

For Immediate Release

Real Estate Investment Trust Securities Issuer  
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### Notice Concerning Completion of Asset Acquisition

Tosei Reit Investment Corporation (“Tosei Reit”) announces that it today completed acquisition of the following 12 properties as stated in the securities registration statement submitted on October 28, 2014 (including amendments thereto) (the “Securities Registration Statement”), as described below.

#### 1. Overview of acquisition

Type	Property no.	Property name	Location	Acquisition price (JPY million)
Offices	O-01	Tama Center Tosei Building	Tama-shi, Tokyo	3,370
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830
	Subtotal (3 properties)			7,257
Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380
	Subtotal			2,380
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836
	Rd-06	MarLandFive	Fujimi-shi, Saitama	830
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600
	Subtotal (8 properties)			7,797
Total			17,434	

- (1) Contract date: October 28, 2014  
 (2) Acquisition date: November 28, 2014  
 (3) Sellers: Please refer to “3. Seller profile” later in this document.  
 (4) Acquisition financing: Proceeds from the issuance of new investment units for which resolution was passed at meetings of the board of directors of Tosei Reit held on October 28, 2014, November 12, 2014 and November 19, 2014, loans (Note), and funds on hand  
 (5) Settlement method: Payment of entire amount at time of delivery

(Note) Please refer to the “Notice Concerning Debt Financing” announced today by Tosei Reit for details of the concerned loans.

## 2. Description of acquired assets

The following tables are an overview of each acquired asset of the completed acquisition by Tosei Reit compiled into individual tables (the “individual property tables”). A glossary of the terms used in the individual property tables is provided below.

Unless otherwise noted, in principle, the entries are the status as of July 31, 2014.

(1) About “Trustee”

“Trustee” is the trustee of the acquired asset.

(2) About “Trust establishment date”

“Trust establishment date” is the date of establishment of any trust established as of today.

(3) About “Trust expiration date”

The trust expiration date stated on the real estate management and disposition trust contract concluded on July 31, 2014 for the acquired asset is October 31, 2024, but was changed at the time of the property acquisition by Tosei Reit. “Trust expiration date” is the trust expiration date after the change.

(4) About “Location (indication of residential address)”

“Location (indication of residential address)” is the indication of residential address of the real estate. In addition, in cases where there is no “indication of residential address,” then it is the building location in the real estate registry (if several, then one of the locations).

(5) About “Land”

- “Floor area ratio” is, in principle, the figures provided in accordance with related laws and regulations, such as the Building Standards Act and the City Planning Act. Depending on the acquired asset, there are cases where “Floor area ratio” is subject to certain relaxation measures or restriction measures. In addition, where there are several floor area ratios that apply to a site, the floor area ratio is converted to one that applies to the entire site.
- “Building coverage ratio” is, in principle, the figures provided in accordance with related laws and regulations, such as the Building Standards Act and the City Planning Act. Depending on the acquired asset, there are cases where “Building coverage ratio” is subject to certain relaxation measures or restriction measures. In addition, where there are several building coverage ratios that apply to a site, the building coverage ratio is converted to one that applies to the entire site.
- “Use district” is the type of use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act.
- “Site area” is based on that stated in the real estate registry and may differ from the present state.
- “Type of ownership” is the type of right held by the trustee of the acquired asset.

(6) About “Building”

- “Construction completion” is the date of new construction in the real estate registry.
- “Structure and floors” is based on that stated in the real estate registry.
- “Use” is the major type of building in the real estate registry.
- “Total floor area” is based on that stated in the real estate registry.
- “Type of ownership” is the type of right held by the trustee of the acquired asset.

(7) About “Appraisal value”

“Appraisal value” is the appraisal value stated in the real estate appraisal report with June 30, 2014 as the effective date of the appraisal (date of value). In addition, “real estate appraisal report” refers collectively to the real estate appraisal report prepared at Tosei Reit’s request for appraisal of the acquired asset by Japan Real Estate Institute pursuant to the Matters to be Considered in Real Estate Appraisal Pertaining to the Investment Trusts Act, as well as the Act on Real Property Appraisal and the Real Estate Appraisal Standards. The same applies hereinafter. There is no special vested interest between Japan Real Estate Institute, which performed the real estate appraisal, and Tosei Reit or the Asset Management Company.

(8) About “Master lease company”

“Master lease company” is the company that has concluded a master lease agreement (the “master lease agreement”) that is valid as of today for the acquired asset.

“Master lease agreement” refers to the contract form where investment real estate is leased with a separate lessee (master lessee) mediating between the lessor and tenants. “Fixed-rent master lease agreement” refers to a master lease agreement of which the contract form is the receipt of a fixed amount of rent regardless of fluctuations in rent from tenants. “Pass-through type master lease agreement” refers to a master lease agreement of which the contract form is the receipt of rent from tenants as is in principle. The same applies hereinafter.

(9) About “Property management company”

“Property management company” is the company that has concluded a property management agreement (the “property management agreement”) that is valid as of today for the acquired asset.

(10) About “Tenant details”

- “Total number of tenants” is the number of tenants for the acquired asset based on the lease agreement for the acquired asset. However, in cases where a master lease agreement has been concluded for the concerned acquired asset, the number of tenants in the case of a property under a pass-through type master lease agreement is the total number of end-tenants, and the number of tenants in the case of a property under a fixed-rent master lease agreement is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on lease agreements between the master lease company and end-tenants is shown in parentheses.
- “Annual rent” is the amount annualized by multiplying by 12 the monthly rent for the building indicated in the lease agreement for the acquired asset (limited to those occupied). For acquired assets, it is the amount annualized by multiplying by 12 the monthly rent based on lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded, and it is the amount annualized by multiplying by 12 the monthly rent based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded.
- “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement for the acquired asset (limited to those occupied). For acquired assets, it is the sum total amount of tenant security and guarantee deposits based on lease agreements concluded with end-tenants in cases where a master lease agreement has been concluded. In addition, free-rent (free of rent) as of the same date is not taken into consideration.

In addition, even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent, the notice and non-payment are not taken into consideration for “Leased area,” “Occupancy rate,” “Number of tenants,” “Annual rent,” “Security and guarantee deposits,” etc. in the case of agreements that are ongoing as of July 31, 2014.

- “Total leasable area” is the floor area regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for the acquired asset.
- “Total leased area” is the sum total of the leased floor area indicated in the lease agreement for the acquired asset. However, for acquired assets, it is the sum total of the leased floor area indicated in lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded, and it is the leased floor area indicated in the master lease agreement in cases where a fixed-rent master lease agreement has been concluded.
- “Occupancy rate” is the ratio of the total leased area to total leasable area for the acquired asset.
- For Tama Center Tosei Building, a pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. on July 31, 2014 and, furthermore, a pass-through type master lease agreement was concluded between the company and Tosei Corporation (“Tosei”) on the same date, but the pass-through type master lease agreement with Tosei was changed to a fixed-rent master lease agreement as of today. Therefore, notwithstanding the above, the entries are based on the concerned fixed-rent master lease agreement.

## (11) About “Other matters of special note”

“Matters of special note” is, in principle, concerning matters considered important in rights, use, etc. of individual assets, as well as matters considered important in consideration of the degree of impact on valuation, profitability and disposability of the concerned asset, based on information as of November 28, 2014.

Property name		O-01 Tama Center Tosei Building
Type of specified asset		Trust beneficiary right
Acquisition price		JPY3,370 million
Acquisition date		November 28, 2014
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		July 31, 2014
Trust expiration date		November 30, 2024
Location (indication of residential address)		1-15-2 Ochiai, Tama-shi, Tokyo
Land	Floor area ratio / Building coverage ratio	300% / 70% (Note 1)
	Use district	Category 2 residential district
	Site area	5,750.12m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	July 1989 (new construction) October 1990 (extension)
	Structure and floors	Steel-framed and steel-framed reinforced concrete structure 1 floor below ground / 7 floors above ground
	Use	Office
	Total floor area	16,212.96m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value		JPY3,370 million
Appraisal firm		Japan Real Estate Institute
Master lease company		Tosei Community Co., Ltd. / Tosei Corporation (Note 2)
Property management company		Tosei Community Co., Ltd.
Tenant details		
	Total number of tenants	1 (23) (Note 3)
	Annual rent	JPY346 million
	Security and guarantee deposits	JPY184 million
	Total leasable area	9,737.49m <sup>2</sup>
	Total leased area	9,737.49m <sup>2</sup>
	Occupancy rate	100.0%
Collateral		Yes
Other matters of special note		The boundary with part of the adjacent land on the north side of the land is yet to be finalized. The Asset Management Company made the decision to purchase the property by taking into account the due diligence results in a comprehensive manner and after verifying the impact on operations and degree of risk of the concerned event. Furthermore, the seller of the property Tosei has provided in the real estate trust beneficiary right sale and purchase agreement for the property that talks on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and for the trustee to conclude a written boundary confirmation and deliver it to Tosei Reit, and that, in the event that the concerned boundary causes damage, etc. to be suffered or borne in any way by Tosei Reit, the damage, etc. shall be compensated.

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- (Note 1) The building coverage ratio is essentially 60%, but it is 70% due to relaxation for corner lots.
- (Note 2) For the property, a pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. on July 31, 2014 and, furthermore, a pass-through type master lease agreement was concluded between the company and Tosei on the same date. The pass-through type master lease agreement concluded between the company and Tosei was changed to a fixed-rent master lease agreement upon the concerned asset acquisition by Tosei Reit.
- (Note 3) The total number, total leased area and occupancy rate of end-tenants.

