

For the Fiscal Period Ended October 31, 2018 (8th Fiscal Period)

# IR Presentation

Securities Code: 3451

# Contents

## 3 Overview of Financial Results

- Overview of the 8th Fiscal Period
- Cash Distribution per Unit

## 6 Operating Results

- Occupancy Rate
- Rent Situation
- Key Occupancy Rate Changes / ML and End Tenant Occupancy Rates
- Investments to Maintain/Improve Property Value and Occupancy Rate
- Appraisal Value at End of 8th Fiscal Period
- Status of Unrealized Gains (at End of 8th Fiscal Period)

## 13 After Public Offering and Property Transfer

- Earnings Forecast for the 9th and 10th Fiscal Periods
- Acquisition of 6 Properties (¥10,692 MM) and Transfer of 1 Property (¥1,150 MM)
- Changes in Portfolio
- Main Portfolio Indicators
- New Borrowings and Refinancing
- Financial Management

## 20 Future Policy

- Future Measures and Management Points
- Return to Unitholders

## 23 APPENDIX

- Governance and Social Initiatives
- Environmental Initiatives
- Unitholder Composition (at End of 8th Fiscal Period)
- IR Activities
- Balance Sheet
- Statement of Income
- Portfolio List (36 properties)
- Distribution of Tenants (at End of 8th Fiscal Period)
- Earnings Performance of Properties (1) (at End of 8th Fiscal Period)
- Earnings Performance of Properties (2) (at End of 8th Fiscal Period)
- Earnings Performance of Properties (3) (at End of 8th Fiscal Period)
- Earnings Performance of Properties (4) (at End of 8th Fiscal Period)
- Earnings Performance of Properties (5) (at End of 8th Fiscal Period)
- List of Properties (1)
- List of Properties (2)
- List of Properties (3)
- List of Properties (4)
- List of Properties (5)
- List of Properties (6)
- Profile of Tosei Reit
- Profile of Tosei Asset Advisors, Inc.
- Disclaimer

# Overview of Financial Results

# Overview of the 8th Fiscal Period

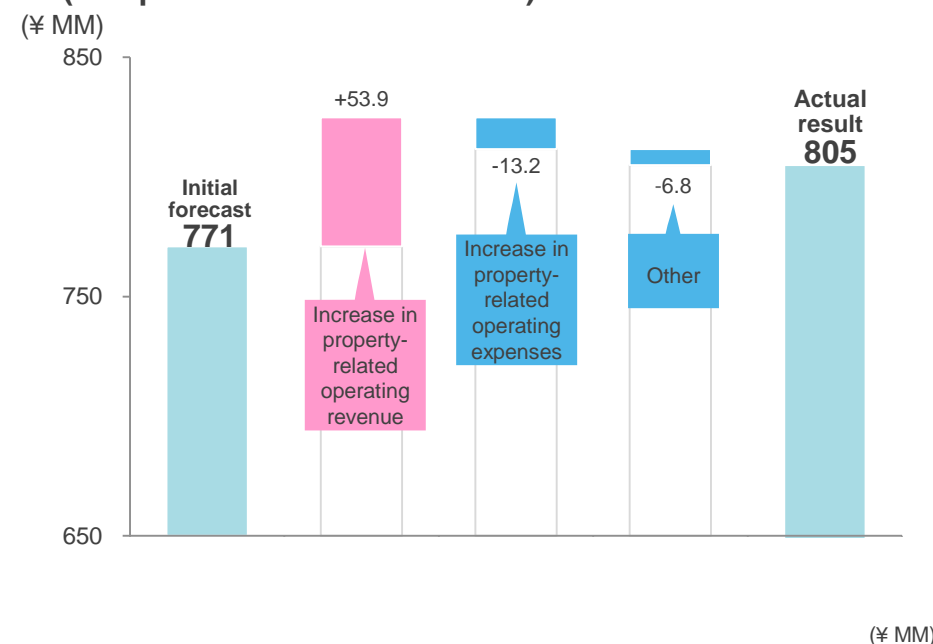
- Compared with initial forecast, operating revenue +2.7% at ¥2,051 MM and net income +4.4% at ¥805 MM
- The increases were mainly attributable to better-than-expected rent revenue from residential properties

## ■ Results for the 8th Fiscal Period

(¥ MM)

	Period Ended April 30, 2018 (7th Fiscal Period)	Period Ended October 31, 2018 (8th Fiscal Period)		
		Forecast Announced June 15, 2018	Actual Result	Compared with Forecast
Days in operation	181	184	184	—
Operating revenue	2,002	1,997	2,051	+2.7%
Operating income	1,001	949	981	+3.4%
Ordinary income	828	772	805	+4.4%
Net income	828	771	805	+4.4%
Cash distribution per unit (¥)	3,532	3,289	3,435	+4.4%
Total assets	51,272	—	51,537	—

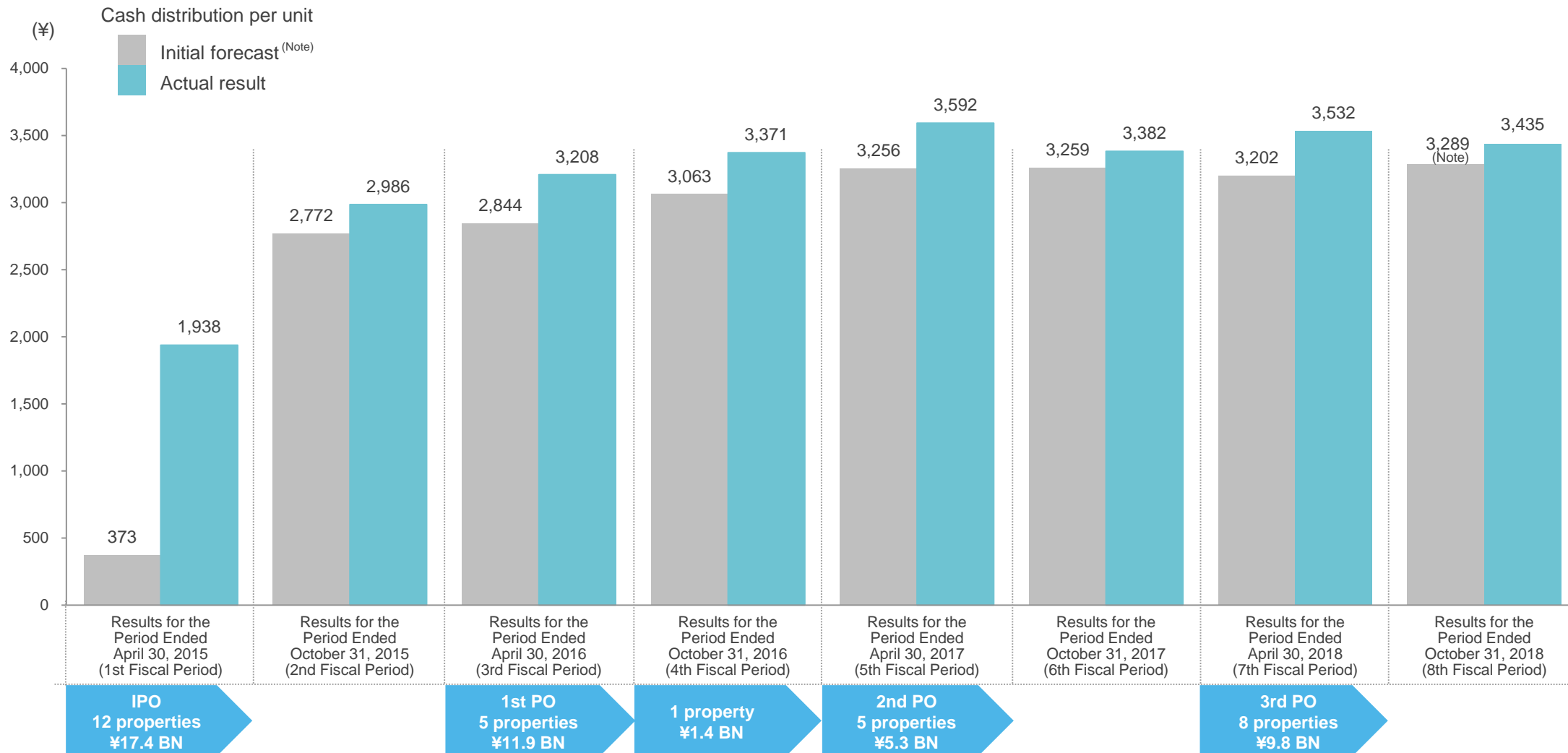
## ■ Main Factors of Changes in Net Income (compared with initial forecast)



Increase in property-related operating revenue (Of which +15.3 for residential rent, +6.5 for office rent, +3.1 for shop rent, +12.6 for utilities revenue and +15.0 for other operating revenue (construction to restore properties to original state, renewal fees, cancellation penalties, etc.))	+53.9
Increase in property-related operating expenses (Of which -7.6 for increase in PM fees, -3.3 for increase in utilities expenses, -11.6 for increase in repair and maintenance expenses and +9.7 for decrease in other (advertising expenses))	-13.2
Other (Of which -3.5 for increase in depreciation, -5.0 for increase in G&A expenses and +1.7 for decrease in non-operating expenses (interest expenses))	-6.8

# Cash Distribution per Unit

- Actual result for the 8th Fiscal Period was ¥3,435 per unit, +¥146 from the recent forecast

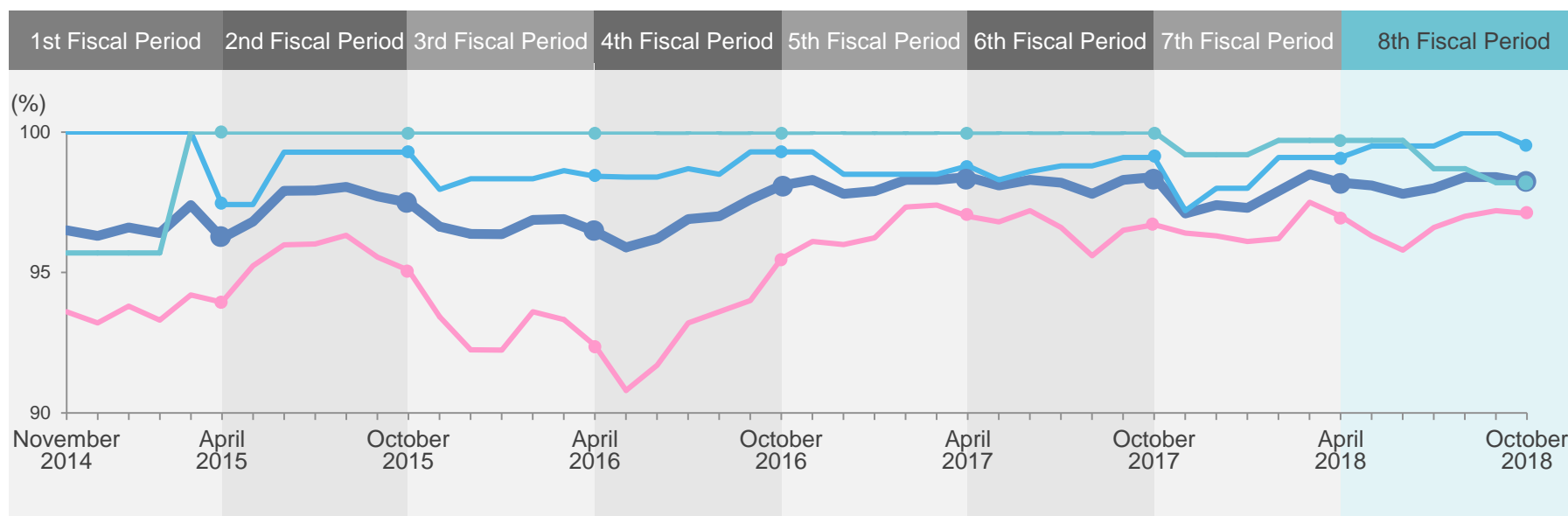


Note: The figure announced first is listed as the initial forecast. The initial forecast for the fiscal period ended October 31, 2018 (8th Fiscal Period) was released on June 15, 2018.

# Operating Results

- At 98.2% at the end of the 8th Fiscal Period, maintained high occupancy rate of the same level as the previous period
- Occupancy rates of retail facilities slightly decreased, but were covered by the strong occupancy rates of offices and residential properties

## ■ Occupancy Rate (Note)



	End of 1st Fiscal Period (Actual result)	End of 2nd Fiscal Period (Actual result)	End of 3rd Fiscal Period (Actual result)	End of 4th Fiscal Period (Actual result)	End of 5th Fiscal Period (Actual result)	End of 6th Fiscal Period (Actual result)	End of 7th Fiscal Period (Actual result)	End of 8th Fiscal Period (Actual result)
<b>Total</b>	<b>96.2%</b>	<b>97.5%</b>	<b>96.5%</b>	<b>98.1%</b>	<b>98.4%</b>	<b>98.4%</b>	<b>98.2%</b>	<b>98.2%</b>
Offices	97.4%	99.3%	98.4%	99.3%	98.8 %	99.1%	99.1%	99.5%
Retail facilities	100.0%	100.0%	100.0%	100.0%	100.0 %	100.0%	99.7%	98.2%
Residential properties	93.9%	95.1%	92.4%	95.5%	97.0%	96.7%	97.0%	97.1%

Note: The occupancy rate is the ratio of leased area to leasable area.

## ● New / Cancelled Rents

- In the 8th Fiscal Period, although cancellations exceeded new contracts with there being 96 new contracts and 100 cancellations, difference was +¥0.1 MM in monthly rent
- Attributable to new contracts for residential units of relatively high rent, such as Gekkocho Apartment's difference of +2 contracts (+¥560,000 in monthly rent) and Twin Avenue's difference of +1 contract (+¥240,000 in monthly rent)

## ● Rent Revisions

- Of the 194 renewals, rents were increased for 75
- Continuing on from the previous period, the rate of rent increase exceeded 3%

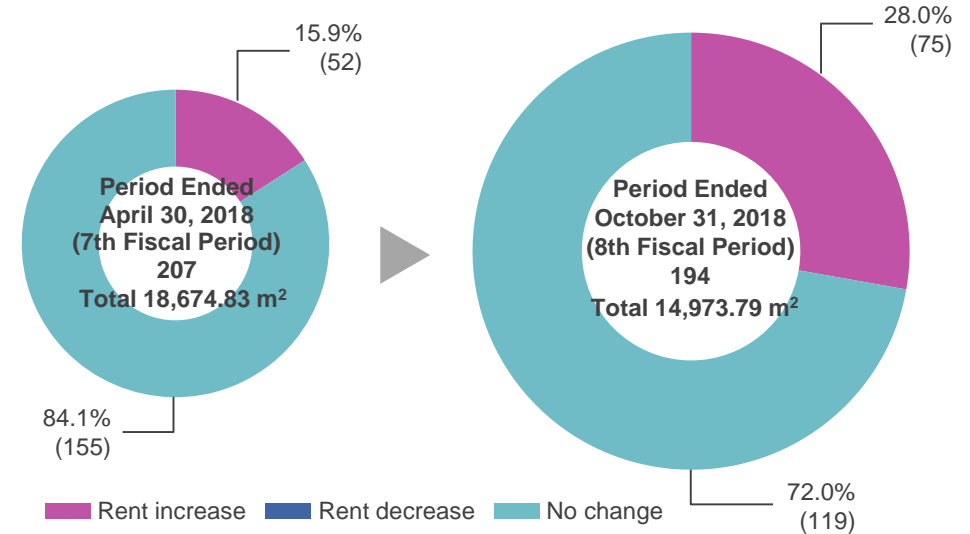
## ■ New / Cancelled Rents (8th Fiscal Period)

		Offices	Retail facilities	Residential properties	Total
New contracts	Number of contracts	3	1	92	96
	Contracted area (m <sup>2</sup> )	601.76	52.61	4,135.55	4,789.92
	Monthly rent (¥ MM)	1.7	0.1	10.4	12.3
Cancellations	Number of contracts	2	2	96	100
	Contracted area (m <sup>2</sup> )	447.05	306.64	4,071.00	4,824.69
	Monthly rent (¥ MM)	1.4	0.6	10.0	12.2
Change	Number of contracts	1	-1	-4	-4
	Contracted area (m <sup>2</sup> )	154.71	-254.03	64.55	-34.77
	Monthly rent (¥ MM)	0.2	-0.5	0.4	0.1

