



**Financial Results
For the First Six Months
Ended May 31, 2015**

Tosei Corporation

Securities Code:

8923 Tokyo Stock Exchange, First Section

S2D Singapore Exchange, Mainboard

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(Noboru Hirano, Senior Executive Officer and CFO)

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(Seiichiro Yamaguchi, President and CEO)

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I . Overview of Results for the First Six Months Ended May 31, 2015

Consolidated Earnings Forecast Revision for Fiscal Year Ending November 30, 2015

◆ Full year revised forecast

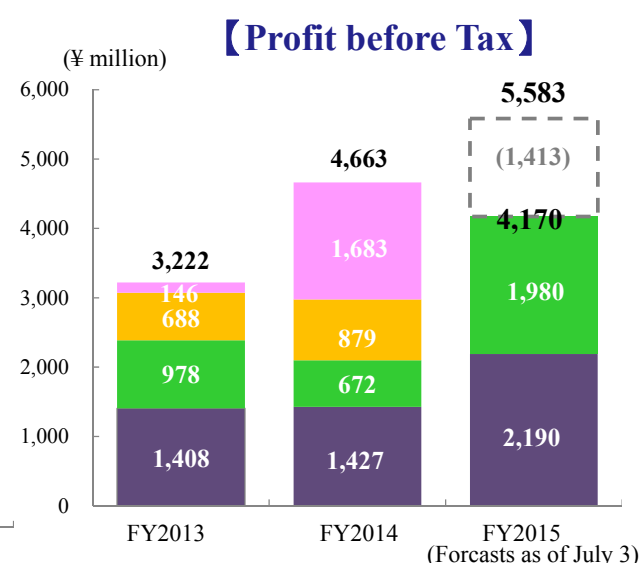
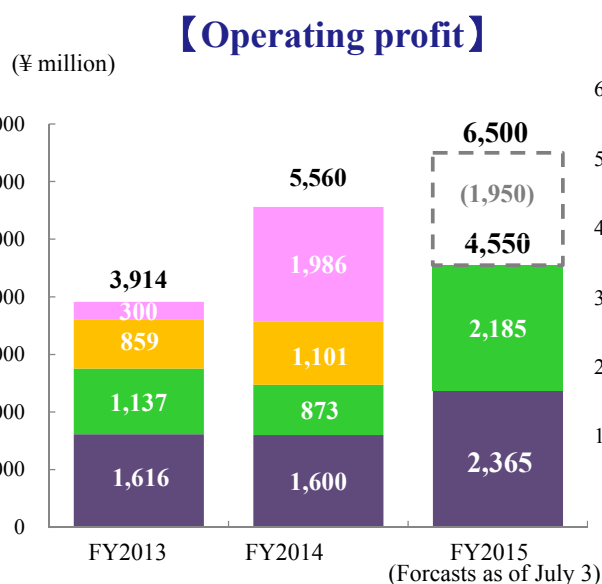
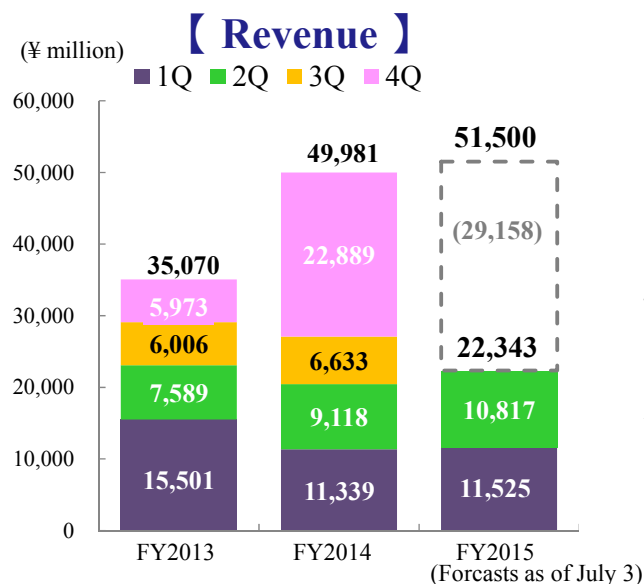
- Revenue ¥51.5 billion, a decrease of ¥4.9 billion from the previous forecast
(As a result of a review of the selling period for certain buildings)
- Operating profit ¥6.5 billion, an increase of ¥490 million, profit for the year ¥3.5 billion, an increase of ¥290million , from the previous forecast (As a result of first half exceeding the initial forecast, and above-mentioned review of the selling period.)

Consolidated Full-Year Earnings Forecasts for Fiscal Year Ending November 30, 2015 (Dec. 1, 2014 to Nov. 30, 2015)

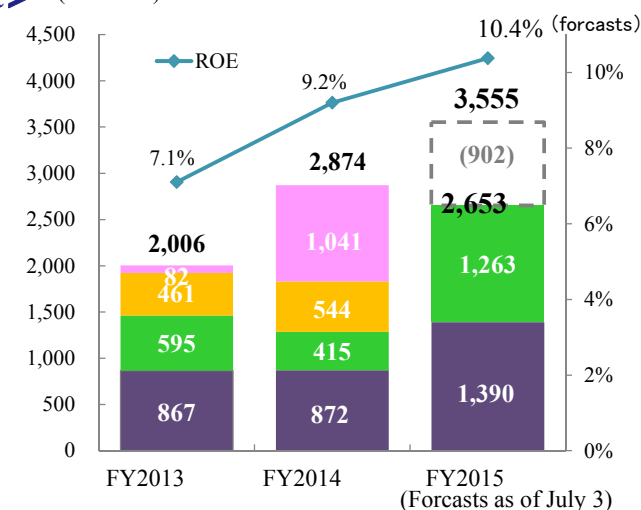
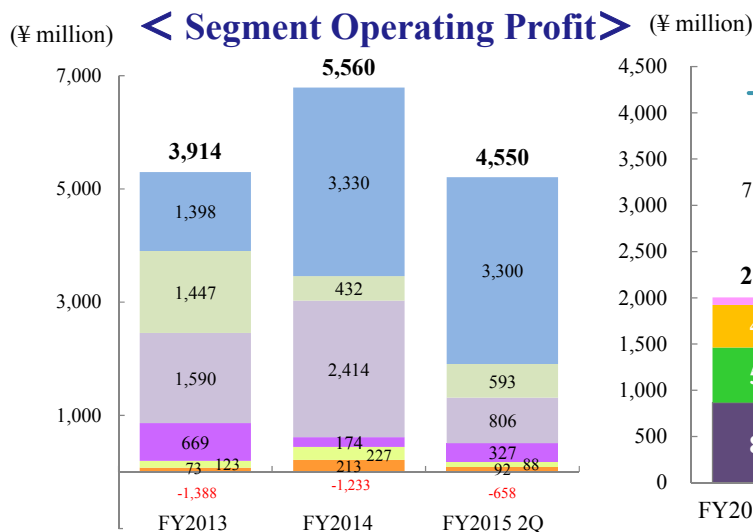
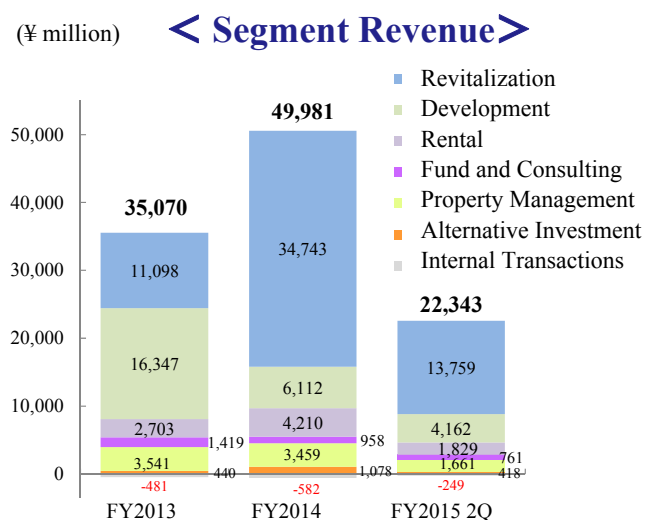
(¥ million)	Revenue	Operating profit	Profit before tax	Profit attributable to owners of the parent
Previous forecasts (A) announced 1/14	56,425	6,000	5,042	3,258
Revised forecasts (B) announced 7/3	51,500	6,500	5,583	3,555
Amount of change (B-A)	▲ 4,925	499	540	297
Percentage change (%)	▲ 8.7	8.3	10.7	9.1
[Reference] Results for the previous fiscal year ended Nov. 30, 2014	49,981	5,560	4,663	2,874

FY2015 First Six Months/Full Year Forecasts - Highlights

- ◆ Revenue 22.3 billion (up 9.2% yr/yr) remained at the same level as the previous year.
- ◆ Operating profit 4.5 billion (up 84.0%yr/yr) and profit for the period 2.6 billion (up 106.0%yr/yr) increased greatly.



【 Profit for the period 】



Overview of Consolidated Financial Results for Six Months Ended May 31, 2015

(¥ million)

	Six months ended May 31, 2014		Six months ended May 31, 2015		yr/yr change	
		%		%		%
Revenue	20,458	100.0	22,343	100.0	1,884	9.2
Cost of revenue	15,903	77.7	15,272	68.4	-630	-4.0
Gross profit	4,554	22.3	7,070	31.6	2,515	55.2
Selling, general and administrative expenses, etc.	2,081	10.2	2,519	11.3	438	21.0
Operating profit	2,473	12.1	4,550	20.4	2,077	84.0
Finance income/costs (net)	-373	-	-380	-	-6	1.9
Profit before tax	2,100	10.3	4,170	18.7	2,070	98.6
Income tax expense	812	-	1,516	-	704	86.8
Profit for the period	1,288	6.3	2,653	11.9	1,365	106.0
Comprehensive income for the period	1,289	6.3	2,782	12.5	1,493	115.9
EPS (¥)	26.68		54.97		28.29	106.0
ROE (%)	8.4		15.7		7.3P	
ROA (%)	5.4		9.8		4.4P	

※ ROE=Profit for the year (profit for the six months × 2) ÷ ((Total equity at preceding year end + Total equity at current year end) ÷ 2)

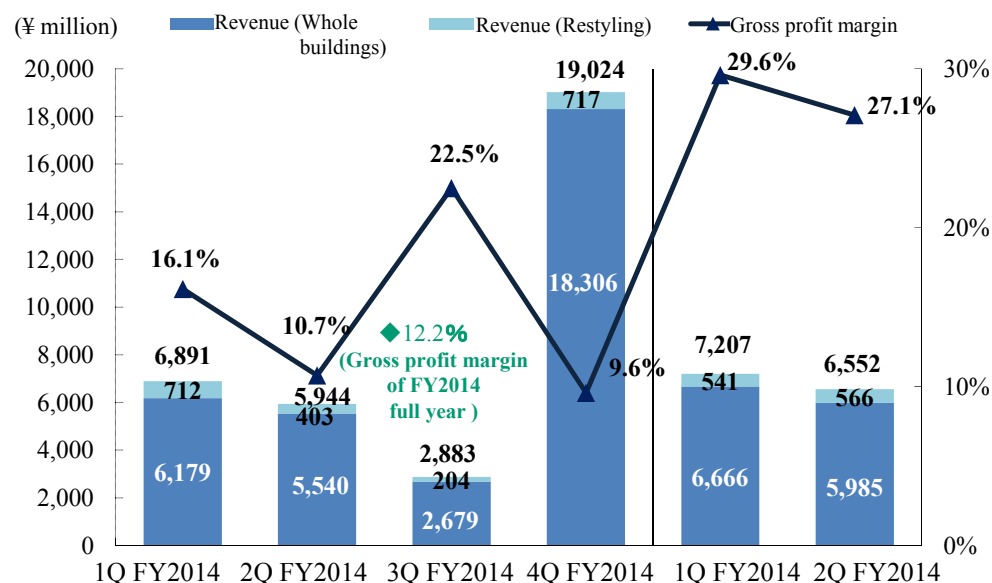
※ ROA=Profit before tax (profit before tax for the six months × 2) ÷ ((Total assets at preceding year end + Total assets at current year end) ÷ 2)

Revitalization Business

- First Six Months of FY2015 -

- ◆ Operating profit for the six months expanded to ¥3.3 billion, achieving annual operating profit of last year in the half period
- ◆ Whole buildings : Sold 18 buildings including income-generating offices such as “Toyochi Tosei building” or “Shinjuku 6-chome building” and condominiums
- ◆ Restyling: Sold 34 units in 7 properties including “Hilltop Yokohama Negishi” , “Hilltop Yokohama Higashiterao” etc

Revenue / Gross Profit Margin



(¥ million)	FY2014		FY2015	
	Half-year	Full year	Half-year	Full year (forecast)
Revenue	12,835	34,743	13,759	34,204
Gross profit	1,748	4,226	3,907	5,341
Operating profit	1,269	3,330	3,300	4,290

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM: FY2014 4Q: -260 millions

Major Properties Sold



Shinjuku 6-chome building
(leasehold)



Toyochi Tosei building



Shibuya 4-chome building



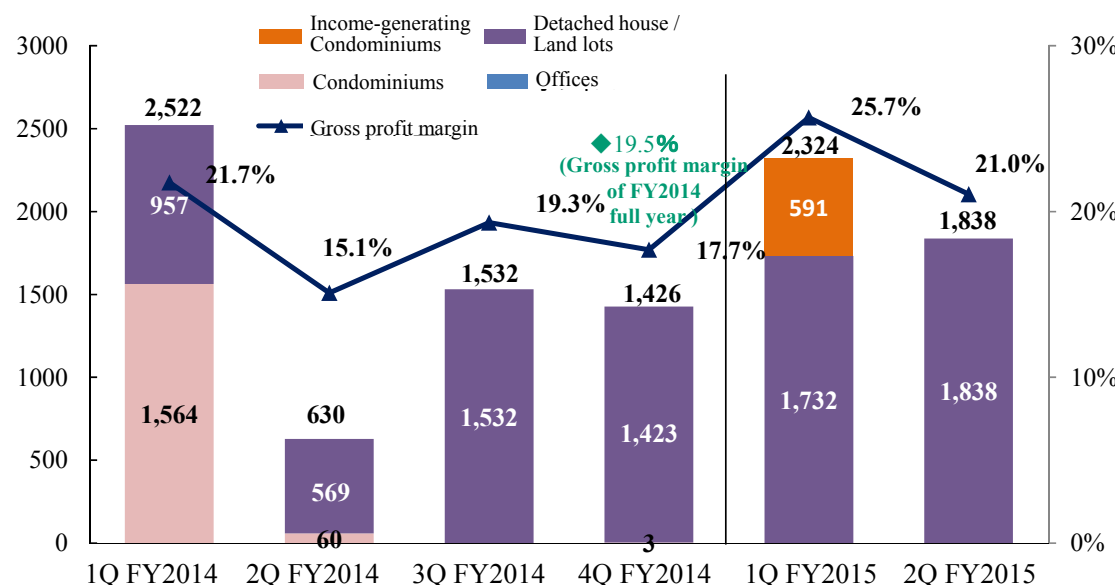
Asakusabashi 1-chome building

Development Business

- First Six Months of FY2015 -

- ◆ Sold 57 detached houses at “THE Palms court Mitsuikekoen” and “THE Palms court Bunkyo Honkomagome” etc (in 11 projects) along with “THE Palms Nishidai” as an income-generating apt building and land lots etc.

Revenue / Gross Profit Margin



(¥million)	FY2014		FY2015	
	Half-year	Full year	Half-year	Full year (forecast)
Revenue	3,153	6,112	4,162	7,949
Gross profit	643	1,192	983	1,673
Operating profit	289	432	593	887

*The revenues include internal transactions.

*The gross profit is net of Cost of Revenues including the following write-down amounts under LCM: FY2014 4Q: -24.8 millions

Major Properties Sold/Bring Sold

Detached Houses



THE Palms court
Bunkyo Honkomagome

THE Palms court
Kashiwa Hatsuishi

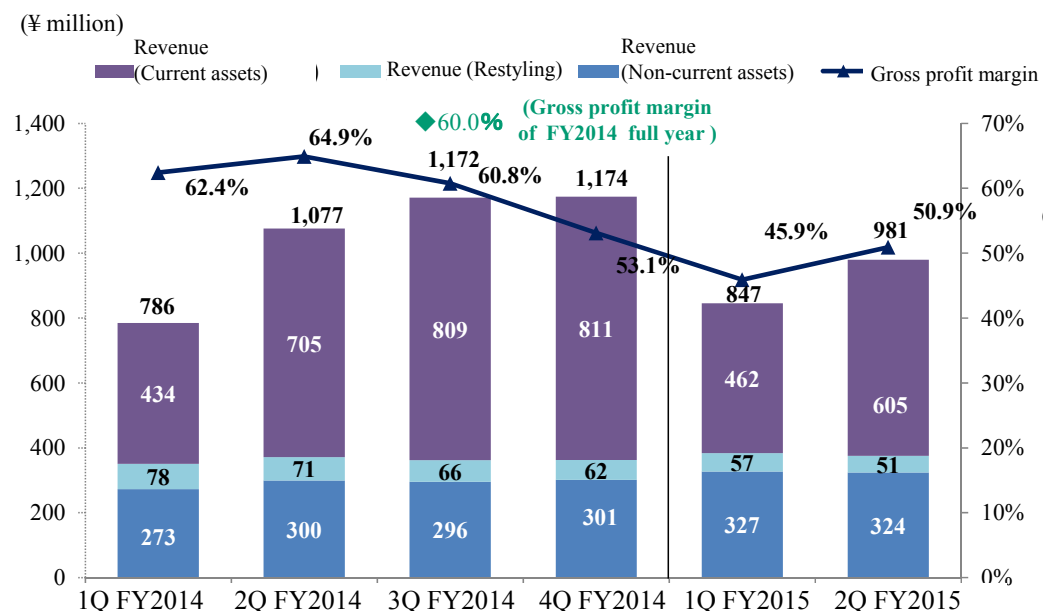


THE Palms court Mitsuikekoen (conceptual drawing)

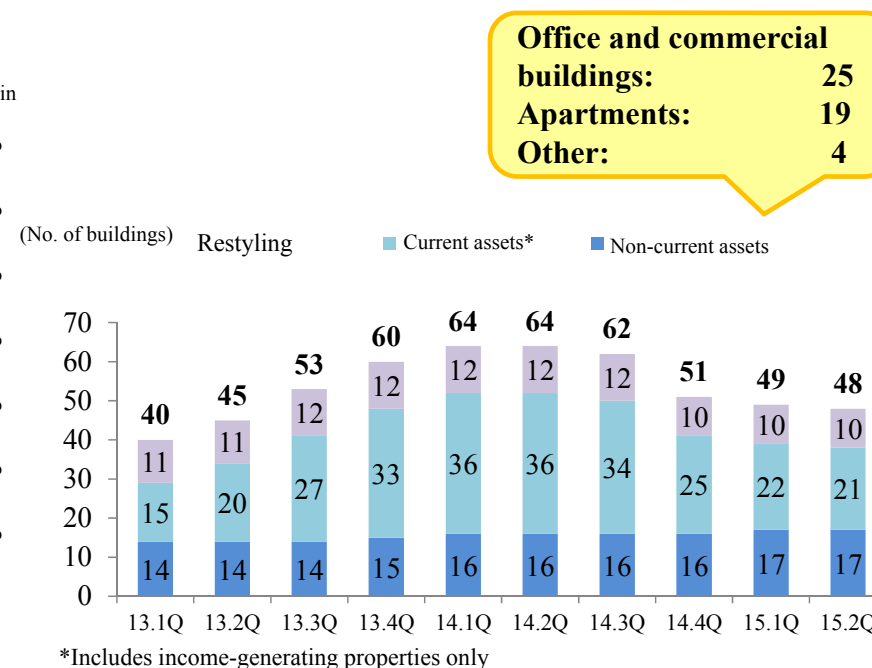
	As of the end of FY2013	As of the end of FY2014	As of May 31, 2015
Office buildings	18,497	27,185	40,371
Condo/Apt buildings	22,709	13,881	14,240
Detached houses	13,225	15,247	12,288
Other	393	4,243	3,998
合計	54,825	60,557	70,898

◆ Focused on the leasing of newly acquired 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: 19
Other: 4

(¥ million)	FY2014		FY2015	
	Half-year	Full year	Half-year	Full year (forecast)
Revenue	1,863	4,210	1,829	3,930
Gross profit	1,189	2,526	888	1,974
Operating profit	1,151	2,414	806	1,792

< Increase and decrease since the end of the previous year >
 new acquisition +7
 decrease by sale ▲9
 decrease by evacuation ▲1
Total ▲3

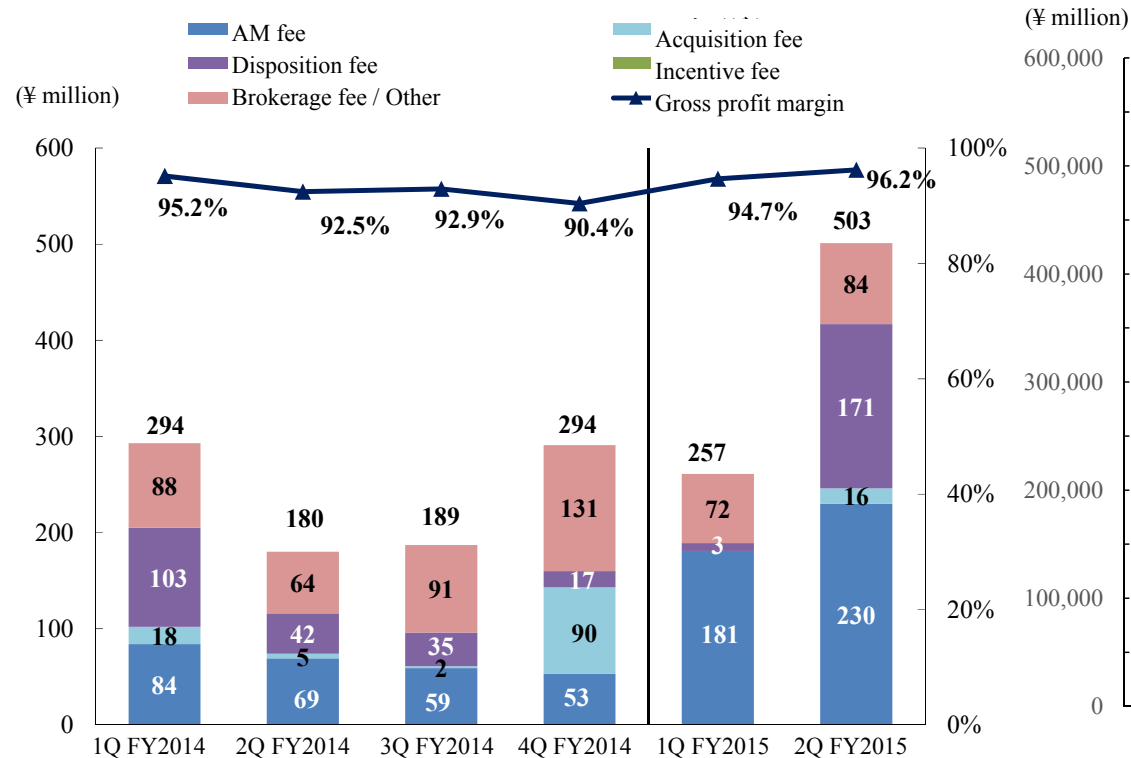
*The revenue includes internal transactions

Fund and Consulting Business

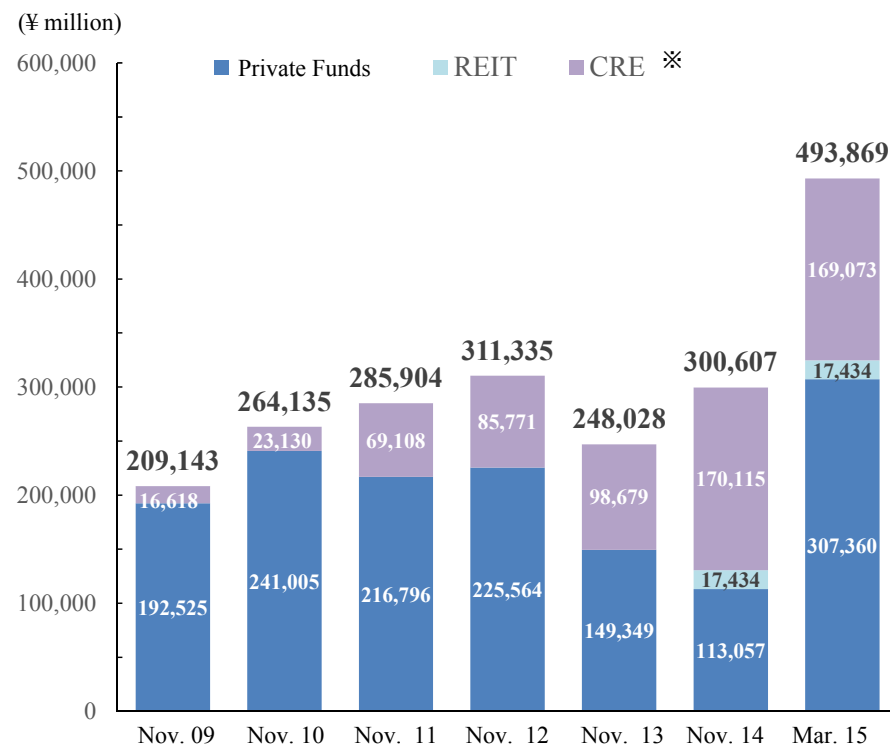
- First Six Months of FY2015 -

- ◆ **AUM significantly increased to about ¥500 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.**

Revenues / Gross Profit Margin



Balance of Assets Under Management *2



(¥ million)	FY2014		FY2015	
	Half-year	Full year	Half-year	Full year (forecast)
Revenue	475	958	761	1,541
Gross profit	447	889	728	1,468
Operating profit	108	174	327	596

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

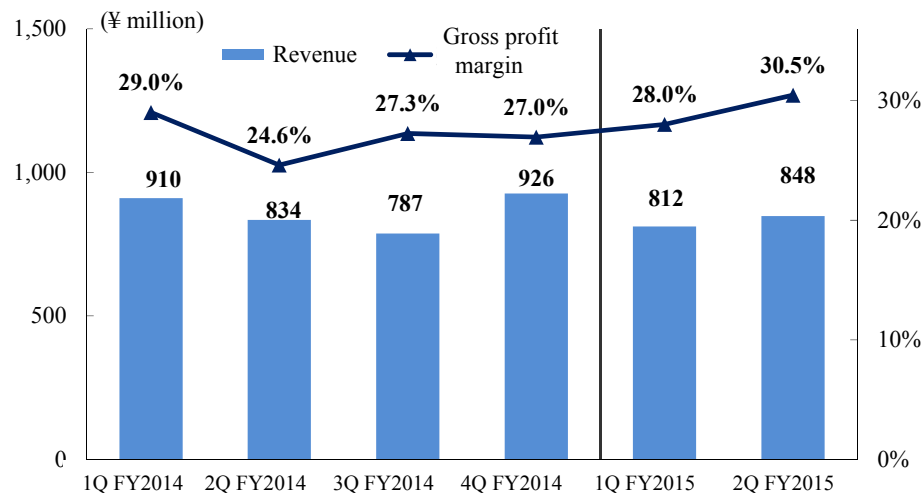
CRE is methods of investing in and managing corporate real estate efficiently to maximize long-term enterprise value. By undertaking CRE, Tosei conducts comprehensive consulting services from the views of real estate professional.

