

(REIT) Financial Report for the Fiscal Period Ended October 31, 2017

December 18, 2017

REIT Securities Issuer: Tosei Reit Investment Corporation Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3451 URL: <http://www.tosei-reit.co.jp/en/>
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Scheduled date of submission of securities report: January 30, 2018

Scheduled date of commencement of cash distribution payment: January 22, 2018

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest JPY million)

1. Status of Management and Assets for Fiscal Period Ended October 31, 2017 (May 1, 2017 – October 31, 2017)

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Ended Oct. 31, 2017	1,633	1.0	754	(4.7)	620	(5.8)	619	(5.8)
Ended Apr. 30, 2017	1,616	20.8	791	23.1	658	21.2	657	21.2

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	JPY	%	%	%
Ended Oct. 31, 2017	3,382	3.2	1.5	38.0
Ended Apr. 30, 2017	3,591	3.6	1.8	40.8

(2) Cash Distributions

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution per unit (including cash distribution in excess of earnings)	Total cash distribution (including cash distribution in excess of earnings)	Payout ratio	Ratio of cash distribution to net assets
	JPY	JPY million	JPY	JPY million	JPY	JPY million	%	%
Ended Oct. 31, 2017	3,382	619	0	0	3,382	619	99.9	3.1
Ended Apr. 30, 2017	3,592	658	0	0	3,592	658	100.0	3.3

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

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

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

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	JPY million	JPY million	%	JPY
Ended Oct. 31, 2017	40,351	19,357	48.0	105,665
Ended Apr. 30, 2017	40,291	19,389	48.1	105,837

(4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
Ended Oct. 31, 2017	1,026	(20)	(678)	4,171
Ended Apr. 30, 2017	882	(5,194)	4,736	3,844

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Ending Apr. 30, 2018	1,944	19.1	970	28.5	802	29.3	801	29.3	3,419	0
Ending Oct. 31, 2018	1,945	0.1	934	(3.7)	763	(4.9)	762	(4.9)	3,252	0

(Reference) Forecast net income per unit for the fiscal period ending April 30, 2018 is JPY3,419 and the fiscal period ending October 31, 2018 is JPY 3,252 (assuming total number of investment units issued and outstanding at end of period of 234,400 units).

* Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

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

Fiscal period ended October 31, 2017	183,200 units
Fiscal period ended April 30, 2017	183,200 units
Fiscal period ended October 31, 2017	0 units
Fiscal period ended April 30, 2017	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 29.

* 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 April 30, 2018 and Fiscal Period Ending October 31, 2018” on page 8.

1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there is no significant change from “Structure of the Investment Corporation” in the recent securities report (submitted on July 28, 2017).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Target” and “Cash Distribution Policy” in the recent securities report (submitted on July 28, 2017).

(2) Management Status

① Overview of the Fiscal Period Under Review

(a) Key Developments of the Investment Corporation

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

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

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

(b) Investment Environment and Management Performance

Investment Environment:

In the fiscal period under review (6th Period: fiscal period ended October 31, 2017), the Japanese economy has continued to expand against the backdrop of an extremely relaxed financial environment and the effect of the government’s bold economic measures amid continued gradual growth of overseas economies. Furthermore, capital investment is on a gradual upward trend amid improvements in corporate earnings and business sentiment while personal consumption is becoming increasingly strong with the backdrop of improvements in the employment/income situation, and residential investment is remaining flat.

In the real estate investment market, although investment demand is strong, investment opportunities are limited. Particularly in Tokyo 5 central wards (Note 1), the investment ratio is on a downward trend while the investment ratio of the Tokyo metropolitan area (Note 2) other than Tokyo is on an upward trend. In addition, the appraisal value of assets owned by J-REITs is still on the rise although the increase margin has been shrinking.

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

Management Performance:

Under such environment, as of the end of the fiscal period under review, Tosei Reit owns 23 properties with the total acquisition price (Note 3) of JPY36,176 million and the occupancy rate of the assets under management is 98.4%.

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

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

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

(c) Overview of Fund Procurement

In the procurement of funds for acquisition of assets, Tosei Reit adopts a basic policy of establishing stable and sound financial standing over the medium to long term with securing of revenue and sustainable growth of asset value in mind. There was no new fund procurement for new acquisitions of properties nor loans whose maturity dates arrived during the fiscal period under review.

As of October 31, 2017, unitholders' capital was JPY18,745 million and interest-bearing debt outstanding was the amount of JPY18,700 million. At the end of the fiscal period under review, the ratio of interest-bearing debt to total assets (LTV) was 46.3%.

(d) Overview of Business Performance and Cash Distribution

As a result of the management described above, business performance in the fiscal period under review was operating revenue of JPY1,633 million (up 1.0% period-on-period) and operating income of JPY754 million (down 4.7% period-on-period), and that after deducting interest expenses on loans and other expenses was ordinary income of JPY620 million (down 5.8% period-on-period) and net income of JPY619 million (down 5.8% period-on-period).

Concerning cash distribution in the fiscal period under review, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit and to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) (the "Special Taxation Measures Act")), Tosei Reit decided to distribute almost the entire amount remaining after subtracting the reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit of JPY3,382.

② Outlook for the Next Fiscal Period

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

Furthermore, with regard to the real estate leasing market, the gradual economic growth is assumed to continue due to the abovementioned effects of the government measures, etc. Amid such, the Tokyo metropolitan area office, retail facility and residential property leasing market is believed to continue showing a trend of improvement, albeit moderate, in both occupancy rates and rent unit prices.

Future Management Policy and Challenges to Address

(a) Management Policy:

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

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

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

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

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

(b) Expansion of Asset Size (Note 1)

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

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

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

(Note 2) Tosei Reit concluded sale and purchase contracts for eight properties, namely Chojamachi Duo Building, Wako Building, Twin Avenue, Milestone Higashikurume, Lumiere No. 3, T’s garden Nishifunabashi, Quest Yamatedai and Sancerre Yonohonmachi (hereinafter the “Properties Acquired in the 7th Period”) on October 13, 2017 and acquired the properties on November 2, 2017.

(c) Financial Strategy

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

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

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

Fiscal period	Operating revenue (JPY million)	Operating income (JPY million)	Ordinary income (JPY million)	Net income (JPY million)	Cash distribution per unit (not including cash distribution in excess of earnings) (JPY)	Cash distribution in excess of earnings per unit (JPY)
Ending April 30, 2018	1,944	970	802	801	3,419	0
Ending October 31, 2018	1,945	934	763	762	3,252	0

The outlook is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the outlook, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending April 30, 2018 and Fiscal Period Ending October 31, 2018” on page 8.

③ Significant Subsequent Events

(a) Acquisition of Assets

Tosei Reit concluded sale and purchase contracts concerning the acquisition of real estate trust beneficiary rights of the following eight properties on October 13, 2017 and acquired the assets on November 2, 2017.

Type	Property no.	Property name	Location	Acquisition price (JPY million)
Office	O-10	Chojamachi Duo Building	Yokohama-shi, Kanagawa	1,300
Retail facility	Rt-04	Wako Building	Chiba-shi, Chiba	1,400
Residential property	Rd-12	Twin Avenue	Nerima-ku, Tokyo	1,880
Residential property	Rd-13	Milestone Higashikurume	Higashikurume-shi, Tokyo	1,650
Residential property	Rd-14	Lumiere No. 3	Kawaguchi-shi, Saitama	1,420
Residential property	Rd-15	T's garden Nishifunabashi	Funabashi-shi, Chiba	860
Residential property	Rd-16	Quest Yamatedai	Yokohama-shi, Kanagawa	710
Residential property	Rd-17	Sancerre Yonohonmachi	Saitama-shi, Saitama	600
Total (8 properties)				9,820

(b) Issuance of New Investment Units

Tosei Reit resolved at the Board of Directors meetings held on October 13, 2017 and October 23, 2017 on the following issuance of new investment units. Payment was completed on November 1, 2017 for the issuance of new investment units through public offering. As a result, as of the date of this document, unitholders' capital is JPY23,907 million and the total number of investment units issued and outstanding is 234,400.

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

Number of new investment units issued	: 51,200 units
Issue price (offer price)	: JPY104,462 per unit
Total issue price (total offer price)	: JPY5,348,454,400
Issue amount (paid-in amount)	: JPY100,819 per unit
Total issue amount (total paid-in amount)	: JPY5,161,932,800
Payment date	: November 1, 2017

(Use of funds)

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

(c) Debt Financing

Tosei Reit executed the following debt financing to procure part of funds for acquiring real estate trust beneficiary rights described in “(a) Acquisition of Assets” above and for the related expenses.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd.	1,600	Base rate (JBA 1 month JPY TIBOR) (Note 2) + 0.20%	November 2, 2017	October 31, 2018	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd.	800	Base rate (JBA 1 month JPY TIBOR) (Note 2) + 0.30%	November 2, 2017	May 29, 2020	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation	400	Base rate (JBA 1 month JPY TIBOR) (Note 2) + 0.35%	November 2, 2017	November 30, 2020	Lump-sum repayment on maturity date	Secured

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd.	700	0.80424% (Fixed rate)	November 2, 2017	October 29, 2021	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd.	1,800	1.16184% (Fixed rate)	November 2, 2017	October 31, 2023	Lump-sum repayment on maturity date	Secured
Total	5,300	—	—	—	—	—

(Note 1) Figures indicated do not include borrowing related expenses, etc. to be paid to the lenders.

(Note 2) The base rate applicable to the interest rate calculation period for each interest payment date will be determined on the date two business days prior to the interest payment date immediately before each interest payment date (the drawdown date for the first interest payment date). For JBA's JPY TIBOR, please check with the JBA TIBOR Administration's website (<http://www.jbatibor.or.jp/english/rate/>)

Tosei Reit executed the following debt financing to repay JPY2,000 million matured on November 30, 2017.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited.	2,000	0.92671% (Fixed rate)	November 30, 2017	October 31, 2022	Lump-sum repayment on maturity date	Secured
Total	2,000	—	—	—	—	—

