



**Financial Results
For the First Three Months
Ended February 28, 2014**

Tosei Corporation

Securities Code:

8923 Tokyo Stock Exchange, First Section

S2D Singapore Exchange, Mainboard

Public and Private Funds

- ◆ TAA was selected as the fund manager of the first fund (government-private sector fund * 1) in the business promoting earth quake-resistant and environmentally-friendly real estate operated by Real Estate Sustainability & Energy-Efficiency Diffusion (RE-SEED).
- ◆ RE-SEED, TAA and Tosei together formed an investment limited partnership and invested in a SPC (New Fund) and also received funding from general investors.
- ◆ SPC acquired property on December 20, 2013 and now plan to implement energy-saving renovations, and operate it for 3 years.

* Referred to by us as a public-private fund Property incorporated in the fund



Acquisitions are progressing smoothly

- ◆ Accelerate acquisitions to achieve 50 billion yen by the end of Nov 2014.
- ◆ At the end of February 2014, our acquisitions (delivery basis, Expected disposition values) reached ¥15.1 billion. (201% from the same period of the previous year)

Acquisitions at the end of March 2014 (contract basis) is projected **approximately 28.3 billion yen. (Expected disposition values)**



Akabane Mansion

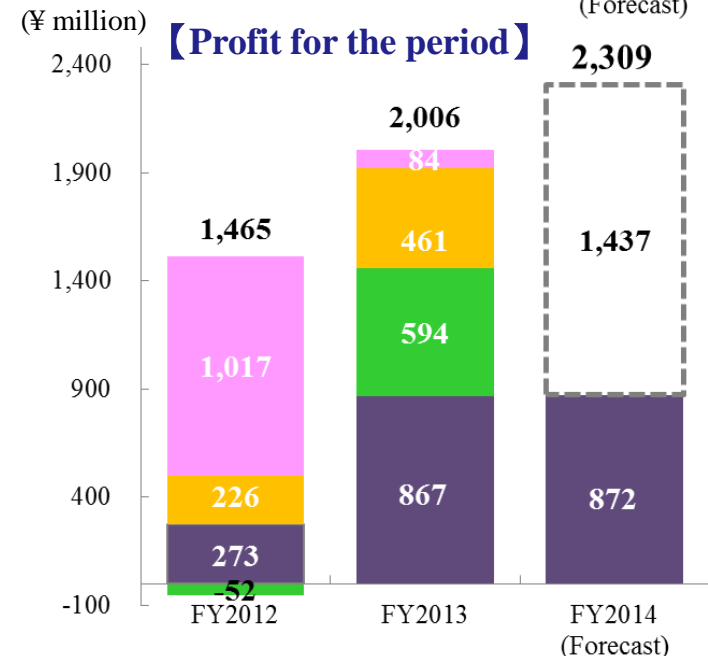
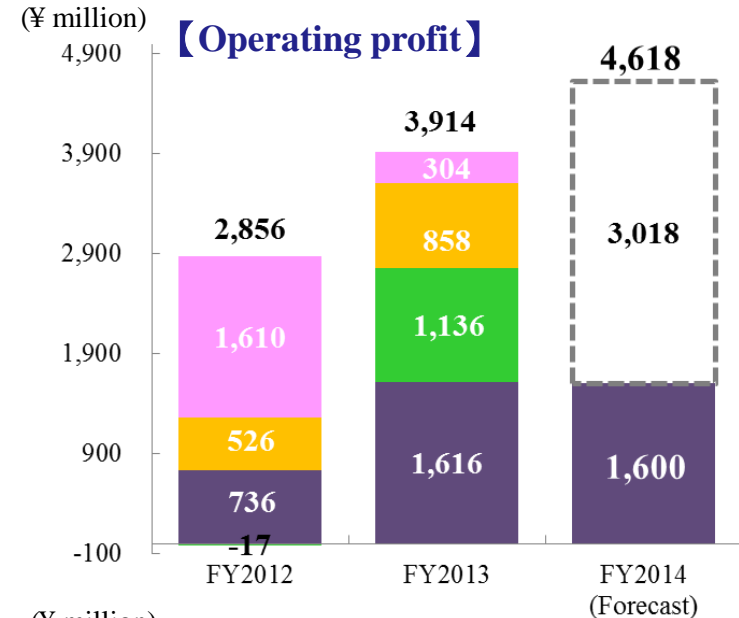
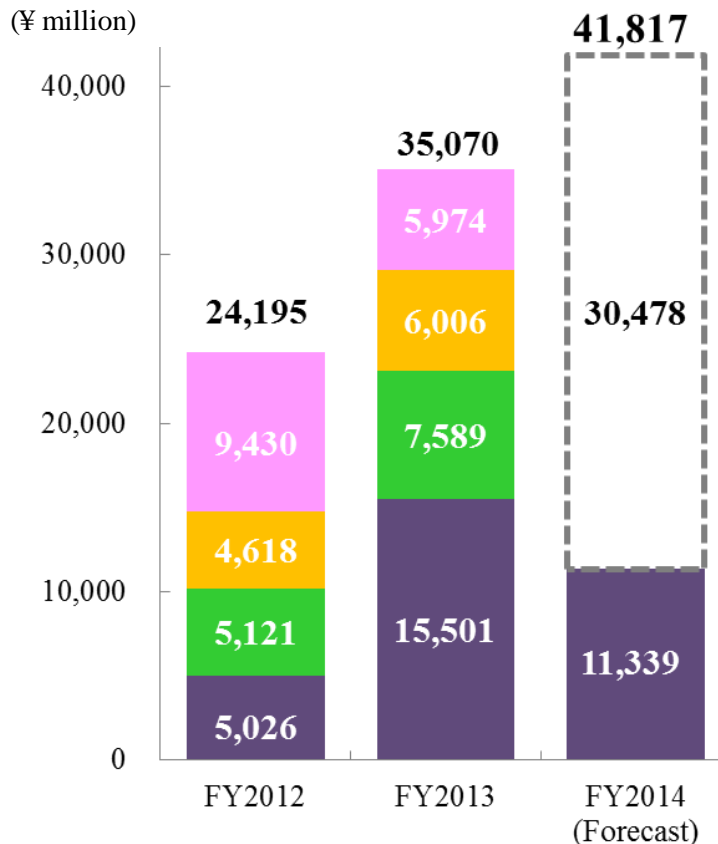


