



Financial Results for the First Nine Months Ended August 31, 2014

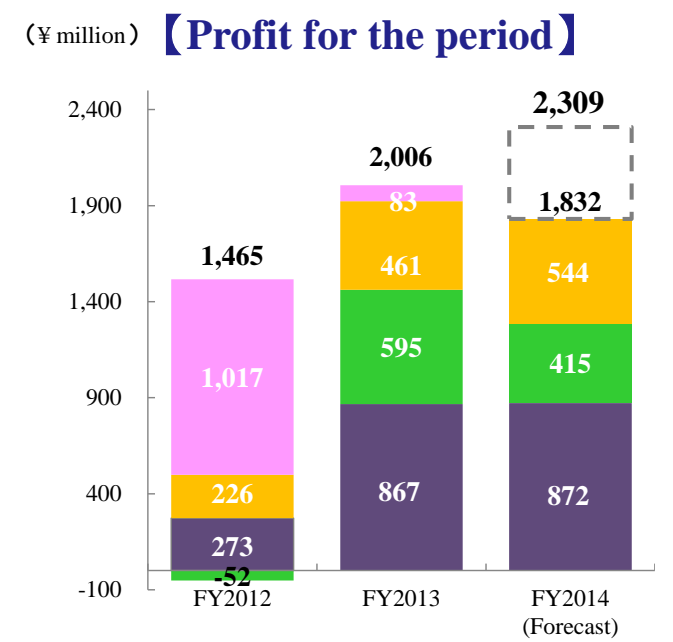
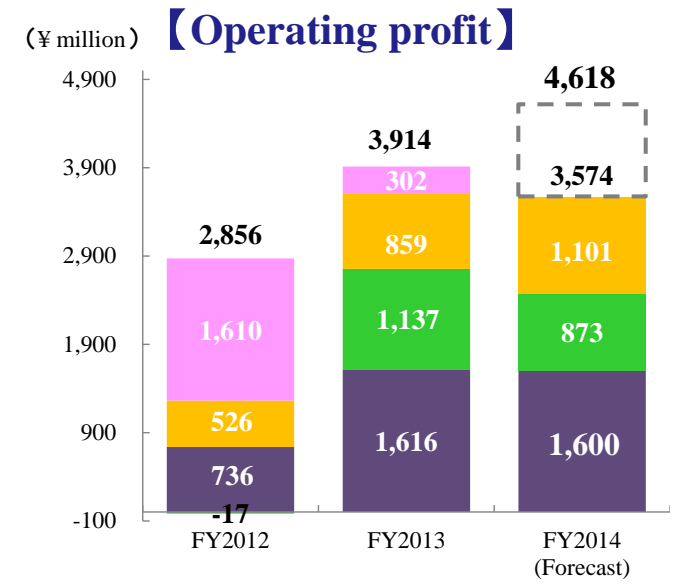
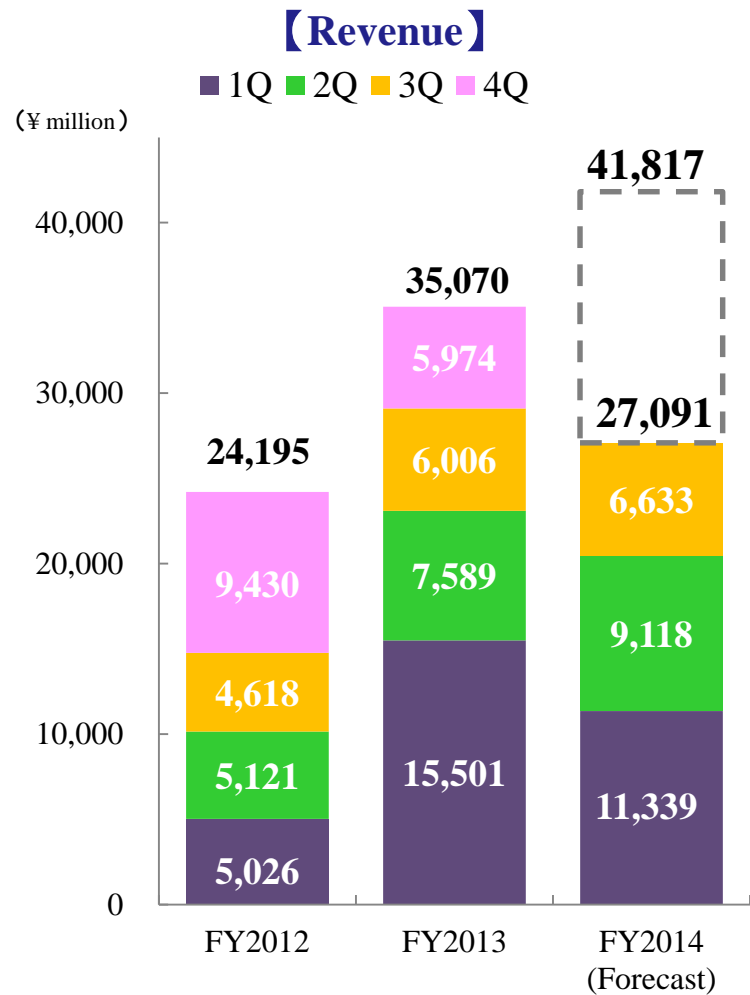
Tosei Corporation

