



**Financial Results
For the First Three Months
Ended February 28, 2015**

Tosei Corporation

Securities Code:

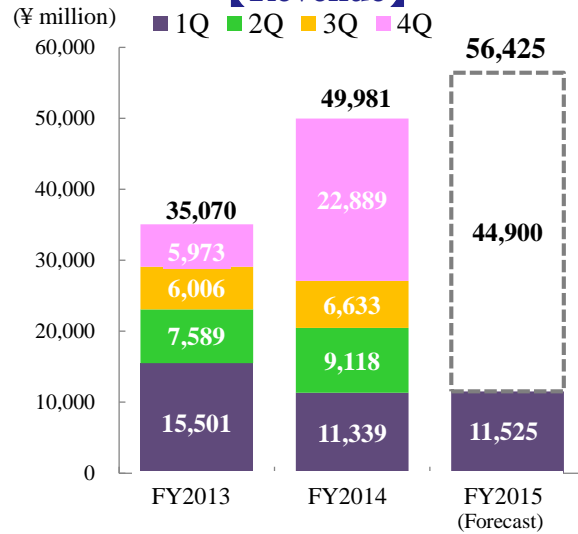
8923 Tokyo Stock Exchange, First Section

S2D Singapore Exchange, Mainboard

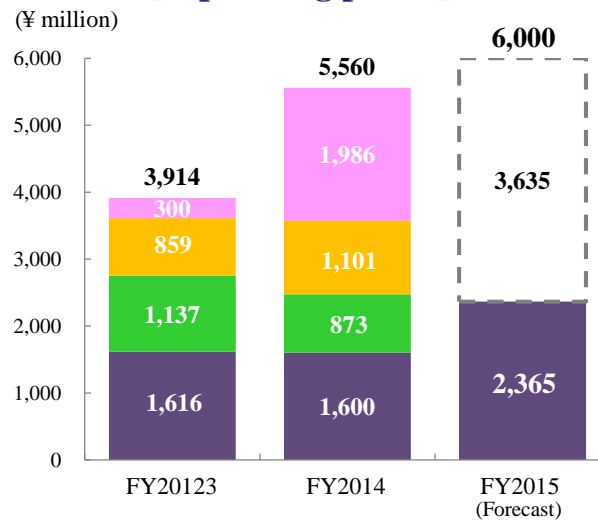
Operating Performance of Three Months Ended Feb. 28, 2015 - Highlights

- ◆ Revenue ¥11.5 billion (up 1.6% yr/yr) remained at the same level as the previous year.
- ◆ Operating profit ¥2.3 billion (up 47.8% yr/yr) and profit for the period ¥1.3 billion (up 59.4% yr/yr) increased greatly.