*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	
	Half-year	Full year	Half-year	Full year (forecast)
Revenue	1,745	3,459	1,661	3,484
Gross profit	469	934	486	966
Operating profit	146	227	88	115

*The revenue includes internal transactions

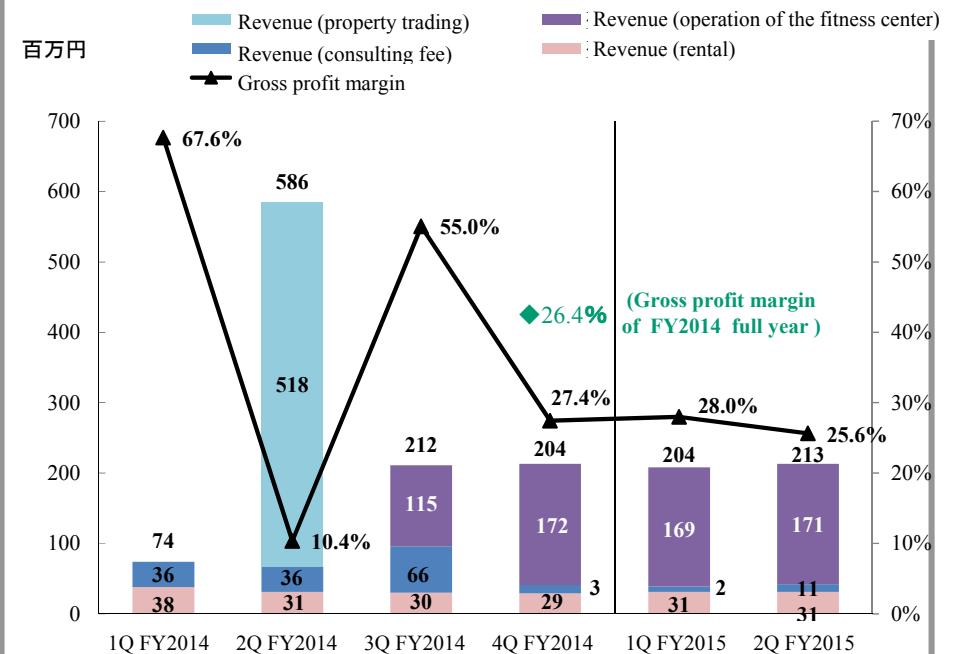
【The Number of Properties Under Management】

	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	2Q FY2015
Office building management	348	350	354	351	348	354
Condo/Apt management	205	201	202	193	192	189
TOTAL	553	551	556	554	540	543

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	
	Half-year	Full year	Half-year	Full year (forecast)
Revenue	661	1,078	418	913
Gross profit	111	284	111	300
Operating profit	117	213	92	241

*The revenue includes internal transactions

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

(¥ million)

	End of Nov. 2014	Decrease	Increase	End of Feb. 2015	Decrease	Increase	End of May 2015	6 months YTD	
								Decrease	Increase
Total Assets	80,858	3,466		84,324	5,918		90,243		+9,385
Cash and cash equivalents	16,100	1,750		17,851	-1,042		16,809	A	+708
Inventories (properties)	41,565	6,805	8,577	43,337	6,229	12,501	49,610	B	13,034 21,079
Investment properties/PPE	17,151	47	682	17,786	49	28	17,765	C	96 711
Other assets	6,040	-691		5,349	+709		6,058		+17

A: Change in cash and cash equivalents

Cash and cash equivalents increased by ¥708 million from the previous year-end.

C: Investment properties/PPE

- Investment properties and PPE increased by ¥615 million from the previous year-end due to an acquisition of a non-current asset (¥665 million).

B: Change in inventory

Inventory increased by ¥8.0 billion from the previous year-end as purchase of properties substantially exceeded sales.

	(¥ million)	1Q FY2015	2Q FY2015	Total
Increase Factor	Acquisitions	7,777	11,367	19,144
	Construction/value up	800	1,134	1,934
	Others			
Decrease Factor	Dispositions	-6,805	-6,229	-13,034
	Others			
Total		-6,805 8,577	-6,229 12,501	-13,034 21,079

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

(¥ million)

	End of Nov. 2014	Decrease	Increase	End of Feb. 2015	Decrease	Increase	End of May 2015	6 months YTD	
								Decrease	Increase
Total Liabilities /Equity	80,858	+3,466		84,324	+5,918		90,243		+9,385
Total Liabilities	48,130	+2,549		50,679	+4,632		55,312		+7,181
Borrowings	40,404	8,871	12,409	43,942	10,552	14,447	47,838	19,424	26,857
Current borrowings	5,380	1,984	2,263	5,659	1,447	4,840	9,053	3,431	7,104
Non-current borrowings	35,024	6,887	10,146	38,283	9,104	9,607	38,785	15,992	19,753
Other Liabilities	7,725	-988		6,736	+737		7,473		-251
Equity	32,727	+917		33,645	+1,286		34,931		+2,203
Equity Ratio (%)	40.5	-0.6		39.9	-1.2		38.7		-1.8

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 ¥7.4 billion from the end of the previous fiscal year.

• ¥17.3 billion of new borrowings (LTV:88%) incurred to finance acquisition of 17 properties* (book value ¥19.7billion).

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

				(¥ million)
Current	Increase	New Borrowings		
		Non-current→ Current Portion		7,104
		Other (refinance, etc.)		
	Decrease	Repayments upon Disposition	- 1,804	
		Other repayments (refin/maturity)	- 1,587	
		Conversion to non-current borrowings	- 40	
Non-current	Increase	New Borrowings		17,342
		Other (refinance, etc.)		2,371
		Conversion to non-current borrowings		40
	Decrease	Repayments upon Disposition	- 8,526	
		Other repayments (refin/maturity)	- 361	
		Non-current→ Current Portion	- 7,104	
	TOTAL		- 19,424	26,857

B: Change in Equity

• Total equity increased by ¥2,200 million from the end of the previous fiscal year, in consequence of the increase in retained earnings (¥2.6 billion), valuation difference on available-for-sale securities (¥1.2 billion), and dividend payments (-¥570 million).

Inventories (Breakdown)

(¥ million)

Balance of Inventories As of May 31, 2015	49,610 (59properties)
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Total Expected Disposition Value	70,898
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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	25,357	18	3,378	3	32,130	8,240	40,371
Condo/Apt buildings	11,666	18	0	0	14,240	0	14,240
Detached houses	-	-	6,135	16	-	12,288	12,288
Other	3,071	4	-	-	3,998	-	3,998
TOTAL	40,095	40	9,514	19	50,369	20,529	70,898

* 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 May 31, 2015. Actual amounts may vary significantly from the estimates, due to various factors.

* The inventories above represent carrying amount as of May 31, 2015 and may increase due to such factors as value-up investments and construction costs.

Inventories (Expected Disposition Values)

◆ Inventories (expected disposition values) totaled ¥70.8 billion as of May 31, 2015.

	(¥ million)							
	FY2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY2015 (As of May. 31)
Office buildings	60,487	31,264	22,251	15,206	18,595	18,497	27,185	40,371
Condo/Apt buildings	14,327	12,844	30,589	26,627	23,476	22,709	13,881	14,240
Detached houses	—	—	558	3,727	7,701	13,225	15,247	12,288
Others	1,672	479	220	1,021	354	393	4,243	3,998
TOTAL	76,487	44,588	53,620	46,581	50,127	54,825	60,557	70,898

*As of the fiscal year end unless otherwise indicated.

Summary of Cash Flow Statements (Consolidated)

(¥ million)

	Six months ended May 31, 2014	Six months ended May 31, 2015	yr/yr change [B]-[A]
Cash flows from/used in operating activities	-9,545	* 1 -5,365	4,180
Profit before tax	2,100	4,170	2,070
Depreciation expense	90	106	15
Increase/Decrease in inventories	-11,344	-7,998	3,346
Other, net	-392	-1,643	-1,251
Cash flows from/used in investing activities	-1,780	-161	1,619
Increase/Decrease in PPE	-8	-23	-15
Increase/Decrease in investment properties	-1,094	-687	407
Other, net	-676	549	1,226
Cash flows from/used in financing activities	11,202	* 2 6,235	-4,967
Increase/Decrease in borrowings	12,159	7,435	-4,724
Cash dividends paid	-383	-577	-193
Interest expenses paid	-571	-620	-48
Other, net	-0	-1	-0
Increase/Decrease in cash and cash equivalents	-122	708	831
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	-0	-0
Cash and cash equivalent at end of period	14,589	16,809	2,220

Cash Flows from Operating Activities *1

Cash flow from operating activities was -¥5.3 billion, due mainly to +¥4.1 billion in profit before tax, -¥7.9 billion in increase in inventories and -¥1.3 billion in income taxes.

Cash Flows used in Financing Activities*2

Cash flow from financing activities was +¥6.2 billion, due primarily to ¥7.4 billion net increase in borrowings, -¥570 million of cash dividends paid, and -¥620 million of interest expenses paid.

Overview of Segment Results (Consolidated)

I. Revenue and Cost of Revenue

(¥ million, %)

Revenue	Six months ended May 31, 2014		Six months ended May 31, 2015		yr/yr change	
		%		%		%
TOTAL	20,458	100.0	22,343	100.0	1,884	9.2
Revitalization	12,835	62.7	13,759	61.6	924	7.2
Development	3,153	15.4	4,162	18.6	1,009	32.0
Rental	1,863	9.1	1,829	8.2	-34	-1.8
Fund and Consulting	475	2.3	761	3.4	285	60.2
Property Management	1,745	8.5	1,661	7.4	-84	-4.8
Alternative Investment	661	3.2	418	1.9	-242	-36.7
Internal Transactions	-275	-	-249	-	26	-

Cost of revenue	Six months ended May 31, 2014		Six months ended May 31, 2015		yr/yr change	
		%		%		%
TOTAL	15,903	77.7	15,272	68.4	-630	-4.0
Revitalization	11,086	86.4	9,852	71.6	-1,234	-11.1
Development	2,509	79.6	3,179	76.4	669	26.7
Rental	673	36.1	940	51.4	266	39.6
Fund and Consulting	27	5.9	32	4.3	4	17.9
Property Management	1,275	73.1	1,175	70.7	-100	-7.9
Alternative Investment	549	83.2	306	73.2	-243	-44.3
Internal Transactions	-219	-	-213	-	6	-

Overview of Segment Results (Consolidated)

II. Gross Profit and Operating Profit

(¥ million, %)

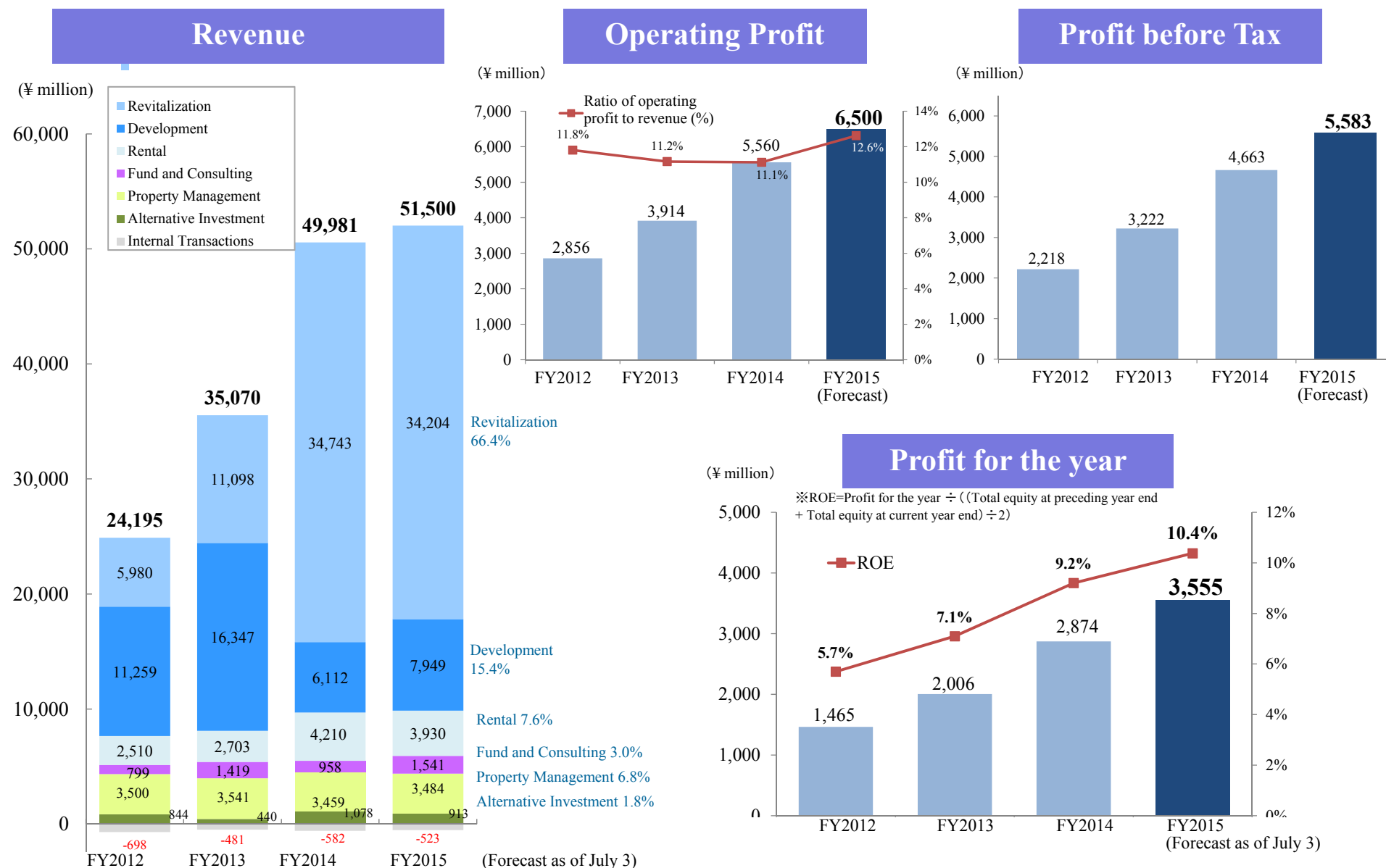
Gross profit	Six months ended May 31, 2014		Six months ended May 31, 2015		yr/yr change	
		%		%		%
TOTAL	4,554	22.3	7,070	31.6	2,515	55.2
Revitalization	1,748	13.6	3,907	28.4	2,159	123.5
Development	643	20.4	983	23.6	339	52.8
Rental	1,189	63.9	888	48.6	-301	-25.3
Fund and Consulting	447	94.1	728	95.7	280	62.8
Property Management	469	26.9	486	29.3	16	3.5
Alternative Investment	111	16.8	111	26.8	0	0.5
Internal Transactions	-56	-	-36	-	19	-

Operating profit	Six months ended May 31, 2014		Six months ended May 31, 2015		yr/yr change	
		%		%		%
TOTAL	2,473	12.1	4,550	20.4	2,077	84.0
Revitalization	1,269	9.9	3,300	24.0	2,031	160.1
Development	289	9.2	593	14.3	303	105.0
Rental	1,151	61.8	806	44.1	-345	-30.0
Fund and Consulting	108	22.8	327	43.0	218	201.5
Property Management	146	8.4	88	5.3	-57	-39.5
Alternative Investment	117	17.7	92	22.1	-24	-21.1
Corporate expenses, etc.	-609	-	-658	-	-49	-

II. Tosei's View of the Operating Environment and Business Development for FY2015

Forecast for FY2015 - Revenue/Profit Summary -

◆ Operating profit in the first half of FY2015 rose to ¥3.3 billion, achieving the level of the preceding fiscal year in six months



Forecast for FY2015 - Segment Summary -

		FY2013		FY2014 [A]		FY2015 [B]		yr/yr change [B]— [A]	
			%		%	Forecast as of July. 3	%		%
Revenue		35,070	100.0	49,981	100.0	51,500	100.0	1,518	3.0
	Revitalization	11,098	31.6	34,743	69.5	34,204	66.4	-538	-1.6
	Development	16,347	46.6	6,112	12.2	7,949	15.4	1,836	30.0
	Rental	2,703	7.7	4,210	8.4	3,930	7.6	-280	-6.7
	Fund and Consulting	1,419	4.0	958	1.9	1,541	3.0	582	60.8
	Property Management	3,541	10.1	3,459	6.9	3,484	6.8	24	0.7
	Alternative Investment	440	1.3	1,078	2.2	913	1.8	-165	-15.3
	Internal Transactions	-481	-	-582	-	-523	-	58	-
Gross profit		8,678	24.7	9,962	19.9	11,653	22.6	1,691	17.0
	Revitalization	2,112	19.0	4,226	12.2	5,341	15.6	1,115	26.4
	Development	2,779	17.0	1,192	19.5	1,673	21.0	480	40.3
	Rental	1,671	61.8	2,526	60.0	1,974	50.2	-552	-21.9
	Fund and Consulting	1,248	88.0	889	92.8	1,468	95.3	578	65.1
	Property Management	850	24.0	934	27.0	966	27.7	32	3.4
	Alternative Investment	101	23.1	284	26.4	300	32.9	16	5.6
	Corporate expenses, etc.	-86	-	-90	-	-70	-	20	-
Operating profit		3,914	11.2	5,560	11.1	6,500	12.6	939	16.9
	Revitalization	1,398	12.6	3,330	9.6	4,290	12.5	959	28.8
	Development	1,447	8.9	432	7.1	887	11.2	454	105.2
	Rental	1,590	58.8	2,414	57.3	1,792	45.6	-621	-25.8
	Fund and Consulting	669	47.2	174	18.3	596	38.7	421	240.9
	Property Management	123	3.5	227	6.6	115	3.3	-111	-49.2
	Alternative Investment	73	16.6	213	19.8	241	26.4	27	12.7
	Corporate expenses, etc.	-1,388	-	-1,233	-	-1,423	-	-189	-
Finace income/costs(net)		-692	-	-897	-	-916	-	-19	-
Profit before tax		3,222	9.2	4,663	9.3	5,583	10.8	919	19.7
Income tax expenses		1,215	-	1,789	-	2,028	-	238	-
Profit for the year		2,006	5.7	2,874	5.8	3,555	6.9	681	23.7

(¥ million)



※The orange portion
shows gross profit
margin and operating
profit margin

3 businesses tug our future growth



Revitalization



Development



Fund & Consulting

Business Strategy I Strengthen Revitalization Business

◆ Aim for the stocking and selling of products for the investment market under current brisk property market conditions.

Market overall

-  **Domestic real estate transactions remain active**
 - In FY 2014, real estate transactions by listed companies amounted to ¥5.3 trillion (up 15% year to year)
 - Actual demand increased with improvements in corporate earnings.
 - Banks' lending attitude to the real estate industry and J-REITs is favorable.
-  **Yield spreads in the office market in Tokyo are among the world's highest**
 - Overseas investors are highly interested in Japan's real estate market, a fact attributable to anticipation for higher real estate prices and the impact of a weaker yen.
 - In FY 2014, the acquisition of properties by foreign affiliated firms reached ¥1.2 trillion, or 2.8 times the level a year ago. This was a driving force in domestic transactions.
-  **Vacancy rate of income-generating offices continue to improve**
 - Office rents in the five central wards of Tokyo continued to improve modestly.
 - Elimination of vacant space progressed mainly in existing buildings, pushing the vacancy rate down to around 3.8%.
-  **Supply of large-sized offices will likely to exceed historical average in the future.**
 - Although the average supply of large-sized offices for the next 5 years is expected to be 1.12 million square meters per year, compared to the historical average of 1.03 million square meters per year, the market will most likely absorb this supply due to increase in demand.
-  **Acquisition of properties by J-REITs is becoming stagnant**
 - The cap rates are declining on the back of rising land prices. Despite strong stance for property acquisition by J-REITs, the environment surrounding the market is adverse.
-  **Defensive mood against overheating market**
 - There appears to be a localized bubble in central Tokyo. This bubble must be monitored continuously.

Focus strategy

I. Blue Ocean Strategy

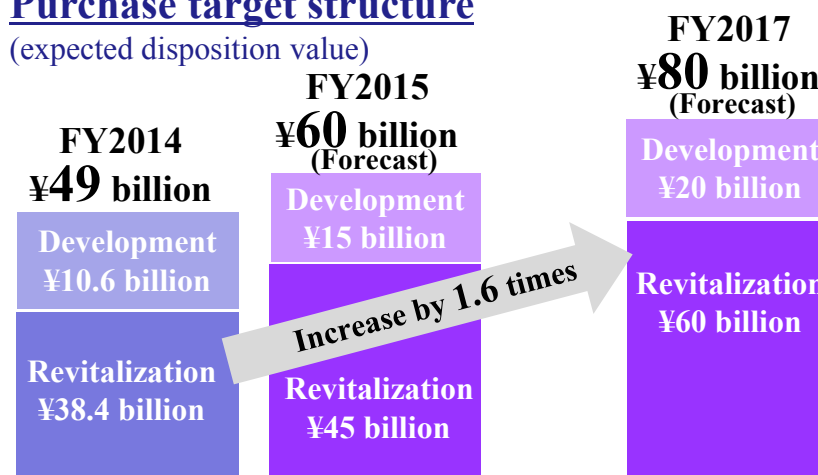
- Aim at expanding business in a market with a massive real estate supply and less competitions.
- Strengthen acquisition while carefully monitoring the market.

II. "Value Up" Strategy

- Supply competitive products to the market based on Tosei's original "Value Up" strategy.
- Quickly achieve higher profitability through flexible leasing activities.

