Quarterly Securities Report

(The English translation of the “Shihanki-Houkokusho”
for the first quarter of the 65th term)

from December 1, 2013
to February 28, 2014

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, 2014. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Table of Contents

Cover

A. Company Information 1
I. Overview of the Tosei Group 1
1. Trends in principal management benchmarks 1
2. Business description 1
II. Review of operations 2
1. Business and other risks 2
2. Important operational contracts, etc. 2
3. Analysis of financial position, operating results and cash flows 2
III. Filing company 9
1. Information on the Company (Tosei)'s shares, etc. 9
(1) Total number of authorized shares, etc. 9
(2) Status of stock acquisition rights 9
(3) Exercise of bond certificates with stock acquisition rights with exercise price amendment clause 9
(4) Details of rights plan 9
(5) Trends in total number of issued shares, share capital, etc. 9
(6) Status of major shareholders 9
(7) Status of voting rights 10
2. Status of Officers 11
IV. Accounting 12
1. Condensed Quarterly Consolidated Financial Statements 13
(1) Condensed Consolidated Statement of Financial Position 13
(2) Condensed Consolidated Statement of Comprehensive Income 14
(3) Condensed Consolidated Statement of Changes in Equity 15
(4) Condensed Consolidated Statement of Cash Flows 16
(5) Notes to Condensed Quarterly Consolidated Financial Statements 17
2. Other 22
B. Information on Guarantee Companies, etc. of Filing Company 23

[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	64th term First three months	65th term First three months	64th term
Accounting period	From December 1, 2012 to February 28, 2013	From December 1, 2013 to February 28, 2014	From December 1, 2012 to November 30, 2013
Revenue (¥ thousand)	15,501,359	11,339,965	35,070,345
Profit before tax (¥ thousand)	1,408,680	1,427,672	3,222,127
Profit attributable to owners of the parent (¥ thousand)	867,075	872,466	2,006,471
Comprehensive income for the period attributable to owners of the parent (¥ thousand)	871,927	872,511	2,011,115
Total equity (¥ thousand)	27,127,035	30,578,665	30,092,426
Total assets (¥ thousand)	58,588,657	75,843,216	71,283,073
Basic earnings per share (¥)	18.98	18.07	43.05
Diluted earnings per share (¥)	–	–	–
Ratio of equity attributable to owners of the parent to total assets (%)	46.3	40.3	42.2
Net cash from (used in) operating activities (¥ thousand)	7,529,542	(3,164,447)	2,772,614
Net cash from (used in) investing activities (¥ thousand)	(14,702)	(1,137,398)	(940,724)
Net cash from (used in) financing activities (¥ thousand)	(6,012,865)	4,352,497	3,456,677
Cash and cash equivalents at end of period (¥ thousand)	10,923,810	14,762,484	14,711,997

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 Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the basic earnings per share were calculated on the assumption that the share split was implemented at the beginning of the previous fiscal year.
6. The Tosei Group partially changed accounting policies effective from the first three months of the 65th term. Consequently, relative figures of the principal management benchmarks above for the first three months of the 64th term and the 64th term were 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, 2014, 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, 2014. 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, 2014.

(1) Analysis of operating results

During the three months ended February 28, 2014, the Japanese economy experienced a modest recovery, as corporate earnings improved on the back of bold monetary easing and various economic stimulus measures implemented by the government, and there were signs of an end to deflation, including an increase in individual consumption.

In the real estate industry where Tosei Group operates, supported by companies' capacity to invest and the improvement in the financing environment, real estate acquisitions by business entities during 2013 totaled ¥636.1 billion, the highest level since 2000, and a significant increase of 2.9 times versus the previous fiscal year. In addition, commercial real estate investment in Japan during 2013 rose to approximately ¥4 trillion, double that of the previous fiscal year. The real estate market recovery trend is becoming increasingly strong, driven by robust real estate transactions by J-REITs and privately placed funds, etc. (According to a survey by a private research institution)

In the Tokyo metropolitan area condominium market, demand remained firm due to the surge in demand ahead of the consumption tax rate hike as well as other factors. The closing rate of sales contracts stayed mainly above the 70% line, which is viewed as favorable conditions, and in January 2014 the closing rate of sales contracts rose 9.4 percentage points compared to the previous fiscal year, to 78.6%. In fiscal 2013, the number of condominiums supplied to the market in the Tokyo metropolitan area increased 23.8% versus the previous fiscal year, to 56,000, marking a significant increase. (According to a survey by a private research institution)

