

## (REIT) Financial Report for the Fiscal Period Ended April 30, 2017

June 15, 2017

REIT Securities Issuer: Tosei Reit Investment Corporation Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 3451 URL: <http://www.tosei-reit.co.jp/en/>  
 Representative: Hisaaki Kuroyama, Executive Director

Asset Management Company: Tosei Asset Advisors, Inc.  
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Scheduled date of submission of securities report: July 28, 2017

Scheduled date of commencement of cash distribution payment: July 21, 2017

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest JPY million)

### 1. Status of Management and Assets for Fiscal Period Ended April 30, 2017 (November 1, 2016 – April 30, 2017)

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Ended Apr. 30, 2017	1,616	20.8	791	23.1	658	21.2	657	21.2
Ended Oct. 31, 2016	1,337	7.4	643	4.9	543	5.0	542	5.1

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	JPY	%	%	%
Ended Apr. 30, 2017	3,591	3.6	1.8	40.8
Ended Oct. 31, 2016	3,371	3.2	1.6	40.6

#### (2) Cash Distributions

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution per unit (including cash distribution in excess of earnings)	Total cash distribution (including cash distribution in excess of earnings)	Payout ratio	Ratio of cash distribution to net assets
	JPY	JPY million	JPY	JPY million	JPY	JPY million	%	%
Ended Apr. 30, 2017	3,592	658	0	0	3,592	658	100.0	3.3
Ended Oct. 31, 2016	3,371	542	0	0	3,371	542	99.9	3.2

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

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

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

#### (3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	JPY million	JPY million	%	JPY
Ended Apr. 30, 2017	40,291	19,389	48.1	105,837
Ended Oct. 31, 2016	34,428	17,043	49.5	105,860

#### (4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
Ended Apr. 30, 2017	882	(5,194)	4,736	3,844
Ended Oct. 31, 2016	1,038	(1,464)	80	3,420

#### 2. Forecast for Management Status for Fiscal Period Ending October 31, 2017 (May 1, 2017 – October 31, 2017) and Forecast for Management Status for Fiscal Period Ending April 30, 2018 (November 1, 2017 – April 30, 2018) (% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Ending Oct. 31, 2017	1,590	(1.6)	734	(7.3)	598	(9.2)	597	(9.2)	3,259	0
Ending Apr. 30, 2018	1,560	(1.9)	722	(1.7)	587	(1.8)	586	(1.8)	3,202	0

(Reference) Forecast net income per unit for the fiscal period ending October 31, 2017 is JPY3,259 and the fiscal period ending April 30, 2018 is JPY 3,202 (assuming total number of investment units issued and outstanding at end of period of 183,200 units).

#### \* Other

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

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

##### (2) Total Number of Investment Units Issued and Outstanding

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

Fiscal period ended April 30, 2017	183,200 units
Fiscal period ended October 31, 2016	161,000 units
Fiscal period ended April 30, 2017	0 units
Fiscal period ended October 31, 2016	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 28.

#### \* Presentation of the status of implementation of audit procedures

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

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

The outlook for management status and other forward-looking statements contained in this document is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the forecast for management status, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2017 and Fiscal Period Ending April 30, 2018” on page 7.

## 1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there is no significant change from “Structure of the Investment Corporation” in the recent securities report (submitted on January 30, 2017).

## 2. Management Policy and Management Status

### (1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Target” and “Cash Distribution Policy” in the recent securities report (submitted on January 30, 2017).

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

With issuance of new investment units through public offering (86,400 units) on November 26, 2014, Tosei Reit listed on the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) Real Estate Investment Trust Securities Market (the “J-REIT market” (Note)) (Securities Code: 3451) on November 27, 2014. The total number of investment units issued and outstanding at the end of the fiscal period stands at 183,200 units.

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

##### (b) Investment Environment and Management Performance

###### Investment Environment:

In the fiscal period under review (5th Period: fiscal period ended April 30, 2017), the Japanese economy has continued to expand against the backdrop of an extremely relaxed financial environment and the effect of the government’s bold economic measures amid mildly mounting overseas economic growth rates. Furthermore, under the circumstances where employment/income situations are improving, helped by improvement of corporate earnings and business sentiment spreading across different businesses, capital investment and personal consumption are also on a moderately increasing trend.

In the real estate investment market, although investment demand is strong under an ongoing favorable fund procurement environment, supply of properties in the market is limited, resulting in a decrease in the total amount of commercial property investment compared to the previous year. Particularly in Tokyo 5 central wards (Note 1), competition for property acquisition has become heated against the backdrop of limited supply of properties in addition to rise in real estate prices. However, the overall view is that it has reached the peak as evidenced by the slowing down of price hikes and such. On the other hand, the appraisal value of assets owned by J-REITs is still on the rise although the increase margin has been shrinking.

In the real estate leasing market, Tokyo business district (Tokyo 5 central wards) office vacancy rates remain at a lower level compared with that of the same period last year, and average rent has been on a slightly increasing trend (according to research by Miki Shoji Co., Ltd.). In addition, the vacancy rates of Tokyo metropolitan area (Note 2) rental housing also remain at a low level while the level of rent unit prices remain high.

###### Management Performance:

Under such environment, Tosei Reit acquired a total of five properties (two office properties, one retail facility and two residential properties) (total acquisition price (Note 3): JPY5,337 million yen) in November 2016. As of the end of the fiscal period under review, Tosei Reit owns 23 properties with the total acquisition price of JPY36,176 million and the occupancy rate of the assets under management is 98.4%.

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

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

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

#### (c) Overview of Fund Procurement

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

Tosei Reit conducted issuance of new investment units through public offering (22,200 units) with November 1, 2016 as payment date and procured JPY2,224 million.

In addition, funds were procured through interest-bearing debt (long-term loans of JPY3,300 million on November 2, 2016) to allocate for the acquisition of real estate trust beneficiary rights (five properties) and for the related expenses.

As of April 30, 2017, unitholders’ capital was JPY18,745 million and interest-bearing debt outstanding was the amount of JPY18,700 million. At the end of the fiscal period under review, the ratio of interest-bearing debt to total assets (LTV) was 46.4%.

#### (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 JPY1,616 million (up 20.8% period-on-period) and operating income of JPY791 million (up 23.1% period-on-period), and that after deducting interest expenses on loans and other expenses was ordinary income of JPY658 million (up 21.2% period-on-period) and net income of JPY657 million (up 21.2% period-on-period).

Concerning cash distribution in the fiscal period under review, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit and to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1958; as amended) (the “Special Taxation Measures Act”)), Tosei Reit decided to distribute almost the entire amount remaining after subtracting the reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit of JPY3,592.

#### ② Outlook for the Next Fiscal Period

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

Furthermore, with regard to the real estate leasing market, the economic recovery trend is assumed to continue due to the abovementioned effects of the government measures, etc. Amid such, the Tokyo metropolitan area office, retail facility and residential property leasing market is believed 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 engages in management and investment for the purpose of utilization and revitalization of the “vast existing building stock” (Note 1) in Japan’s real estate market by leveraging the core competencies of Tosei

Corporation (the “Sponsor” or “Tosei”) of “good judgment” (Note 2), “leasing capability” (Note 2) and “revitalization capability” (Note 2), by investing primarily in highly advantageous real estate properties located in areas where acquisition competition is relatively low and where high yields can be expected or properties with strong potential regardless of the properties’ age.

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

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

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

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

#### (b) Expansion of Asset Size (Note 1)

Tosei Reit manages assets totaling 23 properties and amounting to JPY36,176 million as of the end of the fiscal period under review, but early expansion in size is thought to be necessary to realize stable cash distribution to unitholders.

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

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

(Note 2) As of the date of this document, there is no property Tosei Reit has decided to acquire.

#### (c) Financial Strategy

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

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

## (d) Outlook for Management Status for Fiscal Period Ending October 31, 2017 and Fiscal Period Ending April 30, 2018

Fiscal period	Operating revenue	Operating income	Ordinary income	Net income	Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	JPY million	JPY million	JPY million	JPY	JPY
Ending Oct. 31, 2017	1,590	734	598	597	3,259	0
Ending Apr. 30, 2018	1,560	722	587	586	3,202	0

The outlook is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the outlook, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2017 and Fiscal Period Ending April 30, 2018” on page 7.

## ③ Significant Subsequent Events

Not applicable.

Assumptions for Outlook for Management Status for  
Fiscal Period Ending October 31, 2017 and Fiscal Period Ending April 30, 2018