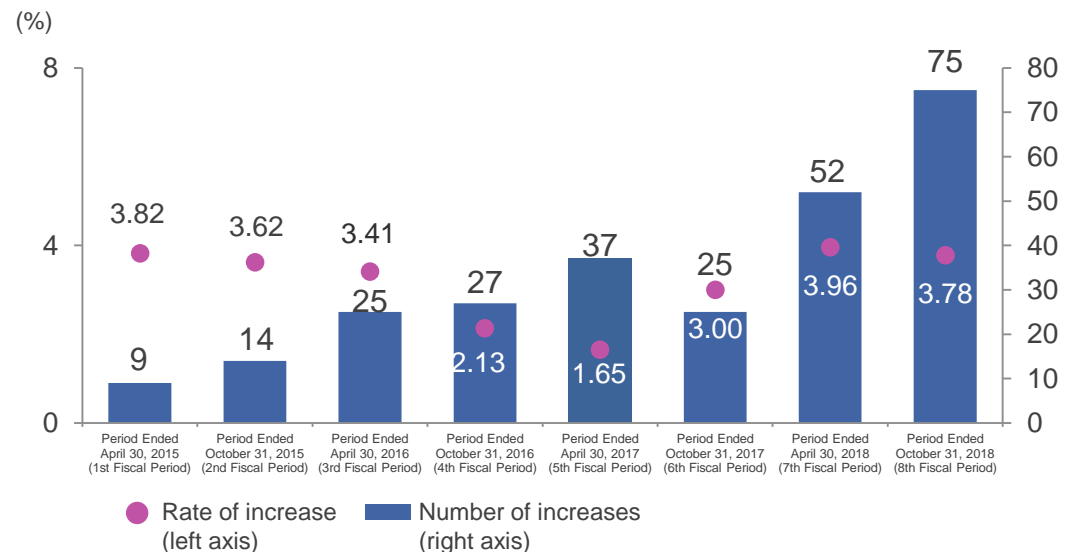
## ■ Rent Revision Comparison (leased area basis)

Contracts up for renewal: 231  
Renewal rate: 90%

Contracts up for renewal: 213  
Renewal rate: 91%



## ■ Rent Increases (number of increases and rate of increase)



# Key Occupancy Rate Changes / ML and End Tenant Occupancy Rates

- During the 8th Fiscal Period, occupancy rate of office properties hovered above 99.5% and also secured contracts for some vacant space
- Occupancy rate of end tenants of Tama Center Tosei Building was 89.9% at the end of the 8th Fiscal Period and is expected to increase to around 94% to 98% thereafter

## ■ Key Occupancy Rate Changes

Property Name	End of 7th Fiscal Period	End of 8th Fiscal Period	Change in Leased Area
Hakusan Asanomi Building	91.7%	100.0%	+154.71 m <sup>2</sup>
Live Akabane	95.0%	100.0%	+194.87 m <sup>2</sup>
Gekkocho Apartment	85.2%	94.7%	+132.62 m <sup>2</sup>
Chojamachi Duo Building	89.4%	89.4%	0.00 m <sup>2</sup>
Wako Building	98.1%	92.1%	-171.10 m <sup>2</sup>

## ■ Hakusan Asanomi Building

- Secured contract for vacant 6F
- Ahead, financial institution that is the tenant occupying 1F and portion of 2F is scheduled to vacate, and the succeeding tenant is scheduled to move in in March 2019

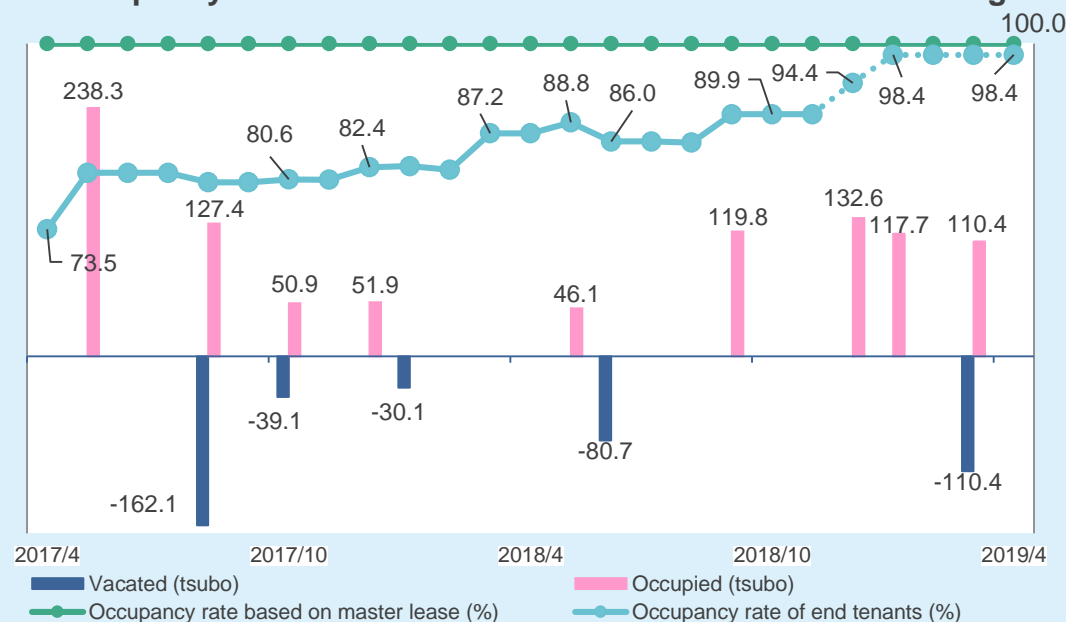
Space	Tenant	Contract Start
6F	Rehabilitation gym	From May 1, 2018
1F and portion of 2F	Drugstore	From Mar. 1, 2019

## ■ Chojamachi Duo Building

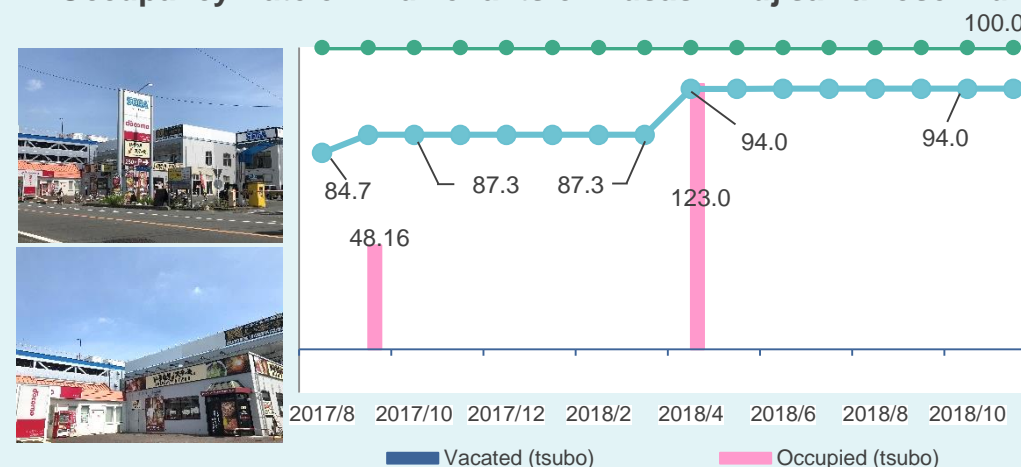
- Secured contract for vacant portion of 3F, and tenant occupying portion of 2F vacated

Space	Tenant	Contract Start/End
Portion of 3F	Decorative parts manufacturing and sale	From Aug. 1, 2018
Portion of 2F	Real estate business	To Sept. 30, 2018

## ■ Occupancy Rate of End Tenants of Tama Center Tosei Building (Note)



## ■ Occupancy Rate of End Tenants of Musashi Fujisawa Tosei Building



# Investments to Maintain/Improve Property Value and Occupancy Rate

[Capital Expenditures and Depreciation (¥ MM)]

	1st Fiscal Period	2nd Fiscal Period	3rd Fiscal Period	4th Fiscal Period	5th Fiscal Period	6th Fiscal Period	7th Fiscal Period	8th Fiscal Period
Capital expenditures	2.3	31.6	32.1	50.4	47.3	51.9	76.1	64.5
Depreciation	90.5	91.6	159.2	168.4	207.9	204.0	243.4	246.4

[Breakdown (1st Fiscal Period to 8th Fiscal Period cumulative) (¥ MM)]

Details of Investment	Value	%
Air-conditioning work	110.2	30.9%
Electrical and other facilities	134.4	37.7%
Mechanical parking facility	23.8	6.7%
Refurbishment / Enhancement work	87.8	24.6%

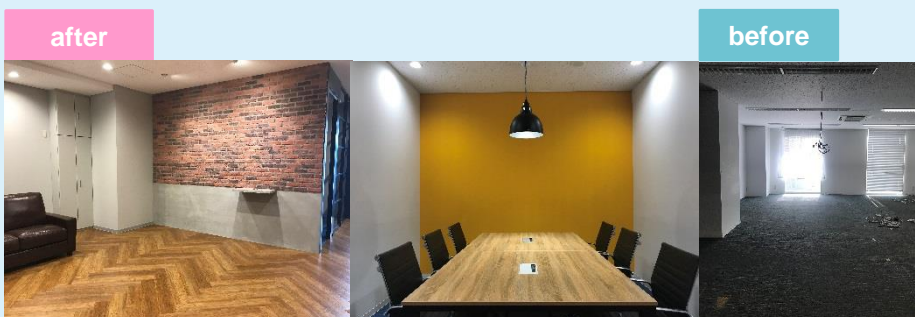
## Office Space Renovation

- Implemented refurbishment of interior finishing, replacement of lighting equipment (to LED lighting), etc.

### SEA SCAPE Chiba Minato

**Implementation** **July 2018**

Costs: Approx. ¥4.1 MM



## Facilities Update, Etc.

### Chojamachi Duo Building

**Implementation** **May 2018**

Costs: Approx. ¥8.5 MM

- Replacement of carbon dioxide fire extinguishing equipment container

### JPT Motomachi Building

**Implementation** **Oct. 2018**

Costs: Approx. ¥9.1 MM

- Update of emergency power generation facilities



### Musashi Fujisawa Tosei Building

- Update of commercial air-conditioning equipment

**Implementation** **Oct. 2018**

Costs: Approx. ¥5.1 MM



## Interior Refurbishment

- In addition to restoring to original state, implemented replacement of equipment in kitchen/bathroom areas, replacement of flooring, etc.

### Lumiere No.3

**Implementation** **July 2018**

Costs: Approx. ¥1.4 MM



### Twin Avenue

**Implementation** **July 2018**

Costs: Approx. ¥1.5 MM



# Appraisal Value at End of 8th Fiscal Period

Property Name	Acquisition Price	Book Value at End of 8th Fiscal Period	Period Ended October 31, 2018 (8th Fiscal Period)		Period-on-Period Change	
			Appraisal Value at End of Period	Unrealized Gains (Book Value Basis)	Appraisal Value at End of Period	Unrealized Gains (Book Value Basis)
O-01 Tama Center Tosei Building	3,370	3,295	3,660	364	100	115
O-02 KM Shinjuku Building	2,057	2,003	2,520	516	60	68
O-03 Nihonbashi-Hamacho Building	1,830	1,801	2,280	478	100	108
O-04 Kannai Tosei Building II	4,100	4,011	4,640	628	0	19
O-05 Nishi Kasai Tosei Building	1,710	1,676	1,970	293	0	8
O-06 Shin Yokohama Center Building	1,364	1,358	1,700	341	40	46
O-07 Nishidai NC Building	1,481	1,468	1,740	271	40	49
O-08 JPT Motomachi Building	2,377	2,352	2,730	377	50	53
O-09 Hakusan Asanomi Building	1,380	1,381	1,600	218	190	188
O-10 Chojamachi Duo Building	1,300	1,308	1,390	81	20	20
Offices subtotal	20,969	20,659	24,230	3,570	600	679
Rt-01 Inage Kaigan Building	2,380	2,269	2,650	380	50	66
Rt-02 Musashi Fujisawa Tosei Building	1,950	1,924	2,180	255	40	40
Rt-03 Selection Hatsutomi	310	315	349	33	4	5
Rt-04 Wako Building	1,400	1,397	1,410	12	0	4
Retail facilities subtotal	6,040	5,908	6,589	680	94	116
Offices and retail facilities subtotal	27,009	26,567	30,819	4,251	694	796
Rd-01 T's garden Koenji	1,544	1,521	1,990	468	50	55
Rd-02 Live Akabane	1,227	1,210	1,490	279	10	13
Rd-03 Gekkocho Apartment	1,000	993	1,190	196	50	52
Rd-04 T's garden Kawasakidaishi	980	957	1,130	172	10	15
Rd-05 Abitato Kamata	836	833	927	93	27	30
Rd-06 MarLandFive	830	813	884	70	17	21
Rd-07 Avenir Shirotae	780	752	932	179	25	30
Rd-08 Dormitory Haramachida	600	625	721	95	23	28
Rd-09 SEA SCAPE Chiba Minato	2,800	2,723	3,070	346	30	47
Rd-10 Prime Garden	600	617	625	7	1	4
Rd-11 T's garden Shinkoiwa	670	672	726	53	5	6
Rd-12 Twin Avenue	1,880	1,894	1,920	25	40	42
Rd-13 Milestone Higashikurume	1,650	1,655	1,670	14	0	7
Rd-14 Lumiere No.3	1,420	1,431	1,530	98	10	14
Rd-15 T's garden Nishifunabashi	860	867	877	9	2	4
Rd-16 Quest Yamatedai	710	715	746	30	6	8
Rd-17 Sancerre Yonohonmachi	600	606	622	15	3	4
Residential properties subtotal	18,987	18,893	21,050	2,156	309	388
Total	45,996	45,461	51,869	6,407	1,003	1,184

(¥ MM)

## Period-on-Period Change in Appraisal Value (¥ MM)

### Tama Center Tosei Building



- Appraisal value: +100
- Appraisal NOI: +5.6
- Cap rate: ±0%

- Increase in rent revenue, revision of assessed tax amount, etc. led to increase in appraisal NOI

### Nihonbashi-Hamacho Building



- Appraisal value: +100
- Appraisal NOI: +2.3
- Cap rate: -0.1%

- Increase in rent revenue led to increase in appraisal NOI, and decrease in capitalization rate

### Hakusan Asanomi Building



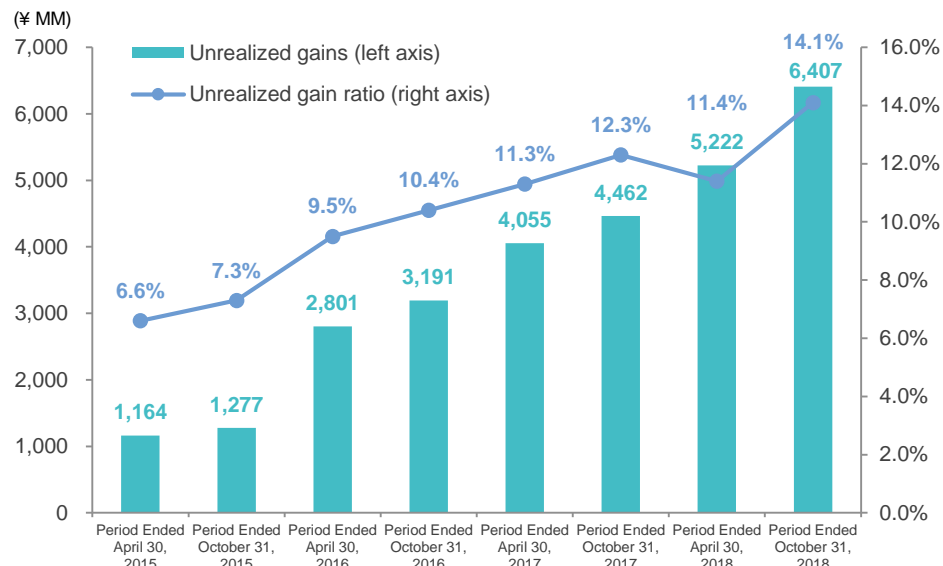
- Appraisal value: +190
- Appraisal NOI: +5.7
- Cap rate: -0.1%

