TOSEI CORPORATION

CORPORATE GOVERNANCE

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Tosei Corporation

Representative Director: Seiichiro Yamaguchi

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The state of corporate governance of Tosei Corporation ("the Company") is as described below:

I. Fundamental Approach toward Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Fundamental Approach

Fundamental Approach toward Corporate Governance

Our Group aspires to be a valuable contributor to all kinds of our stakeholders in the society, including the shareholders, the employees, the business partners and others, by promptly and appropriately responding to the changes in the business environment and continuing operational activities which enable the Group to achieve a sound growth. For this purpose, the Group has placed the greatest importance on enhancement of corporate governance, and in particular, "fully cultivating compliance mind", "enhancing risk management" and "conducting timely disclosure" as three key initiatives. Furthermore, the Group is determined to make efforts in a unified manner, from the top management down to each employee of the Group companies, led by the Board of Directors, to develop an internal control system as required by the Companies Act and the Financial Instruments and Exchange Act, as well as to set up a system which is credible to investors, as a financial instruments business operator.

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Company carry outs all principles of the Corporate Governance Code. The Company carry outs all principles of the Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code]

The Company discloses the basic policy for each of principles of the Corporate Governance Code as "Tosei Corporation Basic Policy on Corporate Governance (hereinafter, the Company's Basic Policy)" on the Company's website below.

https://www.toseicorp.co.jp/english/ir/governance/basic_policy/

Company's disclosure regarding to policies, basic rules, procedures, outline of analysis and others which

are required to disclose under "The Preparation Guidelines for Preparing the Corporate Governance Reports (Tokyo Stock Exchange)" are written in below,

General Principle 1.4 Cross-shareholdings

Basic policy for maintaining cross-shareholdings and exercising voting right

⇒"the Company's Basic Policy" Principle 1-4

General Principle 1.7 Related Party Transaction

Basic rules of appropriate manner in case of entering transactions involving conflict of interest with director(s) or major shareholders (related parties)

⇒"the Company's Basic Policy" Principle 1-7

General Principle 3.1 Full Disclose

ⅰ)Company objectives(e.g., business principles), business strategies and business plans

⇒"the Company's Basic Policy" Principle 3-1,
and Company's website (https://www.toseicorp.co.jp/)

ⅱ)Basic views and guideline on corporate governance based on each of the principles of the Code

⇒details are described in Section Ⅰ.1

ⅲ)Board policies and procedures in determining the remuneration for the senior management and directors

⇒"the Company's Basic Policy" Principle 3-1

ⅳ)Board policies and procedures in the appointment of the senior management and the nomination of directors and *Kansayaku* candidates

⇒"the Company's Basic Policy" Principle 3-1

ⅴ)Explanation with respect to the individual appointments and nominations based on ⅳ)

⇒details are described below (a)

General Principle 4.1 Roles and Responsibilities of the Board(1)

Supplementary Principle 4-1-1 Outline of the scope Board of Directors delegate to the management of company

⇒"the Company's Basic Policy" Principle 4-1

General Principle 4-8 Effective Use of Independent Directors

Roadmap to appoint at least one-third of independent directors if the company believes it needs

⇒The Company believes the need of nominating several independent Directors. The policies are in "the Company's Basic Policy" Principle 4-8

General Principle 4-9 Independent Standards and Qualification for Independent Directors

Independence Standards for Independent Directors

⇒"the Company's Basic Policy" Principle 4-9

General Principle 4-11 Preconditions for Board and *Kansayaku* Board Effectiveness

Supplementary Principle 4-11-1 Basic view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size

⇒"the Company's Basic Policy" Principle 4-11

Supplementary Principle 4-11-2 The status of directors or *Kansayaku* who serves concurrently as

directors, *Kansayaku* or the management at other listed companies

⇒details are described below (b)

Supplementary Principle 4-11-3 Summary of the analysis/evaluation result of the effectiveness of the entire Board of Directors

⇒details are described below (c)

General Principle 4-14 Directors and *Kansayaku* Training

Policy in Training of Directors and *Kansayaku*

⇒"the Company's Basic Policy" Principle 4-14

General Principle 5-1 Policy for Constructive Dialogue with Shareholders

⇒"the Company's Basic Policy" Principle 5-1

（a） Reasons for nominating current Directors and Audit & Supervisory Board Members(Kansayaku) as candidate for Directors and Audit & Supervisory Board Members(Kansayaku).

〈Director〉(appointed at the 66th Ordinary General Meeting of Shareholders of the Company held on 25 February, 2016)

Seiichiro Yamaguchi

Since his appointment as a representative director of the Company in June 1994, he has long led the Company and the Group as an indispensable key person for the management of the Company, establishing the basis for its business foundation, and committed to the expansion of its business scale and domain. In addition, as a chairman of the Board of Directors, he made efforts to enhance the function of the Board of Directors by focusing on effective proceedings of matters for deliberation as well as inviting Audit & Supervisory Board Members and outside directors to present their opinions proactively. In view of the growth of the Group in terms of management over the medium- to long-term, the Company deems that his reappointment will contribute to the interests of the Group, and in turn, common interests of its shareholders, and therefore we nominate him as a candidate for director.

Katsuhito Kosuge

Having long supported representative director Seiichiro Yamaguchi in terms of marketing and management as a whole, he has pursued further business expansion of the Company, controlling and managing each business division and relevant subsidiaries properly as a chief officer of business division (profit generating division). In view of the growth of the Group in terms of management over the medium- to long- term, the Company deems that his reappointment will contribute to the interests of the Group, and in turn, common interests of its shareholders, and therefore we nominate him as a candidate for director.

Noboru Hirano

Having long supported representative director Seiichiro Yamaguchi in terms of administration such as finance and corporate planning as well as management as a whole, he has pursued further improvement in the management quality of the Group, as a chief officer of administrative division (internal control division) of the Company, controlling and managing the pivotal points in business operations of each department of administrative division and subsidiaries properly. In view of the

growth of the Group in terms of management over the medium- to long- term, the Company deems that his reappointment will contribute to the interests of the Group, and in turn, common interests of its shareholders, and therefore we nominate him as a candidate for director.

Goro Kamino

Since assuming office of outside director of the Company in February 2007, while leading SALA Corporation, as a representative director and having engaged in other companies, he has long collaborated with the Company in the enhancement of the governance system of the Company and the Group by providing valuable advices on various occasions including the Board of Directors meetings and liaison meetings with the Audit & Supervisory Board Members of the Company. In view of the growth of the Group in terms of management over the medium- to long- term, the Company deems that his advice based on the solid viewpoint as a manager of operating companies will contribute to the interests of the Group, and in turn, common interests of its shareholders, and therefore we nominate him as a candidate for director.

Kenichi Shohtoku

Since assuming office of outside director of the Company in February 2012, while leading SCS Global Holdings Pte Ltd as a representative director, he has contributed to strengthening the governance system of the Company and the Group by providing valuable advices on various occasions including the Board of Directors meetings and liaison meetings with the Audit & Supervisory Board Members of the Company. In addition, with respect to the overseas activities etc. of the Company, the Company benefits from his suggestions based on the expertise cultivated through his abundant overseas experiences mainly in consulting as a certified public accountant. In view of the growth of the Group in terms of management over the medium- to long- term, including overseas expansion, the Company deems that his reappointment will contribute to the interests of the Group, and in turn, common interests of its shareholders, and therefore we nominate him as a candidate for director.

(Audit & Supervisory Board Members)

(appointed at the Ordinary General Meeting of Shareholders of the Company held on 25 February, 2015(the 65th) and 24 February, 2017(the 67th))

⇒details are described in Section Ⅱ.1【Audit & Supervisory Board Members】

(b)The status of Directors/Audit & Supervisory Board Members(*Kansayaku*) who serves concurrently as directors, *Kansayaku* or the management at other listed companies as of 1st March, 2017

Position	Name	Title, Listed companies
President and CEO	Seiichiro Yamaguchi	Non
Director	Katsuhito Kosuge	Non
Director	Noboru Hirano	Non
Director	Goro Kamino	President and Representative Director of Sala Corporation

		Outside Director of Musashi Seimitsu Industry Co., Ltd.
Director	Kenichi Shohtoku	Non
Audit & Supervisory Board Member (full-time)	Yutaka Kitamura	Non
Audit & Supervisory Board Member (full-time)	Hiroshi Nishinakama	Non
Audit & Supervisory Board Member	Tatsuki Nagano	Director of System Location Co., Ltd
Audit & Supervisory Board Member	Osamu Doi	Non

(c)Summary of the analysis/evaluation result of the effectiveness of the entire Board of Directors

a. Evaluation Process

A questionnaire, given to all members of the Board of Directors (five (5) Directors and five (5) Audit & Supervisory Board Members), is carried out regarding: 1. Composition of the Board of Directors (number of members), 2. Quality and amount of discussion, 3. The operation of the Board of Directors, 4. The Directors' own self-assessments, 5. Cooperation with the Audit & Supervisory Board Members (Audit & Supervisory Board), and 6. Relation with shareholders, investors, etc. (6 categories, 39 items) (responses from all members are collected and counted).

b. Deliberation Regarding Analysis and Evaluation of Questionnaire Results

At each regular meeting of the Board of Directors held in November and December 2016, all Directors and all Audit & Supervisory Board Members confirmed all items and carried out an evaluation based on the collection and analysis executed by the Board Meeting Office.

c. Evaluation Results

The Board of Directors of the Company has determined that the effectiveness evaluation for the Board of Directors at this time is as follows:

- The composition of the Board of Directors is appropriate, as is the quality and amount of discussion, and the operation of the Board of Directors is highly effective.
- Cooperation between the Board of Directors and the Audit & Supervisory Board Members (Audit & Supervisory Board) has been pursued adequately.
- Information disclosure, IR, etc. for shareholders, investors, etc., has been carried out appropriately.