Item	Assumptions																														
Calculation period	<ul style="list-style-type: none"><li>• Fiscal period ending October 31, 2017 (6th Period): May 1, 2017 – October 31, 2017 (184 days)</li><li>• Fiscal period ending April 30, 2018 (7th Period): November 1, 2017 – April 30, 2018 (181 days)</li></ul>																														
Assets under management	<ul style="list-style-type: none"><li>• It is assumed that there will be no change (new property acquisitions, sales of existing properties, etc.) through the end of the fiscal period ending April 30, 2018 (7th fiscal period) to the real estate trust beneficiary rights owned by Tosei Reit as of the date of this document (23 properties in total) (the “Assets under Management”).</li><li>• 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.</li></ul>																														
Operating revenue	<ul style="list-style-type: none"><li>• 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.</li><li>• For rental revenues, it is assumed that no rent payments will be behind or declined by tenants.</li></ul>																														
Operating expenses	<ul style="list-style-type: none"><li>• The following are the major items of operating expenses.<table><thead><tr><th></th><th>Fiscal period ending October 31, 2017</th><th>Fiscal period ending April 30, 2018</th></tr></thead><tbody><tr><td>Expenses related to rent business</td><td>JPY710 million</td><td>JPY695 million</td></tr><tr><td><i>Of which:</i> Management fee</td><td>JPY145 million</td><td>JPY145 million</td></tr><tr><td>    <i>[Of which:</i> Operational management costs</td><td>JPY110 million]</td><td>JPY110 million]</td></tr><tr><td>    <i>[Of which:</i> Property management costs</td><td>JPY34 million]</td><td>JPY35 million]</td></tr><tr><td>Repair expenses</td><td>JPY40 million</td><td>JPY35 million</td></tr><tr><td>Property taxes</td><td>JPY129 million</td><td>JPY136 million</td></tr><tr><td>Depreciation</td><td>JPY202 million</td><td>JPY197 million</td></tr><tr><td>Expenses other than expenses related to rent business</td><td>JPY146 million</td><td>JPY142 million</td></tr><tr><td><i>Of which:</i> Asset management fee</td><td>JPY92 million</td><td>JPY90 million</td></tr></tbody></table></li><li>• 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.</li></ul>		Fiscal period ending October 31, 2017	Fiscal period ending April 30, 2018	Expenses related to rent business	JPY710 million	JPY695 million	<i>Of which:</i> Management fee	JPY145 million	JPY145 million	<i>[Of which:</i> Operational management costs	JPY110 million]	JPY110 million]	<i>[Of which:</i> Property management costs	JPY34 million]	JPY35 million]	Repair expenses	JPY40 million	JPY35 million	Property taxes	JPY129 million	JPY136 million	Depreciation	JPY202 million	JPY197 million	Expenses other than expenses related to rent business	JPY146 million	JPY142 million	<i>Of which:</i> Asset management fee	JPY92 million	JPY90 million
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<i>Of which:</i> Asset management fee	JPY92 million	JPY90 million																													
NOI	<ul style="list-style-type: none"><li>• NOI for the entire portfolio is assumed to be JPY1,083 million for the fiscal period ending October 31, 2017 and JPY1,062 million for the fiscal period ending April 30, 2018.</li><li>• NOI is calculated by using the following calculation method. NOI = Property-related operating revenue – Property-related operating expenses + Depreciation</li></ul>																														
Non-operating expenses	<ul style="list-style-type: none"><li>• Amortization of expenses for the issuance of investment units is assumed to be JPY7 million for the fiscal period ending October 31, 2017 and JPY7 million for the fiscal period ending April 30, 2018.</li><li>• Interest expenses and borrowing related expenses are assumed to be JPY128 million for the fiscal period ending October 31, 2017 and JPY126 million for the fiscal period ending April 30, 2018. Among the borrowing related expenses, JPY44 million for the fiscal period ending October 31, 2017 and JPY43 million for the fiscal period ending April 30, 2018 are assumed to be the amounts to be amortized in accordance with the borrowing periods.</li></ul>																														
Debt financing	<ul style="list-style-type: none"><li>• Debt outstanding as of the date of this document is JPY18,700 million. It is assumed that there will be no changes in the debt outstanding through the end of the fiscal period ending April 30, 2018 (7th Period).</li><li>• LTV is assumed to be 46.4% as of the end of the fiscal period ending October 31, 2017 (6th Period) and 46.4% as of the end of the fiscal period ending April 30, 2018 (7th Period).</li><li>• LTV is calculated by using the following calculation method. LTV = Total interest-bearing debt ÷ Total assets × 100</li></ul>																														
Total number of investment units issued and outstanding	<ul style="list-style-type: none"><li>• It is assumed that the total number of investment units issued and outstanding will be 183,200 units as of the date of this document, and that there will be no changes to this number due to additional issuance of new investment units and such through the end of the fiscal period ending April 30, 2018.</li><li>• Cash distribution per unit is calculated using the forecast total number of investment units issued and outstanding at the end of the fiscal period ending October 31, 2017 and the fiscal period ending April 30, 2018 (183,200 units).</li></ul>																														

Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> <li>• Cash distribution per unit is calculated on the assumption described in the monetary cash distribution policy stipulated in Tosei Reit's Articles of Incorporation.</li> <li>• 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.</li> <li>• Deferred losses on hedges of interest rate swaps as a difference of evaluation/conversion, etc. is expected to be JPY14 million for the fiscal periods ending October 31, 2017 and ending April 30, 2018, which is the same amount for the fiscal period ended April 30, 2017; and cash distribution per unit is calculated with an assumption there is no fluctuation to the fair value of interest rate swaps.</li> <li>• 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.</li> </ul>
Cash distribution in excess of earnings per unit (out of which, reserve for temporary adjustments)	<ul style="list-style-type: none"> <li>• It is assumed that, out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit will make distribution as reserve for temporary difference adjustments, of which amount is to be determined by Tosei Reit as an amount equivalent to net asset deduction items (as defined in Article 2 item 30 (b) of the Ordinance on Accountings of Investment Corporations), considering the impact of net asset deduction items on cash distribution.</li> <li>• No cash distribution in excess of earnings (reserve for temporary difference adjustments) is expected for the fiscal periods ending October 31, 2017 and April 30, 2018 as the calculation is made under assumption that there is no fluctuation to the fair value of interest rate swaps.</li> </ul>
Cash distribution in excess of earnings per unit (out of which, distribution reducing unitholders' capital for tax purpose)	<ul style="list-style-type: none"> <li>• Out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit does not currently anticipate a return of contribution.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Forecasts are based on the assumption revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan that impact forecast figures.</li> <li>• 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.</li> </ul>

## (3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities registration statement (submitted on January 30, 2017).



## 3. Financial Statements

## (1) Balance Sheet

(Unit: JPY thousand)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	921,684	857,771
Cash and deposits in trust	*1 2,498,345	*1 2,986,612
Operating accounts receivable	4,623	7,979
Prepaid expenses	62,926	111,366
Deferred tax assets	14	12
Consumption taxes receivable	-	57,334
Total current assets	3,487,595	4,021,076
Non-current assets		
Property, plant and equipment		
Buildings in trust	9,720,152	11,058,544
Accumulated depreciation	(450,463)	(627,395)
Buildings in trust, net	*1 9,269,689	*1 10,431,149
Structures in trust	116,558	122,122
Accumulated depreciation	(14,619)	(19,849)
Structures in trust, net	*1 101,939	*1 102,272
Machinery and equipment in trust	251,755	284,229
Accumulated depreciation	(31,834)	(44,161)
Machinery and equipment in trust, net	*1 219,920	*1 240,068
Tools, furniture and fixtures in trust	92,812	97,799
Accumulated depreciation	(12,939)	(17,809)
Tools, furniture and fixtures in trust, net	*1 79,872	*1 79,989
Land in trust	*1 21,124,106	*1 25,173,648
Construction in progress in trust	2,196	-
Total property, plant and equipment	30,797,725	36,027,128
Investments and other assets		
Long-term prepaid expenses	115,456	203,042
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	125,456	213,042
Total non-current assets	30,923,181	36,240,171
Deferred assets		
Investment unit issuance expenses	17,338	30,169
Total deferred assets	17,338	30,169
<b>Total assets</b>	<b>34,428,115</b>	<b>40,291,417</b>

(Unit: JPY thousand)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	41,096	67,812
Short-term loans payable	*1 800,000	-
Current portion of long-term loans payable	*1 3,169,000	*1 2,000,000
Accounts payable – other	65,778	75,132
Income taxes payable	910	853
Accrued consumption taxes	11,785	-
Advances received	232,688	269,591
Other	34,487	42,937
Total current liabilities	4,355,747	2,456,327
Non-current liabilities		
Long-term loans payable	*1 11,500,000	*1 16,700,000
Tenant leasehold and security deposits in trust	1,508,117	1,731,000
Other	20,715	14,673
Total non-current liabilities	13,028,833	18,445,673
Total liabilities	17,384,580	20,902,000
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	16,521,321	18,745,895
Deduction from unitholders' capital		
Reserve for temporary difference adjustments	*3 (31,234)	*3 (20,608)
Total deduction from unitholders' capital	(31,234)	(20,608)
Unitholders' capital, net	16,490,087	18,725,287
Surplus		
Unappropriated retained earnings (undisposed loss)	574,162	678,802
Total surplus	574,162	678,802
Total unitholders' equity	17,064,250	19,404,089
Valuation and translation adjustments		
Deferred gains or losses on hedges	(20,715)	(14,673)
Total valuation and translation adjustments	(20,715)	(14,673)
Total net assets	*2 17,043,534	*2 19,389,416
Total liabilities and net assets	34,428,115	40,291,417

## (2) Statement of Income

(Unit: JPY thousand)

	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Operating revenue		
Rent revenue – real estate	*1, *2 1,208,837	*1 1,461,760
Other lease business revenue	*1, *2 128,925	*1 154,847
Total operating revenue	1,337,762	1,616,607
Operating expenses		
Expenses related to rent business	*1 563,262	*1 685,099
Asset management fee	79,600	89,830
Asset custody fee	1,666	1,699
Administrative service fees	11,126	11,248
Directors' compensations	3,900	3,900
Other operating expenses	34,883	33,146
Total operating expenses	694,438	824,925
Operating income	643,324	791,682
Non-operating income		
Interest income	18	17
Interest on refund	361	-
Miscellaneous income	18	-
Total non-operating income	398	17
Non-operating expenses		
Interest expenses	51,331	75,379
Borrowing related expenses	44,327	49,696
Other	4,393	7,767
Total non-operating expenses	100,051	132,843
Ordinary income	543,671	658,855
Income before income taxes	543,671	658,855
Income taxes – current	913	855
Income taxes – deferred	1	2
Total income taxes	915	858
Net income	542,755	657,996
Retained earnings brought forward	31,406	20,805
Unappropriated retained earnings (undisposed loss)	574,162	678,802

## (3) Statement of Unitholders' Equity

4th Period (from May 1, 2016 to October 31, 2016)

(Unit: JPY thousand)

	Unitholders' equity				
	Unitholders' capital				Surplus
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)
		Reserve for temporary difference adjustments	Total deduction from unitholders' capital		
Balance at beginning of current period	16,521,321	-	-	16,521,321	516,660
Changes of items during period					
Dividends of surplus					(485,254)
Distribution in excess of earnings with reserve for temporary difference adjustments		(31,234)	(31,234)	(31,234)	
Net income					542,755
Net changes of items other than unitholders' equity					
Total changes of items during period	-	(31,234)	(31,234)	(31,234)	57,501
Balance at end of current period	*1 16,521,321	(31,234)	(31,234)	16,490,087	574,162

(Unit: JPY thousand)