Summary of real estate appraisal report		
Property name	Tama Center Tosei Building	
Appraisal value	JPY3,370,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	3,370,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	3,370,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	398,612,000	
(a) Gross potential income	437,183,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	38,571,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	165,476,000	
Maintenance and management fee	44,000,000	Recorded by reference to historical data, as well as the scheduled maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	59,840,000	Recorded based on historical data, and by taking into consideration such factors as the occupancy rate of the rental unit portion.
Repair expenses	14,660,000	Recorded by reference to historical data, and by taking into consideration such factors as future management and operational plans, level of expenses of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	7,348,000	Recorded by reference to such factors as the fee rate based on scheduled contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	1,906,000	Recorded the annual average amount appraised based on the assumed turnover period of lessees.
Property taxes	36,902,000	Appraised based on such factors as the fiscal 2013 standard taxable amount.
Insurance premium	820,000	Recorded by taking into consideration such factors as the insurance premium based on scheduled insurance contracts and the insurance premium rate of the subject building and similar buildings.
Other expenses	0	There are no expenses otherwise to record.
(3) Net operating income (NOI=(1)-(2))	233,136,000	
(4) Financial interests on deposits	4,389,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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	(5) Capital expenditures	35,240,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
	(6) Net cash flow (NCF=(3)+(4)-(5))	202,285,000	
	(7) Capitalization rate	6.0%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	3,360,000,000	
	Discount rate	5.7%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	6.1%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	3,500,000,000	
	Ratio of land	74.0%	
	Ratio of building	26.0%	
	Matters considered in reconciliation of indicated values and determination of appraisal value		<p>Tama New Town, which includes the neighboring area, was developed by Urban Renaissance Agency from the mid-1960s to the mid-1980s, but the neighboring area surroundings is positioned as an area intended as a location for operations. With the proximity to also retail facilities making it also a good location and environment as a residential district, an apartment building is currently under construction on the southwest side of the neighboring area. As there are no special variable regional factors, the present state is foreseen to be maintained in the foreseeable future.</p> <p>The subject real estate is in the vicinity of the nearest station, but although excellent in terms of accessibility, it is located in an area where the office environment and concentration is inferior in comparison with office districts in central Tokyo and the specifications and facilities/equipment level undeniably seem slightly insufficient in satisfying recent tenant needs.</p> <p>Although less competitive than large buildings in central Tokyo, the subject real estate is fairly competitive in comparison with surrounding buildings of similar size.</p> <p>Furthermore, in the valuation by the DCF method, the assumptions of fluctuations in rental income and common area maintenance income were in light of such factors as the contract being in the form of rent fixed at a certain amount for a period of two years regardless of the final tenant lease terms and conditions, rent based on current lease agreements after two years from the assumed commencement of the concerned agreements, the level of rent in the event that new leasing of the subject real estate is assumed and the attributes of lessees occupying the subject real estate.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name	O-02 KM Shinjuku Building	
Type of specified asset	Trust beneficiary right	
Acquisition price	JPY2,057 million	
Acquisition date	November 28, 2014	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment date	July 31, 2014	
Trust expiration date	November 30, 2024	
Location (indication of residential address)	2-46-5 Kabuki-cho, Shinjuku-ku, Tokyo	
Land	Floor area ratio / Building coverage ratio	600% / 100% (Note)
	Use district	Commercial district
	Site area	794.49m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	September 1991
	Structure and floors	Steel-framed reinforced concrete structure 1 floor below ground / 9 floors above ground
	Use	Office
	Total floor area	5,240.41m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value	JPY2,230 million	
Appraisal firm	Japan Real Estate Institute	
Master lease company	Tosei Community Co., Ltd.	
Property management company	Tosei Community Co., Ltd.	
Tenant details		
	Total number of tenants	6
	Annual rent	JPY130 million
	Security and guarantee deposits	JPY62 million
	Total leasable area	3,461.35m <sup>2</sup>
	Total leased area	3,013.94m <sup>2</sup>
	Occupancy rate	87.1%
Collateral	Yes	
Other matters of special note	Not applicable.	

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

Summary of real estate appraisal report		
Property name	KM Shinjuku Building	
Appraisal value	JPY2,230,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	2,230,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	2,240,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	169,682,000	
(a) Gross potential income	177,587,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	7,905,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	50,670,000	
Maintenance and management fee	10,500,000	Recorded by reference to historical data, as well as the scheduled maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	8,730,000	Recorded based on historical data, and by taking into consideration such factors as the occupancy rate of the rental unit portion.
Repair expenses	7,297,000	Recorded by reference to historical data, and by taking into consideration such factors as future management and operational plans, level of expenses of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	3,255,000	Recorded by reference to such factors as the fee rate based on scheduled contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	1,027,000	Recorded the annual average amount appraised based on the assumed turnover period of lessees.
Property taxes	19,364,000	Appraised based on such factors as the fiscal 2014 standard taxable amount.
Insurance premium	497,000	Recorded by taking into consideration such factors as the insurance premium based on scheduled insurance contracts and the insurance premium rate of the subject building and similar buildings.
Other expenses	0	There are no expenses otherwise to record.
(3) Net operating income (NOI=(1)-(2))	119,012,000	
(4) Financial interests on deposits	1,761,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.
(5) Capital expenditures	17,540,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	103,233,000	

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	(7) Capitalization rate	4.6%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	2,210,000,000	
	Discount rate	4.3%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	4.7%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	1,980,000,000	
	Ratio of land	74.0%	
	Ratio of building	26.0%	
	Matters considered in reconciliation of indicated values and determination of appraisal value		<p>Although located close to Seibu-Shinjuku Station, Shinjuku Station is a slightly far nine-minute walk away. In addition, the subject area surroundings also have low concentration of office buildings, making its relative position as an office environment slightly low within the Seibu-Shinjuku district and Shinjuku district. Therefore, its market competitiveness is slightly inferior in comparison with properties located in the area close to Shinjuku Station.</p> <p>The subject building is an office building completed in 1991, each floor equipped with individual air-conditioning system and raised flooring. The lowness of the ceiling height, some air-conditioning systems yet to be replaced and other factors make the specifications and facilities/equipment level undeniably seem slightly insufficient in satisfying recent tenant needs, but it has been kept in good condition and has market competitiveness befitting the building age in comparison with competitive properties of similar size.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name	O-03 Nihonbashi-Hamacho Building	
Type of specified asset	Trust beneficiary right	
Acquisition price	JPY1,830 million	
Acquisition date	November 28, 2014	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment date	July 31, 2014	
Trust expiration date	November 30, 2024	
Location (indication of residential address)	1-12-9 Nihonbashihama-cho, Chuo-ku, Tokyo	
Land	Floor area ratio / Building coverage ratio	500% / 100% (Note)
	Use district	Commercial district
	Site area	860.11m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	October 1990
	Structure and floors	Steel-framed reinforced concrete and steel-framed structure 9 floors above ground
	Use	Office
	Total floor area	4,583.48m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value	JPY1,920 million	
Appraisal firm	Japan Real Estate Institute	
Master lease company	Tosei Community Co., Ltd.	
Property management company	Tosei Community Co., Ltd.	
Tenant details		
	Total number of tenants	7
	Annual rent	JPY134 million
	Security and guarantee deposits	JPY73 million
	Total leasable area	3,334.40m <sup>2</sup>
	Total leased area	3,334.40m <sup>2</sup>
	Occupancy rate	100.0%
Collateral	Yes	
Other matters of special note	Not applicable.	

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

Summary of real estate appraisal report		
Property name	Nihonbashi-Hamacho Building	
Appraisal value	JPY1,920,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	1,920,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	1,940,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	173,905,000	
(a) Gross potential income	183,530,000	Recorded based on the unit, etc. level of rent receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	9,625,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	62,660,000	
Maintenance and management fee	14,652,000	Recorded by reference to historical data, as well as the current maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	20,500,000	Recorded based on historical data, and by taking into consideration such factors as the occupancy rate of the rental unit portion.
Repair expenses	7,479,000	Recorded by reference to historical data, and by taking into consideration such factors as future management and operational plans, level of expenses of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	3,098,000	Recorded by taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	1,082,000	Recorded the annual average amount appraised based on the assumed turnover period of lessees.
Property taxes	15,397,000	Appraised based on such factors as the fiscal 2014 standard taxable amount.
Insurance premium	422,000	Recorded by taking into consideration such factors as the insurance premium based on current insurance contracts and the insurance premium rate of the subject building and similar buildings.
Other expenses	30,000	Recorded neighborhood association fee as other expenses.
(3) Net operating income (NOI=(1)-(2))	111,245,000	
(4) Financial interests on deposits	1,665,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.
(5) Capital expenditures	17,980,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	94,930,000	