In the office leasing market of Tokyo's five business wards, the upward trend of occupancy rate continues, and the rate of vacancy as of January 2014 became 7.18%, down 1.38 percentage points from the same month last year. The average asking rent rose in October 2013 for the first time in 16 months, and is expected to increase going forward. In January 2014, the average asking rent increased 0.22% compared to the previous month, to ¥16,242/*tsubo*, which was 1.88% lower than the same month of the previous fiscal year. (According to a survey by a private research institution)

In the real estate securitization market, investment real estate transaction activity was brisk, due to the continued favorable financing environment and the view that real estate prices would be moving higher. Real estate acquisitions by J-REITs have increased significantly, and the total amount of properties acquired during 2013 amounted to ¥2.2 trillion, up 2.1 times compared to 2012. (According to a survey by a private research institution) Domestic private placement REITs have steadily increased their assets since they began investments in 2010, and as of the end of December 2013, the 6 investment corporations had a combined balance of assets in excess of ¥500 billion. Private placement REITs tend to be selected by pension funds, and the market size is expected to grow further. (According to a survey by a private research institution)

Amid this operating environment, in the Revitalization Business, Tosei Group made steady progress on the sale of assets such as income-generating office buildings and apartment buildings. In the Development Business, the Group sold detached houses, condominiums, and other products to end users. The Group also proactively acquired income-generating real estate and development sites, which will be the source of the Group's future income.

As a result, consolidated revenue for the three months ended February 28, 2014 totaled ¥11,339 million (down 26.8% year-on-year), operating profit was ¥1,600 million (down 1.0%), profit before tax was ¥1,427 million (up 1.3%), and profit for the period was ¥872 million (up 0.6%).

Revitalization Business

During the three months ended February 28, 2014, the segment sold seven properties it had renovated, including Akihabara Tosei Building (Chiyoda-ku, Tokyo), Ueno Takeuchi Building (Taito-ku, Tokyo), and FLEG Nishiazabu (Minato-ku, Tokyo), and land lots. In addition, the Company sold 19 units under its Restyling Business such as Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa), Hilltop Higashi Terao (Yokohama-shi, Kanagawa), and Estage Kaminoge (Setagaya-ku, Tokyo). Also, it acquired for renovation and sales purposes a total 11 properties of income-generating office buildings and apartment buildings as well as one land lot.

As a result, revenue in this segment was ¥6,891 million (down 3.0% year-on-year), and the segment profit was ¥864 million (down 35.1%).

Development Business

During the three months ended February 28, 2014, the segment focused on the sale of newly-built condominiums and detached houses in firm demand. It sold 32 newly-built condominium units in THE Palms Nihonbashi Kodenmacho Visage (Chuo-ku, Tokyo), as well as a total of 17 detached houses such as properties at Palms Court Okusawa 1-Chome (Setagaya-ku, Tokyo), Palms Court Minamiasagaya (Suginami-ku, Tokyo), and Palms Court Setagaya Okamoto (Setagaya-ku, Tokyo). Also, it acquired 2 land lots for detached house projects.

As a result, revenue in this segment was ¥2,522 million (down 61.6% year-on-year), and the segment profit reached ¥338 million (up 200.8%).

Rental Business

During the three months ended February 28, 2014, while the segment sold 7 buildings of its inventory assets the Company holds for leasing purposes, it acquired a total of 11 of income-generating office buildings and apartment buildings, and made an effort to lease them. It also focused on leasing activities for its pre-existing non-current assets and inventories.

As a result, revenue in this segment was ¥771 million (up 45.1% year-on-year), and the segment profit was ¥471 million (up 73.7%).

Fund and Consulting Business

During the three months ended February 28, 2014, while the segment obtained a new asset management contract in the amount of ¥3,430 million, the balance of assets under management decreased by ¥30,242 million, due mainly to the property dispositions by funds. Consequently, the fee income relating to acquisitions and dispositions of properties for funds largely contributed to the revenue.

As a result, revenue in this segment was ¥291 million (down 29.0% year-on-year), and the segment profit was ¥116 million (down 35.3%).

