This is an English translation of the official announcement in Japanese that was released on January 14, 2014. The translation is prepared for the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Consolidated Financial Results for the Year Ended November 30, 2013 <IFRS>

January 14, 2014

Company name: Tosei Corporation
Stock listing: TSE / SGX
Securities code number: 8923/S2D
URL: http://www.toseicorp.co.jp/english/
Representative: Seiichiro Yamaguchi, President and CEO
Contact: Noboru Hirano, Director and CFO
Phone: +81-3-3435-2864
Ordinary general shareholders' meeting: February 27, 2014 (scheduled)
Commencement of dividend payments: February 28, 2014 (scheduled)
Submission of Securities Report (Yuka Shoken Hokokusho): February 28, 2014 (scheduled)
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Year Ended November 30, 2013 (December 1, 2012 – November 30, 2013)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2013	35,070	44.9	3,909	36.9	3,217	45.0	2,003	36.7
Year ended Nov. 30, 2012	24,195	―	2,856	―	2,218	―	1,465	―

	Profit for the year attributable to owners of the parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Year ended Nov. 30, 2013	2,003	36.7	2,008	37.1	42.99	―
Year ended Nov. 30, 2012	1,465	―	1,464	―	32.07	―

	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	(¥ million)	(¥ million)	(¥ million)
Year ended Nov. 30, 2013	7.1	4.7	11.1
Year ended Nov. 30, 2012	5.7	3.5	11.8

(Reference) Equity in earnings of affiliates Year ended Nov. 30, 2013: ¥―million Year ended Nov.30, 2012: ¥―million

Note: The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the basic earnings per share and diluted earnings per share were calculated on the assumption that the stock had been split at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2013	71,276	30,102	30,102	42.2	623.45
As of Nov. 30, 2012	65,363	26,543	26,543	40.6	581.03

Note: The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the equity per share attributable to owners of the parent was calculated on the assumption that the stock had been split at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year ended Nov. 30, 2013	2,772	(940)	3,456	14,711
Year ended Nov. 30, 2012	(325)	56	1,316	9,410

2. Dividends

	Annual dividends per share					Total dividends per share (Total)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
Year ended Nov. 30, 2012	—	0.00	—	600.00	600.00	274	18.7	1.0
Year ended Nov. 30, 2013	—	0.00	—	8.00	8.00	386	18.6	1.3
Year ending Nov. 30, 2014(projected)	—	0.00	—	10.00	10.00		20.9	

Note: The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the payout ratio (Consolidated) and ratio of dividend to equity attributable to owners of the parent (Consolidated) were calculated on the assumption that the stock had been split at the beginning of the previous fiscal year. The dividend per share for the year ended November 30. 2012 was however, presented using the pre-stock split figures.

3. Projected Consolidated Results for the Year Ending November 30, 2014 (December 1, 2013 – November 30, 2014)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2014	41,817	19.2	4,618	18.1	3,800	18.1	2,309	15.3	2,309	15.3	47.82

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): No
Newly added: – Excluded: –

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
(a) Changes in accounting policies required by IFRS: No
(b) Changes in accounting policies due to other reasons: No
(c) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

(a) Number of issued shares at the end of the year (including treasury stock)

As of Nov. 30, 2013	48,284,000 shares
As of Nov. 30, 2012	45,684,000 shares

(b) Number of shares of treasury stock at the end of the year

As of Nov. 30, 2013	–
As of Nov. 30, 2012	–

(c) Average number of outstanding shares during the year:

Year ended Nov. 30, 2013	46,602,904 shares
Year ended Nov. 30, 2012	45,684,000 shares

Note: The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the aforementioned numbers of shares were calculated on the assumption that the stock had been split at the beginning of the previous fiscal year.

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Financial Results for the Year Ended November 30, 2013 (December 1, 2012 – November 30, 2013)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2013	30,044	54.6	3,388	31.8	2,654	31.7	1,656	38.2
Year ended Nov. 30, 2012	19,431	(6.2)	2,571	9.6	2,016	25.9	1,198	20.6

	Net income per share	Net income per share (diluted)
	(¥)	(¥)
Year ended Nov. 30, 2013	35.54	—
Year ended Nov. 30, 2012	26.23	—

Note: The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the net income per share and the net income per share (diluted) were calculated on the assumption that the stock had been split at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2013	67,207	29,015	43.2	600.94
As of Nov. 30, 2012	61,593	25,699	41.7	562.54

(Reference) Equity As of November 30, 2013: ¥29,015 million As of November 30, 2012: ¥25,699 million

Note: The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the net income per share and the net assets per shares were calculated on the assumption that the stock had been split at the beginning of the previous fiscal year.

2. Projected Non-consolidated Results for the Year Ending November 30, 2014 (December 1, 2013 – November 30, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2014	36,484	21.4	3,421	28.9	2,087	26.0	43.23

* Information regarding execution of audit procedures

This financial results report is exempt from the audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for the consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Proper use of earnings forecasts and other notes

(1) The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ substantially from these statements due to various factors. For the assumptions for earnings forecasts and cautions concerning the use thereof, please see "1. Analysis of Business Results and Financial Positions, (1) Analysis of Business Results, 2) Outlook for the Year Ending November 30, 2014" on page 8.

(2) The Company split its shares by 100 for 1, effective July 1, 2013.

(3) As from the first quarter of the current fiscal year, the Company has been preparing its financial statements in accordance with the International Financial Reporting Standard (IFRS). The consolidated financial statements for the previous year also comply with IFRS.

(4) A financial results meeting will be held on January 14, 2014 for institutional investors and analysts. The presentation materials distributed at the meeting will be available on our website immediately after the disclosure of account settlement.

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1. Analysis of Business Results and Financial Positions

(1) Analysis of Business Results

1) Consolidated Results for the Year Ended November 30, 2013

During the year ended November 30, 2013 (December 1, 2012 to November 30, 2013–"fiscal year under review"), the Japanese economy has shown signs of overcoming deflation such as the depreciating yen and rising stock prices, supported by the bold monetary easing as well as the government's economic measures. There has also been a recovery trend in business sentiment, as mostly seen as the large corporations recording earnings growth.