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	(7) Capitalization rate	4.9%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	1,890,000,000	
	Discount rate	4.7%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	5.1%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	1,760,000,000	
	Ratio of land	70.9%	
	Ratio of building	29.1%	
	Matters considered in reconciliation of indicated values and determination of appraisal value		<p>The Nihonbashihama-cho district, where the subject real estate stands, is located at the east end of Chuo Ward and there is some distance from stations on convenient railway lines, making its position relatively low as an office building location in central Tokyo. However, with low rent level considering its location in Chuo Ward, the district is one where demand from tenants looking for office space just outside of the Nihonbashi area and from tenants seeking relatively low rent levels can be expected, and relatively stable office demand can be expected to continue in the present state in which rent levels in central Tokyo are showing signs of taking a turn from the bottom.</p> <p>The subject building is a building that was designed and used as a company-owned building, but now features standard specifications as a rental building after undergoing renovations in 2009 to 2011 that are of generally equal grade and facilities/equipment level to properties of similar building age. In addition, the property is one that can be said to be competitive in the Nihonbashihama-cho district considering that the district has many small and old buildings.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name	Rt-01 Inage Kaigan Building	
Type of specified asset	Trust beneficiary right	
Acquisition price	JPY2,380 million	
Acquisition date	November 28, 2014	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment date	July 31, 2014	
Trust expiration date	November 30, 2024	
Location (indication of residential address)	3-23-2 Takasu, Mihama-ku, Chiba-shi, Chiba	
Land	Floor area ratio / Building coverage ratio	400% / 90% (Note)
	Use district	Commercial district
	Site area	1,884.29m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	November 1992
	Structure and floors	Steel-framed reinforced concrete structure 7 floors above ground
	Use	Store
	Total floor area	7,175.12m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value	JPY2,470 million	
Appraisal firm	Japan Real Estate Institute	
Master lease company	Tosei Community Co., Ltd.	
Property management company	Tosei Community Co., Ltd.	
Tenant details		
	Total number of tenants	13
	Annual rent	JPY198 million
	Security and guarantee deposits	JPY285 million
	Total leasable area	5,890.92m <sup>2</sup>
	Total leased area	5,636.19m <sup>2</sup>
	Occupancy rate	95.7%
Collateral	Yes	
Other matters of special note	Not applicable.	

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

Summary of real estate appraisal report		
Property name	Inage Kaigan Building	
Appraisal value	JPY2,470,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	2,470,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	2,480,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	259,434,000	
(a) Gross potential income	273,978,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	14,544,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	93,771,000	
Maintenance and management fee	13,400,000	Recorded by reference to historical data, as well as the current maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	44,830,000	Recorded based on historical data, and by taking into consideration such factors as the occupancy rate of the rental unit portion.
Repair expenses	7,239,000	Recorded by reference to historical data, and by taking into consideration such factors as current management and operational plans, level of expenses of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	4,267,000	Recorded by reference to such factors as the fee rate based on current contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	1,318,000	Recorded the annual average amount appraised based on the assumed turnover period of lessees.
Property taxes	22,165,000	Appraised based on such factors as the fiscal 2013 standard taxable amount.
Insurance premium	552,000	Recorded by taking into consideration such factors as the insurance premium based on current insurance contracts and the insurance premium rate of the subject building and similar buildings.
Other expenses	0	There are no expenses otherwise to record.
(3) Net operating income (NOI=(1)-(2))	165,663,000	
(4) Financial interests on deposits	5,638,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.
(5) Capital expenditures	17,400,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	153,901,000	

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	(7) Capitalization rate	6.2%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	2,450,000,000	
	Discount rate	6.0%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	6.4%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	1,840,000,000	
	Ratio of land	49.9%	
	Ratio of building	50.1%	
	Matters considered in reconciliation of indicated values and determination of appraisal value		<p>Located in the nearest area to Inagekaigan Station on the JR Keiyo Line, the subject real estate has excellent access to central Tokyo and customer flow and visibility, making its position in terms of location and environment as an office building with retail space relatively high.</p> <p>The subject real estate, which was completed in 1992, is a steel-framed, reinforced concrete, seven-floor office building with retail space, but part of it being designed to fitness gym specifications makes it less versatile.</p> <p>The leasable space of each floor is irregularly shaped, but the building's core is located on one side, which allows offices to be divided into small spaces and thus believed to be a design that promotes efficient use. With each floor equipped with individual air-conditioning system and raised flooring for some rental space flooring, the specifications and facilities/equipment level are generally standard in satisfying recent tenant needs.</p> <p>Considering the status of lessees of the rental space accounting for a major proportion of rent income, the fitness gym accounts for approximately 50% of leased area and rent income, which serves as a factor raising the capitalization rate in that the risk of fluctuation in profitability is high because the impact on the subject real estate's rent income and vacancy rate will be large in the event that the concerned lessee moves out.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name		Rd-01 T's garden Koenji
Type of specified asset		Trust beneficiary right
Acquisition price		JPY1,544 million
Acquisition date		November 28, 2014
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		July 31, 2014
Trust expiration date		November 30, 2024
Location (indication of residential address)		3-35-26 Koenjikita, Suginami-ku, Tokyo
Land	Floor area ratio / Building coverage ratio	246.36% / 79.27% (Note 1)
	Use district	① Category 1 medium-to-high-rise exclusive residential district ② Neighborhood commercial district
	Site area	1,397.09m <sup>2</sup> (Note 2)
	Type of ownership	Proprietary ownership
Building	Construction completion	January 2011
	Structure and floors	Reinforced concrete structure 6 floors above ground
	Use	Apartment
	Total floor area	2,445.31m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value		JPY1,730 million
Appraisal firm		Japan Real Estate Institute
Master lease company		Tosei Community Co., Ltd.
Property management company		Tosei Community Co., Ltd.
Tenant details		
	Total number of tenants	51
	Annual rent	JPY94 million
	Security and guarantee deposits	JPY16 million
	Total leasable area	2,169.38m <sup>2</sup>
	Total leased area	1,990.06m <sup>2</sup>
	Occupancy rate	91.7%
Collateral		Yes
Other matters of special note		<ul style="list-style-type: none"> <li>Servitude of the following content has been established for part of the land. Purpose: <ol style="list-style-type: none"> <li>To enter the land for installation of power lines or maintenance thereof, etc.</li> <li>To prohibit the construction of structures within a 3.6-meter range of power lines when power lines are at the lowest droop</li> <li>To prohibit the manufacture, handling and storage of hazardous materials of an explosive or flammable nature</li> <li>To prohibit the installation of works that obstruct power lines, planting of trees and bamboo, and other acts that obstruct power lines</li> </ol> Scope: Central portion; Hexagonal shape; 332.22m<sup>2</sup> Dominant land: 3-830-1 Izumi, Suginami-ku </li> <li>From the adjacent land on the north side of the land, part of the building and building annex, etc. owned by the owner of the adjacent land is crossing the boundary. A written</li> </ul>

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	<p>boundary confirmation has already been concluded with the owner of the adjacent land, but because discrepancies in views concerning the boundary have arisen, no agreement on the handling of the abovementioned boundary-crossing structure has been reached up to the date of this document.</p> <ul style="list-style-type: none"> <li>• The boundary with part of the adjacent land on the north side of the land is yet to be finalized. Although talks with the owner of the adjacent land continue to be underway, discrepancies in views concerning the boundary have arisen and no written boundary confirmation has been concluded up to the date of this document. There are no problems with building coverage ratio and floor area ratio even when based on the views of the owner of the adjacent land as of the date of this document. The Asset Management Company made the decision to purchase the property by taking into account the due diligence results in a comprehensive manner and after verifying the impact on operations and degree of risk of the concerned event. Furthermore, the seller of the property Tosei has provided in the real estate trust beneficiary right sale and purchase agreement for the property that talks on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and for the trustee to conclude a written boundary confirmation and deliver it to Tosei Reit, and that, in the event that the concerned boundary causes damage, etc. to be suffered or borne in any way by Tosei Reit, the damage, etc. shall be compensated.</li> </ul>
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(Note 1) The building coverage ratio is essentially 60% for the category 1 medium-to-high-rise exclusive residential district portion and 80% for the neighborhood commercial district portion, but it is 70% and 90%, respectively, due to relaxation for corner lots, and the building coverage ratio for the entire site is thus a weighted average of 79.27%.

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

Summary of real estate appraisal report		
Property name	T's garden Koenji	
Appraisal value	JPY1,730,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	1,730,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	1,750,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	103,935,000	
(a) Gross potential income	109,388,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	5,453,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	20,062,000	
Maintenance and management fee	4,200,000	Recorded by reference to historical data, as well as the scheduled maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	810,000	Recorded by reference to historical data, and by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	1,586,000	Recorded restoration expenses based on such factors as the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	2,982,000	Recorded by reference to such factors as the fee rate based on scheduled contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	2,946,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	6,592,000	Appraised based on such factors as the fiscal 2012 or fiscal 2014 standard taxable amount (not taking into consideration the tax breaks for newly-constructed housing).
Insurance premium	374,000	Recorded by taking into consideration such factors as the insurance premium based on estimates and the insurance premium rate of the subject building and similar buildings.
Other expenses	572,000	Recorded internet service and earthquake early warning service usage fee, neighborhood association fee, trade association fee, etc. as other expenses.
(3) Net operating income (NOI=(1)-(2))	83,873,000	

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(4) Financial interests on deposits	333,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.
(5) Capital expenditures	1,980,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	82,226,000	
(7) Capitalization rate	4.7%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
Indicated value by DCF method	1,710,000,000	
Discount rate	4.5%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
Terminal capitalization rate	4.9%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
Indicated value by cost approach	1,590,000,000	
Ratio of land	70.7%	
Ratio of building	29.3%	
Matters considered in reconciliation of indicated values and determination of appraisal value		<p>A neighborhood commercial district along Koshin-dori (Koshin street). Being an old-fashioned shopping street that comprises small lots along the street, the subject land's size stands out as there are very few large lots along this street. As there are no special variable regional factors, the present state is foreseen to be maintained for the time being.</p> <p>Alternative competitive real estate are rental apartments mainly of the type designed for single-person or small households.</p> <p>With such strengths as excellent transportation access and good living environment in comparison with alternative competitive real estate, the subject real estate has excellent market competitiveness.</p> <p>The appraisal value was determined by taking the above into account.</p>

Property name	Rd-02 Live Akabane	
Type of specified asset	Trust beneficiary right	
Acquisition price	JPY1,227 million	
Acquisition date	November 28, 2014	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment date	July 31, 2014	
Trust expiration date	November 30, 2024	
Location (indication of residential address)	3-29-10 Ukima, Kita-ku, Tokyo	
Land	Floor area ratio / Building coverage ratio	200% / 70% (Note)
	Use district	Quasi-industrial district (special industrial zone)
	Site area	2,393.56m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	March 1989
	Structure and floors	Steel-framed reinforced concrete structure 12 floors above ground
	Use	Apartment
	Total floor area	4,484.24m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value	JPY1,280 million	
Appraisal firm	Japan Real Estate Institute	
Master lease company	Tosei Community Co., Ltd.	
Property management company	Tosei Community Co., Ltd.	
Tenant details		
	Total number of tenants	54
	Annual rent	JPY69 million
	Security and guarantee deposits	JPY10 million
	Total leasable area	3,876.29m <sup>2</sup>
	Total leased area	2,932.54m <sup>2</sup>
	Occupancy rate	75.7%
Collateral	Yes	
Other matters of special note	Not applicable.	

