

## (REIT) Financial Report for the Fiscal Period Ended April 30, 2015

June 19, 2015

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

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

Asset Management Company: Tosei Asset Advisors, Inc.  
 Representative: Hiroshi Nakamura, Chairman & CEO  
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Scheduled date of submission of securities report: July 30, 2015

Scheduled date of commencement of cash distribution payment: July 21, 2015

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest JPY million)

# 1. Status of Management and Assets for Fiscal Period Ended April 30, 2015 (September 4, 2014 – April 30, 2015)

## (1) Management

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Ended Apr. 2015	662	—	344	—	187	—	186	—

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	JPY	%	%	%
Ended Apr. 2015	2,835	1.9	0.9	28.2

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

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

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

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

## (2) Cash Distributions

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Payout ratio	Ratio of cash distribution to net assets
	JPY	JPY million	JPY	JPY million	%	%
Ended Apr. 2015	1,938	186	0	0	99.9	1.9

(Note) As new investment units were issued, payout ratio is calculated by the following formula, rounded down to one decimal place.

Payout ratio = Total cash distribution (not including cash distribution in excess of earnings) ÷ Net income × 100

## (3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	JPY million	JPY million	%	JPY
Ended Apr. 2015	19,887	9,711	48.8	101,161

## (4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
Ended Apr. 2015	146	(16,825)	18,463	1,784

2. Forecast for Management Status for Fiscal Period Ending October 31, 2015 (May 1, 2015 – October 31, 2015) and  
Forecast for Management Status for Fiscal Period Ending April 30, 2016 (November 1, 2015 – April 30, 2016)  
(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Ending Oct. 2015	788	18.9	335	(2.6)	274	46.5	274	47.3	2,855	0
Ending Apr. 2016	788	0.1	336	0.2	273	(0.4)	273	(0.4)	2,844	0

(Reference) Forecast net income per unit for the fiscal period ending October 31, 2015 is JPY2,855 and for the fiscal period ending April 30, 2016 is JPY2,844 (assuming total number of investment units issued and outstanding at end of period of 96,000 units).

\* Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

① Total number of investment units issued and outstanding (including own investment units) at end of period	Fiscal period ended April 30, 2015	96,000 units
② Number of own investment units at end of period	Fiscal period ended April 30, 2015	0 units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Notes on Per Unit Information” on page 24.

\* Presentation of the status of implementation of audit procedures

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

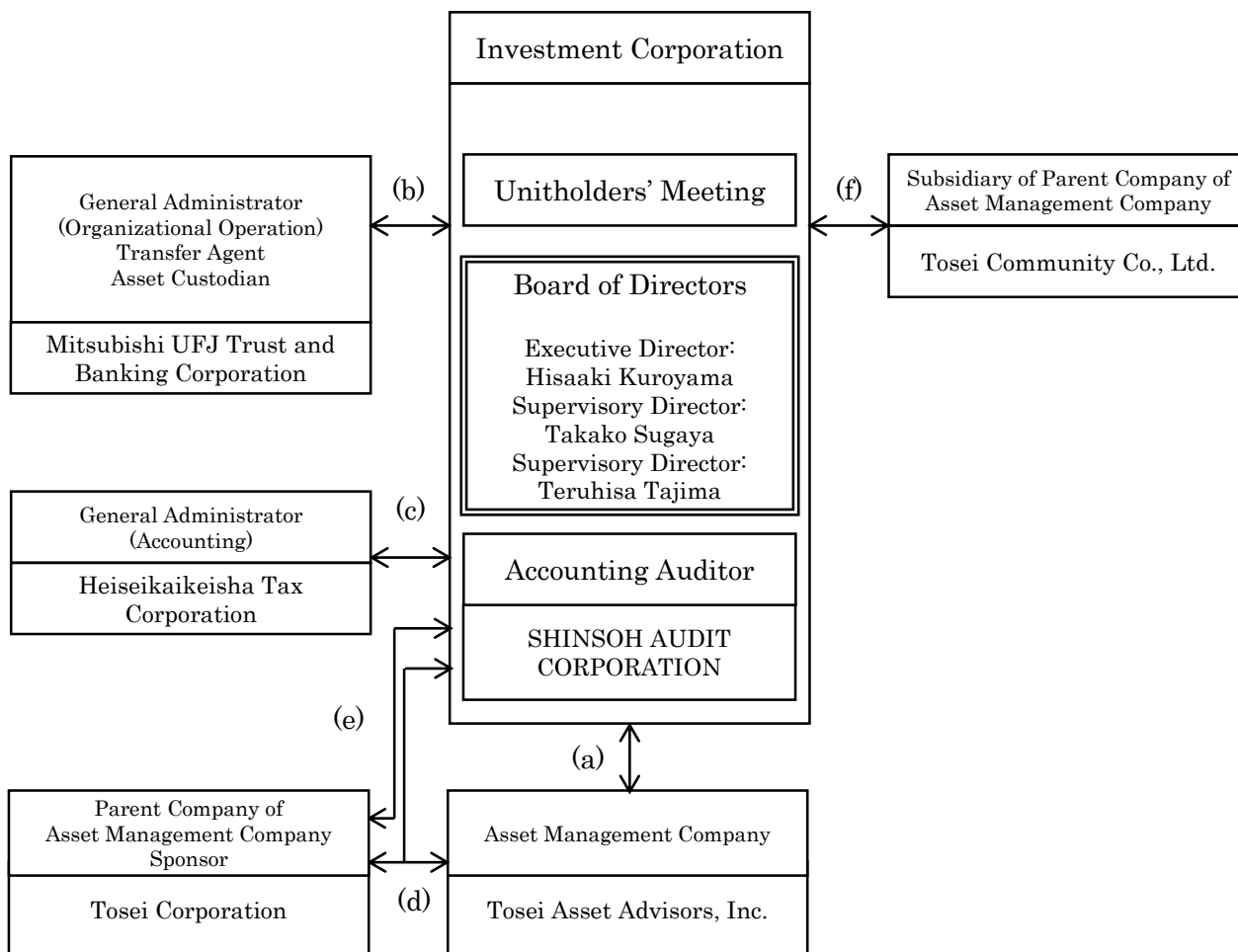
\* Explanation of the appropriate use of the forecast for management status, and other matters of special note

The outlook for management status and other forward-looking statements contained in this document is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the forecast for management status, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2015 and Fiscal Period Ending April 30, 2016” on page 7.

# 1. Affiliated Juridical Persons of the Investment Corporation

## Structure of the Investment Corporation

Concerning the name, operational roles and outline of the relevant business of Tosei Reit and the affiliated juridical persons of Tosei Reit (including other major affiliates of Tosei Reit), disclosure is omitted because there is no significant change from “Structure of the Investment Corporation” in the securities registration statement (submitted on October 28, 2014, as amended). As administrative work for offering pertaining to issuance of new investment units has ended, the following are the affiliated juridical persons of Tosei Reit as of the date of this document.



- (a) Asset management agreement
- (b) General administration agreement (administrative work for organizational operation) / Transfer agency agreement / Asset custody agreement
- (c) Accounting administration agreement
- (d) Sponsor support agreement
- (e) Real estate trust beneficiary right sale and purchase agreement
- (f) Real estate lease agreement (master lease agreement) and property management agreement for real estate that are the assets in trust of the trust with trustees for real estate trust beneficiary rights that are the assets under management of Tosei Reit

(Note) Tosei Reit's specified affiliated juridical persons (refers to specified affiliated juridical persons as provided in Article 12, Paragraph 3 of the Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities (Ordinance of the Ministry of Finance No. 22 of 1993, as amended)) are Tosei Corporation (the "Sponsor" or "Tosei") and Tosei Community Co., Ltd. ("Tosei Community"). Tosei is the parent company (refers to parent company as defined in Article 8, Paragraph 3 of the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963, as amended)) of the company to which Tosei Reit entrusts management of its assets Tosei Asset Advisors, Inc. (the "Asset Management Company"). Tosei Community is an interested person, etc. (refers to interested person, etc. as defined in Article 201, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the "Investment Trusts Act")) of the Asset Management Company, a juridical person engaging in transactions that fall under the category of Article 29-3, Paragraph 3, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended), and the

property management company and master lease company for the 12 properties that are the assets held by Tosei Reit as of the last day of April 2015 (1st Period).

## 2. Management Policy and Management Status

### (1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Target” and “Cash Distribution Policy” in the securities registration statement (submitted on October 28, 2014, as amended).

### (2) Management Status

#### ① Overview of the Fiscal Period Under Review

##### (a) Key Developments of the Investment Corporation

Tosei Reit was incorporated by the Asset Management Company as the organizer under the Investment Trusts Act with investments in capital of JPY960 million (9,600 units) on September 4, 2014, and completed registration with the Kanto Local Finance Bureau on September 22, 2014 (Director-General of the Kanto Local Finance Bureau Registration No. 96).

With subsequent issuance of new investment units through public offering (86,400 units) on November 26, 2014 and listing on the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) Real Estate Investment Trust Securities Market (the “J-REIT market” (Note 1)) (Securities Code: 3451) on November 27, 2014, Tosei Reit has real estate trust beneficiary rights of 12 properties in total (total amount of acquisition price (Note 2): JPY17,434 million) under management and a total number of investment units issued and outstanding of 96,000 units as of April 30, 2015.

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

(Note 1) “J-REIT” refers to a listed real estate investment corporation. In addition, “J-REIT market” refers to the real estate investment trust securities market established by Tokyo Stock Exchange. The same applies hereinafter.

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

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

(Note 4) “Core competencies of Tosei” collectively refers to three know-hows. Specifically, (a) the know-how to comprehensively assess an investment property based on factors including location, size, age, facilities/specifications and structure, and to assess a property’s competitiveness and potential as a rental property (“good judgment”), (b) the know-how to raise the level of satisfaction among tenants through appropriate management of investment properties, and to improve and/or maintain occupancy rates with leasing activities that match a property’s specific features (“leasing capability”) and (c) the know-how to improve and/or maintain the competitiveness of a property by assessing the property’s current competitiveness in the market, followed by performing any necessary refurbishments or renovations at the appropriate time (“revitalization capability”). The same applies hereinafter.

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

###### Investment Environment:

In the fiscal period under review (fiscal period ended April 30, 2015 (1st Period)), amid progress in improvement of corporate earnings and employment situation due to the effects of the government’s various economic policies and Bank of Japan’s aggressive monetary easing, the Japanese economy also showed a recovery trend, albeit a moderate one.

In the real estate transaction market, in addition to land market value increase expectations and low interest rates leading to more real estate transactions, depreciation of the yen buoyed increase in real estate acquisitions by overseas firms, investment funds, etc., resulting in fiscal 2014 real estate acquisitions by listed companies, etc. amounting to approximately JPY5,280 billion (up 15% year-on-year). Concerning real estate transaction trends among J-REITs, on the other hand, decrease in large new public listings in comparison with the previous fiscal year and rise in real estate prices that lead to drops in cap rates resulted in the amount of acquisitions by J-REITs, which had continued to increase since fiscal 2010, falling slightly below the amount in the previous fiscal year. (According to research by Urban Research Institute Corporation)

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

#### Management Performance:

Tosei Reit commenced management on November 28, 2014 with portfolio assets acquired on the same date in the amount of JPY17,434 million (sum total of acquisition price) of 3 office properties, 1 retail property and 8 residential properties to total 12 properties as assets under management. With the occupancy rate at the end of April 2015 being 96.2%, high occupancy is being maintained at the assets under management.

