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[Translation]

January 13, 2016

To whom it may concern

Tosei Corporation  
Toranomon Tosei Building, 4-2-3 Toranomon, Minato-ku, Tokyo  
President and CEO: Seiichiro Yamaguchi  
Securities code: 8923 (Tokyo Stock Exchange, First Section)  
S2D (Singapore Exchange, Mainboard)  
Contact: Director and CFO: Noboru Hirano  
TEL: +81-3-3435-2865

Notice Regarding the Establishment of a Subsidiary

Tosei Corporation (the “Company”) hereby announces that the establishment of the wholly owned Tosei Hotel Management Co., Ltd. was approved at the meeting of the Board of Directors held on January 13, 2016.

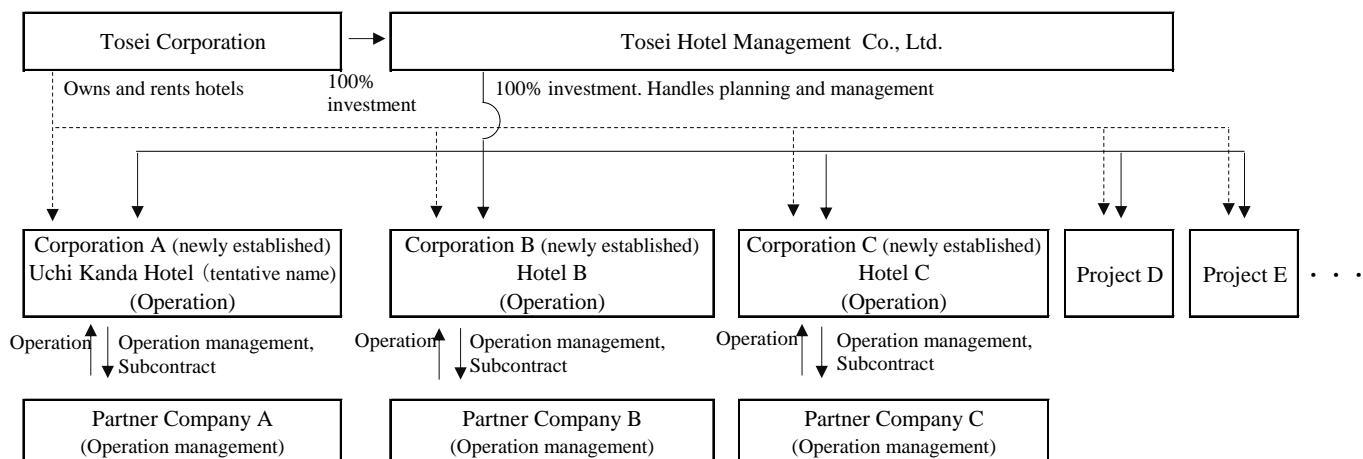
1. Purpose of the establishment

The Company has set “study and enter peripheral businesses” as a basic policy of the medium-term management plan “Advancing Together 2017.” To enter the hotel business, Tosei Hotel Management Co., Ltd. (hereinafter referred to as “Tosei Hotel Management”) is established to play a key role in the planning and management of this business. The hotel occupancy rate and ADR (Average Daily Rate) are expected to grow continuously and steadily due to the growth in the number of hotel guests of foreign tourists, as well as the increase in the demand for hotel rooms from domestic business and leisure customers. The Company has decided to enter the hotel sector mainly in the Tokyo area, taking advantage of the know-how and network cultivated in areas such as the Development Business, the Revitalization Business, and the Rental Business. In addition to the offices, commercial facilities, condominiums, and detached houses of the existing businesses, the Company will establish this new hotel business and expand its product line-up.

2. Company overview

- (1) Company name: Tosei Hotel Management Co., Ltd.
- (2) Location: Toranomon 4-2-3, Minato-ku, Tokyo
- (3) Representative director: Ichiro Kawabata (Executive Officer of Tosei Corporation)
- (4) Date of establishment: February 2016 (scheduled)
- (5) Capital: 10 million yen
- (6) Investment ratio: Wholly-owned by Tosei Corporation
- (7) Business areas: Hotel business planning, operation, and management

### 3. Overview of the basic scheme



- Tosei owns hotels through means such as hotel development, revitalization, and conversion. It rents these hotels to corporations.
  - Tosei Hotel Management invests in, plans, and operates the hotel corporations.
  - The newly established corporations rent and operate the hotels.
  - This basic scheme also includes the possible operation of hotels owned by third parties other than Tosei.
- \* This basic scheme is subject to change.

### 4. Future development

After establishment, Tosei Hotel Management will establish a corporation for each project and expand the hotel business. The Company has decided to develop a hotel on the business land in Kanda, Chiyoda-ku of Tokyo. Construction will start in 2016, aiming at opening of the hotel in the autumn of 2017. The prospects for the hotel business will be studied for real estate that has already been acquired and land that will be acquired in the future mainly in the Tokyo area.

### 5. Effect on the business

The impact of the subsidiary establishment on the consolidated operating results of the fiscal year ending November 2016 of the Company will be insignificant.