As of February 28, 2014, the balance of assets under management (Note) totaled ¥221,216 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, 2014, the number of properties managed by the Company including office buildings, parking lots and schools was 348, an increase of 35 from February 28, 2013; while the number of condominium and apartment buildings decreased by 10 to 205 from February 28, 2013, making the total number of properties under management 553, an increase of 25 from February 28, 2013.

As a result, revenue in this segment was ¥787 million (down 0.3% year-on-year), and the segment profit was ¥97 million (up 128.7%).

Alternative Investment Business

During the three months ended February 28, 2014, the segment focused on leasing of the properties which it had acquired by accepting a substitute performance.

As a result, revenue in this segment was ¥74 million (down 17.3% year-on-year), and the segment profit was ¥42 million (up 90.3%).

(2) Analysis of financial position

As of February 28, 2014, total assets increased by ¥4,560 million to ¥75,843 million compared with November 30, 2013, while total liabilities increased by ¥4,073 million to ¥45,264 million.

These were 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 ¥486 million to ¥30,578 million compared with November 30, 2013, mainly due to an increase in retained earnings and payment of cash dividends.

The details of the use of net proceeds from issuance of new shares on the Singapore Exchange in July 2013, as of February 28, 2014, are as follows:

1. Use of Placement Proceeds (¥ thousand)

Total amount raised in July 2013	1,933,438
Total amount utilized from the proceeds (As of February 28, 2014)	1,933,438
Balance proceeds	–

2. Details of Use of Proceeds (¥ thousand)

Revitalization Business			
Acquisition cost of residential building in Sendagi (partial)	Bunkyo-ku, Tokyo	Apartment	95,500
Acquisition cost of residential building in Shonan (partial)	Fujisawa-shi, Kanagawa	Apartment	29,864
Acquisition cost of residential building in Kokubunji (partial)	Kokubunji-shi, Tokyo	Apartment	234,785
Acquisition cost of office building in Chiba (partial)	Chiba-shi, Chiba	Income-generating office building	401,226
		Subtotal	761,375
Development Business			
Construction cost of THE Palms Nishigahara (partial)	Kita-ku, Tokyo	Condominium	384,250
Construction cost of Palms Court Minamiasagaya (partial)	Suginami-ku, Tokyo	Detached house	22,684
Construction cost of THE Palms Nihonbashi Kodenmacho Visage (partial)	Chuo-ku, Tokyo	Condominium	354,441
		Subtotal	761,375
Fund and Consulting Business			
Investment in a private fund through Tokumei Kumiai (silent partnership)			50,000
Co-equity investment in a private fund (partial)			360,687
		Subtotal	410,687
Total amount utilized from the proceeds (As of February 28, 2014)			**1,933,438**

(3) Analysis of cash flows

Cash and cash equivalents (hereinafter "cash") as of February 28, 2014 increased by ¥50 million from November 30, 2013 to ¥14,762 million because of the profit for the period before tax of ¥1,427 million, the steady progress in property acquisitions in the Revitalization Business and Development Business and an increase in borrowings from financial institutions accompanying such property acquisitions.

The respective cash flow positions and the factors thereof for the three months ended February 28, 2014 are as follows:

Cash flows from operating activities

Net cash used in operating activities totaled ¥3,164 million (net cash provided by operating activities totaled ¥7,529 million in the same period of the previous fiscal year). This is mainly attributed to the profit for the period before tax of ¥1,427 million and an increase of ¥3,625 million in inventories resulting from property acquisitions in the Revitalization Business and Development Business.

Cash flows from investing activities

Net cash used in investing activities totaled ¥1,137 million (net cash used in investing activities totaled ¥14 million in the same period of the previous fiscal year). This is primarily due to purchase of investment property of ¥1,088 million.

Cash flows from financing activities

Net cash provided by financing activities totaled ¥4,352 million (net cash used in financing activities

totaled ¥6,012 million in the same period of the previous fiscal year). This mainly reflected ¥5,370 million in repayments of non-current borrowings and ¥349 million in cash dividends paid, despite proceeds from non-current borrowings of ¥10,286 million.

(4) Operational and financial issues to be addressed

During the three months ended February 28, 2014, 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 of the Company that would involve a change of control thereof. 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 share 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.