Securities Code:

Tokyo Stock Exchange, First Section : 8923

Singapore Exchange, Mainboard : S2D

- ◆ Revenue ¥27.0 billion (down 6.9% yr/yr)
- Operating profit ¥3.5 billion (down 1.1% yr/yr)
- Profit for the year ¥1.8 billion (down 4.7% yr/yr)
- ◆ Both revenue and profit go according to plan



Overview of Consolidated Financial Results for Nine Months Ended August 31, 2014

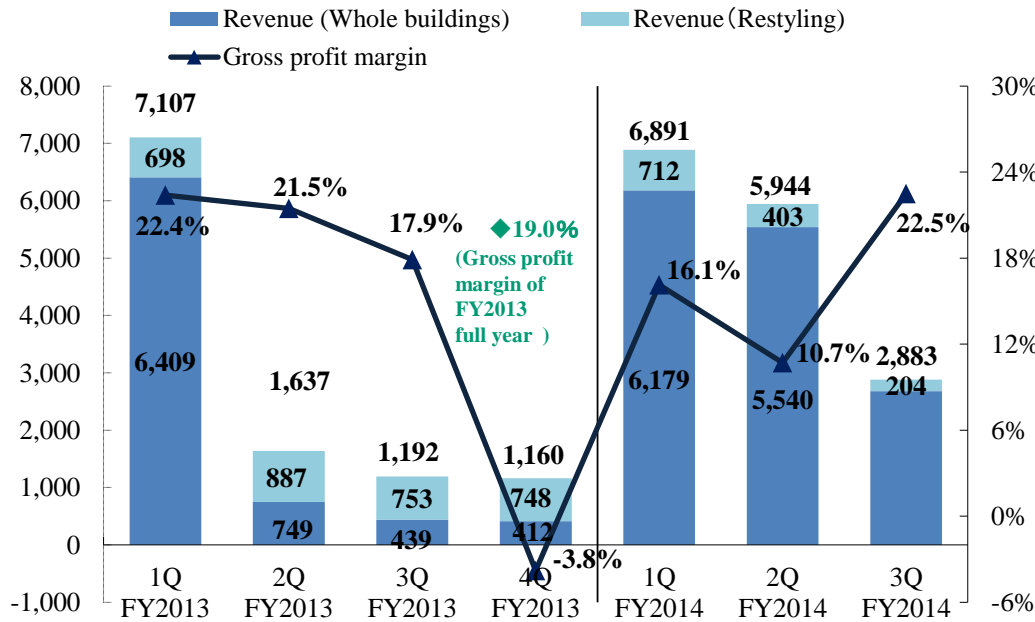
(¥ million)

	Nine Months Ended August 31, 2013		Nine Months Ended August 31, 2014		yr/yr change	
		%		%		%
Revenue	29,097	100.0	27,091	100.0	-2,005	-6.9
Cost of revenue	21,791	74.9	20,393	75.3	-1,397	-6.4
Gross profit	7,305	25.1	6,697	24.7	-608	-8.3
Selling, general and administrative expenses, etc.	3,691	12.7	3,123	11.5	-568	-15.4
Operating profit	3,614	12.4	3,574	13.2	-39	-1.1
Finance income/costs (net)	-538	-	-594	-	-56	3.7
Profit before tax	3,076	10.6	2,980	11.0	-95	-3.1
Income tax expense	1,152	-	1,147	-	-4	-0.4
Profit for the period	1,923	6.6	1,832	6.8	-91	-4.7
Comprehensive income for the period	1,929	6.6	1,837	6.8	-91	-4.8
EPS (¥)	41.78		37.95		-3.83	-9.2
ROE (%)	6.8		5.9		-0.9P	
ROA (%)	2.9		2.3		-0.6P	

※The sales expenses relating to the Revitalization and Development Business which used to be included in cost of revenue are charged to SG&A expenses starting from this period, FY2014. For comparison, the figures for the previous fiscal year are restatements in line with the partial changes in accounting policies. (The amounts of each project segments are same as above.)

- ◆ **Whole buildings** : Sold 18 buildings including income-generating offices and apartments such as “Taito-ku Yanagibashi building” or “Bunkyo-ku Sendagi Mansion” and 4 pieces of lands.
- ◆ **Restyling** : Sold 36 units in 10 properties including “Hilltop Yokohamanegishi” etc.

