



For the Fiscal Period Ended April 30, 2015 (1st Fiscal Period)

# Earnings Announcement

Securities Code: 3451



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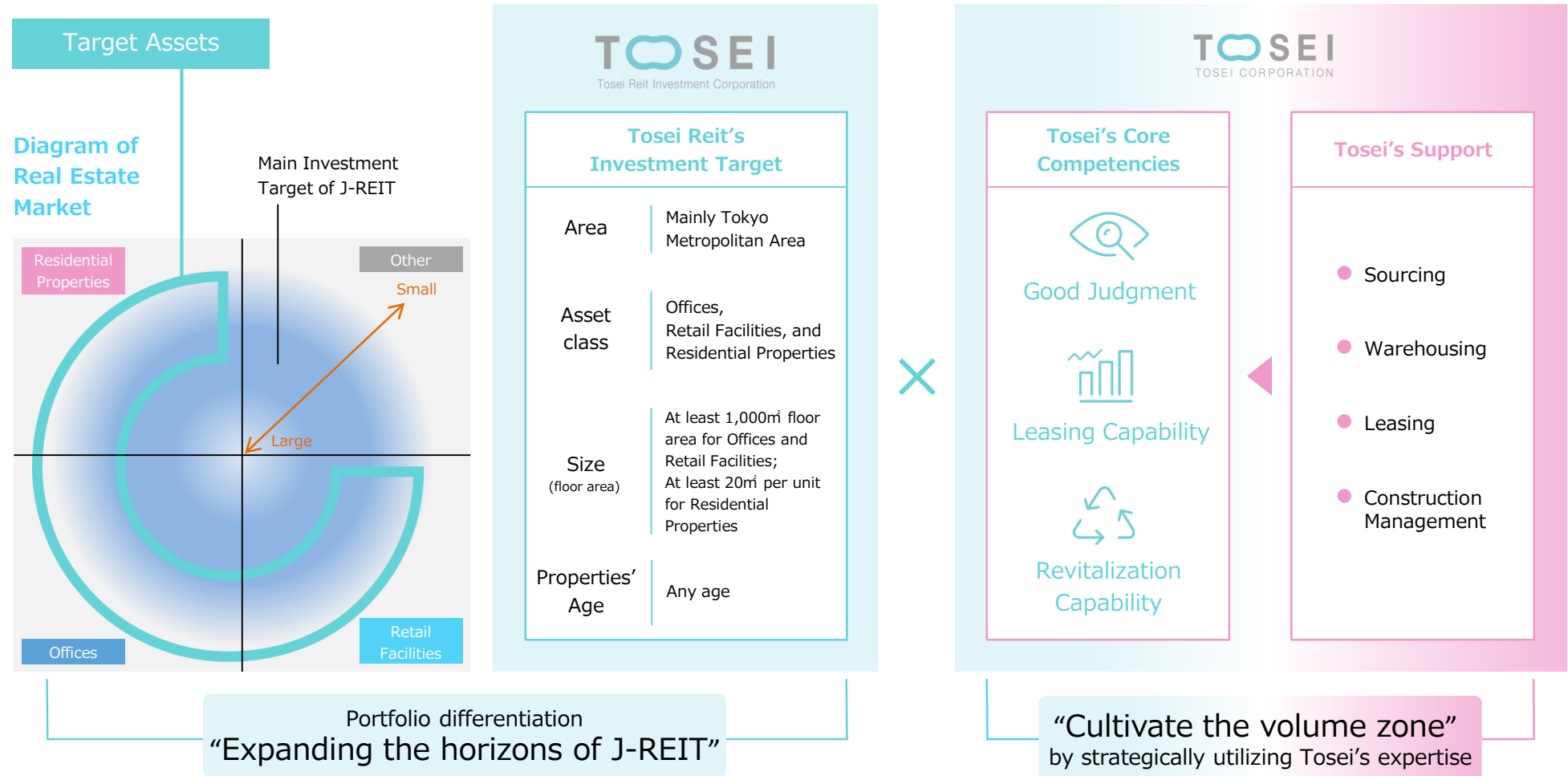
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# Features of Tosei Reit

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



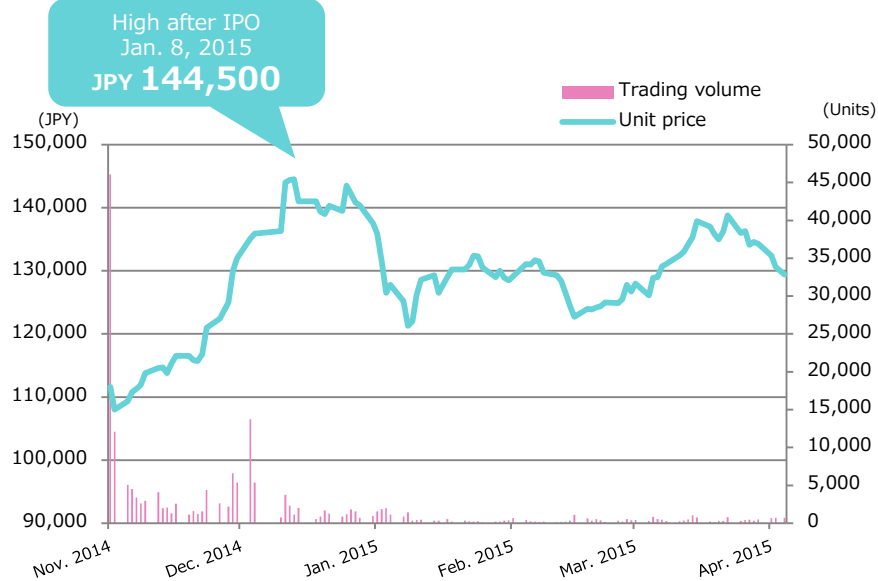
# IPO Highlights

# IPO Highlights 1

## Overview of Offering

Format	General domestic offering
IPO date	November 27, 2014
Issue price	JPY 103,000
Number of units issued	86,400 units
Total amount raised	JPY 8,565 MM
Lead managing underwriters	Daiwa Securities Co. Ltd., SMBC Nikko Securities Inc.

## Unit Price



***“Find a new opportunity”***

Achieve a comparatively high distribution yield by  
expanding the scope of target investments



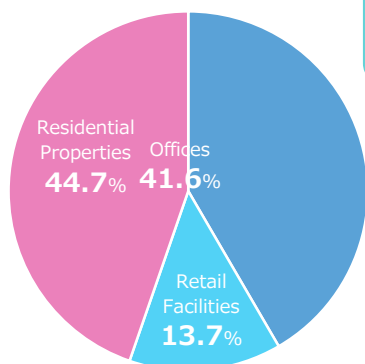
# IPO Highlights 2

## Overview of Portfolio

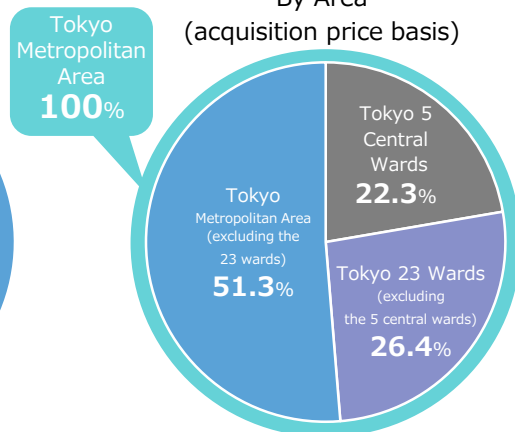
Acquisition price	JPY 17,434 MM	Appraised value	JPY 18,235 MM
Occupancy rate	92.6%	Average appraised NOI yield	6.32%
Average age	19.7 years	PML of entire portfolio	6.05%

## Portfolio Composition

By Property Type  
(acquisition price basis)



By Area  
(acquisition price basis)



Average appraised NOI yield

Offices	Retail facilities	Residential properties
6.39%	6.96%	6.06%

Average appraised NOI yield

Tokyo 5 Central Wards	Tokyo 23 Wards (excluding the 5 central wards)	Tokyo Metropolitan Area (excluding the 23 wards)
5.92%	5.67%	6.82%

(Note) Tokyo Metropolitan Area refers to Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.

## Analyst Comments

### Company A

As a diversified J-REIT, Tosei Reit has little in the way of competition and it is seeking to acquire portfolio properties for which a high yield can be expected. Instead of entering existing markets rife with competition from other J-REIT, Tosei Reit is following a blue ocean strategy to develop new markets with little competition. The quality of its portfolio is somewhat lower than its peers, but this should be offset by its anticipated high yield and external growth. (omitted)  
Currently, the market for premium buildings is starting to heat up with competition (red ocean strategy), as there have been a few cases where transactions are getting done with low cap rates. Nevertheless, if Tosei Reit can capitalize on its strategy and its sponsor's strengths in small and medium-sized buildings, it has the potential to achieve external growth even in the current environment. (omitted)

### Company B

The greatest risk factors are rising vacancy rates and falling rents caused by a greater than expected downturn in the office market driven by stagnant economic growth. (omitted)  
Tosei Reit is a diversified J-REIT investing in Offices, Retail Facilities and Residential Properties mainly located in the Tokyo Metropolitan Area. Tosei Reit is unique in that it focuses on small- and medium-sized properties valued at less than 5 billion yen that can expect to achieve a high yield regardless of building age. Tosei Reit's sponsor, Tosei Corporation, actively invests in older existing building stock believed to have generally higher investment risk through its real estate securitization business. It then seeks to add value by renovating and remodeling these properties and reselling them. Tosei has already established a strong track record and solid expertise in this business.

