

(REIT) Financial Report for the Fiscal Period Ended October 31, 2015

December 17, 2015

REIT Securities Issuer: Tosei Reit Investment Corporation
 Securities Code: 3451
 Representative: Hisaaki Kuroyama, Executive Director

Stock Exchange Listing: Tokyo Stock Exchange
 URL: <http://www.tosei-reit.co.jp/en/>

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Scheduled date of submission of securities report: January 28, 2016

Scheduled date of commencement of cash distribution payment: January 18, 2016

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 October 31, 2015 (May 1, 2015 – October 31, 2015)

(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 Oct. 31, 2015	798	20.5	342	(0.7)	287	53.6	286	54.0
Ended Apr. 30, 2015	662	—	344	—	187	—	186	—

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 Oct. 31, 2015	2,986	2.9	1.4	36.0
Ended Apr. 30, 2015	2,835	1.9	0.9	28.2

(Note 1) At Tosei Reit Investment Corporation ("Tosei Reit"), the calculation period for the fiscal period ended April 30, 2015 is a period of 239 days from September 4, 2014 to April 30, 2015, but the actual asset management period is a period of 154 days from November 28, 2014 to April 30, 2015.

(Note 2) Net income per unit for the fiscal period ended April 30, 2015 is calculated by dividing net income by the daily weighted average number of investment units (65,633 units). In addition, net income per unit when calculated based on the daily weighted average number of investment units with the date of commencement of actual management (November 28, 2014) deemed as the beginning of the fiscal period (96,000 units) is JPY1,938.

(Note 3) Ratio of net income to equity and ratio of ordinary income to total assets for the fiscal period ended April 30, 2015 are calculated based on equity and total assets, respectively, that are the weighted average amount with the date of commencement of the actual management period (November 28, 2014) deemed as the beginning of the fiscal period.

(Note 4) Percentage figures for operating revenue, operating income, ordinary income and net income are the rate of period-on-period increase (decrease), but are not applicable for the fiscal period ended April 30, 2015 because it is the first fiscal period.

(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	Payout ratio	Ratio of cash distribution to net assets
	JPY	JPY million	JPY	JPY million	%	%
Ended Oct. 31, 2015	2,986	286	0	0	99.9	2.9
Ended Apr. 30, 2015	1,938	186	0	0	99.9	1.9

(Note) Payout ratio for the fiscal period ended April 30, 2015 is calculated by the following formula, rounded down to one decimal place.
 Payout ratio = Total cash distribution (not including cash distribution in excess of earnings) ÷ Net income × 100

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	JPY million	JPY million	%	JPY
Ended Oct. 31, 2015	19,996	9,801	49.0	102,103
Ended Apr. 30, 2015	19,887	9,711	48.8	101,161

(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 Oct. 31, 2015	834	(66)	(186)	2,366
Ended Apr. 30, 2015	146	(16,825)	18,463	1,784

2. Forecast for Management Status for Fiscal Period Ending April 30, 2016 (November 1, 2015 – April 30, 2016) and
Forecast for Management Status for Fiscal Period Ending October 31, 2016 (May 1, 2016 – October 31, 2016)
(% 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 Apr. 30, 2016	1,231	54.3	589	72.1	488	70.0	488	70.5	3,035	0
Ending Oct. 31, 2016	1,291	4.8	597	1.4	493	0.9	493	0.9	3,064	0

(Reference) Forecast net income per unit for the fiscal period ending April 30, 2016 is JPY3,035 and for the fiscal period ending October 31, 2016 is JPY3,064 (assuming total number of investment units issued and outstanding at end of period of 161,000 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 October 31, 2015	96,000 units
Fiscal period ended April 30, 2015	96,000 units
Fiscal period ended October 31, 2015	0 units
Fiscal period ended April 30, 2015	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 April 30, 2016 and Fiscal Period Ending October 31, 2016” on page 9.

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 July 30, 2015).

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 July 30, 2015).

(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 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 1)) (Securities Code: 3451) on November 27, 2014. As of October 31, 2015, Tosei Reit has real estate trust beneficiary rights of 12 properties in total (total amount of acquisition price (Note 2): JPY17,434 million) under management and a total number of investment units issued and outstanding of 96,000 units.

Tosei Reit engages in management and investment for the purpose of utilization and revitalization of the “vast existing building stock” (Note 3) in Japan’s real estate market by leveraging the core competencies of Tosei Corporation (the “Sponsor” or “Tosei”) (Note 4) of “good judgment” (Note 4), “leasing capability” (Note 4) and “revitalization capability” (Note 4).

(Note 1) “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.

(Note 2) “Acquisition price” is the sale and purchase price stated in the real estate trust beneficiary right sale and purchase contract for the asset under management. The sale and purchase price is excluding consumption tax, local consumption tax and various expenses required for the acquisition. The same applies hereinafter.

(Note 3) “Existing building stock” collectively refers to building assets which were constructed in the past and still exist at present.

(Note 4) “Core competencies of Tosei” collectively refers to three know-hows. 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.

(b) Investment Environment and Management Performance

Investment Environment:

In the fiscal period under review (2nd Period: fiscal period ended October 31, 2015), although the economic slowdown in certain Asian countries and other international situation remain as uncertainties, progress in improvement of corporate earnings and employment situation due to the effects of the government’s various economic policies and Bank of Japan’s monetary easing led to the Japanese economy continuing to show a recovery trend, albeit a moderate one.

In the real estate transaction market, real estate acquisitions by listed companies, J-REITs, etc. in the first half of fiscal 2015 (from April to September 2015) amounted to approximately JPY2,090 billion (down 2.5% in comparison with the same period of the previous year), remaining pretty much unchanged from the previous year level other than slightly decreasing. J-REITs have been the major buyers of such in the market since fiscal 2012, but with recent trends of gradual increase in transactions with other sectors, buyers are diversifying. Particularly in the first half of this fiscal year, in addition to acquisitions by private REITs standing out, acquisitions and sales by overseas buyers and sellers remained active with improvement in real estate market conditions. Notably, sales amount substantially increased to record a new all-time-high amount on a fiscal half sales basis. In addition, by property use type, office and residential property transaction amounts substantially

grew with +39% and +36% increase in comparison with the same period of the previous year. Such active transactions resulted in the amount of acquisitions by J-REIT falling below the amount in the same period of the previous year. (According to research by Urban Research Institute Corporation)

In addition, in the real estate leasing market, Tokyo business district (Tokyo 5 central wards (Note 1) office vacancy rates remained at a low level and average rent, too, was on a slightly increasing trend (according to research by Miki Shoji Co., Ltd.). In addition, Tokyo metropolitan area (Note 2) rental housing market conditions also showed vacancy rates remain at a low level and rent unit prices, too, maintain a high level.

Management Performance:

In the real estate leasing market environment described above, Tosei Reit managed portfolio assets of 3 offices, 1 retail facility and 8 residential properties, which were acquired on November 28, 2014, to total 12 properties amounting to JPY17,434 million in total amount of acquisition price. As a result of efforts to maintain and improve occupancy rates through finely-tuned leasing activities by the Asset Management Company, the occupancy rate of assets under management improved from 96.2% at the end of the 1st Period (fiscal period ended April 30, 2015) to 97.5% at the end of the 2nd Period (fiscal period ended October 31, 2015) to maintain high occupancy.

(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.

(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. There were no fund procurement upon new property acquisition or loans due for repayment during the fiscal period under review, but an interest rate swap agreement was concluded on August 31, 2015 for borrowed term loans (periods of 3 years, 4 years and 5 years) for the purpose of hedging future risk of fluctuations in interest rates by converting interest rates to fixed rates for long-term loans.

As of October 31, 2015, unitholders' capital was JPY9,525 million and interest-bearing debt outstanding was long-term loans in the amount of JPY9,169 million.

At the end of the fiscal period under review, the ratio of interest-bearing debt to total assets (LTV) was 45.9%.

(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 JPY798 million (up 20.5% period-on-period) and operating income of JPY342 million (down 0.7% period-on-period), and that after deducting interest expenses on loans and other expenses was ordinary income of JPY287 million (up 53.6% period-on-period) and net income of JPY286 million (up 54.0% period-on-period).

In addition, 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), Tosei Reit decided to distribute the entire amount of unappropriated retained earnings, 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 JPY2,986.

② Outlook for the Next Fiscal Period

Backed by low interest rates due to the government's various economic policies and Bank of Japan's monetary easing and depreciation of the yen continuing, not only Japanese corporate, individual and institutional investors, including J-REITs, but also overseas firms, investment funds, etc. are seen to continue investing in the Japanese real estate industry. With this making acquisition competition increasingly heated in the real estate transaction market, the trend of rise in real estate transaction prices is expected to continue to a certain degree.

In addition, the economic recovery trend is assumed to continue due to the abovementioned effects of the government and Bank of Japan measures, etc. Amid such, the Tokyo metropolitan area office, retail facility and residential property leasing market is seen to continue showing a trend of moderate improvement in both occupancy rates and rent unit prices.