Nakano Building

◆ **Revenue** ¥11.3 billion (26.8% decrease compared to the same period last year),
Operating profit ¥ 1.6 billion, **Profit for the period** ¥870 million (Both at the same level during same period last year)

◆ **Revenue, profit, both are progressing as planned**

【Revenue】 ■ 1Q ■ 2Q ■ 3Q ■ 4Q



Overview of Consolidated Financial Results for Three Months Ended February 28, 2014

(¥ million)

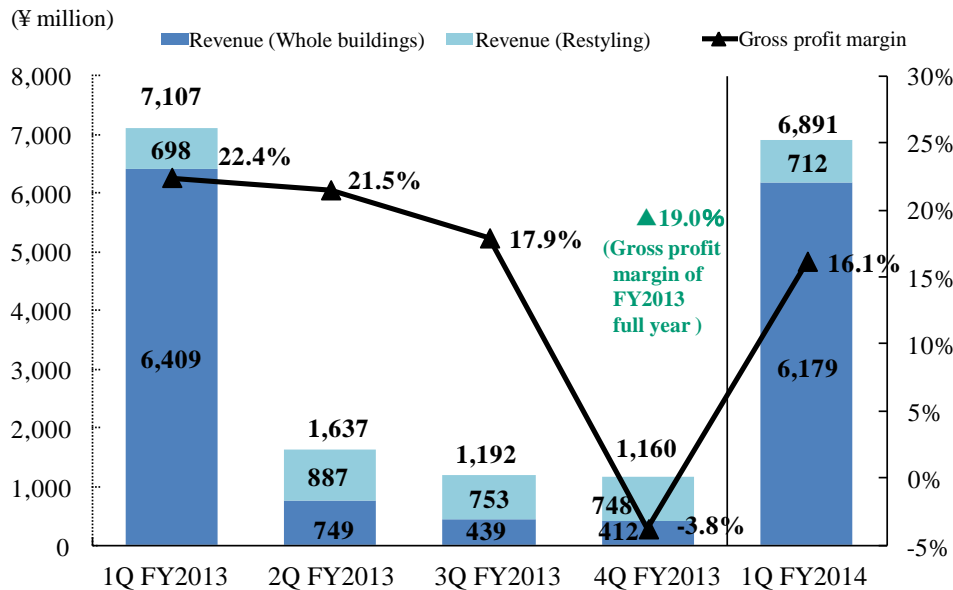
	1Q FY2013		1Q FY2014		yr/yr change	
		%		%		%
Revenue	15,501	100.0	11,339	100.0	-4,161	-26.8
Cost of revenue	12,634	81.5	8,632	76.1	-4,002	-31.7
Gross profit	2,867	18.5	2,707	23.9	-159	-5.6
Selling, general and administrative expenses, etc.	1,250	8.1	1,107	9.8	-142	-11.4
Operating profit	1,616	10.4	1,600	14.1	-16	-1.0
Finance income/costs (net)	-208	-1.3	-172	-1.5	35	0.3
Profit before tax	1,408	9.1	1,427	12.6	18	1.3
Income tax expense	541	3.5	555	4.9	13	2.5
Profit for the period	867	5.6	872	7.7	5	0.6
Comprehensive income for the period	871	5.6	872	7.7	0	0.1
EPS (¥)	18.98		18.07		-0.91	-4.8
ROE (%)	3.1		2.9		-0.2P	
ROA (%)	1.3		1.2		-0.1P	

Starting from the current fiscal year, advertising expenses related to the revitalization business and the development business are recorded as selling expenses, changing “cost of revenue” to “selling, general and administrative”. In this article, for comparison, we have retroactively revised the previous year’s figures.

(The value of each business segment, etc., remains the same.)