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

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

Item	Assumptions			
Calculation period	• Fiscal period ending April 30, 2018 (7th Period): November 1, 2017 – April 30, 2018 (181 days) • Fiscal period ending October 31, 2018 (8th Period): May 1, 2018 – October 31, 2018 (184 days)			
Assets under management	• It is assumed that there will be no change (new property acquisitions, sales of existing properties, etc.) through the end of the fiscal period ending October 31, 2018 (8th fiscal period) to the real estate trust beneficiary rights owned by Tosei Reit as of the date of this document (31 properties in total) (the “Assets under Management”). • 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.			
Operating revenue	• Rental revenues from the Assets under Management are calculated taking into account lease agreements that are effective as of the date of this document, tenant and market trends, etc. • For rental revenues, it is assumed that no rent payments will be behind or declined by tenants.			
Operating expenses	• The following are the major items of operating expenses.			
		Fiscal period ending April 30, 2018	Fiscal period ending October 31, 2018	
	Expenses related to rent business		JPY811 million	JPY828 million
	<i>Of which:</i> Management fee		JPY179 million	JPY176 million
	<i>[Of which:</i> Operational management costs		JPY133 million]	JPY134 million]
	<i>[Of which:</i> Property management costs		JPY45 million]	JPY42 million]
	Repair expenses		JPY44 million	JPY41 million
	Property taxes		JPY141 million	JPY154 million
	Depreciation		JPY240 million	JPY240 million
	Expenses other than expenses related to rent business		JPY163 million	JPY183 million
	<i>Of which:</i> Asset management fee		JPY108 million	JPY117 million
	• For the expenditure for repair and maintenance (repair expenses) of buildings, the amount expected to be required in the fiscal period is assumed as expenses, based on the amount planned by the asset management company, after considering the amount stated in the engineering report. However, the expenditure for repair and maintenance for the fiscal period could differ significantly from the estimated amount, as expenditures may arise urgently due to damages to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair maintenance expenses do not arise regularly.			
• For property taxes, upon transactions of real estate and other properties, it is a general practice to calculate and reimburse the pro rata portion of fixed asset taxes, city planning taxes and other public charges based on the number of days of ownership to the current owner and settle them at the time of acquisition. However, the settled amount is included in the acquisition cost and is not recorded as expenses at the time of acquisition by Tosei Reit. Therefore, concerning the Properties Acquired in the 7th Period which were acquired on November 2, 2017 (8 properties), fixed asset taxes, city planning taxes and other public charges in fiscal 2017 will not be recorded as expenses in the fiscal period ending April 30, 2018. The total of fixed asset taxes, city planning taxes and other public charges for the Properties Acquired in the 7th Period, which are to be included in acquisition cost in the fiscal period ending April 30, 2018, is assumed to be JPY7 million (equivalent to that for 60 days).				
NOI	• NOI for the entire portfolio is assumed to be JPY1,373 million for the fiscal period ending April 30, 2018 (7th Period) and JPY1,358 million for the fiscal period ending October 31, 2018 (8th Period). • Out of the above, NOI for the Assets under Management excluding the Assets Acquired in the 7th Period is assumed to be JPY1,082 million for the fiscal period ending April 30, 2018 and JPY1,077 million for the fiscal period ending October 31, 2018. • Out of the above, NOI for the Assets Acquired in the 7th Period is assumed to be JPY291 million for the fiscal period ending April 30, 2018 and JPY 280 million for the fiscal period ending October 31, 2018. • NOI is calculated by using the following calculation method. NOI = Property-related operating revenue – Property-related operating expenses + Depreciation			
Non-operating expenses	• Amortization of expenses for the issuance of investment units is assumed to be JPY12 million for the fiscal period ending April 30, 2018 and JPY12 million for the fiscal period ending October 31, 2018. • Interest expenses and borrowing related expenses are assumed to be JPY155 million for the fiscal period ending April 30, 2018 and JPY158 million for the fiscal period ending October 31, 2018. Among the borrowing related expenses, JPY55 million for the fiscal period ending April 30, 2018 and JPY55 million for the fiscal period ending October 31, 2018 are assumed to be the amounts to be amortized in accordance with the borrowing periods.			

Debt financing	<ul style="list-style-type: none"> Debt outstanding as of the date of this document is JPY24,000 million. It is assumed that there will be no changes in the debt outstanding through the end of the fiscal period ending October 31, 2018 (8th Period). LTV is assumed to be 47.1% as of the end of the fiscal period ending April 30, 2018 (7th Period) and 47.1% as of the end of the fiscal period ending October 31, 2018 (8th Period). LTV is calculated by using the following calculation method. $\text{LTV} = \text{Total interest-bearing debt} \div \text{Total assets} \times 100$
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> It is assumed that the total number of investment units issued and outstanding will be 234,400 units as of the date of this document, and that there will be no changes to this number due to additional issuance of new investment units and such through the end of the fiscal period ending October 31, 2018. Cash distribution per unit is calculated using the forecast total number of investment units issued and outstanding at the end of the fiscal period ending April 30, 2018 and the fiscal period ending October 31, 2018 (234,400 units).
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> Cash distribution per unit is calculated on the assumption described in the monetary cash distribution policy stipulated in Tosei Reit's Articles of Incorporation. It is assumed that the entire amount of unappropriated retained earnings is distributed excluding the portion where cash distribution per unit would be less than JPY1. Cash distribution per unit for the fiscal period ending April 30, 2018 and the fiscal period ending October 31, 2018 are calculated with the assumption that there is no fluctuation to the fair value of interest rate swaps. It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in the Assets under Management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs, etc.
Cash distribution in excess of earnings per unit (out of which, reserve for temporary adjustments)	<ul style="list-style-type: none"> It is assumed that, out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit will make distribution as reserve for temporary difference adjustments, of which amount is to be determined by Tosei Reit as an amount equivalent to net asset deduction items (as defined in Article 2 item 30 (b) of the Ordinance on Accountings of Investment Corporations), considering the impact of net asset deduction items on cash distribution. No cash distribution in excess of earnings (reserve for temporary difference adjustments) is expected for the fiscal periods ending April 30, 2018 and October 31, 2018 as the calculation is made under assumption that there is no fluctuation to the fair value of interest rate swaps.
Cash distribution in excess of earnings per unit (out of which, distribution reducing unitholders' capital for tax purpose)	<ul style="list-style-type: none"> Out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, Tosei Reit does not currently anticipate a return of contribution.
Other	<ul style="list-style-type: none"> Forecasts are based on the assumption revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan that impact forecast figures. 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.

(3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities registration statement (submitted on July 28, 2017).

3. Financial Statements

(1) Balance Sheet

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
Assets		
Current assets		
Cash and deposits	857,771	1,073,276
Cash and deposits in trust	*1 2,986,612	*1 3,097,864
Operating accounts receivable	7,979	7,665
Prepaid expenses	111,366	84,713
Deferred tax assets	12	14
Consumption taxes receivable	57,334	-
Total current assets	4,021,076	4,263,534
Non-current assets		
Property, plant and equipment		
Buildings in trust	11,058,544	11,104,973
Accumulated depreciation	(627,395)	(805,289)
Buildings in trust, net	*1 10,431,149	*1 10,299,684
Structures in trust	122,122	122,122
Accumulated depreciation	(19,849)	(25,075)
Structures in trust, net	*1 102,272	*1 97,047
Machinery and equipment in trust	284,229	284,229
Accumulated depreciation	(44,161)	(56,560)
Machinery and equipment in trust, net	*1 240,068	*1 227,669
Tools, furniture and fixtures in trust	97,799	99,953
Accumulated depreciation	(17,809)	(22,990)
Tools, furniture and fixtures in trust, net	*1 79,989	*1 76,963
Land in trust	*1 25,173,648	*1 25,173,648
Total property, plant and equipment	36,027,128	35,875,013
Investments and other assets		
Long-term prepaid expenses	203,042	180,273
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	213,042	190,273
Total non-current assets	36,240,171	36,065,287
Deferred assets		
Investment unit issuance expenses	30,169	22,402
Total deferred assets	30,169	22,402
Total assets	40,291,417	40,351,223

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
Liabilities		
Current liabilities		
Operating accounts payable	67,812	68,696
Current portion of long-term loans payable	*1 2,000,000	※1 2,000,000
Accounts payable – other	75,132	76,223
Income taxes payable	853	910
Accrued consumption taxes	-	59,857
Advances received	269,591	263,151
Other	42,937	88,860
Total current liabilities	2,456,327	2,557,698
Non-current liabilities		
Long-term loans payable	*1 16,700,000	*1 16,700,000
Tenant leasehold and security deposits in trust	1,731,000	1,727,855
Other	14,673	7,796
Total non-current liabilities	18,445,673	18,435,651
Total liabilities	20,902,000	20,993,350
Net assets		
Unitholders' equity		
Unitholders' capital	18,745,895	18,745,895
Deduction from unitholders' capital		
Reserve for temporary difference adjustments	*3 (20,608)	*3 (14,656)
Total deduction from unitholders' capital	(20,608)	(14,656)
Unitholders' capital, net	18,725,287	18,731,239
Surplus		
Unappropriated retained earnings (undisposed loss)	678,802	634,430
Total surplus	678,802	634,430
Total unitholders' equity	19,404,089	19,365,669
Valuation and translation adjustments		
Deferred gains or losses on hedges	(14,673)	(7,796)
Total valuation and translation adjustments	(14,673)	(7,796)
Total net assets	*2 19,389,416	*2 19,357,873
Total liabilities and net assets	40,291,417	40,351,223

(2) Statement of Income

(Unit: JPY thousand)

	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
Operating revenue		
Rent revenue – real estate	*1 1,461,760	*1 1,464,469
Other lease business revenue	*1 154,847	*1 169,070
Total operating revenue	1,616,607	1,633,540
Operating expenses		
Expenses related to rent business	*1 685,099	*1 731,021
Asset management fee	89,830	93,624
Asset custody fee	1,699	1,963
Administrative service fees	11,248	11,219
Directors' compensations	3,900	3,900
Other operating expenses	33,146	37,022
Total operating expenses	824,925	878,751
Operating income	791,682	754,789
Non-operating income		
Interest income	17	18
Compensation for damages	-	2,404
Miscellaneous income	-	94
Total non-operating income	17	2,517
Non-operating expenses		
Interest expenses	75,379	79,503
Borrowing related expenses	49,696	49,490
Other	7,767	7,767
Total non-operating expenses	132,843	136,762
Ordinary income	658,855	620,544
Income before income taxes	658,855	620,544
Income taxes – current	855	913
Income taxes – deferred	2	(2)
Total income taxes	858	910
Net income	657,996	619,634
Retained earnings brought forward	20,805	14,796
Unappropriated retained earnings (undisposed loss)	678,802	634,430

(3) Statement of Unitholders' Equity

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

(Unit: JPY thousand)

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

(Unit: JPY thousand)

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

6th Period (from May 1, 2017 to October 31, 2017)

(Unit: JPY thousand)

	Unitholders' equity				
	Unitholders' capital				Surplus
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)
		Reserve for temporary difference adjustments	Total deduction from unitholders' capital		
Balance at beginning of current period	18,745,895	(20,608)	(20,608)	18,725,287	678,802
Changes of items during period					
Dividends of surplus					(658,054)
Reversal of reserve for temporary difference adjustments		5,952	5,952	5,952	(5,952)
Net income					619,634
Net changes of items other than unitholders' equity					
Total changes of items during period	-	5,952	5,952	5,952	(44,371)
Balance at end of current period	*1 18,745,895	(14,656)	(14,656)	18,731,239	634,430

(Unit: JPY thousand)

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total surplus				
Balance at beginning of current period	678,802	19,404,089	(14,673)	(14,673)	19,389,416
Changes of items during period					
Dividends of surplus	(658,054)	(658,054)			(658,054)
Reversal of reserve for temporary difference adjustments	(5,952)	-			-
Net income	619,634	619,634			619,634
Net changes of items other than unitholders' equity			6,877	6,877	6,877
Total changes of items during period	(44,371)	(38,419)	6,877	6,877	(31,542)
Balance at end of current period	634,430	19,365,669	(7,796)	(7,796)	19,357,873

(4) Statement of Cash Distributions

(Unit: JPY)

Item	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
I. Unappropriated retained earnings	678,802,719	634,430,946
II. Incorporation into unitholders' capital	5,952,000	6,961,600
Out of which, reversal of reserve for temporary difference adjustments	5,952,000	6,961,600
III. Amount of cash distribution	658,054,400	619,582,400
[Amount of cash distribution per investment unit]	(3,592)	(3,382)
IV. Retained earnings carried forward	14,796,319	7,886,946
Method of calculating the amount of cash distribution	Cash distribution per investment unit for the fiscal period under review is JPY3,592 as stated above. Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount remained after subtracting reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY3,592.	Cash distribution per investment unit for the fiscal period under review is JPY3,382 as stated above. Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount remained after subtracting reversal amount of reserve for temporary difference adjustments from earnings defined in Article 136 Paragraph 1 of the Investment Trusts Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY3,382.