In the real estate industry where Tosei Group operates, there were active transactions by J-REITs, and the total number of real estate transactions conducted by all listed companies during the first-half of the fiscal year 2013 reached the pre-Lehman Crisis level. The recovery trend of the real estate market has been further pushed by the foreign investors became increasingly proactive in investing in Japanese properties. (According to a survey by a private research institution) As for the condominium market in the greater Tokyo area, the strong demand continued on the back of the mortgage tax break, anticipation of a rise in property price, as well as last-minute demands of home buyers spurred by the scheduled consumption tax hike. Since 2010, the closing rate of sales contracts has mostly remained above 70%, which is viewed as a favorable condition, and recorded 79.6% in October 2013. (According to a survey by a private research institution)

In the office leasing market of Tokyo's five business wards, the upward trend of occupancy rate continued, and the rate of vacancy as of October 2013 became 7.56%, down 1.18 percentage point from the same month last year. The average asking rent had decreased at a slow pace until October 2013 but then picked up for the first time in 16 months, recording ¥16,237/*tsubo* in the same month: There is a mounting expectation for the market recovery. (According to a survey by a private research institution)

In the real estate securitization market, the J-REIT's acquisitions have largely increased, and the total amount of property acquired during the period from January to October 2013 amounted to ¥1.8 trillion, up 2.8 times in value from the same period last year. (According to a survey by a private research institution) As at the end of June 2013, the combined balance of assets managed by real estate funds hit the record ¥27.1 trillion, of which ¥10.4 trillion was accounted for by J-REITs and ¥16.7 trillion was by private placement funds. (According to a survey by a private research institution)

In such operating environment, Tosei Group has sold a total 8 of income-generating office buildings and apartments as well as 11 buildings of the Restyling properties in the Revitalization Business. Also in the Development Business, the Group has sold 1 office building and 114 units in 5 condominiums, and of the Group's primary focus, the detached house projects, it has sold 78 units in 10 sites. The revenues of both Revitalization and Development Businesses have largely exceeded that of the previous year. As a result of proactive efforts on acquisitions, the Group successfully acquired a larger number of assets, the source of its future income, than it did a year earlier. With respect to the Group's global operations, it has worked to serve as a bridge between Tokyo and overseas by taking some measures to enhance the relationship with offshore investors, such as listing on the Singapore Exchange and conducting public stock offering in Singapore.

As a result, consolidated revenue for the fiscal year under review totaled ¥35,070 million (an increase of 44.9% from the previous year), operating profit was ¥3,909 million (an increase of 36.9%), profit before tax was ¥3,217 million (an increase of 45.0%), and profit for the period was ¥2,003 million (an increase of 36.7%).

As from the first quarter of the current fiscal year, the Company has been preparing its financial statements in accordance with the International Financial Reporting Standard (IFRS). The year-on-year figures presented in the above business results as well as in the segment results are based on the comparisons with the consolidated financial statements of the previous fiscal year prepared according to IFRS.

Revitalization Business

During the fiscal year under review, the Company sold 12 properties it had renovated, including Meguro Ekimae Tosei Building (Shinagawa-ku, Tokyo), Harajuku Mansion (Shibuya-ku, Tokyo), Kanda Urban Building (Chiyoda-ku, Tokyo), Nissei Building (Chiyoda-ku, Tokyo), Excel TY Building (Shibuya-ku, Tokyo). In addition, the Company sold 89 units under its Restyling Business such as Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa), Hilltop Yokohama Higashi Terao (Yokohama-shi, Kanagawa), and Estage Kaminoge (Setagaya-ku, Tokyo). Also, it acquired a total 26 properties of income-

generating office buildings and apartments as well as 3 land lots for renovation and sales purposes.

As a result, revenue in this segment reached ¥11,098 million (up 85.6% year-on-year), and the segment profit was ¥1,398 million (up 411.6% year-on-year).

Development Business

During the fiscal year under review, the segment focused on the sale of condominiums and detached houses in demand. It sold 114 newly-built condominium units in THE Palms Shibuya Tokiwamatsu (Shibuya-ku, Tokyo), THE Palms Sendagaya (Shibuya-ku, Tokyo), THE Palms Tsukishima Luna Garden (Chuo-ku, Tokyo) , THE Palms Takadanobaba (Shinjuku-ku, Tokyo), and THE Palms Nishigahara (Kita-ku, Tokyo), as well as a total of 78 detached houses such as properties at Palms Court Hatsudai (Shibuya-ku, Tokyo), Palms Court Koishikawa 3-Chome (Bunkyo-ku, Tokyo) and Palms Court Setagaya Okamoto (Setagaya-ku, Tokyo). It also sold Kamata Tosei Building (Ota-ku, Tokyo) and the land lot in Motoazabu 3-Chome (Minato-ku, Tokyo). The segment acquired 2 properties for office and shop projects, 1 property for apartment project, and 13 land lots for detached house projects during the current fiscal year.

As a result, revenue in this segment came to ¥16,347 million (up 48.8% year-on-year), and segment profit reached ¥1,447 million (down 34.1% year-on-year).

Rental Business

During the fiscal year under review, the segment sold 8 buildings of its inventory assets it holds for leasing purposes and also acquired a total 22 of income-generating office buildings and apartments. Also, it focused on leasing its non-current assets, inventories, as well as vacant units of the properties it had acquired.

As a result, revenue in this segment were ¥2,647 million (up 7.8% year-on-year), and segment profit reached ¥1,590 million (up 18.7% year-on-year).

Fund and Consulting Business

During the fiscal year under review, while the segment obtained a new asset management contract in the amount of ¥63,649 million, the balance of assets under management decreased by ¥126,956 million, due mainly to the property dispositions by funds. Consequently, the fee income relating to acquisitions and dispositions of properties for funds largely contributed to the revenue.

As a result, the segment revenue was ¥1,398 million (up 80.0% year-on-year), and segment profit was ¥669 million (up 268.7% year-on-year).

As of November 30, 2013, the balance of assets under management (Note) totaled ¥248,028 million.

Note: The balance of assets under management includes the balance of assets which were subject to consulting contracts, etc.

Property Management Business

During the fiscal year under review, the number of properties managed by the Company including office buildings, parking lots and schools was 343, an increase of 37 from the previous year, while the number of condominiums and apartments decreased by 13 to 203 properties. The total number of properties under management came to 546, an increase of 24 from a year earlier. Further, the Company has started to also manage hotel buildings under its Property Management Business from the current fiscal year.

As a result, revenue in this segment was ¥3,160 million (up 0.1% year-on-year), and the segment profit was ¥122 million (segment loss of the previous year totaled ¥11 million).

Alternative Investment Business

During the fiscal year under review, the segment focused on the sale of properties acquired through M&A, collection of debt, and leasing of the properties which it had acquired by accepting a substitute performance. The segment recognized gain on the sale of properties and loans receivable, interest income, as well as rental income from the properties it acquired by accepting a substitute performance.

As a result, revenue in this segment came to ¥418 million (down 50.2% year-on-year), and the segment profit was ¥73 million (down11.3 % year-on-year).

2) Outlook for the Year Ending November 30, 2014

The operating environment in the coming fiscal year ending November 30, 2014 is expected to continuously be favorable, with the outlook that the trading of income-generating properties will be further vitalized on expectations of the effect of so-called Abemnomics policies, that the demand for condominiums and detached houses will remain strong despite of a temporary drop following the consumption tax hike, and that the offshore investment money will reflow into the Japanese markets. Against this backdrop, the Tosei Group will concentrate on the renovation and sale of the income-generating properties it had already acquired in the Revitalization Business as well as the sale of Restyling properties (the sale of renovated units of pre-owned condominiums). Further, it will focus on selling newly-built condominiums and detached houses in the Development Business. With respect to the Group's fee-earning business, seen as a stable income source, it will work toward the revenue growth of all segments, aiming to increase the numbers of properties it holds in the Rental Business for the leasing purposes and the volume of assets it manages in the Fund and Consulting Business, as well as to increase the number of properties it manages in the Property Management Business.

