This is an English translation of the official announcement in Japanese that was released on January 10, 2018. The translation is prepared for the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Consolidated Financial Results for the Fiscal Year Ended November 30, 2017 <IFRS>

January 10, 2018

Company name: Tosei Corporation
Stock listing: TSE / SGX
Securities code number: 8923/S2D
URL: https://www.toseicorp.co.jp/english/
Representative: Seiichiro Yamaguchi, President and CEO
Contact: Noboru Hirano, Director and CFO
Phone: +81-3-3435-2865
Ordinary general shareholders' meeting: February 27, 2018 (scheduled)
Commencement of dividend payments: February 28, 2018 (scheduled)
Submission of Securities Report (Yuka Shoken Hokokusho): February 28, 2018 (scheduled)
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended November 30, 2017 (December 1, 2016 – November 30, 2017)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2017	57,754	15.9	9,833	6.0	9,049	7.1	6,155	11.0
Year ended Nov. 30, 2016	49,818	15.8	9,279	34.6	8,450	39.9	5,547	34.1

	Profit attributable to owners of the parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Year ended Nov. 30, 2017	6,155	11.0	6,165	11.9	127.48	127.41
Year ended Nov. 30, 2016	5,547	34.1	5,509	35.0	114.89	―

	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	(%)	(%)	(%)
Year ended Nov. 30, 2017	14.1	7.4	17.0
Year ended Nov. 30, 2016	14.4	7.9	18.6

(Reference) Equity in earnings of affiliates Year ended Nov. 30, 2017: ¥―million Year ended Nov.30, 2016: ¥―million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2017	122,550	46,158	46,158	37.7	955.99
As of Nov. 30, 2016	121,276	41,010	41,010	33.8	849.35

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year ended Nov. 30, 2017	7,089	(18)	(4,962)	23,750
Year ended Nov. 30, 2016	(7,472)	(8,193)	18,522	21,640

2. Dividends

	Annual dividends per share					Total dividends per share (Total)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
Year ended Nov. 30, 2016	―	0.00	―	22.00	22.00	1,062	19.1	2.8
Year ended Nov. 30, 2017	―	0.00	―	25.00	25.00	1,207	19.6	2.8
Year ending Nov. 30, 2018(Forecast)	―	0.00	―	30.00	30.00		21.6	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2018 (December 1, 2017 – November 30, 2018)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2018	67,830	17.4	10,946	11.3	10,038	10.9	6,699	8.8	6,699	8.8	138.75

*** Notes**

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

(2) Changes in accounting policies and changes in accounting estimates
(a) Changes in accounting policies required by IFRS: No
(b) Changes in accounting policies other than (a) above: No
(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

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

As of Nov. 30, 2017	48,284,000 shares
As of Nov. 30, 2016	48,284,000 shares

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

As of Nov. 30, 2017	–
As of Nov. 30, 2016	–

(c) Average number of outstanding shares during the year

Year ended Nov. 30, 2017	48,284,000 shares
Year ended Nov. 30, 2016	48,284,000 shares

(Reference) Summary of Non-Consolidated Results

1. Non-consolidated Financial Results for the Fiscal Year Ended November 30, 2017 (December 1, 2016 – November 30, 2017)

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

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2017	45,491	8.4	6,434	(17.9)	7,218	1.3	5,449	15.1
Year ended Nov. 30, 2016	41,965	12.7	7,836	31.7	7,123	28.3	4,734	21.2

	Net income per share	Net income per share (diluted)
	(¥)	(¥)
Year ended Nov. 30, 2017	112.87	112.81
Year ended Nov. 30, 2016	98.06	―

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2017	115,196	42,889	37.2	886.38
As of Nov. 30, 2016	114,085	38,455	33.7	795.50

(Reference) Equity As of November 30, 2017: ¥42,798 million As of November 30, 2016: ¥38,409million

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2018 (December 1, 2017 – November 30, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2018	55,297	21.6	7,590	5.2	5,452	0.0	112.92

* These Consolidated Financial Results are not subject to audit procedures.