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

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

#### (c) Overview of Fund Procurement

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

Issuance of new investment units through public offering (86,400 units) with November 26, 2014 as the payment date increased unitholders’ capital to JPY9,525 million.

In addition, as fund procurement through interest-bearing debt, JPY9,169 million was procured through long-term loans on November 28, 2014 for the acquisition of real estate trust beneficiary rights of 12 properties and related expenses.

At the end of the fiscal period under review, the ratio of interest-bearing debt to total assets (LTV) was 46.1%.

#### (d) Overview of Business Performance and Cash Distribution

As a result of the management described above, performance in the fiscal period under review was operating revenue of JPY662 million and operating income of JPY344 million. In addition, investment unit issuance expenses and deferred organization expenses being expensed all at once, among other factors, resulted in ordinary income of JPY187 million and net income of JPY186 million.

In addition, concerning cash distribution in the fiscal period under review, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit and to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation), Tosei Reit decided to distribute the entire amount of unappropriated retained earnings, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit of JPY1,938.

#### ② Outlook for the Next Fiscal Period

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

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

#### Future Management Policy and Challenges to Address

##### (a) Management Policy:

Tosei Reit invests primarily in highly advantageous real estate properties located in areas where acquisition competition is relatively low and where high yields can be expected or properties with strong potential regardless of the properties’ age. Tosei Reit acquires assets by leveraging one of the Sponsor’s core competencies of good judgement for those real estate that can call for relatively-high cap rate (Note) in terms of the area of location and building age of which are properties that can be expected to have high ability to attract tenants, strong rental demand, etc. over the medium to long term.

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

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

#### (b) Expansion of Asset Size

Tosei Reit commenced management with an asset size (Note 1) of JPY17.4 billion, but early expansion in size is thought to be required to realize stable cash distribution to unitholders.

In today’s real estate market in which acquisition competition is fierce, Tosei Reit will aim for external growth through securing of diverse investment opportunities by leveraging the sourcing support of the Sponsor and additionally through acquisition of assets by leveraging the Asset Management Company’s own network from its management of private placement funds (Note 2).

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

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

#### (c) Financial Strategy

In the fiscal period under review, JPY9,169 million was borrowed through syndicated loans from a total of seven banks, including The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger, for acquisition of assets. At this point in time, given the market interest rate trends in light of the state of Bank of Japan’s monetary easing policy, debt financing is on floating interest rates with a mind to prioritizing cash distributions to unitholders. However, going forward, some fixed-rate debt financing will also be considered in consideration of also future risk of interest rate rise and fixed costs at the timing of asset acquisition, etc.

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

#### (d) Outlook for Management Status for Fiscal Period Ending October 31, 2015 and Fiscal Period Ending April 30, 2016

Fiscal period	Operating revenue	Operating income	Ordinary income	Net income	Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	JPY million	JPY million	JPY million	JPY	JPY
Ending Oct. 2015	788	335	274	274	2,855	—
Ending Apr. 2016	788	336	273	273	2,844	—

The outlook is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the outlook, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2015 and Fiscal Period Ending April 30, 2016” on page 7.

#### ③ Significant Subsequent Events

Not applicable.

Assumptions for Outlook for Management Status for  
Fiscal Period Ending October 31, 2015 and Fiscal Period Ending April 30, 2016

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>• Fiscal period ending October 31, 2015 (2nd Period): May 1, 2015 – October 31, 2015 (184 days)</li> <li>• Fiscal period ending April 30, 2016 (3rd Period): November 1, 2015 – April 30, 2016 (182 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>• It is assumed that there will be no change (new property acquisitions, sales of assets under management, etc.) through the end of the fiscal period ending April 30, 2016 to the real estate trust beneficiary rights owned by Tosei Reit as of the date of this document (12 properties in total; the “Assets under Management”).</li> <li>• In practice, they may vary due to acquisition of new properties other than the Assets under Management or sales of the Assets under Management, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• It is assumed that operating revenue is from the Assets under Management. For rental revenues from the Assets under Management, it is assumed that no rent payments will be behind or declined by tenants, taking into account the tenant trends, market trends, etc.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Among expenses related to rent business, which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses. As expenses that account for a large portion of expenses related to rent business, management fee of JPY71 million is recorded for the fiscal period ending October 31, 2015 and the fiscal period ending April 30, 2016, respectively. As major items of the expenses, operational management costs of JPY52 million is recorded for the fiscal period ending October 31, 2015 and the fiscal period ending April 30, 2016, respectively, and property management costs of JPY16 million is recorded for the fiscal period ending October 31, 2015 and JPY17 million is recorded for the fiscal period ending April 30, 2016.</li> <li>• For the expenditure for repair and maintenance of buildings, JPY19 million is recorded for the fiscal period ending October 31, 2015 and JPY17 million is recorded for the fiscal period ending April 30, 2016 as expenses, based on the amount planned by the Asset Management Company, after considering the amount stated in the engineering report. However, the expenditure for repair and maintenance for the fiscal period could differ significantly from the estimated amount, as expenditures may arise urgently due to damages to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair maintenance expenses do not arise regularly.</li> <li>• For property taxes, JPY56 million is recorded for the fiscal period ending October 31, 2015 and JPY64 million is recorded for the fiscal period ending April 30, 2016 as expenses.</li> <li>• Depreciation is calculated using the straight line method, including incidental expenses and others, and is assumed to be JPY90 million for the fiscal period ending October 31, 2015 and the fiscal period ending April 30, 2016, respectively.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses and borrowing related expenses are expected to be JPY62 million for the fiscal period ending October 31, 2015 and JPY63 million for the fiscal period ending April 30, 2016. Among the borrowing related expenses, JPY24 million for the fiscal period ending October 31, 2015 and the fiscal period ending April 30, 2016, respectively, will be amortized in accordance with the borrowing period as deferred cost.</li> </ul>



Item	Assumptions
Debt financing	<ul style="list-style-type: none"> <li>• It is assumed that debt financing is JPY9,169 million in total from the qualified institutional investors (institutional investors who are specified by Ordinance of the Ministry of Internal Affairs and Communications among those defined under Article 67-15 Paragraph 1 item 1 (b)-2 of Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) and Article 7 Paragraph 7 item 3, supplementary provision of the Order for Enforcement of the Local Tax Act (Cabinet Order No. 245 of 1950, as amended)) defined under Article 2 Paragraph 3 item 1 of Financial Instruments and Exchange Act, as of the date of this document. It is also assumed that there will be no changes, other than the above, in debt outstanding through the end of the fiscal period ending April 30, 2016.</li> <li>• LTV as of the end of the fiscal period ending October 31, 2015 and the end of the fiscal period ending April 30, 2016 is expected to be of a comparable level to that as of the end of the fiscal period ended April 30, 2015 (46.1%).</li> <li>• LTV is calculated by using the following calculation method.  <math display="block">\text{LTV} = \text{Total interest-bearing debt} \div \text{Total assets} \times 100</math> </li> </ul>
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• It is assumed that the total number of investment units issued and outstanding will be 96,000 as it is as of the date of this document, and that there will be no changes to this number due to additional issuance of new investment units and such through the end of the fiscal period ending April 30, 2016.</li> <li>• Cash distribution per unit is calculated using the forecast total number of investment units issued and outstanding at the end of the fiscal period ending October 31, 2015 and the fiscal period ending April 30, 2016 (96,000 units).</li> </ul>
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> <li>• Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the monetary cash distribution policy stipulated in Tosei Reit's Articles of Incorporation.</li> <li>• It is assumed that the entire amount of unappropriated retained earnings is distributed excluding the portion where cash distribution per unit would be less than JPY1.</li> <li>• It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in the Assets under Management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs, etc.</li> </ul>
Cash distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>• Tosei Reit does not currently anticipate a cash distribution in excess of earnings per unit.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Forecasts are based on the assumption that revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan that impact forecast figures.</li> <li>• Forecasts are based on the assumption there will be no major unforeseen changes to general economic trends in real estate and other market conditions, etc.</li> </ul>

## (3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities registration statement (submitted on October 28, 2014, as amended).

## 3. Financial Statements

## (1) Balance Sheet

(Unit: JPY thousand)

	1st Period (As of Apr. 30, 2015)
<b>Assets</b>	
Current assets	
Cash and deposits	399,012
Cash and deposits in trust	*1 1,385,076
Operating accounts receivable	2,708
Prepaid expenses	52,837
Deferred tax assets	18
Consumption taxes receivable	387,669
Total current assets	2,227,323
Non-current assets	
Property, plant and equipment	
Buildings in trust	5,427,321
Accumulated depreciation	(80,019)
Buildings in trust, net	*1 5,347,302
Structures in trust	84,104
Accumulated depreciation	(2,482)
Structures in trust, net	*1 81,621
Machinery and equipment in trust	151,049
Accumulated depreciation	(5,858)
Machinery and equipment in trust, net	*1 145,191
Tools, furniture and fixtures in trust	56,152
Accumulated depreciation	(2,167)
Tools, furniture and fixtures in trust, net	*1 53,985
Land in trust	*1 11,927,842
Total property, plant and equipment	17,555,943
Investments and other assets	
Long-term prepaid expenses	94,162
Lease and guarantee deposits	10,000
Total investments and other assets	104,162
Total non-current assets	17,660,105
Total assets	19,887,429

(Unit: JPY thousand)	
	1st Period (As of Apr. 30, 2015)
<b>Liabilities</b>	
Current liabilities	
Operating accounts payable	28,358
Accounts payable – other	37,000
Income taxes payable	1,075
Advances received	118,807
Other	776
Total current liabilities	186,017
Non-current liabilities	
Long-term loans payable	*1 9,169,000
Tenant leasehold and security deposits in trust	820,888
Total non-current liabilities	9,989,888
Total liabilities	10,175,906
<b>Net assets</b>	
Unitholders' equity	
Unitholders' capital	9,525,436
Surplus	
Unappropriated retained earnings (undisposed loss)	186,085
Total surplus	186,085
Total unitholders' equity	9,711,522
Total net assets	*2 9,711,522
Total liabilities and net assets	19,887,429

## (2) Statement of Income

(Unit: JPY thousand)

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)
Operating revenue	
Rent revenue – real estate	*1, *2 601,908
Other lease business revenue	*1, *2 60,858
Total operating revenue	662,767
Operating expenses	
Expenses related to rent business	*1 252,615
Asset management fee	31,932
Asset custody 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 organization expenses	45,581
Investment unit issuance expenses	53,860
Borrowing related 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)
Total income taxes	1,092
Net income	186,085
Unappropriated retained earnings (undisposed loss)	186,085

## (3) Statement of Unitholders' Equity

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

(Unit: JPY thousand)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	—	—	—	—	—
Changes of items during period					
Issuance of new investment units	9,525,436			9,525,436	9,525,436
Net income		186,085	186,085	186,085	186,085
Total changes of items during period	9,525,436	186,085	186,085	9,711,522	9,711,522
Balance at end of current period	*1 9,525,436	186,085	186,085	9,711,522	9,711,522

## (4) Statement of Cash Distributions

(Unit: JPY)

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

## (5) Statement of Cash Flows

(Unit: JPY thousand)