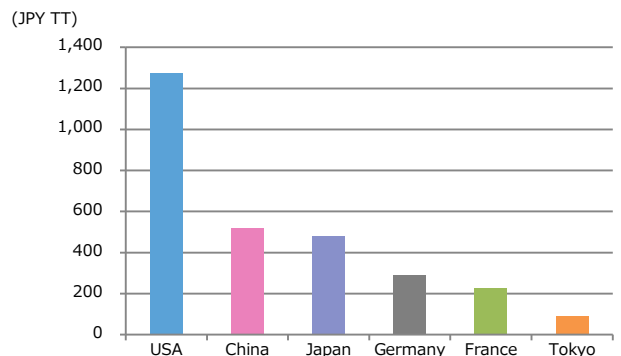
### Company C

Most of Tosei Reit's portfolio properties consist of older buildings. Tosei Reit's prospectus clearly states that it targets investments in real estate with high potential regardless of age. It emphasizes the reason for this focus is its good judgment, leasing capability, and revitalization capability. (omitted)  
Today, only private-placement funds can really claim to have good judgment in the real estate business.(omitted)

# IPO Highlights 3

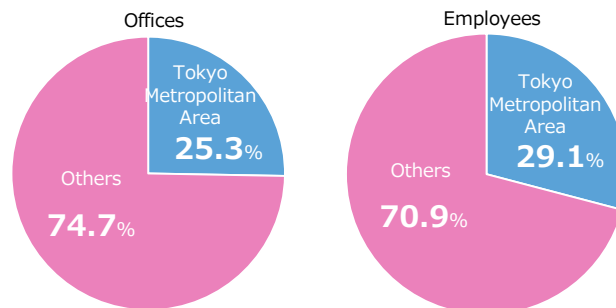
## Volume Zone of Offices

### GDP of Tokyo



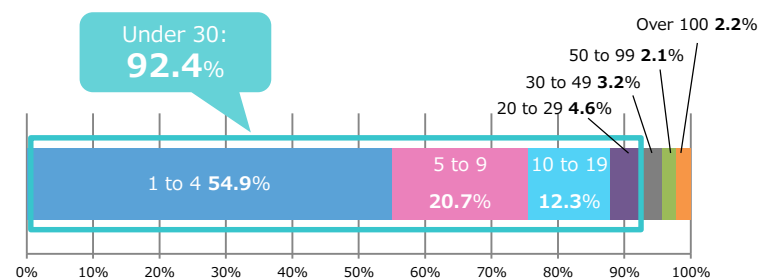
(Source) Calculated based on the Cabinet Office's GDP Statistics (Prefectures) and the IMF's World Economic Outlook Database from April 2013

### Companies Concentrated in the Tokyo Metropolitan Area



(Source) Prepared based on data from Statistics Japan's 2009 Economic Census Baseline Survey

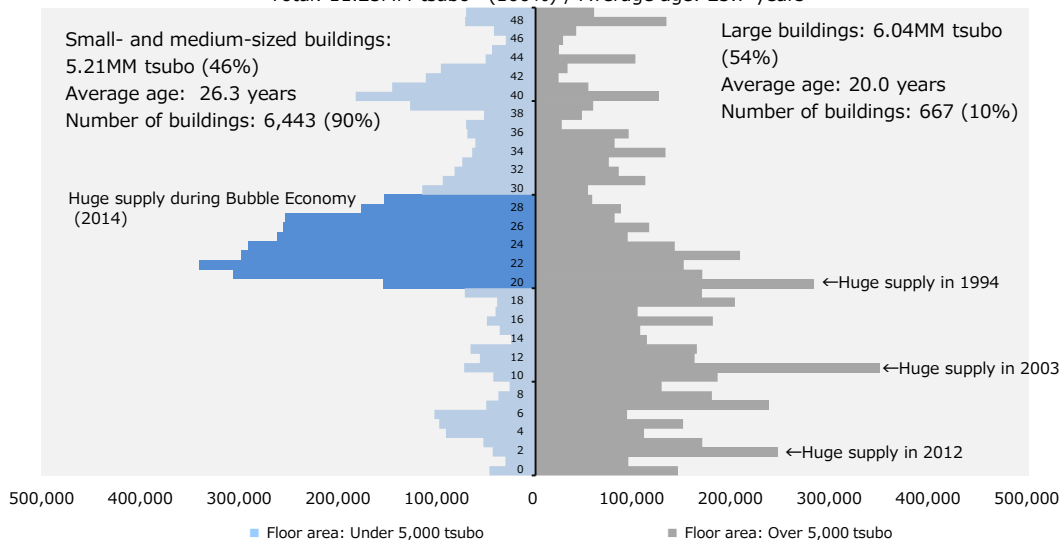
### Percentage of Offices by Number of Employees (Tokyo Metropolis; 2012)



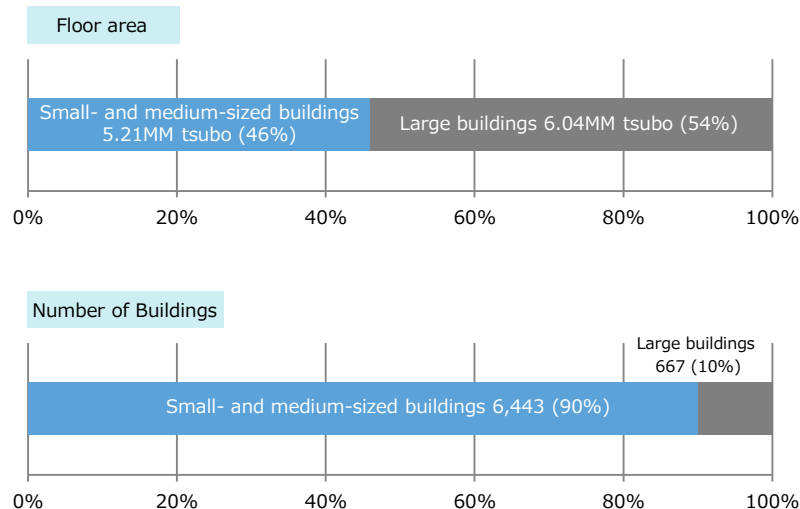
(Source) Prepared based on 2012 Economic Census for Business Activity Report – Tokyo Metropolis.

### Office Stock in Tokyo 23 Wards by Size and Age [Office Pyramid](leased area)

Total: 11.25MM tsubo\* (100%) / Average age: 25.7 years



(Source) Prepared based on Xymax Real Estate Institute's Offices Pyramid 2014.  
\* 1 tsubo=Approx. 3.3m<sup>2</sup>

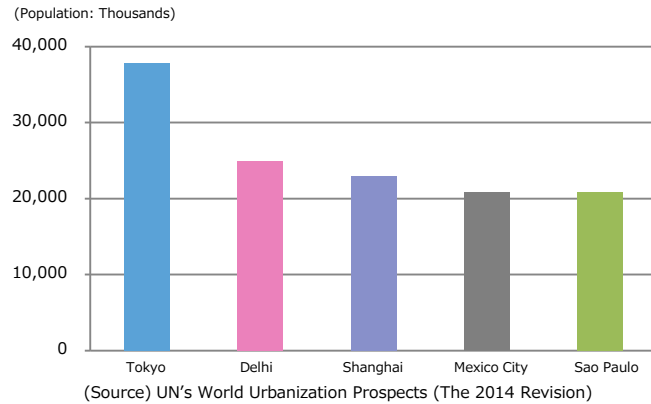




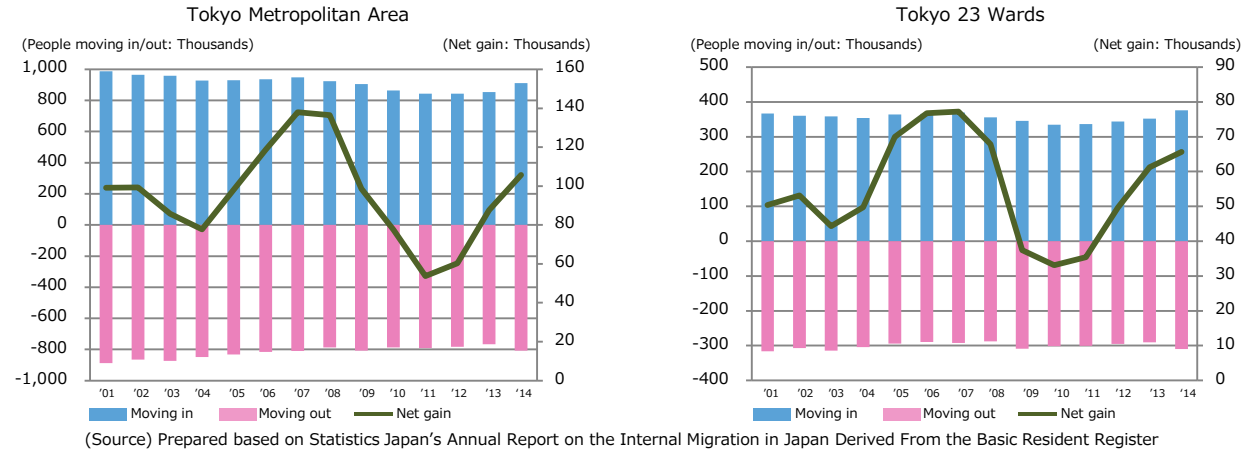
# IPO Highlights 4

## Volume Zone of Residential Properties

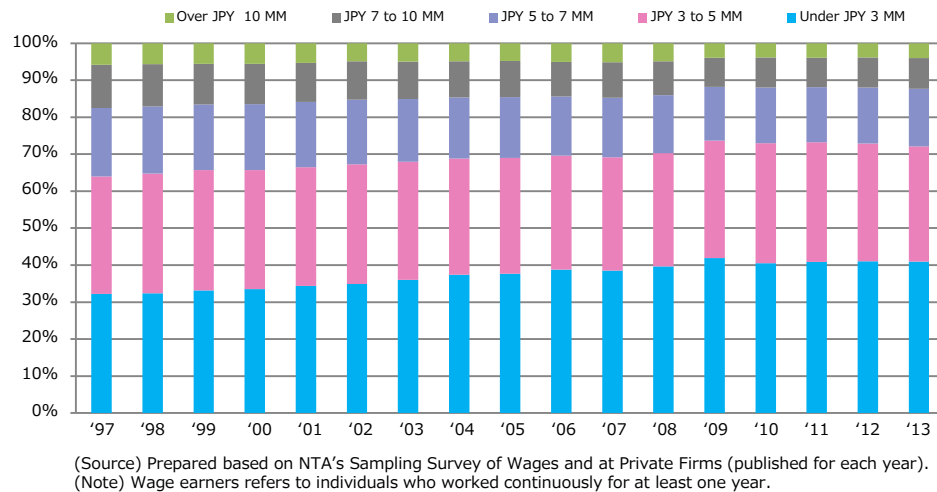
### Population of Tokyo



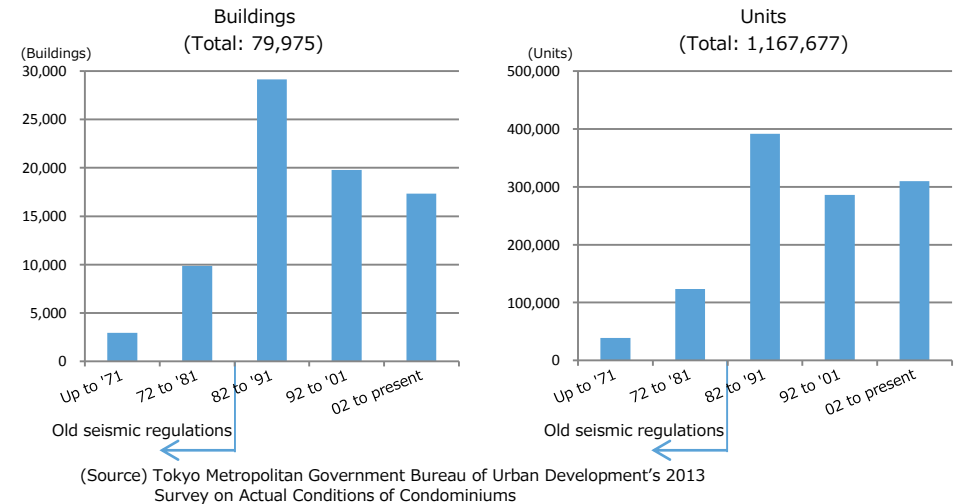
### Number of Persons Moving In and Out of Tokyo Metropolitan Area and Tokyo 23 Wards and Net Gain



