding the persons who control the decision-making on the financial and business policies of the Company. The contents of basic policy (matters set forth in Article

118, item 3 of the Ordinance for Enforcement of the Companies Act) are as follows:

a. Contents of basic policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a change of control of the Company. Also, the Company will not reject a large-scale acquisition of the shares in the Company if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders including those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition, or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

It is particularly necessary and essential for the persons who make decisions on the Company's financial and business policies to (i) maintain the system under which the Company internally covers the six business fields that allow the "integration of real estate and finance," which leads to maximization of the potential of the Company group, (ii) maintain employees who support that system with knowledge and experience specializing in real estate and finance, (iii) maintain the Company's trust in the real estate industry that has been built up over a long period of time based on the establishment of the ability and information networks supporting various value creation technologies, and (iv) master knowhow that enables comprehensive business. Unless the acquirer of a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value of the Company as well as the details of financial and business affairs of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

The Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate as persons that control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against a large-scale acquisition by such persons.

b. Overview of special measures to realize the basic policy

Under the new medium-term management plan called "Advancing Together 2017" (the targeted period of the plan is three years from December 2014 to November 2017), the Company group aims to further strengthen the business infrastructure by expanding and developing of the existing six business areas and considering its advance to peripheral areas of business, to build optimum corporate governance for expansion of the Company group and increase of the employees which are entailed in expansion of the business, and to establish efficient organization management structure. Further, the Company group will emphasize the cultivation of the most valuable asset of the Company group, i.e. the human resources to increase satisfaction of the employees of the Company group. As the Basic Policy in the new medium-term management plan for the further growth of the Company group, the Company group is determined to establish the original and distinctive "Tosei brand" by providing products ensuring high customer satisfaction and high-quality services. Based on these policies, the Company group is dedicated to redefine existing ideas with the spirit of challenge and advance as the risk-taking group of companies, to aim "creation of new values and sensation as the truly globally-minded and promising professionals".

The Company group has previously appointed multiple outside directors (two members), invited all Audit & Supervisory Board Members (five members) from outside the company, and has notified all of

the above seven outside directors and Audit & Supervisory Board Members as “independent directors and/or Audit & Supervisory Board Members” in accordance with the “Principles of Corporate Governance for Listed Companies” of the Tokyo Stock Exchange. Also, the Company group has reinforced the business execution function by the introduction of the executive officer system, and the establishment of the corporate governance board, and will continue to endeavor to further strengthen corporate governance. Specifically, the Company group will focus on putting into practice actions based on a high-level awareness of compliance through raising awareness from the level of “role model” to that of “ideal” in accordance with the Compliance Principles of the Company, thorough implementation of risk management by correctly understanding and analyzing risks involved in corporate activities, continuous performance of accountability to various stakeholders including investors by promptly publicly disclosing correct corporate information under the spirit of fair disclosure, and other efforts for strengthening corporate governance.

c. Overview of measures to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate according to the basic policy

The plan is a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate under the above basic policy, and its objective is to ensure and enhance the Company’s corporate value and, in turn, the common interests of its shareholders.

The plan stipulates procedures that must be followed in any cases of purchase, etc. of share certificates, etc. of the Company ((i) a purchase or other acquisition that would result in the holding ratio of share certificates, etc. *(kabuken tou hoyuu wariai)*of a holder *(hoyuusha)* totaling at least 20% of the share certificates, etc. issued by the company; or (ii)a tender offer *(koukai kaitsuke)* that would result in the party conducting the tender offer’s ownership ratio of share certificates, etc. and the ownership ratio of share certificates, etc. of a person having a special relationship totaling at least 20% of the share certificates, etc. issued by the Company; or (iii) any similar action to (i) or (ii) above)

In practical terms, the acquirer must provide the Company a statement of undertaking (acquirer’s statement) and an acquisition document that includes essential information, etc. before making the acquisition, etc.

Upon receiving these documents, the independent committee, while obtaining independent expert advice, will conduct its consideration of the acquisition terms; collection of information on materials such as the management plans and business plans of the acquirer and the Company’s board of directors and comparison thereof; consideration of any alternative plan presented by the Company’s board of directors, and the like; and discussion and negotiation with the acquirer. The Company will disclose information in a timely manner.

