

For the Fiscal Period Ended April 30, 2016 (3rd Fiscal Period)

Earnings Announcement

Securities Code: 3451

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Overview of Tosei Reit

Utilization and revitalization of “the vast existing building stock”¹ in Japan’s real estate market

■ Investment Targets

- ① Highly advantageous real estate properties located in areas where acquisition competition is relatively low and where high yields can be expected
- ② Properties with strong potential regardless of the properties’ age

■ Investment Criteria

Area Mainly the **Tokyo metropolitan area**

Tokyo metropolitan area

Main target

Major regional cities²

20% or less³

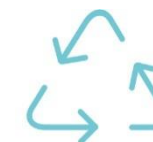
■ Tosei’s Core Competencies



Good Judgment



Leasing Capability



Revitalization Capability

Property type Comprehensive investment in **offices, retail facilities and residential properties**

Offices/Retail facilities

Collectively **80%** or less³

Residential properties

50% or less³

Size Investments targeting properties priced up to **JPY 5 billion**⁴ in principle

1. “Existing building stock” collectively refers to building assets which were constructed in the past and still exist at present. The same applies hereafter.

2. “Major regional cities” collectively refers to cities designated by ordinance and prefectural capitals or equivalent cities located outside the Tokyo metropolitan area.

3. Ratio on an acquisition price basis. In the case of mixed-use properties that combine two or more different property types, the type of use that accounts for the largest proportion of dedicated floor space shall be deemed to be the property type.

4. Acquisition price basis

Summary

Status of Operations

| | | |
|---|----------------------|---|
| 1 | Property Acquisition | <ul style="list-style-type: none"> ■ Property acquisitions/Preferential negotiating rights <ul style="list-style-type: none"> In 3rd Fiscal Period, acquired 5 properties for JPY 11.9 BN. In 4th Fiscal Period, expect to acquire Nishidai NC Building for JPY 1.481 BN, for a portfolio with total acquisition price of JPY 30.8 BN Preferential negotiating rights to a total of 4 properties from sponsor support ■ NOI yield/Appraisal value <ul style="list-style-type: none"> Maintained average appraisal NOI yield of 6.20% for 17 properties held at end of 3rd Fiscal Period Total appraisal value JPY 32.2 BN (unrealized gains +JPY 2.8 BN) |
| 2 | Leasing | <ul style="list-style-type: none"> ■ Occupancy rate of portfolio at end of 3rd Fiscal Period <ul style="list-style-type: none"> Generally firm at 96.5%. However, there are issues with a portion of the residential portfolio <ul style="list-style-type: none"> Avenir Shirotae, Gekkocho Apartment, SEA SCAPE Chiba Minato ■ Occupancy rate/Master lease of Tama Center Tosei Building <ul style="list-style-type: none"> End-tenant occupancy rate, which was weak due to a major tenant departure, etc., improved to 66.9% Agreed with sponsor to renew master lease due to end in November with 4-year contract term at a reduction of approx. 5.1% compared with current rent |
| 3 | Financial | <ul style="list-style-type: none"> ■ LTV/Interest rates <ul style="list-style-type: none"> As a result of capital increase from public offering and borrowings for property acquisitions, maintained appropriate LTV level of 44.1% at end of 3rd Fiscal Period and estimate 45.0% at end of 4th Fiscal Period Maintained average loan interest rate at low level of 0.69% as of end of 3rd Fiscal Period |
| 4 | Cash Distributions | <ul style="list-style-type: none"> ■ Cash distribution conducted <ul style="list-style-type: none"> Cash distributions per unit for the 3rd Fiscal Period were JPY 3,208, higher than forecast due to lower expenses related to rent business, lower interest rates, etc. <ul style="list-style-type: none"> + JPY 222 compared with previous fiscal period, + JPY 173 compared with forecast |

Future Strategies/Policy Points

- **Increase scale of assets**
 - Continue selective acquisition of properties with relatively high expected returns, centered on properties with preferential negotiating rights
- **Expand target assets**
 - Planned proposal at the Unitholders' Meeting of a revision to the Articles of Incorporation to allow investment in business hotels
- **Raise efficiency and maximize earning capacity**
 - Conduct detailed leasing activities
 - Pursue the upside in rent revisions at time of tenant replacement
 - Enhance property competitiveness with effective renovations
- **Smooth refinancing of existing borrowings (JPY 3.169 BN/November)**
 - Planned refinancing including JPY 0.8 BN bridge financing for Nishidai NC Building
 - Policy of procurement at long-term, fixed interest rates
- **Ongoing policy emphasizing cash distributions**
 - 4th Fiscal Period forecast: JPY 3,196
 - Contribution from acquisition of Nishidai NC Building, etc. through borrowings
 - 5th Fiscal Period forecast: JPY 3,256
 - Full-period contribution of acquired properties will cover impact of Tama Center rent decrease

Overview of 3rd Fiscal Period Financial Results and Earnings Forecast

3rd Fiscal Period Financial Highlights

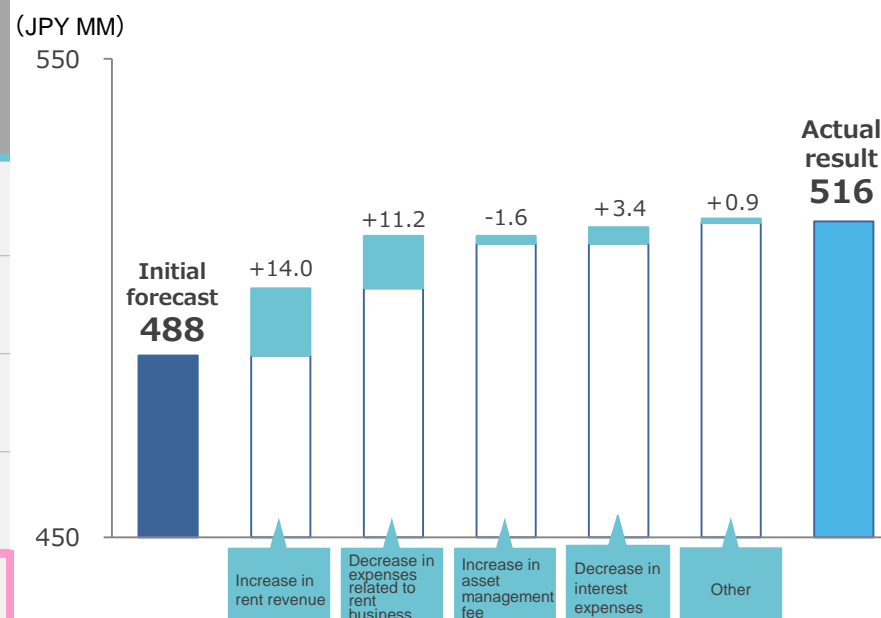
- Compared with initial forecast, operating revenue +1.1% at JPY 1,245 MM and net income +5.7% at JPY 516 MM
- Main factors were increase in rent revenue from offices and residential properties and lower-than-expected expenses related to rent business

■ Results for the 3rd Fiscal Period

(JPY MM)




| | Period Ended October 31, 2015 (2nd Fiscal Period) | Initial Forecast (Announced December 17, 2015) | Revised Forecast (Announced May 31, 2016) | Period Ended April 30, 2016 (3rd Fiscal Period) | Difference from Initial Forecast |
|----------------------------------|--|---|--|--|----------------------------------|
| Days in operation | 184 days | 182 days | 182 days | 182 days | — |
| Operating revenue | 798 | 1,231 | 1,245 | 1,245 | 1.1% |
| Operating income | 342 | 589 | 613 | 613 | 4.1% |
| Ordinary income | 287 | 488 | 517 | 517 | 5.9% |
| Net income | 286 | 488 | 516 | 516 | 5.7% |
| Cash distribution per unit (JPY) | 2,986 | 3,035 | 3,208 | 3,208 | 5.7% |
| Total assets | 19,996 | — | — | 33,695 | — |
| LTV | 45.9 % | — | — | 44.1% | — |

■ Main Factors in Change in Net Income (compared with initial forecast)



| | |
|---|---------------|
| Increase in rent revenue | + JPY 14.0 MM |
| Decrease in expenses related to rent business | + JPY 11.2 MM |
| Increase in asset management fee (profit-related) | - JPY 1.6 MM |
| Decrease in interest expenses | + JPY 3.4 MM |
| Other (cost cutting) | + JPY 0.9 MM |

- Scale of assets has increased 1.7 times to JPY 29.3 BN since the public offering in November 2015; acquisitions expected to total JPY 30.8 BN with acquisition of Nishidai NC Building in August 2016 for a total of JPY 1.481 BN
- JPY 2.8 BN in unrealized gains as of end of 3rd Fiscal Period, 6.6% increase in NAV per unit compared with previous period

| | | 1st Fiscal Period | 2nd Fiscal period | 3rd Fiscal Period |
|--|---|---|--|--|
| Scale of assets (acquisition price basis) | | JPY 17.4 BN  | JPY 17.4 BN  | JPY 29.3 BN  |
| Portfolio | Total appraisal value | JPY 18.7 BN | JPY 18.7 BN | JPY 32.2 BN |
| | Appraisal NOI yield | 6.26% | 6.19% | 6.20% |
| | Total leasable area | 40,732.76m ² | 40,734.02m ² | 67,576.59m ² |
| | Number of properties (Percentage of top 3 properties by acquisition price in the portfolio) (Note 1) | 12 properties (44.8%) | 12 properties (44.8%) | 17 properties (35.0%) |
| | Number of tenants (Percentage of top 10 tenants) (Note 2) | 382 tenants (47.4%) | 385 tenants (47.0%) | 553 tenants (40.1%) |
| NAV per unit | | JPY 111,349 | JPY 112,420 | JPY 119,823 |
| Unrealized gains (Note 3) | | JPY 1,164 MM | JPY 1,277 MM | JPY 2,802 MM |

Notes: 1. Calculated based on acquisition price.

2. Calculated based on leasable area and number of end tenants at the end of each fiscal period, counting only end tenants of offices and the office or store sections of retail facilities.

3. "Unrealized gains" are calculated as (Total appraisal value – Book value of acquired assets at end of period) for each period.

Earnings Forecast for the 4th and 5th Fiscal Periods

■ Earnings Forecast for the 4th and 5th Fiscal Periods

(JPY MM)

| | Results for the Period Ended April 30, 2016 (3rd Fiscal Period) | Forecast for the Period Ending October 31, 2016 (4th Fiscal Period) | Change (from previous fiscal period) | | Forecast for the Period Ending April 30, 2017 (5th Fiscal Period) | Change (from previous fiscal period) | |
|-------------------------------------|--|--|---|--------|--|---|------|
| Operating revenue | 1,245 | 1,320 | 74 | 6.0% | 1,354 | 34 | 2.6% |
| Operating income | 613 | 614 | 1 | 0.1% | 632 | 18 | 3.0% |
| Net income | 516 | 514 | -2 | -0.4% | 524 | 10 | 1.9% |
| Cash distribution per unit (JPY) | 3,208 | 3,196 | -12 | -0.04% | 3,256 | 60 | 1.9% |

Note: Forecasts of cash distributions for the fiscal periods ending October 31, 2016 and April 30, 2017 are based on Tosei Reit's financial report published on June 15, 2016, and are subject to change due to acquisition or sale of real estate, the real estate environment or other circumstances relevant to Tosei Reit. The forecast above does not guarantee the amount of distributions.

■ Main Factors in Change in 4th Fiscal Period Net Income Forecast (compared with 3rd Fiscal Period results)



■ Main Factors in Change in 5th Fiscal Period Net Income Forecast (compared with 4th Fiscal Period forecast)



3rd Fiscal Period Operating Results

Acquisition of New Properties (5 Properties/JPY 11.9 BN)

- Careful selection of properties in the Tokyo Metropolitan Area with expected high returns. The 5 properties acquired have an average appraisal NOI yield of 6.24% (6.18% yield for the 12 properties held as of the end of the 2nd Fiscal Period)

Appraisal
NOI yield
6.57%
(Note)



Rt-02 Musashi Fujisawa Tosei Building

Location
Higashi Fujisawa 2-chome,
Iruma-shi, Saitama
Acquisition price
JPY 1,950 MM
Total leasable area
6,089.72m²

Appraisal
NOI yield
6.02%
(Note)



O-07 Nishidai NC Building (acquisition scheduled)

Location
Takashimadaira 1-chome, Itabashi-ku,
Tokyo
Acquisition price
JPY 1,481 MM
Total leasable area
3,798.48m²

Appraisal
NOI yield
6.17%
(Note)



O-05 Nishi Kasai Tosei Building

Location
Nishi Kasai 6-chome, Edogawa-ku, Tokyo
Acquisition price
JPY 1,710 MM
Total leasable area
3,187.97m²

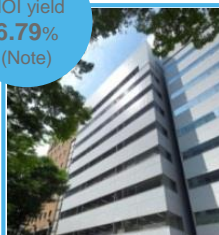
Appraisal
NOI yield
6.07%
(Note)



Rd-09 SEA SCAPE Chiba Minato

Location
Chuoko 1-chome, Chuo-ku, Chiba-shi, Chiba
Acquisition price
JPY 2,800 MM
Total leasable area
6,758.23m²

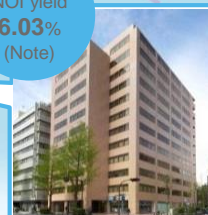
Appraisal
NOI yield
6.79%
(Note)



O-06 Shin Yokohama Center Building

Location
Shin Yokohama 2-chome, Kohoku-ku,
Yokohama-shi, Kanagawa
Acquisition price
JPY 1,364 MM
Total leasable area
3,891.45m²

Appraisal
NOI yield
6.03%
(Note)



O-04 Kannai Tosei Building II

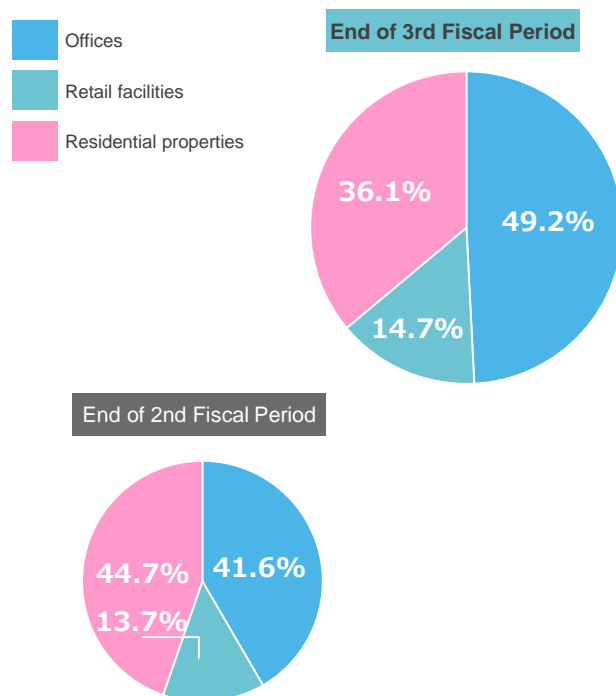
Location
Sumiyoshi-cho 4-chome, Naka-ku,
Yokohama-shi, Kanagawa
Acquisition price
JPY 4,100 MM
Total leasable area
6,916.21m²



Note: "Appraisal NOI yield" for appraisal value of 3rd Fiscal Period acquisitions (using price as of April 30, 2016) is the NOI of each operating asset divided by the acquisition price, rounded to two decimal places. The figures are calculated by Tosei Asset Advisors, Inc. and are not published in a real estate appraisal report.