(5) Statement of Cash Flows

(Unit: JPY thousand)

	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
Cash flows from operating activities		
Income before income taxes	658,855	620,544
Depreciation	207,977	204,011
Borrowing related expenses	49,696	49,490
Interest income	(17)	(18)
Interest expenses	75,379	79,503
Decrease (increase) in operating accounts receivable	(3,355)	313
Decrease (increase) in consumption taxes refund receivable	(57,334)	57,334
Increase (decrease) in accrued consumption taxes	(11,785)	59,857
Decrease (increase) in prepaid expenses	(25,079)	24,996
Increase (decrease) in operating accounts payable	15,280	13,820
Increase (decrease) in accounts payable – other	10,037	1,091
Increase (decrease) in advances received	36,903	(6,440)
Other, net	1,536	2,717
Subtotal	958,094	1,107,221
Interest income received	17	18
Interest expenses paid	(74,789)	(80,367)
Income taxes paid	(913)	(856)
Net cash provided by (used in) operating activities	882,408	1,026,016
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(5,426,629)	(64,832)
Proceeds from tenant leasehold and security deposits in trust	261,740	102,032
Repayments of tenant leasehold and security deposits in trust	(29,385)	(58,053)
Net cash provided by (used in) investing activities	(5,194,274)	(20,853)
Cash flows from financing activities		
Decrease in short-term loans payable	(800,000)	-
Proceeds from long-term loans payable	7,043,976	-
Repayments of long-term loans payable	(3,169,000)	-
Proceeds from issuance of investment units	2,203,974	-
Dividends paid	(542,731)	(658,054)
Other	-	(20,352)
Net cash provided by (used in) financing activities	4,736,219	(678,406)
Net increase (decrease) in cash and cash equivalents	424,353	326,756
Cash and cash equivalents at beginning of period	3,420,030	3,844,383
Cash and cash equivalents at end of period	*1 3,844,383	*1 4,171,140

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

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

(8) Notes to Financial Statements

[Notes to Balance Sheet]

*1. Assets pledged as collateral and secured liabilities

The following are the assets pledged as collateral.

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
Cash and deposits in trust	2,986,612	3,097,864
Buildings in trust	10,431,149	10,299,684
Structures in trust	102,272	97,047
Machinery and equipment in trust	240,068	227,669
Tools, furniture and fixtures in trust	79,989	76,963
Land in trust	25,173,648	25,173,648
Total	39,013,741	38,972,877

The following are the secured liabilities.

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
Current portion of long-term loans payable	2,000,000	2,000,000
Long-term loans payable	16,700,000	16,700,000
Total	18,700,000	18,700,000

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

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
	50,000	50,000

*3 Reserve for temporary difference adjustments

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Deferred gains or losses on hedges

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

6th Period (from May 1, 2017 to October 31, 2017)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at beginning of 6th Period	Reserve set aside during period	Reversal during period	Balance at end of 6th Period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest- rate swaps	31,234	20,608	-	(5,952)	14,656	Change in fair value of derivative transactions

2. Method of reversal

(1) Deferred gains or losses on hedges

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

[Notes to Statement of Income]

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

	(Unit: JPY thousand)	
	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
A. Property-related operating revenue		
Rent revenue – real estate		
Rental income	1,240,084	1,244,369
Common area maintenance income	147,280	144,938
Parking income	55,604	56,283
Other rental income	18,790	18,878
Total	1,461,760	1,464,469
Other lease business revenue		
Utilities reimbursement	126,120	143,962
Other income	28,726	25,108
Total	154,847	169,070
Total property-related operating revenue	1,616,607	1,633,540
B. Property-related operating expenses		
Expenses related to rent business		
Management fee	149,668	147,878
Trust fee	6,897	6,900
Utilities expenses	125,307	142,002
Insurance premium	3,095	2,999
Repair expenses	47,103	58,450
Property taxes	115,083	128,799
Depreciation	207,977	204,011
Other expenses	29,965	39,979
Total property-related operating expenses	685,099	731,021
C. Property-related operating income (loss) (A – B)	931,507	902,519

[Notes to Statement of Unitholders' Equity]

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

	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	183,200 units	183,200 units

[Notes to Statement of Cash Flows]

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

(Unit: JPY thousand)

	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
Cash and deposits	857,771	1,073,276
Cash and deposits in trust	2,986,612	3,097,864
Cash and cash equivalents	3,844,383	4,171,140

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
Due within 1 year	520,469	518,218
Due after 1 year	1,333,008	1,076,220
Total	1,853,478	1,594,439

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

Not applicable.

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

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

5th Period (as of April 30, 2017)

(Unit: JPY thousand)

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

6th Period (as of October 31, 2017)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,073,276	1,073,276	—
(2) Cash and deposits in trust	3,097,864	3,097,864	—
Total assets	4,171,140	4,171,140	—
(3) Current portion of long-term loans payable	2,000,000	2,000,000	—
(4) Long-term loans payable	16,700,000	16,703,552	3,552
Total liabilities	18,700,000	18,703,552	3,552
(5) Derivative transactions*	(7,796)	(7,796)	—

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

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

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

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

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

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

(5) Derivative transactions

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

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

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

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017) *1	6th Period (As of Oct. 31, 2017) *2
Tenant leasehold and security deposits in trust	1,771,436	1,815,415

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

*2 The amount includes JPY87,560 thousand of current portion of tenant leasehold and security deposits in trust.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts
5th Period (as of April 30, 2017)

(Unit: JPY thousand)

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

6th Period (as of October 31, 2017)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	1,073,276	—	—	—	—	—
Cash and deposits in trust	3,097,864	—	—	—	—	—
Total	4,171,140	—	—	—	—	—

(Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts
5th Period (as of April 30, 2017)

(Unit: JPY thousand)

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

6th Period (as of October 31, 2017)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Long-term loans payable	2,000,000	4,000,000	3,600,000	3,700,000	2,200,000	3,200,000
Total	2,000,000	4,000,000	3,600,000	3,700,000	2,200,000	3,200,000

[Notes on Securities]

5th Period (as of April 30, 2017)

Not applicable.

6th Period (as of October 31, 2017)

Not applicable.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

5th Period (as of April 30, 2017)

Not applicable.

6th Period (as of October 31, 2017)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

5th Period (as of April 30, 2017)

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

(Unit: JPY thousand)

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

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

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

6th Period (as of October 31, 2017)

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

(Unit: JPY thousand)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, due after 1 year	
Principle accounting	Interest rate swap transaction Pay fixed Receive floating	Interest on long-term loans	6,000,000	4,000,000	(7,796)

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

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

[Notes on Related-Party Transactions]

1. Parent company and major corporate unitholder, etc.
5th Period (from November 1, 2016 to April 30, 2017)
Not applicable.

6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.
2. Affiliated company, etc.
5th Period (from November 1, 2016 to April 30, 2017)
Not applicable.

6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.
3. Fellow subsidiary, etc.
5th Period (from November 1, 2016 to April 30, 2017)
Not applicable.

6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.
4. Director, major individual unitholder, etc.
5th Period (from November 1, 2016 to April 30, 2017)
Not applicable.

6th Period (from May 1, 2017 to October 31, 2017)
Not applicable.

[Notes on Tax-Effect Accounting]

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

(Unit: JPY thousand)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
[Deferred tax assets – current]		
Non-deductible accrued enterprise tax	12	14
Total deferred tax assets – current	12	14
Net deferred tax assets – current	12	14
[Deferred tax assets – non-current]		
Deferred losses on hedges	4,657	2,474
Subtotal	4,657	2,474
Valuation allowance	(4,657)	(2,474)
Total deferred tax assets – non-current	—	—
Net deferred tax assets – non-current	—	—

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

(Unit: %)

	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
Statutory tax rate	31.74	31.74
[Adjustments]		
Deductible cash distribution payable	(31.70)	(31.69)
Other	0.09	0.10
Effective income tax rate after application of tax-effect accounting	0.13	0.15

[Notes on Retirement Benefits]

5th Period (as of April 30, 2017)

Not applicable.

6th Period (as of October 31, 2017)

Not applicable.

[Notes on Asset Retirement Obligations]

5th Period (as of April 30, 2017)

Not applicable.

6th Period (as of October 31, 2017)

Not applicable.

[Notes on Investment and Rental Properties]

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

(Unit: JPY thousand)

	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
Carrying amount (Note 1)		
Balance at beginning of period	30,795,528	36,027,128
Amount of increase (decrease) during period (Note 2)	5,231,599	(152,115)
Balance at end of period	36,027,128	35,875,013
Fair value at end of period (Note 3)	40,083,000	40,338,000

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

(Note 2) For the 5th Period, the amount of increase is mainly attributable to acquisition of five properties including JPT Motomachi Building (JPY5,392,285 thousand), while the amount of decrease is mainly attributable to depreciation (JPY207,977 thousand). For the 6th Period, the amount of increase is mainly attributable to acquisition of construction at Prime Garden for the removal of water purification tank and connection to main sewerage system (JPY20,364 thousand), while the amount of decrease is mainly attributable to depreciation (JPY204,011 thousand).

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

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

[Notes on Segment Information]

Segment Information

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

(Related Information)

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

1. Information on products and services

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

2. Information on regions

(1) Operating revenue

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

(2) Property, plant and equipment

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

3. Information on major customers

(Unit: JPY thousand)

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

6th Period (from May 1, 2017 to October 31, 2017)

1. Information on products and services

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

2. Information on regions

(1) Operating revenue

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

(2) Property, plant and equipment

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

3. Information on major customers

(Unit: JPY thousand)

Name of customer	Operating revenue	Name of related segment
Tosei Corporation	289,247	Real estate lease business

[Notes on Per Unit Information]

	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
Net assets per unit	JPY105,837	JPY105,665
Net income per unit	JPY3,591	JPY3,382

(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.

	5th Period (From: Nov. 1, 2016 To: Apr. 30, 2017)	6th Period (From: May 1, 2017 To: Oct. 31, 2017)
Net income (JPY thousand)	657,996	619,634
Amount not attributable to common unitholders (JPY thousand)	—	—
Net income attributable to common investment units (JPY thousand)	657,996	619,634
Average number of investment units during period (units)	183,200	183,200

[Notes on Significant Subsequent Events]

1. Acquisition of Assets

Tosei Reit concluded sale and purchase contracts concerning the acquisition of the following eight properties on October 13, 2017 and acquired the assets on November 2, 2017.

Property name	Chojamachi Duo Building
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY1,300 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

Property name	Wako Building
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY1,400 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

Property name	Twin Avenue
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY1,880 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

Property name	Milestone Higashikurume
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY1,650 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

Property name	Lumiere No. 3
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY1,420 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

Property name	T's garden Nishifunabashi
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY860 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

Property name	Quest Yamatedai
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY710 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

Property name	Sancerre Yonohonmachi
Type of asset	Trust beneficiary right
Acquisition price (Note)	JPY600 million
Seller	Tosei Corporation
Acquisition date	November 2, 2017

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

2. Issuance of New Investment Units

Tosei Reit resolved at the Board of Directors meetings held on October 13, 2017 and October 23, 2017 on the following issuance of new investment units. Payment was completed on November 1, 2017 for the issuance of new investment units through public offering. As a result, as of the date of this document, unitholders' capital is JPY23,907 million and the total number of investment units issued and outstanding is 234,400.

