Quarterly Securities Report

(The English translation of the “Shihanki-Houkokusho”
for the first quarter of the 67th term)

from December 1, 2015
to February 29, 2016

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 8, 2016. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

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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	66th term First three months	67th term First three months	66th term
Accounting period	From December 1, 2014 to February 28, 2015	From December 1, 2015 to February 29, 2016	From December 1, 2014 to November 30, 2015
Revenue (¥ thousand)	11,525,787	13,527,209	43,006,964
Profit before tax (¥ thousand)	2,190,968	3,914,810	6,040,311
Profit attributable to owners of the parent (¥ thousand)	1,390,787	2,611,296	4,135,816
Comprehensive income for the period attributable to owners of the parent (¥ thousand)	1,496,658	2,589,830	4,081,386
Total equity (¥ thousand)	33,645,086	38,056,573	36,228,378
Total assets (¥ thousand)	84,324,480	102,869,029	93,196,052
Basic earnings per share (¥)	28.80	54.08	85.66
Diluted earnings per share (¥)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	39.9	37.0	38.9
Net cash from (used in) operating activities (¥ thousand)	(757,445)	(3,450,186)	(4,443,093)
Net cash from (used in) investing activities (¥ thousand)	(238,860)	10,229	481,605
Net cash from (used in) financing activities (¥ thousand)	2,757,665	4,876,325	6,661,097
Cash and cash equivalents at end of period (¥ thousand)	17,851,754	20,221,983	18,791,081

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 for the three months ended February 28, 2015 of the 66th term is not presented due to an absence of potential shares. Diluted earnings per share for the 66th term and the three months ended February 29, 2016 of the 67th term are not presented because there were no potential shares that have dilutive effects.
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").

2. Business description

During the three months ended February 29, 2016, 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.

With respect to changes in principal subsidiaries and affiliates, Urban Home Corporation and Urban Next Co., Ltd. were acquired through M&A transactions, and Tosei Hotel Management Co., Ltd. and Tosei Chintai Hosho LLC were established. Those entities have been included in the scope of consolidation.
Also, the trade name of a consolidated subsidiary NAI Tosei Japan, Inc. has been changed to Tosei international, Inc. as of January 31, 2016.

Reportable segment classifications have been changed effective from the first quarter of the fiscal year ending November 30, 2016. For details, please refer to "5. Segment information" in "IV. Accounting, 1. Condensed Quarterly Consolidated Financial Statements, (5) Notes to Condensed Quarterly Consolidated Financial Statements."

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 29, 2016. 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 29, 2016.

(1) Analysis of operating results

During the three months ended February 29, 2016, the Japanese economy remained on a moderate recovery track despite apparent weaknesses in some areas such as exports. Meanwhile, global economic uncertainties stemming from developments such as falling crude oil prices, slowing emerging market economies, and U.S. interest rate trends have been fueling concerns of potential downward pressure on the economy, but on the other hand more upbeat corporate earnings and robust personal consumption are giving rise to expectations that the moderate recovery will continue going forward.

In the real estate industry where Tosei Group operates, since the implementation of "Abenomics" (the economic policies taken by Prime Minister Shinzo Abe), the market for real estate transactions has been gaining momentum and domestic real estate transactions have been trending higher overall against a backdrop of monetary easing and various other policy measures. Nevertheless, beginning in the latter half of 2015, transactions have been heading lower amid decreasing cap rates due to a dwindling supply of properties on the open market, rising prices and other such factors. Consequently in 2015 overall, domestic real estate transactions by listed companies and other such entities decreased 14.3% year on year to ¥4.3 trillion (according to a survey by a private research institution).

