

Supplemental Material on Press Releases announced December 27, 2023 and January 19, 2024



- Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases
- Notice Concerning Issuance of New Investment Units Through Third-Party Allotment
- Notice Concerning Revisions to Forecasts for Operating Results and Cash Distribution for the Fiscal Period Ending April 30, 2024 (19th Period) and October 31, 2024 (20th Period)
- Notice Concerning Debt Financing

January 19, 2024

Securities Code: 3451



Capital Increase through Third-Party Allotment and Enhancement of Sponsor Commitment System

- Conducted a capital increase through third-party allotment with Tosei Corporation, the sponsor, as the allottee (11,850 new investment units totaling ¥1.6 BN)
- Acquire properties with the funds from the capital increase to increase the asset size and reduce the risk of earnings fluctuations
- The ratio of same-boat investment by the sponsor rose to 17.79%, further enhancing the sponsor commitment system

■ Overview of Capital Increase through Third-Party Allotment

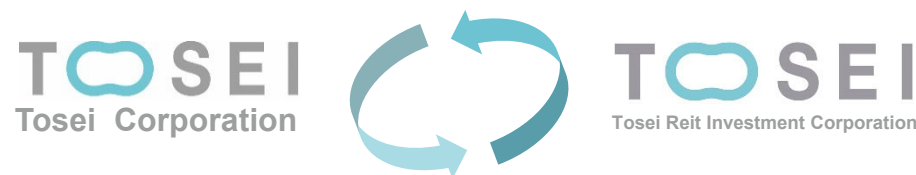
Issuance resolution date	January 19, 2024
Total number of units newly issued	11,850 units
Issue value	¥139,100
Total issue value	¥1,648 MM
Payment date	January 29, 2024
Allottee	Tosei Corporation (Sponsor)

After issuance of new investment units	
Total number of investment units issued and outstanding 364,605 units	➡ 376,455 units
Unitholders' capital ¥39,802 MM	➡ ¥41,450 MM

Change in Total Assets LTV

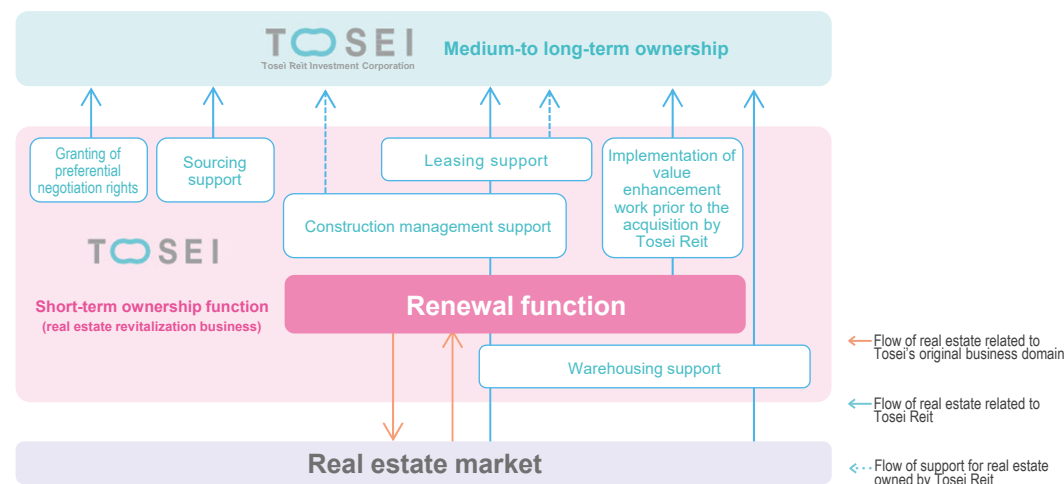
47.7%	➡	47.7%
18th FP End		Third-Party allotment and After acquisition of properties

