This is an English translation of the official announcement in Japanese that was released on April 5, 2017. 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 First Three Months of the Fiscal Year Ending November 30, 2017
<IFRS>

April 5, 2017

Company name: Tosei Corporation Stock listing: TSE / SGX
Securities code number: 8923 / S2D
Representative: Seiichiro Yamaguchi, President and CEO URL: https://www.toseicorp.co.jp/english/
Contact: Noboru Hirano, Director and CFO Phone: +81-3-3435-2865
Submission of Quarterly Securities Report (Shihanki-Houkokusho): April 10, 2017 (scheduled)
Commencement of dividend payments: —
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: No

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

1. Consolidated Financial Results for the Three Months Ended February 28, 2017 (December 1, 2016 – February 28, 2017)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Three months ended February 28, 2017	14,677	8.5	3,828	(7.3)	3,658	(6.5)	2,500	(4.2)
Three months ended February 29, 2016	13,527	17.4	4,127	74.5	3,914	78.7	2,611	87.8

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Three months ended February 28, 2017	2,500	(4.2)	2,528	(2.4)	51.79	–
Three months ended February 29, 2016	2,611	87.8	2,589	73.0	54.08	–

(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
	(¥ million)	(¥ million)	(¥ million)	(%)
As of February 28, 2017	120,715	42,487	42,487	35.2
As of November 30, 2016	121,276	41,010	41,010	33.8

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended November 30, 2016	–	0.00	–	22.00	22.00
Fiscal year ending November 30, 2017	–				
Fiscal year ending November 30, 2017 (Forecast)		0.00	–	25.00	25.00

Note: Revision to the most recently released dividend forecasts: No

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2017 (December 1, 2016 – November 30, 2017)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal year ending November 30, 2017	69,268	39.0	10,008	7.8	9,001	6.5	5,926	6.8	122.75

Note: Revision to the most recently released earnings forecasts: No

*** Notes**

(1) Changes in significant subsidiaries during the period
(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 due to other reasons: No
(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

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

As of February 28, 2017	48,284,000 shares
As of November 30, 2016	48,284,000 shares

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

As of February 28, 2017	–
As of November 30, 2016	–

(c) Average number of outstanding shares during the period (cumulative)

Three months ended February 28, 2017	48,284,000 shares
Three months ended February 29, 2016	48,284,000 shares

* Information on implementation of quarterly review procedures

This quarterly financial results report is exempt from quarterly review procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Proper use of earnings forecasts and other notes

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. Qualitative Information on Quarterly Consolidated Financial Performance (3) Qualitative Information on Consolidated Earnings Forecasts" on page 6 of the attached materials.

Contents of Attached Materials

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

During the three months ended February 28, 2017, the Japanese economy remained on a moderate recovery track. There was firm personal consumption supported by an improving employment and income environment in Japan, and signs of recovery in exports against a backdrop of improving overseas economies. Although it is necessary to keep in mind the impact of the uncertainty surrounding overseas economies and volatility in financial and capital markets, the moderate recovery is expected to continue going forward.

In the real estate industry where Tosei Group operates, domestic real estate transactions by listed companies and other such entities from January 2016 to December 2016 decreased 7.4% year on year to ¥4.0131 trillion, against a backdrop of investors' reluctance to invest due to the decline in the number of properties circulating in the market and the surge in real estate prices. However, transactions are expected to increase going forward as investors' desire to acquire property remains strong due to a favorable financing environment (according to a survey by a private research institution).

In the Tokyo metropolitan area condominium market, the number of units sold in 2016 fell 11.6% year on year to just over 35,000, falling below 40,000 for the first time in seven years. Although the average sales price decreased 0.5% year on year to ¥54.9 million per unit, the price per m2 for private areas increased 1.8% year on year to ¥793,000 following the impact of persistently high building costs and the surge in land acquisition prices. In projections by a private research institution, the number of units sold in 2017 is forecast to increase 6.2% year on year to 38,000.

In the Tokyo metropolitan area build-for-sale detached house market, housing starts for 2016 rose 6.9% year on year to 60,712. There is strong demand for detached housing, which is relatively inexpensive compared to condominium prices, and housing starts recovered to the 60,000 unit level for the first time in three years (according to the Ministry of Land, Infrastructure, Transport and Tourism data).