Sufficient discussion is carried out at meetings of the business execution organization (management meetings and growth strategy meetings) during each process for formulating the business strategy, business plan, budget, etc.; however, it is preferable that, going forward, even more thorough discussion is carried out with a medium to long-term perspective at meetings of the Board of

Directors.

2. Capital Structure

Foreign shareholding ratio	20% to under 30%

【Major Shareholders】

Name of shareholders	Number of Owned Shares	Share Holding Ratio (%)
Seiichiro Yamaguchi	12,885,500	26.68
Zeus Capital Limited	6,000,000	12.42
KBL EPB S.A 107704	4,846,300	10.03
Japan Trustee Services Bank, Ltd. (Trust Account)	2,075,600	4.29
State Street Bank and Trust Company 505001	1,648,400	3.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,202,000	2.48
MSCO Customer Securities	914,600	1.89
CBNY-Government of Norway	772,600	1.60
Ueda Yagi Tanshi Co., Ltd.	767,000	1.58
State Street Bank and Trust Company	418,000	0.86

Existence of controlling shareholders (excluding the parent company)	—

Existence of a parent company	No

Supplementary explanation

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3. Corporate Attributes

Listed exchange and market division	Tokyo Stock Exchange, First Section
Fiscal year end	November
Category of business	Real estate business
Number of employees (consolidated) as of the end of the latest fiscal year	100 to under 500
Consolidated sales of the latest fiscal year	10 to under 100 billion yen
Number of consolidated subsidiaries as of the end of the latest fiscal year	11

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

There is no special circumstance that may affect the Company's corporate governance as the Company does not have a parent company or a listed subsidiary.

As the Company is also listed on the Mainboard of the Singapore Exchange, it is required to act in accordance with rules and regulations prescribed by the said Exchange.

II. Business Management Organization and Other Corporate Governance System regarding Decision-making, Execution and Oversight in Management

1. Matters Concerning Governing Bodies and Conduct of Organizations

Organizational form	Company with Audit & Supervisory Board Members

【Board of Directors】

Number of directors in the Articles of Incorporation	6

Term of directorship in the Articles of Incorporation	2 years
Chairperson of Board of Directors meetings	President
Number of directors	5
Appointment of outside directors	Yes
Number of outside directors	2
Number of outside directors appointed as independent director	2

Relationship between outside directors and the company (1)

Name	Attributes	Relationship with the Company (*)									
		a	b	c	d	e	f	g	h	i	j	k
Goro Kamino	From other company											
Kenichi Shohtoku,	Certified public accountant								△			

* Each type of the relationship with the Company is defined as follows:

* Fill in the applicable box with ○ if the person himself is applicable currently or recently, and with △ if the person himself was applicable in the past:

* Fill in the applicable box with ● if the close relative is applicable currently or recently, and with ▲ if the close relative was applicable in the past:

a Person who executes business of the listed company or its subsidiary;

b Person who executes business or director who is not executive personnel of a parent company of the listed company;

c Person who executes business of a fellow subsidiary of the listed company;

d Party for which the listed company is a major client or a person who executes its business;

e Listed company's major client or a person who executes its business;

f Consultant, accounting professional, or legal professional who receives a large amount of money or other financial asset other than remuneration for directorship/auditorship from the listed company;

g Listed company's major shareholder (in case of a corporate shareholder, person who executes its business);

h Person who executes business of a client of the listed company which does not fall under d, e or f (the said person only);

i Person who executes business of an entity in which the outside officer has concurrent positions to serve (the said person only);

j Person who executes business of an entity to which the listed company make donations (the said person only); or

k Other

Relationship between outside directors and the Company (2)

Name	Independent Director	Supplemental Information Concerning Eligibility for the Position	Reason for the election
Goro Kamino	Yes		Mr. Kamino has no interest in the Company which may conflict with the interest of general shareholders of the company, and his independence is secured. In addition, he has extensive experience and knowledge as a management executive of listed companies including a gas company which is highly public. The Company believes he can, in his objective standpoint, fully supervise other directors and provide advices/suggestions to ensure the adequacy and appropriateness of the directors' decision-making.
Kenichi Shohtoku,	Yes	Mr. Shohtoku is the representative director of SCS Global Holdings Pte Ltd, with which the Company had a consulting service agreement until February 28, 2015 in connection with overseas operational development. However, the Company expects no conflict of interest to arise between him and its shareholders, as the amount of fees paid to the said company was immaterial, and it ~~is~~ was not economically dependent on the Company.	As a certified public accountant, Mr. Shohtoku has an extensive experience and knowledge including those relating to overseas business. The Company believes he can provide appropriate supervisions over the Company's operation, with his objective position as an accounting professional.

Presence or absence of any voluntary committees corresponding to a nominating committee or a compensation committee.	Yes

Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nominating Committee	Nominating and Compensation Advisory Committee	4	0	2	1	0	1	Outside director
Committee Corresponding to Compensation Committee	Nominating and Compensation Advisory Committee	4	0	2	1	0	1	Outside director

Supplementary Explanation

The Company established the Nominating and Compensation Advisory Committee voluntarily as a consultative body to the Board of Directors to ensure appropriateness and transparency in such matters as the process of selecting candidates in connection with director election proposals submitted to the general meeting of shareholders and resolutions of the Board of Directors relating to allocation of remuneration, etc. to individual directors.

The constituent members of the committee include a representative director (one person), a full-time director (one person), outside director(s) (independent director(s), one person or more), and a full-time audit & supervisory board member (outside audit & supervisory board member, one person). An outside director who is a committee member will assume the office of the chair of committee.

The Board of Directors will continue to fulfill its mandate from the Company's shareholders and investors by respecting the recommendations of the committee to the maximum extent and developing an appropriate governance system.

【Audit & Supervisory Board Members】

Existence of Audit & Supervisory Board	Yes

Number of Audit & Supervisory Board Members in the Articles of Incorporation	6
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, accounting auditors and internal audit department

1. Cooperation between Audit & Supervisory Board Members and accounting auditors

In the course of auditing activities conducted in accordance with the annual audit plan, the Audit & Supervisory Board Members closely work with the accounting auditors by regularly exchanging information and opinions. The Audit & Supervisory Board Members receive the audit results from the accounting auditors, and witness the audits performed by the accounting auditors from time to time. The meetings for the accounting auditors to report to the Audit & Supervisory Board Members (Audit & Supervisory Board) were held six times during the year ended November 30, 2016.

2. Cooperation between Audit & Supervisory Board Members and internal audit department

The Audit & Supervisory Board Members and the internal audit department meet to exchange opinions every other month, and the internal audit department also reports to the Audit & Supervisory Board Members in a timely manner as to the internal audit results. While the full-time Audit & Supervisory Board Members attend the interviews of the general managers, both sides work in concert with each other to enhance the quality of its audits and to efficiently conduct audits.

Appointment of outside Audit & Supervisory Board Members	Yes
Number of outside Audit & Supervisory Board Members	4
Number of outside Audit & Supervisory Board Members appointed as independent auditor	4

Relationship between outside Audit & Supervisory Board Members and the Company (1)

Name	Attributes	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yutaka Kitamura	From other company													

Hiroshi Nishinakama	From other company										△			
Tatsuki Nagano	From other company													
Osamu Doi	From other company													

* Each type of the relationship with the Company is defined as follows:

* Fill in the applicable box with ○ if the person himself is applicable currently or recently, and with △ if the person himself was applicable in the past:

* Fill in the applicable box with ● if the close relative is applicable currently or recently, and with ▲ if the close relative was applicable in the past:

a Person who executes business of the listed company or its subsidiary;

b Director or accounting advisor who is not executive personnel of the listed company or its subsidiary;

c Person who executes business or director who is not executive personnel of a parent company of the listed company;

d Audit & Supervisory Board Member of a parent company of the listed company;

e Person who executes business of a fellow subsidiary of the listed company;

f Party for which the listed company is a major client or a person who executes its business;

g. Listed company's major client or a person who executes its businessy;

h Consultant, accounting professional, or legal professional who receives a large amount of money or other financial asset other than remuneration for directorship/auditorship from the listed company

i Listed company's major shareholder (in case of a corporate shareholder, person who executes its business)

j Person who executes business of a client of the listed company which does not fall under f, g or h (the said person only);

k Person who executes business of an entity in which the outside officer has concurrent positions to serve (the said person only);

l Person who executes business of an entity to which the listed company make donations (the said person only); or

m Other

Relationship between outside Audit & Supervisory Board Members and the Company (2)

Name	Independent Audit & Supervisory Board Member	Notes Concerning Eligibility for the Outside/Independent Audit & Supervisory Board Member	Reason for the election
Yutaka Kitamura	Yes	-	Mr. Kitamura has gained abundant experience including overseas assignments primarily at a major financial institution, as well as professional knowledge in this field. The

			Company believes that he will be a contributor in ensuring the adequacy and appropriateness of the management of the Company, particularly in financial and global aspects.
Hiroshi Nishinakama	Yes	Mr. Hiroshi Nishinakama was an executive at The Bank of Tokyo-Mitsubishi UFJ, Ltd., with which the Company has a business relationship, until 2007. In addition, he was an executive at ORIX Corporation, with which the Company also has a business relationship, until February 2015. However, since the Company has a low level of economic dependence on each of these companies in light of the scale of these business relationships, the Company believes that this does not have an impact on the independence of Mr. Nishinakama as an Outside Audit & Supervisory Board Member.	Mr. Hiroshi Nishinakama has extensive experience and expert knowledge, accumulated mainly at major financial institutions including work overseas. Consequently, the Company believes that he can perform a role in ensuring the adequacy and appropriateness of the Company's management, particularly from a financial and global viewpoint.
Tatsuki Nagano	Yes	-	Mr. Nagano has no interest in the Company which may conflict with the interest of the general shareholders of the Company, and has maintained his independence. He has experience at a major financial institution and continues to be involved in the business management as a company representative. The Company believes that he will contribute to the Company in ensuring the adequacy and appropriateness of the management of the Company, with his extensive experience and high level of professional knowledge.
Osamu Doi	Yes	-	Mr. Doi has no interest in the Company which may a conflict with the interest of the general shareholders of the Company, and has maintained his independence.