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)
Cash flows from operating activities	
Income before income taxes	187,178
Depreciation	90,527
Investment unit issuance expenses	53,860
Borrowing related expenses	34,894
Interest income	(175)
Interest expenses	23,422
Decrease (increase) in operating accounts receivable	(2,708)
Increase (decrease) in operating accounts payable	28,358
Decrease (increase) in consumption taxes refund receivable	(387,669)
Decrease (increase) in prepaid expenses	(3,024)
Increase (decrease) in accounts payable – other	37,000
Increase (decrease) in advances received	118,807
Other, net	(11,158)
Subtotal	169,311
Interest income received	175
Interest expenses paid	(23,422)
Income taxes paid	(35)
Net cash provided by (used in) operating activities	146,028
Cash flows from investing activities	
Purchase of property, plant and equipment in trust	(17,646,470)
Proceeds from tenant leasehold and security deposits in trust	837,609
Repayments of tenant leasehold and security deposits in trust	(16,720)
Net cash provided by (used in) investing activities	(16,825,581)
Cash flows from financing activities	
Proceeds from long-term loans payable	8,992,064
Proceeds from issuance of investment units	9,471,576
Net cash provided by (used in) financing activities	18,463,641
Net increase (decrease) in cash and cash equivalents	1,784,088
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	*1 1,784,088

(6) Notes on Going Concern Assumption  
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is adopted. The useful life of principal property, plant and equipment is as follows:</p> <table> <tr> <td>Buildings</td><td>2-62 years</td></tr> <tr> <td>Structures</td><td>4-60 years</td></tr> <tr> <td>Machinery and equipment</td><td>10-35 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2-27 years</td></tr> </table> <p>(2) Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	2-62 years	Structures	4-60 years	Machinery and equipment	10-35 years	Tools, furniture and fixtures	2-27 years
Buildings	2-62 years								
Structures	4-60 years								
Machinery and equipment	10-35 years								
Tools, furniture and fixtures	2-27 years								
2. Accounting for deferred assets	<p>(1) Deferred organization expenses The entire amount is expensed as incurred.</p> <p>(2) Investment unit issuance expenses The entire amount is expensed as incurred.</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. Scope of funds in the statement of cash flows (cash and cash equivalents)	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>								
5. Other significant matters serving as basis for preparation of financial statements	<p>(1) Accounting for trust beneficiary rights that have real estate, etc. as assets in trust Concerning trust beneficiary rights that have real estate, etc. as assets in trust held, all accounts of assets and liabilities within assets in trust as well as all accounts of revenue and expenses from the assets in trust are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the assets in trust recognized in the relevant account item are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> <li>① Cash and deposits in trust</li> <li>② Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; and land in trust</li> <li>③ Tenant leasehold and security deposits in trust</li> </ol> <p>(2) Accounting method for consumption tax, etc. Consumption tax and local consumption tax are accounted for by excluding from transaction amounts. However, non-deductible consumption tax on non-current assets, etc. is included in the cost of acquisition of the respective non-current assets, etc.</p>								



## (8) Notes to Financial Statements

## [Notes to Balance Sheet]

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

The following are the assets pledged as collateral.

	(Unit: JPY thousand)
	1st Period (As of Apr. 30, 2015)
Cash and deposits in trust	1,385,076
Buildings in trust	5,347,302
Structures in trust	81,621
Machinery and equipment in trust	145,191
Tools, furniture and fixtures in trust	53,985
Land in trust	11,927,842
Total	18,941,019

The following are the secured liabilities.

	(Unit: JPY thousand)
	1st Period (As of Apr. 30, 2015)
Long-term loans payable	9,169,000
Total	9,169,000

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

	(Unit: JPY thousand)
	1st Period (As of Apr. 30, 2015)
	50,000

## [Notes to Statement of Income]

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

	(Unit: JPY thousand)
	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)
A. Property-related operating revenue	
Rent revenue – real estate	
Rental income	513,665
Common area maintenance income	59,869
Parking income	17,777
Other rental income	10,596
Total	601,908
Other lease business revenue	
Utilities reimbursement	44,114
Other income	16,744
Total	60,858
Total property-related operating revenue	662,767
B. Property-related operating expenses	
Expenses related to rent business	
Management fee	65,725
Trust fee	3,082
Utilities expenses	57,804
Insurance premium	1,488
Repair expenses	17,371
Property taxes	7,947
Depreciation	90,527
Other expenses	8,668
Total property-related operating expenses	252,615
C. Property-related operating income (loss) (A – B)	410,151

## \*2. Transactions with major unitholders

	(Unit: JPY thousand)
	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)
From operating transactions	
Rent revenue – real estate	148,852
Other lease business revenue	16,531

## [Notes to Statement of Unitholders' Equity]

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

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

## [Notes to Statement of Cash Flows]

## \*1. Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet items

(Unit: JPY thousand)

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)
Cash and deposits	399,012
Cash and deposits in trust	1,385,076
Cash and cash equivalents	1,784,088

## [Notes on Lease Transactions]

## Operating lease transactions (as lessor)

## Future minimum lease payments

(Unit: JPY thousand)

	1st Period (As of Apr. 30, 2015)
Due within 1 year	497,551
Due after 1 year	316,963
Total	814,515

## [Notes on Financial Instruments]

## 1. Matters concerning status of financial instruments

## (1) Policy for handling financial instruments

Tosei Reit shall procure funds through borrowing from financial institutions, issuance of investment corporation bonds or issuance of new investment units, etc. in a diversified and well-balanced manner based on a basic policy of establishing stable and sound financial standing over the medium to long term. Issuance of new investment units shall be implemented in a timely manner by taking into consideration such factors as revenue-generating potential of the properties to be acquired upon the issuance, acquisition timing, LTV level and timing of repayment of interest-bearing debt in a comprehensive manner, and also considering for dilution due to the issuance of new investment units. The funds procured through debt financing and issuance of investment corporation bonds shall be used for acquisition of assets, repairs and maintenance, repayment of security and guarantee deposits, payment of cash distribution, payment of expenses of Tosei Reit or repayment of obligations, etc.

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

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

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

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

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

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

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

Not applicable.

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

The following is the carrying amount and fair value as of April 30, 2015, and the amount of difference between these.

(Unit: JPY thousand)

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

## (Note 1) Method of calculating the fair value of financial instruments

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

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

(3) Long-term loans payable

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

## (Note 2) 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)

	Carrying amount
Tenant leasehold and security deposits in trust	820,888

## (Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts (April 30, 2015)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	399,012	—	—	—	—	—
Cash and deposits in trust	1,385,076	—	—	—	—	—
Total	1,784,088	—	—	—	—	—

## (Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts (April 30, 2015)

(Unit: JPY thousand)

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

## [Notes on Securities]

1st Period (as of April 30, 2015)

Not applicable.

## [Notes on Derivative Transactions]

1st Period (as of April 30, 2015)

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

Not applicable.

## [Notes on Related-Party Transactions]

## 1. Parent company, major corporate unitholder, etc.

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

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

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

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

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

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

## 2. Affiliated company, etc.

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

Not applicable.

## 3. Fellow subsidiary, etc.

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

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

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

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

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

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

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

## 4. Director, major individual unitholder, etc.

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

Not applicable.

## [Notes on Tax-Effect Accounting]

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

	(Unit: JPY thousand)
	1st Period (As of Apr. 30, 2015)
Deferred tax assets	
Non-deductible accrued enterprise tax	18
Total deferred tax assets	18
Net deferred tax assets	18

## 2. Breakdown of major items that caused significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

	(Unit: %)
	1st Period (As of Apr. 30, 2015)
Statutory tax rate	34.16
[Adjustments]	
Deductible cash distribution payable	(33.95)
Other	0.38
Effective income tax rate after application of tax-effect accounting	0.58

## 3. Revision of amount of deferred tax assets and deferred tax liabilities due to change in the tax rate of corporation tax, etc.

The Act on Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) was promulgated on March 31, 2015, which includes lowering of the tax rate of corporation tax, etc., starting from accounting periods starting on or after April 1, 2015. This revision results in the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities changing from 34.16% to 32.31% for the temporary differences, etc. expected to be reversed in the accounting periods starting on or after May 1, 2015. The amount of impact of the tax rate change is minimal.

## [Notes on Retirement Benefits]

1st Period (as of April 30, 2015)

Not applicable.

## [Notes on Asset Retirement Obligations]

1st Period (as of April 30, 2015)

Not applicable.

## [Notes on Investment and Rental Properties]

Tosei Reit owns rental office buildings, rental retail facilities, rental residential properties, etc. in the Tokyo metropolitan area for the purpose of earning revenue from leasing. The following is the carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties as of April 30, 2015.

(Unit: JPY thousand)

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

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

(Note 2) Of the amount of increase (decrease) during the period, the amount of increase is mainly attributable to acquisition of “Tama Center Tosei Building” and other properties totaling 12 properties (JPY17,644,133 thousand), while the amount of decrease is mainly attributable to depreciation (JPY90,527 thousand).

(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) in the fiscal period ended April 30, 2015 (1st Period) for investment and rental properties is as presented in “Notes to Statement of Income” earlier in this document.



## [Notes on Per Unit Information]

	1st Period (From: Sept. 4, 2014 To: Apr. 30, 2015)
Net assets per unit	JPY101,161
Net income per unit	JPY2,835

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units. In addition, diluted net income per unit is not stated because there are no diluted investment units.

(Note 2) The following is the basis for calculating net income per unit.

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

## [Notes on Significant Subsequent Events]

1st Period (as of April 30, 2015)

Not applicable.

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

The following is the increase (decrease) in unitholders' capital and the total number of investment units issued and outstanding since the incorporation of Tosei Reit.

Date	Type of issue	Total number of investment units issued and outstanding (units)		Unitholders' capital (JPY thousand)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
September 4, 2014 (Note 2)	Private placement for incorporation	9,600	9,600	960,000	960,000	(Note 3)
November 26, 2014	Public offering	86,400	96,000	8,565,436	9,525,436	(Note 4)

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

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

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

(Note 4) Investment units were issued through public offering at an issue price of JPY103,000 (issue amount of JPY99,137) per unit for the purpose of procuring funds for acquisition of new properties, etc.

