

For Immediate Release

Real Estate Investment Trust Securities Issuer
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Representative: Hisaaki Kuroyama, Executive Director
(Securities Code: 3451)

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Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Total of 5 Properties)

Tosei Reit Investment Corporation (“Tosei Reit”) announces that its asset management company Tosei Asset Advisors, Inc. (the “Asset Management Company”) today decided on acquisition of the real estate trust beneficiary rights of the following five properties (the “to-be-acquired assets”) and corresponding commencement of leasing, as described below.

Furthermore, the acquisition decision was subject to approval of Tosei Reit’s board of directors, pursuant to the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) (the “Investment Trusts Act”) and the Asset Management Company’s related-party transaction rules in the case of Kannai Tosei Building II, Musashi Fujisawa Tosei Building and SEA SCAPE Chiba Minato, and pursuant to the Asset Management Company’s related-party transaction rules in the case of Nishi Kasai Tosei Building and Shin Yokohama Center Building.

In addition, the leasing commencement decision was subject to approval of Tosei Reit’s board of directors, pursuant to the Investment Trusts Act and the Asset Management Company’s related-party transaction rules.

1. Overview of the Acquisition

Type	Property number	Property name	Location	Anticipated acquisition price (JPY million) (Note 1)	Appraisal NOI yield (%) (Note 2)
Offices	O-04	Kannai Tosei Building II	Naka-ku, Yokohama-shi, Kanagawa	4,100	5.91
	O-05	Nishi Kasai Tosei Building	Nishikasai, Edogawa-ku, Tokyo	1,710	6.19
	O-06	Shin Yokohama Center Building	Kohoku-ku, Yokohama-shi, Kanagawa	1,364	6.84
	Subtotal (3 properties)			-	7,174
Retail facilities	Rt-02	Musashi Fujisawa Tosei Building	Higashifujisawa, Iruma-shi, Saitama	1,950	6.57
	Subtotal (1 property)			-	1,950
Residential properties	Rd-09	SEA SCAPE Chiba Minato	Chuo-ku, Chiba-shi, Chiba	2,800	6.14
	Subtotal (1 property)			-	2,800
Total (5 properties)			-	11,924	6.22

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- (1) Contract date: October 28, 2015
- (2) Scheduled acquisition date: November 17, 2015 (Note 3)
- (3) Sellers: Please refer to “4. Seller profile” later in this document.
- (4) Acquisition financing: Proceeds from the issuance of new investment units for which resolution was passed at the meeting of the board of directors of Tosei Reit held on October 28, 2015 (Note 4), loans (Note 5), and funds on hand
- (5) Settlement method: Payment of entire amount at time of delivery

(Note 1) “Anticipated acquisition price” is the sale and purchase price stated in the real estate trust beneficiary right sale and purchase contract for the to-be-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 2) “Appraisal NOI yield” is the figure arrived at when net operating income (NOI) is divided by the anticipated acquisition price for the to-be-acquired asset, rounded to two decimal places. In addition, “NOI” refers to the total amount of net operating income by the direct capitalization method stated in the real estate appraisal report as of August 31, 2015, the effective date of the appraisal (date of value).

(Note 3) “Scheduled acquisition date” is the scheduled acquisition date stated in the real estate trust beneficiary right sale and purchase contract for the to-be-acquired asset. The scheduled acquisition date is subject to change in accordance with the real estate trust beneficiary right sale and purchase contract. The same applies hereinafter.

(Note 4) For details, please refer to the “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated today.

(Note 5) For details, please refer to the “Notice Concerning Debt Financing” dated today.

2. Reason for asset acquisition and leasing

The decision was made to acquire the to-be-acquired assets (five properties) for building a portfolio that has three property types by use (offices, retail facilities and residential properties) as basic investment targets in an aim to secure stable revenue over the medium to long term and achieve steady growth of assets under management as provided in “Basic Policy for Asset Management” in the Articles of Incorporation. Through acquisition of the to-be-acquired assets, the Tosei Reit portfolio will expand to 17 properties totaling JPY29,358 million in terms of (anticipated) acquisition price.

Furthermore, considering that each of the to-be-acquired assets constitute a transaction with an interested person under the Investment Trusts Act or a related-party transaction as provided in the Asset Management Company’s related-party transaction rules, the anticipated acquisition price has been premised on being at or below the appraisal value (as defined in “3. Description of the to-be-acquired assets and leasing schedule” below) and has undergone the Asset Management Company’s verification, etc. by obtaining market survey materials prepared by third parties as needed for the to-be-acquired asset, based on which the assumed NOI (as defined in “3. Description of the to-be-acquired assets and leasing schedule” below) to generate from the to-be-acquired asset has been calculated and that judged to exceed Tosei Reit’s investment criteria, and thereby finding that the anticipated acquisition price for the to-be-acquired asset is deemed to be appropriate.

In addition, as stated in the “Report on Management Structure and Systems” dated July 31, 2015, Tosei Reit has set as tenant selection criteria that tenant occupancy be determined by taking into account the attributes, creditworthiness, business category, use purpose, leasing agreement terms and conditions, tenant replacement potential and other factors in a comprehensive manner. The lessees of the to-be-acquired assets are deemed to meet the tenant selection criteria set by Tosei Reit.

3. Description of the to-be-acquired assets and leasing schedule

The following tables are an overview of each to-be-acquired asset of the acquisition decided 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.

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Unless otherwise noted, in principle, the entries are the status as of August 31, 2015.

(Note) Unless otherwise noted, the numerical value figures, percentage figures and years stated in the following text are stated with numerical value figures rounded down to the nearest specified unit (if decimals, then to the nearest specified decimal place) and percentage figures and years rounded to one decimal place. Accordingly, the respective item figures or percentages may not add up to the total.

- (1) About “Trustee,” “Trust establishment date” and “Trust expiration date”
 - “Trustee” is the trustee of the to-be-acquired asset. In addition, “Trust establishment date” is the date of establishment of any trust established as of today.
 - The trust expiration date is scheduled to be changed with change of the real estate management and disposition trust agreement at the time of the property acquisition by Tosei Reit. “Trust expiration date” is the trust expiration date after the change.
- (2) 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).
- (3) About “Land”
 - “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 to-be-acquired asset, there are cases where “Building coverage ratio” stated in this material is subject to certain relaxation measures or restriction measures. In addition, where there are several building coverage ratios that apply to a site, the building coverage ratio is converted to one that applies to the entire site.
 - “Floor area ratio” is, in principle, the figures provided in accordance with related laws and regulations, such as the Building Standards Act and the City Planning Act. Depending on the to-be-acquired asset, there are cases where “Floor area ratio” stated in this material is subject to certain relaxation measures or restriction measures. In addition, where there are several floor area ratios that apply to a site, the floor area ratio is converted to one that applies to the entire site.
 - “Use district” is the type of use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act.
 - “Site area” is based on that stated in the real estate registry and may differ from the present state.
 - “Type of ownership” is the type of right held or to be held by the trustee of the to-be-acquired asset.
- (4) About “Building”
 - “Construction completion” is the date of new construction in the real estate registry.
 - “Structure” and “Floors” are based on those stated in the real estate registry.
 - “Use” is the major type of building in the real estate registry.
 - “Total floor area” is based on that stated in the real estate registry.
 - “Type of ownership” is the type of right held or to be held by the trustee of the to-be-acquired asset.
- (5) About “Appraisal value”

“Appraisal value” is the appraisal value stated in the real estate appraisal report as of August 31, 2015, 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 to-be-acquired asset by Japan Real Estate Institute, Morii Appraisal & Investment Consulting, Inc. and Japan Valuers Co., Ltd. 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

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Estate Appraisal Standards. There is no special vested interest between Japan Real Estate Institute, Morii Appraisal & Investment Consulting, Inc. or Japan Valuers Co., Ltd., which performed the real estate appraisal, and Tosei Reit or the Asset Management Company.

