

(REIT) Financial Report for the Fiscal Period Ended October 31, 2019

December 16, 2019

REIT Securities Issuer: Tosei Reit Investment Corporation Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3451 URL: <http://www.tosei-reit.co.jp/en/>
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Scheduled date of submission of securities report: January 30, 2020

Scheduled date of commencement of cash distribution payment: January 15, 2020

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest JPY million)

1. Status of Management and Assets for Fiscal Period Ended October 31, 2019 (May 1, 2019 – October 31, 2019)

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Ended Oct. 31, 2019	2,510	(8.6)	1,241	(16.7)	1,019	(20.0)	1,014	(17.5)
Ended Apr. 30, 2019	2,748	33.9	1,490	51.9	1,273	58.1	1,229	52.7

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	JPY	%	%	%
Ended Oct. 31, 2019	3,585	3.4	1.6	40.6
Ended Apr. 30, 2019	4,349	4.5	2.2	46.4

(2) Cash Distributions

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Payout ratio	Ratio of cash distribution to net assets
	JPY	JPY million	JPY	JPY million	%	%
Ended Oct. 31, 2019	3,675	1,040	—	—	102.4	3.4
Ended Apr. 30, 2019	4,052	1,146	—	—	93.2	3.8

(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

(Note 3) The difference between net income per unit and cash distribution per unit for the fiscal period ended April 30, 2019, is attributable to recording of capital gain on transfer of MarLand Five, internal reserve of a portion of such, recording of income tax due to the concerned internal reserve, etc.

(Note 4) The difference between net income per unit and cash distribution per unit for the fiscal period ended October 31, 2019, is attributable to reversal of internal reserve.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	JPY million	JPY million	%	JPY
Ended Oct. 31, 2019	62,400	30,106	48.2	106,377
Ended Apr. 30, 2019	62,514	30,237	48.4	106,840

(4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
Ended Oct. 31, 2019	1,534	(1,102)	(1,169)	5,815
Ended Apr. 30, 2019	2,220	(10,706)	9,307	6,552

2. Forecast for Management Status for Fiscal Period Ending April 30, 2020 (November 1, 2019 – April 30, 2020) and
Forecast for Management Status for Fiscal Period Ending October 31, 2020 (May 1, 2020 – October 31, 2020)
(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Ending Apr. 30, 2020	2,900	15.5	1,439	15.9	1,179	15.7	1,178	16.2	3,580	—
Ending Oct. 31, 2020	2,949	1.7	1,432	(0.5)	1,163	(1.4)	1,162	(1.4)	3,520	—

(Reference) Forecast net income per unit for the fiscal period ending April 30, 2020, is JPY 3,503 and the fiscal period ending October 31, 2020, is JPY 3,453 (assuming total number of investment units issued and outstanding at end of period of 336,505 units). There is a difference between forecast net income per unit and forecast cash distribution per unit since reversal of internal reserve is scheduled in the fiscal period ending April 30, 2020, and the fiscal period ending October 31, 2020.

* Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

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

Fiscal period ended October 31, 2019	283,015 units
Fiscal period ended April 30, 2019	283,015 units
Fiscal period ended October 31, 2019	0 units
Fiscal period ended April 30, 2019	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 27.

* Financial reports are exempt from the audit by a certified public accountant or an auditing firm.

* Special note

The outlook for management status and other forward-looking statements contained in this document is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the forecast for management status, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending April 30, 2020, and Fiscal Period Ending October 31, 2020” on page 9.

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1. Management Status

(1) Management Status

① Overview of the Fiscal Period Under Review

(a) Key Developments of the Investment Corporation

Tosei Reit was incorporated by Tosei Asset Advisors, Inc. (the “Asset Management Company”) as the organizer under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; as amended) (the “Investment Trusts Act”) with investments in capital of JPY 960 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 283,015 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 (10th Period: fiscal period ended October 31, 2019), the Japanese economy continued to expand gradually against the backdrop of a highly accommodative financial environment and underpinnings through government spending, among other factors, despite being affected by the slowdown of overseas economies.

As to the real estate investment market, although the market has turned around to shrink due to a decrease in large transactions and transactions by overseas companies, investment funds, etc. and other factors, J-REITs and institutional investors proceeded to make selective investment in prime properties in central Tokyo that have the potential to maintain stable cash flows even in times of deteriorating market conditions amid prices continuing to be in the high range. As a result, the ratio of investment in the Tokyo metropolitan area (Note 1), particularly the Tokyo 5 central wards (Note 2), has been stable. In addition, the appraisal value of assets owned by J-REITs is still on the rise, although the increase margin has been shrinking.

In the real estate leasing market, for offices in the Tokyo 5 central wards, vacancy rates continued to be on a decreasing trend and average rent continued to be on a slightly increasing trend (according to research by Miki Shoji Co., Ltd.). For rental housing in the Tokyo metropolitan area, vacancy rates hovered at a low level and rent unit prices also maintained a high level.

Management Performance:

Under such environment, as of the end of the fiscal period under review, Tosei Reit owns 37 properties with the total acquisition price (Note 3) of JPY 56,878 million and the occupancy rate of the assets under management is 97.9%.

(Note 1) “Tokyo metropolitan area” collectively refers to Tokyo, Kanagawa, Saitama, and Chiba prefectures. The same applies hereinafter.

(Note 2) “Tokyo 5 central wards” collectively refers to Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards. 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 a 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 refinanced long-term loans of JPY 1,200 million on May 31, 2019.

As of October 31, 2019, unitholders' capital was JPY 29,009 million and interest-bearing debt outstanding was JPY 29,200 million. At the end of the fiscal period under review, the ratio of interest-bearing debt to total assets (LTV) was 46.8%.

(d) Overview of Business Performance and Cash Distribution

As a result of the management described above, business performance in the fiscal period under review was operating revenue of JPY 2,510 million (down 8.6% period on period) and operating income of JPY 1,241 million (down 16.7% period on period), and that after deducting interest expenses on loans and other expenses was ordinary income of JPY 1,019 million (down 20.0% period on period) and net income of JPY 1,014 million (down 17.5% period on period). The decrease in operating revenue and income is mainly attributable to gain on sale of MarLand Five, which was transferred in the 9th Period.

Concerning cash distribution in the fiscal period under review, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit and to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) (the "Special Taxation Measures Act")), Tosei Reit decided to distribute almost the entire amount of the net income portion of the amount remained 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 JPY 1. Adding reversal of internal reserve to the above amount, Tosei Reit declared a cash distribution per investment unit of JPY 3,675.

② Outlook for the Next Fiscal Period

Against the backdrop of a highly accommodative financial environment and underpinnings through government spending, among other factors, not only Japanese corporate bodies, including J-REITs, and 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, a trend of gradual economic expansion continues to be seen. Amid such, the Tokyo metropolitan area office, retail facility and residential property leasing market is believed to continue showing a trend of improvement, albeit moderate, in both occupancy rates and rent unit prices.

Future Management Policy and Challenges to Address

(a) Management Policy:

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

By leveraging one of the Sponsor's core competencies of good judgement, Tosei Reit acquires those real estate that can call for relatively high cap rate (Note 3) in terms of the area of location and building age of which are properties that can be expected to have high ability to attract tenants, strong rental demand, etc. over the medium to long term. Also, when Tosei Reit acquires assets from the Sponsor as sourcing support, the Sponsor demonstrates its core competencies of leasing capability and revitalization capability during the period that it holds the target properties, allowing Tosei Reit to acquire assets generating stable revenue. In addition, even in cases where Tosei Reit acquires assets from sources other than the Sponsor, leveraging the leasing capability of not only the Asset Management Company but also the Sponsor allows Tosei Reit to achieve early enhancement of the revenue-generating potential of the held assets under management.

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

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

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

(b) Expansion of Asset Size (Note 1)

Tosei Reit manages assets totaling 37 properties and amounting to JPY 56,878 million as of the end of the fiscal period under review, but early expansion in size is thought to be necessary to realize stable cash distribution to unitholders.

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

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

(Note 2) Tosei Reit concluded sale and purchase contracts for Kannai Wise Building, Hon-Atsugi Tosei Building, T's garden Kitakashiwa, Century Urawa, T's garden Nagayama, Grandeur Fujimino, T's garden Hitotsubashigakuen, T's garden Warabi II, T's garden Warabi III, T's garden Kashiwa, Suning Kitamatsudo and T's garden Tanashi (the "Asset Acquired in the 11th Period") on October 10, 2019. Tosei Reit acquired real estate trust beneficiary rights to 10 of the properties on November 5, 2019, and on December 2, 2019, it acquired real estate trust beneficiary rights to the remaining 2 properties (Kannai Wise Building and T's garden Kitakashiwa).

(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 under the current negative interest rate policy as interest rate swap accounting and other associated risks cannot be sufficiently excluded.

(d) Outlook for Management Status for Fiscal Period Ending April 30, 2020 and Fiscal Period Ending October 31, 2020

Fiscal period	Operating revenue (JPY million)	Operating income (JPY million)	Ordinary income (JPY million)	Net income (JPY million)	Cash distribution per unit (not including cash distribution in excess of earnings) (JPY)	Cash distribution in excess of earnings per unit (JPY)
Ending Apr. 30, 2020	2,900	1,439	1,179	1,178	3,580	—
Ending Oct. 31, 2020	2,949	1,432	1,163	1,162	3,520	—

The outlook is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the outlook, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending April 30, 2020 and Fiscal Period Ending October 31, 2020” on page 9.

③ Significant Subsequent Events

(a) Acquisition of Assets

Tosei Reit concluded sale and purchase contracts concerning the acquisition of real estate trust beneficiary rights to the following 12 properties on October 10, 2019. Tosei Reit acquired real estate trust beneficiary rights to 10 of the properties on November 5, 2019, and on December 2, 2019, it acquired real estate trust beneficiary rights to the remaining 2 properties (Kannai Wise Building and T's garden Kitakashiwa).

Type	Property no.	Property name	Location	Acquisition price (JPY million) (Note)
Office	O-13	Kannai Wise Building	Yokohama-shi, Kanagawa	2,050
Office	O-14	Hon-Atsugi Tosei Building	Atsugi-shi, Kanagawa	880
Residential property	Rd-23	T's garden Kitakashiwa	Kashiwa-shi, Chiba	2,770
Residential property	Rd-24	Century Urawa	Saitama-shi, Saitama	980
Residential property	Rd-25	T's garden Nagayama	Tama-shi, Tokyo	850
Residential property	Rd-26	Grandeur Fujimino	Fujimi-shi, Saitama	822
Residential property	Rd-27	T's garden Hitotsubashi-gakuen	Kodaira-shi, Tokyo	760
Residential property	Rd-28	T's garden Warabi II	Kawaguchi-shi, Saitama	750
Residential property	Rd-29	T's garden Warabi III	Kawaguchi-shi, Saitama	655
Residential property	Rd-30	T's garden Kashiwa	Kashiwa-shi, Chiba	595
Residential property	Rd-31	Suning Kitamatsudo	Matsudo-shi, Chiba	482
Residential property	Rd-32	T's garden Tanashi	Nishitokyo-shi, Tokyo	310
Total (12 properties)			—	11,904

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

(b) Issuance of New Investment Units

Tosei Reit resolved at the Board of Directors' meetings held on October 10, 2019, and October 23, 2019, the following issuance of new investment units, and payment for the issuance of new investment units through public offering as well as payment for the issuance of new investment units through third-party allotment was completed on November 1, 2019, and November 27, 2019, respectively. As a result, unitholders' capital is JPY 36,097 million and the total number of investment units issued and outstanding is 336,505.

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

Number of new investment units issued:	52,000 units
Issue price (offer price):	JPY 137,299 per unit
Total issue price (total offer price):	JPY 7,139,548,000
Issue amount (paid-in amount):	JPY 132,511 per unit
Total issue amount (total paid-in amount):	JPY 6,890,572,000
Payment date:	November 1, 2019

(Use of funds)

The funds procured from the issuance of new investment units through public offering above were allocated to part of funds for new acquisition of specified assets by Tosei Reit (including acquisition-related expenses, etc.).

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

Number of new investment units issued:	1,490 units
Issue amount (paid-in amount):	JPY 132,511 per unit
Total issue amount (total paid-in amount):	JPY 197,441,390
Payment date:	November 27, 2019
Allottee:	Daiwa Securities Co. Ltd.

(Use of funds)

The funds procured from the issuance of new investment units through third-party allotment above are scheduled to function as cash on hand and be allocated to part of funds for future new acquisition of specified assets by Tosei Reit (including acquisition-related expenses, etc.) or part of funds for repayment of loans.