In addition, the Group will further accelerate its acquisitions of properties which will become a revenue source for its coming fiscal years and will strive for planning and development of new buildings. At the same time, it will endeavor to set up a real estate fund by attracting both domestic and offshore investment money, with the concentrated and complete support of the Group.

As a result of the aforementioned measures, in the year ending November 30, 2014, the Tosei Group projects that consolidated revenue will be ¥41,817 million (an increase of 19.2% from the previous year), operating profit will be ¥4,618 million (an increase of 18.1%), profit before tax will be ¥3,800 million (an increase of 18.1%), and profit for the year will be ¥2,309 million (an increase of 15.3%).

(2) Analysis of Financial Position

1) Assets, Liabilities and Equity as of November 30, 2013

Total assets increased by ¥5,913 million to ¥71,276 million from the previous year. Primary factors included an increase of ¥5,301 million in cash and cash equivalents resulted from a progress in the sale of properties in the Revitalization and Development Businesses as well the issuance of new shares by international placement on the Singapore Exchange.

Total liabilities increased by ¥2,355 million to ¥41,174 million from the previous year. Primary factors included an increase of ¥2,634 million in borrowings, attributed to the progress in property acquisitions.

Total equity increased by ¥3,558 million to ¥30,102 million from the previous year. Primary factors included the issuance of new shares by international placement on the Singapore Exchange and an increase in retained earnings.

The use of the net proceeds from issuance of new shares on the Singapore Exchange and its details as of November 30, 2013 are as follows:

1. Use of Placement Proceeds (¥ thousand)

Total amount raised in July 2013	1,933,438
Total amount utilized from the proceeds (As of Nov. 30, 2013)	1,177,770
Balance proceeds	755,667

2. Details of Use of Proceeds (¥ thousand)

Revitalization Business			
Acquisition cost of residential property in Sendagi (partial)	Bunkyo-ku, Tokyo	Apartment	95,500
Acquisition cost of residential property in Shonan (partial)	Fujisawa-shi, Kanagawa	Apartment	29,864
Acquisition cost of residential property in Kokubunji (partial)	Kokubunji-shi, Tokyo	Apartment	234,785
		Subtotal	360,149

Development Business			
Construction cost of THE Palms Nishigahara (partial)	Kita-ku, Tokyo	Condominium	384,250
Construction cost of Palms Court Minamiasagaya (partial)	Suginami-ku, Tokyo	Detached house	22,684
		Subtotal	406,934
Fund and Consulting Business			
Co-equity investment in preferred equity of Tokumei Kumiai (silent partnership) of a private fund			50,000
Co-equity investment in a private fund (partial)			360,687
		Subtotal	410,687
Total amount utilized for the period up until November 30, 2013			1,177,770

2) Cash Flows for the Year ended November 30, 2013

Cash and cash equivalents (hereinafter "cash") as of November 30, 2013 totaled ¥14,711 million, an increase of ¥5,301 million from the end of the previous year, as a result of recording ¥3,217 million in profit before tax and the progress in the property acquisitions and sale in the Revitalization and Development Businesses.

The cash flows for the fiscal year under review and their factors are as follows:

Cash Flows from Operating Activities

Net cash provided in operating activities totaled ¥2,772 million (net cash used in the previous year totaled ¥325 million). This is mainly due to ¥3,217 million yen of profit before tax as well as an increase in inventories by ¥1,118 million. The increase in inventories was because the acquisitions in the Revitalization and Development businesses progressed at a steady pace and exceeded the decrease in inventories accompanied by property sale.

Cash Flows from Investing Activities

Net cash used by investing activities totaled ¥940 million (net cash provided in the previous year totaled ¥56 million). This is primarily due to purchase of available-for-sale financial assets totaling ¥667 million and purchase of investment properties totaling ¥525 million.

Cash Flows from Financing Activities

Net cash provided in financing activities totaled ¥3,456 million (an increase of 162.6% from the previous year). This mainly reflected the fact that in the Revitalization and Development Businesses, the proceeds from non-current borrowings associated with property acquisitions exceeded the repayment of non-current borrowings associated with property sale, and that there was ¥1,825 million of proceeds from issuance of new shares.

(Reference) Trends in cash flow indicators for the Tosei Group

	Year ended Nov. 30, 2012	Year ended Nov. 30, 2013
Ratio of equity attributable to owners of the parent to total assets (%)	40.6	42.2
Market value ratio of equity attributable to owners of the parent to total assets (%)	25.1	52.6
Interest-bearing debt to cash flows ratio (years)	–	12.6
Interest coverage ratio (times)	–	3.8

Ratio of equity attributable to owners of the parent to total assets: Equity attributable to owners of the parent to total assets/Total assets

Market value ratio of equity attributable to owners of the parent to total assets: Market capitalization/Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest expenses

Notes:
(1) All indicators are calculated using consolidated financial figures.
(2) Market capitalization is calculated based on the number of issued shares, excluding treasury stock.
(3) The figure for cash flows employs cash flows from operating activities.
(4) Interest-bearing debt includes all liabilities recorded on the Consolidated Statement of Financial Position on which interest is paid.
(5) Interest-bearing debt to cash flows ratio and interest coverage ratio are not presented for the year ended November 30, 2012 because cash flows from operating activities on the consolidated statements of cash flows were negative.

(3) Fundamental Earnings Distribution Policy and Dividends for Fiscal 2013 and Fiscal 2014

Tosei's fundamental earnings distribution policy is to strive to continuously provide stable dividends while comprehensively considering operating results, the future operating environment and progress in its business plan to balance dividends with the need for internal capital resources to generate long-term growth in corporate value by taking advantage of highly profitable business opportunities.

For the year ended November 30, 2013 and the year ending November 30, 2014, Tosei plans to pay cash dividends per share of ¥8 and ¥10 respectively.