### Percentage of Wage Earners by Income Bracket



### Number of Leased Condominiums in Tokyo



# Financial Results for the 1st Fiscal Period

# Summary of Financial Results for the 1st Fiscal Period (Ended April 2015)

## Results and Previous Forecast for the 1st Fiscal Period

(JPY MM)

	1st Fiscal Period Forecast (announced Nov. 27, 2014) (B)	Revised 1st Fiscal Period Forecast 1 (announced Mar. 30, 2015)	Revised 1st Fiscal Period Forecast 2 (announced June 5, 2015)	1st Fiscal Period Results (period ended April 2015) (A)	Change (vs. forecast) (A-B)	
Operating revenue	¥638	¥657	¥662	¥662	¥24	3.8%
Operating income	268	331	344	344	76	28.5%
Ordinary income	35	174	187	187	152	421.7%
Net income	35	174	186	186	151	418.6%
Cash distribution per unit (JPY)	373	1,821	1,938	1,938	1,565	419.6%

Total assets	—	—	—	¥19,887	—	—
Interest-bearing debt	—	—	—	¥9,169	—	—
LTV	—	—	—	46.1%	—	—

## Main factors of change (vs. forecast)

Operations began Sept. 4, 2014  
(days in operation: 239 days)

### Operating Income

**+ JPY 76 MM**

Main factors

1. Increased profits from rental revenue (JPY 24 MM)
2. Reduced costs of rental revenue (JPY 42 MM)
3. Reduced depreciation (JPY 3 MM)
4. Reduced SG&A (JPY 6 MM)

### Ordinary Income

**+ JPY 152 MM**

Main factors

- Increase in operating income (JPY 76 MM)
5. Reduced non-operating expenses (JPY 74 MM)

### Net Income

**+ JPY 151 MM**

Main factors

- Increase in ordinary income (JPY 152 MM)
6. Increase in other corporate income taxes, etc. (JPY 1 MM)

# Portfolio Data (As of April 30, 2015)

## Overview of Portfolio

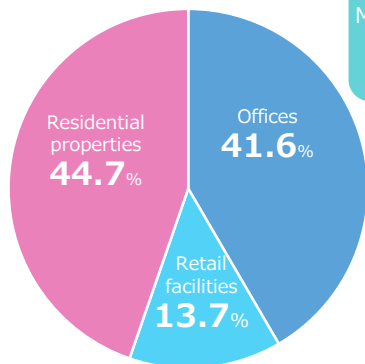
Acquisition price	JPY 17,434 MM
Occupancy rate	96.2%
Average age	20.4 years

Appraised value	JPY 18,720 MM
Average appraised NOI yield	6.26%
PML of entire portfolio	4.01%

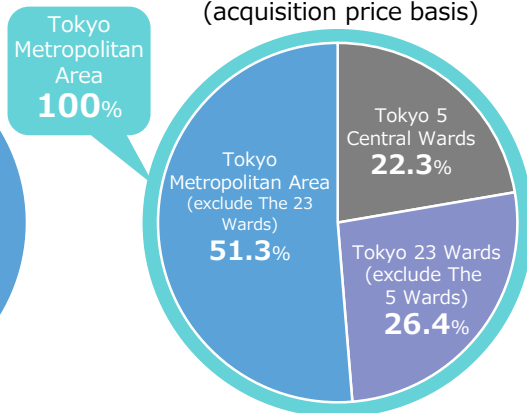
## Portfolio Data (acquisition price basis)

### Portfolio Composition

By Property Type  
(acquisition price basis)

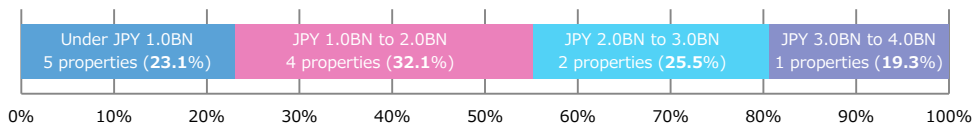


By Area  
(acquisition price basis)



Tokyo Metropolitan Area  
**100%**

### Share by Acquisition price



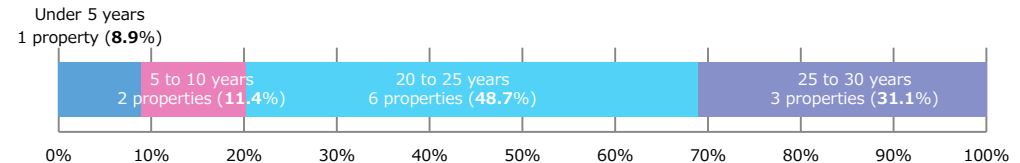
Average appraised NOI yield

Offices	Retail Facilities	Residential Properties
6.33%	6.95%	5.98%

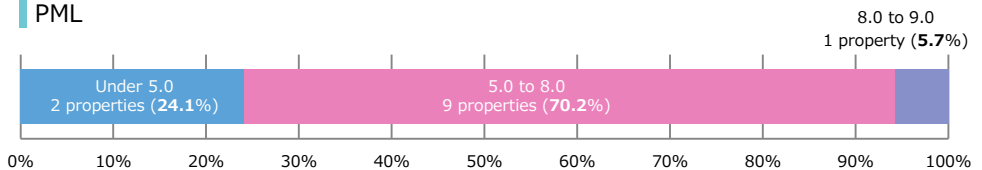
Average appraised NOI yield

Tokyo 5 Central Wards	Tokyo 23 Wards (excluding The 5 central Wards)	Tokyo Metropolitan Area (excluding The 23 central Wards)
5.87%	5.61%	6.76%

### Portfolio Age Breakdown



### PML



# Overview of Portfolio Properties 1

## Offices and Retail Facilities

### Macro trends

**Offices:** Tokyo's office market has seen firm demand for tenants and rents are rising steadily, but the pace has been slow.

**Retail Facilities:** The food, beverage and retail sectors enjoyed a 2.2% increase year on year thanks to robust growth from convenience stores, resulting in the eighth consecutive year of increases. (METI's March 2015 Business Trends)

### 1st Fiscal Period Contracts (Offices)

New	0
Cancellations	1
Renewals	3

### 1st Fiscal Period Contracts (Retail Facilities)

New	2
Cancellations	0
Renewals	4

## Residential Properties

### Macro trends

The number of completed contracts for leased condominiums was negative year on year in 2014. While the number of completed contracts trended positively during the peak moving season of March, they decreased in April. This is because existing condominiums in Tokyo fell year on year and newly constructed properties also declined by a wide margin. (At Home Co., Ltd. survey)

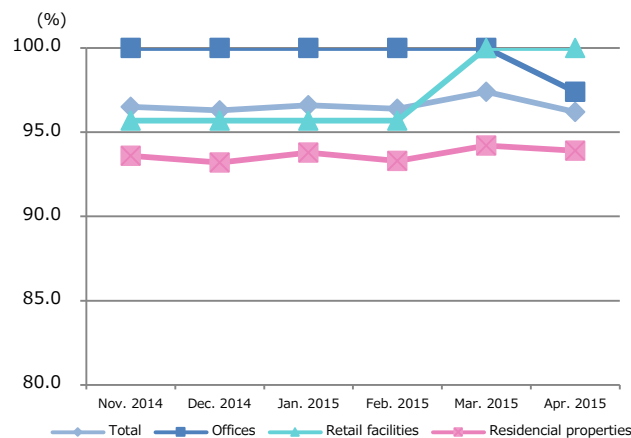
### 1st Fiscal Period Contracts (Residential Properties)

New	22
Cancellations	22
Renewals	79

### First Fiscal Period Contracts (Overall)

New	24
Cancellations	23
Renewals	86

## Occupancy Rates



(Note) Occupancy rate indicates the ratio of leased area to total leasable area.

## Rent Changes

	Properties	Leased area
Increased	9	347.36m <sup>2</sup>
Unchanged	77	4,741.66m <sup>2</sup>
Reduced	0	0.00m <sup>2</sup>
<b>Total</b>	<b>86</b>	<b>5,089.02m<sup>2</sup></b>

## Top 10 Tenants (leased floor area)

	Name	Leased area(m <sup>2</sup> )	Tenanted property	%
1	Tosei Corporation	9,737.49	Tama Center Tosei Building	24.8%
2	Nondisclosure	2,989.01	Inage Kaigan Building	7.6%
3	Heatwave Co., Ltd.	1,032.11	KM Shinjuku Building	2.6%
4	Tokyo Gas Co., Ltd.	756.21	Nihonbashi-Hamacho Building	1.9%
5	YORKS Co., Ltd.	755.29	Nihonbashi-Hamacho Building	1.9%
6	Nissen Co., Ltd.	575.78	Inage Kaigan Building	1.5%
7	Private	504.67	KM Shinjuku Building	1.3%
8	Chugai Technos Corporation	502.55	Nihonbashi-Hamacho Building	1.3%
9	TOWA PHARMACEUTICAL CO., LTD.	483.87	Nihonbashi-Hamacho Building	1.2%
10	IPPUKISHI Co., Ltd.	447.41	KM Shinjuku Building	1.1%
	Telecom Group Inc.	447.41	KM Shinjuku Building	1.1%
	HIKARI TSUSHIN, INC.	447.41	KM Shinjuku Building	1.1%