■ Sponsor Support System



Ratio of same-boat investment	
Tosei's share of investment units 15.12%	➡ 17.79%

Sponsor support and functional classification among Tosei Reit and the Sponsor



Profiles of the Properties to Acquire

T O S E I

Tosei Reit Investment Corporation

Residence Rd | T's garden Nishiterao



Location	Nishiterao, Kanagawa-ku, Yokohama City, Kanagawa Prefecture
Scheduled acquisition price	¥3,000 MM
Appraisal value	¥3,310 MM
Appraisal NOI yield	4.67%
Occupancy rate	96.6%
Site area	6,992.42 m ²
Total floor area	9,487.36 m ²
Number of stories	Building A: 4 stories above ground and 1 below Buildings B to D: 5 stories above ground Building E: 4 stories above ground and 2 below
Structure	Reinforced concrete construction
Date of construction	October 1999

- Approximately a 15-minute walk from Namamugi Station on the Keikyū Main Line and approximately an 18-minute walk from Oguchi Station on the JR Yokohama Line.
- The property is close to a national highway with a wide variety of convenient facilities for daily living along the stations and major streets, providing relatively favorable convenience in terms of transportation and daily life. Furthermore, it is on a southward-facing slope, and due to factors, such as the building layout and surrounding usage conditions, many units have excellent natural light, views, etc.
- The property was initially used as company housing, but Tosei, the seller of the property, carried out extensive upgrades and converted into general apartment housing with facilities and specifications aligned with three themes: preserving greenery, preventing disaster and crime, and saving energy and resources.
- The property consists of five buildings and provides 87 dwelling units, all of which are of the same type (3LDK) with a living space of 91.04 m². In addition, each unit is provided with a storage room. There is a parking lot for 96 vehicles in total, which is more than the number of rooms.



Sponsor's track record of leasing

When acquired by the sponsor

0.0%

As of November 30, 2023

96.6%

Examples of using sponsor support



Increase value at sponsor's expense



Leasing activity by the Tosei Group



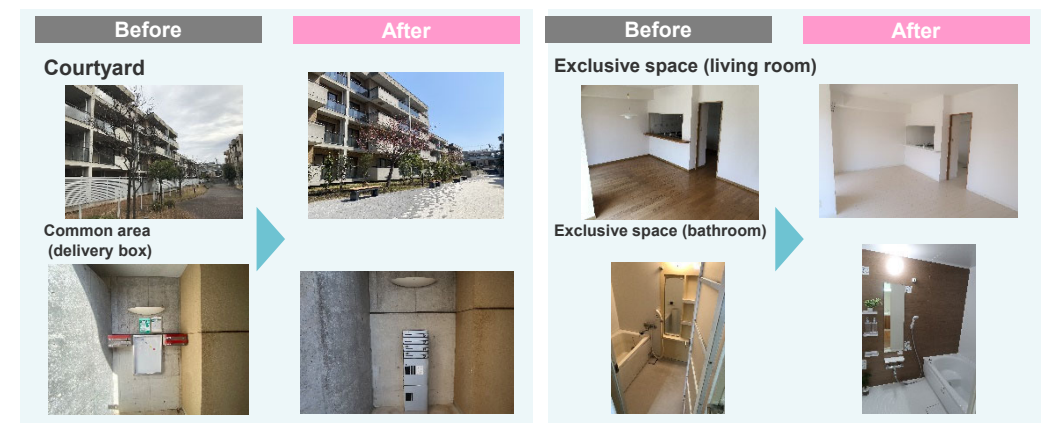
Have a lease contract managed by the sponsor



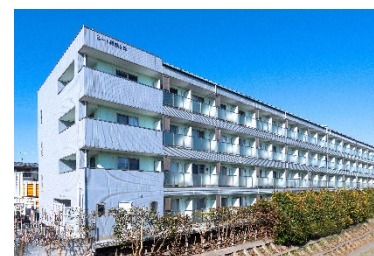
Ensure property's compliance with laws through works at sponsor's expense

A track record of increasing value by the sponsor

- Enhanced greenery in the courtyard and adopted permeable interlocking. Installed five furnace benches for cooking in the event of a disaster.
- Designed a bright and elegant space by renewing the flooring. Switched wet area facilities such as the kitchen, bathroom, and toilet to those with low flow water fixtures, increasing value. Installed a "pet co-living room," a first for Tosei.