In the Tokyo metropolitan area condominium market, sales prices have been surging due to persistently high building costs. The average sales price has been riding momentum heading toward the record-setting ¥61 million per unit level of Japan's bubble-era economy, having reached ¥55.7 million per unit in January 2016, the most recent data available, for an increase of 25.0% compared with the same month of the previous fiscal year. Meanwhile, the contract rate decreased 16.3% compared with the same month of the previous fiscal year to 58.6%, substantially below the 70% threshold from which market conditions are viewed as favorable, as a result of demand having lost steam amid an intensifying trend of consumers refraining from making purchases. However, the Bank of Japan's introduction of negative interest rates is likely to bring about lower rates on home loans and thereby stimulate demand (according to a survey by a private research institution).

In the Tokyo metropolitan area build-for-sale detached house market, housing starts for 2015 decreased by 3.4% year on year to 56,000 units. Despite somewhat weak and unchanging trends at hand, build-for-sale detached housing demand appears to be on its way up amid emerging perception that detached housing is undervalued for money given surging condominium prices (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, improvements in corporate earnings continue to fuel strong office expansion and relocation demand, falling vacancy rates and a trend of gradually increasing rents. As such, the vacancy rate in January 2016 declined to 4.0%, and the average asking rent was ¥17,790 per tsubo (1 tsubo = 3.3m2), for a 3.9% increase of ¥681 compared with the same month of the previous fiscal year (according to a survey by a private research institution).

In the real estate securitization market, the financing environment remains favorable against a backdrop of more monetary easing by the Bank of Japan, while total acquisitions of J-REIT properties in 2015 amounted to ¥1.6 trillion, largely unchanged year on year (according to a survey by a private research institution). As of December 31, 2015, the total value of assets under management in the J-REIT market

amounted to ¥14 trillion and private placement funds amounted to ¥14.8 trillion for a total market size of ¥28.8 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 three months ended February 29, 2016 totaled ¥13,527 million (up 17.4% year on year), operating profit was ¥4,127 million (up 74.5%), profit before tax was ¥3,914 million (up 78.7%), and profit for the period was ¥2,611 million (up 87.8%).

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 quarterly comparisons figures for the same period of the previous fiscal year have been recalculated according to the segment after such change.

Revitalization Business

During the three months ended February 29, 2016, the segment sold five properties it had renovated, including Mini-mall Yokohama Aoba (Yokohama-shi, Kanagawa), Takaido Tosei Studio (Suginami-ku, Tokyo) and Grace Heiwadai (Nerima-ku, Tokyo). In addition, the segment sold 10 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 three months ended February 29, 2016, it also acquired a total of eight income-generating office buildings and apartments and one land lot for renovation and sales purposes.

As a result, revenue in this segment was ¥2,360 million (down 67.2% year on year) and the segment profit was ¥182 million (down 90.1%).

Development Business

During the three months ended February 29, 2016, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 25 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). In addition, the segment sold new commercial facilities T’s BRIGHTIA Minami Aoyama (Minato-ku, Tokyo) and T’s BRIGHTIA Tsunashima (Yokohama-shi, Kanagawa), and one land lot.

During the three months ended February 29, 2016, it also acquired two land lots for detached housing projects and one land lot for commercial facility projects.

In 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 based in Machida-shi, Tokyo a consolidated subsidiary.

As a result, revenue in this segment was ¥8,724 million (up 275.3% year on year) and the segment profit was ¥3,580 million (up 775.1%).

Rental Business

During the three months ended February 29, 2016, while the segment sold three buildings of its inventory assets held for leasing purposes, it newly acquired seven 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 ¥1,100 million (up 27.2% year on year) and the segment profit was ¥461 million (up 26.3%).

Fund and Consulting Business

During the three months ended February 29, 2016, while ¥14,529 million was subtracted from the balance of assets under management, due mainly to property dispositions by funds, ¥56,613 million was added to the balance of assets under management, 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 revenue.

As a result, revenue in this segment was ¥563 million (up 117.4% year on year) and the segment profit was ¥210 million (up 312.5%).

As of February 29, 2016, the balance of assets under management (Note) totaled ¥463,875 million.

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

Property Management Business

During the three months ended February 29, 2016, the number of fund properties managed by the segment increased as a result of efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 581 as of February 29, 2016, an increase of 41 from February 28, 2015, with the total comprising 359 office buildings, hotels, schools and other such properties, and 222 condominiums and apartments.