- Increase in rent revenue led to increase in appraisal NOI, and decrease in capitalization rate

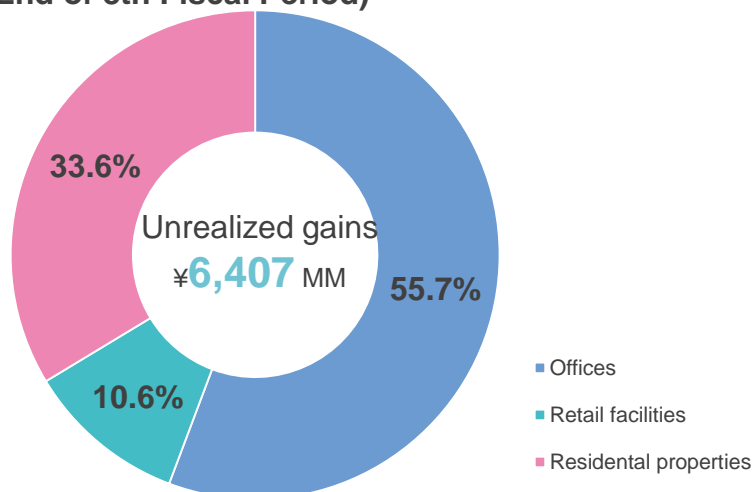
# Status of Unrealized Gains (at End of 8th Fiscal Period)

- Unrealized gains were ¥6,407 MM, of which the breakdown by property type was 55.7% offices, 10.6% retail facilities and 33.6% residential properties

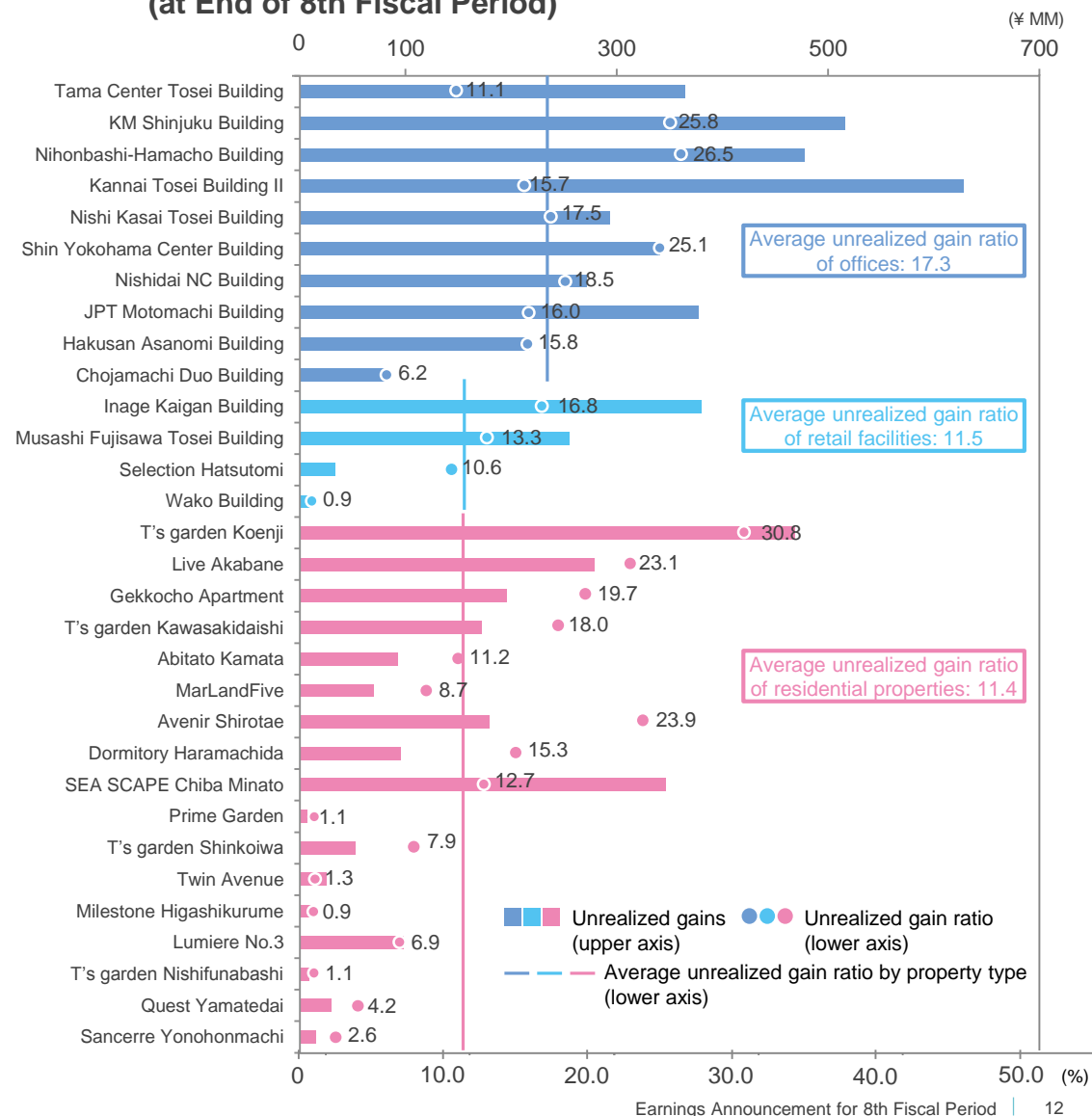
## ■ Unrealized Gains and Ratio of Unrealized Gains in the Portfolio



## ■ Ratio of Unrealized Gains in the Portfolio by Property Type (at End of 8th Fiscal Period)



## ■ Status of Unrealized Gains for Each Asset Under Management (at End of 8th Fiscal Period)



# After Public Offering and Property Transfer

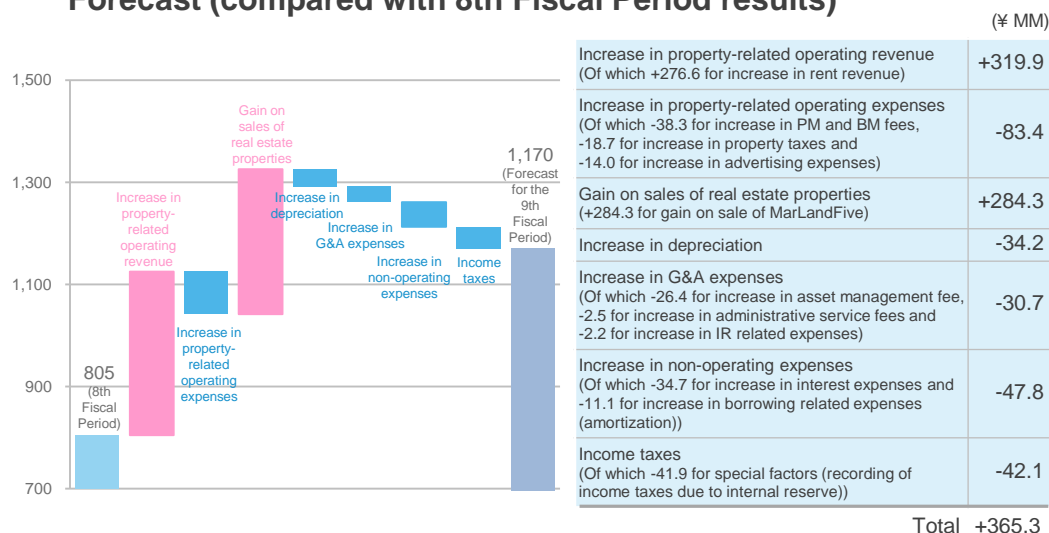
# Earnings Forecast for the 9th and 10th Fiscal Periods

## ■ Earnings Forecast for the 9th and 10th Fiscal Periods

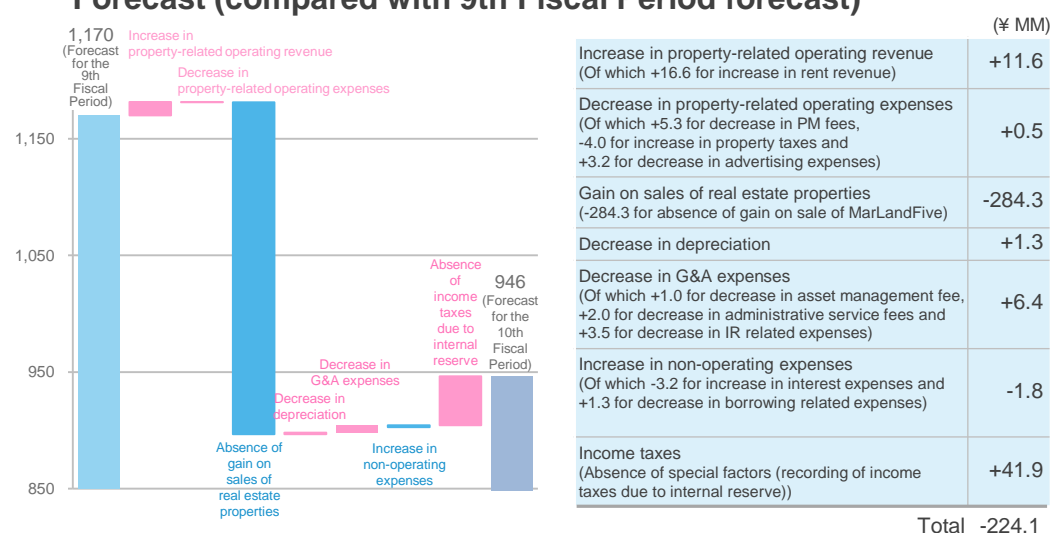
(¥ MM)

	Results for the Period Ended October 31, 2018 (8th Fiscal Period)	Forecast for the Period Ending April 30, 2019 (9th Fiscal Period)				Forecast for the Period Ending October 31, 2019 (10th Fiscal Period)	Compared with 9th Fiscal Period Forecast
		Initial Forecast (Announced June 15, 2018)	Recent Forecast (Announced October 11, 2018)	Compared with 8th Fiscal Period Results	Compared with Initial Forecast		
Operating revenue	2,051	1,983	2,656	+29.5%	+33.9%	2,383	-10.3%
Operating income	981	943	1,437	+46.4%	+52.4%	1,173	-18.4%
Net income	805	764	1,170	+45.4%	+53.1%	946	-19.2%
Cash distribution per unit (¥)	3,435	3,263	3,850	+12.1%	+18.0%	3,430	-10.9%

## ■ Main Factors of Changes in 9th Fiscal Period Net Income Forecast (compared with 8th Fiscal Period results)



## ■ Main Factors of Changes in 10th Fiscal Period Net Income Forecast (compared with 9th Fiscal Period forecast)



Note: Cash distributions for the fiscal periods ending April 30, 2019 and ending October 31, 2019 are forecasts and are subject to change as a result of future acquisition or sale of real estate, as well as fluctuations in the real estate market environment and other circumstances relevant to Tosei Reit. Moreover, these forecasts do not constitute a guarantee of the amount to be distributed.

# Acquisition of 6 Properties (¥10,692 MM) and Transfer of 1 Property (¥1,150 MM)

- In the 9th Fiscal Period, acquired 6 properties in the Tokyo metropolitan area for a total of ¥10,692 MM (2 offices and 4 residential properties)
- Average appraisal NOI yield for the 6 acquired properties was 5.40%

Appraisal  
NOI yield  
**4.82%**



## Rd-19

### J Palace Sakuradai

Address: Nerima-ku, Tokyo  
Acquisition price: ¥1,090 MM

#### Occupancy rate

Before acquisition	End of Nov.
88.6%	97.6%

Appraisal  
NOI yield  
**6.15%**



## Rd-21

### T's garden Nishihachioji West

Address: Hachioji-shi, Tokyo  
Acquisition price: ¥600 MM

#### Occupancy rate

Before acquisition	End of Nov.
97.6%	100.0%

Appraisal  
NOI yield  
**6.08%**



## Rd-20

### Personnage Yokohama

Address: Yokohama-shi, Kanagawa  
Acquisition price: ¥740 MM

#### Occupancy rate

Before acquisition	End of Nov.
84.5%	92.3%

Appraisal  
NOI yield  
**6.83%**



## Transfer

### Rd-06 MarLandFive

Address: Fujimi-shi, Saitama  
Acquisition price: ¥830 MM  
Appraisal value: ¥884 MM (end of Oct. 2018)  
Transfer price: ¥1,150 MM  
Occupancy rate: 93.0% (end of Oct. 2018)  
Transfer date: Nov. 15, 2018

Appraisal  
NOI yield  
**4.92%**



## Rd-18

### Rising Place Kawasaki No.2

Address: Kawasaki-shi, Kanagawa  
Acquisition price: ¥1,812 MM

#### Occupancy rate

Before acquisition	End of Nov.
75.5%	96.1%

Appraisal  
NOI yield  
**5.59%**



## O-11

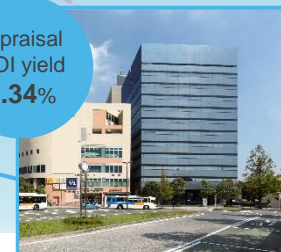
### NU Kannai Building

Address: Yokohama-shi, Kanagawa  
Acquisition price: ¥3,800 MM

#### Occupancy rate

Before acquisition	End of Nov.
95.6%	100.0%

Appraisal  
NOI yield  
**5.34%**



## O-12 Higashitotsuka West Building

Address: Yokohama-shi, Kanagawa  
Acquisition price: ¥2,650 MM

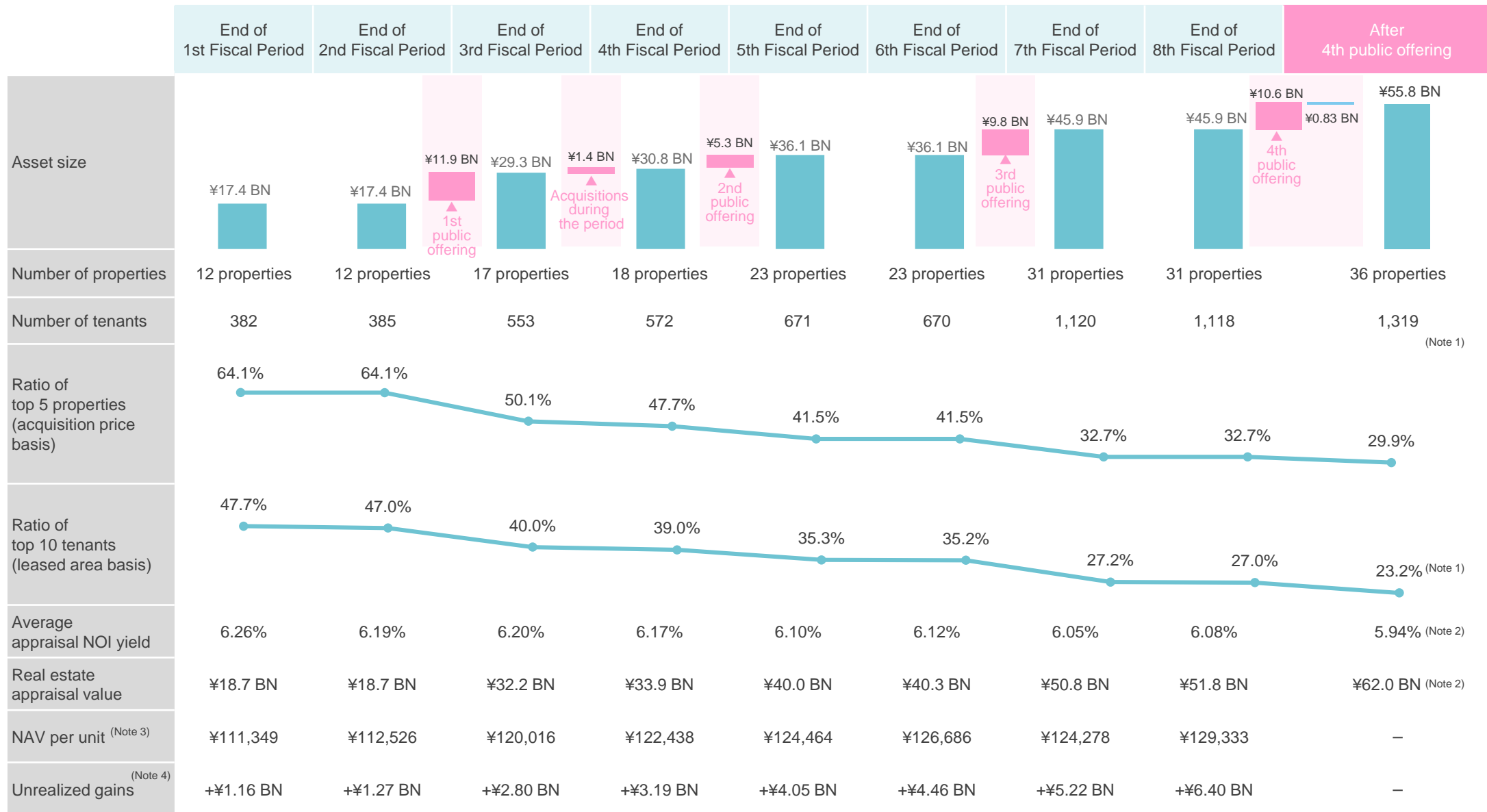
#### Occupancy rate

Before acquisition	End of Nov.
84.2%	93.7%

## Notes:

- , ▲ and ■, with the addition of O-11, O-12 and Rd-18 through Rd-21, represent properties that make up the portfolio. For details on each property, please refer to the appended "Portfolio List." Tosei Reit believes that there are areas other than those shown in the map above where competition for acquisitions is relatively low and yields are high and Tosei Reit may, in the future, acquire properties in such areas.
- Appraisal NOI yield for the 6 properties acquired in the 9th Fiscal Period is the yield as of the end of August 2018. Also, occupancy rates as of the end of November 2018 are preliminary figures and may differ from the final figures. Also, occupancy rates as of the end of November are preliminary figures and may differ from the final figures.