			The Company believes that he will contribute to the Company in ensuring the adequacy and appropriateness of the business management of the Company with his abundant experience and professional knowledge he acquired in his past careers at a major securities firm and an investment banking firm.

【Independent Directors/Audit & Supervisory Board Members】

Number of independent directors/Audit & Supervisory Board Members	6

Other Matters Concerning Independent Directors/Audit & Supervisory Board Members

All eligible outside directors are designated as independent directors.

【Incentives for Directors】

Implementation of initiatives to offer incentives to directors	Stock option system introduced

Supplementary explanation concerning the above

The Company introduced stock options to further incentivize people to work to improve the performance and enhance the corporate value of the Group.

The 65th Ordinary General Meeting of Shareholders of the Company held on February 25, 2015, passed a resolution approving the amount and other details of remuneration provided as stock options to directors, and on October 28, 2015, the Board of Directors resolved to issue stock acquisition rights as stock options to directors, executive officers, and employees of the Company (including persons who are seconded to the Company's subsidiaries), and directors of the Company's subsidiaries. On November 26, 2015, the stock acquisition rights were allotted to those eligible in accordance with a resolution of the Board of Directors made on November 25, 2015.

Eligible persons for stock options	Inside directors, outside directors, and employees of the Company, and directors of the Company's subsidiaries

Supplementary explanation concerning the above

On October 28, 2015, the Board of Directors resolved to issue stock acquisition rights as stock options to directors, executive officers, and employees of the Company (including persons who are seconded to the Company's subsidiaries), and directors of the Company's subsidiaries. On November 26, 2015, the stock acquisition rights were allotted with the conditions below in accordance with a resolution of the Board of Directors made on November 25, 2015.

・Number of shares to be delivered upon exercise of each stock acquisition right 100 shares

・Persons to whom stock acquisition rights were allotted, and number of stock acquisition rights allotted

Directors of the Company	Five persons (of whom two were outside directors), 340 units (of which 40 were allotted to outside directors)
Executive officers of the Company	Seven persons, 490 units
Employees of the Company	193 persons, 3,980 units
Directors of the Company's subsidiaries	Four persons, 250 units

・Allotment date November 26, 2015

・Exercise period January 10, 2018, through October 28, 2020

・Exercise value Yen 803

【Directors' Remuneration】

Disclosure of remuneration of each director	Remuneration of each director is not disclosed.

Supplementary explanation concerning the above

The remuneration paid to the directors is as follows:

Total amount of the remuneration paid to the directors: Yen 161,151 thousand
(from the Annual Securities Report for the 67th Fiscal Period (December 1, 2015 - November 30, 2016))

Existence of Policies for determining remuneration amounts and calculation method	Yes

Disclosed details of the policies for determining remuneration amounts and calculation method

The maximum amounts of remuneration to be paid to the directors and to the Audit & Supervisory Board Members are determined by a resolution made at the General Meeting of Shareholders. Remuneration for each director shall consist of fixed salary according to their duties, performance-linked bonuses and stock options that can be exercised after a defined period of time. After the discussion on the adequacy of its

contents in the Nomination and Compensation Advisory Committee, the Board of Directors shall make decision thereof by its resolution. The remuneration of Audit & Supervisory Board Member is determined by the deliberation of the Audit & Supervisory Board Members.

【Support System Provided for Outside Directors/Outside Audit & Supervisory Board Members】

1. Support System Provided for Outside Directors

The Company, as a form of information distribution for the outside directors, sends out materials and the minutes of the Pre-Board meeting discussion (constituted by full-time directors and full-time audit and supervisory board members), and shares information about proposal details before board meetings are held. Notices for periodical board meeting are sent out three days prior to the meeting, and also distributes the meeting agendas/materials in advance. The meeting agendas/materials for extraordinary board meeting are also distributed in advance of the meeting, as a general rule. When there is an absentee, the Administration & HR Department informs him/her of the matters resolved at such meetings.

2. Support System Provided for Outside Audit & Supervisory Board Members

There are four outside Audit & Supervisory Board Members and two of them are part-time. The agendas to be submitted at the board meeting are pre-discussed by both full-time and part-time Audit & Supervisory Board Members at Pre-Board meeting discussion or the management meeting (constituted by the executive officers appointed by the President and CEO) held twice a month, in principle. The meeting agendas/materials are distributed to them the day before either meeting. In the event any of the part-time Audit & Supervisory Board Members are unable to attend either the Pre-Board meeting discussion or the management meeting, the matters discussed at either meeting are delivered by the full-time Audit & Supervisory Board Members at the meeting of the Audit & Supervisory Board. The assistance duties for the Audit & Supervisory Board Members as well as the administrative tasks for the meeting of the Audit & Supervisory Board are undertaken by the Internal Audit Department.

2. Matters Concerning Business Execution, Audit/Supervision, Appointment of Officers, and Determination of Remuneration (Overview of the Current Corporate Governance System)

1. Operation of the Meetings of Board of Directors

The Board of Directors is constituted by five directors, two of whom are outside directors. Based on the regulations of the Board of Directors, the directors hold regular meetings every month, and extraordinary meetings are held as necessary. As the highest management decision-making body, the Board of Directors makes resolutions on management policies and material issues and also supervises the execution of duties by the directors. In addition, the outside directors (the

independent directors), by sharing their opinions from their objective standpoint, provide advices and suggestions to ensure the adequateness and appropriateness of the decisions made by the Board of Directors.

2. Nominating and Compensation Advisory Committee

The Company established the Nominating and Compensation Advisory Committee voluntarily as a consultative body to the Board of Directors to ensure appropriateness and transparency in such matters as the process of selecting candidates in connection with director election proposals submitted to the general meeting of shareholders and resolutions of the Board of Directors relating to allocation of remuneration, etc. to individual directors. The constituent members of the committee include a representative director (one person), a full-time director (one person), outside director(s) (independent director(s), one person or more), and a full-time audit & supervisory board member (outside audit & supervisory board member, one person). An outside director who is a committee member will assume the office of the chair of committee. The Board of Directors will continue to fulfill its mandate from the Company's shareholders and investors by respecting the recommendations of the committee to the maximum extent and developing an appropriate governance system.

3. Audits Performed by Audit & Supervisory Board Members

The Company has adopted the Audit & Supervisory Board Member system and has the Audit & Supervisory Board with two full-time and two part-time Audit & Supervisory Board Members. All of these four persons fall under the definition of outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act. The meetings of the Audit & Supervisory Board are held once a month as a general rule, and the matters of concern are discussed and resolved at such meeting. The activities conducted by the full-time Audit & Supervisory Board Members are also reported to the part-time Audit & Supervisory Board Members so that the information is commonly shared by all the Audit & Supervisory Board Members. The Audit & Supervisory Board Members also attend the meeting of the Board of Directors, the Pre-Board meeting discussion where matters to be resolved at the board meetings are confirmed in advance, as well as the management meeting, which serves as a consultative body for the matters to be approved by CEO.

The auditing activities by the Audit & Supervisory Board Members are performed in accordance with an annual audit plan. By cooperating with the accounting auditors as well as with the Audit Department, the Company has developed an efficient and viable auditing system. Furthermore, the full-time Audit & Supervisory Board Members regularly meet with each of the directors and officers in charge of each department, so as to fully understand the status of the business execution.

Such activities conducted by the Audit & Supervisory Board Members have worked effectively as

an auditing function for the Company's business management and have delivered positive effects to the Company.

4. Executive Officer System

The Company has adopted the executive officer system in order to more clearly segregate the monitoring/supervision of the Company's business management, which is the duty and responsibility of the directors, from the execution of the business. The executive officers are appointed at the board meetings and the representative director and president has assumed the position of the chief executive officer.

All of the Company's executive officers adhere to its internal rules and regulations as well as to the resolutions of the Board of Directors in executing and controlling the business operations of the Company. In addition, CEO holds the management meetings twice a month as a general rule to seek for consultations on the material issues to be decided by him, and to discuss the matters to be resolved at the board meetings in advance.

5. Corporate Governance Meeting

With the aim of continuously strengthening its corporate governance, the Company holds the corporate governance meetings constituted by the full-time directors and the full-time Audit & Supervisory Board Members monthly.

At the meetings, the directors and the Audit & Supervisory Board Members review and discuss the corporate governance concerns and the internal control matters in an effort to increase the corporate value of the Company, and where necessary, they receive advices from the outside experts such as corporate attorneys and/or certified public accountants.

6. Internal Audit

The Internal Audit Department under the direct supervision of the President and CEO performs audits for the entire Group in accordance with their annual auditing plan. In the event any inadequacy is discovered, recommendations for corrective actions are made to the audited departments. The audit has been quite effective as the Internal Audit Department discusses with the audited departments as to the issues in need of corrective actions and follows up with specific guidance.

7. Information Disclosure

The Company discloses various documents required by the relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, and also discloses information required by the stock exchanges. The Company provides information to its stakeholders including shareholders and investors in appropriate and timely manners, though its IR activities as well as via its website. Further, with the listing on the Singapore Exchange, the

Company has been making disclosures in accordance with the rules prescribed by the said exchange.