As a result, revenue in this segment was ¥642 million (down 8.1% year on year) and segment profit was ¥28 million (up 7.3%).

Other

For the three months ended February 29, 2016, revenue in this segment was ¥136 million (down 19.7% year on year) and the segment loss was ¥1 million (in comparison with segment profit of ¥29 million in the same period of the previous fiscal year).

(2) Analysis of financial position

As of February 29, 2016, total assets were ¥102,869 million, an increase of ¥9,672 million compared with November 30, 2015, while total liabilities were ¥64,812 million, an increase of ¥7,844 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 ¥1,828 million to ¥38,056 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 29, 2016 totaled ¥20,221 million, up ¥1,430 million compared with November 30, 2015.

The cash flows for the three months ended February 29, 2016 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash used in operating activities totaled ¥3,450 million (up 355.5% year on year). This is mainly due to profit before tax of ¥3,914 million, as well as an increase in inventories of ¥7,785 million, which was a result of property acquisitions in the Revitalization Business and Development Business, and income taxes paid of ¥1,169 million.

Cash Flows from Investing Activities

Net cash provided by investing activities totaled ¥10 million (net cash used in investing activities totaled ¥238 million in the same period of the previous fiscal year). This is primarily due to proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation totaling ¥31 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥4,876 million (up 76.8% year on year). This mainly reflects ¥5,769 million in the repayments of non-current borrowings and ¥772 million in cash dividends

paid, despite ¥11,383 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the three months ended February 29, 2016, 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 (Note) 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 (Note) 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.

(Note) Reportable segment classifications have been changed effective from the first quarter of the fiscal year ending November 30, 2016. For details, please refer to "5. Segment information" in "IV. Accounting, 1. Condensed Quarterly Consolidated Financial Statements, (5) Notes to Condensed Quarterly Consolidated Financial Statements."

(5) Research and development activities

No item to report.

(6) Number of employees

In the three months ended February 29, 2016, the number of employees increased by 47 persons compared with November 30, 2015, largely as a result of acquisitions through M&A transactions of Urban Home Corporation and Urban Next Co., Ltd., which operate real estate development business and real estate fund and consulting business.

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 29, 2016)	Number of issued shares (Shares: as of the date of filing: April 8, 2016)	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, 2015 to February 29, 2016	–	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, 2015, which is the latest record date, as the information as of February 29, 2016 is not yet available.

a. Issued shares

(As of February 29, 2016)

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 48,281,500	482,815	Tosei's standard class of shares with no rights limitations
Shares less than one unit	Ordinary shares 2,500	–	–
Total number of issued shares	48,284,000	–	–
Voting rights owned by all shareholders	–	482,815	–

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 29, 2016)

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 29, 2016 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, 2016 (from December 1, 2015 to February 29, 2016) and for the first three months of the fiscal year ending November 30, 2016 (from December 1, 2015 to February 29, 2016) 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, 2015	As of February 29, 2016
Assets			
Current assets			
Cash and cash equivalents	8	18,791,081	20,221,983
Trade and other receivables	8	2,914,639	2,324,609
Inventories		46,156,041	54,676,154
Other current assets		27,010	25,609
Total current assets		67,888,773	77,248,357
Non-current assets			
Property, plant and equipment		3,315,747	3,599,004
Investment properties		18,785,986	18,743,337
Intangible assets		96,648	92,560
Available-for-sale financial assets	8	1,225,047	1,255,716
Trade and other receivables	8	1,098,687	1,271,444
Deferred tax assets		781,146	629,695
Other non-current assets		4,014	28,914
Total non-current assets		25,307,278	25,620,672
Total assets		93,196,052	102,869,029
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	2,734,006	3,834,892
Borrowings	8	9,492,795	11,121,926
Current income tax liabilities		1,150,089	1,132,550
Provisions		442,303	244,462
Total current liabilities		13,819,195	16,333,831
Non-current liabilities			
Trade and other payables	8	3,510,413	3,822,189
Borrowings	8	39,175,846	44,178,417
Retirement benefits obligations		383,312	399,076
Provisions		78,905	78,941
Total non-current liabilities		43,148,478	48,478,624
Total Liabilities		56,967,673	64,812,456
Equity			
Share capital		6,421,392	6,421,392
Capital reserves		6,373,881	6,384,789
Retained earnings		23,327,875	25,166,628
Other components of equity		105,228	83,762
Total equity		36,228,378	38,056,573
Total liabilities and equity		93,196,052	102,869,029