# Changes in Portfolio



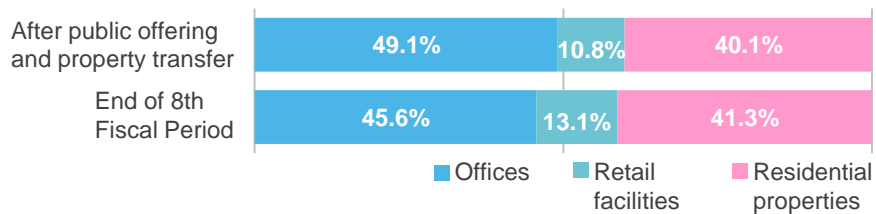
**Notes:**

1. Number of tenants and ratio of top 10 tenants for after the 4th public offering are calculated using the number of tenants and leased area based on lease agreements as of November 30, 2018.
2. Average appraisal NOI yield and real estate appraisal value for after the 4th public offering are calculated using the figures stated in real estate appraisal reports as of October 31, 2018 for the 30 properties owned as of the end of the 8th Fiscal Period excluding MarLandFive and as of August 31, 2018 for the 6 newly acquired properties.
3. NAV per unit is calculated as "NAV ÷ Total number of units issued and outstanding," and NAV is calculated as "Total value of investment units issued + (Total appraisal value - Total book value)."
4. Unrealized gains is calculated as "Total appraisal value of owned assets - Total book value of owned assets" for each period.

# Main Portfolio Indicators

- Acquisition of 6 properties and transfer of 1 property led to corresponding decrease in the ratio of retail facilities and residential properties and also decrease in the investment ratio of the top 5 properties to 29.9%
- Average appraisal NOI yield decreased due to the acquisition and transfer, but continues to maintain a high level

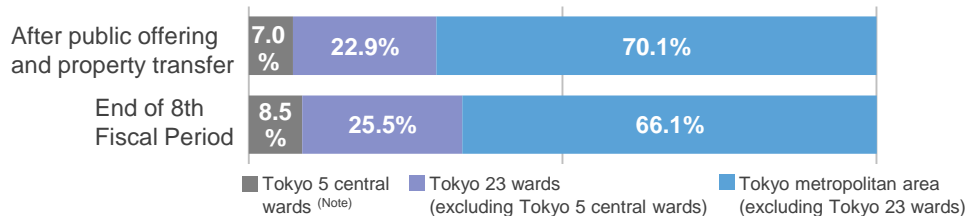
## ■ Portfolio Composition by Property Type (acquisition price basis)



## ■ Average Appraisal NOI Yield by Property Type

	End of 8th Fiscal Period	After public offering and property transfer
Offices	6.21%	6.04%
Retail facilities	6.33%	6.33%
Residential properties	5.86%	5.71%

## ■ Portfolio Composition by Area (acquisition price basis)

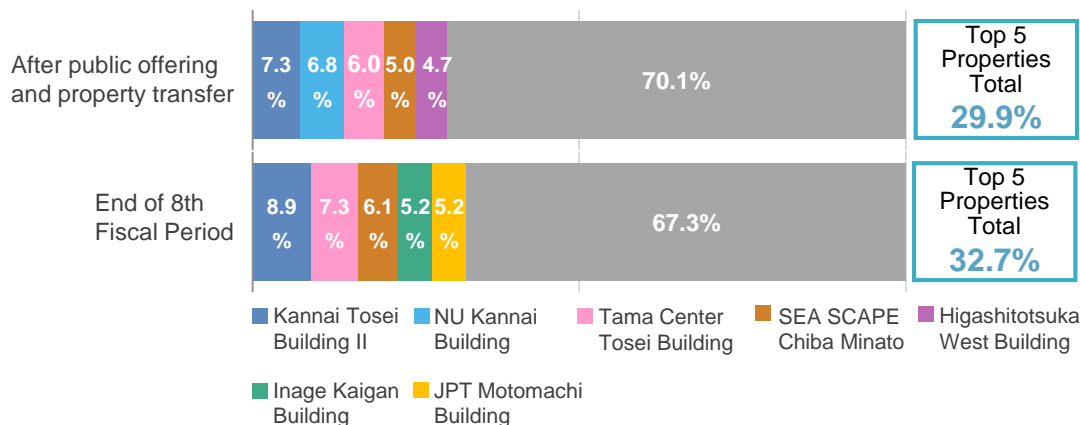


Note: "Tokyo 5 central wards" collectively refers to Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards. Hereafter the same shall apply.

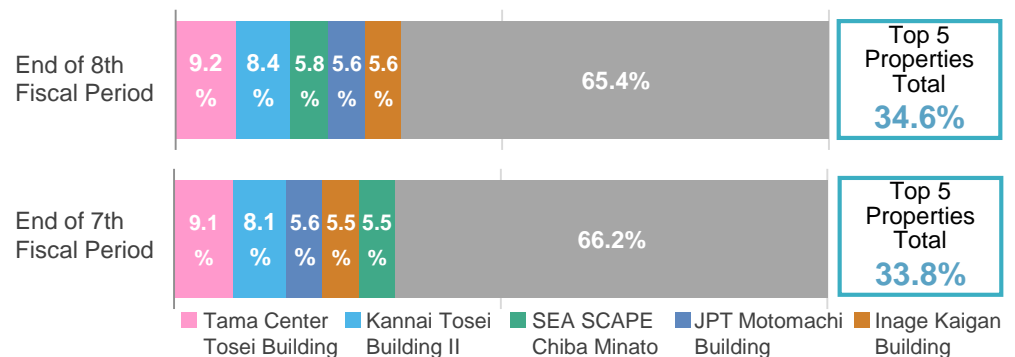
## ■ Average Appraisal NOI Yield by Area

	End of 8th Fiscal Period	After public offering and property transfer
Tokyo 5 central wards (Note)	6.03%	6.03%
Tokyo 23 wards	5.72%	5.64%
Tokyo metropolitan area	6.23%	6.03%

## ■ Investment Ratio by Property (acquisition price basis)



## ■ NOI Ratio by Property



# New Borrowings and Refinancing

- On November 2, 2018, borrowed ¥6,000 MM for acquisition of properties, upon which the lineup of lending financial institutions increased to 10 with the new addition of a financial institution to the lineup
- At the end of October and November 2018, refinanced ¥3,600 MM in total into loans with terms ranging from 3.5 years to 4.5 years

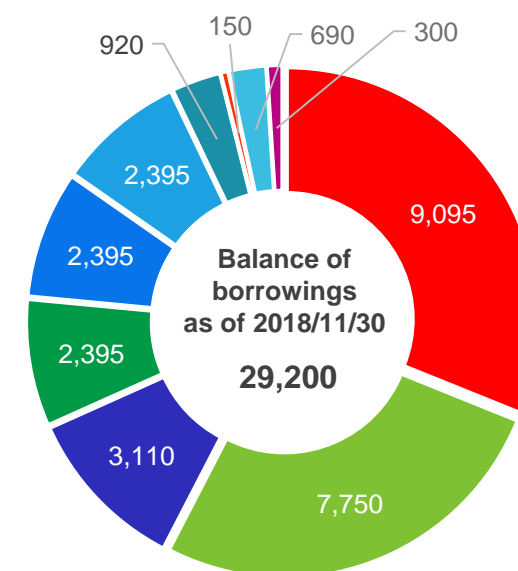
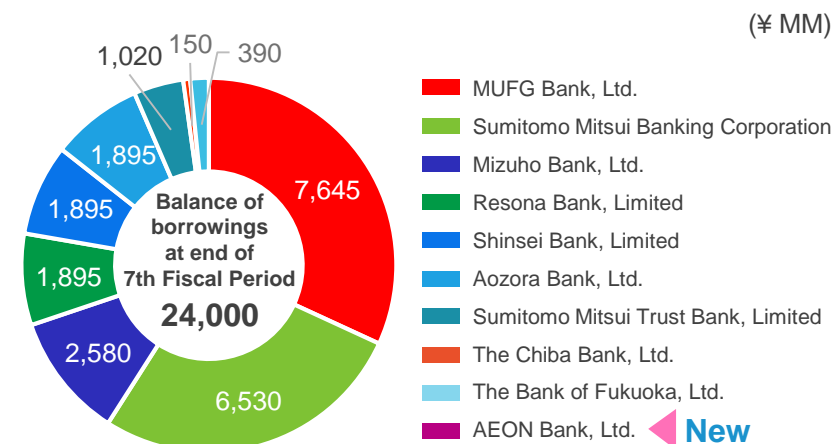
## ■ Details of New Borrowings (executed on Nov. 2, 2018)

Classification		Amount (¥ MM)	Fixed/ Floating	Interest Rate	Drawdown Date	Maturity Date
Long term	3.1 years	1,000	Floating	Base rate (JBA 1 month JPY TIBOR) + 0.350%	Nov. 2, 2018	Nov. 30, 2021
	5.1 years	1,000	Fixed	0.98765%		Nov. 30, 2023
	5.6 years	2,000	Fixed	1.10624%		May 31, 2024
	6.1 years	1,000	Fixed	1.22503%		Nov. 29, 2024
	6.6 years	1,000	Fixed	1.34569%		May 30, 2025
		6,000	—	—	—	—

## ■ Details of Refinancing (executed on Oct. 31, 2018 and Nov. 30, 2018)

Classification		Amount (¥ MM)	Fixed/ Floating	Interest Rate	Drawdown Date	Maturity Date
Long term	4.1 years	1,600	Fixed	0.85848%	Oct. 31, 2018	Nov. 30, 2022
	3.5 years	1,000	Floating	Base rate (JBA 1 month JPY TIBOR) + 0.450%	Nov. 30, 2018	May 31, 2022
	4.5 years	1,000	Fixed	0.89102%		May 31, 2023
		3,600	—	—	—	—

## ■ Balance of Borrowings (by lender)

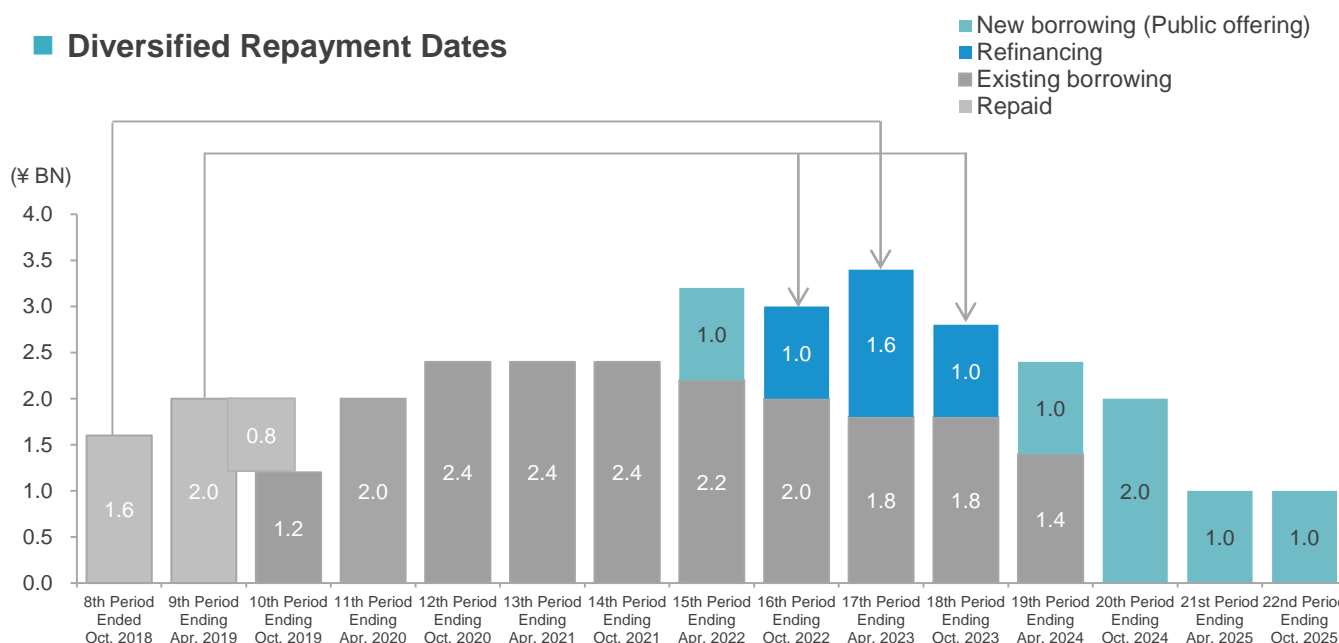


- Released loan collateral at the end of August 2018 and made partial loan prepayment (¥800 MM) at the end of November 2018
- Stable financial management continued by striving to extend maturities and diversify repayment dates

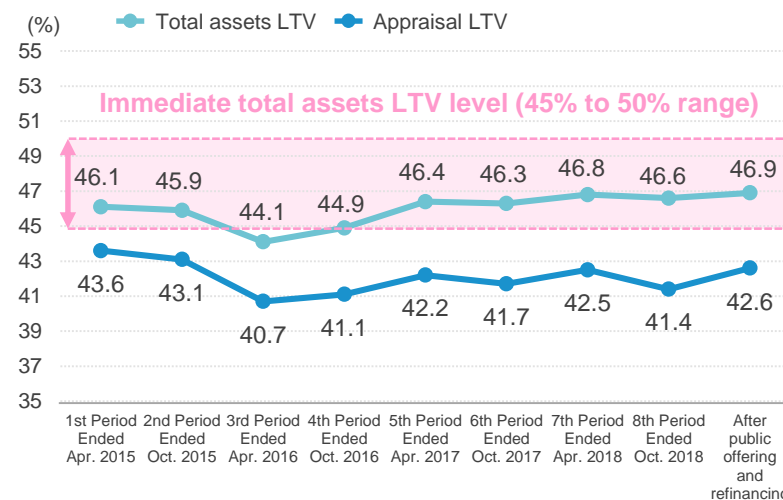
## Financial Indicators

	Period Ended April 30, 2018 (7th Fiscal Period)	Period Ended October 31, 2018 (8th Fiscal Period) (A)	After Public Offering and Refinancing (B)	Rate of Change or Difference (B)-(A)
Interest-bearing debt	24,000 ¥ MM	24,000 ¥ MM	29,200 ¥ MM	+5,200 ¥ MM
Average loan interest rate	0.84 %	0.89 %	0.92 %	+0.03 %
Average remaining maturity	2.9 years	2.7 years	3.5 years	+0.8 years
Ratio of fixed rates	62.9 %	69.6 %	70.9 %	+1.3 %
Ratio of long-term borrowings	93.3 %	100.0 %	100.0 %	0.0 %
LTV	46.8 %	46.6 %	46.9 % (Note)	+0.3 %

## Diversified Repayment Dates



## Total Assets LTV and Appraisal LTV (Note)



Note: Total assets LTV after the public offering and refinancing is the ratio of interest-bearing debt in the forecast total assets at the end of the 9th Fiscal Period. Appraisal LTV refers to the ratio of interest-bearing debt in the amount arrived at by adding unrealized gains to Tosei Reit's total assets. Figures for after the public offering and refinancing are projected figures and may not necessarily result in such figures.