Residence Rd | Route Sagamigaoka



Location	Sagamigaoka, Zama City, Kanagawa Prefecture
Scheduled acquisition price	¥670 MM
Appraisal value	¥708 MM
Appraisal NOI yield	5.08%
Occupancy rate	93.3%
Site area	1,141.00 m ²
Total floor area	1,884.29 m ²
Structure / Number of stories	Steel structure / 4 stories above ground
Date of construction	November 2009



- Approximately a 17-minute walk from Odakyū Sagami-hara Station on the Odakyū Odawara Line and approximately a 17-minute walk from Sobudaimae Station on the Odakyū Odawara Line.
- With access to Odakyū Sagami-hara Station and Sobudaimae Station on the Odakyū Odawara Line available, the property is in a residential area characterized by a linear street pattern with flat streets.
- There are many educational institutions and companies along the railroad, and demand among singles is robust. In the vicinity of the property, there is a wide variety of convenient life facilities such as electronics stores, supermarkets, convenience stores, and restaurants.
- The property has four stories above ground and provides 75 dwelling units with a floor space of 21.41 to 23.13 m² and two parking spaces.

Changes in Portfolio

- The asset size after acquisition of the properties amounts to ¥82.7 BN, with the number of properties increasing to 62.
- As a result of continuous acquisition of “residential properties” for which stability and growth can be expected, the ratio of residential properties held hit a record high of 52.1%.
- NAV per unit increased to ¥153,129 (+¥498 from the end of the previous fiscal period) due to increase in real estate appraisal value.

	10th FP End (October 31, 2019)	11th FP End (April 30, 2020)	12th FP End (October 31, 2020)	13th FP End (April 30, 2021)	14th FP End (October 31, 2021)	15th FP End (April 30, 2022)	16th FP End (October 31, 2022)	17th FP End (April 30, 2023)	18th FP End (October 31, 2023)	Assets to be acquired	Capital Increase
Asset size (¥ BN) (acquisition (planned) price basis)	56.8	68.7 ▲ 11.9 5th public offering	70.3 ▲ 1.6 Acquisitions during period	72.3 ▲ 2.9 Transfer ▲ 0.9 Acquisitions during period	72.3	78.2 ▲ 5.8 Acquisitions during period	78.2	79.0 ▲ 0.7 Acquisitions during period	79.0	82.7 ▲ 3.6 capital increase	82.7
Number of Properties	37	49	50	52	52	59	59	60	60	2	62
Ratio of residential properties/offices (acquisition price basis)	48.2% 47.1%	44.1% 46.0%	48.2% 45.4%	48.0% 44.1%	48.0% 44.1%	49.4% 43.3%	49.4% 43.3%	49.9% 42.9%	49.9% 42.9%		52.1% 41.0%
Number of tenants	1,362	1,955	1,979	2,156	2,177	2,385	2,413	2,470	2,469	124	2,593
Ratio of top 5 properties (acquisition (planned) price basis)	29.4%	24.5%	23.9%	23.3%	23.3%	21.5%	21.5%	21.3%	21.3%		20.6%
Ratio of top 10 tenants (leased area basis)	22.8%	18.6%	18.2%	13.3%	12.7%	11.8%	11.8%	11.7%	11.7%		11.2%
Average appraisal NOI yield	5.96%	5.93%	5.93%	5.91%	5.90%	5.88%	5.85%	5.83%	5.84%	4.74%	5.79%
Real estate appraisal value	¥65.0 BN	¥77.8 BN	¥79.6 BN	¥82.2 BN	¥82.5 BN	¥89.9 BN	¥91.0 BN	¥92.6 BN	¥93.4 BN	¥4.0 BN	¥97.4 BN
NAV per unit (Note 1)	¥133,906	¥136,345	¥136,889	¥139,049	¥140,331	¥144,462	¥147,796	¥150,037	¥152,631	-	¥153,129
Unrealized gains (Note 2)	¥8.8 BN	¥9.7 BN	¥10.0 BN	¥10.8 BN	¥11.2 BN	¥12.8 BN	¥14.0 BN	¥14.8 BN	¥15.8 BN	+¥0.3BN	¥16.1 BN

(Note 1) “NAV per unit” is calculated as: NAV at the end of each period ÷ Total number of units issued and outstanding, and NAV is calculated as: Total issue value of investment units issued at the end of each period + Unrealized gains (Total appraisal value - Total book value).