Future Management Policy and Challenges to Address

(a) Management Policy:

Tosei Reit invests 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. By leveraging one of the Sponsor's core competencies of good judgement, Tosei Reit acquires those real estate that can call for relatively-high cap rate (Note) in terms of the area of location and building age of which are properties that can be expected to have high ability to attract tenants, strong rental demand, etc. over the medium to long term.

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) "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 expenditures.

(b) Expansion of Asset Size (Note 1)

Tosei Reit manages assets totaling 12 properties and amounting to approximately JPY17.4 billion, but early expansion in size is thought to be required 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 purchase price as of the record date.

(Note 2) Tosei Reit decided to conclude a sale and purchase agreement for Kannai Tosei Building II, Nishi Kasai Tosei Building, Shin Yokohama Center Building, Musashi Fujisawa Tosei Building and SEA SCAPE Chiba Minato totaling 5 properties (the "assets acquired in the 3rd Period") on October 28, 2015, and completed acquisition of these assets on November 17, 2015. For the abovementioned asset acquisition and leasing details, etc., please refer to the "Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Total of 5 Properties)" dated October 28, 2015 and the "(Revised) Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Total of 5 Properties)" dated November 2, 2015, as well as the "Notice Concerning Completion of Acquisition of Real Estate Trust Beneficiary Rights (Total of 5 Properties)" dated November 17, 2015.

(c) Financial Strategy

At this point in time, given Bank of Japan's monetary easing policy and the market interest rate trends, debt financing is on floating interest rates with a mind to prioritizing cash distributions to unitholders. As mentioned above, an interest rate swap agreement was concluded on August 31, 2015 for borrowed term loans (periods of 3 years, 4 years and 5 years). Similarly, timely fixed-rate debt financing will also keep being considered, together with future risk of interest rate rise and fixed costs.

In addition, debt financing from bank syndicates is currently secured debt financing with assets under management pledged as collateral. Going forward, when asset size grows to a certain level, change of the secured debt financing to unsecured debt financing will be considered in view of further cost reduction and greater agility in debt financing.

(d) Outlook for Management Status for Fiscal Period Ending April 30, 2016 and Fiscal Period Ending October 31, 2016

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 Apr. 30, 2016	1,231	589	488	488	3,035	—
Ending Oct. 31, 2016	1,291	597	493	493	3,064	—

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 April 30, 2016 and Fiscal Period Ending October 31, 2016” on page 9.

③ Significant Subsequent Events

(a) Issuance of New Investment Units

Tosei Reit resolved at the Board of Directors meetings held on October 28, 2015 and November 9, 2015 on the following issuance of new investment units, and payment was completed on November 16, 2015 for the issuance of new investment units through public offering and on December 16, 2015 for the issuance of new investment units through third-party allotment. As a result, as of the date of this document, unitholders' capital is JPY16,521 million and the total number of investment units issued and outstanding is 161,000 units.

(Issuance of new investment units through public offering)

Number of new investment units issued:	61,900 units
Issue price (offer price):	JPY111,637 per unit
Total issue price (total offer price):	JPY6,910,330,300
Issue amount (paid-in amount):	JPY107,629 per unit
Total issue amount (total paid-in amount):	JPY6,662,235,100
Payment date:	November 16, 2015

(Issuance of new investment units through third-party allotment)

Number of new investment units issued:	3,100 units
Issue amount (paid-in amount):	JPY107,629 per unit
Total issue amount (total paid-in amount):	JPY333,649,900
Payment date:	December 16, 2015
Allottee:	Daiwa Securities Co. Ltd.

(Use of funds)

The funds procured from this issuance of new investment units shall be allocated to part of the funds for new acquisition of specified assets by Tosei Reit (including acquisition-related expenses, etc.).

(b) Debt Financing:

Tosei Reit decided on October 28, 2015 to obtain debt financing, the purpose of which shall be for the acquisition of assets as presented in “(c) Acquisition of Assets” later in this document, and obtained the following debt financing on November 17, 2015.

a. Term loan (3.5 years)

(1) Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Resona Bank, Limited, Shinsei Bank, Limited, Aozora Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited
(2) Loan amount	JPY2,000,000,000
(3) Interest rate (Note 1)	Base rate (Note 2) (JBA 1 month JPY TIBOR) + 0.500%
(4) Drawdown date	November 17, 2015
(5) Interest payment date	The first interest payment date is December 30, 2015, and subsequent interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business day; if such a date is in the next month, the immediately preceding business day.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on November 13, 2015 with above lenders
(7) Maturity date	May 31, 2019
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Secured

b. Term loan (5 years)

(1) Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Resona Bank, Limited, Shinsei Bank, Limited, Aozora Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited
(2) Loan amount	JPY1,500,000,000
(3) Interest rate (Note 1)	Base rate (Note 2) (JBA 1 month JPY TIBOR) + 0.700%
(4) Drawdown date	November 17, 2015
(5) Interest payment date	The first interest payment date is December 30, 2015, and subsequent interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business day; if such a date is in the next month, the immediately preceding business day.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on November 13, 2015 with above lenders
(7) Maturity date	November 30, 2020
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Secured

c. Term loan (6 years)

(1) Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.
(2) Loan amount	JPY1,000,000,000
(3) Interest rate (Note 1)	Base rate (Note 2) (JBA 1 month JPY TIBOR) + 0.900%
(4) Drawdown date	November 17, 2015
(5) Interest payment date	The first interest payment date is December 30, 2015, and subsequent interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business day; if such a date is in the next month, the immediately preceding business day.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on November 13, 2015 with above lenders
(7) Maturity date	November 30, 2021
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Secured

d. Term loan (7 years)

(1) Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation
(2) Loan amount	JPY1,000,000,000
(3) Interest rate (Note 1)	1.58567% (fixed rate)
(4) Drawdown date	November 17, 2015
(5) Interest payment date	The first interest payment date is December 30, 2015, and subsequent interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business day; if such a date is in the next month, the immediately preceding business day.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on November 13, 2015 with above lenders
(7) Maturity date	November 30, 2022
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Secured

e. Term loan (1 year)

(1) Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation
(2) Loan amount	JPY200,000,000
(3) Interest rate (Note 1)	Base rate (Note 2) (JBA 1 month JPY TIBOR) + 0.300%
(4) Drawdown date	November 17, 2015
(5) Interest payment date	The first interest payment date is December 30, 2015, and subsequent interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business day; if such a date is in the next month, the immediately preceding business day.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on November 13, 2015 with above lenders
(7) Maturity date	October 31, 2016
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Secured

(Note 1) Figures indicated do not include borrowing related expenses, etc. to be paid to the lenders.

(Note 2) The base rate applicable to the interest rate calculation period for each interest payment date will be determined on the date two business days prior to the interest payment date immediately before each interest payment date (the drawdown date for the first interest payment date). For JBA's JPY TIBOR, please check with the JBA TIBOR Administration's website (<http://www.jbatibor.or.jp/english/rate/>).

(c) Acquisition of Assets

Tosei Reit decided on October 28, 2015 to acquire the following assets, and acquired the assets on November 17, 2015.

Type	Property no.	Property name	Location	Acquisition price (JPY million) (Note)
Offices	O-04	Kannai Tosei Building II	Naka-ku, Yokohama-shi, Kanagawa	4,100
	O-05	Nishi Kasai Tosei Building	Nishikasai, Edogawa-ku, Tokyo	1,710
	O-06	Shin Yokohama Center Building	Kohoku-ku, Yokohama-shi, Kanagawa	1,364
	Subtotal (3 properties)		-	7,174
Retail facilities	Rt-02	Musashi Fujisawa Tosei Building	Higashifujisawa, Iruma-shi, Saitama	1,950
	Subtotal (1 property)		-	1,950
Residential properties	Rd-09	SEA SCAPE Chiba Minato	Chuo-ku, Chiba-shi, Chiba	2,800
	Subtotal (1 property)		-	2,800
Total (5 properties)			-	11,924

(Note) "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.