(c) Debt Financing

Tosei Reit executed the following debt financing for allocation to a portion of the funds for the acquisition of real estate trust beneficiary rights as presented in “(a) Acquisition of Assets” earlier in this document, as well as related expenses.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
MUFG Bank, Ltd.	1,500	0.27727% (floating rate)	November 5 2019	December 2 2019	Lump-sum repayment on maturity date	Unsecured
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. AEON BANK, Ltd. The Nishi-Nippon City Bank, Ltd.	2,300	0.88807% (fixed rate)	December 2 2019	May 30 2025	Lump-sum repayment on maturity date	Unsecured
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. AEON BANK, Ltd.	2,000	0.99894% (fixed rate)	December 2 2019	November 28 2025	Lump-sum repayment on maturity date	Unsecured
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. AEON BANK, Ltd.	2,000	1.11177% (fixed rate)	December 2 2019	May 29 2026	Lump-sum repayment on maturity date	Unsecured
Total	7,800	—	—	—	—	—

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

Tosei Reit executed the following debt financing to repay JPY 2,000 million that matured on November 29, 2019.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Ltd.	2,000	0.82514% (fixed rate)	November 29, 2019	November 29, 2024	Lump-sum repayment on maturity date	Unsecured

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

Assumptions for Outlook for Management Status for
Fiscal Period Ending April 30, 2020, and Fiscal Period Ending October 31, 2020

Item	Assumptions																																
Calculation period	<ul style="list-style-type: none">• Fiscal period ending April 30, 2020 (11th Period): November 1, 2019 – April 30, 2020 (182 days)• Fiscal period ending October 31, 2020 (12th Period): May 1, 2020 – October 31, 2020 (184 days)																																
Assets under management	<ul style="list-style-type: none">• It is assumed that there will be no change (new property acquisitions, sales of existing properties, etc.) through the end of the fiscal period ending October 31, 2020, to the real estate trust beneficiary rights owned by Tosei Reit as of the date of this document (49 properties in total) (the “Assets under Management”).• In practice, there may be differences due to acquisition of new properties other than Assets under Management or sale of Assets under Management, etc.																																
Operating revenue	<ul style="list-style-type: none">• Rental revenues from Assets under Management are calculated taking into account lease agreements that are effective as of the date of this document, tenant and market trends, etc.• For rental revenues, it is assumed that no rent payments will be behind or declined by tenants.																																
Operating expenses	<ul style="list-style-type: none">• The following are the major items of operating expenses. <table><thead><tr><th></th><th>Fiscal period ending April 30, 2020</th><th>Fiscal period ending October 31, 2020</th></tr></thead><tbody><tr><td>Expenses related to rent business</td><td>JPY 1,207 million</td><td>JPY 1,254 million</td></tr><tr><td><i>Of which:</i> Management fee</td><td>JPY 277 million</td><td>JPY 277 million</td></tr><tr><td> <i>[Of which:</i> Operational management costs</td><td>JPY 204 million</td><td>JPY 208 million)</td></tr><tr><td> <i>[Of which:</i> Property management costs</td><td>JPY 72 million</td><td>JPY 69 million)</td></tr><tr><td>Repair expenses</td><td>JPY 86 million</td><td>JPY 96 million</td></tr><tr><td>Property taxes</td><td>JPY 200 million</td><td>JPY 220 million</td></tr><tr><td>Depreciation</td><td>JPY 332 million</td><td>JPY 332 million</td></tr><tr><td>Expenses other than expenses related to rent business</td><td>JPY 253 million</td><td>JPY 263 million</td></tr><tr><td><i>Of which:</i> Asset management fee</td><td>JPY 164 million</td><td>JPY 177 million</td></tr></tbody></table> <ul style="list-style-type: none">• For expenditures for repair and maintenance (repair expenses) of buildings, the amount expected to be required in the fiscal period is assumed as expenses, based on the amount planned by the asset management company, after considering the amount stated in the engineering report. However, the expenditure for repair and maintenance for the fiscal period could differ significantly from the estimated amount, as expenditures may arise urgently due to damages to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair maintenance expenses do not arise regularly.• For property taxes, upon transactions of real estate and other properties, it is a general practice to calculate and reimburse the pro rata portion of fixed asset taxes, city planning taxes and other public charges based on the number of days of ownership to the previous owner and settle them at the time of acquisition. However, the settled amount is included in the acquisition cost and is not recorded as expenses at the time of acquisition by Tosei Reit. Therefore, concerning the Assets Acquired in the 11th Period totaling 12 properties that were acquired on November 5, 2019, and December 2, 2019, fixed asset taxes, city planning taxes and other public charges in fiscal 2019 will not be recorded as expenses in the fiscal period ending April 30, 2020. The total of fixed asset taxes, city planning taxes and other public charges for the Asset Acquired in the 11th Period to be included in the acquisition cost is assumed to be JPY 8 million (equivalent to that for 57 days for properties acquired on November 5, 2019, and for 30 days for properties acquired on December 2, 2019).				Fiscal period ending April 30, 2020	Fiscal period ending October 31, 2020	Expenses related to rent business	JPY 1,207 million	JPY 1,254 million	<i>Of which:</i> Management fee	JPY 277 million	JPY 277 million	<i>[Of which:</i> Operational management costs	JPY 204 million	JPY 208 million)	<i>[Of which:</i> Property management costs	JPY 72 million	JPY 69 million)	Repair expenses	JPY 86 million	JPY 96 million	Property taxes	JPY 200 million	JPY 220 million	Depreciation	JPY 332 million	JPY 332 million	Expenses other than expenses related to rent business	JPY 253 million	JPY 263 million	<i>Of which:</i> Asset management fee	JPY 164 million	JPY 177 million
	Fiscal period ending April 30, 2020	Fiscal period ending October 31, 2020																															
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Expenses other than expenses related to rent business	JPY 253 million	JPY 263 million																															
<i>Of which:</i> Asset management fee	JPY 164 million	JPY 177 million																															
NOI	<ul style="list-style-type: none">• NOI for the entire portfolio is assumed to be JPY 2,024 million for the fiscal period ending April 30, 2020 (11th Period), and JPY 2,028 million for the fiscal period ending October 31, 2020 (12th Period).• NOI is calculated by using the following formula. NOI = Property-related operating revenue – Property-related operating expenses + Depreciation																																
Non-operating expenses	<ul style="list-style-type: none">• Amortization of expenses for the issuance of investment units is assumed to be JPY 12 million for the fiscal period ending April 30, 2020, and JPY 12 million for the fiscal period ending October 31, 2020.• Interest expenses and borrowing related expenses are assumed to be JPY 247 million for the fiscal period ending April 30, 2020, and JPY 257 million for the fiscal period ending October 31, 2020. Among the borrowing related expenses, JPY 73 million for the fiscal period ending April 30, 2020, and JPY 75 million for the fiscal period ending October 31, 2020, are assumed to be the amounts to be amortized in accordance with the borrowing periods.																																

Item	Assumptions
Debt financing	<ul style="list-style-type: none"> Debt outstanding as of the date of this document is JPY 35,500 million. It is assumed that there will be no changes in the debt outstanding through the end of the fiscal period ending October 31, 2020 (12th Period). LTV is assumed to be 46.8% as of the end of the fiscal period ending April 30, 2020 (11th Period), and 46.8% as of the end of the fiscal period ending October 31, 2020 (12th Period). LTV is calculated by using the following formula. $\text{LTV} = \text{Total interest-bearing debt} \div \text{Total assets} \times 100$
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> It is assumed that the total number of investment units issued and outstanding will be 336,505 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 October 31, 2020. Cash distribution per unit is calculated using the forecast total number of investment units issued and outstanding at the end of the fiscal period ending April 30, 2020, and the fiscal period ending October 31, 2020 (336,505 units).
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> Cash distribution per unit is calculated on the assumption described in the monetary cash distribution policy stipulated in Tosei Reit's Articles of Incorporation. It is assumed that almost the entire amount of net income is distributed excluding the portion where cash distribution per unit would be less than JPY 1. It is assumed that internal reserve of JPY 25 million will be reversed in each of the fiscal period ending April 30, 2020, and the fiscal period ending October 31, 2020. Cash distribution per unit for the fiscal period ending April 30, 2020, and the fiscal period ending October 31, 2020, are calculated with the assumption that there is no fluctuation to the fair value of interest rate swaps. It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in Assets under Management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs, etc.
Cash distribution in excess of earnings per unit (out of which, reserve for temporary adjustments)	<ul style="list-style-type: none"> It is assumed that, out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit will make distribution as reserve for temporary difference adjustments, of which amount is to be determined by Tosei Reit as an amount equivalent to net asset deduction items (as defined in Article 2 item 30 (b) of the Ordinance on Accountings of Investment Corporations), considering the impact of net asset deduction items on cash distribution. No cash distribution in excess of earnings (reserve for temporary difference adjustments) is expected for the fiscal periods ending April 30, 2020, and October 31, 2020, as the calculation is made under assumption that there is no fluctuation to the fair value of interest rate swaps.
Cash distribution in excess of earnings per unit (out of which, distribution reducing unitholders' capital for tax purpose)	<ul style="list-style-type: none"> Out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit does not currently anticipate a return of contribution.
Other	<ul style="list-style-type: none"> Forecasts are based on the assumption revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan ("The Investment Trusts Association") that impact forecast figures. Forecasts are based on the assumption there will be no major unforeseen changes to general economic trends and real estate market conditions, etc.

(2) Investment Risk

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities registration statement (submitted on October 10, 2019, as amended).

2. Financial Statements

(1) Balance Sheet

(Unit: JPY thousand)

	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
Assets		
Current assets		
Cash and deposits	2,241,792	1,255,860
Cash and deposits in trust	4,310,993	4,559,324
Operating accounts receivable	13,187	10,614
Prepaid expenses	166,330	130,471
Consumption taxes receivable	119,462	—
Other	1	701
Total current assets	6,851,768	5,956,972
Non-current assets		
Property, plant and equipment		
Buildings in trust	15,958,022	16,192,672
Accumulated depreciation	(1,467,073)	(1,731,092)
Buildings in trust, net	14,490,949	14,461,579
Structures in trust	167,801	171,247
Accumulated depreciation	(38,985)	(44,110)
Structures in trust, net	128,815	127,136
Machinery and equipment in trust	306,542	307,063
Accumulated depreciation	(98,036)	(112,282)
Machinery and equipment in trust, net	208,505	194,781
Tools, furniture and fixtures in trust	172,411	178,116
Accumulated depreciation	(43,741)	(52,956)
Tools, furniture and fixtures in trust, net	128,669	125,160
Land in trust	40,378,496	40,378,496
Total property, plant and equipment	55,335,436	55,287,154
Intangible assets		
Land leasehold interests in trust	—	869,627
Total intangible assets	—	869,627
Investments and other assets		
Long-term prepaid expenses	278,476	253,654
Deferred tax assets	4,377	—
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	292,853	263,654
Total non-current assets	55,628,290	56,420,437
Deferred assets		
Investment unit issuance expenses	34,755	23,516
Total deferred assets	34,755	23,516
Total assets	62,514,815	62,400,925

(Unit: JPY thousand)

	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	87,630	91,879
Current portion of long-term loans payable	3,200,000	4,400,000
Accounts payable – other	131,943	119,106
Income taxes payable	48,843	605
Accrued consumption taxes	11,542	77,376
Advances received	394,839	416,768
Other	72,195	37,805
Total current liabilities	3,946,996	5,143,540
Non-current liabilities		
Long-term loans payable	26,000,000	24,800,000
Tenant leasehold and security deposits in trust	2,330,353	2,350,980
Total non-current liabilities	28,330,353	27,150,980
Total liabilities	32,277,349	32,294,520
Net assets		
Unitholders' equity		
Unitholders' capital	29,009,048	29,009,048
Deduction from unitholders' capital		
Reserve for temporary difference adjustments	*2 (2,344)	*2 (1,132)
Total deduction from unitholders' capital	(2,344)	(1,132)
Unitholders' capital, net	29,006,704	29,007,916
Surplus		
Unappropriated retained earnings (undisposed loss)	1,231,936	1,098,661
Total surplus	1,231,936	1,098,661
Total unitholders' equity	30,238,640	30,106,578
Valuation and translation adjustments		
Deferred gains or losses on hedges	(1,175)	(172)
Total valuation and translation adjustments	(1,175)	(172)
Total net assets	*1 30,237,465	*1 30,106,405
Total liabilities and net assets	62,514,815	62,400,925

(2) Statement of Income

(Unit: JPY thousand)

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
Operating revenue		
Rent revenue – real estate	* ₁ 2,218,912	* ₁ 2,266,387
Other lease business revenue	* ₁ 237,348	* ₁ 244,555
Gain on sales of real estate properties	* ₂ 292,018	—
Total operating revenue	2,748,279	2,510,942
Operating expenses		
Expenses related to rent business	* ₁ 1,030,586	* ₁ 1,049,229
Asset management fee	151,068	149,066
Asset custody fee	2,457	2,869
Administrative service fees	15,757	14,853
Directors' compensations	2,460	2,460
Other operating expenses	55,026	50,538
Total operating expenses	1,257,356	1,269,017
Operating income	1,490,922	1,241,925
Non-operating income		
Interest income	29	28
Insurance claim income	3,766	—
Interest on refund	—	418
Miscellaneous income	64	214
Total non-operating income	3,859	661
Non-operating expenses		
Interest expenses	133,628	137,141
Borrowing related expenses	76,016	74,508
Other	11,239	11,239
Total non-operating expenses	220,884	222,889
Ordinary income	1,273,897	1,019,697
Income before income taxes	1,273,897	1,019,697
Income taxes – current	48,848	605
Income taxes – deferred	(4,367)	4,377
Total income taxes	44,480	4,982
Net income	1,229,416	1,014,714
Retained earnings brought forward	2,519	83,947
Unappropriated retained earnings (undisposed loss)	1,231,936	1,098,661