- ◆ **Whole buildings: Sold 7 buildings, income generating apartments and 1 land lot including offices such as “Akihabara Tosei Building” and “Shinjuku Building” .**
- ◆ **Restyling properties :Sold 19 units in 8 properties including “Clover Roppongi”**

Revenues / Gross Profit Margin



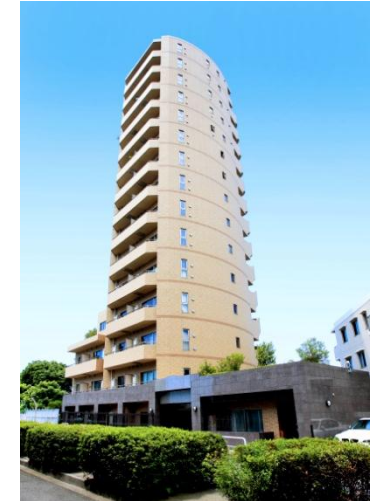
(¥ million)	FY2013		FY2014	
	1Q	Full year	1Q	Full year (forecast)
Revenue	7,107	11,098	6,891	26,611
Gross profit	1,591	2,112	1,112	4,539
Operating profit	1,330	1,398	864	3,216

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM: FY2013: -¥284 million.

Major Properties Sold



Akihabara Tosei Building



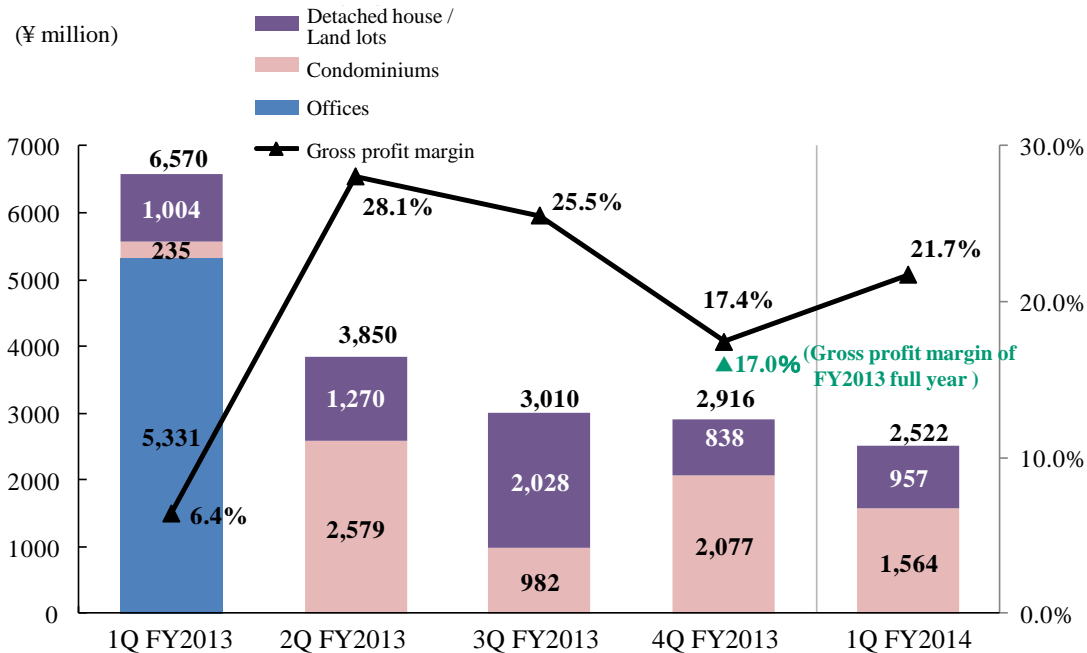
Clover Roppongi (Restyling)



Shinjuku Building

- ◆ Focused on the sale of newly built condominiums and detached houses in firm demand.
- ◆ Sold 32 units in “THE Palms Nihonbashi Kodenmachi” and also 17 units through 6 detached house projects.

Revenues / Gross Profit Margin



Major Properties Sold

Condominiums



THE Palms Nihonbashi Kodenmachi visage
(March 31, sold out)

Detached houses



Palms Court Setagaya Okamoto Palms Court Okusawa 1-Chome

(¥ million)	FY2013		FY2014	
	1Q	Full year	1Q	Full year (forecast)
Revenue	6,570	16,347	2,522	7,419
Gross profit	422	2,779	548	1,287
Operating profit	112	1,447	338	493

* The revenues include internal transactions.