When (i) the acquisition is not in compliance with the procedures prescribed in the plan or (ii) it threatens to cause obvious harm to the corporate value of the Company, and, in turn, to the common interests of shareholders, (iii) and it is reasonable to implement the gratis allotment of stock acquisition rights, the independent committee will recommend the implementation the gratis allotment of stock acquisition rights to the Company’s board of directors. In addition, when a meeting of shareholders is convened to confirm the intent of the Company’s shareholders, the Company’s board of directors will respond to the shareholders’ intent. These stock acquisition rights will be allotted with an exercise condition that does not allow, as a general rule, the acquirer to exercise the rights and an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer. The Company’s board of directors, in exercising its role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of the gratis allotment of stock acquisition rights, respecting the recommendation of the Independent Committee to the maximum extent. In addition, when a meeting of shareholders is convened to confirm the intent of the Company’s shareholders, the Company’s board of directors will respond to the shareholders’ intent. If the procedures for the plan have commenced, the acquirer must not effect an acquisition until and unless the Company’s board of directors resolves not to trigger the plan. The effective period of the plan expires at the conclusion of the ordinary general meeting of shareholders for the last fiscal year ending within three years after the conclusion of the 65th Ordinary General Meeting of Shareholders. However, if, before the expiration of the effective period, the Company’s board of directors resolves to abolish the plan, the plan will be abolished at that time.

d. Decisions by the Company's board of directors regarding specific measures and reasons therefor

Company's board of directors deems that the new medium-term management plan and other measures such as the efforts to enhance the corporate value and the strengthening of corporate governance were established as specific measures to continuously and sustainably enhance the corporate value of the Company and, in turn, the common interests of its shareholders, and that these are truly in accordance with the basic policy, not detrimental to the common interests of the Company's shareholders and not for the purpose of maintaining the positions of the Company's corporate officers.

In addition, the Company's board of directors deems that the plan is not detrimental to the common interests of the Company's shareholders, not for the purpose of maintaining the positions of the Company's corporate officers, and in accordance with the basic policy based on the following reasoning: approval from the general meeting of shareholders must be obtained for its renewal; its effective period is stipulated as a maximum of three years and it can be abolished at any time by the resolution of the Company's board of directors; an independent committee, which is composed of members who are independent from the management of the Company, has been established; in the event that the plan's countermeasures are triggered, the Company must obtain a resolution by the independent committee when making a decision for triggering the countermeasures in the plan, and the plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(5) Research and development activities

No item to report.

III. Filing company

1. Information on the Company (Tosei)'s shares, etc.

(1) Total number of authorized shares, etc.

a. Total number of authorized shares

Class	Total number of authorized shares
Ordinary shares	150,000,000
Total	150,000,000

b. Number of shares issued

Class	Number of issued shares (Shares: as of February 28, 2015)	Number of issued shares (Shares: as of the date of filing: April 10, 2015)	Name of financial instruments exchange where the stock of Tosei is traded or the name of authorized financial instruments firms association where Tosei is registered	Details
Ordinary shares	48,284,000	48,284,000	Tokyo Stock Exchange (First Section), Singapore Exchange (Mainboard)	Share unit number: 100
Total	48,284,000	48,284,000	–	–

(2) Status of stock acquisition rights

No item to report.

(3) Exercise of bond certificates with stock acquisition rights with exercise price amendment clause

No item to report.

(4) Details of rights plan

No item to report.

(5) Trends in total number of issued shares, share capital, etc.

Date	Fluctuation in the number of issued shares (Shares)	Balance of issued shares (Shares)	Fluctuation in share capital (¥ thousand)	Balance of share capital (¥ thousand)	Fluctuation in capital reserves (¥ thousand)	Balance of capital reserves (¥ thousand)
From December 1, 2014 to February 28, 2015	–	48,284,000	–	6,421,392	–	6,504,868

(6) Status of major shareholders

There is no item to report due to the reporting period being a first quarter of a fiscal year.

