

(REIT) Financial Report for the Fiscal Period Ended April 30, 2018

June 15, 2018

REIT Securities Issuer: Tosei Reit Investment Corporation Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3451 URL: <http://www.tosei-reit.co.jp/en/>
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Scheduled date of submission of securities report: July 30, 2018

Scheduled date of commencement of cash distribution payment: July 6, 2018

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing meeting: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest JPY million)

1. Status of Management and Assets for Fiscal Period Ended April 30, 2018 (November 1, 2017 – April 30, 2018)

(1) Management (% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Ended Apr. 30, 2018	2,002	22.6	1,001	32.6	828	33.6	828	33.6
Ended Oct. 31, 2017	1,633	1.0	754	(4.7)	620	(5.8)	619	(5.8)

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	JPY	%	%	%
Ended Apr. 30, 2018	3,532	3.8	1.8	41.4
Ended Oct. 31, 2017	3,382	3.2	1.5	38.0

(2) Cash Distributions

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution per unit (including cash distribution in excess of earnings)	Total cash distribution (including cash distribution in excess of earnings)	Payout ratio	Ratio of cash distribution to net assets
	JPY	JPY million	JPY	JPY million	JPY	JPY million	%	%
Ended Apr. 30, 2018	3,532	827	0	0	3,532	827	99.9	3.3
Ended Oct. 31, 2017	3,382	619	0	0	3,382	619	99.9	3.1

(Note 1) Payout ratio is calculated using the following formula and rounded down to one decimal place. Payout ratio = Total cash distribution (not including cash distribution in excess of earnings) / net income × 100

(Note 2) Ratio of cash distribution to net assets is calculated using the following formula and rounded down to one decimal place.

Ratio of cash distribution to net assets = Cash distribution per unit (not including cash distribution in excess of earnings) / {(net assets per unit at the beginning of the fiscal period + net assets per unit at the end of the fiscal period) / 2} × 100

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	JPY million	JPY million	%	JPY
Ended Apr. 30, 2018	51,272	24,731	48.2	105,510
Ended Oct. 31, 2017	40,351	19,357	48.0	105,665

(4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
Ended Apr. 30, 2018	989	(9,786)	9,693	5,067
Ended Oct. 31, 2017	1,026	(20)	(678)	4,171

2. Forecast for Management Status for Fiscal Period Ending October 31, 2018 (May 1, 2018 – October 31, 2018) and
Forecast for Management Status for Fiscal Period Ending April 30, 2019 (November 1, 2018 – April 30, 2019)
(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Ending Oct. 31, 2018	1,997	(0.2)	949	(5.2)	772	(6.9)	771	(6.9)	3,289	0
Ending Apr. 30, 2019	1,983	(0.7)	943	(0.6)	765	(0.8)	764	(0.8)	3,263	0

(Reference) Forecast net income per unit for the fiscal period ending October 31, 2018 is JPY3,289 and the fiscal period ending April 30, 2019 is JPY 3,263 (assuming total number of investment units issued and outstanding at end of period of 234,400 units).

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

- ① Total number of investment units issued and outstanding
(including own investment units) at end of period
- ② Number of own investment units at end of period

Fiscal period ended April 30, 2018	234,400 units
Fiscal period ended October 31, 2017	183,200 units
Fiscal period ended April 30, 2018	0 units
Fiscal period ended October 31, 2017	0 units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to
“Notes on Per Unit Information” on page 29.

* Presentation of the status of implementation of audit procedures

This financial report is exempt from the audit procedures pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the “Financial Instruments and Exchange Act”) and, at the time of disclosure of this financial report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of the appropriate use of the forecast for management status, and other matters of special note

The outlook for management status and other forward-looking statements contained in this document is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the forecast for management status, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2018 and Fiscal Period Ending April 30, 2019” on page 8.

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1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there is no significant change from “Structure of the Investment Corporation” in the recent securities report (submitted on January 30, 2018).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Target” and “Cash Distribution Policy” in the recent securities report (submitted on January 30, 2018).

(2) Management Status

① Overview of the Fiscal Period Under Review

(a) Key Developments of the Investment Corporation

Tosei Reit was incorporated by Tosei Asset Advisors, Inc. (the “Asset Management Company”) as the organizer under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; as amended) (the “Investment Trusts Act”) with investments in capital of JPY960 million (9,600 units) on September 4, 2014, and completed registration with the Kanto Local Finance Bureau on September 22, 2014 (Director-General of the Kanto Local Finance Bureau Registration No. 96).

With issuance of new investment units through public offering (86,400 units) on November 26, 2014, Tosei Reit listed on the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) Real Estate Investment Trust Securities Market (the “J-REIT market” (Note)) (Securities Code: 3451) on November 27, 2014. The total number of investment units issued and outstanding at the end of the fiscal period stands at 234,400 units.

(Note) “J-REIT” refers to a listed real estate investment corporation. In addition, “J-REIT market” refers to the real estate investment trust securities market established by Tokyo Stock Exchange. The same applies hereinafter.

(b) Investment Environment and Management Performance

Investment Environment:

In the fiscal period under review (7th Period: fiscal period ended April 30, 2018), the Japanese economy has continued to expand gradually against the backdrop of an extremely relaxed financial environment and support from the government’s various economic measures amid continued steady growth of overseas economies.

In the real estate investment market, although investment demand is strong, investment opportunities are limited. Particularly in Tokyo 5 central wards (Note 1), the investment ratio is on a downward trend while the investment ratio of the Tokyo metropolitan area (Note 2) other than Tokyo is on an upward trend. In addition, the appraisal value of assets owned by J-REITs is still on the rise although the increase margin has been shrinking.

In the real estate leasing market, Tokyo business district (Tokyo 5 central wards) office vacancy rates continue to remain on a downward trend, and average rent also has continued on a slightly increasing trend (according to research by Miki Shoji Co., Ltd.) In addition, the vacancy rates of Tokyo metropolitan area rental housing also remain at a low level while the level of rent unit prices remain high.

Management Performance:

Under such environment, as of the end of the fiscal period under review, Tosei Reit owns 31 properties with the total acquisition price (Note 3) of JPY45,996 million and the occupancy rate of the assets under management is 98.2%.

(Note 1) “Tokyo 5 central wards” collectively refers to Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards. The same applies hereinafter.

(Note 2) “Tokyo metropolitan area” collectively refers to Tokyo, Kanagawa, Saitama, and Chiba prefectures. The same applies hereinafter.

(Note 3) “Acquisition price” is the sale and purchase price stated in the real estate trust beneficiary right sale and purchase contract. The sale and purchase price is excluding consumption tax, local consumption tax and various expenses required for the acquisition. The same applies hereinafter.

(c) Overview of Fund Procurement

In the procurement of funds for acquisition of assets, Tosei Reit adopts a basic policy of establishing stable and sound financial standing over the medium to long term with securing of revenue and sustainable growth of asset value in mind. The following fund procurement was conducted during the fiscal period under review.

Tosei Reit conducted issuance of new investment units through public offering (51,200 units) with November 1, 2017 as payment date and procured JPY5,161 million.

In addition, funds were procured through interest-bearing debt (long-term loans of JPY3,700 million and short-term loans of JPY1,600 million on November 2, 2017) to allocate for the acquisition of real estate trust beneficiary rights (eight properties) and for the related expenses. Furthermore, long-term loans of JPY2,000 million were refinanced on November 30, 2017.

As of April 30, 2018, unitholders' capital was JPY23,907 million and interest-bearing debt outstanding was the amount of JPY24,000 million. At the end of the fiscal period under review, the ratio of interest-bearing debt to total assets (LTV) was 46.8%.

(d) Overview of Business Performance and Cash Distribution

As a result of the management described above, business performance in the fiscal period under review was operating revenue of JPY2,002 million (up 22.6% period-on-period) and operating income of JPY1,001 million (up 32.6% period-on-period), and that after deducting interest expenses on loans and other expenses was ordinary income of JPY828 million (up 33.6% period-on-period) and net income of JPY828 million (up 33.6% period-on-period).

Concerning cash distribution in the fiscal period under review, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit and to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) (the "Special Taxation Measures Act")), Tosei Reit decided to distribute almost the entire amount remaining after subtracting the reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit of JPY3,532.

② Outlook for the Next Fiscal Period

Under the government-funded support and accommodative financial environment, not only Japanese corporate bodies including J-REITs, individual and institutional investors, but also overseas firms, investment funds, etc. are expected to continue investing in Japanese real estate. Thus, for the time being, acquisition competition and the trend of rising real estate transaction prices in the real estate transaction market are likely to continue to a certain degree.

Furthermore, with regard to the real estate leasing market, the gradual expansion trend in economy is continuing. Amid such, the Tokyo metropolitan area office, retail facility and residential property leasing market is believed to continue showing a trend of improvement, albeit moderate, in both occupancy rates and rent unit prices.

Future Management Policy and Challenges to Address

(a) Management Policy:

Tosei Reit engages in management and investment for the purpose of utilization and revitalization of the "vast existing building stock" (Note 1) in Japan's real estate market by leveraging the core competencies of Tosei Corporation (Note 2) (the "Sponsor" or "Tosei") of "good judgment" (Note 2), "leasing capability" (Note 2) and "revitalization capability" (Note 2), by investing primarily in highly advantageous real estate properties located in areas where acquisition competition is relatively low and where high yields can be expected or properties with strong potential regardless of the properties' age.

Also, when Tosei Reit acquires assets from the Sponsor as sourcing support, the Sponsor demonstrates its core competencies of leasing capability and revitalization capability during the period that it holds the target properties, allowing Tosei Reit to acquire assets generating stable revenue. In addition, even in cases where Tosei Reit acquires assets from sources other than the Sponsor, leveraging the leasing capability of not only the Asset Management Company but also the Sponsor allows Tosei Reit to achieve early enhancement of the revenue-generating potential of the held assets under management.

(Note 1) “Existing building stock” collectively refers to building assets which were constructed in the past and still exist at present.

(Note 2) “Core competencies of Tosei” collectively refers to three forms of know-how. Specifically, (a) the know-how to comprehensively assess an investment property based on factors including location, size, age, facilities/specifications and structure, and to assess a property’s competitiveness and potential as a rental property (“good judgment”), (b) the know-how to raise the level of satisfaction among tenants through appropriate management of investment properties, and to improve and/or maintain occupancy rates with leasing activities that match a property’s specific features (“leasing capability”) and (c) the know-how to improve and/or maintain the competitiveness of a property by assessing the property’s current competitiveness in the market, followed by performing any necessary refurbishments or renovations at the appropriate time (“revitalization capability”). The same applies hereinafter.

(Note 3) “Cap rate” refers to the figure arrived at when NOI is divided by the real estate price. In addition, “NOI” refers to net operating income by the direct capitalization method. Please note that NOI is income before depreciation, and the expected cap rate based on income less depreciation would be lower than this. It is also different from net cash flow (NCF), which is NOI plus financial interests on deposits and less capital expenditure.

(b) Expansion of Asset Size (Note 1)

Tosei Reit manages assets totaling 31 properties and amounting to JPY45,996 million as of the end of the fiscal period under review, but early expansion in size is thought to be necessary to realize stable cash distribution to unitholders.

In today’s real estate market in which acquisition competition is fierce, Tosei Reit will aim for external growth through acquisition of carefully-selected properties that can be expected to have relatively high yields, while securing diverse investment opportunities by leveraging the sourcing support of the Sponsor along with also leveraging the Asset Management Company’s own network from its management of private placement funds (Note 2).

(Note 1) “Asset size” refers to the total amount of acquisition price as of the record date.

(Note 2) Tosei Reit concluded sale and purchase contracts for eight properties, namely Chojamachi Duo Building, Wako Building, Twin Avenue, Milestone Higashikurume, Lumiere No. 3, T’s garden Nishifunabashi, Quest Yamatedai and Sancerre Yonohonmachi on October 13, 2017 and acquired the properties on November 2, 2017.

(c) Financial Strategy

At this point in time, given the Bank of Japan’s monetary easing policy and the market interest rate trends, Tosei Reit has put forth efforts to lengthen maturities and fix interest rates. Going forward, Tosei Reit intends to continue to procure funds with fixed interest rates in principle (including interest rate swap agreements), taking into account the future risk of interest rate rise, economic conditions, etc. However, Tosei Reit will not execute interest rate swap agreements when risks concerning effects of the current negative interest rate policy on the interest rate swap agreements cannot be excluded.

In addition, debt financing from bank syndicates is currently secured debt financing with assets under management pledged as collateral. Going forward, however, when asset size grows to a certain level, Tosei Reit will seek cost reduction and greater agility in debt financing by releasing the collateral.

(d) Outlook for Management Status for Fiscal Period Ending October 31, 2018 and Fiscal Period Ending April 30, 2019

Fiscal period	Operating revenue (JPY million)	Operating income (JPY million)	Ordinary income (JPY million)	Net income (JPY million)	Cash distribution per unit (not including cash distribution in excess of earnings) (JPY)	Cash distribution in excess of earnings per unit (JPY)
Ending October 31, 2018	1,997	949	772	771	3,289	0
Ending April 30, 2019	1,983	943	765	764	3,263	0

The outlook is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the outlook, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2018 and Fiscal Period Ending April 30, 2019” on page 8.

③ Significant Subsequent Events

Not applicable.

Assumptions for Outlook for Management Status for
Fiscal Period Ending October 31, 2018 and Fiscal Period Ending April 30, 2019

Fiscal Period Ending October 31, 2018 and Fiscal Period Ending April 30, 2019			
Item	Assumptions		
Calculation period	• Fiscal period ending October 31, 2018 (8th Period): May 1, 2018 – October 31, 2018 (184 days) • Fiscal period ending April 30, 2019 (9th Period): November 1, 2018 – April 30, 2019 (181 days)		
Assets under management	• It is assumed that there will be no change (new property acquisitions, sales of existing properties, etc.) through the end of the fiscal period ending April 30, 2019 (9th fiscal period) to the real estate trust beneficiary rights owned by Tosei Reit as of the date of this document (31 properties in total) (the “Assets under Management”). • In practice, they may vary due to acquisition of new properties other than the Assets under Management or sales of the Assets under Management, etc.		
Operating revenue	• Rental revenues from the Assets under Management are calculated taking into account lease agreements that are effective as of the date of this document, tenant and market trends, etc. • For rental revenues, it is assumed that no rent payments will be behind or declined by tenants.		
Operating expenses	• The following are the major items of operating expenses.		
		Fiscal period ending October 31, 2018	Fiscal period ending April 30, 2019
	Expenses related to rent business	JPY863 million	JPY863 million
	Of which: Management fee	JPY179 million	JPY183 million
	[Of which: Operational management costs	JPY133 million]	JPY133 million]
	[Of which: Property management costs	JPY46 million]	JPY49 million]
	Repair expenses	JPY57 million	JPY55 million
	Property taxes	JPY154 million	JPY159 million
	Depreciation	JPY242 million	JPY241 million
	Expenses other than expenses related to rent business	JPY184 million	JPY176 million
	Of which: Asset management fee	JPY118 million	JPY116 million
		• For the expenditure for repair and maintenance (repair expenses) of buildings, the amount expected to be required in the fiscal period is assumed as expenses, based on the amount planned by the asset management company, after considering the amount stated in the engineering report. However, the expenditure for repair and maintenance for the fiscal period could differ significantly from the estimated amount, as expenditures may arise urgently due to damages to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair maintenance expenses do not arise regularly.	
NOI	• NOI for the entire portfolio is assumed to be JPY1,377 million for the fiscal period ending October 31, 2018 (8th Period) and JPY1,362 million for the fiscal period ending April 30, 2019 (9th Period). • NOI is calculated by using the following calculation method. NOI = Property-related operating revenue – Property-related operating expenses + Depreciation		
Non-operating expenses	• Amortization of expenses for the issuance of investment units is assumed to be JPY11 million for the fiscal period ending October 31, 2018 and JPY7 million for the fiscal period ending April 30, 2019. • Interest expenses and borrowing related expenses are assumed to be JPY165 million for the fiscal period ending October 31, 2018 and JPY170 million for the fiscal period ending April 30, 2019. Among the borrowing related expenses, JPY55 million for the fiscal period ending October 31, 2018 and JPY57 million for the fiscal period ending April 30, 2019 are assumed to be the amounts to be amortized in accordance with the borrowing periods.		
Debt financing	• Debt outstanding as of the date of this document is JPY24,000 million. It is assumed that there will be no changes in the debt outstanding through the end of the fiscal period ending April 30, 2019 (9th Period). • LTV is assumed to be 46.8% as of the end of the fiscal period ending October 31, 2018 (8th Period) and 46.8% as of the end of the fiscal period ending April 30, 2019 (9th Period). • LTV is calculated by using the following calculation method. LTV = Total interest-bearing debt ÷ Total assets × 100		
Total number of investment units issued and outstanding	• It is assumed that the total number of investment units issued and outstanding will be 234,400 units as of the date of this document, and that there will be no changes to this number due to additional issuance of new investment units and such through the end of the fiscal period ending April 30, 2019. • Cash distribution per unit is calculated using the forecast total number of investment units issued and outstanding at the end of the fiscal period ending October 31, 2018 and the fiscal period ending April 30, 2019 (234,400 units).		

Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> • Cash distribution per unit is calculated on the assumption described in the monetary cash distribution policy stipulated in Tosei Reit's Articles of Incorporation. • It is assumed that the entire amount of unappropriated retained earnings is distributed excluding the portion where cash distribution per unit would be less than JPY1. • Cash distribution per unit for the fiscal period ending October 31, 2018 and the fiscal period ending April 30, 2019 are calculated with the assumption that there is no fluctuation to the fair value of interest rate swaps. • It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in the Assets under Management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs, etc.
Cash distribution in excess of earnings per unit (out of which, reserve for temporary adjustments)	<ul style="list-style-type: none"> • It is assumed that, out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit will make distribution as reserve for temporary difference adjustments, of which amount is to be determined by Tosei Reit as an amount equivalent to net asset deduction items (as defined in Article 2 item 30 (b) of the Ordinance on Accountings of Investment Corporations), considering the impact of net asset deduction items on cash distribution. • No cash distribution in excess of earnings (reserve for temporary difference adjustments) is expected for the fiscal periods ending October 31, 2018 and April 30, 2019 as the calculation is made under assumption that there is no fluctuation to the fair value of interest rate swaps.
Cash distribution in excess of earnings per unit (out of which, distribution reducing unitholders' capital for tax purpose)	<ul style="list-style-type: none"> • Out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit does not currently anticipate a return of contribution.
Other	<ul style="list-style-type: none"> • Forecasts are based on the assumption revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan that impact forecast figures. • Forecasts are based on the assumption there will be no major unforeseen changes to general economic trends in real estate and other market conditions, etc.

(3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities registration statement (submitted on January 30, 2018).

3. Financial Statements

(1) Balance Sheet

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
Assets		
Current assets		
Cash and deposits	1,073,276	1,506,719
Cash and deposits in trust	*1 3,097,864	*1 3,561,028
Operating accounts receivable	7,665	4,734
Prepaid expenses	84,713	140,762
Deferred tax assets	14	16
Consumption taxes receivable	-	145,316
Total current assets	4,263,534	5,358,576
Non-current assets		
Property, plant and equipment		
Buildings in trust	11,104,973	13,461,265
Accumulated depreciation	(805,289)	(1,024,104)
Buildings in trust, net	*1 10,299,684	*1 12,437,161
Structures in trust	122,122	143,424
Accumulated depreciation	(25,075)	(29,583)
Structures in trust, net	*1 97,047	*1 113,840
Machinery and equipment in trust	284,229	303,016
Accumulated depreciation	(56,560)	(70,583)
Machinery and equipment in trust, net	*1 227,669	*1 232,432
Tools, furniture and fixtures in trust	99,953	113,824
Accumulated depreciation	(22,990)	(29,073)
Tools, furniture and fixtures in trust, net	*1 76,963	*1 84,750
Land in trust	*1 25,173,648	*1 32,774,913
Total property, plant and equipment	35,875,013	45,643,098
Investments and other assets		
Long-term prepaid expenses	180,273	227,409
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	190,273	237,409
Total non-current assets	36,065,287	45,880,508
Deferred assets		
Investment unit issuance expenses	22,402	33,907
Total deferred assets	22,402	33,907
Total assets	40,351,223	51,272,992

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	68,696	67,315
Short-term loans payable	—	*1 1,600,000
Current portion of long-term loans payable	*1 2,000,000	*1 2,000,000
Accounts payable – other	76,223	89,991
Income taxes payable	910	934
Accrued consumption taxes	59,857	9,976
Advances received	263,151	326,860
Other	88,860	38,523
Total current liabilities	2,557,698	4,133,601
Non-current liabilities		
Long-term loans payable	*1 16,700,000	*1 20,400,000
Tenant leasehold and security deposits in trust	1,727,855	2,003,360
Other	7,796	4,395
Total non-current liabilities	18,435,651	22,407,755
Total liabilities	20,993,350	26,541,356
Net assets		
Unitholders' equity		
Unitholders' capital	18,745,895	23,907,827
Deduction from unitholders' capital		
Reserve for temporary difference adjustments	*3 (14,656)	*3 (7,694)
Total deduction from unitholders' capital	(14,656)	(7,694)
Unitholders' capital, net	18,731,239	23,900,133
Surplus		
Unappropriated retained earnings (undisposed loss)	634,430	835,896
Total surplus	634,430	835,896
Total unitholders' equity	19,365,669	24,736,030
Valuation and translation adjustments		
Deferred gains or losses on hedges	(7,796)	(4,395)
Total valuation and translation adjustments	(7,796)	(4,395)
Total net assets	*2 19,357,873	*2 24,731,635
Total liabilities and net assets	40,351,223	51,272,992

(2) Statement of Income

(Unit: JPY thousand)

	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
Operating revenue		
Rent revenue – real estate	*1 1,464,469	*1 1,818,838
Other lease business revenue	*1 169,070	*1 183,688
Total operating revenue	1,633,540	2,002,526
Operating expenses		
Expenses related to rent business	*1 731,021	*1 834,127
Asset management fee	93,624	110,894
Asset custody fee	1,963	1,965
Administrative service fees	11,219	13,910
Directors' compensations	3,900	3,900
Other operating expenses	37,022	36,507
Total operating expenses	878,751	1,001,304
Operating income	754,789	1,001,221
Non-operating income		
Interest income	18	22
Compensation for damages	2,404	-
Miscellaneous income	94	-
Total non-operating income	2,517	22
Non-operating expenses		
Interest expenses	79,503	99,305
Borrowing related expenses	49,490	61,369
Other	7,767	11,622
Total non-operating expenses	136,762	172,297
Ordinary income	620,544	828,946
Income before income taxes	620,544	828,946
Income taxes – current	913	937
Income taxes – deferred	(2)	(1)
Total income taxes	910	936
Net income	619,634	828,009
Retained earnings brought forward	14,796	7,886
Unappropriated retained earnings (undisposed loss)	634,430	835,896

(3) Statement of Unitholders' Equity

6th Period (from May 1, 2017 to October 31, 2017)

(Unit: JPY thousand)

	Unitholders' equity				
	Unitholders' capital				Surplus
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)
		Reserve for temporary difference adjustments	Total deduction from unitholders' capital		
Balance at beginning of current period	18,745,895	(20,608)	(20,608)	18,725,287	678,802
Changes of items during period					
Dividends of surplus					(658,054)
Reversal of reserve for temporary difference adjustments		5,952	5,952	5,952	(5,952)
Net income					619,634
Net changes of items other than unitholders' equity					
Total changes of items during period	-	5,952	5,952	5,952	(44,371)
Balance at end of current period	*1 18,745,895	(14,656)	(14,656)	18,731,239	634,430

(Unit: JPY thousand)

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total surplus				
Balance at beginning of current period	678,802	19,404,089	(14,673)	(14,673)	19,389,416
Changes of items during period					
Dividends of surplus	(658,054)	(658,054)			(658,054)
Reversal of reserve for temporary difference adjustments	(5,952)	-			-
Net income	619,634	619,634			619,634
Net changes of items other than unitholders' equity			6,877	6,877	6,877
Total changes of items during period	(44,371)	(38,419)	6,877	6,877	(31,542)
Balance at end of current period	634,430	19,365,669	(7,796)	(7,796)	19,357,873

7th Period (from November 1, 2017 to April 30, 2018)

(Unit: JPY thousand)

	Unitholders' equity				
	Unitholders' capital				Surplus
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)
		Reserve for temporary difference adjustments	Total deduction from unitholders' capital		
Balance at beginning of current period	18,745,895	(14,656)	(14,656)	18,731,239	634,430
Changes of items during period					
Issuance of new investment units	5,161,932			5,161,932	
Dividends of surplus					(619,582)
Reversal of reserve for temporary difference adjustments		6,961	6,961	6,961	(6,961)
Net income					828,009
Net changes of items other than unitholders' equity					
Total changes of items during period	5,161,932	6,961	6,961	5,168,894	201,465
Balance at end of current period	*1 23,907,827	(7,694)	(7,694)	23,900,133	835,896

(Unit: JPY thousand)

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total surplus				
Balance at beginning of current period	634,430	19,365,669	(7,796)	(7,796)	19,357,873
Changes of items during period					
Issuance of new investment units		5,161,932			5,161,932
Dividends of surplus	(619,582)	(619,582)			(619,582)
Reversal of reserve for temporary difference adjustments	(6,961)	-			-
Net income	828,009	828,009			828,009
Net changes of items other than unitholders' equity			3,401	3,401	3,401
Total changes of items during period	201,465	5,370,360	3,401	3,401	5,373,761
Balance at end of current period	835,896	24,736,030	(4,395)	(4,395)	24,731,635

(4) Statement of Cash Distributions

(Unit: JPY)

Item	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
I. Unappropriated retained earnings	634,430,946	835,896,811
II. Incorporation into unitholders' capital	6,961,600	3,475,200
Out of which, reversal of reserve for temporary difference adjustments	6,961,600	3,475,200
III. Amount of cash distribution	619,582,400	827,900,800
[Amount of cash distribution per investment unit]	(3,382)	(3,532)
IV. Retained earnings carried forward	7,886,946	4,520,811
Method of calculating the amount of cash distribution	<p>Cash distribution per investment unit for the fiscal period under review is JPY3,382 as stated above.</p> <p>Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount remained after subtracting reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY3,382.</p>	<p>Cash distribution per investment unit for the fiscal period under review is JPY3,532 as stated above.</p> <p>Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount remained after subtracting reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY3,532.</p>

(5) Statement of Cash Flows

	(Unit: JPY thousand)	
	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
Cash flows from operating activities		
Income before income taxes	620,544	828,946
Depreciation	204,011	243,430
Borrowing related expenses	49,490	61,369
Interest income	(18)	(22)
Interest expenses	79,503	99,305
Decrease (increase) in operating accounts receivable	313	2,931
Decrease (increase) in consumption taxes refund receivable	57,334	(145,316)
Increase (decrease) in accrued consumption taxes	59,857	(49,881)
Decrease (increase) in prepaid expenses	24,996	(33,132)
Increase (decrease) in operating accounts payable	13,820	(3,539)
Increase (decrease) in accounts payable – other	1,091	13,768
Increase (decrease) in advances received	(6,440)	63,709
Other, net	2,717	6,104
Subtotal	1,107,221	1,087,673
Interest income received	18	22
Interest expenses paid	(80,367)	(97,644)
Income taxes paid	(856)	(913)
Net cash provided by (used in) operating activities	1,026,016	989,138
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(64,832)	(10,009,357)
Proceeds from tenant leasehold and security deposits in trust	102,032	316,772
Repayments of tenant leasehold and security deposits in trust	(58,053)	(93,694)
Net cash provided by (used in) investing activities	(20,853)	(9,786,278)
Cash flows from financing activities		
Proceeds from short-term loans payable	-	1,595,967
Proceeds from long-term loans payable	-	5,578,557
Repayments of long-term loans payable	-	(2,000,000)
Proceeds from issuance of investment units	-	5,138,805
Dividends paid	(658,054)	(619,582)
Other	(20,352)	-
Net cash provided by (used in) financing activities	(678,406)	9,693,747
Net increase (decrease) in cash and cash equivalents	326,756	896,607
Cash and cash equivalents at beginning of period	3,844,383	4,171,140
Cash and cash equivalents at end of period	*1 4,171,140	*1 5,067,747

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is adopted. The useful life of principal property, plant and equipment is as follows:</p> <table> <tr> <td>Buildings</td><td>2-62 years</td></tr> <tr> <td>Structures</td><td>2-60 years</td></tr> <tr> <td>Machinery and equipment</td><td>4-35 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2-27 years</td></tr> </table> <p>(2) Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	2-62 years	Structures	2-60 years	Machinery and equipment	4-35 years	Tools, furniture and fixtures	2-27 years
Buildings	2-62 years								
Structures	2-60 years								
Machinery and equipment	4-35 years								
Tools, furniture and fixtures	2-27 years								
2. Treatment of deferred assets	Investment unit issuance expenses Equally amortized over a period of 3 years.								
3. Standards for revenue and expense recognition	<p>Accounting for fixed asset tax, etc. Accounting for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as real estate rent expenses. Reimbursement of fixed asset tax, etc. in the fiscal year that includes the acquisition date paid to the seller upon acquisition of real estate, etc. is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc.</p>								
4. Hedge accounting	<p>(1) Hedge accounting approach for deferred hedges, etc. Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans (3) Hedging policy Tosei Reit conducts derivative transactions for the purpose of hedging the risks provided in the Articles of Incorporation pursuant to the financial policy. (4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.</p>								
5. Scope of funds in the statement of cash flows (cash and cash equivalents)	The funds in the statement of cash flows (cash and cash equivalents) consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.								
6. Other significant matters serving as basis for preparation of financial statements	<p>(1) Accounting for trust beneficiary rights that have real estate, etc. as assets in trust Concerning trust beneficiary rights that have real estate, etc. as assets in trust held, all accounts of assets and liabilities within assets in trust as well as all accounts of revenue and expenses from the assets in trust are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the assets in trust recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; and land in trust ③ Tenant leasehold and security deposits in trust (2) Accounting method for consumption tax, etc. Consumption tax and local consumption tax are accounted for by excluding from transaction amounts. However, non-deductible consumption tax on non-current assets, etc. is included in the cost of acquisition of the respective non-current assets, etc.</p>								

(8) Notes to Financial Statements

[Notes to Balance Sheet]

*1. Assets pledged as collateral and secured liabilities

The following are the assets pledged as collateral.