Particularly, it is necessary and essential for the Company 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 share acquisition by such persons.

b. Overview of special measures to realize the basic policy

Because the Tosei Group was fully aware of the fact that as a listed company on the First Section of the Tokyo Stock Exchange, it would be required to demonstrate even higher standards of behavior, dignity and the like from external parties in the future, the Group, aiming to move to the next stage, established a new medium-term management plan called "Next Stage 2014" (the targeted period of the plan is three years from December 2011 to November 2014) and commenced its efforts under the plan from the fiscal year ended November 30, 2012. Under this new medium-term management plan, although the Group

faces an external environment that is dramatically changing due to the financial crisis and the Great East Japan Earthquake, in order to realize further progress as a company intending to make continuous innovation, the Group will create new value and inspiration in all aspects of real estate in a wider business field than in the past by (i) further strengthening each segment currently owned by the Company group including expansion of the business for end users in Japan, (ii) making new steps toward starting business abroad with broader global perspectives and (iii) reforming its management infrastructure.

The Company group has previously taken measures to strengthen corporate governance, such as the appointment of outside directors (two members), the invitation of all audit & supervisory board members (four members) from outside the Company, the notification to the Tokyo Stock Exchange of two outside directors and four outside audit & supervisory board members (six members in total) as "independent directors/auditors" in accordance with the "Principles of Corporate Governance for Listed Companies" of the Tokyo Stock Exchange, the reinforcement of the business execution function by the introduction of the executive officer system, and the establishment of the corporate governance board, and will in the future endeavor to further strengthen corporate governance as a listed company on the First Section of the Tokyo Stock Exchange. 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 purchase or other acquisition that falls under 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 therewith 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 it is an acquisition that may obviously cause harm to ensuring and enhancing the corporate value of the Company and the common interests of shareholders, and also (ii) it is reasonable to implement the gratis allotment of stock acquisition rights, the independent committee will recommend the implementation of the gratis allotment of stock acquisition rights to the Company's board of directors. In addition, when a meeting of shareholders is held 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 held 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 62nd 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

The 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 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, based on the following reasoning: approval from the general meeting of shareholders was 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, 2014)	Number of issued shares (Shares: as of the date of filing: April 10, 2014)	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, 2013 to February 28, 2014	–	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, 2013, which is the latest record date, as the information as of February 28, 2014 is not yet available.

a. Issued shares

(As of February 28, 2014)

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 48,283,100	482,831	Tosei's standard class of shares with no rights limitations
Shares less than one unit	Ordinary shares 900	–	–
Total number of issued shares	48,284,000	–	–
Voting rights owned by all shareholders	–	482,831	–

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, 2014)

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, 2014 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, 2014 (from December 1, 2013 to February 28, 2014) and for the first three months of the fiscal year ending November 30, 2014 (from December 1, 2013 to February 28, 2014) 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, 2013	As of February 28, 2014
Assets			
Current assets			
Cash and cash equivalents		14,711,997	14,762,484
Trade and other receivables		902,131	897,369
Inventories		38,040,625	42,191,257
Other current assets		24,781	23,334
Total current assets		53,679,536	57,874,446
Non-current assets			
Property, plant and equipment		3,304,792	3,301,686
Investment properties		12,703,600	13,259,058
Intangible assets		31,598	33,926
Available-for-sale financial assets		810,105	846,648
Trade and other receivables		188,884	132,925
Deferred tax assets		560,541	390,510
Other non-current assets		4,014	4,014
Total non-current assets		17,603,536	17,968,769
Total assets		71,283,073	75,843,216
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		2,323,705	1,530,130
Borrowings		7,587,433	7,774,847
Current income tax liabilities		865,256	393,785
Provisions		209,124	115,902
Total current liabilities		10,985,520	9,814,665
Non-current liabilities			
Trade and other payables		2,107,809	2,530,933
Borrowings		27,449,160	32,271,182
Retirement benefits obligations		624,154	625,886
Provisions		24,003	21,883
Total non-current liabilities		30,205,126	35,449,885
Total Liabilities		41,190,647	45,264,550
Equity			
Share capital		6,421,392	6,421,392
Capital reserves		6,375,317	6,375,317
Retained earnings		17,294,366	17,780,561
Other components of equity		1,348	1,393
Total equity		30,092,426	30,578,665
Total liabilities and equity		71,283,073	75,843,216