# Future Policy

## External Growth

**Investment in competitive real estate in Tokyo metropolitan area**

**Investment in major regional cities market**

### ■ Property acquisition specific to Tosei Reit of leveraging core competencies

- Acquire properties of relatively high yield through the “Acquisition by sponsor” → “Value enhancement work and lease-up” → “Acquisition by Tosei Reit” cycle
- Continue favorable acquisitions as exemplified by NU Kannai Building, Higashitotsuka West Building and other past cases

### ■ Strengthening of sponsor support structure and asset management company internal network

- Human resources exchange with the sponsor and personnel changes at the asset management company

### ■ Incorporation of properties not in the Tokyo metropolitan area

- Look out for acquisition opportunities from the standpoint of securing yield and diversification in terms of geographic area (business hotels, etc.)



NU Kannai Building

## Internal Growth

**Stable management of owned properties**

**Rent upside potential**

### ■ Stable management and enhancement of occupancy rate of the properties newly acquired in November 2018

- Rising Place Kawasaki No.2 and Higashitotsuka West Building

### ■ Revision of rent level upon tenant replacement and contract renewal

- Offices with tenant replacement expected in the 9th Fiscal Period: Nihonbashi-Hamacho Building and Hakusan Asanomi Building
- Revise rent level upon contract renewal in light of market prices and property features

### ■ Planned capital expenditure

- Nishidai NC Building and JPT Motomachi Building: Implement update of air-conditioning equipment, etc.



Rising Place Kawasaki No.2

## Financial Strategy

**Realization of unrealized gains from owned assets**

**Efforts to reduce procurement costs**

### ■ Measures contributing to enhancement of investment unit price

- Transferred MarLandFive at a price approximately 30% above the appraisal value, thereby realizing unrealized gains
- Capital gain is to be returned as cash distribution in the fiscal period ending April 30, 2019 (9th Fiscal Period), and a portion is to be internally reserved and returned in the fiscal period ending October 31, 2019 (10th Fiscal Period) onward in an aim to enhance cash distribution level
- Efforts to increase property value (appraisal value)
- Consider ways for effective utilization of cash on hand

Capital gain (expected amount)

¥284 MM

## Overview of Transferred Asset

### MarLandFive



Use of building	Residential
Address	Fujimi-shi, Saitama
Construction completion	Apr. 1990
Acquisition price	¥830 MM
Appraisal value	¥884 MM (end of Oct. 2018)
Transfer price	¥1,150 MM
Transfer date	Nov. 15, 2018

Internal reserve will be reversed and returned to unitholders continuously from the fiscal period ending October 31, 2019 (10th Fiscal Period) onward

Fiscal period ending April 30, 2019  
(9th Fiscal Period)

Return from capital gain, etc.  
(Note 2)  
¥520 per unit

Internal reserve  
¥280 per unit

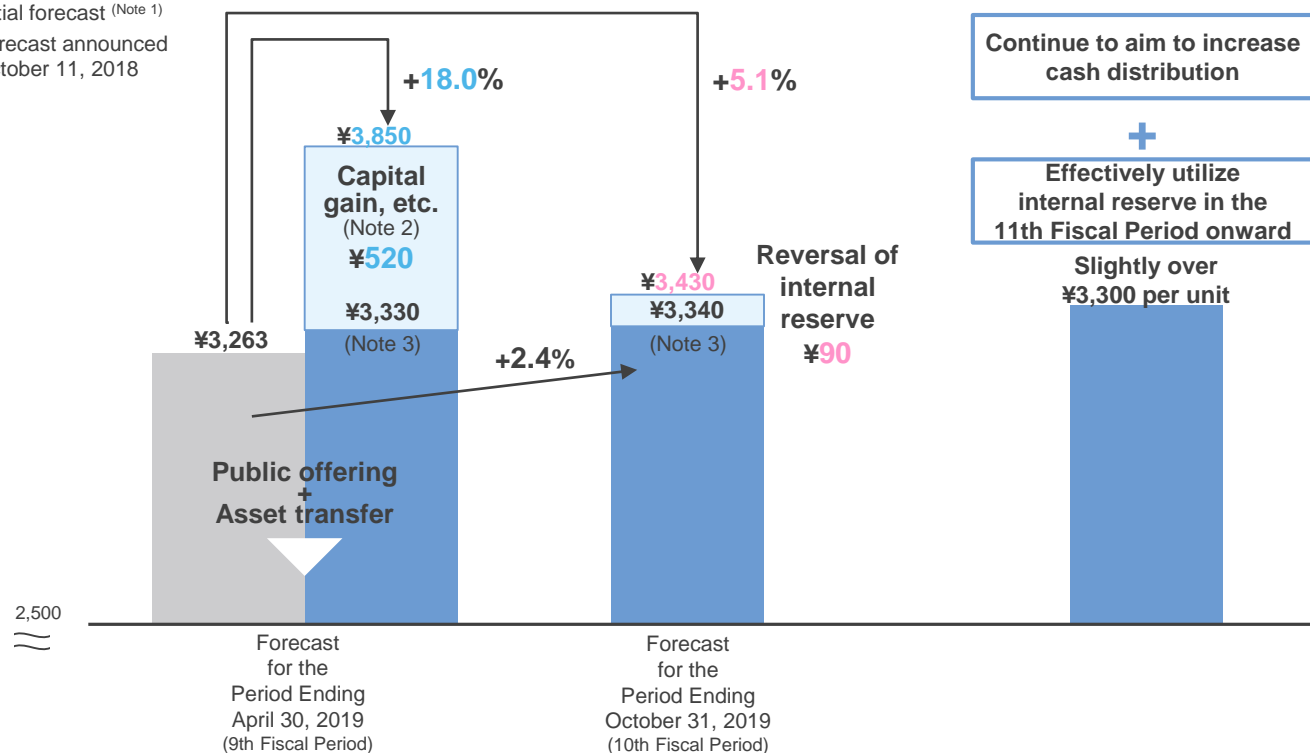
10th Fiscal Period

Reversal of internal reserve  
¥90 per unit

Effectively utilize internal reserve in the fiscal period ending April 30, 2020 (11th Fiscal Period) onward

## Cash Distribution per Unit

■ Initial forecast (Note 1)  
■ Forecast announced October 11, 2018



### Notes:

1. The initial forecast for the fiscal period ending April 30, 2019 (9th Fiscal Period) was released on June 15, 2018.
2. In addition to capital gain from the transfer of MarLandFive, it includes all impacts from the concerned transfer (internal reserve of part of the concerned capital gain, recording of income taxes due to the internal reserve, etc.) excluding the impact indicated in Note 3.
3. Impacts from decrease in property-related operating revenue due to the transfer of MarLandFive are incorporated into the concerned forecast figures.

# APPENDIX

## ■ Basic Policy concerning Customer-Oriented Business Conduct

- Tosei Asset Advisors, Inc. has formulated a basic policy on business conduct as released on its website. Going forward it shall review this policy and publish the status of implementation on a periodic basis.

1. Periodic review of policy and publishing of implementation status
2. Engagement for enhancing asset value
3. Firm engagement toward conflict of interest management
4. Rigid enforcement of providing information in an easily understandable manner for customers
5. Providing financial products taken in consideration of the customers' risk tolerance
6. Establishing customer-oriented corporate culture

## ■ Mechanism for Aligning with Unitholder Interest

### Management Fee System

- Introduced management fees linked to investment corporation revenue as management fee II (Management fee II = Net income × 5.00%)

### Same-Boat Investment by the Sponsor

#### Alignment of Unitholder Interest and Sponsor Interest

- Implemented same-boat investment in order to promote the sharing of interest among Tosei Reit's unitholders and the Tosei Group and increase the effectiveness of sponsor support. As of the end of November 2018, the sponsor (Tosei Corporation) owned 14,251 units of Tosei Reit's investment units (5.03% of the total number of investment units issued and outstanding).

### Introduction of Cumulative Investment Unit Investment Program

#### Alignment of Unitholder Interest and the Interest of Officers and Employees of the Tosei Group

- The cumulative investment unit investment program was introduced for the purpose of further enhancing the awareness of Tosei Group officers and employees regarding the enhancement of Tosei Reit's business performance and for their contribution to the continuous growth of Tosei Reit and enhancement of medium- to long-term unitholder value (contribution started in December 2016).
- Tosei officers and employees including those seconded to Tosei Reit's asset management company can acquire Tosei Reit's investment units by using the cumulative investment unit investment program.

## ■ Tosei Group's Social Initiatives

### Initiatives for Employees

#### ● Personnel development and training

The Tosei Group has introduced the implementation of personnel development and training as well as a self-development assistance program and certification incentive program in order to support self-improvement and skill development of employees.



#### ● Support for work-life balance of employees

The Tosei Group implements initiatives for managing the physical and mental health of its employees by obligating yearly health examinations for the preservation of employee health as well as through the implementation of questionnaires for all employees concerning mental health care and training under the instruction of partnered industrial physicians.

### Regional and Social Contribution

#### ● Cleaning activity volunteering



#### ● Green fund-raising



#### ● Recycling of caps



#### ● Continuation of relief activities to areas affected by the Great East Japan Earthquake

Since 2011, the Tosei Group has continuously coordinated relief activities by inviting volunteers and experts, as well as through donations.

\*Photos are from volunteer activities in recent years.



Support of Machibiraki Festival (2017)



Painting of nursery playthings (2016)



Maintenance of grounds (2015)

## ■ Tosei Group's Environmental Initiatives

In order to strengthen its environmental initiatives, the Tosei Group formulated the Tosei Group Eco Declaration in April 2009 and conducts its business activities based on the three policies of its Eco Mission. Tosei Asset Advisors, Inc., the asset management company of Tosei Reit Investment Corporation, operates under the Tosei Group Eco Declaration as well as the Eco Mission as a member of the Tosei Group.

### Tosei Group Eco Declaration

In order to achieve our slogan “Heart into the City,” the Tosei Group declares its intention to promote corporate activities that are friendly to people and the environment and to work to reduce burdens on the environment, while keeping true to our philosophy, “To create new value and inspiration in all aspects of real estate.”

#### *Eco Mission 1*

Promote environmental practice through business activities

We strive to minimize environmental burdens by proactively introducing measures to contribute to energy conservation and resource saving in the revitalization and development of real estate.

#### *Eco Mission 2*

Comply with environmental laws, regulations and raising of environmental awareness

We work to conserve the environment by complying with environmental laws and regulations. We will also conduct various measures aiming to increase Tosei Group employees' environmental conservation awareness.

#### *Eco Mission 3*

Inform our activities to stakeholder

Starting with the announcement of “Eco Declaration” and “Eco Mission,” we will promote open communication with society while providing information on our progress and results.

## ■ Tosei Asset Advisors' Environmental Initiatives

Tosei Asset Advisors aims to improve the performance of relatively aged properties through the implementation of value-adding work and such, maintaining asset value and utilizing these in the long term as investment properties.

### Acquisition of Environmental Certification

A rating of 3 stars has been acquired from the Building-Housing Energy-efficiency Labeling System (BELS), a third-party certification for residences and buildings.



Shin Yokohama Center Building



### Improvement of Energy Efficiency through Update of Air Conditioning Equipment

Energy-related CAPEX investment such as for air conditioning update work is implemented for aged properties. Improvement of energy efficiency is strived for through the replacement and update of air conditioning equipment, etc.



Nihonbashi-Hamacho Building



Tama Center Tosei Building

### Rooftop Greenery

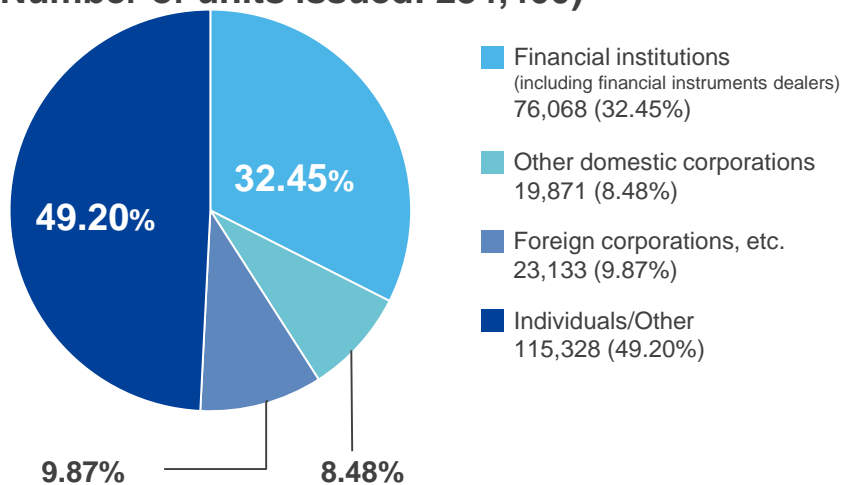
Greenery is being promoted at some owned properties for the purpose of improving insulation and landscaping of buildings as well as improvement of urban environments.



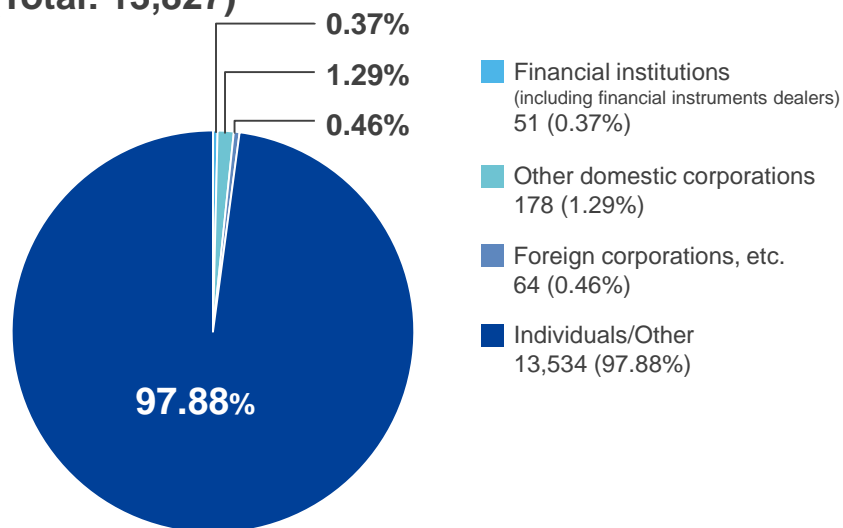
Gekkocho Apartment

# Unitholder Composition (at End of 8th Fiscal Period)

## ■ Number of Units by Unitholder Type (Number of units issued: 234,400)



## ■ Number of Unitholders by Unitholder Type (Total: 13,827)



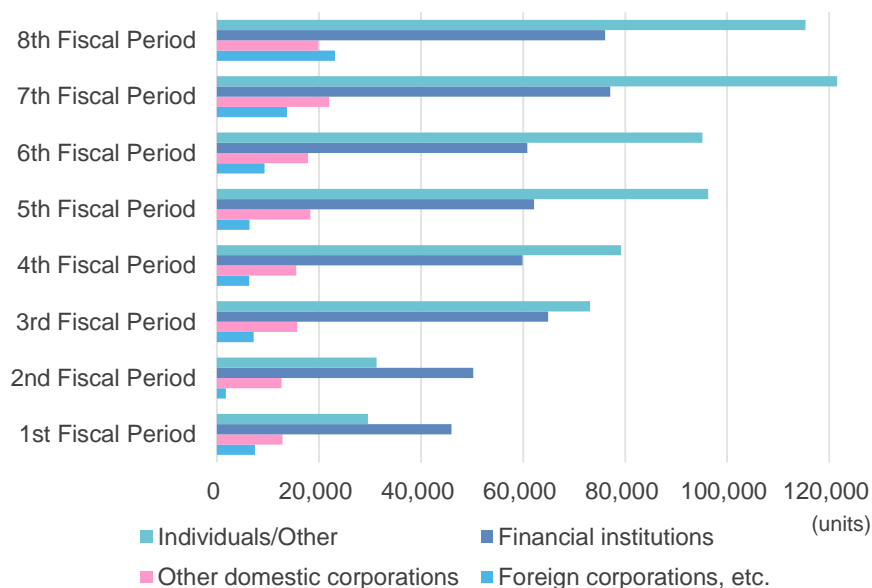
## ■ Top 10 Unitholders

	Name	Number of Investment Units Owned (units)	Number of Investment Units Owned as a Percentage of Total Number of Investment Units Issued and Outstanding
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	21,464	9.15%
2	Japan Trustee Services Bank, Ltd. (Trust Account)	16,732	7.13%
3	Tosei Corporation	11,820	5.04%
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	7,372	3.14%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	5,214	2.22%
6	Kinki Sangyo Credit Union	4,340	1.85%
7	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	3,758	1.60%
8	Matsui Securities Co., Ltd.	3,623	1.54%
9	GOLDMAN SACHS INTERNATIONAL	2,920	1.24%
10	BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	2,800	1.19%
Total		80,043	34.14%

