

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended November 30, 2014	(¥) –	(¥) 0.00	(¥) –	(¥) 12.00	(¥) 12.00
Fiscal year ending November 30, 2015	–	–	–	–	–
Fiscal year ending November 30, 2015 (Forecast)	–	0.00	–	14.00	14.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2015 (December 1, 2014 – November 30, 2015)

(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, 2015	56,425	12.9	6,000	7.9	5,042	8.1	3,258	13.4	67.48

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: Yes
 - (b) Changes in accounting policies due to other reasons: No
 - (c) Changes in accounting estimates: No

Note: For details, please refer to “2. Matters Related to Summary Information (Notes) (2) Changes in Accounting Policies and Changes in Accounting Estimates” on page 8 of the attached materials.

(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, 2015	48,284,000 shares
As of November 30, 2014	48,284,000 shares

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

As of February 28, 2015	–
As of November 30, 2014	–

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

Three months ended February 28, 2015	48,284,000 shares
Three months ended February 28, 2014	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 7 of the attached materials.

○ **Contents of Attached Materials**

1. Qualitative Information on Quarterly Consolidated Financial Performance.....	5
(1) Qualitative Information Regarding Consolidated Operating Results.....	5
(2) Qualitative Information Regarding Consolidated Financial Positions.....	7
(3) Qualitative Information Regarding Consolidated Earnings Forecasts	7
2. Matters Related to Summary Information (Notes)	8
(1) Changes in Significant Subsidiaries during the Period	8
(2) Changes in Accounting Policies and Changes in Accounting Estimates	8
3. Condensed Quarterly Consolidated Financial Statements	9
(1) Condensed Consolidated Statement of Financial Position.....	9
(2) Condensed Consolidated Statement of Comprehensive Income.....	10
(3) Condensed Consolidated Statement of Changes in Equity	11
(4) Condensed Consolidated Statement of Cash Flows.....	12
(5) Notes on Going Concern Assumption.....	13
(6) Notes to Condensed Quarterly Consolidated Financial Statements.....	13
(7) Notes on Significant Subsequent Events.....	14

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

During the three months ended February 28, 2015, the Japanese economy experienced a modest recovery, as corporate earnings and the employment situation improved due to the effects of economic measures by the government and bold monetary easing by the Bank of Japan, as well as a fall in crude oil prices.

In the real estate industry where Tosei Group operates, real estate transactions increased amid expectations of rises in land prices and low interest rates. In addition, the total acquisition amount of properties acquired by listed companies and others in 2014 was approximately ¥5.05 trillion, an increase of 16% compared with the previous fiscal year due to a rise in real estate acquisitions by foreign companies, investment funds and others, backed by a weakening yen (according to a survey by a private research institution).

In the Tokyo metropolitan area condominium market, although prices showed an upward trend reflecting rising building costs, the market was stable due to a postponement of a planned consumption tax increase. The number of condominium units sold in 2015 is expected to be approximately 45,000 units, up 5.9% year on year, amid a mounting tendency to return to the city center. The contract rate hovered around 70%, which is viewed as indicating favorable conditions, and the contract rate in January 2015, the latest data available, was 74.9%, a drop of 3.7 percentage points compared with the same month of the previous fiscal year (according to a survey by a private research institution).

In the Tokyo metropolitan area build-for-sale detached house market, housing starts in 2014 totaled 58,000 units, which was down 7.3% compared with the previous fiscal year, due to a prolonged decline reflecting backlash from the consumption tax hike. Although it is necessary to continue monitoring the trend in supply and demand, housing starts are expected to recover and increase in 2015 on the back of market revitalization policies such as the eco-point program for houses (according to the Ministry of Land, Infrastructure, Transport and Tourism data).

At the same time, in the office leasing market of Tokyo's five business wards, demand was strong due to active expansion or relocation of offices by corporates, and the vacancy rate in January 2015 declined to 5.4%. The average asking rent was in the ¥17,000 range, which was the highest level in three years (¥17,109/tsubo, an increase of ¥867 or 5.3% compared with the same month of the previous fiscal year), showing a modest upward trend for 13 consecutive months (according to a survey by a private research institution).