* Proper use of earnings forecasts and other notes

(1) The forward-looking statements, including outlook of future performance, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ substantially from these statements due to various factors. For the assumptions on which the earnings forecasts are based and cautions concerning the use thereof, please refer to “1.Operating results and Financial Position (4) Future outlook” on page 7 of the attached materials.

(2) A financial results meeting will be held on January 10, 2018 for institutional investors and analysts. The presentation materials distributed at the meeting will be available on our website immediately after the disclosure of account settlement.

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1. Operating Results and Financial Position

(1) Operating Results

During the fiscal year ended November 30, 2017, the Japanese economy continued to grow against a backdrop of increased exports and expanded capital investment by corporate entities. The current economic recovery, which began in December 2012, is now the second-longest post-war recovery period, surpassing the Izanagi economic boom. Moderate growth is expected to continue going forward, backed by rising corporate earnings and stable personal consumption, despite concerns over geopolitical risks and downside risks of political trends in Europe and the U.S.

In the real estate industry where Tosei Group operates, transactions are increasing. Domestic real estate transactions from January to September 2017 rose 6% year on year to ¥2.96 trillion, due to an increase in the number of investors considering sales of their real estate holdings against a backdrop of rising real estate prices and growing transactions in areas surrounding central Tokyo and regional areas, where the effects of rent increases can be seen. Demand for real estate investment is likely to continue for some time against the backdrop of a favorable financing environment, and real estate transactions for the full year 2018 are anticipated to rise around 10% year on year to approximately ¥4 trillion (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of units sold from January to October 2017 remained unchanged year on year. The average sales price in the Tokyo metropolitan area continued to rise due to comparatively favorable sales of high-priced properties in the central Tokyo area. However, the average contract rate for the first month, during the same period was below the 70% threshold from which market conditions are viewed as favorable, as sales of mainly suburban properties continued to struggle (according to a survey by a private research institute).

In the Tokyo metropolitan area build-for-sale detached house market, demand for detached houses, which are perceived as comparatively inexpensive compared with condominiums, is strong and housing starts from January to September 2017 rose 1.2% year on year (according to a survey by the Ministry of Land, Infrastructure, Transport and Tourism).

The office leasing market of Tokyo's five business wards has been performing favorably, backed by strong demand for office expansion by corporate entities continuing good performance. The vacancy rate as of October 2017 declined from 3.6% year on year to 3.0%, and the average asking rent was ¥19,000 per tsubo (1 tsubo = 3.3m2), a 3.2% increase year on year. An upsurge in supply of large-scale office buildings is anticipated from 2018. However, the vacancy rate is expected to remain in a moderate downtrend, backed by firm corporate demand going forward (according to a survey by a private research institute).

In the real estate securitization market, the market scale expanded to ¥31 trillion (an increase of ¥2.3 trillion year on year) as a result of continued demand for real estate investment, which offers high returns compared with other investment products. The total value of assets under management as of June 30, 2017 was ¥16.2 trillion in J-REITs, (an increase of ¥1.4 trillion year on year), and ¥14.8 trillion in private placement fund, (an increase of ¥0.9 trillion year on year) (according to a survey by a private research institute).

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

As a result, consolidated revenue for the fiscal year under review totaled ¥57,754 million (up 15.9% year on year), operating profit was ¥9,833 million (up 6.0%), profit before tax was ¥9,049 million (up 7.1%), and profit for the year was ¥6,155 million (up 11.0%).

Performance by business segment is shown below.