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

Number of new investment units issued	: 51,200 units
Issue price (offer price)	: JPY104,462 per unit
Total issue price (total offer price)	: JPY5,348,454,400
Issue amount (paid-in amount)	: JPY100,819 per unit
Total issue amount (total paid-in amount)	: JPY5,161,932,800
Payment date	: November 1, 2017

(Use of funds)

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

3. Debt Financing

Tosei Reit executed the following debt financing to procure part of funds for acquiring real estate trust beneficiary rights described in “1. Acquisition of Assets” above and for the related expenses.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd.	1,600	Base rate (JBA 1 month JPY TIBOR) (Note 2) + 0.20%	November 2, 2017	October 31, 2018	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd.	800	Base rate (JBA 1 month JPY TIBOR) (Note 2) + 0.30%	November 2, 2017	May 29, 2020	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking	400	Base rate (JBA 1 month JPY TIBOR) (Note 2) + 0.35%	November 2, 2017	November 30, 2020	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. The Bank of Fukuoka, Ltd.	700	0.80424% (Fixed rate)	November 2, 2017	October 29, 2021	Lump-sum repayment on maturity date	Secured
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd.	1,800	1.16184% (Fixed rate)	November 2, 2017	October 31, 2023	Lump-sum repayment on maturity date	Secured
Total	5,300	—	—	—	—	—

(Note 1) Figures indicated do not include borrowing related expenses, etc. to be paid to the lenders.

(Note 2) The base rate applicable to the interest rate calculation period for each interest payment date will be determined on the date two business days prior to the interest payment date immediately before each interest payment date (the drawdown date for the first interest payment date). For JBA's JPY TIBOR, please check with the JBA TIBOR Administration's website (<http://www.jbatibor.or.jp/english/rate/>).

Tosei Reit executed the following debt financing to repay JPY2,000 million matured on November 30, 2017.

Lender	Loan amount (JPY million)	Interest rate	Drawdown date	Maturity date	Repayment method	Security
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited.	2,000	0.92671% (Fixed rate)	November 30, 2017	October 31, 2022	Lump-sum repayment on maturity date	Secured
Total	2,000	—	—	—	—	—

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

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

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

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

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

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

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

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

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

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

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

4. Changes in Directors

(1) Directors of the Investment Corporation

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

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

Title	Name	Brief career history		Number of investment units owned (units)
Executive Director	Hisaaki Kuroyama	Apr. 1966	Joined The Mitsubishi Bank, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	0
		Oct. 1990	Seconded to Diamond System Development, Inc. (currently, Mitsubishi UFJ Information Technology, Ltd.)	
		Apr. 1994	Joined Diamond Computer Service Co., Ltd. (currently, Mitsubishi Research Institute DCS Co., Ltd.)	
		June 1997	Appointed Director	
		June 1999	Appointed President and Director of Touhoku Diamond Computer Service Co., Ltd.	
		June 2003	Appointed Auditor of Diamond Computer Service Co., Ltd. (currently, Mitsubishi Research Institute DCS Co., Ltd.)	
		July 2005	Appointed Adviser of DIGITAL Hearts Co., Ltd.	
		Mar. 2006	Appointed Auditor of Tosei REIT Advisors, Inc. (currently, Tosei Asset Advisors, Inc.)	
		Sept. 2014	Appointed Executive Director of Tosei Reit Investment Corporation (current position)	
Supervisory Director	Takako Sugaya	Oct. 2002	Joined Yamada Hideo Law Office (currently, Yamada Ozaki Law Office) (current position)	0
		Apr. 2004	Appointed Working Group Member of The Center for Financial Industry Information Systems, an incorporated foundation (currently incorporated as public interest incorporated foundation under the same name) (current position)	
		May 2006	Appointed Executive Auditor of Keywalker, Inc. (current position)	
		June 2006	Appointed Director of Private Placement Services Association of Japan, an incorporated association (currently incorporated as public interest incorporated association under the same name) (current position)	
		Apr. 2007	Appointed Visiting Professor at Toin University of Yokohama, Toin Law School, Toin Gakuen Educational Association	
		Apr. 2007	Appointed Director of Kusuda Scholarship Foundation, an incorporated foundation (currently incorporated as general incorporated foundation under the same name)	
		June 2007	Appointed Audit & Supervisory Board Member of Faith, Inc. (current position)	
		Aug. 2007	Appointed Company Auditor of MEDIASTICK, INC.	
		Mar. 2010	Appointed Managing Director of Kusuda Scholarship Foundation, an incorporated foundation (currently incorporated as general incorporated foundation under the same name) (current position)	
		Apr. 2010	Appointed Associate Professor at Toin University of Yokohama, Toin Law School, Toin Gakuen Educational Association (current position)	
		June 2010	Appointed Audit & Supervisory Board Member of Columbia Music Entertainment Co., Ltd. (currently, Nippon Columbia Co., Ltd.) (current position)	
		Apr. 2014	Appointed Domestic Relations Conciliation Commissioner of the Tokyo Family Court (current position)	
		Sept. 2014	Appointed Supervisory Director of Tosei Reit Investment Corporation (current position)	
		Jan. 2015	Appointed Executive Committee Chairman of Harassment-free Certification Committee of Cuore C3 Co., Ltd.	
		Apr. 2015	Appointed Councilor of Seisen University, an incorporated educational institution (current position)	
		Aug. 2015	Appointed Executive Committee Chairman of Harassment Countermeasures Committee of Cuore C3 Co., Ltd. (current position)	
		June 2016	Appointed Auditor of Nittsu Shoji Co., Ltd. (current position)	
		Dec. 2016	Appointed Councilor of Foundation for preparing establishment of Karuizawa Kazakoshi Gakuen (current position)	
		Apr. 2017	Appointed part-time instructor of Toho University (current position)	
		June 2017	Appointed Director of Japan Gaming Association (current position)	

Title	Name	Brief career history		Number of investment units owned (units)
Supervisory Director	Teruhisa Tajima	Oct. 1995 Apr. 2004 June 2004 Sept. 2006 Nov. 2007 Feb. 2008 Feb. 2010 Oct. 2010 Apr. 2013 June 2013 Nov. 2013 Jan. 2014 Jan. 2014 Feb. 2014 Sept. 2014 Sept. 2014 Sept. 2014 Jan. 2015 Aug. 2015 Dec. 2015 Jan. 2016 Mar. 2016 Mar. 2016 Mar. 2016 June 2016 June 2016 July 2016 Oct. 2016 Dec. 2016 Mar. 2017	Joined Chuo Audit Corporation Joined SHIMIZU PATENT ATTORNEYS OFFICE Appointed Corporate Auditor of The Longreach Group Inc. (current position) Appointed Outside Auditor of OCC Corporation Appointed Outside Auditor of NIWS Co. HQ Ltd. Appointed Outside Corporate Auditor of CYBIRD Holdings Co., Ltd. (currently, CYBIRD Co., Ltd.) (current position) Opened Tajima Certified Public Accountant Office (current position) Appointed External Auditor of SANYO Electric Logistics Co., Ltd. (currently, MITSUI-SOKO LOGISTICS Co., Ltd.) Appointed External Auditor of Quantum Biosystems Inc. (current position) Appointed Auditor of Eiken Foundation of Japan, a public interest incorporated foundation Appointed Corporate Auditor of Via Mechanics, Ltd. (current position) Appointed Corporate Auditor of SOL-PLUS CO., LTD. (current position) Appointed Outside Company Auditor of Yasuda Inc. Appointed Outside Company Auditor of SY HOLDINGS, Inc. (current position) Appointed Audit & Supervisory Board Member of PRISM Pharma Co., Ltd. (current position) Appointed Supervisory Director of Tosei Reit Investment Corporation (current position) Appointed External Auditor of OncoTherapy Science, Inc. (current position) Appointed Corporate Auditor of Primo Japan Inc. (current position) Appointed Auditor of Iida Foundation, a general incorporated foundation (current position) Incorporated Tajima Accounting Office, Inc. Appointed Representative Director (current position) Appointed Outside Corporate Auditor of EDIGENE CORPORATION (current position) Appointed Outside Corporate Auditor of Chiome Bioscience Inc. Appointed Outside Corporate Auditor of Rena Therapeutic Inc. (current position) Appointed Accounting Advisor of OiDE CapiSEA Co., Ltd. (current position) Appointed Outside Corporate Auditor of Wendy's Japan K. K. (current position) Appointed Outside Corporate Auditor of First Kitchen Ltd. (current position) Appointed Outside Corporate Auditor of Curadim Pharma Co., Ltd. (current position) Appointed Outside Corporate Auditor of Nippon Outsourcing Corporation (currently NOC Outsourcing & Consulting Inc.) (current position) Appointed Outside Corporate Auditor of Obunsha Co., Ltd. (current position) Appointed Accounting Advisor of OiDE Adjubilee Co., Ltd. (current position)	0

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

(2) Directors of the Asset Management Company

No changes in directors of the Asset Management Company took place during the fiscal period under review.

5. Reference Information

(1) Investment Status

The following is an overview of the investment status as of the date of Tosei Reit's settlement of accounts (October 31, 2017). Real estate that are the assets in trust of the real estate trust beneficiary rights ("real estate trust beneficiary rights") that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

Remarks.				
Type of asset	Geographical area, etc.	Main use	6th Period (As of Oct. 31, 2017)	
			Total amount held (JPY million) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate trust beneficiary rights	Tokyo metropolitan area	Offices	19,519	48.4
		Retail facilities	4,552	11.3
		Residential properties	11,802	29.2
	Major regional cities (Note 1)	—	-	-
	Total		35,875	88.9
Deposits and other assets			4,476	11.1
Total assets (Note2)			40,351	100.0
Total liabilities (Note 2)			20,993	52.0
Total net assets (Note 2)			19,357	48.0

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

(Note 2) "Total amount held," "Total assets," "Total liabilities" and "Total net assets" are the amounts based on the carrying amounts (depreciated book value in the case of real estate trust beneficiary rights) as of October 31, 2017 in accordance with the asset valuation method provided in the Articles of Incorporation.

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

(2) Investment Assets

(a) Overview of Assets under Management

The following is the type, property name, location, acquisition price, investment ratio, real estate appraisal value, etc. and acquisition date of assets under management as of the date of Tosei Reit's settlement of accounts (October 31, 2017). Property numbers start with the code "O" in the case of offices, "Rt" in the case of retail facilities and "Rd" in the case of residential properties as assigned according to the asset under management's property use type.