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
Cash and deposits in trust	3,097,864	3,561,028
Buildings in trust	10,299,684	12,437,161
Structures in trust	97,047	113,840
Machinery and equipment in trust	227,669	232,432
Tools, furniture and fixtures in trust	76,963	84,750
Land in trust	25,173,648	32,774,913
Total	38,972,877	49,204,126

The following are the secured liabilities.

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
Short-term loans payable	—	1,600,000
Current portion of long-term loans payable	2,000,000	2,000,000
Long-term loans payable	16,700,000	20,400,000
Total	18,700,000	24,000,000

*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Investment Trusts Act

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
	50,000	50,000

*3 Reserve for temporary difference adjustments

6th Period (from May 1, 2017 to October 31, 2017)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at beginning of 6th Period	Reserve set aside during period	Reversal during period	Balance at end of 6th Period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest-rate swaps	31,234	20,608	-	(5,952)	14,656	Change in fair value of derivative transactions

2. Method of reversal

(1) Deferred gains or losses on hedges

Based on changes in the fair value of derivative transactions used as hedging instruments, the corresponding amount is scheduled to be reversed.

7th Period (from November 1, 2017 to April 30, 2018)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at beginning of 7th Period	Reserve set aside during period	Reversal during period	Balance at end of 7th Period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest-rate swaps	31,234	14,656	-	(6,961)	7,694	Change in fair value of derivative transactions

2. Method of reversal

(1) Deferred gains or losses on hedges

Based on changes in the fair value of derivative transactions used as hedging instruments, the corresponding amount is scheduled to be reversed.

[Notes to Statement of Income]

*1. Breakdown of property-related operating income (loss)

	(Unit: JPY thousand)	
	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
A. Property-related operating revenue		
Rent revenue – real estate		
Rental income	1,244,369	1,556,995
Common area maintenance income	144,938	175,088
Parking income	56,283	65,376
Other rental income	18,878	21,378
Total	1,464,469	1,818,838
Other lease business revenue		
Utilities reimbursement	143,962	152,254
Other income	25,108	31,433
Total	169,070	183,688
Total property-related operating revenue	1,633,540	2,002,526
B. Property-related operating expenses		
Expenses related to rent business		
Management fee	147,878	183,228
Trust fee	6,900	9,296
Utilities expenses	142,002	151,573
Insurance premium	2,999	3,725
Repair expenses	58,450	56,574
Property taxes	128,799	141,155
Depreciation	204,011	243,430
Other expenses	39,979	45,143
Total property-related operating expenses	731,021	834,127
C. Property-related operating income (loss) (A – B)	902,519	1,168,399

[Notes to Statement of Unitholders' Equity]

*1 Total number of investment units authorized and total number of investment units issued and outstanding

	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	183,200 units	234,400 units

[Notes to Statement of Cash Flows]

*1. Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet items

(Unit: JPY thousand)

	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
Cash and deposits	1,073,276	1,506,719
Cash and deposits in trust	3,097,864	3,561,028
Cash and cash equivalents	4,171,140	5,067,747

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
Due within 1 year	518,218	516,303
Due after 1 year	1,076,220	824,437
Total	1,594,439	1,340,741

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

Tosei Reit shall procure funds through borrowing from financial institutions, issuance of investment corporation bonds or issuance of new investment units, etc. in a diversified and well-balanced manner based on a basic policy of establishing stable and sound financial standing over the medium to long term. Issuance of new investment units shall be implemented in a timely manner by taking into consideration such factors as revenue-generating potential of the properties to be acquired upon the issuance, acquisition timing, LTV level and timing of repayment of interest-bearing debt in a comprehensive manner, and also considering for dilution due to the issuance of new investment units. The funds procured through debt financing and issuance of investment corporation bonds shall be used for acquisition of assets, repairs and maintenance, repayment of security and guarantee deposits, payment of cash distribution, payment of expenses of Tosei Reit or repayment of obligations, etc.

In addition, an amount deemed appropriate to meet various capital needs and by taking into account also the status of establishment of lines of credit, etc. shall be held as cash and deposits.

Derivative transactions may be conducted for the purpose of hedging the risk of fluctuations in interest rates on loans, etc. and other risks, but no speculative transactions shall be conducted.

(2) Description of financial instruments and associated risks, and risk management system

Loans and investment corporation bonds shall be for the purpose of primarily procuring funds for acquisition of assets and funds for repayment/redemption of obligations. Loans and investment corporation bonds are exposed to the risk of inability to refinance upon becoming due for repayment, but efforts are made to minimize the risk by considering and executing proposals for well-balanced fund procurement by diversifying fund procurement sources and including fund procurement through issuance of investment units and other means.

In addition, loans with floating interest rates are exposed to the risk of the interest rate payable rising, but a maximum limit is set for LTV in order to limit the impact of interest rate rises on Tosei Reit's operations. In addition, derivative transactions to convert interest expenses to fixed rates (interest rate swap transactions, etc.) are made available as a hedging instrument, taking into account the balance between the concerned risk and the costs involved in converting interest rates to fixed rates.

However, in circumstances where risks of impacts on interest rate swap agreements stemming from current negative interest rate policy cannot be excluded, interest rate swap agreements shall not be conducted.

Deposits, which are those for investing Tosei Reit's surplus funds, are exposed to credit risk, such as failure of the depository financial institutions, but are managed by limiting the deposit period to short term, taking into consideration security and liquidity.

(3) Supplementary explanation of matters concerning fair value, etc. of financial instruments

Not applicable.

2. Matters concerning fair value, etc. of financial instruments

The following is the carrying amount and fair value, and the amount of difference between these.

6th Period (as of October 31, 2017)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,073,276	1,073,276	—
(2) Cash and deposits in trust	3,097,864	3,097,864	—
Total assets	4,171,140	4,171,140	—
(4) Current portion of long-term loans payable	2,000,000	2,000,000	—
(5) Long-term loans payable	16,700,000	16,703,552	3,552
Total liabilities	18,700,000	18,703,552	3,552
(6) Derivative transactions*	(7,796)	(7,796)	—

7th Period (as of April 30, 2018)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,506,719	1,506,719	—
(2) Cash and deposits in trust	3,561,028	3,561,028	—
Total assets	5,067,747	5,067,747	—
(3) Short-term loans payable	1,600,000	1,600,000	—
(4) Current portion of long-term loans payable	2,000,000	2,000,000	—
(5) Long-term loans payable	20,400,000	20,400,375	375
Total liabilities	24,000,000	24,000,375	375
(6) Derivative transactions*	(4,395)	(4,395)	—

(*) Assets and liabilities arising from derivative transactions are offset and presented in the net amount, with the balance shown in parentheses () when in a net liability position.

(Note 1) Method of calculating the fair value of financial instruments, and notes on derivative transactions

(1) Cash and deposits; (2) Cash and deposits in trust; (3) Short-term loans payable

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(4) Current portion of long-term loans payable; (5) Long-term loans payable

As those long-term loans payable with floating interest rates reflect market interest rates within a short period of time, the fair value is thought to be almost equal to the book value and is thus stated at that book value. In addition, the fair value of long-term debt with fixed interest rates is calculated based on the method of calculating by discounting the sum total amount of principal and interest by the interest rate that is reasonably estimated as being applicable in the event of drawdown of a similar debt financing.

(6) Derivative transactions

Please refer to “Notes on Derivative Transactions” later in this document.

(Note 2) Carrying amount of financial instruments for which fair value is recognized to be extremely difficult to calculate

Tenant leasehold and security deposits in trust that have been deposited from lessees of rental properties are not subject to disclosure of fair value because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out.

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017) *1	7th Period (As of Apr. 30, 2018) *2
Tenant leasehold and security deposits in trust	1,815,415	2,038,493

*1 The amount includes JPY87,560 thousand of current portion of tenant leasehold and security deposits in trust.

*2 The amount includes JPY35,133 thousand of current portion of tenant leasehold and security deposits in trust.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts

6th Period (as of October 31, 2017)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	1,073,276	—	—	—	—	—
Cash and deposits in trust	3,097,864	—	—	—	—	—
Total	4,171,140	—	—	—	—	—

7th Period (as of April 30, 2018)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	1,506,719	—	—	—	—	—
Cash and deposits in trust	3,561,028	—	—	—	—	—
Total	5,067,747	—	—	—	—	—

(Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts

6th Period (as of October 31, 2017)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Long-term loans payable	2,000,000	4,000,000	3,600,000	3,700,000	2,200,000	3,200,000
Total	2,000,000	4,000,000	3,600,000	3,700,000	2,200,000	3,200,000

7th Period (as of April 30, 2018)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	1,600,000	—	—	—	—	—
Long-term loans payable	2,000,000	4,000,000	4,800,000	4,600,000	3,800,000	3,200,000
Total	3,600,000	4,000,000	4,800,000	4,600,000	3,800,000	3,200,000

[Notes on Securities]

6th Period (as of October 31, 2017)

Not applicable.

7th Period (as of April 30, 2018)

Not applicable.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

6th Period (as of October 31, 2017)

Not applicable.

7th Period (as of April 30, 2018)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

6th Period (as of October 31, 2017)

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts for each hedge accounting approach.

(Unit: JPY thousand)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, due after 1 year	
Principle accounting	Interest rate swap transaction Pay fixed Receive floating	Interest on long-term loans	6,000,000	4,000,000	(7,796)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

7th Period (as of April 30, 2018)

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts for each hedge accounting approach.

(Unit: JPY thousand)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, due after 1 year	
Principle accounting	Interest rate swap transaction Pay fixed Receive floating	Interest on long-term loans	4,000,000	2,000,000	(4,395)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

[Notes on Related-Party Transactions]

1. Parent company and major corporate unitholder, etc.
6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.

7th Period (from November 1, 2017 to April 30, 2018)
Not applicable.
2. Affiliated company, etc.
6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.

7th Period (from November 1, 2017 to April 30, 2018)
Not applicable.
3. Fellow subsidiary, etc.
6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.

7th Period (from November 1, 2017 to April 30, 2018)
Not applicable.
4. Director, major individual unitholder, etc.
6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.

7th Period (from November 1, 2017 to April 30, 2018)
Not applicable.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: JPY thousand)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
[Deferred tax assets – current]		
Non-deductible accrued enterprise tax	14	16
Total deferred tax assets – current	14	16
Net deferred tax assets – current	14	16
[Deferred tax assets – non-current]		
Deferred losses on hedges	2,474	1,384
Subtotal	2,474	1,384
Valuation allowance	(2,474)	(1,384)
Total deferred tax assets – non-current	—	—
Net deferred tax assets – non-current	—	—

2. Breakdown of major items that caused significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

(Unit: %)

	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
Statutory tax rate	31.74	31.74
[Adjustments]		
Deductible cash distribution payable	(31.69)	(31.70)
Other	0.10	0.07
Effective income tax rate after application of tax-effect accounting	0.15	0.11

[Notes on Retirement Benefits]

6th Period (as of October 31, 2017)

Not applicable.

7th Period (as of April 30, 2018)

Not applicable.

[Notes on Asset Retirement Obligations]

6th Period (as of October 31, 2017)

Not applicable.

7th Period (as of April 30, 2018)

Not applicable.

[Notes on Investment and Rental Properties]

Tosei Reit owns rental office buildings, rental retail facilities, rental residential properties, etc. in the Tokyo metropolitan area for the purpose of earning revenue from leasing. The following is the carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties.

(Unit: JPY thousand)

	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
Carrying amount (Note 1)		
Balance at beginning of period	36,027,128	35,875,013
Amount of increase (decrease) during period (Note 2)	(152,115)	9,768,084
Balance at end of period	35,875,013	45,643,098
Fair value at end of period (Note 3)	40,338,000	50,866,000

(Note 1) Carrying amount is the amount of acquisition price less accumulated depreciation.

(Note 2) For the 6th Period, the amount of increase is mainly attributable to removal of a water purification tank and construction to connect to the main sewerage system at Prime Garden (JPY20,364 thousand), while the amount of decrease is mainly attributable to depreciation (JPY204,011 thousand). For the 7th Period, the amount of increase is mainly attributable to acquisition of eight properties including Chojamachi Duo Building (JPY9,935,390 thousand), while the amount of decrease is mainly attributable to depreciation (JPY243,430 thousand).

(Note 3) Fair value at the end of the period is the appraisal value or investigated value by an outside real estate appraiser.

The income (loss) for investment and rental properties is as presented in “Notes to Statement of Income” earlier in this document.

[Notes on Segment Information]

Segment Information

Segment information is omitted because Tosei Reit has a single segment, namely the real estate leasing business.

(Related Information)

6th Period (from May 1, 2017 to October 31, 2017)

1. Information on products and services

Information on product and service is omitted because operating revenue to external customers of a single product/service category are more than 90% of the operating revenue on the statement of income.

2. Information on regions

(1) Operating revenue

Information on regions is omitted because operating revenue to external customers in Japan are more than 90% of the operating revenue on the statement of income.

(2) Property, plant and equipment

Information regions is omitted because the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment on the balance sheet.

3. Information on major customers

(Unit: JPY thousand)

Name of customer	Operating revenue	Name of related segment
Tosei Corporation	289,247	Real estate lease business

7th Period (from November 1, 2017 to April 30, 2018)

1. Information on products and services

Information on product and service is omitted because operating revenue to external customers of a single product/service category are more than 90% of the operating revenue on the statement of income.

2. Information on regions

(1) Operating revenue

Information on regions is omitted because operating revenue to external customers in Japan are more than 90% of the operating revenue on the statement of income.

(2) Property, plant and equipment

Information regions is omitted because the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment on the balance sheet.

3. Information on major customers

(Unit: JPY thousand)

Name of customer	Operating revenue	Name of related segment
Tosei Corporation	291,051	Real estate lease business

[Notes on Per Unit Information]

	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
Net assets per unit	JPY105,665	JPY105,510
Net income per unit	JPY3,382	JPY3,532

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.

In addition, diluted net income per unit is not stated because there are no diluted investment units.

(Note 2) The following is the basis for calculating net income per unit.

	6th Period (From: May 1, 2017 To: Oct. 31, 2017)	7th Period (From: Nov. 1, 2017 To: Apr. 30, 2018)
Net income (JPY thousand)	619,634	828,009
Amount not attributable to common unitholders (JPY thousand)	—	—
Net income attributable to common investment units (JPY thousand)	619,634	828,009
Average number of investment units during period (units)	183,200	234,400

[Notes on Significant Subsequent Events]

Not applicable.

(9) Increase (Decrease) in Total Number of Investment Units Issued and Outstanding

The following is the increase (decrease) in unitholders' capital and the total number of investment units issued and outstanding from the incorporation of Tosei Reit to the end of the fiscal period under review.

Date	Type of issue	Total number of investment units issued and outstanding (units) (Note 7)		Unitholders' capital (JPY million) (Note 8)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
September 4, 2014	Private placement for incorporation	9,600	9,600	960	960	(Note 1)
November 26, 2014	Public offering	86,400	96,000	8,565	9,525	(Note 2)
November 16, 2015	Public offering	61,900	157,900	6,662	16,187	(Note 3)
December 16, 2015	Third-party allotment	3,100	161,000	333	16,521	(Note 4)
November 1, 2016	Public offering	22,200	183,200	2,224	18,745	(Note 5)
November 1, 2017	Public offering	51,200	234,400	5,161	23,907	(Note 6)

(Note 1) Upon the incorporation of Tosei Reit, investment units were issued at an issue amount of JPY100,000 per unit.