(7) Status of voting rights

The following status of voting rights is prepared based on the shareholder registry as of November 30, 2014, which is the latest record date, as the information as of February 28, 2015 is not yet available.

a. Issued shares

(As of February 28, 2015)

Classification	Number of shares (Shares)	Number of voting rights	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	–	–	–
Shares with full voting rights (Other)	Ordinary shares 48,282,000	482,820	Tosei's standard class of shares with no rights limitations
Shares less than one unit	Ordinary shares 2,000	–	–
Total number of issued shares	48,284,000	–	–
Voting rights owned by all shareholders	–	482,820	–

Note: The number of "Shares with full voting rights (Other)" includes 400 shares in the name of Japan Securities Depository Center, Inc. "Number of voting rights" includes 4 units of voting rights related to shares with full voting rights in its name.

b. Treasury shares, etc.

(As of February 28, 2015)

Name of shareholder	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of number of shares held in the total number of issued shares (%)
–	–	–	–	–	–
Total	–	–	–	–	–

2. Status of Officers

There was no change in Officers during the three months ended February 28, 2015 after the filing date of annual securities report for the previous fiscal year.

IV. Accounting

1. Preparation policy of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” under the provision of Article 93 of the “Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

2. Audit attestation

The condensed quarterly consolidated financial statements for the first quarter of the fiscal year ending November 30, 2015 (from December 1, 2014 to February 28, 2015) and for the first three months of the fiscal year ending November 30, 2015 (from December 1, 2014 to February 28, 2015) were reviewed by Shinsoh Audit Corporation pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(¥ thousand)

	Notes	As of November 30, 2014	As of February 28, 2015
Assets			
Current assets			
Cash and cash equivalents		16,100,795	17,851,754
Trade and other receivables		2,049,710	2,001,046
Inventories		41,565,148	43,337,493
Other current assets		166,612	146,049
Total current assets		59,882,266	63,336,344
Non-current assets			
Property, plant and equipment		3,293,308	3,298,706
Investment properties		13,858,329	14,487,505
Intangible assets		77,675	94,617
Available-for-sale financial assets		2,445,963	2,181,868
Trade and other receivables		780,758	607,272
Deferred tax assets		515,765	314,150
Other non-current assets		4,014	4,014
Total non-current assets		20,975,814	20,988,135
Total assets		80,858,080	84,324,480
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		2,590,792	2,258,948
Borrowings		5,380,269	5,659,757
Current income tax liabilities		1,393,664	674,452
Provisions		267,281	119,838
Total current liabilities		9,632,009	8,712,996
Non-current liabilities			
Trade and other payables		2,697,083	3,259,108
Borrowings		35,024,707	38,283,063
Retirement benefits obligations		697,680	345,425
Provisions		78,764	78,799
Total non-current liabilities		38,498,235	41,966,396
Total Liabilities		48,130,244	50,679,393
Equity			
Share capital		6,421,392	6,421,392
Capital reserves		6,375,317	6,375,317
Retained earnings		19,776,474	20,587,854
Other components of equity		154,652	260,522
Total equity		32,727,836	33,645,086
Total liabilities and equity		80,858,080	84,324,480

(2) Condensed Consolidated Statement of Comprehensive Income

(¥ thousand)

	Notes	Three months ended February 28, 2014	Three months ended February 28, 2015
Revenue	5	11,339,965	11,525,787
Cost of revenue		8,632,314	7,897,319
Gross profit		2,707,651	3,628,467
Selling, general and administrative expenses		1,117,028	1,268,359
Other income		9,707	5,252
Other expenses		84	57
Operating profit	5	1,600,246	2,365,303
Finance income		1,420	1,370
Finance costs		173,994	175,706
Profit before tax		1,427,672	2,190,968
Income tax expense		555,205	800,180
Profit for the period		872,466	1,390,787
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		(169)	(11,046)
Net change in fair values of available-for-sale financial assets		(372)	116,465
Net change in fair values of cash flow hedges		587	450
Subtotal		44	105,870
Other comprehensive income for the period, net of tax		44	105,870
Total comprehensive income for the period		872,511	1,496,658
Profit attributable to:			
Owners of the parent		872,466	1,390,787
Total comprehensive income attributable to:			
Owners of the parent		872,511	1,496,658
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	18.07	28.80
Diluted earnings per share (yen)	7	–	–