(3) Statement of Unitholders' Equity

9th Period (from November 1, 2018 to April 30, 2019)

(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	23,907,827	(4,219)	(4,219)	23,903,608	809,558
Changes of items during period					
Issuance of new investment units	5,101,220			5,101,220	
Dividends of surplus					(805,164)
Reversal of reserve for temporary difference adjustments		1,875	1,875	1,875	(1,875)
Net income					1,229,416
Net changes of items other than unitholders' equity					
Total changes of items during period	5,101,220	1,875	1,875	5,103,095	422,377
Balance at end of current period	*1 29,009,048	(2,344)	(2,344)	29,006,704	1,231,936

(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	809,558	24,713,166	(2,424)	(2,424)	24,710,742
Changes of items during period					
Issuance of new investment units		5,101,220			5,101,220
Dividends of surplus	(805,164)	(805,164)			(805,164)
Reversal of reserve for temporary difference adjustments	(1,875)	—			—
Net income	1,229,416	1,229,416			1,229,416
Net changes of items other than unitholders' equity			1,249	1,249	1,249
Total changes of items during period	422,377	5,525,473	1,249	1,249	5,526,723
Balance at end of current period	1,231,936	30,238,640	(1,175)	(1,175)	30,237,465

10th Period (from May 1, 2019 to October 31, 2019)

(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	29,009,048	(2,344)	(2,344)	29,006,704	1,231,936
Changes of items during period					
Dividends of surplus					(1,146,776)
Reversal of reserve for temporary difference adjustments		1,211	1,211	1,211	(1,211)
Net income					1,014,714
Net changes of items other than unitholders' equity					
Total changes of items during period	—	1,211	1,211	1,211	(133,274)
Balance at end of current period	*1 29,009,048	(1,132)	(1,132)	29,007,916	1,098,661

(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	1,231,936	30,238,640	(1,175)	(1,175)	30,237,465
Changes of items during period					
Dividends of surplus	(1,146,776)	(1,146,776)			(1,146,776)
Reversal of reserve for temporary difference adjustments	(1,211)	—			—
Net income	1,014,714	1,014,714			1,014,714
Net changes of items other than unitholders' equity			1,002	1,002	1,002
Total changes of items during period	(133,274)	(132,062)	1,002	1,002	(131,060)
Balance at end of current period	1,098,661	30,106,578	(172)	(172)	30,106,405

(4) Statement of Cash Distributions

(Unit: JPY)

Item	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
I. Unappropriated retained earnings	1,231,936,108	1,098,661,743
II. Incorporation into unitholders' capital	1,211,940	1,132,060
Out of which, reversal of reserve for temporary difference adjustments	1,211,940	1,132,060
III. Amount of cash distribution	1,146,776,780	1,040,080,125
[Amount of cash distribution per investment unit]	(4,052)	(3,675)
IV. Retained earnings carried forward	83,947,388	57,449,558
Method of calculating the amount of cash distribution	<p>Cash distribution per investment unit for the fiscal period under review is JPY 4,052 as stated above.</p> <p>Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute 90% or more of the 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 JPY 1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY 4,052.</p>	<p>Cash distribution per investment unit for the fiscal period under review is JPY 3,675 as stated above.</p> <p>Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount of the net income portion of the 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 JPY 1. Adding 90 yen per investment unit from retained earnings brought forward, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY 3,675.</p>

(5) Statement of Cash Flows

(Unit: JPY thousand)

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
Cash flows from operating activities		
Income before income taxes	1,273,897	1,019,697
Depreciation	287,588	292,603
Borrowing related expenses	76,016	74,508
Interest income	(29)	(28)
Interest expenses	133,628	137,141
Decrease (increase) in operating accounts receivable	(9,631)	2,573
Decrease (increase) in consumption taxes refund receivable	(119,462)	119,462
Increase (decrease) in accrued consumption taxes	(57,714)	65,833
Decrease (increase) in prepaid expenses	(39,345)	30,259
Increase (decrease) in operating accounts payable	14,145	(8,381)
Increase (decrease) in accounts payable – other	30,492	(12,837)
Increase (decrease) in advances received	(56,162)	21,928
Decrease in property, plant and equipment in trust due to sale	811,843	—
Other, net	6,506	(19,122)
Subtotal	2,351,773	1,723,637
Interest income received	29	28
Interest expenses paid	(130,682)	(140,087)
Income taxes paid	(819)	(48,848)
Net cash provided by (used in) operating activities	2,220,301	1,534,730
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(10,984,515)	(231,691)
Purchase of intangible assets in trust	—	(869,627)
Proceeds from tenant leasehold and security deposits in trust	412,139	91,223
Repayments of tenant leasehold and security deposits in trust	(134,496)	(92,277)
Net cash provided by (used in) investing activities	(10,706,873)	(1,102,372)
Cash flows from financing activities		
Proceeds from long-term loans payable	7,834,728	1,176,817
Repayments of long-term loans payable	(2,800,000)	(1,200,000)
Proceeds from issuance of investment units	5,077,510	—
Dividends paid	(805,164)	(1,146,776)
Net cash provided by (used in) financing activities	9,307,074	(1,169,959)
Net increase (decrease) in cash and cash equivalents	820,502	(737,600)
Cash and cash equivalents at beginning of period	5,732,283	6,552,786
Cash and cash equivalents at end of period	*1 6,552,786	*1 5,815,185

(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>2-64 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	2-64 years	Structures	2-60 years	Machinery and equipment	4-35 years	Tools, furniture and fixtures	2-27 years
Buildings	2-64 years								
Structures	2-60 years								
Machinery and equipment	4-35 years								
Tools, furniture and fixtures	2-27 years								
2. Treatment of deferred assets	<p>Investment unit issuance expenses Equally amortized over a period of 3 years.</p>								
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)	<p>The funds in the statement of cash flows (cash and cash equivalents) consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>								
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 Land leasehold interests in trust ④ 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. Minimum net assets as provided in Article 67, Paragraph 4 of the Investment Trusts Act

(Unit: JPY thousand)

	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
	50,000	50,000

*2 Reserve for temporary difference adjustments

9th Period (from November 1, 2018 to April 30, 2019)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at beginning of 9th Period	Reserve set aside during period	Reversal during period	Balance at end of 9th Period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest-rate swaps	31,234	4,219	—	(1,875)	2,344	Change in fair value of derivative transactions

2. Method of reversal

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.

10th Period (from May 1, 2019 to October 31, 2019)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at beginning of 10th Period	Reserve set aside during period	Reversal during period	Balance at end of 10th Period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest-rate swaps	31,234	2,344	—	(1,211)	1,132	Change in fair value of derivative transactions

2. Method of reversal

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)

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
A. Property-related operating revenue		
Rent revenue – real estate		
Rental income	1,902,779	1,947,579
Common area maintenance income	212,083	211,659
Parking income	79,896	82,298
Other rental income	24,153	24,849
Total	2,218,912	2,266,387
Other lease business revenue		
Utilities reimbursement	182,658	197,272
Other income	54,689	47,282
Total	237,348	244,555
Total property-related operating revenue	2,456,261	2,510,942
B. Property-related operating expenses		
Expenses related to rent business		
Management fee	231,506	232,056
Trust fee	10,822	11,363
Utilities expenses	194,342	203,793
Insurance premium	4,394	4,422
Repair expenses	82,163	87,913
Property taxes	175,178	176,347
Depreciation	287,588	292,603
Other expenses	44,591	40,727
Total property-related operating expenses	1,030,586	1,049,229
C. Property-related operating income (loss) (A–B)	1,425,675	1,461,713

*2. Breakdown of gain on sales of real estate properties

9th Period (from November 1, 2018 to April 30, 2019)

MarLandFive (Unit: JPY thousand)

Revenue from sales of real estate properties	1,150,661
Cost of real estate, etc. sold	811,843
Other sales expenses	46,800
Gain on sales of real estate properties	292,018

10th Period (from May 1, 2019 to October 31, 2019)

Not applicable.

[Notes to Statement of Unitholders' Equity]

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

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	283,015 units	283,015 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)

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
Cash and deposits	2,241,792	1,255,860
Cash and deposits in trust	4,310,993	4,559,324
Cash and cash equivalents	6,552,786	5,815,185

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: JPY thousand)

	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
Due within 1 year	549,323	532,576
Due after 1 year	308,463	49,156
Total	857,787	581,733

[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 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 concluded.

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.

9th Period (as of April 30, 2019)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,241,792	2,241,792	—
(2) Cash and deposits in trust	4,310,993	4,310,993	—
Total assets	6,552,786	6,552,786	—
(3) Current portion of long-term loans payable	3,200,000	3,200,000	—
(4) Long-term loans payable	26,000,000	26,068,217	68,217
Total liabilities	29,200,000	29,268,217	68,217
(5) Derivative transactions*	(1,175)	(1,175)	—

10th Period (as of October 31, 2019)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,255,860	1,255,860	—
(2) Cash and deposits in trust	4,559,324	4,559,324	—
Total assets	5,815,185	5,815,185	—
(3) Current portion of long-term loans payable	4,400,000	4,400,000	—
(4) Long-term loans payable	24,800,000	24,921,220	121,220
Total liabilities	29,200,000	29,321,220	121,220
(5) Derivative transactions*	(172)	(172)	—

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

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

(1) Cash and deposits; (2) Cash and deposits in trust

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

(3) Current portion of long-term loans payable; (4) 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.

(5) 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)

	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
Tenant leasehold and security deposits in trust	2,385,116	2,384,917

(*) The amount includes current portion of tenant leasehold and security deposits in trust (JPY 54,763 thousand for the 9th Period; JPY 33,937 thousand for the 10th Period).

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts
9th Period (as of April 30, 2019)

(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	2,241,792	—	—	—	—	—
Cash and deposits in trust	4,310,993	—	—	—	—	—
Total	6,552,786	—	—	—	—	—

10th Period (as of October 31, 2019)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	1,255,860	—	—	—	—	—
Cash and deposits in trust	4,559,324	—	—	—	—	—
Total	5,815,185	—	—	—	—	—

(Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts
9th Period (as of April 30, 2019)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Long-term loans payable	3,200,000	4,800,000	5,600,000	6,400,000	5,200,000	4,000,000
Total	3,200,000	4,800,000	5,600,000	6,400,000	5,200,000	4,000,000

10th Period (as of October 31, 2019)

(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	4,400,000	4,800,000	6,200,000	6,200,000	5,600,000	2,000,000
Total	4,400,000	4,800,000	6,200,000	6,200,000	5,600,000	2,000,000

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

9th Period (as of April 30, 2019)

Not applicable.

10th Period (as of October 31, 2019)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

9th Period (as of April 30, 2019)

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	2,000,000	—	(1,175)

(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.

10th Period (as of October 31, 2019)

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	2,000,000	—	(172)

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

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

[Notes on Tax-Effect Accounting]

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

(Unit: JPY thousand)

	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
[Deferred tax assets]		
Non-deductible accrued enterprise tax	4,377	—
Deferred losses on hedges	406	54
Subtotal	4,784	54
Valuation allowance	(406)	(54)
Total deferred tax assets	4,377	—
Net deferred tax assets	4,377	—

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: %)

	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
Statutory tax rate	34.59	31.51
[Adjustments]		
Deductible cash distribution payable	(31.14)	(31.12)
Other	0.04	0.10
Effective income tax rate after application of tax-effect accounting	3.49	0.49

[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)

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
Carrying amount (Note 1)		
Balance at beginning of period	45,461,135	55,335,436
Amount of increase (decrease) during period (Note 2)	9,874,301	821,345
Balance at end of period	55,335,436	56,156,782
Fair value at end of period (Note 3)	63,181,000	65,045,000

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

(Note 2) For the 9th Period, the amount of increase is mainly attributable to acquisition of 6 properties (JPY 10,903,482 thousand) including NU Kannai Building, while the amount of decrease is mainly attributable to transfer of 1 property, MarLandFive (JPY 811,843 thousand), and depreciation (JPY 287,588 thousand). For the 10th Period, the amount of increase is mainly attributable to acquisition of T's garden Ojima (JPY 1,034,680 thousand), while the amount of decrease is mainly attributable to depreciation (JPY 292,603 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)

9th Period (from November 1, 2018 to April 30, 2019)

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 is 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 is more than 90% of the operating revenue on the statement of income.

(2) Property, plant and equipment

Information on 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	295,356	Real estate lease business

10th Period (from May 1, 2019 to October 31, 2019)

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 is 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 is more than 90% of the operating revenue on the statement of income.

(2) Property, plant and equipment

Information on 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	296,074	Real estate lease business

[Notes on Per Unit Information]

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
Net assets per unit	JPY 106,840	JPY 106,377
Net income per unit	JPY 4,349	JPY 3,585

(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.