Purchase target structure

(expected disposition value)

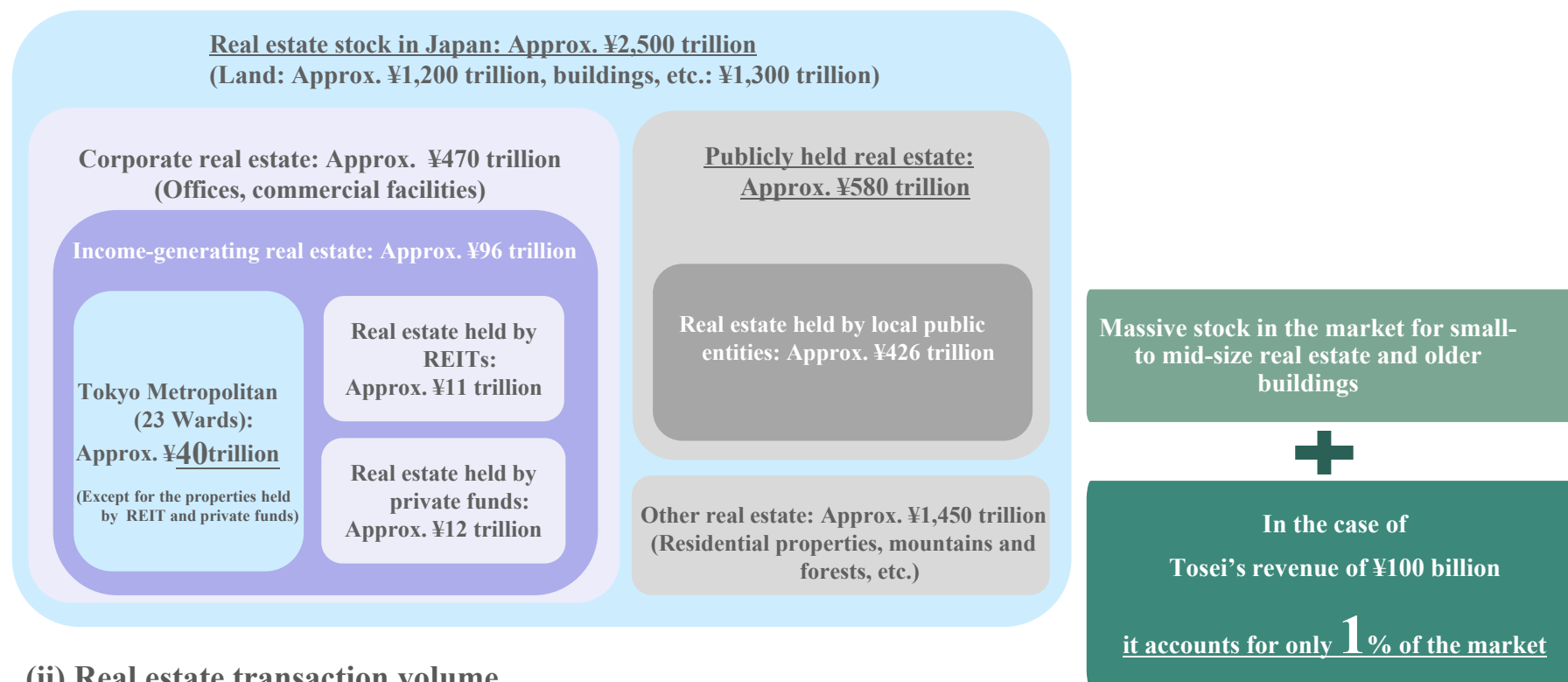


Approach for Revitalization Business: “Blue Ocean Strategy”

Blue Ocean Strategy

Riding the waves of the “Blue Ocean,” a vast sea with massive real estate stock and less competition

(i) Real estate stock



(ii) Real estate transaction volume

The real estate (properties priced lower than ¥1 billion) transaction volume in the Tokyo Metropolitan area is estimated to be approx. ¥8 to ¥10 trillion.
(Offices, apartments, commercial facilities, and warehouses)

Non-competitive market

Source: Estimates by Tosei based on data from the Ministry of Land, Infrastructure, Transport and Tourism and private think tanks.

The above amounts were calculated using information available as of the end of the second quarter of fiscal year 2015. These amounts may change depending on the information that Tosei acquires in the future.

Approach to Revitalization Business: “Value Up” Strategy

Tosei’s “Value Up” Strategy

“We cannot stay afloat
if we only resell properties.”

- We can easily make profits when real estate prices are rising, but these price increases will not continue forever.
- We cannot control the impact of market fluctuations just by simple reselling.

— Tosei’s “Value Up” steps —

Discover properties with strong growth potential whose value has fallen due to aging, and acquire them at inexpensive prices

Revitalize their value

by applying solutions that suits the market needs

Quickly improve profitability through leasing activities

- ✓ Acquisition in expectation of future rises in market prices will not be conducted.
- ✓ Create value using the items in our original **Value UP 32** survey
- ✓ Constantly place emphasis on the balance between cost effectiveness and design (excessive investment is not necessary for revitalization.)
- ✓ Implement flexible leasing activities while carefully monitoring the conditions of the surrounding market and tenant needs.

Revitalization flow using the *Value Up* check items in Tosei’s *Value UP 32* survey
To provide “safety & security”, “refinement and comfort”, and “sustainability and environmental friendliness”

Value UP 32

Category	Number of items	Main points to check
Land	4	Boundaries, soil contamination, buried cultural properties, etc.
Entire building	16	Compliance, quake resistance, different facilities, etc.
Exterior of building	4	Roof top, roof and exterior walls, outdoor accessories, etc.
Common areas and tenant-occupied areas of	6	Entrance, hall, different facilities, and their specifications, etc.
Tenants	2	Tenant occupancy status, etc.
Total	32	



Hatsudai Building
Purpose of use has been changed from private preparatory school to office space.



Toyochi Tosei Building
Tenants’ convenience and comfort have been improved together with measures for environmental consideration.

Business Strategy II Expansion of development Business

- ◆ Our strength is our extensive development lineup: Office buildings, residential properties, commercial facilities
- ◆ Aim to increase revenue by developing competitive products based on an assessment of the characteristics of land and market needs

Market overall

- Demand for condominiums and detached houses is firm**
 - Demand for condominiums and detached houses is firm because the supply has been adjusted by developers.
 - In 2015, the number of units in the condominium supply is expected to be on par with the previous year, which recorded a supply of 45,000 units. Housing starts for detached houses will likely exceed the result of the previous year of 59,000 units.
- Demand is stimulated by the Government's support for housing acquisition**
 - Recommencement of the eco-point program for houses and Flat 35 preferential interest rates.
 - Order trends among major homebuilders are showing signs of recovery largely due in part to government measures.
- Rises in the construction costs of detached houses (wooden properties) are gradual**
- Intense competition in the acquisition of land**
 - Competition in the acquisition of land is intense due to the shortage of land for sale and soaring land prices.
 - Homebuilders and condominium developers are moving into the detached houses sector.
- Surges in construction costs for condominiums and offices (RC/SRC)**

Focus strategy

I. Focus on strengthening land acquisition and development and sales for detached housing.

- Aim at achieving a supply of 300 detached houses per year.
- Expand target areas and also increase the number of acquisition in the Tokyo Metropolitan area suburbs.
- Boost our land acquisition ratio by developing and building trust relationships with local real estate agents who have extensive knowledge about their local market.
- Promote a wide variety of development projects suited to the location and scale.
- Start large 100 lots scale projects.
(95 lots in Kashiwa Hatuishi, 68 lots in Koshigaya Lake Town, etc.)

II. Strengthen product planning and sales structure to maximize customer satisfaction.

- Target upper middle classes in Tokyo who look for extra quality in their homes by offering a higher grade of quality and pricing.
- Promote house-building based on areas and customer marketing.
- Enhance recognition of the Tosei brand (THE Palms).
- Strengthen ties with distributor partners.

Large-scale development project for detached houses

THE Palms Court Koshigaya Lake Town: 68 residential properties
(image diagram)



“Town connected by the wind and greenery”
Breeze Garden Concept

Fund and Consulting Business Initiatives

◆ Sustained efforts to expand AUM (private fund/CRE)

Market overall

- Domestic fund market size expanded to ¥26 trillion**
 - The Private fund market size stood at ¥13.4 trillion, and J-REIT market expanded to ¥12.6 trillion (as of the end of December 2014)
 - Private REITs are on the rise as a means for using funds for the purpose of long-term investment and total investment amount growing to over ¥1 trillion.
- Increasing inbound investment by foreign-affiliated funds**
 - Real estate prices are rising in New York, London, and Hong Kong. There has been a relative increase in the attractiveness of real estate in Tokyo due to the depreciation of the yen.
 - A steady stream of foreign-affiliated investment companies from Singapore, Taiwan, Hong Kong, and other Asian countries are acquiring exclusive office buildings in the center of Tokyo at high prices.
- Market capitalization of investment units of J-REITs has surpassed ¥10 trillion**
 - The financing environment is extremely favorable, backed by additional funding from the Bank of Japan
- Vacancy rate of income-generating offices continues to improve.**
 - Supply of new office buildings remains the same, with firm supply and demand.
 - The rents for offices in the five wards of central Tokyo are improving slightly.
- Recent Tokyo Stock Exchange REIT Index showing signs of sluggish growth**
 - Although the Tokyo Stock Exchange REIT Index reached a high of 1,990 points in January 2015, its attractiveness has declined due to the global rise in interest rates, remaining between 1,800 and 1,900 points. It has also been affected by the continued overselling by foreign investors.
- J-REIT struggling to grow externally, has started measures for reorganization**
 - Excessive competition for acquisition leads to a decrease in yields, making external growth difficult.

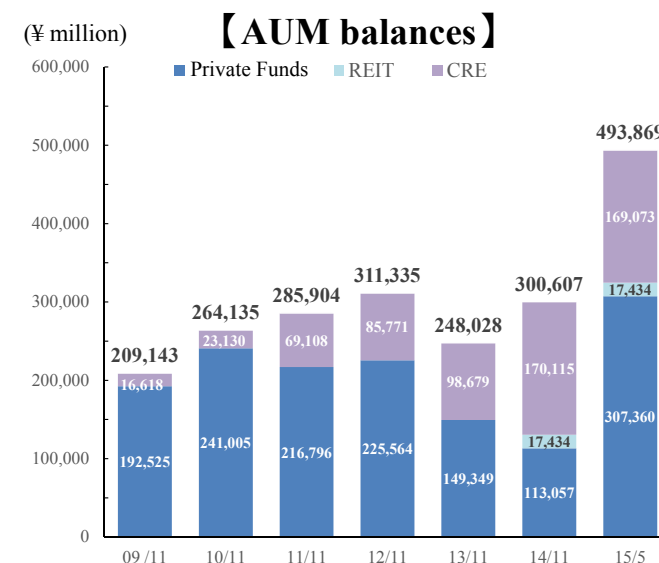
Focused Strategy

I. Expansion of the AUM balance of private fund/CRE

- Promote the composition of new funds and the acquisition of opportunities for replacement transactions
- Use the existing global infrastructure to attract money from overseas investors

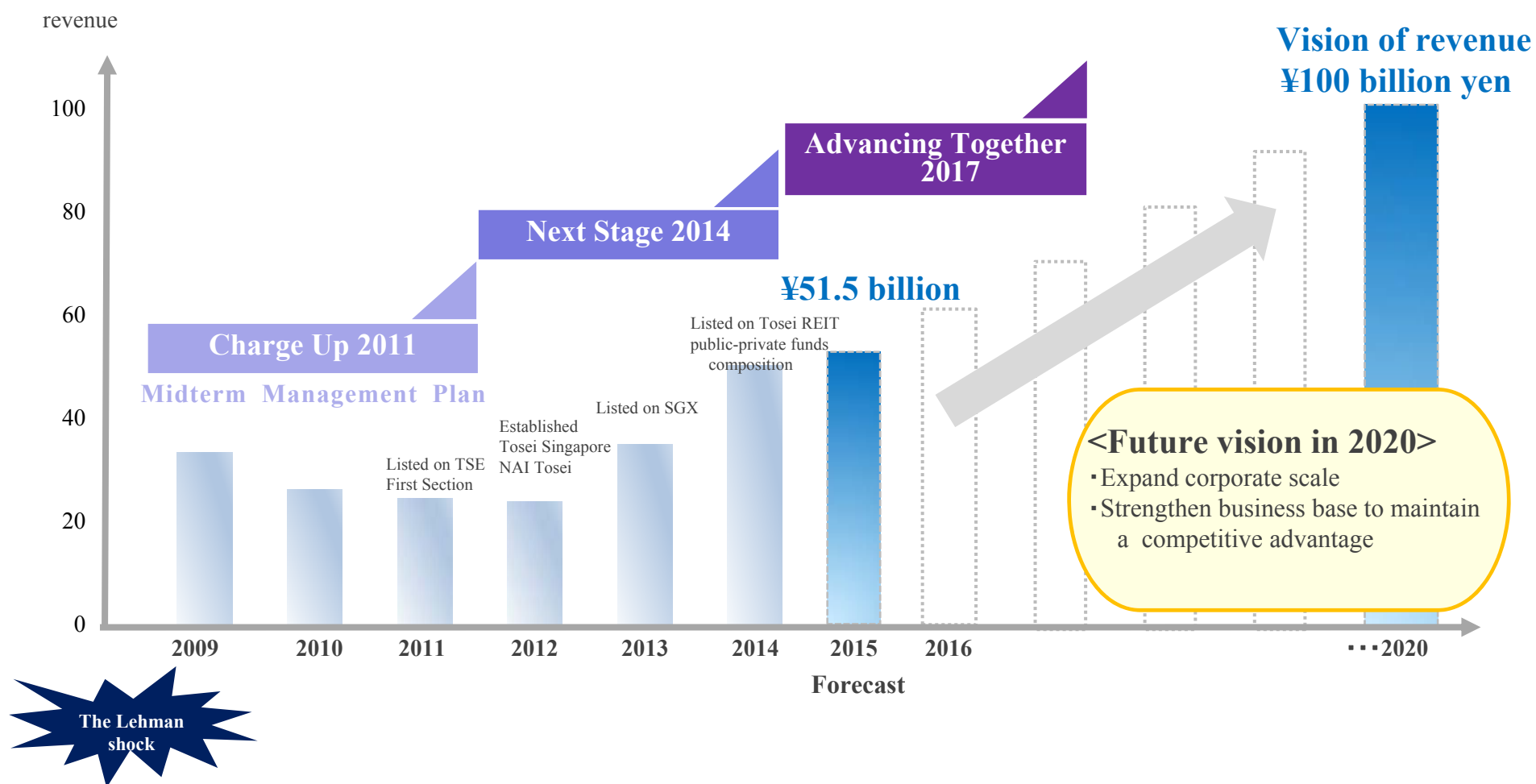
II. Strengthen support for expanding the asset size of the Tosei Reit Investment Corporation

- Enhance/increase the market competitiveness/asset value of real estate by applying our vast experience/knowledge to come up with the best solution for each real estate property



Simulation (1) - Sales Target of 100 billion yen -

Setting a sales target of 100 billion yen by 2020, we aim to further increase corporate value.



Simulation (2) - Profit Composition - - Strengthen Business Base -

Promote the establishment of a crisis-resistant business base

1. Aggressively strengthen acquisition under the "Blue Ocean" strategy

Revitalization Business/Development Business
meeting the various demands of the market

2. Build up corporate scale (B/S) through an increase in acquisition/portfolio assets

Turnover of good assets/control of retention period

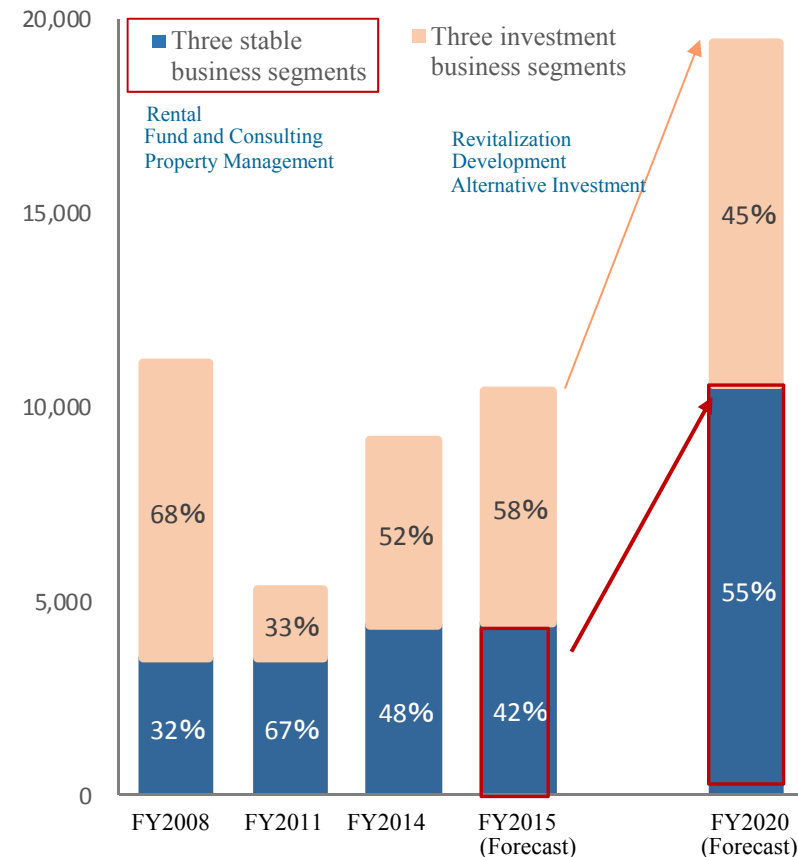
3. Aim to increase revenue from rents/fund investment fees/management fees (the three stable business segments)



- ✓ *The gross profit of the three investment business segments must be raised by 2020 to the scale equal to that of immediately before the Lehman Shock*
- ✓ *Through the expansion of the three stable business segments, a business base stronger than that at the time of Lehman Shock can be established*

(¥ million)

Change in the gross profit ratio*



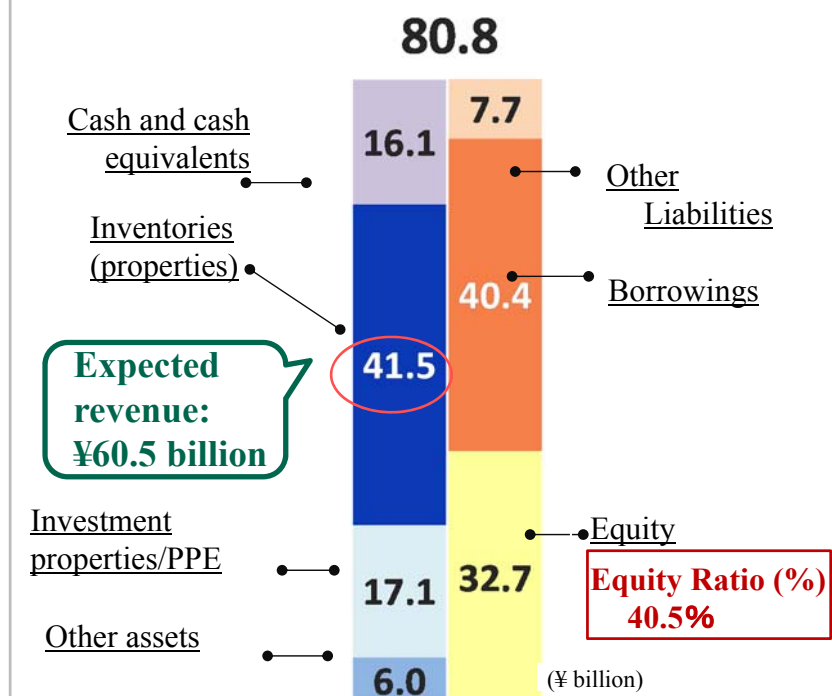
*Beginning in FY2014, the sales expenses, such as advertising expense, related to the Revitalization and Development Businesses that used to be included in the cost of revenue have been charged to SG&A expenses. However, for the sake of comparison, these materials use the figures before the aforementioned category change was made.

Simulation (3) - Balance Sheet Expansion -

FY2014

Revenue ¥49.9 billion
Operating Profit ¥5.5 billion
Profit for the year ¥2.8 billion

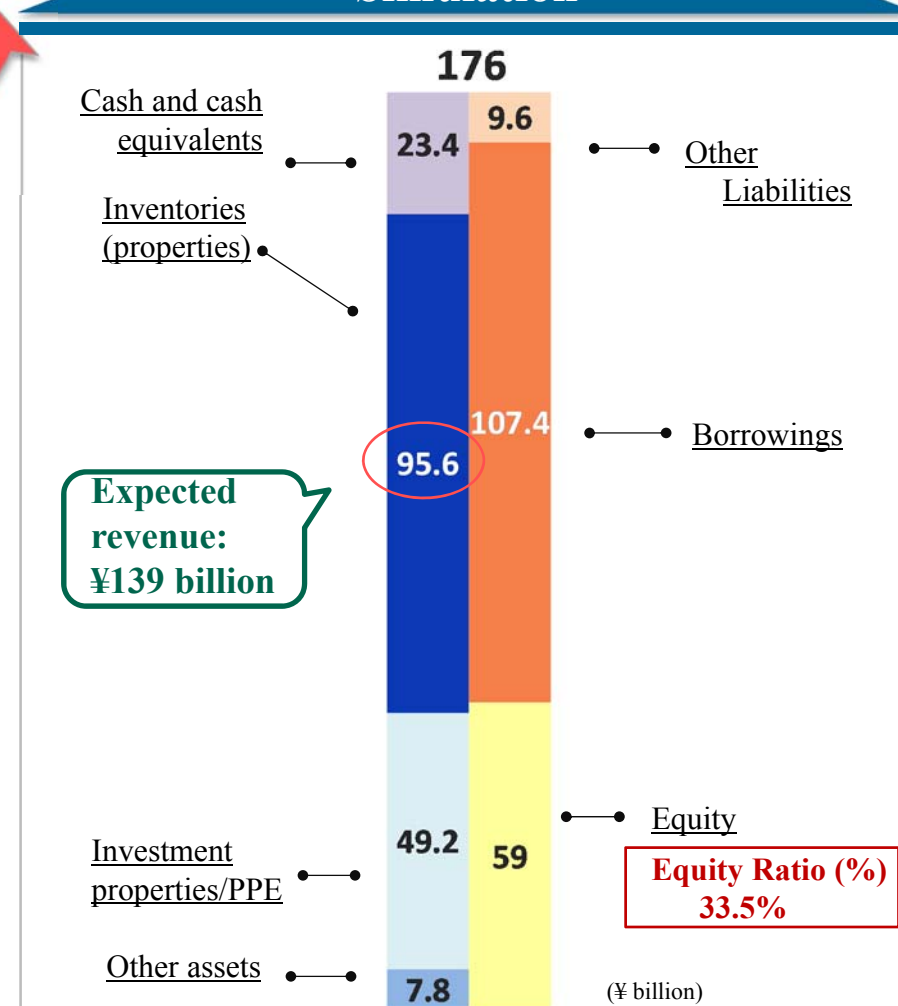
As of Nov. 30, 2014



FY2020

Revenue ¥100.0 billion

Simulation



Trends in Dividends

Current Share Price

[1] Market capitalization (As of July 1, 2015)	[2] Net Book Value (As of May 31, 2015)	$\frac{[1]}{[2]}$ PBR (As of May 31, 2015)	PER (Forecast)	ROE (Forecast)
¥43.7billion	¥34.9billion			
Stock Price (Same as above)	Book Value Per Share (Same as above)			
¥907.00	¥723.45	<u>1.25</u>	<u>12.32</u>	<u>10.4</u>

Trends in dividends

	FY2012	FY2013	FY2014	FY2015 (Forecast)
Annual Dividends Per Share (¥)	* 6.00	8.00	12.00	14.00
Payout ratio (%)	18.7	18.6	20.2	19.0

*The Company split its shares by 100 for 1, effective July 1, 2013. The dividends per share are restatements in line with the stock splits from the FY2010.