- Conducted strategic property acquisitions that maintain a focus on yield, and the percentage of the portfolio in the Tokyo Metropolitan Area increased

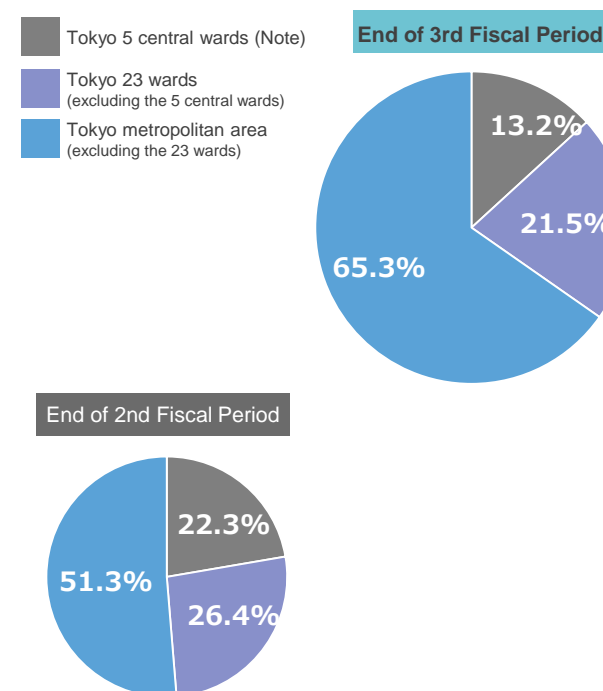
Portfolio Composition by Property Type (Acquisition price basis)



Average Appraisal NOI Yield by Property Type

| | End of 2nd Fiscal Period | End of 3rd Fiscal Period |
|------------------------|--------------------------|--------------------------|
| Offices | 6.34% | 6.29% |
| Retail facilities | 6.38% | 6.45% |
| Residential properties | 5.98% | 5.99% |

Portfolio Composition by Area (Acquisition price basis)



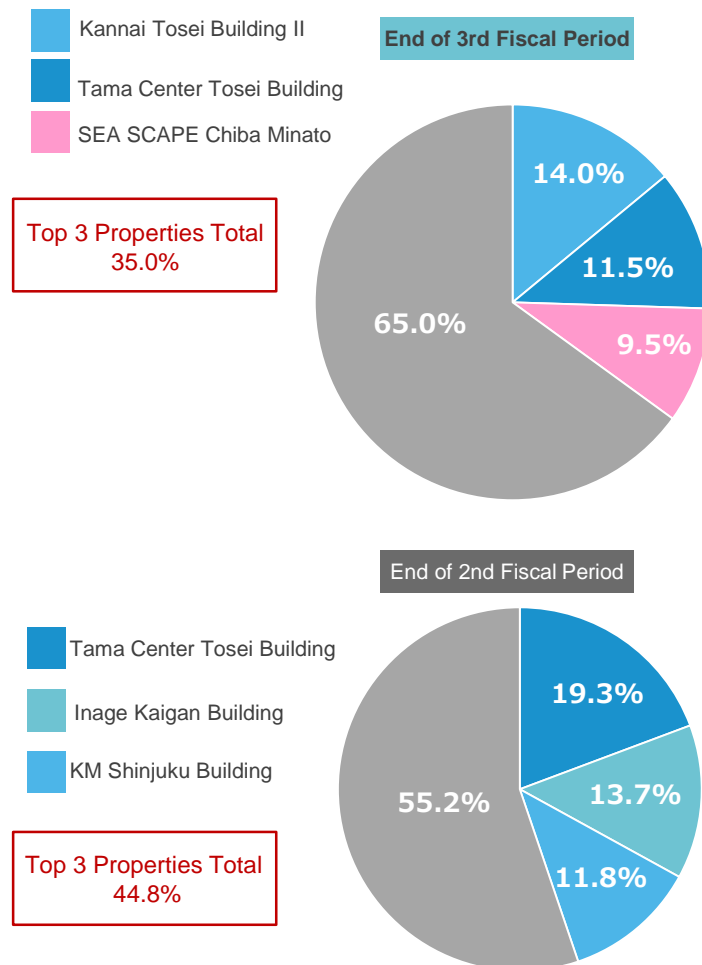
Average Appraisal NOI Yield by Area

| | End of 2nd Fiscal Period | End of 3rd Fiscal Period |
|-------------------------|--------------------------|--------------------------|
| Tokyo 5 central wards | 5.85% | 5.89% |
| Tokyo 23 wards | 5.62% | 5.74% |
| Tokyo metropolitan area | 6.62% | 6.42% |

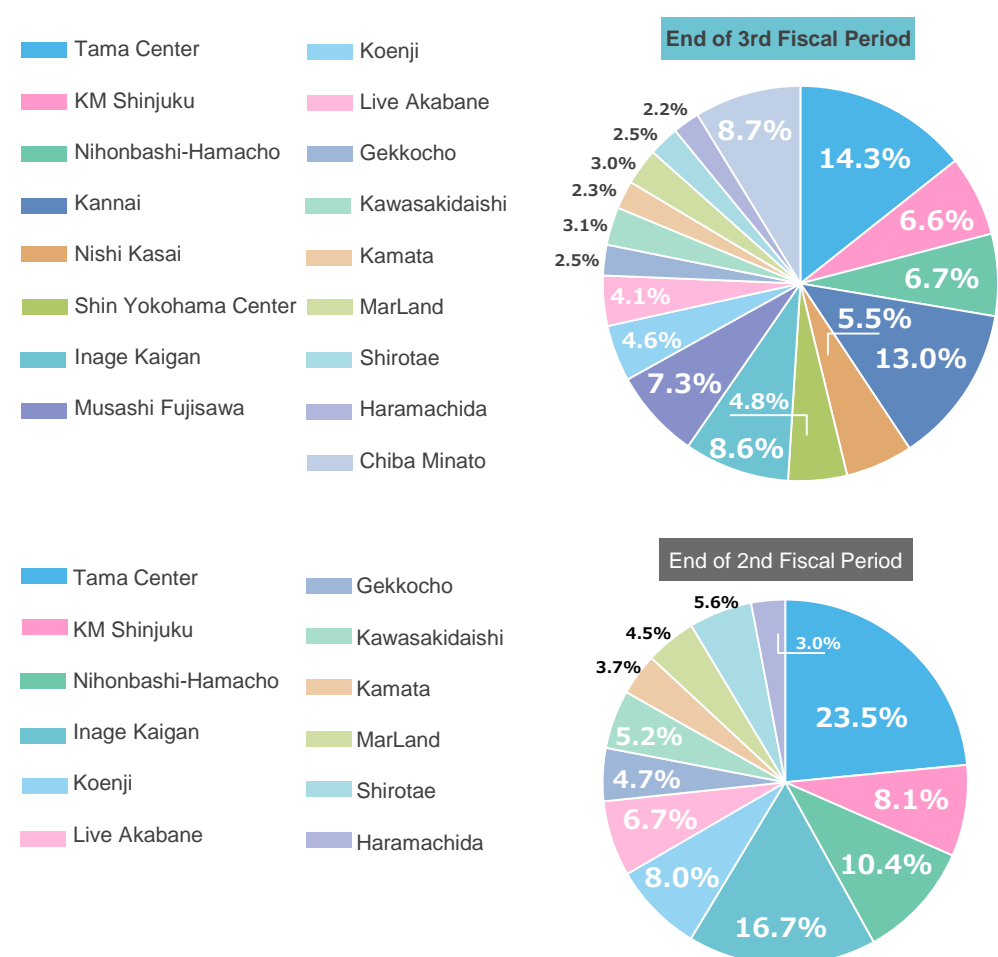
Note: "Tokyo 5 central wards" collectively refers to Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards. The same applies hereinafter.

- Diversification of portfolio risk (investment ratio, NOI ratio)
～ Reduction of share in Tama Center Tosei Building

■ Investment Ratio by Property
(Acquisition price basis)



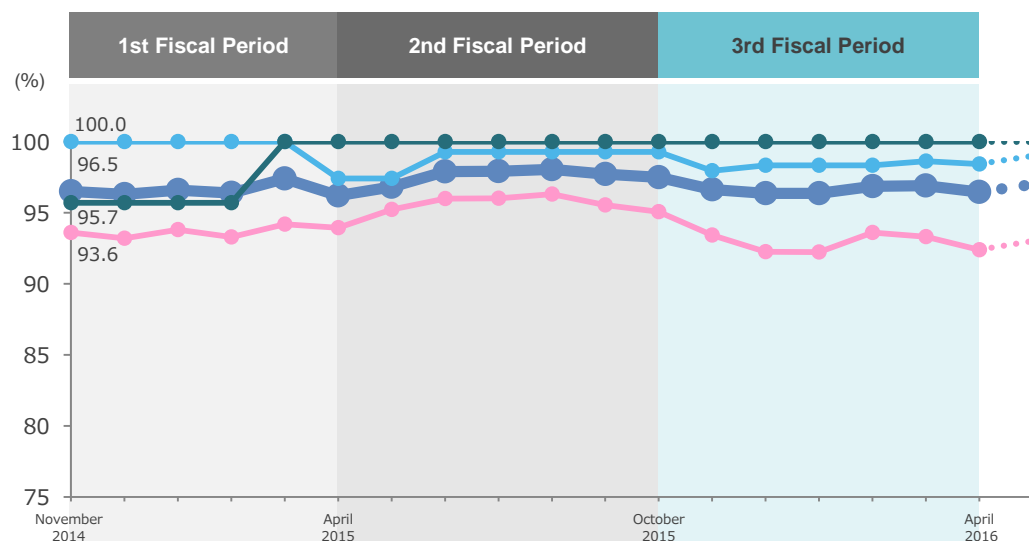
■ NOI Ratio by Property (Note)



Note: Properties for "NOI Ratio by Property" are listed in the order of the property numbers on the Portfolio List on page 35 of these materials.

- The occupancy rate is generally firm at 96.5%. There are occupancy rate issues with some residential properties.

■ Occupancy Rate



| End of 1st Fiscal Period | | End of 2nd Fiscal Period | | End of 3rd Fiscal Period | |
|--------------------------|--------|--------------------------|--------|--------------------------|--------|
| Total | 96.2% | Total | 97.5% | Total | 96.5% |
| Offices | 97.4% | Offices | 99.3% | Offices | 98.4% |
| Retail facilities | 100.0% | Retail facilities | 100.0% | Retail facilities | 100.0% |
| Residential properties | 93.9% | Residential properties | 95.1% | Residential properties | 92.4% |

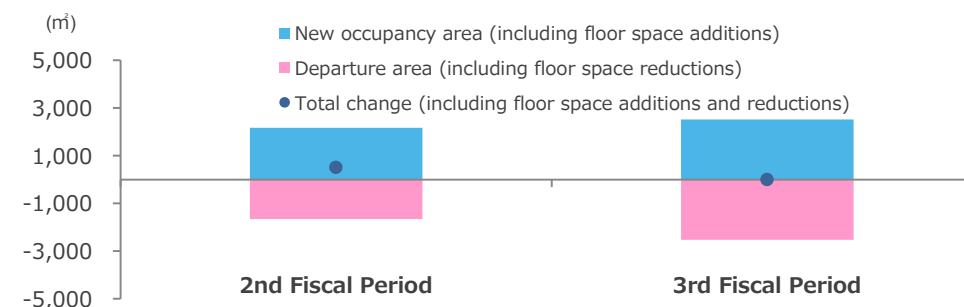
Note: Occupancy rate is the ratio of leased area to leasable area.

