Summary of Consolidated Financial Statements for the First Three Months of the Fiscal Year Ending November 30, 2009

April 10, 2009

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan

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1. Consolidated Operating Results for the First Three Months of the Fiscal Year Ending November 30, 2009

(1) Revenues and Income

Note: All amounts are rounded down to the nearest million yen.
(Percentages represent change compared with the previous fiscal year.)

	Revenues		Operating income		Ordinary income		Net income	
	(¥ million)	Change (%)	(¥ million)	Change (%)	(¥ million)	Change (%)	(¥ million)	Change (%)
Three months ended February 28 , 2009	7,776	—	1,283	—	1,034	—	643	—
Three months ended February 29 , 2008	36,732	219.5	13,761	599.4	13,452	642.1	7,739	667.7

	Earnings per share	Earnings per share (diluted)
	(¥)	(¥)
Three months ended February 28 , 2009	1,707.78	—
Three months ended February 29 , 2008	20,538.51	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Book value per share (¥)
As of February 28, 2009	73,040	22,151	30.3	58,783.41
As of November 30, 2008	78,309	21,887	27.9	58,081.02

(Reference) Equity: As of February 28, 2009: ¥22,151 million (As of November 30, 2008: ¥21,887 million)

2. Dividends

	Dividends per share (¥)				
	First quarter	Second quarter	Third quarter	Year-end	Full year
Year ended November 30, 2008	—	—	—	1,000.00	1,000.00
Year ending November 30, 2009	—	—	—	—	—
Year ending November 30, 2009 (Projected)	—	—	—	500.00	500.00

3. Projected Results for the Fiscal Year Ending November 30, 2009 (December 1, 2008 – November 30, 2009)

(Percentages represent change compared with the same period of the previous fiscal year)

	Revenues		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Six months ending May 31, 2009	23,362	(40.7)	3,214	(76.6)	2,735	(79.2)	1,453	(81.6)	3,856.40
Year ending Nov. 30, 2009	42,829	(16.1)	4,147	(45.1)	3,004	(52.9)	1,881	(45.7)	4,991.55

4. Other

(1) Changes in major subsidiaries during the period (changes in specified subsidiaries due to change in the scope of consolidation and application of equity method): No

(2) Application of simplified accounting methods or methods specifically for the Quarterly Consolidated Financial Statements: Yes

（Note: Please refer to “Qualitative Information and Financial statements 4. Other” on page 5 for the details.）

(3) Changes in accounting rules, procedures, presentation method, etc. for the Consolidated Financial Statements

(a) Changes in consolidated accounting methods: Yes

(b) Changes other than (a) above: No

（Note: Please refer to “Qualitative Information and Financial statements 4. Other” on page 5 for the details.）

(4) Number of shares issued and outstanding (common stock)

(a) Number of shares issued and outstanding at end of period (including treasury stock):

Three months ended February 28, 2009: 376,840 shares　　Year ended November 30, 2008: 376,840 shares

(b) Treasury stock at end of period:

Three months ended February 28, 2009: — shares　　Year ended November 30, 2008: — shares

(c) Average number of issued shares:

Three months ended February 28, 2009: 376,840 shares　　Three months ended February 29, 2008: 376,840 shares

Note： Cautionary Remark Regarding Forward-Looking Statements

1. All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results may differ materially from these forecasts.
For assumptions used for projected results and notes regarding the use of such projections, please refer to “3. Qualitative Information Regarding Consolidated Performance Forecasts” in Qualitative Information and Financial statements on page 5.

2. Effective from the three months ended February 28, 2009, the Tosei Group has applied “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Additionally, the consolidated quarterly financial report is prepared based on the “Regulation for Consolidated Quarterly Financial Reporting.”

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results for the First Three Months of the Fiscal Year Ending November 30, 2009 (The Three Months Ended February 28, 2009)

During the three months ended February 28, 2009, the Japanese economy experienced further declines in corporate earnings because of factors including a slowdown in overseas economies and a decrease in exports due to the high yen. With the drastic decline in capital investment and sluggish consumer spending caused by deteriorating employment conditions and the poor income environment, business conditions in Japan are very likely to continue to worsen for the near term.