Revenue/Gross Profit Margin



(¥ million)	FY2013		FY2014	
	Nine months	Full year	Nine months	Full year (forecast)
Revenue	9,937	11,098	15,719	26,545
Gross profit	2,156	2,112	2,397	3,689
Operating profit	1,576	1,398	1,706	2,602

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

Major Properties Sold/Being Sold



Taito-ku Yanagibashi building



Bunkyo-ku Sendagi Mansion



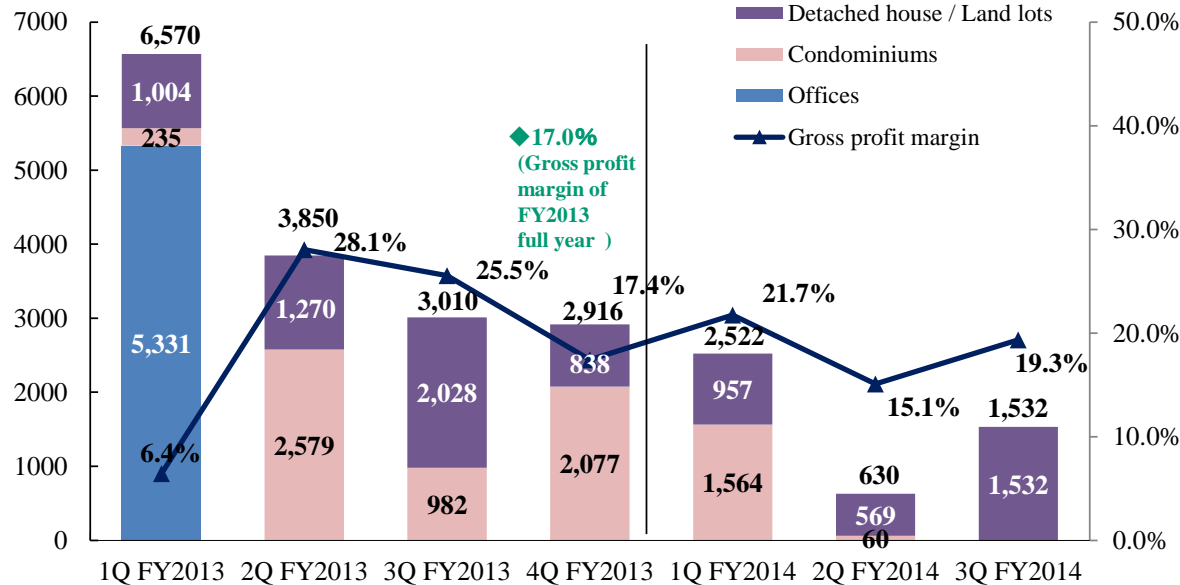
Minami Otsuka building



Akihabara Tosei building

- ◆ Completed the sale of “THE Palms Nihonbashikodenmacho” (33 units) and 55 detached houses at “THE Palms court Kawasakidaishi” etc (in 8 projects)
- ◆ Continue in development of commercial facilities and income-generating apt buildings along with sale of condominiums and detached houses

Revenue/Gross Profit Margin



(¥million)	FY2013		FY2014	
	Nine months	Full year	Nine months	Full year (forecast)
Revenue	13,431	16,347	4,685	6,380
Gross profit	2,271	2,779	940	1,264
Operating profit	1,217	1,447	422	547

*The revenues include internal transactions.

Major Properties Sold/Being Sold

Condominiums



THE Palms Nihonbashi kodenmacho (Sold out)

Detached Houses



THE Palms court Kawasakidaishi

Commercial Facilities



T'S BRIGHTIA Tsunashima

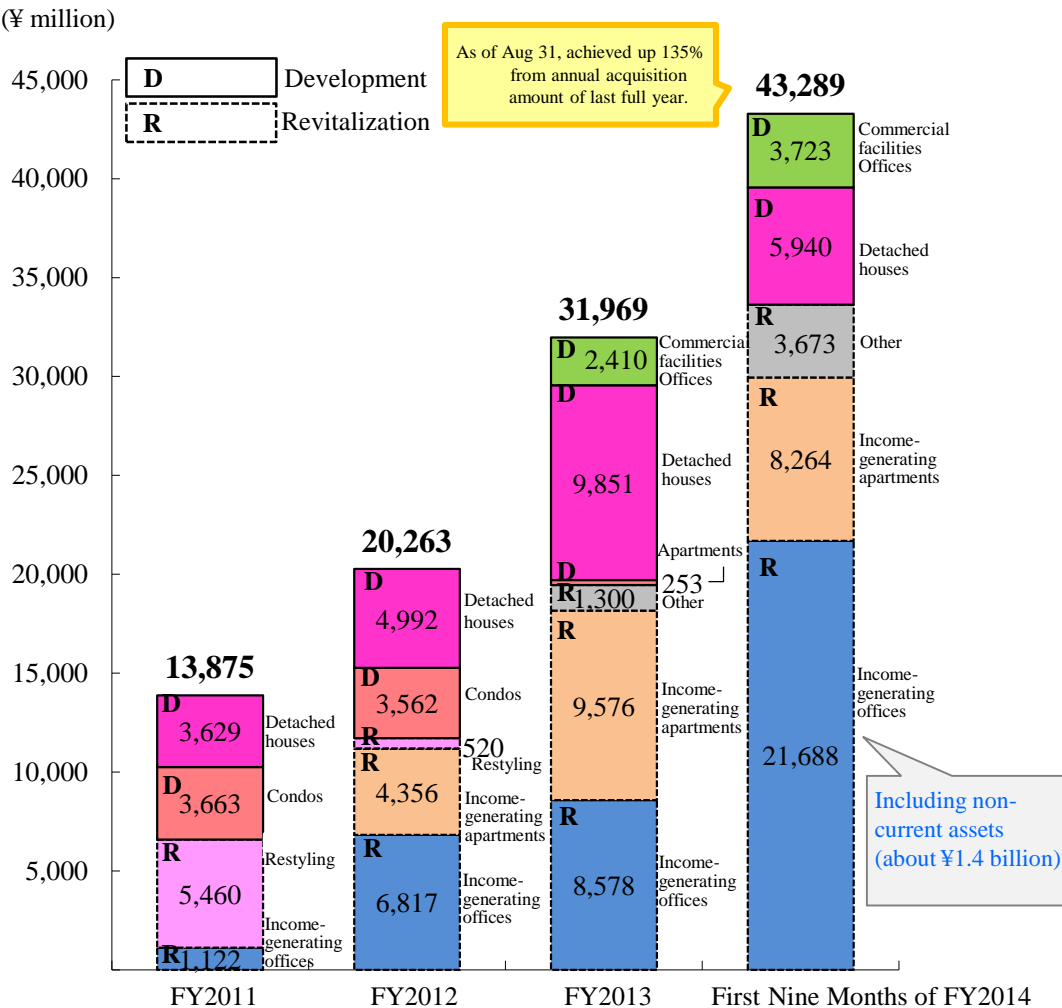
(Completed May 2014 and for lease)