■ Main Changes in Occupancy Rate

| Property Name | Occupancy Rate at End of 2nd Fiscal Period | | Occupancy Rate at End of 3rd Fiscal Period | Change in Leased Area |
|------------------------|--|---|--|-----------------------|
| Live Akabane | 95.8% | ↗ | 100.0% | 163.83㎡ |
| Abitato Kamata | 92.6% | ↗ | 96.3% | 65.49㎡ |
| KM Shinjuku Building | 96.6% | ↗ | 100.0% | 116.38㎡ |
| Avenir Shirotae | 97.9% | ↘ | 91.5% | -159.57㎡ |
| Gekkocho Apartment | 87.7% | ↘ | 82.4% | -73.85㎡ |
| SEA SCAPE Chiba Minato | 86.8% ^(Note) | ↘ | 86.4% | -25.95㎡ |

Note: The occupancy rate for SEA SCAPE Chiba Minato is as of October 31, 2015, prior to acquisition.

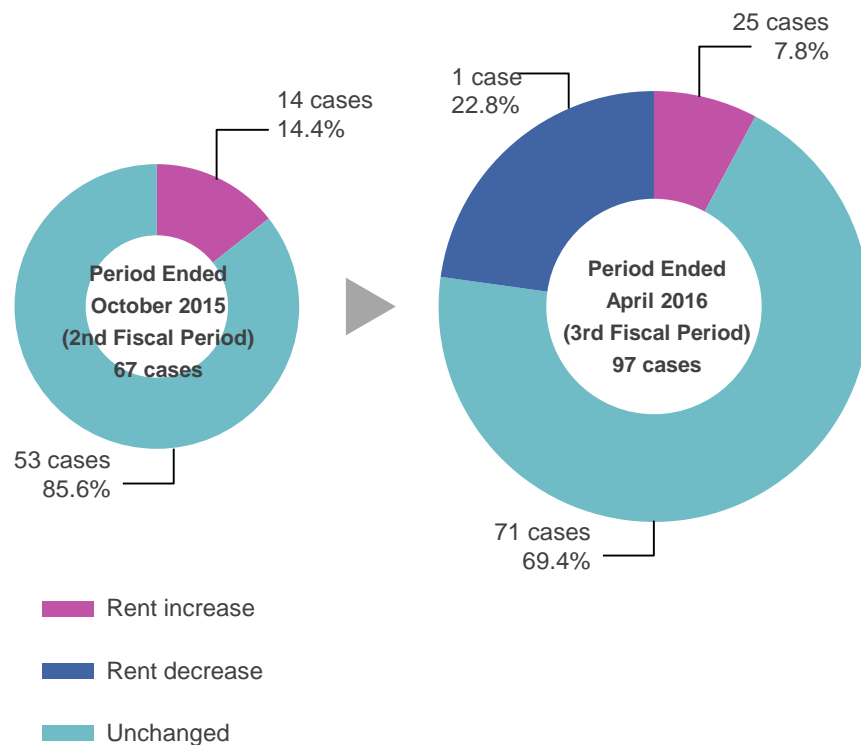
■ Status of Tenant New Occupancy and Departure



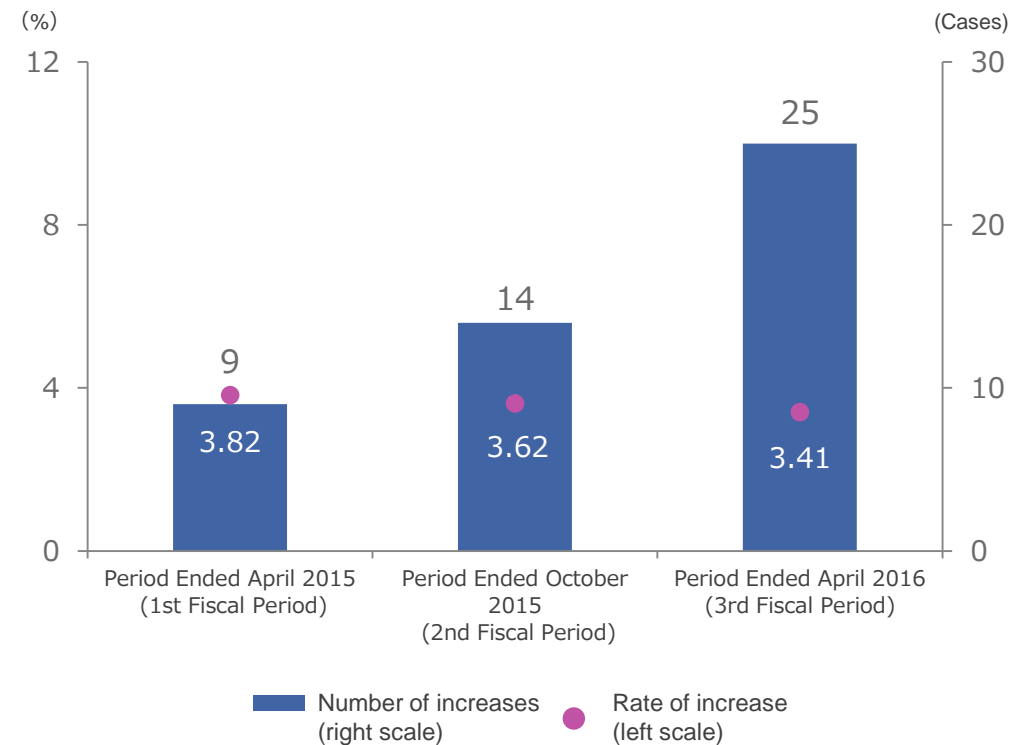
| | 2nd Fiscal Period | 3rd Fiscal Period |
|---------------|-------------------|-------------------|
| New occupancy | +2,169.86㎡ | +2,521.28㎡ |
| Departure | -1,651.56㎡ | -2,532.11㎡ |
| Total | +518.3㎡ | -10.83㎡ |

- In negotiations to increase rent, we were successful in 25 cases. However, a tenant accounting for 22.8% of leased area up for revision in 3rd Fiscal Period negotiated a rent decrease.
- We are pursuing the upside in rent revisions, mainly at tenant replacement, backed by the rising rental market.

■ Rent Revisions in 3rd Fiscal Period (Leased area basis)



■ Rent Increases (Number of Increases/Rate of Increase)



- Deployment of measures to increase rents, raise the occupancy rate and reduce costs

■ Measures to Increase Revenues

KM Shinjuku Building: Measures to Increase Rents



November 2014 → April 2016

5.2% increase on a rental unit basis

- Substantially improved rent conditions, which were at a low level, upon tenant replacement.
- Succeeded in finding new tenants with no downtime through early leasing of the portion scheduled for tenant replacement.
- Divided into sections to meet tenant needs. Also contributed to increase on a rental unit basis.

Measures to Strengthen Competitiveness of Properties in Order to Increase the Occupancy Rate

- Adopted a special budget, mainly at residential properties MarLandFive and Abitato Kamata, to install air conditioning and furniture as a leasing promotion measure (February-March 2016).
- Constructed an OA floor at Kannai Tosei Building for a prospective occupant. The construction of the OA floor was the deciding factor in the tenant's choice to move in.
- Conducted appropriate measures to enhance property competitiveness in line with occupancy level, including campaigns for gifts of free rent and broker incentives.

Kannai Tosei Building II: Measures to Increase Garage Rents



| | Nov. 2015 | April 2016 |
|------------------------|--|------------|
| Parking spaces | 56 | 52 |
| Unit price per vehicle | 32.5% increase | |
| Monthly rent | JPY 252,000 increase (23.0% increase) | |

- Substantially improved revenues at this property from time of purchase (Nov. 2015) to April 2016. Revised unit price of parking spaces through negotiations with garage tenants, and ended some parking space leases.
- Offered the 4 parking spaces where the leases were cancelled for leasing as a set together with a rental office in the building, and approached businesses with company cars. Currently also leasing to internal and external tenants.

■ Measures to Reduce Expenditures

Reduction in Electricity Charges

| Current charges | New charges (estimate) |
|-----------------------|------------------------|
| JPY 83 MM → JPY 79 MM | |

- Following the liberalization of retail electricity sales, we concluded a electricity supply contract with a retailer for four office buildings and switched electric companies on April 1, 2016. As a result, we expect to save approximately 4.5%, or JPY 3.7 MM (pre-tax) on electricity charges annually.

- At properties where the occupancy rate is an issue, we have devised specific improvement measures, which are in progress

Avenir Shirotae



| End of 2nd Fiscal Period | End of 3rd Fiscal Period | Change in Occupancy Rate |
|--------------------------|--------------------------|--------------------------|
| 97.9% | 91.5% | -6.4% |
| Newly Occupied Area (A) | Vacated Area (B) | A – B |
| 265.95m ² | 425.52m ² | -159.57m ² |

- Although the occupancy rate fell to a low level of 87.2% as of March 31, 2016, it improved to 91.5% as of May 31, 2016. We are strengthening leasing for recovery in the occupancy rate.
- Conducting measures to reduce initial costs for prospective tenants (no key transfer charge, reduction in first month's rent equivalent to deposit paid to guaranty company, etc.)

Gekkocho Apartment



| End of 2nd Fiscal Period | End of 3rd Fiscal Period | Change in Occupancy Rate |
|--------------------------|--------------------------|--------------------------|
| 87.7% | 82.4% | -5.3% |
| Newly Occupied Area (A) | Vacated Area (B) | A – B |
| 213.55m ² | 287.40m ² | -73.85m ² |

- Occupancy rate at end of 2nd Fiscal Period (October 2015) was 87.7%, then recovered to 94.7% in January 2016 but fell to 82.4% at end of 3rd Fiscal Period (April 2016).
- Reasons for cancellations included children attending school, cramped space, etc.
- Conducting campaigns including adding incentives for brokers.
- Received applications for 2 of 3 open apartments in May, and occupancy rate recovered to 94.7% as of May 31.

SEA SCAPE Chiba Minato



| End of 2nd Fiscal Period (Note) | End of 3rd Fiscal Period | Change in Occupancy Rate |
|---------------------------------|--------------------------|--------------------------|
| 86.8% | 86.4% | -0.4% |
| Newly Occupied Area (A) | Vacated Area (B) | A – B |
| 354.48m ² | 426.09m ² | -71.61m ² |

Note: The occupancy rate for SEA SCAPE Chiba Minato is as of October 31, 2015, prior to acquisition.

- Eight leases (84.60 *tsubo*) cancelled in April 2016, and the occupancy rate fell to 86.4% as of April 30.
- The residential portion of this property continues to maintain more than 90% occupancy, but the immediate issue is improving the occupancy rate in the retail/office section.
- Divided a 67.3 *tsubo* office into 6 sections, leased 2 and found prospective tenants for another 2. Also received 3 retail/office section applications as of May 31, 2016.
- Focusing on finding tenants by cooperating with the local government and promoting the features of the high-spec offices.

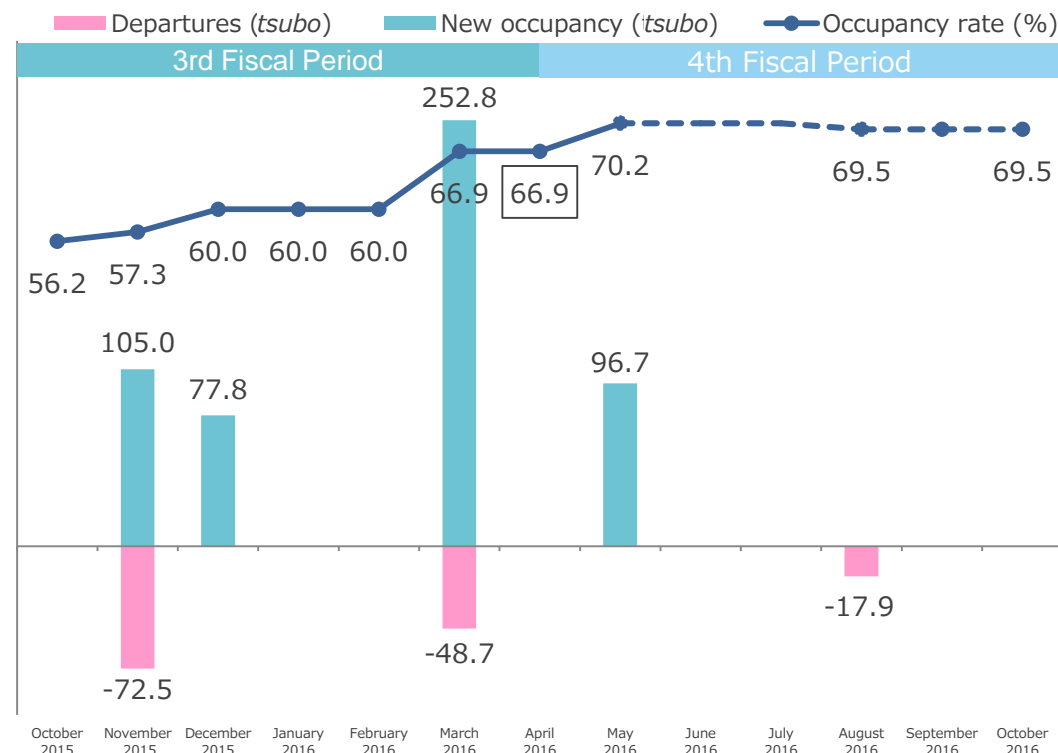
■ Occupancy rate improved from 56.2% at end of 2nd Fiscal Period to 66.9% at end of 3rd Fiscal Period (70.2% in May)

- Entered into contracts with 5 companies for 435.6 *tsubo* in 3rd Fiscal Period by conducting various leasing measures (strengthened sales organization, expanded sales area, offered layouts to meet needs, etc.)
- Entered into contracts with 2 companies for 96.7 *tsubo* in May; including notification of cancellations in August, occupancy rate is expected to be 69.5% at end of 4th Fiscal Period.
- Concluding contracts by understanding and offering a detailed response to needs for setting up a business base in the Tama area
 - Auto sales (office), publisher (office), precision equipment maintenance (head office), financial (office), etc.