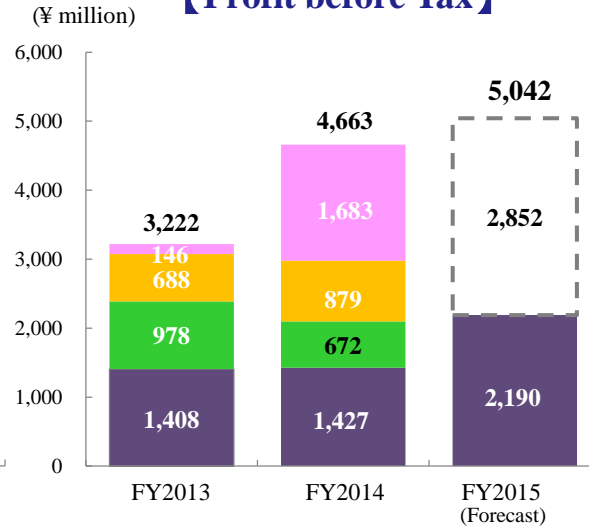
【Revenue】



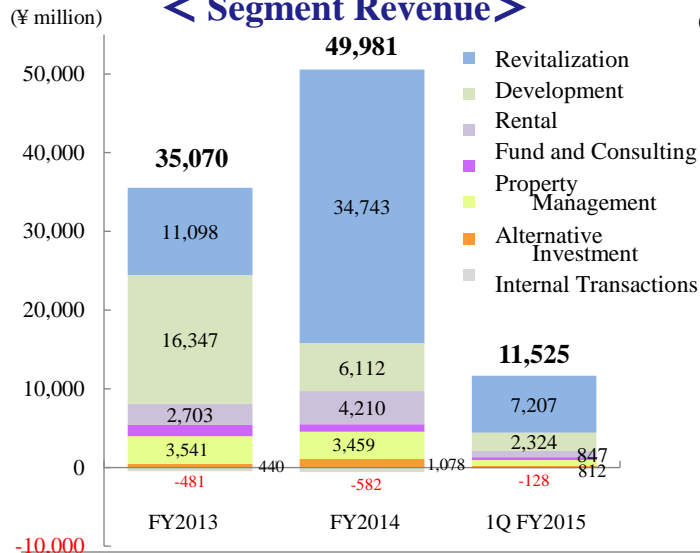
【Operating profit】



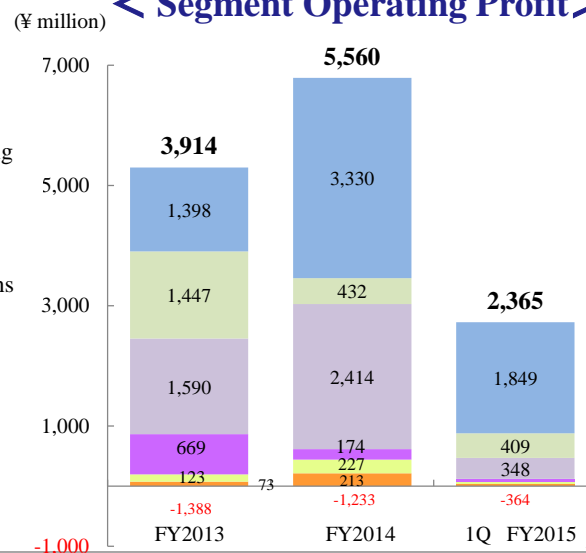
【Profit before Tax】



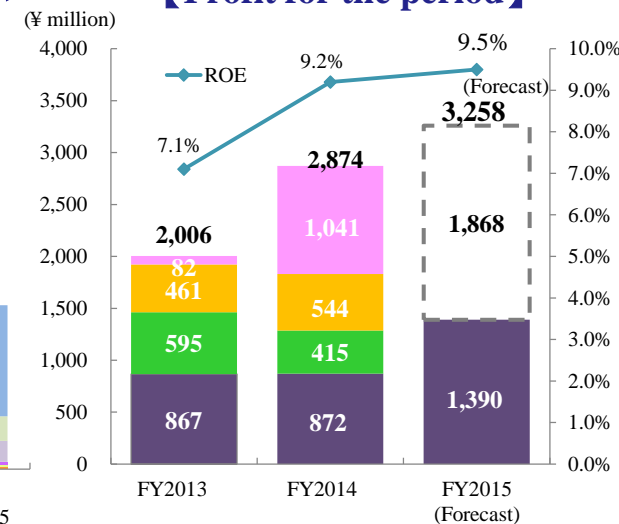
< Segment Revenue >



< Segment Operating Profit >



【Profit for the period】



Overview of Consolidated Financial Results

for Three Months Ended February 28, 2015

(¥ million)

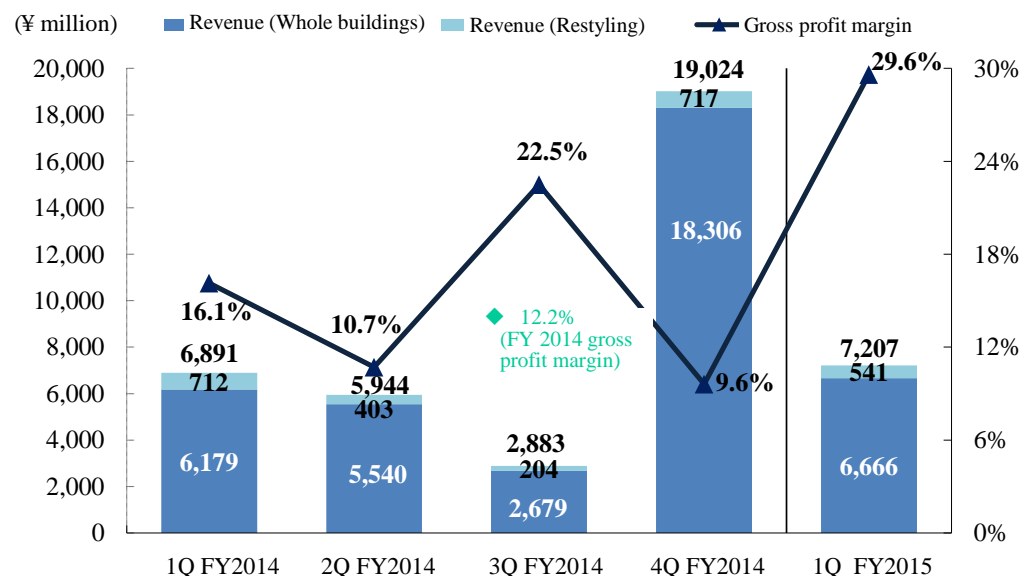
	1Q FY2014		1Q FY2015		yr/yr change	
		%		%		%
Revenue	11,339	100.0	11,525	100.0	185	1.6
Cost of revenue	8,632	76.1	7,897	68.5	-734	-8.5
Gross profit	2,707	23.9	3,628	31.5	920	34.0
Selling, general and administrative expenses, etc.	1,107	9.8	1,263	11.0	155	14.1
Operating profit	1,600	14.1	2,365	20.5	765	47.8
Finance income/costs (net)	-172	-	-174	-	-1	-3.5
Profit before tax	1,427	12.6	2,190	19.0	763	53.5
Income tax expense	555	-	800	-	244	44.1
Profit for the period	872	7.7	1,390	12.1	518	59.4
Comprehensive income for the period	872	7.7	1,496	13.0	624	71.5
EPS (¥)	18.07		28.80		10.73	59.4
ROE (%) ※	11.5		16.8		5.3P	
ROA (%) ※	4.7		6.7		2.0P	

※ ROE and ROA indicate the annual

※ ROE and ROA indicate the annual
corresponding value for the period
corresponding value for the period

- ◆ **Whole buildings** : Sold 9 buildings including income-generating offices and apartments such as “Ogawacho Tosei building”, “Shibuya 4-chome building” and “Kannai Tosei building”.
- ◆ **Restyling** : Sold 16 units in 6 properties including “Hilltop Yokohamanegishi” and “Renai Kamakura Ueki” etc.