Acquisitions in Revitalization and Development Business

Acquisition Amount and Inventories

- ◆ Revitalization : 23 properties (12 office properties*, 8 income-generating apt buildings, 2 land lots and others)
 - ◆ Development Business : 9 properties (1 commercial facility, 8 detached house projects)
- *including 1 non-current asset

Trends in Annual Acquisition Amounts
(delivery basis and expected revenues)



Breakdown of Inventories
(Trends in Expected Disposition Values)

✓To acquisition high-yield properties, development lands for office buildings and commercial facilities close to the station in suburb considering features or yieldability in that area.



Chiba Minato Complex Facility
(Commercial • Office • Residence)



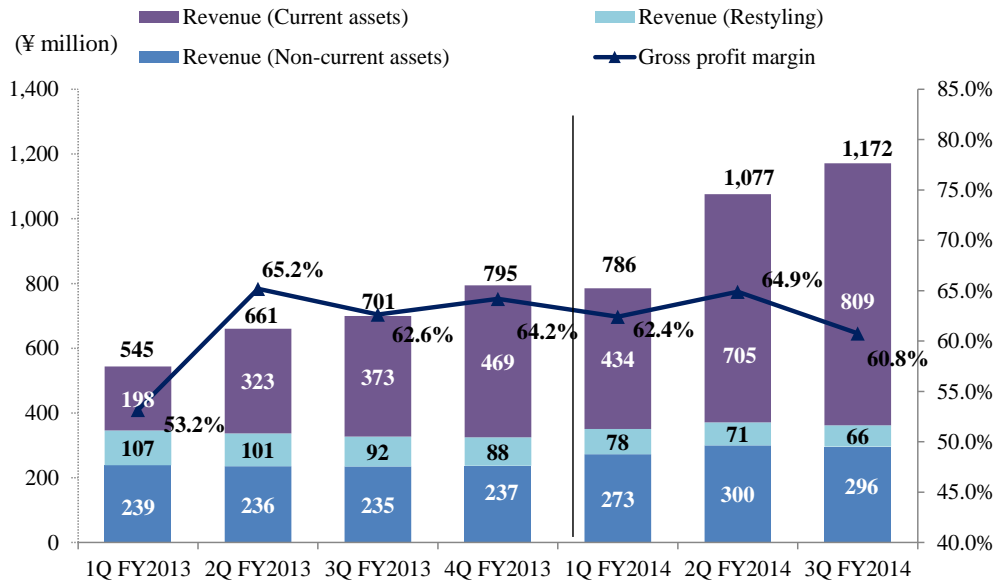
Nishikasai Building

(¥ million)

	As of the end of FY2012	As of the end of FY 2013	As of August 31, 2014
Office buildings	18,595	18,497	33,237
Condo/Apt buildings	23,476	22,709	23,793
Detached houses	7,701	13,225	15,978
Others	354	393	3,427
TOTAL	50,127	54,825	76,466

◆ Rent income increased as acquisitions of income-generating office and apt building accelerated