Assumptions for Outlook for Management Status for
Fiscal Period Ending April 30, 2016 and Fiscal Period Ending October 31, 2016

Item	Assumptions		
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending April 30, 2016 (3rd Period): November 1, 2015 – April 30, 2016 (182 days) • Fiscal period ending October 31, 2016 (4th Period): May 1, 2016 – October 31, 2016 (184 days) 		
Assets under management	<ul style="list-style-type: none"> • 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 October 31, 2016 to the real estate trust beneficiary rights owned by Tosei Reit as of the date of this document (17 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The following are the major items of operating expenses. 		
		Fiscal period ending April 30, 2016	Fiscal period ending October 31, 2016
	Expenses related to rent business	JPY376 million	JPY404 million
	<i>Of which:</i> Management fee	JPY110 million	JPY113 million
	[Of which: Operational management costs	JPY82 million	JPY85 million]
	[Of which: Property management costs	JPY25 million	JPY25 million]
	Repair expenses	JPY23 million	JPY21 million
	Property taxes	JPY81 million	JPY94 million
	Depreciation	JPY157 million	JPY157 million
	Expenses other than expenses related to rent business	JPY109 million	JPY131 million
Operating expenses	<i>Of which:</i> Asset management fee	JPY64 million	JPY76 million
	<ul style="list-style-type: none"> • 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. • For property taxes, upon transactions of real estate and other properties, it is a general practice to calculate and reimburse the pro rata portion of fixed asset taxes, city planning taxes and other public charges based on the number of days of ownership to the current owner and settle them at the time of acquisition. However, the settled amount is included in the acquisition cost and is not recorded as expenses at the time of acquisition by Tosei Reit. Therefore, concerning the assets acquired in the 3rd Period, fixed asset taxes, city planning taxes and other public charges in fiscal 2015 will not be recorded as expenses in the fiscal period ending April 30, 2016. The fixed asset taxes, city planning taxes and other public charges to be included in the acquisition cost of the assets acquired in the 3rd Period are JPY9 million (equivalent to that for 45 days). 		
NOI	<ul style="list-style-type: none"> • NOI for the entire portfolio is assumed to be JPY855 million for the fiscal period ending April 30, 2016 and JPY886 million for the fiscal period ending October 31, 2016. • NOI is calculated by using the following calculation method. NOI = Property-related operating revenue – Property-related operating expenses (less depreciation) 		
Non-operating expenses	<ul style="list-style-type: none"> • The costs related to the issuance of new investment units resolved at the Board of Directors meeting held on October 28, 2015 are scheduled to be amortized over 36 months using the straight line method, and the amount of impact of the costs is assumed to be JPY6 million each for the fiscal period ending April 30, 2016 and the fiscal period ending October 31, 2016. • Interest expenses and borrowing related expenses are assumed to be JPY94 million for the fiscal period ending April 30, 2016 and JPY98 million for the fiscal period ending October 31, 2016. Among the borrowing related expenses, JPY36 million for the fiscal period ending April 30, 2016 and JPY37 million for the fiscal period ending October 31, 2016 will be expensed in accordance with the borrowing period. 		

Item	Assumptions
Debt financing	<ul style="list-style-type: none"> It is assumed that debt financing is JPY14,869 million in total from the qualified institutional investors (institutional investors who are specified by Ordinance of the Ministry of Internal Affairs and Communications among those defined under Article 67-15 Paragraph 1 item 1 (b)-2 of Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) and Article 7 Paragraph 7 item 3, supplementary provision of the Order for Enforcement of the Local Tax Act (Cabinet Order No. 245 of 1950, as amended)) defined under Article 2 Paragraph 3 item 1 of Financial Instruments and Exchange Act, as of the date of this document. Furthermore, since consumption tax refund in line with the November 17, 2015 acquisition of assets is assumed in the fiscal period ending October 31, 2016, the refund is assumed to be used for partial repayment of borrowings. It is also assumed that there will be no changes, other than the above, in debt outstanding through the end of the fiscal period ending October 31, 2016. LTV is assumed to be 44.4% as of the end of the fiscal period ending April 30, 2016 and 44.0% as of the end of the fiscal period ending October 31, 2016. LTV is calculated by using the following calculation method. $LTV = \text{Total interest-bearing debt} \div \text{Total assets} \times 100$
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> It is assumed that the total number of investment units issued and outstanding will be 161,000 units as it is 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 October 31, 2016. 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 April 30, 2016 and the fiscal period ending October 31, 2016 (161,000 units).
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> Cash distribution per unit (not including cash distribution in excess of earnings) 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. 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	<ul style="list-style-type: none"> Tosei Reit does not currently anticipate a cash distribution in excess of earnings per unit.
Other	<ul style="list-style-type: none"> Forecasts are based on the assumption that 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 October 28, 2015, as amended).

3. Financial Statements

(1) Balance Sheet

(Unit: JPY thousand)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
Assets		
Current assets		
Cash and deposits	399,012	1,084,031
Cash and deposits in trust	* ₁ 1,385,076	* ₁ 1,282,488
Operating accounts receivable	2,708	2,989
Prepaid expenses	52,837	51,453
Deferred tax assets	18	13
Consumption taxes receivable	387,669	—
Total current assets	2,227,323	2,420,976
Non-current assets		
Property, plant and equipment		
Buildings in trust	5,427,321	5,455,102
Accumulated depreciation	(80,019)	(161,002)
Buildings in trust, net	* ₁ 5,347,302	* ₁ 5,294,099
Structures in trust	84,104	84,104
Accumulated depreciation	(2,482)	(4,968)
Structures in trust, net	* ₁ 81,621	* ₁ 79,135
Machinery and equipment in trust	151,049	151,049
Accumulated depreciation	(5,858)	(11,720)
Machinery and equipment in trust, net	* ₁ 145,191	* ₁ 139,328
Tools, furniture and fixtures in trust	56,152	60,006
Accumulated depreciation	(2,167)	(4,473)
Tools, furniture and fixtures in trust, net	* ₁ 53,985	* ₁ 55,532
Land in trust	* ₁ 11,927,842	* ₁ 11,927,842
Total property, plant and equipment	17,555,943	17,495,938
Investments and other assets		
Long-term prepaid expenses	94,162	69,120
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	104,162	79,120
Total non-current assets	17,660,105	17,575,059
Total assets	19,887,429	19,996,035

(Unit: JPY thousand)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	28,358	48,726
Accounts payable – other	37,000	47,596
Income taxes payable	1,075	853
Accrued consumption taxes	—	22,887
Advances received	118,807	124,954
Other	776	1,117
Total current liabilities	186,017	246,135
Non-current liabilities		
Long-term loans payable	*1 9,169,000	*1 9,169,000
Tenant leasehold and security deposits in trust	820,888	768,767
Other	—	10,172
Total non-current liabilities	9,989,888	9,947,940
Total liabilities	10,175,906	10,194,075
Net assets		
Unitholders' equity		
Unitholders' capital	9,525,436	9,525,436
Surplus		
Unappropriated retained earnings (undisposed loss)	186,085	286,695
Total surplus	186,085	286,695
Total unitholders' equity	9,711,522	9,812,132
Valuation and translation adjustments		
Deferred gains or losses on hedges	—	(10,172)
Total valuation and translation adjustments	—	(10,172)
Total net assets	*2 9,711,522	*2 9,801,960
Total liabilities and net assets	19,887,429	19,996,035

(2) Statement of Income

(Unit: JPY thousand)

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
Operating revenue		
Rent revenue – real estate	*1, *2 601,908	*1, *2 716,173
Other lease business revenue	*1, *2 60,858	*1, *2 82,316
Total operating revenue	662,767	798,490
Operating expenses		
Expenses related to rent business	*1 252,615	*1 355,355
Asset management fee	31,932	45,230
Asset custody fee	623	1,044
Administrative service fees	7,035	6,170
Directors' compensations	5,200	3,900
Other operating expenses	20,597	44,454
Total operating expenses	318,005	456,155
Operating income	344,761	342,334
Non-operating income		
Interest income	175	176
Miscellaneous income	—	554
Total non-operating income	175	730
Non-operating expenses		
Interest expenses	23,422	28,159
Deferred organization expenses	45,581	—
Investment unit issuance expenses	53,860	—
Borrowing related expenses	34,894	27,353
Total non-operating expenses	157,758	55,513
Ordinary income	187,178	287,552
Income before income taxes	187,178	287,552
Income taxes – current	1,111	889
Income taxes – deferred	(18)	4
Total income taxes	1,092	894
Net income	186,085	286,657
Retained earnings brought forward	—	37
Unappropriated retained earnings (undisposed loss)	186,085	286,695

(3) Statement of Unitholders' Equity

1st Period (from September 4, 2014 to April 30, 2015)

(Unit: JPY thousand)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	—	—	—	—	—
Changes of items during period					
Issuance of new investment units	9,525,436			9,525,436	9,525,436
Net income		186,085	186,085	186,085	186,085
Total changes of items during period	9,525,436	186,085	186,085	9,711,522	9,711,522
Balance at end of current period	9,525,436	186,085	186,085	9,711,522	9,711,522

2nd Period (from May 1, 2015 to October 31, 2015)

(Unit: JPY thousand)

	Unitholders' equity			
	Unitholders' capital	Surplus		Total unitholders' equity
		Unappropriated retained earnings (undisposed loss)	Total surplus	
Balance at beginning of current period	9,525,436	186,085	186,085	9,711,522
Changes of items during period				
Dividends of surplus		(186,048)	(186,048)	(186,048)
Net income		286,657	286,657	286,657
Net changes of items other than unitholders' equity				
Total changes of items during period	—	100,609	100,609	100,609
Balance at end of current period	9,525,436	286,695	286,695	9,812,132