In the real estate securitization market, as of the end of December 2014, the balance of assets under management at private placement funds was ¥15.1 trillion, down 6.2% from previous year, due to disposals of properties by many funds in the favorable real estate market. At the same time, as of the end of December 2014, assets under management at J-REITs expanded to ¥12.6 trillion, up 12.9% from the previous fiscal year, as the financing environment remained favorable. For example, total market capitalization of J-REIT investment units exceeded ¥10 trillion for the first time since the establishment of the market. Despite the booming conditions in the J-REIT market, the pace of new property acquisitions by J-REITs slowed down due to an intensification in competition for acquisitions, and the total acquisition amount of properties during 2014 was ¥1.5 trillion, down 29.4% compared with previous fiscal year (according to a survey by a private research institution). Amid this operating environment, in the Revitalization Business, the Tosei Group made steady progress on the sale of assets such as income-generating office buildings and apartment buildings, and also the Group pushed ahead with sales of detached houses and others in the Development Business. 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, 2015 totaled ¥11,525 million (up 1.6% year on year), operating profit was ¥2,365 million (up 47.8%), profit before tax was ¥2,190 million (up 53.5%), and profit for the period was ¥1,390 million (up 59.4%).

Performance by business segment is shown below:

Revitalization Business

During the three months ended February 28, 2015, the segment sold nine properties it had renovated, including Ogawamachi Tosei Building (Chiyoda-ku, Tokyo), Shibuya 4-chome Building (Shibuya-ku, Tokyo) and Kannai Tosei Building (Yokohama-shi, Kanagawa). In addition, the segment sold 16 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). In the three months ended February 28, 2015, it also acquired a total of four income-generating office buildings and apartments and two land lots for renovation and sales purposes.

As a result, revenue in this segment was ¥7,207 million (up 4.6% year on year) and the segment profit was ¥1,849 million (up 114.0%).

Development Business

During the three months ended February 28, 2015, the segment focused on the sale of detached houses, which were in firm demand. The segment sold 19 detached houses at such properties as THE Palms Court Kashiwa Hatsuishi (Kashiwa-shi, Chiba), THE Palms Court Bunkyo Honkomagome (Bunkyo-ku, Tokyo) and THE Palms Court Kawasaki Daishi (Kawasaki-shi, Kanagawa). In addition, the segment sold Palms Nishidai, which is a newly-built apartment, and two land lots.

As a result, revenue in this segment was ¥2,324 million (down 7.9% year on year) and the segment profit was ¥409 million (up 20.9%).

Rental Business

During the three months ended February 28, 2015, while the segment sold six buildings of its inventory assets held for leasing purposes, it newly acquired a total of five properties including income-generating office buildings and apartments. 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 ¥833 million (up 8.0% year on year) and the segment profit was ¥348 million (down 26.0%).

Fund and Consulting Business

During the three months ended February 28, 2015, while the balance of assets under management decreased by ¥3,171 million, due mainly to property dispositions by funds, the balance increased by ¥219,868 million, due mainly to new asset management contracts of large projects the segment obtained. The acquisition of such large project contracts increased asset management fees and contributed to sales.

As a result, revenue in this segment was ¥256 million (down 12.0% year on year) and the segment profit was ¥50 million (down 57.0%).

The lower year-on-year revenue and profit results are primarily attributable to the segment having posted disposition fees income pertaining to sales involving large projects in the same period of the previous year.

As of February 28, 2015, the balance of assets under management (Note) totaled ¥517,304 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, 2015, the number of properties managed by the segment including office buildings, parking lots and schools was 348, which was unchanged from February 28, 2014, while the number of condominiums and apartments under management decreased by 13 to 192, making the total number of properties under management 540, a decrease of 13 from February 28, 2014.

As a result, revenue in this segment was ¥698 million (down 11.2% year on year) and segment profit was ¥26 million (down 73.1%).

Alternative Investment Business

During the three months ended February 28, 2015, the segment focused on leasing activities for properties acquired by a substitute performance. Membership fees from running a sports club also contributed to income in this segment.

As a result, revenue in this segment was ¥204 million (up 172.4% year on year) and the segment profit was ¥45 million (up 7.0%).

(2) Qualitative Information Regarding Consolidated Financial Positions

1. Financial Positions

As of February 28, 2015, total assets were ¥84,324 million, an increase of ¥3,466 million compared with November 30, 2014, while total liabilities were ¥50,679 million, an increase of ¥2,549 million.

This was 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 ¥917 million to ¥33,645 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, 2015 totaled ¥17,851 million, an increase of ¥1,750 million compared with November 30, 2014.