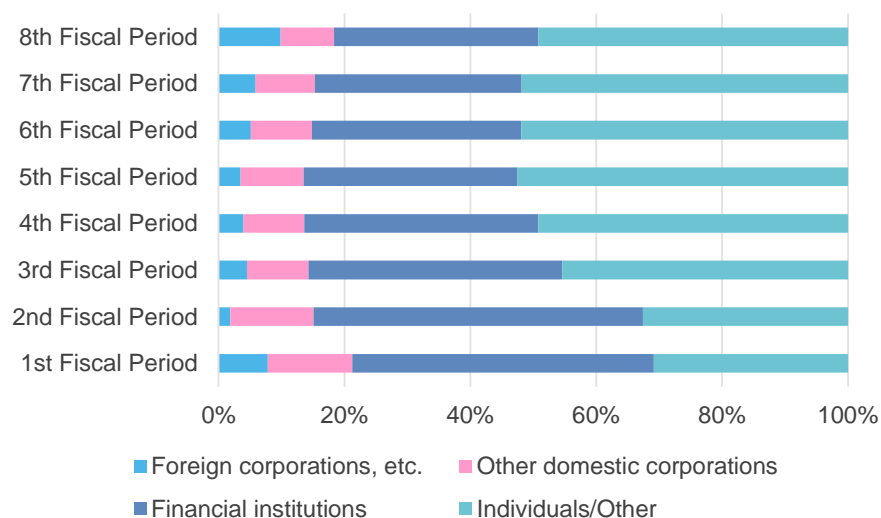
Note: Based on the unitholder registry as of October 31, 2018. "Number of Investment Units Owned as a Percentage of Total Number of Investment Units Issued and Outstanding" refers to the ratio of the number of investment units owned to the total number of units issued, and figures are rounded down to the second decimal place.

## ■ Trends in Units Held

Fluctuations in units held by investor categories



Fluctuations in percentage of units held by investor categories



## ■ IR Activities Targeting Individual Investors (actual)

July 7, 2018	Daiwa J-REIT Festival 2018 (Tokyo)
August 7, 2018	ARES Nationwide J-REIT Popularization Campaign 2018 (first half) (Shizuoka)



Daiwa J-REIT Festival 2018



## ■ IR Activities Targeting Individual Investors (planned)

February 13, 2019	Daiwa J-REIT Campaign 2018 (second half) (Tokyo)
March 13, 2019	SMBC Nikko J-REIT Seminar 2018 (Okayama)

# Balance Sheet

	Period Ended April 30, 2018 (7th Fiscal Period)	Period Ended October 31, 2018 (8th Fiscal Period)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,506,719	1,902,037
Cash and deposits in trust	3,561,028	3,830,246
Operating accounts receivable	4,734	3,555
Prepaid expenses	140,762	103,579
Consumption taxes receivable	145,316	-
<b>Total current assets</b>	<b>5,358,560</b>	<b>5,839,418</b>
<b>Non-current assets</b>		
[Property, plant, and equipment]	[45,643,098]	[45,461,135]
Buildings in trust	13,461,265	13,515,395
Accumulated depreciation	(1,024,104)	(1,244,757)
Buildings in trust, net	12,437,161	12,270,638
Structures in trust	143,424	143,424
Accumulated depreciation	(29,583)	(34,091)
Structures in trust, net	113,840	109,332
Machinery and equipment in trust	303,016	303,516
Accumulated depreciation	(70,583)	(84,627)
Machinery and equipment in trust, net	232,432	218,889
Tools, furniture and fixtures in trust	113,824	123,707
Accumulated depreciation	(29,073)	(36,345)
Tools, furniture and fixtures in trust, net	84,750	87,362
Land in trust	32,774,913	32,774,913
[Investments and other assets]	[237,425]	[214,821]
Long-term prepaid expenses	227,409	204,811
Deferred tax assets	16	10
Lease and guarantee deposits	10,000	10,000
<b>Total non-current assets</b>	<b>45,880,524</b>	<b>45,675,957</b>
Investment unit issuance expenses	33,907	22,284
<b>Total deferred assets</b>	<b>33,907</b>	<b>22,284</b>
<b>Total assets</b>	<b>51,272,992</b>	<b>51,537,660</b>

	Period Ended April 30, 2018 (7th Fiscal Period)	Period Ended October 31, 2018 (8th Fiscal Period)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	67,315	83,719
Short-term loans payable	1,600,000	-
Current portion of long-term loans payable	2,000,000	4,000,000
Accounts payable	89,991	101,450
Income taxes payable	934	814
Accrued consumption taxes	9,976	69,257
Advances received	326,860	451,002
Other	38,523	63,798
<b>Total current liabilities</b>	<b>4,133,601</b>	<b>4,770,042</b>
<b>Non-current liabilities</b>		
Long-term loans payable	20,400,000	20,000,000
Tenant leasehold and security deposits in trust	2,003,360	2,054,450
Other	4,395	2,424
<b>Total non-current liabilities</b>	<b>22,407,755</b>	<b>22,056,875</b>
<b>Total liabilities</b>	<b>26,541,356</b>	<b>26,826,918</b>

(¥ K)

<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	23,907,827	23,907,827
Allowance for temporary difference adjustments	(7,694)	(4,219)
Total deduction from unitholders' capital	(7,694)	(4,219)
Unitholders' capital, net	23,900,133	23,903,608
Surplus	[835,896]	[809,558]
Unappropriated retained earnings (undisposed loss)	835,896	809,558
<b>Total Unitholders' equity</b>	<b>24,736,030</b>	<b>24,713,166</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(4,395)	(2,424)
<b>Total valuation and translation adjustments</b>	<b>(4,395)</b>	<b>(2,424)</b>
<b>Total net assets</b>	<b>24,731,635</b>	<b>24,710,742</b>
<b>Total liabilities and net assets</b>	<b>51,272,992</b>	<b>51,537,660</b>

# Statement of Income

(¥ K)

	Period Ended April 30, 2018 (7th Fiscal Period)	Period Ended October 31, 2018 (8th Fiscal Period)
Operating revenue		
Lease business revenue	1,818,838	1,852,313
Other lease business revenue	183,688	199,586
Total operating revenue	2,002,526	2,051,900
Operating expenses		
Expenses related to rent business	834,127	880,247
Asset management fee	110,894	120,005
Asset custody fee	1,965	2,447
Administrative service fees	13,910	14,206
Directors' compensation	3,900	3,180
Other operating expenses	36,507	50,206
Total operating expenses	1,001,304	1,070,294
Operating income	1,001,221	981,605
Non-operating income		
Interest income	22	24
Compensation for damage	-	418
Miscellaneous income	-	91
Total non-operating income	22	534
Non-operating expenses		
Interest expenses	99,305	102,076
Borrowing related expenses	61,369	62,578
Other	11,622	11,622
Total non-operating expenses	172,297	176,277
Ordinary income	828,946	805,861
Profit before income taxes	828,946	805,861
Income taxes - current	937	818
Income taxes - deferred	(1)	5
Total income taxes	936	824
Net income	828,009	805,037
Retained earnings brought forward	7,886	4,520
Unappropriated retained earnings (undisposed loss)	835,896	809,558

# Portfolio List (36 properties)

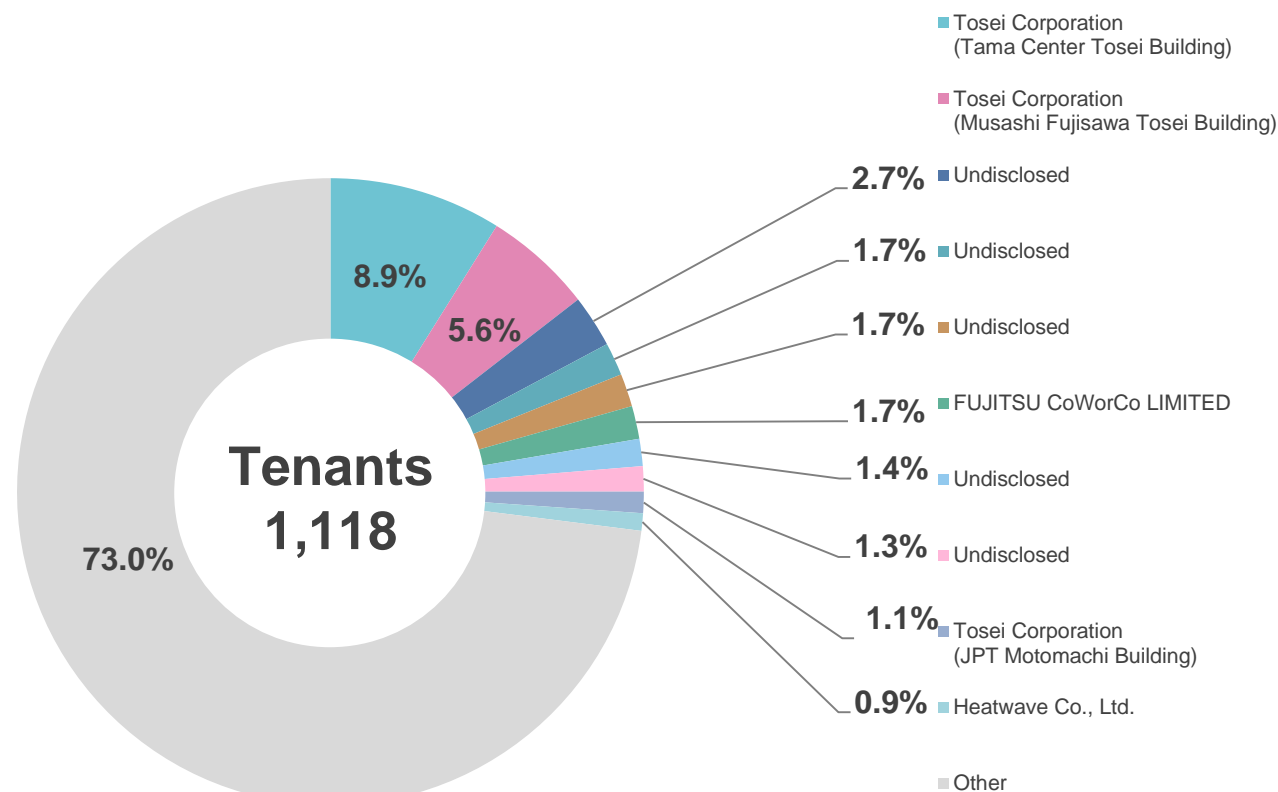
Property No.	Acquired during 9th Fiscal Period	Property Name	Age of Building (years)	Address	Acquisition Price (¥ MM)	Investment Ratio (%)	Real Estate Appraisal Value (¥ MM)	Appraisal NOI Yield (%)	Total Leasable Area (m <sup>2</sup> )	Occupancy Rate (%)	PML (%)
O-01		Tama Center Tosei Building	29.3	Tama-shi, Tokyo	3,370	6.0	3,660	7.14	9,737.49	100.0 (89.9)	4.36
O-02		KM Shinjuku Building	27.1	Shinjuku-ku, Tokyo	2,057	3.7	2,520	5.72	3,403.95	100.0	5.52
O-03		Nihonbashi-Hamacho Building	28.0	Chuo-ku, Tokyo	1,830	3.3	2,280	6.37	3,334.40	100.0	6.11
O-04		Kannai Tosei Building II	34.7	Yokohama-shi, Kanagawa	4,100	7.3	4,640	6.02	6,919.80	100.0	11.54
O-05		Nishi Kasai Tosei Building	24.8	Edogawa-ku, Tokyo	1,710	3.1	1,970	6.15	3,187.97	100.0	3.84
O-06		Shin Yokohama Center Building	27.9	Yokohama-shi, Kanagawa	1,364	2.4	1,700	6.84	3,888.28	100.0	6.47
O-07		Nishidai NC Building	26.6	Itabashi-ku, Tokyo	1,481	2.7	1,740	6.27	3,798.48	100.0	5.25
O-08		JPT Motomachi Building	27.0	Yokohama-shi, Kanagawa	2,377	4.3	2,730	5.98	5,453.13	100.0 (100.0)	6.06
O-09		Hakusan Asanomi Building	25.3	Bunkyo-ku, Tokyo	1,380	2.5	1,600	5.50	1,860.51	100.0	7.31
O-10		Chojamachi Duo Building	25.3	Yokohama-shi, Kanagawa	1,300	2.3	1,390	5.40	2,204.74	89.4	3.56
O-11	●	NU Kannai Building	31.7	Yokohama-shi, Kanagawa	3,800	6.8	4,000	5.59	8,025.75	100.0	4.56
O-12	●	Higashitotsuka West Building	25.7	Yokohama-shi, Kanagawa	2,650	4.7	2,720	5.34	5,667.32	93.7	5.22
Offices subtotal			-	-	27,419	49.1	30,950	6.04	57,481.82	99.0	-
Rt-01		Inage Kaigan Building	25.9	Chiba-shi, Chiba	2,380	4.3	2,650	6.33	5,890.92	98.6	6.49
Rt-02		Musashi Fujisawa Tosei Building	21.2	Iruma-shi, Saitama	1,950	3.5	2,180	6.56	6,089.72	100.0 (94.0)	5.85
Rt-03		Selection Hatsutomi	15.4	Kamagaya-shi, Chiba	310	0.6	349	6.63	1,839.45	100.0	7.98
Rt-04		Wako Building	32.5	Chiba-shi, Chiba	1,400	2.5	1,410	5.94	2,827.26	92.1	9.32
Retail facilities subtotal			-	-	6,040	10.8	6,589	6.33	16,647.35	98.2	-
Offices and retail facilities subtotal			-	-	33,459	59.9	37,539	6.09	74,129.17	98.8	-
Rd-01		T's garden Koenji	7.8	Suginami-ku, Tokyo	1,544	2.8	1,990	5.35	2,169.38	97.9	7.91
Rd-02		Live Akabane	29.6	Kita-ku, Tokyo	1,227	2.2	1,490	6.37	3,876.40	97.2	7.45
Rd-03		Gekkocho Apartment	10.6	Meguro-ku, Tokyo	1,000	1.8	1,190	5.29	1,392.13	100.0	8.98
Rd-04		T's garden Kawasaki-daishi	9.8	Kawasaki-shi, Kanagawa	980	1.8	1,130	5.84	2,067.77	92.7	7.38
Rd-05		Abitato Kamata	27.4	Ota-ku, Tokyo	836	1.5	927	5.57	1,768.23	96.3	7.82
Rd-07		Avenir Shirotae	23.7	Yokohama-shi, Kanagawa	780	1.4	932	6.70	2,499.93	97.9	7.57
Rd-08		Dormitory Haramachida	26.3	Machida-shi, Tokyo	600	1.1	721	7.03	1,866.96	95.6	5.29
Rd-09		SEA SCAPE Chiba Minato	10.6	Chiba-shi, Chiba	2,800	5.0	3,070	5.95	6,758.52	96.5	7.30
Rd-10		Prime Garden	23.7	Kamagaya-shi, Chiba	600	1.1	625	6.15	3,687.98	98.3	9.42
Rd-11		T's garden Shinkoiwa	20.6	Katsushika-ku Tokyo	670	1.2	726	5.32	1,652.93	100.0	4.41
Rd-12		Twin Avenue	26.7	Nerima-ku, Tokyo	1,880	3.4	1,920	5.38	4,558.96	98.6	5.70
Rd-13		Milestone Higashikurume	29.1	Higashikurume-shi, Tokyo	1,650	3.0	1,670	5.71	3,546.50	96.5	4.34
Rd-14		Lumiere No.3	24.1	Kawaguchi-shi, Saitama	1,420	2.5	1,530	5.95	5,644.16	97.8	2.58
Rd-15		T's garden Nishifunabashi	27.7	Funabashi-shi, Chiba	860	1.5	877	5.72	2,643.84	97.2	7.50
Rd-16		Quest Yamatedai	29.7	Yokohama-shi, Kanagawa	710	1.3	746	5.88	2,802.74	100.0	9.66
Rd-17		Sancerre Yonohonmachi	28.0	Saitama-shi, Saitama	600	1.1	622	5.77	1,418.69	93.1	4.13
Rd-18	●	Rising Place Kawasaki No.2	1.7	Kawasaki-shi, Kanagawa	1,812	3.2	1,840	4.92	2,962.48	96.1	3.94
Rd-19	●	J Palace Sakuradai	24.7	Nerima-ku, Tokyo	1,090	2.0	1,100	4.82	2,395.04	97.6	5.38
Rd-20	●	Personnage Yokohama	27.9	Yokohama-shi, Kanagawa	740	1.3	794	6.08	1,990.06	92.3	4.65
Rd-21	●	T's garden Nishihachioji West	21.8	Hachioji-shi, Tokyo	600	1.1	612	6.15	2,315.99	100.0	7.44
Residential properties subtotal			-	-	22,399	40.1	24,512	5.71	58,018.69	97.2	-
Total/Average			24.8	-	55,858	100.0	62,051	5.94	132,147.86	98.1	3.31

