



**Financial Results
For the Fiscal Year
Ended Nov. 2011**

Tosei Corporation (Ticker Symbol Number : 8923)

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I. Overview of Results for the Fiscal Year Ended Nov. 2011

FY Ended Nov. 2011 - Highlights

In connection with the Great East Japan Earthquake, we extend our heartfelt sympathy to those who have suffered. We would like to voice our sincere hope that we will stay strong and together in our efforts to overcome the destructions of the earthquake.

Corporate

- **Since September 1, 2011, Tosei Corporation has been listed on the First Section of Tokyo Stock Exchange.**
 - **Our Restyling business won Good Design Award 2011 (Housing).**
 - **Profits from the Restyling business exceeded the projected figures, and achieved substantial earning growth.**
- | | | |
|-------------------------|---------------|--|
| Consolidated revenues : | ¥24.7 billion | (a decrease of 6% from the previous year-end) |
| Ordinary income: | ¥1.57 billion | (an increase of 96%) |
| Net income: | ¥0.75billion | (an increase of 78%) |

Revitalization

- Sales of office and condo buildings: **Sold 11* buildings** during the FY ended Nov. 2011
- Properties in the Restyling business: **Sold 204* units** (13 properties)

Development

- Sold 65* units in total in THE Palms Mitaka Leggero and THE Palms Mitaka Vivace. (10 houses left)
- Sold **all 10 units** of detached houses in Palms Court Mitaka Adagio (Sold out)
- Sold 57 units in THE Palms Tsukishima and 18 units in THE Palms Takadanobaba, which is considered a steady progress. (Deliveries have not yet been completed.)

Fund Business

- Originated a “Restyling fund”, the first fund of its kind in Japan (Glenpark Komaba)
- Balance of assets under management came to **¥285.9 billion**.
 - Newly-acquired replacement/CRE management contracts: ¥148.3 billion
 - Implemented exit strategy: ¥126.5 billion

Finance

- As a result of debt repayment generated by steady inventory sales, the interest-bearing debt decreased by ¥4.2 billion to ¥30 billion, and **equity ratio** stood at **41.6%**, an increase of 2.6% from the end of FY2010.

*Includes the balance of assets that were subject to consulting contracts , etc. .

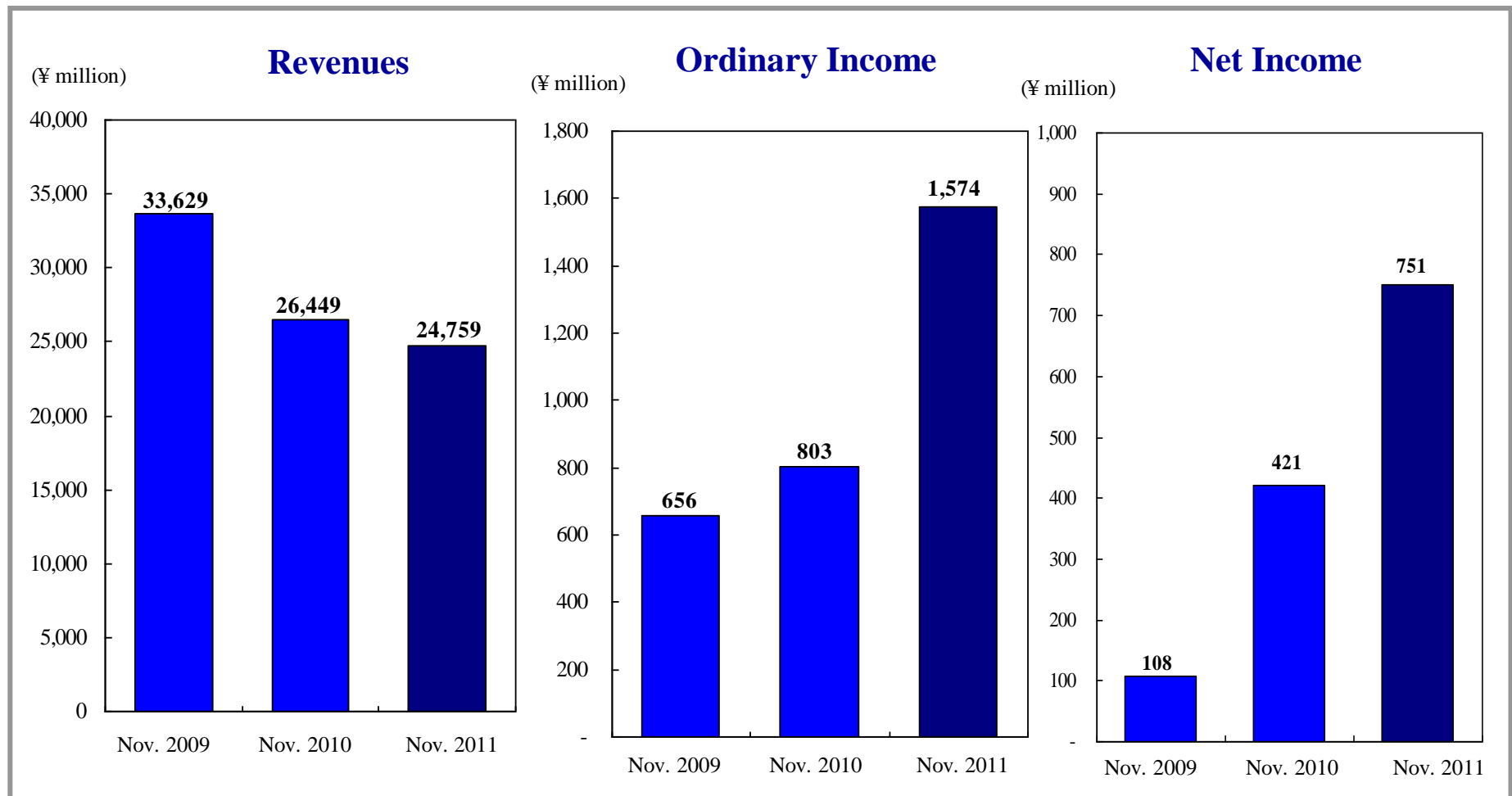
*The properties that are not yet delivered are excluded.

Overview of Results for the FY Ended Nov. 30, 2011

	FY ended Nov. 30, 2009		FY ended Nov. 30, 2010		FY ended Nov. 30, 2011		Y o Y changes	
		% of revenues		% of revenues		% of revenues		%
Revenues	33,629	100.0	26,449	100.0	24,759	100.0	(1,690)	(6.4)
Cost of revenues	29,449	87.6	22,056	83.4	19,290	77.9	(2,766)	(12.5)
Gross profit	4,179	12.4	4,392	16.6	5,469	22.1	1,076	24.5
Selling, general and administrative expenses	2,573	7.7	2,666	10.1	3,080	12.4	413	15.5
Operating income	1,606	4.8	1,726	6.5	2,389	9.6	662	38.4
Non-operating income	40	0.1	31	0.1	71	0.3	40	131.9
Non-operating expenses	991	2.9	954	3.6	886	3.6	(67)	(7.1)
Ordinary income	656	2.0	803	3.0	1,574	6.4	771	96.0
Net Income	108	0.3	421	1.6	751	3.0	330	78.4
EPS(¥)	285.38		974.63		1,646.05		671.42	68.9
ROE(%)	0.5		1.8		3.0		1.2	
ROA(%)	0.2		0.7		1.2		0.6	
Ordinary income per head	3		4		7		3	82.7

Overview of Revenues and Income for the FY Ended Nov. 2011

Although revenues decreased from the previous year to ¥24.7 billion, there was a drastic increase in profits. Ordinary income was ¥1.57 billion and net income was ¥0.75 billion. The valuation loss resulting from applying LCM method is now minor.

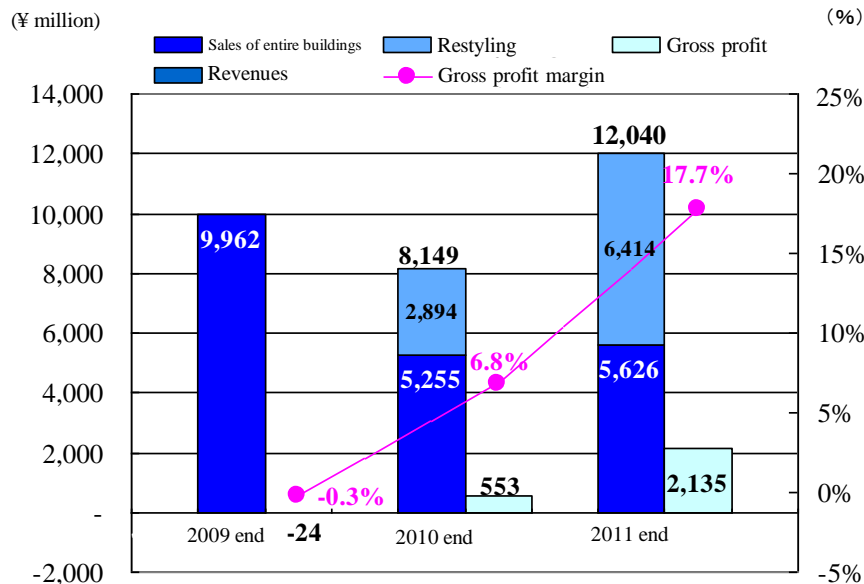


Revitalization Business I. Sale and Purchase of Entire Buildings

Sale: 11 buildings of small and midsize offices and condos

Purchase: 1 office building (to be sold within the current period)

Revenues and Gross Profit



(¥ million)	FY 2009	FY 2010	FY 2011
Revenues	9,962	8,149	12,040
Gross profit	(24)	553	2,135
Operating income	(164)	408	1,891

*Gross profit above includes the impact of the application of the LCM method, charged to the cost of revenues.