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended February 28, 2014 (December 1, 2013 – February 28, 2014)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2013		6,421,392	6,375,317	17,294,366	1,348	30,092,426
Profit for the period		–	–	872,466	–	872,466
Other comprehensive income		–	–	–	44	44
Total comprehensive income for the period		–	–	872,466	44	872,511
Dividends of surplus	6	–	–	(386,272)	–	(386,272)
Balance at February 28, 2014		6,421,392	6,375,317	17,780,561	1,393	30,578,665

Three months ended February 28, 2015 (December 1, 2014 – February 28, 2015)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2014		6,421,392	6,375,317	19,776,474	154,652	32,727,836
Profit for the period		—	—	1,390,787	—	1,390,787
Other comprehensive income		—	—	—	105,870	105,870
Total comprehensive income for the period		—	—	1,390,787	105,870	1,496,658
Dividends of surplus	6	—	—	(579,408)	—	(579,408)
Balance at February 28, 2015		6,421,392	6,375,317	20,587,854	260,522	33,645,086

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Three months ended February 28, 2014	Three months ended February 28, 2015
Cash flows from operating activities			
Profit before tax		1,427,672	2,190,968
Depreciation expense		45,015	52,260
Increase (decrease) in provisions and retirement benefits obligations		(96,486)	(502,166)
Interest and dividend income		(1,420)	(1,370)
Interest expenses		173,994	175,706
Gain on available-for-sale financial assets		(531)	—
Loss on retirement of property, plant and equipment		57	—
Decrease (increase) in trade and other receivables		(154,272)	269,696
Decrease (increase) in inventories		(3,625,713)	(1,748,772)
Increase (decrease) in trade and other payables		(95,343)	173,152
Other, net		338	734
Subtotal		(2,326,688)	610,210
Interest and dividend income received		1,419	1,123
Income taxes paid		(839,178)	(1,368,778)
Net cash from (used in) operating activities		(3,164,447)	(757,445)
Cash flows from investing activities			
Proceeds from withdrawal of time deposits		—	20,000
Purchase of property, plant and equipment		(6,590)	(16,711)
Purchase of investment properties		(1,088,778)	(665,403)
Purchase of intangible assets		(5,302)	(21,662)
Purchase of available-for-sale financial assets		(58,000)	(61)
Collection of available-for-sale financial assets		20,100	—
Proceeds from sales of available-for-sale financial assets		1,156	444,960
Collection of loans receivable		17	17
Net cash from (used in) investing activities		(1,137,398)	(238,860)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		94,000	—
Proceeds from non-current borrowings		10,286,000	10,106,000
Repayments of non-current borrowings		(5,370,121)	(6,567,259)
Cash dividends paid		(349,371)	(534,141)
Interest expenses paid		(307,566)	(246,036)
Other, net		(442)	(896)
Net cash from (used in) financing activities		4,352,497	2,757,665
Net increase (decrease) in cash and cash equivalents		50,651	1,761,359
Cash and cash equivalents at beginning of period		14,711,997	16,100,795
Effect of exchange rate change on cash and cash equivalents		(164)	(10,400)
Cash and cash equivalents at end of period		14,762,484	17,851,754

(5) Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

TOSEI CORPORATION (hereinafter, the "Company") is a share company located in Japan whose shares are listed on the First Section of the Tokyo Stock Exchange and the Mainboard of Singapore Exchange. The Company's condensed quarterly consolidated financial statements for the three months ended February 28, 2015 have been prepared in respect of the Company and its consolidated subsidiaries (hereinafter collectively, the "Group"). The Group engages in the following six business operations: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business, Property Management Business and Alternative Investment Business. The operations of each business segment are presented in "5. Segment information" in the notes.

2. Basis of preparation

(1) Compliance with IFRS

Since the Company qualifies as a "specified company" as provided in Article 1-2 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), its condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" under the provision of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007).

These condensed quarterly consolidated financial statements were approved by Seiichiro Yamaguchi, the Company's President and CEO, and Noboru Hirano, Director and CFO, on April 8, 2015.

(2) Basis of measurement

The condensed quarterly consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities measured at fair value.

(3) Presentation currency and unit amount

The condensed quarterly consolidated financial statements in this report are presented in Japanese yen, the Company's functional currency. All financial information presented in Japanese yen is rounded down to the nearest thousand yen.