(Unit: JPY thousand)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	—	—	9,711,522
Changes of items during period			
Dividends of surplus			(186,048)
Net income			286,657
Net changes of items other than unitholders' equity	(10,172)	(10,172)	(10,172)
Total changes of items during period	(10,172)	(10,172)	90,437
Balance at end of current period	(10,172)	(10,172)	9,801,960

(4) Statement of Cash Distributions

(Unit: JPY)

Item	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
I . Unappropriated retained earnings	186,085,573	286,695,424
II . Amount of cash distribution	186,048,000	286,656,000
[Amount of cash distribution per investment unit]	1,938	2,986
III . Retained earnings carried forward	37,573	39,424
Method of calculating the amount of cash distribution	<p>Pursuant to the monetary cash distribution policy provided in Article 25, Paragraph 1 of the Articles of Incorporation of Tosei Reit, the amount of cash distribution shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution provided in Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on such policy, Tosei Reit decided to pay out cash distribution of earnings of JPY186,048,000, which is the largest integral multiple of the total number of investment units issued and outstanding (96,000 units) in an amount not in excess of unappropriated retained earnings. Tosei Reit will not engage in the distribution of cash in excess of earnings provided in Article 25, Paragraph 2 of the Articles of Incorporation.</p>	<p>Pursuant to the monetary cash distribution policy provided in Article 25, Paragraph 1 of the Articles of Incorporation of Tosei Reit, the amount of cash distribution shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution provided in Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on such policy, Tosei Reit decided to pay out cash distribution of earnings of JPY286,656,000, which is the largest integral multiple of the total number of investment units issued and outstanding (96,000 units) in an amount not in excess of unappropriated retained earnings. Tosei Reit will not engage in the distribution of cash in excess of earnings provided in Article 25, Paragraph 2 of the Articles of Incorporation.</p>

(5) Statement of Cash Flows

(Unit: JPY thousand)

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
Cash flows from operating activities		
Income before income taxes	187,178	287,552
Depreciation	90,527	91,638
Investment unit issuance expenses	53,860	—
Borrowing related expenses	34,894	27,353
Interest income	(175)	(176)
Interest expenses	23,422	28,159
Decrease (increase) in operating accounts receivable	(2,708)	(281)
Increase (decrease) in operating accounts payable	28,358	3,022
Decrease (increase) in consumption taxes refund receivable	(387,669)	387,669
Increase (decrease) in accrued consumption taxes	—	22,887
Decrease (increase) in prepaid expenses	(3,024)	1,384
Increase (decrease) in accounts payable – other	37,000	10,596
Increase (decrease) in advances received	118,807	6,147
Other, net	(11,158)	(2,125)
Subtotal	169,311	863,828
Interest income received	175	176
Interest expenses paid	(23,422)	(28,004)
Income taxes paid	(35)	(1,111)
Net cash provided by (used in) operating activities	146,028	834,888
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(17,646,470)	(14,288)
Proceeds from tenant leasehold and security deposits in trust	837,609	58,462
Repayments of tenant leasehold and security deposits in trust	(16,720)	(110,583)
Net cash provided by (used in) investing activities	(16,825,581)	(66,409)
Cash flows from financing activities		
Proceeds from long-term loans payable	8,992,064	—
Proceeds from issuance of investment units	9,471,576	—
Dividends paid	—	(186,048)
Net cash provided by (used in) financing activities	18,463,641	(186,048)
Net increase (decrease) in cash and cash equivalents	1,784,088	582,431
Cash and cash equivalents at beginning of period	—	1,784,088
Cash and cash equivalents at end of period	*1 1,784,088	*1 2,366,519

(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>4-60 years</td></tr> <tr> <td>Machinery and equipment</td><td>10-35 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	4-60 years	Machinery and equipment	10-35 years	Tools, furniture and fixtures	2-27 years
Buildings	2-62 years								
Structures	4-60 years								
Machinery and equipment	10-35 years								
Tools, furniture and fixtures	2-27 years								
2. 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>								
3. 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>								
4. Scope of funds in the statement of cash flows (cash and cash equivalents)	<p>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.</p>								
5. 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.</p> <ol style="list-style-type: none"> 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 <p>(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)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
Cash and deposits in trust	1,385,076	1,282,488
Buildings in trust	5,347,302	5,294,099
Structures in trust	81,621	79,135
Machinery and equipment in trust	145,191	139,328
Tools, furniture and fixtures in trust	53,985	55,532
Land in trust	11,927,842	11,927,842
Total	18,941,019	18,778,427

The following are the secured liabilities.

(Unit: JPY thousand)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
Long-term loans payable	9,169,000	9,169,000
Total	9,169,000	9,169,000

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

(Unit: JPY thousand)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
	50,000	50,000

[Notes to Statement of Income]

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

	(Unit: JPY thousand)	
	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
A. Property-related operating revenue		
Rent revenue – real estate		
Rental income	513,665	613,442
Common area maintenance income	59,869	68,922
Parking income	17,777	21,379
Other rental income	10,596	12,430
Total	601,908	716,173
Other lease business revenue		
Utilities reimbursement	44,114	72,557
Other income	16,744	9,758
Total	60,858	82,316
Total property-related operating revenue	662,767	798,490
B. Property-related operating expenses		
Expenses related to rent business		
Management fee	65,725	72,722
Trust fee	3,082	3,600
Utilities expenses	57,804	86,586
Insurance premium	1,488	1,778
Repair expenses	17,371	25,170
Property taxes	7,947	58,558
Depreciation	90,527	91,638
Other expenses	8,668	15,301
Total property-related operating expenses	252,615	355,355
C. Property-related operating income (loss) (A – B)	410,151	443,134

*2. Transactions with major unitholders

	(Unit: JPY thousand)	
	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
From operating transactions		
Rent revenue – real estate	148,852	175,120
Other lease business revenue	16,531	25,350

[Notes to Statement of Unitholders' Equity]

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

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	96,000 units	96,000 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)

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
Cash and deposits	399,012	1,084,031
Cash and deposits in trust	1,385,076	1,282,488
Cash and cash equivalents	1,784,088	2,366,519

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: JPY thousand)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
Due within 1 year	497,551	391,221
Due after 1 year	316,963	78,812
Total	814,515	470,033

[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.

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.

1st Period (as of April 30, 2015)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	399,012	399,012	—
(2) Cash and deposits in trust	1,385,076	1,385,076	—
Total assets	1,784,088	1,784,088	—
(3) Long-term loans payable	9,169,000	9,169,000	—
Total liabilities	9,169,000	9,169,000	—

2nd Period (as of October 31, 2015)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,084,031	1,084,031	—
(2) Cash and deposits in trust	1,282,488	1,282,488	—
Total assets	2,366,519	2,366,519	—
(3) Long-term loans payable	9,169,000	9,169,000	—
Total liabilities	9,169,000	9,169,000	—
(4) Derivative transactions	(10,172)	(10,172)	—

(*) 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

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.

(3) Long-term loans payable

As these, which are all with floating interest rates, reflect market interest rates within a short period of time, the fair value is thought to resemble the book value and is thus stated at that book value.

(4) 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)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
Tenant leasehold and security deposits in trust	820,888	768,767

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

1st Period (as of April 30, 2015)

(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	399,012	—	—	—	—	—
Cash and deposits in trust	1,385,076	—	—	—	—	—
Total	1,784,088	—	—	—	—	—

2nd Period (as of October 31, 2015)

(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	1,084,031	—	—	—	—	—
Cash and deposits in trust	1,282,488	—	—	—	—	—
Total	2,366,519	—	—	—	—	—

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

1st Period (as of April 30, 2015)

(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	—	3,169,000	2,000,000	2,000,000	2,000,000	—

2nd Period (as of October 31, 2015)

(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	—	3,169,000	2,000,000	2,000,000	2,000,000	—

[Notes on Securities]

1st Period (as of April 30, 2015)

Not applicable.

2nd Period (as of October 31, 2015)

Not applicable.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

1st Period (as of April 30, 2015)

Not applicable.

2nd Period (as of October 31, 2015)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

1st Period (as of April 30, 2015)

Not applicable.

2nd Period (as of October 31, 2015)

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 loans	6,000,000	6,000,000	(10,172)

(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, major corporate unitholder, etc.

1st Period (from September 4, 2014 to April 30, 2015)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Major unitholder	Tosei Corporation	4-2-3 Toranomon, Minato-ku, Tokyo	6,421,392	Real estate business	10.00% directly held in Tosei Reit	None	Purchase and leasing of real estate	Private placement for incorporation (Note 3)	960,000	—	—
								Purchase of real estate, etc.	17,434,850	—	—
								Leasing, etc. of real estate, etc. (Note 4)	165,384	Advances received Tenant leasehold and security deposits in trust	31,771 219,930

(Note 1) Of the amounts above, the transaction amount does not include consumption tax, etc., while the balance at the end of the period includes consumption tax.