FY2009: ¥1,412 million, FY2010: ¥611 million, FY2011: ¥43 million

Major properties sold

➤ Sold 11 buildings of small and midsize properties during the FY ended Nov. 2011



Ueno Park Building



UGH Musashi Kosugi Mansion



SeaPlace Shin-Yokohama



Hongo 2-Chome Building



Meguro Tosei Building



Nishi Kawaguchi Building

Revitalization Business II. Restyling

Sale: 204* units (13 properties)
Purchase : 174* units (3 properties)



*Sold properties that are not yet delivered are excluded.

Major properties sold (Restyling)

➤ Sold 204 units (13 properties) during the FY ended Nov. 2011



Major properties purchased (Restyling)

➤ Purchased 174 units (3 properties) during the FY ended Nov. 2011

Isarako Place
(16 units)



Glenpark Ikedayama
(31 units)



Renai Higashiterao (127 units)

Revitalized SKY PATIO,
a hanging garden

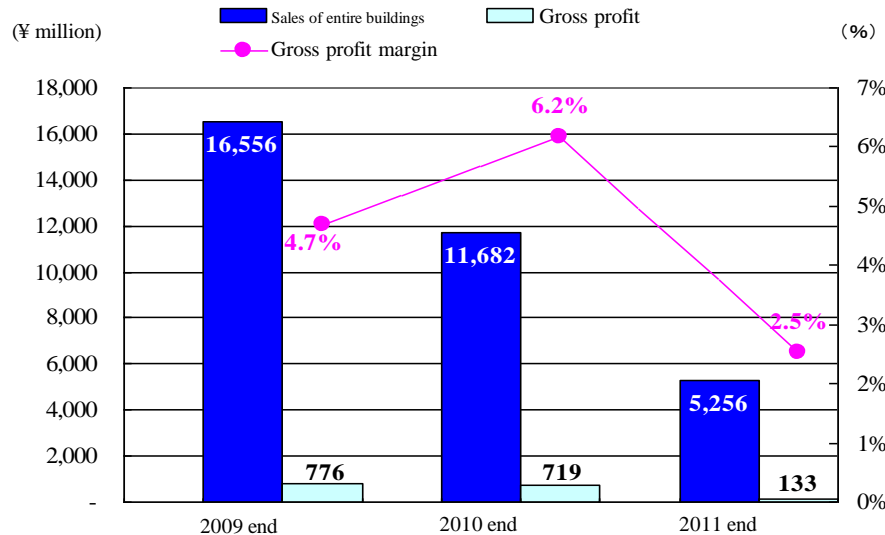


Development Business

Sale: 65 units in THE Plams Mitaka Leggero and THE Plams Mitaka Vivace, 12 detached houses, and Shinjuku Tosei Building

Purchase: 5 lands for condo and detached house development (Sendagaya, Okamoto, Shibuya-Higashi)

Revenues and Gross Profit



(¥ million)	FY 2009	FY 2010	FY 2011
Revenues	16,556	11,682	5,256
Gross profit	776	719	133
Operating income	635	599	(22)

*Gross profit above includes the impact of the application of the LCM method, charged to the cost of revenues.
FY2009: ¥1,326 million, FY2010: ¥1,404 million, FY2011: ¥600 million

Major properties sold ("Mitaka Symphony Project" etc.)



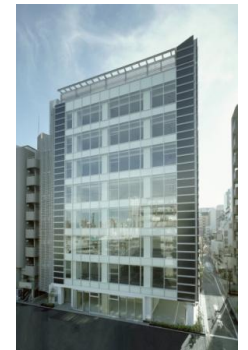
THE Plams Mitaka Leggero
(Sold 33 /42units)



THE Plams Mitaka Vivace
(Sold 32 /33units)



Palms Court Mitaka
(Sold all 10 units)



Shinjuku Tosei Building

*The properties that are not yet delivered are excluded.

Major properties developed or purchased

< Condominium >

The development and sale of condos progressed well. 57 units in Tsukishima and 18 units in Takadanobaba are sold. (Deliveries are not yet completed.)



THE Plams Tsukishima Luna-garden

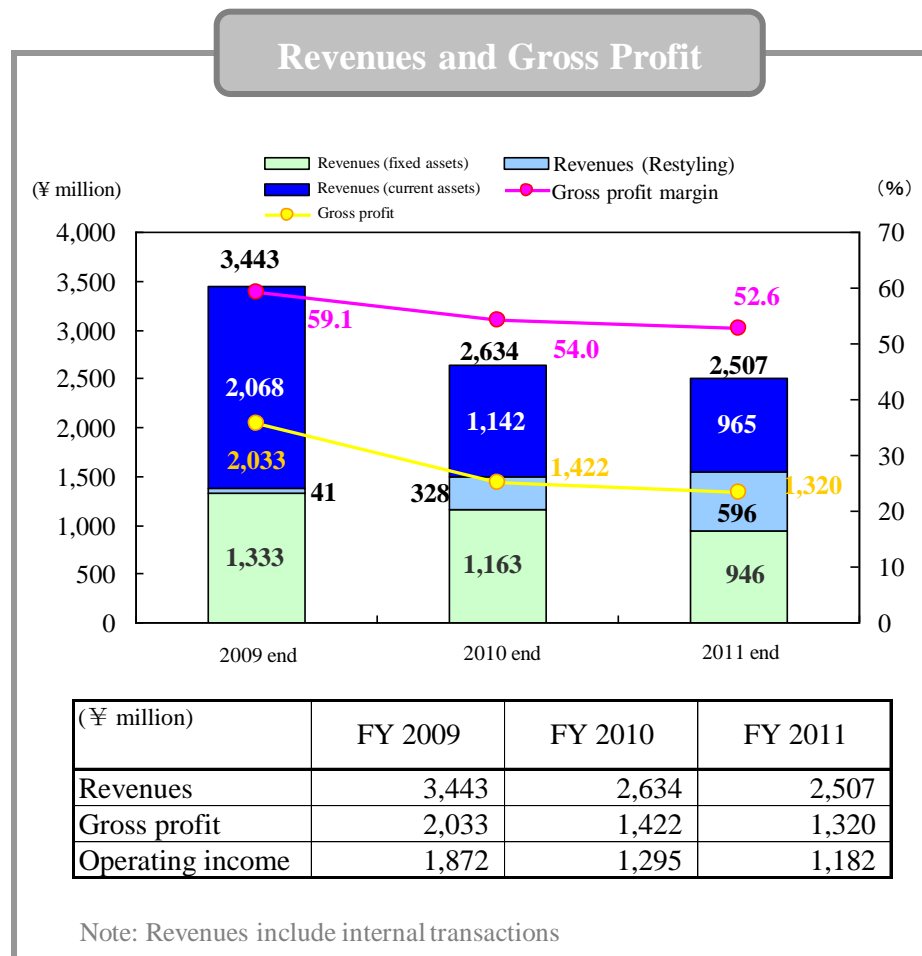
< Detached House >

Acquired a large land (40 lots) in Setagaya-ward, Tokyo for housing development. Detached houses are also under development in Kamagaya-city, Chiba-prefecture.



Rental Business

Rental income from the current assets decreased due to progress in sales of entire buildings. Meanwhile, stable income increased by active purchases of properties for the Restyling business.