# Overview of Portfolio Properties 2

## Overview of Individual Properties

Name	Occupancy Rate (as of April 30, 2015)	Current Situation
Tama Center Tosei Building	100.0%	Has stable operations/income from a rent-guaranteed sub-master lease agreement concluded with its sponsor, Tosei Corporation.
KM Shinjuku Building	87.5%	The tenant on the first and second floors terminated their lease agreement, so the building's occupancy rate went from 100% to 87.5%. After the tenant left, agile and strategic tenant sourcing activities were carried out and at the end of the fiscal period tenants were secured for part of the first and second floors.
Nihonbashi- Hamacho Building	100.0%	This building has maintained a 100% occupancy rate since it was acquired, providing stable operations/income.
Inage Kaigan Building	100.0%	The building's occupancy rate has gone up from 95.68% when first purchased to 100% thanks to efforts focused on tenant sourcing activities marketing the building's convenience and visibility. The first floor tenant terminated their lease in May, but an agreement was concluded with the next tenant resulting in zero vacancy between tenants.
T's garden Koenji	96.5%	Even if a tenant terminated their lease agreement, the building's location and rarity means that there is very little vacancy between tenants, providing for a high utilization rate.
Live Akabane	95.8%	Achieved strong performance during the 1st Fiscal Period as it had an occupancy rate of 96.75% and renewal rate of 92.3% (12 of 13 tenants renewed their leases).
Gekkocho Apartment	86.1%	Has maintained high response rate by using diverse ad media (At Home, Leasing Management Consulting, Owl Ways). Gained one new tenant at the end of the 1st Fiscal Period.
T's garden Kawakidaishi	95.2%	Achieved strong performance during the 1st Fiscal Period as it had an occupancy rate of 94.56% and renewal rate of 88.8% (24 of 27 tenants renewed their leases).
Abitato Kamata	92.6%	Had an occupancy rate of 92.59% and renewal rate of 100% (2 of 2 tenants renewed their leases) during the 1st Fiscal Period. One tenant terminated their lease, but the occupancy rate actually increased because two new tenants concluded lease agreements.
MarLandFive	89.4%	A lawsuit was pending against the 1F tenant to vacate the building due to unpaid rent and in March 2015 this space was vacated after the ruling. Received new application for the same space at the end of the 1st Fiscal Period.
Avenir Shirotae	100.0%	Achieved high utilization rate during the 1st Fiscal Period as it had an occupancy rate of 98.58% (100% at end of 1st Fiscal Period) and renewal rate of 100% (7 of 7 tenants renewed their leases), which greatly contributed to overall earnings.
Dormitory Haramachida	91.2%	Strengthened relationship with property management company and regularly obtained market information, enabling it to actively re-solicit and increase rents upon renewal, based on the unique traits of the residential type. Tenant sourcing activities were stepped up for an office that had been vacant for an extended period of time, resulting in a new application at the end of the 1st Fiscal Period.

# Continuing Appraised Value at the End of the 1st Fiscal Period

(JPY MM)

## Status at the End of 1st Fiscal Period

Continuing appraised value: JPY 18,720 MM

Total book value: JPY 17,555 MM

Unrealized gains: JPY 1,164 MM

### Reference

NAV per unit: JPY 111,349

Net assets per unit: JPY 101,161

Unrealized gains per unit: JPY 12,125

	Appraised value at acquisition (A)	Appraised value at the end of 1st Fiscal Period (B)	Difference (B-A)
Appraised value	¥18,235	¥18,720	¥485
Offices	7,520	7,580	60
Retail Facilities	2,470	2,540	70
Residential Properties	8,245	8,600	355

## Appraised Value by Property

Property No.	Name	Acquisition price (JPY MM)	Appraised value acquisition (JPY MM) (A)	Appraised value at end of 1st Fiscal Period (JPY MM) (B)	Difference (JPY MM) (B-A)
O-01	Tama Center Tosei Building	3,370	3,370	3,390	20
O-02	KM Shinjuku Building	2,057	2,230	2,240	10
O-03	Nihonbashi-Hamacho Building	1,830	1,920	1,950	30
Offices subtotal		7,257	7,520	7,580	60
Rt-01	Inage Kaigan Building	2,380	2,470	2,540	70
Retail Facilities subtotal		2,380	2,470	2,540	70
Rd-01	T's garden Koenji	1,544	1,730	1,810	80
Rd-02	Live Akabane	1,227	1,280	1,380	100
Rd-03	Gekkocho Apartment	1,000	1,010	1,090	80
Rd-04	T's garden Kawasakidaishi	980	1,020	1,050	30
Rd-05	Abitato Kamata	836	895	898	3
Rd-06	MarLandFive	830	855	864	9
Rd-07	Avenir Shirotae	780	818	862	44
Rd-08	Dormitory Haramachida	600	637	646	9
Residential Properties subtotal		7,797	8,245	8,600	355
Total		17,434	18,235	18,720	485

# Financial Highlights

## Interest-bearing Debt

Total interest-bearing debt

JPY 9,169 MM

Average loan interest rate

0.61%

Percentage of long-term borrowings

100%

Percentage of floating rate loans

100%

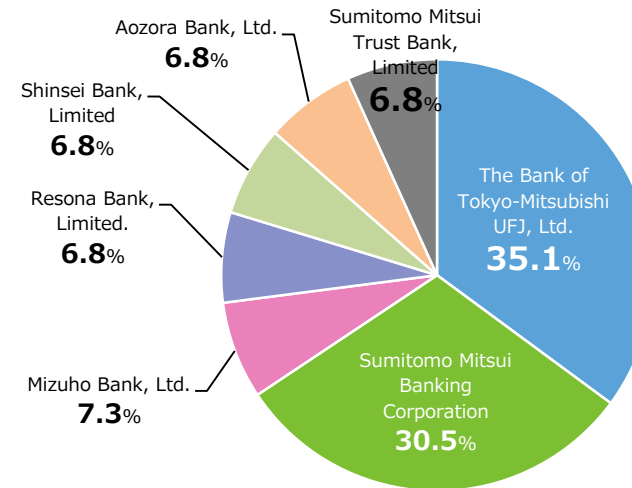
Average duration

2.89 years

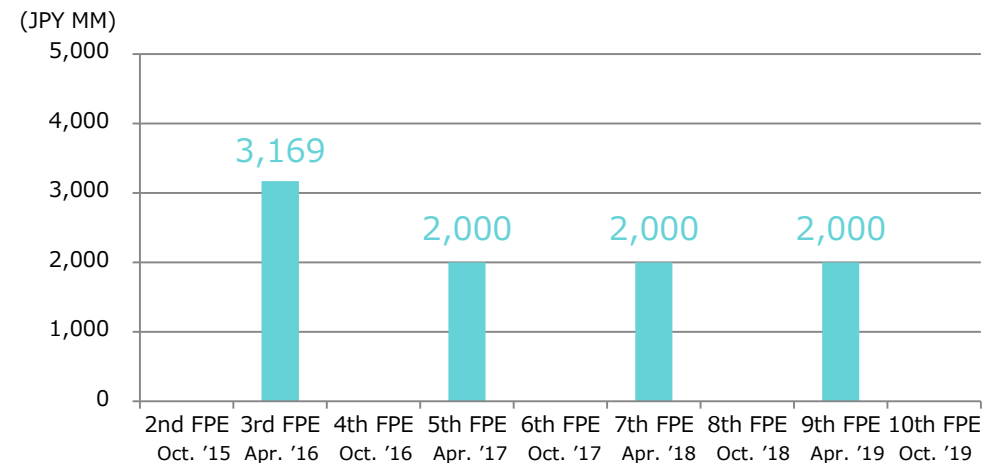
LTV

46.1%

## Banking Partners



## Diversified Repayment Date

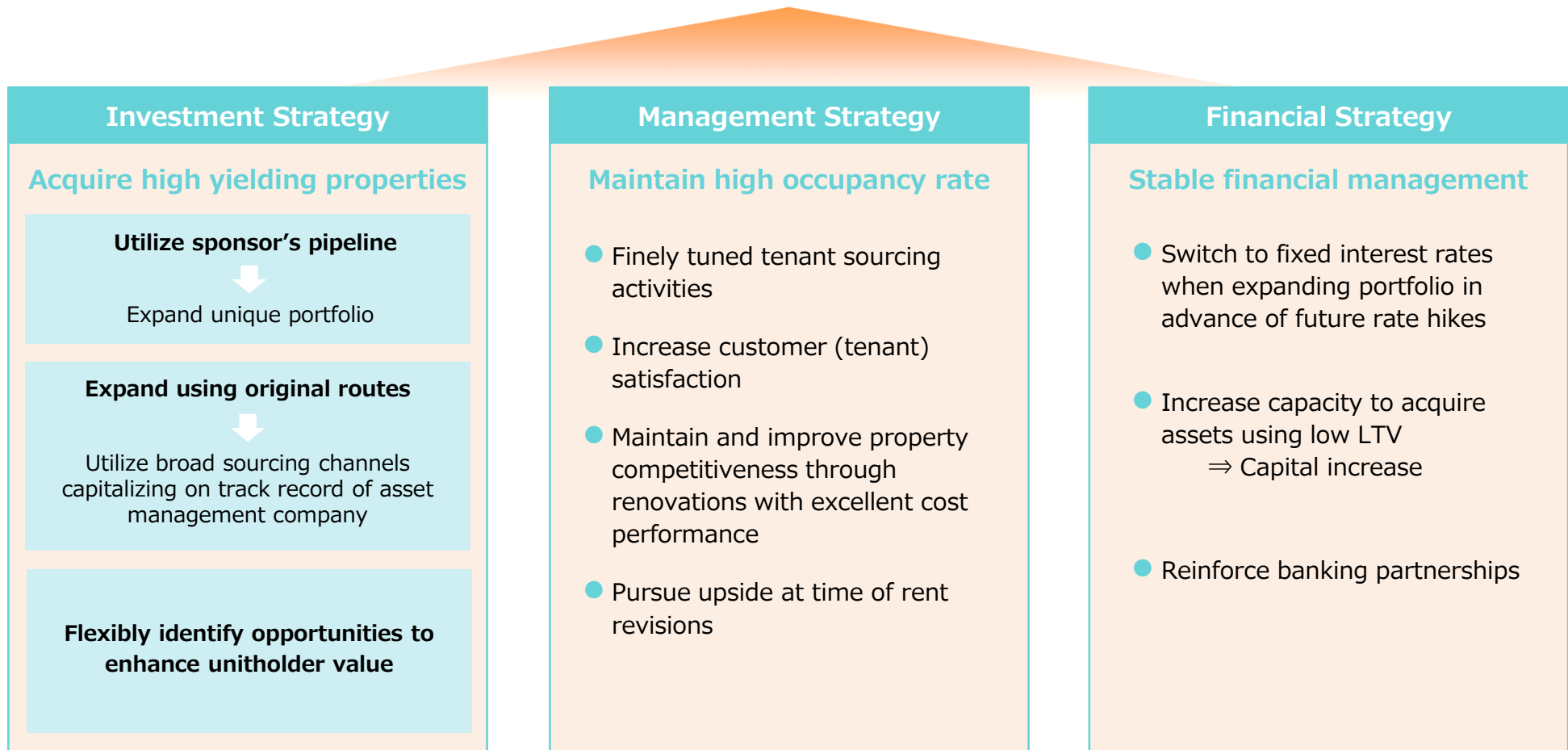




# Growth Strategy

## *Emphasis on distributions*

Strategic issues: Increase assets and establish management base for long-term, stable growth to maintain and raise distributions