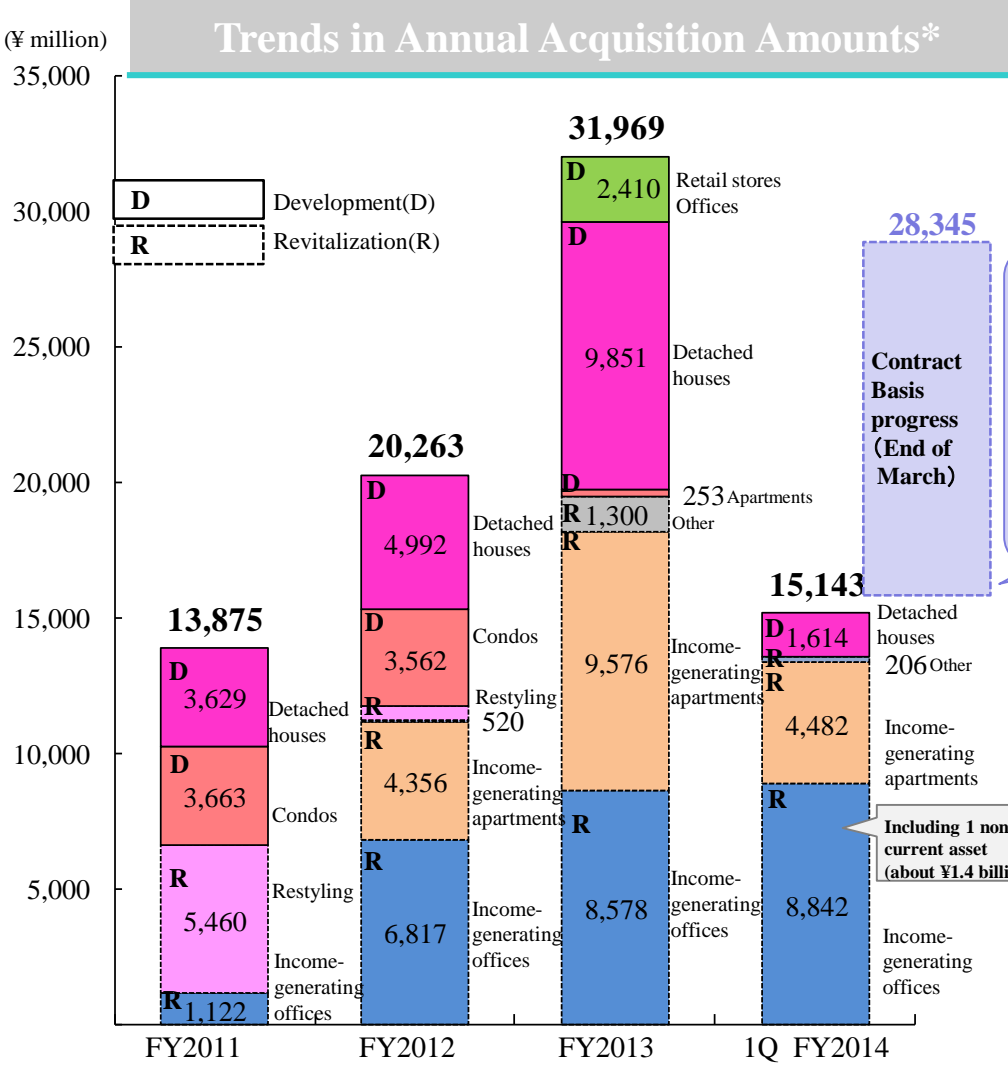
Acquisitions in Revitalization and Development Businesses - Acquisition Amount and Inventories

◆ **Total acquisition amount for this period was ¥15.1 billion*** (201% increase from same period last year)

*including 1 non-current asset of ¥1.4 billion

◆ **Revitalization Business: 13 properties (6 office buildings*, 6 income-generating apartments, 1 land lot)*** including 1 non-current asset

◆ **Development Business: 2 properties (2 detached house projects)**



Breakdown of Inventories (Trends in Expected Disposition Values)

✓ Promote acquiring high grade income generating properties near stations in the suburbs, moreover the properties located in the 23 wards of Tokyo, while carefully monitoring the local characteristics and operating conditions such as occupancy rate.

Inage Kaigan Ekimae Building KM Shinjuku Building

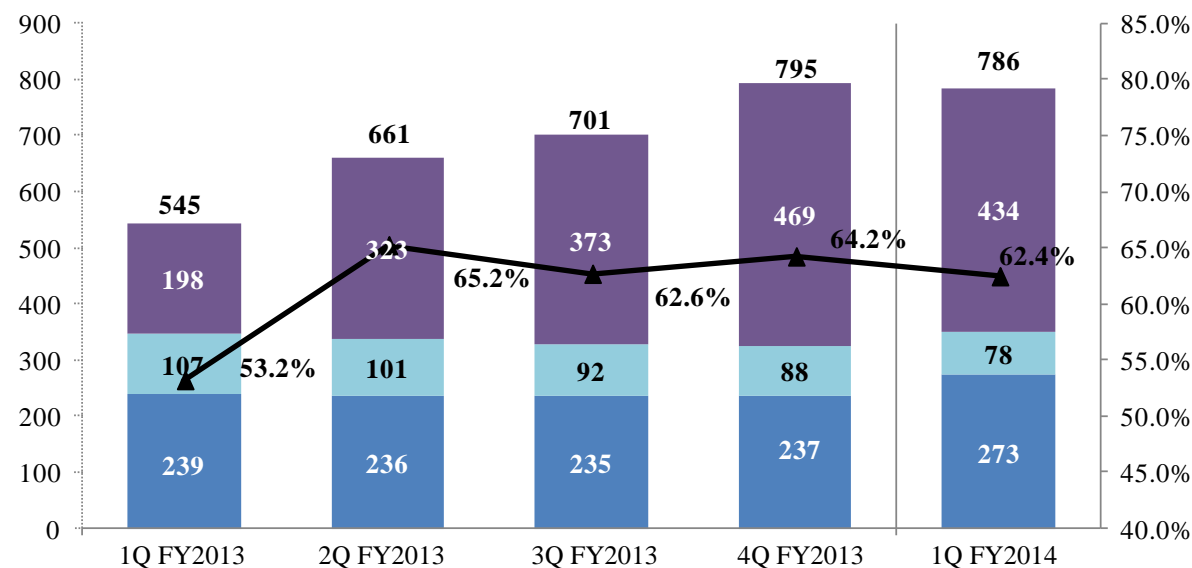
(¥ million)	As of the end of FY2012	As of the end of FY2013	As of Feb.28, 2014
Office buildings	18,595	18,497	22,225
Condo/Apt buildings	23,476	22,709	23,242
Detached houses	7,701	13,225	13,959
Other	354	393	223
TOTAL	50,127	54,825	59,650

* The acquired properties whose deliveries are completed; figures are presented in expected disposition values.