(2) Condensed Consolidated Statement of Comprehensive Income

(¥ thousand)

	Notes	Three months ended February 28, 2013	Three months ended February 28, 2014
Revenue	5	15,501,359	11,339,965
Cost of revenue		12,634,330	8,632,314
Gross profit		2,867,029	2,707,651
Selling, general and administrative expenses		1,253,762	1,117,028
Other income		4,860	9,707
Other expenses		1,245	84
Operating profit	5	1,616,881	1,600,246
Finance income		1,416	1,420
Finance costs		209,616	173,994
Profit before tax		1,408,680	1,427,672
Income tax expense		541,605	555,205
Profit for the period		867,075	872,466
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		2,148	(169)
Net change in fair values of available-for-sale financial assets		2,776	(372)
Net change in fair values of cash flow hedges		(72)	587
Subtotal		4,852	44
Other comprehensive income for the period, net of tax		4,852	44
Total comprehensive income for the period		871,927	872,511
Profit attributable to:			
Owners of the parent		867,075	872,466
Total comprehensive income attributable to:			
Owners of the parent		871,927	872,511
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	18.98	18.07
Diluted earnings per share (yen)	7	–	–

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended February 28, 2013 (December 1, 2012 – February 28, 2013)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2012		5,454,673	5,516,499	15,562,315	(3,295)	26,530,193
Profit for the period		–	–	867,075	–	867,075
Other comprehensive income		–	–	–	4,852	4,852
Total comprehensive income for the period		–	–	867,075	4,852	871,927
Dividends of surplus	6	–	–	(274,104)	–	(274,104)
Retained earnings from newly consolidated subsidiaries		–	–	(981)	–	(981)
Balance at February 28, 2013		5,454,673	5,516,499	16,154,305	1,557	27,127,035

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

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Three months ended February 28, 2013	Three months ended February 28, 2014
Cash flows from operating activities			
Profit before tax		1,408,680	1,427,672
Depreciation expense		42,988	45,015
Increase (decrease) in provisions and retirement benefits obligations		(37,366)	(96,486)
Interest and dividends income		(1,416)	(1,420)
Interest expenses		209,616	173,994
Gain on available-for-sale financial assets		–	(531)
Loss on retirement of property, plant and equipment		–	57
Decrease (increase) in trade and other receivables		757,450	169,781
Decrease (increase) in inventories		6,974,074	(3,625,713)
Increase (decrease) in trade and other payables		(1,786,529)	(419,397)
Other, net		280	338
Subtotal		7,567,778	(2,326,688)
Interest and dividend income received		1,388	1,419
Income taxes paid		(39,624)	(839,178)
Net cash from (used in) operating activities		7,529,542	(3,164,447)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,142)	(6,590)
Purchase of investment properties		(12,570)	(1,088,778)
Purchase of intangible assets		–	(5,302)
Purchase of available-for-sale financial assets		–	(58,000)
Collection of available-for-sale financial assets		–	20,100
Proceeds from sales of available-for-sale financial assets		–	1,156
Collection of loans receivable		–	17
Other, net		(988)	–
Net cash from (used in) investing activities		(14,702)	(1,137,398)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		(361,400)	94,000
Proceeds from non-current borrowings		3,661,000	10,286,000
Repayments of non-current borrowings		(8,911,725)	(5,370,121)
Cash dividends paid		(248,206)	(349,371)
Interest expenses paid		(152,091)	(307,566)
Other, net		(442)	(442)
Net cash from (used in) financing activities		(6,012,865)	4,352,497
Net increase (decrease) in cash and cash equivalents		1,501,974	50,651
Cash and cash equivalents at beginning of period		9,410,622	14,711,997
Effect of exchange rate change on cash and cash equivalents		2,176	(164)
Increase in cash and cash equivalents from newly consolidated subsidiaries		9,036	–
Cash and cash equivalents at end of period		10,923,810	14,762,484

(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, 2014 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 9, 2014.

(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 three months ended February 28, 2014.