(2) Condensed Consolidated Statement of Comprehensive Income

(¥ thousand)

	Notes	Three months ended February 28, 2015	Three months ended February 29, 2016
Revenue	5	11,525,787	13,527,209
Cost of revenue		7,897,319	7,346,946
Gross profit		3,628,467	6,180,262
Selling, general and administrative expenses		1,268,359	2,137,822
Other income		5,252	130,191
Other expenses		57	45,130
Operating profit	5	2,365,303	4,127,501
Finance income		1,370	30,491
Finance costs		175,706	243,181
Profit before tax		2,190,968	3,914,810
Income tax expense		800,180	1,303,514
Profit for the period		1,390,787	2,611,296
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		(11,046)	(19,602)
Net change in fair values of available-for-sale financial assets		116,465	(606)
Net change in fair values of cash flow hedges		450	(1,257)
Subtotal		105,870	(21,466)
Other comprehensive income for the period, net of tax		105,870	(21,466)
Total comprehensive income for the period		1,496,658	2,589,830
Profit attributable to:			
Owners of the parent		1,390,787	2,611,296
Total comprehensive income attributable to:			
Owners of the parent		1,496,658	2,589,830
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	28.80	54.08
Diluted earnings per share (yen)	7	–	–

(3) Condensed Consolidated Statement of Changes in Equity

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

Three months ended February 29, 2016 (December 1, 2015 – February 29, 2016)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2015		6,421,392	6,373,881	23,327,875	105,228	36,228,378
Profit for the period		—	—	2,611,296	—	2,611,296
Other comprehensive income		—	—	—	(21,466)	(21,466)
Total comprehensive income for the period		—	—	2,611,296	(21,466)	2,589,830
Dividends of surplus	6	—	—	(772,544)	—	(772,544)
Share-based payment		—	10,908	—	—	10,908
Balance at February 29, 2016		6,421,392	6,384,789	25,166,628	83,762	38,056,573

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Three months ended February 28, 2015	Three months ended February 29, 2016
Cash flows from operating activities			
Profit before tax		2,190,968	3,914,810
Depreciation expense		52,260	75,469
Increase (decrease) in provisions and retirement benefits obligations		(502,166)	(191,893)
Interest and dividend income		(1,370)	(30,491)
Interest expenses		175,706	243,181
Loss on retirement of property, plant and equipment		—	4,308
Decrease (increase) in trade and other receivables		269,696	923,839
Decrease (increase) in inventories		(1,748,772)	(7,785,042)
Increase (decrease) in trade and other payables		173,152	590,861
Other, net		734	(55,792)
Subtotal		610,210	(2,310,747)
Interest and dividend income received		1,123	30,490
Income taxes paid		(1,368,778)	(1,169,929)
Net cash from (used in) operating activities		(757,445)	(3,450,186)
Cash flows from investing activities			
Proceeds from withdrawal of time deposits		20,000	—
Purchase of property, plant and equipment		(16,711)	(9,301)
Purchase of investment properties		(665,403)	(8,846)
Purchase of intangible assets		(21,662)	(2,740)
Purchase of available-for-sale financial assets		(61)	(70)
Proceeds from sales of available-for-sale financial assets		444,960	—
Collection of loans receivable		17	18
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation		—	31,150
Other, net		—	18
Net cash from (used in) investing activities		(238,860)	10,229
Cash flows from financing activities			
Net increase (decrease) in current borrowings		—	283,700
Proceeds from non-current borrowings		10,106,000	11,383,000
Repayments of non-current borrowings		(6,567,259)	(5,769,397)
Cash dividends paid		(534,141)	(772,816)
Interest expenses paid		(246,036)	(246,458)
Other, net		(896)	(1,701)
Net cash from (used in) financing activities		2,757,665	4,876,325
Net increase (decrease) in cash and cash equivalents		1,761,359	1,436,367
Cash and cash equivalents at beginning of period		16,100,795	18,791,081
Effect of exchange rate change on cash and cash equivalents		(10,400)	(5,465)
Cash and cash equivalents at end of period		17,851,754	20,221,983