Tosei Corporation and its group companies (the Tosei Group) operate in the real estate industry, which has been effected by turmoil in financial markets. As of December 31, 2008, the balance of loans made by financial institutions in Japan for real estate industry was 13.9 percent of the total loan balance, a 0.7 point decease compared with the same period of the previous fiscal year. To counter the credit crunch, the government announced tax breaks and a financing program for the real estate industry at the end of 2008, but the business environment remains severe with consequences such as bankruptcies of domestic real estate companies.

In the real estate trading market, J-REITs, which have primarily driven the market with their sales and purchases of properties, purchased a total of 20 properties from December 2008 to February 2009, one-sixth of the number purchased in the same period of the previous fiscal year (source: private-sector survey).

In the market for condominium units for sale in the greater Tokyo area, 43,000 units were sold from January to December 2008, a decrease of 28.3 percent. The closing rate of condominium units for sale in the greater Tokyo area for February 2009 was 61.7 percent, the sixth consecutive month below 70 percent which provides an indication of peaks and troughs of the market, starting from September 2008. However, the number of unsold properties in inventories as of February 2009 was below 10,000 units for the first time in 15 months (source: private-sector survey). In addition, with sales price reductions by some traders and expectations of tax reductions for home loan mortgages, signs of change in consumer sentiment have appeared, including an increasing number of visitors to model rooms. Hopes are rising that the price of condominium units for sale is bottoming out.

In the market for securitized real estate, as of December 31, 2008, assets under management by J-REITs totaled ¥7.4 trillion and the balance of private funds including global funds, which have significant investments in Japan and other countries, was ¥15.8 trillion. The total real estate investment market in Japan was ¥23.2 trillion. Due to the deteriorating financing environment, purchases of real estate in Japan by domestic investors and global funds have been sluggish. As a result, total assets under management started to decline, decreasing ¥0.1 trillion compared with end of June 2008 (source: private-sector survey).

In the market for leased office space in Tokyo’s 23 wards, as of February 2009, the vacancy rate was 3.5 percent, a year-on-year increase of 1.6 percentage points. Primary factors included a slowdown in tenant relocation and integration and reduction of sales office subsidiaries driven by economic uncertainty (source: private-sector survey).

The property management market has become challenging, with intensifying cost competition and increasing industry reorganization where small and medium-sized companies become subsidiaries of major, more reputable companies through mergers and acquisitions (M&As).

In the M&A market, the number of M&A transactions in Japan from January through December 2008 decreased 11 percent from the same period a year earlier to 2,399 due to the impact of the global financial crisis, but the total value of transactions was essentially unchanged at ¥12.4 trillion. Meanwhile, the scale of takeovers of foreign companies by Japanese companies is growing. The value of such transactions increased a significant 2.6 times to ¥7.4 trillion from the same period a year earlier (source: private sector survey).

In this operating environment, the Tosei Group focused on enhancing the soundness of operations, and promoted sales of inventories, which have recovered a certain amount of liquidity due to early adoption of the new Accounting Standard for Measurement of Inventories (the LCM method) in the previous quarter. In addition, the Group focused on the rental business and fee businesses in the fund and property management businesses, which generate stable income.

As a result, in the three months ended February 28, 2009, consolidated revenues were ¥7,776 million, a decrease of 78.8 percent compared with the same period of the previous fiscal year, operating income was ¥1,283 million, a decrease of 90.7 percent, ordinary income was ¥1,034 million, a decrease of 92.3 percent, and net income was ¥643

million, a decrease of 91.7 percent.

Segment results were as follows.

Revitalization Business

During the three months ended February 28, 2009, the Tosei Group sold nine properties it had revitalized, including the Kokugikan-mae Tosei Building (Sumida Ward, Tokyo) and the Nakano Togi Building (Nakano Ward, Tokyo). As a result, segment revenues were ¥4,751 million, a decrease of 85.1 percent compared with the same period of the previous fiscal year. Moreover, Tosei decided to adopt the new LCM method for some properties, and wrote them down by ¥232 million. As a result, segment operating income was ¥794 million, a decrease of 93.9 percent.

Development Business

During the three months ended February 28, 2009, the development business sold a rental building: T's BRIGHTIA Kichijoji (Musashino City, Tokyo). The Tosei Group also sold a total of eight condominium units in Tokyo at "THE Palms Ota Chuo" in Ota Ward and THE Palms Takenotsuka (Adachi Ward, Tokyo). As a result, segment revenues were ¥1,273 million, a decrease of 46.6 percent compared with the same period of the previous fiscal year and segment operating income was ¥244 million, a decrease of 29.7 percent.