- ◆ Sold 7 buildings from inventories, but purchased 11 new income-generating office buildings / residential buildings.
- ◆ Revenue remained flat from the end of the previous fiscal year. Focused on leasing income-generating properties

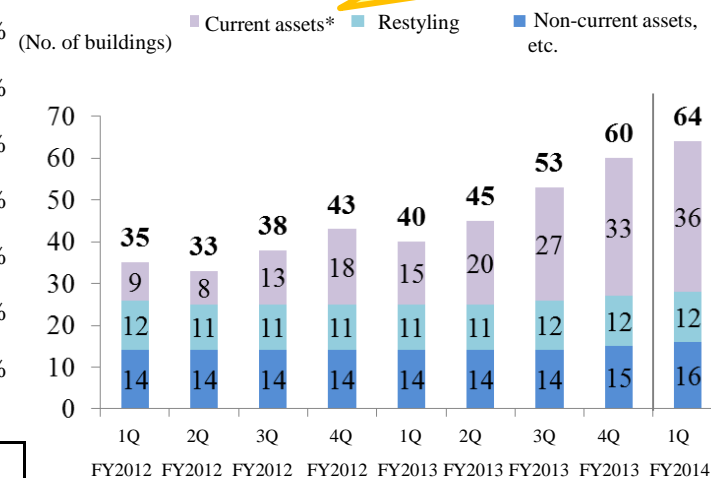
Revenues / Gross Profit Margin

(¥ million) ■ Revenue (Current assets) ■ Revenue (Restyling) ■ Revenue (Non-current assets) ▲ Gross profit margin



Breakdown of Properties Held by Tosei

Office and commercial buildings: 27
apartments: 32
Other: 5



(¥ million)	FY2013		FY2014	
	1Q	Full year	1Q	Full year (forecast)
Revenue	545	2,703	786	3,274
Gross profit	290	1,671	490	2,028
Operating profit	271	1,590	471	1,953

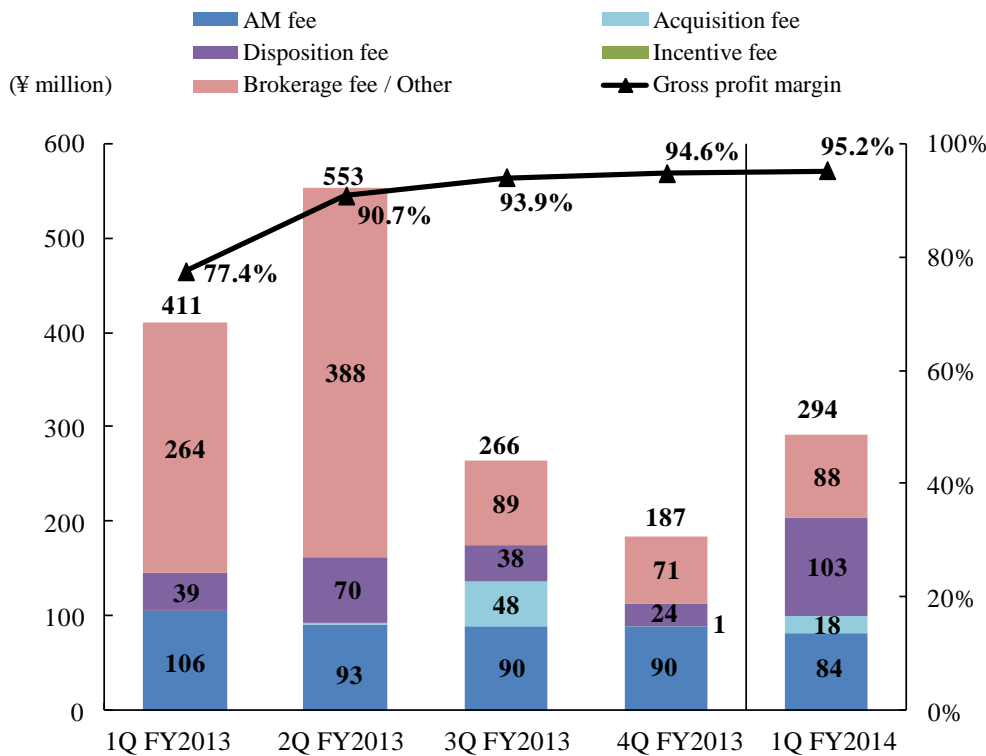
* The revenue includes internal transactions.

* Includes income-generating properties only.