	9th Period (From: Nov. 1, 2018 To: Apr. 30, 2019)	10th Period (From: May 1, 2019 To: Oct. 31, 2019)
Net income (JPY thousand)	1,229,416	1,014,714
Amount not attributable to common unitholders (JPY thousand)	—	—
Net income attributable to common investment units (JPY thousand)	1,229,416	1,014,714
Average number of investment units during period (units)	282,670	283,015

[Notes on Significant Subsequent Events]

1. Acquisition of Assets

Tosei Reit concluded sale and purchase contracts concerning the acquisition of real estate trust beneficiary rights to the following 12 properties on October 10, 2019. Tosei Reit acquired real estate trust beneficiary rights to 10 of the properties on November 5, 2019, and on December 2, 2019, it acquired real estate trust beneficiary interest in the remaining 2 properties.

Property name	Type of asset	Acquisition price (JPY million) (Note)	Seller	Acquisition date
Kannai Wise Building	Trust beneficiary right	2,050	Tosei Corporation	December 2, 2019
Hon-Atsugi Tosei Building	Trust beneficiary right	880	Tosei Corporation	November 5, 2019
T's garden Kitakashiwa	Trust beneficiary right	2,770	Tosei Corporation	December 2, 2019
Century Urawa	Trust beneficiary right	980	Tosei Corporation	November 5, 2019
T's garden Nagayama	Trust beneficiary right	850	Tosei Corporation	November 5, 2019
Grandeur Fujimino	Trust beneficiary right	822	Tosei Corporation	November 5, 2019
T's garden Hitotsubashi-gakuen	Trust beneficiary right	760	Tosei Corporation	November 5, 2019
T's garden Warabi II	Trust beneficiary right	750	Tosei Corporation	November 5, 2019
T's garden Warabi III	Trust beneficiary right	655	Tosei Corporation	November 5, 2019
T's garden Kashiwa	Trust beneficiary right	595	Tosei Corporation	November 5, 2019
Suning Kitamatsudo	Trust beneficiary right	482	Tosei Corporation	November 5, 2019
T's garden Tanashi	Trust beneficiary right	310	Tosei Corporation	November 5, 2019
Total (12 properties)		11,904	—	—

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

2. Issuance of New Investment Units

Tosei Reit resolved at the Board of Directors' meetings held on October 10, 2019, and October 23, 2019, the following issuance of new investment units, and payment for the issuance of new investment units through public offering as well as payment for the issuance of new investment units through third-party allotment was completed on November 1, 2019, and November 27, 2019, respectively. As a result, unitholders' capital is JPY 36,097 million and the total number of investment units issued and outstanding is 336,505.

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

Number of new investment units issued:	52,000 units
Issue price (offer price):	JPY 137,299 per unit
Total issue price (total offer price):	JPY 7,139,548,000
Issue amount (paid-in amount):	JPY 132,511 per unit
Total issue amount (total paid-in amount):	JPY 6,890,572,000
Payment date:	November 1, 2019

(Use of funds)

The funds procured from the issuance of new investment units through public offering above were allocated to part of funds for new acquisition of specified assets by Tosei Reit (including acquisition-related expenses, etc.).

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

Number of new investment units issued:	1,490 units
Issue amount (paid-in amount):	JPY 132,511 per unit
Total issue amount (total paid-in amount):	JPY 197,441,390
Payment date:	November 27, 2019
Allottee:	Daiwa Securities Co. Ltd.

(Use of funds)

The funds procured from the issuance of new investment units through third-party allotment above are scheduled to function as cash on hand and be allocated to part of funds for future new acquisition of specified assets by Tosei Reit (including acquisition-related expenses, etc.) or part of funds for repayment of loans.

3. Debt Financing

Tosei Reit executed the following debt financing for allocation to a portion of the funds for the acquisition of real estate trust beneficiary rights as presented in “(1) Acquisition of Assets” earlier in this document, as well as related expenses.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
MUFG Bank, Ltd.	1,500	0.27727% (floating rate)	November 5 2019	December 2 2019	Lump-sum repayment on maturity date	Unsecured
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. AEON BANK, Ltd. The Nishi-Nippon City Bank, Ltd.	2,300	0.88807% (fixed rate)	December 2 2019	May 30 2025	Lump-sum repayment on maturity date	Unsecured
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. AEON BANK, Ltd.	2,000	0.99894% (fixed rate)	December 2 2019	November 28 2025	Lump-sum repayment on maturity date	Unsecured
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. AEON BANK, Ltd.	2,000	1.11177% (fixed rate)	December 2 2019	May 29 2026	Lump-sum repayment on maturity date	Unsecured
Total	7,800	—	—	—	—	—

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

Tosei Reit executed the following debt financing to repay JPY 2,000 million that matured on November 29, 2019.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Ltd.	2,000	0.82514% (fixed rate)	November 29, 2019	November 29, 2024	Lump-sum repayment on maturity date	Unsecured

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

[Omission of disclosure]

Tosei Reit omits the disclosure of notes on securities, related-party transactions, retirement benefits, asset retirement obligations and equity method income, etc. since it does not find substantial need for disclosure in the earnings briefing.

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

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

Date	Type of issue	Total number of investment units issued and outstanding (units) (Note 9)		Unitholders' capital (JPY million) (Note 10)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
September 4, 2014	Private placement for incorporation	9,600	9,600	960	960	(Note 1)
November 26, 2014	Public offering	86,400	96,000	8,565	9,525	(Note 2)
November 16, 2015	Public offering	61,900	157,900	6,662	16,187	(Note 3)
December 16, 2015	Third-party allotment	3,100	161,000	333	16,521	(Note 4)
November 1, 2016	Public offering	22,200	183,200	2,224	18,745	(Note 5)
November 1, 2017	Public offering	51,200	234,400	5,161	23,907	(Note 6)
November 1, 2018	Public offering	46,300	280,700	4,858	28,766	(Note 7)
November 28, 2018	Third-party allotment	2,315	283,015	242	29,009	(Note 8)

(Note 1) Upon the incorporation of Tosei Reit, investment units were issued at an issue amount of JPY 100,000 per unit.

(Note 2) Investment units were issued through public offering at an issue price of JPY 103,000 (issue amount of JPY 99,137) 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 JPY 111,637 (issue amount of JPY 107,629) 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 JPY 107,629 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 JPY 103,938 (issue amount of JPY 100,206) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 6) Investment units were issued through public offering at an issue price of JPY 104,462 (issue amount of JPY 100,819) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 7) Investment units were issued through public offering at an issue price of JPY 108,723 (issue amount of JPY 104,931) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 8) Investment units were issued through third-party allotment at an issue amount of JPY 104,931 per unit for the purpose of procuring funds for future acquisition of new properties, etc.

(Note 9) 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 10) Fluctuation of unitholders' capital in line with implementation of distribution in excess of earnings with reserve for temporary difference adjustments is not considered.

3. Reference Information

(1) Information on Price of Assets under Management, etc.

(a) Investment Status

The following is an overview of the investment status as of the date of Tosei Reit's settlement of accounts (October 31, 2019). Real estate that are the assets in trust of the real estate trust beneficiary rights ("real estate trust beneficiary rights") that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

Type of asset	Geographical area, etc.	Main use	10th Period (As of October 31, 2019)	
			Total amount held (JPY million) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate trust beneficiary rights	Tokyo metropolitan area	Offices	26,996	43.3
		Retail facilities	5,841	9.4
		Residential properties	23,318	37.4
	Major regional cities (Note 1)	—	—	—
	Total		56,156	90.0
Deposits and other assets			6,244	10.0
Total assets (Note 2)			62,400	100.0
Total liabilities (Note 2)			32,294	51.8
Total net assets (Note 2)			30,106	48.2

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

(Note 2) "Total amount held," "Total assets," "Total liabilities" and "Total net assets" are the amounts based on the carrying amounts (depreciated book value in the case of real estate trust beneficiary rights) as of October 31, 2019, 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 (October 31, 2019). 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	5.9	3,810	November 28, 2014
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057	3.6	2,610	November 28, 2014
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830	3.2	2,600	November 28, 2014
	O-04	Kannai Tosei Building II	Yokohama-shi, Kanagawa	4,100	7.2	4,650	November 17, 2015
	O-05	Nishi Kasai Tosei Building	Edogawa-ku, Tokyo	1,710	3.0	2,060	November 17, 2015
	O-06	Shin Yokohama Center Building	Yokohama-shi, Kanagawa	1,364	2.4	1,810	November 17, 2015
	O-07	Nishidai NC Building	Itabashi-ku, Tokyo	1,481	2.6	1,800	August 31, 2016
	O-08	JPT Motomachi Building	Yokohama-shi, Kanagawa	2,377	4.2	2,910	November 2, 2016
	O-09	Hakusan Asanomi Building	Bunkyo-ku, Tokyo	1,380	2.4	1,670	November 2, 2016
	O-10	Chojamachi Duo Building	Yokohama-shi, Kanagawa	1,300	2.3	1,430	November 2, 2017
	O-11	NU Kannai Building	Yokohama-shi, Kanagawa	3,800	6.7	4,010	November 2, 2018
	O-12	Higashitotsuka West Building	Yokohama-shi, Kanagawa	2,650	4.7	2,720	November 2, 2018
	Subtotal		—	27,419	48.2	32,080	—
	Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380	4.2	2,760
Rt-02		Musashi Fujisawa Tosei Building	Iruma-shi, Saitama	1,950	3.4	2,190	November 17, 2015
Rt-03		Selection Hatsutomi	Kamagaya-shi, Chiba	310	0.5	363	November 2, 2016
Rt-04		Wako Building	Chiba-shi, Chiba	1,400	2.5	1,410	November 2, 2017
Subtotal		—	6,040	10.6	6,723	—	
Offices and retail facilities combined subtotal			—	33,459	58.8	38,803	—
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544	2.7	2,040	November 28, 2014
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227	2.2	1,550	November 28, 2014
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000	1.8	1,230	November 28, 2014
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980	1.7	1,140	November 28, 2014
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836	1.5	932	November 28, 2014
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780	1.4	961	November 28, 2014
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600	1.1	749	November 28, 2014
	Rd-09	SEA SCAPE Chiba Minato	Chiba-shi, Chiba	2,800	4.9	3,170	November 17, 2015
	Rd-10	Prime Garden	Kamagaya-shi, Chiba	600	1.1	626	November 2, 2016
	Rd-11	T's garden Shinkoiwa	Katsushika-ku, Tokyo	670	1.2	746	November 2, 2016
	Rd-12	Twin Avenue	Nerima-ku, Tokyo	1,880	3.3	2,010	November 2, 2017
	Rd-13	Milestone Higashikurume	Higashikurume-shi, Tokyo	1,650	2.9	1,730	November 2, 2017
	Rd-14	Lumiere No. 3	Kawaguchi-shi, Saitama	1,420	2.5	1,560	November 2, 2017
	Rd-15	T's garden Nishifunabashi	Funabashi-shi, Chiba	860	1.5	878	November 2, 2017
	Rd-16	Quest Yamatedai	Yokohama-shi, Kanagawa	710	1.2	748	November 2, 2017
	Rd-17	Sancerre Yonohonmachi	Saitama-shi, Saitama	600	1.1	622	November 2, 2017

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)
Residential properties	Rd-18	Rising Place Kawasaki No.2	Kawasaki-shi, Kanagawa	1,812	3.2	1,860	November 2, 2018
	Rd-19	J Palace Sakuradai	Nerima-ku, Tokyo	1,090	1.9	1,170	November 2, 2018
	Rd-20	Personnage Yokohama	Yokohama-shi, Kanagawa	740	1.3	794	November 2, 2018
	Rd-21	T's garden Nishihachioji West	Hachioji-shi, Tokyo	600	1.1	646	November 2, 2018
	Rd-22	T's garden Ojima	Koto-ku, Tokyo	1,020	1.8	1,080	May 24, 2019
	Subtotal		—	23,419	41.2	26,242	—
Total			—	56,878	100.0	65,045	—

(Note 1) "Investment ratio" is the ratio of acquisition price for the asset under management to the sum total amount of acquisition price, rounded to one decimal place.

(Note 2) Appraisal of the property is entrusted to Japan Real Estate Institute, Japan Valuers Co., Ltd. and JLL Morii Valuation & Advisory K.K. "Real estate appraisal value, etc." is the appraisal value stated in the real estate appraisal report or investigation report ("real estate appraisal report, etc.") with October 31, 2019 as the effective date of the appraisal (date of value). The same applies hereinafter.

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

(b) Portfolio Composition

The following presents the portfolio composition as of the date of Tosei Reit's settlement of accounts (October 31, 2019) 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	12	27,419	48.2
Retail facilities	4	6,040	10.6
Residential properties	21	23,419	41.2
Total	37	56,878	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	37	56,878	100.0
Tokyo 5 central wards	2	3,887	6.8
Tokyo 23 wards (excluding Tokyo 5 central wards)	11	13,838	24.3
Tokyo metropolitan area (excluding Tokyo 23 wards)	24	39,153	68.8
Major regional cities	—	—	—
Total	37	56,878	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 JPY 1.0 billion	12
JPY 1.0 billion or more, but less than JPY 2.0 billion	17
JPY 2.0 billion or more, but less than JPY 3.0 billion	5
JPY 3.0 billion or more	3
Total	37

(c) Overview of Buildings, Etc.