#### 4. Changes in Directors

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

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

Title	Name	Brief career history		Number of investment units owned (units)
Executive Director	Hisaaki Kuroyama	Apr. 1966	Joined The Mitsubishi Bank, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	0
		Oct. 1990	Seconded to Diamond System Development, Inc. (currently, Mitsubishi UFJ Information Technology, Ltd.)	
		Apr. 1994	Joined Diamond Computer Service Co., Ltd. (currently, Mitsubishi Research Institute DCS Co., Ltd.)	
		June 1997	Appointed Director	
		June 1999	Appointed President and Director of Touhoku Diamond Computer Service Co., Ltd.	
		June 2003	Appointed Auditor of Diamond Computer Service Co., Ltd.	
		July 2005	Appointed Adviser of DIGITAL Hearts Co., Ltd.	
		Mar. 2006	Appointed Auditor of Tosei REIT Advisors, Inc. (currently, Tosei Asset Advisors, Inc.)	
		Sept. 2014	Appointed Executive Director of Tosei Reit Investment Corporation (current position)	
Supervisory Director	Takako Sugaya	Oct. 2002	Joined Yamada Hideo Law Office (currently, Yamada Ozaki Law Office) (current position)	0
		Apr. 2004	Appointed Working Group Member of The Center for Financial Industry Information Systems, an incorporated foundation (currently incorporated as public interest incorporated foundation under the same name) (current position)	
		May 2006	Appointed Executive Auditor of Keywalker, Inc. (current position)	
		June 2006	Appointed Director of Private Placement Services Association of Japan, an incorporated association (currently incorporated as public interest incorporated association under the same name) (current position)	
		Apr. 2007	Appointed Visiting Professor at Toin University of Yokohama, Toin Law School	
		Apr. 2007	Appointed Director of Kusuda Scholarship Foundation, an incorporated foundation (currently incorporated as general incorporated foundation under the same name)	
		June 2007	Appointed Audit & Supervisory Board Member of Faith, Inc. (current position)	
		Aug. 2007	Appointed Company Auditor of MEDIASTICK, INC.	
		Mar. 2010	Appointed Managing Director of Kusuda Scholarship Foundation, an incorporated foundation (currently incorporated as general incorporated foundation under the same name) (current position)	
		Apr. 2010	Appointed Associate Professor at Toin University of Yokohama, Toin Law School (current position)	
		June 2010	Appointed Audit & Supervisory Board Member of Columbia Music Entertainment Co., Ltd. (currently, Nippon Columbia Co., Ltd.) (current position)	
		Apr. 2014	Appointed Domestic Relations Conciliation Commissioner of the Tokyo Family Court (current position)	
		Sept. 2014	Appointed Supervisory Director of Tosei Reit Investment Corporation (current position)	
		Jan. 2015	Appointed Chairman of Harassment-Free Certification Committee of Cuore C3 Co., Ltd. (current position)	
		Apr. 2015	Appointed Councilor of Seisen University, an incorporated educational institution (current position)	

Title	Name	Brief career history		Number of investment units owned (units)
Supervisory Director	Teruhisa Tajima	Oct. 1995	Joined Chuo Audit Corporation	0
		Apr. 2004	Joined SHIMIZU PATENT ATTORNEYS OFFICE	
		June 2004	Appointed Corporate Auditor of The Longreach Group Inc. (current position)	
		Sept. 2006	Appointed Outside Auditor of OCC Corporation	
		Nov. 2007	Appointed Outside Auditor of NIWS Co. HQ Ltd.	
		Feb. 2008	Appointed Outside Corporate Auditor of CYBIRD Holdings Co., Ltd. (currently, CYBIRD Co., Ltd.) (current position)	
		Feb. 2010	Opened Tajima Certified Public Accountant Office (current position)	
		Oct. 2010	Appointed External Auditor of SANYO Electric Logistics Co., Ltd. (currently, MITSUI-SOKO LOGISTICS Co., Ltd.)	
		Apr. 2013	Appointed External Auditor of Quantum Biosystems Inc. (current position)	
		June 2013	Appointed Auditor of Eiken Foundation of Japan, a public interest incorporated foundation (current position)	
		Nov. 2013	Appointed Corporate Auditor of Via Mechanics, Ltd. (current position)	
		Jan. 2014	Appointed Corporate Auditor of SOL-PLUS CO., LTD. (current position)	
		Jan. 2014	Appointed Outside Company Auditor of Yasuda Inc.	
		Feb. 2014	Appointed Outside Company Auditor of SY HOLDINGS, Inc. (current position)	
		Sept. 2014	Appointed Audit & Supervisory Board Member of PRISM Pharma Co., Ltd. (current position)	
		Sept. 2014	Appointed Supervisory Director of Tosei Reit Investment Corporation (current position)	
		Sept. 2014	Appointed External Auditor of OncoTherapy Science, Inc. (current position)	
		Jan. 2015	Appointed Corporate Auditor of Primo Japan Inc. (current position)	

(Note) Shoji Inoue was elected substitute executive director at the unitholders' meeting held on October 15, 2014 to prepare for cases where there is a shortfall in the number of executive directors provided by laws and regulations.

## (2) Directors of the Asset Management Company

The following is the status of directors of the Asset Management Company as of the date of this document.

Title	Name	Brief career history		Number of shares owned (shares)
Chairman & CEO (full-time)	Hiroshi Nakamura	Apr. 1975	Joined The Bank of Tokyo, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	0
		Aug. 1987	Joined Bankers Trust & Co. (currently, Deutsche Bank)	
		Oct. 1990	Appointed Director of Merrill Lynch & Co. (currently, BofA Merrill Lynch)	
		Aug. 1997	Appointed Principal of Morgan Stanley Japan Limited (currently, Morgan Stanley MUFG Securities Co., Ltd.)	
		July 1999	Appointed Chief Representative in Japan of Moore Strategic Value Partners Japan LLC	
		Oct. 2004	Appointed Chief Representative in Japan of Strategic Value Partners Japan LLC	
		Nov. 2007	Appointed Representative Director of Oaktree Japan KK (currently, Oaktree Japan, GK)	
		Aug. 2008	Appointed Director (part-time) of Re-plus REIT management inc. (currently, Mi-Casa Asset Management Inc.)	
		July 2013	Appointed Advisor (part-time) of Executive Consultants International, Inc. (current position)	
		Dec. 2013	Appointed Chairman of Tosei Asset Advisors, Inc.	
		Sept. 2014	Appointed Chairman & CEO (current position)	
Senior Managing Director, and Division Head of REIT Division (full-time)	Ryohei Yasuda	Apr. 1983	Joined Tokyu Construction Co., Ltd.	0
		May 2000	Joined Tosei Fudosan Co., Ltd. (currently, Tosei Corporation)	
		Dec. 2000	Appointed General Manager of General Affairs Department	
		Apr. 2003	Appointed Chief of Corporate Planning Section of Tosei Corporation	
		July 2004	Appointed Executive Officer in charge of Corporate Planning Department	
		Dec. 2007	Appointed Managing Executive Officer in charge of Asset Solution Business Promotion Department, and General Manager of Asset Solution Business Promotion Department of Tosei Corporation	
		Apr. 2010	Appointed Director (part-time) of Tosei Community Co., Ltd.	
		June 2010	Appointed Managing Executive Officer in charge of Asset Solution Business Promotion Department and Asset Solution Department 5, and General Manager of Asset Solution Business Promotion Department of Tosei Corporation	
		Dec. 2010	Appointed Director (part-time) of Tosei Asset Advisors, Inc.	
		Dec. 2011	Seconded to Tosei Asset Advisors, Inc.	
			Appointed Vice President & Director	
		Feb. 2012	Appointed President & CEO	
		Dec. 2013	Appointed President & Director, and General Manager of Fund Management Department and General Manager of Corporate Management Department	
		Mar. 2014	Appointed President & Director	
		Sept. 2014	Appointed Senior Managing Director, and Division Head of REIT Division (current position)	

Title	Name	Brief career history		Number of shares owned (shares)
Managing Director, and General Manager of Private Fund Division and General Manager of Asset Management Department (full-time)	Yoshiyuki Tsukada	Apr. 1987 May 1999 Dec. 2006 Dec. 2008 Dec. 2011  Feb. 2012 Aug. 2012  Dec. 2013 Sept. 2014	Joined Mitsui Real Estate Sales Co., Ltd. Joined Tosei Fudosan Co., Ltd. (currently, Tosei Corporation) Appointed General Manager of Asset Solution Department 2 Appointed General Manager of Asset Solution Department 5 Seconded to Tosei Asset Advisors, Inc. Appointed Director, and General Manager of Investment Management Division 2 Appointed Managing Director, and General Manager of Investment Management Division 2 Appointed Managing Director, and Division Head of Investment Management Division and General Manager of Management Department of Investment Management Division Appointed Managing Director, and General Manager of Asset Management Department Appointed Managing Director, and Division Head of Private Fund Division (current position)	0
Director, and General Manager of Structured Finance Department of Private Fund Division (full-time)	Eiji Koya	Apr. 1992  Oct. 1997 May 1999  Dec. 1999 Apr. 2002 May 2003  May 2007 Oct. 2007  Mar. 2008 Apr. 2008 Aug. 2012 Dec. 2013 Sept. 2014	Joined IZUMIGO Co., Ltd. (currently, C'est la vie Resort IZUMIGO Co., Ltd.) Joined Satellite Consulting Partners Co., Ltd. Joined Asahi Tatemono Co., Ltd. (currently, Secom Home Life Co., Ltd.) Joined Joint Corporation Co., Ltd. Joined Shin-Nihon Tatemono Co., Ltd. Joined UFJ Tsubasa Securities Co., Ltd. (currently, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) Appointed Senior Manager of Asset Solution Department 4 of Tosei Corporation Seconded to Tosei Asset Management, Corp. Appointed Director Seconded to Tosei REIT Advisors, Inc. (currently, Tosei Asset Advisors, Inc.) Appointed Director, and General Manager of Structured Finance Division of Tosei Asset Advisors, Inc. Appointed Director, and General Manager of Structured Finance Department of Investment Management Division Appointed Director, and General Manager of Structured Finance Department Appointed Director, and General Manager of Structured Finance Department of Private Fund Division (current position)	0
Director (part-time)	Katsuhito Kosuge	Apr. 1983 Apr. 1986 Jan. 1996  Dec. 2000 July 2004 Sept. 2005  Feb. 2006 Oct. 2007  Apr. 2008 Feb. 2012	Joined Tokyu Construction Co., Ltd. Joined Tosei-Shoji Corporation Appointed Director of Tosei Fudosan Co., Ltd. (currently, Tosei Corporation) Appointed Managing Director Appointed Managing Executive Officer Appointed Representative Director of Tosei Revival Investment Co., Ltd. Appointed COO and Senior Executive Officer of Tosei Corporation (current position) Appointed Representative Director of Tosei Asset Management, Corp. Appointed Director (part-time) of Tosei Asset Advisors, Inc. Appointed Director (part-time) of Tosei Asset Advisors, Inc. (current position)	0