Revenues/Gross Profit Margin



Major Properties Sold



Ogawacho Tosei Building



Nishiazabu 3-chome Building



Shibuya 4-chome Building



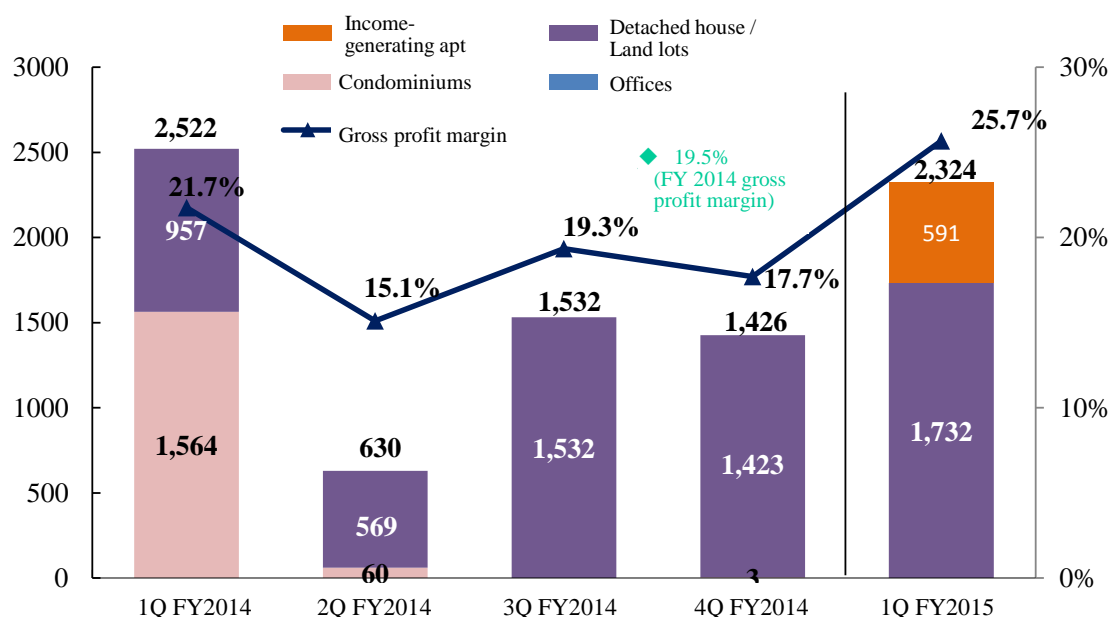
Kannai Tosei Building

(¥ million)	FY2014		FY2015	
	1Q	Full year	1Q	Full year (forecast)
Revenue	6,891	34,743	7,207	38,844
Gross profit	1,112	4,226	2,133	5,416
Operating profit	864	3,330	1,849	4,167

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM:
FY 2014 4Q : ¥260 millions

- ◆ Focused on sales and development of detached houses in firm demand, sold 19 detached houses at “THE Palms court Bunkyo Honkomagome” and “THE Palms court Kawasakiidaishi” etc (in 8 projects) along with “THE Palms Nishidai” as an income-generating apt building and land lots etc.

Revenue/Gross Profit Margin



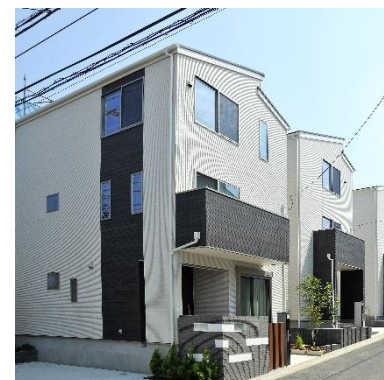
(¥million)	FY2014		FY2015	
	1Q	Full year	1Q	Full year (forecast)
Revenue	2,522	6,112	2,324	8,443
Gross profit	548	1,192	596	1,639
Operating profit	338	432	409	800

*The revenues include internal transactions.

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM:
FY 2014 4Q : ¥24.8 millions

Major Properties Sold/Being Sold

Detached Houses



THE Palms court Kawasakiidaishi



THE Palms court Bunkyo Honkomagome



THE Palms court Kashiwa Hatsuishi

Acquisitions in Revitalization and Development Businesses - Acquisition Amount and Inventories