Revenue / Gross Profit Margin

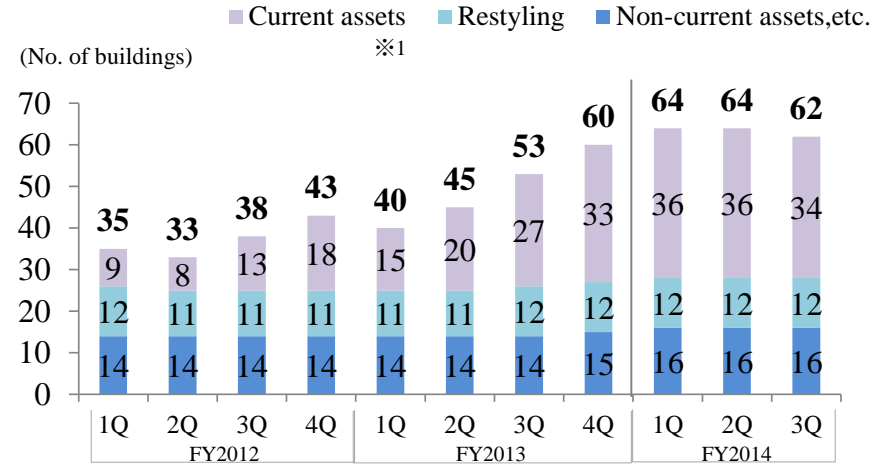


(\u00a5million)	FY2013		FY2014	
	Nine months	Full year	Nine months	Full year (forecast)
Revenue	1,908	2,703	3,035	4,191
Gross profit	1,160	1,671	1,902	2,614
Operating profit	1,104	1,590	1,832	2,506

* The revenue includes internal transactions

Breakdown of Properties Held by Tosei

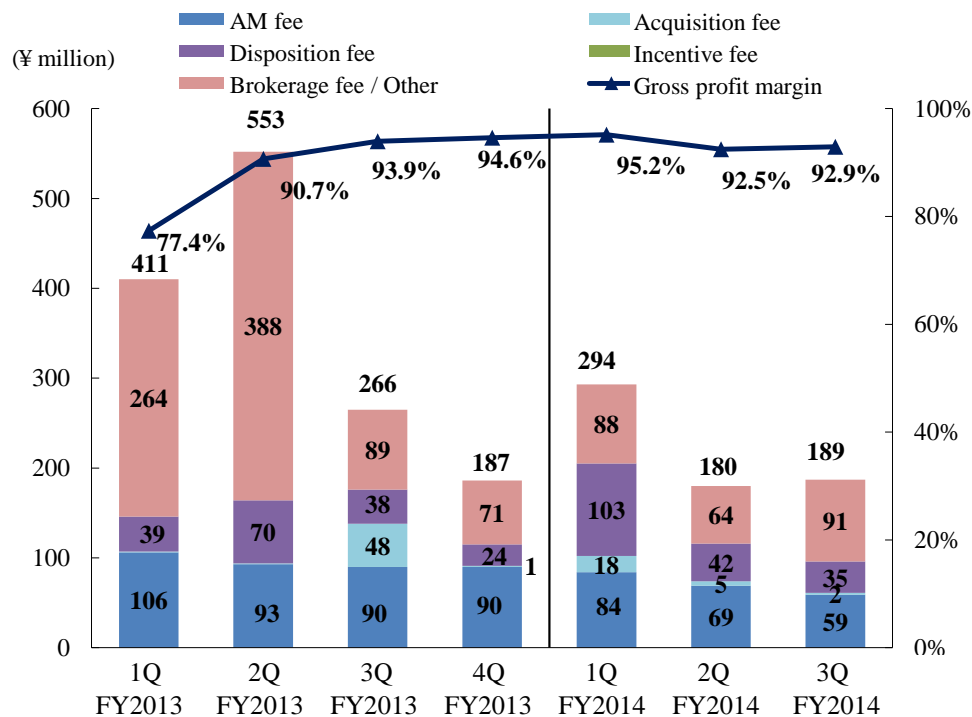
Office and commercial buildings: 30
Apartments: 27
Others: 5



※1 Includes income-generating properties only

- ◆ AUM increased due to new AM & CRE contracts (+¥111.8 billion)^{*1}, but decreased due to property dispositions (-68.5 billion).
- ◆ Brokerage fees, etc. related to property dispositions contributed to growth in revenue.