Title	Name	Brief career history		Number of shares owned (shares)
Director (part-time)	Kaname Wakabayashi	<p>Apr. 1986 Joined The Long-Term Credit Bank of Japan, Limited (currently, Shinsei Bank, Limited)</p> <p>Oct. 1998 Appointed Director of KK Business Produce Group</p> <p>July 2004 Appointed Director of KK World Eye Navigation</p> <p>Jan. 2005 Appointed Director of J-REP Co., Ltd. (currently, Goodman Japan Limited)</p> <p>June 2007 Appointed Director, and General Manager of Asset Management Division</p> <p>Mar. 2007 Appointed Director of J-REP Investment Co., Ltd.</p> <p>June 2008 Appointed Director, and General Manager of Property Management Division</p> <p>June 2008 Appointed Director, and Head of Treasury Group</p> <p>June 2009 Appointed Director of J-REP Fund Management Co., Ltd. (currently, Goodman Japan Funds Limited)</p> <p>June 2009 Appointed President of J-REP Co., Ltd.</p> <p>Aug. 2009 Appointed Director of J-REP Logistics Research Institute, Inc.</p> <p>July 2011 Appointed Adviser of Kanae Capital Inc.</p> <p>Oct. 2011 Appointed Director of Tokatsu Foods Co., Ltd.</p> <p>Dec. 2012 Appointed Adviser of Tosei Revival Investment Co., Ltd.</p> <p>Jan. 2013 Appointed President (current position)</p> <p>Feb. 2014 Appointed Director (part-time) of Tosei Asset Advisors, Inc. (current position)</p>		0
Director (part-time)	Shunsuke Yamaguchi	<p>Apr. 1988 Joined Tokyu Construction Co., Ltd.</p> <p>Dec. 2001 Joined Tosei Fudosan Co., Ltd. (currently, Tosei Corporation)</p> <p>June 2002 Appointed Corporate Planning Chief</p> <p>Apr. 2003 Appointed General Manager of Administration Department</p> <p>Apr. 2008 Seconded to Tosei REIT Advisors, Inc. (currently, Tosei Asset Advisors, Inc.)</p> <p>Appointed Director, and General Manager of Corporate Management Division</p> <p>Mar. 2011 Appointed General Manager of Administration and Human Resource Department of Tosei Corporation</p> <p>Mar. 2011 Appointed Director (part-time) of Tosei Asset Advisors, Inc. (current position)</p> <p>Dec. 2012 Appointed Director (part-time) of NAI Tosei Japan, Inc. (current position)</p> <p>Mar. 2013 Appointed Executive Officer in charge of Administration and Human Resource Department, and General Manager of Administration and Human Resource Department of Tosei Corporation (current position)</p>		0
Auditor (part-time)	Akira Ishida	<p>Apr. 1974 Joined The Mitsubishi Bank, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Oct. 1991 Appointed Deputy General Manager of Bakurocho Branch</p> <p>Aug. 1993 Appointed General Manager of Keihan Kyobashi Branch</p> <p>Sept. 1995 Appointed Acting General Manager of Markets Planning Division</p> <p>Apr. 1996 Appointed Senior Manager of Markets Planning Division</p> <p>June 1997 Appointed General Manager of Nogata Branch</p> <p>May 1999 Seconded to Ichida Co., Ltd.</p> <p>Appointed General Manager of Planning Office</p> <p>June 2002 Transferred to Ichida Co., Ltd.</p> <p>Appointed Vice President</p> <p>June 2005 Joined Chitose Kosan Co., Ltd.</p> <p>Jan. 2008 Appointed Auditor (full-time)</p> <p>Jan. 2014 Appointed Adviser</p> <p>Aug. 2014 Appointed Auditor (part-time) of Tosei Asset Advisors, Inc.</p>		0

		(current position)	
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## 5. Reference Information

### (1) Investment Status

The following is an overview of the investment status of Tosei Reit as of April 30, 2015. Real estate that are the assets in trust of the real estate trust beneficiary rights (“real estate trust beneficiary rights”) that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

Type of asset	Geographical area, etc. (Note 1)	Main use	1st Period (As of Apr. 30, 2015)	
			Total amount held (Note 2) (JPY million)	As a percentage of total assets (Note 3) (%)
Real estate trust beneficiary rights	Tokyo metropolitan area	Offices	7,277	36.6
		Retail facilities	2,379	12.0
		Residential properties	7,899	39.7
	Major regional cities	—	—	—
	Total		17,555	88.3
Deposits and other assets			2,331	11.7
Total assets (Note 4)			19,887	100.0

	Amount (JPY million)	As a percentage of total assets (Note 3) (%)
Total liabilities (Note 4)	10,175	51.2
Total net assets (Note 4)	9,711	48.8
Total assets (Note 4)	19,887	100.0

(Note 1) Under “Geographical area, etc.,” “Major regional cities” collectively refers to cities that are cities designated by cabinet order and prefectural capitals located outside the Tokyo metropolitan area, or their equivalent.

(Note 2) “Total amount held” is the amount based on the carrying amount (depreciated book value in the case of real estate trust beneficiary rights) as of April 30, 2015 in accordance with the asset valuation method provided in the Articles of Incorporation.

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

(Note 4) “Total assets,” “Total liabilities” and “Total net assets” is the amount based on the carrying amount (depreciated book value in the case of real estate trust beneficiary rights) as of April 30, 2015 in accordance with the asset valuation method provided in the Articles of Incorporation.

## (2) Investment Assets

## (a) Overview of Assets under Management

The following is the type, property name, location, acquisition price, investment ratio, real estate appraisal value and acquisition date of assets under management. Property numbers start with the code “O” in the case of offices, “Rt” in the case of retail facilities and “Rd” in the case of residential properties as assigned according to the asset under management’s property use type.

Type	Property no.	Property name	Location	Acquisition price (JPY million)	Investment ratio (%) (Note 1)	Real estate appraisal value (JPY million) (Note 2)	Acquisition date (Note 3)
Offices	O-01	Tama Center Tosei Building	Tama-shi, Tokyo	3,370	19.3	3,390	November 28, 2014
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057	11.8	2,240	November 28, 2014
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830	10.5	1,950	November 28, 2014
	Subtotal		—	7,257	41.6	7,580	—
Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380	13.7	2,540	November 28, 2014
	Subtotal		—	2,380	13.7	2,540	—
Office and retail facilities combined subtotal			—	9,637	55.3	10,120	—
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544	8.9	1,810	November 28, 2014
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227	7.0	1,380	November 28, 2014
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000	5.7	1,090	November 28, 2014
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980	5.6	1,050	November 28, 2014
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836	4.8	898	November 28, 2014
	Rd-06	MarLandFive	Fujimi-shi, Saitama	830	4.8	864	November 28, 2014
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780	4.5	862	November 28, 2014
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600	3.4	646	November 28, 2014
	Subtotal		—	7,797	44.7	8,600	—
Total			—	17,434	100.0	18,720	—

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

(Note 2) “Real estate appraisal value” is the appraisal value stated in the real estate appraisal report with April 30, 2015 as the effective date of the appraisal (date of value). In addition, “real estate appraisal report” collectively refers to the real estate appraisal report prepared at Tosei Reit’s request for appraisal of the asset under management by Japan Real Estate Institute pursuant to the Matters to be Considered in Real Estate Appraisal Pertaining to the Investment Trusts Act, as well as the Act on Real Property Appraisal and the Real Estate Appraisal Standards. The same applies hereinafter.

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



## (b) Portfolio Composition

The following presents the portfolio composition as of the date of this document of assets under management. Real estate that are the assets in trust of the real estate trust beneficiary rights that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

## a. By property type

Property type	Number of properties	Acquisition price (JPY million)	Investment ratio by property type (%) (Note)
Offices	3	7,257	41.6
Retail facilities	1	2,380	13.7
Residential properties	8	7,797	44.7
Total	12	17,434	100.0

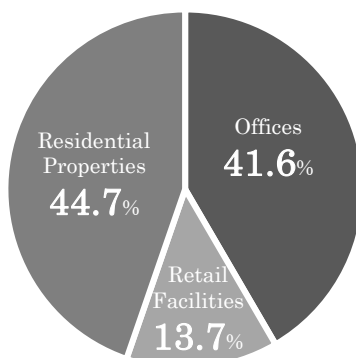
(Note) "Investment ratio by property type" is the ratio of the sum total of acquisition price for the concerned property type to the sum total of acquisition price for assets under management. The same applies hereinafter.

## b. By geographical area

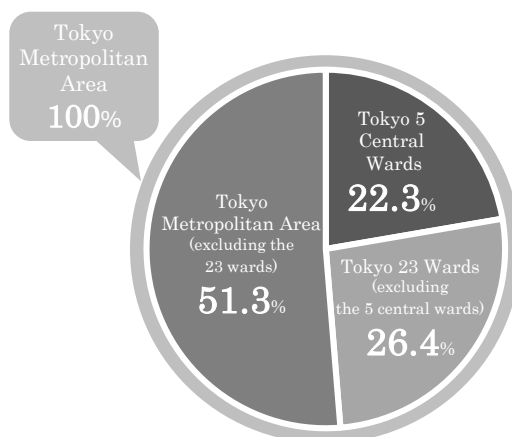
Geographical area	Number of properties	Acquisition price (JPY million)	Investment ratio by geographical area (%) (Note)
Tokyo metropolitan area	12	17,434	100.0
Tokyo 5 central wards	2	3,887	22.3
Tokyo 23 wards (excluding Tokyo 5 central wards)	4	4,607	26.4
Tokyo metropolitan area (excluding Tokyo 23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

(Note) "Investment ratio by geographical area" is the ratio of the sum total of acquisition price for the concerned geographical area to the sum total of acquisition price for assets under management. The same applies hereinafter.

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



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



## (c) Overview of Buildings, Etc.

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

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

Type	Property no.	Property name	Construction completion (Note 2)	Building age (years) (Note 3)	Annual rent (JPY million) (Note 4)	Security and guarantee deposits (JPY million) (Note 5)	Total leased area (m <sup>2</sup> ) (Note 6)	Total leasable area (m <sup>2</sup> ) (Note 7)	Occupancy rate (%) (Note 8)	Number of tenants (Note 9)
Offices	O-01	Tama Center Tosei Building (Note 1)	July 1989	25.8	346	219	9,737.49	9,737.49	100.0 (77.9)	1 (30)
	O-02	KM Shinjuku Building	September 1991	23.6	125	61	2,978.53	3,403.96	87.5	6
	O-03	Nihonbashi-Hamacho Building	October 1990	24.5	134	80	3,334.40	3,334.40	100.0	7
	Subtotal		—	—	606	361	16,050.42	16,475.85	97.4	14
Retail facilities	Rt-01	Inage Kaigan Building	November 1992	22.4	207	298	5,890.92	5,890.92	100.0	15
	Subtotal		—	—	207	298	5,890.92	5,890.92	100.0	15
Office and retail facilities combined subtotal			—	—	813	659	21,941.34	22,366.77	98.1	29
Residential properties	Rd-01	T's garden Koenji	January 2011	4.3	99	17	2,093.84	2,169.38	96.5	52
	Rd-02	Live Akabane	March 1989	26.1	89	11	3,714.91	3,876.30	95.8	68
	Rd-03	Gekkocho Apartment	March 2008	7.1	55	15	1,199.31	1,392.13	86.1	15
	Rd-04	T's garden Kawasakidaishi	January 2009	6.2	64	7	1,968.25	2,067.77	95.2	54
	Rd-05	Abitato Kamata	June 1991	23.9	48	7	1,637.25	1,768.23	92.6	25
	Rd-06	MarLandFive	April 1990	25.0	67	83	2,438.91	2,727.94	89.4	31
	Rd-07	Avenir Shirotae	February 1995	20.2	69	11	2,499.93	2,499.93	100.0	41
	Rd-08	Dormitory Haramachida	July 1992	22.8	50	5	1,700.58	1,864.31	91.2	67
	Subtotal		—	—	545	161	17,252.98	18,365.99	93.9	353
Total/Average			—	20.4	1,359	820	39,194.32	40,732.76	96.2	382

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

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

(Note 3) "Building age" is the number of years that has elapsed from the date of new construction in the real estate registry to April 30, 2015. In addition, that in the total/average column is the figure that is the weighted average based on acquisition price.

(Note 4) "Annual rent" is the amount annualized by multiplying by 12 the monthly rent (limited to the rent of rental units, including common area maintenance charges, but excluding warehouse, signboard, parking lot, etc. usage fees; the same applies hereinafter) for the building indicated in the lease agreement for the asset under management as of April 30, 2015 (limited to those occupied as of the same date) (the sum total amount thereof if the asset under management is under several lease agreements, and excluding consumption tax, etc.; the same applies hereinafter). For the concerned asset under management, it is the amount annualized by multiplying by 12 the monthly rent based on lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded (if the lessee of the pass-through type master lease agreement has concluded a fixed-rent master lease agreement, the lessee of the concerned fixed-rent master lease agreement is counted as end-tenants; the same applies hereinafter), and it is the amount annualized by multiplying by 12 the monthly rent based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.