(Note 2) Transaction terms and conditions are decided based on the current market price.

(Note 3) Private placement for incorporation of Tosei Reit at JPY100,000 per unit.

(Note 4) The entries above include not only rent and common area maintenance charges, but also parking fee, utilities expenses, etc.

2nd Period (from May 1, 2015 to October 31, 2015)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Major unitholder	Tosei Corporation	4-2-3 Toranomon, Minato-ku, Tokyo	6,421,392	Real estate business	10.00% directly held in Tosei Reit	None	Purchase and leasing of real estate	Leasing, etc. of real estate, etc. (Note 3)	200,471	Advances received	31,764
										Tenant leasehold and security deposits in trust	158,263

(Note 1) Of the amounts above, the transaction amount does not include consumption tax, etc., while the balance at the end of the period includes consumption tax.

(Note 2) Transaction terms and conditions are decided based on the current market price.

(Note 3) The entries above include not only rent and common area maintenance charges, but also parking fee, utilities expenses, etc.

2. Affiliated company, etc.

1st Period (from September 4, 2014 to April 30, 2015)

Not applicable.

2nd Period (from May 1, 2015 to October 31, 2015)

Not applicable.

3. Fellow subsidiary, etc.

1st Period (from September 4, 2014 to April 30, 2015)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Subsidiary of major unitholder	Tosei Asset Advisors, Inc.	4-2-3 Toranomon, Minato-ku, Tokyo	100,000	Investment management business	—	None	Entrustment of asset management	Payment of organizer fee (Note 3)	40,000	—	—
								Payment of asset management fee (Note 4)	119,107	Accounts payable – other	34,487
Subsidiary of major unitholder	Tosei Community Co., Ltd.	3-19-13 Toranomon, Minato-ku, Tokyo	99,500	Property management business	—	None	Leasing and management of real estate	Property management fee, etc. (Note 5)	73,447	Operating accounts payable	28,354

(Note 1) Of the amounts above, the transaction amount does not include consumption tax, etc., while the balance at the end of the period includes consumption tax.

(Note 2) Transaction terms and conditions are decided based on the current market price.

(Note 3) The asset management fee and organizer fee amounts are based on terms and conditions provided in the Articles of Incorporation of Tosei Reit.

(Note 4) Asset management fee includes the property acquisition incentive portion included in the book value of individual real estate, etc. (JPY87,174 thousand).

(Note 5) The entries above include not only management fee, but also repair expenses, advertising expenses, etc.

2nd Period (from May 1, 2015 to October 31, 2015)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Subsidiary of major unitholder	Tosei Asset Advisors, Inc.	4-2-3 Toranomon, Minato-ku, Tokyo	100,000	Investment management business	—	None	Entrustment of asset management	Payment of asset management fee	45,230	Accounts payable – other	32,607
Subsidiary of major unitholder	Tosei Community Co., Ltd.	3-19-13 Toranomon, Minato-ku, Tokyo	99,500	Property management business	—	None	Leasing and management of real estate	Property management fee, etc. (Note 3)	86,094	Operating accounts payable	48,726

(Note 1) Of the amounts above, the transaction amount does not include consumption tax, etc., while the balance at the end of the period includes consumption tax.

(Note 2) Transaction terms and conditions are decided based on the current market price.

(Note 3) The entries above include not only management fee, but also repair expenses, advertising expenses, etc.

4. Director, major individual unitholder, etc.

1st Period (from September 4, 2014 to April 30, 2015)

Not applicable.

2nd Period (from May 1, 2015 to October 31, 2015)

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)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
[Deferred tax assets – current]		
Non-deductible accrued enterprise tax	18	13
Total deferred tax assets – current	18	13
Net deferred tax assets – current	18	13
[Deferred tax assets – non-current]		
Deferred losses on hedges	—	3,286
Subtotal	—	3,286
Valuation allowance	—	(3,286)
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: %)

	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)
Statutory tax rate	34.16	32.31
[Adjustments]		
Deductible cash distribution payable	(33.95)	(32.21)
Other	0.38	0.21
Effective income tax rate after application of tax-effect accounting	0.58	0.31

[Notes on Retirement Benefits]

1st Period (as of April 30, 2015)

Not applicable.

2nd Period (as of October 31, 2015)

Not applicable.

[Notes on Asset Retirement Obligations]

1st Period (as of April 30, 2015)

Not applicable.

2nd Period (as of October 31, 2015)

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)

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
Carrying amount (Note 1)		
Balance at beginning of period	—	17,555,943
Amount of increase (decrease) during period (Note 2)	17,555,943	(60,004)
Balance at end of period	17,555,943	17,495,938
Fair value at end of period (Note 3)	18,720,000	18,773,000

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

(Note 2) Of the amount of increase (decrease) during the period, for the 1st Period, the amount of increase is mainly attributable to acquisition of “Tama Center Tosei Building” and other properties totaling 12 properties (JPY17,644,133 thousand), while the amount of decrease is mainly attributable to depreciation (JPY90,527 thousand). For the 2nd Period, the amount of increase is mainly attributable to acquisition of “Inage Kaigan Building air-conditioning equipment” (JPY14,036 thousand), etc., while the amount of decrease is mainly attributable to depreciation (JPY91,638 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.

[Notes on Per Unit Information]

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
Net assets per unit	JPY101,161	JPY102,103
Net income per unit	JPY2,835	JPY2,986

(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.

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)
Net income (JPY thousand)	186,085	286,657
Amount not attributable to common unitholders (JPY thousand)	—	—
Net income attributable to common investment units (JPY thousand)	186,085	286,657
Average number of investment units during period (units)	65,633	96,000

[Notes on Significant Subsequent Events]

1. Acquisition of Assets

Tosei Reit concluded a sale and purchase agreement for acquisition of the following 5 properties on October 28, 2015, and acquired the properties on November 17, 2015.

Property name	Kannai Tosei Building II
Type of asset	Trust beneficiary right
Acquisition price (Note 1)	JPY4,100 million
Seller	Tosei Corporation
Acquisition date	November 17, 2015

Property name	Nishi Kasai Tosei Building
Type of asset	Trust beneficiary right
Acquisition price (Note 1)	JPY1,710 million
Seller	Tosei Corporation
Acquisition date	November 17, 2015

Property name	Shin Yokohama Center Building
Type of asset	Trust beneficiary right
Acquisition price (Note 1)	JPY1,364 million
Seller	Eco-Friendly Two GK
Acquisition date	November 17, 2015

Property name	Musashi Fujisawa Tosei Building
Type of asset	Trust beneficiary right
Acquisition price (Note 1)	JPY1,950 million
Seller	Tosei Corporation
Acquisition date	November 17, 2015

Property name	SEA SCAPE Chiba Minato
Type of asset	Trust beneficiary right
Acquisition price (Note 1)	JPY2,800 million
Seller	Tosei Corporation
Acquisition date	November 17, 2015

(Note 1) The sale and purchase price excluding real estate or trust beneficiary right transaction brokerage fees, property taxes, etc.

2. Issuance of New Investment Units

Tosei Reit resolved at the Board of Directors meetings held on October 28, 2015 and November 9, 2015 on the following issuance of new investment units, and payment was completed on November 16, 2015 for the issuance of new investment units through public offering and on December 16, 2015 for the issuance of new investment units through third-party allotment.

(Issuance of new investment units through primary offering (public offering))

Number of new investment units issued:	61,900 units
Issue price (offer price):	JPY111,637
Total issue price (total offer price):	JPY6,910,330,300
Issue amount (paid-in amount):	JPY107,629
Total issue amount (total paid-in amount):	JPY6,662,235,100
Payment date:	November 16, 2015

(Issuance of new investment units through third-party allotment)

Number of new investment units issued:	3,100 units
Issue amount (paid-in amount):	JPY107,629
Total issue amount (total paid-in amount):	JPY333,649,900
Payment date:	December 16, 2015
Allottee:	Daiwa Securities Co. Ltd.

(Use of funds)

The funds procured from this issuance of new investment units shall be allocated to part of the funds for new acquisition of specified assets by Tosei Reit (including acquisition-related expenses, etc.).

3. Debt Financing

Tosei Reit obtained the following debt financing to be allocated to part of the funds for acquisition of real estate trust beneficiary rights and acquisition-related expenses as presented in “1. Acquisition of Assets” earlier in this document.