(6) About “Long-term repair expenses”

“Long-term repair expenses” is the average amount per year of the repair and renewal expenses projected for the next 12 years stated in the engineering report (building condition investigation report) prepared by HI International Consultant Co., Ltd. and Sompo Japan Nipponkoa Risk Management Inc. However, the expenses stated in the engineering report as expenses in urgent need and repair and renewal expenses required within roughly one year are not included.

(7) About “PML value”

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

(9) About “Property management company”

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

(10) About “Status of leasing”

- “Scheduled contract date,” “Scheduled leasing commencement date” and “Contract period” are based on the master lease agreement scheduled to be concluded upon acquisition of the to-be-acquired assets. “Scheduled contract date” and “Scheduled leasing commencement date” are subject to change with such events as determination of the payment date of the primary offering (refers to the primary

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offering announced in the “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated today) (the “Offering”).

- “Total number of tenants” is the number of tenants for the to-be-acquired asset based on the lease agreement for the to-be-acquired asset. However, in cases where a master lease agreement has been concluded for the concerned to-be-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 to-be-acquired asset (limited to those occupied as of August 31, 2015). For the to-be-acquired asset, 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. The “Annual rent” entry is omitted in cases where consent for disclosure has not been obtained from the end-tenant.
- “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement for the to-be-acquired asset (limited to those occupied as of August 31, 2015). For the to-be-acquired asset, 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. The “Security and guarantee deposits” entry is omitted in cases where consent for disclosure has not been obtained from the end-tenant. 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 “Total number of tenants,” “Annual rent,” “Security and guarantee deposits,” etc. in the case of agreements that are ongoing as of August 31, 2015.
- “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 to-be-acquired asset.
- “Total leased area” is the sum total of the leased floor area indicated in the lease agreement for the to-be-acquired asset. However, for the to-be-acquired asset, 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.
- “Ratio of total leasable area to total leasable area of entire portfolio” is the ratio of the total leasable area for the to-be-acquired asset to total leasable area for the assets held by Tosei Reit after acquisition of the to-be-acquired assets.
- “Occupancy rate” is the ratio of the total leased area to total leasable area for the to-be-acquired asset. However, in cases where a master lease agreement has been concluded for the concerned to-be-acquired asset, the occupancy rate in the case of a property under a pass-through type master lease agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property under a fixed-rent master lease agreement is the ratio of the leased floor area based on the master lease agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lease company and end-tenants is shown in parentheses.
- “Other matters to be specially noted” is, in principle, concerning matters considered important in leasing of individual assets based on information as of today.

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(11) About “Matters of special note”

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

(12) About “Assumed NOI”

The assumed annual net operating income in a steady state calculated by the Asset Management Company based on leasing agreement terms and conditions, etc. and taking into account the status of the property on the scheduled acquisition date (not the forecast figures for the 3rd Period and 4th Period of the assumptions stated in the “Notice Concerning Revision to Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending April 30, 2016 (3rd Period) and Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending October 31, 2016 (4th Period)” dated today).

(13) About “Summary of real estate appraisal report”

“Summary of real estate appraisal report” is a summary of the real estate appraisal reports. Each real estate appraisal is no more than the appraiser’s judgment and opinion at a certain point in time, and is not a guarantee of the validity or accuracy of the content, possibility of transaction at the concerned appraisal value, etc. There is no special vested interest between Japan Real Estate Institute, Morii Appraisal & Investment Consulting, Inc. or Japan Valuers Co., Ltd., which performed the real estate appraisal, and Tosei Reit or the Asset Management Company.

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Property name	O-04 Kannai Tosei Building II	
Type of specified asset	Trust beneficiary right	
Anticipated acquisition price	JPY4,100 million	
Scheduled acquisition date	November 17, 2015	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment date	March 31, 2015	
Trust expiration date	November 16, 2025	
Previous owner (Previous beneficiary)	Tosei Corporation	
Location (indication of residential address)	4-45-1 Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa	
Land	Floor area ratio / Building coverage ratio	766.4% / 100% (Note 1)
	Use district	Commercial district
	Site area	1,227.47m ²
	Type of ownership	Proprietary ownership
Building	Construction completion	May 1980 (parking lot portion) February 1984 (office portion) (Note 2)
	Structure and floors	Steel-framed reinforced concrete structure (Note 3) 1 floor below ground / 12 floors above ground
	Use	Office (Note 2)
	Total floor area	9,383.81m ² (Note 4)
	Type of ownership	Proprietary ownership
Appraisal value	JPY4,380 million	
Appraisal firm	Japan Valuers Co., Ltd.	
Building condition investigation		
	Investigation date	July 2015
	Investigator	HI International Consultant Co., Ltd.
	Long-term repair expenses	JPY27,239 thousand
	Replacement value	JPY2,473,600 thousand
PML value	11.54%	
PML investigator	Sompo Japan Nipponkoa Risk Management Inc.	
Master lease company	Tosei Community Co., Ltd.	
Property management company	Tosei Community Co., Ltd.	
Status of leasing	Pass-through type master lease agreement	
	Scheduled contract date	November 17, 2015
	Scheduled leasing commencement date	November 17, 2015
	Contract period	November 30, 2016 (one-year contract renewal thereafter)
	Total number of tenants	29
	Annual rent	JPY300 million
	Security and guarantee deposits	JPY363 million
	Total leasable area	6,916.21m ²
	Total leased area	6,916.21m ²
	Ratio of total leasable area to total leasable area of entire portfolio	10.2%
	Occupancy rate	100.0%
	Other matters to be specially noted	Not applicable.