In the office leasing market of Tokyo's five business wards, there is strong office expansion and relocation demand backed by an improvement in corporate earnings, and the vacancy rate remains below 4% while there is an ongoing trend of gradually increasing rents. The vacancy rate in January 2017 declined 0.27 percentage points year on year to 3.74%, and the average asking rent was ¥18,582 per tsubo (1 tsubo = 3.3m2), a 4.5% increase of ¥792 year on year (according to a survey by a private research institution).

In the real estate securitization market, even amidst a trend of declining real estate transactions in Japan, properties were proactively acquired through J-REITs and J-REIT acquisitions in 2016 increased 10.8% year on year to ¥1.7692 trillion, the third-highest level ever. As of January 31, 2017, the total value of assets under management in the J-REIT market (acquisition cost base) increased 11.2% year on year to ¥15.5683 trillion, and the J-REIT market is continuing to expand (according to a survey by a private research institution).

Amid this operating environment, in the Revitalization Business, the Tosei Group made steady progress in selling assets such as income-generating office buildings and apartments, while in the Development Business, the Group pushed ahead with sales 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 three months ended February 28, 2017 totaled ¥14,677 million (up 8.5% year on year), operating profit was ¥3,828 million (down 7.3%), profit before tax was ¥3,658 million (down 6.5%), and profit for the period was ¥2,500 million (down 4.2%).

Performance by business segment is shown below.

Revitalization Business

During the three months ended February 28, 2017, the segment sold 25 properties it had renovated, including Onoecho 6-chome Building (Yokohama-shi, Kanagawa), Kishino Building (Toshimaku-ku, Tokyo), NOUER Nakamachidai (Yokohama-shi, Kanagawa) and Demeure Sagamihara (Sagamihara-shi, Kanagawa). In addition, the segment sold 11 units in the Restyling Business, including Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa), Hilltop Yokohama Higashi Terao (Yokohama-shi, Kanagawa) and Renai Kamakura Ueki (Kamakura-shi, Kanagawa).

During the three months ended February 28, 2017, it also acquired a total of four income-generating office buildings and apartments and one land lot for renovation and sales purposes.

As a result, revenue in this segment was ¥10,939 million (up 363.4% year on year) and the segment

profit was ¥3,417 million (up 1,775.3%).

Development Business

During the three months ended February 28, 2017, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 24 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 Machida Turukawa (Machida-shi, Tokyo).

During the three months ended February 28, 2017, it also acquired one land lot for hotel project, one land lot for condominium project and land lot for 11 detached houses.

As a result, revenue in this segment was ¥969million (down 88.9% year on year) and the segment loss was ¥173 million (in comparison with segment profit of ¥3,580 million in the same period of the previous fiscal year).

During the three months ended February 28, 2017, all the segment revenue came from detached houses sale. On the other hand, in the same period of the previous fiscal year the segment sold two commercial facilities. For this reason, the segment revenue and profit decreased.

Rental Business

During the three months ended February 28, 2017, while the segment sold 14 buildings of its inventory assets held for leasing purposes, it newly acquired one apartment. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its existing non-current assets and inventory assets.

As a result, revenue in this segment was ¥1,471 million (up 33.7% year on year) and the segment profit was ¥660 million (up 43.1%).

Fund and Consulting Business

During the three months ended February 28, 2017, while ¥11,061 million was subtracted from the balance of assets under management (Note), due mainly to property dispositions by funds, ¥29,465 million was added to the balance of Assets under management ¥448,186 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 February 28, 2017, was ¥466,589 million. The acquisition of such large project contracts increased asset management fees and contributed to revenue.

As a result, revenue in this segment was ¥468 million (down 16.7% year on year) and the segment profit was ¥159 million (down 24.0%).

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

Property Management Business

During the three months ended February 28, 2017, the number of properties under management increased as a result of efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 599 as of February 28, 2017, an increase of 18 from February 29, 2016, with the total comprising 378 office buildings, hotels, schools and other such properties, and 221 condominiums and apartments.

As a result, revenue in this segment was ¥828 million (up 29.0% year on year) and segment profit was ¥75 million (up 170.6%).

Other

For the three months ended February 28, 2017, there were no revenue in this segment (in comparison with segment revenue of ¥136 million in the same period of the previous fiscal year) and the segment profit was ¥0 (in comparison with segment loss of ¥1 million in the same period of the previous fiscal year).