(Note 2) Investment units were issued through public offering at an issue price of JPY103,000 (issue amount of JPY99,137) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 3) Investment units were issued through public offering at an issue price of JPY111,637 (issue amount of JPY107,629) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 4) Investment units were issued through third-party allotment at an issue amount of JPY107,629 per unit for the purpose of procuring funds for future acquisition of new properties, etc.

(Note 5) Investment units were issued through public offering at an issue price of JPY103,938 (issue amount of JPY100,206) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 6) Investment units were issued through public offering at an issue price of JPY104,462 (issue amount of JPY100,819) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 7) There exist no investment units without voting rights provided in Article 308 Paragraph 2 of the Companies Act which will be applied mutatis mutandis pursuant to Article 94 of the Investment Trusts Act (treasury investment units) or investment units without voting rights provided in Article 160 of the Ordinance for Enforcement of Investment Trusts Act (mutual-holding investment units).

(Note 8) Fluctuation of unitholders' capital in line with implementation of distribution in excess of earnings with reserve for temporary difference adjustments is not considered.

4. Changes in Directors

(1) Directors of the Investment Corporation

No changes in directors of Tosei Reit took place during the fiscal period under review.

The following is the status of directors of Tosei Reit as of the date of this document.

Title	Name	Brief career history		Number of investment units owned (units)
Executive Director	Hisaaki Kuroyama	Apr. 1966	Joined The Mitsubishi Bank, Ltd. (currently, The Bank of Mitsubishi UFJ, Ltd.)	0
		Oct. 1990	Seconded to Diamond System Development, Inc. (currently, Mitsubishi UFJ Information Technology, Ltd.)	
		Apr. 1994	Joined Diamond Computer Service Co., Ltd. (currently, Mitsubishi Research Institute DCS Co., Ltd.)	
		June 1997	Appointed Director	
		June 1999	Appointed President and Director of Touhoku Diamond Computer Service Co., Ltd.	
		June 2003	Appointed Auditor of Diamond Computer Service Co., Ltd. (currently, Mitsubishi Research Institute DCS Co., Ltd.)	
		July 2005	Appointed Adviser of DIGITAL Hearts Co., Ltd.	
		Mar. 2006	Appointed Auditor of Tosei REIT Advisors, Inc. (currently, Tosei Asset Advisors, Inc.)	
		Sept. 2014	Appointed Executive Director of Tosei Reit Investment Corporation (current position)	
Supervisory Director	Takako Sugaya	Oct. 2002	Joined Yamada Hideo Law Office (currently, Yamada Ozaki Law Office) (current position)	0
		Apr. 2004	Appointed Working Group Member of The Center for Financial Industry Information Systems, an incorporated foundation (currently incorporated as public interest incorporated foundation under the same name) (current position)	
		May 2006	Appointed Executive Auditor of Keywalker, Inc. (current position)	
		June 2006	Appointed Director of Private Placement Services Association of Japan, an incorporated association (currently incorporated as public interest incorporated association under the same name)	
		Apr. 2007	Appointed Visiting Professor at Toin University of Yokohama, Toin Law School, Toin Gakuen Educational Association	
		Apr. 2007	Appointed Director of Kusuda Scholarship Foundation, an incorporated foundation (currently incorporated as general incorporated foundation under the same name)	
		June 2007	Appointed Audit & Supervisory Board Member of Faith, Inc. (current position)	
		Aug. 2007	Appointed Company Auditor of MEDIASTICK, INC.	
		Mar. 2010	Appointed Managing Director of Kusuda Scholarship Foundation, an incorporated foundation (currently incorporated as general incorporated foundation under the same name) (current position)	
		Apr. 2010	Appointed Associate Professor at Toin University of Yokohama, Toin Law School, Toin Gakuen Educational Association (current position)	
		June 2010	Appointed Audit & Supervisory Board Member of Columbia Music Entertainment Co., Ltd. (currently, Nippon Columbia Co., Ltd.) (current position)	
		Apr. 2014	Appointed Domestic Relations Conciliation Commissioner of the Tokyo Family Court (current position)	
		Sept. 2014	Appointed Supervisory Director of Tosei Reit Investment Corporation (current position)	
		Jan. 2015	Appointed Executive Committee Chairman of Harassment-free Certification Committee of Cuore C3 Co., Ltd.	
		Apr. 2015	Appointed Councilor of Seisen University, an incorporated educational institution (current position)	
		Aug. 2015	Appointed Executive Committee Chairman of Harassment Countermeasures Committee of Cuore C3 Co., Ltd. (current position)	
		June 2016	Appointed Auditor of Nittsu Shoji Co., Ltd. (current position)	
		Dec. 2016	Appointed Councilor of Foundation for preparing establishment of Karuizawa Kazakoshi Gakuen (current position)	
		Apr. 2017	Appointed part-time instructor of Toho University (current position)	
		June 2017	Appointed Director of Japan Gaming Association (current position)	
		Mar. 2018	Appointed Auditor of Circular Economy Organization, a general incorporated association (current position)	

Title	Name	Brief career history		Number of investment units owned (units)
Supervisory Director	Teruhisa Tajima	Oct. 1995 Apr. 2004 June 2004 Sept. 2006 Nov. 2007 Feb. 2008 Feb. 2010 Oct. 2010 Apr. 2013 June 2013 Nov. 2013 Jan. 2014 Jan. 2014 Feb. 2014 Sept. 2014 Sept. 2014 Sept. 2014 Jan. 2015 Aug. 2015 Dec. 2015 Jan. 2016 Mar. 2016 Mar. 2016 Mar. 2016 June 2016 June 2016 July 2016 Oct. 2016 Dec. 2016 Mar. 2017 Mar. 2018 May 2018 May 2018	Joined Chuo Audit Corporation Joined SHIMIZU PATENT ATTORNEYS OFFICE Appointed Corporate Auditor of The Longreach Group Inc. (current position) Appointed Outside Auditor of OCC Corporation Appointed Outside Auditor of NIWS Co. HQ Ltd. Appointed Outside Corporate Auditor of CYBIRD Holdings Co., Ltd. (currently, CYBIRD Co., Ltd.) (current position) Opened Tajima Certified Public Accountant Office (current position) Appointed External Auditor of SANYO Electric Logistics Co., Ltd. (currently, MITSUI-SOKO LOGISTICS Co., Ltd.) Appointed External Auditor of Quantum Biosystems Inc. (current position) Appointed Auditor of Eiken Foundation of Japan, a public interest incorporated foundation Appointed Corporate Auditor of Via Mechanics, Ltd. (current position) Appointed Corporate Auditor of SOL-PLUS CO., LTD. (current position) Appointed Outside Company Auditor of Yasuda Inc. Appointed Outside Company Auditor of SY HOLDINGS, Inc. (current position) Appointed Audit & Supervisory Board Member of PRISM Pharma Co., Ltd. (current position) Appointed Supervisory Director of Tosei Reit Investment Corporation (current position) Appointed External Auditor of OncoTherapy Science, Inc. (current position) Appointed Corporate Auditor of Primo Japan Inc. (current position) Appointed Auditor of Iida Foundation, a general incorporated foundation (current position) Incorporated Tajima Accounting Office, Inc. Appointed Representative Director (current position) Appointed Outside Corporate Auditor of EDIGENE CORPORATION (current position) Appointed Outside Corporate Auditor of Chiome Bioscience Inc. Appointed Outside Corporate Auditor of Rena Therapeutic Inc. (current position) Appointed Accounting Advisor of OiDE CapiSEA Co., Ltd. (current position) Appointed Outside Corporate Auditor of Wendy's Japan K. K. (current position) Appointed Outside Corporate Auditor of First Kitchen Ltd. (current position) Appointed Outside Corporate Auditor of Curadim Pharma Co., Ltd. (current position) Appointed Outside Corporate Auditor of Nippon Outsourcing Corporation (currently NOC Outsourcing & Consulting Inc.) (current position) Appointed Outside Corporate Auditor of Obunsha Co., Ltd. (current position) Appointed Accounting Advisor of OiDE Adjubilee Co., Ltd. (current position) Appointed Accounting Advisor of OiDE RYO-UN Co., Ltd. (current position) Appointed Outside Corporate Director of Kohikan Corporation Ltd. Appointed Outside Corporate Auditor of Kohikan Corporation Ltd. (current position)	0

(Note) Shoji Inoue was elected substitute executive director at the unitholders' meeting held on July 21, 2016 to prepare for cases where there is a shortfall in the number of executive directors provided by laws and regulations.

(2) Directors of the Asset Management Company

During the fiscal period under review, Yoshiyuki Tsukada's position was changed to Senior Managing Director and Division Head of Private Fund Division on December 1, 2017. On February 27, 2018, Chairman and Representative Director Hiroshi Nakamura, Director (part-time) Shunsuke Yamaguchi and Auditor (part-time) Hiroshi Nishinakama retired while Shunsuke Yamaguchi was appointed as Auditor (part-time). On the same day, Kaname Wakabayashi's position was changed to Senior Managing Director and Eiji Kouya's position was changed to Director, Deputy Division Head of Private Fund Division & General Manager of Principal Investment Department & General Manager of Business Development Department. For further details, please refer to Notice Concerning Change in the Position of a Director and Personnel Change at the Asset Management Company dated November 28, 2017, Notice Concerning the Change of Directors and Auditors at the Asset Management Company dated February 14, 2018 and Notice Concerning Change in the Position of Directors at the Asset Management Company dated February 27, 2018.

5. Reference Information

(1) Investment Status

The following is an overview of the investment status as of the date of Tosei Reit's settlement of accounts (April 30, 2018). Real estate that are the assets in trust of the real estate trust beneficiary rights ("real estate trust beneficiary rights") that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

Type of asset	Geographical area, etc.	Main use	7th Period (As of Apr. 30, 2018)	
			Total amount held (JPY million) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate trust beneficiary rights	Tokyo metropolitan area	Offices	20,738	40.4
		Retail facilities	5,930	11.6
		Residential properties	18,973	37.0
	Major regional cities (Note 1)	—	-	-
	Total		45,643	89.0
Deposits and other assets			5,629	11.0
Total assets (Note2)			51,272	100.0
Total liabilities (Note 2)			26,541	51.8
Total net assets (Note 2)			24,731	48.2

(Note 1) "Major regional cities" collectively refers to cities that are cities designated by cabinet order and prefectural capitals located outside the Tokyo metropolitan area, or their equivalent. The same applies hereinafter.

(Note 2) "Total amount held," "Total assets," "Total liabilities" and "Total net assets" are the amounts based on the carrying amounts (depreciated book value in the case of real estate trust beneficiary rights) as of April 30, 2018 in accordance with the asset valuation method provided in the Articles of Incorporation.

(Note 3) "As a percentage of total assets" is the carrying amount of the concerned assets expressed as a percentage of total assets.

(2) Investment Assets

(a) Overview of Assets under Management

The following is the type, property name, location, acquisition price, investment ratio, real estate appraisal value, etc. and acquisition date of assets under management as of the date of Tosei Reit's settlement of accounts (April 30, 2018). Property numbers start with the code "O" in the case of offices, "Rt" in the case of retail facilities and "Rd" in the case of residential properties as assigned according to the asset under management's property use type.

Type	Property no.	Property name	Location	Acquisition price (JPY million)	Investment ratio (%) (Note 1)	Real estate appraisal value, etc. (JPY million) (Note 2)	Acquisition date (Note 3)
Offices	O-01	Tama Center Tosei Building	Tama-shi, Tokyo	3,370	7.3	3,560	November 28, 2014
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057	4.5	2,460	November 28, 2014
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830	4.0	2,180	November 28, 2014
	O-04	Kannai Tosei Building II	Yokohama-shi, Kanagawa	4,100	8.9	4,640	November 17, 2015
	O-05	Nishi Kasai Tosei Building	Edogawa-ku, Tokyo	1,710	3.7	1,970	November 17, 2015
	O-06	Shin Yokohama Center Building	Yokohama-shi, Kanagawa	1,364	3.0	1,660	November 17, 2015
	O-07	Nishidai NC Building	Itabashi-ku, Tokyo	1,481	3.2	1,700	August 31, 2016
	O-08	JPT Motomachi Building	Yokohama-shi, Kanagawa	2,377	5.2	2,680	November 2, 2016
	O-09	Hakusan Asanomi Building	Bunkyo-ku, Tokyo	1,380	3.0	1,410	November 2, 2016
	O-10	Chojamachi Duo Building	Yokohama-shi, Kanagawa	1,300	2.8	1,370	November 2, 2017
	Subtotal		—	20,969	45.6	23,630	—
	Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380	5.2	2,600
Rt-02		Musashi Fujisawa Tosei Building	Iruma-shi, Saitama	1,950	4.2	2,140	November 17, 2015
Rt-03		Selection Hatsutomi	Kamagaya-shi, Chiba	310	0.7	345	November 2, 2016
Rt-04		Wako Building	Chiba-shi, Chiba	1,400	3.0	1,410	November 2, 2017
Subtotal		—	6,040	13.1	6,495	—	
Offices and retail facilities combined subtotal			—	27,009	58.7	30,125	—
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544	3.4	1,940	November 28, 2014
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227	2.7	1,480	November 28, 2014
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000	2.2	1,140	November 28, 2014
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980	2.1	1,120	November 28, 2014
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836	1.8	900	November 28, 2014
	Rd-06	MarLandFive	Fujimi-shi, Saitama	830	1.8	867	November 28, 2014
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780	1.7	907	November 28, 2014
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600	1.3	698	November 28, 2014
	Rd-09	SEA SCAPE Chiba Minato	Chiba-shi, Chiba	2,800	6.1	3,040	November 17, 2015
	Rd-10	Prime Garden	Kamagaya-shi, Chiba	600	1.3	624	November 2, 2016
	Rd-11	T's garden Shinkoiwa	Katsushika-ku, Tokyo	670	1.5	721	November 2, 2016
	Rd-12	Twin Avenue	Nerima-ku, Tokyo	1,880	4.1	1,880	November 2, 2017
	Rd-13	Milestone Higashikurume	Higashikurume-shi, Tokyo	1,650	3.6	1,670	November 2, 2017
	Rd-14	Lumiere No. 3	Kawaguchi-shi, Saitama	1,420	3.1	1,520	November 2, 2017
	Rd-15	T's garden Nishifunabashi	Funabashi-shi, Chiba	860	1.9	875	November 2, 2017
	Rd-16	Quest Yamatedai	Yokohama-shi, Kanagawa	710	1.5	740	November 2, 2017
	Rd-17	Sancerre Yonohonmachi	Saitama-shi, Saitama	600	1.3	619	November 2, 2017
	Subtotal		—	18,987	41.3	20,741	—
Total			—	45,996	100.0	50,866	—

(Note 1) “Investment ratio” is the ratio of acquisition price for the assets under management to the sum total amount of acquisition price.