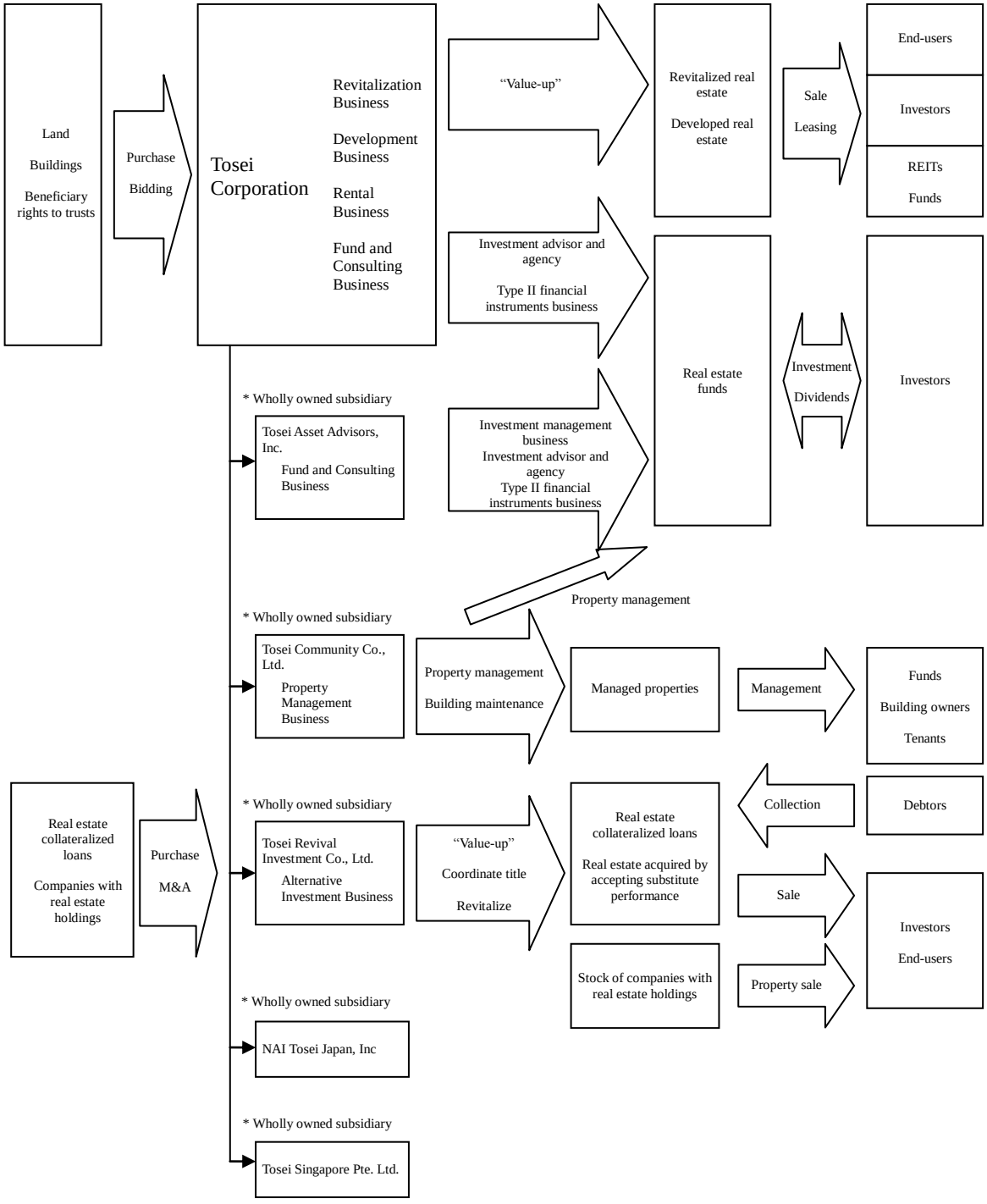
2. Conditions of Corporate Group

The Tosei Group is composed of Tosei Corporation ("Tosei" or the "Company") and 7 subsidiaries (including 6 consolidated subsidiaries). Its main businesses are the Revitalization Business, the Development Business, the Rental Business, the Fund and Consulting Business, the Property Management Business, and the Alternative Investment Business. The operations of each business segment and the main subsidiaries and/or affiliates conducting those operations are as follows.

Segment	Operations	Main Companies
Revitalization Business	The Tosei Group acquires office buildings, commercial facilities, apartments and other properties whose asset value has declined, boosts their value though "value-up plans" (*) judged to best match the characteristics of the properties' areas and tenant requirements, and sells them as revitalized real estate to buyers including investors, real estate funds and individual end users. In the "Restyling Business," the Group acquires income-generating condominiums and sells their units to end-users after boosting the value of common and private areas by renovation (the Group continues to hold and manage the occupied units as rental properties). The Tosei Group's "value-up" activities go beyond just renewing properties and involve realizing comprehensive regenerations of their values. This entails not only improving the convenience and functionality of properties but also focusing on providing satisfaction to owners and giving end users a sense of pride. (*) Plans primarily look 10 or 20 years ahead and consist of improved designs to refurbish/renovate internal and external elements that have deteriorated or become obsolete, functional improvement of facilities including renovation, adding new functions to premises and equipment and conversions, and boosting lease income by such means as renting out vacant space, collecting overdue rent and raising rent.	Tosei Corporation
Development Business	In the main districts of Tokyo, which form the Tosei Group's core operating area, there is a mixture of needs for office, commercial and residential space and other uses, and these different uses create significant differences between land values. Tosei verifies the characteristics of land it acquires including area, shape, intended purpose, relevant needs, rent, and selling price. Based on this, Tosei carries out development and new construction to maximize the value of the land, and then sells whole buildings or individual units. The Group is able to respond to diverse needs by developing office buildings, commercial buildings (T's BRIGHTIA series) and mixed-use buildings, condominiums (the Palms series), as well as detached houses (Palms Court series). Once development is complete or tenants have been found, the properties are sold to buyers including investors, real estate funds, and end-users.	Tosei Corporation
Rental Business	The Tosei Group has expanded the scope of its business primarily in the main districts of Tokyo by acquiring office buildings, condominiums, stores and parking lots, and renting them out to end-users and others. As a landlord, the Tosei Group is capable of swiftly gathering accurate information on tenant needs to further enhance "value-up plans" by reflecting these needs.	Tosei Corporation
Fund and Consulting Business	The Tosei Group conducts business as a type II financial instruments business as well as an investment advisory and agency business and an investment management business as provided for in the Financial Instruments and Exchange Act. Specifically, in addition to such work as purchasing, selling and brokering trust beneficiary rights in accordance with a wide variety of investor needs, the Group provides advice regarding the acquisition, holding and disposition of properties, and asset management services for real estate funds that carry out discretionary investment. The Tosei Group's management approach is to provide high distributions to investors by taking full advantage of its "value-up," leasing and maintenance capabilities with the aim of maximizing rental income and reducing its own rent costs. Revenues are primarily derived from acquisition fees upon the purchase of properties and asset management fees for properties held.	Tosei Corporation Tosei Asset Advisors, Inc

Segment	Operations	Main Companies
Property Management Business	This business carries out comprehensive property management that meets a wide variety of real estate needs including administration, facility management, cleaning and security for condominiums, office buildings and their facilities, repair work for the private portions of condominiums and office buildings, as well as contract work of office interior renovation. In the management of condominiums, this business makes full use of the expertise it has accumulated over a number of years to provide consultancy and advisory services to unit owners and condominium management associations, and provides a total support to the associations from their launch to smooth operation. With respect to managing office buildings, in order to streamline the operations of building owners, the business provides meticulous management services including building maintenance and the management of equipment, water supply and drainage, sanitation and cleaning. The business also maintains the asset values of buildings by implementing precise maintenance plans regarding the age-related deterioration of buildings.	Tosei Community Co., Ltd.
Alternative Investment Business	This business invests in real estate collateralized loans and acquires collateral through collecting receivables and accepting substitute performances by negotiating with mortgaged property owners/debtors, and acquires businesses including companies with real estate holdings and real estate business operators. The business also utilizes the expertise of the Tosei Group to boost the value of the real estate it acquires before selling it.	Tosei Revival Investment Co., Ltd.