8. Audit by Accounting Auditors

The Company has entered into an auditing agreement with Shinsoh Audit Corporation in accordance with the Companies Act and the Financial Instruments and Exchange Act, and the audit of the Company's accounts is performed by Shinsoh Audit Corporation based on the annual audit plan. In addition to the full-year audit performed at the end of the fiscal years, Shinsoh conducts reviews at each quarter end.

The details of the Company's accounting auditor are as follows:

Name of Audit Corporation：	Shinsoh Audit Corporation
Designated Partner/Engagement Partner:	Takayuki Sakashita, CPA (Number of continuing audit years including the current fiscal year: 3)
Designated Partner/Engagement Partner:	Atushi Iijima, CPA (Number of continuing audit years including the current fiscal year: 2)

9. Limited Liability Agreement

The Company has concluded contracts for limitation of liability with Goro Kamino and Kenichi Shotoku as Outside Directors of the Company, and Yutaka Kitamura, Hiroshi Nishinakama, Tatsuki Nagano and Osamu Doi as Outside Audit & Supervisory Board Members pursuant to the provisions of Article 427, paragraph 1 of the Companies Act for the liability for damages provided for in Article 423, paragraph 1 of the same, and limits their liability to the amount provided by relevant laws and regulations.

3. Reasons for Adopting the Current Corporate Governance System

The Company has set up the Board of Directors and the Audit & Supervisory Board. While appointing from outside its outside directors and all of its Audit & Supervisory Board Members, it has also adopted an executive officer system, for the purpose of operating its businesses with high transparency.

All of the Audit & Supervisory Board Members of the Company have been outside Audit & Supervisory Board Members since the time of listing. The Audit & Supervisory Board Members have always performed audits of the business management of the Company from the viewpoints of ensuring and increasing the Company's corporate value and the common interests of its shareholders. The Company further enhances its supervisory function over its management by inviting outside directors to the Board of Directors. On the management side, the Company has employed the

executive officer system so as to achieve optimal distribution of decision-making functions and operational duties, as well as encouraging the delegation of authority in executing the businesses, in an attempt to strengthen its corporate governance.

As stated above, the management of the Company and the current system of monitoring and supervision over the management is adequately functioning, and the Company continues to maintain the system currently in place.

III. Implementation of Measures for Shareholders and Other Interested Parties

1. Efforts for Active General Shareholders Meetings and Smooth Exercises of Voting Rights

	Supplementary Explanation
Early Notification of General Shareholders Meeting	The Company has implemented "early notification" (sending at least 3 business days prior to the statutory date).
Avoidance of Peak Day	Not applicable (As the general shareholders meeting of the Company is held in February)
Exercise of Voting Rights by Electronic Means	The Company has implemented "the exercise of voting rights via the internet".
Participation in Electronic Voting Platform as well as Improving the Environment for Voting by Institutional Investors	The Company implements "the exercise of voting rights via the internet" as well as participation in the platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc. since ordinary general meeting of shareholders held in February 2015.
Preparation of Convocation Notice (a summary of the original) in English	Convocation notice is provided in English.
Others	In order to foster a better understanding among the shareholders, the Company is conducting 1) the general shareholders meetings with visual presentations and 2) the post-meeting explanatory sessions on the Company's future business strategies. In addition, the convocation notice of the general shareholders meeting has been posted on its corporate website in both Japanese and English before it is dispatched.

2. Status of Investor Relations Activities

	Supplemental Information	Presentation by the Company representative
Establishment and Disclosure of Disclosure Policies	Disclosure policies have been established and disclosed on the Company's corporate website.	
Periodical Briefing Sessions for Individual Investors	Periodical briefing sessions are held for the purpose of communicating with individual investors.	Yes
Periodical Briefing Sessions for Analysts and Institutional Investors	Large meetings (following full year and half year operating results announcements) are organized.	Yes
Availability of IR Materials on the Corporate Website	IR information platform is posted on the Company's corporate website, and "News Release" discloses the latest information. "IR Library" page contains the Company's financial statements and the Annual Securities Reports. The quarterly presentation videos are also posted with the presentation slides. The English versions of the IR materials and the presentation videos are disclosed as well.	
Designation of a Department (or person) responsible for Investor Relations	Accounting Department	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplemental Information
Provision of Rules on Respect for the Positions of the Stakeholders under the Internal Regulations of the Company	The Company has established the information disclosure regulations, effective from December 2006.
Conducting of Environmental Preservation Activities and CSR Activities	As a way to contribute to the natural environment through its business activities, the Company develops environmentally-friendly office buildings/housing and promotes revitalization of existing properties. The Company also works on in-house energy savings as well as promoting tree-planting activities. Since 2011, it has also conducted volunteer activities to support the areas affected by the Great East Japan Earthquake. The details of the aforementioned activities are reported in "Tosei Group's CSR Activity Report" on a yearly basis and disclosed on the Company's corporate website.

Establishment of Policies Concerning Provision of Information to Stakeholders	The disclosure policies have been established and put into effect.

IV. Matters Concerning Internal Control System

1. Basic Policy of Internal Control Systems and the Progress of the System Development

The Company's basic policies of internal control system are currently as stated below. The progress of system development as of November 30, 2016 is also provided later in this section.

Basic Policies for "Ensuring Appropriate Company Management"

1. Basic Policies for Compliance with Laws and Regulations

   (1) Ensure awareness among all officers and employees regarding compliance with laws and regulations.
   (2) Strengthen the checking function for breach of laws and regulations.
   (3) Promptly react to any breach of laws and regulations, and make timely and appropriate information disclosure concerning such breaches.
   (4) Eliminate any association with anti-social forces.

2. Basic Policies for Storing and Managing of Information

   (1) Ensure awareness among all officers and employees regarding the importance of storing and managing information.
   (2) Enhance the initiatives for preventing the leakage of material information.
   (3) Ensure thorough familiarity with important information and information requiring timely disclosure and prevention of misstatements or material omissions.

3. Basic Policies for Management of Risk of Loss

   (1) Ensure thorough understanding, analysis and assessment of risks that may hinder the continuation of the Company's corporate activities.
   (2) Enhance monitoring of risk management.
   (3) Establish a proper whistle-blowing system for any occurrences and/or signs of surfacing of contingencies.
   (4) Promptly react to any occurrence of contingencies and/or accidents, and make timely and appropriate disclosure of information regarding such occurrences.

4. Basic Policies for Efficient Execution of Duties by Directors

   (1) Carry out deliberation and decision-making on the important management matters of the

Company, in efficient, timely and appropriate manners.

(2) Eliminate excessive pursuit of efficiencies in the management plans and/or the business targets and make balanced decisions considering the soundness of the Company.

(3) Establish a system to allow appropriate and efficient execution of business in accordance with the rules on delegation of operational authority.

5. Basic Policies for Properness of the Operations of the Entire Group

(1) Strive for a full penetration of the understanding of the Company's corporate philosophy and awareness for the compliance among the officers and the employees of each of the Group companies and ensure that each of the Group companies complies with laws and regulations.

(2) Strive for full awareness, analysis and evaluation of risks that impede the sustenance and continuation of the businesses of each of the Group companies, prepare for contingencies, and establish a system to compel prompt reporting if contingencies occur.

(3) Formulate a medium-term management plan, business plans for single fiscal years and budgets for the same relating to the entire Group, periodically check the progress of these plans, and compel timely reporting on newly occurring problems and appropriately handle such problems.

(4) For matters that are important and those for which timely disclosure is required at each of the Group companies, and other matters relating to execution of duties by officers and employees at each of the Group companies, establish a system to compel prompt reporting from each of the Group companies to the Company.

(5) Enhance the system for ensuring the appropriateness of the financial reporting relating to the entire Group.

(6) Eliminate wrongful acts and/or irregular transactions using the Group.

6. Basic Policies for Systems to Ensure Effective Audits by the Audit & Supervisory Board Members

(1) Designate members of staff to assist Audit & Supervisory Board Members in their duties, and have them carry out assistance duties under the command of the Audit & Supervisory Board Members.

(2) Ensure the independence of the aforementioned members of staff from directors and obtain concurrence from the Audit & Supervisory Board for personnel matters for the said members of staff such as transfers and performance evaluations.

(3) In addition to deliberations on proposals and reports on important matters at the Board of Directors, have Audit & Supervisory Board Members attend important meetings for business execution, and carry out periodic interviews with Directors and important employees. Furthermore, ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees who have identified any material loss and signs of the same or any breach of regulations or misconduct, and prompt reporting to the same in response to

demands from them.

(4) Establish a system to compel prompt reporting to Audit & Supervisory Board Members from all officers and employees at each of the Group companies who have identified any material loss caused by management at each of the Group companies and signs of the same or any breach of laws and regulations or misconduct, or from officers and employees of the Company who have received reports from such persons, and strive for its full implementation, and also compel prompt reporting if reporting is demanded by Audit & Supervisory Board Members.

(5) Ensure full notification of policy not to mete out disadvantageous treatment for the reason of a report described in the preceding two paragraphs made by officers and employees of the Company and the Group companies to Audit & Supervisory Board Members.

(6) Develop a whistle-blowing system across the entire Group and promptly report to Audit & Supervisory Board Members if whistle-blowing occurs.

(7) When Audit & Supervisory Board Members request advance payments, etc. of expenses, promptly handle the said expenses or debt obligations, except in cases where they are deemed unnecessary for the execution of duties.

(8) The directors are to make efforts to understand and support the audits by the Audit & Supervisory Board Members and proactively work to improve the issues raised by the Audit & Supervisory Board Members.

(9) In order to accomplish adequate audits of the entire Group performed by the Audit & Supervisory Board Members, the directors are to provide necessary cooperation to the Audit & Supervisory Board Members.

Under the basic policies above, in a continuous effort to develop the internal control system, the Company establishes plans for implementation and operation of the internal control system annually taking into consideration of revisions of relevant laws and regulations, changes in the business environment of the Group, expansion of the businesses, etc.