Type	Property no.	Property name	Location	Acquisition price (JPY million)	Investment ratio (%) (Note 1)	Real estate appraisal value, etc. (JPY million) (Note 2)	Acquisition date (Note 3)
Offices	O-01	Tama Center Tosei Building	Tama-shi, Tokyo	3,370	9.3	3,550	November 28, 2014
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057	5.7	2,460	November 28, 2014
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830	5.1	2,120	November 28, 2014
	O-04	Kannai Tosei Building II	Yokohama-shi, Kanagawa	4,100	11.3	4,570	November 17, 2015
	O-05	Nishi Kasai Tosei Building	Edogawa-ku, Tokyo	1,710	4.7	1,920	November 17, 2015
	O-06	Shin Yokohama Center Building	Yokohama-shi, Kanagawa	1,364	3.8	1,620	November 17, 2015
	O-07	Nishidai NC Building	Itabashi-ku, Tokyo	1,481	4.1	1,690	August 31, 2016
	O-08	JPT Motomachi Building	Yokohama-shi, Kanagawa	2,377	6.6	2,630	November 2, 2016
	O-09	Hakusan Asanomi Building	Bunkyo-ku, Tokyo	1,380	3.8	1,410	November 2, 2016
	Subtotal			—	19,669	54.4	21,970
Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380	6.6	2,540	November 28, 2014
	Rt-02	Musashi Fujisawa Tosei Building	Iruma-shi, Saitama	1,950	5.4	2,110	November 17, 2015
	Rt-03	Selection Hatsutomi	Kamagaya-shi, Chiba	310	0.9	339	November 2, 2016
	Subtotal			—	4,640	12.8	4,989
Offices and retail facilities combined subtotal			—	24,309	67.2	26,959	—
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544	4.3	1,940	November 28, 2014
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227	3.4	1,480	November 28, 2014
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000	2.8	1,130	November 28, 2014
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980	2.7	1,120	November 28, 2014
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836	2.3	900	November 28, 2014
	Rd-06	MarLandFive	Fujimi-shi, Saitama	830	2.3	867	November 28, 2014
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780	2.2	898	November 28, 2014
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600	1.7	689	November 28, 2014
	Rd-09	SEA SCAPE Chiba Minato	Chiba-shi, Chiba	2,800	7.7	3,040	November 17, 2015
	Rd-10	Prime Garden	Kamagaya-shi, Chiba	600	1.7	619	November 2, 2016
	Rd-11	T's garden Shinkoiwa	Katsushika-ku, Tokyo	670	1.9	696	November 2, 2016
	Subtotal			—	11,867	32.8	13,379
Total			—	36,176	100.0	40,338	—

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

(Note 2) Appraisal of the property is entrusted to Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc. "Real estate appraisal value, etc." is the appraisal value stated in the real estate appraisal report or investigation report ("real estate appraisal report, etc.") with October 31, 2017 as the effective date of the appraisal (date of value). The same applies hereinafter.

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

(b) Portfolio Composition

The following presents the portfolio composition as of the date of Tosei Reit's settlement of accounts (October 31, 2017) of assets under management. Real estate that are the assets in trust of the real estate trust beneficiary rights that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

a. By property type

Property type	Number of properties	Acquisition price (JPY million)	Investment ratio by property type (%) (Note)
Offices	9	19,669	54.4
Retail facilities	3	4,640	12.8
Residential properties	11	11,867	32.8
Total	23	36,176	100.0

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

b. By geographical area

Geographical area	Number of properties	Acquisition price (JPY million)	Investment ratio by geographical area (%) (Note)
Tokyo metropolitan area	23	36,176	100.0
Tokyo 5 central wards	2	3,887	10.7
Tokyo 23 wards (excluding Tokyo 5 central wards)	8	9,848	27.2
Tokyo metropolitan area (excluding Tokyo 23 wards)	13	22,441	62.0
Major regional cities	—	—	—
Total	23	36,176	100.0

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

c. Number of investments by acquisition price

Acquisition price	Number of properties
Less than JPY1.0 billion	8
JPY1.0 billion or more, but less than JPY2.0 billion	9
JPY2.0 billion or more, but less than JPY3.0 billion	4
JPY3.0 billion or more	2
Total	23

(c) Overview of Buildings, Etc.

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

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

Type	Property no.	Property name	Construction completion (Note 4)	Building age (years) (Note 5)	Annual rent (JPY million) (Note 6)	Security and guarantee deposits (JPY million) (Note 7)	Total leased area (m ²) (Note 8)	Total leasable area (m ²) (Note 9)	Occupancy rate (%) (Note 10)	Number of tenants (Note 11)
Offices	O-01	Tama Center Tosei Building (Note 1)	July 1989	28.3	328	209	9,737.49	9,737.49	100.0 (80.6)	1 (43)
	O-02	KM Shinjuku Building	September 1991	26.1	156	81	3,403.95	3,403.95	100.0	8
	O-03	Nihonbashi-Hamacho Building	October 1990	27.0	134	106	3,334.40	3,334.40	100.0	7
	O-04	Kannai Tosei Building II	February 1984 (Note 12)	33.7 (Note 12)	290	349	6,917.72	6,917.72	100.0	31
	O-05	Nishi Kasai Tosei Building	January 1994	23.8	125	76	3,187.97	3,187.97	100.0	9
	O-06	Shin Yokohama Center Building	December 1990	26.9	132	94	3,888.28	3,888.28	100.0	12
	O-07	Nishidai NC Building	March 1992	25.6	131	81	3,585.26	3,798.48	94.4	5
	O-08	JPT Motomachi Building (Note 2)	October 1991	26.0	185	145	5,453.13	5,453.13	100.0 (100.0)	7 (8)
	O-09	Hakusan Asanomi Building	July 1993	24.3	79	43	1,705.80	1,860.51	91.7	10
	Subtotal		—	—	1,565	1,187	41,214.00	41,581.93	99.1	90
Retail facilities	Rt-01	Inage Kaigan Building	November 1992	24.9	194	301	5,890.92	5,890.92	100.0	15
	Rt-02	Musashi Fujisawa Tosei Building (Note 3)	August 1997	20.2	144	72	6,089.72	6,089.72	100.0 (87.3)	1 (4)
	Rt-03	Selection Hatsutomi	June 2003	14.4	28	14	1,839.45	1,839.45	100.0	1
	Subtotal		—	—	366	387	13,820.09	13,820.09	100.0	17
Offices and retail facilities combined subtotal			—	—	1,932	1,575	55,034.09	55,402.02	99.3	107
Residential properties	Rd-01	T's garden Koenji	January 2011	6.8	103	17	2,169.38	2,169.38	100.0	55
	Rd-02	Live Akabane	March 1989	28.6	97	10	3,876.36	3,876.36	100.0	71
	Rd-03	Gekkocho Apartment	March 2008	9.6	66	15	1,392.13	1,392.13	100.0	16
	Rd-04	T's garden Kawasakidaishi	January 2009	8.8	67	8	2,017.27	2,067.77	97.6	50
	Rd-05	Abitato Kamata	June 1991	26.4	51	7	1,768.23	1,768.23	100.0	27
	Rd-06	MarLandFive	April 1990	27.5	72	85	2,598.71	2,722.73	95.4	33
	Rd-07	Avenir Shirotae	February 1995	22.7	65	9	2,340.36	2,499.93	93.6	38
	Rd-08	Dormitory Haramachida	July 1992	25.3	53	5	1,761.45	1,867.03	94.3	67
	Rd-09	SEA SCAPE Chiba Minato	March 2008	9.6	203	67	6,258.79	6,758.52	92.6	121
	Rd-10	Prime Garden	February 1995	22.7	57	6	3,687.98	3,687.98	100.0	60
	Rd-11	T's garden Shinkoiwa	March 1998	19.6	45	6	1,597.70	1,652.93	96.7	25
	Subtotal		—	—	886	239	29,468.36	30,462.99	96.7	563
Total/Average			—	23.4 (Note 12)	2,818	1,815	84,502.45	85,865.01	98.4	670

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

(Note 2) For the property, a pass-through type ML agreement was concluded on February 29, 2016 between the trustee and Tosei

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

- (Note 3) For the property, a pass-through type ML agreement was concluded between the trustee and Tosei Community on September 30, 2015. In addition, a fixed-rent ML agreement was concluded between Tosei Community and Tosei at the time of acquisition by Tosei Reit. The same applies hereinafter.
- (Note 4) “Construction completion” is the date of new construction in the real estate registry.
- (Note 5) “Building age” is the number of years that has elapsed from the date of new construction in the real estate registry to October 31, 2017. In addition, that in the total/average column is the figure that is the weighted average based on acquisition price.
- (Note 6) “Annual rent” is the amount annualized by multiplying by 12 the monthly rent (limited to the rent of rental units, including common area maintenance charges, but excluding warehouse, signboard, parking lot, etc. usage fees; the same applies hereinafter) for the building indicated in the lease agreement for the asset under management as of October 31, 2017 (limited to those occupied as of the same date) (the sum total amount thereof if the asset under management is under several lease agreements, and excluding consumption tax, etc.; the same applies hereinafter). For the concerned asset under management, it is the amount annualized by multiplying by 12 the monthly rent based on lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded (if the lessee of the pass-through type ML agreement has concluded a fixed-rent ML agreement, the lessee of the concerned fixed-rent ML agreement is counted as end-tenants; the same applies hereinafter), and it is the amount annualized by multiplying by 12 the monthly rent based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.
- (Note 7) “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement for the asset under management as of October 31, 2017 (limited to those occupied as of the same date). For the concerned asset under management, it is the tenant security and guarantee deposits based on lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded, and it is the tenant security and guarantee deposits based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.
- (Note 8) “Total leased area” is the sum total of the leased floor area indicated in the lease agreement for the asset under management as of October 31, 2017. The leased floor area indicated in the lease agreement may differ from the actual measurement value. For the concerned asset under management, it is the sum total of the floor area actually leased under lease agreements concluded with end-tenants in cases where a pass-through type ML agreement has been concluded, and it is the leased floor area based on the ML agreement in cases where a fixed-rent ML agreement has been concluded. The same applies hereinafter.
- (Note 9) “Total leasable area” is the sum total of the floor area of the portion regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for the asset under management as of October 31, 2017. The same applies hereinafter.
- (Note 10) “Occupancy rate” is the ratio of the total leased area to total leasable area for the asset under management as of October 31, 2017. However, in cases where an ML agreement has been concluded for the concerned asset under management, the occupancy rate in the case of a property under a pass-through type ML agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property or a section under a fixed-rent ML agreement is the ratio of the leased floor area based on the ML agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lease company and end-tenants is shown in parentheses. In addition, that in the subtotal columns, offices and retail facilities combined subtotal column and total/average column is each the ratio of the sum total of total leased area to the sum total of total leasable area for each asset under management in the respective item. The same applies hereinafter.
- (Note 11) “Number of tenants” is the number of tenants for the asset under management based on the lease agreement for the asset under management as of October 31, 2017. However, in cases where an ML agreement has been concluded for the concerned asset under management, the number of tenants in the case of a property under a pass-through type ML agreement is the total number of end-tenants, and the number of tenants in the case of a property or a section under a fixed-rent ML agreement is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on lease agreements between the master lease company and end-tenants is shown in parentheses. The same applies hereinafter.
- (Note 12) As to Kannai Tosei Building II, the parking building was constructed in May 1980 and the office building was added at a later date. The construction completion is the date of new construction of the office building, which is the main part of the building, in the real estate registry, and the building age and the average building age of Kannai Tosei Building II are the number of years calculated based on the said date of new construction.
- (Note 13) Even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent or other non-performance of obligations, in the case of agreements that are ongoing as of October 31, 2017, “Annual rent,” “Security and guarantee deposits,” “Total leased area,” “Occupancy rate” and “Number of tenants” are indicated on the basis that the concerned lease agreements with end-tenants are existing and thus based on the concerned lease agreements. The same applies hereinafter.