<Reference Materials>

I . Introduction of Tosei

Tosei Group Overview

Group Overview

As of May 31, 2015

Company name	TOSEI CORPORATION		
Address	4-2-3 Toranomom, Minato-ku, Tokyo		
Date established	February 2, 1950		
Paid-in capital	¥6,421,392 thousand		
Representative	Seiichiro Yamaguchi, President and CEO		
Fiscal year-end	November 30		
Stock listing	Tokyo Stock Exchange, First Section (8923) Singapore Exchange, Mainboard (S2D)		
Share status	<div> <div>■ Total outstanding shares</div> <div>48,284,000 shares</div> </div> <div> <div>■ Number of shareholders</div> <div>6,637</div> </div> <div> <div>■ Shareholder composition</div> <div> <div>▪ Individuals/Other 42.94% (20,734,069 shares)</div> <div>▪ Financial institutions 27.07% (13,070,703 shares)</div> <div>▪ Foreign companies 13.86% (6,692,800 shares)</div> <div>▪ Other companies 13.14% (6,343,400 shares)</div> <div>▪ Securities companies 2.99% (1,443,028 shares)</div> </div> </div>		
Employees	135 (Non-consolidated) 269 (Consolidated)		
Main affiliated companies	<div> <div>Tosei Community Co., Ltd.</div> <div>Tosei Revival Investment Co., Ltd.</div> <div>Tosei Asset Advisors, Inc.</div> </div> <div> <div>Tosei Singapore Pte. Ltd.</div> <div>NAI Tosei Japan, Inc.</div> </div>		
Investment Trust Management Company	<div> <div>Tosei Reit Investment Corporation (3451) ※</div> <div>※ The investment corporation, whose assets are managed by Tosei Asset Advisors, Inc. , a wholly-owned subsidiary of Tosei Corporation</div> </div>		

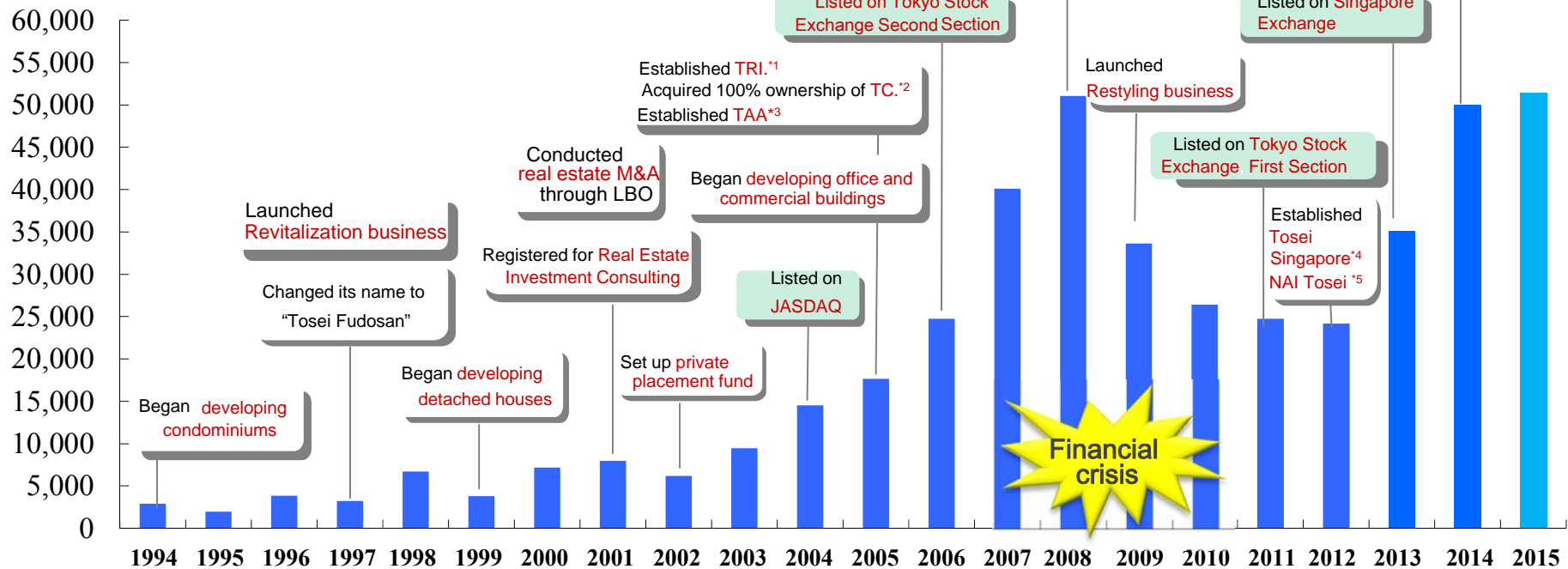
History of Tosei Corporation

1950: Established Yukari Kogyo Co., Ltd, the predecessor of Tosei Corporation

1983: Tosei Building Co., Ltd.

1994: Mr. Seiichiro Yamaguchi assumed the role of President and CEO.

Revenues
(¥ million)



Notes:

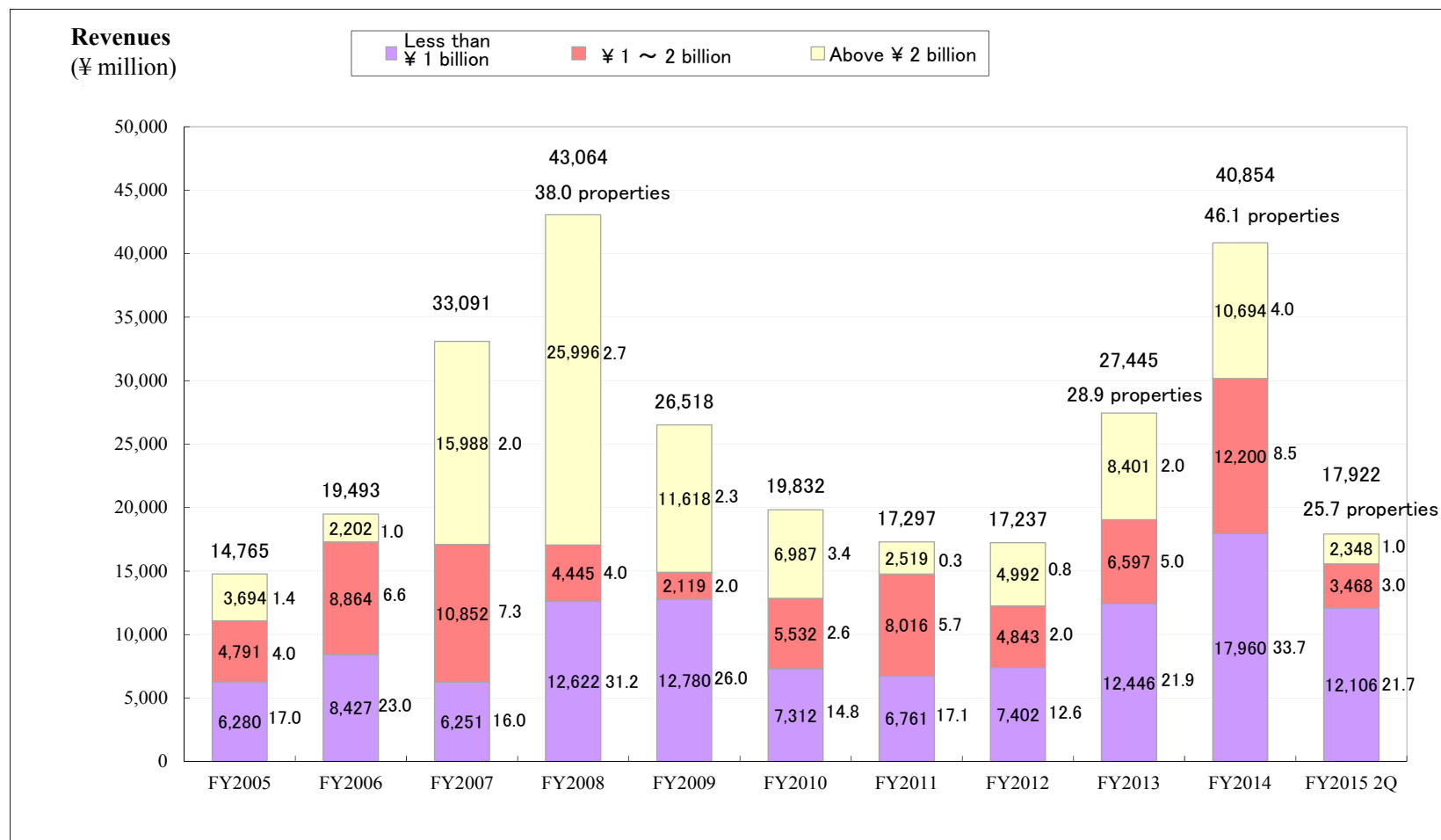
1. TRI: Tosei Revival Investment Co., Ltd.
2. TC: Tosei Community Co., Ltd.
3. TAA: Tosei Asset Advisors, Inc. (Name changed from Tosei REIT Advisors, Inc. in April 2008)
4. Tosei Singapore: Tosei Singapore Pte. Ltd.
5. NAI Tosei: NAI Tosei Japan, Inc.

(Forecast)

Summary of Properties Sold - Property Size / Revenue -

Breakdown by Property Size

➤ In the first half of FY2015, sales were strong for properties less than ¥1 billion.



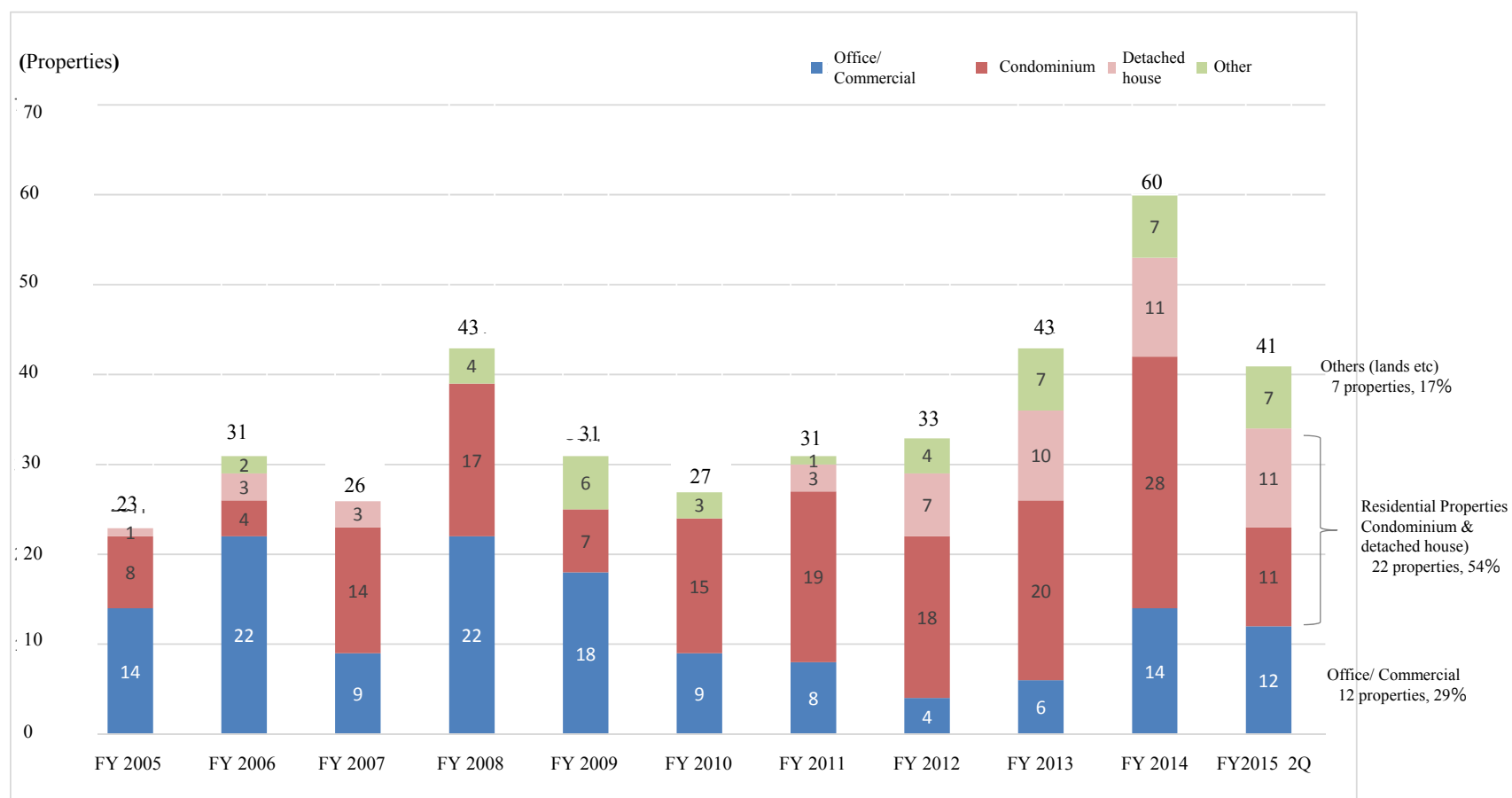
*Reason for fractional number of property:

The condominium buildings and detached houses are counted as each project being one property. However, for those that were sold over two or more periods, we counted fractional unit for each period in proportion to the revenue recorded during such period.

Summary of Properties Sold –Property Type/Sales base –

Breakdown by Property Type

- In addition to the sales of residential properties such as condominiums and detached houses, sales for income-generating offices in the first half of FY2015 were strong thanks to active property market conditions.

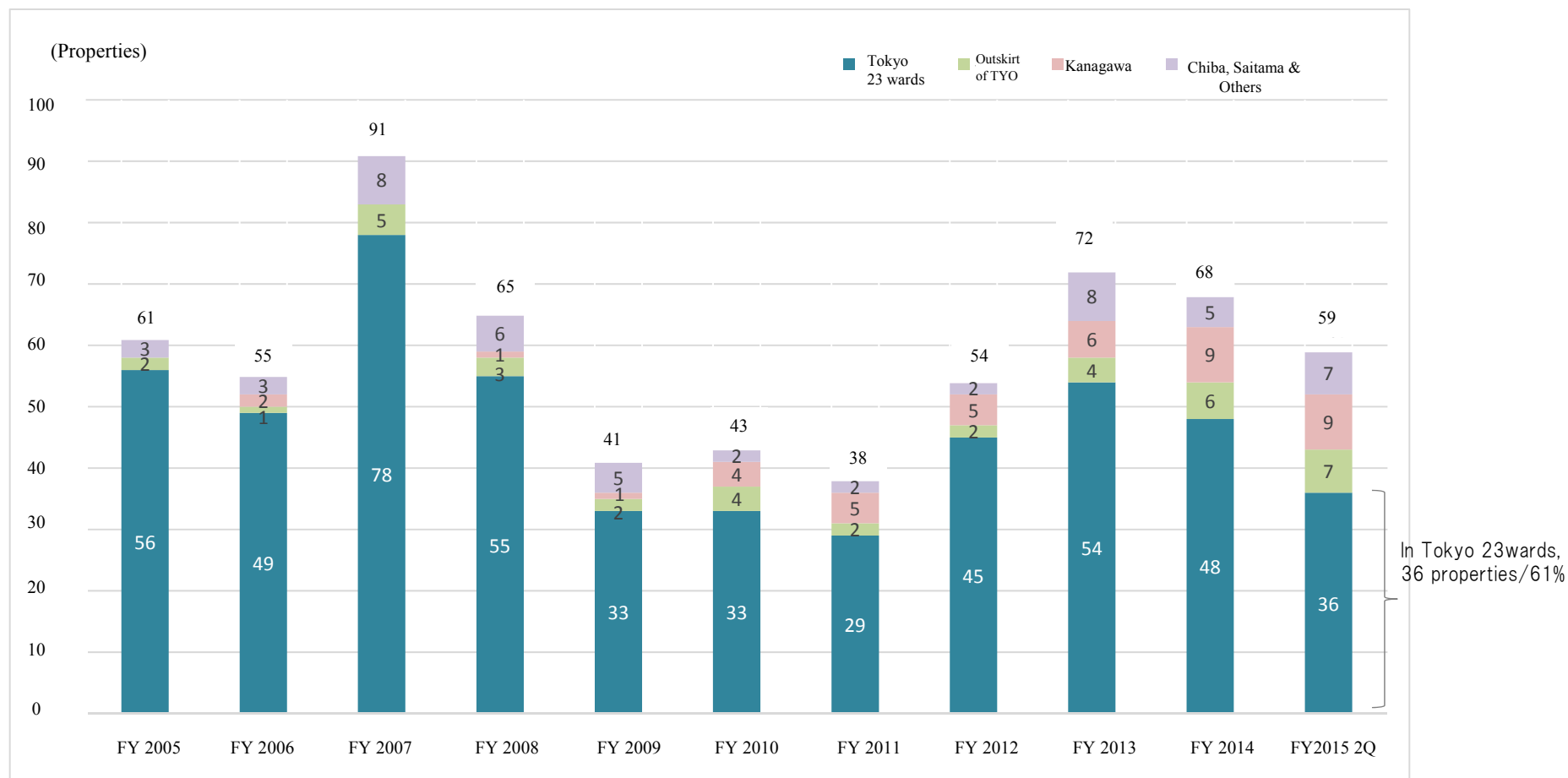


* The condominiums, detached houses and Restyling are counted as each project being one property.

Inventory Breakdown -Properties in Inventories as of Mar.31,2015-

Location Area of Inventory Properties

- Total number of 59 inventories at the end of the second quarter of FY 2015. Inventories are located mainly in the 23 wards of central Tokyo, with an increase in the percentage of inventories in Chiba, Saitama, and other suburban areas in and around Tokyo.



* The condominiums, detached houses and Restyling are counted as each project being one property.

<Reference Material>

Ⅱ . Real Estate Market Conditions

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- **Financed Amount by J-REIT** - P43
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- **Property Investment Trend in Asia-Pacific Region 2** - P64
- **Overview of Global REITs** - P65

Market Size for Revitalization Business (23 wards)

Office Building in Stock^{※1}

No. of Buildings: 56,149
Gross Floor Area: 33.03 million *tsubo*
(109.19 million m²)

Apartment Building in Stock^{※2}

No. of Buildings:^{※3} 68,454
(1 million units^{※4})
Gross Floor Area:^{※5} 21.18 million *tsubo*
(69.89 million m²)

Market Size for Revitalization Business

No. of Buildings: Approx.124,600
Gross Floor Area:^{※5} Approx.54.20
million *tsubo*
(179.17 million m²)

➤ Tokyo's 23 wards continue to be by far the largest for revitalization business.

^{※1} The number of properties and the gross floor area of "Offices, shops, and department stores" included under the "Non-wooden properties" as of Jan. 1, 2013, which has been disclosed by the Tokyo Metropolitan Government Bureau of Taxation.

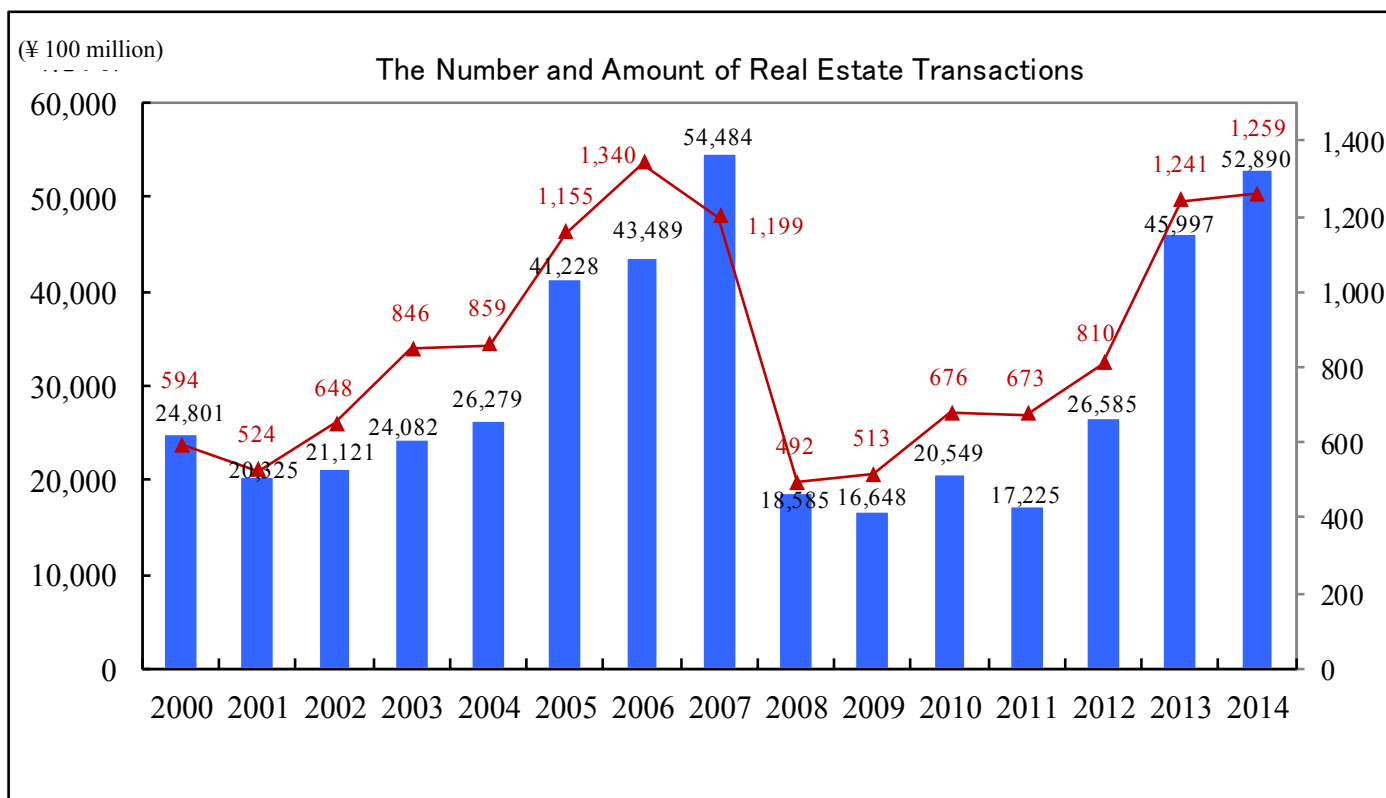
^{※2} Refers to apartments and rental condominiums located in the 23 wards of Tokyo, and does not include those for sales purposes.

^{※3} Sourced from "Results of condominium survey" (as of Aug. 1, 2011) disclosed by the Tokyo Metropolitan Government Bureau of Urban Development in March 2013.

^{※4} Estimated based on the "Results of condominium survey" disclosed in March 2013.

^{※5} Estimated based on the "Results of condominium survey 2009" disclosed by the Tokyo Metropolitan Government Bureau of Urban Development.

Real Estate Transactions by Listed Companies



(¥ 100 million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Amount	24,801	20,325	21,121	24,082	26,279	41,228	43,489	54,484	18,585	16,648	20,549	17,225	26,585	45,997	52,890
# of Properties	594	524	648	846	859	1,155	1,340	1,199	502	513	676	673	810	1,241	1,259
Avg Value	41.8	38.8	32.6	28.5	30.6	35.7	32.5	45.4	37.0	32.5	30.4	25.6	32.8	37.1	42.0

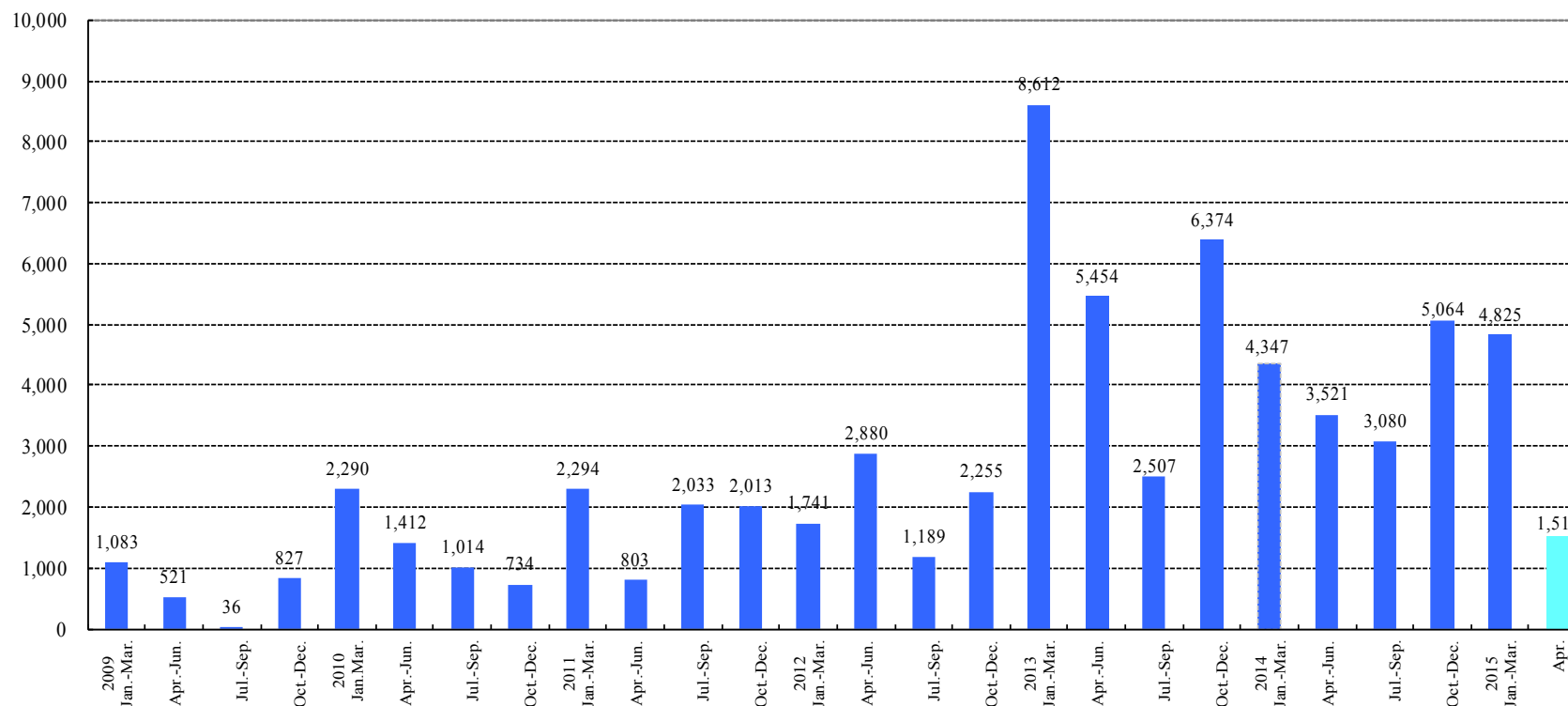
Source: Urban Research Institute Corporation

In FY2014, real estate transactions by listed companies, etc., rebounded to the ¥5 trillion level for the first time in seven years, reflecting expectations for appreciation of land prices, low interest rates, and a favorable financing environment. Transactions by foreign companies and investment funds also increased to approx. ¥1 trillion, 2.7 times larger than the previous fiscal year, due to depreciation of the yen.