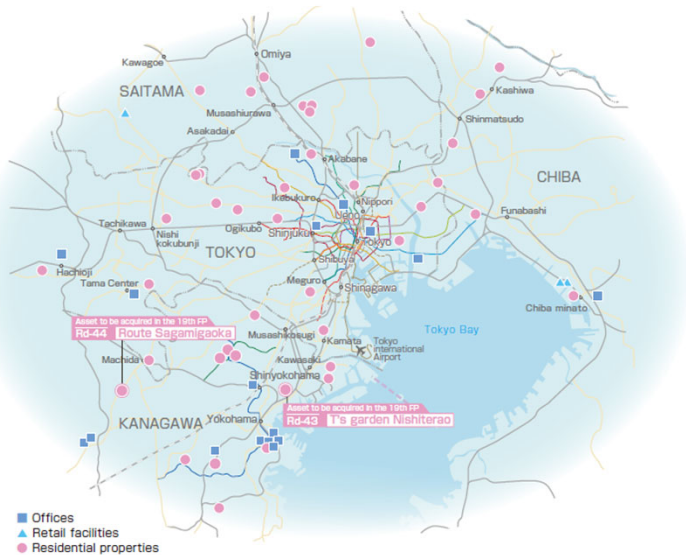
(Note 2) “Unrealized gains” at the end of each period is calculated as: Total appraisal value of owned assets - Total book value of owned assets, as of the end of each period.

“Unrealized gains” on assets to be acquired is calculated as: Total appraisal value of owned assets - Total book value of assets to be acquired.

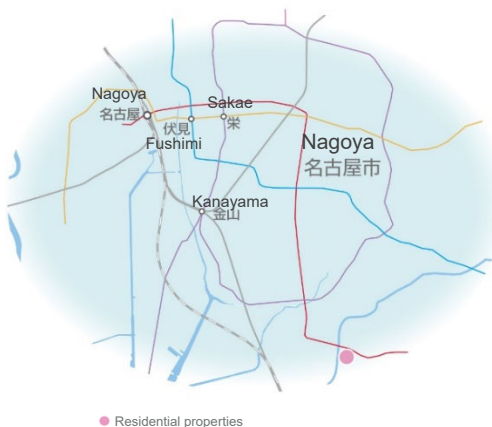
Continuation of Selective Acquisitions in the Tokyo Metropolitan Area

- Of the "existing building stock", selective acquisitions will be continued in the Tokyo metropolitan area as investment targets.

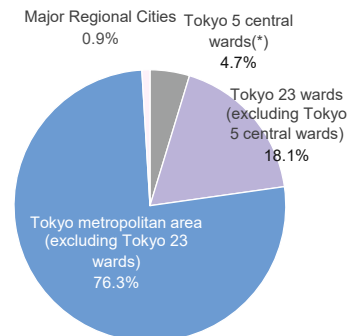
Portfolio Map



- Tokyo: 24 properties, Kanagawa: 21 properties, Saitama: 8 properties, Chiba: 8 properties



Portfolio Composition by Area (acquisition (planned) price basis)