Revitalization Business

During the fiscal year under review, the segment sold 58 properties it had renovated, including The Square Seiseki-sakuragaoka (Tama-shi, Tokyo), Kuramochi Building I (Sumida-ku Tokyo), Kameido Tosei Building (Koto-ku, Tokyo), Twin Avenue (Nerima-ku, Tokyo), Onoe-cho 6-chome Building (Yokohama-shi, Kanagawa), MILESTONE Higashikurume (Higashikurume-shi Tokyo) and T's garden Urayasu Ⅱ (Urayasu-shi, Chiba). In addition, the segment sold 45 units in the Restyling Business, including Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa), Hilltop Yokohama Higashi Terao (Yokohama-shi,Kanagawa) and Renai Kamakura Ueki (Kamakura-shi, Kanagawa). During the fiscal year under review, it also acquired a total of 51 income-generating office buildings and apartments and eight

land lots for renovation and sales purposes.

As part of the acquisition, our company acquired KS Properties Corporation, company holds income properties mainly in Suginami-ku, Tokyo, through M&A transaction and converted it into consolidated subsidiaries.

As a result, revenue in this segment was ¥40,268 million (up 56.0% year on year) and the segment profit was ¥7,845 million (up 96.1%).

Development Business

During the fiscal year under review, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 121 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 Kamakura-Shiromeguri (Kamakura-shi, Kanagawa). During the fiscal year under review, it also acquired a land lot for hotel project, a land lot for condominium project, a land lot for rental apartment project and land lots for 49 detached housings.

As a result, revenue in this segment was ¥5,197 million (down 60.4% year on year) and the segment loss was ¥408 million (in comparison with segment profit of ¥3,674 million in previous fiscal year).

Rental Business

During the fiscal year under review, while the segment sold 37 buildings of its inventory assets held for leasing purposes, it newly acquired 41 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 ¥6,194 million (up 17.3% year on year) and the segment profit was ¥2,581 million (up 8.0%).

Fund and Consulting Business

During the fiscal year under review, while ¥39,864 million was subtracted from the balance of assets under management (Note), due mainly to property dispositions by funds, ¥143,886 million was added to the balance of Assets under management ¥448,186 million for the end of the previous fiscal year, due mainly to new asset management contracts of large projects the segment obtained. The balance of assets under management as of November 30, 2017, was ¥552,208 million. The acquisition of such large project contracts increased asset management fees and contributed to revenue.

As a result, revenue in this segment was ¥2,763 million (up 20.0% year on year) and the segment profit was ¥1,273 million (up 33.9%).

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

Property Management Business

During the fiscal year under review, the segment worked to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 665 as of November 30, 2017, an increase of 71 properties from November 30, 2016, with that total comprising 395 office buildings, hotel, schools and other such properties, and 270 condominiums and apartments.

As a result, revenue in this segment was ¥3,330 million (up 13.1% year on year) and segment profit was ¥278 million (up 96.9%).

Others

During the fiscal year under review, revenue in this segment was ¥0 million (down 100.0% year on year) and the segment loss was ¥74 million (up 318.5% year on year).

(2) Financial positions

As of November 30, 2017, total assets were ¥122,550 million, an increase of ¥1,273million compared with November 30, 2016, while total liabilities were ¥76,391 million, a decrease of ¥3,874 million. Increase in total assets were primarily due to increase in investment properties. Decrease in liabilities were due to decrease in borrowings.

Total equity increased by ¥5,148 million to ¥46,158 million, mainly due to an increase in retained earnings.

(3) Cash flows

Cash and cash equivalents (hereinafter "cash") as of November 30, 2017 totaled ¥23,750 million, an increase of ¥2,109 million compared with November 30, 2016.

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

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥7,089 million (net cash used in operating activities totaled ¥7,472 million in the previous fiscal year). This is mainly due to profit before tax of ¥9,049 million, as well as an increase in income taxes paid of ¥4,027 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥18 million (down 99.8% year on year). This is mainly due to ¥1,282 million in payments of investment properties, ¥1,085 million in payments of loans receivable and proceeds from loans receivable of ¥2,760 million

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥4,962 million (¥18,522 million provided by the previous fiscal year). This mainly reflects ¥39,951million in the repayments of non-current borrowings, 886 million payment of interest and ¥1,061 million in cash dividends paid, despite ¥38,871 million in proceeds from noncurrent borrowings.