(Note 2) Appraisal of the property is entrusted to Japan Real Estate Institute, Japan Valuers Co., Ltd. and JLL Morii Valuation & Advisory K.K. “Real estate appraisal value, etc.” is the appraisal value stated in the real estate appraisal report or investigation report (“real estate appraisal report, etc.”) with April 30, 2018 as the effective date of the appraisal (date of value). The same applies hereinafter.

(Note 3) “Acquisition date” is the acquisition date stated in the real estate trust beneficiary right sale and purchase contract for the asset under management.

(b) Portfolio Composition

The following presents the portfolio composition as of the date of Tosei Reit’s settlement of accounts (April 30, 2018) of assets under management. Real estate that are the assets in trust of the real estate trust beneficiary rights that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

a. By property type

Property type	Number of properties	Acquisition price (JPY million)	Investment ratio by property type (%) (Note)
Offices	10	20,969	45.6
Retail facilities	4	6,040	13.1
Residential properties	17	18,987	41.3
Total	31	45,996	100.0

(Note) “Investment ratio by property type” is the ratio of the sum total of acquisition price for the concerned property type to the sum total of acquisition price for the asset under management. The same applies hereinafter.

b. By geographical area

Geographical area	Number of properties	Acquisition price (JPY million)	Investment ratio by geographical area (%) (Note)
Tokyo metropolitan area	31	45,996	100.0
Tokyo 5 central wards	2	3,887	8.5
Tokyo 23 wards (excluding Tokyo 5 central wards)	9	11,728	25.5
Tokyo metropolitan area (excluding Tokyo 23 wards)	20	30,381	66.1
Major regional cities	—	—	—
Total	31	45,996	100.0

(Note) “Investment ratio by geographical area” is the ratio of the sum total of acquisition price for the concerned geographical area to the sum total of acquisition price for the asset under management. The same applies hereinafter.

c. Number of investments by acquisition price

Acquisition price	Number of properties
Less than JPY1.0 billion	11
JPY1.0 billion or more, but less than JPY2.0 billion	14
JPY2.0 billion or more, but less than JPY3.0 billion	4
JPY3.0 billion or more	2
Total	31

(c) Overview of Buildings, Etc.

The following is the construction completion, building age, annual rent, security and guarantee deposits, total leased area, total leasable area, occupancy rate and number of tenants of each asset under management.

The form of lease agreement for Tama Center Tosei Building (Note 1), some sections of JPT Motomachi Building (Note 2) and Musashi Fujisawa Tosei Building (Note 3) is pass-through type master lease agreement (the “ML agreement”) and fixed-rent ML agreement, while a pass-through type ML agreement for each property other than said properties (including sections of JPT Motomachi Building which are not under fixed-rent ML agreement).

Type	Property no.	Property name	Construction completion (Note 4)	Building age (years) (Note 5)	Annual rent (JPY million) (Note 6)	Security and guarantee deposits (JPY million) (Note 7)	Total leased area (m ²) (Note 8)	Total leasable area (m ²) (Note 9)	Occupancy rate (%) (Note 10)	Number of tenants (Note 11)
Offices	O-01	Tama Center Tosei Building (Note 1)	July 1989	28.8	328	229	9,737.49	9,737.49	100.0 (87.2)	1 (43)
	O-02	KM Shinjuku Building	September 1991	26.6	156	81	3,403.95	3,403.95	100.0	8
	O-03	Nihonbashi-Hamacho Building	October 1990	27.5	146	104	3,334.40	3,334.40	100.0	8
	O-04	Kannai Tosei Building II	February 1984 (Note 12)	34.2 (Note 12)	285	322	6,919.80	6,919.80	100.0	33
	O-05	Nishi Kasai Tosei Building	January 1994	24.2	125	76	3,187.97	3,187.97	100.0	9
	O-06	Shin Yokohama Center Building	December 1990	27.4	132	94	3,888.28	3,888.28	100.0	12
	O-07	Nishidai NC Building	March 1992	26.1	139	88	3,798.48	3,798.48	100.0	6
	O-08	JPT Motomachi Building (Note 2)	October 1991	26.5	185	145	5,453.13	5,453.13	100.0 (100.0)	7 (8)
	O-09	Hakusan Asanomi Building	July 1993	24.8	78	39	1,705.80	1,860.51	91.7	10
	O-10	Chojamachi Duo Building	July 1993	24.8	86	60	1,970.91	2,204.74	89.4	10
		Subtotal	—	—	1,665	1,243	43,400.21	43,788.75	99.1	104
Retail facilities	Rt-01	Inage Kaigan Building	November 1992	25.4	194	287	5,890.92	5,890.92	100.0	15
	Rt-02	Musashi Fujisawa Tosei Building (Note 3)	August 1997	20.7	144	72	6,089.72	6,089.72	100.0 (94.0)	1 (5)
	Rt-03	Selection Hatsutomi	June 2003	14.9	28	14	1,839.45	1,839.45	100.0	1
	Rt-04	Wako Building	May 1986	31.9	114	76	2,774.65	2,827.26	98.1	24
		Subtotal	—	—	481	450	16,594.74	16,647.35	99.7	41
Offices and retail facilities combined subtotal			—	—	2,146	1,693	59,994.95	60,436.10	99.3	145
Residential properties	Rd-01	T's garden Koenji	January 2011	7.3	103	17	2,169.38	2,169.38	100.0	55
	Rd-02	Live Akabane	March 1989	29.1	92	10	3,681.52	3,876.37	95.0	67
	Rd-03	Gekkocho Apartment	March 2008	10.1	57	13	1,185.84	1,392.13	85.2	14
	Rd-04	T's garden Kawasakidaishi	January 2009	9.2	68	8	2,039.77	2,067.77	98.6	51
	Rd-05	Abitato Kamata	June 1991	26.9	52	7	1,768.23	1,768.23	100.0	27
	Rd-06	MarLandFive	April 1990	28.0	74	85	2,722.50	2,722.50	100.0	35
	Rd-07	Avenir Shirotae	February 1995	23.2	69	9	2,446.74	2,499.93	97.9	40
	Rd-08	Dormitory Haramachida	July 1992	25.8	56	4	1,866.97	1,866.97	100.0	71
	Rd-09	SEA SCAPE Chiba Minato	March 2008	10.1	214	71	6,572.07	6,758.52	97.2	124
	Rd-10	Prime Garden	February 1995	23.2	57	6	3,626.89	3,687.98	98.3	59
	Rd-11	T's garden Shinkoiwa	March 1998	20.1	46	6	1,597.70	1,652.93	96.7	25
	Rd-12	Twin Avenue	March 1992	26.2	121	29	4,298.56	4,558.96	94.3	47
	Rd-13	Milestone Higashikurume	September 1989	28.6	123	14	3,487.75	3,546.43	98.3	183
	Rd-14	Lumiere No. 3	September 1994	23.6	105	14	5,394.56	5,644.16	95.6	77
	Rd-15	T's garden Nishifunabashi	February 1991	27.2	57	5	2,496.96	2,643.84	94.4	21
	Rd-16	Quest Yamatedai	February 1989	29.2	56	33	2,802.74	2,802.74	100.0	31
	Rd-17	Sancerre Yonohonmachi	November 1990	27.5	47	4	1,379.45	1,418.69	97.2	48
		Subtotal	—	—	1,405	344	49,537.63	51,077.53	97.0	975
Total/Average			—	24.6 (Note 12)	3,551	2,038	109,532.58	111,513.63	98.2	1,120

- (Note 1) For the property, a pass-through type ML agreement was concluded between the trustee and Tosei Community Co., Ltd (“Tosei Community”) on July 31, 2014 and, furthermore, a pass-through type ML agreement was concluded between the company and Tosei on the same date. The pass-through type ML agreement between the company and Tosei was changed to a fixed-rent ML agreement upon acquisition of the property by Tosei Reit and ended on November 27, 2016. Afterward, a new fixed-rent ML agreement which begins on November 28, 2016 and ends on November 30, 2020 was concluded. The same applies hereinafter.
- (Note 2) For the property, a pass-through type ML agreement was concluded on February 29, 2016 between the trustee and Tosei Community. Of which, however, a fixed-rent ML agreement was concluded between the company and Tosei on September 9, 2016 for the second floor (leased area: 919.15 m²) and on September 28, 2016 for some sections on the seventh floor (leased area: 316.04 m²). The same applies hereinafter.
- (Note 3) For the property, a pass-through type ML agreement was concluded between the trustee and Tosei Community on September 30, 2015. In addition, a fixed-rent ML agreement was concluded between Tosei Community and Tosei at the time of acquisition by Tosei Reit. The same applies hereinafter.
- (Note 4) “Construction completion” is the date of new construction in the real estate registry.
- (Note 5) “Building age” is the number of years that has elapsed from the date of new construction in the real estate registry to April 30, 2018. In addition, that in the total/average column is the figure that is the weighted average based on acquisition price.
- (Note 6) “Annual rent” is the amount annualized by multiplying by 12 the monthly rent (limited to the rent of rental units, including common area maintenance charges, but excluding warehouse, signboard, parking lot, etc. usage fees; the same applies hereinafter) for the building indicated in the lease agreement for the asset under management as of April 30, 2018 (limited to those occupied as of the same date) (the sum total amount thereof if the asset under management is under several lease agreements, and excluding consumption tax, etc.; the same applies hereinafter). For the concerned asset under management, it is the amount annualized by multiplying by 12 the monthly rent based on lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded (if the lessee of the pass-through type ML agreement has concluded a fixed-rent ML agreement, the lessee of the concerned fixed-rent ML agreement is counted as end-tenants; the same applies hereinafter), and it is the amount annualized by multiplying by 12 the monthly rent based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.
- (Note 7) “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement for the asset under management as of April 30, 2018 (limited to those occupied as of the same date). For the concerned asset under management, it is the tenant security and guarantee deposits based on lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded, and it is the tenant security and guarantee deposits based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.
- (Note 8) “Total leased area” is the sum total of the leased floor area indicated in the lease agreement for the asset under management as of April 30, 2018. The leased floor area indicated in the lease agreement may differ from the actual measurement value. For the concerned asset under management, it is the sum total of the floor area actually leased under lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded, and it is the leased floor area based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.
- (Note 9) “Total leasable area” is the sum total of the floor area of the portion regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for the asset under management as of April 30, 2018. The same applies hereinafter.
- (Note 10) “Occupancy rate” is the ratio of the total leased area to total leasable area for the asset under management as of April 30, 2018. However, in cases where an ML agreement has been concluded for the concerned asset under management, the occupancy rate in the case of a property under a pass-through type ML agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property or a section under a fixed-rent ML agreement is the ratio of the leased floor area based on the ML agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lease company and end-tenants is shown in parentheses. In addition, that in the subtotal columns, offices and retail facilities combined subtotal column and total/average column is each the ratio of the sum total of total leased area to the sum total of total leasable area for each asset under management in the respective item. The same applies hereinafter.
- (Note 11) “Number of tenants” is the number of tenants for the asset under management based on the lease agreement for the asset under management as of April 30, 2018. However, in cases where an ML agreement has been concluded for the concerned asset under management, the number of tenants in the case of a property under a pass-through type ML agreement is the total number of end-tenants, and the number of tenants in the case of a property or a section under a fixed-rent ML agreement is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on lease agreements between the master lease company and end-tenants is shown in parentheses. The same applies hereinafter.
- (Note 12) As to Kannai Tosei Building II, the parking building was constructed in May 1980 and the office building was added at a later date. The construction completion is the date of new construction of the office building, which is the main part of the building, in the real estate registry, and the building age and the average building age of Kannai Tosei Building II are the number of years calculated based on the said date of new construction.
- (Note 13) Even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent or other non-performance of obligations, in the case of agreements that are ongoing as of April 30, 2018, “Annual rent,” “Security and guarantee deposits,” “Total leased area,” “Occupancy rate” and “Number of tenants” are indicated on the basis that the concerned lease agreements with end-tenants are existing and thus based on the concerned lease agreements. The same applies hereinafter.

(d) Changes in Occupancy Rate

a. The following are the changes in the occupancy rate of assets under management at the end of the fiscal period.

	Number of properties	Total leased area (m ²)	Total leasable area (m ²)	Occupancy rate (%)
1st Period (As of April 30, 2015)	12	39,194.32	40,732.76	96.2
2nd Period (As of October 31, 2015)	12	39,713.19	40,734.02	97.5
3rd Period (As of April 30, 2016)	17	65,187.06	67,576.59	96.5
4th Period (As of October 31, 2016)	18	70,012.30	71,369.69	98.1
5th Period (As of April 30, 2017)	23	84,453.10	85,865.29	98.4
6th Period (As of October 31, 2017)	23	84,502.45	85,865.01	98.4
7th Period (As of April 30, 2018)	31	109,532.58	111,513.63	98.2

b. The following are the changes in the occupancy rate of each asset under management at the end of the fiscal period.

(Unit: %)

Property no.	Property name	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
O-01	Tama Center Tosei Building	100.0 (77.9)	100.0 (56.2)	100.0 (66.9)	100.0 (69.6)	100.0 (73.5)
O-02	KM Shinjuku Building	87.5	96.6	100.0	100.0	100.0
O-03	Nihonbashi-Hamacho Building	100.0	100.0	100.0	100.0	100.0
O-04	Kannai Tosei Building II	—	—	97.4	96.7	100.0
O-05	Nishi Kasai Tosei Building	—	—	100.0	100.0	100.0
O-06	Shin Yokohama Center Building	—	—	92.3	100.0	100.0
O-07	Nishidai NC Building	—	—	—	100.0	90.8
O-08	JPT Motomachi Building	—	—	—	—	100.0 (100.0)
O-09	Hakusan Asanomi Building	—	—	—	—	91.7
O-10	Chojamachi Duo Building	—	—	—	—	—
Rt-01	Inage Kaigan Building	100.0	100.0	100.0	100.0	100.0
Rt-02	Musashi Fujisawa Tosei Building	—	—	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)
Rt-03	Selection Hatsutomi	—	—	—	—	100.0
Rt-04	Wako Building	—	—	—	—	—
Rd-01	T's garden Koenji	96.5	98.6	95.6	97.9	98.8
Rd-02	Live Akabane	95.8	95.8	100.0	97.7	97.2
Rd-03	Gekkocho Apartment	86.1	87.7	82.4	87.8	93.1
Rd-04	T's garden Kawasakidaishi	95.2	95.9	98.6	96.2	100.0
Rd-05	Abitato Kamata	92.6	92.6	96.3	100.0	100.0
Rd-06	MarLandFive	89.4	92.3	90.5	97.7	93.0
Rd-07	Avenir Shirotae	100.0	97.9	91.5	95.7	100.0
Rd-08	Dormitory Haramachida	91.2	96.7	95.5	93.7	94.7
Rd-09	SEA SPACE Chiba Minato	—	—	86.4	93.2	95.2
Rd-10	Prime Garden	—	—	—	—	98.3
Rd-11	T's garden Shinkoiwa	—	—	—	—	100.0
Rd-12	Twin Avenue	—	—	—	—	—
Rd-13	Milestone Higashikurume	—	—	—	—	—
Rd-14	Lumiere No. 3	—	—	—	—	—
Rd-15	T's garden Nishifunabashi	—	—	—	—	—
Rd-16	Quest Yamatedai	—	—	—	—	—
Rd-17	Sancerre Yonohonmachi	—	—	—	—	—

Property no.	Property name	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)
O-01	Tama Center Tosei Building	100.0 (80.6)	100.0 (87.2)
O-02	KM Shinjuku Building	100.0	100.0
O-03	Nihonbashi-Hamacho Building	100.0	100.0
O-04	Kannai Tosei Building II	100.0	100.0
O-05	Nishi Kasai Tosei Building	100.0	100.0
O-06	Shin Yokohama Center Building	100.0	100.0
O-07	Nishidai NC Building	94.4	100.0
O-08	JPT Motomachi Building	100.0 (100.0)	100.0 (100.0)
O-09	Hakusan Asanomi Building	91.7	91.7
O-10	Chojamachi Duo Building	—	89.4
Rt-01	Inage Kaigan Building	100.0	100.0
Rt-02	Musashi Fujisawa Tosei Building	100.0 (87.3)	100.0 (94.0)
Rt-03	Selection Hatsutomi	100.0	100.0
Rt-04	Wako Building	—	98.1
Rd-01	T's garden Koenji	100.0	100.0
Rd-02	Live Akabane	100.0	95.0
Rd-03	Gekkocho Apartment	100.0	85.2
Rd-04	T's garden Kawasakidaishi	97.6	98.6
Rd-05	Abitato Kamata	100.0	100.0
Rd-06	MarLandFive	95.4	100.0
Rd-07	Avenir Shirotae	93.6	97.9
Rd-08	Dormitory Haramachida	94.3	100.0
Rd-09	SEA SPACE Chiba Minato	92.6	97.2
Rd-10	Prime Garden	100.0	98.3
Rd-11	T's garden Shinkoiwa	96.7	96.7
Rd-12	Twin Avenue	—	94.3
Rd-13	Milestone Higashikurume	—	98.3
Rd-14	Lumiere No. 3	—	95.6
Rd-15	T's garden Nishifunabashi	—	94.4
Rd-16	Quest Yamatedai	—	100.0
Rd-17	Sancerre Yonohonmachi	—	97.2

(e) Summary of Real Estate Appraisal Reports, Etc.