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

Summary of real estate appraisal report		
Property name	Live Akabane	
Appraisal value	JPY1,280,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	1,280,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	1,300,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	101,230,000	
(a) Gross potential income	110,761,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	9,531,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	25,296,000	
Maintenance and management fee	5,930,000	Recorded by reference to historical data, as well as the scheduled maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	1,400,000	Recorded by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	4,241,000	Recorded restoration expenses based on such factors as the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	2,952,000	Recorded by reference to such factors as the fee rate based on scheduled contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	4,312,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	6,166,000	Appraised based on the fiscal 2014 standard taxable amount.
Insurance premium	295,000	Recorded by taking into consideration such factors as the insurance premium rate of the subject building and similar buildings.
Other expenses	0	There are no expenses otherwise to record.
(3) Net operating income (NOI=(1)-(2))	75,934,000	
(4) Financial interests on deposits	290,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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(5) Capital expenditures	5,970,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	70,254,000	
(7) Capitalization rate	5.4%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
Indicated value by DCF method	1,260,000,000	
Discount rate	5.2%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
Terminal capitalization rate	5.6%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
Indicated value by cost approach	1,070,000,000	
Ratio of land	79.8%	
Ratio of building	20.2%	
Matters considered in reconciliation of indicated values and determination of appraisal value		<p>The subject real estate is recognized to have relatively good access as it is approximately 25 minutes to central Tokyo from the nearest station, and also superior in terms of living environment as parks, supermarkets and other facilities providing convenience in terms of daily living can be found in the surroundings.</p> <p>In recent years, apartment development has taken place in the area, and there is a strong trend for buyers to acquire large plots as apartment development sites, where certain floor area ratios can be secured. As there are no special variable regional factors, the present state is foreseen to be maintained for the time being.</p> <p>Alternative competitive real estate are rental apartments for families. With such strengths as excellent convenience and good living environment in comparison with alternative competitive real estate, the subject real estate has excellent market competitiveness.</p> <p>The appraisal value was determined by taking the above into account.</p>

Property name		Rd-03 Gekkocho Apartment
Type of specified asset		Trust beneficiary right
Acquisition price		JPY1,000 million
Acquisition date		November 28, 2014
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		July 31, 2014
Trust expiration date		November 30, 2024
Location (indication of residential address)		6-9-22 Shimomeguro, Meguro-ku, Tokyo
Land	Floor area ratio / Building coverage ratio	200% / 70% (Note)
	Use district	Category 1 medium-to-high-rise exclusive residential district
	Site area	905.63m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	March 2008
	Structure and floors	Reinforced concrete structure 6 floors above ground
	Use	Apartment
	Total floor area	1,547.03m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value		JPY1,010 million
Appraisal firm		Japan Real Estate Institute
Master lease company		Tosei Community Co., Ltd.
Property management company		Tosei Community Co., Ltd.
Tenant details		
	Total number of tenants	15
	Annual rent	JPY56 million
	Security and guarantee deposits	JPY15 million
	Total leasable area	1,391.47m <sup>2</sup>
	Total leased area	1,222.60m <sup>2</sup>
	Occupancy rate	87.9%
Collateral		Yes
Other matters of special note		<ul style="list-style-type: none"> <li>• Servitude of the following content with the subject land as the dominant land and the adjacent land on the northwest side (parcel 1031-4) as the servient land has been established. In the event that the servient land right holder Tokyo Electric Power Company, Incorporated or the current owner transfers ownership of the land they respectively own to a third party, the new owner is to succeed the content of the agreement (rights and obligations, etc.). Purpose: Passage Scope: All Dominant land: 6-1031-4 Shimomeguro, Meguro-ku, Tokyo</li> <li>• The boundary with part of the adjacent land on the southwest side of the land is yet to be finalized. The Asset Management Company made the decision to purchase the property by taking into account the due diligence results in a comprehensive manner and after verifying the impact on operations and degree of risk of the concerned event. Furthermore, the seller of the property Tosei has provided in the real estate trust beneficiary right sale and purchase</li> </ul>

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	<p>agreement for the property that talks on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and for the trustee to conclude a written boundary confirmation and deliver it to Tosei Reit, and that, in the event that the concerned boundary causes damage, etc. to be suffered or borne in any way by Tosei Reit, the damage, etc. shall be compensated.</p> <ul style="list-style-type: none"> <li>• From part of the adjacent land on the west side and the adjacent land on the northwest side of the land, part of the warehouse and concrete fence, etc. owned by the owner of the adjacent land is crossing the boundary. A written boundary confirmation has already been concluded with the owner of the adjacent land, but because discrepancies in views concerning the boundary have arisen, no agreement on the handling of the abovementioned boundary-crossing structure has been reached up to the date of this document.</li> <li>• Since completion of construction of the subject building, the 17m category 3 height control district restrictions were introduced to the region encompassing the subject land, starting from November 2008. The subject building is thus in a state of <i>kizon futekikaku</i> (conformed to the law when constructed, but no longer conforms to the law as a result of subsequent laws or amendments, but are not categorized as illegal structures), meaning that a building of the same size cannot be constructed in the event of reconstruction.</li> </ul>
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(Note) The building coverage ratio is essentially 60%, but it is 70% due to relaxation for corner lots.



Summary of real estate appraisal report		
Property name	Gekkocho Apartment	
Appraisal value	JPY1,010,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	1,010,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	1,020,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	65,851,000	
(a) Gross potential income	70,558,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	4,707,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	14,784,000	
Maintenance and management fee	3,300,000	Recorded by reference to historical data, as well as the scheduled maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	800,000	Recorded based on historical data, and by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	1,518,000	Recorded restoration expenses based on such factors as the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	1,914,000	Recorded by reference to such factors as the fee rate based on scheduled contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	2,494,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	3,916,000	Appraised based on the fiscal 2014 standard taxable amount.
Insurance premium	230,000	Recorded by taking into consideration such factors as insurance premium estimates and the insurance premium rate of the subject building and similar buildings.
Other expenses	612,000	Recorded internet expenses.
(3) Net operating income (NOI=(1)-(2))	51,067,000	
(4) Financial interests on deposits	278,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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(5) Capital expenditures	2,550,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	48,795,000	
(7) Capitalization rate	4.8%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
Indicated value by DCF method	991,000,000	
Discount rate	4.6%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
Terminal capitalization rate	5.0%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
Indicated value by cost approach	1,000,000,000	
Ratio of land	75.0%	
Ratio of building	25.0%	
Matters considered in reconciliation of indicated values and determination of appraisal value		<p>The subject real estate stands in an area lined with medium-rise apartment buildings, etc. within walking distance of Musashi-Koyama Station on the Tokyu Meguro Line. Being adjacent to Rinshi No Mori Park and with a good residential environment, the subject real estate is recognized to be superior in terms of location.</p> <p>The subject real estate, which was completed in 2008, is a rental apartment building with retail space that has a total of 16 apartments designed for single-person, DINKs and family households in a design that has certain appeal to end-users.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name		Rd-04 T's garden Kawasakidaishi
Type of specified asset		Trust beneficiary right
Acquisition price		JPY980 million
Acquisition date		November 28, 2014
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		July 31, 2014
Trust expiration date		November 30, 2024
Location (indication of residential address)		Building I: 13-19 Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa Building II: 13-20 Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Land	Floor area ratio / Building coverage ratio	200% / 60%
	Use district	Category 2 residential district
	Site area	1,988.14m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building I	Construction completion	January 2009
	Structure and floors	Steel-framed structure 3 floors above ground
	Use	Apartment
	Total floor area	1,200.70m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building II	Construction completion	January 2009
	Structure and floors	Steel-framed structure 3 floors above ground
	Use	Apartment
	Total floor area	904.89m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value		JPY1,020 million
Appraisal firm		Japan Real Estate Institute
Master lease company		Tosei Community Co., Ltd.
Property management company		Tosei Community Co., Ltd.
Tenant details		
	Total number of tenants	50
	Annual rent	JPY63 million
	Security and guarantee deposits	JPY6 million
	Total leasable area	2,067.75m <sup>2</sup>
	Total leased area	1,955.75m <sup>2</sup>
	Occupancy rate	94.6%
Collateral		Yes
Other matters of special note		Not applicable.