Acquisition by J-REIT

(¥ 100 million)

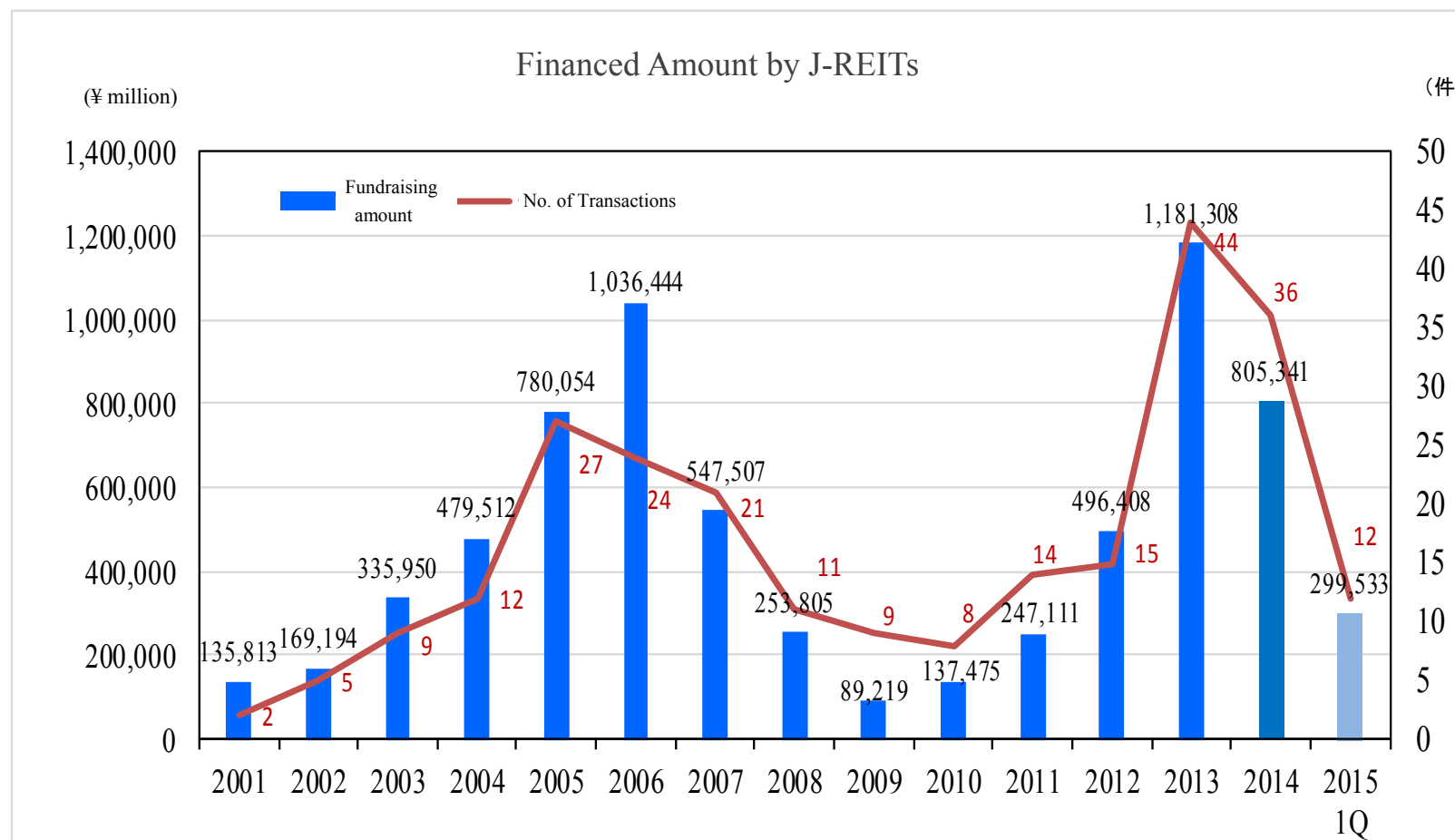
Acquisitions by J-REITs



Source: ARES

The acquisition by IPOs and additional equity funding was active due to an incensement of REIT stock prices and the improved financing environment. However, the acquisitions by J-REITs during FY2014 was ¥1,600 billion which was down 30% from the same period of previous year at ¥2,300 billion. It seems a difficult environment to acquire property due to a decrease in yield by rising property prices.

Financed Amount by J-REIT

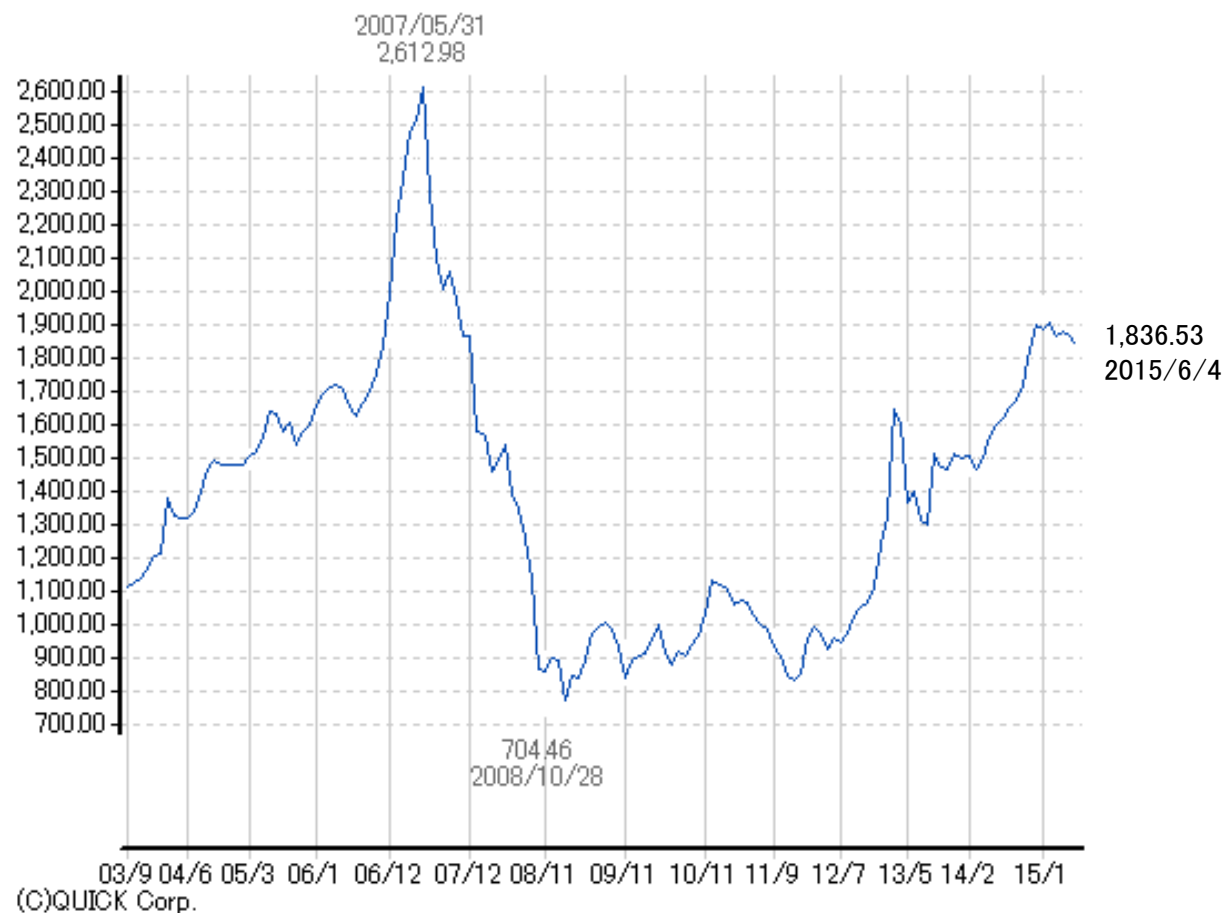


Source: ARES

*Both financed amounts as well as the number of transactions include all capital increases such as annual IPO, public stock offerings and allocation of new shares etc.

The financed amount by J-REIT in 2014 was ¥237.2 billion for IPO (6 cases), ¥568.1 billion for public offerings (30 cases), and ¥805.3 billion in total. It is the third largest amount since the founding of J-REIT, following that of 2006, although it failed to reach the record level (both for the number of cases and the financed amount) in the previous year. Financing made a strong showing in 2015, with the aggregate amount for 1Q finishing at ¥299.5 billion.

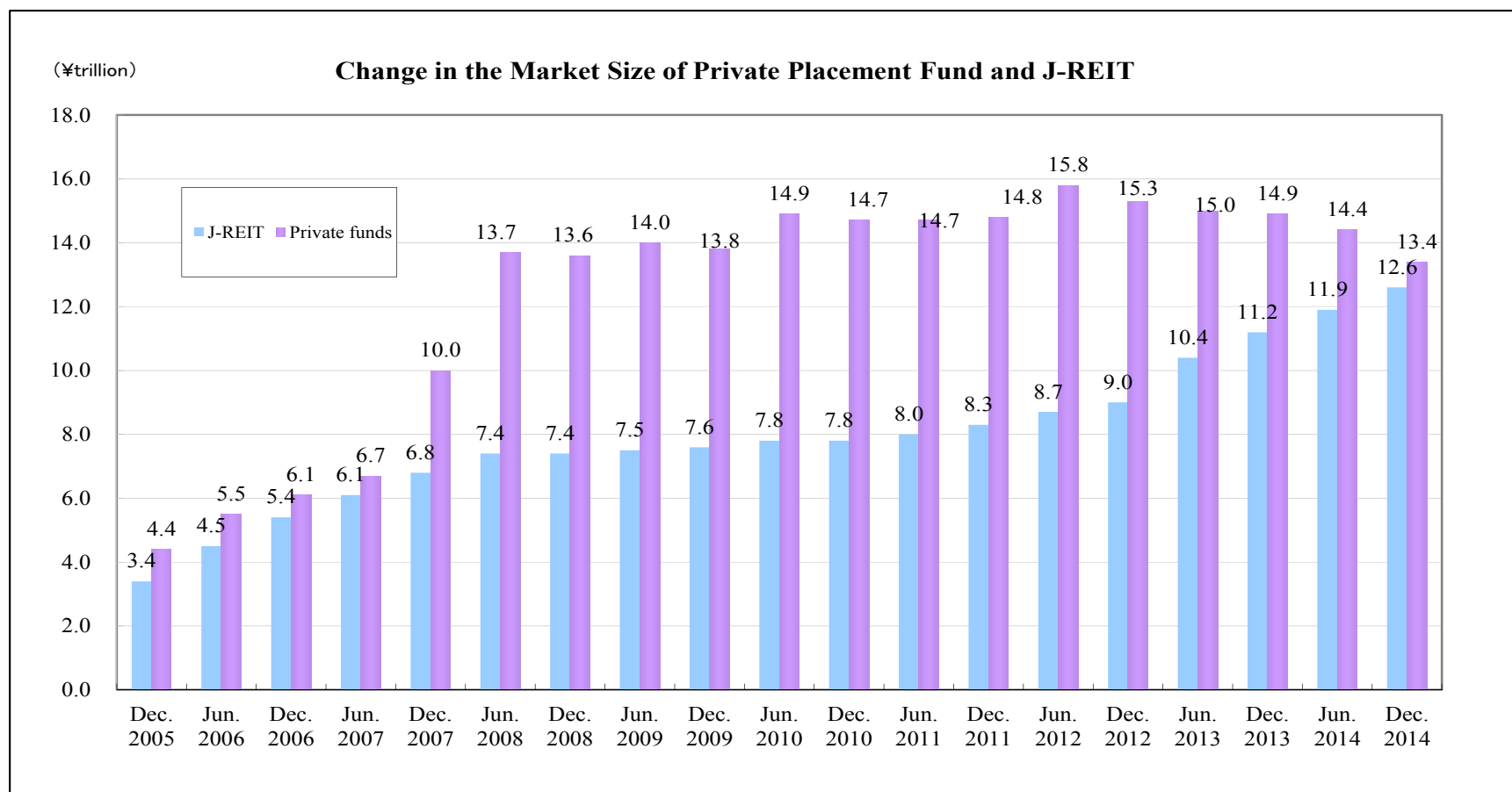
TSE REIT Index



Source: Tokyo Stock Exchange

Although the TSE REIT Index in FY2015 has not exhibited growth recently, after recording the highest price of the past year in January, it has remained in the high price range of between 1,800 and 1,900.

Market Size for Real Estate Fund Business

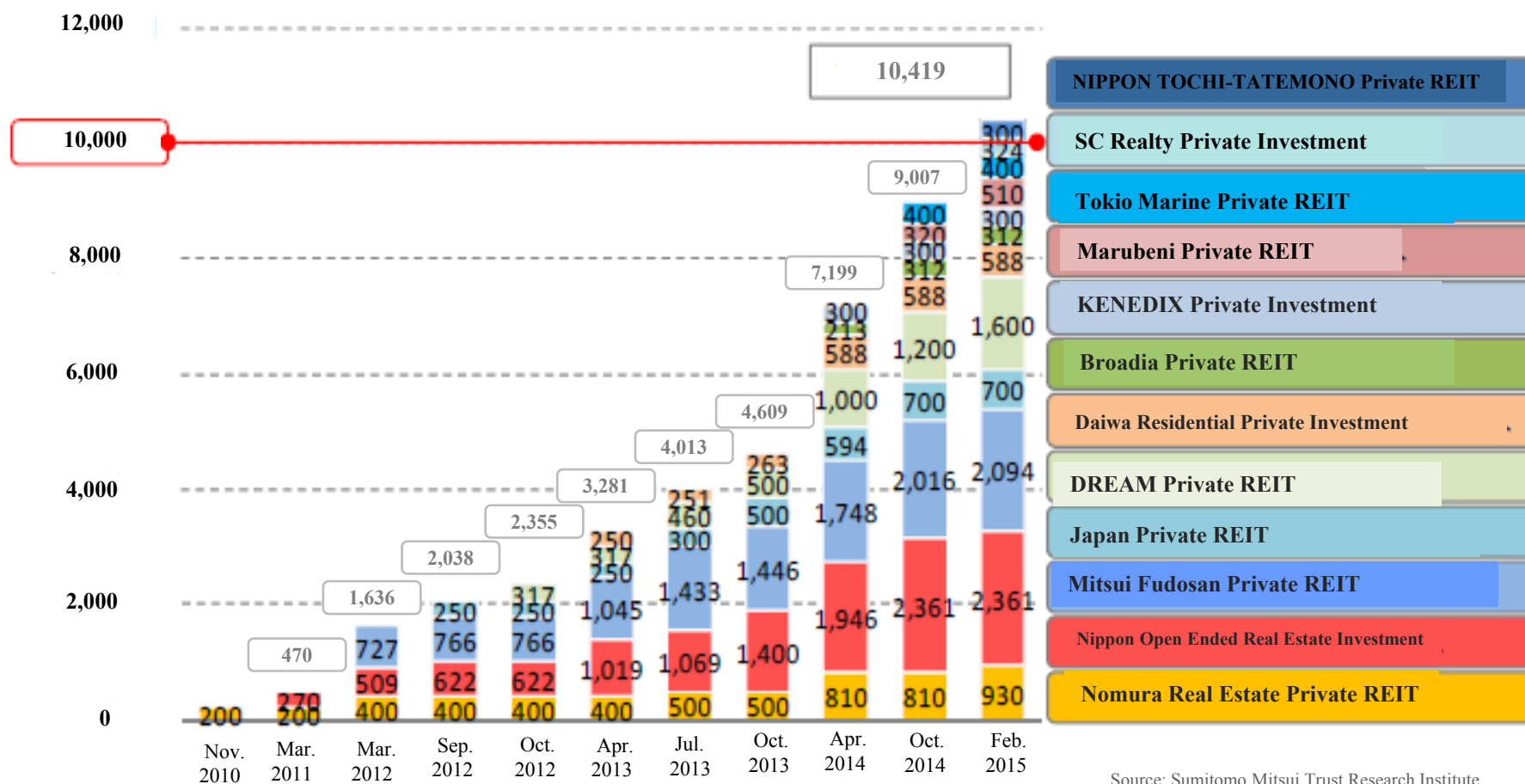


Source: Sumitomo Mitsui Trust Research Institute

The market size of the private placement funds are in a downward trend at ¥13.4 trillion yen as of December 31, 2014 due to active sale of properties by existing funds in the bullish market. On the other hand, J-REIT market was in an upward trend and totaled ¥12.6 trillion. Total market size for the real estate fund was ¥27.7 trillion which includes the ¥1.7 trillion that was allocated to domestic real estate invested by the global funds (not included in the below chart). The total market size as of December end 2014 is ¥27.7 trillion with a slight increase compared to the survey conducted six month ago (June 30, 2014).

Working Balance of Private Placement REIT

(¥ 100 million)

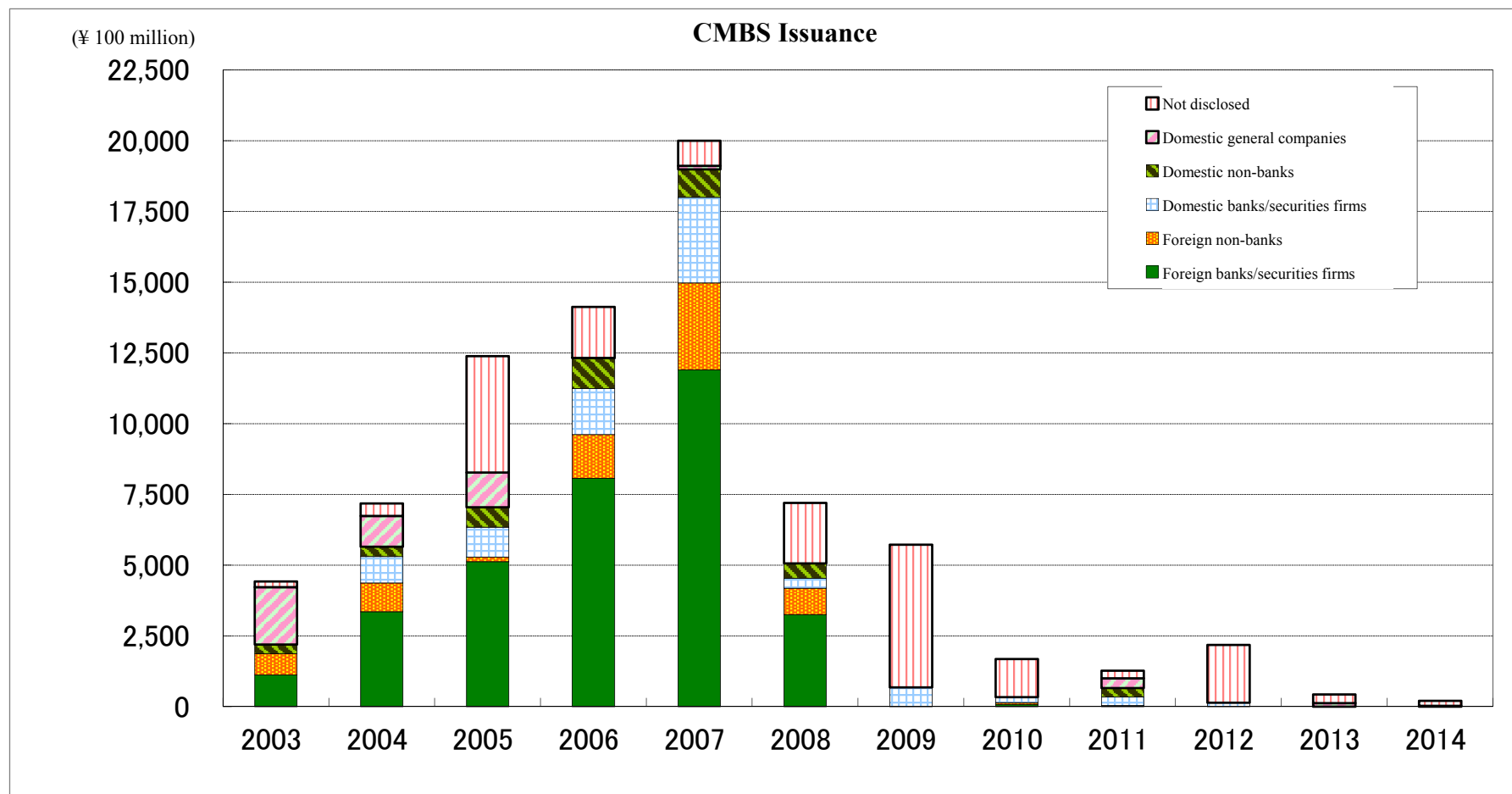


Source: Sumitomo Mitsui Trust Research Institute

Note1) As of February 28, 2015, target stocks including this chart should be announced officially commencement of operations.

Note2) Described the latest published assets not reflecting a track record of acquisition without any information of total assets value or acquisition fee.

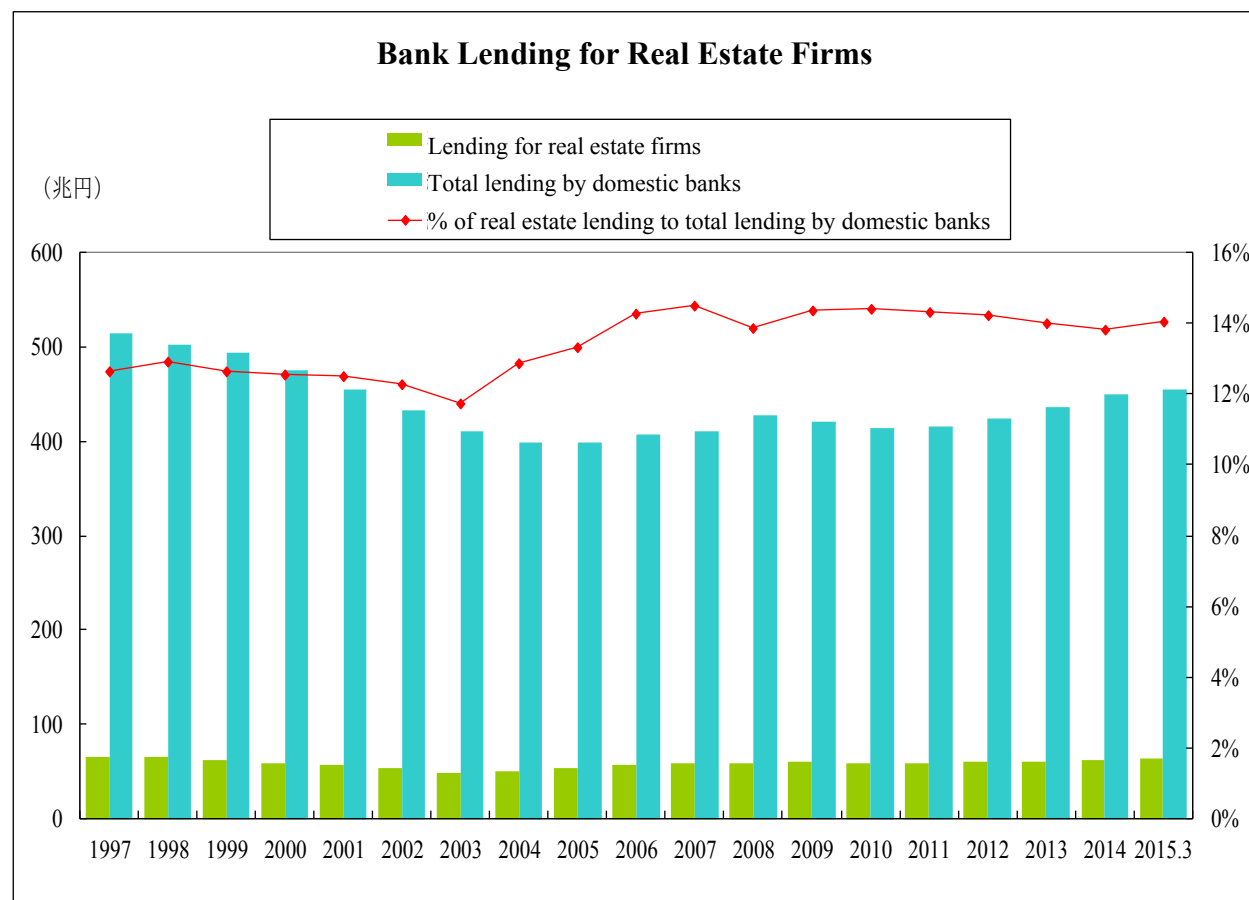
Domestic private placement REIT has been rising assets smoothly since November, 2010 as a commencement date of operations. As of the end of April 2014, total ¥719 billion (8 issues) turned over and then added 4 issues in just over year and additional acquisition by existing investment corporation, the working balance of private placement was ¥1,041 billion (12 issues) in February, 2015 and expecting further expansion of the market.