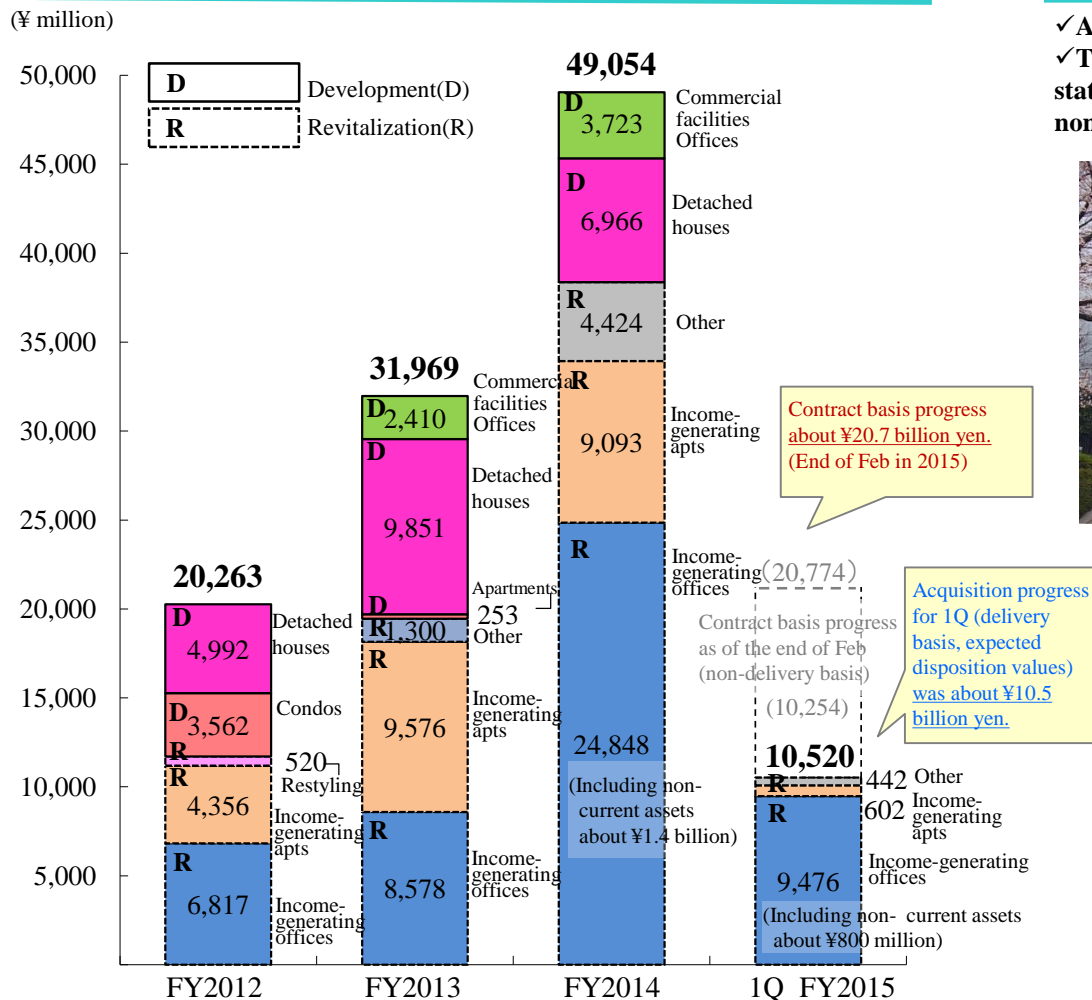
◆ Total acquisition amount for this period was ¥10.5 billion on a delivery basis(expected disposition values) *

*including 1 non-current asset of ¥800 million yen

◆ Revitalization Business: 7 properties (4 office buildings*, 1 income-generating apt building, 2 land lots)* including 1 non-current asset

◆ As of the end of February, total acquisition amount progress about ¥20.7 billion on a contract basis

Trends in Annual Acquisition Amounts
(Delivery basis and Expected Disposition Values)



Breakdown of Inventories
(Trends in Expected Disposition Values)

- ✓ Actively promote acquisitions of large and medium-scale properties.
- ✓ To acquisition high-yield properties and development lands close to the station in suburb considering features or yieldability in that area due to non-competitive market.