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Summary of real estate appraisal report		
Property name	T's garden Kawasakidaishi	
Appraisal value	JPY1,020,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	1,020,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	1,030,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	71,000,000	
(a) Gross potential income	74,916,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	3,916,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	13,007,000	
Maintenance and management fee	2,250,000	Recorded by reference to historical data, as well as the scheduled maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	500,000	Recorded by reference to historical data, and by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	1,578,000	Recorded restoration expenses based on the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	2,081,000	Recorded by reference to such factors as the fee rate based on scheduled contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	2,426,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	3,498,000	Appraised based on the fiscal 2014 standard taxable amount.
Insurance premium	219,000	Recorded by taking into consideration such factors as the estimate amount and the insurance premium rate of the subject building and similar buildings.
Other expenses	455,000	Recorded CATV facility usage fee, etc. as other expenses.
(3) Net operating income (NOI=(1)-(2))	57,993,000	
(4) Financial interests on deposits	147,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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	(5) Capital expenditures	1,680,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
	(6) Net cash flow (NCF=(3)+(4)-(5))	56,460,000	
	(7) Capitalization rate	5.5%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	1,000,000,000	
	Discount rate	5.3%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	5.7%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	876,000,000	
	Ratio of land	61.3%	
	Ratio of building	38.7%	
Matters considered in reconciliation of indicated values and determination of appraisal value			<p>The subject real estate, which is located in a residential district in Kawasaki Ward, is recognized to have relatively good access as it is an eight-minute walk from the nearest station and approximately 35 minutes to central Tokyo from the nearest station, and also superior in terms of living environment as facilities providing convenience in terms of daily living are within walking distance.</p> <p>Alternative competitive real estate are rental apartments mainly of the type designed for single-person or small households. The subject real estate has good transportation access, and facilities providing convenience in terms of daily living being within walking distance and other factors give it also relatively good convenience in terms of daily living. Although of steel-framed structure and the building grade is slightly inferior, the facilities/equipment and specifications are relatively standard with surrounding apartment buildings. The subject real estate is thus fairly competitive in comparison with alternative competitive real estate.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name		Rd-05 Abitato Kamata
Type of specified asset		Trust beneficiary right
Acquisition price		JPY836 million
Acquisition date		November 28, 2014
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		July 31, 2014
Trust expiration date		November 30, 2024
Location (indication of residential address)		8-20-12 Chuo, Ota-ku, Tokyo
Land	Floor area ratio / Building coverage ratio	267.60% / 73.50% (Note)
	Use district	① Neighborhood commercial district ② Quasi-industrial district
	Site area	912.79m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	June 1991
	Structure and floors	Reinforced concrete structure 6 floors above ground
	Use	Apartment
	Total floor area	2,062.09m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value		JPY895 million
Appraisal firm		Japan Real Estate Institute
Master lease company		Tosei Community Co., Ltd.
Property management company		Tosei Community Co., Ltd.
Tenant details		
	Total number of tenants	20
	Annual rent	JPY39 million
	Security and guarantee deposits	JPY6 million
	Total leasable area	1,768.23m <sup>2</sup>
	Total leased area	1,309.80m <sup>2</sup>
	Occupancy rate	74.1%
Collateral		Yes
Other matters of special note		<ul style="list-style-type: none"> <li>From part of the adjacent land on the south side, the fence owned by the owner of the adjacent land is crossing the boundary into the land. There are safety issues with the concerned fence, but are being dealt with through new construction of a new block fence along the concerned fence.</li> <li>The boundary with part of the adjacent land on the south side and east side of the land is yet to be finalized. The Asset Management Company made the decision to purchase the property by taking into account the due diligence results in a comprehensive manner and after verifying the impact on operations and degree of risk of the concerned event. Furthermore, the seller of the property Tosei has provided in the real estate trust beneficiary right sale and purchase agreement for the property that talks on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and for the trustee to conclude a written boundary confirmation and deliver it to Tosei Reit, and that, in the event that the concerned boundary causes damage, etc. to be suffered or borne in any way by Tosei Reit, the damage, etc. shall be compensated.</li> </ul>

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

Summary of real estate appraisal report		
Property name	Abitato Kamata	
Appraisal value	JPY895,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	895,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	908,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	62,956,000	
(a) Gross potential income	67,114,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	4,158,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	12,646,000	
Maintenance and management fee	2,770,000	Recorded by reference to historical data, as well as the scheduled maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	1,000,000	Recorded by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	1,775,000	Recorded restoration expenses based on the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	1,781,000	Recorded by reference to such factors as the fee rate based on scheduled contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	2,245,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	2,876,000	Appraised based on the fiscal 2014 standard taxable amount.
Insurance premium	199,000	Recorded by taking into consideration such factors as the insurance premium rate of the subject building and similar buildings.
Other expenses	0	There are no expenses otherwise to record.
(3) Net operating income (NOI=(1)-(2))	50,310,000	
(4) Financial interests on deposits	153,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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	(5) Capital expenditures	2,340,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
	(6) Net cash flow (NCF=(3)+(4)-(5))	48,123,000	
	(7) Capitalization rate	5.3%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	881,000,000	
	Discount rate	5.1%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	5.5%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	676,000,000	
	Ratio of land	79.4%	
	Ratio of building	20.6%	
Matters considered in reconciliation of indicated values and determination of appraisal value			<p>The subject real estate, which is located in a mixed commercial and residential district in Ota Ward, is an approximately 18-minute walk from the nearest station and thus slightly far, but convenience in terms of daily living is good as various types of convenient facilities are within walking distance.</p> <p>Alternative competitive real estate are rental apartments mainly for families. In comparison with such competitive properties, the subject real estate is slightly far from the nearest station, but is forecast to remain fairly competitive due to good convenience in terms of daily living.</p> <p>The subject building is a rental apartment for families completed in 1991, but having undergone appropriate renovations, the apartments are equipped with facilities/equipment that generally satisfy the recent needs of demand. The subject real estate is thus fairly competitive.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name		Rd-06 MarLandFive
Type of specified asset		Trust beneficiary right
Acquisition price		JPY830 million
Acquisition date		November 28, 2014
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		July 31, 2014
Trust expiration date		November 30, 2024
Location (indication of residential address)		1-20-1 Nishimizuhodai, Fujimi-shi, Saitama
Land	Floor area ratio / Building coverage ratio	400% / 100% (Note)
	Use district	Commercial district
	Site area	779.00m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	April 1990
	Structure and floors	Steel-framed reinforced concrete structure 1 floor below ground / 9 floors above ground
	Use	Apartment
	Total floor area	3,688.54m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value		JPY855 million
Appraisal firm		Japan Real Estate Institute
Master lease company		Tosei Community Co., Ltd.
Property management company		Tosei Community Co., Ltd.
Tenant details		
	Total number of tenants	32
	Annual rent	JPY70 million
	Security and guarantee deposits	JPY90 million
	Total leasable area	2,726.62m <sup>2</sup>
	Total leased area	2,529.22m <sup>2</sup>
	Occupancy rate	92.8%
Collateral		Yes
Other matters of special note		The trustee has filed an action against one end-tenant of the building, which has been delinquent in payment of rent, etc. (leased area: 70.87m <sup>2</sup> ), for payment of rent, etc. and eviction from the building (the "Action"). Tosei Reit has reached an agreement with the seller that all litigation expenses concerning the Action, including the eviction, shall be borne by the seller and that the seller shall be fully liable for any damage or expenses concerning the Action borne by Tosei Reit.

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

Summary of real estate appraisal report		
Property name	MarLandFive	
Appraisal value	JPY855,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	855,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	862,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	79,757,000	
(a) Gross potential income	85,386,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	5,629,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	19,623,000	
Maintenance and management fee	4,923,000	Recorded by reference to historical data, as well as the current maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	1,230,000	Recorded by reference to historical data, and by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	3,086,000	Recorded restoration expenses based on the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	2,315,000	Recorded by taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	2,767,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	5,032,000	Appraised based on the fiscal 2013 standard taxable amount.
Insurance premium	200,000	Recorded by taking into consideration such factors as the historical insurance premium and insurance premium rate of the subject building and similar buildings.
Other expenses	70,000	Recorded outdoor advertisement permit fee, road occupancy and usage fee, and cable usage fee as other expenses.
(3) Net operating income (NOI=(1)-(2))	60,134,000	
(4) Financial interests on deposits	1,721,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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	(5) Capital expenditures	5,830,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
	(6) Net cash flow (NCF=(3)+(4)-(5))	56,025,000	
	(7) Capitalization rate	6.5%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	848,000,000	
	Discount rate	6.3%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	6.7%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	606,000,000	
	Ratio of land	66.7%	
	Ratio of building	33.3%	
Matters considered in reconciliation of indicated values and determination of appraisal value			<p>Located within Fujimi City in the southeastern part of Saitama Prefecture an approximately two-minute walk from Mizuhodai Station on the Tobu Tojo Line, which is a semi-express train stop, and approximately 30 minutes to Ikebukuro Station from the nearest station, the subject real estate has favorable transportation access.</p> <p>The subject real estate is recognized to be also superior in terms of living environment as an apartment building as facilities providing convenience in terms of daily living can be found in the surroundings. On the other hand, market competitiveness as retail and office space is lowered by the point that its ability to draw in customers is inferior in view of its location in comparison with the surrounding Shiki and Fujimino Stations, which are serviced by express trains, and that the area has weak office building tenant demand.</p> <p>With the residential portion being of a grade and equipped with facilities/equipment that satisfy tenant needs in a manner that tenants will not notice the age of the building, the property is believed to continue maintaining its market competitiveness in comparison with rental apartment buildings in the surrounding area. Although the retail and office portion does not satisfy recent office tenant needs in certain aspects, the impact on the capitalization rate is minimal considering that the assumed tenants are private businesses, cram schools, etc.</p> <p>The appraisal value was determined by taking the above into account.</p>