■ Agreement to renew fixed-rent master lease with sponsor whose term ends in November 2016 for 4 years with rent revisions

- Despite obtaining contracts for approx. 835 *tsubo* (equivalent to 27.8% of leasable area) since acquisition, decided that a certain amount of time for leasing activity is necessary to cover the impact of the departure of a major tenant, etc., and improve the occupancy rate.
- Despite aiming to find new tenants quickly, renewed for a 4-year term to ensure stable cash flow.
- Reduced master lease rent by approx. 5.1% after revision as a result of negotiations with the sponsor; confirmed that the property will continue to contribute to Tosei Reit's revenues, with an expected high-level 6.00% (estimated) NOI yield after depreciation.
- Introduced an arrangement to trigger additional rent if the sponsor secures earnings on a cumulative basis from quickly finding new tenants.

■ Occupancy Rate



■ Property Earnings Performance and Forecast (Actual Basis)

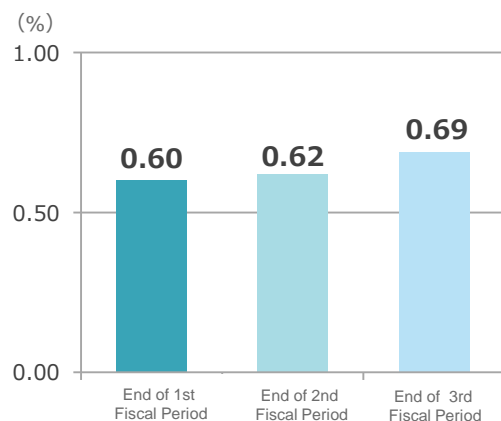
| Fiscal Period | 1st Fiscal Period | 2nd Fiscal Period | 3rd Fiscal Period | Total of 2nd and 3rd Fiscal Periods | Assumed annual NOI* after ML |
|--------------------------------|-------------------|-------------------|-------------------|-------------------------------------|------------------------------|
| Days | 154 | 184 | 182 | | |
| Rental business revenue | 168 | 203 | 201 | 403 | 385 |
| Rental business expenses (MM) | 46 | 77 | 74.5 | 151 | 150 |
| NOI (MM) | 122 | 126 | 126 | 252 | 233 |
| NOI yield (Annual) % | 8.55% | 7.39% | 7.52% | 7.47% | 6.91% |
| NOI yield after depreciation % | 7.37% | 6.39% | 6.56% | 6.49% | 6.00% |

* Assumed Annual NOI: Calculated using revised property manager remuneration and other expenses after reduction of master lease rent

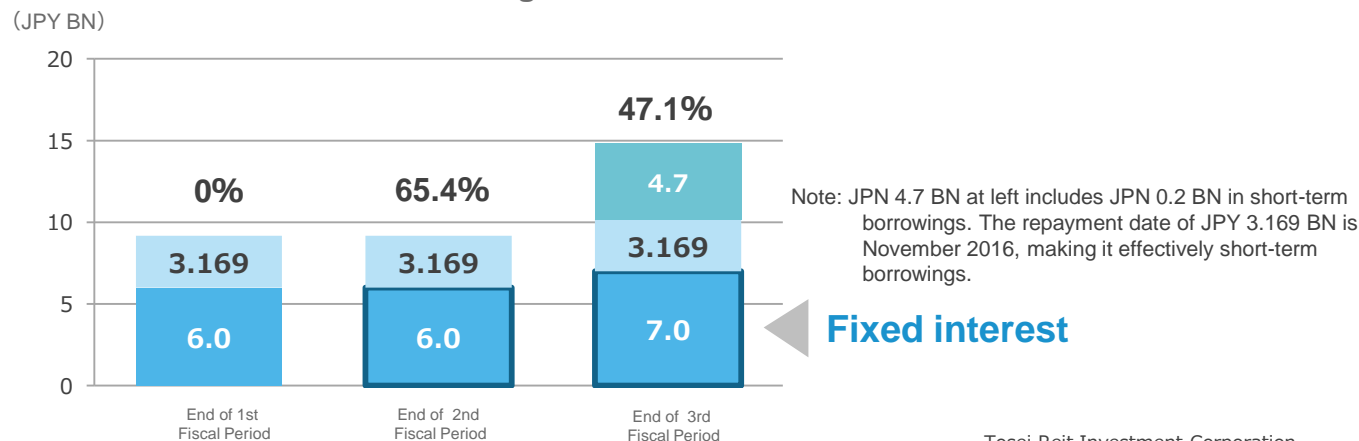
- Borrowed JPY 5.7 BN (including JPY 0.2 BN in short-term borrowings) for property acquisitions in 3rd Fiscal Period. Long-term borrowings were JPY 1.0 BN (7 years), JPY 1.0 BN (6 years), JPY 1.5 BN (5 years) and JPY 2.0 BN (3.5 years), with the intention of diversifying and lengthening terms.
- Took a wait-and-see attitude to switching to fixed interest rates through interest rate swaps based on negative interest rates and other factors in the financing environment.
- LTV at end of 3rd Fiscal Period was 44.1%, securing an appropriate level based on our operating policies.

| | Period Ended October 31, 2015 (2nd Fiscal Period) (A) | Period Ended April 30, 2016 (3rd Fiscal Period) (B) | Rate of Change or Difference (B)-(A) |
|-------------------------------|---|---|---|
| Interest-bearing debt | JPY 9,169 MM | JPY 14,869 MM | JPY 5,700 MM |
| Average loan interest rate | 0.62% | 0.69% | 0.07% |
| Ratio of fixed rates | 65.4% | 47.1% | -18.3% |
| Ratio of long-term borrowings | 100.0% | 98.7% | -1.3% |
| Average remaining maturity | 2.4 years | 2.8 years | 0.4 years |
| LTV | 45.9% | 44.1% | -1.8% |

■ Average Interest on Borrowings



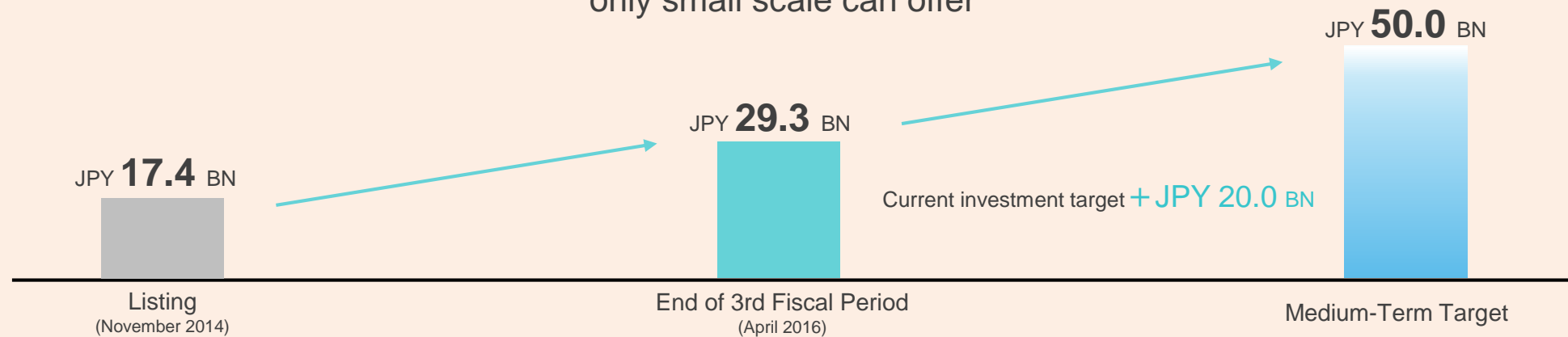
■ Ratio of Fixed-Interest Borrowings



Future Initiatives

- Scheduled addition of hotels as investment targets (change in Articles of Incorporation at Unitholders' Meeting to be held in July)
- Expand scale of assets using sponsor pipeline

Pursuing **performance** that only small scale can offer



Investment Targets

| Property Type | Size | Target | Yield |
|------------------------|---|---|--|
| Offices | Floor area of over 1,000m ² | Small-and medium-sized office buildings not exposed to excessive buying competition, located as focal points of the neighborhood, instead of in limited, high-demand commercial areas | NOI after depreciation from the mid to latter half of 4% |
| Retail facilities | Floor area of over 1,000m ² | Urban retail facilities located in smaller commercial districts that are highly visible and attract traffic because of their location close to a major station and busy entertainment districts | |
| Residential properties | Over 20m ² floor area per unit | Small-and medium-sized residential properties in heavily populated suburbs and marginal areas with comparatively easy access to downtown Tokyo | |

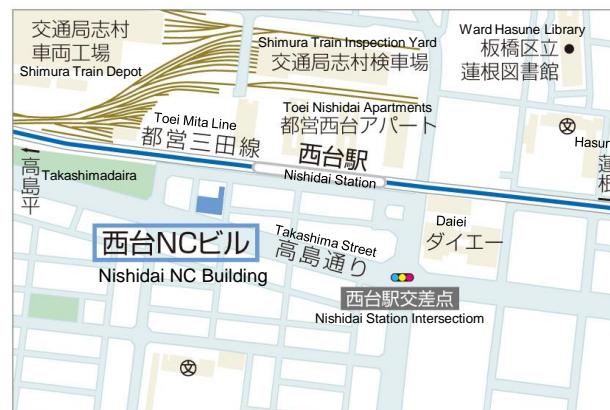
- Use sponsor pipeline
- Enhance our own acquisition channels
- Increase investment opportunities with the addition of hotels



Property type

Investment in hotels

- Plan to acquire new property (Nishidai NC Building) under favorable conditions. Appraisal NOI yield is 6.02%.
- Average appraisal NOI yield of the portfolio including this property will be 6.19%, maintaining a high level.



■ Overview of Property (Nishidai NC Building)

- Date of sale contract: June 15, 2016
- Scheduled acquisition date: August 31, 2016
- Seller: Tosei Corporation
- Scheduled acquisition price: JPY 1,481 MM
- Appraised value: JPY 1,580 MM

- Appraisal NOI yield: 6.02%
- Estimated NOI: JPY 93 MM/year

| | |
|----------------------------|--|
| Address | 83-1, Takashimadaira 1-chome, Itabashi-ku, Tokyo |
| Property type | Office |
| Site area | 1,394.73m ² |
| Total Leasable area | 3,798.48m ² |
| Construction/Floors | S, SRC, flat roof, B1/7F |
| Completion of construction | March 1992 |

- Obtained preferential negotiating rights for 2 office properties on June 15, 2016
- Declined a portion of preferential negotiating rights obtained from sponsor as of December 17, 2015
- Currently, we have preferential negotiating rights for a total of 4 properties



| | |
|-------------------------------|--|
| Property name | JPT Motomachi Building |
| Address | Yamashita-cho, Naka-ku, Yokohama-shi, Kanagawa |
| Property type | Office |
| Site area | 1,130.08㎡ |
| Floor space | 7,924.98㎡ |
| Construction/ Floors | S, SRC, RC, flat roof, B2/8F |
| Completion of construction | October 1991 |



| | |
|-------------------------------|---------------------------------------|
| Property name | T's garden Shinkoiwa |
| Address | Nishi-shinkoiwa, Katsushika-ku, Tokyo |
| Property type | Residential |
| Site area | 488.61㎡ |
| Floor space | 1,976.9㎡ |
| Construction/ Floors | SRC, flat roof, 10F |
| Completion of construction | March 1998 |

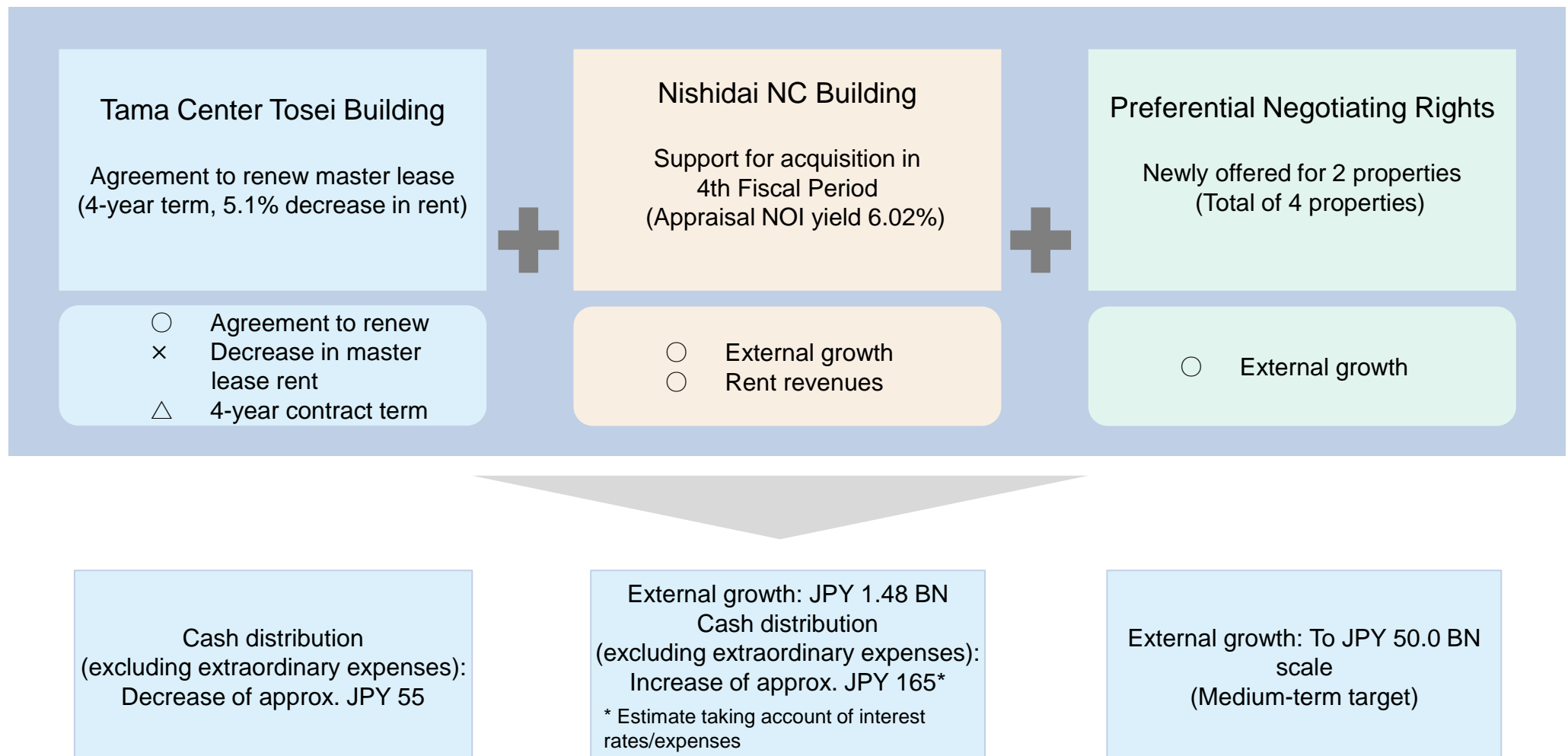


| | |
|-------------------------------|---------------------------|
| Property name | Hakusan Asanomi Building |
| Address | Hakusan, Bunkyo-ku, Tokyo |
| Property type | Office |
| Site area | 473.72㎡ |
| Floor space | 2,367.80㎡ |
| Construction/ Floors | S, SRC, flat roof, B1/10F |
| Completion of construction | July 1993 |