3. Significant accounting policies

With the exception of the following items, significant accounting policies that the Group applies in condensed quarterly consolidated financial statements are the same as the accounting policies used in the consolidated financial statements for the previous fiscal year.

Changes in accounting policies

The Group applied the following standards effective from the first quarter of the fiscal year ending November 30, 2015.

Standard	Name of standard	Overview of new establishment and amendment
IFRIC 21	Levies	Accounting for a liability for a levy
IFRS 10 (Revised)	Consolidated Financial Statements	Exception to consolidation of a subsidiaries by an entity that qualifies as an investment entity
IFRS 12 (Revised)	Disclosure of Interests in Other Entities	Revision of the disclosure method for entities that qualify as investment entities

The above standards have no material impact on the condensed quarterly consolidated financial statements.

Among the above standards, for IFRIC 21, the comparative data have been adjusted retroactively in accordance with transitional measures.

Additional information

(Abolition of Retirement Benefits Plan for Officers)

At the Ordinary General Meeting of Shareholders held on February 25, 2015, the Company resolved to make final payments of retirement benefits to retiring officers upon abolition of its Retirement Benefits Plan for Officers.

Accordingly, the full amount of the Company's "Provision for directors' retirement benefits" has been reversed and an unpaid portion of ¥360,711 thousand in final payments has been presented included in "Trade and other payables" in non-current liabilities.

4. Significant accounting estimates and judgments requiring estimates

The preparation of the condensed quarterly consolidated financial statements in compliance with IFRS requires the management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenue and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are changed and in future periods in which the change will affect.

5. Segment information

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 business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business", and "Alternative Investment 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 apartments 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. In the Alternative Investment Business, the Group acquires real estate collateralized loans and sells the properties acquired through collection of debt and acceptance of substitute performance.

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

Three months ended February 28, 2014

(December 1, 2013 – February 28, 2014)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	6,891,612	2,522,801	771,857	291,490	787,215	74,987	–	11,339,965
Intersegment revenue	–	–	14,298	2,972	123,609	–	(140,880)	–
Total	6,891,612	2,522,801	786,156	294,462	910,825	74,987	(140,880)	11,339,965
Segment profit	864,337	338,465	471,367	116,921	97,213	42,438	(330,497)	1,600,246
Finance income/costs, net								(172,573)
Profit before tax								1,427,672

Three months ended February 28, 2015

(December 1, 2014 – February 28, 2015)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	7,207,467	2,324,758	833,871	256,446	698,992	204,250	―	11,525,787
Intersegment revenue	―	―	13,807	1,327	113,735	―	(128,869)	―
Total	7,207,467	2,324,758	847,678	257,773	812,727	204,250	(128,869)	11,525,787
Segment profit	1,849,784	409,171	348,616	50,301	26,116	45,396	(364,083)	2,365,303
Finance income/costs, net								(174,335)
Profit before tax								2,190,968

6. Dividends

Dividends paid in the three months ended February 28, 2014 and February 28, 2015 are as follows:

Three months ended February 28, 2014				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 27, 2014	8	386,272	November 30, 2013	February 28, 2014

Three months ended February 28, 2015				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2015	12	579,408	November 30, 2014	February 26, 2015

7. Earnings per share

	Three months ended February 28, 2014	Three months ended February 28, 2015
Profit attributable to owners of the parent (¥ thousand)	872,466	1,390,787
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	18.07	28.80

Notes: 1. Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of ordinary shares outstanding during the reporting period.
2. Information on diluted earnings per share is omitted due to an absence of potential shares.

8. Financial instruments

i) Fair values and carrying amounts

Fair values of financial assets and liabilities and their carrying amounts presented in the condensed consolidated statement of financial position are as follows:

(¥ thousand)

	As of November 30, 2014		As of February 28, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	16,100,795	16,100,795	17,851,754	17,851,754
Available-for-sale financial assets	2,445,963	2,445,963	2,181,868	2,181,868
Trade and other receivables	2,830,468	2,830,468	2,608,319	2,608,319
Trade and other payables	5,287,876	5,287,876	5,518,056	5,518,056
Borrowings	40,404,977	40,432,892	43,942,820	43,967,882

Method for measuring fair value of financial instruments

Cash and cash equivalents, trade and other receivables, trade and other payables, and current borrowings

The book values of these financial instruments that are settled in a short period of time approximate the fair values.