Rental Business

During the three months ended February 28, 2009, occupancy rates at rental units in current assets and fixed assets remained high. As a result, segment revenues increased 6.3 percent compared with the same period of the previous fiscal year to ¥885 million, and segment operating income increased 11.1 percent to ¥481 million.

Fund Business

During the three months ended February 28, 2009, assets under management increased steadily but acquisition fees, which the Tosei Group receives as payments at the time of acquiring properties, decreased significantly from the same period of the previous fiscal year. Consequently, segment revenues decreased 38.1 percent to ¥190 million and segment operating income decreased 80.1 percent to ¥35 million.

As of February 28, 2009, assets under management totaled ¥166,906 million.

Property Management Business

During the three months ended February 28, 2009, changes in building ownership resulted in contract cancellations in the office building management business. However, as a result of efforts to conclude new contracts, the Tosei Group managed 303 properties as of January 31, 2009, including office buildings and parking lots. In the condominium management business, the Group managed 167 properties as of January 31, 2009, including condominium properties for which other companies are selling the units and new contracts to manage rental condominiums.

As a result, the number of managed properties increased by 29 from the same period of the previous fiscal year to 470. However, segment revenues decreased 15.5 percent to ¥616 million due to a decrease in orders including for repairs while segment operating income increased 30.2 percent to ¥76 million.

Alternative Investment Business

During the three months ended February 28, 2009, in the real-estate collateralized loan business, the Tosei Group focused on collection of debt and leasing activities for income-producing properties acquired through like-kind exchanges. In the real estate M&A business, the Group conducted ongoing sales activities that propose the best use of the properties it owns. As a result, segment revenues included revenues from debt collection and interest income, as well as other income including rental income from real estate acquired through like-kind exchanges.

Consequently, segment revenues were ¥59 million, a decrease of 88.1 percent compared with the same period of the previous fiscal year, and segment operating income was ¥39 million, a decrease of 66.7 percent.

2. Qualitative Information Regarding Consolidated Financial Position

1) Assets, Liabilities and Net Assets as of February 28, 2009

Total assets as of February 28, 2009 were ¥73,040 million, a decrease of ¥5,269 million from the end of the previous fiscal year. Primary factors included a decrease in inventories as a result of sales of properties in the revitalization and development businesses.

Total liabilities decreased ¥5,533 million to ¥50,888 million. Primary factors included a decrease in short-term borrowings due to progress in the sale of properties.

Net assets increased ¥264 million to ¥22,151 million. Primary factors included an increase in retained earnings and payment of dividends.

2) Cash Flows for the Three Months ended February, 28, 2009

Cash and cash equivalents as of February 28, 2009 totaled ¥5,545 million, a decrease of ¥1,808 million from the end of the previous fiscal year. Primary factors included income before taxes of ¥1,034 million, a decrease in inventories resulting from steady progress of sales of properties in the revitalization and development businesses, and repayment of loans from financial institutions in conjunction with the sale of properties.

3. Qualitative Information Regarding the Consolidated Performance Forecasts

The performance forecasts for the first six months of the fiscal year ending November 30, 2009 remain as announced in the “Notice of Performance Forecast Revisions” on March 31, 2009. The performance forecasts for the fiscal year ending November 30, 2009 remain as announced on January 13, 2009.

4. Other

(1) Changes in major subsidiaries during the period (changes in specified subsidiaries due to change in the scope of consolidation and application of equity method): No

(2) Application of simplified accounting methods or methods specifically for the Quarterly Consolidated Financial Statements

(a) Valuation of inventories

The carrying value of inventories is reduced to estimated net selling value only where there is an obvious decrease in profitability.

(b) Method of calculating corporation taxes, deferred tax assets and deferred tax liabilities

The calculation of corporation income taxes is limited to significant taxable or tax-exempt items. Judgments regarding the recoverability of deferred tax assets have been made based on methods using performance projections and tax planning applied in the previous fiscal year because The Tosei Group has confirmed that there have been no significant changes in the business environment or temporary differences since the end of the previous fiscal year.