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Collateral	<p>Yes (The established collateral at the time of acquisition by Tosei Reit is scheduled to be released. However, a revolving pledge with Tosei Reit as the pledgor is scheduled to be established in relation to the new debt financing accompanying the primary offering for which resolution was passed at the meeting of the board of directors of Tosei Reit held on October 28, 2015 (the “Debt Financing”) on the trust beneficiary rights of each to-be-acquired asset. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, are scheduled to be concluded for each to-be-acquired asset.)</p>
Matters of special note	<ul style="list-style-type: none"> • Of the building, the parking lot portion is a building that was designed and constructed under the earthquake resistance standards prior to the 1981 amendment (so-called old earthquake resistance standards), but has undergone seismic retrofitting borne by the seller. Tosei Reit has obtained a written statement of opinion from KK Toto Sekkei, first-class architect office, that the parking lot portion is judged to have earthquake resistance equivalent to the new earthquake resistance standards as a result of having undergone seismic retrofitting. • The property is in a category 7 height control district and is subject to an absolute height restriction (31m) by ordinance. The building (height: 41m) exceeds that height restriction. An application for building permission at 41m, a height that exceeds the height restriction at the time of construction of the building (21m), has been made for the building and the building permission has been obtained, meaning that a building of the same size cannot be constructed in the event of reconstruction if the building is not granted a similar building permission at the time of reconstruction. • The boundary with part of the adjacent land on the west 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 today. 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 today. 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, Tosei Corporation, the seller of the property, has provided in the real estate trust beneficiary right sale and purchase agreement for the property that negotiations on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and that it will have the trustee 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.
Assumed NOI	<p>Annual: JPY236 million (Reference: 3rd and 4th Period forecast NOI total: JPY238 million)</p>

(Note 1) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within commercial

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districts and fire prevention districts.

- (Note 2) The property was constructed with construction of a parking lot portion in May 1980 and later extended with an office portion, which is the major building portion.
- (Note 3) The property was constructed with construction of the parking lot portion as a one-story steel-framed structure with galvanized steel sheet roofing, but structure and floors are the information in the real estate registry for the office portion, which is the major portion of the property.
- (Note 4) The entry is total floor area for the office portion only.
- (Note 5) There is a public open space on the sidewalk in the northeast corner portion of the land, and a public open space on the sidewalk that is approximately 2m wide along the road facing the north side.

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Summary of real estate appraisal report		
Property name	Kannai Tosei Building II	
Appraisal value	JPY4,380,000,000	
Appraisal firm	Japan Valuers Co., Ltd.	
Date of value	August 31, 2015	
Item	Details	Description, etc.
Indicated value by income approach	4,380,000,000	Estimated by correlation of both the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	4,470,000,000	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))	361,666,933	
(a) Gross potential income	380,564,351	Appraised based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	18,897,418	Appraised based on stable occupancy rate level over the medium to long term.
(2) Operating expenses	119,286,058	
Maintenance and management fee	32,751,600	Appraised based on the scheduled maintenance and management fee and the level of maintenance and management fee of similar real estate.
Utilities expenses	36,660,000	Appraised based on the level of utilities expenses of similar real estate and actual income.
Repair expenses	7,495,000	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
Property management fee	6,565,523	Appraised based on the scheduled fee rate for property management services, and by verifying with the property management fee rate of similar real estate.
Tenant leasing cost, etc.	5,167,620	Appraised by taking into consideration the historical data and the factors specific to the subject real estate.
Property taxes	25,428,905	Appraised based on such factors as the fiscal 2015 taxation statement.
Insurance premium	736,010	Appraised based on such factors as the estimate amount of insurance premium and the insurance premium rate of similar real estate.
Other expenses	4,481,400	Recorded CM fee, supplies expenses, etc.
(3) Net operating income (NOI=(1)-(2))	242,380,875	
(4) Financial interests on deposits	7,622,193	Appraised financial interests at investment return of 2.0%.
(5) Capital expenditures	17,488,333	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	232,514,735	
(7) Capitalization rate	5.2%	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	4,280,000,000	
Discount rate	5.0%	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	5.4%	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	2,560,000,000	
Ratio of land	77.8%	
Ratio of building	22.2%	
Matters considered in reconciliation of indicated values and determination of appraisal value	The appraisal value was determined in light of such factors as the attributes of market participants for the subject real estate, by deeming that the indicated value by income approach that truly reproduces the pricing process from earnings aspects is more credible, and with the indicated value by cost approach as reference.	

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Property name	O-05 Nishi Kasai Tosei Building		
Type of specified asset	Trust beneficiary right		
Anticipated acquisition price	JPY1,710 million		
Scheduled acquisition date	November 17, 2015		
Trustee	Mitsubishi UFJ Trust and Banking Corporation		
Trust establishment date	March 31, 2015		
Trust expiration date	November 16, 2025		
Previous owner (Previous beneficiary)	Tosei Corporation		
Location (indication of residential address)	6-9-12 Nishikasai, Edogawa-ku, Tokyo		
Land	Floor area ratio / Building coverage ratio	500% / 100% (Note 1)	
	Use district	Commercial district	
	Site area	822.00m ²	
	Type of ownership	Proprietary ownership	
Building	Construction completion	January 1994	
	Structure and floors	Steel-framed reinforced concrete structure 1 floor below ground / 8 floors above ground	
	Use	Office	
	Total floor area	4,271.38m ²	
	Type of ownership	Proprietary ownership	
Appraisal value	JPY1,860 million		
Appraisal firm	Japan Valuers Co., Ltd.		
Building condition investigation			
	Investigation date	July 2015	
	Investigator	HI International Consultant Co., Ltd.	
	Long-term repair expenses	JPY17,387 thousand (Note 2)	
	Replacement value	JPY1,093,100 thousand	
PML value	3.84%		
PML investigator	Sompo Japan Nipponkoa Risk Management Inc.		
Master lease company	Tosei Community Co., Ltd.		
Property management company	Tosei Community Co., Ltd.		
Status of leasing	Pass-through type master lease agreement		
	Scheduled contract date	November 17, 2015	
	Scheduled leasing commencement date	November 17, 2015	
	Contract period	November 30, 2016 (one-year contract renewal thereafter)	
	Total number of tenants	8	
	Annual rent	JPY112 million	
	Security and guarantee deposits	JPY72 million	
	Total leasable area	3,187.97m ²	
	Total leased area	2,835.19m ²	
	Ratio of total leasable area to total leasable area of entire portfolio	4.7%	
	Occupancy rate	88.9%	
	Other matters to be specially noted	Not applicable.	

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Collateral	Yes (The established collateral at the time of acquisition by Tosei Reit is scheduled to be released. However, a revolving pledge with Tosei Reit as the pledgor is scheduled to be established in relation to the Debt Financing on the trust beneficiary rights of each to-be-acquired asset. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, are scheduled to be concluded for each to-be-acquired asset.)
Matters of special note	<ul style="list-style-type: none"> The boundary with the adjacent land on the south 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, Tosei Corporation, the seller of the property, has provided in the real estate trust beneficiary right sale and purchase agreement for the property that negotiations on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and that it will have the trustee 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.
Assumed NOI	Annual: JPY87 million (Reference: 3rd and 4th Period forecast NOI total: JPY88 million)

(Note 1) The floor area ratio is essentially 480%, but it is 500% due to floor area ratio relaxation with application of Article 52, Paragraph 9 of the Building Standards Act. In addition, 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.