Tama Nagayama Building

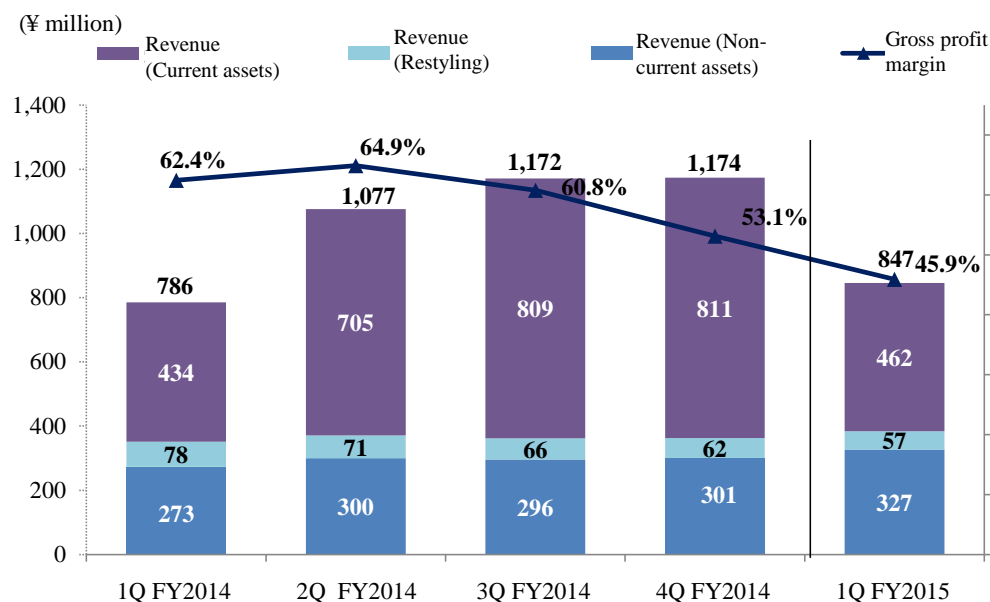


Kannai Building

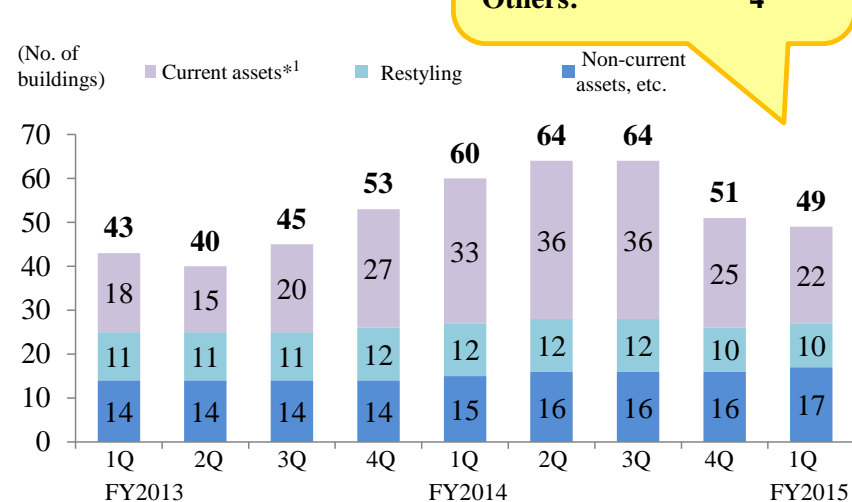
	(¥ million)		
	As of the end of FY 2013	As of the end of FY 2014	As of Feb. 28, 2015
Office buildings	18,497	27,185	29,933
Condo/Apt buildings	22,709	13,881	13,019
Detached houses	13,225	15,247	13,526
Others	393	4,243	4,719
TOTAL	54,825	60,557	61,198

- ◆ Decreased the number of rental properties due to sale of current assets.
- ◆ Focused on leasing of income-generating offices and apt buildings to increase occupancy rates.

Revenues / Gross Profit Margin



Breakdown of Properties Held by Tosei



Office and commercial buildings: 25
Apartments: 20
Others: 4

(¥ million)	FY2014		FY2015	
	1Q	Full year	1Q	Full year (forecast)
Revenue	786	4,210	847	3,886
Gross profit	490	2,526	389	1,967
Operating profit	471	2,414	348	1,811

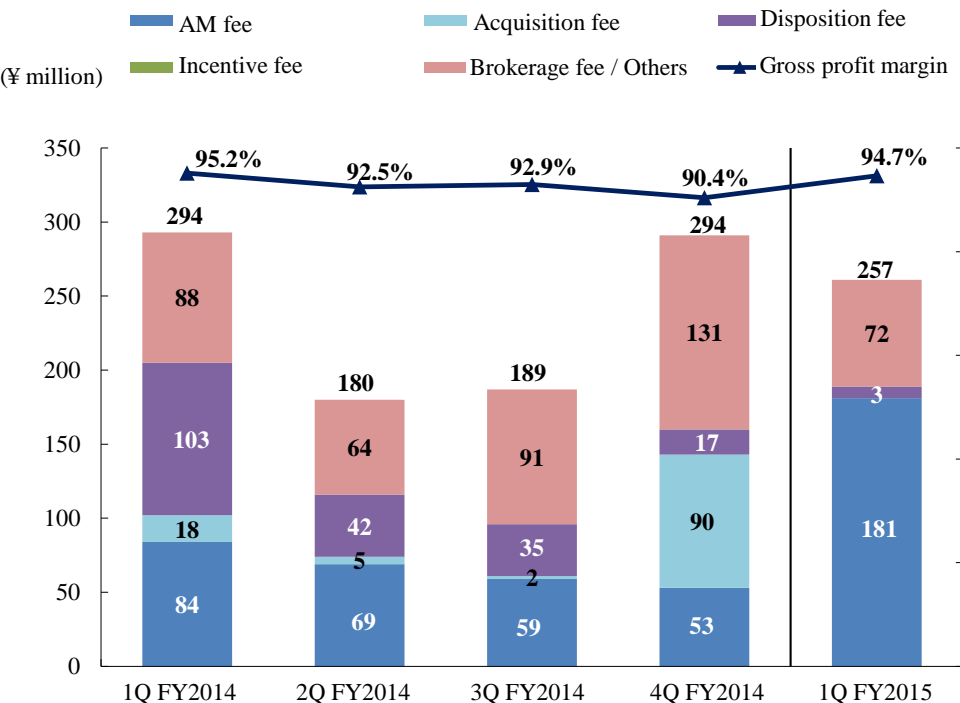
* The revenue includes internal transactions