- (Note 5) “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement for the asset under management as of April 30, 2015 (limited to those occupied as of the same date). For the concerned asset under management, it is the tenant security and guarantee deposits based on lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded, and it is the tenant security and guarantee deposits based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.
- (Note 6) “Total leased area” is the sum total of the leased floor area indicated in the lease agreement for the asset under management as of April 30, 2015. For the concerned asset under management, it is the sum total of the floor area actually leased under lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded, and it is the leased floor area based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.
- (Note 7) “Total leasable area” is the sum total of the floor area of the portion regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for the asset under management as of April 30, 2015. The same applies hereinafter.
- (Note 8) “Occupancy rate” is the ratio of the total leased area to total leasable area for the asset under management as of April 30, 2015. However, in cases where a master lease agreement has been concluded for the concerned asset under management, the occupancy rate in the case of a property under a pass-through type master lease agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property under a fixed-rent master lease agreement is the ratio of the leased floor area based on the master lease agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lease company and end-tenants is shown in parentheses. In addition, that in the subtotal columns, office and retail facilities combined subtotal column and total/average column is each the ratio of the sum total of total leased area to the sum total of total leasable area for each asset under management in the respective item. The same applies hereinafter.
- (Note 9) “Number of tenants” is the number of tenants for the asset under management based on the lease agreement for the asset under management. However, in cases where a master lease agreement has been concluded for the concerned asset under management, the number of tenants in the case of a property under a pass-through type master lease agreement is the total number of end-tenants, and the number of tenants in the case of a property under a fixed-rent master lease agreement is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on lease agreements between the master lease company and end-tenants is shown in parentheses.
- (Note 10) Even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent or other non-performance of obligations, in the case of agreements that are ongoing as of April 30, 2015, “Annual rent,” “Security and guarantee deposits,” “Total leased area” and “Occupancy rate” is on the basis that the concerned lease agreements with end-tenants are existing and thus based on the concerned lease agreements. The same applies hereinafter.

## (d) Summary of Real Estate Appraisal Reports

Tosei Reit and the Asset Management Company have obtained a real estate appraisal report for each asset under management from Japan Real Estate Institute.

The following is a summary of each asset under management's real estate appraisal report obtained by Tosei Reit and the Asset Management Company with April 30, 2015 as the effective date of the appraisal (date of value). Each real estate appraisal of the respective real estate appraisal report 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. In addition, there is no special vested interest between Japan Real Estate Institute, which performed the real estate appraisal, and Tosei Reit or the Asset Management Company.

Management Company.												
Type	Property no.	Name of real estate, etc.	Appraisal firm	Acquisition price (JPY million) (Note 1)	Book value at end of period (JPY million) (Note 2)	Estimated value at end of period (Note 3)						
						Appraisal value (JPY million)	Indicated value by cost approach (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	3,378	3,390	3,480	3,400	5.9	3,380	5.6	6.0
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,057	2,063	2,240	1,980	2,250	4.5	2,220	4.2	4.6
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,830	1,835	1,950	1,810	1,980	4.8	1,920	4.6	5.0
	Subtotal			7,257	7,277	7,580	7,270	7,630	—	7,520	—	—
Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,380	2,379	2,540	1,780	2,560	6.0	2,520	5.8	6.2
	Subtotal			2,380	2,379	2,540	1,780	2,560	—	2,520	—	—
Office and retail facilities combined subtotal				9,637	9,656	10,120	9,050	10,190	—	10,040	—	—
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,544	1,561	1,810	1,610	1,830	4.4	1,780	4.2	4.6
	Rd-02	Live Akabane	Japan Real Estate Institute	1,227	1,239	1,380	1,090	1,390	5.1	1,360	4.9	5.3
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,000	1,013	1,090	1,010	1,100	4.5	1,070	4.3	4.7
	Rd-04	T's garden Kawasakidaishi	Japan Real Estate Institute	980	993	1,050	997	1,060	5.2	1,040	5.0	5.4
	Rd-05	Abitato Kamata	Japan Real Estate Institute	836	845	898	676	911	5.0	884	4.8	5.2
	Rd-06	MarLandFive	Japan Real Estate Institute	830	842	864	586	873	6.2	855	6.0	6.4
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	780	793	862	608	870	5.4	854	5.2	5.6
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	600	609	646	463	652	5.2	640	5.0	5.4
	Subtotal			7,797	7,899	8,600	7,040	8,686	—	8,483	—	—
Total				17,434	17,555	18,720	16,090	18,876	—	18,523	—	—

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

(Note 2) "Book value at end of period" is the depreciated book value as of April 30, 2015, rounded down to the nearest JPY million.

(Note 3) "Estimated value at end of period" is the value stated in the real estate appraisal report prepared by Japan Real Estate Institute with April 30, 2015 as the effective date of the appraisal (date of value) pursuant to the Articles of Incorporation of Tosei Reit and the rules of The Investment Trusts Association, Japan.

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

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

In addition, Tosei Reit has an evaluation of seismic risk analysis conducted by Sompo Japan Nipponkoa Risk Management Inc. at its request as part of due diligence upon acquisition of each asset under management. The analysis evaluates a building's seismic performance by an independent structural evaluation method based on structural drawings and structural calculation documents, which is then weighed against the content of structural calculation documents to arrive at the building's final seismic performance evaluation. The building's specific seismic vulnerability based on such evaluation is considered and seismic hazards and ground conditions are factored into for a comprehensive evaluation, based on the results of which a building's seismic probable maximum loss (PML) value is calculated. Each asset under management's building PML value stated in the "seismic PML reevaluation report" (Note 1) prepared by said company is presented in the table below. The statements in the seismic PML reevaluation report are no more than an indication of the opinion of the reporting party, and Tosei Reit does not guarantee the accuracy of the content thereof. There is no special vested interest between Sompo Japan Nipponkoa Risk Management Inc. and Tosei Reit or the Asset Management Company.

Property no.	Name of real estate, etc.	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 2)	Long-term repair expenses (JPY thousand) (Note 3)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date (Note 1)	PML value (%) (Note 1)
O-01	Tama Center Tosei Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	48,865	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	4.36
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,322	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	5.52
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,930	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	6.11
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,129	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	6.49
Rd-01	T's garden Koenji	HI International Consultant Co., Ltd.	February 2014	670	2,936	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.91
Rd-02	Live Akabane	HI International Consultant Co., Ltd.	February 2014	7,370	8,355	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.45
Rd-03	Gekkocho Apartment	HI International Consultant Co., Ltd.	April 2014	350	3,833	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	8.98
Rd-04	T's garden Kawasakidaishi	HI International Consultant Co., Ltd.	February 2014	685	2,475	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.38
Rd-05	Abitato Kamata	HI International Consultant Co., Ltd.	February 2014	1,890	3,365	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.82
Rd-06	MarLandFive	HI International Consultant Co., Ltd.	February 2014	3,570	8,500	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	4.00
Rd-07	Avenir Shirotae	HI International Consultant Co., Ltd.	March 2014	1,210	7,827	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.57
Rd-08	Dormitory Haramachida	HI International Consultant Co., Ltd.	February 2014	4,540	9,477	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	5.29
Entire portfolio (Note 4)								4.01

(Note 1) The PML value for the asset under management was reevaluated in March 2015 following change in the evaluation method adopted by Sompo Japan Nipponkoa Risk Management Inc.

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

(Note 4) The value stated in "Entire portfolio" is the PML value concerning the entire portfolio based on the "seismic PML reevaluation report" dated March 2015 by Sompo Japan Nipponkoa Risk Management Inc.

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

The following is the designer, structural designer, contractor, confirmation and inspection body and structural calculation confirmation body (Note 1) for each asset under management. Tosei Reit has entrusted a third-party expert body HI International Consultant Co., Ltd. with confirmation and verification of structural calculation documents and structural drawings for the 11 properties excluding Avenir Shirotae, and has obtained from HI International Consultant Co., Ltd. overall findings that no intentional falsification has been found in any part of the structural calculation documents and that the structural calculation documents and structural drawings are in alignment and that, accordingly, the building is deemed to meet the requirements for seismic safety under the standards act at the time of design with the content stated in the structural calculation documents, subject to the condition that it was appropriately constructed according to the structural drawings at the time of construction of the building of the asset under management. On the other hand, concerning Avenir Shirotae, the report on verification of whether or not there was falsification of structural calculation documents has pointed out inconsistencies between the calculation documents after change in the plan and the structural drawings at the time of application for confirmation, but the matter has already been rectified by the seller. For details, please refer to “(l) Overview of Individual Real Estate of Assets under Management” later in this document.

Property no.	Property name	Designer	Structural designer	Contractor	Confirmation and inspection body	Structural calculation confirmation body
O-01	Tama Center Tosei Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Taisei Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-02	KM Shinjuku Building	Mitsubishi Jisho Sekkei Inc., first-class architect office	Mitsubishi Jisho Sekkei Inc., first-class architect office	Taisei Corporation, Tokyo Branch	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-03	Nihonbashi-Hamacho Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Toda Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
Rt-01	Inage Kaigan Building	Nikken Sekkei Ltd.	Nikken Sekkei Ltd.	Haseko Corporation	City of Chiba, building official	HI International Consultant Co., Ltd.
Rd-01	T's garden Koenji	YOKOHOUSE, Inc., first-class architect office	Yabuki Architecture Office	Maeda Corporation, Tokyo Branch	Houseplus Architectural Inspection, Inc.	HI International Consultant Co., Ltd.
Rd-02	Live Akabane	KK Arte Kenchiku Sekkei Jimusho	(Note 2)	Toda Corporation	City of Kita, building official	HI International Consultant Co., Ltd.
Rd-03	Gekkocho Apartment	Urban Design System Ltd., first-class architect office	Ove Arup & Partners Japan Limited	Kajima Corporation, Tokyo Architectural Construction Branch	Bureau Veritas Japan Co., Ltd.	HI International Consultant Co., Ltd.
Rd-04	T's garden Kawasakidaishi	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch, first-class architect office	(Note 3)	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch	East Japan House Evaluation Center	HI International Consultant Co., Ltd.
Rd-05	Abitato Kamata	Tokyo Keizairen and KK Zenkoku Nokyo Sekkei	KK Zenkoku Nokyo Sekkei	Tanaka Doken Kogyo Co., Ltd.	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
Rd-06	MarLandFive	Institute of New Architecture Inc.	Institute of New Architecture Inc.	Tobu Fudosan KK	Saitama Prefectural Government, building official	HI International Consultant Co., Ltd.
Rd-07	Avenir Shirotae	KK San-a Sekkei	Party that prepared the structural calculation document not stated therein.	Toa Corporation, Yokohama Branch Office	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rd-08	Dormitory Haramachida	Mitsui Fudosan Kensetsu KK, first-class architect office	Mitsui Fudosan Kensetsu KK	Mitsui Fudosan Kensetsu KK	City of Machida, building official	HI International Consultant Co., Ltd.

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

(Note 2) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by HI International Consultant Co., Ltd.

(Note 3) Verification results have been obtained from HI International Consultant Co., Ltd. that the building is judged to have strength compliant with the current Building Standards Act as building materials, structural members, construction techniques and foundations certified with type approval by the Minister of Land, Infrastructure, Transport and Tourism have been employed and have been manufactured and newly constructed by certified type, parts, etc. manufacturers.

## (g) Status of Collateral

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

## (h) Information about Major Real Estate

Of Tosei Reit's assets under management, the following is an overview of those real estate of which annual rent accounts for 10% or more of the entire portfolio's annual rent as of April 30, 2015.