(Note 2) For the property, Tosei Corporation has provided that construction work to upgrade the air-conditioning will be implemented at the expense and responsibility of the seller, and the concerned construction work is scheduled to continue even after acquisition by Tosei Reit. Long-term repair expenses after completion of the concerned construction work is projected to be JPY11,954 thousand (average amount per year) according to the “follow-up report to the building survey and diagnosis report” prepared by HI International Consultant Co., Ltd.

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Summary of real estate appraisal report		
Property name	Nishi Kasai Tosei Building	
Appraisal value	JPY1,860,000,000	
Appraisal firm	Japan Valuers Co., Ltd.	
Date of value	August 31, 2015	
Item	Details	Description, etc.
Indicated value by income approach	1,860,000,000	Estimated by correlation of both the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	1,890,000,000	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))	160,229,755	
(a) Gross potential income	167,476,320	Appraised based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	7,246,565	Appraised based on stable occupancy rate level over the medium to long term.
(2) Operating expenses	54,307,962	
Maintenance and management fee	10,641,600	Appraised based on the scheduled maintenance and management fee and the level of maintenance and management fee of similar real estate.
Utilities expenses	21,793,950	Appraised based on the level of utilities expenses of similar real estate and actual income.
Repair expenses	3,287,250	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
Property management fee	2,739,233	Appraised based on the scheduled fee rate for property management services, and by verifying with the property management fee rate of similar real estate.
Tenant leasing cost, etc.	1,325,584	Appraised by taking into consideration the historical data and the factors specific to the subject real estate.
Property taxes	12,368,869	Appraised based on such factors as the fiscal 2015 taxation statement.
Insurance premium	318,700	Appraised based on such factors as the estimate amount of insurance premium and the insurance premium rate of similar real estate.
Other expenses	1,832,776	Recorded CM fee, miscellaneous expenses, etc.
(3) Net operating income (NOI=(1)-(2))	105,921,793	
(4) Financial interests on deposits	1,672,067	Appraised financial interests at investment return of 2.0%.
(5) Capital expenditures	7,670,250	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	99,923,610	
(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	1,820,000,000	
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	1,590,000,000	
Ratio of land	74.4%	
Ratio of building	25.6%	
Matters considered in reconciliation of indicated values and determination of appraisal value	The appraisal value was determined in light of such factors as the attributes of market participants for the subject real estate, by deeming that the indicated value by income approach that truly reproduces the pricing process from earnings aspects is more credible, and with the indicated value by cost approach as reference.	

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Property name	O-06 Shin Yokohama Center Building		
Type of specified asset	Trust beneficiary right		
Anticipated acquisition price	JPY1,364 million		
Scheduled acquisition date	November 17, 2015		
Trustee	Sumitomo Mitsui Trust Bank, Limited		
Trust establishment date	May 30, 2008		
Trust expiration date	November 16, 2025		
Previous owner (Previous beneficiary)	Eco-Friendly Two GK		
Location (indication of residential address)	2-5-15 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa		
Land	Floor area ratio / Building coverage ratio	800% / 100% (Note)	
	Use district	Commercial district	
	Site area	688.24m ²	
	Type of ownership	Proprietary ownership	
Building	Construction completion	December 1990	
	Structure and floors	Steel-framed reinforced concrete and reinforced concrete structure 2 floors below ground / 9 floors above ground	
	Use	Office	
	Total floor area	5,809.25m ²	
	Type of ownership	Proprietary ownership	
Appraisal value	JPY1,550 million		
Appraisal firm	Morii Appraisal & Investment Consulting, Inc.		
Building condition investigation			
	Investigation date	August 2015	
	Investigator	Sompo Japan Nipponkoa Risk Management Inc.	
	Long-term repair expenses	JPY19,378 thousand	
	Replacement value	JPY1,610,000 thousand	
PML value	6.47%		
PML investigator	Sompo Japan Nipponkoa Risk Management Inc.		
Master lease company	Tosei Community Co., Ltd.		
Property management company	Tosei Community Co., Ltd.		
Status of leasing	Pass-through type master lease agreement		
	Scheduled contract date	November 17, 2015	
	Scheduled leasing commencement date	November 17, 2015	
	Contract period	November 30, 2016 (one-year contract renewal thereafter)	
	Total number of tenants	10	
	Annual rent	JPY123 million	
	Security and guarantee deposits	JPY91 million	
	Total leasable area	3,891.45m ²	
	Total leased area	3,593.68m ²	
	Ratio of total leasable area to total leasable area of entire portfolio	5.8%	
	Occupancy rate	92.3%	
	Other matters to be specially noted	Not applicable.	

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Collateral	Yes (The established collateral at the time of acquisition by Tosei Reit is scheduled to be released. However, a revolving pledge with Tosei Reit as the pledgor is scheduled to be established in relation to the Debt Financing on the trust beneficiary rights of each to-be-acquired asset. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, are scheduled to be concluded for each to-be-acquired asset.)
Matters of special note	<ul style="list-style-type: none"> The mechanical parking lot facilities are scheduled to undergo renewal work borne by Tosei Reit after the acquisition.
Assumed NOI	Annual: JPY85 million (Reference: 3rd and 4th Period forecast NOI total: JPY87 million)

(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.

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Summary of real estate appraisal report		
Property name	Shin Yokohama Center Building	
Appraisal value	JPY1,550,000,000	
Appraisal firm	Morii Appraisal & Investment Consulting, Inc.	
Date of value	August 31, 2015	
Item	Details	Description, etc.
Indicated value by income approach	1,550,000,000	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	1,570,000,000	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))	145,185,000	
(a) Gross potential income	152,935,000	Appraised based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	7,750,000	Appraised based on stable occupancy rate level over the medium to long term.
(2) Operating expenses	51,904,000	
Maintenance and management fee	13,727,000	Appraised based on the scheduled maintenance and management fee and the level of maintenance and management fee of similar real estate.
Utilities expenses	15,243,000	Appraised based on the level of utilities expenses of similar real estate and actual income.
Repair expenses	5,813,000	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
Property management fee	2,702,000	Appraised based on the scheduled fee rate for property management services, and by verifying with the property management fee rate of similar real estate.
Tenant leasing cost, etc.	936,000	Appraised by taking into consideration the regional practices and the factors specific to the subject real estate.
Property taxes	13,023,000	Appraised based on such factors as the fiscal 2015 taxation statement.
Insurance premium	460,000	Appraised based on such factors as the estimate amount of insurance premium and the insurance premium rate of similar real estate.
Other expenses	0	There are no expenses otherwise to record as other expenses.
(3) Net operating income (NOI=(1)-(2))	93,281,000	
(4) Financial interests on deposits	1,890,000	Appraised financial interests at investment return of 2.0%.
(5) Capital expenditures	13,564,000	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	81,607,000	
(7) Capitalization rate	5.2%	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	1,520,000,000	
Discount rate	5.0%	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	5.4%	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	1,580,000,000	
Ratio of land	73.2%	
Ratio of building	26.8%	
Matters considered in reconciliation of indicated values and determination of appraisal value		Deeming that the indicated value by income approach derived from the pricing process from earnings aspects is a credible value that more truly reflects the actual market state, the indicated value by income approach was employed with the indicated value by cost approach as reference.