Lenders	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Resona Bank, Limited, Shinsei Bank, Limited, Aozora Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited	2,000	JBA 1 month JPY TIBOR + 0.500%	November 17, 2015	May 31, 2019	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Resona Bank, Limited, Shinsei Bank, Limited, Aozora Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited	1,500	JBA 1 month JPY TIBOR + 0.700%		November 30, 2020		
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.	1,000	JBA 1 month JPY TIBOR + 0.900%		November 30, 2021		
The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation	1,000	1.58567% (fixed rate)		November 30, 2022		
The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation	200	JBA 1 month JPY TIBOR + 0.300%		October 31, 2016		
Total	5,700	—	—	—	—	—

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

With no capital increase, etc. conducted in the fiscal period under review, there was no increase (decrease) in unitholders' capital or the total number of investment units issued and outstanding in the fiscal period under review. 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)		Unitholders' capital (JPY thousand) (Note 1)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
September 4, 2014	Private placement for incorporation	9,600	9,600	960,000	960,000	(Note 2) (Note 3)
November 26, 2014	Public offering	86,400	96,000	8,565,436	9,525,436	(Note 4)

(Note 1) Unitholders' capital is rounded down to the nearest JPY thousand.

(Note 2) Tosei Reit was incorporated on September 4, 2014.

(Note 3) Upon the incorporation of Tosei Reit, investment units were issued at an issue amount of JPY100,000 per unit.

(Note 4) 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.

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 Tokyo-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.	
		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) (current position)	
		Apr. 2007	Appointed Visiting Professor at Toin University of Yokohama, Toin Law School	
		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 (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 Countermeasures Committee of Cuore C3 Co., Ltd. (current position)	
		Apr. 2015	Appointed Councilor of Seisen University, an incorporated educational institution (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	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 (current position) 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 Iidabashi Foundation, a general incorporated foundation (current position) Incorporated Tajima Accounting Office, Inc. Appointed Representative Director (current position)	0

(Note) Shoji Inoue was elected substitute executive director at the unitholders' meeting held on October 15, 2014 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

No changes in directors of the Asset Management Company took place during the fiscal period under review.

5. Reference Information

(1) Investment Status

The following is an overview of the investment status of Tosei Reit as of October 31, 2015. 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.

Assets of Rose Hotel are each the building and its site for leasing to tenants.

Type of asset	Geographical area, etc. (Note 1)	Main use	2nd Period (As of Oct. 31, 2015)	
			Total amount held (Note 2) (JPY million)	As a percentage of total assets (Note 3) (%)
Real estate trust beneficiary rights	Tokyo metropolitan area	Offices	7,250	36.3
		Retail facilities	2,377	11.9
		Residential properties	7,868	39.3
	Major regional cities	—	—	—
	Total		17,495	87.5
Deposits and other assets			2,500	12.5
Total assets (Note 4)			19,996	100.0
Total liabilities (Note 4)			10,194	51.0
Total net assets (Note 4)			9,801	49.0

(Note 1) Under “Geographical area, etc.,” “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.

(Note 2) “Total amount held” is the amount based on the carrying amount (depreciated book value in the case of real estate trust beneficiary rights) as of October 31, 2015 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.

(Note 4) “Total assets,” “Total liabilities” and “Total net assets” is the amount based on the carrying amount (depreciated book value in the case of real estate trust beneficiary rights) as of October 31, 2015 in accordance with the asset valuation method provided in the Articles of Incorporation.

(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. 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	19.3	3,410	November 28, 2014
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057	11.8	2,270	November 28, 2014
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830	10.5	1,990	November 28, 2014
	Subtotal		—	7,257	41.6	7,670	—
Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380	13.7	2,490	November 28, 2014
	Subtotal		—	2,380	13.7	2,490	—
Offices and retail facilities combined subtotal			—	9,637	55.3	10,160	—
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544	8.9	1,820	November 28, 2014
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227	7.0	1,380	November 28, 2014
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000	5.7	1,090	November 28, 2014
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980	5.6	1,050	November 28, 2014
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836	4.8	898	November 28, 2014
	Rd-06	MarLandFive	Fujimi-shi, Saitama	830	4.8	864	November 28, 2014
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780	4.5	864	November 28, 2014
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600	3.4	647	November 28, 2014
	Subtotal		—	7,797	44.7	8,613	—
Total			—	17,434	100.0	18,773	—

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

(Note 2) Appraisal of the property is entrusted to Japan Real Estate Institute. “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 October 31, 2015 as the effective date of the appraisal (date of value).

(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. The same applies hereinafter.

(b) Portfolio Composition

The following presents the portfolio composition as of the date of this document 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	3	7,257	41.6
Retail facilities	1	2,380	13.7
Residential properties	8	7,797	44.7
Total	12	17,434	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

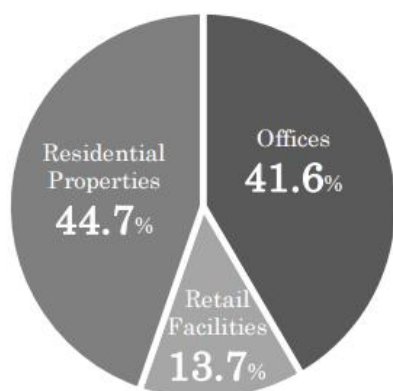
Geographical area	Number of properties	Acquisition price (JPY million)	Investment ratio by geographical area (%) (Note)
Tokyo metropolitan area	12	17,434	100.0
Tokyo 5 central wards	2	3,887	22.3
Tokyo 23 wards (excluding Tokyo 5 central wards)	4	4,607	26.4
Tokyo metropolitan area (excluding Tokyo 23 wards)	6	8,940	51.3
Major regional cities	—	—	—
Total	12	17,434	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.

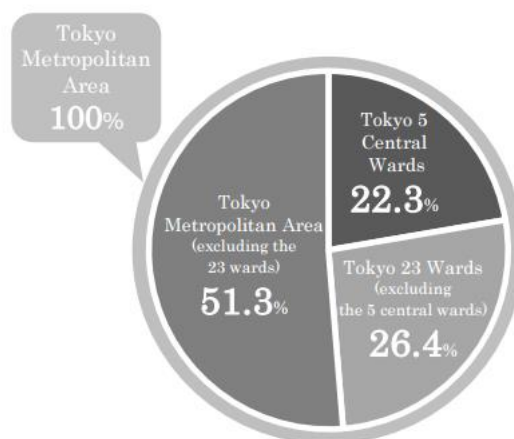
c. Number of investments by acquisition price

Acquisition price	Number of properties
Less than JPY1.0 billion	5
JPY1.0 billion or more, but less than JPY2.0 billion	4
JPY2.0 billion or more, but less than JPY3.0 billion	2
JPY3.0 billion or more	1
Total	12

<Investment ratio by property type>
(acquisition price basis)



<Investment ratio by geographical area>
(acquisition price basis)



(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 assets under management.

The form of lease agreement for Tama Center Tosei Building (Note 1) is pass-through type master lease agreement and fixed-rent master lease agreement, while it is pass-through type master lease agreement for each property other than said property.

Type	Property no.	Property name	Construction completion (Note 2)	Building age (years) (Note 3)	Annual rent (JPY million) (Note 4)	Security and guarantee deposits (JPY million) (Note 5)	Total leased area (m ²) (Note 6)	Total leasable area (m ²) (Note 7)	Occupancy rate (%) (Note 8)	Number of tenants (Note 9)
Offices	O-01	Tama Center Tosei Building (Note 1)	July 1989	26.3	346	158	9,737.49	9,737.49	100.0 (56.2)	1 (31)
	O-02	KM Shinjuku Building	September 1991	24.1	150	78	3,287.57	3,403.95	96.6	7
	O-03	Nihonbashi-Hamacho Building	October 1990	25.0	134	80	3,334.40	3,334.40	100.0	7
	Subtotal		—	—	631	317	16,359.46	16,475.84	99.3	15
Retail facilities	Rt-01	Inage Kaigan Building	November 1992	22.9	207	288	5,890.92	5,890.92	100.0	15
	Subtotal		—	—	207	288	5,890.92	5,890.92	100.0	15
Offices and retail facilities combined subtotal			—	—	839	605	22,250.38	22,366.76	99.5	30
Residential properties	Rd-01	T's garden Koenji	January 2011	4.8	101	17	2,138.98	2,169.38	98.6	53
	Rd-02	Live Akabane	March 1989	26.6	90	11	3,712.51	3,876.33	95.8	69
	Rd-03	Gekkocho Apartment	March 2008	7.6	57	16	1,221.42	1,392.13	87.7	15
	Rd-04	T's garden Kawasakidaishi	January 2009	6.8	65	8	1,983.77	2,067.77	95.9	51
	Rd-05	Abitato Kamata	June 1991	24.4	48	7	1,637.25	1,768.23	92.6	25
	Rd-06	MarLandFive	April 1990	25.5	71	84	2,516.98	2,727.50	92.3	32
	Rd-07	Avenir Shirotae	February 1995	20.7	67	11	2,446.74	2,499.93	97.9	40
	Rd-08	Dormitory Haramachida	July 1992	23.3	53	5	1,805.16	1,865.99	96.7	70
	Subtotal		—	—	556	163	17,462.81	18,367.26	95.1	355
Total/Average			—	20.9	1,395	768	39,713.19	40,734.02	97.5	385

(Note 1) For the property, a pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. ("Tosei Community") on July 31, 2014 and, furthermore, a pass-through type master lease agreement was concluded between the company and Tosei Corporation ("Tosei") on the same date. The pass-through type master lease agreement between the company and Tosei was changed to a fixed-rent master lease agreement upon acquisition of the property by Tosei Reit.