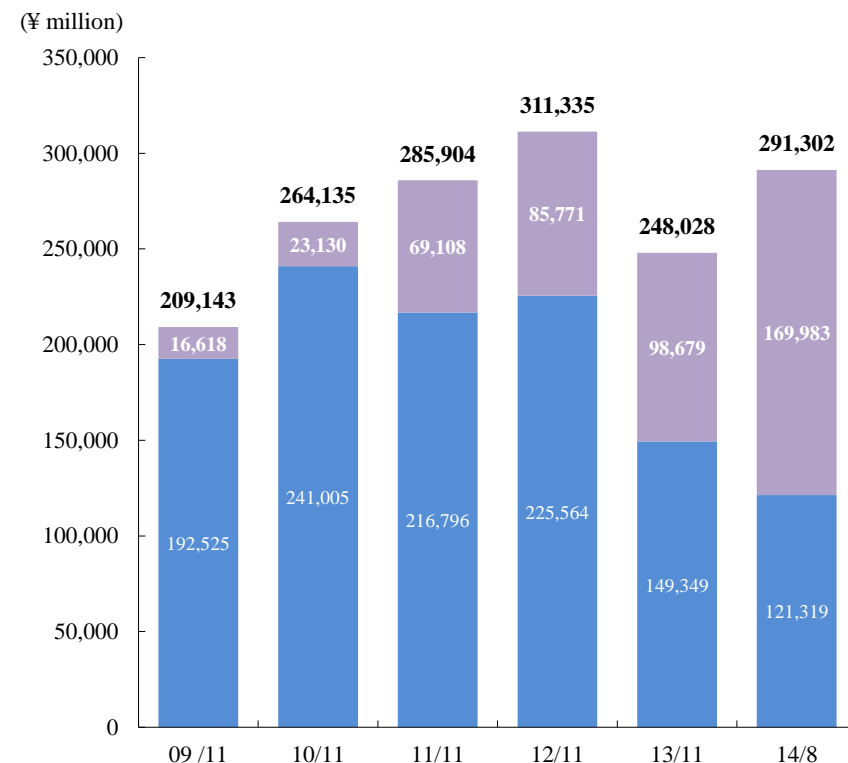
Revenue / Gross Profit Margin



(¥million)	FY2013		FY2014	
	Nine months	Full year	Nine months	Full year (forecast)
Revenue	1,232	1,419	664	804
Gross profit	1,071	1,248	623	754
Operating profit	652	669	133	88

* The revenue includes internal transactions.

Balance of Assets Under Management *2



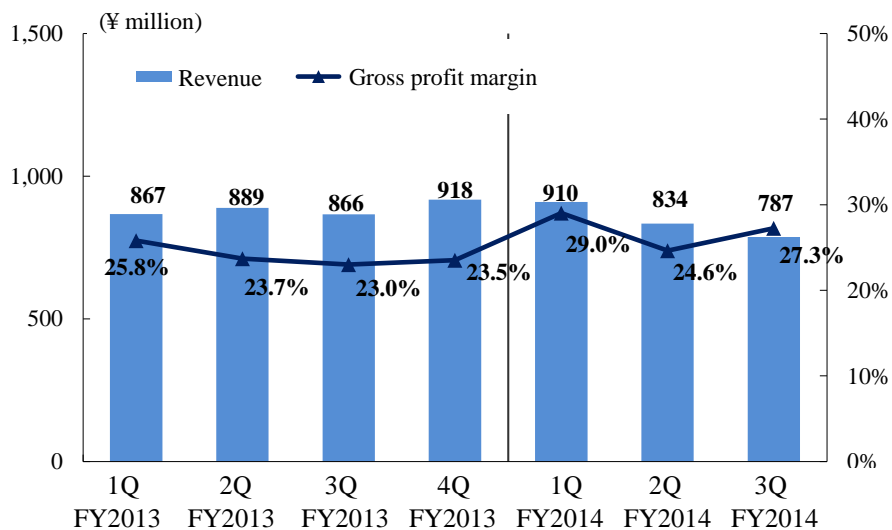
※1 Out of additional ¥111.8 billion, ¥84.2 billion which was part of a former CRE contract added on as we obtained the asset evaluation of a subject property this year. Hence, the actual amount of increase by new contracts was ¥27.6 billion. Further, there is no effort on the revenue due to the increase of the balance of CRE contract.

※2 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.

Property Management Business

- ◆ Improvement in the profit margin and new property management contracts contributed to the stable income of business

Revenue / Gross Profit Margin



(¥ million)	FY2013		FY2014	
	Nine months	Full year	Nine months	Full year (forecast)
Revenue	2,623	3,541	2,533	3,361
Gross profit	634	850	684	900
Operating profit	87	123	187	193

*The revenue include internal transactions.

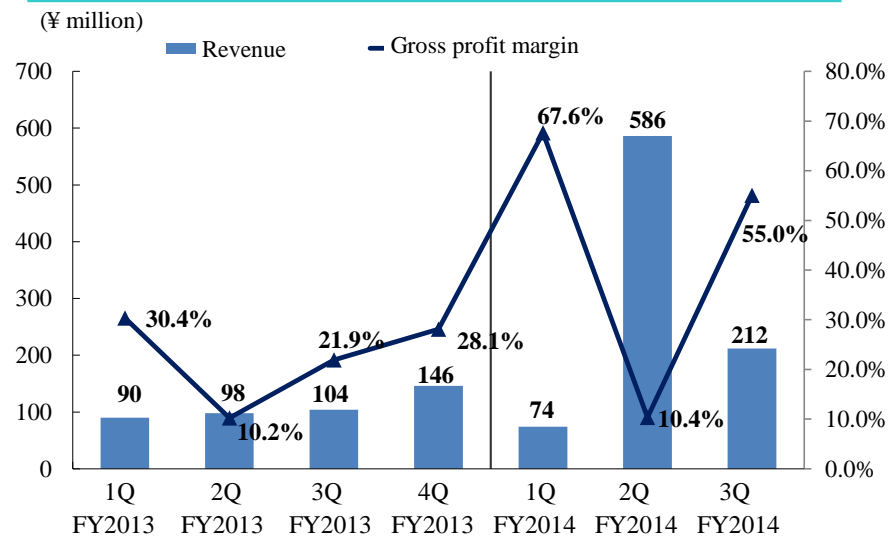
【The Number of Properties Under Management】

	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	FY2013	FY2013	FY2013	FY2013	FY2014	FY2014	FY2014
Office building management	313	324	328	343	348	350	354
Condo/Apt management	215	215	204	203	205	201	202
TOTAL	528	539	532	546	553	551	556

Alternative Investment Business

- ◆ Dramatically expanded sales by real estate acquired through like-kind exchanges and brokerage fees.