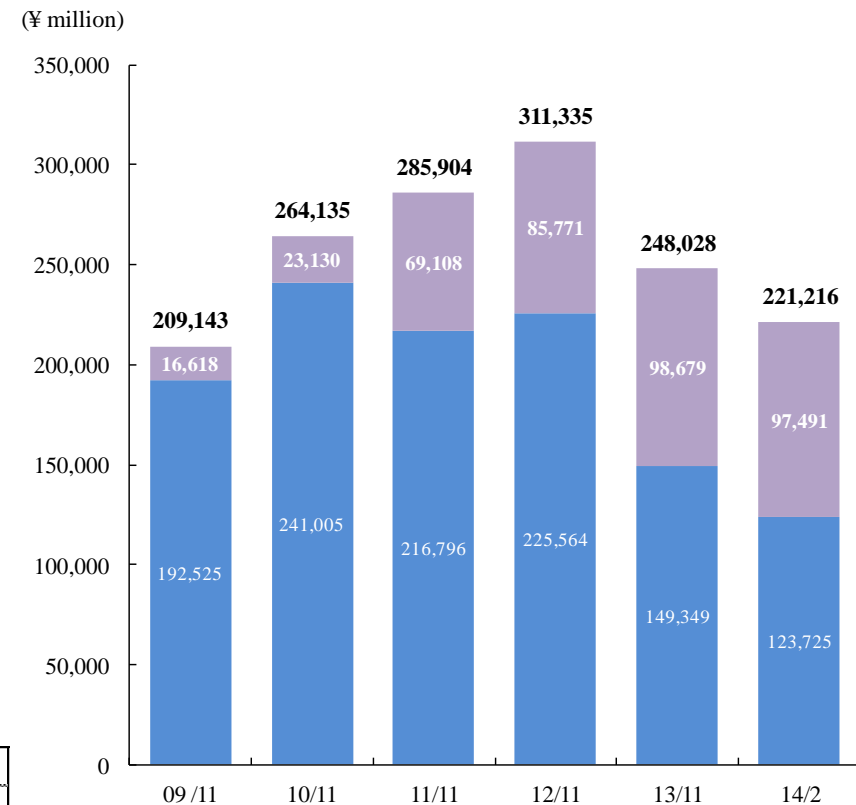
Fund and Consulting Business

- ◆ AM increased due to new AM/CRE contracts (+¥3.4 billion), but decreased due to property dispositions (- ¥30.2 billion)
- ◆ Brokerage fees, etc. related to property dispositions contributed to revenue.

Breakdown of Fee Income



Balance of Assets Under Management



*The purple portion indicates the assets under consulting agreements of CRE.
CRE is methods of investing in and managing corporate real estate efficiently to maximize long-term enterprise value.
By undertaking CRE, Tosei conducts comprehensive consulting services from the views of real estate professional.

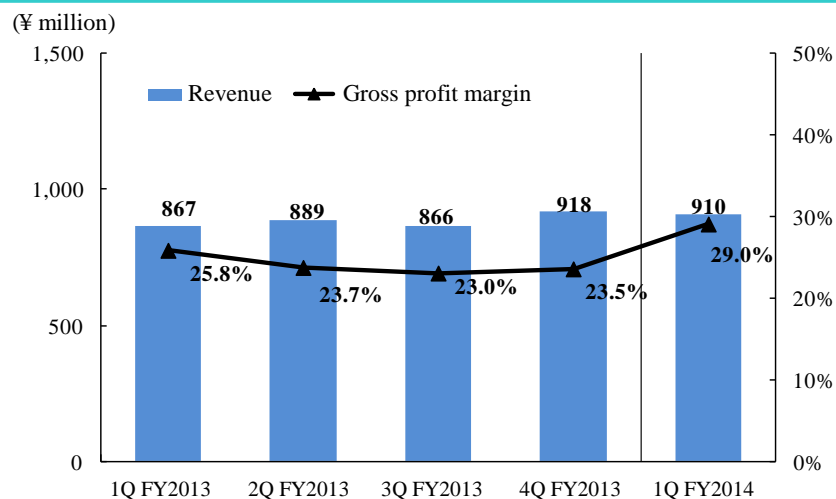
(¥ million)	FY2013		FY2014	
	1Q	Full year	1Q	Full year (forecast)
Revenue	411	1,419	294	1,092
Gross profit	318	1,248	280	1,021
Operating profit	180	669	116	305

* The revenue includes internal transactions.

Property Management Business

- The number of property buildings under management increased, and gross profit margin also improved despite revenue slightly decreased compared to 4Q of the previous year