(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 29, 2016 have been prepared in respect of the Company and its consolidated subsidiaries (hereinafter collectively, the "Group"). The Group engages in the following five business operations: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business and Property Management 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 7, 2016.

(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

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.

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 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.

Segment information for the three months ended February 28, 2015 has been prepared in accordance with the new reportable segment classifications.

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

Three months ended February 28, 2015

(December 1, 2014 – February 28, 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	7,207,467	2,324,758	865,708	259,051	698,992	169,807	—	11,525,787
Intersegment revenue	—	—	13,807	1,327	113,735	—	(128,869)	—
Total	7,207,467	2,324,758	879,516	260,378	812,727	169,807	(128,869)	11,525,787
Segment profit	1,847,786	409,171	365,552	50,908	26,116	29,851	(364,083)	2,365,303
Finance income/costs, net								(174,335)
Profit before tax								2,190,968

Three months ended February 29, 2016

(December 1, 2015 – February 29, 2016)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	2,360,680	8,724,124	1,100,950	563,055	642,109	136,287	—	13,527,209
Intersegment revenue	—	—	10,302	3,000	213,971	—	(227,273)	—
Total	2,360,680	8,724,124	1,111,253	566,055	856,081	136,287	(227,273)	13,527,209
Segment profit or loss	182,239	3,580,469	461,773	210,019	28,018	(1,246)	(333,773)	4,127,501
Finance income/costs, net								(212,690)
Profit before tax								3,914,810

6. Dividends

Dividends paid in the three months ended February 28, 2015 and February 29, 2016 are as follows:

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

Three months ended February 29, 2016				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2016	16	772,544	November 30, 2015	February 26, 2016

7. Earnings per share

	Three months ended February 28, 2015	Three months ended February 29, 2016
Profit attributable to owners of the parent (¥ thousand)	1,390,787	2,611,296
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	28.80	54.08

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. Diluted earnings per share for the three months ended February 28, 2015 is not presented due to an absence of potential shares. Diluted earnings per share for the three months ended February 29, 2016 is not presented because there were no potential shares that have dilutive effects.

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, 2015		As of February 29, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	18,791,081	18,791,081	20,221,983	20,221,983
Available-for-sale financial assets	1,225,047	1,225,047	1,255,716	1,255,716
Trade and other receivables	4,013,327	4,013,327	3,596,054	3,596,054
Trade and other payables	6,244,419	6,244,419	7,657,082	7,657,082
Borrowings	48,668,642	48,696,153	55,300,343	55,324,860

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, 2015			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,097,925	38	127,083	1,225,047
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	—	13,180	—	13,180

(¥ thousand)

	As of February 29, 2016			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,128,394	38	127,283	1,255,716
Financial liabilities measured at fair value with the change in fair value recognized through other comprehensive income (derivative)	—	23,887	—	23,887

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 29, 2016
Balance at beginning of period	127,083
Acquisition	230
Comprehensive income	
Profit (loss)	—
Disposal	(30)
Balance at end of period	127,283

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 7, 2016

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:

Atushi Iijima (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, 2015 to February 29, 2016) and the first three-month period (December 1, 2015 to February 29, 2016) of the fiscal year from December 1, 2015 to November 30, 2016.

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 from an independent perspective 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 29, 2016, 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.