Total properties: 33 (YoY change -11)

- **Current assets: 19 (YoY change -8)**

- **Fixed assets: 14 (YoY change -3)**

- **Rent income decreased, accompanied by declines in large properties in stock due to good progress in inventory sales.**

- **Increase in stable Restyling properties secured a new source of rental income.**

⇒ **With the increase in semi-fixed asset type Restyling properties, the asset portfolio for the rental business is being reshuffled.**

- **Progress in lease of newly constructed office buildings**

Kamata Tosei Building Leased 5 / 8 floors

Hongokuchō Tosei Building Leased 5 / 8 floors

Hamacho Tosei Building Leased 7 / 9 floors

Toranomon Tosei Building Leased 2 / 2 floors

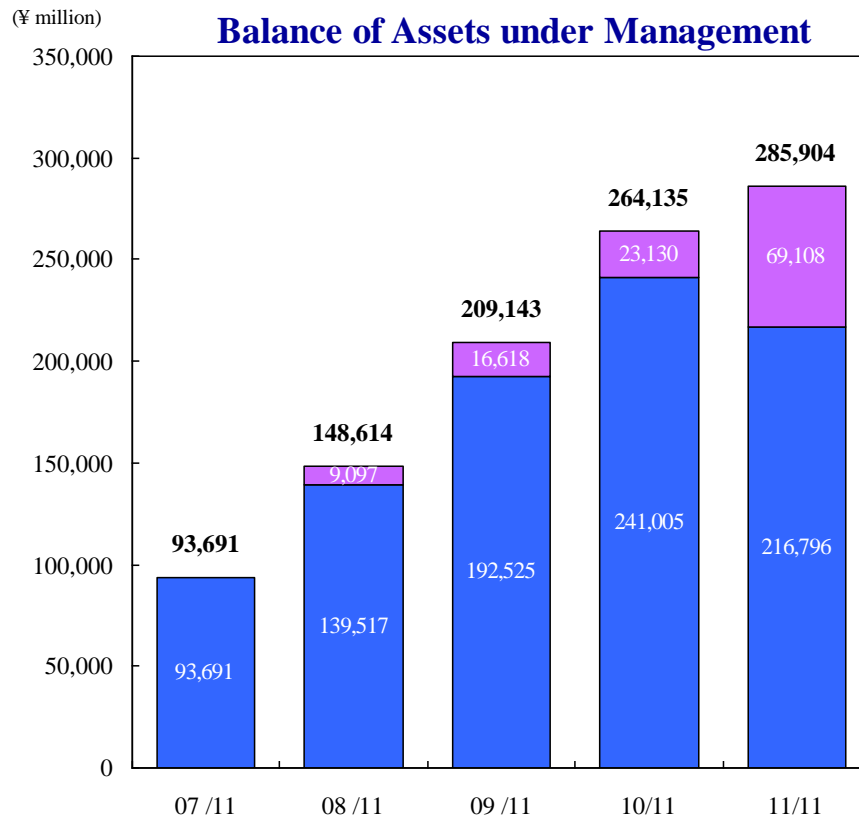
Note: ⇒ number of rental properties shows the number of properties at period end.

Fund Business

**Factors for an increase in AUM : origination of new funds, acquisition of CRE management contracts
(cumulative total of the current FY: ¥148.3 billion)**

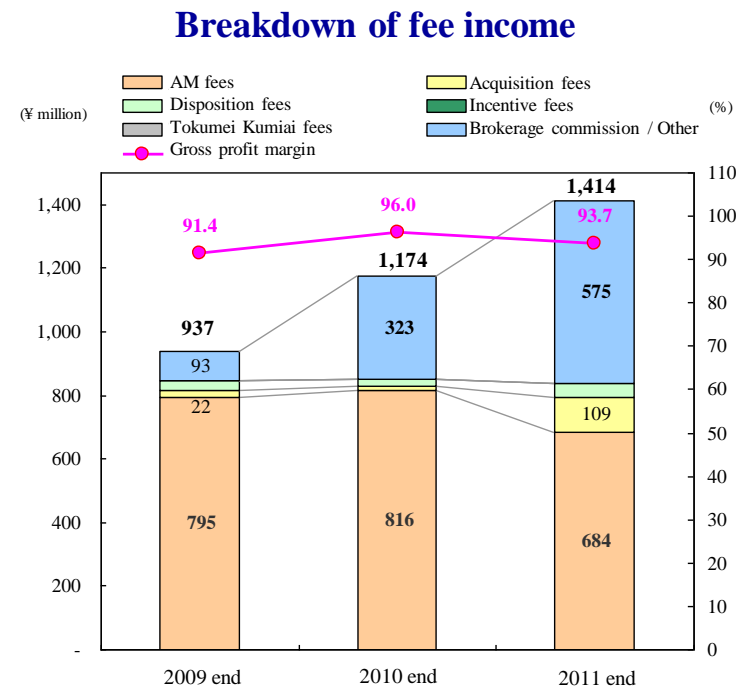
**Factors for a decrease in AUM : implementation of exit strategies
(cumulative total of the current FY: - ¥126.5 billion)**

The fee income increased, contributed by an increase in brokerage commissions.



Note: The purple portions include the balance of assets which were subject to consulting contracts and CRE management contracts, etc.

Tosei began disclosing the balance of assets under management from FY ended Nov. 30, 2008. Through the FY ended Nov. 30, 2007, Tosei disclosed a portion of total assets.

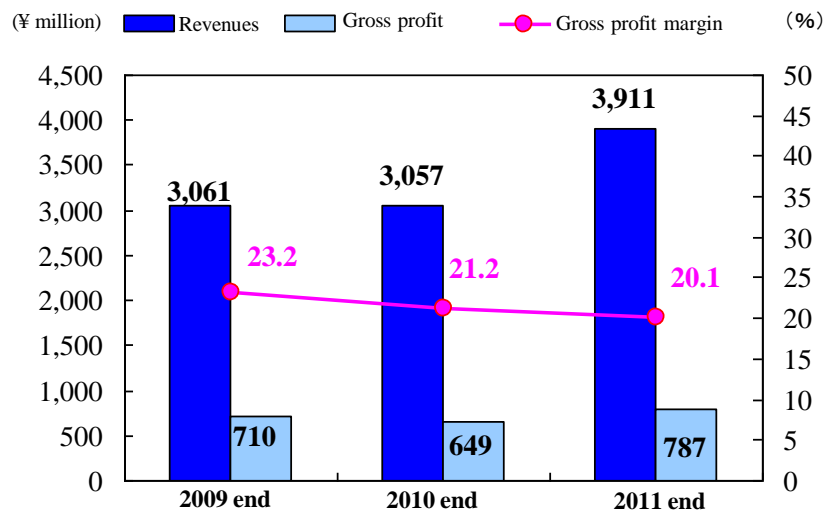


(¥ million)	FY 2009	FY 2010	FY 2011
Revenues	937	1,175	1,414
Gross profit	856	1,128	1,324
Operating income	309	500	652

*Revenues include internal transactions

Property Management Business

Revenues and gross profit increased with large-scale contracts. The number of properties under management remained at the same level as the previous year.



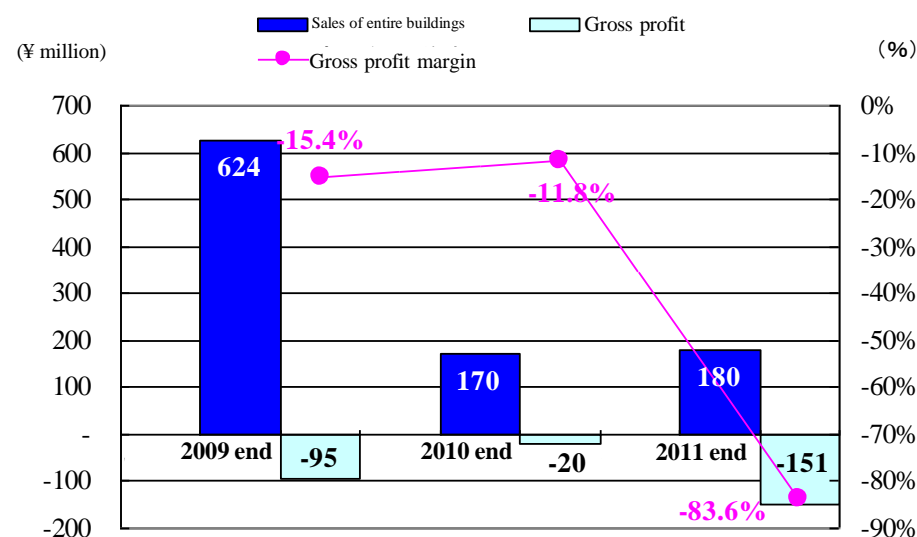
(¥ million)	FY 2009	FY 2010	FY 2011
Revenues	3,061	3,057	3,911
Gross profit	710	649	787
Operating income	238	120	104

* Revenues include internal transactions.

(No. of properties)	FY2009	FY2010	FY2011
Buildings	291	312	308
Condominiums	180	199	203
Total	471	511	511

Alternative Investment Business

Focused on collection of debt and leases of retained properties



(¥ million)	FY 2009	FY 2010	FY 2011
Revenues	624	170	180
Gross profit	(95)	(20)	(151)
Operating income	(144)	(57)	(190)

* Revenues include internal transactions.

*Gross profit above includes the impact of the application of the LCM method, charged to the cost of revenues.