*1 Includes income-generating properties only

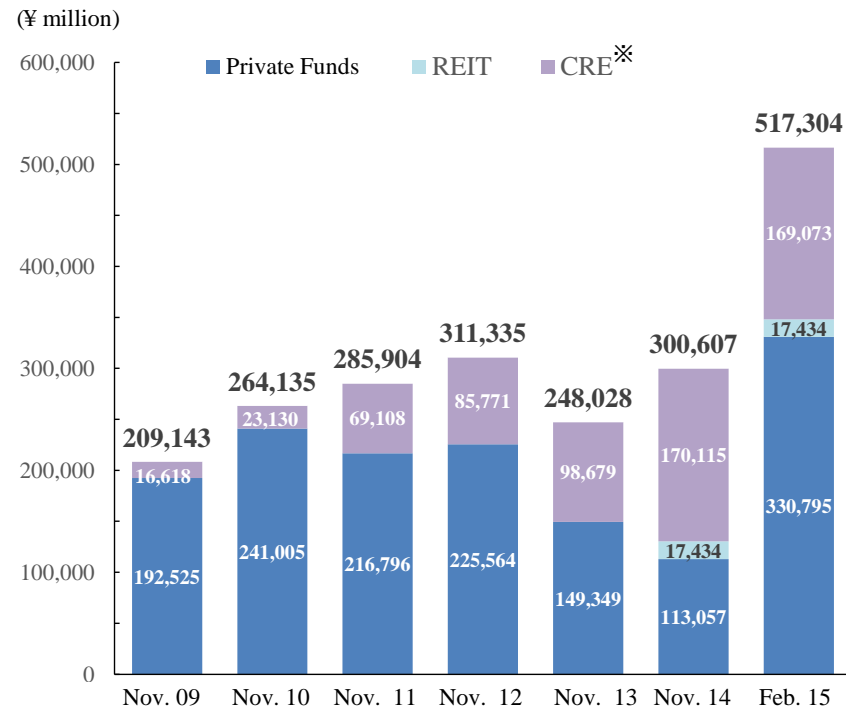
< Increase and decrease since the end of the previous year >	
New acquisitions	+5
Decreased by sale	-6
Decreased by vacation	-1
Total	-2

◆AUM significantly increased to about ¥520 billion yen due to new AM of large-scale project, continuously promote efforts such as the composition of new funds etc to further increase AUM.

Revenue / Gross Profit Margin



Balance of Assets Under Management



(¥ million)	FY2014		FY2015	
	1Q	Full year	1Q	Full year (forecast)
Revenue	294	958	257	1,251
Gross profit	280	889	244	1,176
Operating profit	116	174	50	325

*The purple portion indicates the assets under consulting agreements of CRE.

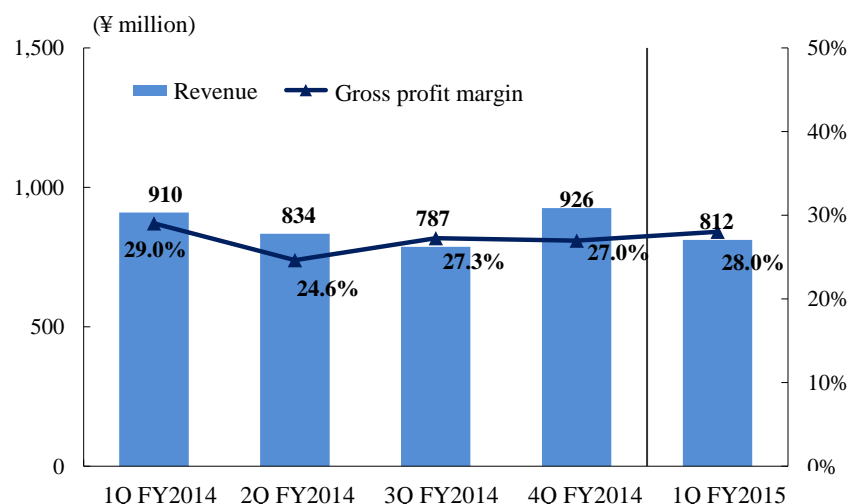
CRE is methods of investing in and managing corporate real estate efficiently to maximize long-term enterprise value. By undertaking CRE, Tosei conducts comprehensive consulting services from the views of real estate professional.

* The revenue includes internal transactions.

Property Management Business

- ◆ In addition to service expansion, new property management contracts and improvement in profit margin contributed to the stable income of business.

Revenue / Gross Profit Margin



(¥ million)	FY2014		FY2015	
	1Q	Full year	1Q	Full year (forecast)
Revenue	910	3,459	812	3,587
Gross profit	264	934	227	972
Operating profit	97	227	26	150

*The revenue include internal transactions.

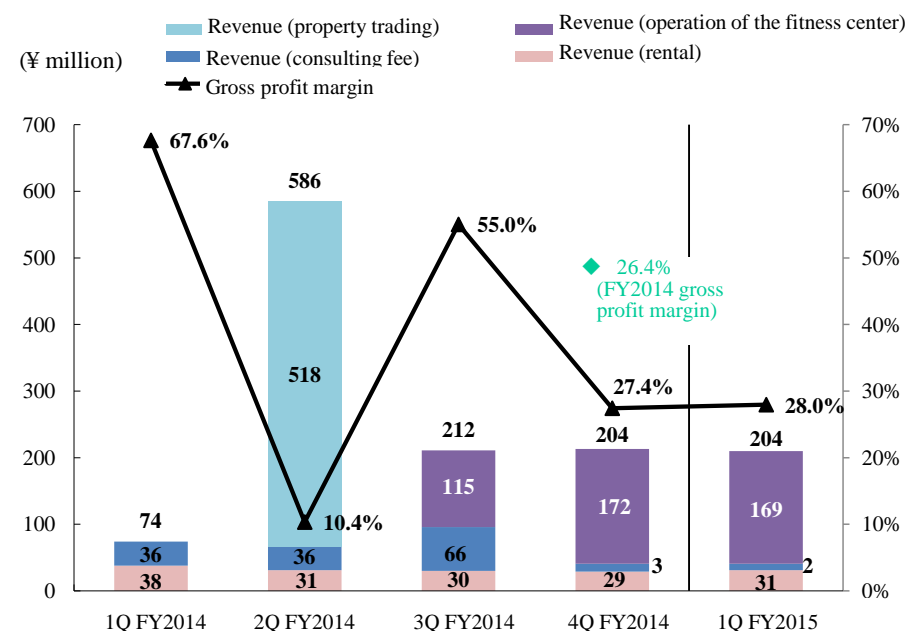
【The Number of Properties Under Management】