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

	Year ended Nov. 30, 2015	Year ended Nov. 30, 2016	Year ended Nov. 30, 2017
Ratio of equity attributable to owners of the parent to total assets (%)	38.9	33.8	37.7
Market value ratio of equity attributable to owners of the parent to total assets (%)	39.2	33.1	43.1
Interest-bearing debt to cash flows ratio (years)	―	―	9.5
Interest coverage ratio (times)	―	―	8.0

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

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

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

Interest coverage ratio: Cash flows/Interest expenses

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

(4) Future outlook

In the real estate investment market, which is the Company's main target market, the favorable financing environment is fueling real estate transactions. Despite persisting low returns due to rising real estate prices, demand for real estate investment is likely to continue for some time due to trends stimulated by "Abenomics" such as sustained monetary easing policies, the influx of overseas investment money on the back of the weak

yen, and the increase of corporate capital investment. Going forward, the Group expects this stable business environment to continue.

The Revitalization Business will revitalize and create added value for existing properties drawing on the Company's wealth of knowhow and aim to expand operations through initiatives such as product line expansion, flexible revitalization plans, and diversification of sales methods. Furthermore, future sources of income will be secured through the effective and proactive acquisition of quality real estate through M&As and other measures under purchasing strategies depending on the type or size of property.

The Development Business will promote the development and sales of detached houses and condominiums while paying close attention to trends in supply and demand of the residential market, as well as the active development of properties such as hotels, commercial facilities, and office buildings.

On the other hand, the Stock and Fee Business, the Company's stable source of income, aims to increase profit in all segments. The Rental Business will strive to improve the content and profitability of Company-held fixed assets; the Fund and Consulting Business will accumulate assets under management; and the Property Management Business will further increase the number of properties under management. Moreover, entrance to new and peripheral business areas will be promoted in an effort to establish new income-generating businesses. Examples of such initiatives include the development of its second company-branded hotel after the establishment of its first, "TOSEI HOTEL COCONE Kanda," in December 2017; research on specified joint real estate ventures using crowdfunding; and the establishment of the Tosei Masters' Club, which provides optimal solutions to affluent individuals.

As a result of the above measures, the Company expects both revenue and profit to increase in the business forecast for the fiscal year ending November 30, 2018 with a consolidated revenue of ¥67,830 million (up 17.4% year on year), operating profit of ¥10,946 million (up 11.3%), profit before tax of ¥10,038 million (up 10.9%), and profit for the year of ¥6,699 million (up 8.8%).

(5) Fundamental Earnings Distribution Policy and Dividends for 2017 and 2018

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

For the fiscal year ended November 30, 2017and the fiscal year ending November 30, 2018, Tosei plans to pay cash dividends per share of ¥25 and ¥30 respectively.

2. Basic Concept Regarding Selection of Accounting Standards

Tosei Group has adopted IFRS.

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

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

3. Consolidated Financial Statements and notes

(1) Consolidated Statement of Financial Position

(¥ thousand)

	As of Nov. 30, 2016	As of Nov. 30, 2017
Assets		
Current assets		
Cash and cash equivalents	21,640,866	23,750,239
Trade and other receivables	3,531,880	2,148,608
Inventories	67,298,309	59,718,614
Other current assets	121,444	26,376
Total current assets	92,592,501	85,643,839
Non-current assets		
Property, plant and equipment	3,595,898	5,305,652
Investment properties	21,728,740	28,359,547
Intangible assets	96,612	83,544
Available-for-sale financial assets	1,441,167	1,751,463
Trade and other receivables	1,235,065	859,731
Deferred tax assets	557,392	517,587
Other non-current assets	28,914	28,914
Total non-current assets	28,683,790	36,906,441
Total assets	121,276,292	122,550,281
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,955,289	4,278,612
Borrowings	9,387,249	6,449,040
Current income tax liabilities	1,859,183	732,961
Provisions	450,030	484,671
Total current liabilities	14,651,752	11,945,287
Non-current liabilities		
Trade and other payables	4,349,965	3,280,020
Borrowings	60,772,064	60,674,335
Retirement benefits obligations	413,376	472,574
Provisions	79,049	19,197
Total non-current liabilities	65,614,455	64,446,127
Total Liabilities	80,266,208	76,391,414
Equity		
Share capital	6,421,392	6,421,392
Capital reserves	6,418,823	6,464,240
Retained earnings	28,120,304	33,209,210
Other components of equity	49,562	64,024
Total equity attributable to owners of parent	41,010,083	46,158,867
Total equity	41,010,083	46,158,867
Total liabilities and equity	121,276,292	122,550,281