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Property name		Rt-02 Musashi Fujisawa Tosei Building
Type of specified asset		Trust beneficiary right
Anticipated acquisition price		JPY1,950 million
Scheduled acquisition date		November 17, 2015
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		December 22, 2005
Trust expiration date		November 16, 2025
Previous owner (Previous beneficiary)		Tosei Corporation
Location (indication of residential address)		2-18-20 Higashifujisawa, Iruma-shi, Saitama
Land	Floor area ratio / Building coverage ratio	200% / 60%
	Use district	Quasi-industrial district
	Site area	13,832.56m ²
	Type of ownership	Proprietary ownership
Building	Construction completion	August 1997
	Structure and floors	Steel-framed structure with galvanized steel sheet roofing 2 floors above ground
	Use	Store
	Total floor area	6,131.07m ²
	Type of ownership	Proprietary ownership
Appraisal value		JPY2,060 million
Appraisal firm		Japan Real Estate Institute
Building condition investigation		
	Investigation date	September 2015
	Investigator	Sompo Japan Nipponkoa Risk Management Inc.
	Long-term repair expenses	JPY8,605 thousand
	Replacement value	JPY685,000 thousand
PML value		5.85%
PML investigator		Sompo Japan Nipponkoa Risk Management Inc.
Master lease company		Tosei Community Co., Ltd. / Tosei Corporation
Property management company		Tosei Community Co., Ltd.
Status of leasing		Pass-through type master lease agreement / Fixed-rent master lease agreement
	Scheduled contract date	November 17, 2015
	Scheduled leasing commencement date	November 17, 2015
	Contract period	November 30, 2025 (two-year contract renewal thereafter)
	Total number of tenants	1 (1)
	Annual rent	JPY144 million
	Security and guarantee deposits	JPY72 million
	Total leasable area	6,089.72m ²
	Total leased area	6,089.72m ²
	Ratio of total leasable area to total leasable area of entire portfolio	9.0%
	Occupancy rate	100%

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<p>Other matters to be specially noted</p>	<ul style="list-style-type: none"> • For the property, a pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. on September 30, 2015, and a fixed-rent master lease agreement is scheduled to be concluded between the company and Tosei Corporation upon the acquisition by Tosei Reit. Therefore, the items above are each based on the concerned fixed-rent master lease agreement. Furthermore, the lessee Tosei Corporation is, in principle, prohibited from cancelling the fixed-rent master lease agreement for a period of five years from the contract date of the agreement. If the agreement is cancelled during the concerned period, the lessee Tosei Corporation shall promptly pay the lessor Tosei Reit an amount equivalent to the rent from the date of cancellation of the agreement to the date of expiration of the cancellation prohibition period. In addition, if both parties of the lease agreement do not express their intent otherwise to each other by six months prior to the contract expiration date, the agreement shall be renewed for another two years under the same terms and conditions, and the same shall apply upon contract expiration thereafter. • The concerned fixed-rent master lease agreement scheduled to be concluded between Tosei Community Co., Ltd. and Tosei Corporation is an ordinary lease agreement, meaning there is the possibility of Tosei Corporation requesting cancellation of the agreement or decrease in the amount of rent and there is thus no guarantee that the rent at the time of contracting will be maintained through to contract expiration. Furthermore, the lessee Tosei Corporation is, in principle, prohibited from cancelling the fixed-rent master lease agreement for a period of five years from the contract date of the agreement. If the agreement is cancelled during the concerned period, the lessee Tosei Corporation shall promptly pay the lessor Tosei Reit an amount equivalent to the rent from the date of cancellation of the agreement to the date of expiration of the cancellation prohibition period.
<p>Collateral</p>	<p>Yes (The established collateral at the time of acquisition by Tosei Reit is scheduled to be released. However, a revolving pledge with Tosei Reit as the pledgor is scheduled to be established in relation to the Debt Financing on the trust beneficiary rights of each to-be-acquired asset. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, are scheduled to be concluded for each to-be-acquired asset.)</p>

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Matters of special note	<ul style="list-style-type: none"> • The boundary with part of the adjacent land on the northwest 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, Tosei Corporation, the seller of the property, has provided in the real estate trust beneficiary right sale and purchase agreement for the property that negotiations on the boundary that is yet to be finalized shall be pursued with the owner of the adjacent land and that it will have the trustee 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. • The road on the southwest side of the land is designated as a city planning road (3-4-7 Tokyo Kaido Line; plan decided on November 10, 1955) and part (area: approximately 235m²) of the southwest side of the land is in that city planning road area. The timing of implementation of that city planning project is yet to be decided, but in the event that it is implemented, the southwest side of the land is scheduled to be set back approximately 3.5m from the current road boundary line. • From the land at the north end of the land, the concrete fence is crossing the boundary into the city road side.
Assumed NOI	Annual: JPY126 million (Reference: 3rd and 4th Period forecast NOI total: JPY126 million)

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Summary of real estate appraisal report		
Property name	Musashi Fujisawa Tosei Building	
Appraisal value	JPY2,060,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	August 31, 2015	
Item	Details	Description, etc.
Indicated value by income approach	2,060,000,000	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	2,060,000,000	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))	144,401,000	
(a) Gross potential income	144,401,000	In addition to the scheduled rental income, recorded land usage fee income, etc.
(b) Vacancy loss, etc.	0	Not recorded, taking into account such factors as the scheduled lease agreement content.
(2) Operating expenses	16,374,000	
Maintenance and management fee	0	Not recorded, because leased in its entirety as a retail facility and the day-to-day management and operation is conducted by the lessee itself.
Utilities expenses	0	Not recorded, because borne by the scheduled lessee.
Repair expenses	2,582,000	Appraised by taking into consideration such factors as the annual average amount of long-term repair and renewal expenses in the engineering report.
Property management fee	2,166,000	Appraised based on the scheduled fee rate for property management services, and by verifying with such factors as the property management fee rate of similar real estate and the factors specific to the subject real estate.
Tenant leasing cost, etc.	0	Brokerage, advertising and other expenses, etc. in new tenant leasing are not recorded, because leased in its entirety over a long-term contract period as a retail facility.
Property taxes	11,394,000	Appraised based on the fiscal 2015 total tax amount standard taxable amount.
Insurance premium	200,000	Appraised based on such factors as the estimate amount of insurance premium and the insurance premium rate of similar real estate.
Other expenses	32,000	Recorded remittance charge as other expenses.
(3) Net operating income (NOI=(1)-(2))	128,027,000	
(4) Financial interests on deposits	1,440,000	Appraised financial interests at investment return of 2.0%.
(5) Capital expenditures	6,084,000	Appraised by taking into consideration such factors as the annual average amount of long-term repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	123,383,000	
(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	2,050,000,000	
Discount rate	5.6%	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	6.2%	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	1,550,000,000	
Ratio of land	81.7%	
Ratio of building	18.3%	
Matters considered in reconciliation of indicated values and determination of appraisal value		Deeming that the indicated value by income approach derived from the pricing process from earnings aspects is more credible, the indicated value by income approach was employed with the indicated value by cost approach as reference.

