



[Translation]

December 20, 2013

To Whom It May Concern

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### **Notice Regarding Launch of First Semi-governmental Real Estate Fund Aimed at Promoting Creation of Sustainable and Energy-Efficient Real Estate**

Tosei Corporation (the “Company”) hereby announces that Tosei Asset Advisors, Inc. (“TAA”), a wholly-owned subsidiary of the Company, has been selected as a manager of the first semi-governmental real estate fund (the “New Fund”) launched in the business developed for the purpose of promoting the quake-resistant and energy-efficient real estate as a part of the government’s economic stimulus package. The business is operated by Kankyofudosan Fukyu Sokushin Kikou, the general incorporated association organized for Real Estate Sustainability & Energy-Efficiency Diffusion (“Re-Seed”).

The Company also announces that TAA as a fund manager had jointly formed an investment limited partnership (“LPS”) with the Re-Seed and the Company and made an investment in the New Fund through LPS yesterday, and today, the New Fund completed acquisition of property.

#### **1. Business to Promote Creation of Quake-resistant and Energy-efficient Real Estate**

The business, promoted by the Ministry of Land, Infrastructure, Transport and Tourism as well as the Ministry of the Environment, was developed to contribute to the regeneration/vitalization of the local areas and to promote community development and global warming countermeasure.

The government intends to utilize the funds and expertise of private companies by supplying risk-free money to stimulate their investments in the aged/ unoccupied properties in the market, in an effort to promote the creation of real estate with quake-resistant and energy-efficient functions.

#### **2. Background of the Fund Establishment**

Tosei Group has proactively been implementing the installation of rooftop gardens since 2006, and in 2009, it declared its intention “Tosei Group Eco Declaration” to enhance its corporate activities to protect the natural environments. Based on the Eco Declaration, the Group has been focusing on renovation and development of the wide range of environment-friendly properties, as seen in some efforts such as providing sky gardens, developing office buildings with environmentally-friendly features which received a CASBEE A rank, as well as launching the Restyling Business under which the Groups renovates and resells pre-occupied condominium units.

In appointing TAA as a manager of the New Fund, the Re-Seed concluded that the operation scheme proposed by the Group, which fully reflects proven performance and expertise of Tosei, matches with the concept of their business and that the transaction execution capability of TAA as an investment management business operator meets its criteria.

### **3. Outline of the New Fund**

The business operated by Re-Seed requires the funds to carry out the seismic retrofitting of existing buildings or to undertake the renovation, reconstruction, and/or development of certain sized properties, through which the environmental performance of buildings can be increased.

The New Fund, launched as the first case in the said business, will place an operating office and housing complex of a certain age profile located in Tokyo (“Qualifying Property”) and renovate it so as to reduce its energy use by approximately 15% (“Energy-saving Renovation”) before actually putting under its management.

Through its Energy-saving Renovation, the Company will transform the Qualifying Property into environmentally friendly real estate while adding new values to them. The operation scheme of the New Fund is in line with what is described in the website of Re-Seed. (<http://www.re-seed.or.jp/>)

The Tosei Group will continue to actively promote the establishment of such funds to follow after the New Fund, with an aim at property renovation and development that will lead to the higher performance of quake-resistant and energy-efficient real estate.

### **4. Future Outlook**

The proceeds from this transaction will be included in the performance forecast for the full-year ending November 30, 2014, which will be announced on January 14, 2014.

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