The internal control system of the Group implemented and operated as of November 30, 2016 is as follows :

*Major meetings cited in the text

Meeting name	Frequency of meeting	Attendees
Board of Directors' meeting	Monthly + Extraordinary	Directors and Audit & Supervisory Board Members
Pre-Board meeting discussion	Monthly + Extraordinary	Full-time Directors, full-time Audit & Supervisory Board Members, Executive Officer in charge of administrative department, and person responsible for briefing on

		the agenda
Corporate governance meeting	Monthly	Full-time Directors and full-time Audit & Supervisory Board Member
Management meeting	Twice a month + Extraordinary	All Executive Officers and Audit & Supervisory Board Members (as observers)
Risk Management and Compliance Committee's meeting	Monthly	Senior Executive Officers, all heads of each division, those responsible for risk management and compliance at each Group company, and full-time Audit & Supervisory Board Members (as observers)
Information Disclosure Committee's meeting	Monthly + Extraordinary	Senior Executive Officers, heads of departments involved in information disclosure, those responsible for internal control at the major Group companies, and full-time Audit & Supervisory Board Members (as observers)

1. Compliance with Laws and Regulations

(1) Ensure awareness regarding compliance with laws and regulations

As part of the annual business plan, at the beginning of each fiscal year a risk compliance program is drawn up, and trainings in the relevant laws and regulations, measures to cultivate awareness of legal issues (publishing an internal monthly journal, soliciting and displaying compliance slogans etc.) have been implemented, in addition to which a compliance questionnaire is circulated every fiscal year in order to check the level of awareness among all officers and employees of the Group with regard to laws and regulations.

In addition, the Risk Management and Compliance Committee's meeting and a business law liaison meeting attended by heads of business teams of the operational divisions and responsible personnel from each Group company are held every month, during which participants share information about amendments to laws and regulations, etc. relating to businesses and notices from ministries with jurisdiction etc., while the results of deliberations by the Committee are reported to the monthly meetings of the Board of Directors.

We also implemented the same measures for the subsidiaries that joined the Group for the first time this fiscal year.

(2) Strengthen the checking function for breaches of laws and regulations

As well as monitoring and supervising by two Outside Directors and five Audit & Supervisory Board Members (all Outside Audit & Supervisory Board Members) at the Board of Directors' meeting, periodic meetings are held to exchange opinions between Audit & Supervisory Board Members and Outside Directors (held twice during the fiscal year under review), and between Audit & Supervisory Board Members and legal advisors (held three times during the fiscal year under review), so as to check for any signs of breaches of laws and regulations by the Directors responsible for executing business.

Moreover, while the Internal Audit Department conducts internal audits of the business executed by the Company and the Group companies and checks for any breach of laws and regulations, the Company has set up a whistle-blowing system providing internal, external and, from the fiscal year under review, Audit & Supervisory Board Member points of contact, further strengthening the structure that is intended to detect breaches of laws and regulations at an early stage.

From the fiscal year under review, we have begun self-inspections at the departmental level to check the state of compliance with relevant laws and regulations, with the results monitored by the Internal Audit Department.

(3) Promptly react to any breach of laws and regulations, and make information disclosure

At meetings of the Board of Directors, corporate governance meetings, management meetings and meetings of the Risk Management and Compliance Committee, checks are made for signs, or actual occurrences, of breaches of laws and regulations, instructions are given regarding responses, and status reports are made. Also, the Company has prescribed and disseminated rules regarding the establishment of a crisis management office (headed by the President and CEO) and the timely and appropriate information disclosure in the event that such breaches occur.

(4) Eliminate any association with anti-social forces

The Company continues screening of counterparties at the inception of transactions and carries out trainings on action against anti-social forces for all officers and employees of the Group in order to completely eliminate any association with anti-social forces.

Following the "Act on Prevention of Transfer of Criminal Proceeds" being amended and coming into effect, we have reviewed our business practices and implemented appropriate responses.

2. Storing and managing information

(1) Ensure awareness regarding the importance of storing and managing information

Every fiscal year we implement training for the information asset management, including

personal information, and for the prevention of insider trading for all employees of the Company, and by doing so, we have continued to educate and inculcate rules for the handling of important information.

(2) Enhance the initiatives for preventing the leakage of important information

With regard to the state of compliance with rules for the handling of information assets (printed and electronic information), in addition to internal audits that cover all departments, we have strengthened the penalties for breaches and introduced targeted guidance for those who infringe.

(3) Ensure thorough familiarity with material information and information for timely disclosure and prevention of misstatements

The Information Disclosure Committee meets on a monthly and a temporary basis to understand which information is subject to timely disclosure, and to confirm information disclosed and its methods. In addition, any changes in the rules regarding timely disclosure in connection with amendments of rules and regulations prescribed by the Tokyo Stock Exchange and the Singapore Exchange are reviewed as necessary by the Committee and reported to the monthly meetings of the Board of Directors.

From the fiscal year under review, by making committee members of those responsible for internal control at the major Group companies, we have strengthened our processes for understanding information from each Group company that should be disclosed.

3. Management of Risk of Loss

(1) Ensure thorough understanding, analysis and assessment of risks

As part of the risk compliance program drawn up at the beginning of each fiscal year, an annual plan for risk management is drawn up and implemented.

Additionally, we implement stress tests on a half-yearly basis in relation to the Group's business environment (real estate market conditions, the trend in interest rates and financial institution funding etc.). The results are reported at the Board of Directors' meetings and the growth strategy meetings held twice a year to discuss business strategies going forward (attended by all Executive Officers and heads of each department).

For significant risks relevant to overall operations as well as individual businesses (top 30 risks), in addition to conducting an assessment every fiscal year, new risks that should be added are extracted, and preventive measures and responses in the event of the risk materializing are considered.

From the fiscal year under review, we have started self-inspections of significant risks specific to each department.

(2) Enhance monitoring of risk management

At monthly corporate governance meetings, full-time Directors report to full-time Audit & Supervisory Board Members regarding latent and fully emerged risks to execution of

business at the Company and each Group company.

Furthermore, at the Risk Management and Compliance Committee's meeting, the states of our responses to emerging risks are checked and the detail is reported to the Board of Directors, in addition to which the outcomes of the responses are monitored by the Internal Audit Department, under the guidance of the President and CEO.

(3) Establish a proper internal reporting system for any occurrences and/or signs that contingencies may occur

In order to enable the early detection of, and prompt response to, unexpected situations, business-related troubles and complains, all employees are kept informed through morning briefings, training sessions and meetings, of duty to report to the heads of each division and to the Audit & Supervisory Board Members. Moreover, for heads of each division, in addition to creating a strong obligation for them to report to full-time Directors and Executive Officers in charge of each division, we have also made it known that there is a duty to report to Audit & Supervisory Board Members.

(4) Promptly react to any occurrence of contingencies and disclose information

In case of occurrence of a contingency that may have significant effects on the operation of the Company, a crisis management office directed by the President and CEO as the head will be established to collect information, confirm facts and circumstance, develop and implement countermeasures, and properly disclose information in a timely manner.

The different types of manuals (Earthquake response, BCP outline, Detailed BCP, Other) that were previously used in relation to natural disasters, which come under the category of unexpected situations, have been integrated into one New Disaster Response Manual, which was created during the fiscal year under review and which will come into use from the next fiscal year.

4. Efficient Execution of Duties by the Directors

(1) Carry out deliberation and decision-making on the important management matters, in an efficient, timely and appropriate manner

In addition to the regular meetings of the Board of Directors, which are held on a monthly basis, extraordinary meetings of the Board of Directors are held flexibly in order to make decisions promptly (regular meetings were held 12 times, and extraordinary meetings were held nine times during the current period).

In order to further enrich and to make more efficient the deliberations of the Board of Directors, we have implemented management meetings and pre-Board meeting discussions to confer beforehand on matters to be resolved by the Board of Directors.

At the beginning of the fiscal year under review, we reconsidered matters to be resolved and matters to be reported to the Board of Directors, as a result of which some matters were

made items to be resolved by Directors who execute business, with the aim of enabling fuller deliberation of the more important matters at the Board of Directors.

(2) Eliminate excessive pursuit of efficiencies in the management plans, etc. and pursue the balance with the soundness

Corporate philosophy has been formulated to thoroughly communicate the management policy and the direction the Group should take, and a three-year medium-term management plan and annual business plans and budgets are formulated in accordance with the philosophy.

With regard to the annual business plans and budgets, we draw up guidelines based on the economic environment in Japan and overseas, the operating environment in the real estate market and the earnings trend for the term in progress, conduct separate discussions with each department and group company, and based on the outcome of which we make our final decisions.

(3) Establish a system to allow appropriate and efficient execution of business

We have been implementing modifications and alterations in order to realize appropriate and efficient organizations and structures. This is in response to changes in the content of the businesses, the increase in employees associated with the expansion of business, and the increase in the number of group companies, etc.

From the beginning of the fiscal year under review, control of parts of the Accounting Department (previously the Finance & Accounting Department) and the Corporate Planning Department have been transferred. During the fiscal year under review, it was also decided that from next fiscal year the Asset Solution Department 2 will shift from a structure with two businesses to a structure with three businesses.

5. Properness of operations of entire Group

(1) Ensure compliance with laws and regulations by officers and employees of each Group companies

Two major Group companies are required to establish their own risk management and compliance program at the beginning of the fiscal year, and at these companies, the compliance with laws and regulations are thoroughly informed, and trainings, etc. are carried out to promote their awareness. Other Group companies are required to attend the trainings conducted by the Company to foster their awareness. Furthermore, responsible personnel of each Group company are required to attend meetings of the Company's Risk Management and Compliance Committee and business law liaison meetings to ensure information sharing and reporting from each company. In addition, the Company's in-house booklets about compliance with laws and regulations are distributed to the Group companies to keep them informed of the importance of compliance.