Revenue/Gross Profit Margin



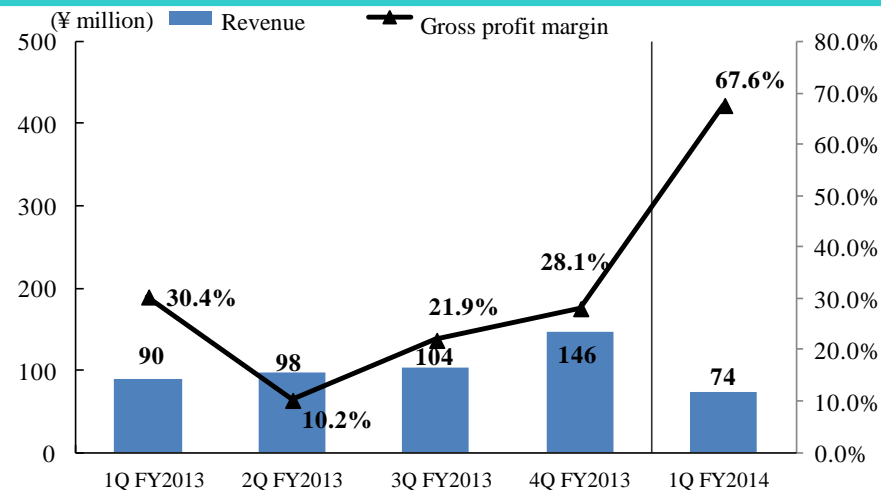
(¥ million)	FY2013		FY2014	
	1Q	Full year	1Q	Full year (forecast)
Revenue	867	3,541	910	3,750
Gross profit	223	850	264	909
Operating profit	42	123	97	156

* The revenue includes internal transactions.

Alternative Investment Business

- Focused on leasing of income-generating properties

Revenue/Gross Profit Margin



(¥ million)	FY2013		FY2014	
	1Q	Full year	1Q	Full year (forecast)
Revenue	90	440	74	204
Gross profit	27	101	50	122
Operating profit	22	73	42	59

* The revenue includes internal transactions.

- Revenue and Ordinary Income of Tosei Revival Investment Co., Ltd.

(¥ million)	FY2013		FY2014	
	Three months	Full-year	Three months	Full-year (forecast)
Revenue	296	1,286	93	1,391
Ordinary income	34	168	37	134
Net profit	19	100	23	81

(No. of buildings)	1Q FY2013	2Q FY2013	3Q FY2013	4Q FY2013	1Q FY2014
Office building management	313	324	328	343	348
Condo/Apt management	215	215	204	203	205
TOTAL	528	539	532	546	553

Summary of Balance Sheet (Consolidated) I. - Assets -

(¥ million)

	End of Nov. 2013	Decrease	Increase	End of Feb. 2014
Total Assets	71,283		4,560	75,843
Cash and cash equivalents	14,711	A	50	14,762
Inventories (properties)	38,040	B	7,741	42,191
Investment properties/PPE	16,008	C	543	1,095
Other assets	2,522		-193	2,328

A: Change in cash and cash equivalents

- Cash and cash equivalents slightly increased from the end of the previous fiscal year

C: Change in Investment properties/PPE

- Investment properties increased by ¥552 million from the end of the previous year.
- Main reasons for the increase were that the company acquired an investment property (¥1,066 million) and transferred an investment property to inventories (- ¥505 million).

B: Change in inventories

During 1Q, acquisitions largely exceeded dispositions, the inventories increased by ¥4.1 billion from the end of the previous year.

		(¥ million)	1Q FY2014
Increase Factor	Acquisitions		10,316
	Construction/value up		1,071
	Others		505
Decrease Factor	Dispositions	-7,741	
	Depreciations		
	Others		
Total		-7,741	11,892

Summary of Balance Sheet (Consolidated) II. - Liabilities/Equity -

(¥ million)

	End of Nov. 2013	Decrease	Increase	End of Feb. 2014
Total Liabilities/Equity	71,283		4,560	75,843
Borrowings	35,036	9,574	14,583	40,046
Current borrowings	7,587	3,777	3,965	7,774
Non-current borrowings	27,449	5,796	10,618	32,271
Other Liabilities	6,154	-935		5,218
Equity	30,092	486		30,578
Equity Ratio (%)	42.2	-1.9		40.3

B: Change in Equity

Total equity increased by ¥486 million from the end of the previous year, as a result of increase in retained earnings, and dividend payments.

A: Change in borrowings

• As the borrowings to finance property acquisitions exceeded the repayments of borrowings by sales, the debt balance increased by ¥5 billion from the end of the previous year.

• ¥10.3 billion of new borrowings (LTV: 91%) incurred to finance acquisitions of 15 properties* (book value: ¥11.3 billion).

*including a non-current asset.

Current	Increase	New Borrowings		94
		Non-current → Current Portion		3,871
		Other (refinance, etc.)		0
Decrease	Decrease	Repayments upon Disposition	-2,848	
		Other repayments (refin/maturity)	-596	
		Conversion to non-current borrowings	-333	
Non-current	Increase	New Borrowings		10,286
		Other (refinance, etc.)		0
		Conversion to non-current borrowings		333
Decrease	Decrease	Repayments upon Disposition	-1,816	
		Other repayments (refin/maturity)	-110	
		Non-current → Current Portion	-3,871	
TOTAL			-9,574	14,583

Inventories (Breakdown)

(¥ million)

Balance of Inventories
As of Feb. 28, 2014

(79 properties) 42,191

Total Expected
Disposition Value

59,650

Breakdown of Inventories

Property type	Inventories				Expected disposition values		Total expected disposition value
	Revitalization (incl. Alternative Investment)	No. of properties	Development	No. of properties	Revitalization (incl. Alternative Investment)	Development	
Office buildings	15,845	22	1,024	2	19,814	2,410	22,225
Condo/Apt buildings	18,385	31	196	2	22,929	313	23,242
Detached houses	-	0	6,567	20	-	13,959	13,959
Other	171	2	-	0	223	-	223
TOTAL	34,402	55	7,788	24	42,967	16,683	59,650

Notes: * The expected disposition values above are based on Tosei's estimates of revenue corresponding to the properties currently in the inventories. These are calculated using information available as of February 28, 2014. Actual amounts may vary significantly from the estimates, due to various factors.