(d) Changes in Occupancy Rate

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

	Number of properties	Total leased area (m ²)	Total leasable area (m ²)	Occupancy rate (%)
1st Period (As of April 30, 2015)	12	39,194.32	40,732.76	96.2
2nd Period (As of October 31, 2015)	12	39,713.19	40,734.02	97.5
3rd Period (As of April 30, 2016)	17	65,187.06	67,576.59	96.5
4th Period (As of October 31, 2016)	18	70,012.30	71,369.69	98.1
5th Period (As of April 30, 2017)	23	84,453.10	85,865.29	98.4
6th Period (As of October 31, 2017)	23	84,502.45	85,865.01	98.4

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

(Unit: %)

Property no.	Property name	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)	4th Period (As of Oct. 31, 2016)	5th Period (As of Apr. 30, 2017)	6th Period (As of Oct. 31, 2017)
O-01	Tama Center Tosei Building	100.0 (77.9)	100.0 (56.2)	100.0 (66.9)	100.0 (69.6)	100.0 (73.5)	100.0 (80.6)
O-02	KM Shinjuku Building	87.5	96.6	100.0	100.0	100.0	100.0
O-03	Nihonbashi-Hamacho Building	100.0	100.0	100.0	100.0	100.0	100.0
O-04	Kannai Tosei Building II	—	—	97.4	96.7	100.0	100.0
O-05	Nishi Kasai Tosei Building	—	—	100.0	100.0	100.0	100.0
O-06	Shin Yokohama Center Building	—	—	92.3	100.0	100.0	100.0
O-07	Nishidai NC Building	—	—	—	100.0	90.8	94.4
O-08	JPT Motomachi Building	—	—	—	—	100.0 (100.0)	100.0 (100.0)
O-09	Hakusan Asanomi Building	—	—	—	—	91.7	91.7
Rt-01	Inage Kaigan Building	100.0	100.0	100.0	100.0	100.0	100.0
Rt-02	Musashi Fujisawa Tosei Building	—	—	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)	100.0 (87.3)
Rt-03	Selection Hatsutomi	—	—	—	—	100.0	100.0
Rd-01	T's garden Koenji	96.5	98.6	95.6	97.9	98.8	100.0
Rd-02	Live Akabane	95.8	95.8	100.0	97.7	97.2	100.0
Rd-03	Gekkocho Apartment	86.1	87.7	82.4	87.8	93.1	100.0
Rd-04	T's garden Kawasakidaishi	95.2	95.9	98.6	96.2	100.0	97.6
Rd-05	Abitato Kamata	92.6	92.6	96.3	100.0	100.0	100.0
Rd-06	MarLandFive	89.4	92.3	90.5	97.7	93.0	95.4
Rd-07	Avenir Shirotae	100.0	97.9	91.5	95.7	100.0	93.6
Rd-08	Dormitory Haramachida	91.2	96.7	95.5	93.7	94.7	94.3
Rd-09	SEA SPACE Chiba Minato	—	—	86.4	93.2	95.2	92.6
Rd-10	Prime Garden	—	—	—	—	98.3	100.0
Rd-11	T's garden Shinkoiwa	—	—	—	—	100.0	96.7

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

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

The following is a summary of each asset under management's real estate appraisal report, etc. obtained by Tosei Reit and the Asset Management Company with October 31, 2017 as the effective date of the appraisal (date of value). Each real estate appraisal or investigation of the respective real estate appraisal report, etc. is no more than the appraiser's judgment and opinion at a certain point in time, and is not a guarantee of the validity or accuracy of the content, possibility of transaction at the concerned appraisal value, etc. and such. In addition, there is no special vested interest between Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc., which performed the real estate appraisal, etc., and Tosei Reit or the Asset Management Company.

Type	Property no.	Name of property	Appraisal firm	Acquisition price (JPY million)	Book value at end of period (JPY million) (Note 1)	Estimated value at end of period (Note 2)					
						Appraisal value, etc. (JPY million)	Indicated value by direct capitalization method (JPY million)	Capitalization rate (%)	Indicated value by DCF method (JPY million)	Discount rate (%)	Terminal capitalization rate (%)
Offices	O-01	Tama Center Tosei Building	Japan Real Estate Institute	3,370	3,321	3,550	3,540	5.7	3,550	5.3	5.7
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,057	2,020	2,460	2,460	4.1	2,450	3.8	4.2
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,830	1,820	2,120	2,150	4.4	2,090	4.2	4.6
	O-04	Kannai Tosei Building II	Japan Valuers Co., Ltd.	4,100	4,051	4,570	4,760	4.9	4,500	4.7	5.1
	O-05	Nishi Kasai Tosei Building	Japan Valuers Co., Ltd.	1,710	1,693	1,920	1,960	5.0	1,880	4.8	5.2
	O-06	Shin Yokohama Center Building	Morii Appraisal & Investment Consulting, Inc.	1,364	1,372	1,620	1,630	4.9	1,600	4.7	5.1
	O-07	Nishidai NC Building	Japan Real Estate Institute	1,481	1,485	1,690	1,700	4.8	1,670	4.6	5.0
	O-08	JPT Motomachi Building	Morii Appraisal & Investment Consulting, Inc.	2,377	2,369	2,630	2,670	4.8	2,590	4.6	5.0
	O-09	Hakusan Asanomi Building	Japan Real Estate Institute	1,380	1,383	1,410	1,430	4.3	1,380	4.1	4.5
	Subtotal				19,669	19,519	21,970	22,300	—	21,710	—
Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,380	2,303	2,540	2,550	5.3	2,520	5.1	5.5
	Rt-02	Musashi Fujisawa Tosei Building	Japan Real Estate Institute	1,950	1,930	2,110	2,110	5.8	2,100	5.4	6.0
	Rt-03	Selection Hatsutomi	Japan Real Estate Institute	310	318	339	344	5.4	334	5.2	5.7
	Subtotal				4,640	4,552	4,989	5,004	—	4,954	—
Offices and retail facilities combined subtotal				24,309	24,072	26,959	27,304	—	26,664	—	—
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,544	1,532	1,940	1,970	4.1	1,910	3.9	4.3
	Rd-02	Live Akabane	Japan Real Estate Institute	1,227	1,218	1,480	1,490	4.8	1,460	4.6	5.0
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,000	999	1,130	1,150	4.3	1,110	4.1	4.5
	Rd-04	T's garden Kawasakidaishi	Japan Real Estate Institute	980	967	1,120	1,130	4.9	1,100	4.7	5.1
	Rd-05	Abitato Kamata	Japan Real Estate Institute	836	840	900	913	4.8	887	4.6	5.0
	Rd-06	MarLandFive	Japan Real Estate Institute	830	821	867	874	5.9	860	5.7	6.1
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	780	764	898	907	5.1	888	4.9	5.3
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	600	593	689	694	5.0	683	4.8	5.2
	Rd-09	SEA SPACE Chiba Minato	Morii Appraisal & Investment Consulting, Inc.	2,800	2,763	3,040	3,070	5.2	3,000	5.0	5.4
	Rd-10	Prime Garden	Japan Valuers Co., Ltd.	600	623	619	619	5.6	618	5.4	5.8
	Rd-11	T's garden Shinkoiwa	Japan Valuers Co., Ltd.	670	676	696	704	4.5	687	4.3	4.7
	Subtotal				11,867	11,802	13,379	13,521	—	13,203	—
Total				36,176	35,875	40,338	40,825	—	39,867	—	—

(Note 1) "Book value at end of period" is the depreciated book value as of October 31, 2017, rounded down to the nearest JPY million.

(Note 2) "Estimated value at end of period" is the value stated in the real estate appraisal report, etc. prepared by Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc. with October 31, 2017 as the effective date of the appraisal (date of value) pursuant to the Articles of Incorporation of Tosei Reit and the rules of The Investment Trusts Association, Japan.

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

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

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

Property no.	Name of property	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 2)	Long-term repair expenses (JPY thousand) (Note 3)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date	PML value (%)
O-01	Tama Center Tosei Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	48,865	Sompo Risk Management & Health Care Inc..	March 2015	4.36
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,322	Sompo Risk Management & Health Care Inc.	March 2015	5.52
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,930	Sompo Risk Management & Health Care Inc.	March 2015	6.11
O-04	Kannai Tosei Building II	HI International Consultant Co., Ltd.	July 2015	170	27,239	Sompo Risk Management & Health Care Inc.	July 2015	11.54
O-05	Nishi Kasai Tosei Building	HI International Consultant Co., Ltd.	July 2015	—	17,387 (Note 4)	Sompo Risk Management & Health Care Inc.	July 2015	3.84
O-06	Shin Yokohama Center Building	Sompo Risk Management & Health Care Inc.	August 2015	—	19,378	Sompo Risk Management & Health Care Inc.	July 2015	6.47
O-07	Nishidai NC Building	Sompo Risk Management & Health Care Inc.	May 2016	—	15,826	Sompo Risk Management & Health Care Inc.	May 2016	5.25
O-08	JPT Motomachi Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	July 2016	—	25,150	Sompo Risk Management & Health Care Inc.	July 2016	6.06
O-09	Hakusan Asanomi Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	July 2016	—	10,433	Sompo Risk Management & Health Care Inc.	July 2016	7.31
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,129	Sompo Risk Management & Health Care Inc.	March 2015	6.49
Rt-02	Musashi Fujisawa Tosei Building	Sompo Risk Management & Health Care Inc.	September 2015	120	8,605	Sompo Risk Management & Health Care Inc.	September 2015	5.85
Rt-03	Selection Hatsutomi	Sompo Risk Management & Health Care Inc.	July 2016	—	3,103	Sompo Risk Management & Health Care Inc.	July 2016	7.98
Rd-01	T's garden Koenji	HI International Consultant Co., Ltd.	February 2014	670	2,936	Sompo Risk Management & Health Care Inc.	March 2015	7.91
Rd-02	Live Akabane	HI International Consultant Co., Ltd.	February 2014	7,370	8,355	Sompo Risk Management & Health Care Inc.	March 2015	7.45
Rd-03	Gekkocho Apartment	HI International Consultant Co., Ltd.	April 2014	350	3,833	Sompo Risk Management & Health Care Inc.	March 2015	8.98
Rd-04	T's garden Kawasakidaishi	HI International Consultant Co., Ltd.	February 2014	685	2,475	Sompo Risk Management & Health Care Inc.	March 2015	7.38
Rd-05	Abitato Kamata	HI International Consultant Co., Ltd.	February 2014	1,890	3,365	Sompo Risk Management & Health Care Inc.	March 2015	7.82
Rd-06	MarLandFive	HI International Consultant Co., Ltd.	February 2014	3,570	8,500	Sompo Risk Management & Health Care Inc.	March 2015	4.00
Rd-07	Avenir Shirotae	HI International Consultant Co., Ltd.	March 2014	1,210	7,827	Sompo Risk Management & Health Care Inc.	March 2015	7.57
Rd-08	Dormitory Haramachida	HI International Consultant Co., Ltd.	February 2014	4,540	9,477	Sompo Risk Management & Health Care Inc.	March 2015	5.29
Rd-09	SEA SPACE Chiba Minato	Sompo Risk Management & Health Care Inc.	July 2015	—	13,280	Sompo Risk Management & Health Care Inc.	July 2015	7.30
Rd-10	Prime Garden	Sompo Risk Management & Health Care Inc.	July 2016	—	4,954	Sompo Risk Management & Health Care Inc.	July 2016	9.42
Rd-11	T's garden Shinkoiwa	HI International Consultant Co., Ltd.	August 2016	3,420	5,041	Sompo Risk Management & Health Care Inc.	July 2016	4.41
Entire portfolio (Note 5)								3.75