(2) Consolidated Statement of Comprehensive Income

(¥ thousand)

	Year ended Nov. 30, 2016 (Dec. 1, 2015 – Nov. 30, 2016)	Year ended Nov. 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)
Revenue	49,818,113	57,754,328
Cost of revenue	33,468,138	40,937,814
Gross profit	16,349,974	16,816,513
Selling, general and administrative expenses	7,021,724	7,153,850
Other income	222,197	215,754
Other expenses	270,540	44,550
Operating profit	9,279,906	9,833,867
Finance income	63,062	76,881
Finance costs	892,920	861,281
Profit before tax	8,450,048	9,049,467
Income tax expense	2,902,579	2,894,297
Profit for the year	5,547,469	6,155,169
Other comprehensive income		
Items that will not be reclassified to net profit or loss		
Remeasurements of defined benefit pension plans	17,503	(4,016)
Total items that will not be reclassified to net profit or loss	17,503	(4,016)
Items that may be reclassified to net profit or loss		
Exchange differences on translation of foreign operations	(24,512)	12,035
Net change in fair values of available-for-sale financial assets	(31,465)	(2,644)
Net change in fair values of cash flow hedges	312	5,070
Total items that may be reclassified to net profit or loss	(55,665)	14,461
Other comprehensive income for the year, net of tax	(38,162)	10,445
Total comprehensive income for the year	5,509,307	6,165,615
Profit attributable to:		
Owners of the parent	5,547,469	6,155,169
Total comprehensive income attributable to:		
Owners of the parent	5,509,307	6,165,615
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	114.89	127.48
Diluted earnings per share (yen)	—	127.41

(3) Consolidated Statement of Changes in Equity

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

(¥ thousand)

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

Year ended November 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at Dec. 1, 2016	6,421,392	6,418,823	28,120,304	49,562	41,010,083	41,010,083
Profit for the year	—	—	6,155,169	—	6,155,169	6,155,169
Other comprehensive income	—	—	—	10,445	10,445	10,445
Total comprehensive income for the year	—	—	6,155,169	10,445	6,165,615	6,165,615
Amount of transactions with owners						
Dividends from surplus	—	—	(1,062,248)	—	(1,062,248)	(1,062,248)
Share-based payment	—	45,416	—	—	45,416	45,416
Transfer from other components of equity to retained earnings	—	—	(4,016)	4,016	—	—
Balance at Nov. 30, 2017	6,421,392	6,418,823	33,209,210	64,024	46,158,867	46,158,867

(4) Consolidated Statement of Cash Flows

(¥ thousand)