Source: Daiwa Institute of Research

The issuance of CMBS peaked at ¥1,900 billion in 2007 but fell sharply to approx. ¥720 billion in 2008, mainly due to a withdrawal of foreign non-recourse loan lenders. The continued default and downgrading of existing loans kept investors away from the market, and declined values in non-recourse loans lowered motivations of financial institutions to issue CMBS. Due to these factors, the CMBS issuance has been on a decreasing trend, and in 2014, it became ¥20.9 billion, the lowest in the past 11 years.

Domestic Bank Lending for Real Estate Firms

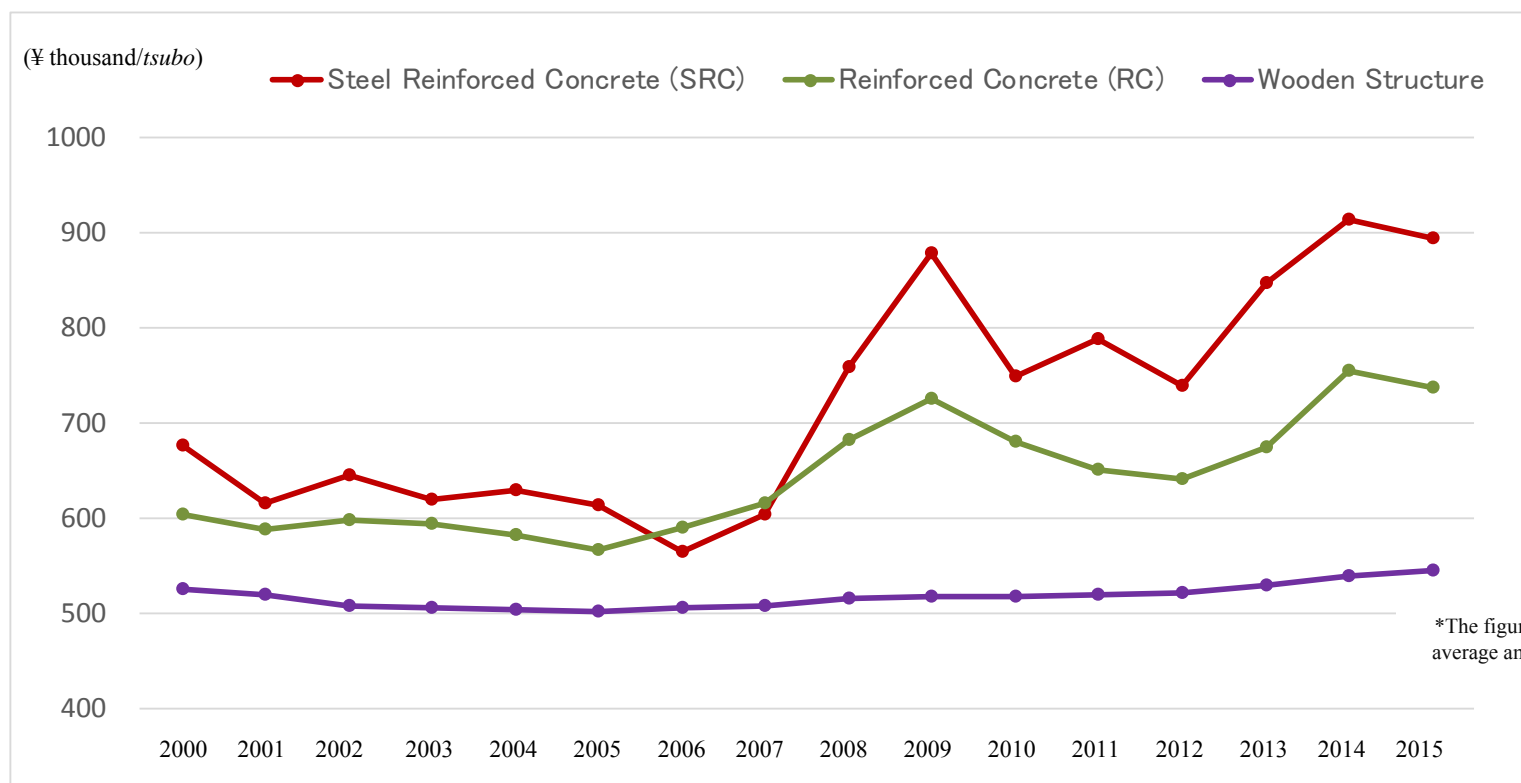


year	Total lending by domestic banks	Lending for real estate firms	%
1997	¥ 513.7 trillion	¥ 65.0 trillion	12.7%
2003	¥ 409.9 trillion	¥ 48.2 trillion	11.8%
2010	¥ 413.2 trillion	¥ 59.6 trillion	14.4%
2011	¥ 416.2 trillion	¥ 59.6 trillion	14.3%
2012	¥ 423.9 trillion	¥ 60.3 trillion	14.2%
2013	¥ 435.9 trillion	¥ 61.1 trillion	14.0%
2014	¥ 450.0 trillion	¥ 62.4 trillion	13.8%
2015.3	¥ 455.1 trillion	¥ 63.7 trillion	14.1%

Source: Prepared by Tosei based on the report published by Bank of Japan

For the balance of lending by domestic banks, both the balance of total lending and the lending for real estate firms slightly trended upward after 2010, and the real estate lending amounted to ¥63.7 trillion in March 2015, up ¥1.3 trillion for the three months from the end of 2014. The lending for real estate firms remained high at 14.1% of the total lending of ¥455.1 trillion by domestic banks.

Construction Costs per *Tsubo* (by Building Structures)



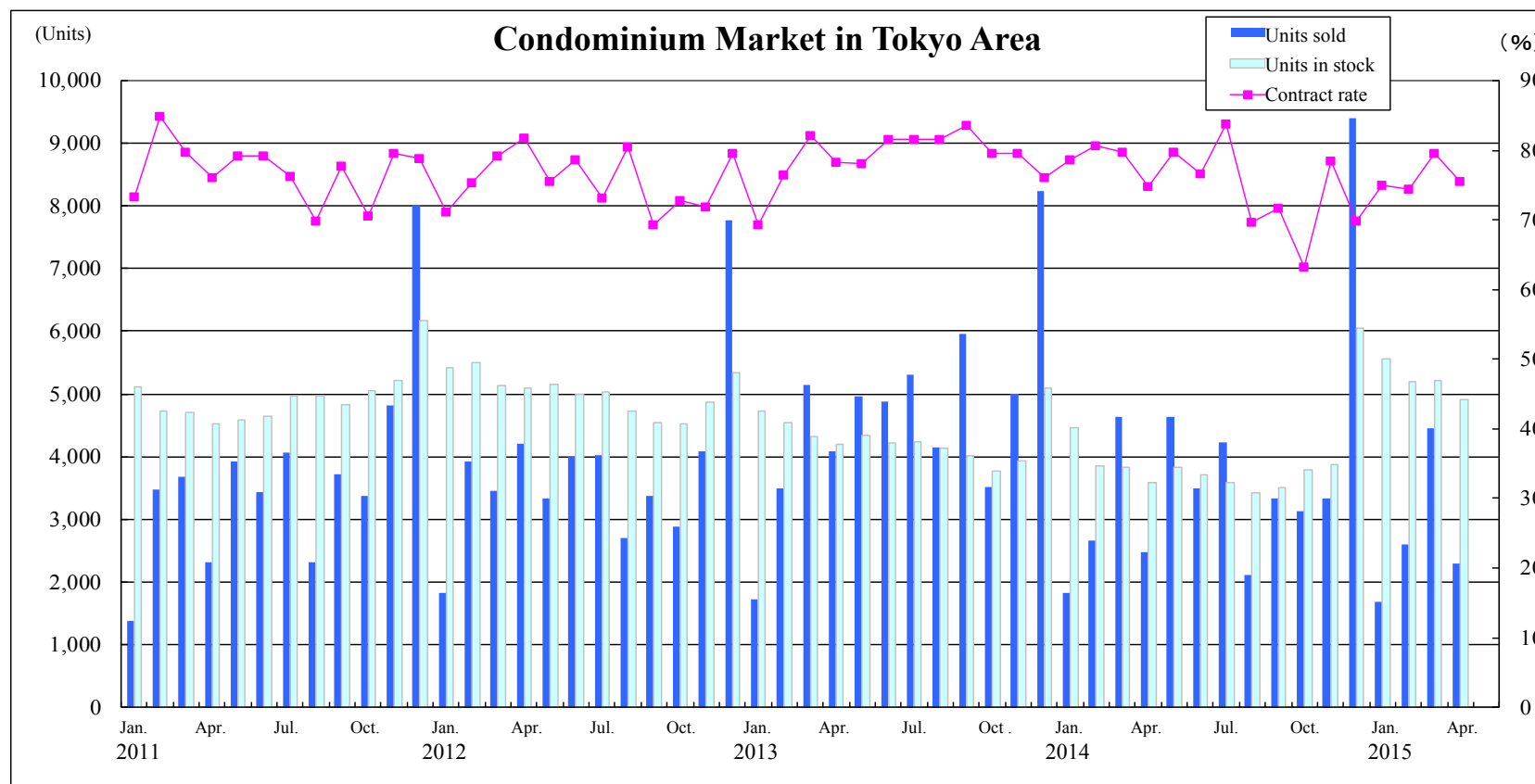
(¥ thousand/*tsubo*)

Years	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27.3月
SRC	675.4	615.2	645.4	619.4	628.5	613.9	563.7	603.4	757.5	877.0	748.5	788.4	738.5	846.9	913.3	894.0
RC	603.8	588.1	596.8	593.6	582.4	567.0	590.5	614.5	681.5	724.1	680.8	651.2	641.3	673.7	754.0	737.3
Wood	525.7	519.8	508.0	505.1	503.0	502.4	505.5	508.0	515.9	517.8	517.6	518.4	521.3	528.7	539.0	543.8

Source: Ministry of Land, Infrastructure, Transport and Tourism

The construction costs for SRC and RC structured office and condominium buildings are in increase trends since 2007, due to yen depreciation as well as raise in labor costs attributed to the reconstruction demand after the Great East Japan Earthquake and subsequent shortage of manpower. The construction demand is expected to continuously raise with the acceleration in developments of public projects and building constructions supported by the effect of Abenomics policies, as well as infrastructure improvement in preparation for the coming Olympic Games.

Condominium Market 1



Condominium Supply in Tokyo Area

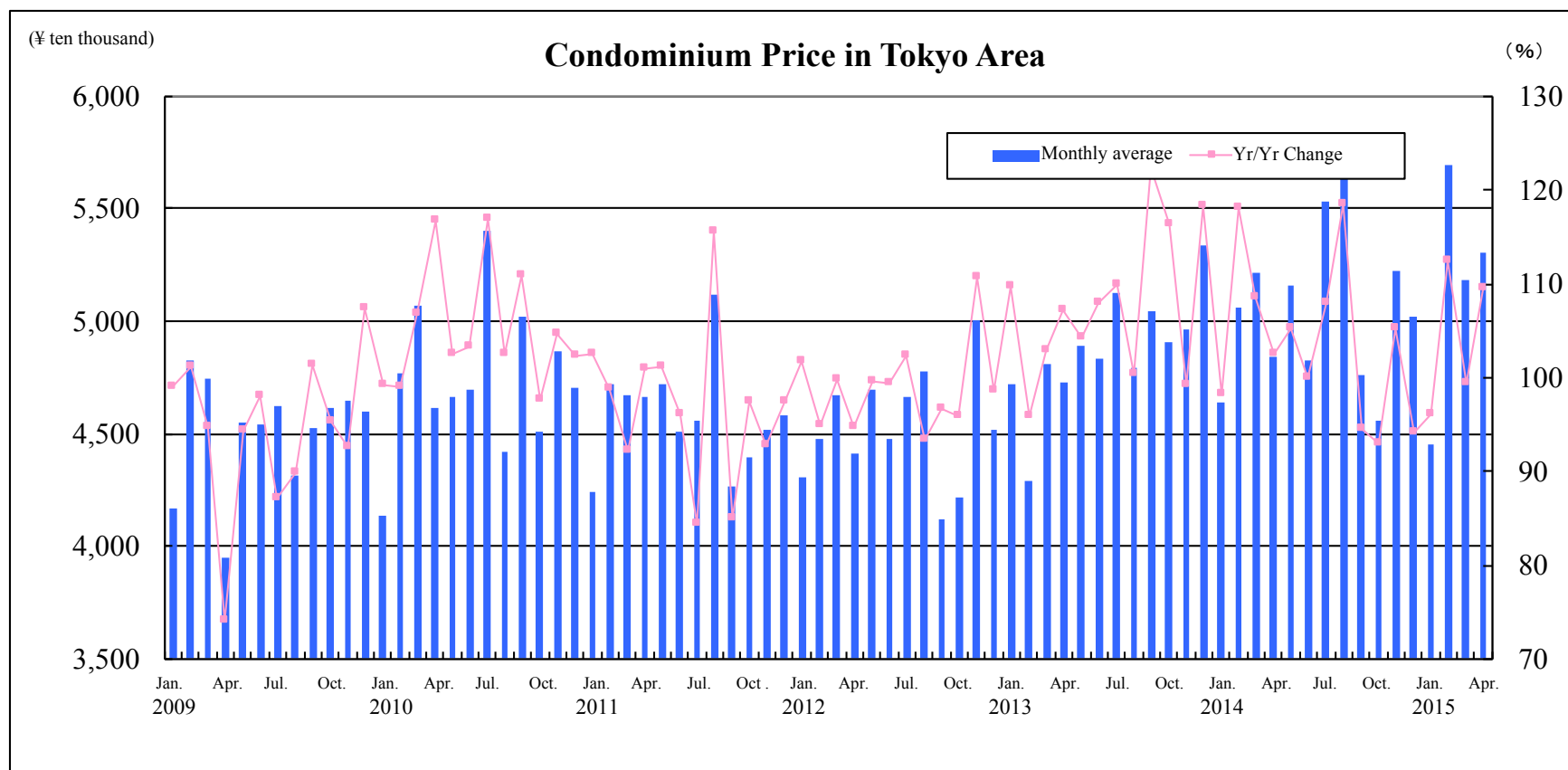
Forecast as of Feb. 28, 2015

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Forecast)
Total Supply	83,183	85,429	84,148	74,463	61,021	43,733	36,376	44,535	44,499	45,602	56,476	44,913	45,000
yr/yr change (%)	-6.0	2.7	-1.5	-11.5	-18.1	-28.3	-16.8	22.4	-0.1	2.5	23.8	-20.5	0.2

Source: Real Estate Economic Institute Co., Ltd

The number of condominium supply in 2014 was lower than the previous year due to decline in reaction to the last-minute surge in demand before the consumption tax hike as well as a price increase by rising construction cost. In 2015, it is expected at 45,000 units which is the same level as 2014.

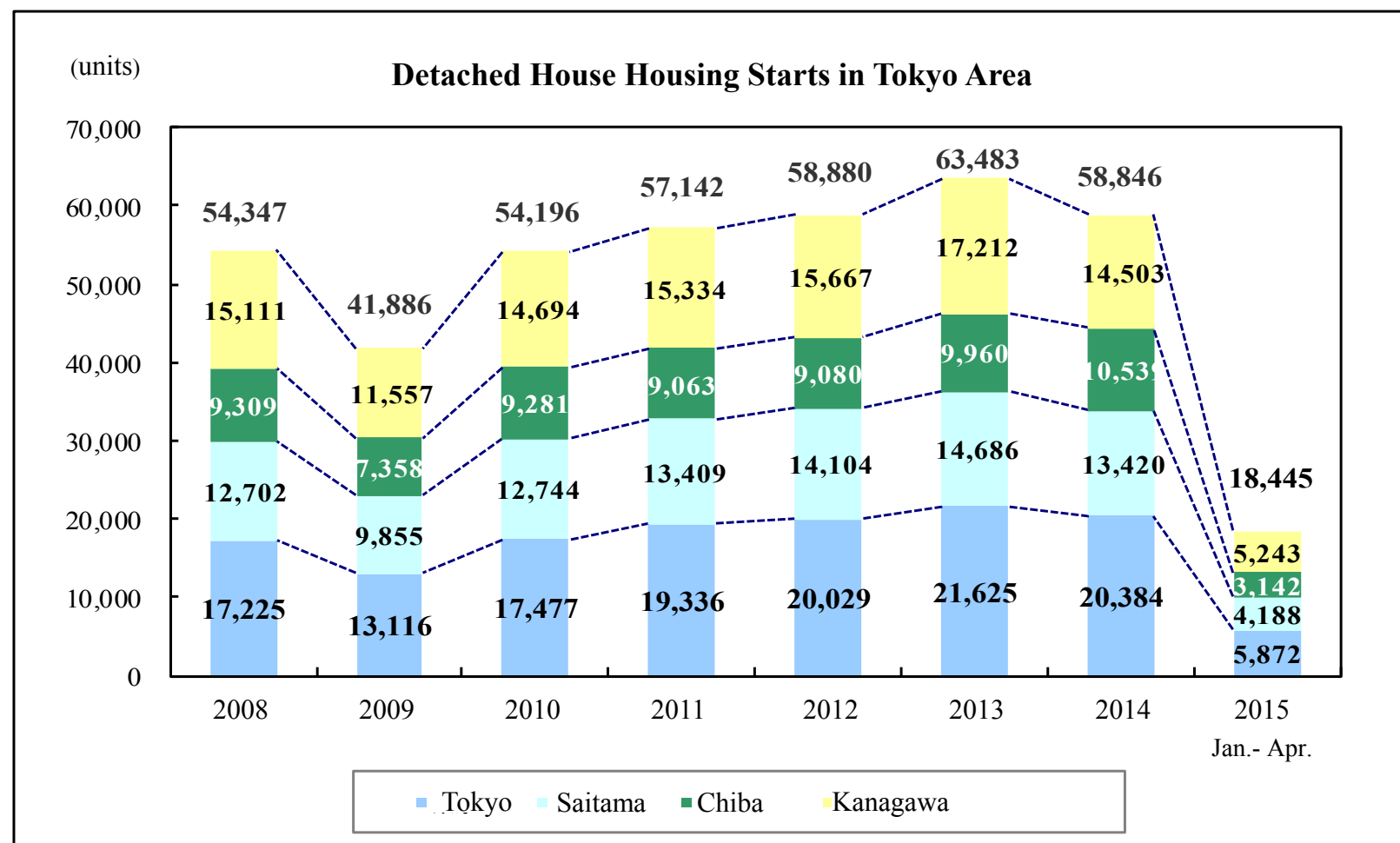
Condominium Market 2



Source: Real Estate Economic Institute Co., Ltd

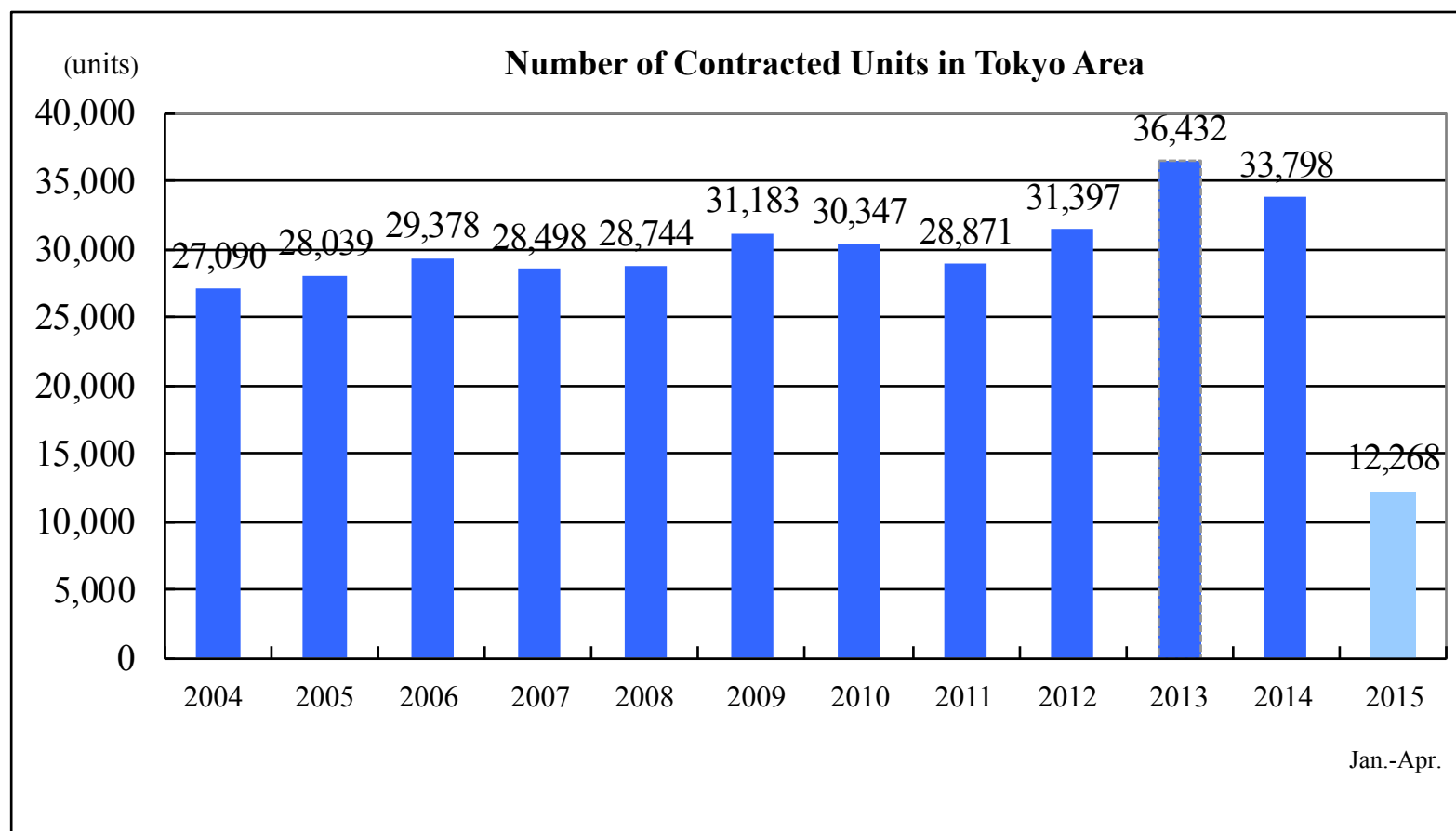
The condominium price in Tokyo area rebounded from 2013. While the high-end properties in central Tokyo and the Tokyo Bay area exhibited a price increase, the prices for properties in Chiba Prefecture and other suburban areas remained partially stable. A polarizing trend was seen.

Detached House Market



In 2014, the start of detached housing construction in the greater Tokyo area declined 9% from the previous year due to a prolonged reactionary decline to the last-minute surge in demand before the consumption tax hike. In 2015, the start of construction is likely to increase as demand is expected to be stimulated by the government's policies to activate the market, such as the eco-point system for energy-saving housing and gift tax exemption for funds related to the acquisition of housing.