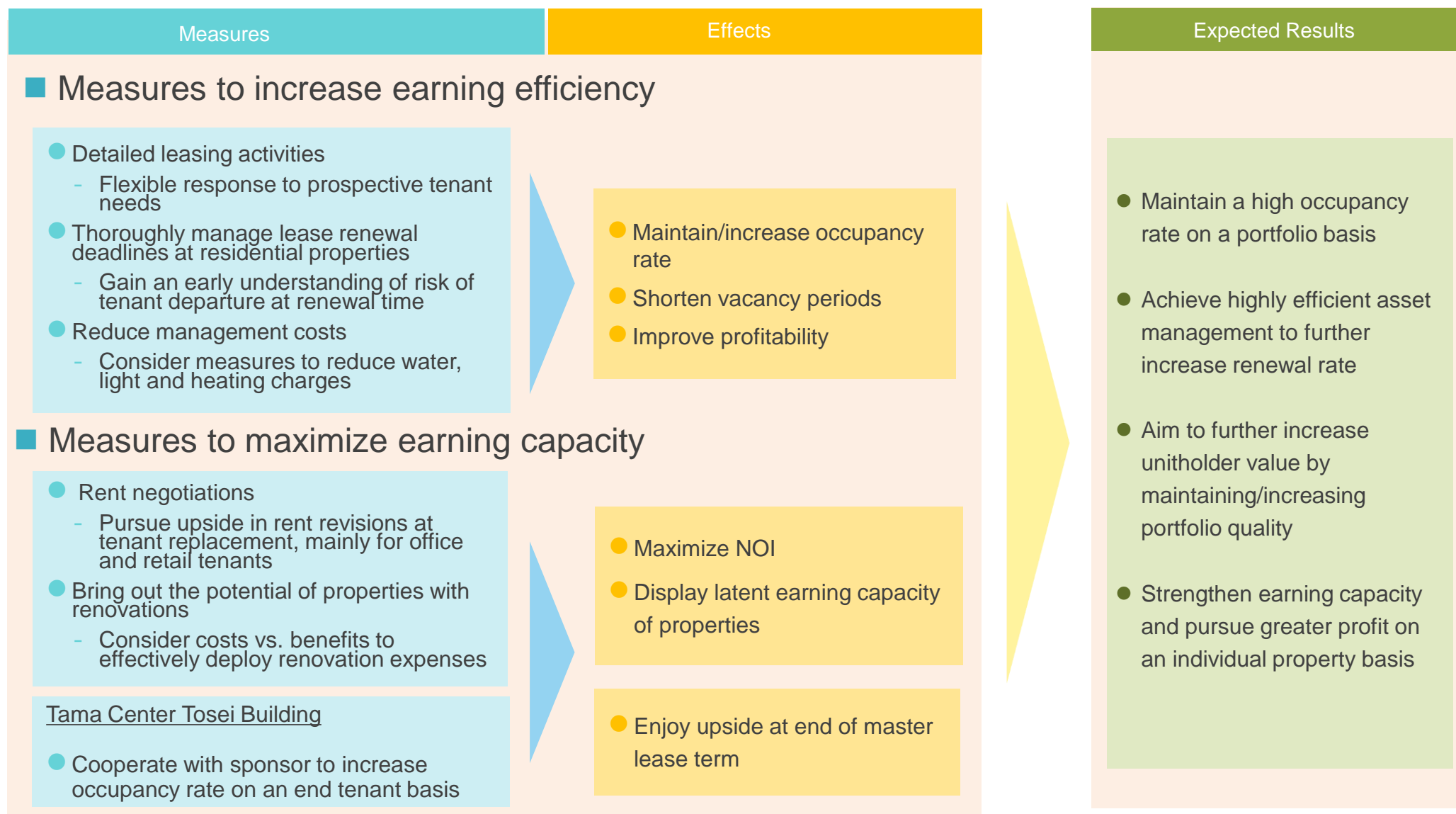


| | |
|-------------------------------|--|
| Property name | T's garden Nichi-hachioji EAST |
| Address | Daimachi, Hachioji-shi, Tokyo |
| Property type | Residential |
| Site area | 1,886.27㎡ |
| Floor space | 1,997.62㎡ 742.50㎡ |
| Construction/ Floors | RC, flat roof, 6F RC, flat roof, 5F |
| Completion of construction | March 1994 |

- Prompt agreement to renew fixed-rent master lease for Tama Center due to sponsor support in 4th Fiscal Period
- Nishidai NC Building acquisition in August, 2016 will cover the impact of the above rent reduction on cash distributions

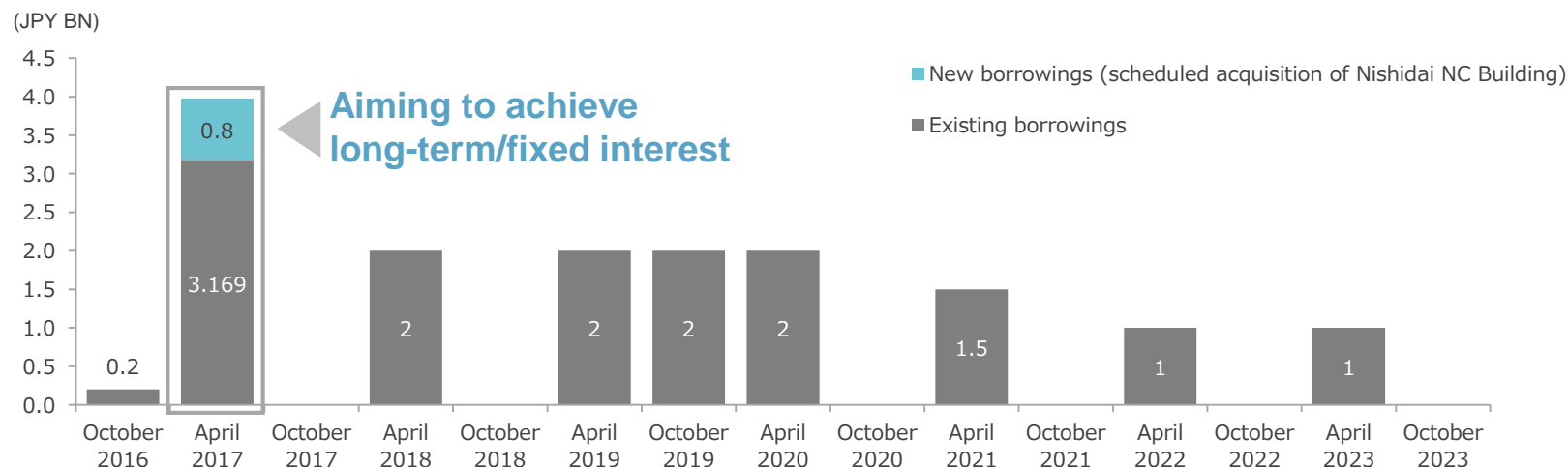


- Devise and steadily implement measures to increase earning capacity of properties
- Contribute to increasing unitholder value by achieving internal growth

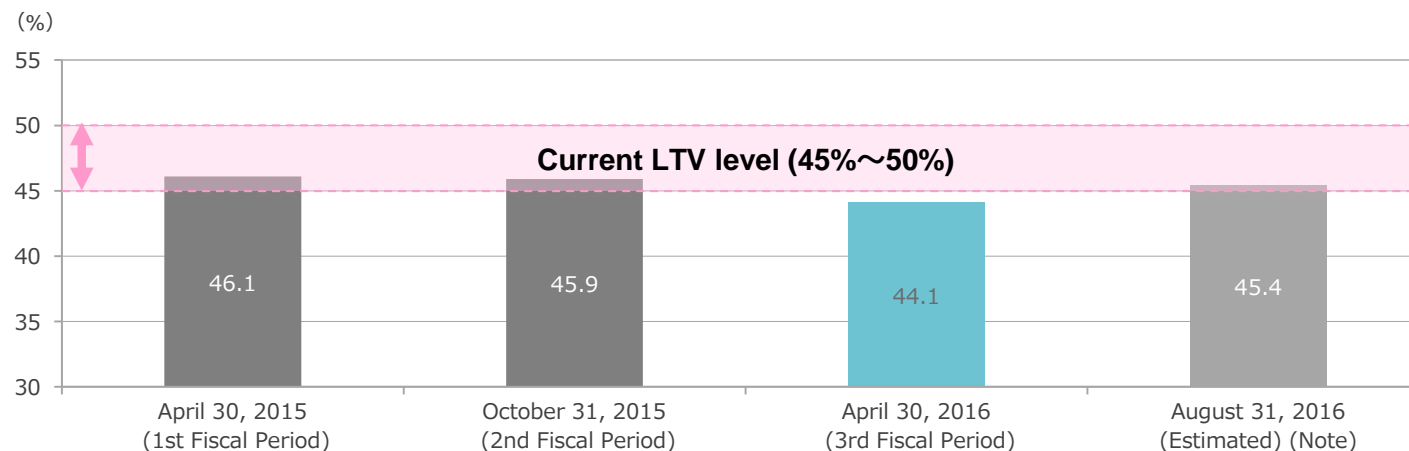


- Fix interest rates and reduce financing costs when acquiring properties with borrowings or refinancing
- Policy of maintaining LTV level between 45~50%

■ Diversified Repayment Dates



■ LTV



Note: Estimated LTV for August 31, 2016 is calculated as [Total borrowings/ (Total assets at end of 3rd Fiscal Period + Planned acquisition price (Nishidai NC Building) - Cash in hand)].

APPENDIX

(JPY K)

| | Period Ended October 31, 2015 (2nd Fiscal Period) | Period Ended April 30, 2016 (3rd Fiscal Period) |
|--|--|--|
| Operating revenue | | |
| Rent revenue – real estate | 716,173 | 1,139,845 |
| Other lease business revenue | 82,316 | 105,772 |
| Total operating revenue | 798,490 | 1,245,618 |
| Operating expenses | | |
| Expenses related to rent business | 355,355 | 522,192 |
| Asset management fee | 45,230 | 66,000 |
| Asset custody fee | 1,044 | 1,049 |
| Administrative service fees | 6,170 | 9,383 |
| Directors' compensations | 3,900 | 3,900 |
| Other operating expenses | 44,454 | 29,532 |
| Total operating expenses | 456,155 | 632,059 |
| Operating income | 342,334 | 613,559 |
| Non-operating income | | |
| Interest income | 176 | 295 |
| Miscellaneous income | 554 | 54 |
| Total non-operating income | 730 | 349 |
| Non-operating expenses | | |
| Interest expenses | 28,159 | 51,548 |
| Deferred organization expenses | 27,353 | 40,447 |
| Investment unit issuance expenses | 55,513 | 96,330 |
| Ordinary income | 287,552 | 517,578 |
| Income before income taxes | 287,552 | 517,578 |
| Income taxes - current | 889 | 960 |
| Income taxes - deferred | 4 | (3) |
| Total income taxes | 894 | 957 |
| Net income | 286,657 | 516,621 |
| Retained earnings at the beginning of period | 37 | 39 |
| Unappropriated retained earnings (undisposed loss) | 286,695 | 516,660 |