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Property name	Rd-09 SEA SCAPE Chiba Minato	
Type of specified asset	Trust beneficiary right	
Anticipated acquisition price	JPY2,800 million	
Scheduled acquisition date	November 17, 2015	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment date	May 22, 2008	
Trust expiration date	November 16, 2025	
Previous owner (Previous beneficiary)	Tosei Corporation	
Location (indication of residential address)	1-24-14 Chuoko, Chuo-ku, Chiba-shi, Chiba	
Land	Floor area ratio / Building coverage ratio	400% / 100% (Note 1)
	Use district	Commercial district
	Site area	1,991.57m ²
	Type of ownership	Proprietary ownership
Building	Construction completion	March 2008
	Structure and floors	Reinforced concrete structure (Note 2) 1 floor below ground / 13 floors above ground
	Use	Apartment
	Total floor area	7,571.58m ² (Note 3)
	Type of ownership	Proprietary ownership
Appraisal value	JPY3,010 million	
Appraisal firm	Morii Appraisal & Investment Consulting, Inc.	
Building condition investigation		
	Investigation date	July 2015
	Investigator	Sompo Japan Nipponkoa Risk Management Inc.
	Long-term repair expenses	JPY13,280 thousand
	Replacement value	JPY2,185,000 thousand
PML value	7.30%	
PML investigator	Sompo Japan Nipponkoa Risk Management Inc.	
Master lease company	Tosei Community Co., Ltd.	
Property management company	Tosei Community Co., Ltd.	
Status of leasing	Pass-through type master lease agreement	
	Scheduled contract date	November 17, 2015
	Scheduled leasing commencement date	November 17, 2015
	Contract period	November 30, 2016 (one-year contract renewal thereafter)
	Total number of tenants	117
	Annual rent	JPY202 million
	Security and guarantee deposits	JPY54 million
	Total leasable area	6,758.23m ²
	Total leased area	5,903.74m ²
	Ratio of total leasable area to total leasable area of entire portfolio	10.0%
	Occupancy rate	87.4%
	Other matters to be specially noted	Not applicable.

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Collateral	Yes (The established collateral at the time of acquisition by Tosei Reit is scheduled to be released. However, a revolving pledge with Tosei Reit as the pledgor is scheduled to be established in relation to the Debt Financing on the trust beneficiary rights of each to-be-acquired asset. In addition, an agreement on establishment of a revolving mortgage with a condition precedent and an agreement on establishment of a revolving pledge on insurance claims with a condition precedent, where the condition precedent includes the end of the trust agreement, are scheduled to be concluded for each to-be-acquired asset.)
Matters of special note	There are no matters of special note.
Assumed NOI	Annual: JPY158 million (Reference: 3rd and 4th Period forecast NOI total: JPY160 million)

(Note 1) 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.

(Note 2) The property was constructed with construction of the annex building (parking lot and store) as a steel-framed reinforced concrete structure, but structure is the information in the real estate registry for the main building.

(Note 3) The entry is total floor area for the main building and the store portion of the annex building.

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Summary of real estate appraisal report		
Property name	SEA SCAPE Chiba Minato	
Appraisal value	JPY3,010,000,000	
Appraisal firm	Morii Appraisal & Investment Consulting, Inc.	
Date of value	August 31, 2015	
Item	Details	Description, etc.
Indicated value by income approach	3,010,000,000	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	3,030,000,000	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))	237,361,000	
(a) Gross potential income	256,692,000	Appraised based on the unit level of rent, etc. receivable in a stable manner over the medium to long term.
(b) Vacancy loss, etc.	19,331,000	Appraised based on stable occupancy rate level over the medium to long term.
(2) Operating expenses	65,442,000	
Maintenance and management fee	15,807,000	Appraised based on the scheduled maintenance and management fee and the level of maintenance and management fee of similar real estate.
Utilities expenses	18,092,000	Appraised based on the level of utilities expenses of similar real estate and actual income.
Repair expenses	5,954,000	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
Property management fee	4,339,000	Appraised based on the scheduled fee rate for property management services, and by verifying with the property management fee rate of similar real estate.
Tenant leasing cost, etc.	5,843,000	Appraised by taking into consideration the regional practices and the factors specific to the subject real estate.
Property taxes	14,769,000	Appraised based on such factors as the fiscal 2015 taxation statement.
Insurance premium	638,000	Appraised based on such factors as the estimate amount of insurance premium and the insurance premium rate of similar real estate.
Other expenses	0	There are no expenses otherwise to record as other expenses.
(3) Net operating income (NOI=(1)-(2))	171,919,000	
(4) Financial interests on deposits	1,262,000	Appraised financial interests at investment return of 2.0%.
(5) Capital expenditures	9,296,000	Appraised by taking into consideration such factors as the annual average amount of medium- to long-term repair and renewal expenses in the engineering report.
(6) Net cash flow (NCF=(3)+(4)-(5))	163,885,000	
(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	2,980,000,000	
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	2,310,000,000	
Ratio of land	37.6%	
Ratio of building	62.4%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Deeming that the indicated value by income approach derived from the pricing process from earnings aspects is a credible value that more truly reflects the actual market state, the indicated value by income approach was employed with the indicated value by cost approach as reference.	

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4. Seller profile

O-04 Kannai Tosei Building II

O-05 Nishi Kasai Tosei Building

Rt-02 Musashi Fujisawa Tosei Building

Rd-09 SEA SCAPE Chiba Minato

(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 (as of August 31, 2015)
(6)	Established	February 2, 1950
(7)	Net assets	JPY35,435,856 thousand (as of August 31, 2015)
(8)	Total assets	JPY94,326,807 thousand (as of August 31, 2015)
(9)	Large shareholders and their shareholding ratios	Seiichiro Yamaguchi (26.7%), Zeus Capital Ltd. (12.4%), and Japan Trustee Services Bank, Ltd. (5.3%)
(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 10.0% of the number of Tosei Reit investment units issued and outstanding as of today. In addition, being the parent company (100% stake) of the Asset Management Company, the concerned company falls under the category of interested person, etc. as provided in the Investment Trusts Act.
	Personnel relationship	As of today, the concerned company is a company from which officers and employees other than the representative director and the auditor 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, the concerned company leases Tama Center Tosei Building based on a fixed-rent master lease agreement. Furthermore, for the to-be-acquired asset Musashi Fujisawa Tosei Building, a fixed-rent master lease agreement is scheduled to be concluded with the concerned company on the acquisition date.
	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.