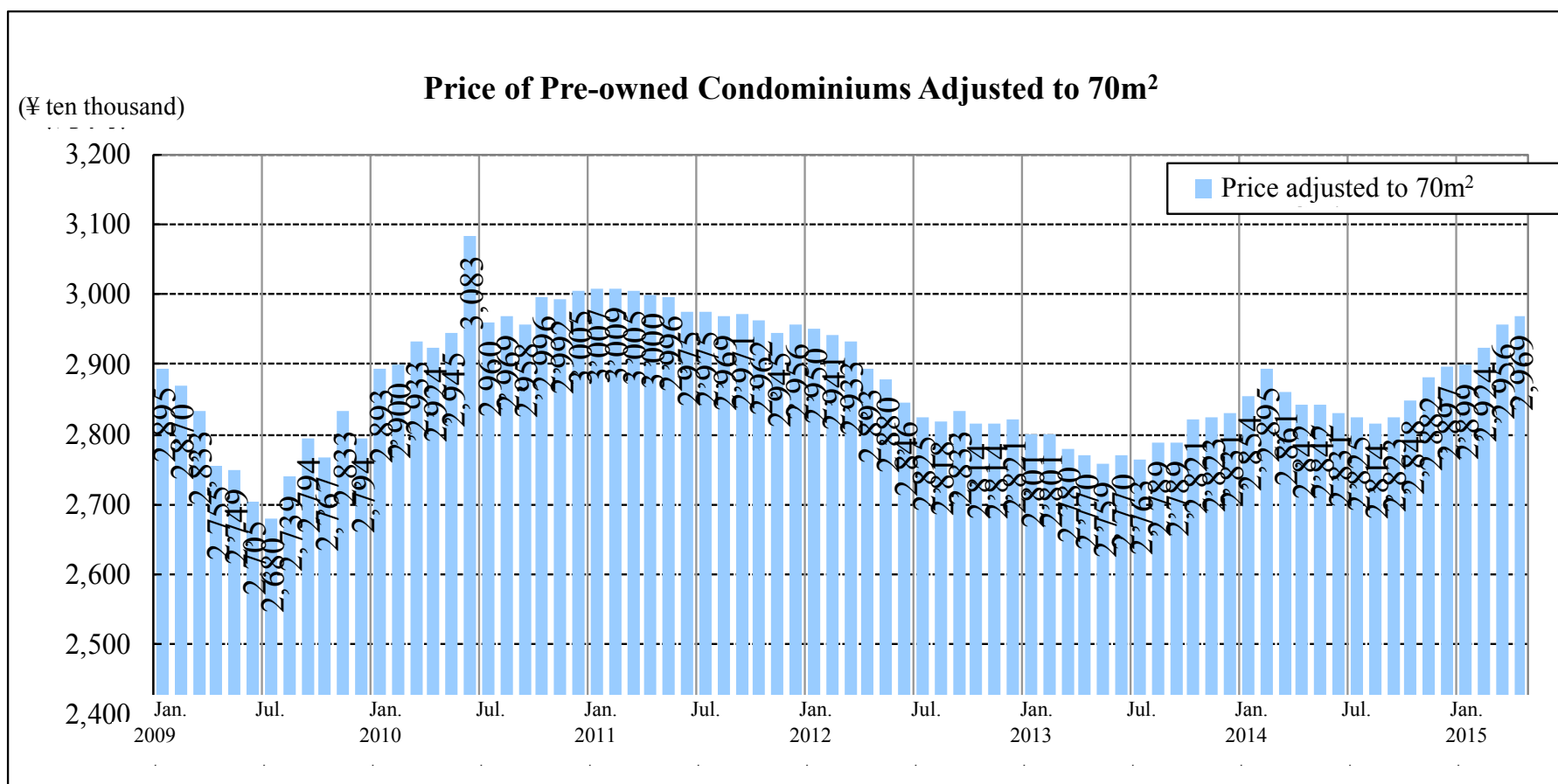
Pre-owned Condominium Market 1



Source; Prepared by Tosei based on the date published by Real Estate Information Network System for East Japan

For the pre-owned condominium transactions in Tokyo area, the number of contracted units for 2014 was 33,798, representing a decline of 7.2% year to year. This decline was partially due to the substantial increase of 16% year to year in 2013. In 2015, the results for April exceeded those of the same month of the previous year for the first time in the past thirteen months, up 0.8%, with the aggregate number of contracted units for January to April standing at 12,268, once again exhibiting an upward trend.

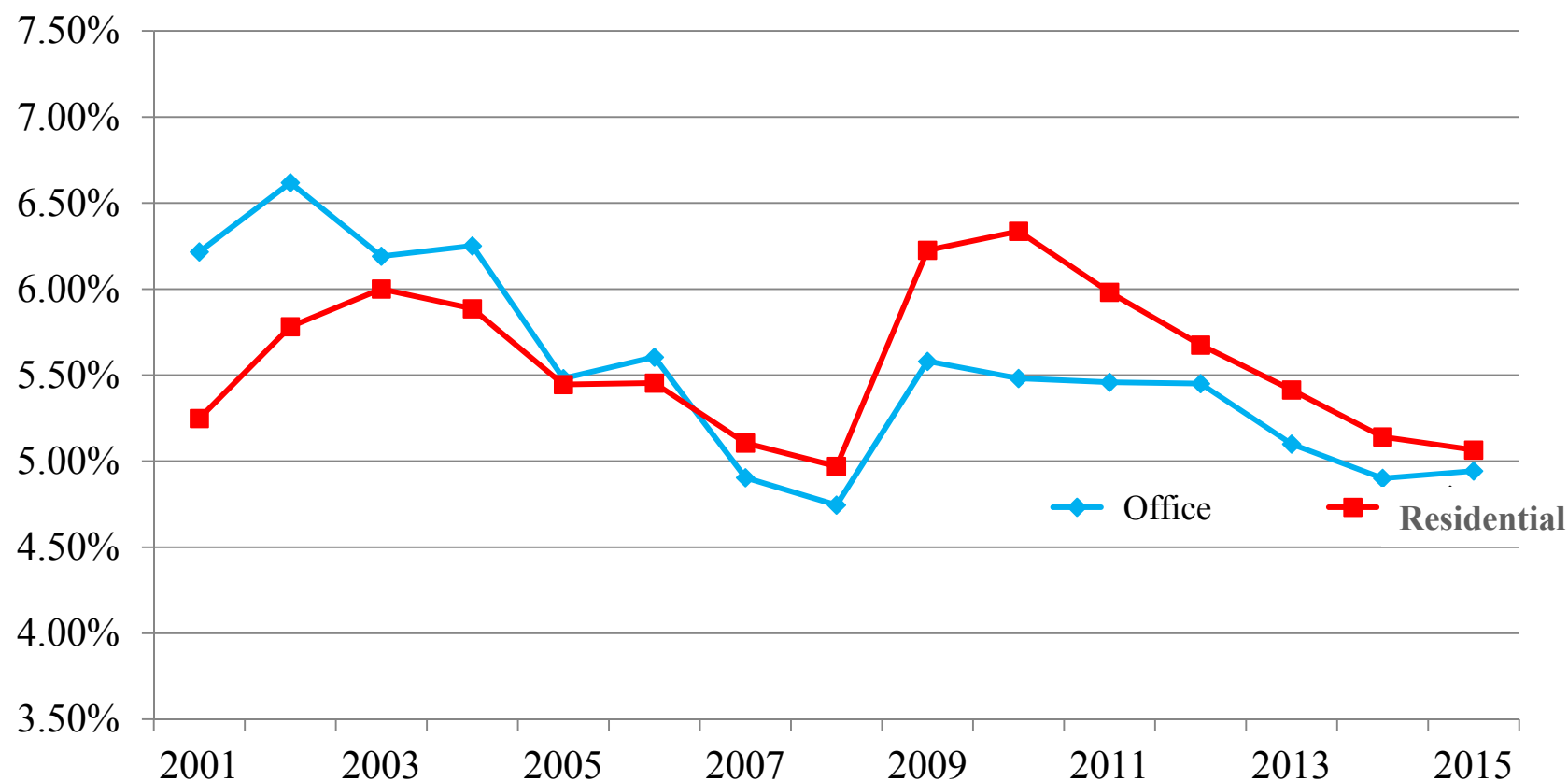
Pre-owned Condominium Market 2



Source : TOKYO KANTEI Co.,Ltd

Although the price of pre-owned condominiums (adjusted to 70 m²) in the Tokyo area had shown a modest increase since May 2013, there was a sign that this upward trend was temporary due to a decline in demand following the consumption tax hike in the first half of 2014. After that, it has been trending upward, driven by rising prices in Tokyo.

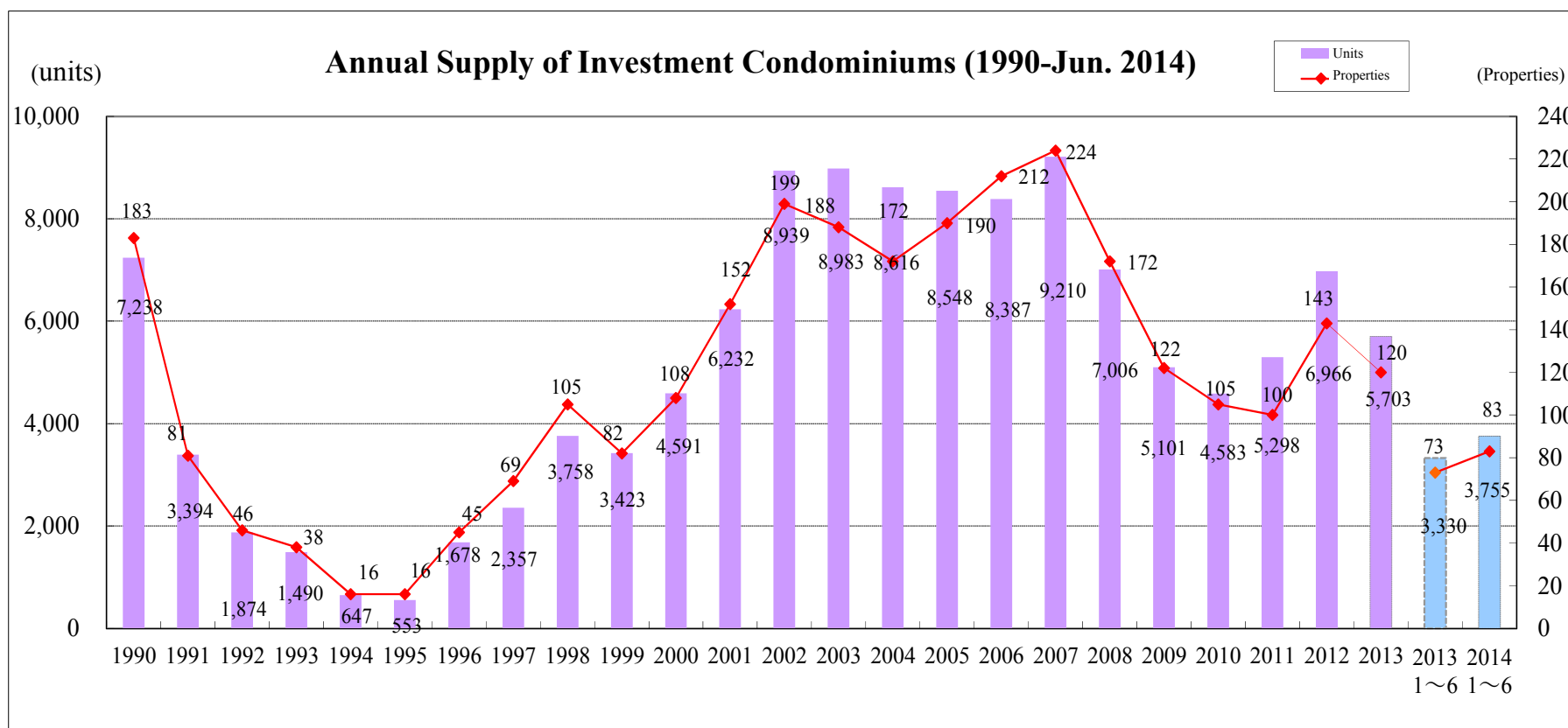
NOI Yield of Acquisition by J-REIT (Average rate in 23 wards)



Source: Prepared by Tosei based on announced presentations by J-REITs

NOI yield of acquisition by J-REIT(average rate in 23 wards) bottomed in 2008, then both office and residential increased till 2010 and continue to be decreased after 2010. As of the end of September 2014, office was 4.94% and residential was 5.07% due to an increase of acquisition costs.

Supply of Investment Condominiums

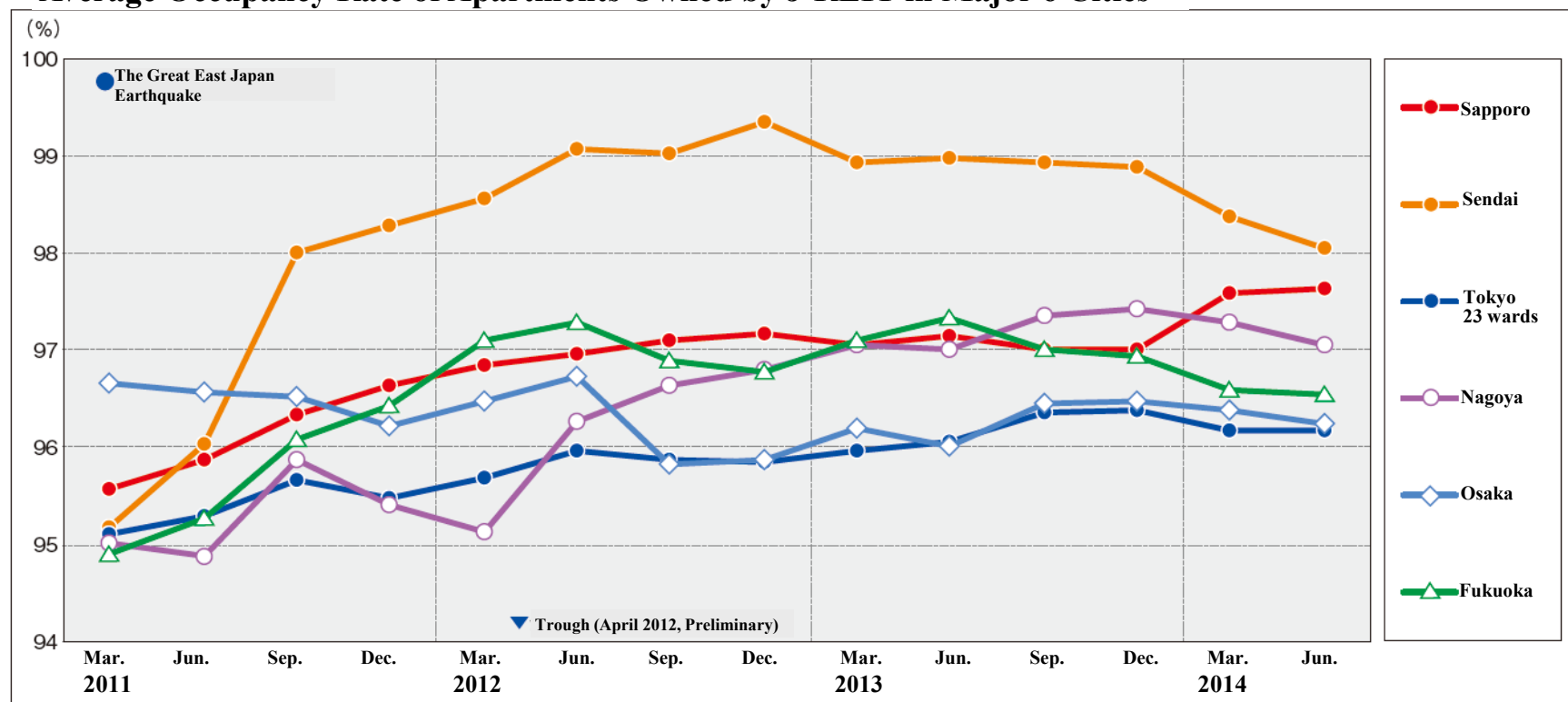


Source: Real Estate Economic Institute Co., Ltd

The supply of investment condominiums in the Tokyo area has been an upward trend again since 2011 after a downward spiral from 2007 to 2010. The supply in the first half of 2014 (January to June) was 83 properties (up 13.7% year-on-year), 3,755 units (up 12.8%). However, it's concerned about a fall in properties supply from now on due to a tough competition in acquisition of lands for condominiums and a rising construction cost.

Apartment Market (J-REIT)

Average Occupancy Rate of Apartments Owned by J-REIT in Major 6 Cities



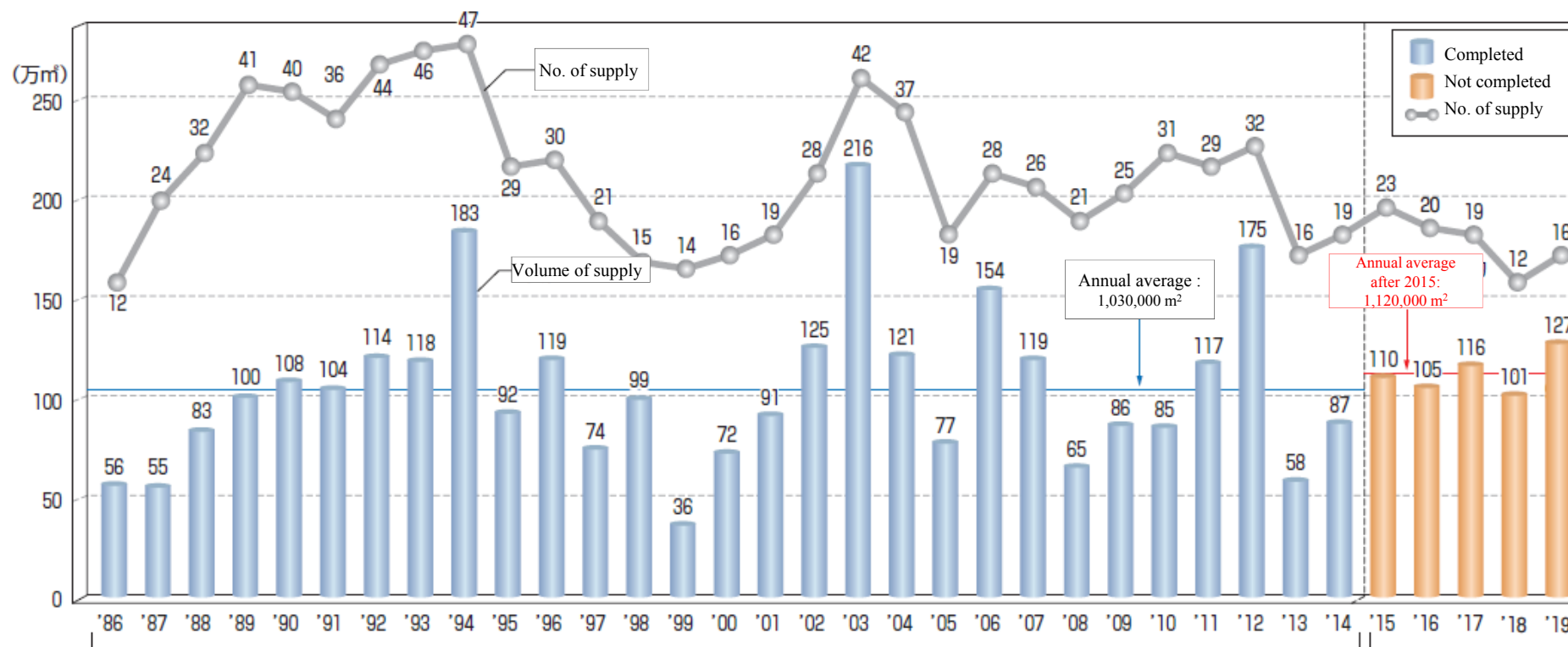
Note: A survey excludes the period with the number of property date within 10 as well as master lease properties with fixed rents or rent guaranteed.

Source: Mizuho Trust & Banking Co., Ltd

The occupancy rates of apartments held by J-REIT in all 6 cities started to rise in March 2010, and the have been staying above 95% since June 2012.

Expected Office Supply

Supply of Large-sized Office* in Tokyo's 23 wards



Source: Mori Building Co., Ltd

Survey: As of Dec, 2014

Properties survey: Completion buildings after 1986

(Office buildings with more than 10,000m² of gross floor areas)

<1986 -2014 >

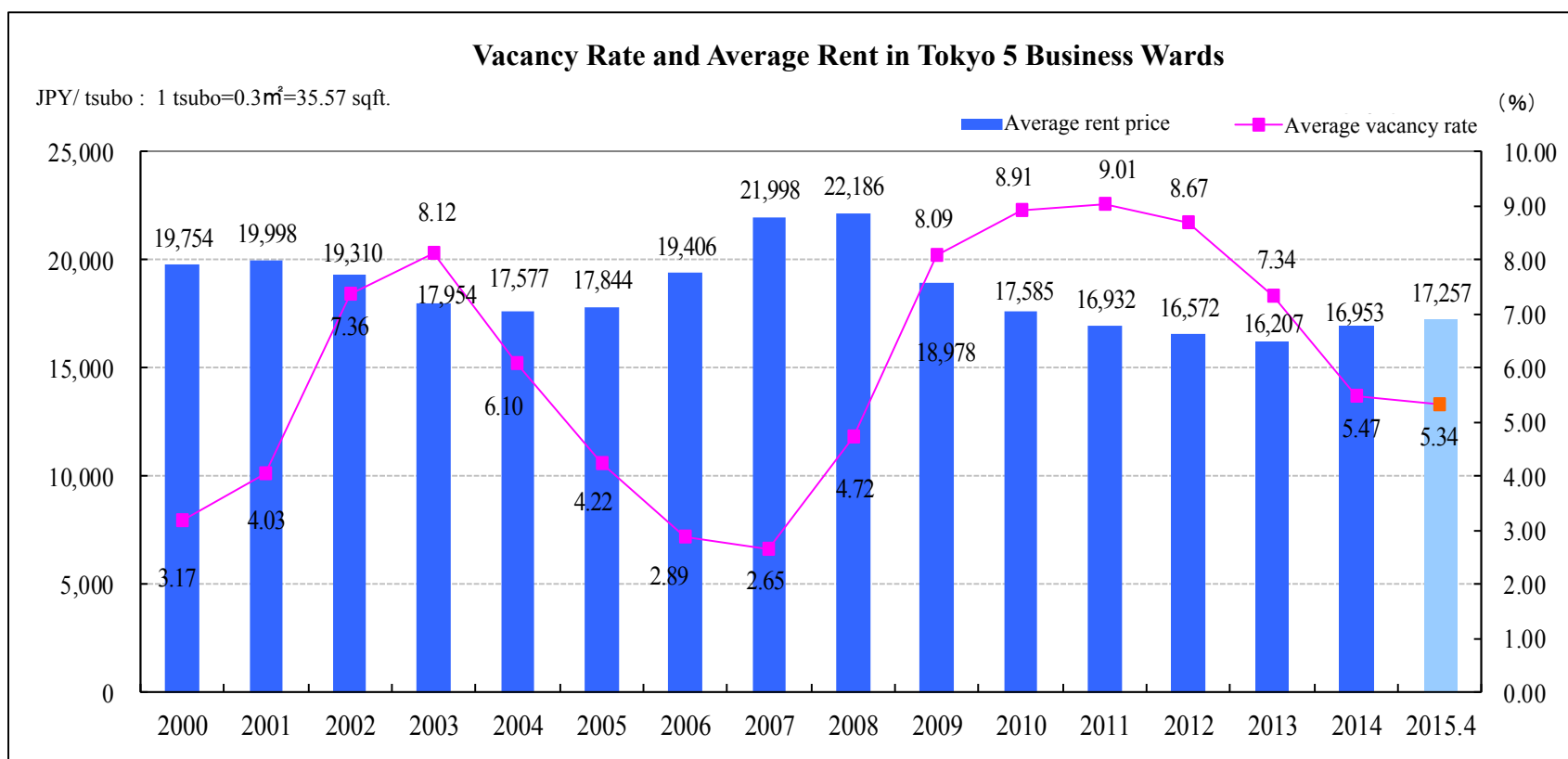
- 1) No. of supply: 819
- 2) Total supply volume: 29,890,000m²

<2015 -2019>

- 1) No. of supply: 90
- 2) Total supply volume: 5,590,000m²

The average annual new supply of large-sized offices in Tokyo's 23 wards for the next five years (2015-2019) is expected at 1,120,000 m² annually, which is larger than the annual average of 1,030,000 m² in the past. Meanwhile, as demand is growing at a higher pace than expected, the net absorption amount in 2014 increased 140% from the previous year, to 1,390,000 m², and the vacancy rate improved 1.9 points from the previous year, to 4.3%. The future increase in new supply is expected to be absorbed sufficiently.

Trend in Office Rent and Vacancy in Tokyo



Source: Prepared by Tosei based on the date published by Mitsuki Shoji Co., Ltd

The average vacancy rate of Tokyo's 5 business wards has been on a gradual recovery and recorded 5.34% as of April 2015.