(3) Changes in accounting rules, procedures, presentation method, etc. for the Quarterly Consolidated Financial Statements

Effective from the three months ended February 28, 2009, the Tosei Group has applied “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Additionally, the consolidated quarterly financial report is prepared based on the “Regulation for Consolidated Quarterly Financial Reporting.”

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen, rounded down to the nearest thousand)

	As of February 28, 2009	As of November 30, 2008 (Audited)
ASSETS		
Current assets		
Cash and deposits	6,095,771	7,704,299
Notes and accounts receivable	470,584	407,937
Marketable securities	20,000	20,000
Real estate for sale	30,255,995	30,060,521
Real estate for sale in progress	19,358,692	23,379,723
Purchased receivables	144,920	151,375
Other	2,998,753	3,337,614
Less allowance for doubtful accounts	(15,389)	(9,617)
Total current assets	59,329,328	65,051,855
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,892,223	4,691,229
Less accumulated depreciation	(843,236)	(814,095)
Buildings and structures (net)	4,048,986	3,877,133
Land	8,837,870	8,603,547
Construction in progress	2,130	1,377
Other	139,478	138,636
Less accumulated depreciation	(84,224)	(78,619)
Other (net)	55,253	60,016
Total tangible fixed assets	12,944,240	12,542,075
Intangible fixed assets		
Other	118,786	126,409
Total intangible fixed assets	118,786	126,409
Investments and other assets	648,058	589,158
Total fixed assets	13,711,085	13,257,643
Total assets	73,040,413	78,309,499

	As of February 28, 2009	As of November 30, 2008 (Audited)
LIABILITIES		
Current liabilities		
Notes and accounts payable	576,620	641,836
Short-term borrowings	1,382,000	1,029,000
Bonds due within one year	262,000	274,000
Long-term debt due within one year	21,380,610	24,466,398
Income tax payable	2,464,642	3,118,478
Accrued bonuses to employees	85,337	109,327
Other	1,654,887	1,908,306
Total current liabilities	27,806,098	31,547,347
Long-term liabilities		
Long-term debt	20,065,786	21,861,948
Accrued severance costs	69,484	64,549
Accrued retirement benefits to officers	252,643	246,387
Negative goodwill	5,634	6,314
Other	2,688,825	2,695,702
Total long-term liabilities	23,082,375	24,874,902
Total liabilities	50,888,473	56,422,249
NET ASSETS		
Shareholders' equity		
Common stock	4,148,020	4,148,020
Additional paid-in capital	4,231,495	4,231,495
Retained earnings	13,773,659	13,506,939
Total shareholders' equity	22,153,175	21,886,454
Valuation, foreign currency and other adjustments		
Unrealized gain (loss) on securities	(1,235)	794
Total valuation, foreign currency and other adjustments	(1,235)	794
Total net assets	22,151,940	21,887,249
Total liabilities and net assets	73,040,413	78,309,499

(2) Quarterly Consolidated Statements of Operations

(Thousands of yen, rounded down to the nearest thousand)

	Three months ended February 28, 2009
Revenues	7,776,336
Cost of revenues	5,720,935
Gross profit	2,055,400
Selling, general and administrative expenses	772,149
Operating income	1,283,251
Non-operating income	
Interest income	5,338
Dividend income	647
Amortization of negative goodwill	679
Other	3,683
Total non-operating income	10,349
Non-operating expenses	
Interest expenses	257,157
Interest on bonds	1,251
Other	502
Total non-operating expenses	258,911
Ordinary income	1,034,689
Extraordinary losses	
Write-down of investment securities	456
Total extraordinary losses	456
Income before income taxes	1,034,233
Current income taxes	9,540
Refund of income taxes for prior periods	(29,206)
Deferred income taxes	410,338
Total income taxes	390,672
Net income	643,560

(3) Consolidated Statements of Cash Flows

(Thousands of yen, rounded down to the nearest thousand)