Standard	Name of standard	Overview of new establishment and amendment
IAS 19	Employee Benefits	Recognition of actuarial gains and losses and past service cost, and presentation and disclosure of post-employment benefits
IFRS 10	Consolidated Financial Statements	Clarification and application of the concept of control as a basis to determine which entities are to be consolidated
IFRS 11	Joint Arrangements	Principles for the financial reporting by parties to a joint arrangement, and supersedence of former IAS 31 and SIC 13
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements on interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities
IFRS 13	Fair Value Measurement	Establishment of a framework when other standards require fair value measurement

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

Among the above standards, for IAS 19, the comparative data have been adjusted retroactively in accordance with transitional measures.

Changes in presentation

In the past, sales expenses such as advertising costs for real estate for sale were posted in “Cost of sales”, but from the first quarter of the current fiscal period, such expenses are being posted in “Selling, general and administrative expenses.”

This change was made in order to more accurately present the actual situation, due to the fact that the aforementioned sales expenses more resemble sales costs than cost of goods sold these days.

To reflect this change in presentation, reclassification of accounts has been made for the condensed consolidated statement of comprehensive income for the three months ended February 28, 2013. As a result, ¥401,729 thousand included in “Cost of sales” in the condensed consolidated statement of comprehensive income for the three months ended February 28, 2013 were reclassified to “Selling, general and administrative expenses”.

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, 2013

(December 1, 2012 – February 28, 2013)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	7,107,704	6,570,716	531,845	410,540	789,857	90,696	–	15,501,359
Intersegment revenue	–	–	13,737	1,290	77,872	–	(92,899)	–
Total	7,107,704	6,570,716	545,582	411,830	867,729	90,696	(92,899)	15,501,359
Segment profit	1,330,858	112,522	271,403	180,741	42,511	22,298	(343,454)	1,616,881
Finance income/costs, net								(208,200)
Profit before tax								1,408,680

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

6. Dividends

Dividends paid in the three months ended February 28, 2013 and February 28, 2014 are as follows:

Three months ended February 28, 2013				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 26, 2013	600	274,104	November 30, 2012	February 27, 2013

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

The Company split its shares by 100 for 1, effective July 1, 2013. The dividend per share the record date for which falls on or before June 30, 2013 was presented using the pre-share split figures.

7. Earnings per share

	Three months ended February 28, 2013	Three months ended February 28, 2014
Profit for the period attributable to owners of the parent (¥ thousand)	867,075	872,466
Weighted average number of outstanding ordinary shares (shares)	45,684,000	48,284,000
Basic earnings per share (¥)	18.98	18.07

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.

3. The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the basic earnings per share were calculated on the assumption that the share split was implemented at the beginning of the previous fiscal year ended November 30, 2012.

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, 2013		As of February 28, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	14,711,997	14,711,997	14,762,484	14,762,484
Available-for-sale financial assets	810,105	810,105	846,648	846,648
Trade and other receivables	1,091,016	1,091,016	1,030,294	1,030,294
Trade and other payables	4,431,515	4,431,515	4,061,064	4,061,064
Borrowings	35,036,593	35,050,814	40,046,029	40,060,250

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, 2013			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,204	38	808,862	810,105
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	–	4,182	–	4,182

(¥ thousand)

	As of February 28, 2014			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	–	38	846,610	846,648
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	–	3,595	–	3,595

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, 2014
Balance at beginning of period	808,862
Acquisition	58,000
Comprehensive income	
Profit (loss)	(152)
Disposal	(20,100)
Balance at end of period	846,610

9. Significant subsequent events

Impact of Tax Rate Change

In line with the abolition of the special corporate tax for reconstruction, a surtax for reconstruction funding after the Great East Japan Earthquake, by the revision of the Corporation Tax Act of 2014 promulgated on March 31, 2014, the normal effective statutory tax rate, which is a basis for calculating income taxes, for the fiscal year beginning on December 1, 2014 changed from previous 38.01% to 35.64%.

The impact of this change on deferred tax assets and liabilities are immaterial.

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 9, 2014

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation

Designated and Engagement Partner,
Certified Public Accountant:

Kazuma Shinohara (Seal)

Designated and Engagement Partner,
Certified Public Accountant:

Takashi Aikawa (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, 2013 to February 28, 2014) and the first three-month period (December 1, 2013 to February 28, 2014) of the fiscal year from December 1, 2013 to November 30, 2014.

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, 2014, 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

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* 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.

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.