FY2009: ¥218million, FY2010: ¥115 million, FY2011: ¥250 million

Balance Sheet Summary (Consolidated) I -Assets-

(¥ million)

	As of Nov. 30, 2010	Decrease	Increase	As of May 31, 2011	Decrease	Increase	As of Nov. 30, 2011	for full year	
								Decrease	Increase
Total assets	62,682			62,749		(2,781)	59,967	(2,715)	
Cash and deposits	7,127	(283)		6,843	1,482		8,326	※ ¹	1,198
Inventories (Real estate)	37,476	6,910	7,035	37,601	9,096	5,230	33,735	※ ²	16,007
Fixed assets	14,398	302	547	14,644	72	27	14,599		575
Other assets	3,679	(19)		3,659	(353)		3,306		(373)

Change in cash & deposits*1

Increased by ¥1.2 billion from the previous year-end, to ¥8.3 billion.

Contributing factors are the sale of retained properties and the debt repayment.

Change in Inventories*2

		(¥ million)	FY 2011
Factors for Increases	New purchases		8,227
	Construction costs		3,786
	others		253
Factors for decreases	Property sales	(14,409)	
	Depreciation	(164)	
	LCM method	(894)	
	Properties shifted from inventories to fixed assets	(540)	
Total		(16,007)	12,266

* Decreased by ¥3.7 billion from the previous year-end, as the sale of inventory assets exceeded the purchase of properties.

<Purchase>

Office building	1 buildings
Properties for Restyling business	3 buildings
Lands for residential housing	5 lands

<Sale of Entire Buildings>

Revitalization Business:	11 buildings
Restyling Business:	204 units
Development Business:	78*

(*1 entire building, 65 condo units, 12 detached houses)

Balance Sheet Summary (Consolidated) II –Liabilities and Net Assets-

	As of Nov. 30, 2010	Decrease	Increase	As of May 31, 2011	Decrease	Increase	As of Nov. 30, 2011	for full year	
								Decrease	Increase
Liabilities and Net assets	62,682		66	62,749		(2,781)	59,967	(2,715)	
Interest-bearing debt	34,262	12,397	11,784	33,649	12,125	8,551	30,075	24,523	20,336
Interest-bearing debt (short-term)	10,823	5,599	4,931	10,155	6,457	2,472	6,170	※ ¹ 12,056	※ ¹ 7,404
Interest-bearing debt (long-term)	23,438	6,798	6,852	23,493	5,668	6,079	23,904	※ ¹ 12,466	※ ¹ 12,932
Other liabilities	3,964		527	4,491		424	4,916		951
Net assets	24,455		152	24,608		367	24,976		520
Equity ratio(%)	39.0		0.2	39.2		2.4	※ ² 41.6		2.6

Increase (decrease) in interest-bearing debt*1

Decreased by ¥4.1 billion from the previous year-end, as debt repayment associated with sale of properties exceeded new long-term debt. The LTV to the original purchase price is 93%.

(¥ million)			
Short-term	Factors for increase	Long term→within one year	7,404
		Other borrowings	
	Factors for decrease	Repayment by property sales	(4,168)
		Other repayments	(6,431)
Long-term	Factors for increase	Debt extension	(1,458)
		New borrowings	7,719
		Other borrowings	3,755
	Factors for decrease	Debt extension	1,458
		Repayment by property sales	(4,921)
		Other repayments	(142)
Total			(24,523) 20,336

Increase in Equity Ratio*2

Rose by 2.6 point to 41.6% from the previous year-end, mainly due to the increase in retained earning and the decrease in interest-bearing debt.

Inventories (consolidated)

(¥ million)

Book value of inventories as of November 30, 2011	33,735
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Assumed Revenues	46,581
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Breakdown of Inventory Balance

By property type	Inventory				Assumed revenues		Total assumed revenues
	Revitalization (including alternative investment)	Number of Properties	Development	Number of Properties	Revitalization (including alternative investment)	Development	
Office buildings	7,080	9	6,721	2	8,384	6,821	15,206
Condominiums	12,318	12	4,593	7	14,613	12,013	26,627
Detached housings	-	-	2,058	4	-	3,727	3,727
Others	963	4	-	-	1,021	-	1,021
Total	※1 20,361	25	※1 13,373	13	24,019	22,562	46,581

Notes: Assumed revenues above are based on Tosei's estimates using information available as of November 30, 2011. Actual amounts are subject to various factors and may vary significantly from the estimates.

* 1: Inventories above represent carrying value as of November 30, 2011 and may increase due to factors including expenses to add value or construction expenses.

Summary of Cash Flow Statements

(¥ million)

	FY ended Nov. 30, 2009	FY ended Nov. 30, 2010 A	FY ended Nov. 30, 2011 B	YoY change B-A
Net Cash provided by (used in) operating activities	12,233	(1,625) ※1	6,017	7,643
Income before income taxes	309	744	1,537	792
Depreciation	412	363	336	(27)
Net increase (decrease) in assets and liabilities	14,918	(2,467)	3,794	6,262
Others	(3,216)	(266)	348	614
Net Cash provided by (used in) investing activities	392	(178)	(116)	62
Net (decrease) increase in fixed assets	(43)	(26)	(98)	(71)
Net increase in investment securities	-	3	(338)	(341)
Others	435	(155)	320	475
Net cash (used in) provided by financing activities	(12,090)	735 ※2	(4,416)	(5,152)
Net increase(decrease) in debt	(12,065)	(1,029)	(4,187)	(3,157)
Proceeds from issued stock	594	1,965	-	(1,965)
Cash dividend paid	(376)	(198)	(227)	(28)
Others	(274)	(1)	(1)	0
Net (decrease) increase in cash and cash equivalents	536	(1,069)	1,485	2,554
Cash and cash equivalents at beginning of the year	7,354	7,890	6,821	(1,069)
Increase (decrease) in cash and cash equivalents of subsidiaries removed from consolidation	-	-	-	-
Balance at the end of the year	7,890	6,821	8,306	1,485

Cash Flows from Operating Activities*1

Net cash provided by operating activities during the FY 2011 totaled ¥6.0 billion.

Primary factors are;

- ¥1.5 billion of income before income taxes
- ¥3.7 billion of net changes in assets (including inventories) and liabilities

Cash Flows from Financing Activities*2

Net cash used by financing activities during the FY 2011 totaled ¥4.4 billion.

Primary factors are;

- - ¥4.1 billion associated with repayment of long-term debt
- -¥0.2 billion for payment of dividends

CSR Initiatives

Based on our corporate philosophy, we respond to diverse needs of our society through various efforts.

The Tosei Group Corporate Philosophy

To create new value and inspiration in all aspects of real estate as a global minded group of seasoned professionals

Major initiatives to enhance the management base for the sustained growth

➤ Corporate governance

We have been working to enhance compliance, risk management, and information disclosure in an effort to establish a corporate governance system which enables us to respond promptly and accurately to changes in the operating environment and to maintain sound business activities for all stakeholders. As a result, we have obtained an approval for listing on the First Section of the Tokyo Stock Exchange as of September 1, 2011.

➤ Compliance

We conduct workshop for board members and the members of compliance committee as well as training sessions for group companies (2 sessions a year). In addition, we educate our employees by distributing “Tosei Weekly Legal Topics”.

Major initiatives in the business operation while reducing the environmental burden

➤ Focused on development of environmentally friendly condos for sale

In THE Palms Court Tsukishima, the property we will start selling in the current FY, we introduced various measures such as photovoltaic power generation system, car-sharing, and roof top greenery, to improve residents’ convenience and comfort as well as to reduce environmental burden.



➤ Restyling Business won a Good Design Award 2011

In recognition of the social nature of the business scheme in which Tosei sells existing condos after adding higher values to them through renovation, the Restyling business won a Good Design Award 2011. (The details are in the following page.)

➤ Promotion of Roof Top Greenery

Promoted roof top greenery of both new and existing properties and achieved a cumulative total of 3,200 m² of in 68 buildings.

Social contribution activities by employees for environment education and awareness enhancement

• Donation Drive

We contribute to greenery and forestation through the Green Fund.

• Volunteer activities in the quake-area

We conducted volunteer activities twice in Miyagi-prefecture.

• Participating in the tree planting at Uminomori in Tokyo



Employees and their families participated in tree planting event at Uminomori (sea forest) for the third time.

• Rooftop vegetable garden in the head office

We maintain a vegetable garden on the rooftop for effective use the space and as a part of environmental practices.



CSR Initiatives

- Contributing to the Environment through Business Operations -

Restyling Business won Good Design Award 2011 for enhancing the value of existing housing (Up Cycle) and responding to diverse customer needs



【Restyling Business model】



In its Restyling Business, Tosei purchases an entire rental condo or complex building and sells vacant units after conducting renovations in the common and exclusive areas. We enhance the asset value of the whole building not only by improving design features and strengthening security but also by incorporating environmentally friendly specifications and equipments.

The Restyling Business is based on the Up Cycle Design Approach which improves the quality and value of properties to give them new meaning and value. Based on a business model which incorporates this concept into every phase of development, the Restyling business is a property revitalization business with a strong social element in terms of its contribution to people and the Earth. The business recently won the Good Design Award, gaining recognition from the judges for proposing a business model which explores how to make use of existing co-housing.