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

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

Type	Property no.	Property name	Construction completion (Note 4)	Building age (years) (Note 5)	Annual rent (JPY million) (Note 6)	Security and guarantee deposits (JPY million) (Note 7)	Total leased area (m ²) (Note 8)	Total leasable area (m ²) (Note 9)	Occupancy rate (%) (Note 10)	Number of tenants (Note 11)
Offices	O-01	Tama Center Tosei Building (Note 1)	July 1989	30.3	328	264	9,737.49	9,737.49	100.0 (98.4)	1 (45)
	O-02	KM Shinjuku Building	September 1991	28.1	160	81	3,403.95	3,403.95	100.0	7
	O-03	Nihonbashi-Hamacho Building	October 1990	29.0	163	129	3,334.40	3,334.40	100.0	8
	O-04	Kannai Tosei Building II	February 1984 (Note 12)	35.7 (Note 12)	286	323	6,920.83	6,920.83	100.0	33
	O-05	Nishi Kasai Tosei Building	January 1994	25.8	126	91	3,187.97	3,187.97	100.0	9
	O-06	Shin Yokohama Center Building	December 1990	28.9	132	100	3,796.73	3,888.28	97.6	11
	O-07	Nishidai NC Building	March 1992	27.6	140	90	3,798.48	3,798.48	100.0	7
	O-08	JPT Motomachi Building (Note 2)	October 1991	28.0	190	147	5,453.13	5,453.13	100.0 (100.0)	7 (8)
	O-09	Hakusan Asanomi Building	July 1993	26.3	99	72	1,860.51	1,860.51	100.0	11
	O-10	Chojamachi Duo Building	July 1993	26.3	92	69	2,204.74	2,204.74	100.0	10
	O-11	NU Kannai Building	February 1987	32.7	290	133	7,943.92	8,025.76	99.0	24
	O-12	Higashitotsuka West Building	February 1993	26.7	188	123	5,305.14	5,664.69	93.7	14
	Subtotal		—	—	2,198	1,626	56,947.29	57,480.23	99.1	142
	Retail facilities	Rt-01	Inage Kaigan Building	November 1992	26.9	191	286	5,807.99	5,890.92	98.6
Rt-02		Musashi Fujisawa Tosei Building (Note 3)	August 1997	22.2	144	72	6,089.72	6,089.72	100.0 (94.0)	1 (5)
Rt-03		Selection Hatsutomi	June 2003	16.4	28	14	1,839.45	1,839.45	100.0	1
Rt-04		Wako Building	May 1986	33.5	108	71	2,529.55	2,827.26	89.5	23
Subtotal		—	—	473	444	16,266.71	16,647.35	97.7	39	
Offices and retail facilities combined subtotal			—	—	2,672	2,071	73,214.00	74,127.58	98.8	181
Residential properties	Rd-01	T's garden Koenji	January 2011	8.8	101	17	2,108.58	2,169.38	97.2	53
	Rd-02	Live Akabane	March 1989	30.6	96	10	3,769.35	3,876.43	97.2	70
	Rd-03	Gekkocho Apartment	March 2008	11.6	69	14	1,392.13	1,392.13	100.0	17
	Rd-04	T's garden Kawasakidaishi	January 2009	10.8	69	8	2,067.85	2,067.85	100.0	52
	Rd-05	Abitato Kamata	June 1991	28.4	52	7	1,768.23	1,768.23	100.0	27
	Rd-07	Avenir Shirotae	February 1995	24.7	69	7	2,446.74	2,499.93	97.9	40
	Rd-08	Dormitory Haramachida	July 1992	27.3	56	4	1,834.87	1,867.03	98.3	65
	Rd-09	SEA SCAPE Chiba Minato	March 2008	11.6	211	68	6,348.65	6,758.52	93.9	122
	Rd-10	Prime Garden	February 1995	24.7	59	6	3,687.98	3,687.98	100.0	60
	Rd-11	T's garden Shinkoiwa	March 1998	21.6	48	6	1,652.93	1,652.93	100.0	25
	Rd-12	Twin Avenue	March 1992	27.7	128	29	4,558.96	4,558.96	100.0	50
	Rd-13	Milestone Higashikurume	September 1989	30.1	119	14	3,293.70	3,546.68	92.9	173
	Rd-14	Lumiere No. 3	September 1994	25.1	109	15	5,519.36	5,644.16	97.8	79
	Rd-15	T's garden Nishifunabashi	February 1991	28.7	58	5	2,496.96	2,643.84	94.4	22
	Rd-16	Quest Yamatedai	February 1989	30.7	54	33	2,653.83	2,802.74	94.7	29

Type	Property no.	Property name	Construction completion (Note 4)	Building age (years) (Note 5)	Annual rent (JPY million) (Note 6)	Security and guarantee deposits (JPY million) (Note 7)	Total leased area (m ²) (Note 8)	Total leasable area (m ²) (Note 9)	Occupancy rate (%) (Note 10)	Number of tenants (Note 11)
	Rd-17	Sancerre Yonohonmachi	November 1990	29.0	46	4	1,341.09	1,419.39	94.5	49
	Rd-18	Rising Place Kawasaki No.2	February 2017	2.7	117	10	2,875.91	2,962.48	97.1	55
	Rd-19	J Palace Sakuradai	February 1994	25.7	68	9	2,395.40	2,395.40	100.0	28
	Rd-20	Personnage Yokohama	December 1990	28.9	51	5	1,766.33	1,989.45	88.8	61
	Rd-21	T's garden Nishihachioji West	January 1997	22.8	47	4	2,243.27	2,315.99	96.9	47
	Rd-22	T's garden Ojima	November 1989	30.0	81	26	2,632.98	2,705.70	97.3	57
	Subtotal		—	—	1,719	313	58,855.10	60,725.20	96.9	1,181
	Total/Average		—	25.8 (Note 12)	4,391	2,384	132,069.10	134,852.78	97.9	1,362

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

(Note 2) For the property, a pass-through type ML agreement was concluded on February 29, 2016, between the trustee and Tosei Community. Of which, however, a fixed-rent ML agreement was concluded between the company and Tosei on September 9, 2016 for the second floor (leased area: 919.15 m²) and on September 28, 2016, for some sections on the seventh floor (leased area: 316.04 m²). The same applies hereinafter.

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

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

(Note 5) “Building age” is the number of years that has elapsed from the date of new construction in the real estate registry to October 31, 2019. 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 October 31, 2019 (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 October 31, 2019 (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 October 31, 2019. 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 October 31, 2019. 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 October 31, 2019. However, in cases where an ML agreement has been concluded for the concerned asset under management, the occupancy rate in the case of a property under a pass-through type ML agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property or a section under a fixed-rent ML agreement is the ratio of the leased floor area based on the ML agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lessee (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 October 31, 2019 (in cases where a tenant has concluded more than one lease agreement, the tenant is counted as one). However, in cases where an ML agreement has been concluded for the concerned asset under management, the number of tenants in the case of a property under a pass-through type ML agreement is the total number of end-tenants, and the number of tenants in the case of a property or a section under a fixed-rent ML agreement is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on lease agreements between the master lease company and end-tenants is shown in parentheses. The same applies hereinafter.

(Note 12) As to Kannai Tosei Building II, the parking building was constructed in May 1980 and the office building was added at a later date. The construction completion is the date of new construction of the office building, which is the main part of the building, in the real estate registry, and the building age of Kannai Tosei Building II and average building age 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 October 31, 2019, “Annual rent,” “Security and guarantee deposits,” “Total leased area,” “Occupancy rate” and “Number of tenants” are indicated on the basis that the concerned lease agreements with end-tenants are existing and thus based on the concerned lease agreements. The same applies hereinafter.

(d) Changes in Occupancy Rate

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

	Number of properties	Total leased area (m ²)	Total leasable area (m ²)	Occupancy rate (%)
1st Period (As of April 30, 2015)	12	39,194.32	40,732.76	96.2
2nd Period (As of October 31, 2015)	12	39,713.19	40,734.02	97.5
3rd Period (As of April 30, 2016)	17	65,187.06	67,576.59	96.5
4th Period (As of October 31, 2016)	18	70,012.30	71,369.69	98.1
5th Period (As of April 30, 2017)	23	84,453.10	85,865.29	98.4
6th Period (As of October 31, 2017)	23	84,502.45	85,865.01	98.4
7th Period (As of April 30, 2018)	31	109,532.58	111,513.63	98.2
8th Period (As of October 31, 2018)	31	109,498.02	111,513.20	98.2
9th Period (As of April 30, 2019)	36	129,504.97	132,148.93	98.0
10th Period (As of October 31, 2019)	37	132,069.10	134,852.78	97.9

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

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-10	Chojamachi Duo Building	—	—	—	—	—
O-11	NU Kannai Building	—	—	—	—	—
O-12	Higashitotsuka West Building	—	—	—	—	—
Rt-01	Inage Kaigan Building	100.0	100.0	100.0	100.0	100.0
Rt-02	Musashi Fujisawa Tosei Building	—	—	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)
Rt-03	Selection Hatsutomi	—	—	—	—	100.0
Rt-04	Wako Building	—	—	—	—	—
Rd-01	T's garden Koenji	96.5	98.6	95.6	97.9	98.8
Rd-02	Live Akabane	95.8	95.8	100.0	97.7	97.2
Rd-03	Gekkocho Apartment	86.1	87.7	82.4	87.8	93.1
Rd-04	T's garden Kawasakidaishi	95.2	95.9	98.6	96.2	100.0
Rd-05	Abitato Kamata	92.6	92.6	96.3	100.0	100.0
Rd-06	MarLandFive (Note)	89.4	92.3	90.5	97.7	93.0
Rd-07	Avenir Shirotai	100.0	97.9	91.5	95.7	100.0
Rd-08	Dormitory Haramachida	91.2	96.7	95.5	93.7	94.7
Rd-09	SEA SPACE Chiba Minato	—	—	86.4	93.2	95.2
Rd-10	Prime Garden	—	—	—	—	98.3
Rd-11	T's garden Shinkoiwa	—	—	—	—	100.0
Rd-12	Twin Avenue	—	—	—	—	—
Rd-13	Milestone Higashikurume	—	—	—	—	—
Rd-14	Lumiere No. 3	—	—	—	—	—
Rd-15	T's garden Nishifunabashi	—	—	—	—	—
Rd-16	Quest Yamatedai	—	—	—	—	—
Rd-17	Sancerre Yonohonmachi	—	—	—	—	—
Rd-18	Rising Place Kawasaki No.2	—	—	—	—	—
Rd-19	J Palace Sakuradai	—	—	—	—	—
Rd-20	Personnage Yokohama	—	—	—	—	—
Rd-21	T's garden Nishihachioji West	—	—	—	—	—
Rd-22	T's garden Ojima	—	—	—	—	—

(Unit: %)

Property no.	Property name	6th Period (As of Oct. 31, 2017)	7th Period (As of Apr. 30, 2018)	8th Period (As of Oct. 31, 2018)	9th Period (As of Apr. 30, 2019)	10th Period (As of Oct. 31, 2019)
O-01	Tama Center Tosei Building	100.0 (80.6)	100.0 (87.2)	100.0 (89.9)	100.0 (98.4)	100.0 (98.4)
O-02	KM Shinjuku Building	100.0	100.0	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	100.0	100.0	100.0	100.0	100.0
O-05	Nishi Kasai Tosei Building	100.0	100.0	100.0	100.0	100.0
O-06	Shin Yokohama Center Building	100.0	100.0	100.0	100.0	97.6
O-07	Nishidai NC Building	94.4	100.0	100.0	100.0	100.0
O-08	JPT Motomachi Building	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)
O-09	Hakusan Asanomi Building	91.7	91.7	100.0	100.0	100.0
O-10	Chojamachi Duo Building	—	89.4	89.4	89.4	100.0
O-11	NU Kannai Building	—	—	—	99.0	99.0
O-12	Higashitotsuka West Building	—	—	—	100.0	93.7
Rt-01	Inage Kaigan Building	100.0	100.0	98.6	96.4	98.6
Rt-02	Musashi Fujisawa Tosei Building	100.0 (87.3)	100.0 (94.0)	100.0 (94.0)	100.0 (94.0)	100.0 (94.0)
Rt-03	Selection Hatsutomi	100.0	100.0	100.0	100.0	100.0
Rt-04	Wako Building	—	98.1	92.1	92.1	89.5
Rd-01	T's garden Koenji	100.0	100.0	97.9	96.3	97.2
Rd-02	Live Akabane	100.0	95.0	100.0	97.3	97.2
Rd-03	Gekkocho Apartment	100.0	85.2	94.7	100.0	100.0
Rd-04	T's garden Kawasakiidaishi	97.6	98.6	96.2	98.6	100.0
Rd-05	Abitato Kamata	100.0	100.0	96.3	96.3	100.0
Rd-06	MarLandFive (Note)	95.4	100.0	93.0	—	—
Rd-07	Avenir Shirotae	93.6	97.9	95.7	91.5	97.9
Rd-08	Dormitory Haramachida	94.3	100.0	96.8	97.4	98.3
Rd-09	SEA SPACE Chiba Minato	92.6	97.2	94.8	94.5	93.9
Rd-10	Prime Garden	100.0	98.3	100.0	98.3	100.0
Rd-11	T's garden Shinkoiwa	96.7	96.7	100.0	96.7	100.0
Rd-12	Twin Avenue	—	94.3	97.1	98.6	100.0
Rd-13	Milestone Higashikurume	—	98.3	96.9	96.5	92.9
Rd-14	Lumiere No. 3	—	95.6	96.7	98.9	97.8
Rd-15	T's garden Nishifunabashi	—	94.4	100.0	97.2	94.4
Rd-16	Quest Yamatedai	—	100.0	100.0	97.2	94.7
Rd-17	Sancerre Yonohonmachi	—	97.2	94.5	98.6	94.5
Rd-18	Rising Place Kawasaki No.2	—	—	—	97.8	97.1
Rd-19	J Palace Sakuradai	—	—	—	100.0	100.0
Rd-20	Personnage Yokohama	—	—	—	89.2	88.8
Rd-21	T's garden Nishihachioji West	—	—	—	93.2	96.9
Rd-22	T's garden Ojima	—	—	—	—	97.3

(Note) Tosei Reit transferred the property on November 15, 2018 and has not owned it since the transfer.