	Year ended Nov. 30, 2016 (Dec. 1, 2015 – Nov. 30, 2016)	Year ended Nov. 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)
Cash flows from operating activities		
Profit before tax	8,450,048	9,049,467
Depreciation expense	333,415	393,045
Increase (decrease) in provisions and retirement benefits obligations	43,168	98,422
Interest and dividends income	(63,062)	(76,881)
Interest expenses	892,920	861,281
Gain on sales of stocks of subsidiaries and affiliates	—	(123,505)
Loss on retirement of property, plant and equipment	7,711	22,955
Decrease (increase) in trade and other receivables	944,245	(13,498)
Decrease (increase) in inventories	(15,971,161)	353,672
Increase (decrease) in trade and other payables	235,008	415,296
Other, net	(110,587)	59,676
Subtotal	(5,238,293)	11,039,932
Interest and dividends income received	63,063	76,619
Income taxes paid	(2,297,257)	(4,027,392)
Net cash from (used in) operating activities	(7,472,487)	7,089,159
Cash flows from investing activities		
Payments into time deposits	(45,000)	—
Proceeds from withdrawal of time deposits	30,000	95,000
Purchase of property, plant and equipment	(54,277)	(30,994)
Purchase of investment properties	(1,743,387)	(1,282,517)
Purchase of intangible assets	(27,711)	(13,189)
Purchase of available-for-sale financial assets	(321,636)	(687,589)
Collection of available-for-sale financial assets	124,918	7,619
Proceeds from sales of available-for-sale financial assets	34,680	349,201
Payments of loans receivable	(2,935,000)	(1,085,000)
Collection of loans receivable	72	2,760,075
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,297,173)	(182,766)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	40,563	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	39,328
Other, net	132	12,032
Net cash from (used in) investing activities	(8,193,818)	(18,800)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	1,652,800	(1,930,300)
Proceeds from non-current borrowings	42,442,800	38,871,150
Repayments of non-current borrowings	(23,866,891)	(39,951,833)
Cash dividends paid	(771,761)	(1,061,561)
Interest expenses paid	(926,467)	(886,261)
Other, net	(7,983)	(3,374)
Net cash from (used in) financing activities	18,522,496	(4,962,180)
Net increase (decrease) in cash and cash equivalents	2,856,190	2,108,179
Cash and cash equivalents at beginning of year	18,791,081	21,640,866
Effect of exchange rate change on cash and cash equivalents	(6,404)	1,193
Cash and cash equivalents at end of year	21,640,866	23,750,239

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

No item to report.

(Segment information)

(1) Summary of reportable segments

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

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

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

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

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

Year ended November 30, 2016
(Dec.1, 2015 – Nov 30, 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	25,809,872	13,138,715	5,282,131	2,302,732	2,944,458	340,203	—	49,818,113
Intersegment revenue	—	—	42,057	27,242	1,061,175	1,376	(1,131,851)	—
Total	25,809,872	13,138,715	5,324,188	2,329,975	4,005,633	341,579	(1,131,851)	49,818,113
Segment profit or loss	4,001,446	3,674,377	2,389,804	951,468	141,274	(17,904)	(1,860,559)	9,279,906
Finance income/costs, net								(829,858)
Profit before tax								8,450,048

Year ended November 30, 2017
(Dec.1, 2016 – Nov 30, 2017)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	40,268,193	5,197,322	6,194,849	2,763,389	3,330,553	20	—	57,754,328
Intersegment revenue	—	—	43,114	38,933	1,306,827	—	(1,388,876)	—
Total	40,268,193	5,197,322	6,237,963	2,802,323	4,637,381	20	(1,388,876)	57,754,328
Segment profit or loss	7,845,032	(408,738)	2,581,960	1,273,565	278,217	(74,920)	(1,661,249)	9,833,867
Finance income/costs, net								(784,400)
Profit before tax								9,049,467

(Earnings per share)

	Year ended November 30, 2016 (Dec. 1, 2015 – Nov. 30, 2016)	Year ended November 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)
Profit attributable to owners of the parent (¥ thousand)	5,547,469	6,155,169
Net income used to figure diluted net income per share (¥ thousand)	—	6,155,169
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
The number of increased ordinary shares used to figure diluted earnings per share (shares)	—	25,402
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	—	48,309,402
Basic earnings per share (¥)	114.89	127.48
Diluted net income per share (¥)	—	127.41

Notes: 1. Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of outstanding ordinary shares during the reporting period.
2. Diluted earnings for last fiscal year per share is not presented because there were no potential shares that have dilutive effects.

(Significant subsequent events)

No item to report.