* The inventories above represent carrying amount as of February 28, 2014 and may increase due to such factors as value-up investments and construction costs.

Inventories (Expected Disposition Values)

(¥ million)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	1Q FY2014
Office buildings	60,487	31,264	22,251	15,206	18,595	18,497	22,225
Condo/Apt buildings	14,327	12,844	30,589	26,627	23,476	22,709	23,242
Detached houses	—	—	558	3,727	7,701	13,225	13,959
Other	1,672	479	220	1,021	354	393	223
TOTAL	76,487	44,588	53,620	46,581	50,127	54,825	59,650

*As of the fiscal year end unless otherwise indicated.

Summary of Cash Flow Statements (Consolidated)

(¥ million)

	1Q FY2013 [A]	1Q FY2014 [B]	yr/yr change [B]-[A]
Cash flows from/used in operating activities	7,529 * 1	-3,164	-10,693
Profit before tax	1,408	1,427	18
Depreciation expense	42	45	2
Increase/Decrease in inventories	6,974	-3,625	-58
Other	-896	-1,010	-114
Cash flows from/used in investing activities	-14	-1,137	-1,122
Increase/Decrease in PPE	-1	-6	-5
Increase/Decrease in investment properties	-12	-1,088	-1,076
Other	-0	-42	-41
Cash flows from/used in financing activities	-6,012 * 2	4,352	10,365
Increase/Decrease in borrowings	-5,612	5,009	10,622
Cash dividends paid	-248	-349	-101
Interest expenses paid	-152	-307	-155
Other	-0	-0	-
Increase/Decrease in cash and cash equivalents	1,501	50	-1,451
Cash and cash equivalent at beginning of period	9,410	14,711	5,301
Effect of exchange rate change on cash and cash equivalents	11	-0	-11
Cash and cash equivalent at end of period	10,923	14,762	3,838

**(*1) Cash Flows from
Operating Activities**

Cash flow from operating activities was -¥3.1 billion, due mainly to -¥3.6 billion decrease in inventories.

**(*2) Cash Flows used in
Financing Activities**

Cash flow from financing activities was +¥4.3 billion, due primarily to ¥5 billion of net increase in borrowings, ¥349 million of dividend payments, and ¥307 million of interest expenses paid.

Overview of Segment Results (Consolidated)

I. Revenue and Cost of Revenue

(¥ million, %)

Revenue	1Q FY2013		1Q FY2014		yr/yr change	
		%		%		%
TOTAL	15,501	100.0	11,339	100.0	-4,161	-26.8
Revitalization	7,107	45.9	6,891	60.8	-216	-3.0
Development	6,570	42.4	2,522	22.2	-4,047	-61.6
Rental	545	3.5	786	6.9	240	44.1
Fund and Consulting	411	2.7	294	2.6	-117	-28.5
Property Management	867	5.6	910	8.0	43	5.0
Alternative Investment	90	0.6	74	0.7	-15	-17.3
Internal Transactions	-92	-	-140	-	-47	-

Cost of revenue	1Q FY2013		1Q FY2014		yr/yr change	
		%		%		%
TOTAL	12,634	81.5	8,632	76.1	-4,002	-31.7
Revitalization	5,515	77.6	5,778	83.9	263	4.8
Development	6,148	93.6	1,974	78.3	-4,174	-67.9
Rental	255	46.8	295	37.6	39	15.6
Fund and Consulting	93	22.6	14	4.8	-79	-84.7
Property Management	643	74.2	646	71.0	2	0.4
Alternative Investment	63	69.6	24	32.4	-38	-61.6
Internal Transactions	-85	-	-101	-	-15	-

II. Gross Profit and Operating Profit

(¥ million, %)

Gross profit	1Q FY2013		1Q FY2014		yr/yr change	
		%		%		%
TOTAL	2,867	18.5	2,707	23.9	-159	-5.6
Revitalization	1,591	22.4	1,112	16.1	-479	-30.1
Development	422	6.4	548	21.7	126	29.9
Rental	290	53.2	490	62.4	200	69.2
Fund and Consulting	318	77.4	280	95.2	-38	-12.0
Property Management	223	25.8	264	29.0	40	18.1
Alternative Investment	27	30.4	50	67.6	23	84.2
Internal Transactions	-7	-	-39	-	-32	-

Operating profit	1Q FY2013		1Q FY2014		yr/yr change	
		%		%		%
TOTAL	1,616	10.4	1,600	14.1	-16	-1.0
Revitalization	1,330	18.7	864	12.5	-466	-35.1
Development	112	1.7	338	13.4	225	200.8
Rental	271	49.7	471	60.0	199	73.7
Fund and Consulting	180	43.9	116	39.7	-63	-35.3
Property Management	42	4.9	97	10.7	54	128.7
Alternative Investment	22	24.6	42	56.6	20	90.3
Internal Transactions	-343	-	-330	-	12	-

Thank you.



— Contact: —

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