- Aichi: 1 property

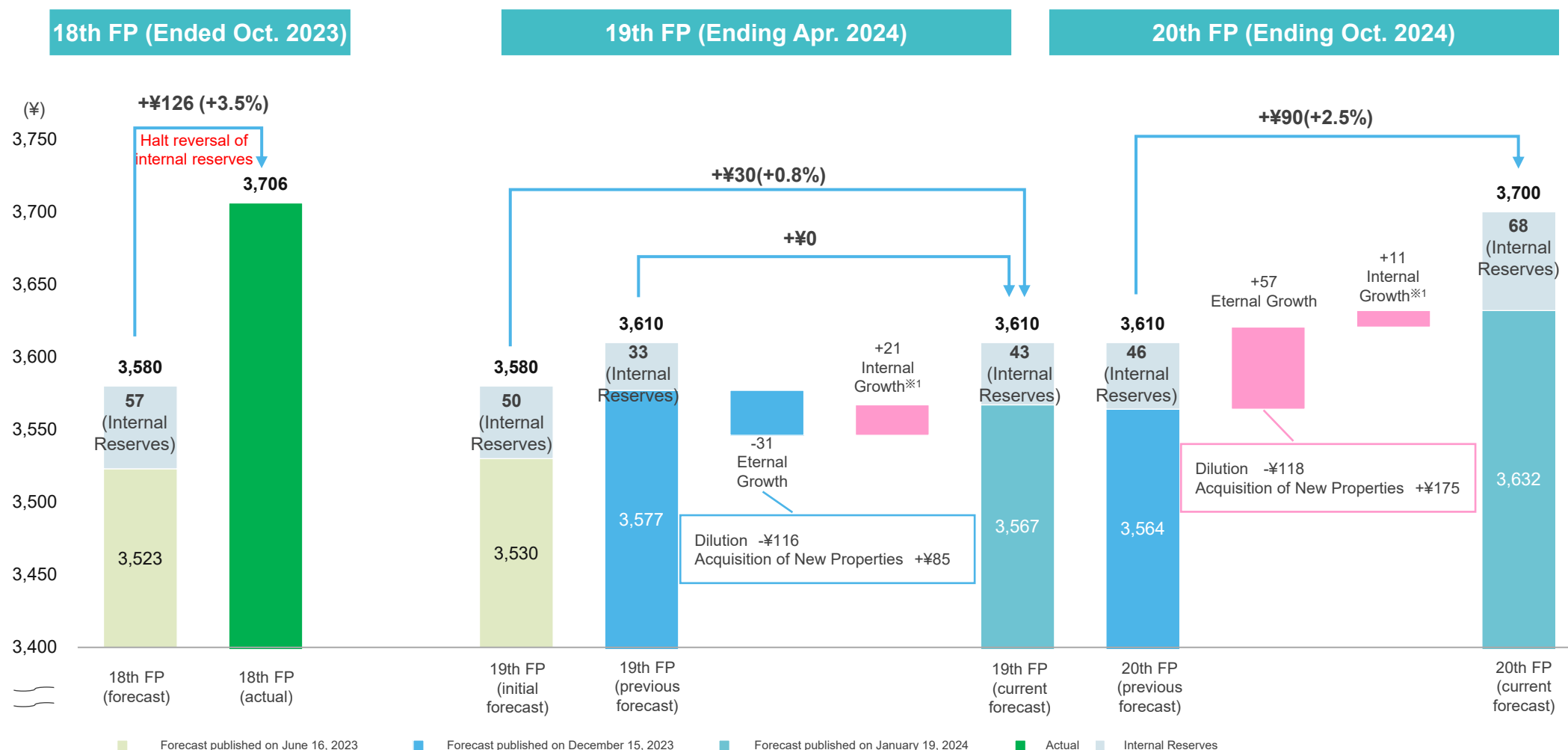
Portfolio List

Property No.	Property Name	Address	Property No.	Property Name	Address
O-01	Tama Center Tosei Building	Tama-shi, Tokyo	Rd-14	Lumiere No.3	Kawaguchi-shi, Saitama
O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	Rd-15	T's garden Nishifunabashi	Funabashi-shi, Chiba
O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	Rd-16	Quest Yamatedai	Yokohama-shi, Kanagawa
O-04	Kannai Tosei Building II	Yokohama-shi, Kanagawa	Rd-17	Sancerre Yonohonmachi	Saitama-shi, Saitama
O-05	Nishi Kasai Tosei Building	Edogawa-ku, Tokyo	Rd-18	Rising Place Kawasaki No.2	Kawasaki-shi, Kanagawa
O-06	Shin Yokohama Center Building	Yokohama-shi, Kanagawa	Rd-19	J Palace Sakuradai	Nerima-ku, Tokyo
O-07	Nishidai NC Building	Itabashi-ku, Tokyo	Rd-20	Personnage Yokohama	Yokohama-shi, Kanagawa
O-08	JPT Motomachi Building	Yokohama-shi, Kanagawa	Rd-21	T's garden Nishihachioji West	Hachioji-shi, Tokyo
O-09	Hakusan Asanomi Building	Bunkyo-ku, Tokyo	Rd-22	T's garden Ojima	Koto-ku, Tokyo
O-10	Chojamachi Duo Building	Yokohama-shi, Kanagawa	Rd-23	T's garden Kitakashiwa	Kashiwa-shi, Chiba
O-11	NU Kannai Building	Yokohama-shi, Kanagawa	Rd-24	Century Urawa	Saitama-shi, Saitama
O-12	Higashitotsuka West Building	Yokohama-shi, Kanagawa	Rd-25	T's garden Nagayama	Tama-shi, Tokyo
O-13	Kannai Wise Building	Yokohama-shi, Kanagawa	Rd-26	Grandeur Fujimino	Fujimi-shi, Saitama
O-14	Hon-Atsugi Tosei Building	Atsugi-shi, Kanagawa	Rd-27	T's garden Hitotsubashi-gakuen	Kodaira-shi, Tokyo
O-15	Hachioji Tosei Building	Hachioji-shi, Tokyo	Rd-28	T's garden Warabi II	Kawaguchi-shi, Saitama
O-16	Hon-Atsugi Tosei Building II	Atsugi-shi, Kanagawa	Rd-29	T's garden Warabi III	Kawaguchi-shi, Saitama
O-17	Chiba-Chuo Tosei Building	Chiba-shi, Chiba	Rd-30	T's garden Kashiwa	Kashiwa-shi, Chiba
Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	Rd-31	Suning Kitamatsudo	Matsudo-shi, Chiba
Rt-02	Musashi Fujisawa Tosei Building	Iruma-shi, Saitama	Rd-32	T's garden Tanashi	Nishitokyo-shi, Tokyo
Rt-04	Wako Building	Chiba-shi, Chiba	Rd-33	T's garden Center Minami	Yokohama-shi, Kanagawa
Rd-01	T's garden Koenji	Suginami-ku, Tokyo	Rd-34	Boulevard Maioka	Yokohama-shi, Kanagawa
Rd-02	Live Akabane	Kita-ku, Tokyo	Rd-35	T's garden Koiba	Edogawa-ku, Tokyo
Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	Rd-36	T's garden Tsuzuki-fureainooka II	Yokohama-shi, Kanagawa