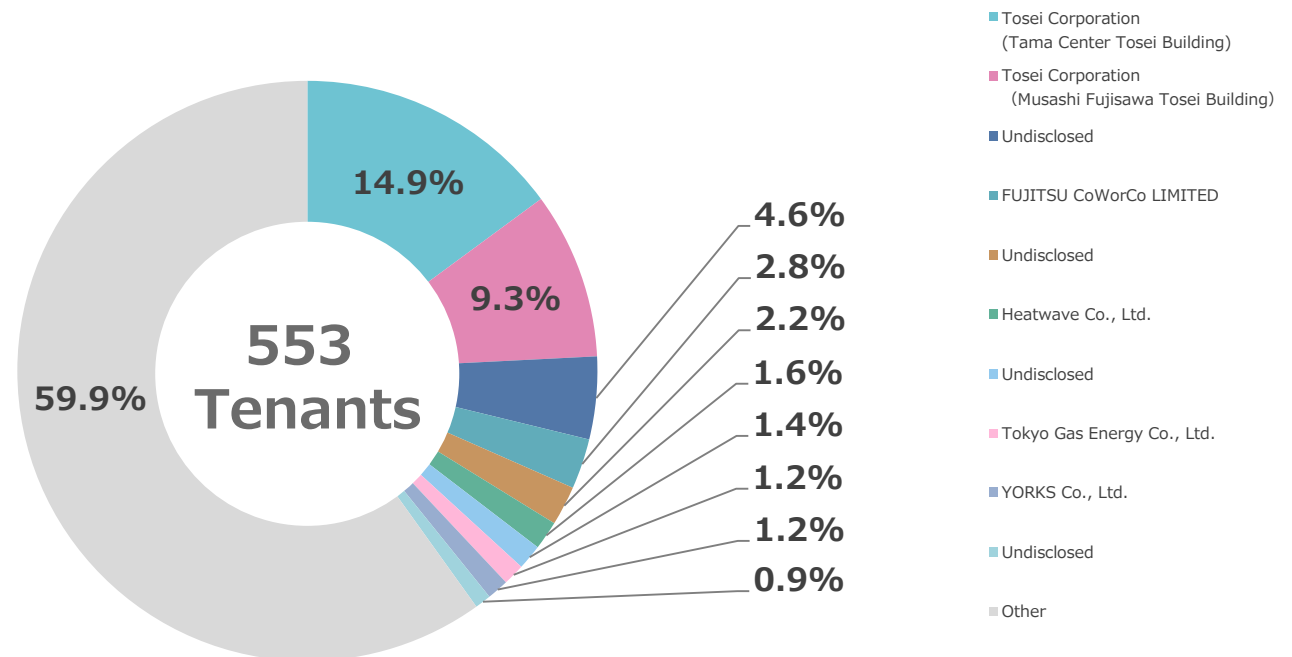
(JPY K)

| | As of October 31, 2015 (2nd Fiscal Period) | As of April 30, 2016 (3rd Fiscal Period) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,084,031 | 1,427,661 |
| Cash and deposits in trust | 1,282,488 | 2,338,098 |
| Operating accounts receivable | 2,989 | 3,334 |
| Prepaid expenses | 51,453 | 81,294 |
| Deferred tax assets | 13 | 16 |
| Consumption taxes receivable | - | 251,596 |
| Total current assets | 2,420,976 | 4,102,003 |
| Non-current assets | | |
| [Property, plant and equipment] | [17,495,938] | [29,416,703] |
| Buildings in trust | 5,455,102 | 9,212,530 |
| Accumulated depreciation | (161,002) | (302,064) |
| Buildings in trust, net | 5,294,099 | 8,910,465 |
| Structures in trust | 84,104 | 116,282 |
| Accumulated depreciation | (4,968) | (9,784) |
| Structures in trust, net | 79,135 | 106,497 |
| Machinery and equipment in trust | 151,049 | 243,783 |
| Accumulated depreciation | (11,720) | (21,141) |
| Machinery and equipment in trust, net | 139,328 | 222,641 |
| Tools, furniture and fixtures in trust | 60,006 | 91,358 |
| Accumulated depreciation | (4,473) | (8,432) |
| Tools, furniture and fixtures in trust, net | 55,532 | 82,926 |
| Land in trust | 11,927,842 | 20,092,132 |
| [Investments and other assets] | [79,120] | [154,967] |
| Long-term prepaid expenses | 69,120 | 144,967 |
| Lease and guarantee deposits | 10,000 | 10,000 |
| Total non-current assets | 17,575,059 | 29,571,671 |
| Total Assets | 19,996,035 | 33,695,348 |

| | As of October 31, 2015 (2nd Fiscal Period) | As of April 30, 2016 (3rd Fiscal Period) |
|--|---|---|
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 48,726 | 48,739 |
| Short-term borrowings | - | 200,000 |
| Long-term loans due within one year | - | 3,169,000 |
| Accounts payable - other | 47,596 | 58,012 |
| Income taxes payable | 853 | 915 |
| Consumption taxes payable | 22,887 | - |
| Advances received | 124,954 | 217,519 |
| Other | 1,117 | 42,529 |
| Total current liabilities | 246,135 | 3,736,715 |
| Non-current liabilities | | |
| Long-term loans payable | 9,169,000 | 11,500,000 |
| Tenant leasehold and security deposits in trust | 768,767 | 1,420,650 |
| Other | 10,172 | 31,306 |
| Total non-current liabilities | 9,947,940 | 12,951,956 |
| Total liabilities | 10,194,075 | 16,688,672 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 9,525,436 | 16,521,321 |
| Surplus | 286,695 | 516,660 |
| Unappropriated retained earnings (undisposed loss) | 286,695 | 516,660 |
| Total unitholders' equity | 9,812,132 | 17,037,982 |
| Valuation and translation adjustments | | |
| Deferred gains (losses) on hedges | (10,172) | (31,306) |
| Total valuation and translation adjustments | (10,172) | (31,306) |
| Total net assets | 9,801,960 | 17,006,676 |
| Total liabilities and net assets | 19,996,035 | 33,695,348 |

■ Top 10 Tenants (leased floor area)

| | Name | Leased Area (㎡) | Tenanted Property | % |
|----|----------------------------|-----------------|---------------------------------|-------|
| 1 | Tosei Corporation | 9,737.49 | Tama Center Tosei Building | 14.9% |
| 2 | Tosei Corporation | 6,089.72 | Musashi Fujisawa Tosei Building | 9.3% |
| 3 | Undisclosed | 2,989.01 | Inage Kaigan Building | 4.6% |
| 4 | FUJITSU CoWorCo LIMITED | 1,822.20 | Shin Yokohama Center Building | 2.8% |
| 5 | Undisclosed | 1,420.46 | Undisclosed | 2.2% |
| 6 | Heatwave Co., Ltd. | 1,032.11 | KM Shinjuku Building | 1.6% |
| 7 | Undisclosed | 926.41 | Nishi Kasai Tosei Building | 1.4% |
| 8 | Tokyo Gas Energy Co., Ltd. | 756.21 | Nihonbashi-Hamacho Building | 1.2% |
| | YORKS Co., Ltd. | 755.29 | Nihonbashi-Hamacho Building | 1.2% |
| 10 | Undisclosed | 577.59 | Kannai Tosei Building II | 0.9% |



Appraisal Value at the End of 3rd Fiscal Period

Status at the End of 3rd Fiscal Period

| | |
|------------------|---------------|
| Appraisal value | JPY 32,218 MM |
| Total book value | JPY 29,416 MM |
| Unrealized gains | JPY 2,802 MM |

Appraisal Value by Property

(JPY MM)

| Property Name | Acquisition Price | Book Value at End of 3rd Fiscal Period | Period Ended October 31, 2015 (2nd Fiscal Period) (A) | | Period Ended April 30, 2016 (3rd Fiscal Period) (B) | | Difference (B)-(A) | |
|---------------------------------------|-------------------|--|--|-------------------------------------|--|-------------------------------------|----------------------------------|-------------------------------------|
| | | | Appraisal Value at End of Period | Unrealized Gains (Book Value Basis) | Appraisal Value at End of Period | Unrealized Gains (Book Value Basis) | Appraisal Value at End of Period | Unrealized Gains (Book Value Basis) |
| O-01 Tama Center Tosei Building | 3,370 | 3,346 | 3,410 | 48 | 3,430 | 83 | 80 | 35 |
| O-02 KM Shinjuku Building | 2,057 | 2,046 | 2,270 | 214 | 2,370 | 323 | 100 | 108 |
| O-03 Nihonbashi-Hamacho Building | 1,830 | 1,827 | 1,990 | 156 | 2,030 | 202 | 40 | 46 |
| O-04 Kannai Tosei Building II | 4,100 | 4,107 | 4,380 ^(Note) | - | 4,540 | 432 | 160 | - |
| O-05 Nishi Kasai Tosei Building | 1,710 | 1,715 | 1,860 ^(Note) | - | 1,880 | 164 | 20 | - |
| O-06 Shin Yokohama Center Building | 1,364 | 1,389 | 1,550 ^(Note) | - | 1,570 | 180 | 20 | - |
| Offices subtotal | 14,431 | 14,433 | 15,460 | 419 | 15,820 | 1,384 | 420 | 189 |
| Rt-01 Inage Kaigan Building | 2,380 | 2,357 | 2,490 | 112 | 2,530 | 172 | 40 | 59 |
| Rt-02 Musashi Fujisawa Tosei Building | 1,950 | 1,957 | 2,060 ^(Note) | - | 2,090 | 132 | 30 | - |
| Retail facilities subtotal | 4,330 | 4,314 | 4,550 | 112 | 4,620 | 304 | 70 | 59 |
| Rd-01 T's garden Koenji | 1,544 | 1,550 | 1,820 | 264 | 1,860 | 309 | 40 | 45 |
| Rd-02 Live Akabane | 1,227 | 1,230 | 1,380 | 145 | 1,400 | 169 | 20 | 24 |
| Rd-03 Gekkocho Apartment | 1,000 | 1,006 | 1,090 | 80 | 1,100 | 93 | 10 | 13 |
| Rd-04 T's garden Kawasakidaishi | 980 | 983 | 1,050 | 61 | 1,080 | 96 | 30 | 35 |
| Rd-05 Abitato Kamata | 836 | 845 | 898 | 51 | 900 | 54 | 2 | 3 |
| Rd-06 MarLandFive | 830 | 833 | 864 | 25 | 866 | 32 | 2 | 6 |
| Rd-07 Avenir Shirotae | 780 | 782 | 864 | 76 | 874 | 91 | 10 | 15 |
| Rd-08 Dormitory Haramachida | 600 | 606 | 647 | 41 | 658 | 51 | 11 | 10 |
| Rd-09 SEA SCAPE Chiba Minato | 2,800 | 2,828 | 3,010 ^(Note) | - | 3,040 | 211 | 30 | - |
| Residential properties subtotal | 10,597 | 10,668 | 11,623 | 744 | 11,778 | 1,106 | 155 | 151 |
| Total | 29,358 | 29,416 | 31,633 | 1,277 | 32,218 | 2,802 | 645 | 459 |

Note: Appraisal value at the time of acquisition for properties acquired during 3rd Fiscal Period.

Earnings Performance of Properties ①

(JPY K)

| Property Name | O-01 Tama Center Tosei Building | O-02 KM Shinjuku Building | O-03 Nihonbashi-Hamacho Building | O-04 Kannai Tosei Building II | O-05 Nishi Kasai Tosei Building | O-06 Shin Yokohama Center Building |
|---|---------------------------------------|------------------------------|--|-------------------------------------|---------------------------------------|--|
| Rental and other operating revenue ① | 200,803 | 86,974 | 88,524 | 154,555 | 61,980 | 59,448 |
| Rent revenue | 176,836 | 78,588 | 76,489 | 143,841 | 56,629 | 56,155 |
| Other operating revenue | 23,966 | 8,386 | 12,035 | 10,714 | 5,351 | 3,293 |
| Property-related expenses ② | 74,490 | 28,963 | 28,950 | 39,483 | 13,040 | 17,398 |
| Property management fees | 24,325 | 6,624 | 7,659 | 16,450 | 5,974 | 7,055 |
| Trust fees | 300 | 300 | 300 | 274 | 274 | 274 |
| Utilities expenses | 26,655 | 8,565 | 10,861 | 11,871 | 5,433 | 4,282 |
| Insurance premiums | 564 | 183 | 178 | 307 | 134 | 192 |
| Repair and maintenance expenses | 3,631 | 223 | 649 | 1,205 | 142 | 598 |
| Property taxes | 18,151 | 9,900 | 7,890 | 6,509 | 0 | 3,522 |
| Other expenses | 862 | 3,166 | 1,411 | 2,863 | 1,081 | 1,472 |
| NOI ③ (①-②) | 126,312 | 58,010 | 59,573 | 115,071 | 48,940 | 42,050 |
| Depreciation ④ | 16,022 | 8,976 | 9,740 | 20,337 | 7,199 | 7,030 |
| Rental operating income ⑤ (③-④) | 110,290 | 49,034 | 49,833 | 94,734 | 41,741 | 35,020 |
| Capital expenditures ⑥ | 628 | 0 | 1,675 | 641 | 0 | 20,187 |
| NCF ⑦ (③-⑥) | 125,684 | 58,010 | 57,898 | 114,430 | 48,940 | 21,863 |

Earnings Performance of Properties ②

(JPY K)

| Property Name | Rt-01 Inage Kaigan Building | Rt-02 Musashi Fujisawa Tosei Building | Rd-01 T's garden Koenji | Rd-02 Live Akabane | Rd-03 Gekkocho Apartment | Rd-04 T's garden Kawasakidaishi |
|--------------------------------------|--------------------------------|---|----------------------------|-----------------------|-----------------------------|---------------------------------------|
| Rental and other operating revenue ① | 125,793 | 65,909 | 52,182 | 50,522 | 31,877 | 34,781 |
| Rent revenue | 102,999 | 65,909 | 50,487 | 48,739 | 30,551 | 34,150 |
| Other operating revenue | 22,793 | 0 | 1,694 | 1,782 | 1,326 | 631 |
| Property-related expenses ② | 49,638 | 1,369 | 11,357 | 13,934 | 9,372 | 7,432 |
| Property management fees | 8,116 | 984 | 3,878 | 4,851 | 2,845 | 2,229 |
| Trust fees | 300 | 274 | 300 | 300 | 300 | 300 |
| Utilities expenses | 25,607 | 0 | 406 | 736 | 394 | 182 |
| Insurance premiums | 290 | 99 | 74 | 136 | 56 | 66 |
| Repair and maintenance expenses | 2,894 | 0 | 1,987 | 2,783 | 1,309 | 1,607 |
| Property taxes | 11,753 | 0 | 2,611 | 3,337 | 2,122 | 2,071 |
| Other expenses | 675 | 11 | 2,099 | 1,789 | 2,342 | 975 |
| NOI ③ (①-②) | 76,154 | 64,540 | 40,824 | 36,587 | 22,504 | 27,349 |
| Depreciation ④ | 19,966 | 9,167 | 5,765 | 4,205 | 3,302 | 5,218 |
| Rental operating income ⑤ (③-④) | 56,188 | 55,372 | 35,058 | 32,382 | 19,201 | 22,130 |
| Capital expenditures ⑥ | 590 | 0 | 387 | 156 | 164 | 0 |
| NCF ⑦ (③-⑥) | 75,564 | 64,540 | 40,437 | 36,431 | 22,340 | 27,349 |