# Growth Strategy 2

## External Growth Strategy

Management that capitalizes on **scale merits** based on the market environment

Active investments in volume zone

Pursue performance unique to a small cap REIT

Increase stability through growth

Medium-term asset target

JPY **100,000** MM

JPY **50,000** MM

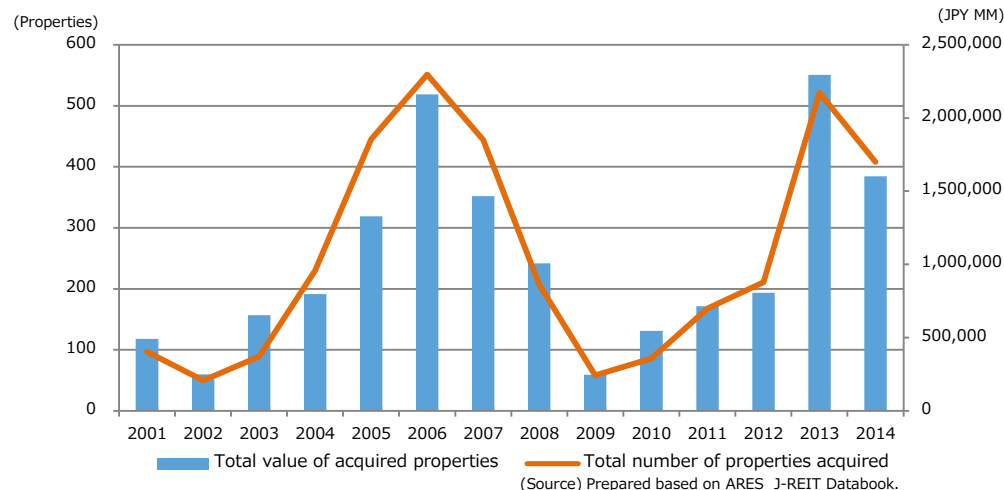
JPY **17,434** MM

Currently  
(End of 1st Fiscal Period)

Interim target  
(In three to four fiscal periods)

Medium-term target  
(Around 2018)

## Property Acquisitions by J-REIT



- ➡ Tougher competition over properties
- ➡ Tendency to take prudent approach without factoring in external growth

## Investment Targets

Asset class	Size	Target	Yield
Offices	Floor area of over 1,000㎡	Small- and medium-sized office buildings not exposed to excessive buying competition, located as focal points of the neighborhood, instead of in limited, high-demand commercial areas	Post-amortization NOI in upper 4% range
Retail Facilities	Floor area of over 1,000㎡	Urban Retail Facilities located in smaller commercial districts that still are highly visible and attract traffic because of their location close to a major station and busy entertainment districts.	
Residential Properties	Over 20㎡ floor area per unit	Small- and medium-sized Residential Properties in heavily populated suburbs and marginal areas with comparatively easy access to downtown Tokyo	

# Growth Strategy 3

## Properties with Preferential Negotiating Rights

### Offices 3rd Yoshino Bldg.



**Location** Edogawa Ward, Tokyo

**Nearest station** Tokyo Metro Tozai-Line, Nishikasai Sta.

### Offices Yokohama Shin Kannai Bldg.

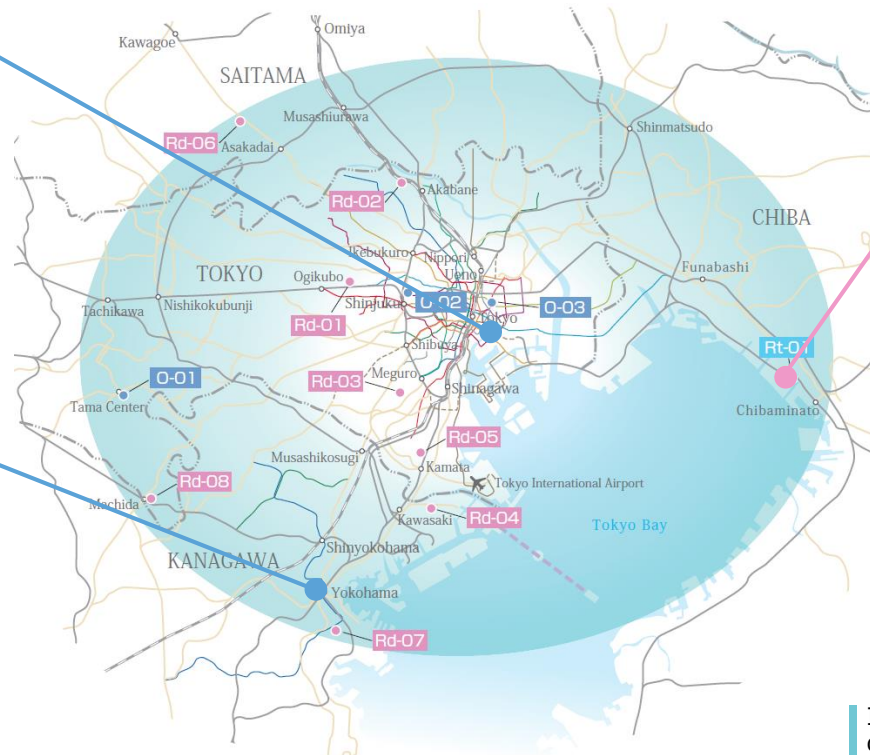


**Location** Naka ward, Yokohama City, Kanagawa

**Nearest station** JR Negishi-Line, Kannai Sta.

### Tosei's Inventory Assets as of 1Q 2015 (book value)

	Inventory assets (securitized)
Total	JPY 33,100 MM (40 properties)



### Residential Properties SEA SCAPE Chiba Minato



**Location** Chiba City, Chiba

**Nearest station** JR Keiyo Line, Chiba Minato Sta.

### Tosei's 1Q 2015 Property Sales and Purchases

	Purchases	Value (anticipated sales)	Sales	Value (excluding sale in lots)
Offices	4	JPY 10,080 MM	8	JPY 6,660 MM
Residential Properties	1		1	

### Information Obtained on Properties during the 1st Fiscal Period

	Properties
Obtained information	115
(obtained information from Tosei)	87
(obtained information from asset management company)	28
Number of properties considering purchasing	9

(Note) Tosei Reit has obtained preferential negotiating rights for the acquisition of these properties, but Tosei Reit does not have specific plans to acquire these properties as of June 22, 2015, and there is no guarantee that Tosei Reit will be able to acquire these properties in the future.

# Growth Strategy 4

## Internal Growth Strategy / Financial Strategy

### Currently

### Medium-term target

## Fully leverage the Tosei Group's management capabilities

Optimized management of portfolio properties

- Finely tuned tenant sourcing activities
- Thorough property management

Increase profitability through further optimization of property management

- Curb volatility risk
- Improve quality and control cost through scale merits

## Financial strategy aligned with scale

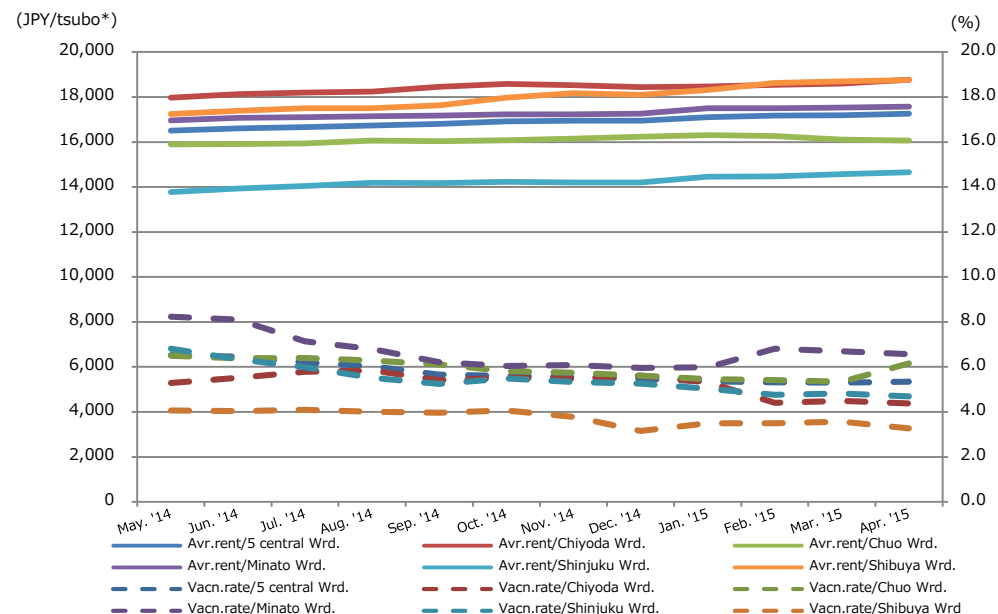
Pursuit of cost performance

- Use of floating rates
- Diversified repayment periods
- Banking partners include BTMU

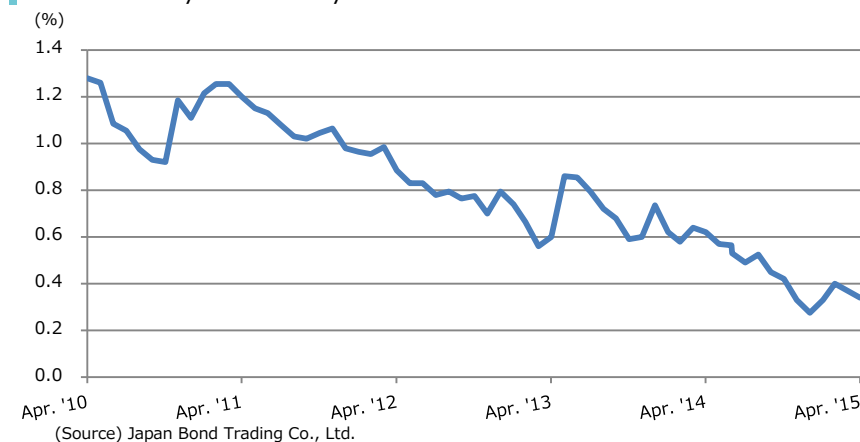
Pursue stability with eye on future rate hikes

- Use of fixed rates
- Lower LTV
- Achieve stable financial management through stronger banking relationships