The same compliance questionnaire as the Company is conducted in order to assess the

effectiveness of compliance trainings and the degree of awareness, identify issues of each company, and consider responses to such issues.

(2) Ensure thorough understanding, analysis and assessment of operational risks related to each Group company, and responses to contingencies

At least one of the Company's full-time Directors, Audit & Supervisory Board Members, and Executive Officers is assigned as a part-time Officer for each Group company with the remit of monitoring and supervising the Directors and the Board of each company.

Every three months, representative directors of each Group company report management issues, any problems that have emerged and responses to latent risks at the meetings of the Board of Directors of the Company, and at the pre-Board meeting discussions in other months. In addition, those responsible for risk management at each company are required to attend the Risk Management and Compliance Committee's meeting to ensure thorough sharing of information and reporting by each company.

Moreover, the response of these companies to problems that have emerged is continuously monitored by the Company's Internal Audit Department, which may also conduct checks using external agencies as necessary, with the results being reported to the President and CEO of the Company and reported at the Board of Directors' meeting.

(3) Formulate a medium-term management plan, business plans for single fiscal year and budgets relating to the entire Group, manage the progress of these plans, and respond to new issues appropriately

Based on the medium-term business plan in line with the Group's corporate philosophy, annual business plans and budgets are prepared toward the achievement of such plan.

With regard to the annual business plans and budgets, we draw up guidelines based on the environment for the business of each group company and on the earnings trend for the term in progress, then make decisions based on separate discussions with each group company.

The progress of the business plans and budgets is reported by representative directors of each company at the Board of Directors' meeting and the pre-Board meeting discussion of the Company on a monthly basis, and also, responses to new issues are deliberated and areas to be focused during the next half year period are specified at the growth strategy meeting held with each company on a half-yearly basis.

(4) Establish a system for prompt reporting of significant matters of each Group company to the Company

In addition to monthly reports at the meetings of the Board of Directors and the Risk Management and Compliance Committee of the Company, full-time Directors, Audit & Supervisory Board Members, executive officers who serve concurrently as officers of Group companies report to the President and CEO of the Company as necessary.

Any contingencies, if occurred, are immediately reported to the chairman of the Risk Management and Compliance Committee of the Company, and a contingency management meeting composed of members including officers of the Company and each Group company

is established to deliberate and implement countermeasures as a Group and to disclose information in a timely and appropriate manner.

(5) Enhance the system for ensuring the appropriateness of the financial reporting relating to the entire Group

In order to ensure the appropriateness of the financial reporting and the expeditious consolidated financial closing, the Accounting Department of the Company holds a financial closing meeting with the accounting department of each Group company for every quarterly closing to share information and provide instructions for accounting procedures.

Furthermore, annual plans for internal control (J-SOX) are prepared to ensure the appropriateness of the financial reporting, and in accordance with the plans, the Internal Audit Department of the Company conducts self-assessments and the audit corporation conducts independent assessments.

(6) Eliminate wrongful acts and/or irregular transactions using the Group

Wrongful acts and/or irregular transactions are overseen by providing management reports of each Group company at the Board of Directors' meeting etc. of the Company and having opinion-exchanging meetings (twice a year) attended by Audit & Supervisory Board Members of the Company with representative directors of major Group companies. Also, rules have been established requiring any significant transactions by a Group company with the Company or other Group companies to be reported in advance to the Board of Directors of the Company.

6. System to ensure effective auditing by Audit & Supervisory Board Members

(1) Designate members of staff to assist Audit & Supervisory Board Members in their duties

Designate members of staff to assist Audit & Supervisory Board Members in their duties

The Internal Audit Department has been assigned as the department in charge, and the personnel of the Internal Audit Department provide assistant duties under the command of Audit & Supervisory Board Members and carry out administrative duties for the Audit & Supervisory Board.

(2) Ensure the independence of the aforementioned members of staff from Directors

Evaluations, rewards and punishments, and transfers of personnel of the Internal Audit Department are carried out after the concurrence from the Audit & Supervisory Board is obtained in advance.

(3) Ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees who have identified occurrence or signs of any material losses, any breach of laws and regulations or misconduct, and prompt responses to the inquiry from Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members are provided with reports about various

issues of the Company and each Group company regarding all aspects of management by full-time Directors at corporate governance meetings. The President and CEO makes reports on his areas of responsibility in the interviews by full-time Audit & Supervisory Board Members once a month, whereas other full-time Directors make such reports once a quarter and heads of each division make the reports twice a year. In addition to the events and signs that may lead to potential significant risks, any individual surfacing issues are reported to Audit & Supervisory Board Members in a timely and appropriate manner.

(4) Ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees of each Group companies who have identified occurrence and signs of any material losses attributable to the management of each Group company, any breach of laws and regulations or misconduct, and prompt responses to the inquiry from Audit & Supervisory Board Members

At the Board of Directors' meetings or the pre-Board meeting discussions of the Company, each Group company is required to report occurrence and signs of any material losses along with the monthly management reporting. In addition, full-time Audit & Supervisory Board Members of the Company have interviews with representative directors of each Group company on a regular basis (once at the investigation of subsidiaries, twice a year upon opinion-exchanging meetings) to share information and exchange opinions about significant risks associated with management of the Group company.

At morning briefings and training sessions, all officers and employees of the Group are informed that those who identify any breach of laws and regulations or misconduct have a duty to report Audit & Supervisory Board Members of the Company promptly.

(5) Ensure full notification of prohibition of disadvantageous treatments for the reason of a report by officers and employees of the Company and the Group companies to Audit & Supervisory Board Members

Regulations of the Company explicitly state that those who report Audit & Supervisory Board Members or whistle-blowers are protected from any disadvantageous treatments, and such policy is informed at training sessions, etc.

(6) Develop a whistle-blowing system across the entire Group and promptly report to Audit & Supervisory Board Members if whistle-blowing occurs

The Company established a whistle-blowing system that provides internal contact point that leads to the chairman of the Risk management and Compliance Committee of the Company, the contact point that leads to full-time Audit & Supervisory Board Members of the Company and external contact point that leads to a third party organization where anonymity of the whistle-blower is preserved. All officers and employees of the Group are provided with a pocket-size card on which the contact points of the whistle-blowing system are listed, and are informed of the system through various training sessions relating to risk management and compliance, morning briefings, and the publication of internal notice, etc.

Reports to the internal and external contact points, if any, are promptly reported to Audit &

Supervisory Board Members, and when no whistle-blowing has occurred, this fact is reported on a monthly basis.

(7) Allowance for expenses associated with execution of duties of Audit & Supervisory Board Members

Expenses required for audit activities by Audit & Supervisory Board Members are appropriated in the budget, and expenditures are reimbursed in a timely manner. Also, any unbudgeted expenditures required for audit activities are properly handled.

(8) Directors' understanding of and support for the audits by Audit & Supervisory Board Members and proactive improvement of the issues raised by Audit & Supervisory Board Members

At the Board of Directors' meeting subsequent to the Ordinary General Meeting of Shareholders, the Directors receive explanations of Audit & Supervisory Board Members' annual audit plans and make efforts to understand such plans and cooperate in their implementation. At the Board of Directors' meeting once every three months, Directors report the status of their responses to the issues raised by full-time Audit & Supervisory Board Members in the monthly audit reports as well as the issues pointed out and matters requested to be considered in the quarterly meetings in which the audit corporation explains its audit result to the Directors.

With the aim of enhancing the threefold auditing structure, full-time Directors provide appropriate cooperation for holding periodic meetings in which the audit corporation reports to the Audit & Supervisory Board Members (Audit & Supervisory Board) as well as the periodic meetings at which Audit & Supervisory Board Members and Internal Audit Department exchange opinions.

(9) Cooperation by Directors aiming to enhance audits by Audit & Supervisory Board Members across the entire Group

In addition to the Board of Directors' meetings and the pre-Board meeting discussions, full-time Audit & Supervisory Board Members attend the important meetings of the Company (corporate governance meetings, management meetings, the Risk Management and Compliance Committee's meetings, the Information Disclosure Committee's meetings, and the growth strategy meeting) to verify the management conditions of the entire Group, risk and financial information, and to share the information on those. Furthermore, in addition to the periodic interviews by full-time Audit & Supervisory Board Members with full-time Directors including the President and CEO, executive officers, and representative directors of the Company's subsidiaries, the liaison meetings of Audit & Supervisory Board Members of the Group companies are held on a half-yearly basis with necessary cooperation by full-time Directors.

2. Basic Policies for Eliminating Anti-social Forces and Progress of System Establishment

The Company recognizes any association with anti-social forces will result in a breach of laws and regulations. The Company always treats this as a critical matter and takes countermeasures so as to refuse any transaction with such. In the event any dispute arises between the Company and anti-social forces, it will stand firmly against them.

In ordinary times, the Company makes it a rule to research and confirm that new business counterparty is not one of the anti-social forces, prior to the commencement of any transaction. If any issue arises, it will be handled, not by an individual, but by a team including the Administration & HR department (to which an officer responsible for unreasonable claim preventions belongs), and the Company will also coordinate closely with the legal counsel and the office of police responsible for the area. In addition to developing "The manual for acting against anti-social forces", the Company has provided the basic policies for eliminating any contact with anti-social forces and the checkpoints on the specific actions in the Company's compliance guidebook. The Company annually offers a training session and educate its employees in coping with such anti-social forces.

V. Others

1. Whether Takeover Defense Measures Are in Place

Whether Takeover Defense Measures Are in Place	Yes

Supplementary Explanation Concerning the Subject Matter

Basic Policy as to How the Persons Who Control Decision-making of the Financial and Business Policies of the Company Should Be

(1) Contents of the basic policy

The Company believes it is necessary for the persons who control decision-making regarding the Company's financial and business policies to have a sufficient understanding of the financial and business affairs of the Company and the source of its corporate value, and to be capable of continuously and sustainably ensuring and enhancing the Company's corporate value and, in turn, the common interests of its shareholders.