A schematic diagram of the businesses of the Tosei Group is as follows:



3. Management Policies

(1) Fundamental Management Policy

The Tosei Group's corporate philosophy is to create new value and inspiration in all aspects of real estate as a group of global-minded and experienced professionals. With constant commitment to quality construction, the Group is striving to integrate real estate and finance in its six business segments: Revitalization, Development, Rental, Fund and Consulting, Property Management and Alternative Investment. The Group is also aiming to contribute to society and increase its corporate value by restoring the value of real estate with a view to a timeframe of 10 to 20 years.

(2) Performance Targets and Medium- to Long-term Management Strategies

Under the aforementioned corporate philosophy, the Tosei Group has established its current three-year medium-term management plan whose first year was the last fiscal year ended November 30, 2012.

Under this management plan named "Next Stage 2014", the Group aims to become a real estate firm with world-class business quality by setting three key policies: expand and grow the existing six business segments, move into global markets, and innovate the management infrastructure.

(3) Issues to Be Addressed

The transactions of income-generating real estate has rebounded from the downturn caused by the Lehman Crisis, and the housing market targeting end-users residing in the greater Tokyo area currently remains strong. While there are upward trends in property trading price and construction cost supported by the improvement in market confidence, there also are some economic factors such as the scheduled consumption tax hike and that the actual rise in pay rate is expected to require a certain time until it is put into effect.

Under such circumstances, the Group sees its most important task is to carefully monitor the supply-and-demand balance of the market and optimize the allocation of its investments. It will endeavor to create the value necessary to ensure the appropriate profits from acquisitions of pre-owned properties for renovation and land lots for home/office development, and also from sale of such renovated/developed properties.

Further, in order to respond to the increase in the numbers of transactions and rental properties associated with the Group's business expansion, the Group has reorganized its Business Division (Asset Solution Departments) effective December 1, 2013. It recognizes the other important task for the Group is to more efficiently conduct the each process of acquisition, renovation, development, leasing, and sale, with its restructured organization. At the same time, the Group as a listed company will continue to reinforce its governance, by emphasizing its three main focuses: compliance, risk management, and timely and appropriate information disclosure.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(¥ thousand)

	As of Nov. 30, 2012	As of Nov. 30, 2013
Assets		
Current assets		
Cash and cash equivalents	9,410,622	14,711,997
Available-for-sale financial assets	10,000	—
Trade and other receivables	1,884,308	902,131
Inventories	37,417,375	38,040,625
Other assets	22,426	24,781
Total current assets	48,744,733	53,679,536
Non-current assets		
Property, plant and equipment	3,331,447	3,304,792
Investment properties	11,695,720	12,703,600
Intangible assets	43,091	31,598
Available-for-sale financial assets	410,061	810,105
Trade and other receivables	160,170	188,884
Deferred tax assets	973,844	554,362
Other assets	4,014	4,014
Total non-current assets	16,618,350	17,597,357
Total assets	65,363,083	71,276,894
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,314,472	2,323,705
Borrowings	7,742,443	7,587,433
Current income tax liabilities	72,921	865,256
Provisions	154,143	209,124
Total current liabilities	11,283,980	10,985,520
Non-current liabilities		
Trade and other payables	2,136,256	2,107,809
Borrowings	24,659,337	27,449,160
Retirement benefits obligations	541,647	607,932
Provisions	24,842	24,003
Deferred tax liabilities	173,126	—
Total non-current liabilities	27,535,211	30,188,904
Total Liabilities	38,819,191	41,174,425
Equity		
Share capital	5,454,673	6,421,392
Capital reserves	5,516,499	6,375,317
Retained earnings	15,576,014	17,304,409
Other components of equity	(3,295)	1,348
Total equity	26,543,892	30,102,468
Total liabilities and equity	65,363,083	71,276,894

(2) Consolidated Statement of Comprehensive Income

(¥ thousand)

	Year ended Nov. 30, 2012 (Dec. 1, 2011 – Nov. 2012)	Year ended Nov. 30, 2013 (Dec. 1, 2012 – Nov. 30, 2013)
Revenue	24,195,800	35,070,345
Cost of revenue	18,081,979	27,759,099
Gross profit	6,113,821	7,311,245
Selling, general and administrative expenses	3,245,692	3,414,950
Other income	17,904	33,004
Other expenses	29,377	19,695
Operating profit	2,856,655	3,909,604
Finance income	4,540	3,467
Finance costs	642,563	695,799
Profit before tax	2,218,631	3,217,272
Income tax expense	753,346	1,213,792
Profit for the year	1,465,284	2,003,480
Other comprehensive income		
Exchange differences on translation of foreign operations	1,382	3,776
Net change in fair values of available-for-sale financial assets	1,442	1,299
Net change in fair values of cash flow hedges	(3,751)	(431)
Other comprehensive income for the period, net of tax	(926)	4,644
Total comprehensive income for the year	1,464,358	2,008,124
Profit attributable to:		
Owners of the parent	1,465,284	2,003,480
Total comprehensive income attributable to:		
Owners of the parent	1,464,358	2,008,124
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	32.07	42.99
Diluted earnings per share (yen)	—	—

(3) Consolidated Statement of Changes in Equity

Year ended November 30, 2012 (Dec. 1, 2011 – Nov. 30, 2012)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at Dec. 1, 2011	5,454,673	5,516,499	14,339,150	(2,369)	25,307,953
Profit for the year	—	—	1,465,284	—	1,465,284
Other comprehensive income	—	—	—	(926)	(926)
Total comprehensive income for the year	—	—	1,465,284	(926)	1,464,358
Dividends from surplus	—	—	(228,420)	—	(228,420)
Balance at Nov. 30, 2012	5,454,673	5,516,499	15,576,014	(3,295)	26,543,892

Year ended November 30, 2013 (Dec. 1, 2012 – Nov. 30, 2013)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at Dec. 1, 2012	5,454,673	5,516,499	15,576,014	(3,295)	26,543,892
Profit for the period	—	—	2,003,480	—	2,003,480
Other comprehensive income	—	—	—	4,644	4,644
Total comprehensive income for the period	—	—	2,003,480	4,644	2,008,124
Issuance of new shares	966,719	858,818	—	—	1,825,537
Dividends from surplus	—	—	(274,104)	—	(274,104)
Retained earnings from newly consolidated subsidiaries	—	—	(981)	—	(981)
Balance at Nov. 30, 2013	6,421,392	6,375,317	17,304,409	1,348	30,102,468

(4) Consolidated Statement of Cash Flows

(¥ thousand)