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total surplus				
Balance at beginning of current period	516,660	17,037,982	(31,306)	(31,306)	17,006,676
Changes of items during period					
Dividends of surplus	(485,254)	(485,254)			(485,254)
Distribution in excess of earnings with reserve for temporary difference adjustments		(31,234)			(31,234)
Net income	542,755	542,755			542,755
Net changes of items other than unitholders' equity			10,590	10,590	10,590
Total changes of items during period	57,501	26,267	10,590	10,590	36,858
Balance at end of current period	574,162	17,064,250	(20,715)	(20,715)	17,043,534

5th Period (from November 1, 2016 to April 30, 2017)

(Unit: JPY thousand)

	Unitholders' equity				
	Unitholders' capital				Surplus
	Unitholders' capital	Deduction from unitholders' capital	Total deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)
		Reserve for temporary difference adjustments			
Balance at beginning of current period	16,521,321	(31,234)	(31,234)	16,490,087	574,162
Changes of items during period					
Issuance of new investment units	2,224,573			2,224,573	
Dividends of surplus					(542,731)
Reversal of reserve for temporary difference adjustments		10,626	10,626	10,626	(10,626)
Net income					657,996
Net changes of items other than unitholders' equity					
Total changes of items during period	2,224,573	10,626	10,626	2,235,199	104,639
Balance at end of current period	*1 18,745,895	(20,608)	(20,608)	18,725,287	678,802

(Unit: JPY thousand)

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total surplus				
Balance at beginning of current period	574,162	17,064,250	(20,715)	(20,715)	17,043,534
Changes of items during period					
Issuance of new investment units		2,224,573			2,224,573
Dividends of surplus	(542,731)	(542,731)			(542,731)
Reversal of reserve for temporary difference adjustments	(10,626)	-			-
Net income	657,996	657,996			657,996
Net changes of items other than unitholders' equity			6,042	6,042	6,042
Total changes of items during period	104,639	2,339,839	6,042	6,042	2,345,881
Balance at end of current period	678,802	19,404,089	(14,673)	(14,673)	19,389,416

## (4) Statement of Cash Distributions

(Unit: JPY)

Item	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
I. Unappropriated retained earnings	574,162,773	678,802,719
II. Incorporation into unitholders' capital	10,626,000	5,952,000
Out of which, reversal of reserve for temporary difference adjustments	10,626,000	5,952,000
III. Amount of cash distribution	542,731,000	658,054,400
[Amount of cash distribution per investment unit]	(3,371)	(3,592)
IV. Retained earnings carried forward	20,805,773	14,796,319
Method of calculating the amount of cash distribution	Cash distribution per investment unit for the fiscal period under review is JPY3,371 as stated above. Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount remained after subtracting reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY3,371.	Cash distribution per investment unit for the fiscal period under review is JPY3,592 as stated above. Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount remained after subtracting reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY3,592.

## (5) Statement of Cash Flows

(Unit: JPY thousand)

	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Cash flows from operating activities		
Income before income taxes	543,671	658,855
Depreciation	168,433	207,977
Borrowing related expenses	44,327	49,696
Interest income	(18)	(17)
Interest expenses	51,331	75,379
Decrease (increase) in operating accounts receivable	(1,289)	(3,355)
Decrease (increase) in consumption taxes refund receivable	251,596	(57,334)
Increase (decrease) in accrued consumption taxes	11,785	(11,785)
Decrease (increase) in prepaid expenses	10,476	(25,079)
Increase (decrease) in operating accounts payable	(11,582)	15,280
Increase (decrease) in accounts payable – other	7,082	10,037
Increase (decrease) in advances received	15,168	36,903
Other, net	472	1,536
Subtotal	1,091,455	958,094
Interest income received	18	17
Interest expenses paid	(51,889)	(74,789)
Income taxes paid	(918)	(913)
Net cash provided by (used in) operating activities	1,038,665	882,408
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(1,544,830)	(5,426,629)
Proceeds from tenant leasehold and security deposits in trust	123,240	261,740
Repayments of tenant leasehold and security deposits in trust	(43,192)	(29,385)
Net cash provided by (used in) investing activities	(1,464,782)	(5,194,274)
Cash flows from financing activities		
Proceeds from short-term loans payable	796,875	-
Decrease in short-term loans payable	(200,000)	(800,000)
Proceeds from long-term loans payable	-	7,043,976
Repayments of long-term loans payable	-	(3,169,000)
Proceeds from issuance of investment units	-	2,203,974
Dividends paid	(516,488)	(542,731)
Net cash provided by (used in) financing activities	80,387	4,736,219
Net increase (decrease) in cash and cash equivalents	(345,729)	424,353
Cash and cash equivalents at beginning of period	3,765,759	3,420,030
Cash and cash equivalents at end of period	*1 3,420,030	*1 3,844,383

## (6) Notes on Going Concern Assumption

Not applicable.

## (7) Notes on Matters Concerning Significant Accounting Policies

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



## (8) Notes to Financial Statements

## [Notes to Balance Sheet]

## \*1. Assets pledged as collateral and secured liabilities

The following are the assets pledged as collateral.

(Unit: JPY thousand)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
Cash and deposits in trust	2,498,345	2,986,612
Buildings in trust	9,269,689	10,431,149
Structures in trust	101,939	102,272
Machinery and equipment in trust	219,920	240,068
Tools, furniture and fixtures in trust	79,872	79,989
Land in trust	21,124,106	25,173,648
Total	33,293,874	39,013,741

The following are the secured liabilities.

(Unit: JPY thousand)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
Short-term loans payable	800,000	-
Current portion of long-term loans payable	3,169,000	2,000,000
Long-term loans payable	11,500,000	16,700,000
Total	15,469,000	18,700,000

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

(Unit: JPY thousand)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
	50,000	50,000

## \*3 Reserve for temporary difference adjustments

4th Period (from May 1, 2016 to October 31, 2016)

## 1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at beginning of 4th Period	Reserve set aside during period	Reversal during period	Balance at end of 4th Period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest- rate swaps	31,234	-	31,234	-	31,234	—

## 2. Method of reversal

## (1) Deferred gains or losses on hedges

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

5th Period (from November 1, 2016 to April 30, 2017)

## 1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at beginning of 5th Period	Reserve set aside during period	Reversal during period	Balance at end of 5th Period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest- rate swaps	31,234	31,234	-	(10,626)	20,608	Change in fair value of derivative transactions

## 2. Method of reversal

## (1) Deferred gains or losses on hedges

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

## [Notes to Statement of Income]

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

	(Unit: JPY thousand)	
	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
A. Property-related operating revenue		
Rent revenue – real estate		
Rental income	1,035,729	1,240,084
Common area maintenance income	113,139	147,280
Parking income	43,568	55,604
Other rental income	16,399	18,790
Total	1,208,837	1,461,760
Other lease business revenue		
Utilities reimbursement	113,657	126,120
Other income	15,267	28,726
Total	128,925	154,847
Total property-related operating revenue	1,337,762	1,616,607
B. Property-related operating expenses		
Expenses related to rent business		
Management fee	118,498	149,668
Trust fee	5,201	6,897
Utilities expenses	118,903	125,307
Insurance premium	3,082	3,095
Repair expenses	25,887	47,103
Property taxes	93,254	115,083
Depreciation	168,433	207,977
Other expenses	30,000	29,965
Total property-related operating expenses	563,262	685,099
C. Property-related operating income (loss) (A – B)	774,500	931,507

## [Notes to Statement of Unitholders' Equity]

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

	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	161,000 units	183,200 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)

	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Cash and deposits	921,684	857,771
Cash and deposits in trust	2,498,345	2,986,612
Cash and cash equivalents	3,420,030	3,844,383

## [Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: JPY thousand)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
Due within 1 year	487,342	520,469
Due after 1 year	1,495,105	1,333,008
Total	1,982,447	1,853,478

## [Notes on Financial Instruments]

## 1. Matters concerning status of financial instruments

## (1) Policy for handling financial instruments

Tosei Reit shall procure funds through borrowing from financial institutions, issuance of investment corporation bonds or issuance of new investment units, etc. in a diversified and well-balanced manner based on a basic policy of establishing stable and sound financial standing over the medium to long term.

Issuance of new investment units shall be implemented in a timely manner by taking into consideration such factors as revenue-generating potential of the properties to be acquired upon the issuance, acquisition timing, LTV level and timing of repayment of interest-bearing debt in a comprehensive manner, and also considering for dilution due to the issuance of new investment units. The funds procured through debt financing and issuance of investment corporation bonds shall be used for acquisition of assets, repairs and maintenance, repayment of security and guarantee deposits, payment of cash distribution, payment of expenses of Tosei Reit or repayment of obligations, etc.

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

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

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

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

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

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

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

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

Not applicable.

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

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

4th Period (as of October 31, 2016)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	921,684	921,684	—
(2) Cash and deposits in trust	2,498,345	2,498,345	—
Total assets	3,420,030	3,420,030	—
(3) Short-term loans payable	800,000	800,000	—
(4) Current portion of long-term loans payable	3,169,000	3,169,000	—
(5) Long-term loans payable	11,500,000	11,505,101	5,101
Total liabilities	15,469,000	15,474,101	5,101
(6) Derivative transactions	(20,715)	(20,715)	—

5th Period (as of April 30, 2017)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	857,771	857,771	—
(2) Cash and deposits in trust	2,986,612	2,986,612	—
Total assets	3,844,383	3,844,383	—
(3) Short-term loans payable	—	—	—
(4) Current portion of long-term loans payable	2,000,000	2,000,000	—
(5) Long-term loans payable	16,700,000	16,723,254	23,254
Total liabilities	18,700,000	18,723,254	23,254
(6) Derivative transactions	(14,673)	(14,673)	—

(\*) 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) Short-term loans payable

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

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

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

(6) Derivative transactions

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

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

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

(Unit: JPY thousand)

	4th Period (As of Oct. 31, 2016) *1	5th Period (As of Apr. 30, 2017) *2
Tenant leasehold and security deposits in trust	1,539,241	1,771,436

\*1 The amount includes JPY31,123 thousand of current portion of tenant leasehold and security deposits in trust.

\*2 The amount includes JPY40,436 thousand of current portion of tenant leasehold and security deposits in trust.