The Company also believes that decisions regarding takeover propositions involving a change of control of the Company should ultimately be made based on the will of the shareholders of the Company as a whole. Furthermore, the Company will not reject a large-scale acquisition offer of the shares of the Company if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

Nevertheless, among them are not a few forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders. Such acquisitions include those with a purpose that would apparently harm the corporate value of the target company and the common interests of its shareholders, those with the potential to practically coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition offer, or for the target company's board of directors to make an alternative proposal, and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms than those originally presented by the acquirer.

It is particularly necessary and essential for the persons who make decisions on the Company's financial and business policies to (i) maintain the system under which the Company internally covers the six business fields that allow the "integration of real estate and finance," which leads to maximization of the potential of the Company group, (ii) maintain employees who support that system with knowledge and experience specializing in real estate and finance, (iii) maintain the Company's trust in the real estate industry that has been built up over a long period of time based on the establishment of the ability and information networks supporting various value creation technologies, and (iv) master knowhow that enables comprehensive business. Unless the acquirer of a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value of the Company as well as the details of financial and business affairs of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

The Company believes that a person who undertakes a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders will not be the right person to control decisions on the Company's financial and business policies. The Company believes that it needs to secure the corporate value of the Company and, in turn, the common interests of its shareholders, by taking necessary and appropriate countermeasures against such large-scale acquisition offers,

(2) Overview of the special measures to realize the basic policy

Under the new medium-term management plan called "Advancing Together 2017" (the targeted period of the plan is three years from December 2014 to November 2017), the Company group aims to further strengthen the business infrastructure by expanding and developing of the existing six business areas and considering its advance to peripheral areas of business, to build optimum corporate governance for expansion of the Company group and increase of the employees which are entailed in expansion of the business, and to establish efficient organization management structure. Further, the Company group will emphasize the cultivation of the most valuable asset of the Company group, i.e. the human resources to increase satisfaction of the employees of the

Company group. As the Basic Policy in the new medium-term management plan for the further growth of the Company group, the Company group is determined to establish the original and distinctive "Tosei brand" by providing products ensuring high customer satisfaction and high-quality services. Based on these policies, the Company group is dedicated to redefine existing ideas with the spirit of challenge and advance as the risk-taking group of companies, to aim "creation of new values and sensation as the truly globally-minded and promising professionals".

The Company group has previously appointed multiple outside directors (two members), invited all Audit & Supervisory Board Members (five members) from outside the company, and has notified all of the above seven outside directors and Audit & Supervisory Board Members as "independent directors and/or Audit & Supervisory Board Members" in accordance with the "Principles of Corporate Governance for Listed Companies" of the Tokyo Stock Exchange. Also, the Company group has reinforced the business execution function by the introduction of the executive officer system, and the establishment of the corporate governance board, and will continue to endeavor to further strengthen corporate governance. Specifically, the Company group will focus on putting into practice actions based on a high-level awareness of compliance through raising awareness from the level of "role model" to that of "ideal" in accordance with the Compliance Principles of the Company, thorough implementation of risk management by correctly understanding and analyzing risks involved in corporate activities, continuous performance of accountability to various stakeholders including investors by promptly publicly disclosing correct corporate information under the spirit of fair disclosure, and other efforts for strengthening corporate governance.

(3) Overview of the measures to prevent persons deemed as inappropriate, in view of the basic policy, from controlling the decisions on the Company's financial and business policies

This plan is a measure to prevent persons deemed as inappropriate, in view of the aforementioned basic policy, from controlling the decisions on the Company's financial and business policies, and its objective is to ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The plan stipulates procedures to be followed in an acquisition, etc. of shares, etc. of the Company ((A) a purchase and/or other acquisition of the shares and the like issued by the Company that would result in the holding ratio of share certificates, etc. *(kabuken tou hoyuu wariai)* of a holder *(hoyuusha)* of 20% or more; or (B) a tender offer *(koukai kaitsuke)* with respect to the shares, etc. issued by the Company that would result in the sum of the offeror's ownership ratio, and that of the persons having a special relationship with the offeror, of 20% or more; or any actions similar to (A) or (B) above) by those trying to acquire (hereinafter, the "Acquirer").

Specifically, the Acquirer must provide the Company a statement of undertaking and an acquisition document that includes necessary information, prior to making an acquisition.

Upon receiving these documents, an independent committee will conduct the review of the acquisition terms, collection of information on materials such as the management plans and business plans of the Acquirer and the Company's board of directors and comparison thereof, the review of alternative plans, etc. presented by the Company's board of directors, and discussions and negotiations with the Acquirer, while obtaining advice from independent experts. In the meantime, the Company will disclose information in a timely manner.

When the acquisition is not in compliance with the procedures stipulated in the plan, and/or there is possibility of such offer to apparently cause harm to the corporate value of the Company and, in turn, to the common interests of shareholders, and it is appropriate for the Company to implement the gratis allotment of stock acquisition rights, the independent committee will recommend the implementation the gratis allotment of stock acquisition rights to the Company's board of directors. In addition, when a meeting of shareholders is convened to confirm the intent of the Company's shareholders, the Company's board of directors will comply with the shareholders' intent. These stock acquisition rights will be allotted with an exercise condition that does not allow, as a general rule, the Acquirer to exercise the rights and an acquisition provision to the effect that the Company will acquire the stock acquisition rights in exchange for shares of the Company from persons other than the Acquirer. The Company's board of directors will resolve, as an agency stipulated by the Companies Act, as to the implementation or non-implementation of the gratis allotment of stock acquisition rights, fully respecting the recommendation of the Independent Committee. In addition, when a meeting of shareholders is convened to confirm the intent of the Company's shareholders, the Company's board of directors will follow the shareholders' intent. If the procedures under this plan have commenced, the Acquirer must refrain from making any acquisition until the Company's board of directors resolves not to trigger the plan. The plan will remain in effect until the conclusion of the ordinary general meeting of shareholders for the last fiscal year ending within three years of the conclusion of the 65nd Ordinary General Meeting of Shareholders. However, if, before the expiration of the effective period, the Company's board of directors resolves to abolish the plan, the plan will be abolished at that time.

(4) Assessment by the Company's board of directors regarding specific measures and reasons thereof

Company's board of directors is of the view that the various measures to enhance the corporate value, including the new medium-term management plan and other measures to strengthen corporate governance have been established as specific actions to continuously and sustainably enhance the corporate value of the Company and, in turn, the common interests of its shareholders, and that these are in line with the basic policy, do not undermine the common interests of the Company's shareholders and are not for the purpose of maintaining the positions of the Company's corporate officers.

In addition, the Company's board of directors is of the view that the plan is in line with the basic policy, does not undermine the common interests of the Company's shareholders, and is not for the

purpose of maintaining the positions of the Company's corporate officers, based on the following reasons: an approval at the general meeting of shareholders has been obtained for its renewal; its maximum effective period is stipulated to be three years and it can be abolished at any time by the resolution of the Company's board of directors; an independent committee, which is comprised of the members that are independent of the management of the Company, has been established and the countermeasures stipulated in the plan requires the decision by the independent committee for actual executions; and the plan fully satisfies the three principles set out in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

2. Other Matters Concerning the Corporate Governance System

1. Overview of the Corporate Governance System

Tosei Group has implemented the "system to ensure that directors' execution of duties comply with relevant laws and regulations as well as the articles of incorporation, and other systems to ensure appropriateness in the operations of the Company", as stipulated in the Company Act (so called "an internal control system"). (Please refer to "Basic Policies of Internal Control Systems and the Progress of the System Development" for the detail.) Furthermore, the Group works to enhance its risk management system and offers compliance training for all of its employees in the Group, as well as to develop and enhance the timely information disclosure system. The Group also supports the preservation of the natural environment through its business activities such as promoting the development and/or refurbishment of environmentally-friendly office/condominium buildings and promoting in-house energy savings as well as tree-planting activities. Since 2011, the company has also been conducting the volunteer activities to support those areas affected by the Great East Japan Earthquake.

2. Overview of Timely Information Disclosure System

(1) Basic Policy

Tosei Corporation takes its stand on the viewpoint of corporate governance and the company's social responsibility, as well as on the understanding that the enterprise value is the standard of the market. Therefore, it believes that a proper management of the corporate information and a timely and rational disclosure of the important information is the most important responsibility of a corporation. Hence, the Company is making efforts to develop necessary internal systems for its timely information disclosure, in order to firmly establish the investors' trust in the Company and the credit standing of the Company in the capital market.

(2) System for a Timely Information Disclosure

(A) The Officers/Department in Charge of Information Disclosure

(i) The Officers/Departments in Charge of Information Disclosure

The executive responsible for the Company's information disclosure is the Senior Executive Officer of Administrative Division and the department in charge is the Accounting Department.

(ii) Information Disclosure Committee

The Company has a deliberation body, the Information Disclosure Committee which consolidates and then shares all the relevant information, reviews and determines necessity and contents of the disclosure, in order to ensure a proper and timely disclosure of the corporate information.

Chaired by the executive in charge of information disclosure, the Disclosure Committee is constituted by Company's the Senior Executive Officers of each division, and the Executive Officers of each department appointed by the chair in charge of information disclosure, Accounting Department functioning as a secretarial office. The Disclosure Committee is responsible for ensuring the Company's disclosure in accordance with the relevant laws and regulations described in (C) below.

(B) Identifying and Verifying Information to be Disclosed

In order for the Company to disclose its corporate information in a proper and timely manner, the Accounting Department in charge of the information disclosure works to establish a system which enables close communications with the Board of Directors, the Management Committee, the operational and administrative departments, as well as the Company's subsidiaries.