Note: The figures in this table are as of the end of October 2018, except "Real Estate Appraisal Value" and "Average Appraisal NOI Yield" are the figures as of August 31, 2018 for the 6 newly acquired properties. In addition, "Total Leasable Area" and "Occupancy Rate" are the figures as of the end of November 2018. "Occupancy Rate" figures in parentheses are the percentage of the total area for which leases have been concluded between the master lease company and the end tenants, and that are actually being rented. Furthermore, "PML" and the "Total/Average" of "PML" are based on the seismic PML (re)evaluation reports of each property as well as Sompo Risk Management Inc.'s Portfolio Earthquake PML Evaluation Report dated August 2018.

# Distribution of Tenants (at End of 8th Fiscal Period)

## ■ Top 10 Tenants (by leased floor area)

	Name	Leased Area (m <sup>2</sup> )	Tenanted Property	%
1	Tosei Corporation	9,737.49	Tama Center Tosei Building	8.9%
2	Tosei Corporation	6,089.72	Musashi Fujisawa Tosei Building	5.6%
3	Undisclosed	2,989.01	Inage Kaigan Building	2.7%
4	Undisclosed	1,852.02	JPT Motomachi Building	1.7%
5	Undisclosed	1,839.45	Selection Hatsutomi	1.7%
6	FUJITSU CoWorCo LIMITED	1,822.20	Shin Yokohama Center Building	1.7%
7	Undisclosed	1,549.35	Undisclosed	1.4%
8	Undisclosed	1,420.46	Undisclosed	1.3%
9	Tosei Corporation	1,235.19	JPT Motomachi Building	1.1%
10	Heatwave Co., Ltd.	1,032.11	KM Shinjuku Building	0.9%



# Earnings Performance of Properties (1) (at End of 8th Fiscal Period)

(¥ K)

Property name	O-01 Tama Center Tosei Building	O-02 KM Shinjuku Building	O-03 Nihonbashi-Hamacho Building	O-04 Kannai Tosei Building II	O-05 Nishi Kasai Tosei Building	O-06 Shin Yokohama Center Building
Rental and other operating revenue (1)	208,187	92,343	91,942	173,076	75,168	75,561
Lease business revenue	167,933	83,165	80,419	153,115	65,074	70,794
Other lease business revenue	40,254	9,178	11,523	19,961	10,094	4,767
Property-related expenses (2)	77,411	28,433	32,626	53,562	24,031	22,330
Property management fees	24,221	6,663	7,874	18,041	6,622	7,916
Trust fees	300	300	300	300	300	300
Utilities expenses	32,501	8,971	11,080	17,252	8,036	6,003
Insurance premiums	447	146	142	266	115	165
Repair and maintenance expenses	1,379	1,205	3,199	1,682	812	291
Property taxes	17,492	10,064	8,174	13,468	6,503	7,161
Other expenses	1,068	1,082	1,855	2,551	1,641	491
NOI (3) [(1)-(2)]	130,776	63,910	59,315	119,514	51,136	53,231
Depreciation (4)	17,155	8,893	10,741	20,966	9,061	8,204
Rental operating income (5) [(3)-(4)]	113,620	55,016	48,574	98,547	42,075	45,026
Capital expenditures (6)	1,630	440	2,361	1,014	710	2,167
NCF (7) [(3)-(6)]	129,146	63,470	56,954	118,499	50,426	51,063

# Earnings Performance of Properties (2) (at End of 8th Fiscal Period)

(¥ K)

Property name	O-07 Nishidai NC Building	O-08 JPT Motomachi Building	O-09 Hakusan Asanomi Building	O-10 Chojamachi Duo Building	Rt-01 Inage Kaigan Building	Rt-02 Musashi Fujisawa Tosei Building
Rental and other operating revenue (1)	79,432	113,514	46,955	51,473	128,938	72,199
Lease business revenue	72,962	99,627	41,811	45,605	103,192	72,199
Other lease business revenue	6,470	13,886	5,143	5,868	25,746	-
Property-related expenses (2)	30,432	33,841	16,978	14,857	49,513	7,269
Property management fees	8,963	10,591	7,606	5,207	8,042	1,080
Trust fees	300	300	300	300	300	300
Utilities expenses	10,796	11,741	3,286	4,630	26,480	-
Insurance premiums	162	201	77	87	230	91
Repair and maintenance expenses	1,055	699	1,483	495	2,109	-
Property taxes	8,305	9,533	4,020	1,596	11,479	5,776
Other expenses	849	774	204	2,539	871	21
NOI (3) [(1)-(2)]	49,000	79,673	29,976	36,615	79,424	64,930
Depreciation (4)	9,736	12,950	6,250	9,775	20,323	7,747
Rental operating income (5) [(3)-(4)]	39,264	66,723	23,725	26,840	59,100	57,182
Capital expenditures (6)	-	9,394	7,778	8,779	4,056	7,023
NCF (7) [(3)-(6)]	49,000	70,278	22,198	27,836	75,368	57,907

# Earnings Performance of Properties (3) (at End of 8th Fiscal Period)

(¥ K)

Property name	Rt-03 Selection Hatsutomi	Rt-04 Wako Building	Rd-01 T's garden Koenji	Rd-02 Live Akabane	Rd-03 Gekkocho Apartment	Rd-04 T's garden Kawasakidaishi
Rental and other operating revenue (1)	14,250	67,998	52,704	50,732	34,193	36,726
Lease business revenue	14,250	57,140	51,167	49,398	32,343	35,545
Other lease business revenue	-	10,858	1,537	1,334	1,850	1,180
Property-related expenses (2)	3,813	22,565	10,042	18,022	10,919	6,793
Property management fees	1,104	10,006	4,122	4,760	3,035	2,658
Trust fees	300	300	300	300	300	300
Utilities expenses	-	8,697	389	706	440	170
Insurance premiums	31	115	60	110	46	54
Repair and maintenance expenses	-	793	1,355	5,850	1,289	703
Property taxes	2,250	1,560	2,986	3,354	2,099	1,981
Other expenses	127	1,091	828	2,940	3,707	925
NOI (3) [(1)-(2)]	10,436	45,432	42,661	32,709	23,273	29,932
Depreciation (4)	1,288	10,046	5,781	4,275	3,447	5,204
Rental operating income (5) [(3)-(4)]	9,148	35,386	36,880	28,433	19,826	24,728
Capital expenditures (6)	-	5,495	220	300	476	-
NCF (7) [(3)-(6)]	10,436	39,937	42,441	32,409	22,797	29,932

# Earnings Performance of Properties (4) (at End of 8th Fiscal Period)

(¥ K)







Property name	Rd-05 Abitato Kamata	Rd-06 MarLandFive	Rd-07 Avenir Shirotae	Rd-08 Dormitory Haramachida	Rd-09 SEA SCAPE Chiba Minato	Rd-10 Prime Garden
Rental and other operating revenue (1)	29,844	39,663	36,371	31,098	121,544	31,435
Lease business revenue	28,667	36,665	35,286	29,792	108,333	30,709
Other lease business revenue	1,176	2,998	1,085	1,305	13,211	725
Property-related expenses (2)	7,339	14,745	9,942	10,585	39,879	12,301
Property management fees	2,609	3,565	3,023	2,689	9,788	3,826
Trust fees	300	300	300	300	300	300
Utilities expenses	546	2,164	735	643	10,488	386
Insurance premiums	49	81	69	65	235	97
Repair and maintenance expenses	1,629	4,674	2,472	3,889	6,832	4,372
Property taxes	1,541	2,570	2,050	2,398	9,211	2,438
Other expenses	662	1,389	1,291	597	3,023	879
NOI (3) [(1)-(2)]	22,504	24,918	26,429	20,513	81,665	19,134
Depreciation (4)	3,231	4,877	6,371	5,142	24,043	3,511
Rental operating income (5) [(3)-(4)]	19,272	20,040	20,057	15,370	57,621	15,622
Capital expenditures (6)	-	613	500	-	6,340	340
NCF (7) [(3)-(6)]	22,504	24,304	25,929	20,513	75,325	18,794

# Earnings Performance of Properties (5) (at End of 8th Fiscal Period)







(¥ K)

Property name	Rd-11 T's garden Shinkoiwa	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
Rental and other operating revenue (1)	25,640	62,266	65,098	57,480	32,309	29,598	24,148
Lease business revenue	24,345	61,063	60,895	56,005	31,963	29,347	23,492
Other lease business revenue	1,295	1,202	4,202	1,475	345	250	656
Property-related expenses (2)	6,466	17,178	17,102	13,242	6,930	6,463	8,148
Property management fees	2,488	3,758	5,328	3,993	2,782	2,889	2,256
Trust fees	300	300	300	300	300	300	300
Utilities expenses	576	873	3,405	540	473	414	527
Insurance premiums	50	118	114	144	69	69	47
Repair and maintenance expenses	1,204	6,955	3,807	3,347	1,223	1,723	2,298
Property taxes	1,450	4,539	2,693	4,087	1,190	952	1,653
Other expenses	395	632	1,454	829	891	114	1,065
NOI (3) [(1)-(2)]	19,173	45,088	47,995	44,237	25,379	23,134	15,999
Depreciation (4)	2,567	3,729	7,949	6,201	2,265	2,797	1,934
Rental operating income (5) [(3)-(4)]	16,606	41,358	40,045	38,035	23,113	20,337	14,065
Capital expenditures (6)	577	1,567	-	2,018	210	-	500
NCF (7) [(3)-(6)]	18,596	43,521	47,995	42,219	25,169	23,134	15,499







# List of Properties (1)

Property name	O-01 Tama Center Tosei Building	O-02 KM Shinjuku Building	O-03 Nihonbashi-Hamacho Building
			
Address	Ochiai, Tama-shi, Tokyo	Kabuki-cho, Shinjuku-ku, Tokyo	Nihonbashi-hama-cho, Chuo-ku, Tokyo
Access	Approx. 4-min. walk from Odakyu Tama Center Station, Odakyu Tama Line	Approx. 1-min. walk from Seibu-Shinjuku Station, Seibu Shinjuku Line	Approx. 3-min. walk from Hamacho Station, Toei Subway Shinjuku Line
Acquisition price	¥3,370 MM	¥2,057 MM	¥1,830 MM
Structure	S, SRC	SRC	SRC, S
Floors	B1/7F	B1/9F	9F
Floor area	16,212.96 m <sup>2</sup>	5,240.41 m <sup>2</sup>	4,583.48 m <sup>2</sup>
Property name	O-04 Kannai Tosei Building II	O-05 Nishi Kasai Tosei Building	O-06 Shin Yokohama Center Building
			
Address	Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa	Nishikasai, Edogawa-ku, Tokyo	Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa
Access	Approx. 3-min. walk from Kannai Station, Yokohama Municipal Subway Line	Approx. 2-min. walk from Nishi-kasai Station, Tokyo Metro Tozai Line	Approx. 5-min. walk from Shin-Yokohama Station, JR Tokaido Shinkansen Line and Yokohama Line
Acquisition price	¥4,100 MM	¥1,710 MM	¥1,364 MM
Structure	SRC	SRC	SRC, RC
Floors	B1/12F	B1/8F	B2/9F
Floor area	9,383.81 m <sup>2</sup>	4,271.38 m <sup>2</sup>	5,809.25 m <sup>2</sup>







# List of Properties (2)

Property name	O-07 Nishidai NC Building	O-08 JPT Motomachi Building	O-09 Hakusan Asanomi Building
			
Address	Takashimadaira, Itabashi-ku, Tokyo	Yamashita-cho, Naka-ku, Yokohama-shi, Kanagawa	Hakusan, Bunkyo-ku, Tokyo
Access	Approx. 1-min. walk from Nishidai Station, Toei Subway Mita Line	Approx. 5-min. walk from Ishikawacho Station, JR Keihin-Tohoku Line and Negishi Line	Approx. 1-min. walk from Hakusan Station, Toei Subway Mita Line
Acquisition price	¥1,481 MM	¥2,377 MM	¥1,380 MM
Structure	S, RC	S, SRC, RC	S, SRC
Floors	B1/7F	B2/8F	B1/10F
Floor area	6,214.11 m <sup>2</sup>	7,924.98 m <sup>2</sup>	2,374.87 m <sup>2</sup>
Property name	O-10 Chojamachi Duo Building	O-11 NU Kannai Building	O-12 Higashitotsuka West Building
			
Address	Chojamachi, Naka-ku, Yokohama-shi, Kanagawa	Yamashita-cho, Naka-ku, Yokohama-shi, Kanagawa	Kawakami-cho, Totsuka-ku, Yokohama-shi, Kanagawa
Access	Approx. 1-min. walk from Isezaki-chojamachi Station, Yokohama Municipal Subway Blue Line	Approx. 6-min. walk from Kannai Station, JR Negishi Line and Yokohama Line	Approx. 2-min. walk from Higashi-Totsuka Station, JR Yokosuka Line and Shonan-Shinjuku Line
Acquisition price	¥1,300 MM	¥3,800 MM	¥2,650 MM
Structure	RC, SRC	SRC	SRC, S
Floors	B1/7F	B1/10F	B1/11F
Floor area	3,091.23 m <sup>2</sup>	10,963.91 m <sup>2</sup>	8,758.32 m <sup>2</sup>







# List of Properties (3)

Property name	Rt-01 Inage Kaigan Building		Rt-02 Musashi Fujisawa Tosei Building		Rt-03 Selection Hatsutomi	
						
Address	Takasu, Mihama-ku, Chiba-shi, Chiba		Higashi Fujisawa, Iruma-shi, Saitama		Kita-Hatsutomi, Kamagaya-shi, Chiba	
Access	Approx. 1-min. walk from Inagekaigan Station, JR Keiyo Line		Approx. 9-min. walk from Musashi-Fujisawa Station, Seibu Ikebukuro Line		Approx. 3-min. walk from Kita-Hatsutomi Station, Shin-Keisei Railway Shin-Keisei Line	
Acquisition price	¥2,380 MM		¥1,950 MM		¥310 MM	
Structure	SRC		Steel frame structure, galvanized steel		S	
Floors	7F		2F		2F	
Floor area	7,175.12 m <sup>2</sup>		6,131.07 m <sup>2</sup>		1,827.75 m <sup>2</sup>	
Property name	Rt-04 Wako Building		Rd-01 T's garden Koenji		Rd-02 Live Akabane	
						