Tosei Reit and the Asset Management Company have obtained a real estate appraisal report, etc. for each asset under management from Japan Real Estate Institute, Japan Valuers Co., Ltd. and JLL Morii Valuation & Advisory K.K. (Note 1). The following is a summary of each asset under management's real estate appraisal report, etc. obtained by Tosei Reit and the Asset Management Company with April 30, 2018 as the effective date of the appraisal (date of value). Each real estate appraisal or investigation of the respective real estate appraisal report, etc. is no more than the appraiser's judgment and opinion at a certain point in time, and is not a guarantee of the validity or accuracy of the content, possibility of transaction at the concerned appraisal value, etc. and such. In addition, there is no special vested interest between Japan Real Estate Institute, Japan Valuers Co., Ltd. and JLL Morii Valuation & Advisory K.K., which performed the real estate appraisal, etc., and Tosei Reit or the Asset Management Company.

Tosei Reit Investment Corporation (3451) Financial Report for the Fiscal Period Ended April 30, 2018

Type	Property no.	Name of property	Appraisal firm	Acquisition price (JPY million)	Book value at end of period (JPY million) (Note 2)	Estimated value at end of period (Note 2)					
						Appraisal value, etc. (JPY million)	Indicated value by direct capitalization method (JPY million)	Capitalization rate (%)	Indicated value by DCF method (JPY million)	Discount rate (%)	Terminal capitalization rate (%)
Offices	O-01	Tama Center Tosei Building	Japan Real Estate Institute	3,370	3,310	3,560	3,550	5.7	3,560	5.3	5.7
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,057	2,012	2,460	2,460	4.1	2,450	3.8	4.2
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,830	1,810	2,180	2,210	4.4	2,150	4.2	4.6
	O-04	Kannai Tosei Building II	Japan Valuers Co., Ltd.	4,100	4,031	4,640	4,850	4.8	4,570	4.6	5.0
	O-05	Nishi Kasai Tosei Building	Japan Valuers Co., Ltd.	1,710	1,684	1,970	2,010	4.9	1,920	4.7	5.1
	O-06	Shin Yokohama Center Building	JLL Morii Valuation & Advisory K.K.	1,364	1,364	1,660	1,680	4.8	1,640	4.6	5.0
	O-07	Nishidai NC Building	Japan Real Estate Institute	1,481	1,478	1,700	1,710	4.8	1,680	4.6	5.0
	O-08	JPT Motomachi Building	JLL Morii Valuation & Advisory K.K.	2,377	2,356	2,680	2,720	4.7	2,640	4.5	4.9
	O-09	Hakusan Asanomi Building	Japan Real Estate Institute	1,380	1,380	1,410	1,430	4.3	1,380	4.1	4.5
	O-10	Chojamachi Duo Building	JLL Morii Valuation & Advisory K.K.	1,300	1,309	1,370	1,390	4.7	1,340	4.5	4.9
	Subtotal			20,969	20,738	23,630	24,010	—	23,330	—	—
	Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,380	2,285	2,600	2,620	5.2	2,580	5.0
Rt-02		Musashi Fujisawa Tosei Building	Japan Real Estate Institute	1,950	1,925	2,140	2,140	5.7	2,130	5.3	5.9
Rt-03		Selection Hatsutomi	Japan Real Estate Institute	310	316	345	350	5.3	339	5.1	5.6
Rt-04		Wako Building	Japan Real Estate Institute	1,400	1,402	1,410	1,420	5.3	1,400	5.1	5.5
Subtotal			6,040	5,930	6,495	6,530	—	6,449	—	—	
Offices and retail facilities combined subtotal				27,009	26,669	30,125	30,540	—	29,779	—	—
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,544	1,527	1,940	1,970	4.1	1,910	3.9	4.3
	Rd-02	Live Akabane	Japan Real Estate Institute	1,227	1,214	1,480	1,500	4.8	1,460	4.6	5.0
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,000	996	1,140	1,160	4.3	1,120	4.1	4.5
	Rd-04	T's garden Kawasakidaishi	Japan Real Estate Institute	980	962	1,120	1,130	4.9	1,100	4.7	5.1
	Rd-05	Abitato Kamata	Japan Real Estate Institute	836	836	900	913	4.8	887	4.6	5.0
	Rd-06	MarLandFive	Japan Real Estate Institute	830	817	867	874	5.9	860	5.7	6.1
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	780	758	907	916	5.1	898	4.9	5.3
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	600	630	698	704	5.0	691	4.8	5.2
	Rd-09	SEA SPACE Chiba Minato	JLL Morii Valuation & Advisory K.K.	2,800	2,741	3,040	3,070	5.2	3,000	5.0	5.4
	Rd-10	Prime Garden	Japan Valuers Co., Ltd.	600	621	624	624	5.5	624	5.3	5.7
	Rd-11	T's garden Shinkoiwa	Japan Valuers Co., Ltd.	670	674	721	729	4.4	712	4.2	4.6
	Rd-12	Twin Avenue	Japan Real Estate Institute	1,880	1,896	1,880	1,900	4.9	1,860	4.7	5.1
	Rd-13	Milestone Higashikurume	Japan Real Estate Institute	1,650	1,663	1,670	1,690	5.1	1,650	4.9	5.3
	Rd-14	Lumiere No. 3	Japan Valuers Co., Ltd.	1,420	1,435	1,520	1,530	5.1	1,510	4.9	5.3
	Rd-15	T's garden Nishifunabashi	Japan Valuers Co., Ltd.	860	869	875	891	4.9	859	4.7	5.1
	Rd-16	Quest Yamatedai	Japan Valuers Co., Ltd.	710	718	740	746	5.0	733	4.8	5.2
	Rd-17	Sancerre Yonohomachi	Japan Valuers Co., Ltd.	600	607	619	624	4.9	614	4.7	5.1
	Subtotal			18,987	18,973	20,741	20,971	—	20,488	—	—
Total				45,996	45,643	50,866	51,511	—	50,267	—	—

(Note 1) Morii Appraisal & Investment Consulting, Inc. has changed its trade name to JLL Morii Valuation & Advisory K.K. as of April 1, 2018. Current trade name is indicated even for properties which real estate appraisal reports, etc. were obtained from the then-Morii Appraisal & Investment Consulting, Inc.

(Note 2) "Book value at end of period" is the depreciated book value as of April 30, 2018, rounded down to the nearest JPY million.

(Note 3) "Estimated value at end of period" is the value stated in the real estate appraisal report, etc. prepared by Japan Real Estate Institute, Japan Valuers Co., Ltd. and JLL Morii Valuation & Advisory K.K. with April 30, 2018 as the effective date of the appraisal (date of value) pursuant to the Articles of Incorporation of Tosei Reit and the rules of The Investment Trusts Association, Japan.

(f) Summary of Engineering Reports and Seismic Risk Analyses, Etc.

Tosei Reit has obtained an engineering report concerning building inspection, compliance with applicable laws and regulations, repair expenses valuation, environmental assessment, etc. for each asset under management from Deloitte Tohmatsu Property Risk Solution Co., Ltd., HI International Consultant Co., Ltd., Sampo Risk Management & Health Care Inc. (Note 1) Tokio Marine & Nichido Risk Consulting Co., Ltd. The statements in the engineering report are no more than an indication of the opinion of the reporting party, and Tosei Reit does not guarantee the accuracy of the content thereof. There is no special vested interest between Deloitte Tohmatsu Property Risk Solution Co., Ltd. or HI International Consultant Co., Ltd., SOMPO Risk Care Management Inc., Tokio Marine & Nichido Risk Consulting Co., Ltd. and Tosei Reit or the Asset Management Company.

In addition, Tosei Reit has an evaluation of seismic risk analysis conducted by Sampo Risk Management & Health Care Inc. at its request as part of due diligence upon acquisition of each asset under management. The analysis evaluates a building's seismic performance by an independent structural evaluation method based on structural drawings and structural calculation documents, which is then weighed against the content of structural calculation documents to arrive at the building's final seismic performance evaluation. The building's specific seismic vulnerability based on such evaluation is considered and seismic hazards and ground conditions are factored into for a comprehensive evaluation, based on the results of which a building's seismic probable maximum loss (PML) value is calculated. Each asset under management's building PML value stated in the "seismic PML (re)evaluation report" prepared by said company is presented in the table below. The statements in the seismic PML (re)evaluation report are no more than an indication of the opinion of the reporting party, and Tosei Reit does not guarantee the accuracy of the content thereof. There is no special vested interest between Sampo Risk Management & Health Care Inc. and Tosei Reit or the Asset Management Company.

Property no.	Name of property	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 2)	Long-term repair expenses (JPY thousand) (Note 3)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date	PML value (%)
O-01	Tama Center Tosei Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	48,865	Sampo Risk Management & Health Care Inc.	March 2015	4.36
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,322	Sampo Risk Management & Health Care Inc.	March 2015	5.52
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,930	Sampo Risk Management & Health Care Inc.	March 2015	6.11
O-04	Kannai Tosei Building II	HI International Consultant Co., Ltd.	July 2015	170	27,239	Sampo Risk Management & Health Care Inc.	July 2015	11.54
O-05	Nishi Kasai Tosei Building	HI International Consultant Co., Ltd.	July 2015	—	17,387 (Note 4)	Sampo Risk Management & Health Care Inc.	July 2015	3.84
O-06	Shin Yokohama Center Building	Sampo Risk Management & Health Care Inc.	August 2015	—	19,378	Sampo Risk Management & Health Care Inc.	July 2015	6.47
O-07	Nishidai NC Building	Sampo Risk Management & Health Care Inc.	May 2016	—	15,826	Sampo Risk Management & Health Care Inc.	May 2016	5.25
O-08	JPT Motomachi Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	July 2016	—	25,150	Sampo Risk Management & Health Care Inc.	July 2016	6.06
O-09	Hakusan Asanomi Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	July 2016	—	10,433	Sampo Risk Management & Health Care Inc.	July 2016	7.31
O-10	Chojamachi Duo Building	Sampo Risk Management & Health Care Inc.	August 2017	—	7,768	Sampo Risk Management & Health Care Inc.	August 2017	3.56
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,129	Sampo Risk Management & Health Care Inc.	March 2015	6.49
Rt-02	Musashi Fujisawa Tosei Building	Sampo Risk Management & Health Care Inc.	September 2015	120	8,605	Sampo Risk Management & Health Care Inc.	September 2015	5.85
Rt-03	Selection Hatsutomi	Sampo Risk Management & Health Care Inc.	July 2016	—	3,103	Sampo Risk Management & Health Care Inc.	July 2016	7.98
Rt-04	Wako Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 2017	—	12,963	Sampo Risk Management & Health Care Inc.	March 2017	9.32
Rd-01	T's garden Koenji	HI International Consultant Co., Ltd.	February 2014	670	2,936	Sampo Risk Management & Health Care Inc.	March 2015	7.91
Rd-02	Live Akabane	HI International Consultant Co., Ltd.	February 2014	7,370	8,355	Sampo Risk Management & Health Care Inc.	March 2015	7.45
Rd-03	Gekkocho Apartment	HI International Consultant Co., Ltd.	April 2014	350	3,833	Sampo Risk Management & Health Care Inc.	March 2015	8.98
Rd-04	T's garden Kawasakiidaishi	HI International Consultant Co., Ltd.	February 2014	685	2,475	Sampo Risk Management & Health Care Inc.	March 2015	7.38
Rd-05	Abitato Kamata	HI International Consultant Co., Ltd.	February 2014	1,890	3,365	Sampo Risk Management & Health Care Inc.	March 2015	7.82
Rd-06	MarLandFive	HI International Consultant Co., Ltd.	February 2014	3,570	8,500	Sampo Risk Management & Health Care Inc.	March 2015	4.00
Rd-07	Avenir Shirotae	HI International Consultant Co., Ltd.	March 2014	1,210	7,827	Sampo Risk Management & Health Care Inc.	March 2015	7.57
Rd-08	Dormitory Haramachida	HI International Consultant Co., Ltd.	February 2014	4,540	9,477	Sampo Risk Management & Health Care Inc.	March 2015	5.29
Rd-09	SEA SPACE Chiba Minato	Sampo Risk Management & Health Care Inc.	July 2015	—	13,280	Sampo Risk Management & Health Care Inc.	July 2015	7.30
Rd-10	Prime Garden	Sampo Risk Management & Health Care Inc.	July 2016	—	4,954	Sampo Risk Management & Health Care Inc.	July 2016	9.42
Rd-11	T's garden Shinkoiwa	HI International Consultant Co., Ltd.	August 2016	3,420	5,041	Sampo Risk Management & Health Care Inc.	July 2016	4.41

Property no.	Name of property	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 2)	Long-term repair expenses (JPY thousand) (Note 3)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date	PML value (%)
Rd-12	Twin Avenue	HI International Consultant Co., Ltd.	March 2017	400	12,449	Sompo Risk Management & Health Care Inc.	March 2017	5.70
Rd-13	Milestone Higashikurume	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 2017	—	12,633	Sompo Risk Management & Health Care Inc.	August 2017	4.34
Rd-14	Lumiere No. 3	Sompo Risk Management & Health Care Inc.	August 2017	—	8,157	Sompo Risk Management & Health Care Inc.	March 2017	2.58
Rd-15	T's garden Nishifunabashi	HI International Consultant Co., Ltd.	July 2017	7,620	7,994	Sompo Risk Management & Health Care Inc.	August 2017	7.50
Rd-16	Quest Yamatedai	HI International Consultant Co., Ltd.	July 2017	3,780	6,625	Sompo Risk Management & Health Care Inc.	August 2017	9.66
Rd-17	Sancerre Yonohomachi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	August 2017	—	4,336	Sompo Risk Management & Health Care Inc.	July 2017	4.13
Entire portfolio (Note 5)								3.49

(Note 1) Sompo Japan Nipponkoa Risk Management Inc. changed its business name to Sompo Risk Management & Health Care Inc. on April 1, 2016. Even if the name of the company was Sompo Japan Nipponkoa Risk Management Inc. at the time of acquiring “portfolio seismic PML evaluation report,” etc., the current name is indicated. The same applies hereinafter.