	Year ended Nov. 30, 2012 (Dec. 1, 2011 – Nov. 2012)	Year ended Nov. 30, 2013 (Dec. 1, 2012 – Nov. 30, 2013)
Cash flows from operating activities		
Profit before tax	2,218,631	3,217,272
Depreciation expense	180,327	173,480
Increase (decrease) in provisions and retirement benefits obligations	81,520	112,844
Interest and dividends income	(4,540)	(3,467)
Interest expenses	642,563	695,799
Gain on available-for-sale financial assets	—	(7,323)
Loss on sales of investment properties	18,874	—
Loss on retirement of property, plant and equipment	2,377	183
Decrease (increase) in trade and other receivables	(793,107)	908,464
Decrease (increase) in inventories	(3,862,618)	(1,118,535)
Increase (decrease) in trade and other payables	1,301,557	(1,021,652)
Other, net	7,555	(682)
Subtotal	(206,859)	2,956,384
Interest and dividends income received	4,530	3,566
Income taxes paid	(122,725)	(187,336)
Net cash from (used in) operating activities	(325,054)	2,772,614
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,346)	(11,064)
Purchase of investment properties	(114,956)	(525,736)
Proceeds from sales of investment properties	216,965	—
Purchase of intangible assets	(4,560)	(4,490)
Purchase of available-for-sale financial assets	(22,000)	(667,000)
Proceeds from sales of available-for-sale financial assets	—	50,782
Collection of available-for-sale financial assets	—	216,700
Collection of loans receivable	7,466	83
Other, net	(1,340)	—
Net cash from (used in) investing activities	56,228	(940,724)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	384,400	(378,400)
Proceeds from non-current borrowings	15,777,100	20,869,988
Repayments of non-current borrowings	(13,838,051)	(17,855,004)
Proceeds from issuance of new shares	—	1,825,537
Cash dividends paid	(227,857)	(273,717)
Interest expenses paid	(778,011)	(729,954)
Other, net	(1,219)	(1,771)
Net cash from (used in) financing activities	1,316,359	3,456,677
Net increase (decrease) in cash and cash equivalents	1,047,533	5,288,567
Cash and cash equivalents at beginning of period	8,361,689	9,410,622
Effect of exchange rate change on cash and cash equivalents	1,399	3,770
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	9,036
Cash and cash equivalents at end of year	9,410,622	14,711,997

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes on Consolidated Financial Statements

a. Reporting entity

TOSEI CORPORATION (Hereinafter, the "Company") is a stock company located in Japan whose stock is listed on the First Section of Tokyo Stock Exchange and the Mainboard of Singapore Exchange. The Company and its subsidiaries (hereinafter collectively, the "Group") engage in the following six business operations: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business, Property Management Business and Alternative Investment Business. The operations of each business segment are presented in (6) Notes on Consolidated Financial Statements, "(Segment information)".

b. Basis of preparation

(1) Compliance with IFRS

Since the Company qualifies as a "specified company" as provided in Article 1-2 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), its consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) under the provision of Article 93 of the said ordinance.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities measured at fair value.

(3) Presentation currency and unit

The consolidated financial statements in this report are presented in Japanese yen, the Company's functional currency. All financial information presented in Japanese yen is rounded down to the nearest thousand yen.

c. Significant accounting policies

The accounting policies applied to this consolidated financial statements are consistent throughout all the periods presented therein.

(1) Basis of consolidation

1) Subsidiaries

Subsidiaries are entities of which the Company governs the financial and operating policies directly or indirectly so that the Group will obtain benefits from their activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost.

Intra-Group balances of payables and receivables, intra-Group transactions, as well as unrealized gains or losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

2) Business combinations

The Group has applied the acquisition method to account for business combinations. The considerations transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities incurred, and the equity interests issued by the Group. The considerations transferred also include the fair value of assets or liabilities arising from contingent consideration arrangements. Acquisition-related costs are recognized as expenses when incurred. The identifiable assets acquired, the liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

(2) Foreign currency translation

1) Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of each entity in the Group using the exchange rates at the date of the transactions. Assets and liabilities denominated in foreign currencies to be re-measured at the end of each reporting period are retranslated into the functional currencies using the exchange rates at that date. Non-monetary assets and liabilities measured at fair value in foreign currencies are retranslated into the functional currencies using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement of such transactions, and exchange differences arising on translating foreign currency-denominated monetary assets and liabilities using the exchange rates at the end of the reporting period, are recognized in profit or loss. However, when a gain or loss on a non-monetary item is recognized in other comprehensive income, the foregoing exchange differences are also recognized in other comprehensive income.

2) Foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the reporting date. Income and expenses are translated into Japanese yen using the average exchange rate for the period. However, if such an average exchange rate is not considered as a reasonable approximation of the cumulative effect of the exchange rates at the transaction dates, the exchange rates at the transaction dates are used.

Exchange differences arising on translating financial statements of foreign operations are recognized in other comprehensive income. On the disposal of the interest in a foreign operation involving loss of control or significant influence, the cumulative amount of the exchange differences in connection with the foreign operation is recognized in profit or loss in the period during which the interest is disposed of.

(3) Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible to cash and subject to an insignificant risk of changes in value.

(4) Financial instruments

The Group classifies investments in financial assets in two categories: loans and receivables, and available-for-sale financial assets. This classification is made according to the nature of assets and for what purpose the assets were acquired. The classification of investments is determined on initial recognition, and whether the classification is appropriate is reassessed at each reporting date.

1) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified in this category are recorded as current assets, except for those with maturities of greater than 12 months after the reporting date or exceeding the normal operating cycle. Loans and receivables are included in “Trade and other receivables” in the consolidated statement of financial position.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in other categories. Available-for-sale financial assets are recorded as non-current assets unless the management has an intention to dispose of the investment within 12 months from the reporting date. Available-for-sale financial assets are initially recognized at the fair value plus directly attributable transaction costs, and subsequently measured at the fair value.

Purchase and sale of financial assets are recognized at the transaction date, or the date on which the Group commits itself to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the assets are extinguished or transferred, and the Group has substantially transferred all the risks and rewards incidental to ownership of the assets. After initial recognition, available-for-sale financial assets are recognized at fair value. Loans and receivables are recognized at amortized cost using the effective interest method. Financial assets or financial asset groups are assessed on a quarterly basis whether there is any objective evidence that the asset or

asset group is impaired. When there is objective evidence, impairment losses are recognized. Unrealized gains or losses attributable to changes in the fair value of available-for-sale financial assets are recognized in changes in the fair value of available-for-sale financial assets. When available-for-sale financial assets are sold or disposed of, cumulative changes in the fair value of available-for-sale financial assets are recognized in profit or loss.

The fair value of listed securities is measured at quoted market prices. For financial assets for which there is no active market and unlisted securities, the Group calculates fair value using certain valuation techniques, in particular, which include recent cases of arm's length transactions, references to prices of other financial instruments that are substantially equivalent, the discounted cash flow method, and others.

The Group assesses financial assets or financial asset groups at each reporting date whether there is any objective evidence that the asset or asset group is impaired. When there is objective evidence, impairment losses are recognized.

For equity instruments classified as available-for-sale financial assets, the possibility that the cost of investment is not recoverable and whether there is a significant or long-term decrease of fair value, which are included in information on significant changes that have adverse effects arising in the business environment where an issuer runs its business, are also taken into account in assessing whether there is any objective evidence for impairment. When there is objective evidence for available-for-sale financial assets, losses, which are measured as the difference between the acquisition cost and the fair value at the reporting date less impairment losses of the financial assets that were previously recognized in profit or loss, are transferred to profit or loss.