O-06 Shin Yokohama Center Building

(1)	Name	Eco-Friendly Two GK
(2)	Location	2-9-1 Nihonbashi, Chuo-ku, Tokyo
(3)	Name and title of representative	Representative member: Ippan Shadan Hojin JSL Person to execute duties: Shingo Kaminaga
(4)	Business description	Holding, sale and purchase of trust beneficiary rights

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(5)	Capital	JPY300 thousand
(6)	Established	August 27, 2014
(7)	Net assets	Not disclosed because consent for disclosure has not been obtained from the seller.
(8)	Total assets	Not disclosed because consent for disclosure has not been obtained from the seller.
(9)	Large shareholders	Not disclosed because consent for disclosure has not been obtained from the seller.
(10)	Relationship with investment corporation or asset management company	
	Capital relationship	As of today, the concerned company receives silent partnership investment from an investment limited partnership in which the Asset Management Company has 1.2% stake. In addition, the concerned company receives 7.5% silent partnership investment from Tosei Corporation, which is the parent company (100% stake) of the Asset Management Company.
	Personnel relationship	There is no personnel relationship as of today.
	Business relationship	The Asset Management Company's private fund division provides assistant business operations to the concerned company's asset manager.
	Related-party status	The concerned company falls under the category of interested person, etc. as provided in the Asset Management Company's related-party transaction rules.

5. 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.). In real estate sale and purchase, at Tosei Reit, the (anticipated) acquisition price / (anticipated) disposition price is, in principle, determined by taking into consideration the indicated value by the income approach calculated by the direct capitalization method. Tosei Corporation's acquisition price, on the other hand, is determined by negotiation between Tosei Corporation and the previous, previous owner (Tosei Corporation's acquisition of the respective property is followed by Tosei Corporation 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 Corporation) 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. As a result, particularly in the case of a transaction involving Tosei Reit and Tosei Corporation as each other's counterparty to the transaction where Tosei Reit is the buyer and Tosei Corporation is the seller, there may be cases where disparities arise between Tosei Reit's acquisition price and Tosei Corporation's acquisition price from the previous owner. Among the following properties, too, are properties where disparities arise between Tosei Reit's anticipated acquisition price and the seller's acquisition price. However, in determining the anticipated acquisition price for the to-be-acquired asset, Tosei Reit takes heed to not undermine the interests of unitholders as stated in "2. Reason for asset acquisition and leasing" above.

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Property name	Previous owner		Previous, previous owner		Previous, previous, previous owner	
	①, ②, and ③ Acquisition price (Note 1) Acquisition timing		①, ②, and ③ Acquisition price (Note 1) Acquisition timing		①, ②, and ③ Acquisition price (Note 1) Acquisition timing	
Kannai Tosei Building II	① Tosei Corporation ② Parent company of the Asset Management Company ③ Acquired for the purpose of real estate investment		Other than a party having special vested interest		—	
	JPY3,964 million	February 2015	—	—	—	—
Nishi Kasai Tosei Building	① Tosei Corporation ② Parent company of the Asset Management Company ③ Acquired for the purpose of real estate investment		Other than a party having special vested interest		—	
	Omitted because owned for more than one year	June 2014	—	—	—	—
Shin Yokohama Center Building	① Eco-Friendly Two GK ② Party in which investment in capital is made through investment limited partnership; Interested person pursuant to the Asset Management Company's rules ③ Acquired for the purpose of investment management		Other than a party having special vested interest		—	
	Omitted because owned for more than one year	September 2014	—	—	—	—
Musashi Fujisawa Tosei Building	① Tosei Corporation ② Parent company of the Asset Management Company ③ Acquired for the purpose of real estate investment		Other than a party having special vested interest		—	
	JPY1,653 million (Note 2)	May 2015	—	—	—	—
SEA SCAPE Chiba Minato	① Tosei Corporation ② Parent company of the Asset Management Company ③ Acquired for the purpose of real estate investment		Other than a party having special vested interest		—	
	Omitted because owned for more than one year	July 2014	—	—	—	—

(Note 1) "Acquisition price" is the book value (cost of acquisition) in the previous owner's accounting.

(Note 2) The Asset Management Company has deemed that qualitative enhancement of the property to the level that would qualify for acquisition by Tosei Reit has been made through construction work for ensuring legal compliance pointed out in the engineering report (building condition investigation report, soil contamination risk investigation report and seismic PML evaluation report) obtained upon acquisition of the property, survey of rights under the existing lease agreement for the property and other various arrangements conducted by and at the expense of Tosei Corporation after acquisition of the property, and has thus deemed that Tosei Reit's anticipated acquisition price is appropriate regardless of Tosei Corporation's acquisition price.

6. Overview of brokerage

There was no brokerage for the abovementioned asset acquisition transaction.

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7. Acquisition schedule

Acquisition decision date	October 28, 2015
Acquisition contract date	October 28, 2015
Scheduled payment date	November 17, 2015
Scheduled property delivery date	November 17, 2015

(Note) “Scheduled payment date” and “Scheduled property delivery date” are subject to change with such events as determination of the payment date of the Offering.

8. Future outlook

For the outlook of the operating results of Tosei Reit for the fiscal periods ending April 30, 2016 (3rd Period) and October 31, 2016 (4th Period), please refer to the “Notice Concerning Revision to Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending April 30, 2016 (3rd Period) and Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending October 31, 2016 (4th Period)” dated today.

* 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) Asset portfolio list
- (3) Maps (in Japanese only) and photos of exterior view

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Reference Material

(1) Summary of appraisal reports (list)

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-04	Kannai Tosei Building II	Japan Valuers Co., Ltd.	4,380	2,560	4,470	5.2	4,280	5.0	5.4	242,380	5.91
	O-05	Nishi Kasai Tosei Building	Japan Valuers Co., Ltd.	1,860	1,590	1,890	5.3	1,820	5.1	5.5	105,921	6.19
	O-06	Shin Yokohama Center Building	Morii Appraisal & Investment Consulting, Inc.	1,550	1,580	1,570	5.2	1,520	5.0	5.4	93,281	6.84
	Subtotal		-	7,790	5,730	7,930		7,620			441,582	6.16
Retail facilities	Rt-02	Musashi Fujisawa Tosei Building	Japan Real Estate Institute	2,060	1,550	2,060	6.0	2,050	5.6	6.2	128,027	6.57
	Subtotal		-	2,060	1,550	2,060		2,050			128,027	6.57
Offices and retail facilities combined subtotal				9,850	7,280	9,990		9,670			569,609	6.24
Residential properties	Rd-09	SEA SCAPÉ Chiba Minato	Morii Appraisal & Investment Consulting, Inc.	3,010	2,310	3,030	5.4	2,980	5.2	5.6	171,919	6.14
	Subtotal		-	3,010	2,310	3,030		2,980			171,919	6.14
Total/Average				12,860	9,590	13,020		12,650			741,528	6.22

(Note 1) "Appraisal NOI" is the total amount of net operating income by the direct capitalization method stated in the real estate appraisal report. Appraisal NOI is rounded down to the nearest thousand yen.

(Note 2) "Appraisal NOI yield" is the figure arrived at when appraisal NOI is divided by the anticipated 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 appraisal NOI is divided by the sum total of the anticipated acquisition price for each to-be-acquired asset in the respective item, rounded to two decimal places.