Revenue / Gross Profit Margin



(¥ million)	FY2013		FY2014	
	Nine months	Full year	Nine months	Full year (forecast)
Revenue	293	440	874	1,084
Gross profit	60	101	228	283
Operating profit	42	73	222	254

* The revenue include internal transactions.

◆ Revenue and Current earning by TRI

(¥ million)	FY2013		FY2014	
	Nine months	Full-year	Nine months	Full-year(forecast)
Revenue	1,008	1,286	814	864
Ordinary income	137	168	181	162
Net Profit	80	100	131	105

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

	End of Nov. 2013	Decrease		Increase		End of Mar. 2014	Decrease		Increase		End of Aug. 2014	(¥ million) 9 months YTD	
		Decrease	Increase	Decrease	Increase		Decrease	Increase	Decrease	Increase			
Total Assets	71,283	+13,326				84,609	+3,529				88,139	+16,856	
Cash and cash equivalents	14,711	-122				14,589	-1,887				12,701	-2,010	
Inventories (properties)	38,040	14,078	25,980			49,942	3,586	8,494			54,850	17,664	34,474
Investment properties/PPE	16,008	587	1,103			16,524	43	18			16,498	631	1,121
Other assets	2,522	1,031				3,553	535				4,088	+1,566	

A: Change in cash and cash equivalents

- Cash and cash equivalents decreased by ¥2,010 million from the previous year-end.

C: Investment properties/PPE

- Investment properties and PPE increased by ¥490 million from the previous year-end.

B: Change in inventory

Inventory increased by ¥16.8 billion from the previous year-end as purchase of properties substantially exceeded sales.

		(¥ million)	2Q FY2014	3Q FY2014	3Q YTD		
Increase Factor	Acquisitions		22,865	7,297	30,163		
	Construction/value up		2,614	1,196	3,810		
	Others		500		500		
Decrease Factor	Dispositions	-14,078		-3,586	-17,664		
	LCM						
	Others						
Total		-14,078	25,980	-3,586	8,494	-17,664	34,474

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

(¥ million)

	End of	Decrease	Increase	End of	Decrease	Increase	End of	9 months YTD	
	Nov. 2013			Mar. 2014			Aug. 2014	Decrease	Increase
Total Liabilities /Equity	71,283		+13,326	84,609		+3,529	88,139	+16,856	
Borrowings	35,036	14,419	26,578	47,195	8,314	11,442	50,322	22,734	38,020
Current borrowings	7,587	5,291	5,853	8,148	3,004	3,252	8,396	8,296	9,105
Non-current borrowings	27,449	9,127	20,724	39,046	5,310	8,189	41,926	14,437	28,914
Other Liabilities	6,154		+265	6,419		-146	6,273	+119	
Equity	30,092		+902	30,995		+548	31,543	+1,451	
Equity Ratio (%)	42.2		-5.6	36.6		-0.8	35.8	-6.4	

A : Change in borrowings

• As the borrowings to finance property acquisitions exceeded the repayment of borrowings by sales, the debt balance increased by ¥15.2 billion from the end of the previous fiscal year.

• ¥27.9 billion of new borrowings (LTV:90%) incurred to finance acquisition of 32 properties (book value:¥31.1 billion)

*including 1 non-current asset (book value; about 1 billion)

Current	Increase	New Borrowings		839
		Non-current→ Current Portion		7,788
		Other (refinance, etc.)		479
	Decrease	Repayments upon Disposition	- 4,759	
Other repayments (refin/maturity)		- 2,386		
Conversion to non-current borrowings		- 1,152		
Non-current	Increase	New Borrowings		27,127
		Other (refinance, etc.)		636
		Conversion to non-current borrowings		1,152
	Decrease	Repayments upon Disposition	- 5,753	
Other repayments (refin/maturity)		- 897		
Non-current→ Current Portion		- 7,788		
	TOTAL		- 22,734	38,020

B : Change in Equity

• Total equity increased by ¥1.4 billion from the end of the previous fiscal year, in consequence of the increase in retained earnings, and dividend payments.

Inventories (Breakdown)

Balance of Inventories
As of Aug 31, 2014

(76 properties) **54,850**

**Total Expected
Disposition Value**

(¥ million)

76,466

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	21,659	23	3,208	3	27,133	6,133	33,267
Condo/Apt buildings	19,306	26	177	1	23,345	448	23,793
Detached houses	-	0	7,927	22	-	15,978	15,978
Other	2,570	1	-	0	3,427	-	3,427
TOTAL	43,537	50	11,313	26	53,906	22,559	76,466

* The expected disposition values above are based on Tosei's estimate of revenue corresponding to the properties currently in the inventories. These are calculated using information available as of August 31, 2014. Actual amounts may vary significantly from the estimates, due to various factors.

* The inventories above represent carrying amount as of August 31 2014 and may increase due to such factors as value-up investments and construction costs.