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

Tosei Reit and the Asset Management Company have obtained a real estate appraisal report, etc. for each asset under management from Japan Real Estate Institute, Japan Valuers Co., Ltd. and JLL Morii Valuation & Advisory K.K. The following is a summary of each asset under management's real estate appraisal report, etc. obtained by Tosei Reit and the Asset Management Company with October 31, 2019, as the effective date of the appraisal (date of value). Each real estate appraisal or investigation of the respective real estate appraisal report, etc. is no more than the appraiser's judgment and opinion at a certain point in time, and is not a guarantee of the validity or accuracy of the content, possibility of transaction at the concerned appraisal value, etc. and such. In addition, there is no special vested interest between Japan Real Estate Institute, Japan Valuers Co., Ltd. and JLL Morii Valuation & Advisory K.K., which performed the real estate appraisal, etc., and Tosei Reit or the Asset Management Company.

Type	Property no.	Name of property	Appraisal firm	Acquisition price (JPY million)	Book value at end of period (JPY million) (Note 1)	Estimated value at end of period (Note 2)						
						Appraisal value, etc. (JPY million)	Indicated value by direct capitalization method (JPY million)	Capitalization rate (%)	Indicated value by DCF method (JPY million)	Discount rate (%)	Terminal capitalization rate (%)	
Offices	O-01	Tama Center Tosei Building	Japan Real Estate Institute	3,370	3,291	3,810	3,790	5.5	3,830	5.1	5.5	
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,057	1,986	2,610	2,610	3.8	2,600	3.5	3.9	
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,830	1,785	2,600	2,630	4.2	2,560	4.0	4.4	
	O-04	Kannai Tosei Building II	Japan Valuers Co., Ltd.	4,100	3,970	4,650	4,850	4.8	4,580	4.6	5.0	
	O-05	Nishi Kasai Tosei Building	Japan Valuers Co., Ltd.	1,710	1,665	2,060	2,100	4.8	2,010	4.6	5.0	
	O-06	Shin Yokohama Center Building	JLL Morii Valuation & Advisory K.K.	1,364	1,343	1,810	1,830	4.5	1,790	4.3	4.7	
	O-07	Nishidai NC Building	Japan Real Estate Institute	1,481	1,474	1,800	1,820	4.5	1,780	4.3	4.7	
	O-08	JPT Motomachi Building	JLL Morii Valuation & Advisory K.K.	2,377	2,339	2,910	2,950	4.4	2,870	4.2	4.6	
	O-09	Hakusan Asanomi Building	Japan Real Estate Institute	1,380	1,369	1,670	1,680	4.0	1,650	3.8	4.2	
	O-10	Chojamachi Duo Building	JLL Morii Valuation & Advisory K.K.	1,300	1,302	1,430	1,450	4.4	1,410	4.2	4.6	
	O-11	NU Kannai Building	Japan Valuers Co., Ltd.	3,800	3,806	4,010	4,090	4.8	3,930	4.6	5.0	
	O-12	Higashitotsuka West Building	Japan Valuers Co., Ltd.	2,650	2,660	2,720	2,720	4.6	2,710	4.4	4.8	
	Subtotal				27,419	26,996	32,080	32,520	—	31,720	—	—
Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,380	2,234	2,760	2,790	4.9	2,730	4.7	5.1	
	Rt-02	Musashi Fujisawa Tosei Building	Japan Real Estate Institute	1,950	1,915	2,190	2,190	5.6	2,180	5.2	5.8	
	Rt-03	Selection Hatsutomi	Japan Real Estate Institute	310	313	363	369	5.0	357	4.8	5.3	
	Rt-04	Wako Building	Japan Real Estate Institute	1,400	1,378	1,410	1,420	5.0	1,390	4.8	5.2	
	Subtotal				6,040	5,841	6,723	6,769	—	6,657	—	—
Offices and retail facilities combined subtotal				33,459	32,837	38,803	39,289	—	38,377	—	—	
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,544	1,510	2,040	2,070	3.8	2,000	3.6	4.0	
	Rd-02	Live Akabane	Japan Real Estate Institute	1,227	1,202	1,550	1,570	4.6	1,530	4.4	4.8	
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,000	987	1,230	1,250	4.0	1,210	3.8	4.2	
	Rd-04	T's garden Kawasakidaishi	Japan Real Estate Institute	980	946	1,140	1,150	4.7	1,120	4.5	4.9	
	Rd-05	Abitato Kamata	Japan Real Estate Institute	836	834	932	946	4.5	918	4.3	4.7	
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	780	741	961	972	4.9	950	4.7	5.1	
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	600	615	749	758	4.7	740	4.5	4.9	
	Rd-09	SEA SPACE Chiba Minato	JLL Morii Valuation & Advisory K.K.	2,800	2,676	3,170	3,200	4.9	3,140	4.7	5.1	
	Rd-10	Prime Garden	Japan Valuers Co., Ltd.	600	611	626	624	5.5	627	5.3	5.7	
	Rd-11	T's garden Shinkoiwa	Japan Valuers Co., Ltd.	670	669	746	754	4.3	738	4.1	4.5	
	Rd-12	Twin Avenue	Japan Real Estate Institute	1,880	1,888	2,010	2,030	4.6	1,980	4.4	4.8	
	Rd-13	Milestone Higashikurume	Japan Real Estate Institute	1,650	1,639	1,730	1,750	4.9	1,710	4.7	5.1	
	Rd-14	Lumiere No. 3	Japan Valuers Co., Ltd.	1,420	1,419	1,560	1,570	5.1	1,550	4.9	5.3	
	Rd-15	T's garden Nishifunabashi	Japan Valuers Co., Ltd.	860	863	878	890	4.9	865	4.7	5.1	
	Rd-16	Quest Yamatedai	Japan Valuers Co., Ltd.	710	713	748	754	5.0	742	4.8	5.2	
	Rd-17	Sancerre Yonohonmachi	Japan Valuers Co., Ltd.	600	602	622	627	4.9	616	4.7	5.1	
	Rd-18	Rising Place Kawasaki No.2	Japan Valuers Co., Ltd.	1,812	1,903	1,860	1,870	4.8	1,850	4.6	5.0	
	Rd-19	J Palace Sakuradai	JLL Morii Valuation & Advisory K.K.	1,090	1,100	1,170	1,190	4.1	1,150	3.9	4.3	
	Rd-20	Personnage Yokohama	Japan Valuers Co., Ltd.	740	749	794	793	5.1	794	4.8	5.2	
	Rd-21	T's garden Nishihachioji West	Japan Real Estate Institute	600	608	646	653	4.8	638	4.6	5.0	
	Rd-22	T's garden Ojima	Japan Valuers Co., Ltd.	1,020	1,031	1,080	1,090	4.8	1,070	4.5	5.1	
	Subtotal				23,419	23,318	26,242	26,511	—	25,938	—	—
	Total				56,878	56,156	65,045	65,800	—	64,315	—	—

(Note 1) “Book value at end of period” is the depreciated book value as of October 31, 2019, 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 JLL Morii Valuation & Advisory K.K. with October 31, 2019 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.

(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 Inc. (Note 1) and 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., HI International Consultant Co., Ltd., Sompo Risk Management Inc. or 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 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 Inc. and Tosei Reit or the Asset Management Company.

Property no.	Name of property	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 2)	Long-term repair expenses (JPY thousand) (Note 3)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date	PML value (%)
O-01	Tama Center Tosei Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	48,865	Sompo Risk Management Inc.	March 2015	4.36
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,322	Sompo Risk Management Inc.	March 2015	5.52
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,930	Sompo Risk Management Inc.	March 2015	6.11
O-04	Kannai Tosei Building II	HI International Consultant Co., Ltd.	July 2015	170	27,239	Sompo Risk Management 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 Inc.	July 2015	3.84
O-06	Shin Yokohama Center Building	Sompo Risk Management Inc.	August 2015	—	19,378	Sompo Risk Management Inc.	July 2015	6.47
O-07	Nishidai NC Building	Sompo Risk Management Inc.	May 2016	—	15,826	Sompo Risk Management Inc.	May 2016	5.25
O-08	JPT Motomachi Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	July 2016	—	25,150	Sompo Risk Management Inc.	July 2016	6.06
O-09	Hakusan Asanomi Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	July 2016	—	10,433	Sompo Risk Management Inc.	July 2016	7.31
O-10	Chojamachi Duo Building	Sompo Risk Management Inc.	August 2017	—	7,768	Sompo Risk Management Inc.	August 2017	3.56
O-11	NU Kannai Building	Sompo Risk Management Inc.	August 2018	—	32,518	Sompo Risk Management Inc.	August 2018	4.56
O-12	Higashitotsuka West Building	HI International Consultant Co., Ltd.	June 2018	12,810	24,404	Sompo Risk Management Inc.	July 2018	5.22
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,129	Sompo Risk Management Inc.	March 2015	6.49
Rt-02	Musashi Fujisawa Tosei Building	Sompo Risk Management Inc.	September 2015	120	8,605	Sompo Risk Management Inc.	September 2015	5.85
Rt-03	Selection Hatsutomi	Sompo Risk Management Inc.	July 2016	—	3,103	Sompo Risk Management Inc.	July 2016	7.98
Rt-04	Wako Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 2017	—	12,963	Sompo Risk Management Inc.	March 2017	9.32
Rd-01	T's garden Koenji	HI International Consultant Co., Ltd.	August 2019	880	6,115	Sompo Risk Management Inc.	March 2015	7.91
Rd-02	Live Akabane	HI International Consultant Co., Ltd.	August 2019	940	9,853	Sompo Risk Management Inc.	March 2015	7.45
Rd-03	Gekkocho Apartment	HI International Consultant Co., Ltd.	April 2014	350	3,833	Sompo Risk Management Inc.	March 2015	8.98
Rd-04	T's garden Kawasakidaishi	HI International Consultant Co., Ltd.	August 2019	—	4,411	Sompo Risk Management Inc.	March 2015	7.38
Rd-05	Abitato Kamata	HI International Consultant Co., Ltd.	August 2019	1,190	4,326	Sompo Risk Management Inc.	March 2015	7.82

Property no.	Name of property	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 2)	Long-term repair expenses (JPY thousand) (Note 3)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date	PML value (%)
Rd-07	Avenir Shirotae	HI International Consultant Co., Ltd.	March 2014	1,210	7,827	Sompo Risk Management Inc.	March 2015	7.57
Rd-08	Dormitory Haramachida	HI International Consultant Co., Ltd.	August 2019	1,510	9,997	Sompo Risk Management Inc.	March 2015	5.29
Rd-09	SEA SPACE Chiba Minato	Sompo Risk Management Inc.	July 2015	—	13,280	Sompo Risk Management Inc.	July 2015	7.30
Rd-10	Prime Garden	Sompo Risk Management Inc.	July 2016	—	4,954	Sompo Risk Management 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 Inc.	July 2016	4.41
Rd-12	Twin Avenue	HI International Consultant Co., Ltd.	March 2017	400	12,449	Sompo Risk Management Inc.	March 2017	5.70
Rd-13	Milestone Higashikurume	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 2017	—	12,633	Sompo Risk Management Inc.	August 2017	4.34
Rd-14	Lumiere No. 3	Sompo Risk Management Inc.	August 2017	—	8,157	Sompo Risk Management Inc.	March 2017	2.58
Rd-15	T's garden Nishifunabashi	HI International Consultant Co., Ltd.	July 2017	7,620	7,994	Sompo Risk Management Inc.	August 2017	7.50
Rd-16	Quest Yamatedai	HI International Consultant Co., Ltd.	July 2017	3,780	6,625	Sompo Risk Management Inc.	August 2017	9.66
Rd-17	Sancerre Yonohomachi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	August 2017	—	4,336	Sompo Risk Management Inc.	July 2017	4.13
Rd-18	Rising Place Kawasaki No.2	Sompo Risk Management Inc.	August 2018	—	1,857	Sompo Risk Management Inc.	August 2018	3.94
Rd-19	J Palace Sakuradai	Sompo Risk Management Inc.	August 2018	—	6,462	Sompo Risk Management Inc.	August 2018	5.38
Rd-20	Personnage Yokohama	Sompo Risk Management Inc.	August 2018	—	6,288	Sompo Risk Management Inc.	July 2018	4.65
Rd-21	T's garden Nishihachioji West	HI International Consultant Co., Ltd.	June 2018	1,410	8,951	Sompo Risk Management Inc.	July 2018	7.44
Rd-22	T's garden Ojima	HI International Consultant Co., Ltd.	March 2019	1,140	9,798	Sompo Risk Management Inc.	April 2019	5.35
Entire portfolio (Note 5)								3.29

(Note 1) Sompo Japan Nipponkoa Risk Management Inc. changed its business name to Sompo Risk Management & Health Care Inc. on April 1, 2016. In addition, Sompo Risk Management & Health Care Inc. changed its business name to Sompo Risk Management Inc. on October 1, 2018. Even if the name of the company was Sompo Japan Nipponkoa Risk Management Inc. or Sompo Risk Management & Health Care Inc. at the time of obtaining the “portfolio seismic PML evaluation report,” etc., the current business 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 repair expenses” is indicated as follows.