The cash flows for the three months ended February 28, 2015 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash used in operating activities totaled ¥757 million (down 76.1% year on year). This is mainly due to profit for the period before tax of ¥2,190 million, as well as an increase in inventories of ¥1,748 million, which was a result of property acquisitions in the Revitalization Business and Development Business, and income taxes paid of ¥1,368 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥238 million (down 79.0% year on year). This is primarily due to purchases of investment properties totaling ¥665 million and proceeds from sales of available-for-sale financial assets totaling ¥444 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥2,757 million (down 36.6% year on year). This mainly reflects ¥6,567 million in the repayments of non-current borrowings and ¥534 million in cash dividends paid, despite ¥10,106 million in proceeds from non-current borrowings.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

The business results during the three months ended February 28, 2015 basically remained stable as planned and there is no change on the full-year consolidated earnings forecasts, announced on January 14, 2015.

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

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 first quarter of the fiscal year ending November 30, 2015.

Standard	Name of standard	Overview of new establishment and amendment
IFRIC 21	Levies	Accounting for a liability for a levy
IFRS 10 (Revised)	Consolidated Financial Statements	Exception to consolidation of a subsidiaries by an entity that qualifies as an investment entity
IFRS 12 (Revised)	Disclosure of Interests in Other Entities	Revision of the disclosure method for entities that qualify as investment entities

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

Among the above standards, for IFRIC 21, the comparative data have been adjusted retroactively in accordance with transitional measures.

Additional information

(Abolition of Retirement Benefits Plan for Officers)

At the Ordinary General Meeting of Shareholders held on February 25, 2015, the Company resolved to make final payments of retirement benefits to retiring officers upon abolition of its Retirement Benefits Plan for Officers.

Accordingly, the full amount of the Company's "Provision for directors' retirement benefits" has been reversed and an unpaid portion of ¥360,711 thousand in final payments has been presented included in "Trade and other payables" in non-current liabilities.

3. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(¥ thousand)

	As of November 30, 2014	As of February 28, 2015
Assets		
Current assets		
Cash and cash equivalents	16,100,795	17,851,754
Trade and other receivables	2,049,710	2,001,046
Inventories	41,565,148	43,337,493
Other current assets	166,612	146,049
Total current assets	59,882,266	63,336,344
Non-current assets		
Property, plant and equipment	3,293,308	3,298,706
Investment properties	13,858,329	14,487,505
Intangible assets	77,675	94,617
Available-for-sale financial assets	2,445,963	2,181,868
Trade and other receivables	780,758	607,272
Deferred tax assets	515,765	314,150
Other non-current assets	4,014	4,014
Total non-current assets	20,975,814	20,988,135
Total assets	80,858,080	84,324,480
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,590,792	2,258,948
Borrowings	5,380,269	5,659,757
Current income tax liabilities	1,393,664	674,452
Provisions	267,281	119,838
Total current liabilities	9,632,009	8,712,996
Non-current liabilities		
Trade and other payables	2,697,083	3,259,108
Borrowings	35,024,707	38,283,063
Retirement benefits obligations	697,680	345,425
Provisions	78,764	78,799
Total non-current liabilities	38,498,235	41,966,396
Total Liabilities	48,130,244	50,679,393
Equity		
Share capital	6,421,392	6,421,392
Capital reserves	6,375,317	6,375,317
Retained earnings	19,776,474	20,587,854
Other components of equity	154,652	260,522
Total equity	32,727,836	33,645,086
Total liabilities and equity	80,858,080	84,324,480

(2) Condensed Consolidated Statement of Comprehensive Income

(¥ thousand)

	Three months ended February 28, 2014	Three months ended February 28, 2015
Revenue	11,339,965	11,525,787
Cost of revenue	8,632,314	7,897,319
Gross profit	2,707,651	3,628,467
Selling, general and administrative expenses	1,117,028	1,268,359
Other income	9,707	5,252
Other expenses	84	57
Operating profit	1,600,246	2,365,303
Finance income	1,420	1,370
Finance costs	173,994	175,706
Profit before tax	1,427,672	2,190,968
Income tax expense	555,205	800,180
Profit for the period	872,466	1,390,787
Other comprehensive income		
Items that may be transferred to net profit or loss		
Exchange differences on translation of foreign operations	(169)	(11,046)
Net change in fair values of available-for-sale financial assets	(372)	116,465
Net change in fair values of cash flow hedges	587	450
Subtotal	44	105,870
Other comprehensive income for the period, net of tax	44	105,870
Total comprehensive income for the period	872,511	1,496,658
Profit attributable to:		
Owners of the parent	872,466	1,390,787
Total comprehensive income attributable to:		
Owners of the parent	872,511	1,496,658
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	18.07	28.80
Diluted earnings per share (yen)	—	—