Property name	Total number of tenants	Annual rent (JPY million)	Total leased area (m <sup>2</sup> )	Total leasable area (m <sup>2</sup> )	Occupancy rate (%)
Tama Center Tosei Building (Note 1) (Note 2)	1 (30)	346	9,737.49	9,737.49	100.0 (77.9)
Inage Kaigan Building	15	207	5,890.92	5,890.92	100.0

(Note 1) A fixed-rent master lease agreement has been concluded for the property. Therefore, the number of tenants is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on the lease agreement between the master lease company and end-tenants (as of April 30, 2015) is shown in parentheses.

(Note 2) A fixed-rent master lease agreement has been concluded for the property. Therefore, occupancy rate is calculated based on the floor area leased to the master lease company. In addition, the occupancy rate based on the floor area leased to end-tenants (as of April 30, 2015) is shown in parentheses.

## (i) Information About Major Tenants (those tenants of which the area leased to the concerned tenant accounts for 10% or more of the sum total of total leased area)

The following table lists those tenants of Tosei Reit's assets under management that account for 10% or more of the entire portfolio's total leased area as of April 30, 2015. In the case of a property under a pass-through type master lease agreement, not only the master lease company but also end-tenants are counted as tenants. In addition, in the case of a property under a fixed-rent master lease agreement, the master lease company alone is counted as tenants and end-tenants are not counted. For Tama Center Tosei Building, as a pass-through type master lease agreement has been concluded between the trustee and the master lease company Tosei Community and, furthermore, a fixed-rent master lease agreement has been concluded between the company and the sub master lease company Tosei, both the master lease company and the sub master lease company are shown.

Name of tenant	Type of business	Property name	Annual rent (JPY million)	Total leased area (m <sup>2</sup> )	Leased area ratio (%) (Note 1)	Contract expiration date	Contract form (Note 2)	Security and guarantee deposits (JPY million)
Tosei Community Co., Ltd. (Note 3)	Property management business	Tama Center Tosei Building KM Shinjuku Building Nihonbashi-Hamacho Building Inage Kaigan Building T's garden Koenji Live Akabane Gekkocho Apartment T's garden Kawasakidaishi Abitato Kamata MarLandFive Avenir Shirotae Dormitory Haramachida	1,359	39,194.32	100.0	July 31, 2015	Ordinary building lease agreement	820
Tosei Corporation	Real estate business	Tama Center Tosei Building	346	9,737.49	24.8	November 27, 2016	Fixed-term building lease agreement	219

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

(Note 2) "Contract form" is the contract form indicated in the lease agreement with the concerned tenant as of April 30, 2015. The same applies hereinafter.

(Note 3) A pass-through type master lease agreement was concluded between the trustee and Tosei Community on July 31, 2014 for all assets under management. Therefore, total leased area is the sum total of the floor area actually leased under lease agreements concluded with end-tenants (however, for Tama Center Tosei Building, the floor area leased under the fixed-rent master lease agreement concluded by Tosei Reit). If both parties of the lease agreement do not express their intent otherwise to each other by one month prior to the contract expiration date, the agreement shall be renewed for another year under the same terms and conditions, and the same shall apply upon contract expiration thereafter.

## (j) 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 April 30, 2015. In the case of a property under a fixed-rent master lease agreement, the entries are not concerning end-tenants but the master lease company and based on the lease agreement with the master lease company. In the case of a property under a pass-through type master lease agreement, the entries are not concerning the master lease company but end-tenants and based on the lease agreement with end-tenants.

Name of end-tenant	Property name	Total leased area (m <sup>2</sup> )	Leased area ratio (%)	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49	24.8	November 27, 2016	Fixed-term building lease agreement
Not disclosed (Note)	Inage Kaigan Building	2,989.01	7.6	November 23, 2015	Ordinary building lease agreement
HEATWAVE Co., Ltd.	KM Shinjuku Building	447.41 447.41 137.29 Total: 1,032.11	2.6	March 31, 2017 October 31, 2016 June 30, 2016	Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement
Tokyo Gas Energy Co., Ltd.	Nihonbashi-Hamacho Building	756.21	1.9	March 31, 2018	Ordinary building lease agreement
YORKS Co., Ltd.	Nihonbashi-Hamacho Building	755.29	1.9	January 14, 2017	Ordinary building lease agreement
Nissen Co., Ltd.	Inage Kaigan Building	575.78	1.5	August 31, 2016	Ordinary building lease agreement
Individual	KM Shinjuku Building	504.67	1.3	February 6, 2017	Ordinary building lease agreement
Chugai Technos Corporation	Nihonbashi-Hamacho Building	502.55	1.3	October 31, 2015	Ordinary building lease agreement
Towa Pharmaceutical Co., Ltd.	Nihonbashi-Hamacho Building	483.87	1.2	January 11, 2016	Ordinary building lease agreement
IPPUUKISHI Co., Ltd.	KM Shinjuku Building	447.41	1.1	November 30, 2016	Ordinary building lease agreement
Telecom Group Inc.	KM Shinjuku Building	447.41	1.1	September 30, 2016	Ordinary building lease agreement
Hikari Tsushin, Inc.	KM Shinjuku Building	447.41	1.1	June 30, 2016	Ordinary building lease agreement

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

## (k) Overview of Leasing to Related Parties

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

Name of end-tenant	Property name	Total leased area	Annual rent	Security and guarantee deposits	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49m <sup>2</sup>	JPY346 million	JPY219 million	November 27, 2016	Fixed-term building lease agreement



(I) Overview of Individual Real Estate of Assets under Management

The following tables are an overview of each asset under management held as of April 30, 2015 by Tosei Reit compiled into individual tables (the “individual property tables”). A glossary of the terms used in the individual property tables is provided below.

Unless otherwise noted, in principle, the entries are the status as of April 30, 2015.

- a. About “Overview of trust beneficiary right”
  - “Trustee” is the trustee of the asset under management.
  - “Trust establishment date” is the date of establishment of any trust established as of the date of this document.
- b. About “Location (indication of residential address)”

“Location (indication of residential address)” is the indication of residential address of the real estate. In addition, in cases where there is no “indication of residential address,” then it is the building location in the real estate registry (if several, then one of the locations).
- c. About “Land”
  - “Parcel number” is based on that stated in the real estate registry.
  - “Building coverage ratio” is, in principle, the figures provided in accordance with related laws and regulations, such as the Building Standards Act and the City Planning Act. Depending on the asset under management, there are cases where “Building coverage ratio” stated in this document is subject to certain relaxation measures or restriction measures. In addition, where there are several building coverage ratios that apply to a site, the building coverage ratio is converted to one that applies to the entire site.
  - “Floor area ratio” is, in principle, the figures provided in accordance with related laws and regulations, such as the Building Standards Act and the City Planning Act. Depending on the asset under management, there are cases where “Floor area ratio” stated in this document is subject to certain relaxation measures or restriction measures. In addition, where there are several floor area ratios that apply to a site, the floor area ratio is converted to one that applies to the entire site.
  - “Use district” is the type of use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act.
  - “Site area” is based on that stated in the real estate registry and may differ from the present state.
  - “Type of ownership” is the type of right held by the trustee of the asset under management.
- d. About “Building”
  - “Construction completion” is the date of new construction in the real estate registry.
  - “Structure” and “Floors” are based on those stated in the real estate registry.
  - “Use” is the major type of building in the real estate registry.
  - “Total floor area” is based on that stated in the real estate registry.
  - “Type of ownership” is the type of right held by the trustee of the asset under management.
- e. About “Property management company”

“Property management company” is the company that has concluded a property management agreement that is valid as of the date of this document for the asset under management.
- f. About “Master lease company”

“Master lease company” is the company that has concluded a master lease agreement that is valid as of the date of this document for the asset under management.
- g. About “Matters of special note”

“Matters of special note” is, in principle, concerning matters considered important in rights, use, etc. of individual assets, as well as matters considered important in consideration of the degree of impact on valuation, profitability and disposability of the concerned asset, based on information as of the date of this document.

O-01 Tama Center Tosei Building			Property type	Office	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY3,370 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY3,370 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		1-15-2 Ochiai, Tama-shi, Tokyo			
Land	Parcel number	1-15-2, etc. Ochiai, Tama-shi, Tokyo	Building	Construction completion	July 1989 (new construction) October 1990 (extension)
	Building coverage ratio	70% (Note)		Structure	Steel-framed and steel-framed reinforced concrete structure
	Floor area ratio	300%		Floors	1 floor below ground / 7 floors above ground
	Use district	Category 2 residential district		Use	Office
	Site area	5,750.12m <sup>2</sup>		Total floor area	16,212.96m <sup>2</sup>
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd. / Tosei Corporation
Matters of special note Not applicable.					

(Note) The building coverage ratio is essentially 60%, but it is 70% due to relaxation for corner lots.

O-02   KM Shinjuku Building			Property type	Office	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY2,057 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY2,230 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		2-46-5 Kabuki-cho, Shinjuku-ku, Tokyo			
Land	Parcel number	2-463-2 Kabuki-cho, Shinjuku-ku, Tokyo	Building	Construction completion	September 1991
	Building coverage ratio	100% (Note)		Structure	Steel-framed reinforced concrete structure
	Floor area ratio	600%		Floors	1 floor below ground / 9 floors above ground
	Use district	Commercial district		Use	Office
	Site area	794.49m <sup>2</sup>		Total floor area	5,240.41m <sup>2</sup>
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note Not applicable.					

(Note) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within commercial districts and fire prevention districts.

O-03 Nihonbashi-Hamacho Building			Property type	Office	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY1,830 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY1,920 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		1-12-9 Nihonbashihama-cho, Chuo-ku, Tokyo			
Land	Parcel number	1-2-12, etc. Nihonbashihama-cho, Chuo-ku, Tokyo	Building	Construction completion	October 1990
	Building coverage ratio	100% (Note)		Structure	Steel-framed reinforced concrete and steel-framed structure
	Floor area ratio	500%		Floors	9 floors above ground
	Use district	Commercial district		Use	Office
	Site area	860.11m²		Total floor area	4,583.48m²
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note Not applicable.					

(Note) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within commercial districts and fire prevention districts.

Rt-01 Inage Kaigan Building		Property type		Retail facility	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY2,380 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY2,470 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		3-23-2 Takasu, Mihama-ku, Chiba-shi, Chiba			
Land	Parcel number	3-20-60, etc. Takasu, Mihama-ku, Chiba-shi, Chiba	Building	Construction completion	November 1992
	Building coverage ratio	90% (Note)		Structure	Steel-framed reinforced concrete structure
	Floor area ratio	400%		Floors	7 floors above ground
	Use district	Commercial district		Use	Store
	Site area	1,884.29m²		Total floor area	7,175.12m²
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note Not applicable.					

(Note) The building coverage ratio is essentially 80%, but it is 90% due to relaxation for corner lots.