Inventories (Expected Disposition Values)

- ◆ Inventories (expected revenue) increased by ¥21.6 billion from the previous year-end due to a progress of purchases
- ◆ Office buildings exceeded condominiums for the first time in five years after 2009

(¥ million)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (As of Aug 31)
Office buildings	60,487	31,264	22,251	15,206	18,595	18,497	33,267
Condo/Apt buildings	14,327	12,844	30,589	26,627	23,476	22,709	23,793
Detached houses	—	—	558	3,727	7,701	13,225	15,978
Others	1,672	479	220	1,021	354	393	3,427
TOTAL	76,487	44,588	53,620	46,581	50,127	54,825	76,466

Summary of Cash Flow Statements (Consolidated)

(¥ million)

	Nine Months Ended August 31, 2013[A]	Nine Months Ended August 31, 2014[B]	yr/yr change [B]-[A]
Cash flows from/used in operating activities	4,932	※1 -14,697	-19,629
Profit before tax	3,076	2,980	-95
Depreciation expense	130	138	7
Increase/Decrease in inventories	1,595	-16,030	-105
Other	130	-1,785	-1,916
Cash flows from/used in investing activities	7	-1,352	-1,360
Increase/Decrease in PPE	-6	-13	-150
Increase/Decrease in investment properties	-178	-1,095	-916
Other	192	-243	-435
Cash flows from/used in financing activities	1,475	※2 14,036	12,560
Increase/Decrease in borrowings	463	15,281	14,818
Proceeds from issuance of new shares	1,825	0	-1,825
Cash dividends paid	-273	-384	-110
Interest expenses paid	-539	-859	-320
Other	-1	-1	-0
Increase/Decrease in cash and cash equivalents	6,415	-2,013	-8,429
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	3	-8
Cash and cash equivalent at end of period	15,837	12,701	-3,136

Cash Flows from Operating Activities *1

Cash flow from operating activities was -¥14.6 billion, due mainly to -¥16.0 billion increase in inventories.

Cash Flows used in Financing Activities*2

Cash flow from financing activities was +¥14.0 billion, due primarily to ¥15.2 billion net increase in borrowings resulted from property disposition, -¥380 million of cash dividends paid, and -¥850 million on of interest expenses paid.

I. Revenue and Cost of Revenue

(¥ million, %)

Revenue	Nine Months Ended August 31, 2013		Nine Months Ended August 31, 2014		yr/yr change	
		%		%		%
TOTAL	29,097	100.0	27,091	100.0	-2,005	-6.9
Revitalization	9,937	34.2	15,719	58.0	5,781	58.2
Development	13,431	46.2	4,685	17.3	-8,745	-65.1
Rental	1,908	6.6	3,035	11.2	1,127	59.1
Fund and Consulting	1,232	4.2	664	2.5	-567	-46.1
Property Management	2,623	9.0	2,533	9.4	-90	-3.4
Alternative Investment	293	1.0	874	3.2	580	197.5
Internal Transactions	-330	-	-421	-	-90	-

Cost of revenue	Nine Months Ended August 31, 2013		Nine Months Ended August 31, 2014		yr/yr change	
		%		%		%
TOTAL	21,791	74.9	20,393	75.3	-1,397	-6.4
Revitalization	7,780	78.3	13,321	84.7	5,541	71.2
Development	11,160	83.1	3,745	79.9	-7,414	-66.4
Rental	747	39.2	1,133	37.3	385	51.6
Fund and Consulting	160	13.1	41	6.2	-119	-74.4
Property Management	1,989	75.8	1,848	73.0	-140	-7.1
Alternative Investment	233	79.4	645	73.8	412	176.7
Internal Transactions	-281	-	-342	-	-61	-

II. Gross Profit and Operating Profit

(¥ million, %)

Gross profit	Nine Months Ended August 31, 2013		Nine Months Ended August 31, 2014		yr/yr change	
		%		%		%
TOTAL	7,305	25.1	6,697	24.7	-608	-8.3
Revitalization	2,156	21.7	2,397	15.3	240	11.2
Development	2,271	16.9	940	20.1	-1,331	-58.6
Rental	1,160	60.8	1,902	62.7	741	63.9
Fund and Consulting	1,071	86.9	623	93.8	-447	-41.8
Property Management	634	24.2	684	27.0	50	8.0
Alternative Investment	60	20.6	228	26.2	168	277.9
Internal Transactions	-49	-	-78	-	-29	-

Operating profit	Nine Months Ended August 31, 2013		Nine Months Ended August 31, 2014		yr/yr change	
		%		%		%
TOTAL	3,614	12.4	3,574	13.2	-39	-1.1
Revitalization	1,576	15.9	1,706	10.9	129	8.2
Development	1,217	9.1	422	9.0	-794	-65.3
Rental	1,104	57.9	1,832	60.4	728	66.0
Fund and Consulting	652	53.0	133	20.2	-518	-79.5
Property Management	87	3.3	187	7.4	99	113.5
Alternative Investment	42	14.6	222	25.5	179	419.7
Internal Transactions	-1,067	-	-930	-	136	-

Thank you



— **Contact:** —

Corporate Planning Department

Tel : +81 3-3435-2864

Fax : +81 3-3435-2866

URL : <http://www.toseicorp.co.jp/english>

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