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended February 28, 2014 (December 1, 2013 – February 28, 2014)

					(¥ thousand)
	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	—	—	(386,272)	—	(386,272)
Balance at February 28, 2014	6,421,392	6,375,317	17,780,561	1,393	30,578,665

Three months ended February 28, 2015 (December 1, 2014 – February 28, 2015)

					(¥ thousand)
	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2014	6,421,392	6,375,317	19,776,474	154,652	32,727,836
Profit for the period	—	—	1,390,787	—	1,390,787
Other comprehensive income	—	—	—	105,870	105,870
Total comprehensive income for the period	—	—	1,390,787	105,870	1,496,658
Dividends of surplus	—	—	(579,408)	—	(579,408)
Balance at February 28, 2015	6,421,392	6,375,317	20,587,854	260,522	33,645,086

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Three months ended February 28, 2014	Three months ended February 28, 2015
Cash flows from operating activities		
Profit before tax	1,427,672	2,190,968
Depreciation expense	45,015	52,260
Increase (decrease) in provisions and retirement benefits obligations	(96,486)	(502,166)
Interest and dividend income	(1,420)	(1,370)
Interest expenses	173,994	175,706
Gain on available-for-sale financial assets	(531)	—
Loss on retirement of property, plant and equipment	57	—
Decrease (increase) in trade and other receivables	(154,272)	269,696
Decrease (increase) in inventories	(3,625,713)	(1,748,772)
Increase (decrease) in trade and other payables	(95,343)	173,152
Other, net	338	734
Subtotal	(2,326,688)	610,210
Interest and dividend income received	1,419	1,123
Income taxes paid	(839,178)	(1,368,778)
Net cash from (used in) operating activities	(3,164,447)	(757,445)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	20,000
Purchase of property, plant and equipment	(6,590)	(16,711)
Purchase of investment properties	(1,088,778)	(665,403)
Purchase of intangible assets	(5,302)	(21,662)
Purchase of available-for-sale financial assets	(58,000)	(61)
Collection of available-for-sale financial assets	20,100	—
Proceeds from sales of available-for-sale financial assets	1,156	444,960
Collection of loans receivable	17	17
Net cash from (used in) investing activities	(1,137,398)	(238,860)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	94,000	—
Proceeds from non-current borrowings	10,286,000	10,106,000
Repayments of non-current borrowings	(5,370,121)	(6,567,259)
Cash dividends paid	(349,371)	(534,141)
Interest expenses paid	(307,566)	(246,036)
Other, net	(442)	(896)
Net cash from (used in) financing activities	4,352,497	2,757,665
Net increase (decrease) in cash and cash equivalents	50,651	1,761,359
Cash and cash equivalents at beginning of period	14,711,997	16,100,795
Effect of exchange rate change on cash and cash equivalents	(164)	(10,400)
Cash and cash equivalents at end of period	14,762,484	17,851,754

(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 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 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. 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, 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

Three months ended February 28, 2015

(December 1, 2014 – February 28, 2015)

								(¥ thousand)
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	7,207,467	2,324,758	833,871	256,446	698,992	204,250	–	11,525,787
Intersegment revenue	–	–	13,807	1,327	113,735	–	(128,869)	–
Total	7,207,467	2,324,758	847,678	257,773	812,727	204,250	(128,869)	11,525,787
Segment profit	1,849,784	409,171	348,616	50,301	26,116	45,396	(364,083)	2,365,303
Finance income/costs, net								(174,335)
Profit before tax								2,190,968

2. Dividends

Dividends paid in the three months ended February 28, 2014 and February 28, 2015 are as follows:

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

Three months ended February 28, 2015				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2015	12	579,408	November 30, 2014	February 26, 2015

3. Earnings per Share

	Three months ended February 28, 2014	Three months ended February 28, 2015
Profit attributable to owners of the parent (¥ thousand)	872,466	1,390,787
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	18.07	28.80

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.

(7) Notes on Significant Subsequent Events

No item to report.