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

(Note 4) Construction work to upgrade the air-conditioning for the property was implemented at the expense and under the responsibility of Tosei. Long-term repair expenses after completion of the concerned construction work is JPY 11,954 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” by Sompo Risk Management Inc. dated May 2019.

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

The following is the designer, structural designer, contractor, confirmation and inspection body and structural calculation confirmation body for each asset under management. Tosei Reit has entrusted third-party expert bodies HI International Consultant Co., Ltd., Sampo Risk Management Inc., Deloitte Tohmatsu Property Risk Solution Co., Ltd. and Tokio Marine & Nichido Risk Consulting Co., Ltd. with confirmation and verification of structural calculation documents and structural drawings for the 36 properties excluding Avenir Shirotae, and has obtained from them 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 design standards 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 a 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	Sampo Risk Management 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	Sampo Risk Management 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	Sampo Risk Management 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.	Globo First Class Architect Office Inc. (Note 3)	Fujita Corporation, Tokyo Branch	Bunkyo Ward, building official	Tokio Marine & Nichido Risk Consulting Co., Ltd.
O-10	Chojamachi Duo Building	Azusa Sekkei Co., Ltd.	Azusa Sekkei Co., Ltd.	Kumagai Gumi Co., Ltd., Yokohama Branch	City of Yokohama, building official	Sampo Risk Management Inc.
O-11	NU Kannai Building	NISSOKEN Architects/Engineers	NISSOKEN Architects/Engineers	Kyoritsu Construction Co., Ltd.	City of Yokohama, building official	Sampo Risk Management Inc.
O-12	Higashitsutsuka West Building	Institute of New Architecture Inc.	HI International Consultant Co., Ltd. (Note 3)	The Zenitaka Corporation	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rt-01	Inage Kaigan Building	Nikken Sekkei Ltd.	Nikken Sekkei Ltd.	Haseko Corporation	City of Chiba, building official	HI International Consultant Co., Ltd.
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	Sampo Risk Management Inc.
Rt-03	Selection Hatsutomi	Sugioka Design Office Inc.	JTM 1st Class Qualified Architect. Office	SK Build Co., Ltd.	Japan ERI Co., Ltd.	Sampo Risk Management Inc.
Rt-04	Wako Building	LAND Architect Office	Globo First Class Architect Office Inc. (Note 3)	Nara Construction Co., Ltd.	City of Chiba, building official	Deloitte Tohmatsu Property Risk Solution Co., Ltd.
Rd-01	T's garden Koenji	YOKOHOUSE, Inc., first-class architect office	Yabuki Architecture Office	Maeda Corporation, Tokyo Branch	Houseplus Architectural Inspection, Inc.	HI International Consultant Co., Ltd.
Rd-02	Live Akabane	KK Arte Kenchiku Sekkei Jimusho	HI International Consultant Co., Ltd. (Note 3)	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 4)	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 Nokyō Sekkei	KK Zenkoku Nokyō Sekkei	Tanaka Doken Kogyo Co., Ltd.	Tokyo Metropolitan 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	Mitsui Fudosan Kensetsu KK	Mitsui Fudosan Kensetsu KK	City of Machida, building official	HI International Consultant Co., Ltd.

Property no.	Property name	Designer	Structural designer	Contractor	Confirmation and inspection body	Structural calculation confirmation body
		office				
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 Inc.
Rd-11	T's garden Shinkoiwa	Fumikazu Nakano Design Office Inc.	Kyoei Corporation (Note 3)	Penta-Ocean Corporation Co., Ltd. Tokyo Branch	Katsushika City building official	HI International Consultant Co., Ltd.
Rd-12	Twin Avenue	Uchino Komuten K.K., first-class architect office	Uchino Komuten K.K., first-class architect office	Uchino Komuten K.K.	Nerima Ward, building official	HI International Consultant Co., Ltd.
Rd-13	Milestone Higashikurume	Honma Architectural Design Office, K.K.	HI International Consultant Co., Ltd. (Note 3)	Okumura Corporation	Tokyo Metropolitan Government, building official	Deloitte Tohmatsu Property Risk Solution Co., Ltd.
Rd-14	Lumiere No. 3	Kawaguchi Construction Co., Ltd., first-class architect office	Kawaguchi Construction Co., Ltd., first-class architect office	Kawaguchi Construction Co., Ltd.	City of Kawaguchi, building official	Sompo Risk Management Inc.
Rd-15	T's garden Nishifunabashi	Kumagai Gumi Co., Ltd., Yokohama first-class architect office	HI International Consultant Co., Ltd. (Note 3)	Kumagai Gumi Co., Ltd., Yokohama Branch	City of Funabashi, building official	HI International Consultant Co., Ltd.
Rd-16	Quest Yamatedai	Mitsui Kensetsu Kabushiki Kaisha, first-class architect office	Mitsui Kensetsu Kabushiki Kaisha, first-class architect office	Mitsui Construction Co., Ltd., Yokohama Branch	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rd-17	Sancerre Yonohonmachi	Haseko Corporation	Haseko Corporation	Haseko Corporation	Saitama Prefectural Government, building official	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Rd-18	Rising Place Kawasaki No.2	Atelier T-Plus Co., Ltd.	Leaf Design Studio Co., Ltd.	Mutsumi Construction Co., Ltd.	J Architecture Inspection Center	—
Rd-19	J Palace Sakuradai	Mitsui Kensetsu Kabushiki Kaisha, first-class architect office	Mitsui Kensetsu Kabushiki Kaisha, first-class architect office	Mitsui Construction Co., Ltd., Tokyo Branch	Nerima Ward, building official	Sompo Risk Management Inc.
Rd-20	Personnage Yokohama	Do Architect Planners Co., Ltd.	HI International Consultant Co., Ltd. (Note 3)	Tokyu Construction Co., Ltd.	City of Yokohama, building official	Sompo Risk Management Inc.
Rd-21	T's garden Nishihachioji West	Sekkei Kobo Sosakusha Ltd.	HI International Consultant Co., Ltd. (Note 3)	Tokyo Branch of Sumitomo Construction, Co., Ltd.	City of Hachioji, building official	HI International Consultant Co., Ltd.
Rd-22	T's garden Ojima	Plum Design Planning Inc.	HI International Consultant Co., Ltd. (Note 3)	Nakazato Construction Co., Ltd.	Koto Ward, 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 contractors 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 Inc., the same as that for the office building.

(Note 3) The name of the party that reproduced the structural calculation document is stated because the structural calculation document, in whole or in part, is missing or contents thereof cannot be confirmed.

(Note 4) Verification results have been obtained from HI International Consultant Co., Ltd. that the building is judged to have strength compliant with the current Building Standards Act as building materials, structural members, construction techniques and foundations certified with type approval by the Minister of Land, Infrastructure, Transport and Tourism have been employed and have been manufactured and newly constructed by certified type, parts, etc. manufacturers.

(h) Status of Collateral

There are no security rights that Tosei Reit has agreed or committed to establishing for any asset under management as of the date of this document.

(i) Information about Major Real Estate

Of Tosei Reit's assets under management, there are no real estate of which annual rent accounts for 10% or more of the entire portfolio's annual rent as of October 31, 2019.

(j) Information About Major Tenants (tenants with leased area accounting for 10% or more of the sum total of total leased area)

The following table lists tenants of Tosei Reit's assets under management that occupy 10% or more of the entire portfolio's total leased area as of the date of settlement of accounts of Tosei Reit (October 31, 2019). In the case of a property under a pass-through-type ML agreement, not only the master lease company but also end-tenants are counted as tenants. In addition, in the case of a property under a fixed-rent ML agreement, the master lease company alone is counted as tenants and end-tenants are not counted. For the entirety of Tama Center Tosei Building and Musashi Fujisawa Tosei Building as well as the second floor (leased area: 919.15 m²) and some sections on the seventh floor (leased area: 316.04 m²) of JPT Motomachi Building, as a pass-through-type ML agreement has been concluded between the trustee and the master lease company, Tosei Community, and furthermore a fixed-rent ML agreement has been concluded between the company and the sub master lease company Tosei, both the master lease company and the sub master lease company are shown.

Name of tenant	Type of business	Property name	Annual rent (JPY million)	Total leased area (m ²)	Leased area ratio (%) (Note 1)	Contract expiration date (Note 2)	Contract form (Note 3)	Security and guarantee deposits (JPY million)
Tosei Community Co., Ltd. (Note 4)	Property management business	Tama Center Tosei Building KM Shinjuku Building Nihonbashi-Hamacho Building Kannai Tosei Building II Nishi Kasai Tosei Building Shin Yokohama Center Building JPT Motomachi Building Chojamachi Duo Building NU Kannai Building Higashitotsuka West Building Inage Kaigan Building Musashi Fujisawa Tosei Building Selection Hatsutomi Wako Building T's garden Koenji Live Akabane Gekkocho Apartment T's garden Kawasaki-daishi Abitato Kamata Avenir Shirotae Dormitory Haramachida SEA SPACE Chiba Minato Prime Garden T's Garden Shinkoiwa Milestone Higashikurume T's garden Nishifunabashi Quest Yamatedai Sancerre Yonohonmachi J Palace Sakuradai Personnage Yokohama T's garden Nishihachioji West	3,716	110,822.90	83.9	November 30, 2019	Ordinary building lease agreement	2,140
		Nishidai NC Building	140	3,798.48	2.9	August 31, 2020	Ordinary building lease agreement	90
		T's garden Ojima	81	2,632.98	2.0	May 31, 2020	Ordinary building lease agreement	26
Tosei Corporation	Real estate business	Tama Center Tosei Building JPT Motomachi Building	360	10,972.68	8.3	November 30, 2020	Fixed-term building lease agreement	280
		Musashi Fujisawa Tosei Building	144	6,089.72	4.6	November 30, 2025	Ordinary building lease agreement	72

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

(Note 2) "Contract expiration date" is the contract expiration date indicated in the lease agreement with the concerned tenant as of October 31, 2019. The same applies hereinafter.

(Note 3) "Contract form" is the contract form indicated in the lease agreement with the concerned tenant as of October 31, 2019. The same applies hereinafter.

(Note 4) A pass-through-type ML agreement has been concluded between the trustee and Tosei Community as of October 31, 2019, for assets under management excluding Hakusan Asanomi Building, Twin Avenue, Lumiere No.3 and Rising Place Kawasaki No.2. 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 of assets under management excluding Hakusan Asanomi Building, Twin Avenue, Lumiere No.3 and Rising Place Kawasaki No.2, 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 (October 31, 2019). In the case of a property under a fixed-rent ML agreement, the entries are not concerning end-tenants but the master lease company and based on the lease agreement with the master lease company. In the case of a property under a pass-through-type ML agreement, the entries are not concerning the master lease company but end-tenants and based on the lease agreement with end-tenants.

Name of end-tenant	Property name	Total leased area (m ²)	Leased area ratio (%)	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49	7.4	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72	4.6	November 30, 2025	Ordinary building lease agreement
Not disclosed (Note)	Inage Kaigan Building	2,989.01	2.3	November 23, 2021	Ordinary building lease agreement
Not disclosed (Note)	JPT Motomachi Building	1,558.28 293.74 Total: 1,852.02	1.4	January 4, 2021 September 30, 2020	Ordinary building lease agreement
Not disclosed (Note)	Selection Hatsutomi	1,839.45	1.4	June 3, 2023	Ordinary building lease agreement
FUJITSU CoWorCo Limited	Shin Yokohama Center Building	1,822.20	1.4	December 31, 2019	Ordinary building lease agreement
Not disclosed (Note)	Not disclosed (Note)	1,549.35	1.2	August 31, 2020	Ordinary building lease agreement
Misawa Homes Co., Ltd.	Higashitotsuka West Building	285.69 360.31 178.52 181.82 538.58 Total: 1,544.92	1.2	January 15, 2021 May 31, 2020 March 31, 2021 April 30, 2021 April 24, 2021	Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement
Not disclosed (Note)	Not disclosed (Note)	1,420.46	1.1	April 16, 2020	Ordinary building lease agreement
Not disclosed (Note)	Not disclosed (Note)	1,286.19	1.0	March 31, 2020	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 (m ²)	Annual rent (JPY million)	Security and guarantee deposits (JPY million)	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49	328	264	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	JPT Motomachi Building (Note)	1,235.19	31	15	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72	144	72	November 30, 2025	Ordinary building lease agreement

(Note) For JPT Motomachi Building, the figures are the sum total of those under the fixed-rent ML agreement concluded on

September 9, 2016, for the second floor (leased area: 919.15 m²) and of those under the fixed-rent ML agreement concluded on September 28, 2016, for some sections on the seventh floor (leased area: 316.04 m²).