(Note 2) “Emergency and short-term repair expenses” is the sum total of the expenses stated in the engineering report as expenses in urgent need and repair and renewal expenses required within roughly one year.

(Note 3) “Long-term expenses” is indicated as follows.

- ① It is the amount stated as the average amount per year of the repair and renewal expenses projected for the second to 12th year (11 years) in the engineering report in the case of the properties investigated by HI International Consultant Co., Ltd.
- ② It is the amount stated as the average amount per year of the long-term repair and renewal expenses projected for the next 12 years in the engineering report in the case of the properties investigated by Sompo Risk Management & Health Care Inc.
- ③ Of properties researched by Deloitte Tohmatsu Property Risk Solution Co., Ltd, it is the amount stated as the total repair and renewal expenses excluding consumption tax projected for the next 12 years in the engineering report for Tama Center Tosei Building, KM Shinjuku Building, Nihonbashi-Hamacho Building and Inage Kaigan Building, and it is the amount stated as the total repair and renewal expenses excluding consumption tax projected for the second to 12th year (11 years) in the engineering report for the other properties, converted into the average amount per year by Tosei Asset Advisors, Inc.
- ④ It is the amount converted into the average amount per year by Tosei Asset Advisors, Inc. of the amount stated as the total of medium- to long-term repair and renewal expenses projected for the next 12 years in the engineering report in the case of the properties investigated by Tokio Marine & Nichido Risk Consulting Co., Ltd.

(Note 4) For the property, construction work to upgrade the air-conditioning was implemented at the expense and under the responsibility of Tosei. Long-term repair expenses after completion of the concerned construction work is JPY11,954 thousand (average amount per year) according to the “follow-up report to the building survey and diagnosis report” prepared by HI International Consultant Co., Ltd.

(Note 5) The value stated in “Entire portfolio” is the PML value concerning the entire portfolio based on the “seismic PML evaluation report” dated August 2017 by Sompo Risk Management & Health Care Inc.

(g) Designer, Structural Designer, Contractor, Confirmation and Inspection Body and Structural Calculation Confirmation Body for Each Asset under Management

The following is the designer, structural designer, contractor, confirmation and inspection body and structural calculation confirmation body for each asset under management. Tosei Reit has entrusted a third-party expert body HI International Consultant Co., Ltd., SOMPO Risk Care Management Inc., Deloitte Tohmatsu Property Risk Solution Co., Ltd. or Tokio Marine & Nichido Risk Consulting Co., Ltd. with confirmation and verification of structural calculation documents and structural drawings for the 30 properties excluding Avenir Shirotae, and has obtained from HI International Consultant Co., Ltd., SOMPO Risk Care Management Inc., Deloitte Tohmatsu Property Risk Solution Co., Ltd. or Tokio Marine & Nichido Risk Consulting Co., Ltd., overall findings that no intentional falsification has been found in any part of the structural calculation documents and that the structural calculation documents and structural drawings are in alignment and that, accordingly, the buildings are deemed to meet the requirements for seismic safety under the standards act at the time of design with the content stated in the structural calculation documents, subject to the condition that they were appropriately constructed according to the structural drawings at the time of construction of the building of each asset under management. On the other hand, concerning Avenir Shirotae, the report on verification of whether or not there was falsification of structural calculation documents has pointed out inconsistencies between the calculation documents after change in the plan and the structural drawings at the time of application for confirmation, but the matter has already been rectified.

Property no.	Property name	Designer	Structural designer	Contractor	Confirmation and inspection body	Structural calculation confirmation body
O-01	Tama Center Tosei Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Taisei Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-02	KM Shinjuku Building	Mitsubishi Jisho Sekkei Inc., first-class architect office	Mitsubishi Jisho Sekkei Inc., first-class architect office	Taisei Corporation, Tokyo Branch	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-03	Nihonbashi-Hamacho Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Toda Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-04	Kannai Tosei Building II (Note 2)	Takenaka Corporation First Class Licensed Architect Office	Takenaka Corporation First Class Licensed Architect Office	Takenaka Corporation Tokyo Head Office, Mitsui Construction Co., Ltd., Yokohama Branch	City of Yokohama, building official	Sompo Risk Management & Health Care Inc.
O-05	Nishi Kasai Tosei Building	Kitayama Architectural Engineering Office, Inc.	Kitayama Architectural Engineering Office, Inc.	Tobishima Corporation Tokyo Branch	Edogawa Ward building official	HI International Consultant Co., Ltd.
O-06	Shin Yokohama Center Building	Nikken Sekkei first-class architect office	Nikken Sekkei first-class architect office	Maeda Corporation	City of Yokohama, building official	Sompo Risk Management & Health Care Inc.
O-07	Nishidai NC Building	Nishimatsu Construction Co., Ltd., first-class architect office	Nishimatsu Construction Co., Ltd., first-class architect office	Nishimatsu Construction Co., Ltd., first-class architect office, Tokyo Construction Branch	Tokyo Metropolitan Government, building official	Sompo Risk Management & Health Care Inc.
O-08	JPT Motomachi Building	Environment Designing Shimizu Research Laboratory	Structure Design Company Toshio Fujinuma	Kokune Corporation	City of Yokohama, building official	Deloitte Tohmatsu Property Risk Solution Co., Ltd.
O-09	Hakusan Asanomi Building	Takeo Igarashi Architectural Design Office Inc.	(Note 3)	Fujita Corporation, Tokyo Branch	Bunkyo Ward, building official	Tokio Marine & Nichido Risk Consulting Co., Ltd.
O-10	Chojamachi Duo Building	Azusa Sekkei Co., Ltd.	Azusa Sekkei Co., Ltd.	Kumagai Gumi Co., Ltd., Yokohama Branch	City of Yokohama, building official	Sompo Risk Management & Health Care Inc.
Rt-01	Inage Kaigan Building	Nikken Sekkei Ltd.	Nikken Sekkei Ltd.	Haseko Corporation	City of Chiba, building official	HI International Consultant Co., Ltd.
Rt-02	Musashi Fujisawa Tosei Building	Matsumura-Gumi Corporation, Tokyo Head Office, first-class architect office	Matsumura-Gumi Corporation, Tokyo Head Office, first-class architect office	Matsumura-Gumi Corporation, Tokyo Head Office	Saitama Prefectural Government, building official	Sompo Risk Management & Health Care Inc.
Rt-03	Selection Hatsutomi	Sugioka Design Office Inc.	JTM 1st Class Qualified Architect. Office	SK Build Co., Ltd.	Japan ERI Co., Ltd.	Sompo Risk Management & Health Care Inc.
Rt-04	Wako Building	LAND Architect Office	(Note 3)	Nara Construction Co., Ltd.	City of Chiba, building official	Deloitte Tohmatsu Property Risk Solution Co., Ltd.
Rd-01	T's garden Koenji	YOKOHOUSE, Inc., first-class architect office	Yabuki Architecture Office	Maeda Corporation, Tokyo Branch	Houseplus Architectural Inspection, Inc.	HI International Consultant Co., Ltd.
Rd-02	Live Akabane	KK Arte Kenchiku Sekkei Jimusho	(Note 4)	Toda Corporation	Kita Ward, building official	HI International Consultant Co., Ltd.
Rd-03	Gekkocho Apartment	Urban Design System Ltd., first-class architect office	Ove Arup & Partners Japan Limited	Kajima Corporation, Tokyo Architectural Construction Branch	Bureau Veritas Japan Co., Ltd.	HI International Consultant Co., Ltd.
Rd-04	T's garden Kawasakidaishi	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch, first-class architect office	(Note 5)	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch	East Japan House Evaluation Center	HI International Consultant Co., Ltd.
Rd-05	Abitato Kamata	Tokyo Keizairen and KK Zenkoku Nokyo Sekkei	KK Zenkoku Nokyo Sekkei	Tanaka Doken Kogyo Co., Ltd.	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
Rd-06	MarLandFive	Institute of New Architecture Inc.	Institute of New Architecture Inc.	Tobu Fudosan KK	Saitama Prefectural Government, building official	HI International Consultant Co., Ltd.

Property no.	Property name	Designer	Structural designer	Contractor	Confirmation and inspection body	Structural calculation confirmation body
Rd-07	Avenir Shirotae	KK San'a Sekkei	Party that prepared the structural calculation document not stated therein.	Toa Corporation, Yokohama Branch Office	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rd-08	Dormitory Haramachida	Mitsui Fudosan Kensetsu KK, first-class architect office	Mitsui Fudosan Kensetsu KK	Mitsui Fudosan Kensetsu KK	City of Machida, building official	HI International Consultant Co., Ltd.
Rd-09	SEA SPACE Chiba Minato	Kume Sekkei Co., Ltd.	Kume Sekkei Co., Ltd.	Taisei Corporation, Chiba Branch	UHEC	HI International Consultant Co., Ltd.
Rd-10	Prime Garden	Re-LAND Corporation Co., Ltd.	Kanai Design Inc.	Re-LAND Corporation Co., Ltd.	Chiba Prefectural government, building official	Sompo Risk Management & Health Care Inc.
Rd-11	T's garden Shinkoiwa	Fumikazu Nakano Design Office Inc.	(Note 6)	Penta-Ocean Corporation Co., Ltd. Tokyo Branch	Katsushika City building official	HI International Consultant Co., Ltd.
Rd-12	Twin Avenue	Uchino Komuten K.K., first-class architect office	Uchino Komuten K.K., first-class architect office	Uchino Komuten K.K.	Nerima Ward, building official	HI International Consultant Co., Ltd.
Rd-13	Milestone Higashikurume	Honma Architectural Design Office, K.K.	(Note 7)	Okumura Corporation	Tokyo Metropolitan Government, building official	Deloitte Tohmatsu Property Risk Solution Co., Ltd.
Rd-14	Lumiere No. 3	Kawaguchi Construction Co., Ltd., first-class architect office	Kawaguchi Construction Co., Ltd., first-class architect office	Kawaguchi Construction Co., Ltd.	City of Kawaguchi, building official	Sompo Risk Management & Health Care Inc.
Rd-15	T's garden Nishifunabashi	Kumagai Gumi Co., Ltd., Yokohama first-class architect office	(Note 4)	Kumagai Gumi Co., Ltd., Yokohama Branch	City of Funabashi, building official	HI International Consultant Co., Ltd.
Rd-16	Quest Yamatedai	Mitsui Kensetsu Kabushiki Kaisha, first-class architect office	Mitsui Kensetsu Kabushiki Kaisha, first-class architect office	Mitsui Construction Co., Ltd., Yokohama Branch	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rd-17	Sancerre Yonohomachi	Haseko Corporation	Haseko Corporation	Haseko Corporation	Saitama Prefectural Government, building official	Tokio Marine & Nichido Risk Consulting Co., Ltd.

(Note 1) The name stated above is the name, etc. at the time for the designer, etc. of the property.

(Note 2) As to this building, information on the office building, which is the main part of the building, is provided. The designer and structural designer of the parking building is Ishimoto Architectural & Engineering Firm, Inc., the constructors are Yokohama Elevator Co., Ltd. and the consortium of Obayashi Corporation and Takenaka Corporation for new construction of Bashamichi Building, and the confirmation and inspection body is City of Yokohama, building official. The structural calculation confirmation body is Sompo Risk Management and Health Care Inc., the same as that for the office building.

(Note 3) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by Globo First Class Architect Office Inc.

(Note 4) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by HI International Consultant Co., Ltd.

(Note 5) Verification results have been obtained from HI International Consultant Co., Ltd. that the building is judged to have strength compliant with the current Building Standards Act as building materials, structural members, construction techniques and foundations certified with type approval by the Minister of Land, Infrastructure, Transport and Tourism have been employed and have been manufactured and newly constructed by certified type, parts, etc. manufacturers.

(Note 6) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by Kyoei Corporation.

(Note 7) Although the structural calculation document for the building exists, contents of some corresponding sections are unable to be confirmed. Therefore, the structural calculation document has been reproduced by HI International Consultant Co., Ltd.

(h) Status of Collateral

A revolving pledge with Tosei Reit as the pledger has been established in relation to debt financing upon acquisition of assets under management by Tosei Reit on the trust beneficiary rights of each asset under management. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, have been concluded for each asset under management. There are no other security rights that Tosei Reit has agreed or committed to establishing for any asset under management as of the date of settlement of accounts (April 30, 2018).

(i) Information about Major Real Estate

Of Tosei Reit's assets under management, there are no real estate of which annual rent accounts for 10% or more of the entire portfolio's annual rent as of April 30, 2018.

(j) Information About Major Tenants (those tenants of which the area leased to the concerned tenant accounts for 10% or more of the sum total of total leased area)

The following table lists those tenants of Tosei Reit's assets under management that account for 10% or more of the entire portfolio's total leased area as of the date of settlement of accounts of Tosei Reit (April 30, 2018). In the case of a property under a pass-through type ML agreement, not only the master lease company but also end-tenants are counted as tenants. In addition, in the case of a property under a fixed-rent ML agreement, the master lease company alone is counted as tenants and end-tenants are not counted. For the entirety of Tama Center Tosei Building and Musashi Fujisawa Tosei Building as well as the second floor (leased area: 919.15 m²) and some sections on the seventh floor (leased area: 316.04 m²) of JPT Motomachi Building, as a pass-through type ML agreement has been concluded between the trustee and the master lease company, Tosei Community, and furthermore a fixed-rent ML agreement has been concluded between the company and the sub master lease company Tosei, both the master lease company and the sub master lease company are shown.

Name of tenant	Type of business	Property name	Annual rent (JPY million)	Total leased area (m ²)	Leased area ratio (%) (Note 1)	Contract expiration date (Note 2)	Contract form (Note 3)	Security and guarantee deposits (JPY million)
Tosei Community Co., Ltd. (Note 4)	Property management business	Tama Center Tosei Building KM Shinjuku Building Nihonbashi-Hamacho Building Kannai Tosei Building II Nishi Kasai Tosei Building Shin Yokohama Center Building JPT Motomachi Building Chojamachi Duo Building Inage Kaigan Building Musashi Fujisawa Tosei Building Selection Hatsutomi Wako Building T's garden Koenji Live Akabane Gekkocho Apartment T's garden Kawasakidaishi Abitato Kamata MarLandFive Avenir Shirotae Dormitory Haramachida SEA SPACE Chiba Minato Prime Garden T's Garden Shinkoiwa Milestone Higashikurume T's garden Nishifunabashi Quest Yamatedai Sancerre Yonohonmachi	3,106	94,335.18	86.1	November 30, 2018	Ordinary building lease agreement	1,866
		Nishidai NC Building	139	3,798.48	3.5	August 31, 2018	Ordinary building lease agreement	88
Tosei Corporation	Real estate business	Tama Center Tosei Building JPT Motomachi Building	360	10,972.68	10.0	November 30, 2020	Fixed-term building lease agreement	245
		Musashi Fujisawa Tosei Building	144	6,089.72	5.6	November 30, 2025	Ordinary building lease agreement	72

(Note 1) "Leased area ratio" is the ratio of the leased area indicated in the lease agreement with the concerned tenant to total leased area for the entire portfolio. The same applies hereinafter.