- (Note 1) Sompo Japan Nipponkoa Risk Management Inc. changed its business name to Sompo Risk Management & Health Care Inc. on April 1, 2016. Even if the name of the company was Sompo Japan Nipponkoa Risk Management Inc. at the time of acquiring “portfolio seismic PML evaluation report,” etc., the current name is indicated. The same applies hereinafter.
- (Note 2) “Emergency and short-term repair expenses” is the sum total of the expenses stated in the engineering report as expenses in urgent need and repair and renewal expenses required within roughly one year.
- (Note 3) “Long-term expenses” is indicated as follows.
- ① It is the amount stated as the average amount per year of the repair and renewal expenses projected for the second to 12th year (11 years) in the engineering report in the case of the properties investigated by HI International Consultant Co., Ltd.
 - ② It is the amount stated as the average amount per year of the long-term repair and renewal expenses projected for the next 12 years in the engineering report in the case of the properties investigated by Sompo Risk Management & Health Care Inc.
 - ③ Of properties researched by Deloitte Tohmatsu Property Risk Solution Co., Ltd, it is the amount stated as the total repair and renewal expenses excluding consumption tax projected for the next 12 years in the engineering report for Tama Center Tosei Building , KM Shinjuku Building, Nihonbashi-Hamacho Building and Inage Kaigan Building, and it is the amount stated as the total repair and renewal expenses excluding consumption tax projected for the second to 12th year (11 years) in the engineering report for the other properties, converted into the average amount per year by Tosei Asset Advisors, Inc.
 - ④ It is the amount converted into the average amount per year by Tosei Asset Advisors, Inc. of the amount stated as the total of medium- to long-term repair and renewal expenses projected for the next 12 years in the engineering report in the case of the properties investigated by Tokio Marine & Nichido Risk Consulting Co., Ltd.
- (Note 4) For the property, construction work to upgrade the air-conditioning was implemented at the expense and under the responsibility of Tosei. Long-term repair expenses after completion of the concerned construction work is JPY11,954 thousand (average amount per year) according to the “follow-up report to the building survey and diagnosis report” prepared by HI International Consultant Co., Ltd.
- (Note 5) The value stated in “Entire portfolio” is the PML value concerning the entire portfolio based on the “seismic PML evaluation report” dated September 2016 by Sompo Risk Management & Health Care Inc.

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

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

Property no.	Property name	Designer	Structural designer	Contractor	Confirmation and inspection body	Structural calculation confirmation body
O-01	Tama Center Tosei Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Taisei Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-02	KM Shinjuku Building	Mitsubishi Jisho Sekkei Inc., first-class architect office	Mitsubishi Jisho Sekkei Inc., first-class architect office	Taisei Corporation, Tokyo Branch	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-03	Nihonbashi-Hamacho Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Toda Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-04	Kannai Tosei Building II (Note 2)	Takenaka Corporation First Class Licensed Architect Office	Takenaka Corporation First Class Licensed Architect Office	Takenaka Corporation Tokyo Head Office, Mitsui Construction Co., Ltd., Yokohama Branch	City of Yokohama, building official	Sompo Risk Management & Health Care Inc.
O-05	Nishi Kasai Tosei Building	Kitayama Architectural Engineering Office, Inc.	Kitayama Architectural Engineering Office, Inc.	Tobishima Corporation Tokyo Branch	Edogawa Ward building official	HI International Consultant Co., Ltd.
O-06	Shin Yokohama Center Building	Nikken Sekkei first-class architect office	Nikken Sekkei first-class architect office	Maeda Corporation	City of Yokohama, building official	Sompo Risk Management & Health Care Inc.
O-07	Nishidai NC Building	Nishimatsu Construction Co., Ltd., first-class architect office	Nishimatsu Construction Co., Ltd., first-class architect office	Nishimatsu Construction Co., Ltd., first-class architect office, Tokyo Construction Branch	Tokyo Metropolitan Government, building official	Sompo Risk Management & Health Care Inc.
O-08	JPT Motomachi Building	Environment Designing Shimizu Research Laboratory	Structure Design Company Toshio Fujinuma	Kokune Corporation	City of Yokohama, building official	Deloitte Tohmatsu Property Risk Solution Co., Ltd.
O-09	Hakusan Asanomi Building	Takeo Igarashi Architectural Design Office Inc.	(Note 3)	Fujita Corporation, Tokyo Branch	Bunkyo Ward, building official	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Rt-01	Inage Kaigan Building	Nikken Sekkei Ltd.	Nikken Sekkei Ltd.	Haseko Corporation	City of Chiba, building official	HI International Consultant Co., Ltd.
Rt-02	Musashi Fujisawa Tosei Building	Matsumura-Gumi Corporation, Tokyo Head Office, first-class architect office	Matsumura-Gumi Corporation, Tokyo Head Office, first-class architect office	Matsumura-Gumi Corporation, Tokyo Head Office	Saitama Prefectural Government, building official	Sompo Risk Management & Health Care Inc.
Rt-03	Selection Hatsutomi	Sugioka Design Office Inc.	JTM 1st Class Qualified Architect. Office	SK Build Co., Ltd.	Japan ERI Co., Ltd.	Sompo Risk Management & Health Care Inc.
Rd-01	T's garden Koenji	YOKOHOUSE, Inc., first-class architect office	Yabuki Architecture Office	Maeda Corporation, Tokyo Branch	Houseplus Architectural Inspection, Inc.	HI International Consultant Co., Ltd.
Rd-02	Live Akabane	KK Arte Kenchiku Sekkei Jimusho	(Note 4)	Toda Corporation	Kita Ward, building official	HI International Consultant Co., Ltd.
Rd-03	Gekkocho Apartment	Urban Design System Ltd., first-class architect office	Ove Arup & Partners Japan Limited	Kajima Corporation, Tokyo Architectural Construction Branch	Bureau Veritas Japan Co., Ltd.	HI International Consultant Co., Ltd.
Rd-04	T's garden Kawasaki-daishi	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch, first-class architect office	(Note 5)	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch	East Japan House Evaluation Center	HI International Consultant Co., Ltd.
Rd-05	Abitato Kamata	Tokyo Keizairen and KK Zenkoku Nokyō Sekkei	KK Zenkoku Nokyō Sekkei	Tanaka Doken Kogyo Co., Ltd.	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
Rd-06	MarLandFive	Institute of New Architecture Inc.	Institute of New Architecture Inc.	Tobu Fudosan KK	Saitama Prefectural Government, building official	HI International Consultant Co., Ltd.
Rd-07	Avenir Shirotae	KK San-a Sekkei	Party that prepared the structural calculation document not stated therein.	Toa Corporation, Yokohama Branch Office	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rd-08	Dormitory Haramachida	Mitsui Fudosan Kensetsu KK, first-class architect office	Mitsui Fudosan Kensetsu KK	Mitsui Fudosan Kensetsu KK	City of Machida, building official	HI International Consultant Co., Ltd.
Rd-09	SEA SPACE Chiba Minato	Kume Sekkei Co., Ltd.	Kume Sekkei Co., Ltd.	Taisei Corporation, Chiba Branch	UHEC	HI International Consultant Co., Ltd.
Rd-10	Prime Garden	Re-LAND Corporation Co., Ltd.	Kanai Design Inc.	Re-LAND Corporation Co., Ltd.	Chiba Prefectural government, building official	Sompo Risk Management & Health Care Inc.
Rd-11	T's garden Shinkoiwa	Fumikazu Nakano Design Office Inc.	(Note 6)	Penta-Ocean Corporation Co., Ltd. Tokyo Branch	Katsushika City building official	HI International Consultant Co., Ltd.

- (Note 1) The name stated above is the name, etc. at the time for the designer, etc. of the property.
- (Note 2) As to this building, information on the office building, which is the main part of the building, is provided. The designer and structural designer of the parking building is Ishimoto Architectural & Engineering Firm, Inc., the constructors are Yokohama Elevator Co., Ltd. and the consortium of Obayashi Corporation and Takenaka Corporation for new construction of Bashamichi Building, and the confirmation and inspection body is City of Yokohama, building official. The structural calculation confirmation body is Sompo Risk Management and Health Care Inc., the same as that for the office building.
- (Note 3) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by Globo First Class Architect Office Inc.
- (Note 4) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by HI International Consultant Co., Ltd.
- (Note 5) Verification results have been obtained from HI International Consultant Co., Ltd. that the building is judged to have strength compliant with the current Building Standards Act as building materials, structural members, construction techniques and foundations certified with type approval by the Minister of Land, Infrastructure, Transport and Tourism have been employed and have been manufactured and newly constructed by certified type, parts, etc. manufacturers.
- (Note 6) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by Kyoei Corporation.

(h) Status of Collateral

A revolving pledge with Tosei Reit as the pledger has been established in relation to debt financing upon acquisition of assets under management by Tosei Reit on the trust beneficiary rights of each asset under management. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, have been concluded for each asset under management. There are no other security rights that Tosei Reit has agreed or committed to establishing for any asset under management as of the date of settlement of accounts (October 31, 2017).

(i) Information about Major Real Estate

Of Tosei Reit's assets under management, the following is an overview of those real estate of which annual rent accounts for 10% or more of the entire portfolio's annual rent as of October 31, 2017.

Property name	Total number of tenants	Annual rent (JPY million)	Total leased area (m ²)	Total leasable area (m ²)	Occupancy rate (Note 1) (%)
Tama Center Tosei Building (Note 2) (Note 3)	1 (43)	328	9,737.49	9,737.49	100.0 (80.6)
Kannai Tosei Building II	31	290	6,917.72	6,917.72	100.0

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

(Note 2) A fixed-rent ML agreement has been concluded for the property. Therefore, the number of tenants is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on the lease agreement between the master lease company and end-tenants (as of October 31, 2017) is shown in parentheses.

(Note 3) A fixed-rent ML agreement has been concluded for the property. Therefore, occupancy rate is calculated based on the floor area leased to the master lease company. In addition, the occupancy rate based on the floor area leased to end-tenants (as of October 31, 2017) is shown in parentheses.

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

The following table lists those tenants of Tosei Reit's assets under management that account for 10% or more of the entire portfolio's total leased area as of the date of settlement of accounts of Tosei Reit (October 31, 2017). In the case of a property under a pass-through type ML agreement, not only the master lease company but also end-tenants are counted as tenants. In addition, in the case of a property under a fixed-rent ML agreement, the master lease company alone is counted as tenants and end-tenants are not counted. For the entirety of Tama Center Tosei Building and Musashi Fujisawa Tosei Building as well as the second floor (leased area: 919.15 m²) and some sections on the seventh floor (leased area: 316.04 m²) of JPT Motomachi Building, as a pass-through type ML agreement has been concluded between the trustee and the master lease company, Tosei Community, and furthermore a fixed-rent ML agreement has been concluded between the company and the sub master lease company Tosei, both the master lease company and the sub master lease company are shown.