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

4th Period (as of October 31, 2016)

(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	921,684	—	—	—	—	—
Cash and deposits in trust	2,498,345	—	—	—	—	—
Total	3,420,030	—	—	—	—	—

5th Period (as of April 30, 2017)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	857,771	—	—	—	—	—
Cash and deposits in trust	2,986,612	—	—	—	—	—
Total	3,844,383	—	—	—	—	—

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

4th Period (as of October 31, 2016)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	800,000	—	—	—	—	—
Long-term loans payable	3,169,000	2,000,000	4,000,000	2,000,000	1,500,000	2,000,000
Total	3,969,000	2,000,000	4,000,000	2,000,000	1,500,000	2,000,000

5th Period (as of April 30, 2017)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Long-term loans payable	2,000,000	2,000,000	4,000,000	3,600,000	3,900,000	3,200,000
Total	2,000,000	2,000,000	4,000,000	3,600,000	3,900,000	3,200,000

[Notes on Securities]

4th Period (as of October 31, 2016)

Not applicable.

5th Period (as of April 30, 2017)

Not applicable.

## [Notes on Derivative Transactions]

## 1. Derivative transactions to which hedge accounting is not applied

4th Period (as of October 31, 2016)

Not applicable.

5th Period (as of April 30, 2017)

Not applicable.

## 2. Derivative transactions to which hedge accounting is applied

4th Period (as of October 31, 2016)

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

(Unit: JPY thousand)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, due after 1 year	
Principle accounting	Interest rate swap transaction Pay fixed Receive floating	Interest on long-term loans	6,000,000	6,000,000	(20,715)

(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.

5th Period (as of April 30, 2017)

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

(Unit: JPY thousand)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, due after 1 year	
Principle accounting	Interest rate swap transaction Pay fixed Receive floating	Interest on long-term loans	6,000,000	4,000,000	(14,673)

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

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



[Notes on Related-Party Transactions]

1. Parent company and major corporate unitholder, etc.  
4th Period (from May 1, 2016 to October 31, 2016)  
Not applicable.  
  
5th Period (from November 1, 2016 to April 30, 2017)  
Not applicable.
2. Affiliated company, etc.  
4th Period (from May 1, 2016 to October 31, 2016)  
Not applicable.  
  
5th Period (from November 1, 2016 to April 30, 2017)  
Not applicable.
3. Fellow subsidiary, etc.  
4th Period (from May 1, 2016 to October 31, 2016)  
Not applicable.  
  
5th Period (from November 1, 2016 to April 30, 2017)  
Not applicable.
4. Director, major individual unitholder, etc.  
4th Period (from May 1, 2016 to October 31, 2016)  
Not applicable.  
  
5th Period (from November 1, 2016 to April 30, 2017)  
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)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
[Deferred tax assets – current]		
Non-deductible accrued enterprise tax	14	12
Total deferred tax assets – current	14	12
Net deferred tax assets – current	14	12
[Deferred tax assets – non-current]		
Deferred losses on hedges	6,575	4,657
Subtotal	6,575	4,657
Valuation allowance	(6,575)	(4,657)
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: %)

	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)
Statutory tax rate	31.74	31.74
[Adjustments]		
Deductible cash distribution payable	(31.68)	(31.70)
Other	0.11	0.09
Effective income tax rate after application of tax-effect accounting	0.17	0.13

## [Notes on Retirement Benefits]

4th Period (as of October 31, 2016)

Not applicable.

5th Period (as of April 30, 2017)

Not applicable.

## [Notes on Asset Retirement Obligations]

4th Period (as of October 31, 2016)

Not applicable.

5th Period (as of April 30, 2017)

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)

	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Carrying amount (Note 1)		
Balance at beginning of period	29,414,663	30,795,528
Amount of increase (decrease) during period (Note 2)	1,380,865	5,231,599
Balance at end of period	30,795,528	36,027,128
Fair value at end of period (Note 3)	33,989,000	40,083,000

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

(Note 2) For the 4th Period, the amount of increase is mainly attributable to acquisition of "Nishidai NC Building" (JPY1,498,862 thousand), while the amount of decrease is mainly attributable to depreciation (JPY168,433 thousand). For the 5th Period, the amount of increase is mainly attributable to acquisition of 5 properties including "JPT Motomachi Building" (JPY5,392,285 thousand), while the amount of decrease is mainly attributable to depreciation (JPY207,977 thousand).

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

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

## [Notes on Segment Information]

## Segment Information

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

## (Related Information)

4th Period (From May 1, 2016 to October 31, 2016)

## 1. Information on products and services

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

## 2. Information on regions

## (1) Operating revenue

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

## (2) Property, plant and equipment

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

## 3. Information on major customers

(Unit: JPY thousand)

Name of customer	Operating revenue	Name of related segment
Tosei Corporation	275,270	Real estate lease business

## 5th Period (From November 1, 2016 to April 30, 2017)

## 1. Information on products and services

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

## 2. Information on regions

## (1) Operating revenue

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

## (2) Property, plant and equipment

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

## 3. Information on major customers

(Unit: JPY thousand)

Name of customer	Operating revenue	Name of related segment
Tosei Corporation	280,340	Real estate lease business

## [Notes on Per Unit Information]

	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Net assets per unit	JPY105,860	JPY105,837
Net income per unit	JPY3,371	JPY3,591

(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.

	4th Period (From: May 1, 2016 To: Oct. 31, 2016)	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)
Net income (JPY thousand)	542,755	657,996
Amount not attributable to common unitholders (JPY thousand)	—	—
Net income attributable to common investment units (JPY thousand)	542,755	657,996
Average number of investment units during period (units)	161,000	183,200

## [Notes on Significant Subsequent Events]

Not applicable.

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

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

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

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

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

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

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

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

(Note 6) There exist no investment units without voting rights provided in Article 308 Paragraph 2 of the Companies Act which will be applied mutatis mutandis pursuant to Article 94 of the Investment Trusts Act (treasury investment units) or investment units without voting rights provided in Article 160 of the Ordinance for Enforcement of Investment Trusts Act (mutual-holding investment units).

(Note 7) Fluctuation of unitholders' capital in line with implementation of distribution in excess of earnings with reserve for temporary difference adjustments is not considered.

#### 4. Changes in Directors

##### (1) Directors of the Investment Corporation

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

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

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

	Dec. 2016	Appointed Councilor of Foundation for preparing establishment of Karuizawa Kazakoshi Gakuen (current position)	
	Apr. 2017	Appointed part-time instructor of Toho University (current position)	
	June 2017	Appointed Director of Japan Gaming Association (current position)	

Title	Name	Brief career history		Number of investment units owned (units)
Supervisory Director	Teruhisa Tajima	Oct. 1995 Apr. 2004 June 2004 Sept. 2006 Nov. 2007 Feb. 2008 Feb. 2010 Oct. 2010 Apr. 2013 June 2013 Nov. 2013 Jan. 2014 Jan. 2014 Feb. 2014 Sept. 2014 Sept. 2014 Sept. 2014 Jan. 2015 Aug. 2015 Dec. 2015 Jan. 2016 Mar. 2016 Mar. 2016 Mar. 2016 June 2016 June 2016 July 2016 Oct. 2016 Dec. 2016 Mar. 2017	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 Iida Foundation, a general incorporated foundation (current position) Incorporated Tajima Accounting Office, Inc. Appointed Representative Director (current position) Appointed Outside Corporate Auditor of EDIGENE CORPORATION (current position) Appointed Outside Corporate Auditor of Chiome Bioscience Inc. Appointed Outside Corporate Auditor of Rena Therapeutic Inc. (current position) Appointed Accounting Advisor of OiDE CapiSEA Co., Ltd. (current position) Appointed Outside Corporate Auditor of Wendy's Japan K. K. (current position) Appointed Outside Corporate Auditor of First Kitchen Ltd. (current position) Appointed Outside Corporate Auditor of Curadim Pharma Co., Ltd. (current position) Appointed Outside Corporate Auditor of Nippon Outsourcing Corporation (current position) Appointed Outside Corporate Auditor of Obunsha Co., Ltd. (current position) Appointed Accounting Advisor of OiDE Adjubilee Co., Ltd. (current position)	0

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

(2) Directors of the Asset Management Company



During the fiscal period under review, Hiroshi Nakamura, Yoshiyuki Tsukada, Takayoshi Kitajima, Eiji Koya, Noboru Hirano (part-time), Shunsuke Yamaguchi (part-time) and Kaname Wakabayashi (part-time) were reappointed as directors on February 24, 2017 due to the expiration of term of office. On the same day, Akihiko Fujinaga was appointed as President and Representative Director while Hiroshi Nakamura's position was changed to Chairman and Representative Director Yoshiyuki Tsukada's position was changed to Senior Managing Director. For further details, please refer to Notice Concerning Scheduled Appointment of Directors and Representative Director at the Asset Management Company dated February 10, 2017 and Notice Concerning Change in the Position of a Director and Personnel Change at the Asset Management Company dated February 24, 2017.

## 5. Reference Information

### (1) Investment Status

The following is an overview of the investment status as of the date of Tosei Reit's settlement of accounts (April 30, 2017). 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.

tenants.				
Type of asset	Geographical area, etc.	Main use	5th Period (As of Apr. 30, 2017)	
			Total amount held (JPY million) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate trust beneficiary rights	Tokyo metropolitan area	Offices	19,602	48.7
		Retail facilities	4,579	11.4
		Residential properties	11,845	29.4
	Major regional cities (Note 1)	—	—	—
	Total		36,027	89.4
Deposits and other assets			4,264	10.6
Total assets (Note2)			40,291	100.0
Total liabilities (Note 2)			20,902	51.9
Total net assets (Note 2)			19,389	48.1

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

(Note 2) "Total amount held," "Total assets," "Total liabilities" and "Total net assets" are the amounts based on the carrying amounts (depreciated book value in the case of real estate trust beneficiary rights) as of April 30, 2017 in accordance with the asset valuation method provided in the Articles of Incorporation.