(i) The Board of Directors, Pre-Board meeting discussion, and Management Committee Meetings

The officer in charge of information disclosure is a constituent member of the Board of Directors, the Pre-Board meeting discussion and the Management Committee Meeting, and the Company maintains a system which allows prompt identification of the matters that may require timely disclosures.

(ii) The Operational and Administrative Divisions

As for the operational and administrative divisions, the Administration & HR Department reviews the circulated approval request memorandums, from the compliance standpoint. This enables the Accounting Department to identify the matters which may be subject to information disclosure.

(iii) The Subsidiaries

We are striving to verify conditions of the Company's subsidiaries by requiring a monthly report regarding the operational conditions of the Company's subsidiaries at the Pre-Board meeting discussion, in addition to requiring an operational report from the Board of Directors once a quarter. Also, the Company maintains a system through which it acquires their information requiring information disclosure by such measures as sending directors to the subsidiaries.

(C) The Guidelines for Timey Information Disclosure

The following laws and regulations are referred to by the Company as the basis in determining the necessity of timely disclosure of its corporate information:

(i) Companies Act, Financial Instruments and Exchange Act, and other relevant laws and regulations

(ii) Rules and regulations of the Tokyo Stock Exchange

(iii) Rules and regulations of the Singapore Exchange, which the Company is required to comply with because of its secondary listing on the said Exchange

(iv) The Articles of Incorporation of the Company

(v) The Insider Trading Prevention Regulations of the Company

(vi) The Information Disclosure Regulations of the Company

(vii) The Disclosure Policies of the Company (available on the Company's website)

(D) Operational Flow of the Information Disclosure (Please refer to the appendix.)

- The significant information of the Company as determined in our Information Disclosure Regulations, such as "information legally required to be disclosed", "information required to be timely disclosed", or "information required to be disclosed by the Singapore Exchange", is promptly reported by the relevant operational department to the Corporate Planning Department, a secretarial office of the Company's management committee meetings, or to the Administration & HR Department, a secretarial office of the board meetings. The Corporate Planning Department and/or the Administration & HR Department then instruct the subject departments to carefully manage such information and review the details of such information if necessary and promptly make a report to the Accounting Department.

- The Accounting Department as the office of the Information Disclosure Committee reports such pieces of information to the Committee for its review, and the Committee determines whether the disclosure is necessary.

- With respect to the information whose disclosure is decided to be necessary, the

Accounting Department drafts up the disclosure documents, with the advice/guidance of the legal counsels and/or the accounting auditors as appropriate, and the Administration & HR Department confirms the contents of the disclosure. In finalizing the contents of the disclosure, the Corporate Planning Department further obtains a resolution from the Board of Directors on those matters requiring the board resolutions, and/or an approval by the President and CEO for other matters requiring the Company's approvals.

(E) Procedures for a Timely Disclosure

(i) General Procedure

The Accounting Department makes timely disclosure though the "Timely Disclosure Network (TDnet)" operated by the Tokyo Stock Exchange. It also discloses the same information in English simultaneously through "SGXNET" operated by the Singapore Exchange. Upon such disclosure, the Company also distributes an announcement on the disclosed information to press clubs and other media immediately. Such announcement is also posted on the Company's corporate website. The Company actively discloses other information which is not subject to the timely disclosure requirements on the website, from the standpoint of investors' fairness.

(ii) Emergency Case Procedure

The information is disclosed promptly based on the judgment by the President and CEO or the Senior Executive Officer in charge of the information disclosure.

(3) Managing Corporate Information

(A) Preventing Information Leakage

In accordance with the Insider Trading Prevention Regulations, the Executive Officer of Administrative Division serves as the person responsible for management of the significant insider information within the Company, communication with the Japan Securities Dealers Association, and management of a timely disclosure of the Company's internal control (the Officer in Charge of Information Handling). With respect to the insider information, access and utilization are limited only to those whose access is deemed as necessary in the course of business duty. Further, the General Managers of each department take such measures as placing strict controls over the storage of documents and electronic data that contain such insider information he/she obtained in the course of duty, so as to prevent any leakage. In the event drafting of document and/or preparation of material is outsourced, the Company takes appropriate actions to ensure confidentiality.

(B) Insider Trading Regulation

In an effort to prevent its employees and officers from committing insider trading , the Company has set out the items to be observed by its employees and officers with respect to handling of the Company's insider information they obtained in the course of their duty, restrictions on trading of the Company's shares and other transactions, as well as fulfilling their operational duties, in accordance with the Insider Trading Prevention Regulations. Further, it works to enhance the effectiveness of the regulations by requiring the following specific actions:

(i) Restrictions on the trading conducted by the Company's employees and directors

The Company requires its employees and directors, as a base rule, to submit an "application for trading of shares, etc." to the officer in charge of handling insider information for his/her approval, when they are to transact in the shares of the Company. It also requires them to report the results of such trading to the officer in charge of handling insider information, using the "report of securities trading results".

(ii) Managing of insider Information

In the event where any information of the Company or other listed companies that may be deemed insider information came to the knowledge of the Company's employees and/or directors, the Company requires them to submit "report on accessing internal information of the Company" or "report on accessing internal information of other companies", and reports to the officer responsible for handling internal information.

(iii) Periodical activity reports by Information Disclosure Committee at the board meetings

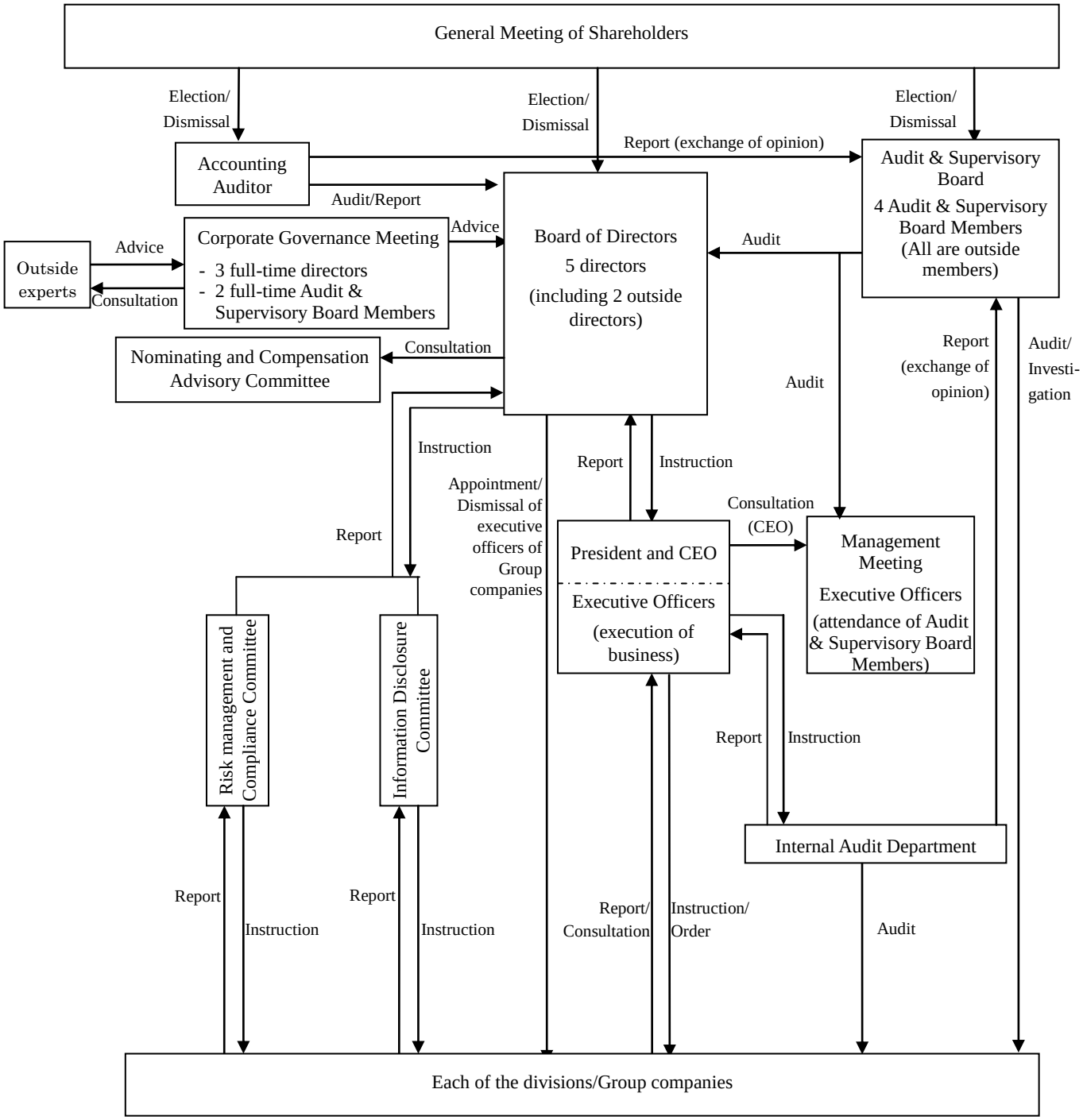
With respect to the "activities done by the Information Disclosure Committee", the Company designates such activities as one of the agenda items to be regularly reported at the monthly board meetings (the party in charge of the regular reporting agenda is the Administration & HR Department), to ensure that its directors are fully aware of the current status of the Company's timely disclosure and information control.

(iv) Educating employees and directors of the Company

The Company tries to educate and enlighten its employees and directors regarding the insider trading issues, during the training sessions organized by the Administration & HR Department.

The End of Document

Tosei Corporation's Corporate Governance System - Diagram



Tosei Corporation's Information Disclosure - Operational Flow