BEFORE



AFTER

Hanging garden on parking lot roof was transformed into recreation area for residents (Renai Higashiterao)

Overview of Segment Results (consolidated)

I. Revenues and Cost of revenues

Revenues	FY ended Nov. 30, 2009		FY ended Nov. 30, 2010		FY ended Nov. 30, 2011		YoY change	
		% of revenues		% of revenues		% of revenues		%
Total	33,629	100.0	26,449	100.0	24,759	100.0	(1,690)	(6.4)
Revitalization business	9,962	29.6	8,149	30.8	12,040	48.6	3,891	47.8
Development business	16,556	49.2	11,682	44.2	5,256	21.2	(6,425)	(55.0)
Rental business	3,443	10.2	2,634	10.0	2,507	10.1	(126)	(4.8)
Fund business	937	2.8	1,174	4.4	1,414	5.7	239	20.4
Property management business	3,061	9.1	3,057	11.6	3,911	15.8	854	27.9
Alternative investment business	624	1.9	170	0.6	180	0.7	10	6.4
Internal transactions	(955)	-	(420)	-	(551)	-	(131)	-

Cost of revenues	FY ended Nov. 30, 2009		FY ended Nov. 30, 2010		FY ended Nov. 30, 2011		YoY change	
		% of revenues		% of revenues		% of revenues		%
Total	29,449	87.6	22,056	83.4	19,290	77.9	(2,766)	(12.5)
Revitalization business	9,987	100.3	7,596	93.2	9,905	82.3	2,309	30.4
Development business	15,779	95.3	10,963	93.8	5,123	97.5	(5,839)	(53.3)
Rental business	1,409	40.9	1,211	46.0	1,187	47.4	(23)	(1.9)
Fund business	80	8.6	46	3.9	89	6.3	43	95.1
Property management business	2,350	76.8	2,407	78.7	3,124	79.9	717	29.8
Alternative investment business	720	115.4	191	112.4	332	183.6	141	73.9
Internal transactions	(878)	-	(359)	-	(472)	-	(113)	-

Overview of Segment Results (consolidated)

II. Gross Profit and Operating Income

Gross profit	FY ended Nov. 30, 2009		FY ended Nov. 30, 2010		FY ended Nov. 30, 2011		YoY change	
		% of revenues		% of revenues		% of revenues		%
Total	4,179	12.4	4,392	16.6	5,469	22.1	1,076	24.5
Revitalization business	(24)	(0.3)	553	6.8	2,135	17.7	1,582	286.1
Development business	776	4.7	719	6.2	133	2.5	(585)	(81.5)
Rental business	2,033	59.1	1,422	54.0	1,320	52.6	(101)	(7.2)
Fund business	856	91.4	1,128	96.0	1,324	93.7	196	17.4
Property management business	710	23.2	649	21.2	787	20.1	138	21.3
Alternative investment business	(95)	(15.4)	(20)	(11.8)	(151)	(83.6)	(131)	656.5
Internal transactions	(76)	-	(60)	-	(79)	-	(19)	-

Operating income	FY ended Nov. 30, 2009		FY ended Nov. 30, 2010		FY ended Nov. 30, 2011		YoY change	
		% of revenues		% of revenues		% of revenues		%
Total	1,606	4.8	1,726	6.5	2,389	9.6	662	38.4
Revitalization business	(164)	(1.7)	408	5.0	1,891	15.7	1,483	363.7
Development business	635	3.8	599	5.1	(22)	(0.4)	(621)	(103.7)
Rental business	1,872	54.4	1,295	49.2	1,182	47.2	(112)	(8.7)
Fund business	309	33.0	500	42.6	652	46.2	152	30.6
Property management business	238	7.8	120	3.9	104	2.7	(15)	(12.6)
Alternative investment business	(144)	(23.1)	(57)	(33.5)	(190)	(105.2)	(133)	233.8
Corporate and eliminations	(1,139)	-	(1,139)	-	(1,231)	-	(92)	-

II. Tosei's View of the Operating Environment and Business Development -Recap on "Charge up 2011" and New Midterm Management Plan "Next Stage 2014" -

Recap of Mid-term Plan “Charge up 2011”

**Focused on reducing assets to improve financial position and reshuffling portfolio (shift from office to residential).
Launched housing revitalization business called Restyling Business in preparation for new growth.**

Theme	FY ended Nov. 2008	Key measures taken over three-year period	FY ended Nov. 2011
<p>【Sales & Purchases】 Reduction and switchover of inventory assets</p> <p>▼</p> <p>Resumption of purchases Launch of new business</p>	<ul style="list-style-type: none"> Total assets: ¥78.3 billion Inventory assets: ¥53.4 billion Estimated sales: ¥76.4 billion Components of portfolio Office 80% Residential 20% 	<ul style="list-style-type: none"> Reduced balance sheet by selling inventory assets. Suspended purchases from mid-2008 to September 2009. Developed environmentally friendly properties (Heiwajima Tosei Building and Kamata Tosei Building obtained a rank of “A” from CASBEE). Launched new Restyling Business. →Combination of revitalization of condo complexes and lease or sale of condo units Restyling Business <u>won Good Design Award 2011.</u> 	<ul style="list-style-type: none"> Total assets: ¥59.9 billion Inventory assets: ¥33.7 billion Estimated sales: ¥46.5 billion Components of portfolio Office 33% Residential 67% Restyling Business: Sold cumulative total of 15 buildings
<p>【Fee Business】 Increase in AM contracts Fund origination</p>	<ul style="list-style-type: none"> Balance of Assets under Management: ¥148.6 billion 	<ul style="list-style-type: none"> Focused on obtaining AM replacement contracts. Increased CRE management contracts and consulting contracts. Originated Japan’s first <u>Restyling type fund.</u> 	<ul style="list-style-type: none"> Balance of Assets under Management: ¥285.9 billion
<p>Improvement of financial position</p>	<ul style="list-style-type: none"> Total assets: ¥78.3 billion Total liabilities: ¥56.4 billion Interest bearing debt: ¥47.6 billion Net assets: ¥21.8 billion Equity ratio: 27.9% 	<ul style="list-style-type: none"> Executed equity financing by issuing new shares (executed fourth series of stock acquisition rights). →Raised approx. ¥2.5 billion (securitization, development, fund investment). Repaid interest bearing debt with proceeds from sale of inventory assets Built sound financial position and expected growth. →<u>Listed on 1st Section of TSE.</u> 	<ul style="list-style-type: none"> Total assets: ¥59.9 billion Total liabilities: ¥34.9 billion Interest bearing debt: ¥30.0 billion Net assets: ¥24.9 billion Equity ratio: 41.6%

FY Ending November 2012 View of External Environment

**While the office market outlook is still unclear, the housing market remains stable.
In the Fund Business, we plan to expand in overseas markets and seize business opportunities.**

		Government policy/Industry situation	Demand-supply trend	Tosei's View
Real Estate Trading Market	Office	<ul style="list-style-type: none"> The vacancy rate in the central five wards of Tokyo was 8.90% as of November 2011, remaining at a high level. The average asking rent in the five central wards of Tokyo was around ¥17,000, continuing the downward trend which began in 2009. The office building market is large, with supply volume in Tokyo's 23 wards exceeding 50,000 buildings (including small and midsize buildings and existing buildings). 	<ul style="list-style-type: none"> Demand Purchases of properties for own use and small and midsize income generating assets with value not exceeding ¥1.0 billion by individuals and business corporations, etc. are firm Supply Supply volume of large office space (exceeding 10,000 m²) in Tokyo's 23 wards is expected to increase in 2012 (around 1.54 million m²: 470,000 tsubo) 	<p>In Tosei's view, the operating environment remains difficult. We will explore the possibility of resuming full-scale investment with a view to achieving growth in the medium and long term.</p> <p>We plan to continue revitalizing and selling small and midsize existing buildings.</p>
	Residential	<ul style="list-style-type: none"> Housing market remained firm even after the earthquake thanks to mortgage tax breaks and eco-point system for housing. Project promoting revitalization and renovation of existing housing→ Increase size of existing housing market to ¥8 trillion by 2020 Extension of fixed asset tax reduction that applies to new homes Extension of measure of setting exemption threshold for gift tax 	<ul style="list-style-type: none"> Demand Sales are firm in spite of the impact of the earthquake. Contract rate remains above 70%. Supply Condominium supply in the Tokyo metropolitan area is expected to recover to 45,000 units in FY2011. Detached housing starts are expected to amount to around 50,000 units. 	<p>In view of housing market, which remains relatively stable compared with office buildings, we will focus on developing and revitalizing condominiums and developing detached housing.</p>
Fund Business		<ul style="list-style-type: none"> The Bank of Japan strengthened its policy of purchasing REIT assets. Number of REITs raising capital in public markets increased (12 in 2011) Reorganization of REITs continued (9 in 2010, 1 in 2011) Private equity assets under management was more or less unchanged (¥16 trillion) 	<p>Due to nuclear crisis and persistently strong yen, investment trend among overseas investors remains under scrutiny.</p> <p>Property acquisitions have trended upward since the summer after declining sharply in the wake of the earthquake.</p>	<p>We plan to step up business operations not only in Japan but also in overseas markets to increase the balance of assets under management.</p>
Financial Environment		<ul style="list-style-type: none"> Financing for the purchase of midsize properties shows bipolarization trend. CMBS: Dumping rarely occurs due to refinancing. 		<p>We have built good relations with financial institutions ready to expand assets.</p>

Fundamental Policies of New Midterm Management Plan “Next Stage 2014”

Improve and expand the existing six businesses, in a bid to foray into a global market.