	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015
Office building management	348	350	354	351	348
Condo/Apt management	205	201	202	193	192
TOTAL	553	551	556	544	540

Alternative Investment Business

- ◆ Rental income by real estate acquired through like-kind exchanges and membership fee by the operation of the fitness center acquired through M&A contributed to revenues. Continue to focus on obtaining alternative investment opportunities.

Revenue / Gross Profit Margin



(¥ million)	FY2014		FY2015	
	1Q	Full year	1Q	Full year (forecast)
Revenue	74	1,078	204	966
Gross profit	50	284	57	333
Operating profit	42	213	45	261

*The revenue include internal transactions.

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

	End of Nov. 2014	Decrease	Increase	End of Feb. 2015
Total Assets	80,858	+3,466		84,324
Cash and cash equivalents	16,100	+1,750		17,851
Inventories (properties)	41,565	6,805	8,577	43,337
Investment properties/PPE	17,151	47	682	17,786
Other assets	6,040	-691		5,349

(¥ million)

A : Change in cash and cash equivalents

- Cash and cash equivalents decreased by ¥1,750 million from the previous year-end.

C : Investment properties/PPE

- Investment properties and PPE increased by ¥635 million from the previous year-end due to an acquisition of a non-current asset (¥665 million).

B : Change in inventory

Inventory increased by ¥1.7 billion from the previous year-end as purchase of properties substantially exceeded sales.

		(¥ million)	1Q FY2015
Increase Factor	Acquisitions		7,777
	Construction/value up		800
	Others		
Decrease Factor	Dispositions	-6,805	
	Others		
Total		-6,805	8,577

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

	End of Nov. 2014	Decrease	Increase	End of Feb. 2015	(¥ million)
Total Liabilities /Equity	80,858	+3,466		84,324	
Total Liabilities	48,130	+2,549		50,679	
Borrowings	40,404	8,871	12,409	43,942	
Current borrowings	5,380	1,984	2,263	5,659	
Non-current borrowings	35,024	6,887	10,146	38,283	
Other Liabilities	7,725	-988		6,736	
Equity	32,727	+917		33,645	
Equity Ratio (%)	40.5	-0.6		39.9	

A : Change in borrowings

•As the borrowings to finance property acquisitions exceeded the repayment of borrowings by sales as well as refinancing etc, the debt balance increased by ¥3.5 billion from the end of the previous fiscal year.

•¥7.7 billion of new borrowings (LTV:91%) incurred to finance acquisition of 7 properties (book value ¥8.4billion).

*including 1 non-current asset (book value, about ¥600 million).

Current	Increase	New Borrowings		
		Non-current→ Current Portion		2,263
		Other (refinance, etc.)		
	Decrease	Repayments upon Disposition	- 1,032	
		Other repayments (refin/maturity)	- 911	
Conversion to non-current borrowings		- 40		
Non-current	Increase	New Borrowings		7,735
		Other (refinance, etc.)		2,371
		Conversion to non-current borrowings		40
	Decrease	Repayments upon Disposition	- 4,298	
		Other repayments (refin/maturity)	- 325	
		Non-currennt→ Current Portion	- 2,263	
	TOTAL		- 8,871	12,409

B : Change in Equity

•Total equity increased by ¥900 million from the end of the previous fiscal year, in consequence of the increase in retained earnings (¥1.3 billion), and dividend payments (-¥570 million).

Inventories (Breakdown)

(¥ million)

Balance of Inventories
As of Feb 28, 2015

43,337 (59 properties)

Total Expected
Disposition Value

61,198

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	18,759	16	3,353	3	23,782	6,151	29,933
Condo/Apt buildings	10,846	18	0	0	13,019	0	13,019
Detached houses	-	0	6,859	16	-	13,526	13,526
Other	3,518	6	-	0	4,719	-	4,719
TOTAL	33,124	40	10,213	19	41,521	19,677	61,198

* 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 February 28, 2015. Actual amounts may vary significantly from the estimates, due to various factors.

* The inventories above represent carrying amount as of February 28, 2015 and may increase due to such factors as value-up investments and construction costs.

Inventories (Expected Disposition Values)

◆ Inventories (expected disposition values) totaled ¥61.1 billion as of February 28, 2015.