## Average Rent and Vacancy Rate of Offices in Tokyo 5 Central Wards



## Yield on Newly Issued 10-year JGB



# Earnings Forecast

# Future Earnings Forecast

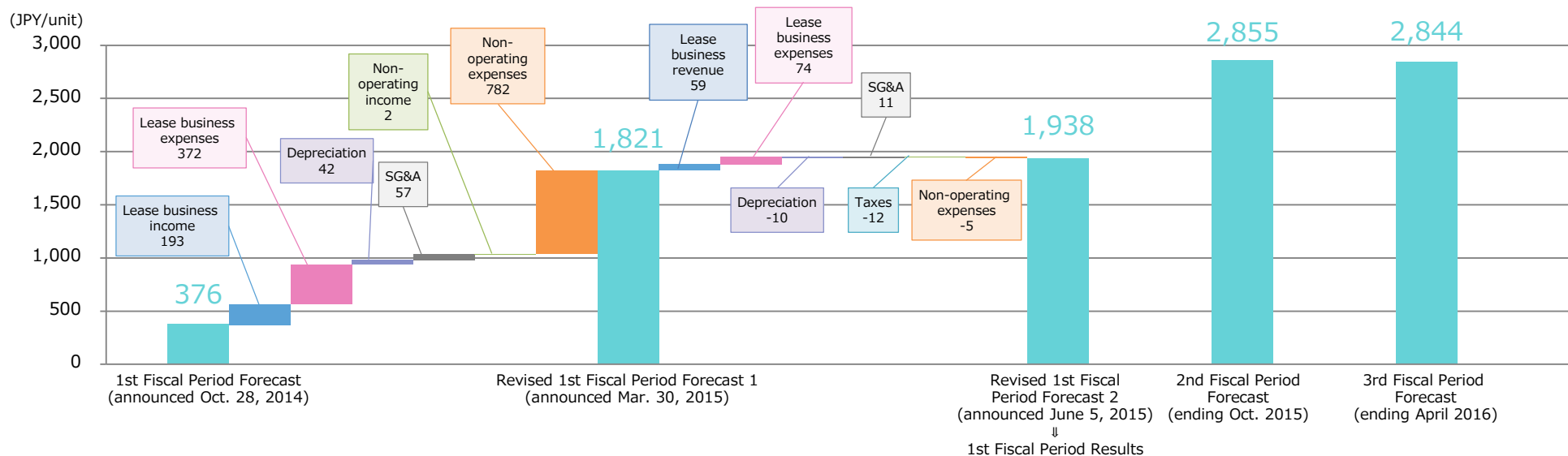
## Earnings Forecast for the 2nd and 3rd Fiscal Periods

(JPY MM)

	1st Fiscal Period Results (ended April 2015)	2nd Fiscal Period Forecast (announced June 19, 2015) (ending Oct. 2015)	Change (YoY)		3rd Fiscal Period Forecast (announced June 19, 2015) (ending April 2016)	Change (YoY)	
Operating revenue	¥662	¥788	¥125	118.9%	¥788	¥0	100.1%
Operating income	344	335	-8	97.4%	336	0	100.2%
Net income	186	274	88	147.3%	273	-1	99.6%
Cash distribution per unit (JPY)	1,938	2,855	917	147.3%	2,844	-11	99.6%

Note: Cash distributions of 2nd and 3rd Fiscal Period, ending October 2015 and April 2016 respectively, are predicted based on our financial statement published on June 19, 2015, and are subject to change due to acquisition or sale of real estate, real estate environment, or other circumstances relevant to Tosei Reit. The forecast above does not guarantee the amount of distributions.

## Distributions



# APPENDIX



# Income Statements for the Period ended April 30, 2015 (1st Fiscal Period)

	(JPY K)
Operating revenue	
Rent revenue - real estate	601,908
Other lease business revenue	60,858
Total operating revenue	662,767
Operating expenses	
Expenses related to rent business	252,615
Asset custody fee	31,932
Asset retention fee	623
Administrative service fees	7,035
Directors' compensations	5,200
Other operating expenses	20,597
Total operating expenses	318,005
Operating income	344,761
Non-operating income	
Interest income	175
Total Non-operating income	175
Non-operating expenses	
Interest expenses	23,422
Deferred establishment expenses	45,581
Issuance of investment unit	53,860
Financial expenses	34,894
Total non-operating expenses	157,758
Ordinary income	187,178
Income before income taxes	187,178
Income taxes - current	1,111
Income taxes - deferred	(18)
Net income	186,085
Unappropriated retained earnings (losses) at the end of period	186,085

# Balance Sheet as of April 30, 2015 (1st Fiscal Period)





(JPY K)

Assets	
Current assets	
Cash and deposits	399,012
Cash and deposits in trust	1,385,076
Operating accounts receivable	2,708
Consumption taxes receivable	387,669
Prepaid expenses	52,837
Deferred tax assets	18
<b>Total current assets</b>	<b>2,227,323</b>
Non-current assets	
Property, plant and equipment	17,555,943
Buildings in trust	5,427,321
Accumulated depreciation	(80,019)
Buildings in trust, net	5,347,302
Structures in trust	84,104
Accumulated depreciation	(2,482)
Structures in trust, net	81,621
Machinery and equipment in trust	151,049
Accumulated depreciation	(5,858)
Machinery and equipment in trust, net	145,191
Tools, furniture and fixtures in trust	56,152
Accumulated depreciation	(2,167)
Tools, furniture and fixtures in trust, net	53,985
Land in trust	11,927,842
Investments and other assets	104,162
Long-term prepaid expenses	94,162
Lease and guarantee deposits in trust	10,000
<b>Total non-current assets</b>	<b>17,660,105</b>
<b>Total Assets</b>	<b>19,887,429</b>





Liabilities	
Current liabilities	
Operating accounts payable	28,358
Accounts payable	37,000
Income taxes payable	1,075
Advances received	118,807
Others	776
<b>Total current liabilities</b>	<b>186,017</b>
Non-current liabilities	
Long-term loans payable	9,169,000
Tenant leasehold and security deposits in trust	820,888
<b>Total non-current liabilities</b>	<b>9,989,888</b>
<b>Total liabilities</b>	<b>10,175,906</b>

Net assets	
Unitholders' equity	
Unitholders' capital	9,525,436
Capital surplus	186,085
Unappropriated retained earnings (losses) at the end of period	186,085
<b>Total unitholders' equity</b>	<b>9,711,522</b>
<b>Total net assets</b>	<b>9,711,522</b>
<b>Total liabilities and net assets</b>	<b>19,887,429</b>





# Portfolio List 1

Name	O-01 Tama Center Tosei Building	O-02 KM Shinjuku Building	O-03 Nihonbashi-Hamacho Building	Rt-01 Inage Kaigan Building
				
Address	Ochiai, Tama-shi, Tokyo	Kabuki-cho, Shinjuku-ku, Tokyo	Nihonbashihama-cho, Chuo-ku, Tokyo	Takasu, Mihama-ku, Chiba-shi, Chiba-ken
Access	Approx. 4-min. walk from Odakyu Tama Center Sta., Odakyu Tama Line	Approx. 1-min. walk from Seibu-Shinjuku Sta., Seibu Shinjuku Line	Approx. 3-min. walk from Hamacho Sta., Toei Subway Shinjuku Line	Approx. 1-min. walk from Inagekaigan Sta., JR Keiyo Line
Acquisition price	JPY 3,370 MM	JPY 2,057 MM	JPY 1,830 MM	JPY 2,380 MM
Appraised NOI yield (as of April 30, 2015)	6.86%	5.69%	6.08%	6.95%
Construction	S, SRC, B1/7F	SRC, B1/9F	SRC, S, 9F	SRC, 7F
Building	16,212.96㎡	5,240.41㎡	4,583.48㎡	7,175.12㎡
Property Features (from prospectus)	<ul style="list-style-type: none"> <li>● Tama Center Tosei Building is a high-rise office building located on a corner lot approximately 4-minute walk from each of the following train stations: the Keio Sagami-hara Line; the Odakyu Tama Center Station on the Odakyu Tama Line; and the Tama Center Station on the Tama Monorail Line.</li> <li>● The area at the south entrance of the above 3 stations was developed as part of a new housing and urban development project, and features Retail Facilities with strong name recognition, including MITSUKOSHI, Ito-Yokado, and WARNER MYCAL, and the townscape is arranged in an orderly fashion. It is also a good location as a residential area due to the fact that it is near Retail Facilities.</li> <li>● This property was completed in 1989. Despite experiencing some wear and tear and aging over the years, it has been kept in good condition thanks to regular rounds of inspection by the property management company.</li> </ul>	<ul style="list-style-type: none"> <li>● The KM Shinjuku Building is a high-rise office building with retail stores located approximately 1-minute walk from the Seibu-Shinjuku Station on the Seibu Shinjuku Line, and approximately 9-minute walk from the Shinjuku Station on the JR Chuo Line.</li> <li>● This property was completed in 1991. Despite experiencing some wear and tear and aging over the years, it has been kept in good condition thanks to regular rounds of inspection by the property management company.</li> <li>● The front exterior wall is aluminum paneled, while the rest of the exterior walls are finished with sprayed tile. This was a standard design for office buildings built in the early 1990s.</li> </ul>	<ul style="list-style-type: none"> <li>● The Nihonbashi-Hamacho Building is a high-rise office building located approximately 3-minute walk from Hamacho Station on the Toei Subway Shinjuku Line, and approximately 6-minute walk from the Higashi-Nihonbashi Station on the Toei Subway Asakusa Line. It is also located within walking distance of both Ningyocho Station on the Tokyo Metro Hibiya Line/ Toei Subway Asakusa Line and the Bakurocho Station on the JR Sobu Line. In particular, Bakurocho Station is approximately 5 minutes from Tokyo Station, making this location very convenient.</li> <li>● In addition to the relatively low rent level considering the property's location in the central Tokyo area, we expect that solid demand from tenants looking for office space just outside of the Nihonbashi area and from tenants seeking relatively low rent levels will remain. We therefore believe that demand for office space in this property will remain solid going forward.</li> </ul>	<ul style="list-style-type: none"> <li>● The Inage Kaigan Building is a high-rise office building with retail space located on a corner lot approximately 1-minute walk from the Inagekaigan Station on the JR Keiyo Line.</li> <li>● This property's neighboring area and its surrounding areas comprise the nearest retail district to the Inagekaigan Station on the JR Keiyo Line. A residential area extends behind this retail district, and it contains many amenities such as daily goods stores, banks, and eating/drinking establishments that people living in the area make use of. It is a mature area as a commercial district and attracts a large number of customers.</li> <li>● This property was completed in 1992. Despite experiencing some wear and tear and aging as would be expected for a building its age, the property has been kept in good condition thanks to regular rounds of inspection by the property management company.</li> <li>● The leasable space of each floor area is irregularly shaped, but the building's core (common elements such as the elevator shaft, etc.) is located on one side, which allows offices to be divided into small spaces, giving the property a design that, we believe, promotes efficient use.</li> </ul>

# Portfolio List 2

Name	Rd-01 T's garden Koenji	Rd-02 Live Akabane	Rd-03 Gekkocho Apartment	Rd-04 T's garden Kawasakiidaishi
				