Rd-04	T's garden Kawasaki-daishi	Kawasaki-shi, Kanagawa	Rd-37	Cerulean City	Higashikurume-shi, Tokyo
Rd-05	Abitato Kamata	Ota-ku, Tokyo	Rd-38	T's garden Koshigaya-Obukuro	Koshigaya-shi, Saitama
Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	Rd-39	T's garden Kajigaya	Kawasaki-shi, Kanagawa
Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	Rd-40	T's garden Tsuzuki-fureainooka	Yokohama-shi, Kanagawa
Rd-09	SEA SCAPE Chiba Minato	Chiba-shi, Chiba	Rd-41	Green Star Heights	Arakawa-ku, Tokyo
Rd-11	T's garden Shinkoiwa	Katsushika-ku, Tokyo	Rd-42	Sunhouse Nonami	Nagoya-shi, Aichi
Rd-12	Twin Avenue	Nerima-ku, Tokyo	Rd-43	T's garden Nishiterao	Yokohama-shi, Kanagawa
Rd-13	Milestone Higashikurume	Higashikurume-shi, Tokyo	Rd-44	Route Sagamioka	Zama-shi, Kanagawa

Cash Distribution Forecast

- Cash distribution forecast for the 19th FP is ¥3,610, unchanged from the previous forecast. Adverse effects such as dilution resulting from third-party allotment of investment units are covered by acquisition of new properties and balance improvement of existing properties.
- Cash distribution forecast for the 20th FP is revised upward to ¥3,700 (up 2.5%) primarily because the acquisition of new properties will contribute over the full business period.

■ Cash Distribution per Unit



*1 Variations in revenue and expenses of the lease business regarding the existing portfolio (excluding the properties to be acquired) which arose during the period from the announcement of financial results (published on December 15, 2023) to the revision of earnings forecast (published on January 19, 2024)

This document was prepared by summarizing the details released in and adding the information associated with “Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (T’s garden Nishiterao)” dated December 27, 2023 as well as “Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Route Sagamigaoka),” “Notice Concerning Issuance of New Investment Units Through Third-Party Allotment,” “Notice Concerning Revisions to Forecasts of Operating Results and Cash Distribution for the Fiscal Period Ending April 30, 2024 (19th Period) and the Fiscal Period Ending October 31, 2024 (20th Period),” and “Notice Concerning Debt Financing” dated today.

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