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

## (2) Investment Assets

## (a) Overview of Assets under Management

The following is the type, property name, location, acquisition price, investment ratio, real estate appraisal value, etc. and acquisition date of assets under management as of the date of Tosei Reit's settlement of accounts (April 30, 2017). 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	9.3	3,520	November 28, 2014
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057	5.7	2,460	November 28, 2014
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830	5.1	2,100	November 28, 2014
	O-04	Kannai Tosei Building II	Yokohama-shi, Kanagawa	4,100	11.3	4,560	November 17, 2015
	O-05	Nishi Kasai Tosei Building	Edogawa-ku, Tokyo	1,710	4.7	1,920	November 17, 2015
	O-06	Shin Yokohama Center Building	Yokohama-shi, Kanagawa	1,364	3.8	1,590	November 17, 2015
	O-07	Nishidai NC Building	Itabashi-ku, Tokyo	1,481	4.1	1,620	August 31, 2016
	O-08	JPT Motomachi Building	Yokohama-shi, Kanagawa	2,377	6.6	2,590	November 2, 2016
	O-09	Hakusan Asanomi Building	Bunkyo-ku, Tokyo	1,380	3.8	1,400	November 2, 2016
	Subtotal		—	19,669	54.4	21,760	—
Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380	6.6	2,530	November 28, 2014
	Rt-02	Musashi Fujisawa Tosei Building	Iruma-shi, Saitama	1,950	5.4	2,110	November 17, 2015
	Rt-03	Selection Hatsutomi	Kamagaya-shi, Chiba	310	0.9	341	November 2, 2016
	Subtotal		—	4,640	12.8	4,981	—
Offices and retail facilities combined subtotal			—	24,309	67.2	26,741	—
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544	4.3	1,940	November 28, 2014
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227	3.4	1,470	November 28, 2014
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000	2.8	1,130	November 28, 2014
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980	2.7	1,110	November 28, 2014
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836	2.3	900	November 28, 2014
	Rd-06	MarLandFive	Fujimi-shi, Saitama	830	2.3	867	November 28, 2014
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780	2.2	898	November 28, 2014
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600	1.7	685	November 28, 2014
	Rd-09	SEA SCAPE Chiba Minato	Chiba-shi, Chiba	2,800	7.7	3,030	November 17, 2015
	Rd-10	Prime Garden	Kamagaya-shi, Chiba	600	1.7	618	November 2, 2016
	Rd-11	T's garden Shinkoiwa	Katsushika-ku, Tokyo	670	1.9	694	November 2, 2016

	Subtotal	—	11,867	32.8	13,342	—
	Total	—	36,176	100.0	40,083	—

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

(Note 2) Appraisal of the property is entrusted to Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc. “Real estate appraisal value, etc.” is the appraisal value stated in the real estate appraisal report or investigation report (“real estate appraisal report, etc.”) with April 30, 2017 as the effective date of the appraisal (date of value). The same applies hereinafter.

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

## (b) Portfolio Composition

The following presents the portfolio composition as of the date of Tosei Reit's settlement of accounts (April 30, 2017) 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	9	19,669	54.4
Retail facilities	3	4,640	12.8
Residential properties	11	11,867	32.8
Total	23	36,176	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	23	36,176	100.0
Tokyo 5 central wards	2	3,887	10.7
Tokyo 23 wards (excluding Tokyo 5 central wards)	8	9,848	27.2
Tokyo metropolitan area (excluding Tokyo 23 wards)	13	22,441	62.0
Major regional cities	—	—	—
Total	23	36,176	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	8
JPY1.0 billion or more, but less than JPY2.0 billion	9
JPY2.0 billion or more, but less than JPY3.0 billion	4
JPY3.0 billion or more	2
Total	23

## (c) Overview of Buildings, Etc.

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

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

Type	Property no.	Property name	Construction completion (Note 4)	Building age (years) (Note 5)	Annual rent (JPY million) (Note 6)	Security and guarantee deposits (JPY million) (Note 7)	Total leased area (m <sup>2</sup> ) (Note 8)	Total leasable area (m <sup>2</sup> ) (Note 9)	Occupancy rate (%) (Note 10)	Number of tenants (Note 11)
Offices	O-01	Tama Center Tosei Building (Note 1)	July 1989	27.8	328	208	9,737.49	9,737.49	100.0 (73.5)	1 (41)
	O-02	KM Shinjuku Building	September 1991	25.6	156	81	3,403.95	3,403.95	100.0	8
	O-03	Nihonbashi-Hamacho Building	October 1990	26.5	134	80	3,334.40	3,334.40	100.0	7
	O-04	Kannai Tosei Building II	February 1984 (Note 12)	33.2 (Note 12)	290	354	6,917.02	6,917.02	100.0	29
	O-05	Nishi Kasai Tosei Building	January 1994	23.2	125	76	3,187.97	3,187.97	100.0	9
	O-06	Shin Yokohama Center Building	December 1990	26.4	132	95	3,888.28	3,888.28	100.0	12
	O-07	Nishidai NC Building	March 1992	25.1	125	73	3,448.59	3,798.48	90.8	5
	O-08	JPT Motomachi Building (Note 2)	October 1991	25.5	185	145	5,453.13	5,453.13	100.0 (100.0)	7 (8)
	O-09	Hakusan Asanomi Building	July 1993	23.8	79	35	1,705.80	1,860.51	91.7	10
	Subtotal		—	—	1,560	1,151	41,076.63	41,581.23	98.8	88
Retail facilities	Rt-01	Inage Kaigan Building	November 1992	24.4	193	288	5,890.92	5,890.92	100.0	15
	Rt-02	Musashi Fujisawa Tosei Building (Note 3)	August 1997	19.7	144	72	6,089.72	6,089.72	100.0 (100.0)	1 (1)
	Rt-03	Selection Hatsutomi	June 2003	13.9	28	14	1,839.45	1,839.45	100.0	1
	Subtotal		—	—	365	374	13,820.09	13,820.09	100.0	17
Offices and retail facilities combined subtotal			—	—	1,926	1,526	54,896.72	55,401.32	99.1	105
Residential properties	Rd-01	T's garden Koenji	January 2011	6.3	102	17	2,143.88	2,169.38	98.8	54
	Rd-02	Live Akabane	March 1989	28.1	94	11	3,766.85	3,876.35	97.2	69
	Rd-03	Gekkocho Apartment	March 2008	9.1	60	14	1,296.27	1,392.13	93.1	15
	Rd-04	T's garden Kawasakidaishi	January 2009	8.2	68	8	2,067.77	2,067.77	100.0	51
	Rd-05	Abitato Kamata	June 1991	25.9	51	7	1,768.23	1,768.23	100.0	27
	Rd-06	MarLandFive	April 1990	27.0	71	85	2,532.90	2,723.68	93.0	32
	Rd-07	Avenir Shirotae	February 1995	22.2	69	9	2,499.93	2,499.93	100.0	41
	Rd-08	Dormitory Haramachida	July 1992	24.8	53	5	1,767.76	1,867.07	94.7	68

Rd-09	SEA SCAPE Chiba Minato	March 2008	9.1	207	71	6,432.97	6,758.52	95.2	124
Rd-10	Prime Garden	February 1995	22.2	56	6	3,626.89	3,687.98	98.3	59
Rd-11	T's garden Shinkoiwa	March 1998	19.1	47	6	1,652.93	1,652.93	100.0	26
Subtotal		—	—	884	245	29,556.38	30,463.97	97.0	566
Total/Average		—	22.9 (Note 12)	2,810	1,771	84,453.10	85,865.29	98.4	671

(Note 1) For the property, a pass-through type ML agreement was concluded between the trustee and Tosei Community Co., Ltd (“Tosei Community”) on July 31, 2014 and, furthermore, a pass-through type ML agreement was concluded between the company and Tosei on the same date. The pass-through type ML agreement between the company and Tosei was changed to a fixed-rent ML agreement upon acquisition of the property by Tosei Reit and ended on November 27, 2016. Afterward, a new fixed-rent ML agreement which begins on November 28, 2016 and ends on November 30, 2020 was concluded. The same applies hereinafter.

(Note 2) For the property, a pass-through type ML agreement was concluded on February 29, 2016 between the trustee and Tosei Community. Of which, however, a fixed-rent ML agreement was concluded between the company and Tosei on September 9, 2016 for the second floor (leased area: 919.15 m<sup>2</sup>) and on September 28, 2016 for some sections on the seventh floor (leased area: 316.04 m<sup>2</sup>).

(Note 3) For the property, a pass-through type ML agreement was concluded between the trustee and Tosei Community on September 30, 2015. In addition, a fixed-rent ML agreement was concluded between Tosei Community and Tosei at the time of acquisition by Tosei Reit.

(Note 4) “Construction completion” is the date of new construction in the real estate registry.

(Note 5) “Building age” is the number of years that has elapsed from the date of new construction in the real estate registry to April 30, 2017. In addition, that in the total/average column is the figure that is the weighted average based on acquisition price.

(Note 6) “Annual rent” is the amount annualized by multiplying by 12 the monthly rent (limited to the rent of rental units, including common area maintenance charges, but excluding warehouse, signboard, parking lot, etc. usage fees; the same applies hereinafter) for the building indicated in the lease agreement for the asset under management as of April 30, 2017 (limited to those occupied as of the same date) (the sum total amount thereof if the asset under management is under several lease agreements, and excluding consumption tax, etc.; the same applies hereinafter). For the concerned asset under management, it is the amount annualized by multiplying by 12 the monthly rent based on lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded (if the lessee of the pass-through type ML agreement has concluded a fixed-rent ML agreement, the lessee of the concerned fixed-rent ML agreement is counted as end-tenants; the same applies hereinafter), and it is the amount annualized by multiplying by 12 the monthly rent based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.

(Note 7) “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement for the asset under management as of April 30, 2017 (limited to those occupied as of the same date). For the concerned asset under management, it is the tenant security and guarantee deposits based on lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded, and it is the tenant security and guarantee deposits based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.

(Note 8) “Total leased area” is the sum total of the leased floor area indicated in the lease agreement for the asset under management as of April 30, 2017. The leased floor area indicated in the lease agreement may differ from the actual measurement value. For the concerned asset under management, it is the sum total of the floor area actually leased under lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded, and it is the leased floor area based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.

(Note 9) “Total leasable area” is the sum total of the floor area of the portion regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for the asset under management as of April 30, 2017. The same applies hereinafter.