Name of tenant	Type of business	Property name	Annual rent (JPY million)	Total leased area (m ²)	Leased area ratio (%) (Note 1)	Contract expiration date (Note 2)	Contract form (Note 3)	Security and guarantee deposits (JPY million)
Tosei Community Co., Ltd. (Note 4)	Property management business	Tama Center Tosei Building KM Shinjuku Building Nihonbashi-Hamacho Building Kannai Tosei Building II Nishi Kasai Tosei Building Shin Yokohama Center Building JPT Motomachi Building Inage Kaigan Building Musashi Fujisawa Tosei Building Selection Hatsutomi T's garden Koenji Live Akabane Gekkocho Apartment T's garden Kawasakidaishi Abitato Kamata MarLandFive Avenir Shirotae Dormitory Haramachida SEA SPACE Chiba Minato Prime Garden T's Garden Shinkoiwa	2,606	79,211.39	93.7	November 30, 2017	Ordinary building lease agreement	1,690
		Nishidai NC Building	131	3,585.26	4.2	August 31, 2018	Ordinary building lease agreement	81
Tosei Corporation	Real estate business	Tama Center Tosei Building JPT Motomachi Building	360	10,972.68	13.0	November 30, 2020	Fixed-term building lease agreement	225
		Musashi Fujisawa Tosei Building	144	6,089.72	7.2	November 30, 2025	Ordinary building lease agreement	72

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

(Note 2) "Contract expiration date" is the contract expiration date indicated in the lease agreement with the concerned tenant as of October 31, 2017. The same applies hereinafter.

(Note 3) "Contract form" is the contract form indicated in the lease agreement with the concerned tenant as of October 31, 2017. The same applies hereinafter.

(Note 4) A pass-through type ML agreement has been concluded between the trustee and Tosei Community on October 31, 2017 for assets under management excluding Hakusan Asanomi Building. Thus, the total leased area indicates the sum total of the floor areas actually leased under lease agreements concluded with end-tenants (Tosei is regarded as the end-tenant when Tosei Community has concluded a fixed-rent ML agreement with Tosei). If both parties of the lease agreement do not express their intent otherwise to each other by one month prior to the expiration date, the agreement shall be renewed for another year under the same terms and conditions, and the same shall apply upon expiration thereafter.

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

(k) Top End-Tenants by Leased Area

The following are the end-tenants of Tosei Reit's assets under management ranking in the top ten in terms of leased area of the entire portfolio as of the date of settlement of accounts (October 31, 2017). In the case of a property under a fixed-rent ML agreement, the entries are not concerning end-tenants but the master lease company and based on the lease agreement with the master lease company. In the case of a property under a pass-through type ML agreement, the entries are not concerning the master lease company but end-tenants and based on the lease agreement with end-tenants.

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

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

(l) Overview of Leasing to Related Parties

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

Name of end-tenant	Property name	Total leased area	Annual rent	Security and guarantee deposits	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49m ²	JPY328 million	JPY 209 million	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	JPT Motomachi Building (Note)	1,235.19m ²	JPY 31 million	JPY 15 million	November 30, 2020	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72m ²	JPY 144 million	JPY 72 million	November 30, 2025	Ordinary building lease agreement

(Note) For JPT Motomachi Building, the figures are the sum total of those under the fixed-rent ML agreement concluded on September 9, 2016 for the second floor (leased area: 919.15 m²) and of those under the fixed-rent ML agreement concluded on September 28, 2016 for some sections on the seventh floor (leased area: 316.04 m²).

(m) Earnings Performance of the Properties

(Reference Information) Earnings Performance of the Properties

6th Period (from May 1, 2017 to October 31, 2017)

(Unit: JPY thousand)

Property no.	(O-01)	(O-02)	(O-03)	(O-04)
Property name	Tama Center Tosei Building	KM Shinjuku Building	Nihonbashi- Hamacho Building	Kannai Tosei Building II
Total property-related operating revenue ①	201,181	91,669	91,202	174,838
Rent revenue – real estate	167,917	83,165	76,640	153,716
Other lease business revenue	33,264	8,504	14,562	21,121
Total property-related operating expenses ②	79,112	27,066	41,671	53,497
Management fee	24,379	6,663	7,708	17,993
Trust fee	300	300	300	300
Utilities expenses	28,967	8,196	9,414	16,005
Insurance premium	447	146	142	266
Repair expenses	5,873	879	9,340	1,867
Property taxes	17,973	9,816	7,902	13,032
Other expenses	1,171	1,065	6,863	4,032
NOI ③ (① – ②)	122,068	64,603	49,531	121,340
Depreciation ④	16,823	8,906	10,599	20,839
Property-related operating income (loss) ⑤ (③ – ④)	105,244	55,696	38,931	100,501
Capital expenditures ⑥	3,259	552	2,806	710
NCF ⑦ (③ – ⑥)	118,808	64,051	46,725	120,630

(Unit: JPY thousand)

Property no.	(O-05)	(O-06)	(O-07)	(O-08)
Property name	Nishi Kasai Tosei Building	Shin Yokohama Center Building	Nishidai NC Building	JPT Motomachi Building
Total property-related operating revenue ①	74,233	74,403	71,910	111,117
Rent revenue – real estate	65,058	69,509	63,807	97,715
Other lease business revenue	9,175	4,894	8,103	13,402
Total property-related operating expenses ②	23,436	23,228	35,876	28,144
Management fee	6,623	7,894	8,801	10,546
Trust fee	300	300	300	300
Utilities expenses	7,294	5,772	9,297	11,031
Insurance premium	115	165	162	201
Repair expenses	1,247	684	4,807	370
Property taxes	6,339	7,184	8,364	4,813
Other expenses	1,514	1,226	4,143	881
NOI ③ (① – ②)	50,797	51,175	36,034	82,973
Depreciation ④	9,057	8,086	9,653	12,888
Property-related operating income (loss) ⑤ (③ – ④)	41,740	43,088	26,380	70,085
Capital expenditures ⑥	-	2,581	7,546	-
NCF ⑦ (③ – ⑥)	50,797	48,594	28,488	82,973

(Unit: JPY thousand)

Property no.	(O-09)	(Rt-01)	(Rt-02)	(Rt-03)
Property name	Hakusan Asanomi Building	Inage Kaigan Building	Musashi Fujisawa Tosei Building	Selection Hatsutomi
Total property-related operating revenue ①	46,778	127,335	72,254	14,250
Rent revenue – real estate	41,995	103,062	72,254	14,250
Other lease business revenue	4,782	24,272	-	-
Total property-related operating expenses ②	13,919	52,977	7,425	2,655
Management fee	4,995	8,239	1,080	1,104
Trust fee	300	300	300	300
Utilities expenses	2,550	28,421	-	-
Insurance premium	77	230	91	31
Repair expenses	1,558	3,481	-	-
Property taxes	3,909	11,541	5,932	1,092
Other expenses	528	762	22	127
NOI ③ (① – ②)	32,858	74,357	64,829	11,594
Depreciation ④	5,895	20,190	9,195	1,241
Property-related operating income (loss) ⑤ (③ – ④)	26,963	54,167	55,633	10,353
Capital expenditures ⑥	3,269	584	820	2,094
NCF ⑦ (③ – ⑥)	29,589	73,773	64,009	9,499

(Unit: JPY thousand)

Property no.	(Rd-01)	(Rd-02)	(Rd-03)	(Rd-04)
Property name	T's garden Koenji	Live Akabane	Gekkocho Apartment	T's garden Kawasakidaishi
Total property-related operating revenue ①	52,893	52,843	34,236	35,624
Rent revenue – real estate	51,287	51,245	32,898	34,747
Other lease business revenue	1,605	1,597	1,337	876
Total property-related operating expenses ②	10,258	11,690	10,014	8,041
Management fee	4,064	5,081	2,912	2,253
Trust fee	300	300	300	300
Utilities expenses	373	669	458	166
Insurance premium	60	110	46	54
Repair expenses	1,355	1,580	1,624	1,194
Property taxes	2,973	3,321	2,090	2,001
Other expenses	1,130	627	2,581	2,070
NOI ③ (① – ②)	42,635	41,152	24,222	27,582
Depreciation ④	5,778	4,276	3,336	5,218
Property-related operating income (loss) ⑤ (③ – ④)	36,857	36,875	20,885	22,364
Capital expenditures ⑥	-	153	-	-
NCF ⑦ (③ – ⑥)	42,635	40,998	24,222	27,582

(Unit: JPY thousand)

Property no.	(Rd-05)	(Rd-06)	(Rd-07)	(Rd-08)
Property name	Abitato Kamata	MarLandFive	Avenir Shirotae	Dormitory Haramachida
Total property-related operating revenue ①	29,055	39,791	35,647	29,458
Rent revenue – real estate	27,967	36,535	34,341	28,166
Other lease business revenue	1,087	3,256	1,305	1,292
Total property-related operating expenses ②	8,841	12,422	12,807	11,037
Management fee	2,379	3,647	2,625	2,601
Trust fee	300	300	300	300
Utilities expenses	531	2,552	707	670
Insurance premium	49	81	69	65
Repair expenses	2,970	2,507	5,237	3,015
Property taxes	1,530	2,571	2,052	2,414
Other expenses	1,080	761	1,814	1,970
NOI ③ (① – ②)	20,213	27,369	22,839	18,420
Depreciation ④	3,216	5,036	6,384	4,872
Property-related operating income (loss) ⑤ (③ – ④)	16,997	22,332	16,455	13,548
Capital expenditures ⑥	697	-	-	-
NCF ⑦ (③ – ⑥)	19,515	27,369	22,839	18,420

(Unit: JPY thousand)

Property no.	(Rd-09)	(Rd-10)	(Rd-11)
Property name	SEA SCAPE Chiba Minato	Prime Garden	T's Garden Shinkoiwa
Total property-related operating revenue ①	116,673	30,738	25,402
Rent revenue – real estate	103,414	30,423	24,348
Other lease business revenue	13,259	315	1,053
Total property-related operating expenses ②	36,640	9,766	6,477
Management fee	9,782	3,963	2,537
Trust fee	300	300	300
Utilities expenses	7,903	488	529
Insurance premium	235	97	50
Repair expenses	4,460	2,922	1,471
Property taxes	9,345	1,153	1,439
Other expenses	4,612	841	148
NOI ③ (① – ②)	80,032	20,972	18,925
Depreciation ④	23,763	6,393	2,357
Property-related operating income (loss) ⑤ (③ – ④)	56,269	14,579	16,567
Capital expenditures ⑥	3,337	22,756	728
NCF ⑦ (③ – ⑥)	76,695	(1,783)	18,197

(Unit: JPY thousand)

	Offices total	Retail facilities total	Residential properties total	Entire portfolio
Total property-related operating revenue ①	937,336	213,840	482,363	1,633,540
Rent revenue – real estate	819,526	189,567	455,376	1,464,469
Other lease business revenue	117,809	24,272	26,987	169,070
Total property-related operating expenses ②	325,953	63,058	137,997	527,009
Management fee	95,605	10,423	41,850	147,878
Trust fee	2,700	900	3,300	6,900
Utilities expenses	98,528	28,421	15,051	142,002
Insurance premium	1,725	353	921	2,999
Repair expenses	26,628	3,481	28,340	58,450
Property taxes	79,337	18,566	30,895	128,799
Other expenses	21,427	912	17,639	39,979
NOI ③ (① – ②)	611,383	150,781	344,365	1,106,531
Depreciation ④	102,751	30,626	70,633	204,011
Property-related operating income (loss) ⑤ (③ – ④)	508,632	120,154	273,732	902,519
Capital expenditures ⑥	20,724	3,498	27,673	51,896
NCF ⑦ (③ – ⑥)	590,659	147,282	316,692	1,054,634