Earnings Performance of Properties ③

(JPY K)







| Property Name | Rd-05 Abitato Kamata | Rd-06 MarLandFive | Rd-07 Avenir Shirotae | Rd-08 Dormitory Haramachida | Rd-09 SEA SCAPE Chiba Minato |
|--------------------------------------|-------------------------|----------------------|--------------------------|-----------------------------------|------------------------------------|
| Rental and other operating revenue ① | 26,954 | 37,482 | 35,368 | 30,456 | 102,002 |
| Rent revenue | 26,212 | 35,191 | 33,541 | 28,702 | 94,820 |
| Other operating revenue | 742 | 2,290 | 1,827 | 1,753 | 7,182 |
| Property-related expenses ② | 6,777 | 10,990 | 13,404 | 11,306 | 25,023 |
| Property management fees | 2,258 | 3,559 | 2,766 | 2,638 | 9,010 |
| Trust fees | 300 | 300 | 300 | 300 | 274 |
| Utilities expenses | 570 | 2,598 | 741 | 847 | 5,383 |
| Insurance premiums | 61 | 100 | 85 | 80 | 270 |
| Repair and maintenance expenses | 950 | 1,433 | 5,383 | 3,380 | 2,873 |
| Property taxes | 1,545 | 2,592 | 2,067 | 2,458 | 4,742 |
| Other expenses | 1,089 | 406 | 2,060 | 1,600 | 2,468 |
| NOI ③ (①-②) | 20,177 | 26,492 | 21,964 | 19,149 | 76,978 |
| Depreciation ④ | 3,164 | 4,803 | 6,253 | 4,543 | 23,561 |
| Rental operating income ⑤ (③-④) | 17,012 | 21,689 | 15,711 | 14,606 | 53,417 |
| Capital expenditures ⑥ | 1,798 | 0 | 678 | 5,266 | 0 |
| NCF ⑦ (③-⑥) | 18,378 | 26,492 | 21,286 | 13,883 | 76,978 |

Portfolio List







| Property No. | Acquired during 3rd Fiscal Period | Property Name | Age of Building (Years) | Address | Acquisition Price (JPY MM) | Investment Ratio (%) | Appraisal Value (JPY MM) | Appraisal NOI Yield (%) | Total Leasable Area (㎡) | Occupancy Rate (%) | PML (%) |
|------------------------------------|-----------------------------------|---------------------------------|-------------------------|------------------------|----------------------------|----------------------|--------------------------|-------------------------|-------------------------|--------------------|---------|
| O-01 | | Tama Center Tosei Building | 26.8 | Tama-shi, Tokyo | 3,370 | 11.5 | 3,430 | 6.91 | 9,737.49 | 100.0 (66.9) | 4.36 |
| O-02 | | KM Shinjuku Building | 24.6 | Shinjuku-ku, Tokyo | 2,057 | 7.0 | 2,370 | 5.73 | 3,403.95 | 100.0 | 5.52 |
| O-03 | | Nihonbashi-Hamacho Building | 25.5 | Chuo-ku, Tokyo | 1,830 | 6.2 | 2,030 | 6.08 | 3,334.40 | 100.0 | 6.11 |
| O-04 | ● | Kannai Tosei Building II | 32.2 | Yokohama-shi, Kanagawa | 4,100 | 14.0 | 4,540 | 6.03 | 6,917.45 | 97.4 | 11.54 |
| O-05 | ● | Nishi Kasai Tosei Building | 22.2 | Edogawa-ku, Tokyo | 1,710 | 5.8 | 1,880 | 6.17 | 3,187.97 | 100.0 | 3.84 |
| O-06 | ● | Shin Yokohama Center Building | 25.4 | Yokohama-shi, Kanagawa | 1,364 | 4.6 | 1,570 | 6.79 | 3,888.28 | 92.3 | 6.47 |
| Offices subtotal | | | — | — | 14,431 | 49.2 | 15,820 | 6.29 | 30,469.54 | 98.4 | — |
| Rt-01 | | Inage Kaigan Building | 23.4 | Chiba-shi, Chiba | 2,380 | 8.1 | 2,530 | 6.35 | 5,890.92 | 100.0 | 6.49 |
| Rt-02 | ● | Musashi Fujisawa Tosei Building | 18.7 | Iruma-shi, Saitama | 1,950 | 6.6 | 2,090 | 6.57 | 6,089.72 | 100.0 (100.0) | 5.85 |
| Retail facilities subtotal | | | — | — | 4,330 | 14.7 | 4,620 | 6.45 | 11,980.64 | 100.0 | — |
| Offices/Retail facilities subtotal | | | — | — | 18,761 | 63.9 | 20,440 | 6.33 | 42,450.18 | 98.9 | — |
| Rd-01 | | T's garden Koenji | 5.3 | Suginami-ku, Tokyo | 1,544 | 5.3 | 1,860 | 5.35 | 2,169.38 | 95.6 | 7.91 |
| Rd-02 | | Live Akabane | 27.1 | Kita-ku, Tokyo | 1,227 | 4.2 | 1,400 | 6.22 | 3,876.34 | 100.0 | 7.45 |
| Rd-03 | | Gekkocho Apartment | 8.1 | Meguro-ku, Tokyo | 1,000 | 3.4 | 1,100 | 5.15 | 1,392.13 | 82.4 | 8.98 |
| Rd-04 | | T's garden Kawasaki-daishi | 7.3 | Kawasaki-shi, Kanagawa | 980 | 3.3 | 1,080 | 5.84 | 2,067.77 | 98.6 | 7.38 |
| Rd-05 | | Abitato Kamata | 24.9 | Ota-ku, Tokyo | 836 | 2.8 | 900 | 5.62 | 1,768.23 | 96.3 | 7.82 |
| Rd-06 | | MarLandFive | 26.0 | Fujimi-shi, Saitama | 830 | 2.8 | 866 | 6.93 | 2,727.21 | 90.5 | 4.00 |
| Rd-07 | | Avenir Shirotae | 21.2 | Yokohama-shi, Kanagawa | 780 | 2.7 | 874 | 6.67 | 2,499.93 | 91.5 | 7.57 |
| Rd-08 | | Dormitory Haramachida | 23.8 | Machida-shi, Tokyo | 600 | 2.0 | 658 | 6.71 | 1,866.90 | 95.5 | 5.29 |
| Rd-09 | ● | SEA SCAPE Chiba Minato | 8.1 | Chiba-shi, Chiba | 2,800 | 9.5 | 3,040 | 6.07 | 6,758.52 | 86.4 | 7.30 |
| Residential properties subtotal | | | — | — | 10,597 | 36.1 | 11,778 | 5.99 | 25,126.41 | 92.4 | — |
| Total/Average | | | 21.7 | — | 29,358 | 100.0 | 32,218 | 6.20 | 67,576.59 | 96.5 | 3.71 |

Note: "Occupancy Rate" figures in parentheses are the percentage of total area for which leases have been concluded between the master lease company and the end tenants, and are actually being rented.






List of Properties ①

| Property Name | O-01 Tama Center Tosei Building | O-02 KM Shinjuku Building | O-03 Nihonbashi-Hamacho Building |
|-------------------|--|--|--|
| |  |  |  |
| Address | Ochiai, Tama-shi, Tokyo | Kabuki-cho, Shinjuku-ku, Tokyo | Nihonbashi-hamacho, Chuo-ku, Tokyo |
| Access | Approx. 4-min. walk from Odakyu Tama Center Sta., Odakyu Tama Line | Approx. 1-min. walk from Seibu-Shinjuku Sta., Seibu Shinjuku Line | Approx. 3-min. walk from Hamacho Sta., Toei Subway Shinjuku Line |
| Acquisition price | JPY 3,370 MM | JPY 2,057 MM | JPY 1,830 MM |
| Construction | S, SRC, B1/7F | SRC, B1/9F | SRC, S, 9F |
| Building | 16,212.96㎡ | 5,240.41㎡ | 4,583.48㎡ |
| Property Name | O-04 Kannai Tosei Building II | O-05 Nishi Kasai Tosei Building | O-06 Shin Yokohama Center Building |
| |  |  |  |
| Address | Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa | Nishi Kasai, Edogawa-ku, Tokyo | Shin Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa |
| Access | Approx. 3-min. walk from Kannai Sta., Yokohama Municipal Subway | Approx. 2-min. walk from Nishi-kasai Sta., Tokyo Metro Tozai Line | Approx. 5-min. walk from Shin-Yokohama Sta., JR Shinkansen/Yokohama Line |
| Acquisition price | JPY 4,100 MM | JPY 1,710 MM | JPY 1,364 MM |
| Construction | SRC, B1/12F | SRC, B1/8F | SRC, RC, B2/9F |
| Building | 9,383.81㎡ | 4,271.38㎡ | 5,809.25㎡ |

List of Properties ②

| Property Name | Rt-01 Inage Kaigan Building | Rt-02 Musashi Fujisawa Tosei Building | Rd-01 T's garden Koenji |
|-------------------|--|--|--|
| |  |  |  |
| Address | Takasu, Mihama-ku, Chiba-shi, Chiba | Higashi Fujisawa, Iruma-shi, Saitama | Koenjikota, Suginami-ku, Tokyo |
| Access | Approx. 1-min. walk from Inagekaigan Sta., JR Keiyo Line | Approx. 9-min. walk from Musashi-fujisawa Sta., Seibu Ikebukuro Line | Approx. 5-min. walk from Koenji Sta., JR Chuo Line |
| Acquisition price | JPY 2,380 MM | JPY 1,950 MM | JPY 1,544 MM |
| Construction | SRC, 7F | Steel frame structure, galvanized steel roof, 2F | RC, 6F |
| Building | 7,175.12㎡ | 6,131.07㎡ | 2,445.31㎡ |
| Property Name | Rd-02 Live Akabane | Rd-03 Gekkocho Apartment | Rd-04 T's garden Kawasaki-daishi |
| |  |  |  |
| Address | Ukima, Kita-ku, Tokyo | Shimomeguro, Meguro-ku, Tokyo | Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa |
| Access | Approx. 4-min. walk from Kita-Akabane Sta., JR Saikyo Line | Approx. 13-min. walk from Musashi-Koyama Sta., Tokyu Meguro Line | Approx. 8-min. walk from Suzukicho Sta., Keikyu Daishi Line |
| Acquisition price | JPY 1,227 MM | JPY 1,000 MM | JPY 980 MM |
| Construction | SRC, 12F | RC, 6F | S, 3F |
| Building | 4,484.24㎡ | 1,547.03㎡ | 2,105.59㎡ |

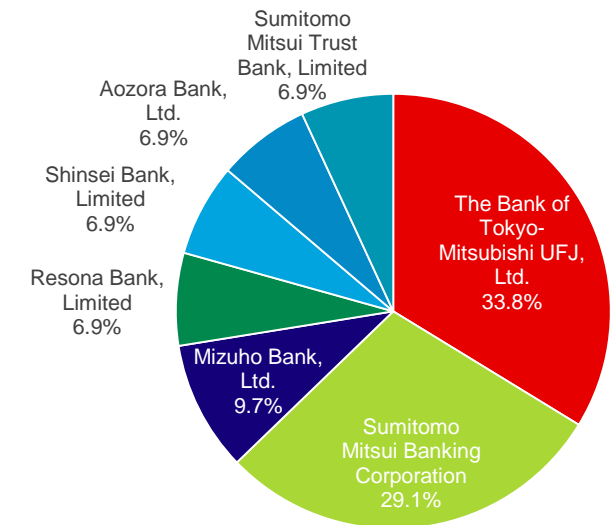
List of Properties ③

| Property Name | Rd-05 Abitato Kamata | Rd-06 MarLandFive | Rd-07 Avenir Shirotae |
|-------------------|--|--|---|
| |  |  |  |
| Address | Chuo, Ota-ku, Tokyo | Nishimizuhodai, Fujimi-shi, Saitama | Shirotae-cho, Minami-ku, Yokohama-shi, Kanagawa |
| Access | Approx. 18-min. walk from Kamata Sta., JR Keihin-Tohoku Line | Approx. 2-min. walk from Mizuhodai Sta., Tobu Tojo Line | Approx. 4-min. walk from Bandobashi Sta., Yokohama Municipal Subway Blue Line |
| Acquisition price | JPY 836 MM | JPY 830 MM | JPY 780 MM |
| Construction | RC, 6F | SRC, B1/9F | SRC, 11F |
| Building | 2,062.09㎡ | 3,688.54㎡ | 3,001.81㎡ |
| Property Name | Rd-08 Dormitory Haramachida | Rd-09 SEA SCAPE Chiba Minato | |
| |  |  | |
| Address | Haramachida, Machida-shi, Tokyo | Chuoko, Chuo-ku, Chiba-shi, Chiba | |
| Access | Approx. 6-min. walk from Machida Sta., JR Yokohama Line | Approx. 1-min. walk from Chiba Minato Sta., JR Keiyo Line | |
| Acquisition price | JPY 600 MM | JPY 2,800 MM | |
| Construction | SRC, S, B1/12F | RC, B1/13F | |
| Building | 2,239.50㎡ | 7,571.58㎡ | |