(5) Inventories

Inventories are assessed at cost or, if lower, at net realizable value. Net realizable value is calculated by deducting costs to sell from the estimated selling price.

The cost of inventories is comprised of purchase prices, development expenses, borrowing costs and separately identified expenditure including other related expenditure.

Borrowing costs for borrowings for developed real estate are capitalized as part of cost of the developed real estate over the period up to the end of the development, based on the specific identification method.

(6) Property, plant and equipment

The Group applies the cost model in measurement of property, plant and equipment. Property, plant and equipment are measured at the carrying amount, which is calculated as cost less any accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes cost directly incidental to the acquisition of assets, and costs of dismantling and removing the assets and restoring the site on which they are located, and borrowing costs directly attributable to acquisition, construction or production of qualifying assets.

Subsequent expenditures on property, plant and equipment that have already been recognized are included in the carrying amount of the assets only if it is highly probable to generate future economic benefits related to the items for the Group and the expenditures can be measured reliably. Costs of the day-to-day servicing of property, plant and expenditure are recognized in profit or loss when incurred.

Depreciation of assets except for land and construction in progress is principally computed under the straight-line method over the following estimated useful lives. The diminishing balance method is applied, if depreciation based on the diminishing balance method better reflects the pattern in which the future economic benefits embodied in the asset are expected to be consumed by the entity.

Buildings and structures 3 to 50 years

Tools, furniture and fixtures 3 to 20 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each year, and changed if necessary.

(7) Intangible assets

The Group applies the cost model in measurement of intangible assets. An intangible asset is carried at cost less any accumulated amortization and any accumulated impairment losses.

Subsequent expenditures on intangible assets that have already been recognized are included in the carrying amount of the assets only if it is highly probable to generate future economic benefits related to

the items for the Group and the expenditures can be measured reliably. Other expenditures are recognized in profit or loss when incurred.

1) Software

Acquired software is initially recognized at cost including purchase consideration (net of discounts and rebates) and expenditures directly attributable to the preparation for the asset for the intended use.

After the acquisition, the software is amortized under the straight-line method over its estimated useful life. The estimated useful life and amortization method are reviewed in each fiscal year, and changed if necessary.

(8) Leases

1) Lessee

Leases are classified as finance leases when all the risks and rewards incidental to ownership of an asset in a lease arrangement are substantially transferred to the lessee. All leases other than finance leases are classified as operating leases.

The Group's assets under finance leases are tools, furniture and fixtures and are capitalized at amounts equal to the fair value of leased property at the inception of the lease or, if lower, at the present value of the minimum lease payments. Leased assets are depreciated on a straight-line basis over the estimated useful lives or, if shorter, the lease terms. Lease obligations are recognized as liability in the consolidated statement of financial position.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

Contingent rent expense is recognized in profit or loss for the period during which it is incurred.

2) Lessor

Leases of investment properties are classified as operating leases when all the risks and rewards incidental to ownership of an asset in a lease arrangement are substantially held by the Group. Lease income from operating leases (net of incentives provided to the lessee) is recognized in profit or loss on a straight-line basis.

Initial direct costs incurred to the Group at the inception of operating leases are added to the carrying amount of the leased assets, and are recognized in profit or loss on the same basis as lease income over the lease term.

Contingent rent income is recognized in profit or loss for the period during which it is incurred.

(9) Investment properties

Investment properties are properties held to earn rentals or for capital gain or both, and do not include properties for sale in the ordinary course of business or used for administrative purposes.

The Group applies the cost model in measurement of investment properties.

Investment properties are initially recognized at cost, and subsequently presented at the carrying amount, which is calculated as cost less any accumulated depreciation and accumulated impairment losses. Depreciation of investment properties is principally computed under the straight-line method over the following estimated useful lives. The diminishing balance method is applied, if depreciation based on the diminishing balance method better reflects the pattern in which the future economic benefits embodied in the asset are expected to be consumed by the entity.

Buildings and structures 3 to 50 years

Tools, fixtures and fittings 3 to 20 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each quarter, and changed if necessary.

(10) Impairment of non-financial assets

The Group assesses whether there is any indication of impairment on a quarterly basis for the carrying amounts of non-financial assets except inventories and deferred tax assets. If any such indication exists, the recoverable amount of the asset or each cash-generating unit (CGU) to which the asset belongs is estimated.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. When the

recoverable amount of the asset (or CGU) falls below the carrying amount, the carrying amount of the asset (or CGU) is reduced to the recoverable amount.

Difference between the carrying amount and the recoverable amount is recognized as impairment losses in profit or loss.

When impairment losses are reversed after recognition, the carrying amount of the asset (or CGU) is increased to the revised estimated recoverable amount. However, the reversal of the impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU).

The reversal of impairment losses is immediately recognized through profit or loss.

(11) Trade and other payables

Trade and other payables are obligations to pay for goods or services provided to the Group in the ordinary course of business and others. Trade and other payables are classified as current liabilities when such payables are due within one year or within the normal operating cycle, and otherwise, presented as non-current liabilities.

Trade and other payables are initially recognized at fair value and subsequently at amortized cost calculated using the effective interest method.

(12) Borrowings

Borrowings consist of borrowings and lease obligations. Borrowings are initially recognized at fair value and subsequently recognized at amortized cost. Difference between net proceeds net of transaction costs and the repayment amount is recognized in profit or loss over the borrowing period using the effective interest method.

Borrowings are recorded as current liabilities unless the Group has unconditional rights to reschedule the repayment for at least 12 months after the reporting date.

(13) Provisions

Provisions are recognized when there are present legal or constructive obligations as a result of past events; it is probable that outflows of economic benefits will be required to settle the obligations; and reliable estimates can be made of the amount of obligations.

(14) Employment benefits

1) Defined benefit pension plans

Liabilities associated with defined benefit pension plans are calculated by discounting the estimated amount of future benefits obtained in return for services that employees rendered in prior years or the current year to the present value. Unrecognized past service costs are deducted from this calculation.

The yield of gilt-edged corporate bonds of which the maturity largely matches that of the Group's debts is used as the discount rate.

These liabilities are calculated by actuaries using the projected unit credit method.

When pension plans are revised, increases or decreases in benefits related to past services rendered by employees are recognized in profit or loss on a straight-line basis over the average period until the amount of the benefits is determined. For benefits that are immediately determined, the costs are immediately recognized in profit or loss.

All the actuarial differences arising from defined benefit pension plans are recognized in profit or loss on a straight-line basis in the average remaining service period.

2) Defined-contribution pension plans

Defined-contribution pension plans are post-employment benefit plans in which an employer pays fixed contributions to a separate entity and will have no obligation to pay further contributions. Contributions associated with defined-contribution pension plans are recognized in profit or loss in the period during which employees render services.

3) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized as profit or loss when the related service is rendered.

Bonus accrual and paid absences are recognized as liabilities, when the Group has present legal or constructive obligations to pay, and when a reliable estimate of the amount of obligations can be made.