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Reference Material

(2) Asset portfolio list

Property no.	Property name	Building age (years) (Note 1)	Location	(Anticipated) Acquisition price (JPY million) (Note 2)	Investment ratio (%) (Note 3)	Real estate appraisal value (JPY million)	Appraisal NOI (JPY thousand) (Note 4)	Appraisal NOI yield (%) (Note 5)	Total leasable area (m ²) (Note 6)	PML value (%) (Note 7)	Occupancy rate (%) (Note 9)
O-01	Tama Center Tosei Building (Note 10)	26.1	Tama-shi, Tokyo	3,370	11.5	3,390	231,213	6.86	9,737.49	4.36	100.0 (55.8)
O-02	KM Shinjuku Building	24.0	Shinjuku-ku, Tokyo	2,057	7.0	2,240	117,002	5.69	3,403.96	5.52	96.6
O-03	Nihonbashi-Hamacho Building	24.8	Chuo-ku, Tokyo	1,830	6.2	1,950	111,296	6.08	3,334.40	6.11	100.0
O-04	Kannai Tosei Building II	31.5 (Note 12)	Yokohama-shi, Kanagawa	4,100	14.0	4,380	242,380	5.91	6,916.21	11.54	100.0
O-05	Nishi Kasai Tosei Building	21.6	Edogawa-ku, Tokyo	1,710	5.8	1,860	105,921	6.19	3,187.97	3.84	88.9
O-06	Shin Yokohama Center Building	24.7	Yokohama-shi, Kanagawa	1,364	4.6	1,550	93,281	6.84	3,891.45	6.47	92.3
Offices subtotal				14,431	49.2	15,370	901,093	6.24	30,471.48		97.5
Rt-01	Inage Kaigan Building	22.8	Chiba-shi, Chiba	2,380	8.1	2,540	165,383	6.95	5,890.92	6.49	100.0
Rt-02	Musashi Fujisawa Tosei Building (Note 11)	18.1	Iruma-shi, Saitama	1,950	6.6	2,060	128,027	6.57	6,089.72	5.85	100.0 (100.0)
Retail facilities subtotal				4,330	14.7	4,600	293,410	6.78	11,980.64		100.0
Offices and retail facilities combined subtotal				18,761	63.9	19,970	1,194,503	6.37	42,452.12		98.2
Rd-01	T's garden Koenji	4.6	Suginami-ku, Tokyo	1,544	5.3	1,810	82,213	5.32	2,169.38	7.91	98.6
Rd-02	Live Akabane	26.5	Kita-ku, Tokyo	1,227	4.2	1,380	76,734	6.25	3,876.32	7.45	98.6
Rd-03	Gekkocho Apartment	7.4	Meguro-ku, Tokyo	1,000	3.4	1,090	51,680	5.17	1,392.13	8.98	93.1
Rd-04	T's garden Kawasakidaishi	6.6	Kawasaki-shi, Kanagawa	980	3.3	1,050	56,769	5.79	2,067.77	7.38	93.2
Rd-05	Abitato Kamata	24.2	Ota-ku, Tokyo	836	2.8	898	47,789	5.72	1,768.23	7.82	100.0
Rd-06	MarLandFive	25.4	Fujimi-shi, Saitama	830	2.8	864	58,357	7.02	2,727.50	4.00	88.2
Rd-07	Avenir Shirotae	20.5	Yokohama-shi, Kanagawa	780	2.7	862	52,108	6.68	2,499.93	7.57	100.0
Rd-08	Dormitory Haramachida	23.1	Machida-shi, Tokyo	600	2.0	646	40,302	6.72	1,865.52	5.29	98.3
Rd-09	SEA SCAPE Chiba Minato	7.5	Chiba-shi, Chiba	2,800	9.5	3,010	171,919	6.14	6,758.23	7.30	87.4
Residential properties subtotal				10,597	36.1	11,610	637,871	6.02	25,125.01		93.9
Total/Average		21.0 (Note 12)	-	29,358	100.0	31,580	1,832,374	6.24	67,577.13	3.71 (Note 8)	96.6

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- (Note 1) “Building age” is the number of years that has elapsed from the date of new construction in the real estate registry to August 31, 2015. In addition, that in the total/average column is the figure that is the weighted average based on (anticipated) acquisition price.
- (Note 2) “(Anticipated) Acquisition price” is the sale and purchase price stated in the real estate trust beneficiary right sale and purchase contract for the asset under management or the to-be-acquired asset. The sale and purchase price is excluding consumption tax, local consumption tax and various expenses required for the acquisition.
- (Note 3) “Investment ratio” is the ratio of (anticipated) acquisition price for the asset under management or the to-be-acquired asset to the sum total amount of (anticipated) acquisition price.
- (Note 4) “Appraisal NOI” is the total amount of net operating income by the direct capitalization method stated in the real estate appraisal report. Appraisal NOI is rounded down to the nearest thousand yen.
- (Note 5) “Appraisal NOI yield” is the figure arrived at when appraisal NOI is divided by (anticipated) 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 appraisal NOI is divided by the sum total of (anticipated) acquisition price for each asset under management or to-be-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 asset under management or the to-be-acquired asset as of August 31, 2015.
- (Note 7) “PML value” is the PML value of the building for the asset under management or the to-be-acquired asset stated in the “seismic PML (re)evaluation report” prepared by Sampo Japan Nipponkoa Risk Management Inc.
- (Note 8) “PML value” in the total/average column is the PML value concerning the entire portfolio based on the “portfolio seismic PML evaluation report” dated September 2015 by Sampo Japan Nipponkoa Risk Management Inc.
- (Note 9) “Occupancy rate” is the ratio of the total leased area to total leasable area for the asset under management or the to-be-acquired asset as of August 31, 2015. However, in cases where a master lease agreement has been concluded for the concerned asset under management or to-be-acquired asset, the occupancy rate in the case of a property under a pass-through type master lease agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property under a fixed-rent master lease agreement is the ratio of the leased floor area based on the master lease agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lease company and end-tenants is shown in parentheses. In addition, that in the subtotal columns, offices and retail facilities combined subtotal column and total/average column is each the ratio of the sum total of total leased area to the sum total of total leasable area for each asset under management or to-be-acquired asset in the respective item.
- (Note 10) 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 on the same date. The pass-through type master lease agreement between the company and Tosei Corporation was changed to a fixed-rent master lease agreement upon the acquisition by Tosei Reit.
- (Note 11) For Musashi Fujisawa Tosei Building, a pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. on September 30, 2015, and a fixed-rent master lease agreement is scheduled to be concluded between the company and Tosei Corporation upon the acquisition by Tosei Reit. Therefore, total leased area is based on the concerned fixed-rent master lease agreement.
- (Note 12) Kannai Tosei Building II was constructed with construction of a parking lot portion in May 1980 and later extended with an office portion. The construction completion entry is the date of new construction in the real estate registry for the office portion, which is the major building portion, and the building age for Kannai Tosei Building II and the average building age are the number of years calculated based on that date of new construction.

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Reference Material

(3) Maps (in Japanese only) and photos of exterior view

Kannai Tosei Building II



Shin Yokohama Center Building



Musashi Fujisawa Tosei Building



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Nishi Kasai Tosei Building



SEA SCAPE Chiba Minato



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