(2) Qualitative Information Regarding Consolidated Financial Positions

1. Financial Positions

As of February 28, 2017, total assets were ¥120,715 million, a decrease of ¥561 million compared with November 30, 2016, while total liabilities were ¥78,227 million, a decrease of ¥2,038 million. This was primarily due to a decrease in inventories resulting from sale of properties exceeding purchase of properties in the Revitalization Business and Development Business, a decrease in borrowings from financial institutions accompanying such property acquisitions and decreases in accrued income tax.

Total equity increased by ¥1,477 million to ¥42,487 million, mainly due to an increase in retained earnings and payment of cash dividends.

2. Cash Flows

Cash and cash equivalents (hereinafter "cash") as of February 28, 2017 totaled ¥21,529 million, down ¥110 million compared with November 30, 2016.
The cash flows for the three months ended February 28, 2017 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥1,779 million (net cash used in operating activities totaled ¥3,450 million in the same period of the previous fiscal year). This is mainly due to profit before tax of ¥3,658 million and income taxes paid of ¥2,155 million.

Cash Flows from Investing Activities

Net cash provided by investing activities totaled ¥61 million (up 503.3% year on year). This is primarily due to proceeds from withdrawal of time deposits ¥95 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥1,952 million (net cash provided by financing activities totaled ¥4,876 million in the same period of the previous fiscal year)This mainly reflects ¥8,742 million in the repayments of non-current borrowings and ¥1,009 million in cash dividends paid, despite ¥7,981 million in proceeds from non-current borrowings.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

The business results during the three months ended February 28, 2017 basically remained stable as planned and there is no change on the full-year consolidated earnings forecasts, announced on January 11, 2017.

The forward-looking statements contained in these materials, including forecasts of the future performance, are based on the information available to the Company as of the date of announcement and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ from these forecasts due to various factors.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

No item to report.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

No item to report.

3. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(¥ thousand)

	As of November 30, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and cash equivalents	21,640,866	21,529,928
Trade and other receivables	3,531,880	3,969,805
Inventories	67,298,309	66,707,794
Other current assets	121,444	27,108
Total current assets	92,592,501	92,234,637
Non-current assets		
Property, plant and equipment	3,595,898	3,560,522
Investment properties	21,728,740	21,819,727
Intangible assets	96,612	89,309
Available-for-sale financial assets	1,441,167	1,371,074
Trade and other receivables	1,235,065	1,178,750
Deferred tax assets	557,392	432,290
Other non-current assets	28,914	28,914
Total non-current assets	28,683,790	28,480,589
Total assets	121,276,292	120,715,227
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,955,289	3,572,046
Borrowings	9,387,249	6,207,196
Current income tax liabilities	1,859,183	718,950
Provisions	450,030	158,178
Total current liabilities	14,651,752	10,656,372
Non-current liabilities		
Trade and other payables	4,349,965	3,924,817
Borrowings	60,772,064	63,204,074
Retirement benefits obligations	413,376	423,102
Provisions	79,049	19,086
Total non-current liabilities	65,614,455	67,571,080
Total Liabilities	80,266,208	78,227,452
Equity		
Share capital	6,421,392	6,421,392
Capital reserves	6,418,823	6,430,024
Retained earnings	28,120,304	29,558,628
Other components of equity	49,562	77,729
Total equity	41,010,083	42,487,774
Total liabilities and equity	121,276,292	120,715,227

(2) Condensed Consolidated Statement of Comprehensive Income

(¥ thousand)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Revenue	13,527,209	14,677,393
Cost of revenue	7,346,946	9,187,899
Gross profit	6,180,262	5,489,493
Selling, general and administrative expenses	2,137,822	1,791,178
Other income	130,191	147,287
Other expenses	45,130	17,581
Operating profit	4,127,501	3,828,021
Finance income	30,491	32,853
Finance costs	243,181	202,091
Profit before tax	3,914,810	3,658,783
Income tax expense	1,303,514	1,158,212
Profit for the period	2,611,296	2,500,571
Other comprehensive income		
Items that may be transferred to net profit or loss		
Exchange differences on translation of foreign operations	(19,602)	286
Net change in fair values of available-for-sale financial assets	(606)	16,225
Net change in fair values of cash flow hedges	(1,257)	11,655
Subtotal	(21,466)	28,166
Other comprehensive income for the period, net of tax	(21,466)	28,166
Total comprehensive income for the period	2,589,830	2,528,738
Profit attributable to:		
Owners of the parent	2,611,296	2,500,571
Total comprehensive income attributable to:		
Owners of the parent	2,589,830	2,528,738
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	54.08	51.79
Diluted earnings per share (yen)	–	–