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Property name		Rd-07 Avenir Shirotae
Type of specified asset		Trust beneficiary right
Acquisition price		JPY780 million
Acquisition date		November 28, 2014
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		July 31, 2014
Trust expiration date		November 30, 2024
Location (indication of residential address)		2-7-5 Shirotae-cho, Minami-ku, Yokohama-shi, Kanagawa
Land	Floor area ratio / Building coverage ratio	400% / 800%
	Use district	Commercial district
	Site area	680.09m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	February 1995
	Structure and floors	Steel-framed reinforced concrete structure 11 floors above ground
	Use	Apartment
	Total floor area	3,001.81m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value		JPY818 million
Appraisal firm		Japan Real Estate Institute
Master lease company		Tosei Community Co., Ltd.
Property management company		Tosei Community Co., Ltd.
Tenant details		
	Total number of tenants	37
	Annual rent	JPY63 million
	Security and guarantee deposits	JPY11 million
	Total leasable area	2,499.93m <sup>2</sup>
	Total leased area	2,287.17m <sup>2</sup>
	Occupancy rate	91.5%
Collateral		Yes
Other matters of special note		<ul style="list-style-type: none"> <li>The boundary with part of the adjacent land on the west side of the land is yet to be finalized. The Asset Management Company made the decision to purchase the property by taking into account the due diligence results in a comprehensive manner and after verifying the impact on operations and degree of risk of the concerned event. Furthermore, the seller of the property Tosei has provided in the real estate trust beneficiary right sale and purchase agreement for the property that talks on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and for the trustee to conclude a written boundary confirmation and deliver it to Tosei Reit, and that, in the event that the concerned boundary causes damage, etc. to be suffered or borne in any way by Tosei Reit, the damage, etc. shall be compensated.</li> <li>The report on verification of whether or not there was falsification of structural calculation documents has pointed out inconsistencies between the calculation documents after change in the plan and the structural drawings at the time of application for confirmation, but the matter has already been rectified by the seller.</li> </ul>

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Summary of real estate appraisal report		
Property name	Avenir Shirotae	
Appraisal value	JPY818,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	818,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	825,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	67,586,000	
(a) Gross potential income	71,903,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	4,317,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	16,361,000	
Maintenance and management fee	3,100,000	Recorded by reference to historical data and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	1,500,000	Recorded by reference to historical data, and by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	3,128,000	Recorded restoration expenses based on such factors as the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report in the appraisal of repair expenses.
Property management fee	1,969,000	Recorded by reference to such factors as the fee rate based on current contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	2,366,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	4,074,000	Appraised based on the fiscal 2013 standard taxable amount.
Insurance premium	188,000	Recorded by taking into consideration such factors as the insurance premium based on current insurance contracts and the insurance premium rate of the subject building and similar buildings.
Other expenses	36,000	Recorded other miscellaneous expenses based on historical data, etc.
(3) Net operating income (NOI=(1)-(2))	51,225,000	
(4) Financial interests on deposits	245,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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(5) Capital expenditures	5,250,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	46,220,000	
(7) Capitalization rate	5.6%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
Indicated value by DCF method	810,000,000	
Discount rate	5.4%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
Terminal capitalization rate	5.8%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
Indicated value by cost approach	608,000,000	
Ratio of land	43.6%	
Ratio of building	56.4%	
Matters considered in reconciliation of indicated values and determination of appraisal value		In light of such factors as being fully equipped with proximity to central Tokyo as it is an approximately four-minute walk and approximately 45 minutes to Tokyo Station from Bandobashi Station and the surroundings providing daily goods stores, hospitals and other convenient facilities, the subject real estate can be said to be in a generally good location in terms of convenience. The subject building is a rental apartment building mainly for single-person households placing emphasis on convenient access to central Tokyo. Given its completion in 1995, the facilities/equipment and specifications level and other factors, the subject building is considered to be of somewhat normal competitiveness in comparison with surrounding rental apartment buildings. The appraisal value was determined by taking the above into account.

Property name	Rd-08 Dormitory Haramachida	
Type of specified asset	Trust beneficiary right	
Acquisition price	JPY600 million	
Acquisition date	November 28, 2014	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment date	July 31, 2014	
Trust expiration date	November 30, 2024	
Location (indication of residential address)	2-6-14 Haramachida, Machida-shi, Tokyo	
Land	Floor area ratio / Building coverage ratio	550.58% / 100% (Note)
	Use district	Commercial district
	Site area	510.95m <sup>2</sup>
	Type of ownership	Proprietary ownership
Building	Construction completion	July 1992
	Structure and floors	Steel-framed reinforced concrete and steel-framed structure 1 floor below ground / 12 floors above ground
	Use	Apartment
	Total floor area	2,239.50m <sup>2</sup>
	Type of ownership	Proprietary ownership
Appraisal value	JPY637 million	
Appraisal firm	Japan Real Estate Institute	
Master lease company	Tosei Community Co., Ltd.	
Property management company	Tosei Community Co., Ltd.	
Tenant details		
	Total number of tenants	68
	Annual rent	JPY52 million
	Security and guarantee deposits	JPY6 million
	Total leasable area	1,864.78m <sup>2</sup>
	Total leased area	1,800.78m <sup>2</sup>
	Occupancy rate	96.6%
Collateral	Yes	
Other matters of special note	Several matters pointing out that repairs are necessary or ideal were found in the report on investigation of the external walls of the property.	

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

Summary of real estate appraisal report		
Property name	Dormitory Haramachida	
Appraisal value	JPY637,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	June 30, 2014	
Item	Details	Description, etc.
Indicated value by income approach	637,000,000	Estimated by correlation of the indicated value by direct capitalization method with the indicated value by DCF method as both values are deemed to be of comparable standards.
Indicated value by direct capitalization method	642,000,000	Appraised as the net cash flow regarded as being stable in the medium to long term, discounted by the capitalization rate.
(1) Operating revenue ((a)-(b))	58,219,000	
(a) Gross potential income	61,987,000	Recorded based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	3,768,000	Recorded premised on stable occupancy rate level over the medium to long term.
(2) Operating expenses	16,489,000	
Maintenance and management fee	3,450,000	Recorded by reference to historical data, as well as the current maintenance and management fee and the maintenance and management fee of similar real estate, and taking into consideration the factors specific to the subject real estate.
Utilities expenses	1,650,000	Recorded by reference to historical data, and by taking into consideration such factors as the utilities expenses of similar real estate and factors specific to the subject real estate.
Repair expenses	3,401,000	Recorded restoration expenses based on the level of restoration expenses per unit that usually arises from the replacement of tenants, the ratio borne by lessors and the average timing of burden and degree of restoration to the original state, and recorded by taking into consideration such factors as historical data, level of similar real estate and annual average amount of repair and renewal expenses in the engineering report.
Property management fee	1,686,000	Recorded by taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate.
Tenant leasing cost, etc.	1,568,000	Appraised leasing fee as including one month's worth of new rent income and advertising expenses appraised based on historical data, and renewal fee as half the amount of renewal fee income, and by factoring into this such factors as the annual average turnover rate of tenants and occupancy rate.
Property taxes	4,548,000	Appraised based on the fiscal 2014 standard taxable amount.
Insurance premium	145,000	Recorded by taking into consideration such factors as the insurance premium based on scheduled insurance contracts and the insurance premium rate of the subject building and similar buildings.
Other expenses	41,000	Recorded expenses for installing cables on power poles, etc.
(3) Net operating income (NOI=(1)-(2))	41,730,000	
(4) Financial interests on deposits	143,000	Appraised at 2.0%, taking into account such factors as the level of interest on both management and procurement.

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	(5) Capital expenditures	6,540,000	Appraised by assuming that future expected expenditures are set aside in the average amount per fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, building age and annual average amount of repair and renewal expenses in the engineering report.
	(6) Net cash flow (NCF=(3)+(4)-(5))	35,333,000	
	(7) Capitalization rate	5.5%	Appraised by adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market capitalization rate for similar real estate.
	Indicated value by DCF method	632,000,000	
	Discount rate	5.3%	Appraised by reference to such factors as the investment capitalization rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate.
	Terminal capitalization rate	5.7%	Appraised by reference to such factors as the market capitalization rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment capitalization rate, risks of the subject real estate as an investment target, general projection of the future economic growth rate and trends in real estate prices and rent.
	Indicated value by cost approach	457,000,000	
	Ratio of land	58.8%	
	Ratio of building	41.2%	
Matters considered in reconciliation of indicated values and determination of appraisal value			<p>The subject real estate, which is located at the center of Tokyo's Machida City, is slightly far from the station being an approximately 12-minute walk from Machida Station on the Odakyu Odawara Line, and access is normal being approximately 45 minutes to central Tokyo from Machida Station on the Odakyu Odawara Line. Nevertheless, it has strengths in such aspects as having relatively good convenience being located on the outer edge of the commercial district in front of Machida Station on the Odakyu Odawara Line.</p> <p>The subject building, which was completed in 1992, is a relatively-small rental apartment building mainly for single-person households. Although slightly less competitive in comparison with relatively-newly-built properties, the facilities/equipment and specifications are of a level befitting the building age.</p> <p>The appraisal value was determined by taking the above into account.</p>