(Note 2) "Construction completion" is the date of new construction in the real estate registry.

(Note 3) "Building age" is the number of years that has elapsed from the date of new construction in the real estate registry to October 31, 2015. In addition, that in the total/average column is the figure that is the weighted average based on acquisition price.

(Note 4) "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 October 31, 2015 (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 master lease agreement has been concluded (if the lessee of the pass-through type master lease agreement has concluded a fixed-rent master lease agreement, the lessee of the concerned fixed-rent master lease 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 master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.

- (Note 5) "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 October 31, 2015 (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 master lease agreement has been concluded, and it is the tenant security and guarantee deposits based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.
- (Note 6) "Total leased area" is the sum total of the leased floor area indicated in the lease agreement for the asset under management as of October 31, 2015. 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 master lease agreement has been concluded, and it is the leased floor area based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.
- (Note 7) "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 October 31, 2015. The same applies hereinafter.
- (Note 8) "Occupancy rate" is the ratio of the total leased area to total leasable area for the asset under management as of October 31, 2015. However, in cases where a master lease agreement has been concluded for the concerned asset under management, the occupancy rate in the case of a property under a pass-through type master lease 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 under a fixed-rent master lease agreement is the ratio of the leased floor area based on the master lease 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 9) "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 October 31, 2015. However, in cases where a master lease 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 master lease agreement is the total number of end-tenants, and the number of tenants in the case of a property under a fixed-rent master lease 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.
- (Note 10) 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 October 31, 2015, "Annual rent," "Security and guarantee deposits," "Total leased area" and "Occupancy rate" is 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

- 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)
O-01	Tama Center Tosei Building	100.0 (77.9)	100.0 (56.2)
O-02	KM Shinjuku Building	87.5	96.6
O-03	Nihonbashi-Hamacho Building	100.0	100.0
Rt-01	Inage Kaigan Building	100.0	100.0
Rd-01	T's garden Koenji	96.5	98.6
Rd-02	Live Akabane	95.8	95.8
Rd-03	Gekkocho Apartment	86.1	87.7
Rd-04	T's garden Kawasakidaishi	95.2	95.9
Rd-05	Abitato Kamata	92.6	92.6
Rd-06	MarLandFive	89.4	92.3
Rd-07	Avenir Shirotae	100.0	97.9
Rd-08	Dormitory Haramachida	91.2	96.7

(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.

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 October 31, 2015 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, which performed the real estate appraisal, etc., and Tosei Reit or the Asset Management Company.

Estate appraisal, etc., and Total Net of the Asset Management Company.											
Type	Property no.	Name of real estate, etc.	Appraisal firm	Acquisition price (JPY million) (Note 1)	Book value at end of period (JPY million) (Note 2)	Estimated value at end of period (Note 3)					
						Appraisal value, etc. (JPY million)	Indicated value by direct capitaliza- tion method (JPY million)	Capitaliza- tion rate (%)	Indicated value by DCF method (JPY million)	Discount rate (%)	Terminal capitaliza- tion rate (%)
Offices	O-01	Tama Center Tosei Building	Japan Real Estate Institute	3,370	3,361	3,410	3,420	5.9	3,390	5.6	6.0
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,057	2,055	2,270	2,280	4.4	2,260	4.1	4.5
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,830	1,833	1,990	2,020	4.7	1,960	4.5	4.9
	Subtotal			7,257	7,250	7,670	7,720	—	7,610	—	—
Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,380	2,377	2,490	2,510	5.6	2,470	5.4	5.8
	Subtotal			2,380	2,377	2,490	2,510	—	2,470	—	—
Offices and retail facilities combined subtotal				9,637	9,627	10,160	10,230	—	10,080	—	—
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,544	1,555	1,820	1,840	4.4	1,800	4.2	4.6
	Rd-02	Live Akabane	Japan Real Estate Institute	1,227	1,234	1,380	1,390	5.1	1,360	4.9	5.3
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,000	1,009	1,090	1,100	4.5	1,070	4.3	4.7
	Rd-04	T's garden Kawasakidaishi	Japan Real Estate Institute	980	988	1,050	1,060	5.2	1,040	5.0	5.4
	Rd-05	Abitato Kamata	Japan Real Estate Institute	836	846	898	911	5.0	884	4.8	5.2
	Rd-06	MarLandFive	Japan Real Estate Institute	830	838	864	872	6.2	855	6.0	6.4
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	780	787	864	871	5.4	856	5.2	5.6
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	600	605	647	652	5.2	641	5.0	5.4
	Subtotal			7,797	7,868	8,613	8,696	—	8,506	—	—
Total				17,434	17,495	18,773	18,926	—	18,586	—	—

(Note 1) "Acquisition price" is the sale and purchase price stated in the real estate trust beneficiary right sale and purchase contract for the asset under management. The sale and purchase price is excluding consumption tax, local consumption tax and various expenses required for the acquisition. The same applies hereinafter.

(Note 2) "Book value at end of period" is the depreciated book value as of October 31, 2015, 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 with October 31, 2015 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. and HI International Consultant 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. and Tosei Reit or the Asset Management Company.

In addition, Tosei Reit has an evaluation of seismic risk analysis conducted by Sompo Japan Nipponkoa Risk Management 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 reevaluation report" prepared by said company is presented in the table below. The statements in the seismic PML reevaluation 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 Sompo Japan Nipponkoa Risk Management Inc. and Tosei Reit or the Asset Management Company.

Property no.	Name of real estate, etc.	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 1)	Long-term repair expenses (JPY thousand) (Note 2)	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	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	4.36
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,322	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	5.52
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,930	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	6.11
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,129	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	6.49
Rd-01	T's garden Koenji	HI International Consultant Co., Ltd.	February 2014	670	2,936	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.91
Rd-02	Live Akabane	HI International Consultant Co., Ltd.	February 2014	7,370	8,355	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.45
Rd-03	Gekkocho Apartment	HI International Consultant Co., Ltd.	April 2014	350	3,833	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	8.98
Rd-04	T's garden Kawasakidaishi	HI International Consultant Co., Ltd.	February 2014	685	2,475	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.38
Rd-05	Abitato Kamata	HI International Consultant Co., Ltd.	February 2014	1,890	3,365	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.82
Rd-06	MarLandFive	HI International Consultant Co., Ltd.	February 2014	3,570	8,500	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	4.00
Rd-07	Avenir Shirotae	HI International Consultant Co., Ltd.	March 2014	1,210	7,827	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.57
Rd-08	Dormitory Haramachida	HI International Consultant Co., Ltd.	February 2014	4,540	9,477	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	5.29
Entire portfolio (Note 3)								4.01

(Note 1) "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 2) "Long-term repair expenses" is the repair and renewal expenses per year projected for the next 12 years (excluding emergency and short-term repair expenses). It is the amount stated as the average amount per year in the engineering report in the case of the properties investigated by HI International Consultant Co., Ltd., and it is the amount converted into the average amount per year by Tosei Reit in the case of the properties investigated by Deloitte Tohmatsu Property Risk Solution Co., Ltd.

(Note 3) The value stated in "Entire portfolio" is the PML value concerning the entire portfolio based on the "seismic PML reevaluation report" dated March 2015 by Sompo Japan Nipponkoa Risk Management 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 (Note 1) for each asset under management. Tosei Reit has entrusted a third-party expert body HI International Consultant Co., Ltd. with confirmation and verification of structural calculation documents and structural drawings for the 11 properties excluding Avenir Shirotae, and has obtained from HI International Consultant 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 building is 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 it was appropriately constructed according to the structural drawings at the time of construction of the building of the 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.
Rt-01	Inage Kaigan Building	Nikken Sekkei Ltd.	Nikken Sekkei Ltd.	Haseko Corporation	City of Chiba, building official	HI International Consultant 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 2)	Toda Corporation	City of Kita, 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 Kawasakiidaishi	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch, first-class architect office	(Note 3)	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.
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.

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

(Note 2) 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 3) 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.

(h) Status of Collateral

A revolving pledge with Tosei Reit as the pledgor 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 this document.

(i) Information about Major Real Estate

Of Tosei Reit's assets under management, the following is an overview of those real estate of which annual rent accounts for 10% or more of the entire portfolio's annual rent as of October 31, 2015.