	Three months ended February 28, 2009
Cash flows from operating activities	
Income before income taxes	1,034,233
Depreciation	106,539
Decrease in allowances	(8,443)
Interest and dividend income	(5,986)
Interest expenses	258,409
Loss on write-down of investment securities	456
Increase in notes and accounts receivable	(62,646)
Decrease in inventories	3,343,051
Decrease in notes and accounts payable	(65,216)
Decrease in accrued consumption tax	(145,336)
Decrease in deposits and guarantee money received	(7,581)
Other	(220,154)
Subtotal	4,227,323
Receipts of interest and dividends	6,416
Payments of interest	(254,493)
Payments of income taxes	(640,771)
Net cash provided by operating activities	3,338,474
Cash flows from investing activities	
Increase in time deposits	(200,000)
Purchases of tangible fixed assets	(17,691)
Purchases of intangible assets	(987)
Payment of loan receivables	(100,160)
Other	5,385
Net cash used in investing activities	(313,452)
Cash flows from financing activities	
Net increase in short-term borrowings	353,000
Proceeds from long-term debt	1,029,000
Repayments of long-term debt	(5,910,948)
Redemption of bonds	(12,000)
Cash dividends paid	(292,601)
Net cash used in financing activities	(4,833,549)
Net decrease in cash and cash equivalents	(1,808,528)
Cash and cash equivalents at beginning of the period	7,354,299
Cash and cash equivalents at end of the period	5,545,771

Effective from the three months ended February 28, 2009, the Tosei Group has applied "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). Additionally, the consolidated quarterly financial report is prepared based on the "Regulation for Consolidated Quarterly Financial Reporting."

(4) Notes on Going-Concern Assumption

None

(5) Segment Information

(a) Business Segment Information

Three months ended February 28, 2009 (December 1, 2008 to February 28, 2009)

(Thousands of yen, rounded down to the nearest thousand)

	Revitalization Business	Development Business	Rental Business	Fund Business	Property Management Business	Alternative Investment Business	Total	Elimination or Corporate	Consolidated
Revenues									
Outside Customers	4,751,478	1,273,197	885,006	190,885	616,009	59,758	7,776,336	—	7,776,336
Inter-segment	—	—	10,979	—	135,361	441,278	587,619	(587,619)	—
Total	4,751,478	1,273,197	895,985	190,885	751,370	501,037	8,363,956	(587,619)	7,776,336
Operating Income	794,025	244,278	481,392	35,387	76,035	39,039	1,670,159	(386,907)	1,283,251

(Notes)

1. Businesses are based on the classifications used by internal management.
2. Principal Business in Each Segment

Segment	Principal Business
Revitalization Business	The Tosei Group acquires office buildings, commercial facilities, rental condominiums and other properties whose asset value has declined, increases their value through "value-up plans" that best match local characteristics and tenant needs, and resells them to investors, real estate funds, and individual end-users as revitalized real estate .
Development Business	In the 23 wards of Tokyo, the Tosei Group's primary operating area, the Group studies factors relating to properties it purchases including local area and site characteristics, use, demand, rent levels and selling prices to maximize their value through development and new construction before selling them to investors, real estate funds, end-users and other customers.
Rental Business	The Tosei Group owns office buildings, residential and commercial properties, and parking lots primarily in the 23 wards of Tokyo, which it rents to end-users. By gathering information on tenants' needs, it enhances "value-up plans" in the revitalization business and improves asset management capabilities in the fund business.

Fund Business	In the fund business, the Tosei Group operates as a Type 2 Financial Instrument Business, as well as an advisor and agency, as defined by the Financial Instruments and Exchange Law. It structures real estate funds with investor participation, for which the Tosei Group locates, surveys and provides other services for properties that match investor needs. It also provides funds with advice on the purchase, ownership and disposal of properties.
Property Management Business	The Tosei Group provides comprehensive property management to meet a variety of real estate needs, including administration, facility management, cleaning and security for condominium complexes and office buildings and facilities, specialized building and utilities repair work for units in condominiums complexes and office buildings, and office interior renovation contracting.
Alternative Investment Business	The Tosei Group invests in the real-estate collateralized loans and collects debt or acquires mortgaged properties as payment in kind. It also acquires properties through M&As of companies with real estate holdings and other companies associated with real estate and applies the Group's know-how to increase the value of acquired properties before selling them.

(b) Geographic segment information

Three months ended February 28, 2009 (December 1, 2008 to February 28, 2009)

Geographical segment information is omitted because the Tosei Group does not have any consolidated subsidiaries or offices in countries or regions other than Japan.

(c) Overseas sales

Three months ended February 28, 2009 (December 1, 2008 to February 28, 2009)

Overseas sales information is omitted because the Tosei Group has no overseas sales.

(6) Significant Changes in Shareholders' Equity

None