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### 3. Seller profile

(1) Name	Tosei Corporation
(2) Location	4-2-3 Toranomom, Minato-ku, Tokyo
(3) Name and title of representative	Seiichiro Yamaguchi President and CEO
(4) Business description	Revitalization business, development business, rental business, fund and consulting business, property management business, and alternative investment business
(5) Capital	JPY6,421,392 thousand
(6) Established	February 2, 1950
(7) Net assets	JPY29,015,893 thousand (as of November 30, 2013)
(8) Total assets	JPY67,207,256 thousand (as of November 30, 2013)
(9) Large shareholders	Seiichiro Yamaguchi, Zeus Capital Ltd., and Japan Trustee Services Bank, Ltd.
(10) Relationship with investment corporation or asset management company	
Capital relationship	As of today, Tosei Reit does not hold any shares in the concerned company. The concerned company holds 14.5% of the number of Tosei Reit investment units issued and outstanding as of today. However, in the case that Daiwa Securities Co. Ltd. exercises the greenshoe option granted to it by the concerned company (refers to the greenshoe option stated in the Securities Registration Statement), the number of investment units of Tosei Reit held by the concerned company will decrease to that extent. In addition, being the parent company (100% stake) of the investment corporation's asset management company Tosei Asset Advisors, Inc. (the "Asset Management Company"), the concerned company falls under the category of interested person, etc. as provided in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) (the "Investment Trusts Act").
Personnel relationship	As of today, the concerned company is a company from which employees of the asset management company are seconded.
Business relationship	The concerned company has concluded a sponsor support agreement with Tosei Reit and the Asset Management Company. In addition, based on a fixed-rent master lease agreement with the period from July 31, 2014 to the last day of July 2016 as the contract period that the concerned company has concluded with Tosei Community Co., Ltd., the concerned company leases Tama Center Tosei Building from Tosei Community Co., Ltd.
Related-party status	The concerned company falls under the category of related party of Tosei Reit. In addition, as stated above, the concerned company falls under the category of interested person, etc. of the asset management company as provided in the Investment Trusts Act.

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#### 4. Status of property buyers, etc.

The following is the status of property acquisition, etc. from Tosei Reit's interested person, etc., special purpose company for which the interested person, etc. has control over the decision-making body (subsidiary) or other party with which there is a special relationship ("party having special vested interest") (where ① is the name of the company or person, ② is the relationship with the party having special vested interest, and ③ is the acquisition background/reason, etc.).

Concerning real estate sale and purchase approaches, in terms of transaction terms and conditions at Tosei Reit, the acquisition/disposition price is, in principle, determined by taking into consideration the indicated value by the income approach calculated by the direct capitalization method. Tosei's acquisition price, on the other hand, is determined by negotiation between Tosei and the previous, previous owner (Tosei's acquisition of the respective property is followed by Tosei acquiring the trust beneficiary right through trust transfer of the respective property; therefore, the "previous, previous owner" refers to the party that transferred the respective property to Tosei) upon the transaction, taking into consideration also such factors as the business challenges and circumstances faced by the previous, previous owner and the status of the real estate market at the time of negotiation. Tosei does not necessarily perform pricing or determine the transaction price in a similar manner to Tosei Reit in that process. As a result, particularly in the case of a transaction involving Tosei Reit and Tosei as each other's counterparty to the transaction where Tosei Reit is the buyer and Tosei is the seller, there may be cases where disparities arise between Tosei Reit's acquisition price and Tosei's acquisition price from the previous owner. Accordingly, of the following properties, the previous owner / trust beneficiary of which is Tosei for each, there are properties for which the acquisition price at which Tosei Reit acquires from Tosei is not the same but rather exceeds Tosei's acquisition price due to the acquisition background and seller-specific status at the time of acquisition, enhancement of asset value through activities conducted by Tosei to increase the value of the real estate and other factors. However, considering that property acquisition from Tosei constitutes a related-party transaction, Tosei Reit ensures that the transaction be subject to the decision-making flow in accordance with the Asset Management Company's related-party transaction rules and the prior approval of Tosei Reit's board of directors and also that the acquisition price be set no more than the appraisal value in order to take heed to not undermine the interests of unitholders.

Property name (Location)	Previous owner ①, ②, and ③ Acquisition (Transfer) price Acquisition (Transfer) timing	Previous, previous owner ①, ②, and ③ Acquisition (Transfer) price Acquisition (Transfer) timing	Previous, previous, previous owner ①, ②, and ③ Acquisition (Transfer) price Acquisition (Transfer) timing
Tama Center Tosei Building (Location) 1-15-2 Ochiai, Tama-shi, Tokyo	① Tosei ② Parent company of the Asset Management Company ③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value JPY2,100 million March 2014	Other than a party having special vested interest	—
KM Shinjuku Building (Location) 2-46-5 Kabuki-cho, Shinjuku-ku, Tokyo	① Tosei ② Parent company of the Asset Management Company ③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value JPY1,739 million	Other than a party having special vested interest	—

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	February 2014	–	–
Nihonbashi-Hamacho Building (Location) 1-12-9 Nihonbashihama-cho, Chuo-ku, Tokyo	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value		
	Omitted because owned for more than one year	–	–
	January 2008	–	–
Inage Kaigan Building (Location) 3-23-2 Takasu, Mihama-ku, Chiba-shi, Chiba	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors with the aim of earning gains from the difference between the purchase price and sale price by leveraging sourcing abilities		
	JPY2,255 million	–	–
	February 2014	–	–
T's garden Koenji (Location) 3-35-26 Koenjikita, Suginami-ku, Tokyo	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors with the aim of earning gains from the difference between the purchase price and sale price by leveraging sourcing abilities		
	Omitted because owned for more than one year	–	–
	March 2013	–	–
Live Akabane (Location) 3-29-10 Ukima, Kita-ku, Tokyo	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value		
	JPY1,116 million	–	–
	January 2014	–	–
Gekkocho Apartment (Location) 6-9-22 Shimomeguro, Meguro-ku, Tokyo	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors with the aim of earning gains from the difference between the purchase price and sale price by leveraging sourcing abilities		
	Omitted because owned for more than one year	–	–

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	June 2013	–	–
T's garden Kawasakidaishi (Location) 13-19 and 13-20 Ise-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors with the aim of earning gains from the difference between the purchase price and sale price by leveraging sourcing abilities		
Omitted because owned for more than one year	–	–	
	February 2013	–	–
Abitato Kamata (Location) 8-20-12 Chuo, Ota-ku, Tokyo	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value		
JPY751 million	–	–	
	February 2014	–	–
MarLandFive (Location) 1-20-1 Nishimizuhodai, Fujimi-shi, Saitama	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value		
JPY843 million	–	–	
	January 2014	–	–
Avenir Shirotae (Location) 2-7-5 Shirotae-cho, Minami-ku, Yokohama-shi, Kanagawa	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value		
JPY841 million	–	–	
	March 2014	–	–
Dormitory Haramachida (Location) 2-6-14 Haramachida, Machida-shi, Tokyo	① Tosei	Other than a party having special vested interest	–
	② Parent company of the Asset Management Company		
	③ Acquired by the revitalization business for the purpose of selling to end-users or investors as revitalized real estate after conducting activities to increase the value		
Omitted because owned for more than one year	–	–	
	December 2012	–	–

(Note 1) “Acquisition (Transfer) price” is the acquisition price in the case of Tosei Reit and the book value (cost of acquisition) in the previous owner’s accounting in the case of the previous owner (the sponsor, Tosei).

(Note 2) There were no brokerage fees, special purpose company arrangement expenses or other expenses that

Tosei Reit paid to the previous owner other than the acquisition price upon acquisition of the respective property listed above.

5. Overview of brokerage

There was no brokerage for the abovementioned asset acquisition transaction.

6. Acquisition schedule

Acquisition decision date	October 23, 2014
Acquisition contract date	October 28, 2014
Payment date	November 28, 2014
Property delivery date	November 28, 2014

7. Future outlook

For the outlook of the operating results of Tosei Reit for the fiscal periods ending April 2015 (1st Period) and October 2015 (2nd Period), please refer to the “Notice Concerning Forecasts for the Fiscal Periods Ending April 30, 2015 (1st Period) and October 31, 2015 (2nd Period)” dated November 27, 2014.