(¥ million)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY2015 (As of Feb. 28)
Office buildings	31,264	22,251	15,206	18,595	18,497	27,185	29,933
Condo/Apt buildings	12,844	30,589	26,627	23,476	22,709	13,881	13,019
Detached houses	—	558	3,727	7,701	13,225	15,247	13,526
Others	479	220	1,021	354	393	4,243	4,719
TOTAL	44,588	53,620	46,581	50,127	54,825	60,557	61,198

*As of the fiscal year end unless otherwise indicated.

Summary of Cash Flow Statements (Consolidated)

(¥ million)

	1Q FY2014 [A]	1Q FY2015 [B]	yr/yr change [B]-[A]
Cash flows from/used in operating activities	-3,164	* 1 -757	2,407
Profit before tax	1,427	2,190	763
Depreciation expense	45	52	7
Increase/Decrease in inventories	-3,625	-1,748	-405
Other, net	-1,011	-1,251	-240
Cash flows from/used in investing activities	-1,137	-238	898
Increase/Decrease in PPE	-6	-16	20
Increase/Decrease in investment properties	-1,088	-665	423
Other, net	-42	443	485
Cash flows from/used in financing activities	4,352	* 2 2,757	-1,594
Increase/Decrease in borrowings	5,009	3,538	-1,471
Cash dividends paid	-349	-534	-184
Interest expenses paid	-307	-246	61
Other, net	-0	-0	-0
Increase/Decrease in cash and cash equivalents	50	1,761	1,710
Cash and cash equivalent at beginning of period	14,711	16,100	1,388
Effect of exchange rate change on cash and cash equivalents	-0	-10	-10
Cash and cash equivalent at end of period	14,762	17,851	3,089

Cash Flows from Operating Activities *1

Cash flow from operating activities was -¥700 million, due mainly to -¥1.7 billion increase in inventories and -¥1.3 billion in income taxes.

Cash Flows used in Financing Activities*2

Cash flow from financing activities was +¥2.7 billion, due primarily to ¥3.5 billion net increase in borrowings resulted from property disposition, -¥530 million of cash dividends paid, and -¥240 million of interest expenses paid.

Overview of Segment Results (Consolidated)

I. Revenue and Cost of Revenue

(¥ million, %)

Revenue	1Q FY2014		1Q FY2015		yr/yr change	
		%		%		%
TOTAL	11,339	100.0	11,525	100.0	185	1.6
Revitalization	6,891	60.8	7,207	62.5	315	4.6
Development	2,522	22.2	2,324	20.2	-198	-7.9
Rental	786	6.9	847	7.4	61	7.8
Fund and Consulting	294	2.6	257	2.2	-36	-12.5
Property Management	910	8.0	812	7.1	-98	-10.8
Alternative Investment	74	0.7	204	1.8	129	172.4
Internal Transactions	-140	-	-128	-	12	-

Cost of revenue	1Q FY2014		1Q FY2015		yr/yr change	
		%		%		%
TOTAL	8,632	76.1	7,897	68.5	-734	-8.5
Revitalization	5,778	83.9	5,073	70.4	-705	-12.2
Development	1,974	78.3	1,728	74.3	-246	-12.5
Rental	295	37.6	458	54.1	163	55.2
Fund and Consulting	14	4.8	13	5.3	0	-3.2
Property Management	646	71.0	585	72.0	-61	-9.5
Alternative Investment	24	32.4	147	72.0	122	506.1
Internal Transactions	-101	-	-109	-	-7	-

II. Gross Profit and Operating Profit

(¥ million, %)

Gross profit	1Q FY2014		1Q FY2015		yr/yr change	
		%		%		%
TOTAL	2,707	23.9	3,628	31.5	920	34.0
Revitalization	1,112	16.1	2,133	29.6	1,020	91.7
Development	548	21.7	596	25.7	48	8.8
Rental	490	62.4	389	45.9	-101	-20.7
Fund and Consulting	280	95.2	244	94.7	-36	-12.9
Property Management	264	29.0	227	28.0	-36	-13.9
Alternative Investment	50	67.6	57	28.0	6	12.7
Internal Transactions	-39	-	-19	-	19	-

Operating profit	1Q FY2014		1Q FY2015		yr/yr change	
		%		%		%
TOTAL	1,600	14.1	2,365	20.5	765	47.8
Revitalization	864	12.5	1,849	25.7	985	114.0
Development	338	13.4	409	17.6	70	20.9
Rental	471	60.0	348	41.1	-122	-26.0
Fund and Consulting	116	39.7	50	19.5	-66	-57.0
Property Management	97	10.7	26	3.2	-71	-73.1
Alternative Investment	42	56.6	45	22.2	2	7.0
Corporate expenses, etc.	-330	-	-364	-	-33	-

Thank you.



— Contact: —

Corporate Planning Department

Tel : +81 3-3435-2864

Fax : +81 3-3435-2866

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

DISCLAIMER

Except for historical facts, all plans, forecasts, strategies and other information contained herein are forward-looking statements. Forward-looking statements include but are not limited to descriptions of future events and performance containing words such as or similar to “believe,” “expect,” “plan,” “strategy,” “anticipate,” “forecast,” and “estimate,” and are based on judgments derived from the information available to the Company at the time of publication. Various factors could cause results to differ materially from any projections presented herein. The Company reserves the right to maintain or change its projections regardless of any new information, conditions or changes in performance. These materials are for informational purposes only, and should not be construed as a recommendation to invest in the Company.