List of Borrowings

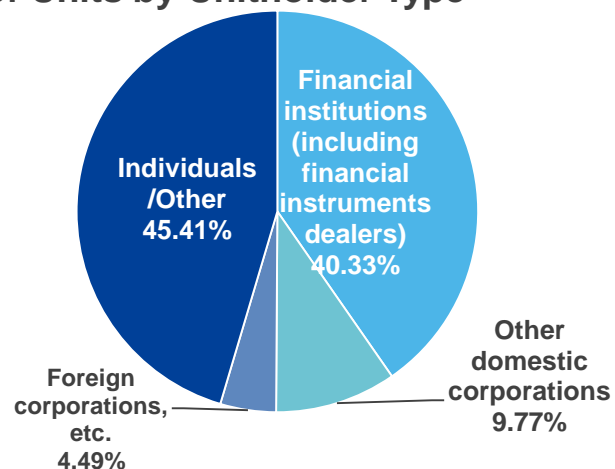
| Classification | Lender | Fixed/ Floating | Interest Rate | Balance (JPY MM) | Drawdown Date | Average Remaining Maturity |
|----------------|--|--------------------|--|---------------------|---------------|----------------------------------|
| Long-term | Syndicate of lenders with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger | Floating | Base rate (JBA 1 month JPY TIBOR) +0.300% | 3,169 | Nov. 30, 2016 | 2.8 years |
| | | Fixed | 0.5260% | 2,000 | Nov. 30, 2017 | |
| | | Fixed | 0.7435% | 2,000 | Nov. 30, 2018 | |
| | | Fixed | 0.8860% | 2,000 | Nov. 29, 2019 | |
| | | Floating | Base rate (JBA 1 month JPY TIBOR) +0.500% | 2,000 | May 31, 2019 | |
| | | Floating | Base rate (JBA 1 month JPY TIBOR) +0.700% | 1,500 | Nov. 30, 2020 | |
| | | Floating | Base rate (JBA 1 month JPY TIBOR) +0.900% | 1,000 | Nov. 30, 2021 | |
| | | Fixed | 1.58567% | 1,000 | Nov. 30, 2022 | |
| Short-term | | Floating | Base rate (JBA 1 month JPY TIBOR) +0.300% | 200 | Oct. 31, 2016 | |

Breakdown of Lenders

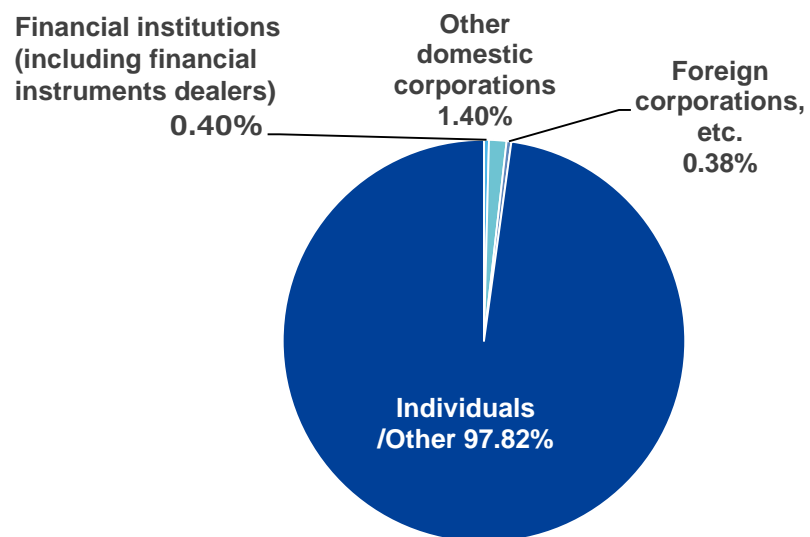


| | Lender | Balance of Borrowings (JPY MM) |
|-------|--|--------------------------------------|
| 1 | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 5,019 |
| 2 | Sumitomo Mitsui Banking Corporation | 4,325 |
| 3 | Mizuho Bank, Ltd. | 1,445 |
| 4 | Resona Bank, Limited | 1,020 |
| 5 | Shinsei Bank, Limited | 1,020 |
| 6 | Aozora Bank, Ltd. | 1,020 |
| 7 | Sumitomo Mitsui Trust Bank, Limited | 1,020 |
| Total | | 14,869 |

■ Number of Units by Unitholder Type



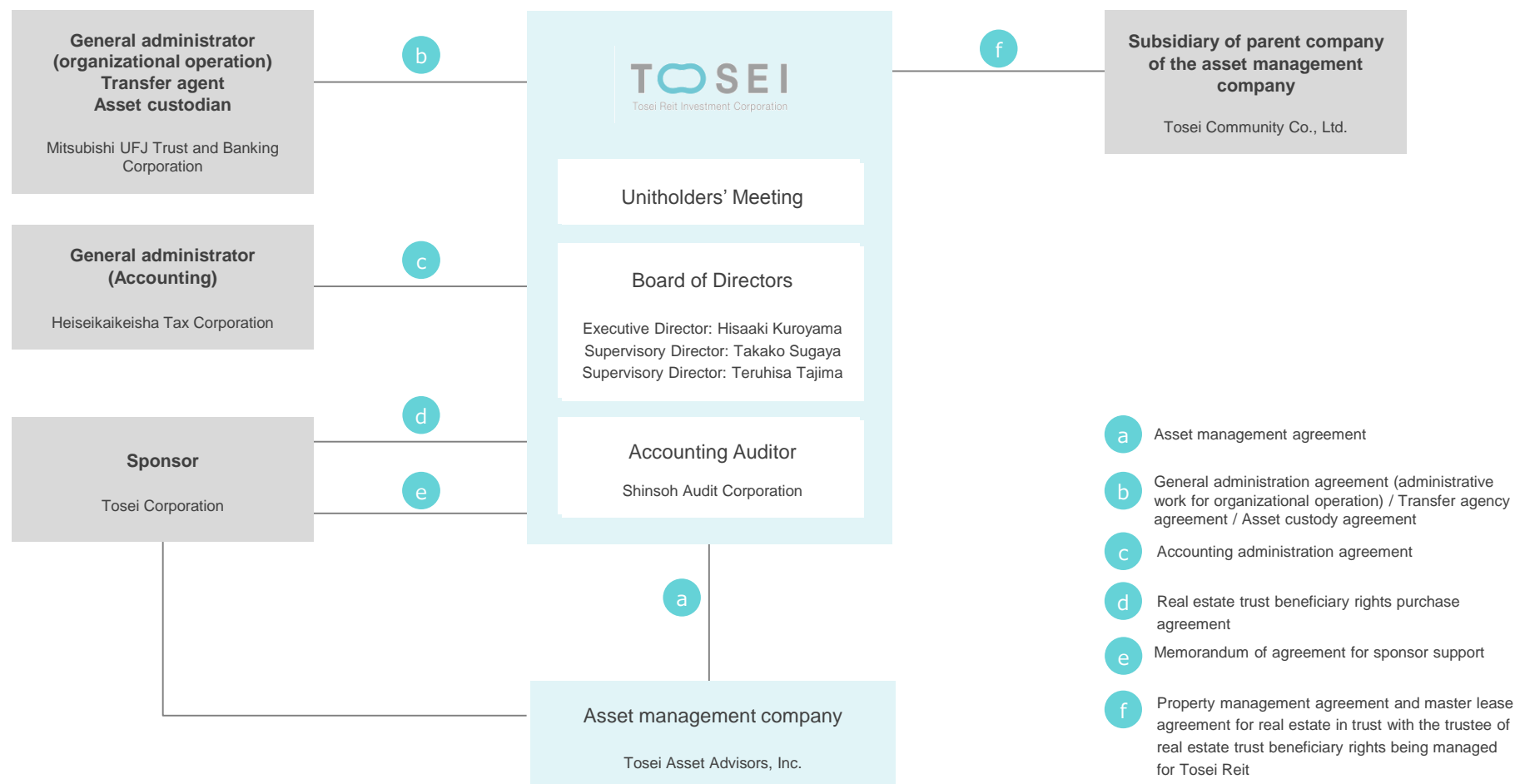
■ Number of Unitholders by Unitholder Type



■ Top 10 Unitholders

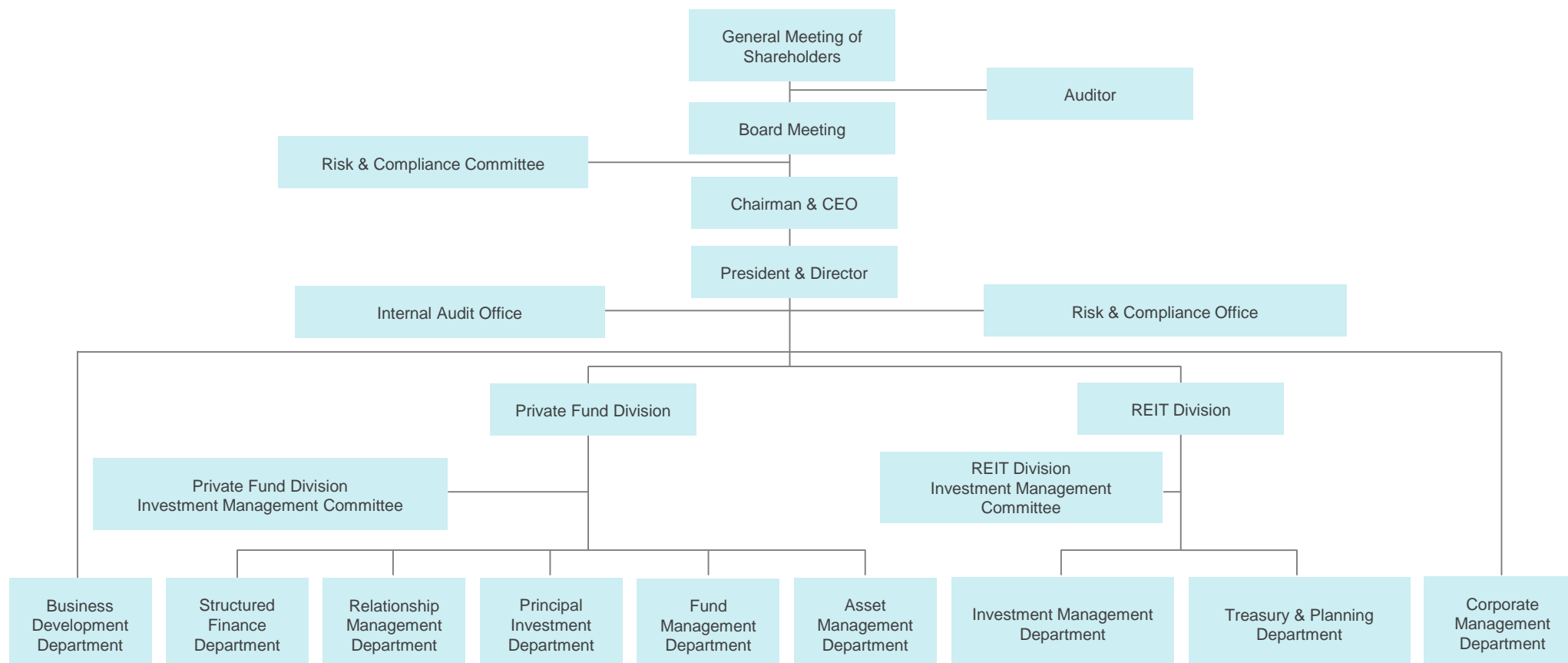
| | Name | Number of Investment Units Owned (Units) | Number of Investment Units Owned as a Percentage of Total Number of Investment Units Issued and Outstanding (%) |
|-------|---|--|---|
| 1 | Japan Trustee Services Bank, Ltd. (Trust Account) | 29,133 | 18.09% |
| 2 | The Master Trust Bank of Japan, Ltd. (Trust Account) | 10,122 | 6.28% |
| 3 | Tosei Corporation | 9,600 | 5.96% |
| 4 | Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 8,463 | 5.25% |
| 5 | The Nomura Trust and Banking Co., Ltd. (Investment Trust Account) | 5,586 | 3.46% |
| 6 | STATE STREET BANK AND TRUST COMPANY 505001 | 2,400 | 1.49% |
| 7 | SBI SECURITIES Co., Ltd. | 2,219 | 1.37% |
| 8 | BNYM SA/NV FOR BNYM FOR BNYGCM CLIENT ACCOUNTS M LSCB RD | 1,857 | 1.15% |
| 9 | Aozora Bank, Ltd. | 1,610 | 1.00% |
| 10 | Matsui Securities Co., Ltd. | 1,504 | 0.93% |
| Total | | 72,494 | 45.02% |

Note: Based on the unitholder registry as of April 30, 2016.



Profile of Tosei Asset Advisors, Inc.

| | |
|------------------------|---|
| Company Name | Tosei Asset Advisors, Inc. |
| Date of Establishment | September 28, 2005 |
| Capital | JPY 100 MM |
| Chairman & CEO | Hiroshi Nakamura |
| Licenses/Registrations | Type II Financial Instruments Business, Investment Advisory and Agency Business Investment Management Business: Director-General of Kanto Local Finance Bureau (Financial Instruments) Registration No. 363 Entrustment-Based Agency Services For Transactions: Minister of Land, Infrastructure, Transport and Tourism, License No. 52 Real Estate Brokerage Business: Governor of Tokyo (3) Registration No. 85736 |



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