(3) Condensed Consolidated Statement of Changes in Equity

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

(¥ thousand)

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

Three months ended February 28, 2017 (December 1, 2016 – February 28, 2017)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2016	6,421,392	6,418,823	28,120,304	49,562	41,010,083
Profit for the period	—	—	2,500,571	—	2,500,571
Other comprehensive income	—	—	—	28,166	28,166
Total comprehensive income for the period	—	—	2,500,571	28,166	2,528,738
Dividends of surplus	—	—	(1,062,248)	—	(1,062,248)
Share-based payment	—	11,200	—	—	11,200
Balance at February 28, 2017	6,421,392	6,430,024	29,558,628	77,729	42,487,774

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Cash flows from operating activities		
Profit before tax	3,914,810	3,658,783
Depreciation expense	75,469	94,280
Increase (decrease) in provisions and retirement benefits obligations	(191,893)	(267,470)
Interest and dividend income	(30,491)	(32,853)
Interest expenses	243,181	202,091
Gain on sales of stocks of subsidiaries and affiliates	—	(123,505)
Loss on retirement of property, plant and equipment	4,308	—
Decrease (increase) in trade and other receivables	923,839	89,352
Decrease (increase) in inventories	(7,785,042)	609,676
Increase (decrease) in trade and other payables	590,861	(345,820)
Other, net	(55,792)	17,645
Subtotal	(2,310,747)	3,902,180
Interest and dividend income received	30,490	32,852
Income taxes paid	(1,169,929)	(2,155,586)
Net cash from (used in) operating activities	(3,450,186)	1,779,446
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	95,000
Purchase of property, plant and equipment	(9,301)	(1,424)
Purchase of investment properties	(8,846)	(162,150)
Purchase of intangible assets	(2,740)	(285)
Purchase of available-for-sale financial assets	(70)	—
Collection of available-for-sale financial assets	—	7,153
Proceeds from sales of available-for-sale financial assets	—	84,071
Collection of loans receivable	18	18
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	31,150	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	39,328
Other, net	18	—
Net cash from (used in) investing activities	10,229	61,711
Cash flows from financing activities		
Net increase (decrease) in current borrowings	283,700	35,200
Proceeds from non-current borrowings	11,383,000	7,981,000
Repayments of non-current borrowings	(5,769,397)	(8,742,029)
Cash dividends paid	(772,816)	(1,009,932)
Interest expenses paid	(246,458)	(215,718)
Other, net	(1,701)	(913)
Net cash from (used in) financing activities	4,876,325	(1,952,393)
Net increase (decrease) in cash and cash equivalents	1,436,367	(111,235)
Cash and cash equivalents at beginning of period	18,791,081	21,640,866
Effect of exchange rate change on cash and cash equivalents	(5,465)	297
Cash and cash equivalents at end of period	20,221,983	21,529,928

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes to Condensed Quarterly Consolidated Financial Statements

1. Segment Information

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

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

Three months ended February 29, 2016

(December 1, 2015 – February 29, 2016)

(¥ thousand)

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

Three months ended February 28, 2017

(December 1, 2016 – February 28, 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	10,939,298	969,058	1,471,596	468,943	828,497	–	–	14,677,393
Intersegment revenue	–	–	10,780	16,118	286,813	–	(313,712)	–
Total	10,939,298	969,058	1,482,376	485,061	1,115,311	–	(313,712)	14,677,393
Segment profit or loss	3,417,519	(173,472)	660,837	159,698	75,813	555	(312,931)	3,828,021
Finance income/costs, net								(169,237)
Profit before tax								3,658,783

2. Dividends

Dividends paid in the three months ended February 29, 2016 and February 28, 2017are as follows:

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

Three months ended February 28, 2017				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 24, 2017	22	1,062,248	November 30, 2016	February 27, 2017

3. Earnings per Share

	Three months ended February 29, 2016	Three months ended February 28, 2017
Profit attributable to owners of the parent (¥ thousand)	2,611,296	2,500,571
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	54.08	51.79

Notes: 1. Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of ordinary shares outstanding during the reporting period.

2. Diluted earnings per share are not presented because there were no potential shares that have dilutive effects.

(7) Notes on Significant Subsequent Events

No item to report.