(Note 10) “Occupancy rate” is the ratio of the total leased area to total leasable area for the asset under management as of April 30, 2017. However, in cases where a ML agreement has been concluded for the concerned asset under management, the occupancy rate in the case of a property under a pass-through type ML agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property or a section under a fixed-rent ML agreement is the ratio of the leased floor area based on the ML agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lease company and end-tenants is shown in parentheses. In addition, that in the subtotal columns, offices and retail facilities combined subtotal column and total/average column is each the ratio of the sum total of total leased area to the sum total of total leasable area for each asset under management in the respective item. The same applies hereinafter.

(Note 11) “Number of tenants” is the number of tenants for the asset under management based on the lease agreement for the asset under management as of April 30, 2017. However, in cases where a ML agreement has been concluded for the concerned asset under management, the number of tenants in the case of a property under a pass-through type ML agreement is the

total number of end-tenants, and the number of tenants in the case of a property under a fixed-rent ML agreement is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on lease agreements between the master lease company and end-tenants is shown in parentheses.

(Note 12) As to Kannai Tosei Building II, the parking building was constructed in May 1980 and the office building was added at a later date. The construction completion is the date of new construction of the office building, which is the main part of the building, in the real estate registry, and the building age and the average building age of Kannai Tosei Building II are the number of years calculated based on the said date of new construction.

(Note 13) Even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent or other non-performance of obligations, in the case of agreements that are ongoing as of April 30, 2017, “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 <sup>2</sup> )	Total leasable area (m <sup>2</sup> )	Occupancy rate (%)
1st Period (As of April 30, 2015)	12	39,194.32	40,732.76	96.2
2nd Period (As of October 31, 2015)	12	39,713.19	40,734.02	97.5
3rd Period (As of April 30, 2016)	17	65,187.06	67,576.59	96.5
4th Period (As of October 31, 2016)	18	70,012.30	71,369.69	98.1
5th Period (As of April 30, 2017)	23	84,453.10	85,865.29	98.4

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

(Unit: %)

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



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

Tosei Reit and the Asset Management Company have obtained a real estate appraisal report, etc. for each asset under management from Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc.

The following is a summary of each asset under management's real estate appraisal report, etc. obtained by Tosei Reit and the Asset Management Company with April 30, 2017 as the effective date of the appraisal (date of value). Each real estate appraisal or investigation of the respective real estate appraisal report, etc. is no more than the appraiser's judgment and opinion at a certain point in time, and is not a guarantee of the validity or accuracy of the content, possibility of transaction at the concerned appraisal value, etc. and such. In addition, there is no special vested interest between Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc., which performed the real estate appraisal, etc., and Tosei Reit or the Asset Management Company.

Type	Property no.	Name of real estate, etc.	Appraisal firm	Acquisition price (JPY million)	Book value at end of period (JPY million)	Estimated value at end of period (Note 2)					
						Appraisal value, etc. (JPY million) (Note 1)	Indicated value by direct capitalization method (JPY million)	Capitalization rate (%)	Indicated value by DCF method (JPY million)	Discount rate (%)	Terminal capitalization rate (%)
Offices	O-01	Tama Center Tosei Building	Japan Real Estate Institute	3,370	3,335	3,520	3,520	5.7	3,520	5.3	5.7
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,057	2,029	2,460	2,460	4.1	2,450	3.8	4.2
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,830	1,828	2,100	2,130	4.4	2,060	4.2	4.6
	O-04	Kannai Tosei Building II	Japan Valuers Co., Ltd.	4,100	4,071	4,560	4,750	4.9	4,490	4.7	5.1
	O-05	Nishi Kasai Tosei Building	Japan Valuers Co., Ltd.	1,710	1,702	1,920	1,960	5.0	1,880	4.8	5.2
	O-06	Shin Yokohama Center Building	Morii Appraisal & Investment Consulting, Inc.	1,364	1,378	1,590	1,600	5.0	1,570	4.8	5.2
	O-07	Nishidai NC Building	Japan Real Estate Institute	1,481	1,487	1,620	1,630	4.8	1,600	4.6	5.0
	O-08	JPT Motomachi Building	Morii Appraisal & Investment Consulting, Inc.	2,377	2,382	2,590	2,620	4.9	2,550	4.7	5.1
	O-09	Hakusan Asanomi Building	Japan Real Estate Institute	1,380	1,386	1,400	1,420	4.3	1,380	4.1	4.5
	Subtotal				19,669	19,602	21,760	22,090	—	21,500	—
Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,380	2,323	2,530	2,540	5.3	2,510	5.1	5.5
	Rt-02	Musashi Fujisawa Tosei Building	Japan Real Estate Institute	1,950	1,938	2,110	2,110	5.8	2,100	5.4	6.0
	Rt-03	Selection Hatsutomi	Japan Real Estate Institute	310	317	341	345	5.4	336	5.2	5.7
	Subtotal				4,640	4,579	4,981	4,995	—	4,946	—
Offices and retail facilities combined subtotal				24,309	24,181	26,741	27,085	—	26,446	—	—
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,544	1,538	1,940	1,970	4.1	1,910	3.9	4.3
	Rd-02	Live Akabane	Japan Real Estate Institute	1,227	1,222	1,470	1,480	4.8	1,450	4.6	5.0
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,000	1,002	1,130	1,150	4.2	1,110	4.0	4.4
	Rd-04	T's garden Kawasakidaishi	Japan Real Estate Institute	980	973	1,110	1,120	4.9	1,090	4.7	5.1
	Rd-05	Abitato Kamata	Japan Real Estate Institute	836	842	900	913	4.8	886	4.6	5.0
	Rd-06	MarLandFive	Japan Real Estate Institute	830	827	867	874	5.9	860	5.7	6.1
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	780	770	898	906	5.1	890	4.9	5.3
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	600	598	685	690	5.0	680	4.8	5.2
	Rd-09	SEA SPACE Chiba Minato	Morii Appraisal & Investment Consulting, Inc.	2,800	2,784	3,030	3,070	5.2	2,990	5.0	5.4
	Rd-10	Prime Garden	Japan Valuers Co., Ltd.	600	607	618	627	5.6	608	5.4	5.8
	Rd-11	T's garden Shinkoiwa	Japan Valuers Co., Ltd.	670	678	694	702	4.5	686	4.3	4.7
	Subtotal				11,867	11,845	13,342	13,502	—	13,160	—
Total				36,176	36,027	40,083	40,587	—	39,606	—	—

(Note 1) "Book value at end of period" is the depreciated book value as of April 30, 2017, rounded down to the nearest JPY million.

(Note 2) "Estimated value at end of period" is the value stated in the real estate appraisal report, etc. prepared by Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc. with April 30, 2017 as the effective date of the appraisal (date of value) pursuant to the Articles of Incorporation of Tosei Reit and the rules of The Investment Trusts Association, Japan.

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

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

In addition, Tosei Reit has an evaluation of seismic risk analysis conducted by Sompo Risk Management & Health Care Inc. at its request as part of due diligence upon acquisition of each asset under management. The analysis evaluates a building's seismic performance by an independent structural evaluation method based on structural drawings and structural calculation documents, which is then weighed against the content of structural calculation documents to arrive at the building's final seismic performance evaluation. The building's specific seismic vulnerability based on such evaluation is considered and seismic hazards and ground conditions are factored into for a comprehensive evaluation, based on the results of which a building's seismic probable maximum loss (PML) value is calculated. Each asset under management's building PML value stated in the "seismic PML (re)evaluation report" prepared by said company is presented in the table below. The statements in the seismic PML (re)evaluation report are no more than an indication of the opinion of the reporting party, and Tosei Reit does not guarantee the accuracy of the content thereof. There is no special vested interest between Sompo Risk Management & Health Care 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 2)	Long-term repair expenses (JPY thousand) (Note 3)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date	PML value (%)
O-01	Tama Center Tosei Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	48,865	Sompo Risk Management & Health Care Inc.	March 2015	4.36
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,322	Sompo Risk Management & Health Care Inc.	March 2015	5.52
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,930	Sompo Risk Management & Health Care Inc.	March 2015	6.11
O-04	Kannai Tosei Building II	HI International Consultant Co., Ltd.	July 2015	170	27,239	Sompo Risk Management & Health Care Inc.	July 2015	11.54
O-05	Nishi Kasai Tosei Building	HI International Consultant Co., Ltd.	July 2015	—	17,387 (Note 4)	Sompo Risk Management & Health Care Inc.	July 2015	3.84
O-06	Shin Yokohama Center Building	Sompo Risk Management & Health Care Inc.	August 2015	—	19,378	Sompo Risk Management & Health Care Inc.	July 2015	6.47
O-07	Nishidai NC Building	Sompo Risk Management & Health Care Inc.	May 2016	—	15,826	Sompo Risk Management & Health Care Inc.	May 2016	5.25
O-08	JPT Motomachi Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	July 2016	—	25,151	Sompo Risk Management & Health Care Inc.	July 2016	6.06
O-09	Hakusan Asanomi Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	July 2016	—	10,433	Sompo Risk Management & Health Care Inc.	July 2016	7.31
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,129	Sompo Risk Management & Health Care Inc.	March 2015	6.49
Rt-02	Musashi Fujisawa Tosei Building	Sompo Risk Management & Health Care Inc.	September 2015	120	8,605	Sompo Risk Management & Health Care Inc.	September 2015	5.85
Rt-03	Selection Hatsutomi	Sompo Risk Management & Health Care Inc.	July 2016	—	3,103	Sompo Risk Management & Health Care Inc.	July 2016	7.98
Rd-01	T's garden Koenji	HI International Consultant Co., Ltd.	February 2014	670	2,936	Sompo Risk Management & Health Care Inc.	March 2015	7.91
Rd-02	Live Akabane	HI International Consultant Co., Ltd.	February 2014	7,370	8,355	Sompo Risk Management & Health Care Inc.	March 2015	7.45
Rd-03	Gekkocho Apartment	HI International Consultant Co., Ltd.	April 2014	350	3,833	Sompo Risk Management & Health Care Inc.	March 2015	8.98
Rd-04	T's garden Kawasakidaishi	HI International Consultant Co., Ltd.	February 2014	685	2,475	Sompo Risk Management & Health Care Inc.	March 2015	7.38
Rd-05	Abitato Kamata	HI International Consultant Co., Ltd.	February 2014	1,890	3,365	Sompo Risk Management & Health Care Inc.	March 2015	7.82
Rd-06	MarLandFive	HI International Consultant Co., Ltd.	February 2014	3,570	8,500	Sompo Risk Management & Health Care Inc.	March 2015	4.00
Rd-07	Avenir Shirotae	HI International Consultant Co., Ltd.	March 2014	1,210	7,827	Sompo Risk Management & Health Care Inc.	March 2015	7.57
Rd-08	Dormitory Haramachida	HI International Consultant Co., Ltd.	February 2014	4,540	9,477	Sompo Risk Management & Health Care Inc.	March 2015	5.29
Rd-09	SEA SPACE Chiba Minato	Sompo Risk Management & Health Care Inc.	July 2015	—	13,280	Sompo Risk Management & Health Care Inc.	July 2015	7.30
Rd-10	Prime Garden	Sompo Risk Management & Health Care Inc.	July 2016	—	4,954	Sompo Risk Management & Health Care Inc.	July 2016	9.42
Rd-11	T's garden Shinkoiwa	HI International Consultant Co., Ltd.	August 2016	3,420	5,041	Sompo Risk Management & Health Care Inc.	July 2016	4.41
Entire portfolio (Note 5)								3.75