(m) Earnings Performance of the Properties

10th Period (from May 1, 2019 to October 31, 2019)

(Unit: JPY thousand)

Property no.	(O-01)	(O-02)	(O-03)	(O-04)	(O-05)	(O-06)
Property name	Tama Center Tosei Building	KM Shinjuku Building	Nihonbashi-Hamacho Building	Kannai Tosei Building II	Nishi Kasai Tosei Building	Shin Yokohama Center Building
Total property-related operating revenue ①	207,955	93,748	100,629	174,450	75,604	80,081
Rent revenue – real estate	168,338	85,052	79,913	153,019	65,694	70,578
Other lease business revenue	39,616	8,696	20,716	21,431	9,910	9,503
Total property-related operating expenses ②	81,505	27,921	39,335	55,399	25,487	27,116
Management fee	24,237	6,702	7,798	18,005	7,826	7,902
Trust fee	300	300	300	300	300	300
Utilities expenses	35,154	8,504	11,283	17,332	8,234	5,798
Insurance premium	419	138	135	249	109	155
Repair expenses	2,739	1,176	10,068	3,208	864	5,390
Property taxes	17,471	10,037	8,284	13,456	6,485	7,141
Other expenses	1,182	1,061	1,465	2,846	1,666	429
NOI ③ (①–②)	126,449	65,827	61,294	119,051	50,117	52,964
Depreciation ④	18,298	8,915	10,768	20,955	9,296	8,293
Property-related operating income (loss) ⑤ (③–④)	108,151	56,911	50,525	98,095	40,820	44,671
Capital expenditures ⑥	5,305	—	4,762	270	7,495	1,842
NCF ⑦ (③–⑥)	121,143	65,827	56,532	118,781	42,622	51,122

(Unit: JPY thousand)

Property no.	(O-07)	(O-08)	(O-09)	(O-10)	(O-11)	(O-12)
Property name	Nishidai NC Building	JPT Motomachi Building	Hakusan Asanomi Building	Chojamachi Duo Building	NU Kannai Building	Higashitotsuka West Building
Total property-related operating revenue ①	80,590	115,335	58,802	46,283	170,932	112,227
Rent revenue – real estate	74,349	101,693	53,188	41,160	153,499	96,486
Other lease business revenue	6,241	13,642	5,614	5,123	17,432	15,740
Total property-related operating expenses ②	31,090	33,122	12,527	16,170	48,755	32,684
Management fee	8,979	10,619	4,212	5,221	21,829	13,828
Trust fee	300	300	300	300	300	300
Utilities expenses	10,634	11,499	3,663	5,103	16,115	11,542
Insurance premium	152	189	72	82	349	235
Repair expenses	1,903	353	105	877	1,867	664
Property taxes	8,301	9,524	4,039	3,201	6,745	5,179
Other expenses	818	635	133	1,384	1,548	934
NOI ③ (①–②)	49,500	82,213	46,275	30,112	122,176	79,542
Depreciation ④	10,689	12,896	6,423	9,952	11,446	9,558
Property-related operating income (loss) ⑤ (③–④)	38,811	69,316	39,851	20,160	110,729	69,984
Capital expenditures ⑥	10,720	165	520	12,667	794	7,916
NCF ⑦ (③–⑥)	38,780	82,048	45,754	17,445	121,382	71,626

(Unit: JPY thousand)

Property no.	(Rt-01)	(Rt-02)	(Rt-03)	(Rt-04)	(Rd-01)	(Rd-02)
Property name	Inage Kaigan Building	Musashi Fujisawa Tosei Building	Selection Hatsutomi	Wako Building	T's garden Koenji	Live Akabane
Total property-related operating revenue ①	124,272	72,186	14,250	66,012	53,544	54,391
Rent revenue – real estate	100,666	72,186	14,250	56,305	51,299	52,603
Other lease business revenue	23,606	—	—	9,707	2,244	1,788
Total property-related operating expenses ②	48,921	9,063	3,802	23,802	9,905	14,462
Management fee	7,506	1,084	1,104	9,540	4,160	4,811
Trust fee	300	300	300	300	300	300
Utilities expenses	26,789	—	—	7,978	399	735
Insurance premium	217	87	30	109	57	104
Repair expenses	1,080	1,741	—	2,184	793	3,766
Property taxes	11,435	5,759	2,240	3,128	3,003	3,351
Other expenses	1,592	90	127	560	1,191	1,392
NOI ③ (①–②)	75,351	63,123	10,447	42,209	43,638	39,929
Depreciation ④	20,468	8,195	1,288	10,107	5,810	4,278
Property-related operating income (loss) ⑤ (③–④)	54,882	54,927	9,159	32,101	37,828	35,651
Capital expenditures ⑥	3,123	5,480	—	—	815	314
NCF ⑦ (③–⑥)	72,228	57,642	10,447	42,209	42,823	39,615

(Unit: JPY thousand)

Property no.	(Rd-03)	(Rd-04)	(Rd-05)	(Rd-07)	(Rd-08)	(Rd-09)
Property name	Gekkocho Apartment	T's garden Kawasaki-daishi	Abitato Kamata	Avenir Shirotae	Dormitory Haramachida	SEA SCAPE Chiba Minato
Total property-related operating revenue ①	36,175	37,263	28,815	34,269	30,836	122,003
Rent revenue – real estate	34,689	36,070	28,447	33,385	29,229	110,197
Other lease business revenue	1,486	1,192	368	884	1,606	11,806
Total property-related operating expenses ②	8,527	7,716	5,668	10,683	9,984	37,586
Management fee	3,289	2,434	2,299	2,807	2,839	9,647
Trust fee	300	300	300	300	300	300
Utilities expenses	440	180	594	765	655	9,529
Insurance premium	43	51	47	65	61	221
Repair expenses	983	1,951	595	2,478	2,748	5,277
Property taxes	2,119	1,956	1,541	2,055	2,384	9,126
Other expenses	1,350	842	291	2,211	994	3,483
NOI ③ (①–②)	27,647	29,546	23,146	23,585	20,851	84,417
Depreciation ④	3,422	5,203	3,441	6,493	5,158	23,858
Property-related operating income (loss) ⑤ (③–④)	24,225	24,342	19,705	17,091	15,693	60,558
Capital expenditures ⑥	268	—	4,907	951	—	147
NCF ⑦ (③–⑥)	27,379	29,546	18,239	22,634	20,851	84,269

(Unit: JPY thousand)

Property no.	(Rd-10)	(Rd-11)	(Rd-12)	(Rd-13)	(Rd-14)	(Rd-15)
Property name	Prime Garden	T's Garden Shinkoiwa	Twin Avenue	Milestone Higashikurume	Lumiere No. 3	T's garden Nishifunabashi
Total property-related operating revenue ①	32,028	25,755	65,033	64,988	57,390	31,758
Rent revenue – real estate	31,355	24,681	64,225	60,832	56,386	31,068
Other lease business revenue	673	1,073	807	4,155	1,004	690
Total property-related operating expenses ②	11,788	6,791	10,148	20,147	14,308	9,220
Management fee	3,751	2,503	3,463	5,541	4,112	3,128
Trust fee	300	300	300	300	300	300
Utilities expenses	389	555	750	3,671	530	581
Insurance premium	91	47	111	107	136	65
Repair expenses	4,256	1,796	799	6,404	4,153	1,479
Property taxes	2,421	1,445	4,528	2,690	4,077	2,376
Other expenses	577	142	194	1,431	998	1,289
NOI ③ (①–②)	20,240	18,964	54,884	44,840	43,082	22,538
Depreciation ④	3,598	2,629	3,879	7,949	6,135	2,340
Property-related operating income (loss) ⑤ (③–④)	16,641	16,334	51,005	36,891	36,946	20,198
Capital expenditures ⑥	341	566	967	—	631	460
NCF ⑦ (③–⑥)	19,899	18,397	53,917	44,840	42,451	22,078

(Unit: JPY thousand)

Property no.	(Rd-16)	(Rd-17)	(Rd-18)	(Rd-19)	(Rd-20)	(Rd-21)
Property name	Quest Yamatedai	Sancerre Yonohonmachi	Rising Place Kawasaki No.2	J Palace Sakuradai	Personnage Yokohama	T's garden Nishihachioji West
Total property-related operating revenue ①	29,682	24,481	62,146	36,518	27,880	25,447
Rent revenue – real estate	28,664	23,413	60,518	36,014	25,393	24,915
Other lease business revenue	1,018	1,067	1,627	504	2,487	532
Total property-related operating expenses ②	8,708	9,593	9,848	7,097	11,830	8,477
Management fee	2,958	2,241	4,066	3,246	2,532	2,151
Trust fee	300	300	600	300	300	300
Utilities expenses	426	506	506	600	1,251	690
Insurance premium	65	45	100	62	62	68
Repair expenses	2,468	3,453	945	645	5,469	2,537
Property taxes	1,902	1,653	2,565	2,078	803	1,831
Other expenses	588	1,392	1,063	164	1,412	898
NOI ③ (①–②)	20,973	14,887	52,297	29,420	16,050	16,970
Depreciation ④	2,983	1,967	13,956	2,067	3,392	3,598
Property-related operating income (loss) ⑤ (③–④)	17,990	12,919	38,341	27,352	12,658	13,371
Capital expenditures ⑥	3,423	200	—	151	3,298	764
NCF ⑦ (③–⑥)	17,550	14,687	52,297	29,269	12,751	16,206

(Unit: JPY thousand)

Property no.	(Rd-22)	Offices total	Retail facilities total	Residential properties total	Entire portfolio
Property name	T's garden Ojima				
Total property-related operating revenue ①	37,165	1,316,642	276,721	917,578	2,510,942
Rent revenue – real estate	36,615	1,142,972	243,407	880,006	2,266,387
Other lease business revenue	550	173,670	33,313	37,572	244,555
Total property-related operating expenses ②	7,422	431,116	85,589	239,919	756,625
Management fee	3,670	137,162	19,235	75,658	232,056
Trust fee	263	3,600	1,200	6,563	11,363
Utilities expenses	396	144,868	34,767	24,157	203,793
Insurance premium	67	2,290	443	1,687	4,422
Repair expenses	686	29,219	5,006	53,688	87,913
Property taxes	—	99,870	22,564	53,913	176,347
Other expenses	2,338	14,105	2,371	24,250	40,727
NOI ③ (①–②)	29,743	885,526	191,131	677,659	1,754,317
Depreciation ④	2,881	137,494	40,060	115,048	292,603
Property-related operating income (loss) ⑤ (③–④)	26,861	748,031	151,070	562,610	1,461,713
Capital expenditures ⑥	—	52,458	8,603	18,206	79,268
NCF ⑦ (③–⑥)	29,743	833,067	182,527	659,452	1,675,048

(2) Status of Capital Expenditures

(a) Schedule of Capital Expenditures

The following are the major capital expenditures arising from renovation work, etc. currently planned/undertaken for the assets held by Tosei Reit as of October 31, 2019. Some of the expected cost of work below may be categorized under expenses in accounting in accordance with the content of the work.

Name of real estate, etc.	Location	Purpose	Scheduled period	Expected cost of work (JPY thousand)		
				Total amount	Amount of payment during period	Amount already paid
KM Shinjuku Building	Shinjuku-ku, Tokyo	Update of control panel parts of mechanical parking facility	From: March 2020 To: April 2020	9,900	—	—

(b) Capital Expenditures during the Period

The following summarizes the major work that constitutes capital expenditures implemented during the fiscal period under review for the assets held by Tosei Reit as of October 31, 2019. Capital expenditures for the fiscal period under review amounted to JPY 79,268 thousand and, when combined with the JPY 87,913 thousand of repair expenses categorized under expenses for the fiscal period under review, the total amount of work implemented comes to JPY 167,182 thousand.

Name of real estate, etc.	Location	Purpose	Period	Cost of work (JPY thousand)
Tama Center Tosei Building	Tama-shi, Tokyo	Replacement of storage batteries for private power generators and emergency lighting	From: September 2019 To: September 2019	5,305
Nishi Kasai Tosei Building	Edogawa-ku, Tokyo	Update of inert gas containers	From: July 2019 To: August 2019	6,680
Nishidai NC Building	Itabashi-ku, Tokyo	Update of air-conditioning equipment (No. 1 and 3 on the seventh floor and No. 3 on the fifth floor)	From: April 2019 To: May 2019	10,720
Chojamachi Duo Building	Yokohama-shi, Kanagawa	Update of air-conditioning system for offices on the seventh floor	From: October 2019 To: October 2019	6,337
Musashi Fujisawa Tosei Building	Iruma-shi, Saitama	Update of commercial air-conditioning equipment	From: May 2019 To: May 2019	5,163
Others				45,060
Total				79,268