Expansion and Growth of Existing 6 Businesses

- Further enhance the revitalization business, the development business, and the fund business that we see as our growth drivers.
- Increase the end-user-targeted projects in the revitalization and the development businesses, in an effort to re-expand their sizes of businesses.
- Increase the balance of assets under management in the fund business and fee income.

Foray into a Global Market

- Establish an operating base to contribute to the existing businesses and to diversify our management portfolio.
- Establish TOSEI SINGAPORE PTE.LTD. dedicated to strengthening the relationship with foreign investors and attracting overseas funds to originate a new investment fund.

Renovation of Management Infrastructure

- Develop an organization and necessary infrastructures suitable for cultivating human resources and implementing the strategies.
- Sustain the sound financial structure with growth potential, in order to respond to the globalization in accounting and disclosures.

Business Strategies under New Mid-term Plan “Next Stage 2014”

Work to expand our three core businesses as growth drivers, under the key themes of “Developing products for end users” and “Expanding overseas”.

	Revitalization Business	Development Business	Fund Business
Strengthen Growth Drivers	<ul style="list-style-type: none"> ■ Purchase and sale of entire buildings Pursue revitalization and sales which deliver high return on investment, drawing on ability to judge real estate in Tokyo (office building and condo). ■ Restyling Business (sale of existing housing) Seek to increase contribution to earnings through a wide range of products and highly competitive “value up” activities. 	<ul style="list-style-type: none"> ■ Condo units Develop and sell urban-style condominiums suited to local areas and needs, drawing on extensive experience and proven track record. ■ Detached houses Develop products for first-time buyers and expand customer groups. 	<ul style="list-style-type: none"> ■ New fund origination Promote origination of acquisition-type funds such as Restyling-type funds. ■ Asset management contracts Increase replacement asset management contracts and CRE management contracts.
Key Themes	<ul style="list-style-type: none"> ■ Expand and sell end-user-targeted properties <ul style="list-style-type: none"> • Enhance the brand power of THE Palms Series and Palms Court Series. • Step up activities promoting products to end users. • Monitor new and existing housing markets and trends, and establish marketing strategies. • Establish planning and production system in response to expansion in sales of detached houses. ■ Explore possibility of full-scale re-entry to the market for investment properties (office buildings, commercial facilities, etc.) 		<ul style="list-style-type: none"> ■ Establish a operating base for overseas expansion Establish overseas subsidiary in Singapore as an operating base for overseas expansion.
Reform Management Infrastructure	<ul style="list-style-type: none"> ■ Strengthen the framework of corporate governance <ul style="list-style-type: none"> • Establish and strengthen the framework of corporate governance and internal control system, which is suitable for the company listed on the 1st Section of the TSE. • Improve the system and the level of information disclosure (such as IFRS compliance) and cultivate human resources to meet global business expansion. 		

Initiatives in the Revitalization Business for the FY ending Nov. 2012

Strengthen our earning capacities through investments in small and midsize properties that are highly liquid and the development of “Restyling” properties which meet customer needs.

Revitalization Business

➤ Restart investments in highly liquid assets

Restart investment in highly liquid small and midsize office and condo buildings that are under ¥1 billion.

➤ Further expand the Restyling business

Promote purchase and sale of the Restyling properties which are popular against the backdrop of the firm demand for existing condos, and also work to acquire new contracts of the Restyling fund, Tosei’s new business model.

1. Properties for sale (sale of entire building)



Rosebay Shinjuku Building



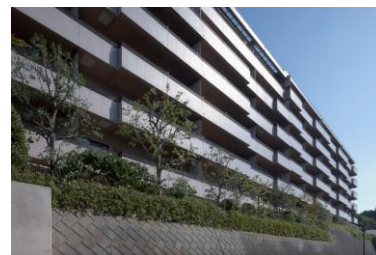
Ueno Takeuchi Building

2. Restyling properties for sale

■ Family-targeted large-sized condos



Renai Higashiterao
(127 units, Tsurumi-ward, Yokohama-city)



Hilltop Yokohama Negishi
(279 units, Isogo-ward, Yokohama)

■ High-end condos



Isarako Place
(16 units, Mita, Minato-ward)

■ Small-sized condos



Glenpark Ikedayama
(31 units, Shinagawa-ward)

Initiatives in the Development Business for the FY ending Nov. 2012 - Part I -

Sell condos and detached houses that are in firm demand, centering around the popular metropolitan area of Tokyo.

Development Business

➤ Focus on development and sale of condos and detached houses

- Continue to promote sales activities of THE Palms Tsukishima and THE Palms Takadanobaba 4-Chome. Once deliveries are completed, the sales figures will be contributing to the profits from 3Q or later.
- Develop condominiums in Higashi and Sendagaya in Shibuya-ward.
- Develop detached houses in Okamoto, Setagaya-ward, Hatsudai, Shibuya-ward, and Kamagaya, Chiba-prefecture.

Detached House

■ Properties for sale

Palms Court Isogo

(4 units, Isogo-ward, Yokohama-prefecture)



Simultaneously developed with Hill top Yokohama Negishi.



Building lots for sale, Ebisu, Shibuya-ward

(14 lots, Ebisu, Shibuya-ward)

Condos for Sale

■ Properties for sale



THE Palms Tsukishima Luna-garden

(122 units, Tsukishima Chuo-ward)

THE Palms Takadanobaba 4-chome

(52 units, Takadanobaba, Shinjuku-ward)



Office Buildings



Nihonbashi Hongokuchō Tosei Building

Initiatives in the Development Business for the FY ending Nov. 2012 – Part II -

**Develop detached houses and condos for sale.
Appeals to a wide range of customers with varieties of products.**

Detached House

*The property names are provisional.

Palms Court Okamoto*



A large-scaled development with 40 lots of land will start in Okamoto, Setagaya-ward in April 2012. The aim is to create environment-friendly towns. The construction will be completed in Sep. 2012.

Palms Court Hatsudai*



Detached house development with 16 lots of land is scheduled to be held in Hatsudai, Shibuya-ward in January 2012. The area is conveniently located within 5 minute-walk from Hatsudai station. The construction will be completed in Sep. 2012.

<Other Development Projects>

Detached house: 19 houses in Kamagaya, Chiba-prefecture (The construction starts in May and completes in Aug.)

Condos for sale: 21unit-condo in Higashi, Shibuya-ward and 23 unit-condo in Sendagaya, Shibuya-ward.

Initiatives in the Rental Business for the FY ending Nov. 2012

**Increase the earning capacity through acquisition of new contracts in the Restyling business.
Meanwhile, enhance leases of office buildings.**

Rental Business

- **Maintain high occupancy rate of fixed assets and improve that of inventory assets.**
- Sustain the occupancy rate of over 90% in the fixed assets.
- Promote active sales activities to improve the occupancy rate of office buildings we developed.