(Note 2) "Contract expiration date" is the contract expiration date indicated in the lease agreement with the concerned tenant as of April 30, 2018. The same applies hereinafter.

(Note 3) "Contract form" is the contract form indicated in the lease agreement with the concerned tenant as of April 30, 2018. The same applies hereinafter.

(Note 4) A pass-through type ML agreement has been concluded between the trustee and Tosei Community as of April 30, 2018 for assets under management excluding Hakusan Asanomi Building, Twin Avenue and Lumiere No.3. Thus, the total leased area indicates the sum total of the floor areas actually leased under lease agreements concluded with end-tenants (Tosei is regarded as the end-tenant when Tosei Community has concluded a fixed-rent ML agreement with Tosei). If both parties of the lease agreement do not express their intent otherwise to each other by one month prior to the expiration date, the agreement shall be renewed for another year under the same terms and conditions, and the same shall apply upon expiration thereafter.

In addition, Tosei Community is a property management company ("PM Company") of assets under management excluding Hakusan Asanomi Building, Twin Avenue and Lumiere No.3, and has concluded a PM agreement with the trustee. If both parties of the PM agreement do not express their intent otherwise to each other by one month prior to the expiration date, the agreement shall be renewed for another year under the same terms and conditions, and the same shall apply upon expiration thereafter.

(k) Top End-Tenants by Leased Area

The following are the end-tenants of Tosei Reit's assets under management ranking in the top ten in terms of leased area of the entire portfolio as of the date of settlement of accounts (April 30, 2018). In the case of a property under a fixed-rent ML agreement, the entries are not concerning end-tenants but the master lease company and based on the lease agreement with the master lease company. In the case of a property under a pass-through type ML agreement, the entries are not concerning the master lease company but end-tenants and based on the lease agreement with end-tenants.

Name of end-tenant	Property name	Total leased area (m ²)	Leased area ratio (%)	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49	8.9	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72	5.6	November 30, 2025	Ordinary building lease agreement
Not disclosed (Note)	Inage Kaigan Building	2,989.01	2.7	November 23, 2018	Ordinary building lease agreement
Not disclosed (Note)	JPT Motomachi Building	1,558.28 293.74 Total: 1,852.02	1.7	January 4, 2019 September 30, 2018	Ordinary building lease agreement
Not disclosed (Note)	Selection Hatsutomi	1,839.45	1.7	June 3, 2023	Ordinary building lease agreement
FUJITSU CoWorCo Limited	Shin Yokohama Center Building	1,822.20	1.7	December 31, 2019	Ordinary building lease agreement
Not disclosed (Note)	Not disclosed (Note)	1,762.57	1.6	August 31, 2018	Ordinary building lease agreement
Not disclosed (Note)	Not disclosed (Note)	1,420.46	1.3	April 16, 2019	Ordinary building lease agreement
Tosei Corporation	JPT Motomachi Building	1,235.19	1.1	November 30, 2020	Fixed-term building lease agreement
HEATWAVE Co., Ltd.	KM Shinjuku Building	447.41 447.41 137.29 Total: 1,032.11	0.9	March 31, 2019 October 31, 2018 June 30, 2018	Ordinary building lease agreement

(Note) The name of the end-tenant and property name is not disclosed because consent for disclosure has not been obtained from the end-tenant.

(I) Overview of Leasing to Related Parties

The following is an overview of leasing of each asset under management where a related party as defined under “related-party transaction rules,” which are internal rules of the Asset Management Company, is the end-tenant (however, in the case of a property under a fixed-rent ML agreement, the concerned master lease company is counted as end-tenants).

Name of end-tenant	Property name	Total leased area	Annual rent	Security and guarantee deposits	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49m ²	JPY328 million	JPY 229 million	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	JPT Motomachi Building (Note)	1,235.19m ²	JPY 31 million	JPY 15 million	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72m ²	JPY 144 million	JPY 72 million	November 30, 2025	Ordinary building lease agreement

(Note) For JPT Motomachi Building, the figures are the sum total of those under the fixed-rent ML agreement concluded on September 9, 2016 for the second floor (leased area: 919.15 m²) and of those under the fixed-rent ML agreement concluded on September 28, 2016 for some sections on the seventh floor (leased area: 316.04 m²).

(m) Earnings Performance of the Properties

(Reference Information) Earnings Performance of the Properties

7th Period (from November 1, 2017 to April 30, 2018)

(Unit: JPY thousand)

Property no.	(O-01)	(O-02)	(O-03)	(O-04)
Property name	Tama Center Tosei Building	KM Shinjuku Building	Nihonbashi- Hamacho Building	Kannai Tosei Building II
Total property-related operating revenue ①	202,781	90,796	85,573	166,326
Rent revenue – real estate	168,052	83,165	68,271	150,301
Other lease business revenue	34,728	7,631	17,302	16,025
Total property-related operating expenses ②	74,305	26,310	37,964	52,157
Management fee	24,271	6,664	7,531	17,884
Trust fee	300	300	300	300
Utilities expenses	27,204	7,233	10,896	15,905
Insurance premium	442	144	140	263
Repair expenses	3,192	1,180	5,906	975
Property taxes	17,971	9,816	7,902	13,032
Other expenses	921	971	5,286	3,796
NOI ③ (① – ②)	128,475	64,486	47,609	114,168
Depreciation ④	16,998	8,906	10,674	20,894
Property-related operating income (loss) ⑤ (③ – ④)	111,477	55,579	36,934	93,273
Capital expenditures ⑥	6,140	-	-	1,588
NCF ⑦ (③ – ⑥)	122,335	64,486	47,609	112,580

(Unit: JPY thousand)

Property no.	(O-05)	(O-06)	(O-07)	(O-08)
Property name	Nishi Kasai Tosei Building	Shin Yokohama Center Building	Nishidai NC Building	JPT Motomachi Building
Total property-related operating revenue ①	73,501	75,647	73,610	112,706
Rent revenue – real estate	64,394	70,954	69,246	99,635
Other lease business revenue	9,106	4,692	4,363	13,070
Total property-related operating expenses ②	22,765	22,276	29,233	33,608
Management fee	6,916	7,944	9,046	10,578
Trust fee	300	300	300	300
Utilities expenses	6,209	5,708	8,270	10,950
Insurance premium	114	163	160	199
Repair expenses	1,301	440	889	1,112
Property taxes	6,338	7,184	8,363	9,627
Other expenses	1,583	536	2,202	840
NOI ③ (① – ②)	50,735	53,370	44,376	79,097
Depreciation ④	9,057	8,131	9,660	12,888
Property-related operating income (loss) ⑤ (③ – ④)	41,677	45,239	34,716	66,209
Capital expenditures ⑥	-	-	2,306	-
NCF ⑦ (③ – ⑥)	50,735	53,370	42,070	79,097

(Unit: JPY thousand)

Property no.	(O-09)	(O-10)	(Rt-01)	(Rt-02)
Property name	Hakusan Asanomi Building	Chojamachi Duo Building	Inage Kaigan Building	Musashi Fujisawa Tosei Building
Total property-related operating revenue ①	42,939	47,449	125,889	72,186
Rent revenue – real estate	38,599	43,924	103,454	72,186
Other lease business revenue	4,339	3,525	22,434	-
Total property-related operating expenses ②	14,295	12,514	48,177	7,423
Management fee	4,118	5,162	8,286	1,080
Trust fee	300	299	300	300
Utilities expenses	2,731	4,098	23,526	-
Insurance premium	76	86	228	90
Repair expenses	1,275	787	3,564	-
Property taxes	3,909	1,597	11,541	5,931
Other expenses	1,885	483	730	22
NOI ③ (① – ②)	28,643	34,935	77,711	64,763
Depreciation ④	6,002	9,036	20,015	7,585
Property-related operating income (loss) ⑤ (③ – ④)	22,641	25,898	57,696	57,177
Capital expenditures ⑥	2,453	7,524	2,113	2,754
NCF ⑦ (③ – ⑥)	26,190	27,411	75,598	62,008

(Unit: JPY thousand)

Property no.	(Rt-03)	(Rt-04)	(Rd-01)	(Rd-02)
Property name	Selection Hatsutomi	Wako Building	T's garden Koenji	Live Akabane
Total property-related operating revenue ①	14,250	63,299	53,295	53,463
Rent revenue – real estate	14,250	55,076	51,667	51,310
Other lease business revenue	-	8,222	1,627	2,153
Total property-related operating expenses ②	3,749	21,013	9,061	11,917
Management fee	1,104	9,124	4,081	5,061
Trust fee	300	299	300	300
Utilities expenses	-	8,200	395	700
Insurance premium	30	114	60	109
Repair expenses	-	947	529	1,681
Property taxes	2,185	1,561	2,973	3,320
Other expenses	129	766	721	743
NOI ③ (① – ②)	10,500	42,285	44,233	41,546
Depreciation ④	1,288	9,910	5,778	4,225
Property-related operating income (loss) ⑤ (③ – ④)	9,211	32,375	38,455	37,321
Capital expenditures ⑥	-	400	-	291
NCF ⑦ (③ – ⑥)	10,500	41,885	44,233	41,255

(Unit: JPY thousand)

Property no.	(Rd-03)	(Rd-04)	(Rd-05)	(Rd-06)
Property name	Gekkocho Apartment	T's garden Kawasakidaishi	Abitato Kamata	MarLandFive
Total property-related operating revenue ①	33,915	36,223	29,355	38,916
Rent revenue – real estate	32,844	35,189	28,808	36,452
Other lease business revenue	1,071	1,034	547	2,463
Total property-related operating expenses ②	9,350	6,745	5,455	13,298
Management fee	2,886	2,402	2,409	3,548
Trust fee	300	300	300	300
Utilities expenses	398	188	539	2,273
Insurance premium	45	53	49	80
Repair expenses	1,637	876	617	3,158
Property taxes	2,090	2,001	1,530	2,570
Other expenses	1,991	923	8	1,366
NOI ③ (① – ②)	24,564	29,477	23,900	25,617
Depreciation ④	3,352	5,204	3,231	4,793
Property-related operating income (loss) ⑤ (③ – ④)	21,211	24,273	20,668	20,823
Capital expenditures ⑥	1,156	-	-	278
NCF ⑦ (③ – ⑥)	23,408	29,477	23,900	25,339

(Unit: JPY thousand)

Property no.	(Rd-07)	(Rd-08)	(Rd-09)	(Rd-10)
Property name	Avenir Shirotae	Dormitory Haramachida	SEA SCAPE Chiba Minato	Prime Garden
Total property-related operating revenue ①	36,633	30,708	117,700	31,378
Rent revenue – real estate	35,545	29,227	104,447	30,599
Other lease business revenue	1,088	1,481	13,252	779
Total property-related operating expenses ②	8,236	10,801	40,289	9,539
Management fee	2,956	2,884	9,889	3,758
Trust fee	300	300	300	300
Utilities expenses	712	668	8,095	385
Insurance premium	68	64	233	96
Repair expenses	726	3,263	5,008	2,308
Property taxes	2,051	2,413	9,345	2,306
Other expenses	1,420	1,205	7,418	383
NOI ③ (① – ②)	28,396	19,907	77,411	21,839
Depreciation ④	6,391	5,185	23,803	3,454
Property-related operating income (loss) ⑤ (③ – ④)	22,005	14,721	53,607	18,384
Capital expenditures ⑥	302	42,089	1,367	620
NCF ⑦ (③ – ⑥)	28,094	(22,181)	76,043	21,219

(Unit: JPY thousand)

Property no.	(Rd-11)	(Rd-12)	(Rd-13)	(Rd-14)
Property name	T's Garden Shinkoiwa	Twin Avenue	Milestone Higashikurume	Lumiere No. 3
Total property-related operating revenue ①	25,695	61,679	65,903	57,377
Rent revenue – real estate	24,212	60,761	59,737	55,518
Other lease business revenue	1,483	917	6,166	1,859
Total property-related operating expenses ②	5,976	8,536	14,668	8,436
Management fee	2,623	3,560	5,186	4,201
Trust fee	300	299	299	299
Utilities expenses	547	726	3,170	540
Insurance premium	50	117	112	142
Repair expenses	804	2,506	3,413	2,254
Property taxes	1,439	-	-	-
Other expenses	211	1,325	2,486	997
NOI ③ (①－②)	19,719	53,143	51,234	48,941
Depreciation ④	2,461	3,685	7,949	5,981
Property-related operating income (loss) ⑤ (③－④)	17,257	49,457	43,284	42,959
Capital expenditures ⑥	796	-	125	2,570
NCF ⑦ (③－⑥)	18,923	53,143	51,109	46,371

(Unit: JPY thousand)

Property no.	(Rd-15)	(Rd-16)	(Rd-17)
Property name	T's garden Nishifunabashi	Quest Yamatedai	Sancerre Yonohonmachi
Total property-related operating revenue ①	31,497	28,244	23,577
Rent revenue – real estate	30,555	27,755	22,692
Other lease business revenue	942	489	884
Total property-related operating expenses ②	8,482	7,085	7,018
Management fee	2,802	2,920	2,341
Trust fee	299	299	299
Utilities expenses	540	355	398
Insurance premium	68	68	47
Repair expenses	2,384	1,679	2,150
Property taxes	1,190	957	-
Other expenses	1,197	802	1,781
NOI ③ (①－②)	23,015	21,159	16,558
Depreciation ④	2,230	2,797	1,850
Property-related operating income (loss) ⑤ (③－④)	20,784	18,362	14,707
Capital expenditures ⑥	402	318	528
NCF ⑦ (③－⑥)	22,613	20,841	16,030

(Unit: JPY thousand)

	Offices total	Retail facilities total	Residential properties total	Entire portfolio
Total property-related operating revenue ①	971,333	275,624	755,568	2,002,526
Rent revenue – real estate	856,546	244,967	717,325	1,818,838
Other lease business revenue	114,787	30,657	38,243	183,688
Total property-related operating expenses ②	325,433	80,364	184,899	590,696
Management fee	100,117	19,594	63,516	183,228
Trust fee	2,999	1,199	5,097	9,296
Utilities expenses	99,209	31,727	20,636	151,573
Insurance premium	1,792	464	1,469	3,725
Repair expenses	17,061	4,511	35,001	56,574
Property taxes	85,744	21,218	34,192	141,155
Other expenses	18,508	1,648	24,986	45,143
NOI ③ (① – ②)	645,900	195,260	570,668	1,411,829
Depreciation ④	112,250	38,799	92,379	243,430
Property-related operating income (loss) ⑤ (③ – ④)	533,649	156,461	478,288	1,168,399
Capital expenditures ⑥	20,012	5,267	50,844	76,124
NCF ⑦ (③ – ⑥)	625,888	189,993	519,823	1,335,704