However, the fair values of interest rate swaps are based on market values presented by financial institutions.

Available-for-sale financial assets

The fair values of listed securities are measured based on quoted market prices. For financial assets for which there is no active market and unlisted securities, the Group estimates fair values using certain valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially at the same price, and the discounted cash flow method. Securities that do not have a quoted market price in an active market and of which the fair value cannot be reliably estimated are measured based on the acquisition cost.

Non-current borrowings

The fair values of non-current borrowings with floating interest rate approximate the book values, as interest rates reflect market interest rates in short-term intervals. The fair values of those with fixed interest rate are measured based on the present value of the total amount of principal and interest discounted by the interest rate that would be charged for a new similar borrowing.

ii) Fair value hierarchy

The following shows the analysis of financial instruments measured at fair value after the initial recognition. Fair values of financial instruments are classified into level 1 to level 3.

Level 1: Fair values measured at a price quoted in an active market
Level 2: Fair values calculated directly or indirectly using an observable price except for level 1
Level 3: Fair values calculated through valuation techniques, including inputs that are not based on observable market data

(¥ thousand)

	As of November 30, 2014			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,503,360	38	942,565	2,445,963
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	—	1,945	—	1,945

(¥ thousand)

	As of February 28, 2015			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,239,360	38	942,470	2,181,868
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	—	1,494	—	1,494

Reconciliation of financial assets classified in level 3 at the beginning of the period with those at the end of the period is as follows:

(¥ thousand)

	Three months ended February 28, 2015
Balance at beginning of period	942,565
Acquisition	61
Comprehensive income	
Profit (loss)	(156)
Disposal	(0)
Balance at end of period	942,470

9. Significant subsequent events

No item to report.

2. Other

No item to report.

B. Information on Guarantee Companies, etc. of Filing Company

No items to report.

(Translation)

Quarterly Review Report of Independent Auditors

April 8, 2015

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation

Designated and Engagement Partner,
Certified Public Accountant:

Takayuki Sakashita (Seal)

Designated and Engagement Partner,
Certified Public Accountant:

Kazuma Shinohara (Seal)

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the condensed quarterly consolidated financial statements of Tosei Corporation included in the "Accounting" section, namely, the condensed consolidated statements of financial position, comprehensive income, changes in equity, and cash flows, as well as their notes, for the first quarter (December 1, 2014 to February 28, 2015) and the first three-month period (December 1, 2014 to February 28, 2015) of the fiscal year from December 1, 2014 to November 30, 2015.

Management's Responsibility for the Condensed Quarterly Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these condensed quarterly consolidated financial statements in conformity with International Accounting Standard 34 "Interim Financial Reporting" under the provision of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements of Japan; this includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of condensed quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on these condensed quarterly consolidated financial statements based on our quarterly review as independent auditor. We conducted our review in conformity with quarterly review standards generally accepted in Japan.

A quarterly review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. Such a review is substantially less in scope than an audit conducted in conformity with auditing standards generally accepted in Japan.

We believe that we have obtained the evidence to provide a basis for our conclusion.

Auditor's Conclusion
In our quarterly review, we have concluded that the condensed quarterly consolidated financial statements referred to above are in conformity with International Accounting Standard 34 "Interim Financial Reporting", and nothing has come to our attention that causes us to believe that they do not fairly present, in all material respects, the financial positions of the Company and its consolidated subsidiaries as of February 28, 2015, and the consolidated results of their operations and their cash flows for the three-month period then ended.

Interest
Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

End

∗1. The above is a digitization of the text contained in the original copy of the Quarterly Review Report, which is in the custody of the Company (filing company of the quarterly securities report) as attachments to the financial statements.

2.XBRL data is excluded from the scope of the quarterly review.

Note:
The English version of the financial statements consists of an English translation of the reviewed Japanese financial statements. The actual text of the English translation of the financial statements was not covered by our review. Consequently, for the auditors' review report of the English financial statements, the Japanese original is the official text, and the English version is a translation of that text.