Address	Koenjikita, Suginami-ku, Tokyo	Ukima, Kita-ku, Tokyo	Shimomeguro, Meguro-ku, Tokyo	Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Access	Approx. 5-min. walk from Koenji Sta., JR Chuo Line	Approx. 4-min. walk from Kita-Akabane Sta., JR Saikyo Line	Approx. 13-min. walk from Musashi-Koyama Sta., Tokyu Meguro Line	Approx. 8-min. walk from Suzukicho Sta., Keikyu Daishi Line
Acquisition price	JPY 1,544 MM	JPY 1,227 MM	JPY 1,000 MM	JPY 980 MM
Appraised NOI yield (as of April 30, 2015)	5.32%	6.25%	5.17%	5.79%
Construction	RC, 6F	SRC, 12F	RC, 6F	S, 3F
Building	2,445.31㎡	4,484.24㎡	1,547.03㎡	2,105.59㎡
Property Features (from prospectus)	<ul style="list-style-type: none"> <li>● T's garden Koenji is a mid-rise apartment building with retail space located approximately 5-minute walk from Koenji Station on the JR Chuo Line.</li> <li>● The neighboring retail district along Koushindoori (Koushin street), located in the property's surrounding area, is an old-fashioned shopping street that comprises small lots along the street. The property's size stands out as there are very few large lots along this street.</li> <li>● This property offers better accessibility to transportation than such alternative properties, and provides amenities such as daily goods stores, elementary schools, post offices, and hospitals in the surrounding area, as well as a good living environment. We therefore believe that this property is highly advantageous in the marketplace.</li> </ul>	<ul style="list-style-type: none"> <li>● Live Akabane is a high-rise apartment building located on a corner lot approximately 4-minute walk from Kita-Akabane Station on the JR Saikyo Line.</li> <li>● In recent years, condominium development has taken place in the area, and there is a strong trend for buyers to acquire large plots as condominium development sites, where certain floor area ratios can be secured.</li> <li>● Alternative properties in the same category are rental apartments for families. The property's surrounding area provides more amenities such as parks and supermarkets than such alternative properties, and this property offers a convenient and good living environment. We therefore believe that this property is highly advantageous in the marketplace.</li> </ul>	<ul style="list-style-type: none"> <li>● Gekkocho Apartment is a mid-rise apartment building with retail space located approximately 13-minute walk from Musashi-Koyama Station on the Tokyu Meguro Line.</li> <li>● This property was built as an all-electric residential complex, and comprises a total of 16 rental housing units and 2 retail lots. Each rental housing unit has its own theme, such as "cars," "light," and "SOHO," catering to various lifestyles. Retail stores are designed to be closely linked with the local communities. Featuring open ceilings and high windows, the units were designed to provide a more open feel than most rental apartments. These designs helped this property win the Good Design Award in 2008.</li> </ul>	<ul style="list-style-type: none"> <li>● T's garden Kawasakiidaishi is a mid-rise apartment building located approximately 8-minute walk from Suzukicho Station on the Keikyu Daishi Line.</li> <li>● This property was completed in 2009. Despite experiencing some wear and tear and aging as would be expected for a building its age, the property has been kept in good condition thanks to regular rounds of inspection by the property management company.</li> <li>● This property has good accessibility to transportation and is within walking distance of many amenities such as parks, an elementary school, post offices, daily goods stores, a kindergarten, and hospitals, and offers a comparatively convenient environment to live in. Although the property is steel-framed, and the grade of the building is slightly inferior to some other buildings, its equipment and specifications are standard compared to other apartment buildings in the surrounding area. We therefore believe that this property is fairly competitive in the marketplace compared to such alternative properties.</li> </ul>

# Portfolio List 3

Name	Rd-05 Abitato Kamata	Rd-06 MarLandFive	Rd-07 Avenir Shirotae	Rd-08 Dormitory Haramachida
				
Address	Chuo, Ota-ku, Tokyo	Nishimizuhodai, Fujimi-shi, Saitama	Shirotae-cho, Minami-ku, Yokohama-shi, Kanagawa	Haramachida, Machida-shi, Tokyo
Access	Approx. 18-min. walk from Kamata Sta., JR Keihin-Tohoku Line	Approx. 2-min. walk from Mizuhodai Sta., Tobu Tojo Line	Approx. 4-min. walk from Bandobashi Sta., Yokohama Municipal Subway Blue Line	Approx. 6-min. walk from Machida Sta., JR Yokohama Line
Acquisition price	JPY 836 MM	JPY 830 MM	JPY 780 MM	JPY 600 MM
Appraised NOI yield (as of April 30, 2015)	5.72%	7.02%	6.68%	6.72%
Construction	RC, 6F	SRC, B1/9F	SRC, 11F	SRC, S, B1/12F
Building	2,062.09㎡	3,688.54㎡	3,001.81㎡	2,239.50㎡
Property Features (from prospectus)	<ul style="list-style-type: none"> <li>● Abitato Kamata is a mid-rise apartment building located approximately 18-minute walk from both Kamata Station on the JR Keihin-Tohoku Line and Ikegami Station on the Tokyu Ikegami Line.</li> <li>● This property was completed in 1991. Despite experiencing some wear and tear and aging as would be expected for a building its age, the property has been kept in generally good condition thanks to regular rounds of inspection by the property management company.</li> <li>● Alternative properties in the same category are rental apartments mainly for families. Although this property is located slightly further from the nearest station than such alternative properties, the surrounding area provides post offices, parks, a kindergarten, elementary schools, hospitals, daily goods stores, city hall, etc., making the location very convenient to live in. Consequently, we expect that this property will remain fairly competitive.</li> </ul>	<ul style="list-style-type: none"> <li>● MarLandFive is a high-rise apartment building with retail and office space located approximately 2-minute walk from Mizuhodai Station on the Tobu Tojo Line.</li> <li>● This property's neighboring area has great accessibility to the train station, and contains a mixture of residential and commercial districts. This is a very convenient area, as it is within 30 minutes of Ikebukuro Station from the closest station where commuter express and semi-express trains stop, and amenities used on a daily basis are located nearby.</li> <li>● This property has excellent accessibility to transportation, and offers a good living environment, as there are amenities such as daily goods stores, hospitals, nurseries, post offices, and an elementary school. We therefore believe that this property is highly advantageous as an apartment building in the marketplace.</li> </ul>	<ul style="list-style-type: none"> <li>● Avenir Shirotae is a high-rise apartment building located approximately 4-minute walk from Bandobashi Station on the Yokohama Municipal Subway Blue Line.</li> <li>● Alternative properties in the same category are highly-convenient rental apartments mainly for families. The property's location offers generally good accessibility to downtown Yokohama City as well as amenities such as an elementary school, a post office, parks, daily goods stores, hospitals, and a kindergarten. We believe that this property is relatively competitive compared to such alternative properties.</li> </ul>	<ul style="list-style-type: none"> <li>● Dormitory Haramachida is a high-rise apartment building with retail space located approximately 6-minute walk from Machida Station on the JR Yokohama Line, and approximately 12-minute walk from Machida Station on the Odakyu Odawara Line.</li> <li>● The area lies along the Old Machida Highway, which has a mixture of mid-rise and high-rise apartment buildings with retail space, as well as low-rise retail stores. This area is within walking distance of the closest train station, but the slight distance to the station results in weaker than average commercial activity. However, it is a very convenient area to live in, and the government regulations and other conditions enabling a high degree of land usage has led to the construction of many mid-rise and high-rise apartments in the area.</li> <li>● Transportation accessibility is comparatively good. This property offers a good living environment, as there are amenities such as daily goods stores, an elementary school, a post office, and city hall within walking distance. We therefore believe that this property is fairly competitive in the marketplace.</li> </ul>