Major properties for rent



Plaza Nakayama



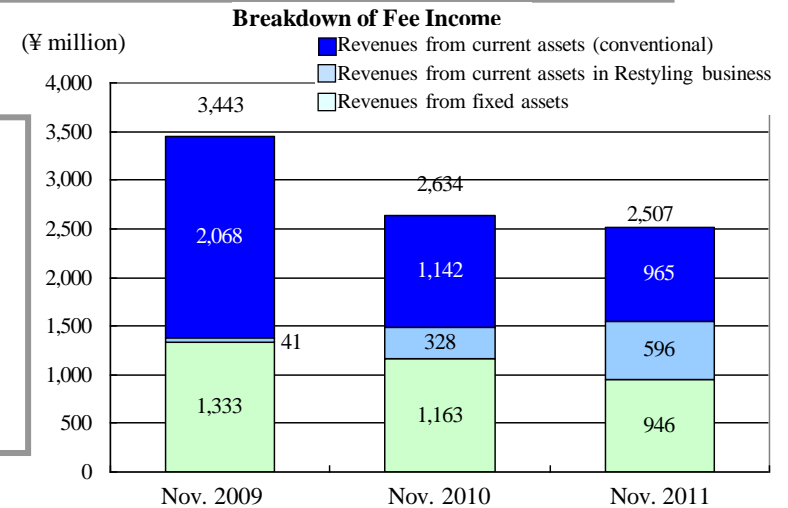
Ginza Premier Building



Nihonbashi Hamacho Building



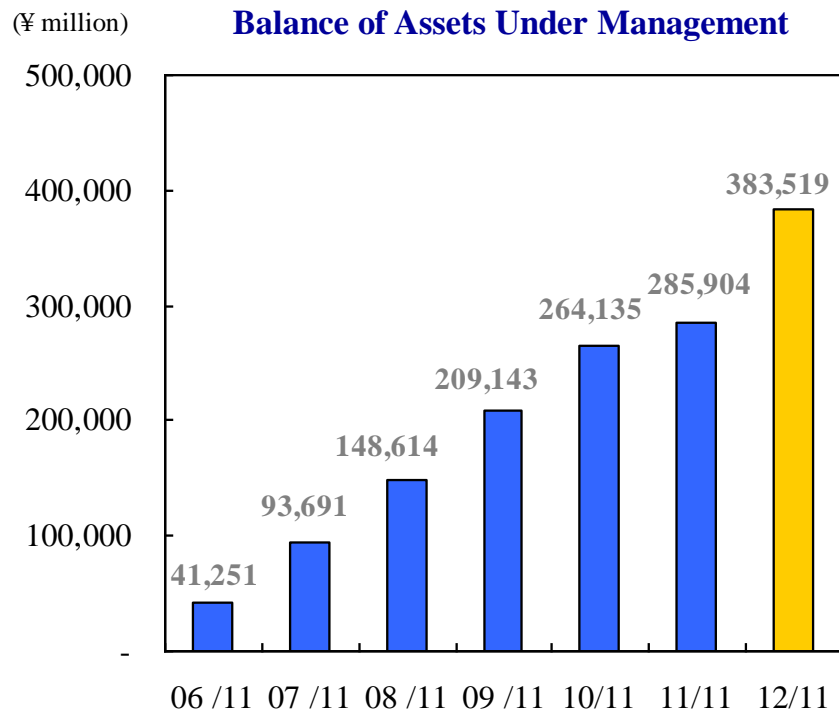
Renai Higashiterao (Restyling)



Initiatives in the Fund Business for the FY ending Nov. 2012

Increase AUM balance by originating a new fund with overseas investors, in tandem with acquiring contracts that replace other firms with Tosei.

Fund Business



Note
 *Tosei began disclosing the balance of assets under management from FY ended Nov. 30, 2008. Through the FY ended Nov. 30, 2007, Tosei disclosed a portion of total assets.
 *The AUM balance includes the balance of assets which were subject to consulting contracts and CRE management contracts, etc.

➤ Increase AUM balance and originate a new fund.

Originate a new “Restyling fund”, obtain replacement / CRE management contracts, and establish an operating base for the fund business in Asia.

▪ Origination of fund :

Establish a subsidiary in Asia, utilizing our know-how in the Restyling business, ability to provide one-stop service, as well as sourcing capabilities.

▪ Replacement / CRE management contracts :

Sell our capabilities in leasing, planning, and implementing exit strategies, in order to obtain replacement / CRE management contracts.

■ Properties included in fund

Shin-Yokohama Urban Square



Kyodo Building in front of Tokyo station

Initiatives in the Fund Business for the FY ending Nov. 2012 - Overseas Business -

Further enhance the opportunities to exchange more hands-on and valuable information with Asian investors and expand our fund business by establishing a first overseas subsidiary of Tosei Group in Singapore.

To further enhance the opportunities to exchange more hands-on and valuable information with Asian investors and expand our fund business, Tosei Group with expertise in real estate in Tokyo, has decided to establish an overseas subsidiary in Singapore, the financial hub of Asia.

This presence in Singapore will enable us to strengthen the relationship with foreign investors and help them better understand Japanese real estate, leading to higher visibility in Asia.

■ Outline of the subsidiary (provisional)

Company name: TOSEI SINGAPORE PTE. LTD.

Capital: : SG\$ 300,000

Date of foundation: January 25, 2012

Investment ratio: 100%



Singapore image

Initiatives in the Property Management and the Alternative Investment Businesses for the FY ending Nov. 2012

Obtain more condo management and large-scaled (schools, mass retailers) contracts.

Focus on the collection of debt and retained properties.

Property Management Business

Tosei Community Co., Ltd.

Build a solid revenue base by presenting solutions and ideas as well as by winning new service contracts, amid the intensifying competition.

■ Keys points

- Increase earnings through acquisition of large-scaled contracts.
- Cost reduction by improving operational efficiency

	Result as of the end of Oct., 2011.	Target for the end of Oct., 2012
No. of properties under management	511	533

Alternative Investment Business

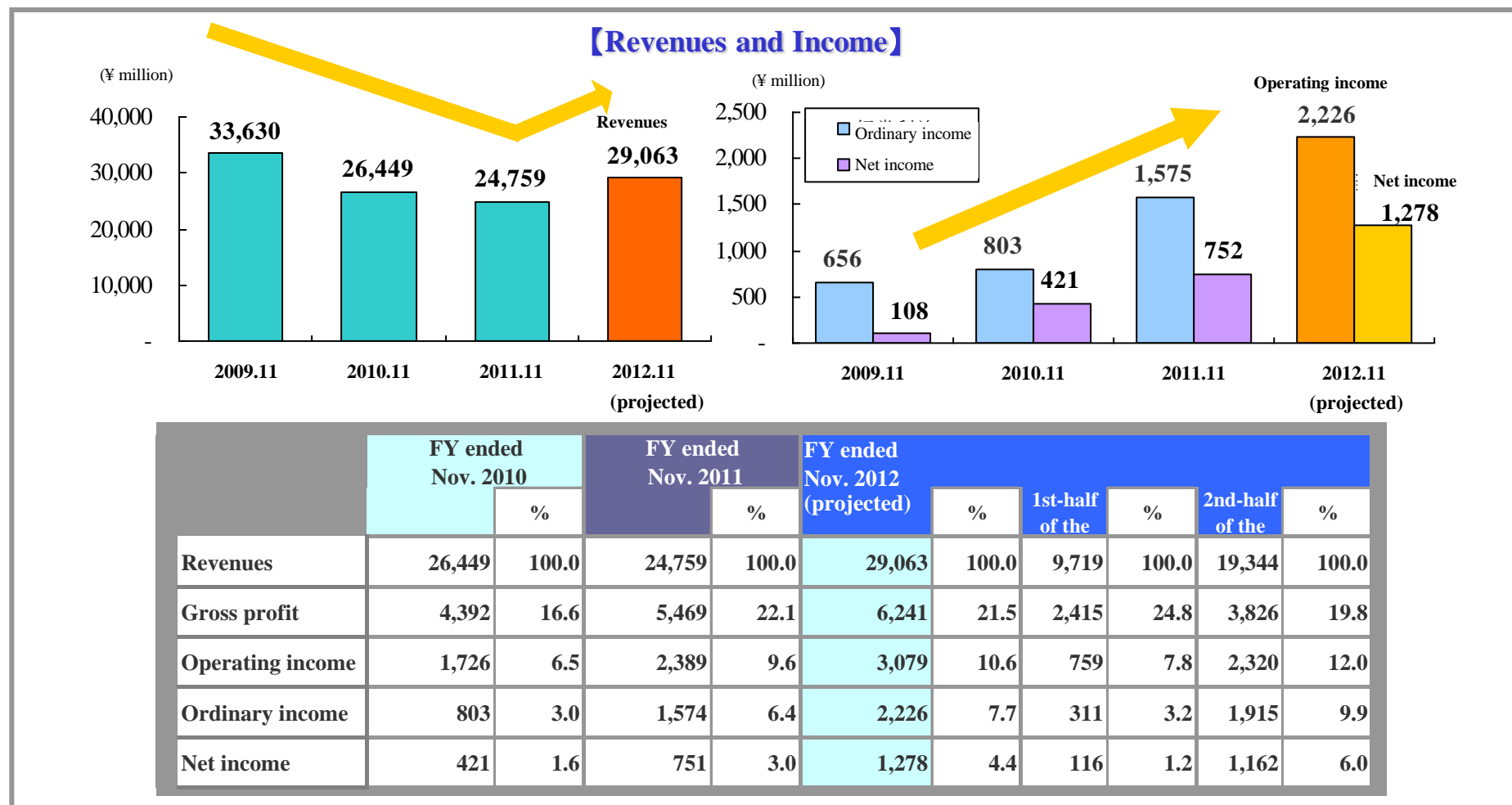
Tosei Revival Investment Co., Ltd.

- Improve the efficiency of asset utilization, by concentrating on sale of properties acquired through like-kind exchanges and M&A, and by collecting real estate collateralized loans at the early stage, in preparation for re-investments.



Performance Forecasts of Revenues and Income for the Year ending November 2012

With rebounded earning capacities resulting from clearing LCM risks, we work toward the company's re-growth, targeting ordinary income of ¥2.2 billion and net income of ¥1.2 billion.