- (Note 1) Sompo Japan Nipponkoa Risk Management Inc. changed its business name to Sompo Risk Management & Health Care Inc. on April 1, 2016. Even if the name of the company was Sompo Japan Nipponkoa Risk Management Inc. at the time of acquiring “portfolio seismic PML evaluation report,” etc., the current name is indicated. The same applies hereinafter.
- (Note 2) “Emergency and short-term repair expenses” is the sum total of the expenses stated in the engineering report as expenses in urgent need and repair and renewal expenses required within roughly one year.
- (Note 3) “Long-term expenses” is indicated as follows.
- ①It is the amount stated as the average amount per year of the repair and renewal expenses projected for the next 12 years in the engineering report in the case of the properties investigated by HI International Consultant Co., Ltd., except for T’s garden Shinkoiwa, for which it is the amount stated as the average amount per year of the repair and renewal expenses projected for the next 11 years in the engineering report.
  - ②It is the amount stated as the average amount per year of the long-term repair and renewal expenses projected for the next 12 years in the engineering report in the case of the properties investigated by Sompo Risk Management & Health Care Inc.
  - ③It is the amount converted into the average amount per year by Tosei Reit of the amount stated as the total repair and renewal expenses excluding consumption tax projected for the next 11 years in the engineering report in the case of the properties invested by Deloitte Tohmatsu Property Risk Solution Co., Ltd. Furthermore, the amount converted into the average per year is indicated, rounding to the nearest hundred yen.
  - ④It is the amount converted into the average amount per year by Tosei Reit of the amount stated as the total of medium-to long-term repair and renewal expenses projected for the next 12 years in the engineering report in the case of the properties invested by Tokio Marine & Nichido Risk Consulting Co., Ltd. Furthermore, the amount converted into the average per year is indicated, rounding to the nearest hundred yen.
- (Note 4) For the property, construction work to upgrade the air-conditioning was implemented at the expense and under the responsibility of Tosei. Long-term repair expenses after completion of the concerned construction work is JPY11,954 thousand (average amount per year) according to the “follow-up report to the building survey and diagnosis report” prepared by HI International Consultant Co., Ltd.
- (Note 5) The value stated in “Entire portfolio” is the PML value concerning the entire portfolio based on the “seismic PML evaluation report” dated September 2016 by Sompo Risk Management & Health Care Inc.

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

The following is the designer, structural designer, contractor, confirmation and inspection body (Note 1) and structural calculation confirmation body for each asset under management. Tosei Reit has entrusted a third-party expert body HI International Consultant Co., Ltd., SOMPO Risk Care Management Inc., Deloitte Tohmatsu Property Risk Solution Co., Ltd. or Tokio Marine & Nichido Risk Consulting Co., Ltd. with confirmation and verification of structural calculation documents and structural drawings for the 22 properties excluding Avenir Shirotae, and has obtained from HI International Consultant Co., Ltd., SOMPO Risk Care Management Inc. Deloitte Tohmatsu Property Risk Solution Co., Ltd. or Tokio Marine & Nichido Risk Consulting Co., Ltd., overall findings that no intentional falsification has been found in any part of the structural calculation documents and that the structural calculation documents and structural drawings are in alignment and that, accordingly, the buildings are deemed to meet the requirements for seismic safety under the standards act at the time of design with the content stated in the structural calculation documents, subject to the condition that they were appropriately constructed according to the structural drawings at the time of construction of the building of each asset under management. On the other hand, concerning Avenir Shirotae, the report on verification of whether or not there was falsification of structural calculation documents has pointed out inconsistencies between the calculation documents after change in the plan and the structural drawings at the time of application for confirmation, but the matter has already been rectified.

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

Rd-07	Avenir Shirotae	KK San-a Sekkei	Party that prepared the structural calculation document not stated therein.	Toa Corporation, Yokohama Branch Office	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rd-08	Dormitory Haramachida	Mitsui Fudosan Kensetsu KK, first-class architect office	Mitsui Fudosan Kensetsu KK	Mitsui Fudosan Kensetsu KK	City of Machida, building official	HI International Consultant Co., Ltd.
Rd-09	SEA SPACE Chiba Minato	Kume Sekkei Co., Ltd.	Kume Sekkei Co., Ltd.	Taisei Corporation, Chiba Branch	UHEC	HI International Consultant Co., Ltd.
Rd-10	Prime Garden	Re-LAND Corporation Co., Ltd.	Kanai Design Inc.	Re-LAND Corporation Co., Ltd.	Chiba Prefectural government, building official	Sompo Risk Management & Health Care Inc.
Rd-11	T's garden Shinkoiwa	Fumikazu Nakano Design Office Inc.	(Note 6)	Penta-Ocean Corporation Co., Ltd. Tokyo Branch	Katsushika City building official	HI International Consultant Co., Ltd.

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

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

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

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

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

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

#### (h) Status of Collateral

A revolving pledge with Tosei Reit as the pledger has been established in relation to debt financing upon acquisition of assets under management by Tosei Reit on the trust beneficiary rights of each asset under management. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, have been concluded for each asset under management. There are no other security rights that Tosei Reit has agreed or committed to establishing for any asset under management as of the date of settlement of accounts (April 30, 2017).

#### (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 April 30, 2017.

Property name	Total number of tenants	Annual rent (JPY million)	Total leased area (m <sup>2</sup> )	Total leasable area (m <sup>2</sup> )	Occupancy rate (Note 1) (%)
Tama Center Tosei Building (Note 2) (Note 3)	1 (41)	328	9,737.49	9,737.49	100.0 (73.5)
Kannai Tosei Building II	29	290	6,917.02	6,917.02	100.0

(Note 1) For occupancy rates for each fiscal period in and after the 1st fiscal period, please refer to "(d) Changes in Occupancy Rate b." above.

(Note 2) A fixed-rent ML 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 April 30, 2017) is shown in parentheses.

(Note 3) A fixed-rent ML 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 April 30, 2017) 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 the date of settlement of accounts of Tosei Reit (April 30, 2017). In the case of a property under a pass-through type ML agreement, not only the master lease company but also end-tenants are counted as tenants. In addition, in the case of a property under a fixed-rent ML agreement, the master lease company alone is counted as tenants and end-tenants are not counted. For the entirety of Tama Center Tosei Building and Musashi Fujisawa Tosei Building as well as the second floor (leased area: 919.15 m<sup>2</sup>) and some sections on the seventh floor (leased area: 316.04 m<sup>2</sup>) of JPT Motomachi Building, as a pass-through type ML agreement has been concluded between the trustee and the master lease company, Tosei Community, and furthermore a fixed-rent ML agreement has been concluded between the company and the sub master lease company Tosei, both the master lease company and the sub master lease company are shown.

Name of tenant	Type of business	Property name	Annual rent (JPY million)	Total leased area (m <sup>2</sup> )	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 Kannai Tosei Building II Nishi Kasai Tosei Building Shin Yokohama Center Building JPT Motomachi Building Inage Kaigan Building Musashi Fujisawa Tosei Building Selection Hatsutomi T's garden Koenji Live Akabane Gekkocho Apartment T's garden Kawasakidaishi Abitato Kamata MarLandFive Avenir Shirotae Dormitory Haramachida SEA SPACE Chiba Minato Prime Garden T's Garden Shinkoiwa	2,605	79,298.71	93.9	November 30, 2017	Ordinary building lease agreement	1,662
		Nishidai NC Building	125	3,448.59	4.1	August 31, 2017	Ordinary building lease agreement	73
Tosei Corporation	Real estate business	Tama Center Tosei Building JPT Motomachi Building	360	10,972.68	13.0	November 30, 2020	Fixed-term building lease agreement	223
		Musashi Fujisawa Tosei Building	144	6,089.72	7.2	November 30, 2025	Ordinary building lease agreement	72

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

(Note 2) "Contract form" is the contract form indicated in the lease agreement with the concerned tenant as of April 30, 2017. The same applies hereinafter.

(Note 3) A pass-through type ML agreement has been concluded between the trustee and Tosei Community on April 30, 2017 for assets under management excluding Hakusan Asanomi Building. Thus, the total leased area indicates the sum total of the floor areas actually leased under lease agreements concluded with end-tenants (Tosei is regarded as the end-tenant when Tosei Community has concluded a fixed-rent ML agreement with Tosei). If both parties of the lease agreement do not express their intent otherwise to each other by one month prior to the expiration date, the agreement shall be renewed for another year under the same terms and conditions, and the same shall apply upon expiration thereafter.

In addition, Tosei Community is a property management company ("PM Company") of assets under management excluding Hakusan Asanomi Building, and has concluded a PM agreement with the trustee. If both parties of the PM agreement do not express their intent otherwise to each other by one month prior to the expiration date, the agreement shall be renewed for

another year under the same terms and conditions, and the same shall apply upon expiration thereafter.

(k) Top End-Tenants by Leased Area

The following are the end-tenants of Tosei Reit's assets under management ranking in the top ten in terms of leased area of the entire portfolio as of the date of settlement of accounts (April 30, 2017). In the case of a property under a fixed-rent ML agreement, the entries are not concerning end-tenants but the master lease company and based on the lease agreement with the master lease company. In the case of a property under a pass-through type ML agreement, the entries are not concerning the master lease company but end-tenants and based on the lease agreement with end-tenants.