# Portfolio Map

## Offices



O-01 Tama Center  
Tosei Building



O-02 KM Shinjuku Building

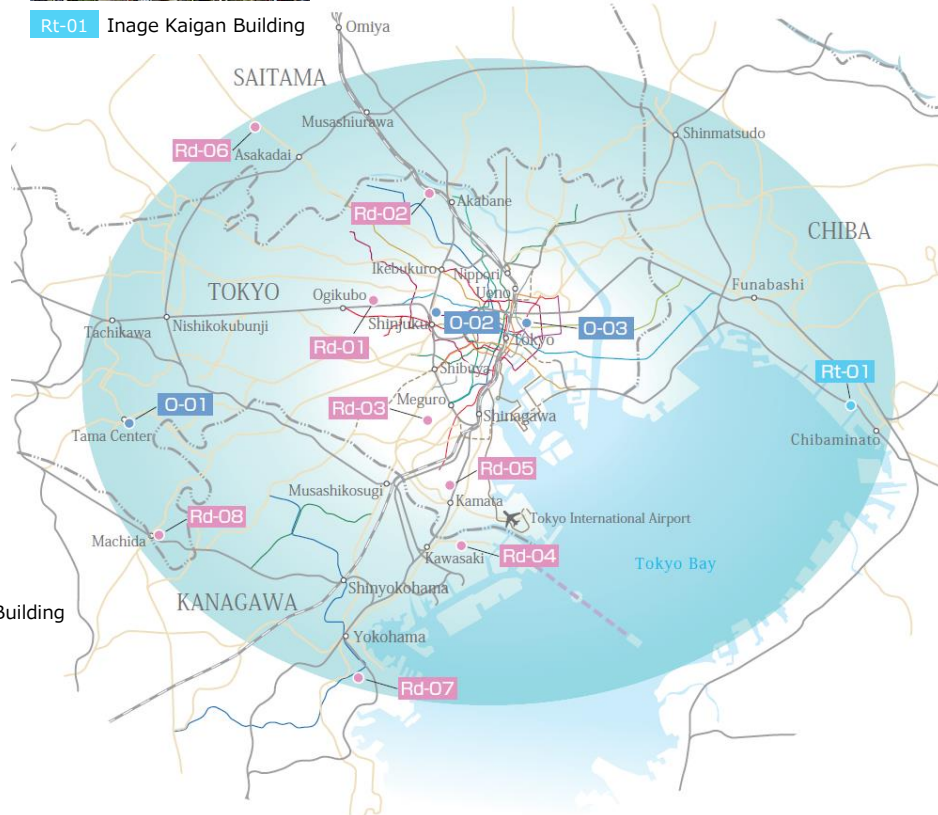


O-03 Nihonbashi-Hamacho Building

## Retail Facilities



Rt-01 Inage Kaigan Building



## Residential Properties



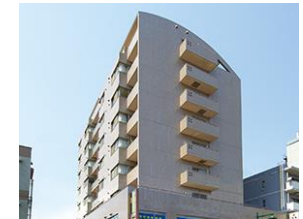
Rd-01 T's garden Koenji



Rd-05 Abitato Kamata



Rd-02 Live Akabane



Rd-06 MarLandFive



Rd-03 Gekkocho Apartment



Rd-07 Avenir Shirotae



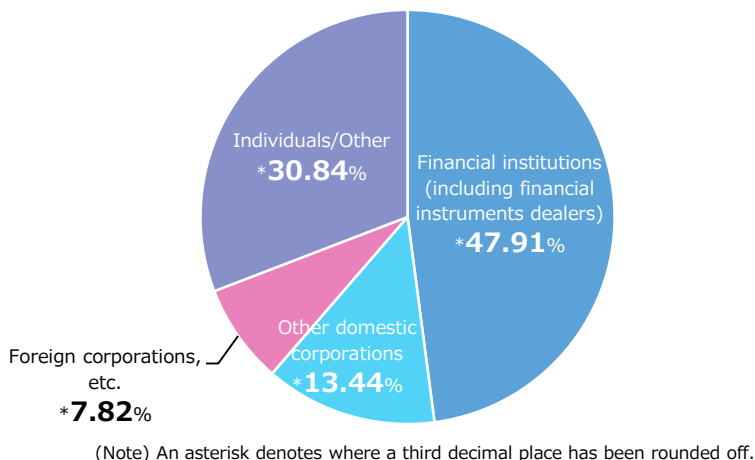
Rd-04 T's garden  
Kawasaki-daishi



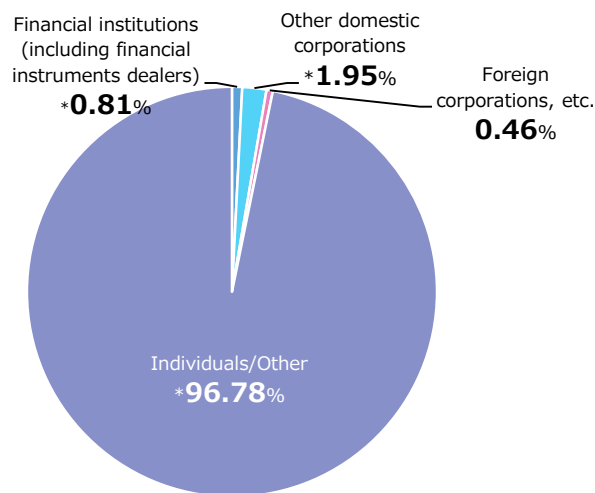
Rd-08 Dormitory Haramachida

# Unitholder Information at the End of the 1st Fiscal Period

## Number of Units by Unitholder Type



## Number of Unitholders by Unitholder Type

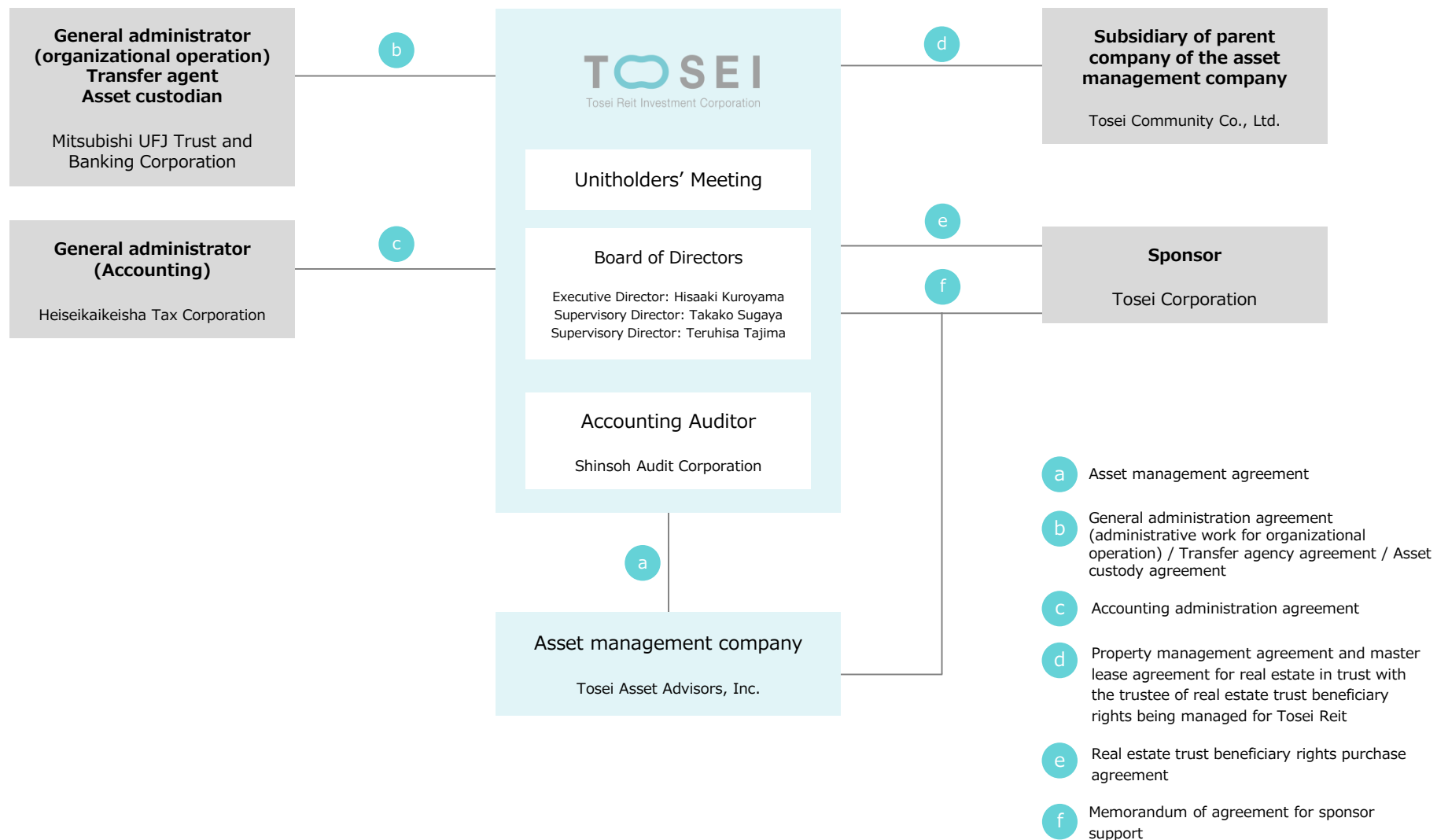


## Top 10 Unitholders

	Name	Number of investment units owned (units)	Number of investment units owned as a percentage of total number of investment units issued and outstanding (%)
1	Japan Trustee Services Bank, Ltd (Trust Account)	19,961	20.79
2	Tosei Corporation	9,600	10.00
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	7,739	8.06
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	4,638	4.83
5	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,045	4.21
6	Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	2,399	2.49
7	GOLDMAN SACHS INTERNATIONAL	2,291	2.38
8	MSIP CLIENT SECURITIES	1,593	1.65
9	Matsui Securities Co., Ltd.	1,536	1.60
10	UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	1,375	1.43

(Note) Based on the unitholder registry as of April 30, 2015.

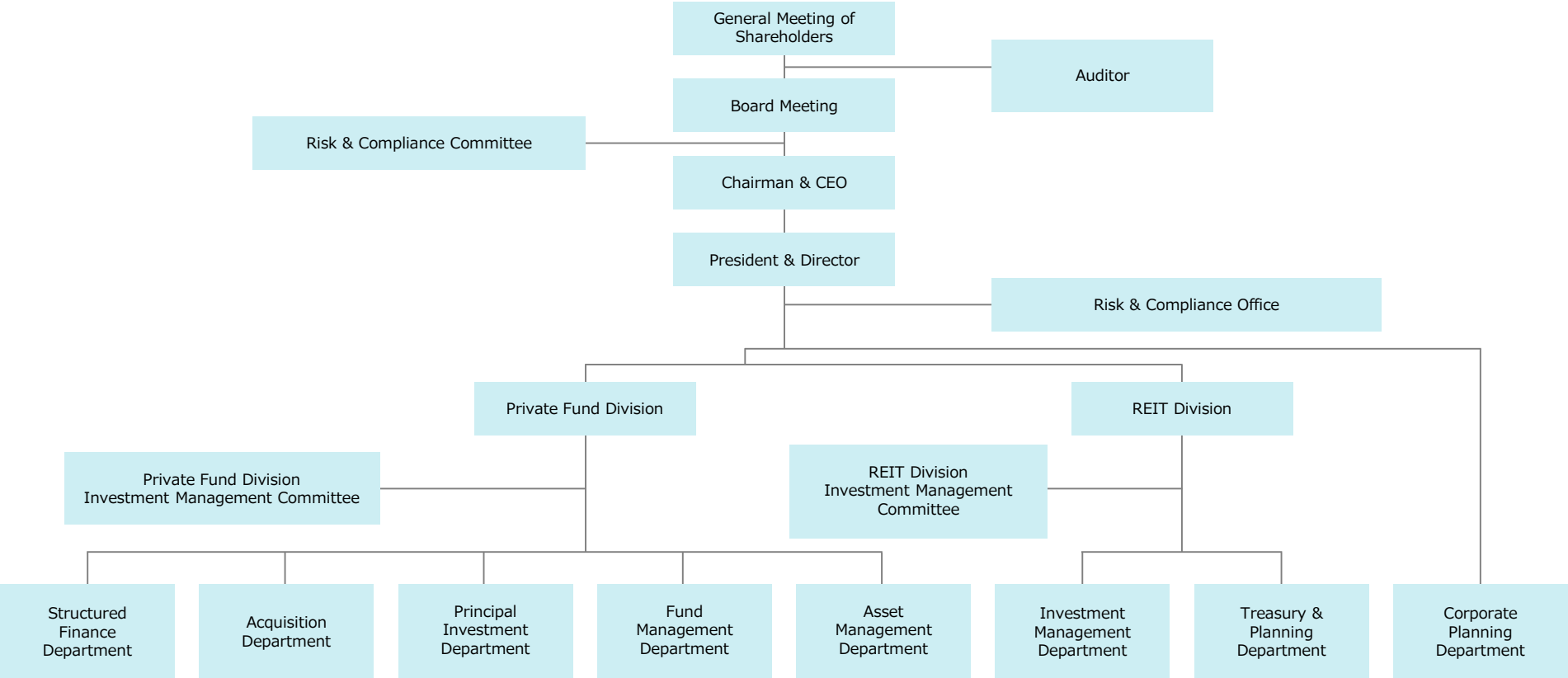
# Profile of Tosei Reit





# Asset Management Company Profile

Company Name	Tosei Asset Advisors, Inc.
Date of Establishment	September 28, 2005
Capital	JPY 100 MM
Chairman & CEO	Hiroshi Nakamura
Licenses/Registrations	Type II Financial Instruments Business, Investment Advisory and Agency Business Investment Management Business: Director-General of Kanto Local Finance Bureau (Financial Instruments) Registration No. 363 Entrustment-Based Agency Services For Transactions: Minister of Land, Infrastructure, Transport and Tourism, License No. 52 Real Estate Brokerage Business: Governor of Tokyo (2) Registration No. 85736



(Note) Organizational changes were made on June 1, 2015.

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