Performance Forecasts for the Year ending November 2012

- Segment Overview -

**Strong Revitalization and Development businesses increase the earnings.
The sale of new condos in the development business is the main contribution.**

(¥ million, %)

	FY ended Nov. 30, 2010		FY ended Nov., 2011		FY ended Nov., 2012		Y o Y change	
		% of revenues		% of revenues		% of revenues		%
Revenues	26,449	100.0	24,759	100.0	29,063	100.0	4,304	17.4
Revitalization business	8,149	30.8	12,040	48.6	8,411	28.9	(3,629)	(30.1)
Development business	11,682	44.2	5,256	21.2	12,167	41.9	6,911	131.5
Rental business	2,634	10.0	2,507	10.1	2,506	8.6	(1)	(0.1)
Fund business	1,174	4.4	1,414	5.7	939	3.2	(474)	(33.6)
Property management business	3,057	11.6	3,911	15.8	4,341	14.9	430	11.0
Alternative investment business	170	0.6	180	0.7	1,490	5.1	1,309	723.8
Internal transactions	(420)	-	(551)	-	(793)	-	(241)	-
Operating Income	1,726	6.5	2,389	9.6	3,079	10.6	690	28.9
Revitalization business	408	5.0	1,891	15.7	829	9.9	(1,062)	(56.2)
Development business	599	5.1	(22)	(0.4)	1,783	14.7	1,805	(8,204.5)
Rental business	1,295	49.2	1,182	47.2	1,197	47.8	14	1.3
Fund business	500	42.6	652	46.2	329	35.1	(322)	(49.5)
Property management business	120	3.9	104	2.7	121	2.8	17	16.4
Alternative investment business	(57)	(33.5)	(190)	(105.2)	66	4.5	256	(134.9)
Corporate and eliminations	(1,139)	-	(1,231)	-	(1,249)	-	(18)	-
Non-operating income/losses	(923)	(3.5)	(814)	(3.3)	(853)	(2.9)	(38)	4.7
Ordinary income	803	3.0	1,574	6.5	2,226	7.7	652	41.4
Extraordinary income/losses	(58)	(0.2)	(36)	(0.1)	-	-	36	(98.4)
Income taxes	322	1.2	785	3.2	947	3.3	161	20.6
Net income	421	1.6	751	3.0	1,278	4.4	526	70.1

Revitalization Business
Receive stable income from the sales of Restyling properties and the sales of entire buildings in the revitalization business.

Development Business
The sales of new condos, THE Palms Tsukishima and THE Palms Takadanobaba are the contributing factors.

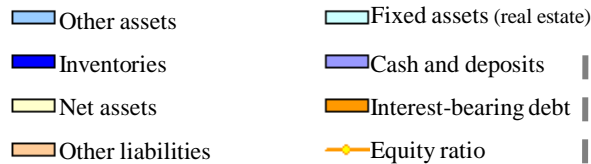
Development Business
The clearing LCM risks in office building development and the high profit margin on the sales of condos are the contributing factor.

Rental Business
Receive stable rental income, as seen in the previous FY.

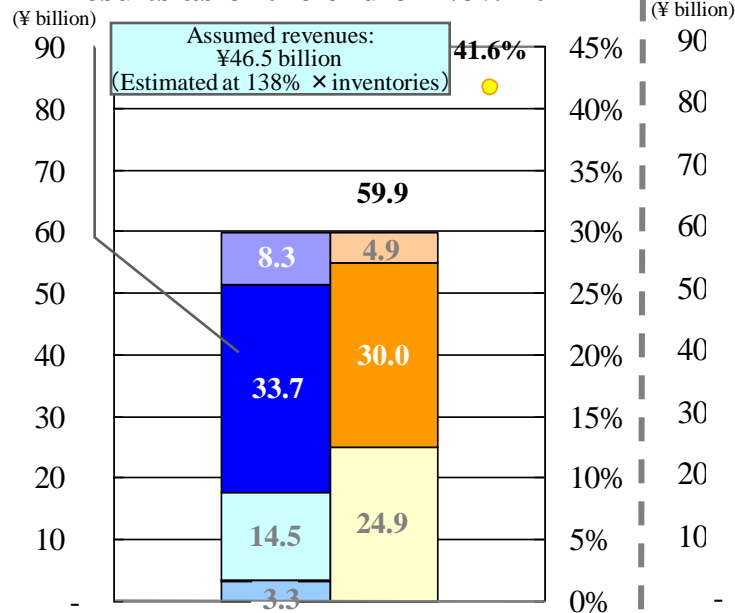
*The orange portion shows the operating profit margin.

Simulations for Expansion of Operations

Gradually expand the balance sheet by promoting purchase of properties, with a focus on residential housing.



Results as of the end of Nov. 2011

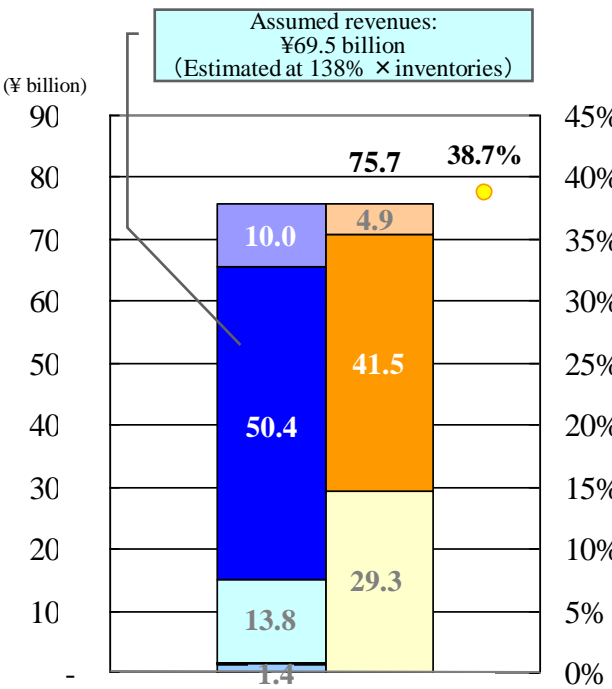


Equity ratio 41.6%, LTV62%

Simulation for the end of FY2014

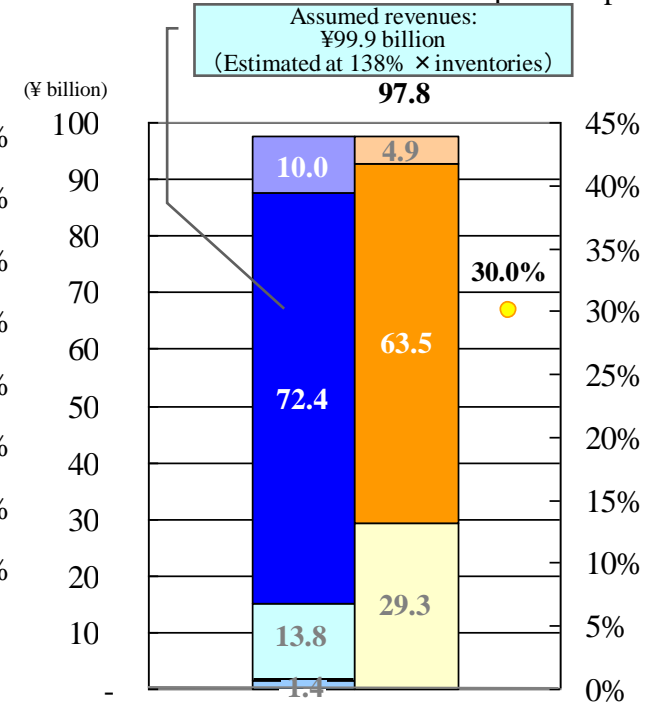
Simulation 1 : The results in 3 years, given that end-user-targeted operations were taken place under the current market conditions

Simulation 2 : The results in 3 years, given that the market for investment has been picked up



【Simulation 1】

Equity ratio 38.7%, LTV64%



【Simulation 2】

Equity ratio 30%, LTV73%

Continuation of IR Activities

Continuation of IR activities for appropriate evaluation in the capital market

Current Situation		
[1] Market capitalization As of Jan. 6, 2012	[2] Assets book value As of Nov. 30, 2011	[1]÷[2] PBR As of Jan. 6, 2012
9.05 billion	24.97 billion	Market capitalization is still less than 100% of the assets book value
Stock price As of Jan. 6, 2012	Book value per share As of Nov. 30, 2011	
¥19,810	¥54,671.33	
		<u>0.36</u>

Major initiatives in the fiscal year under review

Disclosed corporate information necessary for investment decisions to shareholders and investors in a timely, fairly and continuous manners.

- **Bold implementation of business plans:** Sought to make certain that we would achieve performance targets set at the beginning of the term
- **Pursuit of timely and appropriate disclosure:** Continued the timely and active disclosure of information
- **Continuation of IR initiatives:** Focused on meetings and our Website and improved disclosure in English

Thank you for your time and attention.



— **Investor inquiries:** —

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