Name of end-tenant	Property name	Total leased area (m <sup>2</sup> )	Leased area ratio (%)	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49	11.5	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72	7.2	November 30, 2025	Ordinary building lease agreement
Not disclosed (Note)	Inage Kaigan Building	2,989.01	3.5	November 23, 2018	Ordinary building lease agreement
Not disclosed (Note)	JPT Motomachi Building	1,558.28 293.74 Total: 1,852.02	2.2	January 4, 2019 September 30, 2018	Ordinary building lease agreement
Not disclosed (Note)	Selection Hatsutomi	1,839.45	2.2	June 3, 2023	Ordinary building lease agreement
FUJITSU CoWorCo Limited	Shin Yokohama Center Building	1,822.20	2.2	December 31, 2017	Ordinary building lease agreement
Not disclosed (Note)	Not disclosed (Note)	1,762.57	2.1	August 31, 2018	Ordinary building lease agreement
Not disclosed (Note)	Not disclosed (Note)	1,420.46	1.7	April 16, 2018	Ordinary building lease agreement
Tosei Corporation	JPT Motomachi Building	1,235.19	1.5	November 30, 2020	Fixed-term building lease agreement
HEATWAVE Co., Ltd.	KM Shinjuku Building	447.41 447.41 137.29 Total: 1,032.11	1.2	March 31, 2019 October 31, 2018 June 30, 2018	Ordinary building lease agreement

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

(l) Overview of Leasing to Related Parties

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

Name of end-tenant	Property name	Total leased area	Annual rent	Security and guarantee deposits	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49m <sup>2</sup>	JPY328 million	JPY 208 million	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	JPT Motomachi Building (Note)	1,235.19m <sup>2</sup>	JPY 31 million	JPY 15 million	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72m <sup>2</sup>	JPY 144 million	JPY 72 million	November 30, 2025	Ordinary building lease agreement

(Note) For JPT Motomachi Building, the figures are the sum total of those under the fixed-rent ML agreement concluded on September 9, 2016 for the second floor (leased area: 919.15 m<sup>2</sup>) and of those under the fixed-rent ML agreement concluded on September 28, 2016 for some sections on the seventh floor (leased area: 316.04 m<sup>2</sup>).

(m) Earnings Performance of the Properties

(Reference Information) Earnings Performance of the Properties

## 5th Period (from November 1, 2016 to April 30, 2017)

(Unit: JPY thousand)

Property no.	(O-01)	(O-02)	(O-03)	(O-04)
Property name	Tama Center Tosei Building	KM Shinjuku Building	Nihonbashi- Hamacho Building	Kannai Tosei Building II
Total property-related operating revenue ①	195,960	91,341	87,020	171,722
Rent revenue – real estate	169,260	83,165	74,767	154,777
Other lease business revenue	26,700	8,176	12,253	16,945
Total property-related operating expenses ②	72,391	26,405	28,645	53,184
Management fee	24,269	6,663	7,611	18,163
Trust fee	300	300	300	300
Utilities expenses	25,627	7,697	10,671	15,102
Insurance premium	461	150	146	274
Repair expenses	2,773	672	684	2,404
Property taxes	18,057	9,852	7,919	13,017
Other expenses	900	1,068	1,311	3,921
NOI ③ (①－②)	123,568	64,936	58,375	118,538
Depreciation ④	16,675	8,860	10,469	20,803
Property-related operating income (loss) ⑤ (③－④)	106,893	56,076	47,906	97,735
Capital expenditures ⑥	4,150	-	12,143	2,440
NCF ⑦ (③－⑥)	119,418	64,936	46,231	116,097

(Unit: JPY thousand)

Property no.	(O-05)	(O-06)	(O-07)	(O-08)
Property name	Nishi Kasai Tosei Building	Shin Yokohama Center Building	Nishidai NC Building	JPT Motomachi Building
Total property-related operating revenue ①	72,355	71,908	78,790	106,554
Rent revenue – real estate	64,848	67,065	67,433	97,014
Other lease business revenue	7,506	4,842	11,356	9,540
Total property-related operating expenses ②	21,271	22,731	26,081	23,337
Management fee	6,619	7,857	8,891	10,874
Trust fee	300	300	300	299
Utilities expenses	6,105	5,719	6,929	6,261
Insurance premium	119	170	166	210
Repair expenses	167	1,000	8,789	324
Property taxes	6,365	7,045	-	4,814
Other expenses	1,594	638	1,005	553
NOI ③ (①－②)	51,083	49,176	52,708	83,216
Depreciation ④	8,966	8,015	9,280	12,888
Property-related operating income (loss) ⑤ (③－④)	42,116	41,160	43,428	70,328
Capital expenditures ⑥	3,938	-	1,030	-
NCF ⑦ (③－⑥)	47,145	49,176	51,678	83,216



(Unit: JPY thousand)

Property no.	(O-09)	(Rt-01)	(Rt-02)	(Rt-03)
Property name	Hakusan Asanomi Building	Inage Kaigan Building	Musashi Fujisawa Tosei Building	Selection Hatsutomi
Total property-related operating revenue ①	45,399	124,486	72,182	14,170
Rent revenue – real estate	41,464	102,790	72,182	14,170
Other lease business revenue	3,935	21,695	-	-
Total property-related operating expenses ②	8,137	44,705	7,691	3,283
Management fee	3,975	8,111	1,080	1,721
Trust fee	299	300	300	299
Utilities expenses	3,053	22,661	-	-
Insurance premium	80	238	92	32
Repair expenses	328	1,000	-	-
Property taxes	-	11,636	5,983	1,094
Other expenses	400	758	235	136
NOI ③ (①－②)	37,262	79,780	64,490	10,887
Depreciation ④	5,832	20,151	9,167	9,738
Property-related operating income (loss) ⑤ (③－④)	31,429	59,629	55,322	1,148
Capital expenditures ⑥	603	5,730	-	11,528
NCF ⑦ (③－⑥)	36,659	74,049	64,490	(640)

(Unit: JPY thousand)

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	53,843	52,795	31,546	37,100
Rent revenue – real estate	50,689	50,353	30,929	35,053
Other lease business revenue	3,154	2,442	617	2,046
Total property-related operating expenses ②	10,565	15,477	8,700	7,755
Management fee	4,803	4,991	2,613	3,035
Trust fee	300	300	300	300
Utilities expenses	376	659	574	167
Insurance premium	62	113	47	55
Repair expenses	1,211	4,378	891	1,169
Property taxes	2,575	3,327	2,108	2,035
Other expenses	1,235	1,706	2,165	991
NOI ③ (①－②)	43,277	37,318	22,845	29,344
Depreciation ④	5,778	4,252	3,336	5,218
Property-related operating income (loss) ⑤ (③－④)	37,499	33,065	19,509	24,126
Capital expenditures ⑥	-	-	-	-
NCF ⑦ (③－⑥)	43,277	37,318	22,845	29,344

(Unit: JPY thousand)

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	29,054	43,754	36,364	29,001
Rent revenue – real estate	27,744	37,224	35,064	27,768
Other lease business revenue	1,310	6,529	1,299	1,232
Total property-related operating expenses ②	7,871	11,575	9,448	11,756
Management fee	2,473	3,777	2,895	2,508
Trust fee	300	300	300	300
Utilities expenses	525	2,379	686	703
Insurance premium	51	83	71	67
Repair expenses	2,105	1,453	2,268	3,844
Property taxes	1,536	2,580	2,058	2,437
Other expenses	879	1,001	1,168	1,895
NOI ③ (①－②)	21,183	32,179	26,916	17,245
Depreciation ④	3,188	4,936	6,384	4,890
Property-related operating income (loss) ⑤ (③－④)	17,994	27,242	20,531	12,354
Capital expenditures ⑥	1,099	2,567	106	-
NCF ⑦ (③－⑥)	20,083	29,612	26,809	17,245

(Unit: JPY thousand)

Property no.	(Rd-09)	(Rd-10)	(Rd-11)
Property name	SEA SCAPE Chiba Minato	Prime Gardem	T's Garden Shinkoiwa
Total property-related operating revenue ①	116,341	31,282	23,629
Rent revenue – real estate	104,386	30,644	22,961
Other lease business revenue	11,955	638	668
Total property-related operating expenses ②	38,239	11,922	5,941
Management fee	10,028	4,342	2,360
Trust fee	300	299	299
Utilities expenses	8,422	537	442
Insurance premium	242	101	52
Repair expenses	5,179	4,874	1,581
Property taxes	9,483	1,154	-
Other expenses	4,582	611	1,204
NOI ③ (①－②)	78,101	19,360	17,688
Depreciation ④	23,655	3,170	2,314
Property-related operating income (loss) ⑤ (③－④)	54,446	16,189	15,373
Capital expenditures ⑥	490	747	716
NCF ⑦ (③－⑥)	77,611	18,613	16,972

(Unit: JPY thousand)

	Offices total	Retail facilities total	Residential properties total	Entire portfolio
Total property-related operating revenue ①	921,053	210,838	484,714	1,616,607
Rent revenue – real estate	819,796	189,143	452,819	1,461,760
Other lease business revenue	101,256	21,695	31,894	154,847
Total property-related operating expenses ②	282,186	55,681	139,253	477,122
Management fee	94,925	10,912	43,830	149,668
Trust fee	2,699	899	3,299	6,897
Utilities expenses	87,170	22,661	15,476	125,307
Insurance premium	1,781	363	949	3,095
Repair expenses	17,144	1,000	28,958	47,103
Property taxes	67,072	18,713	29,297	115,083
Other expenses	11,393	1,130	17,441	29,965
NOI ③ (① – ②)	638,866	155,157	345,460	1,139,485
Depreciation ④	101,792	39,057	67,127	207,977
Property-related operating income (loss) ⑤ (③ – ④)	537,074	116,100	278,333	931,507
Capital expenditures ⑥	24,306	17,258	5,726	47,291
NCF ⑦ (③ – ⑥)	614,560	137,899	339,733	1,092,193