Rd-01 T's garden Koenji			Property type	Residential property	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY1,544 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY1,730 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		3-35-26 Koenjikita, Suginami-ku, Tokyo			
Land	Parcel number	3-1028-5 Koenjikita, Suginami-ku, Tokyo	Building	Construction completion	January 2011
	Building coverage ratio	79.27% (Note 1)		Structure	Reinforced concrete structure
	Floor area ratio	246.36%		Floors	6 floors above ground
	Use district	① Category 1 medium-to-high-rise exclusive residential district ② Neighborhood commercial district		Use	Apartment
	Site area	1,397.09m <sup>2</sup> (Note 2)		Total floor area	2,445.31m <sup>2</sup>
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note					
<div>• Servitude of the following content has been established for part of the land.</div> <div>Purpose:<div><div>(1) To enter the land for installation of power lines or maintenance thereof, etc.</div><div>(2) To prohibit the construction of structures within a 3.6-meter range of power lines when power lines are at the lowest droop</div><div>(3) To prohibit the manufacture, handling and storage of hazardous materials of an explosive or flammable nature</div><div>(4) To prohibit the installation of works that obstruct power lines, planting of trees and bamboo, and other acts that obstruct power lines</div></div></div> <div>Scope: Central portion; Hexagonal shape; 332.22m<sup>2</sup></div> <div>Dominant land: 3-830-1 Izumi, Suginami-ku</div> <div>• From the adjacent land on the north side of the land, part of the building and building annex, etc. owned by the owner of the adjacent land is crossing the boundary. A written boundary confirmation has already been concluded with the owner of the adjacent land, but because discrepancies in views concerning the boundary have arisen, no agreement on the handling of the abovementioned boundary-crossing structure has been reached up to the date of this document.</div> <div>• The boundary with part of the adjacent land on the north side of the land is yet to be finalized. Although talks with the owner of the adjacent land continue to be underway, discrepancies in views concerning the boundary have arisen and no written boundary confirmation has been concluded up to the date of this document. There are no problems with building coverage ratio and floor area ratio even when based on the views of the owner of the adjacent land as of the date of this document. The Asset Management Company made the decision to purchase the property by taking into account the due diligence results in a comprehensive manner and after verifying the impact on operations and degree of risk of the concerned event. Furthermore, the seller of the property Tosei has provided in the real estate trust beneficiary right sale and purchase agreement for the property that talks on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and for the trustee to conclude a written boundary confirmation and deliver it to Tosei Reit, and that, in the event that the concerned boundary causes damage, etc. to be suffered or borne in any way by Tosei Reit, the damage, etc. shall be compensated.</div>					

(Note 1) The building coverage ratio is essentially 60% for the category 1 medium-to-high-rise exclusive residential district portion and 80% for the neighborhood commercial district portion, but it is 70% and 90%, respectively, due to relaxation for corner lots, and the building coverage ratio for the entire site is thus a weighted average of 79.27%.

(Note 2) Including a portion (approximately 24m<sup>2</sup>) that is deemed as a road due to a private road burden portion that is designated as a road pursuant to Article 42, Paragraph 2 of the Building Standards Act.

Rd-02 Live Akabane			Property type	Residential property	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY1,227 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY1,280 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		3-29-10 Ukima, Kita-ku, Tokyo			
Land	Parcel number	3-29-1 Ukima, Kita-ku, Tokyo	Building	Construction completion	March 1989
	Building coverage ratio	70% (Note)		Structure	Steel-framed reinforced concrete structure
	Floor area ratio	200%		Floors	12 floors above ground
	Use district	Quasi-industrial district (special industrial zone)		Use	Apartment
	Site area	2,393.56m <sup>2</sup>		Total floor area	4,484.24m <sup>2</sup>
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note Not applicable.					

(Note) The building coverage ratio is essentially 60%, but it is 70% due to relaxation for corner lots.

Rd-03 Gekkocho Apartment		Property type		Residential property		
Overview of specified asset						
Acquisition date		November 28, 2014		Type of specified asset		
Acquisition price		JPY1,000 million		Overview of trust beneficiary right	Trust beneficiary right	
Appraisal value		JPY1,010 million			Trustee	Mitsubishi UFJ Trust and Banking Corporation
(Date of value)		(June 30, 2014)			Trust establishment date	July 31, 2014
				Trust expiration date	November 30, 2024	
Location (indication of residential address)		6-9-22 Shimomeguro, Meguro-ku, Tokyo				
Land	Parcel number	6-1031-5 Shimomeguro, Meguro-ku, Tokyo		Building	Construction completion	March 2008
	Building coverage ratio	70% (Note)			Structure	Reinforced concrete structure
	Floor area ratio	200%			Floors	6 floors above ground
	Use district	Category 1 medium-to-high-rise exclusive residential district			Use	Apartment
	Site area	905.63m²			Total floor area	1,547.03m²
	Type of ownership	Proprietary ownership			Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.		Master lease company		
				Tosei Community Co., Ltd.		
Matters of special note						
<div>• Servitude of the following content with the subject land as the dominant land and the adjacent land on the northwest side (parcel 1031-4) as the servient land has been established. In the event that the servient land right holder Tokyo Electric Power Company, Incorporated or the current owner transfers ownership of the land they respectively own to a third party, the new owner is to succeed the content of the agreement (rights and obligations, etc.).<div>Purpose: Passage</div><div>Scope: All</div><div>Servient land: 6-1031-4 Shimomeguro, Meguro-ku, Tokyo</div></div> <div>• Part of the boundary is yet to be finalized.</div> <div>• From part of the adjacent land on the west side of the land, part of the warehouse and concrete fence owned by the owner of the adjacent land is crossing the boundary.</div> <div>• A written boundary confirmation has already been concluded with the owner of the adjacent land on the west side of the land, but because discrepancies in views concerning the boundary have arisen, no agreement on the handling of the abovementioned boundary-crossing structure has been reached up to the date of this document. The Asset Management Company made the decision to purchase the property by taking into account the due diligence results in a comprehensive manner and after verifying the impact on operations and degree of risk of the concerned event. Furthermore, the seller of the property Tosei has provided in the real estate trust beneficiary right sale and purchase agreement for the property that talks on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and for the trustee to conclude a written boundary confirmation and deliver it to Tosei Reit, and that, in the event that the concerned boundary causes damage, etc. to be suffered or borne in any way by Tosei Reit, the damage, etc. shall be compensated.</div> <div>• Since completion of construction of the subject building, the 17m category 3 height control district restrictions were introduced to the region encompassing the subject land, starting from November 2008. The subject building is thus in a state of <i>kizon futekikaku</i> (conformed to the law when constructed, but no longer conforms to the law as a result of subsequent laws or amendments, but are not categorized as illegal structures), meaning that a building of the same size cannot be constructed in the event of reconstruction.</div>						

(Note) The building coverage ratio is essentially 60%, but it is 70% due to relaxation for corner lots.

Rd-04   T's garden Kawasakidaishi			Property type	Residential property	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY980 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY1,020 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		Building ①: 13-19 Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa Building ②: 13-20 Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa			
Land	Parcel number	13-3 Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Building ①	Construction completion	January 2009
	Building coverage ratio	60%		Structure	Steel-framed structure
	Floor area ratio	200%		Floors	3 floors above ground
	Use district	Category 2 residential district		Use	Apartment
	Site area	1,988.14m <sup>2</sup>		Total floor area	1,200.70m <sup>2</sup>
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
			Building ②	Construction completion	January 2009
				Structure	Steel-framed structure
				Floors	3 floors above ground
				Use	Apartment
				Total floor area	904.89m <sup>2</sup>
				Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note Not applicable.					

Rd-05   Abitato Kamata			Property type	Residential property	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY836 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY895 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		8-20-12 Chuo, Ota-ku, Tokyo			
Land	Parcel number	8-105 Chuo, Ota-ku, Tokyo	Building	Construction completion	June 1991
	Building coverage ratio	73.50% (Note)		Structure	Reinforced concrete structure
	Floor area ratio	267.60%		Floors	6 floors above ground
	Use district	① Neighborhood commercial district ② Quasi-industrial district		Use	Apartment
	Site area	912.79m <sup>2</sup>		Total floor area	2,062.09m <sup>2</sup>
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note ・ From part of the adjacent land on the south side, the fence owned by the owner of the adjacent land is crossing the boundary into the land. There are safety issues with the concerned fence, but are being dealt with through new construction of a new block fence along the concerned fence.					

(Note) The building coverage ratio is essentially 80% for the neighborhood commercial district portion and 60% for the quasi-industrial district portion, but the building coverage ratio for the entire site is a weighted average of 73.50%.

Rd-06 MarLandFive		Property type	Residential property		
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY830 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY855 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		1-20-1 Nishimizuhodai, Fujimi-shi, Saitama			
Land	Parcel number	1-20-1 Nishimizuhodai, Fujimi-shi, Saitama	Building	Construction completion	April 1990
	Building coverage ratio	100% (Note)		Structure	Steel-framed reinforced concrete structure
	Floor area ratio	400%		Floors	1 floor below ground / 9 floors above ground
	Use district	Commercial district		Use	Apartment
	Site area	779.00m <sup>2</sup>		Total floor area	3,688.54m <sup>2</sup>
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note Not applicable.					

(Note) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within commercial districts and fire prevention districts.



Rd-07 Avenir Shirotae			Property type		Residential property	
Overview of specified asset						
Acquisition date		November 28, 2014		Type of specified asset		Trust beneficiary right
Acquisition price		JPY780 million		Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY818 million			Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)			Trust expiration date	November 30, 2024
Location (indication of residential address)		2-7-5 Shirotae-cho, Minami-ku, Yokohama-shi, Kanagawa				
Land	Parcel number	2-7-5 Shirotae-cho, Minami-ku, Yokohama-shi, Kanagawa		Building	Construction completion	February 1995
	Building coverage ratio	80%			Structure	Steel-framed reinforced concrete structure
	Floor area ratio	400%			Floors	11 floors above ground
	Use district	Commercial district			Use	Apartment
	Site area	680.09m²			Total floor area	3,001.81m²
	Type of ownership	Proprietary ownership			Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.		Master lease company		Tosei Community Co., Ltd.
Matters of special note						
・ The report on verification of whether or not there was falsification of structural calculation documents has pointed out “insufficient bar arrangement of first-floor load-bearing wall EW15” inconsistencies between the calculation documents after change in the plan and the structural drawings at the time of application for confirmation. The matter has already been rectified by the seller by implementing reinforcement with steel braces as a measure against the inconsistencies.						

Rd-08 Dormitory Haramachida			Property type	Residential property	
Overview of specified asset					
Acquisition date		November 28, 2014	Type of specified asset		Trust beneficiary right
Acquisition price		JPY600 million	Overview of trust beneficiary right	Trustee	Mitsubishi UFJ Trust and Banking Corporation
Appraisal value		JPY637 million		Trust establishment date	July 31, 2014
(Date of value)		(June 30, 2014)		Trust expiration date	November 30, 2024
Location (indication of residential address)		2-6-14 Haramachida, Machida-shi, Tokyo			
Land	Parcel number	2-1194-2 Haramachida, Machida-shi, Tokyo	Building	Construction completion	July 1992
	Building coverage ratio	100% (Note)		Structure	Steel-framed reinforced concrete and steel-framed structure
	Floor area ratio	550.58%		Floors	1 floor below ground / 12 floors above ground
	Use district	Commercial district		Use	Apartment
	Site area	510.95m²		Total floor area	2,239.50m²
	Type of ownership	Proprietary ownership		Type of ownership	Proprietary ownership
Property management company		Tosei Community Co., Ltd.	Master lease company		Tosei Community Co., Ltd.
Matters of special note ・ Several matters pointing out that repairs are necessary or ideal were found in the report on investigation of the external walls of the property.					

(Note) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within commercial districts and fire prevention districts.