\* This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

\* Tosei Reit Investment Corporation website: <http://www.tosei-reit.co.jp/en/>

**(Reference) Summary of appraisal reports, etc.**

(1) Summary of real estate appraisal reports (list)

(2) Summary of engineering reports

(3) Asset portfolio list

## Reference Material

### (1) Summary of appraisal reports

Type	Property no.	Property name	Appraisal firm	Appraisal value (JPY million)	Indicated value by cost approach (JPY million)	Indicated value by income approach (JPY million)						Appraisal NOI yield (%) (Note 2)
						Indicated value by direct capitalization method	Capitalization rate (%)	Indicated value by DCF method	Discount rate (%)	Terminal capitalization rate (%)	Appraisal NOI (JPY thousand) (Note 1)	
Offices	O-01	Tama Center Tosei Building	Japan Real Estate Institute	3,370	3,500	3,370	6.0	3,360	5.7	6.1	233,136	6.92
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,230	1,980	2,240	4.6	2,210	4.3	4.7	119,012	5.79
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,920	1,760	1,940	4.9	1,890	4.7	5.1	111,245	6.08
	Subtotal		–	7,520	7,240	7,550	–	7,460	–	–	463,393	6.39
Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,470	1,840	2,480	6.2	2,450	6.0	6.4	165,663	6.96
	Subtotal		–	2,470	1,840	2,480	–	2,450	–	–	165,663	6.96
Offices and retail facilities combined subtotal				9,990	9,080	10,030	–	9,910	–	–	629,056	6.53
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,730	1,590	1,750	4.7	1,710	4.5	4.9	83,873	5.43
	Rd-02	Live Akabane	Japan Real Estate Institute	1,280	1,070	1,300	5.4	1,260	5.2	5.6	75,934	6.19
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,010	1,000	1,020	4.8	991	4.6	5.0	51,067	5.11
	Rd-04	T's garden Kawasakidaishi	Japan Real Estate Institute	1,020	876	1,030	5.5	1,000	5.3	5.7	57,993	5.92
	Rd-05	Abitato Kamata	Japan Real Estate Institute	895	676	908	5.3	881	5.1	5.5	50,310	6.02
	Rd-06	MarLandFive	Japan Real Estate Institute	855	606	862	6.5	848	6.3	6.7	60,134	7.24
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	818	608	825	5.6	810	5.4	5.8	51,225	6.57
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	637	457	642	5.5	632	5.3	5.7	41,730	6.96
	Subtotal		–	8,245	6,883	8,337	–	8,132	–	–	472,266	6.06
Total/Average				18,235	15,963	18,367	–	18,042	–	–	1,101,322	6.32

(Note 1) “Appraisal NOI” is the amount stated in the real estate appraisal report.

(Note 2) “Appraisal NOI yield” is the figure arrived at when appraisal NOI is divided by acquisition price, rounded to two decimal places. Appraisal NOI yield is the figure calculated by the Asset Management Company and not the figure stated in the real estate appraisal report. In addition, appraisal NOI yield in the subtotal columns, offices and retail facilities combined subtotal column and total/average column is each the figure arrived at when the sum total of NOI is divided by the sum total of acquisition price for each acquired asset in the respective item, rounded to the second decimal place.

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## Reference Material

## (2) Summary of engineering reports

Property no.	Property name	Investigator	Investigation report date	Emergency and short-term repair expenses (JPY thousand) (Note 1)	Long-term repair expenses (JPY thousand) (Note 2)
O-01	Tama Center Tosei Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	–	48,865
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	–	24,322
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	–	24,930
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	–	24,129
Rd-01	T's garden Koenji	HI International Consultant Co., LTD.	February 2014	670	2,936
Rd-02	Live Akabane	HI International Consultant Co., LTD.	February 2014	7,370	8,355
Rd-03	Gekkocho Apartment	HI International Consultant Co., LTD.	April 2014	350	3,833
Rd-04	T's garden Kawasakidaishi	HI International Consultant Co., LTD.	February 2014	685	2,475
Rd-05	Abitato Kamata	HI International Consultant Co., LTD.	February 2014	1,890	3,365
Rd-06	MarLandFive	HI International Consultant Co., LTD.	February 2014	3,570	8,500
Rd-07	Avenir Shirotae	HI International Consultant Co., LTD.	March 2014	1,210	7,827
Rd-08	Dormitory Haramachida	HI International Consultant Co., LTD.	February 2014	4,540	9,477

(Note 1) “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 2) “Long-term repair expenses” is the repair and renewal expenses projected for the next 12 years (excluding emergency and short-term repair expenses), where it is the expenses stated as the average amount per year in the engineering report in the case of the properties investigated by HI International Consultant Co., LTD. and it is the amount converted into the average amount per year by Tosei Reit in the case of the properties investigated by Deloitte Tohmatsu Property Risk Solution Co., Ltd.



Reference Material  
(3) Asset portfolio list

Property no.	Property name	Building age (years) (Note 1)	Location	Acquisition price (JPY million) (Note 2)	Investment ratio (%) (Note 3)	Real estate appraisal value (JPY million) (Note 4)	Appraisal NOI (JPY thousand) (Note 5)	Appraisal NOI yield (%) (Note 5)	Total leasable area (m <sup>2</sup> ) (Note 6)	PML value (%) (Note 7) (Note 8)	Occupancy rate (%) (Note 9)
O-01	Tama Center Tosei Building (Note 10)	25.0	Tama-shi, Tokyo	3,370	19.3	3,370	233,136	6.92	9,737.49	4.34	100.0
O-02	KM Shinjuku Building	22.9	Shinjuku-ku, Tokyo	2,057	11.8	2,230	119,012	5.79	3,461.35	7.63	87.1
O-03	Nihonbashi-Hamacho Building	23.8	Chuo-ku, Tokyo	1,830	10.5	1,920	111,245	6.08	3,334.40	6.52	100.0
Offices subtotal				7,257	41.6	7,520	463,393	6.39	16,533.24	-	97.3
Rt-01	Inage Kaigan Building	21.7	Chiba-shi, Chiba	2,380	13.7	2,470	165,663	6.96	5,890.92	6.90	95.7
Retail facilities subtotal				2,380	13.7	2,470	165,663	6.96	5,890.92	-	95.7
Offices and retail facilities combined subtotal				9,637	55.3	9,990	629,056	6.53	22,424.16	-	96.9
Rd-01	T's garden Koenji	3.5	Suginami-ku, Tokyo	1,544	8.9	1,730	83,873	5.43	2,169.38	8.50	91.7
Rd-02	Live Akabane	25.4	Kita-ku, Tokyo	1,227	7.0	1,280	75,934	6.19	3,876.29	6.76	75.7
Rd-03	Gekkocho Apartment	6.3	Meguro-ku, Tokyo	1,000	5.7	1,010	51,067	5.11	1,391.47	9.22	87.9
Rd-04	T's garden Kawasakidaishi	5.5	Kawasaki-shi, Kanagawa	980	5.6	1,020	57,993	5.92	2,067.75	8.47	94.6
Rd-05	Abitato Kamata	23.1	Ota-ku, Tokyo	836	4.8	895	50,310	6.02	1,768.23	13.18	74.1
Rd-06	MarLandFive	24.3	Fujimi-shi, Saitama	830	4.8	855	60,134	7.24	2,726.62	3.36	92.8
Rd-07	Avenir Shirotae	19.4	Yokohama-shi, Kanagawa	780	4.5	818	51,225	6.57	2,499.93	14.85	91.5
Rd-08	Dormitory Haramachida	22.0	Machida-shi, Tokyo	600	3.4	637	41,730	6.96	1,864.78	9.72	96.6
Residential properties subtotal				7,797	44.7	8,245	472,266	6.06	18,364.45	-	87.3
Total/Average		19.7	-	17,434	100.0	18,235	1,101,322	6.32	40,788.61	6.05	92.6

Disclaimer: This document is an English translation of a press release for public announcement concerning completion of asset acquisition by Tosei Reit Investment Corporation, and has not been prepared for the purpose of solicitation of investment.

- (Note 1) “Building age” is the number of years that has elapsed from the date of new construction in the real estate registry to July 31, 2014. In addition, “Average building age” and “Building age” in the total/average column is the figure that is the weighted average based on acquisition price.
- (Note 2) “Acquisition price” is the sale and purchase price stated in the real estate trust beneficiary right sale and purchase contract for the acquired asset. The sale and purchase price is excluding consumption tax, local consumption tax and various expenses required for the acquisition. The same applies hereinafter.
- (Note 3) “Investment ratio” is the ratio of acquisition price for the acquired asset to the sum total amount of acquisition price.
- (Note 4) “Real estate appraisal value” is the appraisal value stated in the real estate appraisal report with June 30, 2014 as the effective date of the appraisal (date of value).
- (Note 5) “Appraisal NOI” is the amount stated in the real estate appraisal report. In addition, “Appraisal NOI yield” is the figure arrived at when appraisal NOI is divided by acquisition price, rounded to two decimal places. Appraisal NOI yield is the figure calculated by the Asset Management Company and not the figure stated in the real estate appraisal report. In addition, “Average appraisal NOI yield” in the subtotal columns, offices and retail facilities combined subtotal column and total/average column is each the figure arrived at when the sum total of appraisal NOI is divided by the sum total of acquisition price for each acquired asset in the respective item, rounded to two decimal places.
- (Note 6) “Total leasable area” is 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 acquired asset as of July 31, 2014.
- (Note 7) “PML value” is the PML value of the building for the acquired asset stated in the “Seismic PML Evaluation Report” prepared by Sompo Japan Nipponkoa Risk Management Inc.
- (Note 8) “PML value for the entire portfolio” and “PML value” in the total/average column is the PML value concerning the entire portfolio based on the “Portfolio Seismic PML Evaluation Report” dated June 2014 by Sompo Japan Nipponkoa Risk Management Inc.
- (Note 9) “Occupancy rate” is the ratio of the total leased area to total leasable area for the acquired asset as of July 31, 2014. 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 acquired asset in the respective item.
- (Note 10) Notwithstanding the above, for Tama Center Tosei Building, a pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. on July 31, 2014 and, furthermore, a pass-through type master lease agreement was concluded between the company and Tosei on the same date, but the pass-through type master lease agreement between the company and Tosei was changed to a fixed-rent master lease agreement upon the acquisition by Tosei Reit. Therefore, total leasable area and occupancy rate are based on the concerned fixed-rent master lease agreement. Accordingly, the offices subtotal column, offices and retail facilities combined subtotal column and total/average column include those using figures of different reference dates.
- (Note 11) In the table, 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 July 31, 2014, “Occupancy rate” is on the basis that the concerned lease agreements with end-tenants are existing and thus based on the concerned lease agreements.