Property name	Total number of tenants	Annual rent (JPY million)	Total leased area (m ²)	Total leasable area (m ²)	Occupancy rate (%)
Tama Center Tosei Building (Note 1) (Note 2)	1 (31)	346	9,737.49	9,737.49	100.0 (56.2)
KM Shinjuku Building	7	150	3,287.57	3,403.95	96.6
Inage Kaigan Building	15	207	5,890.92	5,890.92	100.0

(Note 1) A fixed-rent master lease agreement has been concluded for the property. Therefore, the number of tenants is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on the lease agreement between the master lease company and end-tenants (as of October 31, 2015) is shown in parentheses.

(Note 2) A fixed-rent master lease agreement has been concluded for the property. Therefore, occupancy rate is calculated based on the floor area leased to the master lease company. In addition, the occupancy rate based on the floor area leased to end-tenants (as of October 31, 2015) is shown in parentheses.

(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 October 31, 2015. In the case of a property under a pass-through type master lease 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 master lease agreement, the master lease company alone is counted as tenants and end-tenants are not counted. For Tama Center Tosei Building, as a pass-through type master lease agreement has been concluded between the trustee and the master lease company Tosei Community and, furthermore, a fixed-rent master lease 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	Contract form (Note 2)	Security and guarantee deposits (JPY million)
Tosei Community Co., Ltd. (Note 3)	Property management business	Tama Center Tosei Building KM Shinjuku Building Nihonbashi-Hamacho Building Inage Kaigan Building T's garden Koenji Live Akabane Gekkocho Apartment T's garden Kawasakidaishi Abitato Kamata MarLandFive Avenir Shirotae Dormitory Haramachida	1,395	39,713.19	100.0	July 31, 2016	Ordinary building lease agreement	768
Tosei Corporation	Real estate business	Tama Center Tosei Building	346	9,737.49	24.5	November 27, 2016	Fixed-term building lease agreement	158

(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 form" is the contract form indicated in the lease agreement with the concerned tenant as of October 31, 2015. The same applies hereinafter.

(Note 3) A pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. on July 31, 2014 for all assets under management. Therefore, total leased area is the sum total of the floor area actually leased under lease agreements concluded with end-tenants (however, for Tama Center Tosei Building, the floor area leased under the fixed-rent master lease agreement concluded between Tosei Community Co., Ltd. and Tosei Corporation). If both parties of the lease agreement do not express their intent otherwise to each other by one month prior to the contract expiration date, the agreement shall be renewed for another year under the same terms and conditions, and the same shall apply upon contract 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 October 31, 2015. In the case of a property under a fixed-rent master lease 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 master lease 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	24.5	November 27, 2016	Fixed-term building lease agreement
Not disclosed (Note)	Inage Kaigan Building	2,989.01	7.5	November 30, 2018	Ordinary building lease agreement
HEATWAVE Co., Ltd.	KM Shinjuku Building	447.41 447.41 137.29 Total: 1,032.11	2.6	March 31, 2017 October 31, 2016 June 30, 2016	Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement
Tokyo Gas Energy Co., Ltd.	Nihonbashi-Hamacho Building	756.21	1.9	March 31, 2018	Ordinary building lease agreement
YORKS Co., Ltd.	Nihonbashi-Hamacho Building	755.29	1.9	January 14, 2017	Ordinary building lease agreement
Nissen Co., Ltd.	Inage Kaigan Building	575.78	1.5	August 31, 2016	Ordinary building lease agreement
Individual	KM Shinjuku Building	504.66	1.3	August 31, 2017	Ordinary building lease agreement
Chugai Technos Corporation	Nihonbashi-Hamacho Building	502.55	1.3	October 31, 2017	Ordinary building lease agreement
Towa Pharmaceutical Co., Ltd.	Nihonbashi-Hamacho Building	483.87	1.2	January 11, 2016	Ordinary building lease agreement
IPPUKISHI Co., Ltd.	KM Shinjuku Building	447.41	1.1	November 30, 2016	Ordinary building lease agreement
Telecom Group Inc.	KM Shinjuku Building	447.41	1.1	September 30, 2016	Ordinary building lease agreement
Hikari Tsushin, Inc.	KM Shinjuku Building	447.41	1.1	June 30, 2016	Ordinary building lease agreement

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

(l) Overview of Leasing to Related Parties

The following is an overview of leasing of assets 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 master lease 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	JPY346 million	JPY158 million	November 27, 2016	Fixed-term building lease agreement

(m) Earnings Performance of the Properties

(Reference Information) Earnings Performance of the Properties

2nd Period (from May 1, 2015 to October 31, 2015)

(Unit: JPY thousand)

Property no.	(O-01)	(O-02)	(O-03)	(Rt-01)
Property name	Tama Center Tosei Building	KM Shinjuku Building	Nihonbashi- Hamacho Building	Inage Kaigan Building
Total property-related operating revenue ①	202,519	73,849	85,747	135,261
Rent revenue – real estate	176,848	64,305	75,645	109,044
Other lease business revenue	25,671	9,544	10,101	26,217
Total property-related operating expenses ②	76,939	30,658	30,172	45,700
Management fee	24,280	6,359	7,678	8,475
Trust fee	300	300	300	300
Utilities expenses	31,732	10,373	10,629	27,335
Insurance premium	537	172	169	275
Repair expenses	939	326	2,245	2,714
Property taxes	18,151	9,900	7,890	5,876
Other expenses	998	3,225	1,259	723
NOI ③ (① – ②)	125,579	43,190	55,574	89,561
Depreciation ④	17,075	9,041	9,034	19,541
Property-related operating income (loss) ⑤ (③ – ④)	108,504	34,149	46,540	70,020
Capital expenditures ⑥	710	869	6,704	17,335
NCF ⑦ (③ – ⑥)	124,869	42,321	48,870	72,226

Property no.	(Rd-01)	(Rd-02)	(Rd-03)	(Rd-04)
Property name	T's garden Koenji	Live Akabane	Gekkocho Apartment	T's garden Kawasakidaishi
Total property-related operating revenue ①	51,150	50,206	34,434	34,369
Rent revenue – real estate	50,135	48,664	32,757	33,373
Other lease business revenue	1,014	1,541	1,676	996
Total property-related operating expenses ②	8,565	14,396	9,234	6,480
Management fee	3,926	4,816	3,291	2,093
Trust fee	300	300	300	300
Utilities expenses	394	749	386	169
Insurance premium	70	128	53	62
Repair expenses	479	3,288	643	1,873
Property taxes	2,611	3,337	2,123	1,035
Other expenses	782	1,775	2,436	946
NOI ③ (① – ②)	42,584	35,810	25,200	27,889
Depreciation ④	5,753	4,179	3,275	5,218
Property-related operating income (loss) ⑤ (③ – ④)	36,830	31,631	21,924	22,671
Capital expenditures ⑥	0	0	0	0
NCF ⑦ (③ – ⑥)	42,584	35,810	25,200	27,889

Property no.	(Rd-05)	(Rd-06)	(Rd-07)	(Rd-08)
Property name	Abitato Kamata	MarLandFive	Avenir Shirotae	Dormitory Haramachida
Total property-related operating revenue ①	28,788	37,174	36,463	28,524
Rent revenue – real estate	27,740	34,722	35,256	27,679
Other lease business revenue	1,048	2,452	1,206	845
Total property-related operating expenses ②	9,121	13,371	6,472	12,605
Management fee	2,527	3,740	2,824	2,708
Trust fee	300	300	300	300
Utilities expenses	613	2,683	763	757
Insurance premium	58	94	80	76
Repair expenses	3,468	2,370	1,444	5,377
Property taxes	1,545	2,592	1,033	2,458
Other expenses	607	1,592	25	926
NOI ③ (① – ②)	19,667	23,803	29,991	15,919
Depreciation ④	2,919	4,781	6,423	4,394
Property-related operating income (loss) ⑤ (③ – ④)	16,748	19,021	23,567	11,525
Capital expenditures ⑥	4,126	872	247	770
NCF ⑦ (③ – ⑥)	15,541	22,930	29,744	15,148

	Offices total	Retail facilities total	Residential properties total	Entire portfolio
Total property-related operating revenue ①	362,116	135,261	301,112	798,490
Rent revenue – real estate	316,799	109,044	290,330	716,173
Other lease business revenue	45,317	26,217	10,782	82,316
Total property-related operating expenses ②	137,771	45,700	80,246	263,717
Management fee	38,318	8,475	25,928	72,722
Trust fee	900	300	2,400	3,600
Utilities expenses	52,734	27,335	6,516	86,586
Insurance premium	879	275	623	1,778
Repair expenses	3,510	2,714	18,945	25,170
Property taxes	35,943	5,876	16,738	58,558
Other expenses	5,484	723	9,093	15,301
NOI ③ (① – ②)	224,345	89,561	220,866	534,772
Depreciation ④	35,150	19,541	36,946	91,638
Property-related operating income (loss) ⑤ (③ – ④)	189,194	70,020	183,919	443,134
Capital expenditures ⑥	8,283	17,335	6,016	31,634
NCF ⑦ (③ – ⑥)	216,061	72,226	214,850	503,138