The average asking rent was at ¥17,257 and it increased slightly for the 16th month running since January 2014. With the rental increasing of newly buildings and high demand for existing large scale office, it showing a sign of recovery.

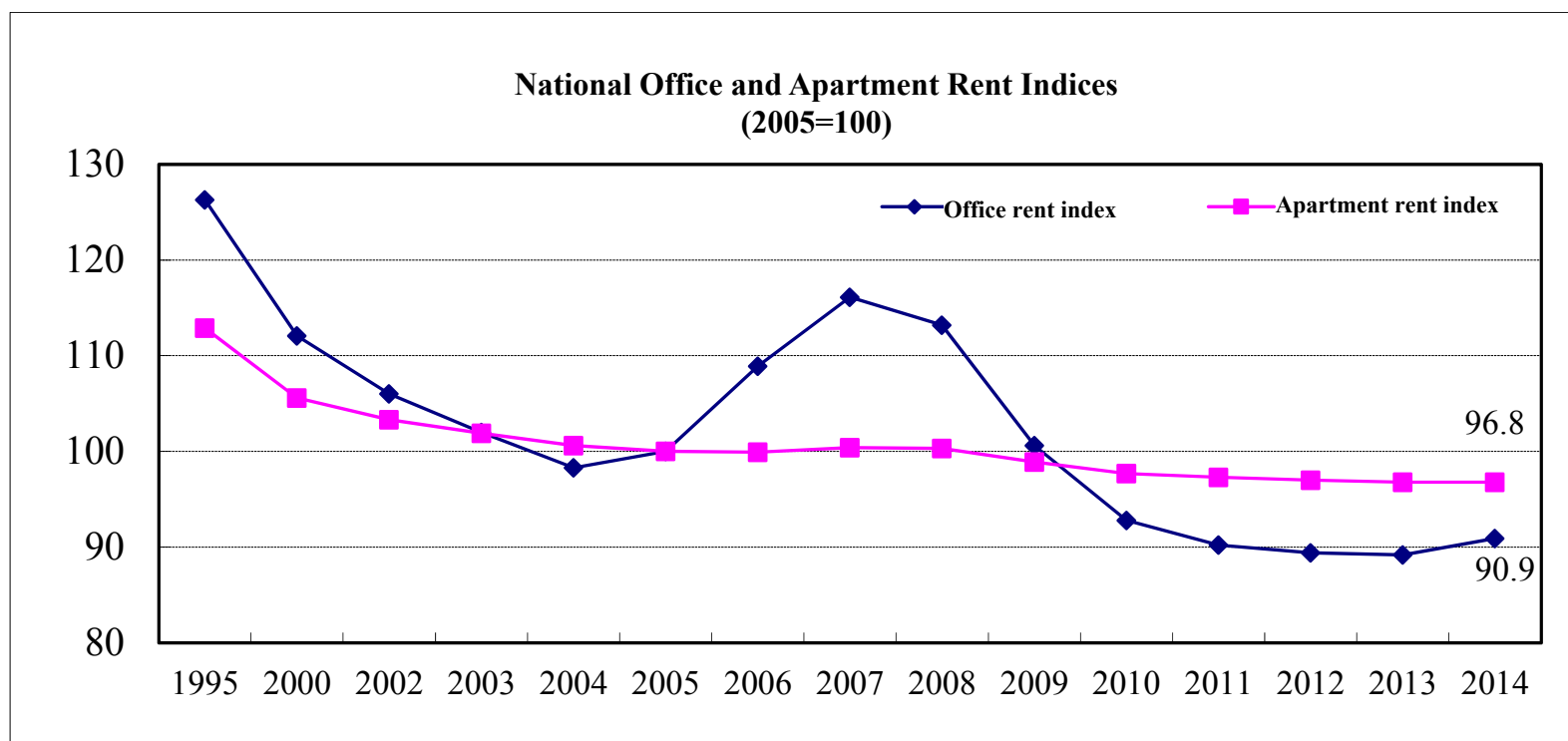
The results of survey conducted by Miki Shoji Co., Ltd.
(As of Apr.30, 2015)

Properties Surveyed:

Major leased office buildings in Tokyo's 5 business wards with more than 100 tsubo (330㎡) of typical floor area

No. of Buildings in Stock: 2,624
 Gross Floor Area: 12,232,617 tsubo
 Leased Floor Area: 7,219,123 tsubo ①
 Vacant Floor Area: 385,280 tsubo ②
 Vacancy Rate: ②÷①=5.34%

National Office and Apartment Rent Statistics

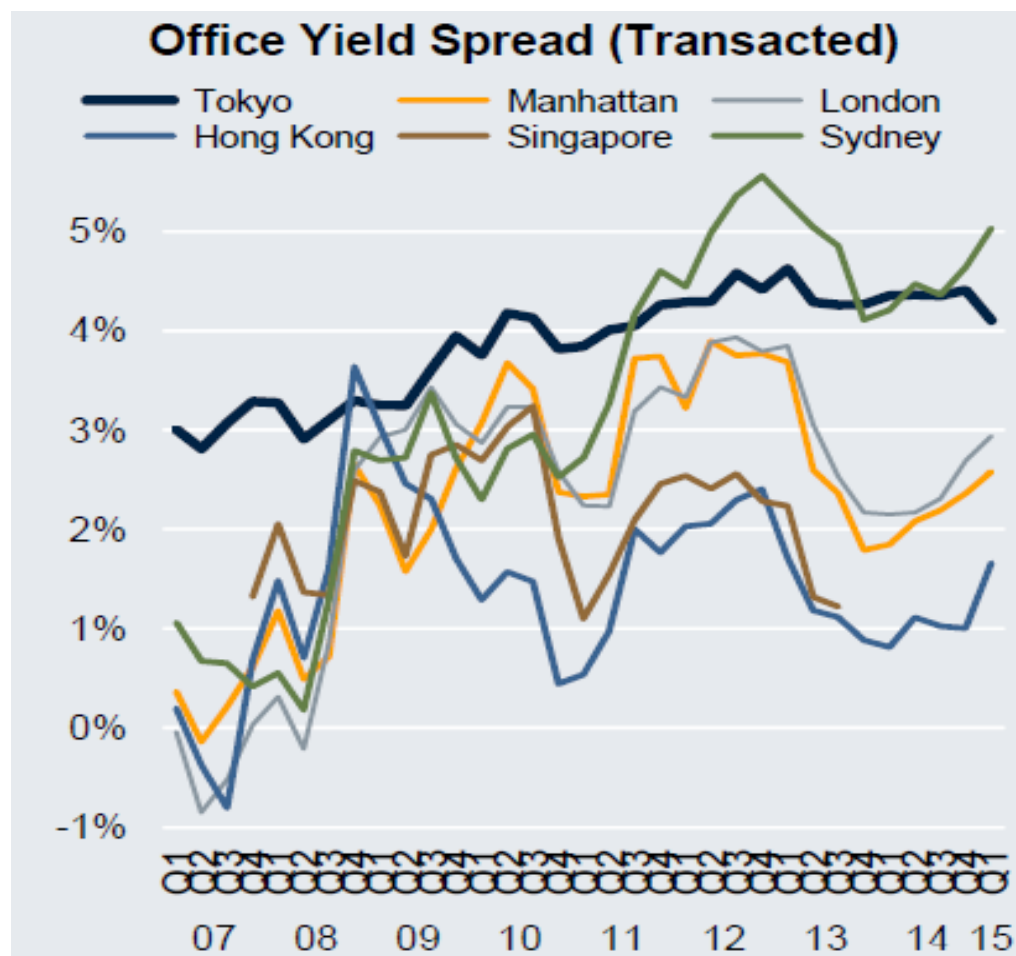


※As of September 2014

Source: Japan Real Estate Institute

The nation office rent index of 2014 was 90.9 (up 2% from the previous year), which reversed a downward trend for the first time in seven years. On the other hand, the apartment rent index was 96.8 which was slightly down at 0.1% year-on-year and it remain unchanged in the future.

Global Yield Gap of Prime Office Markets



Sydney

Tokyo

London

Manhattan

Singapore

Hong Kong

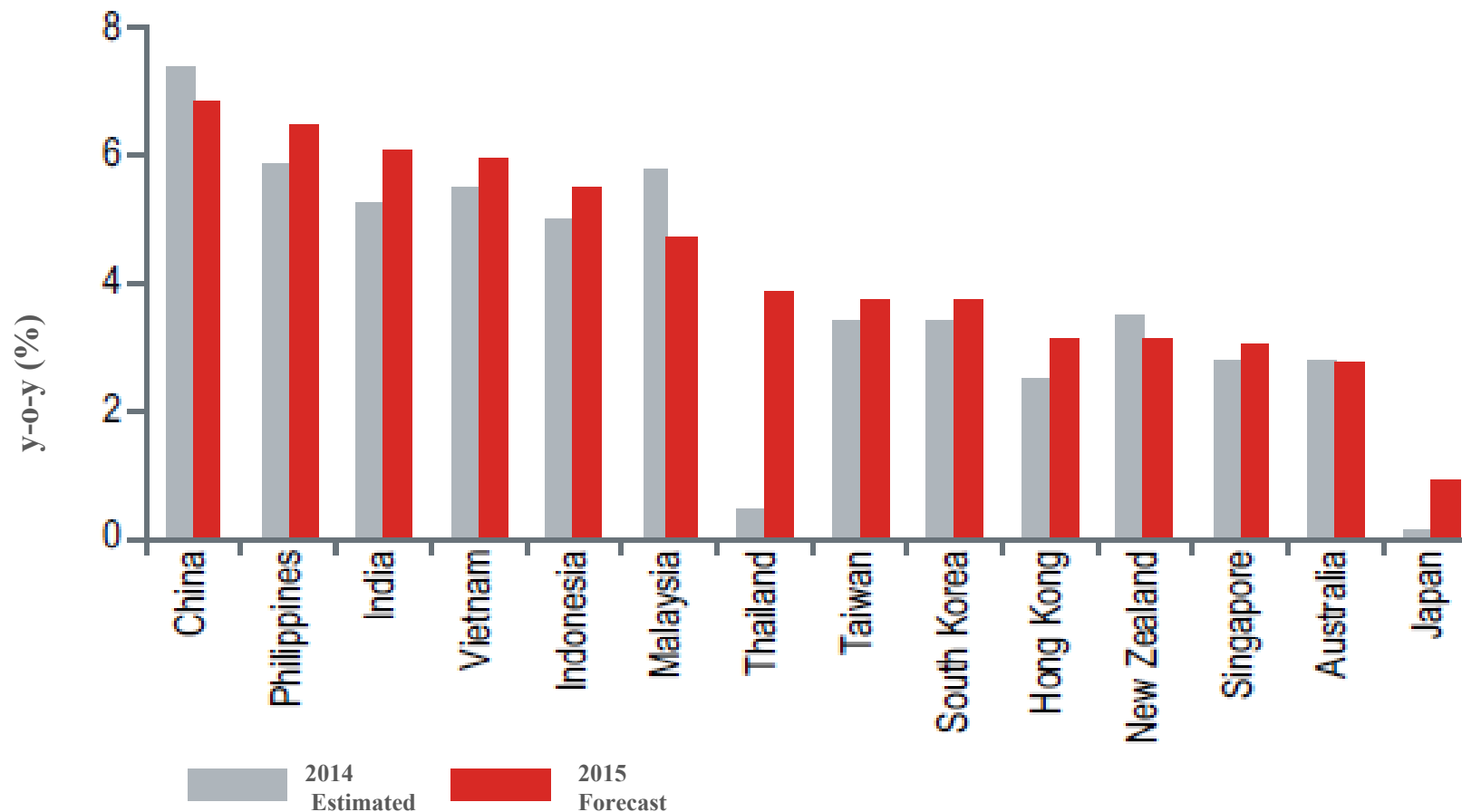
**The yield on 10-years
government bonds
(As of Mar.31,2015)**

Australia	2.33
Japan	0.40
England	1.58
United States	1.93
Singapore	2.27
Hong Kong	1.50

Source: Deutsche Asset & Wealth Management

The yield gap of Sydney and London head for a fall due to a rising of yield of government bonds in Major nations excluding Japan. Tokyo has been maintaining a stable and high level ratio as compared with other cities in the world, so it is widely watched as an attractive city.

GDP Growth Rate in Asia-Pacific Region



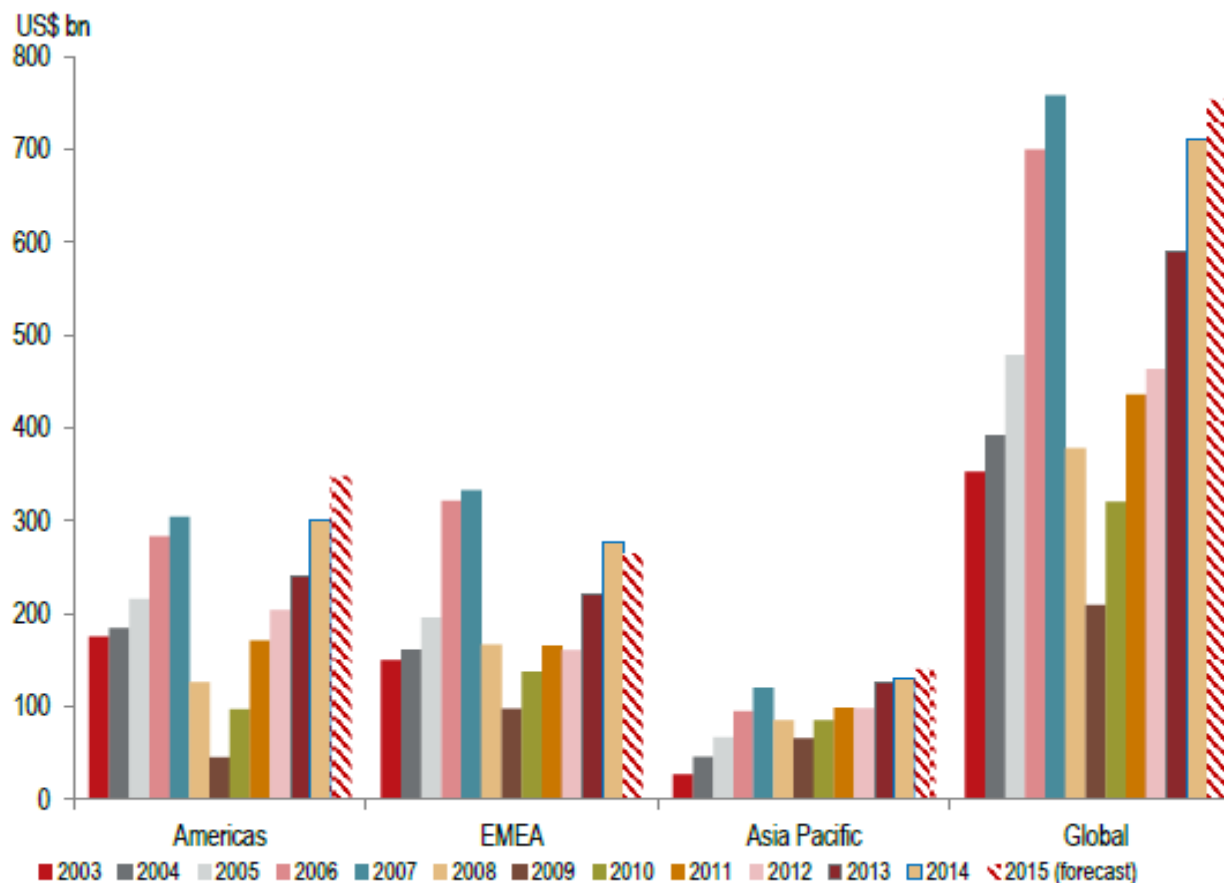
Source: Oxford Economics, February 2015

Source: Jones Lang LaSalle

Driven by China and Philippines who has been attaining the high growth rate in the Asia-Pacific region, but the growth rate varies depending on the country. The growth of China and Malaysia in 2015 expected to be slow down. On the other hand, the Japanese GDP will continue to recover and GDP in FY 2015 is expected to exceed FY 2014.

Property Investment Trend in Asia-Pacific Region 1

Transaction Amount in Direct Investment in Commercial Properties by Region



EMEA: Europe, the Middle East and Africa

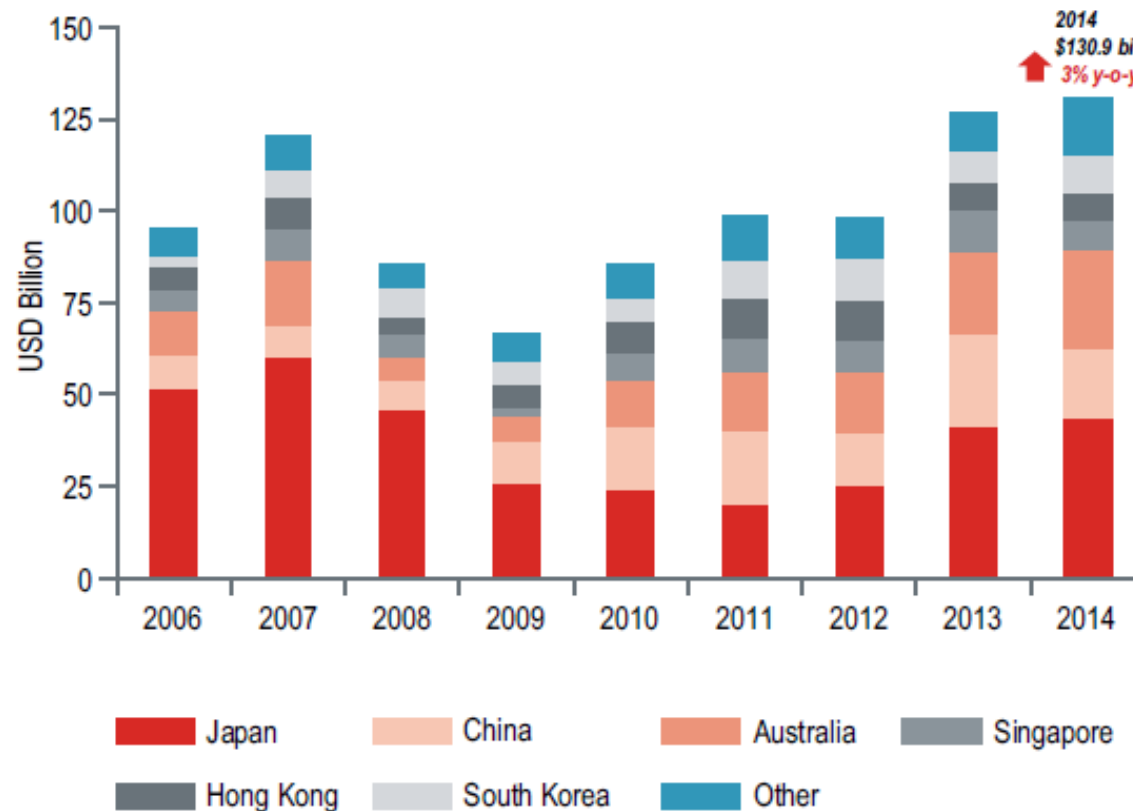
Source: Jones Lang LaSalle

The amount of investments in the Asia-Pacific accounts for approximately 20% of the total amount invested in global markets, and it has still been increasing since 2009 after hitting the bottom.

In FY2014, the total amount invested in commercial facilities across the world is expected to total US\$710 billion (up 21% year-on-year) and the annual transaction amount for FY2015 is likely to be US\$750 billion.

Property Investment Trend in Asia-Pacific Region 2

Transaction Amount in Direct Investment in Commercial Properties by Country



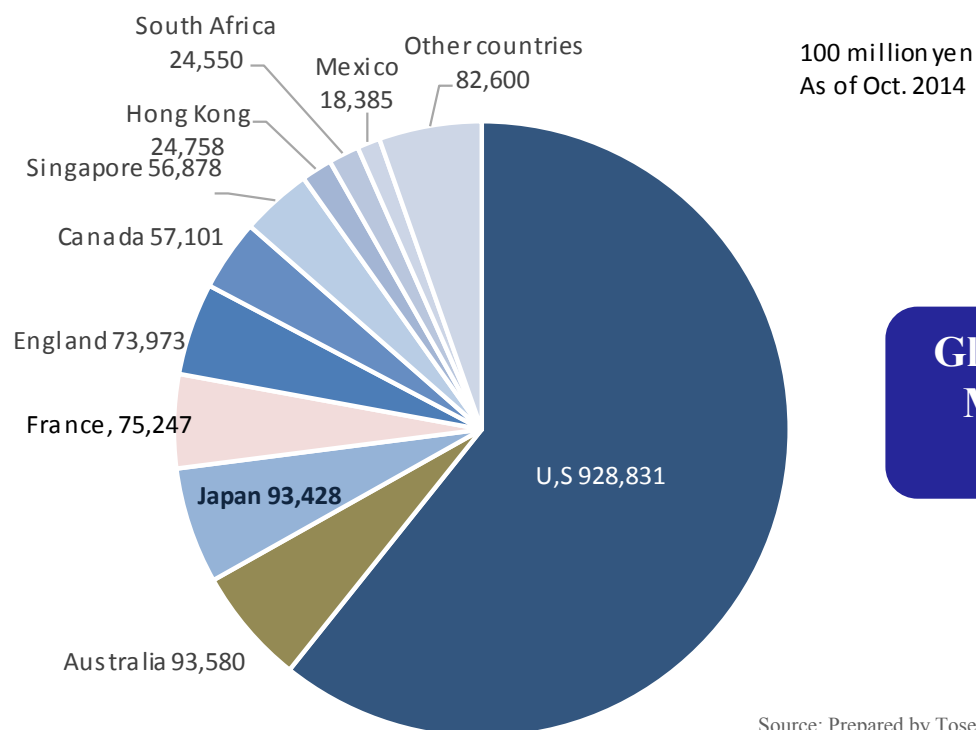
Figures refer to transactions over USD 5 million in office, retail, hotels and industrial

Source: Jones Lang LaSalle (Real Estate Intelligence Service)

The total investment in commercial properties in the Asia-Pacific Region in 2014 amounted to US\$1.309 billion, Japan ranked at the top accounting for over 30% of the total amount, which increased 6% compared with the previous fiscal year (increased more than 17% on a yen basis). Despite the decrease in contribution by J-REIT, acquisitions by private placement funds, etc. have contributed to the increase.

Overview of Global REITs

REIT Status in Each Country



Global REIT market
Market cap: ¥153
trillion

Source: Prepared by Tosei based on ARES

Number of issues As of Oct. 2014	Japan	U.S	Australia	France	England	Canada	Singapore	Hong Kong	South Africa	Mexico
	46	209	49	32	32	48	38	10	28	8

The global REIT market continued to expand, and market capitalization stood at ¥153 trillion (number of issues was 810) as of the end of October 2014, representing a substantial increase from ¥120 trillion (number of issues was 742) a year before. The Japan's REIT market has been steadily expanding, with its market capitalization ranked third in the world.

Please visit our website.



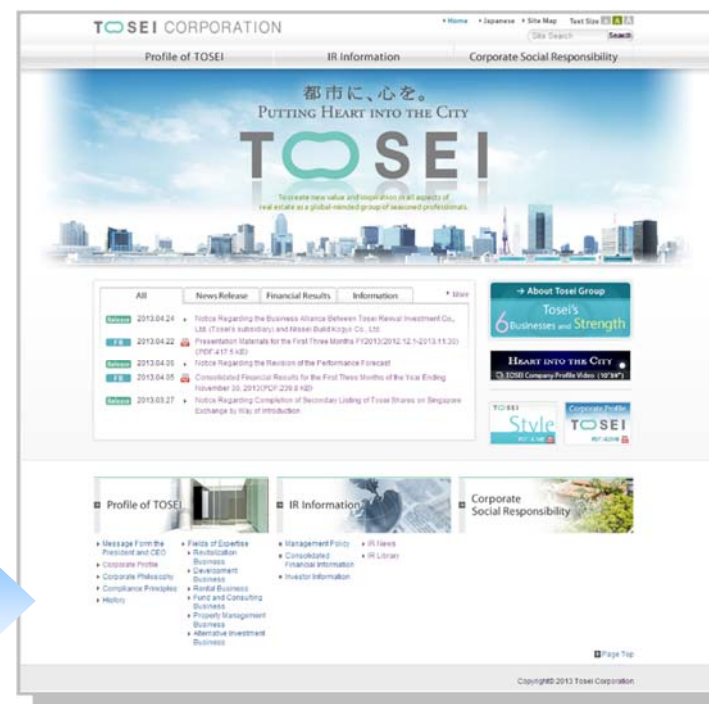
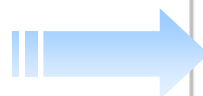
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