Address	Takasu, Mihama-ku, Chiba-shi, Chiba		Koenjikota, Suginami-ku, Tokyo		Ukima, Kita-ku, Tokyo	
Access	Approx. 1-min. walk from Inagekaigan Station, JR Keiyo Line		Approx. 5-min. walk from Koenji Station, JR Chuo Line		Approx. 4-min. walk from Kita-Akabane Station, JR Saikyo Line	
Acquisition price	¥1,400 MM		¥1,544 MM		¥1,227 MM	
Structure	S		RC		SRC	
Floors	B1/5F		6F		12F	
Floor area	4,059.79 m <sup>2</sup>		2,445.31 m <sup>2</sup>		4,484.24 m <sup>2</sup>	







# List of Properties (4)

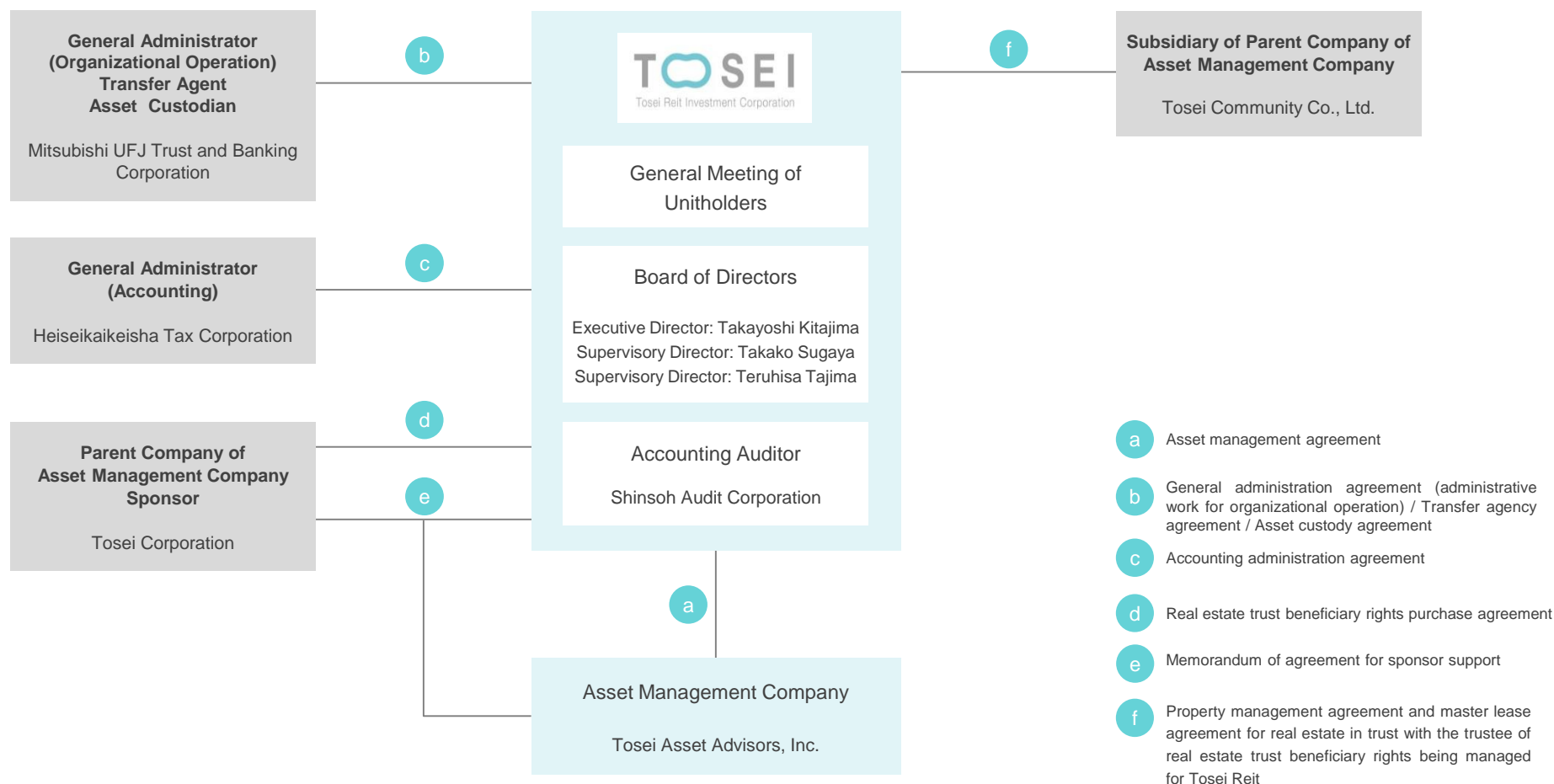
Property name	Rd-03 Gekkocho Apartment	Rd-04 T's garden Kawasaki-daishi	Rd-05 Abitato Kamata
			
Address	Shimomeguro, Meguro-ku, Tokyo	Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Chuo, Ota-ku, Tokyo
Access	Approx. 13-min. walk from Musashi-koyama Station, Tokyu Meguro Line	Approx. 8-min. walk from Suzukicho Station, Keikyū Daishi Line	Approx. 18-min. walk from Kamata Station, JR Keihin-Tohoku Line
Acquisition price	¥1,000 MM	¥980 MM	¥836 MM
Structure	RC	S	RC
Floors	6F	3F	6F
Floor area	1,547.03 m <sup>2</sup>	2,105.59 m <sup>2</sup>	2,062.09 m <sup>2</sup>
Property name	Rd-07 Avenir Shirotae	Rd-08 Dormitory Haramachida	Rd-09 SEA SCAPE Chiba Minato
			
Address	Shirotae-cho, Minami-ku, Yokohama-shi, Kanagawa	Haramachida, Machida-shi, Tokyo	Chuoko, Chuo-ku, Chiba-shi, Chiba
Access	Approx. 4-min. walk from Bandobashi Station, Yokohama Municipal Subway Blue Line	Approx. 6-min. walk from Machida Station, JR Yokohama Line	Approx. 1-min. walk from Chibaminato Station, JR Keiyo Line
Acquisition price	¥780 MM	¥600 MM	¥2,800 MM
Structure	SRC	SRC, S	RC
Floors	11F	B1/12F	B1/13F
Floor area	3,001.81 m <sup>2</sup>	2,239.50 m <sup>2</sup>	7,571.58 m <sup>2</sup>

# List of Properties (5)

Property name	Rd-10 Prime Garden		Rd-11 T's garden Shinkoiwa		Rd-12 Twin Avenue	
						
Address	Kita-Hatsutomi, Kamagaya-shi, Chiba		Nishi-Shinkoiwa, Katsushika-ku Tokyo		Sekimachikita, Nerima-ku, Tokyo	
Access	Approx. 4-min. walk from Kita-Hatsutomi Station, Shin-Keisei Railway Shin-Keisei Line		Approx. 4-min. walk from Shin-Koiwa Station, JR Sobu Line		Approx. 8-min. walk from Musashi-Seki Station, Seibu Shinjuku Line	
Acquisition price	¥600 MM		¥670 MM		¥1,880 MM	
Structure	RC		SRC		SRC	
Floors	6F		10F		8F	
Floor area	3,975.87 m <sup>2</sup>		1,976.90 m <sup>2</sup>		4,563.79 m <sup>2</sup>	
Property name	Rd-13 Milestone Higashikurume		Rd-14 Lumiere No.3		Rd-15 T's garden Nishifunabashi	
						
Address	Higashihoncho, Higashikurume-shi, Tokyo		Shiba, Kawaguchi-shi, Saitama		Futagocho, Funabashi-shi, Chiba	
Access	Approx. 5-min. walk from Higashi-Kurume Station, Seibu Ikebukuro Line		Approx. 16-min. walk from Warabi Station, JR Keihin-Tohoku Line		Approx. 9-min. walk from Shimosa-Nakayama Station, JR Sobu Line	
Acquisition price	¥1,650 MM		¥1,420 MM		¥860 MM	
Structure	SRC		RC		RC	
Floors	10F		7F		6F	
Floor area	4,374.55 m <sup>2</sup>		5,843.16 m <sup>2</sup>		2,894.04 m <sup>2</sup>	

# List of Properties (6)

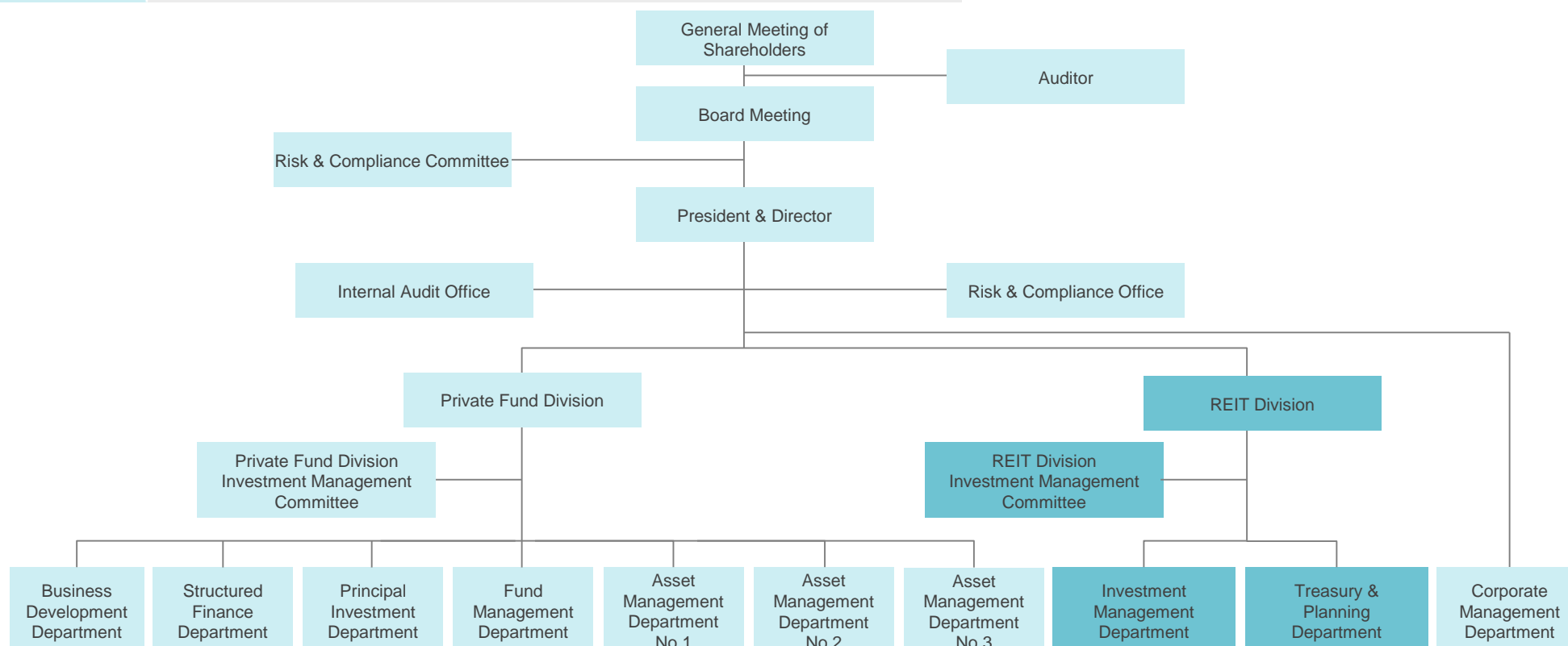
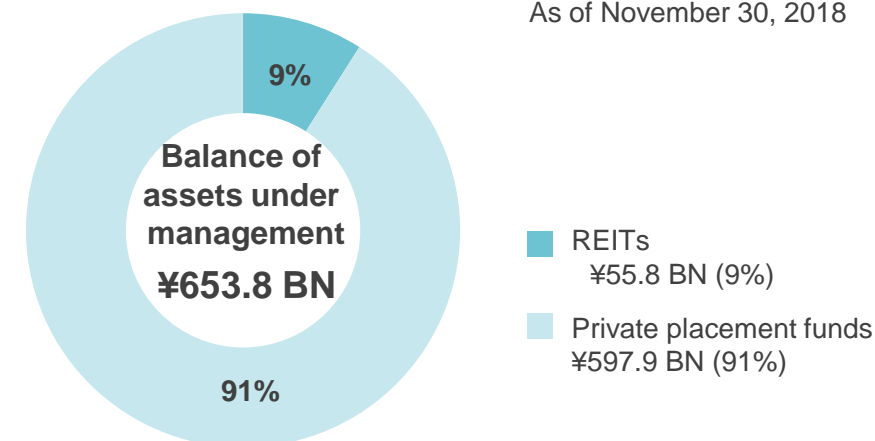
Property name	Rd-16 Quest Yamatedai		Rd-17 Sancerre Yonohonmachi		Rd-18 Rising Place Kawasaki No.2	
						
Address	Nishigaoka, Izumi-ku, Yokohama-shi, Kanagawa		Shimoochiai, Chuo-ku, Saitama-shi, Saitama		Hama-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	
Access	Approx. 10-min. walk from Yayoidai Station, Sotetsu Izumino Line		Approx. 8-min. walk from Yono Station, JR Keihin-Tohoku Line		Approx. 10-min. walk from Hama-Kawasaki Station, JR Nambu Line and Tsurumi Line Approx. 2-min. walk from Hama-Kawasaki Bus Stop, Kawasaki Tsurumi Rinko Bus	
Acquisition price	¥710 MM		¥600 MM		¥1,812 MM	
Structure	RC		RC		RC	
Floors	7F		4F		9F	
Floor area	2,905.27 m <sup>2</sup>		1,998.99 m <sup>2</sup>		3,697.17 m <sup>2</sup>	
Property name	Rd-19 J Palace Sakuradai		Rd-20 Personnage Yokohama		Rd-21 T's garden Nishihachioji West	
						
Address	Sakuradai, Nerima-ku, Tokyo		Katsura-cho, Sakae-ku, Yokohama-shi, Kanagawa		Daimachi, Hachioji-shi, Tokyo	
Access	Approx. 6-min. walk from Hikawadai Station, Tokyo Metro Yurakucho Line and Fukutoshin Line		Approx. 12-min. walk from Hongodai Station, JR Negishi Line		Approx. 12-min. walk from Nishi-Hachioji Station, JR Chuo Line	
Acquisition price	¥1,090 MM		¥740 MM		¥600 MM	
Structure	RC		RC		RC	
Floors	B1/7F		6F		B1/5F	
Floor area	2,483.20 m <sup>2</sup>		2,408.94 m <sup>2</sup>		2,679.43 m <sup>2</sup>	



# Profile of Tosei Asset Advisors, Inc.

Company Name	Tosei Asset Advisors, Inc.
Date of Establishment	September 28, 2005
Capital	¥100 MM
President & Representative Director	Akihiko Fujinaga
Number of Officers and Employees	71 persons
Licenses/Registrations	Type II Financial Instruments Business, Investment Advisory and Agency Business, and Investment Management Business: Director-General of Kanto Local Finance Bureau (Financial Instruments) Registration No. 363 Entrustment-Based Agency Services For Transactions: Minister of Land, Infrastructure, Transport and Tourism, License No. 52 Real Estate Brokerage Business: Governor of Tokyo (3) Registration No. 85736 Real Estate Specified Joint Enterprise License: Commissioner of the Financial Services Agency, Minister of Land, Infrastructure, Transport and Tourism No. 70

As of November 30, 2018



This presentation has been prepared for the purpose of providing information, and is not intended to solicit an investment in or recommend the purchase or sale of specific products. In addition to information about Tosei Reit Investment Corporation (below, “Tosei Reit”), this presentation contains figures and data prepared by Tosei Asset Advisors Co., Ltd. (below, “the Asset Management Company”) based on data and indicators published by third parties. This presentation also contains mention of analysis, judgments, and other views of this information by the Asset Management Company at present.

The information contained in this presentation is unaudited, and no warranties are made with regard to its accuracy and certainty. The analysis and judgments of the Asset Management Company represent the views of the Asset Management Company at present. Please note that such matters are subject to change or elimination without prior notice.

Tosei Reit and the Asset Management Company assume no liability whatsoever for the accuracy of data or indicators published by third parties (including data based on real estate appraisal documents).

This presentation contains forward-looking statements about forecasts and business performance. These statements are based on information that was obtainable at the time the presentation was prepared and contain certain assumptions about factors of uncertainty. In no way do these statements guarantee the future performance of Tosei Reit, and the actual performance of Tosei Reit may vary from these statements.