(15) Revenue

Revenue is recorded at the fair value of the consideration received for the sale of properties and services or receivables net of discounts, rebates and consumption taxes, etc., less internal sales. Revenue is recognized as follows:

1) Sale of properties

Revenue from the sale of properties is recognized when the significant risks and rewards incidental to ownership of the assets for sale have been transferred to the buyer; the Group retains neither continuing involvement nor effective control over the assets; it is probable that the economic benefits associated with the transaction will flow to the Group; and the amounts of the cost and revenue incurred in respect of the transaction can be measured reliably.

2) Operating lease of rental properties

Revenue associated with operating lease is recognized on a straight-line basis over the lease period.

3) Rendering of services

Revenue from the rendering of services is recognized by reference to the stage of provision of services or when provision of services is finished.

4) Interest income

Interest income is recognized using the effective interest method.

5) Dividend income

Dividend income is recognized when the right to receive dividend payment is vested.

(16) Borrowing costs

The Group adds borrowing costs directly attributable to acquisition, construction or production of assets that require a reasonable period of time before intended use or sale becomes possible, or qualifying assets, to the cost of these assets until the intended use or sale of the assets effectively becomes possible.

Borrowing costs other than those described above are recognized in profit or loss in the period during which these costs are incurred using the effective interest method.

(17) Derivatives and hedges

Derivatives are initially recognized at fair value on the day when the derivative contract is entered into, and subsequently re-measured at fair value at each reporting date.

The Group has concluded interest rate swap contracts in order to hedge changes in future cash flows associated with floating-rate borrowings. At the inception of the hedge, concluded derivatives are designated as cash flow hedge and documented.

The Group also assesses whether a derivative used in the hedge transaction is highly effective in offsetting fair value of the hedged item or changes in cash flows, at the inception of the hedge and on an ongoing basis.

Changes in fair value of derivative transactions that are designated as cash flow hedge and qualify for cash flow hedge are recognized in equity through other comprehensive income. Of changes in fair value of derivative transactions, ineffective portion is immediately recognized in profit or loss.

(18) Income tax expense

Income tax expense are comprised of current taxes and deferred taxes and recognized in profit or loss, except for the taxes which arise from business combinations or are recognized either directly in equity or in other comprehensive income.

Current taxes are computed by adding adjustments of the amount of expected tax payment or expected refund up to the previous year to the estimated amount of expected tax payment or expected refund on taxable profits or losses in the current year which are multiplied by tax rates that are enacted or

substantially enacted at the reporting date.

Deferred tax assets and liabilities are recognized for temporary differences between accounting carrying amounts of assets and liabilities and amounts of them for tax purpose. For differences associated with initial recognition of assets or liabilities in transactions that have no effect on any profit and loss for both accounting and tax purposes, except for business combinations, deferred tax assets and liabilities are not recognized. Deferred tax assets and liabilities are measured using the tax rate that is expected to be applied when the temporary differences will reverse under the law which is in effect or substantially in effect at the reporting date. Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and they are related to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets are recognized only for the carry-forward of unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is highly probable that taxable profit will be available against which they can be utilized in the future. Deferred tax assets are reviewed at each reporting date, and reduced by the amount that is highly unlikely to be utilized.

(19) Earnings per share

The Group discloses basic and diluted earnings per share (attributable to owners of the parent) related to ordinary shares. Basic earnings per share is calculated by dividing profit for the year attributable to owners of the parent, by the weighted average number of ordinary shares issued during the reporting period that is adjusted by the number of treasury shares.

(20) Segment information

Operating segments are components of the Group that engage in business activities from which the Group may earn revenues and incur expenses. These are components for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about resources to be allocated to the segments and assess their performances.

Reportable segments are determined on the basis of the operating segments.

Segment information includes items that are directly attributable to the segments and items that are allocated to the segments on a reasonable basis.

d. Significant accounting estimates and judgments requiring estimates

The preparation of the consolidated financial statements in compliance with IFRS requires the management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimates are changed and in future periods in which the change affects.

(Segment information)

(1) Summary of reportable segments

The Group's reportable segments constitute the Company for which separate financial information is available. The Board of Directors regularly conducts deliberations to determine the allocation of management resources and to assess the financial results of each segment. The Group draws up comprehensive strategies for each of the following business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business", and "Alternative Investment Business". In the Revitalization Business, the Group acquires the properties whose asset values have declined, renovates, and resells them. In the Development Business, the Group sells condominium units and detached houses to individual customers as well as apartments and office buildings to investors. In the Rental Business, the Group rents office buildings and condominiums. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services. In the Alternative Investment Business, the Group acquires real estate collateralized loans and sells the properties acquired through collection of debt and acceptance of substitute performance.

As from the first quarter of the current fiscal year, the name of "Fund Business" has been changed to the "Fund and Consulting Business." This amendment was made only to the name of the business segment, and there was no change in the segmentation.

(2) Method for calculating revenue, profit or loss and other items by reportable segment

The methods of accounting applied in the reported operating segments are consistent with the accounting policies adopted by the Group, provided in "(6) Notes on Consolidated Financial Statements, c. Significant accounting policies".

The reported segment profit is calculated on an operating profit basis. Intersegment revenue or transfers are based on actual market prices.

The Group's revenue and profit by reportable segment are as follows:

Year ended November 30, 2012

(Dec.1, 2011 – Nov 30, 2012)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Outside customers	5,980,183	10,985,270	2,455,286	776,723	3,156,589	841,747	—	24,195,800
Intersegment revenue	—	274,003	55,044	23,065	343,859	2,269	(698,243)	—
Total	5,980,183	11,259,274	2,510,331	799,788	3,500,448	844,017	(698,243)	24,195,800
Segment profit/loss	273,405	2,197,549	1,340,024	181,737	(11,365)	82,365	(1,207,061)	2,856,655
Finance income/costs, net								(638,023)
Profit before tax								2,218,631

Year ended November 30, 2013

(Dec.1, 2012 – Nov 30, 2013)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Outside customers	11,098,020	16,347,700	2,647,153	1,398,239	3,160,312	418,918	—	35,070,345
Intersegment revenue	—	—	56,559	21,654	381,595	21,195	(481,004)	—
Total	11,098,020	16,347,700	2,703,713	1,419,893	3,541,908	440,113	(481,004)	35,070,345
Segment profit/loss	1,398,665	1,447,316	1,590,390	669,997	122,257	73,024	(1,392,047)	3,909,604
Finance income/costs, net								(692,332)
Profit before tax								3,217,272

(Profit per Share)

	Year ended November 30, 2012 (Dec. 1, 2011 – Nov. 30, 2012)	Year ended November 30, 2013 (Dec. 1, 2012 – Nov. 30, 2013)
Profit for the year attributable to owners of the parent (¥ thousand)	1,465,284	2,003,480
Weighted average number of common stock outstanding (shares)	45,684,000	46,602,904
Basic earnings per share (¥)	32.07	42.99

Notes: 1.Basic earnings per share is calculated by dividing profit for the year attributable to owners of the parent, by the weighted average number of common stock outstanding during the reporting year.
2.Information on diluted earnings per share is omitted due to an absence of potential shares.
3.The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the basic earnings per share were calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year ended November 30, 2013.

(Significant Subsequent Events)

No item to report.